

Experian plc
Investor Seminar – 28 January 2015

Session 1	
Strategic overview	Page 2
Brian Cassin, Chief Executive Officer	
Credit Services	Page 10
Chris Clark, Managing Director, Experian UK and Ireland & EMEA, Credit Services and Global Technology Services	
Experian Health	Page 17
Jennifer Schulz, Group President, Vertical Markets	
Decision Analytics: fraud prevention and identity management	Page 23
Joy Griffiths, Global Managing Director, Decision Analytics & Chairman Asia Pacific region	
Decision Analytics: software and the future of information	Page 30
Steve Platt, Executive Vice President & General Manager, Experian Decision Analytics Products	
Questions and Answers	Page 36
Session 2	
North America Consumer Services	Page 44
Ty Taylor, Group President, Experian Consumer Services	
Marketing Services	Page 48
Kerry Williams, Chief Operating Officer	
Brazil	Page 54
Jose Luiz Rossi, Managing Director, Latin America Steve Wagner, Group President, Credit Services/Experian	
Capital framework	Page 61
Lloyd Pitchford, Chief Financial Officer	
Summary remarks	Page 65
Brian Cassin, Chief Executive Officer	
Questions and Answers	Page 66

Strategic overview

Brian Cassin
Chief Executive Officer, Experian

1. Welcome and Introduction

Good afternoon, everybody, and welcome to Experian's 2015 investor day. We have a pretty full house here; it is great to see a lot of people here today. Let me just start by outlining what today is all about.

First of all, in November we talked to you about the strategic priorities that we had as a business, and we outlined five major pillars. Today you are going to hear about each one of those. There is also going to be an opportunity for you to hear in a lot more detail about the detailed plans that sit behind each one of those pillars. I think through the course of the presentations you will see we are painting a longer-term picture of how we are getting the business back to growth and some of our plans to build sustainable growth over the longer term.

It is also about carrying through on the commitments that we made. In November, we talked a lot about our capital plans. You will have seen from the announcement this morning that we are making some changes, and Lloyd will talk more about that in his presentation later today.

Finally, it is an opportunity to meet a number of the senior executive management team. An organisation like ours cannot succeed unless we have outstanding people, so it is really an opportunity for you to see the people who are not only involved in formulating strategic plans but actually, more crucially, in executing against them.

I hope you are going to find this a useful and constructive day. We are going to be covering a lot, but hopefully you will get a broad perspective on how the business is performing and the plans that we have going forward. Today is not about current trading, if I can just lay that marker down now. Today is about long-term plans and execution against those to get our business moving forward.

2. Agenda

I am going to start with a brief strategic overview. We are then going to move on to talk about Credit Services (CS), our Healthcare business, and then a focus on Decision Analytics: our fraud-prevention software and our analytics business. We are then going to move into a Q&A session, and then we will have a break and there will be a chance to see some of the product demonstrations.

Our second session today is really about focusing on the areas where we are looking for some performance improvements. That is Consumer Services North America, Marketing Services (MS) and Brazil. We will wrap up with a session from Lloyd on the capital framework before moving towards an end-of-day Q&A.

3. Experian's development since 2006 demerger

Let me start with a bit of history. The first point to make is that when we look at this business since 2006, we have seen a lot of changes. You could say that the business has been really fundamentally changed since then – transformed. When we started in 2006, what you were really looking at were two regionally focused businesses in the US and UK. What has been achieved since then is pulling those together, adding another big leg to growth in Brazil and Colombia, and also a number of different opportunities that we have in some of the territories that we have built out. We have also built out in new verticals – new products – and built really quite a strong platform that we have today. There have been three main focuses for the strategy that got us from 2006 to today: new geographies, new verticals and new products. That has given us this platform and it has given us growth opportunities in places like Turkey, China, India, Japan and many other places.

There is one thing that is probably different about the strategy going forward, which is that we do not think that geographic expansion is capable of adding the sort of scale that we have seen in the last 10 years as we go forward. Really, our strategy has to change, because the environment has changed. What we are trying to do is look at the platforms that we have today and really focus on what we can do in order to drive the business to its next phase of growth. We have really powerful platforms; we have great businesses; we have great market positions; and we aim to make the most of these strong foundations by focusing on the core businesses and on the opportunities that come from bringing more of our businesses together. We will talk a lot more about that as we go through today.

4. Strategic priorities

We laid this out in November. It is, really, our strategic framework. We have five of what I would call near-term strategic priorities.

Focus

As we enter the next phase of growth in the business, we are really going to be focusing on the bigger businesses: focusing on the platforms that we have, building them out and getting as much competitive advantage as we can. Growth is more likely to come from within the existing footprint, as opposed to any major step-out from the footprint that we have today.

Growth

The good news is that we do have a lot of high-growth opportunities. You have heard us talk about some of them before – places like Healthcare and Fraud – but perhaps some places you have not heard us talk about before, like Business Information (BI) and, again, back into our largest business, Consumer Information (CI), where you will hear today a lot of talk about innovation and how we are moving to really build growth in that business.

Improve performance

We do also face some short-term challenges in places like Consumer Services, Marketing Services and Brazil. We have strong recovery plans in place. Some of them are already starting to deliver. Again, you are going to hear specific presentations on each of those areas today.

Efficiency

Our aim is to really focus on the businesses that need improvement and back some of our longer-term growth ambitions. To do all of that, we also need to turn our attention to enhancing the way we operate. This is not just about driving cost out of the business; it is about making our business more efficient and more agile, and giving us the ability to develop more innovation and more cross-collaboration across the business. We will talk a little bit about that also.

Capital optimisation

Of course, all of this is underpinned by what we call a sharpened focus on capital allocation: carefully choosing places that we want to invest; making a very critical assessment of what fits and what does not; and a really strong focus on returns. These are the core strategic pillars that we are going to use as the framework for what we talk about today.

5. Adapting to changing market influences

Overview

I talked about markets changing. I do not need to tell anybody in this room that we operate in a very dynamic world, and perhaps the pace of change is accelerating. As we think about all the things that impact our business, there are many things we could put on a slide like this. We chose to focus really on four key areas, and to give you an idea of how we think about these big themes, how they play out and what we are doing in response to that.

Technology

It is becoming much faster, much easier and much cheaper to analyse massive data sets and handle large amounts of data. For us, that actually brings a lot of opportunities in areas like analytics. It also gives us opportunities to bring new use cases with existing data sets, and to combine data sets to create new products and propositions to customers. In order to access that, we have to invest in our business to build more agility and more speed. In fact, in a lot of cases we have legacy systems which may prevent that, and we have to get after and make sure that we change our technology environment to really take advantage of these trends. If we can do that, I think it also makes it easier for us to do something which I think is a key competitive advantage that we have as Experian, which is actually to bring more of our capabilities together, tie more of our products and propositions together, and create new, unique and hard-to-replicate propositions to our customers.

Data

We all know data is proliferating. Hardly a day goes by when some newspaper article does not talk about big data. We think this is a big opportunity for us. There is an explosion of data around. That means that more data is available for us to add to our existing datasets, or new datasets where we can derive insights and our value propositions for our customers. Our response in a world where the amount of data is increasing is to look at what we can do to add to our data sets, find new sources of data, partner with people to augment the existing data sets, experiment with new data sets – which we are doing in our data labs – and also to use the expertise that we have as an organisation and our brand and market position to not only use our own data sets but also to help clients understand the power of their own data sets and potentially also monetise that for them going forward.

Consumers

It is a rapidly changing world. Consumers know more about their data. They want to be more in control of their destiny. They want to know who is using their data and what for. Most of all, they want to know that their data is being used for a purpose which benefits them. Our strategy is focused really on making that a competitive advantage for our business and doing exactly that. This is really some of the cornerstone of what we are doing in Consumer Services: it is putting the consumer at the heart of our business. You will see that in enhanced propositions: propositions which are designed to use the information, to help consumers be proactive about getting better outcomes in their lives.

But it is not just about Consumer Services. This actually impacts quite a lot of our business. Think about Credit Services. It is interesting, when you think back, that Experian grew up as a B-to-B business, not really a consumer business, but we hold information on 800 million consumers worldwide. It is actually hard to think of a more important business from a consumer perspective than Experian. We actually have to take that mindset that we are developing in Consumer Services and also apply it to what we are doing in Credit Services, for example, where things like better data accuracy, better handling of information, and better handling of customer dispute resolution are all things that are going to help really put us at the centre of what consumers do, empower them and build a competitive advantage for our company. We have some examples of that already. For example, in Credit Services we are starting to do things like go to some of our data contributors and help them with data accuracy before they load the file. What does that do? It actually improves accuracy on the file, leads to lower numbers of dispute resolutions, and builds an overall better proposition for our bank customers, for us and for the consumer.

Regulation

I want to talk also about regulation. I think regulation and consumer are two things that are heavily connected. We have seen quite a significant increase in regulation in the last few years. I think that is here to stay. It is something that we embrace. Ultimately, while we may not agree with everything that comes out, the objective and direction of what it is trying to achieve, which is actually to get better outcomes for consumers, is something that I think we embrace as a business. I think it is

something also which we have to accept is going to require some additional investment, but, again, it is something that actually builds competitive advantage and strength in our business and builds barriers to entry as we go forward. I think that as we start to wrap these two things together you are going to see a lot of similarity between what is happening from a regulatory perspective and the sorts of propositions that we put forward from a consumer perspective.

6. Focus on core activities

We talked in November a bit about focus. I thought we would just put this slide up to maybe illustrate a little bit better what we mean by focus. Today we generate 87% of our revenue from three territories: US, UK and Brazil. These are the ones that are really going to make the difference. It is where we have the greatest potential for driving performance improvement and it is where we are going to concentrate the bulk of our future investment.

The next tier of countries we have – we call it the bracket of 14 – contribute around 10% of our revenue. I think we have a lot of option value in this group of countries. They include places like China, Japan and Colombia, and many places where we have been investing over the last 10 years and will continue to invest as we go forward.

Then we have quite a long tail, which actually represents the majority of countries by number, but obviously the smallest contribution by revenue. It again includes some countries where we have significant option value. We have some opportunities that are going to develop into meaningful businesses for us, but we also have some places which are never going to do that.

I think one point you would make about this is that the last 10 years has seen us build out on a very broad front. When that happens, you can end up with a lot of complexity and a lot of organisational difficulty around building a profile like this. We are going to look and apply a critical lens to which of these countries fit – which ones have long-term value and which ones maybe do not. We will do that not just with the countries we are in but also with the business lines. I do not think that there is anything significant on the business lines that will come out of that, but all of this really is intended to get the message across about sharpening our focus, reducing organisational complexity and making us a little tighter and leaner as we go forward.

7. What we will achieve: growth

We talked about the strategy. Elements of our strategy necessarily have recovery and restructuring as part of that, but we have always talked in Experian about the many opportunities that we have for growth, and that is a key part of our strategy going forward. Some of the categories that you see here will be very familiar to you. Things like Software and Analytics we have talked about for a number of years; Fraud and Identity perhaps more recently; and Health is relatively new – we will talk about that. But there are also areas that perhaps we have not focused on in great detail before: things like Business Information, which actually is a very large business line for Experian across the globe. We think that we have very significant growth opportunities in places like Business Information, and also in Consumer Information, our largest business. We have plenty of opportunities to really drive the growth in

that business too. That is more about innovation and technological developments, and, again, you are going to see some demonstrations of that in the presentations today.

8. What we will achieve: performance improvements

Consumer Services

Some parts of the business are not performing as well as we would like them to, and we are taking action to address those. In Consumer Services we are faced with some dynamic changes in the marketplace. Our strategy is all about serving distinct customer needs with unique product experiences, and we are starting to execute against that. You will see in Ty Taylor's presentation some of the actions we have taken with FICO and some of the other steps that we plan to take in the months and years to come.

Marketing Services

In Marketing Services, there are strong secular growth trends playing out in some of the places that we play in. We have some leading positions in some markets and our strategy there is about focusing on those leading positions and getting those businesses back up to better growth rates.

Brazil

We have a fantastic business in Brazil and one of the things I hope really comes through in the presentation today – I am sure it will – is the sheer power of our business there, the scale and presence that we have, and the opportunities that we have to build out in lots of different areas to sustain growth into the longer term.

9. Improving how we operate

I talked a little bit about efficiency, but this is really about the operating model. It is not just about how we run the business to make some changes to the cost base; it is actually about a number of things which are really helping us do what we need to do to execute against our strategy. It is about speed, efficiency and agility. It is about reducing complexity.

Let me give you an example of that. Kerry will talk later about Marketing Services, but we have recently made the decision to take our product development groups away from a centralised structure and put them closer to the front end of those businesses. That is driving much better change and much closer product development to their marketplaces. These are the kinds of things that we talk about when we talk about our operating model. It is also about freeing up resources to invest and to meet some of the cost challenges that we know will come at us from regulatory and other, but it is really about building more speed and more agility to react and get ahead of some of the trends that we see across our marketplaces. It is actually a building block to enable us to execute our strategy going forward, so it is a very important programme that we have ahead of us.

10. Capital framework

The final pillar for all of this is the capital framework. We have conducted a very thorough review of our capital plans. Lloyd will go through that in a lot more detail later. Just to focus on a few of the highlights, our aim is to drive higher returns to shareholders, and to do that by focusing on the most efficient use of our capital. Our strategy, as I have just articulated, is to focus on the best and highest-quality opportunities. We want to grow, but we want value creation with that growth. We are implementing changes in the way that we assess risk and the way that we allocate capital internally, with a much more prominent focus on the returns that we drive from the opportunities that we invest in. We want to manage capital in a way that balances not just efficiency and balance-sheet prudence but also with the flexibility to invest and a prominent focus on an appropriate dividend policy going forward. This review has concluded and we have concluded that we have sufficient funds not only to pursue our growth ambitions but also to return some surpluses to shareholders. You will have seen that in the announcement this morning.

11. Medium-term revenue growth ambitions

What does all of this mean in terms of the near-term outlook? Our ambition is to get the business back to growth. We have just come off three quarters of flat organic revenue growth. Nobody is happy with that. Our ambition is to get back to sustainable growth. We think that we can target organic revenue growth in the mid single-digit range. We have a lot to do to execute against to get there, but I think you will see from the plans today that we have really good strategies in place and a lot of optimism in the actions that we are taking that we will be able to achieve that. We clearly need to achieve a sustained recovery in some of our businesses that need to be improved, such as Consumer Services, but I think if we can execute against these plans we are going to see significant potential in the business over the next few years and beyond.

12. Our model

To summarise on the model, we see our growth coming from a combination of different initiatives: recovery; growth and efficiency. With the appropriate capital framework alongside that, we can convert that into meaningful growth in earnings and shareholder value. That is our objective.

13. Our ambitions

I hope that gives you some perspective on how we are thinking directionally about the business, the areas that we are going to concentrate on, the dynamics and the shape of some of the things to come. Over the coming year you are going to see some changes and some improvements in the portfolio. We will access some new market opportunities by bringing our assets together, and we are aiming to build some substantially bigger businesses when we address some of these new growth areas. I think this together will put us back on a path to sustained value creation.

14. Key themes

As we head into the rest of the sessions, there are some themes that I think cut across them and I would like you to listen out for, because I think they underline some of the real power and competitive advantage that we have in Experian. They are as follows.

Integration

How do we bring our assets together to really develop unique propositions for customers? There are some great examples of this in the presentations you will see in Healthcare, for example. We are bringing our capabilities in Decision Analytics in Fraud to help build the organic profile out further in that business and address new growth opportunities. But it is across many of our different areas, and one of the keys to our success is actually doing more of that in as many places as we can.

Investment

We have a lot of growth opportunities and we have to invest behind them. We are convinced that the platforms that we have and the businesses that we have give us tremendous opportunities for longer-term growth.

Efficiency

The point we made about efficiency, again, cuts across all of the different presentations. We want to create room for ourselves to invest and really drive that growth.

Summary

Finally, as we pull all that together, you will see that the framework that we have developed is one that helps us navigate the current couple of years, get our businesses back onto the right track, bring back some long-term growth opportunities and develop a compelling proposition for shareholders. Hopefully after today you will have a picture of a business that is executing on a lot of different fronts, that can be a much bigger business than it is today, has a lot of growth opportunities ahead of it and goes forward with a very strong and solid capital framework template behind it.

With that, I am going to hand over to Chris Clark to take you through Credit Services.

Credit Services – leveraging strength and leadership in data and innovation

Chris Clark
Managing Director, Experian UK and Ireland & EMEA,
Credit Services and Global Technology Services

1. Preamble

Thank you, Brian, and good afternoon, ladies and gentlemen. As Brian said, I am Chris Clark. I have a couple of responsibilities in Experian. I have the privilege and pleasure of running our Credit Services business across the globe. Secondly, I am responsible for our businesses in both the UK and EMEA regions. This afternoon I really want to build on what you have heard from Brian and give you a bit of context about the Credit Services business – both the Consumer Information and Business Information businesses – and then talk about our six strategies for growth that give us the belief and passion that we can continue to drive this Credit Services business as we go forward.

2. Strong track record of growth

I think it is worth just reminding ourselves we are the leading Credit Services business in the world. It is a business that has a very strong track record of growth, both top and bottom line. The way I think about the Credit Services business is as a high-quality business. It is a business with good, strong structural growth, significant global scale, and high barriers to entry. All of those points will come through when I talk but I think are always worth remembering. In terms of scale – Brian has already mentioned it – Credit Services globally accounts for just under half the global Experian revenues, at about 48%, and it is about \$2.3 billion today across both Consumer Information and Business Information, and our verticals.

3. Global scale

Here is a little bit more context. We run 19 consumer information bureaux in the world and 13 business information bureaux in the world. This geographic footprint reflects about 58% of the world's GDP and 53% of the world's population. I will come on to talk a little about geography in due course. When you break down the Credit Services business by product area, just over half the business is Consumer Information; Business Information accounts for about \$600 million; and then the great progress we have made over the last number of years on penetrating new vertical markets and moving away from just banking you can see is now becoming very meaningful. After myself, Jennifer will talk more about the progress we have made and the great opportunity we have in healthcare.

4. Strategic goals

Our strategy and our ambition is very simple. We intend to, and we will, drive a continued leadership position, and we will do that in a world that is changing fast, as you have heard from Brian. We have customers and clients who demand more from the data that we hold but also they hold. We have changing regulation. We have

very quickly changing technologies. We actually believe all of these trends play to our advantage. We will continue, as you have heard from Brian, to make conscious decisions about where we invest to actually exploit the benefit from these changes. A really important point that you will hear from all of us is it is not Credit Services alone that differentiates us; we believe incredibly strongly, if you look at any of our competitor groups around the world, whether at some of our larger global competitors or a number of local competitors, which is what we really deal with across the globe, if you put Experian's capabilities together, particularly between Decision Analytics and Credit Services, there is no one in the world who can beat us, today or tomorrow.

5. Six strategies: data

Positioning for growth; planning for evolution

As I have already mentioned, we have six strategies for growth. Data is the lifeblood of Experian. It is also absolutely the lifeblood of Credit Services. Maybe it is just worth me touching on the why. In a world where more and more data is becoming available, our clients, particularly our B-to-B clients, in all segments, in all countries and in all verticals, see how they use data to actually gain a competitive advantage against their own competition as one of their key priorities. I do not think there are many FTSE companies or even small or medium-sized companies today around the world who are not talking about how they can exploit data – their own data and other people's data – to gain competitive advantage. Data really does matter.

Data strategy

You can see on this chart here a concept we actually introduced to you two years ago at the investor day. It is called the ideal bureau model. The way I would describe this and think about this is: this is the perfect model to get a complete view of the consumer or, in the Business Information space, the business. It charts what we would consider a typical development of a data strategy, from very basic, negative data to hugely advanced behavioural-characteristic-type data. We use this ideal bureau model for two fundamental things: firstly, to make sure we absolutely share best practice globally around different data sources; and, secondly, to really underpin where we can make conscious investment decisions to move the needle. Ultimately, it is about differentiation from our competitors and going after data – either new sources of data or getting more insight from data – to actually gain competitive advantage for our clients.

In that respect, we really think about data in three ways. Firstly, it is about getting new sources of data that add competitive advantage for us but also for our customers. Secondly, in a world of ever-changing technology, it is about gaining greater insight from existing data – either our own or with partners or with clients. There is a lot more insight that we can all get, day in, day out, out of existing sources of data and by putting different data sets together. Last but not least, it is about transparency. You have already heard Brian talk about the importance of consumers and regulation coming together. The more and more we can get complete transparency in the data value chain, the more that benefits us, it benefits our clients, and it absolutely does benefit the objectives of the regulators around the world.

Data Labs

I am just going to touch on the data labs, which I know Steve is going to touch on briefly later as well. For those, again, who were at our investor roadshows two years ago, we talked about the data lab in North America, based in San Diego, California. The simple way to talk about what the data labs do is: they are our research and development hubs. They are full of incredibly bright PhD scientists from the best universities globally, who specialise in things that I cannot even pronounce, whether it is machine learning or neuroscience. Their role is to work with our clients and potential clients as well as third-party partners to innovate around different data sources and try to solve complex problems. Since two years ago, we now have a data lab operational in the UK – not far away, up in King's Cross – and by the first half of next fiscal we will have our data lab up and running in Sao Paulo.

We believe these data labs provide us real competitive advantage and the feedback we get from clients is extremely powerful. If you look at this chart, the green blobs are really areas where the data lab is working on different data sets, whether that is health data, geolocation data or mobile payment data, and then the blue blobs are all about what we actually have and what we would simply describe as our business as usual in terms of working in our commercial and business bureaux.

Examples: Rental

Let me just pick on a couple of examples. You are going to hear more about positive data, particularly in Brazil, from Steve and Jose Rossi after me, so I am going to pick up a couple of other examples. Take rental. This hopefully gives you some colour around the objectives. In late 2010, in the United States, we entered the rental data market – in other words, getting records and information about how much people are paying and how people are renting. We realised that actually, particularly here in the UK, that would give us a very strong competitive advantage, because, again, in this room people are very well aware of the trend that over the last number of years fewer and fewer people are homeowners and more and more people are renting.

Think about that from a basic credit bureau context. You have increasingly less information on a whole wave of the population. So, over the course of the last 12 months we have created a unique, exclusive rental data here in the UK. We have over 1 million people on that today. That accounts for about 25% of social housing. It has several benefits. It has benefits to our B-to-B clients, whether it is a bank, a telecommunications company or a utility company, giving them more information. It has benefit to landlords, as they can look at the quality of their potential renters. It also has huge benefit for renters in terms of their own credit records. The analysis we have done shows that of those 1 million or so UK consumers who rent who are now on our bureau, 93% of them have an improved credit score, which means that they have a greater access to borrow, so we believe we are also doing a good for the UK economy as well. Not only have we done it in the US in 2010 and in the UK this last 12 months; we have also launched a rental bureau in South Africa, just in the last few months of 2014. There are just a couple of examples.

Examples: Psychometric and Behavioural Data

Let me just pick on one more. In South Africa and in Turkey, we are working in partnership on trying some new things around psychometric and behavioural data scoring, in parts of the world where there are very limited records on individuals. Again, these sorts of trials we believe actually give us a huge insight into what works and what does not, but also how we can exploit that in different markets and, most importantly, give real benefit to our B-to-B customers and give us unique advantages over our competition.

6. Six strategies: technology

Product and technology global platforms

With more and more of this data, clearly, the importance of technology increases. We have talked to you in the past about our four global platforms, and the simple way to think about this is as building once to deploy many times. We have four major global platforms that support both our Consumer Information and Business Information businesses.

Next Generation Bureau

Our Next Generation Bureau is basically a new, very sophisticated, very high-tech, huge-capacity bureau that can support both Consumer Information and Business Information. That is now live and operational in Australia. Our Business Information bureau is live in India, and in the Netherlands we are in the process of moving from our very old legacy bureau to this new bureau.

Global Value-Added Products

Think about this as an application that sits on top of the bureau that can process huge amounts of data. We have that operational in five countries as we speak, and we are going live very shortly in the Netherlands and South Africa.

BusinessIQ

Then, in the Business Information space, we have BusinessIQ. The best way I have to describe it is as a web interface between our small-business customers and our full suite of Experian services, allowing them to, in real time, get access to different sorts of information. You will see a flavour of BusinessIQ – what is called Business Express – out in the demonstration laboratories. Business Express, though, is aimed at the mid-tier; BusinessIQ is at the small tier.

Global Data Network (GDN)

I am going to come back and talk about the Global Data Network shortly, but the Global Data Network is something we actually launched in August of 2014, linking up our United States business, our UK business and a number of our Western European assets, as well as partner assets, to deliver a single identification number for

companies that want to do business in those countries. The evidence so far is extremely positive.

Product and technology innovation

It is not just about the core platforms; it is actually about the applications layer. This is where we really find innovation and differentiation from our competition. It is clearly driven by what our clients require. A big plug here: virtually every innovation that is on this chart is being demonstrated outside. If you have not had a chance already, please do go and have a look at some of the great work our teams are doing. Again, I am just going to touch on a couple, because on many you can gain greater insight outside by talking to the teams doing the work and looking at it in real life.

Experian Personal Identification Number (ExPIN)

ExPIN is a way of linking all of our data and all of a client's data to give a single customer view. Those of you who work in banks or anyone who works in the telco world will have heard this sort of thing talked about for decades, I think it is fair to say, but we have our ExPIN service live in the UK in two very large customers, and they have seen a significant increase – we are talking low double-digit percentage points – in what we call our matching rates, which gives them huge benefit. For us, what that really means is we are truly differentiated from our competition.

Corrections Exchange

I will take an example from Australia: the Corrections Exchange. You have already heard Brian talk about the importance of data quality for everything that we do. Our team did a terrific job as we launched our Consumer Information business in Australia to see a gap in the market and actually create an exchange that allows lenders and end-users to make sure that the information is correct. Those are some examples of how we are innovating around the world.

7. Six strategies: Business Information

Accelerating growth in Business Information

Brian has touched on this. We have not talked much historically about Business Information, but Business Information is an incredibly important business for us. As I said, it is about \$600 million and growing at about 5-6%. We believe that we can grow that business at an accelerated rate. As you can see on the chart, our market share in different countries varies very significantly, but globally our share is about 26%. What this chart also shows you is that if you think about the value chain that businesses go through from identifying, through acquisition, right through to account receivables and collections, we today play in a very narrow field. We actually play in a relatively narrow field geographically, if you think that the vast majority of our revenue comes from Brazil, the US and the UK, but we do believe there is significant opportunity for further growth.

The way that I will describe this in the interests of time is that we see four areas where we can grow at a continued and accelerated pace. The first area, very simplistically, is selling existing services to existing customers. The real opportunity in the next 12-18 months for us is GDN, or international. I will come back to that. The second area is selling existing products to new customers. We have done a phenomenal job in Brazil, as Steve will talk about, in serving the SME market. We have not made as much progress as we have there in the United States or here in the UK, and we see that as a huge opportunity to gain share by just leveraging capabilities from around the world. The third area is selling new services within existing customers. You will hear Steve and Joy talking about hosted decisioning. With our access to SME customers and the data we hold, there is a huge opportunity for us with hosted in the Business Information marketplace, and that is completely unique. Last but not least – and we are thinking two-plus years away – we think there is huge opportunity for us to expand our geographic presence but also move into different verticals, as we have done in the Consumer Information space. It is a very strong business, with very strong core data capabilities and a strong client base, but with huge opportunities for us to do more and improve our growth rates.

Global Data Network

I said I would touch on the Global Data Network, which we launched in August 2014 across Western Europe – both our own Business Information assets and those of partners, with the US and the UK businesses. It allows a small or medium-sized business in, say, the US or Spain to go online and actually, with a single identification number, look at the family tree of businesses in another country. It is unique in terms of the fact it is online. It is also unique in terms of the data depth, because it is either through our own in-country data assets or it is with a third-party partner of ours who have the deepest data depth. As I mentioned, we launched the first phase. Over the next number of years we will be extending that around the world. The feedback we have had from customers who are now using that service is extremely positive.

8. Six strategies: regulation

Again, you heard a little bit about this from Brian. There is no doubt that we see significantly more interest about what we do, whether it is data transparency or whether it is data rules about what we can and cannot do, but actually, overall, we see this genuinely as a long-term opportunity. It is a long-term opportunity to increase our barriers to entry, but actually, ultimately, the regulators, whether it is CFPB in the United States or the FCA here in the United Kingdom, have a common agenda to us. It is about data transparency and data fairness. We believe by being very proactive and embracing regulation in all that we do, that will give us both short and longer-term competitive advantage. We are seeing that. You have already heard Brian reference the revenues that we are generating today right around the world around data quality. There are, equally, a number of examples working with our data and our analytics teams – and Steve will cover this – around Basel II and III. Historically we have done well in Western Europe on that; as that sort of legislation goes into Turkey, that creates opportunity. There are huge areas of opportunity, albeit it does mean we will have to do things differently. It is something we are actively embracing, and it has become part of business as usual.

9. Six strategies: vertical markets

Consumer Information – enabling vertical growth

I have already referenced briefly the huge success we have had over a number of years in penetrating the vertical markets. I am sure you have all heard from Brian and Don previously about how our reliance on banking has changed over time. I am not going to steal Jennifer's thunder, because she is going to spend time talking about healthcare, but I will touch on it to give you a little bit more colour. The simple message that we have around verticals is that we have really only just got started. We think there is a huge and significant opportunity to continue to build on our existing verticals, but also in different countries – because the opportunity varies country by country – to make these verticals really meaningful for us.

UK insurance vertical – case study

Let me just talk about the insurance market here in the UK. I suspect certainly everyone in this room – probably less so those on the webcast – knows how the insurance market has changed rather dramatically here in the UK from, not so long ago, simple channels of phone and broker, where insurance companies enjoyed 90%-plus renewal rates and conversion rates of one-to-three, to a world now where the phone-and-broker really does not exist, the majority of transactions are done through the aggregators, and renewal rates are at best 50% and conversion rates are one-to-5,000.

What does that mean? A few years ago, insurance in the UK was not a place we played. Our teams, as they saw this market evolve, started working with a number of the largest insurance companies here in the UK and realised that with some of the technology and some of the data assets we already had and some of the data assets that our insurance customers had, we could actually create what we call an insurance cache, which is basically an applications layer on top of our core bureau, with new data sources that we are either building ourselves or with insurance companies, which allows our insurance customers to access huge amounts of data real-time to make risk-based decisions and quotes there and then. What does that mean? As I have said already, our insurance business was very small in the UK just a number of years ago. Since then, we have seen strong double-digit growth and it has now become a very meaningful part of our business. We see huge opportunities to further develop that. Again, without wanting to steal Joy's thunder, already, with our 41st Parameter assets, we have really started to address some big fraud opportunities with some insurance companies here in the UK, again reinforcing the power of Experian together.

10. Six strategies: geographic growth

As a reminder, we have 19 Consumer Information bureaux and 13 Business Information bureaux, covering about 58% of the world's GDP and 53% of the world's population. There are one or two countries around the world that have, from our perspective, some interesting traits for a good, strong Consumer or Business Information business. That said, we do not expect any of those to be available for us to access either organically or inorganically any time soon. As Brian has already said

and to reinforce the message, while historically we have seen good growth through geographic expansion in Credit, we do not expect geographic expansion to drive significant growth in the next number of years, albeit some of our developing bureaux, like Australia and India, are starting to get some real growth.

Equally, there are a very small number of bureau markets in which we operate that, frankly, because of some of the market dynamics – be it size, scale or legal – we do not necessarily see as strategically core. The great thing for us is that we have significant optionality around those, so we have no gun to our head in terms of what we do. The real purpose here is to reinforce the message that we foresee good, strong, mid single-digit growth from our core business and more emphasis on our three big bureaux – Brazil, the US and the UK – that account for just over 90% of our total revenues going forward.

11. Summary

We are incredibly honoured and proud to operate the world's leading credit information business. We believe this is a very high quality business, with good structural growth and high barriers to entry. We believe the strategies that we are pursuing will continue to deliver very strong results for our customers and, of course, our shareholders alike.

On that note, it gives me huge pleasure to introduce Jennifer Schulz, who runs our vertical businesses in the United States.

Experian Health

Jennifer Schulz Group President, Vertical Markets

1. Introduction

Good afternoon. My name is Jennifer Schulz and I am responsible for Vertical Markets in North America. That means I am responsible for our Automotive, Health and Public Sector businesses. I am delighted to be here in London this afternoon to talk about what I believe is one of our most exciting businesses, the US Health business.

2. US Healthcare market

A very quick perusal of the headlines that hit the US newspapers this year would indicate a very dynamic and exciting business within US Health. It is a very large business. We project total spending to be at \$5 trillion by 2020. Individuals in the US healthcare system are going to be paying up to \$10,000 per person out of pocket. Most importantly, the overall cost of healthcare continues to rise, so regulators and patients are requiring more increased transparency into the price of services.

I thought I would take a minute to break down the healthcare system. I know it is somewhat foreign to some of you in the room; perhaps on the webcast they are more familiar with it. The ecosystem is fairly similar in terms of the players. We have patients – those are the people consuming healthcare services, if you are not familiar with that – we have hospitals; we have insurers; and we have ancillaries such as pharmacy and pharma. What is different? Frankly, it is our access system. Unlike most developed countries around the world, the US has restricted access to the healthcare system, at least historically. I say 'historically' because, as you will understand in a moment, we are going through enormous amounts of change in the US. That access actually prohibited about 15% of our population from having insurance to cover the cost of healthcare, and therefore those individuals were responsible for 100% of the cost of their care. That restriction towards access, or the lack of universal coverage, is something that has been a challenge for US citizens and it is something that the Obama administration recently addressed through regulation.

3. Market drivers

There are two pieces of regulation and a socioeconomic trend that are important to understand healthcare in the US. First, the Affordable Care Act, which was passed in 2010 but came into being in 2014; and the HITECH, Meaningful Use Act, which was passed in 2009.

HITECH / Meaningful Use Act

Let us first talk about the HITECH Act. It is the simplest of the regulation. Essentially, it created an incentive plan and standard to push doctors, as well as individual physicians and hospitals, to use electronic records. All of the paper-based records over the last several years have moved into electronic form. It is also incentivising financially those hospitals and providers to use online portals and online tools to provide better information to their patients. That will become important as we talk about our future strategy.

Affordable Care Act

Now let us shift to the Affordable Care Act, otherwise known as 'Obamacare'. The Affordable Care Act in the United States is fundamentally changing the way healthcare is delivered. First, it mandated insurance. That meant every US citizen is required to have insurance as of 2014. There are significant penalties, starting this year and increasing next year, for every US citizen who chooses not to have insurance. That does not work unless that population can have access to insurance, so the Affordable Care Act incentivised insurers to open up their plans. They also removed the use of pre-existing conditions as a way to underwrite those plans. That is a huge change for the insurers, or the payers in the market.

Furthermore, the Affordable Care Act is changing the payment model within the United States. What does that mean? Traditionally, in the United States it is a fee-for-service system. That means you break your arm; you go in; you get it fixed; you break your arm again; you go in and get it fixed; and your payer pays for every time you go in and break your arm. Today, under the Affordable Care Act, it is pay-for-performance. Let us say that surgeon that fixed your arm the first time

actually did a poor job. That surgeon would not be paid twice for the same patient coming into the hospital for the same procedure. What does that mean from a payer perspective? They are going to need information and data about the performance of the physicians and hospitals. Physicians and hospitals are going to be required to track their performance, to understand how their outcomes are impacting the patient population. Most importantly, the patients are going to be required to understand their holistic health. They also, because of the structure of the plans that the payers are offering today, have higher deductibles. Remember that \$10,000 figure? That is likely to increase, not decrease, and consumers are going to be more interested in the actual cost of their healthcare. Before, they had no problem walking into a hospital and having a procedure or into their physician's office with every ache and pain because they did not pay for very much. Going forward, they are going to have a higher deductible and are going to be responsible for more of that payment. Therefore, their interest level in understanding their cost of healthcare is increasing.

Affordable Care Act - From the patient perspective

I thought it might be easier to explain it using not an actual patient but a made-up patient. I did use my sister's name, so apologies, Amy. Amy is my twin sister. She is not 52 years old and she is not requiring a hip replacement. But Amy is 52 years old. She has diabetes and she is requiring a hip replacement. In the old world, prior to the Affordable Care Act, Amy had a very difficult time obtaining new insurance, and so she was very loyal to her employer, who provided her insurance. She would calculate it in any decision she made to change jobs, based on their healthcare coverage. Additionally, Amy had very little concern about walking into her doctor's office every chance she got for every ache and pain and every decision she needed to consult with her doctor about, and so she had a very close day-to-day relationship with her doctor and had relatively low out-of-pocket expenses and, frankly, did not care very much about the total cost of caring for Amy, and she had no thought whatsoever of shopping around for her hip replacement.

We are a system undergoing change. Again, the Affordable Care Act was passed in 2010 but it did not actually start being implemented until last year. You can imagine the ecosystem going through enormous amounts of change right now. Amy will find it much easier to obtain coverage going forward, so may be less loyal to her employer, but that coverage has a higher deductible, so she is going to be more price-sensitive or price-aware about the cost of her healthcare. Every interaction with her doctor will cost her money when she walks in the door, so she is going to seek alternative means of understanding her care, whether that be through the use of technology or ancillary, such as the use of pharmacies or retail environments. Additionally, she is going to engage with her doctor around her whole health, so perhaps monitoring her weight and improving her physical-therapy regimen to make sure that hip replacement does not need to be repeated. Additionally, she will look for the lowest-cost ways to find her insulin. She will be going to the online pharmacy and shopping the cost of insulin to make sure that she manages the cost of healthcare. One of the points of the Affordable Care Act was to make sure that patients could get engaged with the cost of healthcare, because, through transparency, the Affordable Care Act believes it will drive down the overall cost of healthcare.

4. Experian Health: The combined strength of Experian Healthcare and Passport

What does that mean for us in Experian Health? I want to spend a moment talking to you about where we came from and where we are today. As many of you know, about a year ago we purchased Passport Health Communications. Prior to that, we had portions of Revenue Cycle Management within Experian Health. I say 'portions' because it is with the combination of our legacy Experian Health and our Passport capabilities that we have created a complete end-to-end Revenue Cycle Management capability, which facilitates transparency for the physicians and hospitals that are our clients into the payment process.

What does that mean? An individual comes into a provider or a hospital and through our scheduling module we are able to help that physician schedule that patient's next visit. We are also able to identify that patient's eligibility, counsel the patient as well as the provider on the out-of-pocket costs associated with the visit or the transaction, and help facilitate point-of-service collection for the out-of-pocket or the self-pay portion. It essentially allows the provider or physicians to have a seamless workflow from point of interaction – the first time an individual patient calls to schedule an appointment – all the way through collecting payment from both the payers – those private and public insurers – and the patients. That integrated workflow was created with the acquisition of Passport Health.

Current position

Today our position within the market is very strong. We have one or more products in over 50% of hospitals within the US. We have 152,000 active clients. We are processing close to 800 million eligibility transactions. Again, 'eligibility transactions' are defined as identifying an individual's eligibility for the procedure or the action that is going to be taken. And we have over 700 payer connections. Our payer network is a key differentiator for Experian Health. Perhaps most importantly and most recognisable is the recognition we have gotten from our industry, our clients and our partners with the industry.

5. 2014 KLAS Patient Access Report

I am going to take a moment to talk about KLAS. For those of you who are not familiar with KLAS, it is the benchmark through which many of the hospitals and providers evaluate their technology vendors. This last year, in November 2014, we were named a top performer within patient access, which is a part of the Revenue Cycle Management. We were a top performer in six of the nine components that were measured, and we were the overall top performer across all of our competition. We are the only competitor within patient access and, frankly, within Revenue Cycle Management, that has every part of the Revenue Cycle Management. We have every capability a hospital or a physician would need to manage their revenue cycle. That is a differentiated position relative to our competition. In the next several weeks, we are excited and very interested in understanding how KLAS will name the overall top performer. KLAS believes Experian continues to demonstrate leadership across the board and it is a piece of vindication as well as validation for all of the efforts around the acquisition and the integration of Passport.

6. Passport update

I thought I would take a moment to answer some of the questions that I am sure are on all of your minds about exactly how well that Passport acquisition is doing. Frankly, it is doing very well. Across a number of different measurements, we are very pleased with the performance of Passport, and overall with Experian Health. Our pipeline continues to grow, our bookings – our sales or signed contracts – are up, and the number of implementations continues to grow as well. From a performance perspective, our Passport acquisition is doing very well; our integration is performing very strongly, and we have set the foundation for our future growth.

7. Future outlook

Let me transition for a moment and talk to you about what it is that we see as the future for Experian Health. Today, we are primarily focused on Revenue Cycle Management. It is an enormous market. It is a market that is growing. We are outpacing that market in terms of growth and continue to gain market share. We will continue to focus on our sales and our implementation, and we will continue to expand not only into the white space, which is selling new products to our existing clients, but also by gaining new logos.

8. Growth opportunities

In order to understand our future, though, I wanted to present to you what we believe is our extension or our growth strategy. If you look at Revenue Cycle Management, as I said, there is enormous opportunity there, and 99% of our resources will be focused there. But given all of the dynamics within the health system and the changes that we see underlying it, we believe that we need to continue to play to where the industry is going. The combination of Experian Health and our broader Experian capabilities has positioned us extremely strongly.

Data and Analytics

Joy and Steve are going to talk a lot about our data and analytics, but let me talk about it from a Health perspective. We are going to be combining our capabilities and our data from a Health perspective to enhance the Revenue Cycle Management analytics, and then we are going to create a number of products and services that help our physicians and providers understand the health of their overall population. In other words, we are going to create products and services that position us to manage population health as that industry evolves. What does that mean? It means combining our claims data, enhancing that with Marketing Services data, and providing a more robust view of consumers at an aggregated level to our physicians and our providers.

Direct to Consumer

Additionally, from a Direct to Consumer perspective, although we do not see anything near-term, I want to outline some of the foundational capabilities that the Direct to Consumer business has that we see as differentiated. We have an incredibly strong

set of consumers within our Direct to Consumer business. We also have technology and wherewithal to engage those consumers. Reflect back on Amy. Amy needs to become more engaged in her healthcare. She has to help bring the cost of her overall healthcare down. Our systems and capabilities can help hospitals and providers engage Amy in her overall care. That is a key piece of differentiation that we believe we will in the future deliver into the healthcare network. Additionally, we believe that it is important to be able to identify an individual. As Amy moves throughout the healthcare system to different providers and to different hospitals, she is going to have to be able to carry her healthcare records with her, and those healthcare records have to have a high degree of accuracy. As Chris mentioned, we have incredible accuracy within our Credit system. We have the ability to pin enormous amounts of data. We are going to take that technology, in partnership with our data labs, and create capabilities that allow healthcare records to be pinned and associated with individuals. That capability is very valuable, both to our physicians and to our hospitals.

Fraud

Finally, and much more in the near term, we are extending our 41st Parameter and FraudNet capabilities into our hospitals and providers and pharmacies as well. What does that mean? As consumers of health services go online, our hospitals and providers are recognising the need to protect those portals, to make sure that they can authenticate and detect fraud so that they do not have any data breaches. Partnering with 41st Parameter and FraudNet to deliver that is an important short-term opportunity for us that we see will continue to grow over the coming years.

It is very important to understand the majority of our focus is within and continues to be Revenue Cycle Management, but we do see an extended growth trajectory, combining the assets of broader Experian with our healthcare assets.

9. Summary – well positioned for future growth

We have a large and growing market opportunity within the US health system. Our Revenue Cycle Management will continue to grow through our commitment to stellar and superior client service, our innovative focus on product development, as well as our sales execution. We do have a strong set of foundational capabilities, both within Experian and in the Health business, that provide us an enormous opportunity for growth.

I appreciate your time today and look forward to talking to you later. It is my pleasure to introduce Joy Griffiths.

Decision Analytics: fraud prevention and identity verification

Joy Griffiths
Global Managing Director, Decision Analytics
and Chairman, Asia Pacific Region

1. Introduction

Good afternoon, everyone. My name is Joy Griffiths and I have responsibility for our Global Decision Analytics (DA) business and our Asia Pacific region. When I spoke at our last investor briefing, I described myself as the new kid on the block. Having been in Experian now three-and-a-bit years, I am well and truly part of the organisation and, as I am sure you are going to hear over the next 20 minutes or so, I am very optimistic about our DA business. In a few minutes, I am going to do a deep dive on Fraud and Identity, which from now on I am going to refer to as 'Fraud and ID', because I am going to say it about 50,000 times in the next 20 minutes and it does not exactly trip off the tongue. This is a really large opportunity for us and a significant area of focus for our business. Then I will be handing off to a key member of our DA leadership team, Steve Platt, who will be talking about two of our other big growth opportunities: Analytics and Software.

2. Decision Analytics

Helping clients release the value of data to improve business performance

First, I just want to give you a really quick overview of our DA business and progress since we spoke last time. Let me just remind you about what we actually do in DA. It is a pretty hard area to get your head around. Put simply, we help our clients make better and faster decisions about their business and their customers. We do this by helping them understand and use data to improve their business performance. The sorts of questions they are trying to answer are things like:

- 'How do I balance risk against opportunity?'
- 'How do I effectively compete with others in the market?'
- 'How do I remain relevant with my customers?'
- 'How do I manage the ever-increasing burden of regulation and oversight?'

Typically, our clients tend to have large customer bases and need to process high volumes of data at very high speed. One of the great things about our products is that they are used repeatedly within the business, from the hundreds of decisions that occur throughout a customer lifecycle, to forecasting portfolio outcomes in order to make better strategic decisions. Many of these decisions are complex and usually involve regulatory scrutiny and compliance, which is a strong area of expertise for us.

Growing and diversifying

We have made good progress over the past few years and remain committed in DA to building a business that is both predictable and sustainable over the long term. In FY14 we posted \$576 million in revenues. Because I am pretty proud of these results, I am going to give you a few more details that are not on the slide. In FY12, year-on-year growth was 8%; in FY14 it was 10%. In the same timeframe, we added \$100 million to the top line, taking us to the \$576 million that I just referred to. Software is our biggest product line, and includes our core decision management platforms. We are seeing excellent growth in this business, and Steve will talk a bit more about that later. Fraud and ID is our second-biggest product line and one of the most difficult decision areas for our clients. I will talk in detail about this. Our Analytics business is growing well, and we expect it to become a bigger part of our overall product mix. Historically, we have focused on bureau-based analytics. This provides a really healthy revenue stream and we will continue to pursue this. We will also pursue other analytic opportunities.

Expansion

Across each of these areas, we are selectively expanding beyond our traditional financial services footprint into other verticals. You have heard this mentioned a lot already this afternoon. Share of revenue outside of financial services is up 8% in these last couple of years, with the biggest gains coming from telecommunications and the public sector. We are also expanding our solutions beyond our traditional credit risk into broader decisioning, fuelled by new product rollouts, deepening our go-to-market capabilities, and significantly improving operational execution. As I mentioned at the beginning, I remain really optimistic about the opportunities that all these things present us with going forward.

3. Fraud and Identity

What I am going to do now is really go deep into Fraud and ID. It seems as if every other week we are inundated with news of data breaches, stolen client information and large-scale fraud attacks. For the crooks, the opportunities are huge. As a consequence, the risks for both businesses and consumers are growing. Many people naively think that cyber-crime is dominated by backyard hackers. The truth is that cyber-crime is itself big business, with an estimated 60-70% of all online fraud attributed to major criminal organisations. So, how can an organisation be certain that a person they are dealing with is who they say they are, or that the transaction they are processing is a legitimate one?

4. Significant market opportunity

We now live in a borderless society, fuelled by the internet and the huge growth in mobile devices. Personal, organisational and geographic borders are now irrelevant. Cyber-crime is big business. The crooks are smart and well organised, and technology makes it easier for them to go about their business. External studies and our own internal analysis indicate that just in our addressable market, the opportunity for us is \$7-8 billion and growing fast.

Use cases

We have shown the market opportunity in a few different ways: by use case, by region and by vertical. Use case is the way we refer to a specific business opportunity and our products line up across all of these use cases. Card not present, for example, is where a payment occurs without physically tapping or swiping a card at a point of sale terminal. The fastest-growing fraud is for online transactions, but call centres and mobile payments also present significant card-not-present fraud risk.

Online, mobile and omni-channel is where services are provided outside of the payments arena. In this use case, we help protect our clients against application fraud and we help them detect when a fraudster is attempting to take over a legitimate customer's account.

Identity authentication is a real-time assessment of whether the person is who they claim to be. Some of you may be familiar with the 'know your customer' compliance obligations required by regulators across many industries. To protect themselves against both fraud risk and regulatory scrutiny, many clients have a range of activities that they perform – anything from basic checks to really in-depth verifications.

As you can imagine, these use cases work very well in combination and with other DA products and services. Bundling opens up significant new opportunities for us. An example of this is how we have bundled our Precise ID and FraudNet solutions in the US to bring together consumer identity and device intelligence to create a stronger overall authentication solution.

Regional opportunities

Regionally speaking, we are seeing significant growth in spending on Fraud and ID services across all markets. North America and Europe, including the UK, are the biggest and make up about two-thirds of the global market opportunities. Asia Pacific is the fastest growing, mainly because consumer access to an ever-increasing supply of goods and services is primarily through online or mobile channels.

Verticals

Financial services and insurance companies are the biggest spenders, followed by e-commerce, telecoms and public sector. Our solutions and priorities align very well across these verticals. In addition, as you have just heard from Jennifer, in the US the Healthcare vertical is a very important focus for us, and we are in the process of developing with her team specific healthcare propositions.

5. Growth drivers

Given all that, not surprisingly, we have strong ambitions to grow our Fraud and ID business. The pervasiveness of the fraud problem is hard to ignore. Cyber-crime is a big operational risk for many client organisations. It is getting more attention in the media and is a hot topic with industry, regulators and customer advocacy groups alike. No one is exempt. I recently read in the US Inspector General's report about the fraud losses that the US Government has. They are absolutely staggering. You

might be interested to know that in 2013 the IRS paid out \$5.6 billion in tax refunds to fraudsters using someone else's identity to claim their tax return; and \$7.7 billion was paid out in unemployment benefits to fraudsters using other people's identities. These were just two I picked out of a very long list.

One of the big advantages that Experian has is that our capabilities are highly portable. Functionally, they operate the same anywhere in the world we choose to deploy them, making it possible for us to sell almost anywhere. On top of that, we have the most comprehensive range of identity and authentication capability. Of course we face local and regional competition in every market, but it is always for a part of an overall solution. For a comprehensive solution, Experian has no peer. Right now, our Experian revenues are concentrated in the US and the UK, but clearly we have the opportunity to grow beyond these markets.

6. Sources of differentiation

As I mentioned, there are many local and global companies claiming expertise and capability in the Fraud and ID space. What makes Experian unique? As I said, no one has the range of capabilities that we have. This is becoming more and more important as the market shifts away from buying single-point products to broader, more scalable solutions.

Identity data and fraud bureau

We differentiate ourselves in four key areas. First is data. We own and control many data assets. As Chris mentioned, we have credit bureaux in 19 countries and fraud bureaux in eight countries. This gives us a critical advantage, because effective fraud prevention and identity authentication depends on the depth and the quality of data used.

Breadth of capabilities

The second is the breadth of capabilities we have. Most clients need multiple products to cover their risks. More often than not, they have to spend time and cost to patch together part solutions from multiple providers: identity verification; historical behaviour; device intelligence; risk analytics. These are all individual capabilities, but collectively they provide far greater fraud protection.

Device data

In acquiring 41st Parameter, we added the leading device intelligence solution to our product suite. 41st Parameter products have never been breached, unlike other competitors', and 41st Parameter products do not use cookies, so a lot of privacy concerns that are either being regulated or legislated against do not affect us. We have the ability to bring our range of products together in a way that makes it simple for our clients to buy and consume what they need as and when they need it.

Global reach

Finally, we have global reach. This is something we talk about for many of our businesses, but nowhere is it more important than in Fraud and ID. As I have said before, the fraud business is a global one. In cyberspace, geographic boundaries are completely irrelevant. For clients who want to expand into new markets or offer cross-border commerce, global capability is crucial. So too for clients operating within their domestic borders, because they understand that the fraudsters often come from other countries.

7. Applying the right measures to prevent fraud throughout the customer journey

How does this work in practice? The cost of any preventative action or measure must be commensurate with the value of the transaction itself. No one is going to pay more to protect something than the actual thing itself. A customer purchasing music over the internet, for example, is a pretty low fraud risk. A client would not want to spend much to protect against every single transaction, but they may want to do some basic checks to ensure that there is no systemic risk in their process.

Take a mobile carrier who is offering a free device with a contract renewal. They would clearly want added assurance, as the deal would not be profitable if the customer was not legitimate or did not honour the contract. In this case, the sorts of questions that company might ask are:

- 'Is the consumer who they claim to be?'
- 'Do they have any negative fraud alerts against them?'

For a bank offering loans through their internet channel, which we all know is high risk and high value, you can imagine that they would want to do a bit more. So:

- 'Is the consumer who they claim to be?'
- 'Do they have any negative fraud alerts against them?'
- 'Has the device they are using been associated with fraud in the past?'

All this probably seems quite intuitive to you, but you might be surprised at how difficult this has been for clients to operationalise. Part of their challenge has been the systems spaghetti that most large organisations suffer from. Another challenge is keeping up with constantly evolving fraud threats. These fraudsters are smart. They are constantly innovating. To combat it takes deep expertise and constant innovation. That is why choosing a strong partner like Experian is so important.

8. Real client benefits

Ticketing fraud

While fraud is clearly bad, there is good news in all of this. Fraud prevention translates into clear bottom-line benefits. I will just go through a few examples to talk that through. Airlines, for example, are very prone to fraud in the ticketing process. Organised crime rings operate much like any international business and they travel extensively but, unlike you and me, they book their travel by impersonating legitimate customers. One of our airline clients was losing 1.7% of their total revenues to this kind of fraud. We were able to help bring that down to below 0.1%.

Application fraud

Application fraud has been a big focus for us. One of our clients was combating a range of issues, from fraudsters impersonating legitimate customers to their own customers misrepresenting things like employment or income – so-called ‘friendly fraud’. Our application fraud solutions are extremely effective in solving these kinds of problems, and it is common for clients to get a 10-to-one ROI in the first year, as did the client in this example.

Mobile handset fraud

In telecommunications, one of our clients had a big problem with mobile handset fraud. They were being plagued by fraudsters who were using stolen credentials to place orders for smartphones. Our real-time device solution was able to detect the criminals and cut their fraud by 88%. These are just a few of the examples, but they are very typical of the bottom-line benefits that we drive for our clients.

9. New areas to fuel growth

Because these transactions are ubiquitous, we can expand into new markets and verticals without material change to our products. The 41st Parameter products significantly enhance our product offering with best-in-class device intelligence, and we have considerable opportunity to drive adoption through increased cross-selling to our existing clients and bundling to create broader solutions. We are extending ourselves into adjacent markets, where we can leverage our credentials to acquire new types of clients, like the brokerage example on the screen. E-commerce and travel are other examples where we are moving into less traditional verticals for Experian. Geographic expansion remains an important part of our strategy, and while we are not looking to do wholesale geographic expansion, we will enter high-potential markets where there is a real and compelling reason to do so.

10. Continued focus on innovation to further strengthen our leadership position

It almost goes without saying that we have to continually innovate to stay ahead of the increasingly sophisticated and organised fraudsters. Three specific areas that we focus on are:

- Analytics - We excel at developing risk-based analytics for detecting fraud threats. Using those techniques, good customers are fast-tracked while fraudsters are detected and stopped. Risk-based discernment is crucial, because the cost of blocking or disrupting good customers can be higher than the cost of the fraud itself. In this area in particular, our clients are finding that it is a point of service differentiation for them, so it is a really key focus and one they always talk to us about when they are talking about fraud prevention.
- Our fraud bureaux leverage the power of reciprocal data sharing to alert client participants to fraud that is happening across institutions. With this early warning, clients can block criminal activity from spreading to their business. This is an extremely powerful weapon against organised crime but requires constant vigilance and innovation on our part.
- As you know, data will always be a priority for us. I believe we are at a point in time where certain data types will play a much bigger role in identity-proofing and fraud detection. A couple of examples are geolocation data, biometrics data and social data.

Innovation is a big part of who we are at Experian and it is absolutely central to our success and leadership position in the Fraud and ID space.

11. Significant market potential; well positioned to address

The market opportunities are really large. Experian has a compelling and comprehensive set of products and solutions. Our client base and geographic profile create a distinct advantage for us. Having said that, continued innovation is critical, as the crooks are smart and well-organised. I am sure you can tell how enthusiastic we are about this Fraud and ID space. I hope after hearing this you are as enthusiastic as we are.

With that, thank you for your time. Now I will hand over to Steve Platt, who runs our DA Software and Analytics business. Thank you.

Decision Analytics: software, analytics and the future of information

Steve Platt
Executive Vice President and General Manager,
Experian Decision Analytics Products

1. Introduction

Thanks, Joy, and good afternoon, everyone. My name is Steve Platt and I lead our Software and Analytics business for Decision Analytics. I have been with Experian for four years now and have been in the software and the analytics industry for over 15 years. At the start of Joy's presentation, you heard her describe Decision Analytics as a business that helps our clients improve their underlying business performance through better and faster decisions. That is just as true for our Software and Analytics business as it is for Fraud. Let me bring that to life for you with three very specific client examples where we do exactly that.

2. Relevant, market-driven solutions that deliver real results

Speciality retailer

First, as a specialty retailer, you are in the business of providing high-quality merchandise such as diamond rings, but providing credit to your customers is a crucial differentiator for your service, as more than half of your customers take advantage of your credit facilities in order to make their purchase and, in fact, a credit customer will purchase more and will have a longer lifetime value than somebody who does not take advantage of your credit. In addition to having great products and great sales staff, specialty retailers need to offer competitive credit terms to eligible customers, but they equally have to ensure that every credit decision that they make appropriately balances the benefit of that particular transaction and the profit that it represents with the inherent risk for that transaction. If they do that right transaction after transaction, then revenue and profits will flow. We have helped this particular client in exactly that way, to the tune of adding over £30 million in profit through the life of the contract, and over a 10-to-one return on investment for the relationship with Experian.

Financial institution

For a bank in Europe, where you have operating units in many countries and different lines of business, and where each line of business and each country might have slightly different policies and procedures for how they manage their operations, but your fiduciary duty requires you to provide a very consistent view of risk across your entire organisation, you need an expert partner that can build Basel models for default and for exposure in an accurate and a consistent way across countries and across different lines of business, and with a reputation that the regulators will trust. We have helped this client in exactly that way as well.

Mobile provider

If you are a mobile network operator, and if you are operating in an emerging market where most of your customers are actually purchasing pre-paid phones, clients are spending more than ever in acquiring those customers, but with a pre-paid phone there is the potential that that relationship will end when that first balance is used up. How can you ensure that as many customers as possible continue to use those phones and you have a long-term sustainable relationship with those pre-paid accounts? One very good way to do that is to offer a very small loan and to deliver that as a text message through those mobile phones. If you do that right and if you find the right customers to make those offers to, then you are going to extend that customer relationship over time and create a very long, viable relationship. For this particular client, that is exactly what we did, and provided a 10-to-one performance improvement over their legacy processes. These three examples I hope bring to life the power of our Software and Analytics business.

3. Our integrated approach sets us apart from competitors

The next natural question is, of course: How do we do that? It is through a combination of three interrelated areas of expertise – software, analytics and data – each one just as important as the other, and the combination of all three greater than the sum of the parts: a symphony, really, of three elements, all working together seamlessly.

Let me bring that to life for that specialty retailer from the client case studies. They need to combine their own data on their customer portfolio – those good customers, as well as the other customers that might be struggling to keep up with their payments – and connect it to our own bureau data to understand the potential risk of new customers, and put all that information to work in analytic models so that the lending department can boil all that down into very actionable scores and instantly assess the risk of a credit transaction against the long-term value of the client, and then provide that instant decision to the shop floor. Instant decisions are required these days, because perhaps the customer would actually walk out without a decision. Our data, our analytics and our software do exactly that, all combined into what we call relevant market-facing solutions – not generic tools, but fit-for-purpose solutions that deliver rapid return on investment for our clients. It is this integrated approach that really sets us apart from the competition.

4. Market drivers

Software

How do we see these three capabilities evolving over time? Let us start with software. It will not be a surprise to many of you in the room that cloud and software as a service is changing the way our clients think about technology. They make it possible for organisations to modernise their operational systems and do so at an extremely fast pace, but that technology is just technology. Our clients need assistance packaging that technology into very practical, fit-for-purpose solutions, and that is what we do.

Data

The story is the same in data. Clients can store vast amounts of information that they have; they can store it in their own data stores or in the cloud but need help figuring out what data is actually helpful and how it should be added to their existing systems and, of course, what other third-party data might be helpful.

Analytics

In analytics, understanding the risk and the opportunity, and the models that encompass risk and opportunity, and how they could take advantage of new data, is all part of the value we provide. Data, analytics and software are rapidly evolving, and we think we are very nicely positioned to take advantage of these market changes.

5. Increasing our addressable market by expanding our software portfolio

Bespoke solutions

Let us talk about our Software portfolio. The bespoke solutions you see on the top half of the slide. This is where clients install on their own IT infrastructure or they ask us to host on their behalf; it is really the traditional way of buying and using software. You may remember at our investor conference two years ago we launched our PowerCurve decisioning platform. I am very pleased to say that we have had terrific progress selling PowerCurve around the world, both as on-premise and as hosted software. We have had client wins in all verticals and across originations and customer management. We have over 80 implementations of PowerCurve around the world and we are seeing over 40% growth year over year. Please stop by the demo area; if you did not have a chance to see it at the lunch break, we have a demonstration of PowerCurve Originations.

Cloud-based solutions

We see the market for cloud-based solutions growing up to five times faster than on-premise or hosted systems. This is where our acquisition of Decisioning Solutions really plays. It is a cloud originations platform that we added to our PowerCurve portfolio and which we now call PowerCurve OnDemand. It is now available in North America, in South America and in Australia, and will be in other new countries in this calendar year. In the area of managed services, we are developing low-cost, instant-on self-service utilities for very specific, very targeted business activities, with zero IT cost for our clients. We are building out a suite of these managed services and we will introduce our first service in the next couple of months. We see a very bright future for cloud decisioning. It expands our addressable market and it is a way that clients are looking to really leapfrog the past and catch up with the very latest in technologies. Cloud services are also structured as a recurring-revenue, subscription-based business model, which creates a very nice, consistent revenue stream for our business.

Case study – acquiring new customers; mobile telecommunications provider

Let us talk there about a very specific client example in North America that brings all of this together. As a mobile network operator in North America, you are operating in a fiercely competitive marketplace. The overall growth rate has now slowed and growth is now largely achieved by inducing customers to switch providers through attractive pricing offers and also by minimising your customer attrition or churn. You need fast-paced, innovative marketing offers to win. We have worked with this client over the last few years to develop a solution that allows them to launch brand new product offers and marketing strategies at the speed of the market – at the speed their business really requires, in a few short days or perhaps a couple of weeks. Their focus is on both consumer and small business, on pre-paid and post-paid accounts. We have integrated our suite of data products – our credit data and compliance checks – as well as our suite of risk and fraud models all together. The underlying platform is PowerCurve OnDemand, and we also have optimisation models running through MarketSwitch and identity verification through Precise ID. There is also a dedicated services team to respond to our client needs as fast as they require around the clock. The result is a client and a system that can process up to millions of applications every year, ensuring the good customers get through and, of course, we are able to weed out those that are not, all while moving at the pace of their business.

6. The strategic importance of analytics has never been greater

We have talked about the market shifts underway and we have talked through a number of client examples. What is happening specifically in the Analytics space? If I had to summarise these trends, it would be that understanding the consumer and small business is harder than ever. Consumers use their banks, their mobile phones, their social media apps and the web, so getting a complete view of an individual is harder than ever, and consumers have a more active voice than ever in the use of the data that represents who they are and what they do. In addition, there is an increasingly active regulatory environment, which Brian mentioned.

Productising our analytical innovations

The good news is we are very familiar with these market trends and have been helping our clients navigate these for many years. We believe the market size for Analytics in the big data space, just for the verticals where we play and the areas where we have strength, is growing at over 20% year over year and will represent several billion dollars by 2018. We are taking a four-step process to capitalise on this market opportunity.

Applied research

Our first stage, in exploration, is applied research, where we dig into new data sources – you have heard about social media, GPS and geolocation. This is done primarily through our data labs. We also innovate with new analytic methods, as you need new techniques to capitalise on these new types of data, where it is unstructured or noisy or sparse data.

Client projects

The second stage centres on client projects, where we take a few research results and provide them directly to clients. Some of our clients want to be innovators in their marketplace and are particularly attracted to this type of business model. An example of that is the cloud infrastructure, where we work with a particular client to integrate their data in the cloud with anonymised and aggregated bureau data.

Market products

For the projects with the very best opportunities, we then, of course, productise those. That is in our third stage. An example of that is the way that we process credit card transactions and build automated segments on the fly, where we can group together customers that have the same amount of spend, the same type of spend and the same types of shops and use that for marketing purposes.

Global scale

Lastly, in the fourth stage, we take those products and we roll them out and take advantage of our global scale. A great example of that is the compliance work that was discussed earlier, where we are building Basel models for compliance using almost exactly the same methodology around the world.

7. Investing in analytical talent

In order to build these innovations, of course we rely on our great scientists. This is where our scale really helps us too. We have the R&D centres that Chris described for our data labs in three geographies. We also have over 400 scientists around the world and in every region where we do business. Our strategy is a little different than our competitors' in this way. We believe that placing scientists in the regions helps us stay very close to our customers and their analytic needs. We build models that are designed specifically in countries and in vertical markets, and we deliver those markets through our bureaux and through third-party partnerships. In addition to having the very best scientists, we are continually investing in talent and sharing best practices, which is why we have organised a set of internal conferences that we also call 'The Future of Information', where architects and senior scientists meet, collaborate and share best practices – the pulse of a dynamic learning organisation. We also introduced in the last year the Si Ramo Prize, a company-wide competition that recognises and awards the best innovations in the company.

8. Future innovations

We have talked about our software and our analytics offerings and we have talked through quite a few client examples. As we look to the future, we are tremendously excited about our growth opportunities. Here are just four of many different opportunities that we see for good growth.

Customer intelligence

First, in customer intelligence, taking our expertise in risk and opportunity assessment for consumers and small businesses, adding to that new data sources, and building even better, more predictive scores and solutions – if you will, a more complete, 360-degree view of a consumer – since the more you know about a consumer, the better you are protected against risk and also, of course, capitalising on opportunity.

Regulation and compliance

Secondly, in the regulatory and compliance space, we see strong opportunities to create ongoing operational systems to monitor and comply with the ever-changing regulatory environment.

Response attribution

In marketing mix and in response attribution, we can help our clients understand the value of every dollar they spend in marketing and optimise that spend for maximum marketing benefit.

Healthcare analysis

Finally – Jennifer described this – the healthcare market is starting to make exactly the same types of decisions that you have come to know in the financial services space:

- ‘Who are our customers?’
- ‘How much opportunity do they represent?’
- ‘What risk or fraud do we have to protect against?’

Again, these are just four of many areas that we are investing in and researching, and where you can expect to see product innovations in the near future.

9. Summary – the future of data-driven decisioning

We see great promise in Software and our Analytics business. We are extending our Credit Risk expertise into new markets and new decision areas. We are offering clients the ultimate in flexibility on how they deploy those solutions – whether that is on-premise, hosted, cloud-based systems or managed services – and we are laser-focused on providing fit-for-purpose solutions targeting very specific client needs and in very specific vertical markets. That is where that integrated approach across software, analytics and data really brings Experian to the forefront.

Questions and Answers

Brian Cassin

Thank you, Steve. We are now going to move into the first of our Q&A sessions. In this session, we would like to get the questions focused on the presentations that we have just seen. If I could ask the presenters to come up to the stage, as well as Lloyd and Kerry, we will get moving in a second.

Robert Plant, JP Morgan Cazenove

I have a question for Chris. You have a 26% Business Information share globally, but only 8% in the US. There is a big market leader in the US. Do you think you can take market share in the US?

Chris Clark

As the chart said and as you suggest, our share varies fairly significantly in the markets we operate in, Brazil being very high, the UK somewhere mid, and the US relatively low. Directly to your question, do we believe we can take share in the US? Absolutely. In some of the areas that I touched on, in terms of our international capability and stronger progress on SMEs, we believe there is a huge opportunity for us.

George Gregory, Exane BNP Paribas

I have two questions for Jennifer. Firstly, you gave us the Health pipeline and the bookings. Could you elaborate a little bit on how that feeds into revenue and precisely how you recognise revenue in that segment? Secondly, perhaps you could touch on the margin progression in Health over the coming three to five years, please.

Brian Cassin

I will ask Jennifer to just talk about the overall trends – so, conversion of pipeline to revenue – at a macro level. I am going to get Lloyd to talk on the margin point.

Jennifer Schulz

To be clear, how we progress from the bookings – the sales – to revenue is twofold. Firstly, the bookings represent the total number of contracts that are signed and that dollar amount per year. Through a given year we then implement the products that are sold, and there are two portions of that. There is a one-time implementation fee for go-live, and then a recurring revenue that happens off those bookings throughout the year.

Lloyd Pitchford

On margin, the key thing to say is we are focused on growth in this business. Currently it is performing a little under the Group's average margin, but our focus really is on continuing that very strong growth and delivering some of the opportunity that Jennifer outlined.

Andy Chu, Deutsche Bank

Brian, could you maybe just tell us a little bit more, if possible, in terms of Consumer Services? You talk about that segment's CAGR being low-to-mid single digits. Would you be able to share your thoughts maybe on how the US and the UK growth rates may vary? Secondly, in terms of the Health business in the US, would it be possible to give us an update in terms of the percentage of hospitals that you are operating in in the US – the market share – and also the competitive environment? Thank you.

Brian Cassin

The Consumer Services one we are going to cover in this afternoon's session. We will have a presentation from Ty and we will come back to that question later on if that is okay, Andy. On the Health side, Jennifer did cover a bit of that in her presentation, but, Jennifer, why do you not just talk a little bit about that?

Jennifer Schulz

Sure. To be clear, we are in about 50% of all US hospitals with one or more product, but, as I outlined, we have a number of products and services that we sell, so we see an enormous amount of opportunity to sell not only through our existing clients but to new hospitals and providers as well. You asked about competitive advantage. The acquisition of Passport Health provided us an integrated workflow and software solution that allows hospitals and physicians to access any one of the modules through that integrated workflow. We believe that is a very strong competitive advantage. No other provider has that end-to-end capability and no one delivers all of the functionality that we deliver through that integrated workflow.

Rajesh Kumar, HSBC

I have two questions, if I may. The first is on the Healthcare business. You have given some very interesting numbers there: 795 million annual eligibility transactions. Can we get a bit more colour on how these volumes flow into your revenues? Is it volume driven or packaged? Also, if you look at the number of hospitals, it is turning out to be a very large number driving transactions. Could we just understand that a bit better?

Brian Cassin

I will ask Jennifer to address both of these, but on the first one, the healthcare revenue model is not primarily transaction-based, so you cannot really extrapolate from moving to millions more transactions into another growth rate, if that is where

you are trying to go with that. Jennifer, why do you not just talk a little bit about the revenue model there and maybe address that question that way?

Jennifer Schulz

Let me back up. We are a subscription-based revenue model, so there is a subscription as well as the one-time implementation fee. The way I think about it is that as the population expands, as there is increased frequency of visits because of the ageing boomer population, the level of transactions will increase and flow through our system. Additionally, we are going to be expanding the type of transactions into the hospitals, so, as I mentioned, we will sell not only one but 15 or 16 different capabilities, all of which creates more transactions onto our network.

Rajesh Kumar

That is very clear. On the Decision Analytics and Fraud Management piece, you talked about the importance of being global. You clearly are present in a lot of countries, and that plays to your advantage. By changing strategy, you are moving to a core of 14 block-two type of countries, and that would be the focus. Do you think you will have to have a slightly different strategy for those two? How are you going to manage that?

Brian Cassin

I will give you an overview. No, I think our strategy is set out to actually take advantage of all of the opportunities that we have talked of there. Joy and Steve, why do you not talk a little bit about how we see that market evolving, how we are going to follow it and how we are going to get ahead of it?

Joy Griffiths

Yes. I think the same is true in Fraud as for the broader Decision Analytics, in that we have opportunities in many different places. We outlined our strategy today. One of the things that we have traditionally seen in our business is very bumpy, big software sales. If you think about the sort of things we talked about – Steve in terms of our software as a service; fraud and the way in which that is sold – they are transaction businesses, and so you get paid by transactions. When you do the big, bumpy software sales, you tend to get one-off hits with ongoing licence fees. If you change that product mix, you start to get a lot more predictable flow than we have seen in the past. The strategies we outlined and the way we think about the mix and where we go and how we optimise the capabilities in each of those countries all comes together to form our total strategy. Did that answer your question or not?

Rajesh Kumar

Perhaps I am not quite clear. I am saying that at a Group level, you are focusing from being a multinational, many-country organisation to focus on the core business, and the Fraud business which is trying to be a multinational, many country organisation. How do you put these two together?

Brian Cassin

Maybe I will answer that question. We have an enormous geographic footprint today. We do not have an enormous geographic footprint in Fraud. What Joy was talking about was really that the Fraud business is actually concentrated in our two biggest marketplaces. But with the existing platforms that we have in places like India and Australia, even though they actually fit into the smaller bars on the graph, we can use those to drive significant growth in the product set that we have and introduce it into that marketplace. I think it is entirely consistent. It is a separate issue as to whether each one of those countries can materially make a contribution longer term. It could be that we actually look at one of those countries and think that the opportunity in Fraud, for example, means that that is one of the countries where we think we have long-term scale. That is the sort of framework that we have put around it.

Kean Marden, Jefferies

Brian, your presentation was very revenue focused; you have given a lot more clarity on some of the drivers. You did take the opportunity to mention revenue growth several times in your opening comments. I wonder whether you are giving us an indication about margin progression and what we should think about it going forward.

Brian Cassin

I am going to ask Lloyd to talk about margin progression.

Lloyd Pitchford

We will talk a little bit about our financial framework later, in my presentation, but our goal really is to optimise between revenue growth and margin. We will take a view each year on the opportunities we have to invest and give margin guidance yearly going forward.

Kean Marden

I also have a question on your slide looking at the various verticals: your 'prioritise' column, your 'invest' column and your 'evaluate' column. I appreciate you will not have specific figures on this, but could you give us a vague idea of what the returns would look like for each of those verticals?

Lloyd Pitchford

Maybe if we can defer questions on capital allocation and investment. We will go through the presentation and there will be plenty of time to ask at the end of that, if that is okay.

Alexander Darwall, Jupiter

I noticed that 41st Parameter got a fair bit of coverage. Have your views on it changed since you got it? Is it a source of good news or bad news that you are bundling it more rather than selling it as a standalone product?

Brian Cassin

Our views in terms of the importance of that capability have actually strengthened since we bought the business. We think it is an extremely important addition to our product set. As Joy highlighted, it is the full suite of Experian products and capabilities when added together that actually makes us stand out from local market competition. 41st is still a business that is really at an early stage of development, but I think some of its capabilities are truly foundational, so this is going to be a very important capability to have added to the Experian product set.

On the point of bundling, what we see is some clients who want to buy point solutions and some clients who want to buy bundled solutions. Really, you have got to service both parts of the marketplace, so you should not read anything into that. Bear in mind that 41st was selling its product capability before it became part of Experian, so some of its existing customer set will be used to buying it as a point solution. Our job, which I think we are making great progress on, is welding all of those things together into a cohesive product set that makes it easy for clients to switch on and off. Joy, do you want to add to that?

Joy Griffiths

Over the last year, what has become apparent not just to us but actually to many client organisations around the globe is the need to bring all of these fraud capabilities together. It is sort of like the boy with a finger in a dike; they plug up one hole and then they think, 'Oh, God' and they have to plug up the other one, because the fraudsters keep evolving. To the points that I made in the presentation, with the comprehensive suite of products that we have, we find particularly in the mature markets that the combination of our capability is more what clients are looking for. In some of the emerging markets, particularly where data is not as robust or readily available, they tend to be more interested in a single product. That is where the 41st capability really enhances our position in those places, because against device you do not need the big data stores.

Participant

I have a question on Decision Analytics. In terms the revenue model, where are you in terms of rental/licence, or subscription revenue versus licensing? As the mix evolves towards more rental, do you expect the growth rate in that business to decline, albeit the revenue quality would increase?

Brian Cassin

It is probably more a question for Lloyd than Steve. I will ask Lloyd to address it up front and then, Steve, you can add some colour on it in terms of how the revenue model works.

Lloyd Pitchford

Probably the first thing to say is there is a new revenue recognition standard coming in the next couple of years, which will change how we will look at revenue across our business, but particularly in the DA business, which has quite a bit of software in there. I would say more and more our business will move towards less up-front recognition and more on an ongoing basis, but I do not think that will mean that the revenue growth will slow.

Brian Cassin

Steve, just in terms of trends, are you seeing market demand for different products?

Steve Platt

The expectation in the marketplace is that the business model that we engage with our clients on is changing. In the same way that we are now offering cloud and managed-server-space offerings, the business model that accompanies that is essentially a pay-as-you-go model. We do see that shift of business model changing over time as more and more clients adopt our cloud-based capabilities. We do not see any degradation in growth rates because of that shift. In fact, we see a nice consistent set of revenue that will flow through the life of the contract, as opposed to the lumpy revenue that Joy described a little bit earlier.

Peter Abbott, BNP Paribas

All the speakers that presented gave huge numbers of examples of the potential opportunities, and so it struck me: how do you decide where to go? Just Business Information, \$80 billion alone, growing at 9-10% might suggest relative to what you have recently produced that it might be a good idea to put focus all of your resources there. I would be interested in that.

You also highlighted that you have 13 commercial bureaux and 19 consumer bureaux, but you have not really talked about the business bureaux performance - \$600 million. Is that because they are inherently less profitable, or what? What is the main reason that you have not highlighted it? Is there a difference in margins, cash flow, strength of the customer or barriers to entry that means consumer is a bigger, better business, or is it that you just have not focused on the Business Information side as much?

Brian Cassin

There are a lot of questions embedded within that. I think the first one was a nice one to have, which was: how do we prioritise among all the opportunities that we have got? We do have a lot; it is about making choices and actually ranking them in terms of the attractiveness, risk, financial requirement and profile. I will let Lloyd answer that. Then I am going to ask Kerry to come back on the Business Information one, just to give you maybe a historical perspective but also to answer some of that macro perspective on where we see that opportunity.

Lloyd Pitchford

The starting point for the prioritisation point is our strategy and the business that we are in: what is the scope of our business and how do we see it developing? That then feeds inside the company into an annual strategic planning process – we expect similar to many companies – where the businesses come forward with their ideas and pitch and give a scale of how they would see it developing. That rolls into a budget process, where we rank the different opportunities and think about those that are extending existing businesses and those that are green field development. I will talk a little in the second half about how we apply different risk factors going forward to those different types of opportunities. We are a very broad-based portfolio, so the central capital allocation review model is very important to that.

Peter Abbott, BNP Paribas

Just as a quick follow-up to that, presumably to capture a lot of those opportunities you need to get a lot of operating expenditure in. If you have more customers, you need to have more salesmen to meet the customers to understand what the problem is. Does that not mean there is going to be potentially a big build-up in opex and, until that matures, you will get margin dilution?

Lloyd Pitchford

I think you have to think of our business as a portfolio. Different businesses are at different stages of that life cycle. Some we have put a lot of investment into historically, like our credit bureaux, where you get a lot of operational leverage. In a number of the newer businesses – you are right – you have to put investment in, both in capex and opex, to build them out. The result for the Group is the sum total of that as a portfolio. Really that comes back to our financial framework. In any one year, what trends from that portfolio land depends really on the stage of investment and the balance of that portfolio.

Kerry Williams

Historically, those 13 commercial bureaux have been focused in-country on SME and maybe a little bit of mid-market. What we have realised is that we have not been competing in the large-enterprise market. The main reason is an inability to share the data across countries, so we built the Global Data Network. We have had such a strong reception with other partners in other countries that we see how we can link it

across the globe, whether we have a bureau in a particular country or not, and so now we can go after mid-size and large enterprises with that capability. You are just naturally hearing us talk about that a little bit more because of that.

Peter Abbott, BNP Paribas

Is the competitiveness between commercial and consumer of a similar sort? Likewise the cash flow. Is it harder for the competitors to get into that business? Are there major structural differences between the two segments?

Kerry Williams

Each market is different in terms of the data that supplies a commercial bureau or a consumer bureau, but, generally speaking, it is hard to recreate a commercial bureau similar to a consumer bureau.

Session 2

Brian Cassin

Thank you, everybody. We are now going to move on to the second phase of today's presentations, where we are focusing really on the businesses that we are hoping to see some performance improvements in. We are going to start with Consumer Services and follow that with Marketing Services and then Brazil, and then Lloyd will wrap it up at the end with his presentation, just talking about the capital framework.

Let me introduce Ty Taylor, who is going to talk about Consumer Services North America. Some of you may remember Ty, because he was previously with the business. In fact, Ty was leading the business during what really was its fantastic growth phase during the last 10 years. He left a few years ago to pursue some other initiatives in the consumer space, but he re-joined us last year and over the past 10 or so months has led quite a significant transformation in that business. He is going to come and tell you a bit about that today.

North America Consumer Services: investing in growth

Ty Taylor

Group President, Experian Consumer Services

1. Introduction

Thanks, Brian. I guess I should say it is great to be back. It is great to be here this afternoon to update you all on the North America Consumer Services business. I think the best way to get started is to talk a little bit about what our Consumer business is and some history and stats that I think will help set the base for the rest of the presentation.

2. What is Consumer Services?

Fundamentally, Consumer Services is a business that empowers consumers to understand and take control of their credit. It is a service-based membership model providing credit and identity solutions through multiple channels, primarily direct to consumer and our affinity channel, which typically is a white-label product for banks or credit card issuers. We have a 15-year history of creating a high-quality, high-growth business. We have educated an enormous number of consumers about the importance and value of credit. Our growth through the years has been driven through substantial investment in marketing, product development, customer service and channel development. We currently serve approximately 11 million consumers through multiple channels. We receive about 6.5 million calls into our call centre each month, and that is 6.5 million opportunities to interact with and please our membership.

3. North America – a growing and evolving consumer market

North America continues to be a growing market for Consumer Services. The level of consumer interest has substantially increased, and consumers have been clear in telling us they want the score lenders use. Search demand for credit-related terms continues to grow at a substantial rate.

The US market has broadened with the entrance of what we call 'freemium' competition. Let me take a moment to explain the freemium business model. This model provides a consumer a free credit summary and a proprietary credit score, which is really a score that is not used by the vast majority of lenders, at a single point in time. There is generally no customer service and no assistance to help the customer understand the data. The freemium model is really a lead-generation business, selling consumer leads to credit card companies and other lenders for a bounty. The core business is not helping, empowering or educating consumers about credit.

Finally, on the chart on the right, you will see a distribution of the US population by credit score. As we move forward in the presentation, I think it is important to understand that traditionally the majority of consumers participating in credit and credit-monitoring products have come from that 28% sub-prime category. As you can see, there is a substantial population in the near-prime and prime categories that we believe would likely be interested in a higher-quality premium product.

While the Consumer Services market is growing, it is also evolving. The freemium players, as I described earlier, are causing some confusion and disruption in the marketplace. Our traditional bureau competitors have chosen to take a more wholesale approach rather than a higher-quality retail approach, and the regulatory environment has slowed growth in certain channels. Most importantly, the addressable market is bifurcating into a highly transactional, lower-quality free segment, and that larger population of consumers focused on their credit who are willing to pay for high-value, high-quality, premium services.

4. North America – the approach to the new market

We will compete by developing the next generation of consumer products, based on a premium experience, differentiated features such as the score that lenders use, and customer service levels that only a bureau can deliver. This will result in an educated, empowered and confident consumer with what we call 'credit swagger'. This customer segment desires higher value. They want assistance understanding their financial position and they are highly engaged and service-oriented.

I have a couple of videos of new television slots that just started running about three weeks ago in the US. I think they do a great job of reinforcing our concept of empowerment and swagger. The first slot is a more traditional couple going in for a mortgage. As I think you will see, the wife has discovered empowerment and swagger and her husband is kind of along for the ride.

[Video shown]

Some of you may recognise that wife. I do. The next spot is a little bit more geared towards social media. It has been trending very positively on the social side of things.

[Video shown]

So far, so good with those.

5. Five-point plan for sustained growth – delivering the next generation of consumer services

We have developed a five-point plan for delivering sustained growth:

- Leverage the Experian brand. Virtually all of our marketing horsepower has been focused on the Experian brand, and it is working. The demand for Experian products and the recognition that Experian is the quality solution has never been higher.
- We launched the score that lenders use. Last month we launched phase one of our score strategy with the roll-out of FICO. Thus far the response has been favourable, and there is a lot more to come with our relationship with FICO; this is just phase one.
- New features in market diversification. We will be developing and rolling out new features into our core products on a recurring three or four-month release cycle, constantly innovating.
- Innovate beyond credit. We will use some of the channel data that you heard about earlier today in new verticals and channels in the consumer space.
- We will continue to strengthen our position in the affinity channel through product innovation and the displacement of our competition.

Let me touch on a couple of examples of delivering on that five-point plan. We implemented the FICO scores and BillGuard product into various channels in our portfolio last quarter. With FICO we simply listened to our consumers. They want the score that lenders use and they want the ability to see themselves as lenders see them. With BillGuard, our members have the unique ability to monitor all of their financial transactions for fraud. BillGuard uses a patented technology which uses crowdsourcing, or other members' input, to alert other members of potential fraud, through proprietary algorithms. We also have geolocation alerts to notify you in the event your card is being used in a city different than where your phone is. If you are in LA and your card is being used in Miami, you are going to get an alert to take a look at that transaction. We also have a first-class interactive money management tool. When you consider the combination of Experian and their credit power, and BillGuard, with their transactional alerts, there is absolutely no greater consumer fraud/ID-theft protection product available in the market.

6. Mobile apps – driving higher consumer engagement

We take a mobile-first approach to our products, because more than half of our consumers' experience occurs on a mobile device today. Our apps are mobile-web responsive, which is a complicated way of saying you receive a high-quality, customised but consistent experience that is based on the device that you access with. The apps for us provide a means of real-time engagement with consumers as opposed to a more traditional, somewhat ignored email communication approach.

7. Investing in technology to build a strategic asset

We are also investing in new agile-based technology solutions that we consider to be a strategic asset for our business. This solution will enable rapid speed to market, delivering significant efficiencies, significantly reducing our resource footprint and maintaining a more legacy system. It gives us an actionable single view of the customer, meaning we can actually maintain a history of our consumer interactions and customise future interactions with that customer. It gives us a unique source of business intelligence and it enables real-time engagement. In terms of what it does for product launch and feature launch, it takes what would traditionally be six-to-nine-month intervals and compresses those into conversations about weeks and months, so it is tremendous efficiency for us.

8. The provider of choice in the affinity channel

Experian remains the provider of choice in the affinity channel, and we will strengthen this position by leveraging these new technologies that I have just discussed. We have been through somewhat of a quiet time in the affinity space recently, due to the significant amount of regulatory activity in that space. The good news is we are seeing new activity with our largest partners and we are developing new products to be launched in the summer with our very largest partner in that space. We are also seeing promising re-marketing activities from one of our other larger customers and partners in that space.

Why do the affinity partners choose Experian? Our core competencies in data, analytics, marketing and technology, combined with our constant innovation, our custom solutions we are willing to build for those customers, clearly a secure platform, and our understanding of the need for significant regulatory compliance. This equals growth for them, increase in their retention, stronger brand loyalty and, again, that comfort in being in a good position with the regulators.

9. Summary – what to expect...

Here is a quick summary of what you should expect to see from ECS North America. We will build on our leadership position by delivering high-value differentiated products and ongoing engagement with consumers to increase the lifetime value of our members. We will continue to educate, engage and empower our members. You can expect to see a fast pace of change as we roll out new feature sets on a three or four-month cycle. We will match those roll-outs with the appropriate advertising and messaging investments. Ultimately, we will return to growth and we will continue to build on our market dominance.

That concludes my presentation. It is my pleasure to introduce Kerry Williams, our Chief Operating Officer, who is going to discuss our Marketing Services business.

Marketing Services: three priority areas

Kerry Williams
Chief Operating Officer

1. Introduction

Thanks, Ty. Good afternoon. I became Chief Operating Officer last July, and one of the things that Brian and I discussed at that time was the five points around the strategic plan. One of those areas, focus, was appropriate for our Marketing Services business. Where are we going to focus and what are we going to focus on in terms of moving that business forward? Through a series of leadership changes, in September I had the opportunity to become directly involved in the business and to work with the teams on setting out what our priorities are for Marketing Services so that we would be in a position for it to be a driver of growth for Experian. What I am going to cover today is that area of focus that we have narrowed our focus to, and I will walk you through the three components of that.

2. Experian Marketing Services

When we talk about what we are doing in Marketing Services, we are simply helping brands be able to interact intelligently with their consumers. We bring that together in a variety of ways, mainly with data and data-management capabilities; with our ability to analyse the data and draw value and decisions out of the data; and by being able to distribute it back to our platforms and back to the customers, so that they can interact with their consumers. That is exactly the core competency of Experian across all of its businesses: data; analytics; and platforms to distribute it. That is what you heard with Credit Services; that is what you heard with Decision Analytics; and that is, in fact, the focus of Marketing Services – and a little bit more narrow focus going forward. That is something that we are very good at, and I will talk to you about each of these components as we go through the presentation.

3. Three priority areas

These three priority areas in Marketing Services are:

- Data quality.
- Our targeting business, which is our data assets.
- Our cross-channel marketing platform.

These three areas, as I said before, line up very well with the competencies of Experian. We have very good positions in these businesses across the globe, and we have the ability not only to continue to grow them but to leverage them against some

of the other Experian assets, such as the Credit business. I will get into that a little bit later. This is the focus of Marketing Services going forward.

4. Scale and Performance

By the numbers

Let us talk a little bit about the scale of Marketing Services. We have 30 years of experience. We have a lot of marketing experience within our businesses. Our clients recognise that and they rely on that to help them interact with their customers and represent their brands in the marketplace. We are in 30 countries. We have over 10,000 customers that we deal with in those 30 countries. The business is a little under \$1 billion and it has margins of a little over 17%. The growth over the past few years has been 5% on the top line and 9% on EBIT. The margin is nearly 10 points lower than Group margin averages. What we are talking about here, with this focus on these three businesses, is specifically designed to address some of the weakness here in the margin performance of the Marketing Services business. We will be able to drive not only our revenue growth forward more effectively but also the profitability of these businesses with the focus that we are going to have on them going forward.

Scale, service and data-driven expertise

As I said earlier, a big component of Marketing Services in the industry but also what we focus on is data. We handle over 30 petabytes of data in our Marketing Services business. We generate over 300 billion permission-based messages every year. We have the processes ongoing on a daily basis where we are downloading 1 million records per minute from our customers. The ability not only to have our own proprietary data assets but to take in our customers' data and to be able to manage that is a huge skill and it is a core competency that gives us an advantage. We have the ability to take over 2 billion records every month and link them correctly to the consumer level so that actionable decisions can be made by the brands to interact with their consumers. This is a very complex process. It is one that is going to continue to get more complex. Our skill sets and our capabilities in Experian and all of the knowledge that we have in Marketing Services and credit-Decision Analytics position us very well to be very good in these specific areas.

We have also made it a specific point to ensure in the marketing industry the brands rely heavily on industry analysts' recommendations. We have made it a point as part of our strategy to ensure that we are viewed as a leader in the data and analytics and platform space. We have been getting great progress on that. In fact, I will draw your attention to the one comment we put up here about the new platform, because I want to zero in on that a little bit later in terms of how important that is and how that is helping us convert our sales pipeline and the progress that we are seeing around the cross-channel marketing.

5. The partner of choice for marquee brands

You have heard us over the years talk about our retail brands, such as McDonald's, Williams-Sonoma and Starbucks. That is generally what people think about when they hear 'Marketing Services'. They think about those big consumer-facing brands interacting with the consumers and being able to put an offer in front of them. But just as important, we have a large and growing representation in areas such as financial services and telcos, and what is starting to happen is that these institutions are seeing the capabilities in the digital marketing space and seeing the opportunity to leverage them in the credit marketing space to move their business forward and interact better with their consumers. We are talking about brands like Santander, Barclays, AT&T and Vodafone, and a convergence of these digital marketing capabilities with credit marketing capabilities. I am going to drill down on this a little bit further at the end of the presentation, but this is something that is in the early days but something that we are excited about.

6. We help brands deliver intelligent interactions

When we go to market, we do not go to market explaining ourselves as data quality or cross-channel marketing. I put this slide in here to show you how we go to market. Our data quality business would be described in the market as the ability to provide identity; in our marketing suite, the ability to link the data together – to manage the data, massage the data, put it against the right consumer and to be able to identify that that piece of data goes with that consumer. The next thing that we do is we help our customers make intelligent decisions. That is the analytics piece. That is our targeting business; our proprietary data, our analytics and being able to make intelligent, relevant offers at the right time and the right place for the consumer. The third way that we describe ourselves in the market is with the interactions. That is managing the interactions, whether it is brick-and-mortar, via telephone, online, in the mobile space, SMS or email. All of the cross-channel marketing is tied into what we would call interactions. If you run across some of our marketing materials or if you attend a conference that we are presenting at, you will hear us talk about identity and intelligence and interactions, describing these three core areas in our Marketing Services business.

7. Powerful secular trends creating opportunity

Three large trends are occurring in this business:

- Consumer empowerment. Consumers have more knowledge today at their fingertips than they have ever had. They have the ability to switch brands if they have a bad experience simply by typing in a few keystrokes and deciding to do business on a different website. They do not physically have to get in their car anymore and drive somewhere. They do not even have to establish a new relationship with someone. The consumer empowerment is growing and it will continue to grow. Everything that you have to provide in this Marketing Services segment has to be geared around setting the brands up to address the consumer empowerment that is occurring.

- Data proliferation. This is no surprise to anyone. It is significant. The ability to manage data, to hygiene the data, and to bring it in quickly on large scale from these very large financial institutions or retailers is a skill that not many companies have, and the ability to link it and put it down at the consumer level in an accurate manner is something that is part of our core competency.
- Technology convergence. This is where the marketers have realised that it is no longer about deciding how they want to interact with the consumer in various channels – how they want to interact with them in the branch, on the telephone or on the email. That is not how the consumer views it. The consumer views it as interacting with the brand, and they are not thinking, 'Am I doing it on the telephone or am I doing it on email?' They want a positive experience. This is where the whole cross-channel marketing platforms came into being over the last couple of years, and we missed this. This is the big problem with what we have had in terms of our performance over the past couple of years. From a technology perspective, we missed that. As you know, we had that great CheetahMail business. We still are the largest provider of emails in the globe. We were so focused on continuing to drive the email business forward that this cross-channel marketing popped up on us and we missed it for the first couple of years, but we have caught it. We have even done a bit better than just catching it, and I will show you that here.

8. Three priority areas: in detail

Data quality – ensuring data is fit for purpose

Let us dive down into these three areas of focus that we have in our marketing business. The first is data quality. It is a great business, with a very predictable financial model and good growth prospects. We have a very dominant position in the UK. We have been expanding in the US and some other markets and seeing really good growth figures there. It is market-leading technology. It allows us to do the data profiling, the cleansing and the enrichment, and to provide the linking to the identity in this space. We have a number of ways that we deploy this in the market. It can be a SaaS model; it can be a bureau-service model; or it can be on-premise. We also have offerings that allow us to do it for the large enterprise, the mid-market or the SME. We have some significant geographic opportunities to pursue that will leverage the infrastructure of Experian – leverage the same type of infrastructure that our bureaux do in terms of managing data and the data-quality operations that bureaux do. The first one that we are pursuing this year is expanding into Brazil. This business has a great opportunity to expand and leverage the Credit Services infrastructure that we have. We can go into a number more countries that we operate in with this particular business. As I mentioned earlier, our focus has been on making sure the industry analysts – the rankings – are accelerating with us, and, in fact, in this business they have been accelerating quite well – Gartner in particular.

Targeting – connecting the dots

This is the analytics. This is the one that allows us to draw value out of all the data and allows the brand to put the right offer at the right time, with relevance, in front of the consumer, regardless of the channel that the consumer is operating in. You have

to be able to follow the consumer across the channels, and the only way you can do that is by linking the data together at the consumer level. You have to be able to do it no matter what channel the consumer is interacting with you on. The way to do that is to be able to gather the large amounts of data with these interactions and to be able to do the analytics on it. That is something that we are extremely good at, and so this is the second core piece of our Marketing Services strategy going forward.

Cross-channel marketing

Third, we talked about the cross-channel marketing platform: the technology piece. We realised that we had missed that turn from email to the digital marketing, and we fixed it. We have a great platform now. It has been getting a lot of good reviews in the marketplace and gaining significant traction. We have booked over 100 deals in the last 12 months on this, including some very large, eight-figure deals with a top-five global retailer and a top-five global financial institution. We are transitioning a good chunk of the customer base to this new platform. Some of the customer base still wants to stay with the email platform because that is all they care about, but eventually pretty much everyone will be on the more sophisticated cross-channel marketing platform.

Our deal values are increasing here due to more functionality, much like you heard in the Healthcare space, where we may be in a hospital with just one or two of our product offerings and we are selling into that white space with 15 or 16 different offerings to the hospital or the doctor's office. This is very much the same way in terms of pulling in different data, pulling in different analytics and being able to increase the cross-sell that we have available to us. The pipeline is pretty significant; it is growing and we are converting it. We believe that we are at that point where, despite the losses that we took in email because we missed it, we now have our customers focused on the new platform; we are converting them and we are also acquiring new customers. We are very excited about our capabilities in this space. We are winning large deals from some names out there that you would think are the top competitors for us. We are doing very well in this space now.

9. Case studies

New client opportunities: increasing digital convergence

Let us look at a couple of examples here of how we are playing in this space and what might be unfolding for us. This was a very large deal that we won. The financial institution wanted us to be able to help them with their campaign management and execute the campaign management. There were a couple of things that were interesting in terms of us being able to win this greater-than-\$10 million contract-value deal.

The first was the technology platform. They specifically said that our technology platform stacks up better than the competition, and that was a key driver in their decision. The second thing was our marketing expertise that we have with our people that we have accumulated over the years, particularly with that great CheetahMail business and the targeting business that we have. The third thing for this financial institution was the way that we handle the data and the security and compliance

around the data. They were looking for the safe provider. Our strong expertise around data on the credit side and the way that we then treat that data on the marketing side, with similar characteristics as on the credit side, gave this large financial institution great comfort. It was a key decision that they made in terms of selecting us for it.

So, we bring them up and we launch the programmes and we are off and running, right? But then they come to us and they say, 'How do you help us in our credit marketing? What can you do for us in credit marketing?' We talked about how we can bring the Marketing Services data together with the credit marketing data, but also how we have the ability to link and understand their customer information to that data – so we do the linking – and we have the ability to authenticate that data with our fraud products and then turn back around and distribute those decisions through our cross-channel marketing platform that is already installed in the financial institution because they used it in the non-credit-marketing area first. We got excited about this one and then, lo and behold, we ended up implementing another one.

North American financial services provider

This is a very large financial institution globally, and they partnered with a brand to enter into a new credit space, to put credit officers out there with this brand that they had not been in before. They needed the ability to go to market to do that. We said, 'We can help you do that'.

The first thing that we did was to use our targeting business to be able to segment all of the data – their data and our data – to be able to identify the customers that would respond to that brand, that had an affinity to that brand and that wanted to be associated with it. We cleansed and managed all the data; we segmented it; and we gave them the profiles to be able to then execute the marketing campaigns, which we did on our cross-channel marketing platform.

When we got the responses from the consumers, we then authenticated the consumers with our fraud products – not only our Precise ID but our 41st Parameter products. At that point in time, we passed the accuracy and the quality of the old pre-screen credit marketing 'do it through direct mail' because we had authenticated the process, with the consumer responding. Then, to run that origination for the financial institution, as Steve said earlier, in a cloud environment, we did PowerCurve OnDemand and ran the origination to generate the credit, to do the scoring on the application and to be able to book the credit loan for that consumer. By the way, this used all of our credit data to be able to make the decisions. There is no one else in the world that can do this.

10. Summary – we know customers better

When we talk about the focus of Marketing Services, we are going to focus on our data quality, because that is what Experian is good at; we are going to focus on our analytics; and we are going to focus on distributing it back to the customers. We are going to leverage every part of Experian that we have available to us.

Now I would like to introduce two gentlemen. The first is Steve Wagner. Steve originally joined us in North America in Credit and was responsible for our Credit business in North America for a number of years. About 18 months ago he went down to run the Credit Services organisation in Brazil, and he has been doing a fantastic job for us there. Nine months ago, we had join us Jose Luiz Rossi, who came to us from Capgemini. Prior to that, he was an executive with IBM, running their Southern Europe Global Business Services. Prior to that, he was managing partner for PricewaterhouseCoopers in Latin America. He has a great wealth of experience running businesses and being part of large organisations in Latin America. We are glad to have both of these guys on our team with the Brazil story, because the Brazil story is promising at this point. Thank you.

Brazil: transforming our business

José Luiz Rossi
Managing Director, Latin America

Steve Wagner
Group President, Credit Services/Experian Brazil

José Luiz Rossi

1. An extraordinary record of growth...

The Brazil story is a very nice one. It is very successful. We have grown the business 15% for the last five years. A lot of that growth was based on our BI business, which grew 16%. The most important thing is that we did it in a very balanced way. We diversified our client base. Banks used to be 40%; now, they are a little below 30%. SMEs were only 20%; today, they are 36%. We grew the business in a very balanced way and also, at the end of that stage, we have a balanced business between CI and BI. It is a great story, and what we have today is a very strong platform in CS that will help us grow the business in other areas like MS and DA.

2. ...and strengthening its market leadership in the last three years

The other interesting thing about this story is that, in the last few years, when the economy was slowing down, we gained market share. We better understood the market than our competitors, and I think we were more successful in understanding our client needs. At the end of this period, we gained market share. The question that we have now is: will we be able to continue to grow in an economy that is going to be more flat than growing? Steve will now take us through the rationale.

Steve Wagner

3. There remain many opportunities for Experian to expand in Brazil

I will start with the question of whether there is an opportunity to grow in Brazil. Let us look at what we have already built. There are two core businesses: Consumer Information and Business Information. Both of these businesses are large businesses. They are market-leaders in Brazil and both of them are among a handful of the largest, most robust businesses of their kind in the world. That is the core that we have built in Brazil and is responsible for the majority of the revenue in Brazil at this point. When we look at what opportunities there are in the market in order to grow, it is obvious that we look in the Brazil market, we do our research there and we see what we can do within the market, but we also look, because of the state of development of that market, to other proxies, like the United States.

Let me give you a sense here of the US market. In this slide, the US core consumer credit bureau sits in the middle and, around that business, we have built a series of verticals in other businesses. This slide is both the US Experian business and, in certain cases, I have represented the larger business. For example, in the Insurance segment, that is both Experian and LexisNexis, which we picked as a proxy to give you more of a sense of how large some of these verticals are. In the case of Business Information, that is both D&B and Experian. It shows how large that market is in the US. When we turn around and we overlay what we are doing in Brazil, this is where we are. We have taken small steps into a much larger market, but the difference between Brazil and the US for us is that we are the market-dominant player coming from a point of strength and scale. Those adjacent markets are there for us and they are ours to win.

José Luiz Rossi

4. Delivering performance in a more challenging economic environment

Let us talk about the challenging environment, so we understand where we are. The economy is not growing, or at least will not grow this year and probably the next, with inflation at the top of the target, at around 6%. The demographics have changed. The growth of the middle class that happened in the last two years, because of social programmes, has slowed down, which is natural. There is low consumer confidence because of the economy. There is a huge change in technology, especially in the mobile area. We expect that, by the end of this year, all 200 million users of mobile phones in Brazil will have a smartphone, and that will be a platform to work with. Finally, we have an environment that is changing in terms of regulations, both in consumer and in data privacy. It is a different environment than we used to have in the past.

5. Accelerate growth by reinforcing leadership position and increasing our efficiency to fund innovation

How are we going to respond to those challenges? We have been working on five levers:

- Reinforcing our leadership, as Steve explained. We are very strong on CS. We want to continue and expand that.
- Increasing the efficiency of the company.
- Working on new offerings, especially in areas where we have a smaller market share.
- Working through customer innovation, and Steve will go through the Consumer part.
- Finally, leveraging our global capabilities.

Sales transformation

In terms of reinforcing our leadership, sales transformation is our main focus. This is the last area in which we are transforming the business. We had a business that was much more focused on company size and not that verticalised; now, we work with segments and have changed the whole go-to-market approach. We have a new leadership and are improving the operations. We will be deploying the global platform of the company, which is Salesforce.com. There is a whole transformation there to keep the leadership that we have today in the CS business.

Increasing efficiency

In a business environment in Brazil, where we have 6% inflation, we have some costs like postage, data and utilities which are monopolies, and sometimes you cannot negotiate those costs, so they are detractors of the business. We need to continually improve our efficiency, and we have been doing that through some levers. We have already streamlined our data-capture and customer-service area. We are now working on IT, branches and finance. We have renegotiated contracts. We have restructured our procurement process and, for example, we installed new corporate prioritisation for system development that will improve our time to market in terms of product offerings. This will be what we call an eye drop because, in an environment of 6% inflation like Brazil, this is what you need to do on a continuous basis.

Fraud and identity

In terms of new offerings, our main focus will be in the market that has the biggest growth today in Brazil, which is Fraud and Industry. As Joy presented earlier, there is growth everywhere but especially in Brazil, and we see that as a very big market to capture. In terms of what we are doing to do that, we are rebranding our entire business there. We have a very established trademark on the consumer side, which is Serasa Experian, and we are going to keep that. On the consumer side, we are

going to use Serasa Consumidor, which Steve will talk more about. On the platforms in Fraud and Identity, we will work exclusively with the Experian trademark, bringing our global experience to the market and also all the platforms that we have today.

Engaging consumers

The other area that is a whole new market is Consumer Services, which Steve will take us through.

Steve Wagner

Consumers are a key constituent both for our business and for all of our clients' businesses. We tend to look historically at consumers through three lenses: first, the positive data lens. As the law has changed and we are beginning to look at what we need to do in order to encourage opt-ins. This is one lens that we have looked at. Customer relations have consumer relationships through our CS business. There is quite a lot we do in interacting with that consumer. The third, of course, is our marketing or sell-to business with the consumer – our direct-to-consumer in Brazil. The big opportunity for us in Brazil is to begin consolidating all of these into a single view. As Jose Luiz just said, the brand that we are consolidating under is 'Serasa Consumidor, Use a seu favor.' This is Serasa for you – 'use it for your benefit' – which turns the tables on our historically B-to-B brand and brings it right back to the consumer.

Positioned to win in the positive data environment

Let me just jump for a moment to positive data as one of those traditional lenses. When you look at the importance and complexity of this move to positive data, what we have and what I want to point are some of the strengths that we can use as we look to influence the market. The first one is existing leadership and a structured bureau. Remember: bureaux are complex operations. It is difficult to create an organisation that goes out and collects data from as many sources as we do – 63,000 – cleanses the data, matches the data and ensures that the data is tested for accuracy. We have a record for developing value-added products for our clients, and we have a record of delivering in real time for them. That is complicated. It is also a great platform as we think about how to begin building positive data products in as that information becomes available.

The other thing is that our brand in Brazil is recognised as a credit bureau. Whether you are in the boardroom or in the *barrios*, in a neighbourhood, you know who Serasa is. It is a brand that transcends any individual niche in the marketplace. Those things are very powerful tools for us.

Putting consumers at the centre of our value proposition

If I flip to the consolidated view, let me talk about Credit Services. Over the last few years, we have seen a situation where credit has expanded rapidly, but now we have gone through a bit of a downturn. The middle class has expanded rapidly but is slowing. That downturn and slowing of the middle class is starting to change the level

of awareness that consumers have. Consumers are beginning to understand that there is a credit score and that they have to manage their credit. These are newer concepts in the Brazilian market.

What do we have, then, when we think about the Serasa Consumidor approach? We have a lot of touch points with consumers – far more than you might be familiar with as you think about the markets that you have experience with:

- 100 million consumers are economically active out of more than 200 million in the country.
- We send 120 million notification letters per year to consumers.
- 55-60 million consumers are on our negative database at any one time.
- We serve 200,000 consumers directly in our branches in information requests and services etc.

Most interestingly – and some of you have seen the demo that we have been doing – after launching within the last 24 months, we have built the Limpa Nome site. If you have not seen it, I encourage you to see it at the break. The Limpa Nome now has 3.5 million registered users and, on that site, we are settling out BR\$100 million a month in face value of debt between large creditors and consumers. Why do they do it on our site? Because as soon as they do, we clean the record. We clear their name: *Limpa Nome* – ‘clean their name.’

All of these capabilities put together are a very strong value proposition back to the consumer, and that is what will be consolidating and create a value proposition that will be different and, in many ways, deeper than we have been able to see in some of our more evolved markets.

Leveraging our global capabilities

Let me step back for a moment to the broader question. Jose Luiz and I just went through the strategy for the region. As we think about what advantages and strengths we have as we pursue growth in Brazil, I think it boils down to three things:

- First of all, we all know that Brazil is a unique market opportunity, and I will point out a few things you may not know about why this is a rich market opportunity for us still.
- Second, we are the leader in the globe in credit. We have great experience and opportunity to bring to the Brazilian market.
- Third, you cannot underestimate the power of our market position and our market recognition in Brazil. We have a unique business, and that gives us a lot of leverage when we push into adjacencies.

Unique market opportunities

We live in Brazil in a rich data environment. We have 63,000-65,000 data contributors. In the US, the number is about 12,000 – it is almost four times as many. What does that mean? It means that the information is held in a much more diffuse manner, and there are many more parties that see direct value in bringing that information to us and contributing it. When you look at the financial institutions, they are responsible for only 40% of the data on our file; 60% comes from other players in the market. That is a unique balance and speaks to our strengths as the group to stand in the middle of that data and consolidate it.

We have few scale competitors. In terms of market adjacencies, there are not many large, sophisticated players of scale that can go after those adjacencies. It is not just our direct competitor; we stand in a unique position as it relates to the competitive set.

The environment on regulation in Brazil is changing. It is heating up. It is the same trend we see around the world. Whether it is the courts or the legislature, they are thinking more and more about consumer protection. That plays directly to our strengths. That is what we do. This is a long-term positive trend for us.

Last is consumer growth. You know as well as I do that, even the middle-class growth has slowed down, we are still looking at projections of 3% growth in the middle class every year for the next five years. Having run the credit bureau in the United States, I would have loved to see 3% growth in the credit-consuming population. Structurally, that gives us confidence.

Global experience from Experian's other markets

When you think about our global organisation – and you heard from Chris and others – we operate 32 consumer and business credit bureaux around the world. In all of those bureaux, there are small and large markets. They are negative or positive; they are markets of scale. What we have are pockets and large centres of excellence in a number of areas. I am not going to go through each one of them, but we have great capabilities that we have developed around the world. The tremendous opportunity that we have right now is that the market has slowed down. Because the market has slowed down, we are able to focus on one of my prime missions, which is bringing these capabilities from around the globe, and you have already heard from José Luiz how we are beginning to integrate them into our operations going forward.

Leveraging our leadership position in Brazil

The last thing I will point is the strength of our position in Brazil:

- I already told you about the brand. We are among the most recognised and have one of the most high-integrity brands among consumers in Brazil.
- We also have best-in-class data assets, as I have indicated before, and that is reflected in our market position overall.

- You have heard from Joy and others that the analytics that we bring to the marketplace through DA are market-leading. That is true, but our business, as it stands today, even without the growth plans that we have, is unmatched in Brazil in terms of our analytic depth and our ability to bring insights to clients.
- The last thing, which I have already described to you, is our systemic connection with the consumer.

When you step back again ask yourself the question of whether we have advantages in terms of how we grow in Brazil and whether we have a way to grow, what I will tell you is that Brazil is a unique market with a rich set of opportunities. Our global expertise is a great asset. Serasa has a strong and enviable market position. We are well-positioned to find growth in Brazil.

6. Summary – unique market opportunities

José Luiz Rossi

In addition to a great business, what I have found out in my nine months with the company is that we have a great team there. The company is recognised as one of the best to work with in terms of diversity; for example, with regard to people with disabilities. It is a great environment. If we have the right strategy, I am sure we will have the right team to deliver it.

In summary, we are preparing the business for growth independent of economic cycles, to create a business that is resilient to new entrants and competition, and also to acquire leadership in the new blue ocean, which is the consumer business. That is the Brazil story.

Capital framework

Lloyd Pitchford
Chief Financial Officer

1. Introduction

As you know, I joined the company in October and, in November, we outlined that one of the strategic priorities for the Group was to rigorously optimise capital, recognising its very strong cash-generation capacity. Today, I will provide an update on the review that we have been conducting during that period, on the allocation framework, and our key conclusions and the future approach.

2. Track record FY10-FY14

Cash generation

I will start with a historical perspective of the Group's track record of cash generation and capital allocation. As you know, Experian is a prodigious cash generator and, in the five years to FY14, generated just under US\$7 billion in cash and disposal proceeds. That approaches 50% of the Group's current market capitalisation in that five-year period. During this time, net debt increased by US\$2 billion, generating cumulative funds inflow approaching US\$9 billion.

Turning to the use of that cash flow, just over two-thirds of the funds were used in support of development of the business, as we expanded into new territories and market segments that Brian referred to earlier, and that included US\$2 billion in organic capital investment and US\$4 billion in acquisitions. Of the acquisition spend, 60% related to the material strategic acquisitions of Serasa and Passport Health, which you have heard all about today. We also executed approximately US\$0.5 billion of accretive share buybacks during that period.

Financial performance

The deployment of this capital has driven significant growth in the business and good returns on capital. The CAGRs are representative of actual returns at constant currency. The total revenue CAGR over that period was 6% at constant FX, and that delivered into a 9% CAGR in earnings per share. The dividend per share during the period grew at a faster rate under our progressive dividend policy. Over the period overall, we reported a return on capital employed of 15% on average.

During the period, the allocation of the Group's significant cash generation delivered a strong financial-results profile. However, we are very conscious of the discipline required in managing such a cash-generative business, and are constantly ensuring that cash is deployed in maximising long-term shareholder value. Alongside our strategic priorities, we have reviewed the capital structure and allocation approach to ensure that it is fit for purpose during the next stage of the Group's development.

3. Considerations

Review of capital strategy

The review we have conducted has been comprehensive and focused on the position of the Group during the next three to five years. In addition to considering the investment needs of the business and cash-generation potential, we have also looked at optimising the cost of capital and balance-sheet efficiency, our funding capacity and the scope to access funds, as well as our approach to risk and return metrics.

Outputs

The outputs of this process have included scrutiny of the way we prioritise investments, both organically and inorganically, as well as examining the optimal leverage range for the business; dividend policy; and the extent of surplus funding capacity available to the Group.

4. Priorities and approach

Investment prioritisation

As you have heard from Brian and the team, the strategic priority over the duration of the plan period is to focus back on the bigger core businesses, with future investments directed within the existing footprint rather than stepping outside. While we seek to grow substantially, we are also striving to make the business as efficient as possible and to generate good investment returns. We will prioritise organic investment, and acquisitions which will continue to be part of the mix will need to meet stringent criteria.

Approach

This gives rise to a number of adjustments to our approach:

- First, we will deploy new internal methodology for risk assessment during the investment and acquisition reviews, which means that hurdle rates for investment – and particularly for early-stage investments – will need to be materially in excess of our weighted average cost of capital.
- We are also making changes to the way we assess and allocate capital internally.
- You will see us place greater prominence on the return on capital employed for the Group in our presentations.
- We will also benchmark acquisition returns relative to the returns available from share buybacks.
- Finally, we will continue to test the portfolio to ensure it is optimised for our strategic goals.

Implications

For obvious reasons – commercial and competitive – we do not intend to publicise our exact capital-review hurdles and risk adjustments, but there are some implications from the new approach, because, as we focus on investing in our core business both through the P&L and in capital expenditure, EBIT margins in any single year could go down if we choose to make a significant organic investment, and organic capex can be more variable in any year, depending on the opportunities that we have available to fund. We will, therefore, provide annual guidance on our expected margin range, as the portfolio of opportunities we have available develops. It also means that, as Brian talked about earlier, as we evaluate our peripheral activities, we will look to optimise the portfolio.

5. Optimal balance sheet structure

Overview

When we made the Passport and 41st acquisitions a little over a year ago, we committed to return the leverage range for the Group to below two times. As we recently reported, we achieved that at the end of December. As we look ahead, it is appropriate to review the capital structure to ensure it remains optimal for the Group in the light of our cash flows, our strong investment opportunities, our strategy and the current capital markets.

Optimal efficiency

As you have seen in the announcement we made this morning, our review has concluded that, over the planned period, the cash-generation potential for the Group continues to be strong, with substantial cash flows to fund our investment plans and continue our policy of maintaining a prudent balance-sheet structure with strong investment-grade credit ratings. At optimal balance-sheet efficiency, the Group's weighted average cost of capital is 7-8%.

Leverage analysis

We will continue to target a strong investment-grade credit rating, which is equivalent to BBB+ or Baa1 for S&P and Moody's respectively. With that, we can continue to maintain significant flexibility for one-off strategic acquisitions, as in the past. Looking at our structure, these elements are satisfied at a leverage range of between 2 and 2.5 times net debt to EBITDA. That enables us to be efficient while also maintaining balance-sheet prudence and funding flexibility to support our long-term growth agenda. It strikes the right balance, we feel, between the financial headroom that we require to grow the business and efficient capital structuring.

Conclusions

In conclusion on capital structure, we will adopt this as our new target leverage range alongside a continued commitment to maintain a strong investment-grade rating. We intend to move into the new range during the year ended 31 March 2016, with the expectation that, over time, we will trend towards the middle of that range.

6. Shareholder returns

As part of the review, we have taken a look at the dividend policy and have concluded that there is scope to increase the ordinary dividend pay-out ratio over time. The Board will take the decision on the dividend annually but, in any single year, you can expect we will grow the dividend at least in line with earnings per share.

Having reviewed the funding requirements of the business and likely cash generation, we have determined that we have cash surpluses over the strategic planning horizon and, therefore, we expect to return surpluses periodically to shareholders, keeping that under review and subject to trading performance at the time.

Again, as you have seen this morning, we are commencing a US\$600 million share-repurchase programme commencing immediately, to be completed over the next 14 months. When you factor in this buyback, we would expect our leverage ratio to continue to be at the bottom of the new range, meaning we return flexibility as we progress through what is a recovery year in FY16.

7. Our medium-term financial framework

Bringing that together in our medium-term financial framework, our organic business has some very strong operational and structural characteristics, with structural growth and very cash-generative. We see this as having the potential to deliver mid-single-digit organic growth on average.

In our investment plans, using the very strong cash generation that we have as a Group, we will prioritise investment for growth organically, with investments focused on the core businesses and where we see good growth optionality for the future.

In our broader portfolio, we will evaluate our options, with some businesses likely to be deemed peripheral, and some in which we will run for maximum efficiency. We also expect to focus our acquisitions on our core business, most usually within the current footprint of the business, as Brian outlined earlier. We will maintain an efficient capital structure and focus on returns to shareholders.

Financially, we expect the application of the Group's cash generation across these investment areas to increment on the good organic growth that the core organic business can generate, and yield strong earnings per share and shareholder-value growth over time.

8. Summary

To summarise the conclusions of the review:

- We have very strong cash generation potential for the Group, providing substantial investment funds to meet the Group's strategic goals.
- We will implement changes in our capital-allocation model to take greater account of risk in the investment-appraisal process, and give greater prominence to returns, We will favour investments in the core.
- We are taking steps to make our capital structure more efficient, while continuing to sustain strong investment-grade credit ratings and retaining the headroom flexibility for future investments.
- We will increase the ordinary dividend payout ratio over time, continuing our progressive dividend policy.
- Given our funding surpluses, we intend to return those periodically to shareholders, commencing, as we have seen, with the US\$600 million share-buyback announced today.
- With that, our goal over the planning horizon will be to deliver mid-single-digit organic revenue growth and, as we optimise and deploy capital across the business, we expect to generate strong growth in earnings per share.

With that, I will hand back to Brian.

Summary remarks

Brian Cassin

That brings us to the end of today's presentations. I hope you have enjoyed them. We will move shortly into the second Q&A session, which will be focused on the presentations that you have just seen. Before we do that, I will conclude with a few points that hopefully you got a sense of from today's presentations.

The first point is the scale, breadth and depth of our product capabilities and market positions, and some of the opportunities that we have. Not only do we have huge expertise when you go deep into any particular vertical; the unique bit is that we have it in so many different places, and the opportunity really revolves around how we tie more and more of those things together to create really unique and compelling propositions. You have seen some examples of that, but clearly that is a great opportunity for us going forward.

Second is the sheer power of the market positions that we have in our biggest territories. We are the market leader in all of those big markets, and that gives us a tremendous platform to drive our business forward, as well as some of the territories that we have built out over the last 10 years in some interesting places. Where we look to grow those businesses, they can, over a long period of time, really become major engines and major businesses in their own right.

From Lloyd, you have heard about our focus on discipline around capital and how we are going to use that, and the focus on returns, which is a very key focus for us going forward.

Finally, the range of growth opportunities that we have across the business is very strong. You have seen quite a few of them today. We have not gone through every part of the business today but I think, just from what we have demonstrated today, you can see that there really are a lot of opportunities available to us. That is really the power of the platforms that we have, the strength of the business positions, and the ambition of the management team to get after that. That is what we want to leave you with today.

With that, I would like to invite all the presenters from the previous sessions – Kerry, Steve, José Luiz and Ty – back up on stage, and we will open it up for another Q&A.

Questions and Answers

Joel Spungin, Bank of America Merrill Lynch

Lloyd, you mentioned in your presentation that, in any given year, EBIT margins may go down and the capex might bounce around a little more than historically. That would be the kind of thing that sends analysts into a bit of a panic. Historically, if we look at the business, capex has been relatively stable and in line with sales. The return on capital has been fairly good, for the most part. I guess we have seen pretty consistent operating leverage since the IPO. What I am trying to understand is what it is that has changed in terms of where you were historically and where you think you are going to be in the future.

Brian Cassin

Lloyd, before you answer that question, I will give some more historical perspective. Capex has not been consistent since the merger. We have seen some distinct phases in how it has developed. In the period from 2006 probably to 2008, it was relatively stable. Then you saw an increase in capex and we got up to about 10% of sales. We have now come back down to around 8%. I think you are going to see cycles, depending on where you have investment requirements in the business. It could be big bureau re-platforms or it could be many things that we have coming at the same time. That is just the historical perspective.

Lloyd Pitchford

I think you have to look at the Group as a portfolio of businesses and a portfolio of opportunities. In terms of where the Group has come from, it has incremented its margin quite successfully over the last three or four years. It has a very high margin now, and it has done that by growing some particularly high-margin businesses. As you look across all of the different opportunities that you have seen today, we have a lot of opportunities but not all of them are incremental or would accrete to the overall Group average margin, but they will create value and they will be at different stages of their investment. We see the margin in any one year as the output from our capital-allocation model, not the input and the constraint which would drive us to make different investment decisions. With that, and particularly with our focus also back on the core, we think that will generate better long-term shareholder value.

George Gregory, Exane BNP Paribas

I have two questions on the Consumer Services business. First, I was keen to get your strategy on the brands beyond Experian and Affinity, such as CreditReport.com and the other extraneous brands. Second, there has been a marked step-up in banks offering credit scores for free. How are those same banks approaching Affinity? Are they incentivised or dissuaded to further an Affinity product alongside that?

Ty Taylor

In terms of the other brands that you mentioned, those brands still maintain a lot of equity and a lot of what we would call free traffic or unpaid search traffic. Those brands are not going away in terms of the Experian portfolio, but what we do with that traffic and where we may depot that traffic could ebb and flow with our strategy. Those brands also allow us to have contingencies in our business, and we have a long history of doing a lot of testing and having various scenarios available to us, so should we choose to change or enhance our strategy, we could do that very quickly.

In terms of the scores on statements, the answer to that question is some of the banks are branching beyond just scores on statements and are looking to provide additional education and resources to consumers; others are, I would say, simply dabbling in that right now and starting with a pretty plain product, putting that review score on the statement, which is just a point-in-time score. There is not a whole lot of value beyond just a point of relevance. We are seeing both.

Brett Huff, Stephens

First, you articulated mid single-digit organic growth as the medium-to-long-term goal. Could you give us a sense of what would need to happen in order both to get above that by a point or two and what bad could happen that would drive maybe lower than that organic growth?

Second, on the D2C, following up on the prior question, your strategy is to move from the transactor to the more engaged lifetime-value customer who is looking to manage their score more intimately. Can you give us a sense of the size of the market that you are leaving – the transactors – and, if the more engaged customer market is

larger, can you size it? Can you give us some comfort that the journey we are on in that transition will result in greater share and revenue, etc.

Brian Cassin

What you saw today is a lot of opportunities across a lot of our businesses, where we are building a foundation to support long-term sustainable growth. What could go right which means that the growth could be higher than the one that we have set out? We could, for example, over that planning period, get a rebound in the Brazilian economy which pushes that up to a much higher level. We are not planning on that, because it does not look likely any time soon. We could, for example, see a lot more traction in some of the areas like fraud, healthcare and DA, and in many of the examples that we saw today. I think there is plenty of opportunity for that to be higher; the point that we are making is that, as we look at the portfolio today, with some of the economic background that we see, that is really our expectation. We do not like to dwell on all of the things that can go wrong; I think you can spend a lot of time worrying about that. Things do go wrong all the time; it is our job to respond to that and build businesses that are able to withstand whatever gets thrown at us.

Lloyd Pitchford

First, we are saying mid single-digit but in no way does that cap our aspiration. We have a lot of opportunity in the portfolio that we are pursuing.

Second, we are a portfolio. Naturally, that makes that range quite resilient, but there are cycles up and down in individual businesses. As you see more of those in the up cycle, you would be more at the top end or maybe above; if there are more of them in the down cycle, you would see more at the bottom.

Brian Cassin

As a final point, this year growth has been held back by a number of things. The D2C business in North America is a big component of that, so the rate-of-return recovery in that business is going to have a bigger impact on us in the near term in terms of where we land. Maybe with that, Ty, can I ask you to address the points on the D2C questions?

Ty Taylor

If you recall the slide that I had in the deck, the higher-value population, as we see it, would really be additive to that sub-prime 28%. If you looked at the prime and the near-prime, the combination was in the mid-to-high 40s in terms of the population. We do not see it as losing the sub-prime as much as being additive. The focus is on a higher-value, higher-interactive product, but that sub-prime population still needs education, help and assistance in understanding their situation. Outside of Experian, that will be difficult for them to find.

Matthew Walker, Nomura

Going back to the mid single-digit Group growth target, should we expect to see that in 2016 or should we expect a more gentle slope so that we get zero, three, five? The second question is on Marketing Services. It looks like the ambition there is to grow low-to-mid-single-digit. In the past, it grew about 5%. With increasing traction going from email to cross-channel, why are we thinking that the growth rate is going to be below history, and what is going to happen to your 17.7% margin in Marketing Services? Is that going to go up or down or is it going to stay the same?

Brian Cassin

Let us just deal with the ambition one. There is a difference between what we see in terms of the prognosis of short-to-medium-term versus longer-term ambition. In terms of our longer-term ambition, clearly we want our growth to be as high as possible. In things like Marketing Services, where we are coming off pretty much flat growth for all the reasons that Kerry laid out, we see that progressing back up to higher-level growth. That is clearly the task that we have set ourselves, and Kerry clearly articulated the way that we can do that.

I will ask Lloyd to comment on the other parts of the question around where we see 2016 trending.

Lloyd Pitchford

We outlined, when we talked about our half-year and Q3 results, that the big uncertainty that we have in FY16 is the development of the new product campaign in Consumer Services in North America. In Q3, that is where we reported 0% organic growth for the Group, so we were held back. It would have been about 4% if we had seen higher growth. The extent to which that recovers quickly through the year will really determine whether we are in that mid-single-digit range or whether we are trending towards it. It is too soon to say: we need to see the development of the campaign and how that gains traction through the first quarter, and then with new product launches as we go through the year.

Brian Cassin

On the margin point, I do not think we are going to give specific margin targets, but Kerry alluded to a number of actions that we think we can take in the business to improve it. There will also be choices about where we reinvest.

Lloyd Pitchford

On the growth point, clearly the traditional piece of the business is still much larger. As you see clients in some areas moving off some of those platforms, it will take a bit of time for the new platform to gain scale to offset some of that decline. We need to see that gain scale before we really see it gaining traction in the overall Marketing Services growth rate. I do not think we would give any specific guidance on our margin.

Matija Gergolet, Goldman Sachs

At the moment, in Brazil you have 90% of revenues coming from Credit Services but, in your presentation, there was also a lot of focus on Consumer Services. Looking three years out, will you start reporting a Consumer Services line in your P&L? What would you expect the mix of the business to be between Credit Services and the rest of the businesses in terms of today's 90/10?

Second, when you talk about returns, do you also have any expectations about how ROCE will evolve over time?

Brian Cassin

Maybe Lloyd can deal with the returns question first, and I will ask Steve and José Luiz to come in and give you an overall view of where they think the scale of opportunity is.

On the reporting question, that is something that we will make a decision on at a later point in time. I do not think we are going to answer that one today.

Lloyd Pitchford

Clearly, we are a growth business with investment opportunities. We are also an acquisitive business. What that means is that you cannot forecast when acquisitions come along but clearly, the nature of the run versus our historic, our portfolio means that you end up with the return on capital does vary, particularly in years of acquisitions. So, I think what we are saying is that it is a focus in our investment appraisal process, and you will see us focus on it more in our external presentation. It explains why it is varied and what we are doing to improve it over time. So, I think that probably covers it.

José Luiz Rossi

On the mix in Brazil, we have a very healthy business in CS and as two percent of this, to have space to go there, verticals and other areas, so we will continue to grow CS. But the other businesses which are smaller in size, they will grow at a large pace, but they are smaller in size, so it will take much more growth for them to compensate that. So, I would say that there is to be a big business in CS, but that dominance will slowly go down as we slowly grow the business more. But, because of our leadership, because of our size, it will be a slow process, not an overnight process.

Lloyd Pitchford

On the reporting, I would just say, if we are successful, absolutely you will see us report a separate item.

Andy Grobler, Credit Suisse

I have got three questions, if I may. The first one on consumer services, as that market has changed and consumers have more options in terms of where they can get the credit scores, even if they are not of the highest quality, do you think there is going to be pressure on price? Are consumers still going to be willing to pay what they paid historically?

The second one for Kerry, you talked about the shift away from email towards CCM, and CCM is a very big opportunity; what are your expectations for those email revenues and are there margin differences between the old email business and the CCM business?

And then thirdly, Lloyd, you talked about mid single-digit organic growth and did not given any margin targets for the reasons you articulated. What are your expectations, what does 'strong' mean, in terms of EPS growth, can you put some numbers around that? Thank you.

Brian Cassin

Okay. Well, ordinarily I would give revenue and margin questions directly to Lloyd, but I think we will let Kerry deal with the CCMP/email transition, I think it is important to get some business context around that. Kerry, do you want to address that one?

Kerry Williams

Sure. The transition is underway as we speak, and that is where a lot of the volume is coming into the platform, but a lot of the volume that is coming onto it is also new volumes. I think that that process, which we have been managing now for over a year, will continue but it will last for four or five years. This is not a quick convert because a good portion of the customers are happy with just email. As you move up the sophistication level, they clearly are wanting to migrate over to cross-channel marketing and all the capabilities there. However, I do not think that you are going to see anything different than what we have already been experiencing in that business and it is our intent to improve from where we are at with that transition that you referenced.

Brian Cassin

And if we just deal quickly with the margin question that you asked. I do not think that we split out the margin between CCMP and email, but obviously, email is, just to give you the context, email is an older platform, CCMP is a platform we're investing more in, so you tend to get better margin when you have better volumes, so we would expect that to move over time, but we do not really manage it from a product margin perspective within the portfolio. Lloyd, do you want to pick up on it?

Lloyd Pitchford

A couple of things to say. If you look back at my first slide, you see on a reported basis, we have turned very top end of mid single-digit revenue growth over the last five years into very high single-digit, with a mix of our capital allocation. I think, similarly, going forward, I think we see good opportunities across that capital allocation to turn that mid single-digit into a range that probably spans very high single-digit into low double-digit. That is really our range. In any one period, for the same reason that we have talked about, a range of organic growth, you can see it here moving up and down, but that is an average over the medium term, I would say.

Brian Cassin

And Ty, do you want to address the price question?

Ty Taylor

Sure. There are options for consumers. I do not know if there are necessarily more, I think the bifurcation that I spoke of in the presentation is real and that is what is really happening. I think consumers can go and get a free, snapshot, point-in-time report and a score that I do not know is particularly meaningful to them. I think it is becoming more difficult for a consumer to actually find the help that they are looking for, the education that they are looking for. We listen to consumers, and you saw that stat around the volume in the call centres, so we hear from a lot of consumers. The conversation is not around price; they are looking for someone to help them in their particular situation.

So, as we see the market bifurcate, I think that gets more difficult for consumers to find. I think it will be very difficult for a competitor to really offer the consumer the solutions and the quality and the empowerment that Experian can offer them, in that being our core business in the consumer space. That being said, as you can imagine, we test pricing all the time, so at any given time, we have a multitude of different price tests going on.

Toby Reeks, Morgan Stanley

The 3% of revenue which is under evaluation; how far through the process are you, how long will that take, and what are the margin implications around that?

Brian Cassin

Well, I am going to answer that question by saying it is 3% of revenue. In the grand scheme of things, it is not terribly relevant to what we do from a financial perspective, in terms of modelling going forward, and we will take our time to go through that, make the right decisions, which ones we invest in, which ones we come out of. I do not really expect that to be very significant from an external perspective. I do expect it to be significant from an internal perspective, because of the things that we talked about around focus, time, complexity around the organisation model, that is really an idea about what we need to do to actually achieve all of the objectives we have around speed, agility, efficiency, as opposed to something that's going to make a

material impact externally. There may be one or two that come along, which are noteworthy. But I think in the grand scheme of things, it is not a significant part of the financial plan going forward.

Toby Reeks

So there are no significantly negative margins on those businesses at the moment?

Brian Cassin

No, none of our significant markets. If you think about our significant markets, we have got the top three, we are certainly not going to be exiting any of them. And then we talked about the next 14, which is 10%, and actually, in that tail, we have things like India which are in there, which are clearly long term investments for us, so I really think this is peripheral sharpening and tidying up and not something that should be a major focus for people.

Paul Sullivan, Barclays

Just coming back to the sharpened returns focused acquisition criteria, I mean what proportion of deals over the last five years have failed the test, and what does it mean for the type of businesses you will be acquiring going forward? That's the first question.

Secondly, following on from that, will management incentives be aligned to that new approach?

And then just on a housekeeping issue, does the buy-back, is it excluding, or including the employee share purchases that are ongoing?

Brian Cassin

Right, a lot of questions there. Lloyd, can you deal with the returns question and also the question on the capital? I'll come back on the acquisitions. I think we are going to leave – there is no change to the remuneration plans, this is not a forum for us to discuss that today, it is something the Board deals with in consultation with shareholders, so I think we'll leave that for another day if we can.

Lloyd Pitchford

The \$600m is including the employee schemes during the year. On the returns focus, as part of the review, I look back at 37 acquisitions and the buy plans and how we performed against them, the material, which was quite extensive, I have to say, inside the company around the analysis, the post investment reviews. If you take the new framework, and it is a framework not an algorithm, around 12-15% of those 37 acquisitions would have been challenged by one element of the framework or another. As I said, does that mean that when you look at it, we would not have done an individual acquisition? It is a framework, you look at the growth profile, what it is

contributing, how it would progress through some of the hurdles and then you form a view, but 12-15% would have been challenged in one way or another.

Brian Cassin

In terms of acquisitions going forward, we are going to continue to be a company that does acquisitions, but I think we have laid out some clear focus areas and the discipline that we are going to have around how we approach that. Obviously, the core areas around credit services, DA, new data sets, fraud, they are all areas where there are opportunities. Probably many more opportunities than we would ever want to, or can access. So, maybe another way to look at that is that, if you think about our strategic development framework going forward, it encompasses not just areas where we will look to add to our capabilities, but actually also areas where we will partner to fill in capabilities, as well as acquire. I think that also holds quite a significant promise for us because, back to the question around the scale of platforms, there are an awful lot of companies out there with capabilities that might not make sense for use to acquire, but they could make sense for us to partner with, and they want to partner with us because of everything that we give to them. The BillGuard is an example that comes to mind. So I think we are going to see a range of developments along that scale as we go forward.

Hector Forsythe, Oriel

In terms of business efficiency for the group, which is one of the points I think you were making earlier on in terms of reducing cost, could we see some one-off costs coming from you in terms of business reorganisation, improving overall group efficiency in terms of the way you are doing that, and perhaps, are we hearing in terms of the views, in terms of margins coming, perhaps being a bit more volatile, some investment being taken to reduce cost within the business rather than as growth cost?

Brian Cassin

Okay. I am going to ask Kerry just to talk a little bit about where some of the areas that we think can drive efficiency, and then Lloyd perhaps come back to the point on what does that mean in terms of one off cost. I will just tackle one point up front which is that we have already taken action this year to drive efficiency. You have seen that is actually embedded in our numbers, so, for example, you know, we come to the half year about the margin performance in Brazil. Actually the margin performance in Brazil was frankly really, really good, because we had fairly flat revenues and a cost base that naturally inflates given labour laws. So without taking action, you are not going to get the performance that we had in the half year, so I think that demonstrates that clearly we have other areas to do it in, but we are already doing some of that and we will do more. But Kerry, maybe you could just talk a little bit about some of the areas that we see when we talk about efficiency and how we drive that forward?

Kerry Williams

Yes, so we – and you already referenced some of them in terms of pushing the resources back to the business, back to the front line, we also are looking to, as part of optimising that operating model, that obviously takes care of some amount of management overhead that we have had in the business, that is built up in the business from the way that we were structured. We also have opportunities in terms of optimising our off-shoring model and we have opportunities in terms of just how we are structured from how many layers across the organisation that we have. So there are some examples in terms of what we are looking at.

Lloyd Pitchford

I think the Group, a number of years ago, took some actions to establish some of these mechanisms that now has the potential to build on, like some of the off-shore centres, there is a good network of global delivery centres that we can build out, rather than having to create them from scratch. I think the other thing to say it clearly, we have got opportunities on efficiency but in some areas, that is offsetting headwinds on cost, particularly around the regulatory and compliance, as the team talked about. In the long run we see that as an enhanced barrier to entry, and as an opportunity, however, in the near term, it increases costs, but we have got no plans or nothing significant enough to call out as a special restructuring item at this stage.

Rajesh Kumar, HSBC

On the consumer piece, could you just give us some sense on how long do consumers take on, or subscribe to the services on Experian.com compared to free brands historically? Is the churn rate different between the two? Is the prime, sub-prime mix very different?

Ty Taylor

I would say historically, our experience on Experian.com is higher in terms of even stick rates, and persistency. I think that being said, going forward, with fairly substantial change in our product and proposition, I think it would be too early yet to say how it is going to look going forward with the new FICO product, and some of the other integrations that I spoke of today. I would clearly assume that we will make improvements, but it is too early to tell what those will be yet.

Rajesh Kumar

Is it a different reason why people come to Experian.com compared to free brands, i.e. fraud management, versus just applying for mortgage? Have you done any research around that, trying to understand that?

Ty Taylor

Yes. So, we have done a lot of work around segmentation, and it is clear that there are two or three segments that we penetrate far better with the Experian brand than we do with the free brand. We see those, as you saw those three rings on the graph, we see those as the near prime and prime customers that we do not reach nearly as well with the free brands. We are seeing better penetration with Experian.

Brian Cassin

I think we have got time for one more question.

Joel Spungin

Lloyd, I wonder if you could clarify a couple of points. First of all, you mention in response to Paul's question earlier, that the \$600 million share buy-back, does that include shares used for share based payments, and then also, you also mentioned the 12-15% in terms of deals that would have failed the new test; is that actually in terms of pure number of deals or dollar value? How are you measuring?

Lloyd Pitchford

On the \$600 million share buy-back, that is correct. On the 12-15%, number of deals. It tended to be some of the smaller outlying deals, out of those 37.

Joel Spungin

I am just curious to know, one thing you did not really touch on today, which was the UK consumer business, if we assume that the UK follows where the US has been, are you seeing any change in the market in the UK at all?

Brian Cassin

The answer is no, we are not. We have got Chris Clark, as you know who was on the previous session, he runs our UK business, so I might ask him to add a comment to this. I think the historical lens on our business is different because, again Ty actually created this industry in the US. We also created it in the UK, but it was different when we created it in the UK because, whereas you were playing into a consumer set that was aware of, and had knowledge of, reports and scores, nobody really knew about that in the UK, so we actually had to start off in a very different place, around consumer education and value propositions. In some senses, the UK business was always moving in that direction at a much earlier point. So, I think there is a structural difference there and I am just going to ask Chris to turn on his mic, if he can, and maybe add a comment to that.

Chris Clark

Brian has covered the summary. Clearly Ty and the UK team spend a huge amount of time working together. We are certainly not complacent and in fact, if you asked our UK consumer services team what worries them the most, is to ensure it does not happen again. The reason we do have confidence, firstly this underlines that the business is very strong, secondly to the point Brian made and Ty is very aware of this. Some of the points that Ty has talked about, about our future strategy; if you think about the UK marketplace, it is actually very different to the US. Firstly, our UK Experian brand position is completely different to that in the US. When we talk about multiple brands in the US, today we have only one brand that's Experian, and without wanting to sound arrogant, if you ask consumers on the street outside here or anywhere around the UK, when they think about credit scores, they will say Experian. So we have a very strong brand position.

Secondly, just the state of the credit market, whilst it has changed a lot over the last number of years, and continues to, which is good news, the knowledge about credit is just fundamentally different here today than in the US, albeit, it is changing. And last, but not least, the roadmap that Ty has described in terms of adding more value to a credit report, is exactly the roadmap we are on here in the UK. We believe, with our strong brand, where the market is, if we follow these strategies, we will be in a very good position.

Brian Cassin

Okay. And with that, let me bring today's session to a close. Thank you all for being here and participating and hopefully, you will stay at least for a short period of time and have a quick drink with us afterwards. Thank you very much.