Half-year results FY18

15 November 2017

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1. Opening remarks - Brian Cassin, Chief Executive Officer, Experian

1.1 Introduction

Good morning, everybody, and welcome to our half year results presentation. Now, we have made a very good start to the year, with organic revenue growth in our target range, and our business is in very good shape.

The growth in the first half was really driven by a strong performance from our B2B business, and we expect this to accelerate as we move through the second half. We also expect further easing in the rate of decline in the B2C business, so overall we have positive momentum in the business going into H2.

Confidence in that momentum is really driven by new product introductions, which are the results of the investments we have been making over the last few years.

This morning I will tell you a little bit more about those, give you an overview of H1, talk briefly about strategy and then hand over to Lloyd to take you through the financials.

1.2 First-half results highlights

Let us get started with the highlights. Organic revenue growth is 4%; total revenue growth is at 5%. Trends in Q2 were similar to Q1. EBIT margins were flat at actual rates and benchmark EPS was up 6%.

As I said earlier, our B2B growth was strong at 7% organically. We expect this to edge higher for the rest of the year. We have launched several new products over the last 18 months, and that has now started to feed in to higher growth in our B2B business.

IdentityWorks in North American Consumer Services has started well. We have enrolled 120,000 new paying members, which is a great start. It is early days still, but I think that tells you we are on our way to building a sizable revenue base there.

CreditMatcher in the UK is growing well. In Brazil, the response to the initial free offers has really been outstanding. We have enrolled over 16 million consumers in Brazil in just a short space of time. Overall, we expect the drag from B2C in H2 to ease over the coming months.

There is good performance for the business, a good outlook and of course we continue to return capital to shareholders. In May we announced a $600 million share buy back. We have completed about two thirds of that programme. We have also raised the dividend by 4%.

1.3 North America

In North America, the B2B business is performing very well. In the first half, we launched several new products, which will continue to drive that growth. One example is Experian Ascend, our new analytical sandbox, and I am going to give you some more details on that later in the presentation.

All told, we estimate that about a quarter of our growth in North America Credit Services will come from new products. We are making good progress, and that gives us confidence about the outlook.

In addition, Fannie Mae has announced that they will add Experian's trended data to their desktop underwriting system and require Experian trended data in all tri bureau reports beginning in December. We expect that from January we should start to see that feed into revenue growth in North America Credit Services.

All our B2B businesses are performing well. We continue to make great progress in Health, DA and Targeting. We are seeing some softness in US Auto, but there is good momentum and great progress overall.

Turning to Consumer Services, I will start with IdentityWorks. We had a lot of questions on this in the Q1 call, but of course it was too early to give an outlook then as we had just launched the product. We do have a lot more data now, and what we can say is this has been a very successful product launch and we are very pleased with progress.

In six months, as I mentioned, we have signed in excess of 120,000 paying members to the service. I think that is very impressive from a standing start. We did see a brief spike in enrolments on the back of the Equifax breach, but the pace of subscriptions has been building consistently and is trending well.

It is still early days. We are evolving the product set quickly. We are introducing new features roughly every 60 90 days and enhancing the product experience really based on use engagement and the feedback that we get.

We are also going to be expanding the offer with new pricing tiers. We are about to introduce what we call a family plan, which is priced at $29.99 a month. That protects your entire family. Based on the feedback that we have got, this is something which is in high demand. I think this will particularly help as we go through to the second half.

Overall, the products we have put into the market and the price propositions really are the best available to consumers for identity protection by some distance.

We are off to a strong start in IdentityWorks; we expect to generate a meaningful contribution this year. If we continue at this pace, we will see this being a substantial revenue stream for us in FY19.

In Credit Education, the membership base decline has started to moderate. This product is really aimed at a specific segment of the market, as a tool for consumers trying to improve their eligibility for credit. The products continue to evolve. We have actually added identity protection features to attract more members and build greater retention in this product set.

LendingWorks, which is our lead generation service, is growing but it remains a small revenue stream for us today. What we have done here is created an excellent eligibility matching engine, and we are expanding the card and loan offers which are available on the product. They will range from subprime specialists to premium card issuers. That process continues to scale.

The early success we saw in IdentityWorks really meant that we focused our marketing efforts there first, and we have not really backed LendingWorks with significant advertising. Over the coming months, we are going to be evaluating how best to scale this product in the marketplace.

Moving on to Partner Solutions, this accounts for about 40% of the Consumer Services business. It is a combination of our traditional Affinity relationships and CSIdentity. The business has trend a corner: we are now starting to see real progress and several new contract wins in the first half.

We are introducing new products; we are diversifying the client base. CSID customers were largely non financial services and we have built on that base with new wins in verticals like legal, insurance and telco.

We still have a lot to do, but if you put all of that together we expect that the Consumer Services business in North America will be back into growth in FY2019.

1.4 Latin America

Turning to Latin America, Brazil had another good half. This is really now an impressive track record, delivering quarter after quarter of really good positive organic revenue growth, despite what has been a very difficult economic environment. That environment is now improving. I was in Brazil with the team a few weeks ago. You can really sense that. The good news is that we have been investing through the downturn to improve our operations, to modernise them and to introduce new products so that when the market starts to pick u we are going to be really, really well positioned to drive very, very good performance in that region.

In this half, we had a particularly strong performance in Decision Analytics and Marketing Services. You will remember that these are areas where we are relatively under penetrated relative to our other markets, so we still see very good long term growth opportunities in both of those. We continue to strengthen the Credit Services business with good growth and some significant contract wins.

We have not talked about Consumer Services in Brazil before, but, as I mentioned earlier, Serasa has now enrolled over 16 million consumers. This is now quite a huge audience for our consumer product offers, including the free Serasa score, identity monitoring, our Limpa Nome debt resolution service. This is a very significant consumer engagement build.

Just to give you some context, when we look back over the last 20 years, no business of this type has scaled at the pace we are scaling in Brazil. Right now, the focus is on growing relationships with consumers. We will turn our attention to how we monetise those relationships really into the second half and more into FY19.

In summary, there has been a lot of good progress in Brazil. We are very optimistic about the prospects going forward.

1.5 UK and Ireland

In the UK, the B2B business delivered good growth and we are seeing growth opportunities across a number of areas such as Mortgage, Wealth and Life and Pensions. We also have some regulatory changes like open banking which are going to provide new opportunities in areas like data linkage and more personalised services for consumers. We continue to make great progress in verticals like price comparison and background checking.

The soft spot in the UK is obviously Consumer Services, but the rate of decline has now started to moderate. We now have nearly 3 million free members in the UK. CreditMatcher, our price comparison service, will make a meaningful revenue contribution this year.

We know the job here is to diversify the revenue streams and reduce our dependency on the paid core subscription products. That is really what CreditMatcher and all of our other product development efforts are focused on here. With that said, those new revenue streams are not yet big enough to offset the decline in credit subscriptions, and that is going to take a bit more time to come.

1.6 EMEA/Asia Pacific

In EMEA/Asia Pacific, we have another good story. Revenue growth was in the double digits, and there was outstanding performance in EMEA. Decision Analytics really drove the performance in both of those regions. We are winning a lot of new business, particularly with PowerCurve but also for Analytics and Fraud.

We are also making some early stage investments to help address new markets: for example, we have created what we call an innovation hub in Asia Pacific, looking at opportunities in alternative data and scoring. We expect that to be a big focus in that region for us going forward.

1.7 Strategy

Moving on to strategy briefly, we put up this slide in May and it highlights the key focus areas for us as we go forward. I just wanted to touch briefly on the progress we are making in all these areas, because it is considerable. I will give you some examples of what we are doing.

We said we wanted to add new data sources to build greater depth and broader coverage. In September, we completed the acquisition of Clarity. Clarity is the market leader in non traditional credit reporting in the US. What it does is it compiles information from sources such as low income lenders, fintech and rent to own companies.

This addition substantially expands our data coverage in our largest markets. We hold data on about 220 million consumers on our consumer credit database. However, there are about 50 million consumers in the US who are largely invisible to traditional lenders because they have limited or no credit history with to evaluate and score. Clarity will greatly extend our data coverage in this segment.

We are going to add it to the efforts we have been making in other areas such as the rent bureau, which is where we collect data from landlords, and other areas where we are partnering such as to access bank accounts, which gives us access to income information through direct deposits of paycheques, for example.

The combination of all of these efforts will significantly extend the depth and the breadth of our coverage from a starting point of about 220 million consumers to 270 million US consumers. It also gives us access to new sources of data to go after verticals like mortgage, which are relative small for us today.

We are pursuing opportunities like this really across the globe, wherever we have data assets. It is a combination of organic investments, acquisitions such as Clarity and other minority investments we have made to really build up the capability.

Now, we have talked to you about our analytics, our software and our lead. This year, we launched our second generation analytical sandbox called Experian Ascend. This product was built in North America and we are going to deploy the platform globally.

Now, what Ascend does is it allows clients to have real time access to huge data sets to build their own custom models, to test lending criteria, to perform trend analysis and to forecast. For example, a bank might want to model how to target a pre screen campaign in a certain geography. Previously, analysis like this on a specific segment of the population might take weeks to do. Ascend really reduces that effort to the push of a button.

Another example might be driver information across the US. Ascend can correlate our auto data and our credit data. It can take data from multiple sources, not just Experian but also the client's sources as well. It is really easy to visualise and manipulate.

There are massive benefits to our clients from this product. First of all, faster analysis: what used to take people weeks or months to do can now take minutes. It reduces their costs because there is more automation, which means less resource is required to do the analysis. It produces better decisions: the flexibility and the speed that Ascend provides allows our clients to do vast scenario planning analyses, and that leads to better, more informed decisions for them.

On top of that, we have added analytical and decisioning tools, artificial intelligence and data visualisation. We are providing products which provide seamless access and utilisation of the data in their production systems.

The client reaction to this has been very strong. We have signed four major contracts in the first month following release, and we have a very large ongoing pipeline for additional deals.

The feedback has been that the access that the product provides to the entre file and the depth of the historic data that is in the end platform really puts this as the best product which is available in the marketplace today.

1.8 Product Launches

We have launched many major products over the last 24 months. Actually, we have told you about quite a lot of them from this stage in a piece by piece way.

But to pull some of that together, we have previously mentioned CrossCore. we signed 33 new deals for CrossCore, which is our fraud prevention platform.

We talked to you earlier in the year about Text for Credit. This is now operational. We have several key lenders. We have a great pipeline of opportunities across the globe.

We have also had a fantastic response to our PowerCurve Collections product, which I think we told you about in May. In fact, we signed a very key client in the UK just yesterday on that and we have a very strong pipeline building in every region.

We have more product enhancements on the way. We talked to you previously about the SAS-enablement of our entire decisioning suite. That is something we expect to come in FY2019.

We really have great momentum across many of our business lines.

1.9 Investments

None of this would really be possible without the investments we have made to transform our core technology. What we are doing is really delivering on clients' needs for a few things: big data and analytics; real time access to data ingestion; speed and agility in how they use their data; and of course robust data security.

We have introduced things like reusable models, where we build once and deploy everywhere using global development standards. That allows us to scale product investments. We have created greater flexibility in our computing environment, so we can operate at a faster pace, introduce products faster, integrate them with our clients faster and give them flexible, open access in an API environment.

In all of this, information security has been our number one priority. Everything we have done over the last few years has been designed to accelerate our capabilities and really improve our security environment.

I would summarise by saying that we have moved from a situation where technology was a function of the organisation to where it really is now a key enabler for us going forward. It gives us great confidence in our ability to continue to innovate at scale and drive our business forward.

Consumers whose data we hold are essential to our business. This is not new. You have heard me say this many times now. Recent events have put this really into sharp focus. Direct engagement with consumers is a strategic priority for our business, and our strategy has been and continues to be to build those relationships with a range of actions both in the B2B and B2C businesses.

You heard me say this in the presentation, but you can see on the slide that we are generating large audiences with consumers in all of our major markets. If you total it up, I think we have almost 30 million free consumers using products across the three major territories, which is very significant. That is great progress.

But consumer engagement and trust is not really just about our B2C business; it is actually really critically important to our B2B business, because it primarily relies on the use of consumer data to operate.

We first talked about this a few years ago, and we have executed on a strategy that bit by bit is providing better experiences and greater convenience to consumers. I am going to talk a little bit about some of those examples.

We have invested heavily to increase the accuracy of our data. We now have the highest data accuracy in the industry, and we aim to do better than we are already doing today. It is the number one source of consumer complaints, so we aim to eliminate that as a source of frustration for consumers.

We have invested heavily in our call centres and turned them into contact centres to make life much easier for consumers who are trying to contact us about their credit files. They can do things like click to chat, and we provide a much better experience in engaging with them.

We are now live with the online consumer dispute resolution service. This product is really fantastic. It allows you to initiate a dispute within your credit report, track the progress and get alerts when the dispute is resolved, which is a much, much better consumer experience.

Of course, in the B2B business a lot of our focus has actually been on developing products which ultimately provide much greater convenience to consumers, such as simplifying the loan process. Products like Text for Credit are a really good example of that.

Steps like these have been in development, and some in production, for quite some time now. We have made substantial investments in the products and the infrastructure to make this a reality. I think it is the distinguishing feature of our strategy, and it is one that we think is very important for our future.

1.10 Summary

To summarise this section before I hand it over to Lloyd, I think we are making very good progress. We are consistently delivering good organic revenue growth, and I think our actions will enable us to sustain and grow our business going forward.

The B2B side of the business is performing really well. New products and technology investment will enable us to sustain this. The steps we have taken in Consumer Services really show good promise. We have much greater confidence in the recovery of this part of the business and in our ability to develop it further. All of this gives us confidence that as we look ahead we can maintain and add to our growth in the years to come.

2. Financial review - Lloyd Pitchford, Chief Financial Officer, Experian

2.1 Introduction

Thank you, Brian. Good morning, everyone. I will start as usual with a recap of our key financial metrics and then go on to review the results in a little more detail. As a reminder, the prior year comparator has been restated for the disposal of the cross channel marketing (CCM) business, which was held for sale at the end of the year and we disposed of it during the first half.

As you have heard from Brian, we continued to grow well in the second quarter with total growth for the half of 5% and 4% organic revenue growth. Foreign exchange was neutral to revenue growth in the half. Benchmark EBIT was up 5% with EBIT margin flat at actual rates and a slight currency benefit of 10 basis points. Benchmark EPS grew by 6%.

The first half of the financial year is traditionally the weaker half for cash generation. Combined with an increase in investment, that led to operating cash conversion of 68%. Finally, following the good progress we have made in the half, the Board has recommended and approved a 4% increase in the first interim dividend.

2.2 Growth

If we turn over to revenue growth for the first half, on the left you can see recent growth history. With organic growth in the first half of 4%, we are within our target range. On the right hand chart you can see the growth across our B2B activities has been consistently strong, with sustained growth of 7% in the first half. We have now achieved B2B growth of 6% or better in 10 of the last 11 quarters. Looking ahead to the second half, we expect to see this trend higher as the contribution from new product innovations grow and we see further progress in our B2C business.

Taking a closer look at revenue performance in the half, we see there was particularly strong growth of 7% across the North America B2B business, reflecting some of the new introductions Brian referenced and improving Decision Analytics performance this year.

We have again sustained high growth in Latin America and, in particular, in Brazil. We have consistently grown in Brazil at the upper end of the mid single digit range right throughout the recession and we are well positioned now as we see sustained improvements in economic activity.

B2B growth in the UK was held back by some lumpiness in Decision Analytics, which had a strong comparator in the prior year. EMEA/Asia Pacific continues to deliver high rates of growth, particularly now as we have got a more focused portfolio and following the disposal of the cross channel marketing business.

In Consumer Services, both the UK and US businesses improved from the first to the second quarter, with decline rates moderating. Given the developments that Brian outlined, we believe we will see sustained sequential improvements in growth in these two businesses.

Finally, acquisitions contributed one percentage point to growth due largely to the CSIdentity business, which annualised in August, taking us to the 5% total growth for the Group as a whole.

2.3 EBIT

Turning to EBIT, starting with the re based first half margin of 26.5%, this chart shows the contribution to Group margin development from each area of our business. You can see we delivered strong margin progress in our B2B businesses. In North America particularly, strength was driven by the momentum we are seeing in our Marketing Services business and our Decision Analytics business.

In the UK, we saw good margin progress in Credit Services which more than offset the impact of the strong Decision Analytics comparator from the prior year. Across EMEA/Asia Pacific, there was continued progress towards profitability.

In Latin America, we continue to invest and diversify the business. The margin reflected this, along with further movements in our Brazil business for the São Carlos facility, along with some margin contraction in Spanish Latin America.

Taken together, in the first half our B2B businesses delivered EBIT progression of 12% on 7% revenue growth, expanding Group margins by 120 basis points. As expected, we continue to invest in the diversification of our revenue streams in Consumer Services, where margins reflect the support we have put behind the new product launches, in particular IdentityWorks. Overall, Consumer Services margins in the half were 22.4%, reducing Group margin by 130 basis points.

That takes us to the overall Group margin of 26.5%, including a slight 10 basis point currency benefit and flat actual rates, which is in line with where we guided at the start of the year.

2.4 North America

Turning now to the regional results, I will comment on results at constant rates.

I will start with North America, where we delivered revenue growth of 6% and organic revenue growth of 4%. Again a strong prior year, Credit Services continued to perform well with firm credit volumes outside of the expected mortgage headwind.

Volumes of credit freeze requests resulting from the Equifax breach spiked in September but did not materially alter performance in the half. Both Business Information and Health delivered strong contributions.

As we move through the second half, we will see some lift as we benefit from some of the new product introductions that Brian mentioned and particularly from the trended data agreement with Fannie Mae, which will benefit us from Q4 onwards.

Decision Analytics is gaining momentum, with great progress on pipeline and buying signals across the market for software in North America. You will recall from last year that we had some lumpiness and we had a one off deal from Freddie Mac in the second quarter which contributed to some lumpiness in Q2.

Marketing Services had an excellent half, driven by our Targeting business, where we are making very good progress in digital advertising as we grow existing positions, add new clients and find new utilities within our data for our clients.

Total growth of 4% in Consumer Services reflected the inclusion of CSIdentity, which annualised in August. Organically, Consumer Services was down 4% and improving as we progress through the half and we ramp up support for the IdentityWorks launch.

We also saw positive contributions from Affinity partnerships, where we secured a good flow of contract wins. Together with the scale of IdentityWorks, this means that we expect the decline in Consumer Services to further moderate sequentially from here.

Overall EBIT was up 5% to $395 million with a margin reflecting investment behind the new consumer products.

2.5 Latin America

Turning to Latin America, we had another good performance with organic revenue growth of 7% across the region and 7% in Brazil. Growth in Credit Services was 4%, with Brazil Credit Services up 5% partially offset by some weakness in Spanish Latin America.

Countercyclical revenue in Brazil softened slightly, as we see the economy emerge from recession. After a number of years of double digit growth, Spanish Latin America had a weaker Q2 as we saw some consolidation in its position.

Growth in Decision Analytics of 35% continues on its strong trajectory as we secure new markets for decision support software across the region, and Marketing Services continues to grow strongly, up 30%, driven by our digital marketing solutions. We are really driving forward that diversification strategy in Brazil that we outlined a couple of years ago.

EBIT margin for the region of 31% reflecting mix, the growth investments and the weaker second quarter we had in Spanish Latin America.

2.6 UK and Ireland

Moving on to the UK and Ireland, B2B growth of 4% was more than offset by the decline in the consumer segment and, overall, revenue was 2% lower. We saw progress in Credit Services, where bureau volume growth has been good and reflected strength across credit reference, background and credit pre qual services.

Underlying trends in Decision Analytics are also good and the 3% growth rate reflects a big win we had in last year's numbers in Identity Verification. Marketing Services also continues to benefit from the strong take up of new digital marketing tools, offset by some weakness in our Data Quality business.

It has been an important quarter for the UK Consumer Services business as well. We lapped the launch of the free service in the prior year, consolidated on our new technology platform. Combined with continued strength in the CreditMatcher product, this gives us confidence we will see continued sequential improvement in the rate of decline as we move through the second half.

Overall EBIT margin for the UK and Ireland was flat, excluding the impact of FX, primarily reflecting investments we are making in the transition in the Consumer Services business, offset by good cost control and leverage in the B2B business.

After the impact of FX, UK margins were 29.6%, down 20 basis points.

2.7 EMEA/Asia-Pacific

EMEA/Asia Pacific performed very strongly in the half, up 11%, with a particularly strong second quarter. Credit Services was down, modestly, by 1%, and we have seen good recovery across a number of our European markets, with growth in Spain and Italy, as well as strength in South East Asia and India. This was offset by weaker conditions in China.

Decision Analytics is performing well, up 25%, with multiple wins for credit decisioning software, in addition to fraud prevention and analytics. Marketing Services in the region is much smaller now, post the disposal of the cross channel business. It grew 13% organically, which is very strong and was driven by data quality and Targeting.

For EBIT in EMEA and Asia Pacific, our increasing scale helped us to moderate our losses in the first half. We are confident that this business will continue its trajectory and be profitable for the region as a whole for the full year.

2.8 Benchmark EPS

For 1H FY17 the benchmark EPS is 40.7 cents per share. The growth in benchmark EBIT from ongoing activities at constant currency was 5%, which reflects the good organic revenue growth just discussed. Interest expense increased from 5 million to 40 million on increased borrowings and lower interest income from lower interest rates in Brazil. The tax rate was 26.8%, which reflects the geographic mix of profits in the half. We saw a benefit from the share repurchase programme, with a weighted average number of shares for the half at 924 million. This all translated to a 6% growth in our reported benchmark earnings per share.

2.9 Statutory Results

There were no exceptional items in the half. The only material movement was in non-cash re-measurements. If you take those into account, including the amortisation of acquisition intangibles and costs etc., the statutory PBT was 467 million.

2.10 Cash Performance

We converted 68% of benchmark EBIT into operating cash. H1 is traditionally the weaker half, and for the full year we expect cash conversion to be around 90%. Our investments in growth and innovation increased, and were more H1 weighted this year. This included the re-platforming of the UK Consumer business, investing behind the expansion of the PowerCurve suite, our CrossCore fraud prevention platform and the new call centre technology that Brian outlined in his presentation. Working capital and other movements increased by 160 million due to phasing of payments in the half. There were after net interest payments of 37 million, cash tax of 66 million and free-cash flow was 289 million, which represented a conversion of benchmark earnings into free cashflow of 73%.

2.11 Net Debt Reconciliation

We ended the half with 3.4 billion of net debt, which was up by around 250 million from the start of the financial year. After acquisitions, minority investments, share repurchases and payment of our dividend we had net debt to EBITDA for the half of 2.2x, which was well within our target leverage range of 2-2.5x. Since the balance sheet date, you will see that we have made a further 170 million of acquisitions and investment commitments, including the acquisition of 100% of Clarity in the US which Brian talked about. Additionally, there was a 10% stake in BankBazaar in India. That brought the total acquisition commitments this year to 202 million.

2.12 Full Year Modelling Considerations

We expect the total revenue contribution from the acquisitions to be around 60 million on a pro forma basis, with a little under a half of that in this year. We expect net interest of around 85 million, which is towards the top end of our previous guidance and reflects the progress of the share buyback and the acquisitions announced. We continue to expect tax to be in the range of 26-27%. It is too soon to include any contribution of the recently proposed changes to the US tax code within our guidance. We are watching those events closely, and we will give some more detailed guidance as we see some of the proposals firm up through the legislative process.

We expect capex to be 9-10% of revenue, which reflected our growth investments and some acceleration of some planned IT and information security investments. About two thirds of the 600 million buyback programme was complete. For the full year we now expect the weighted average number of shares to be 917 million, which is down from the 920 million that we had previously.

2.13 Summary

We had a good first half, consistent with the financial goals and guidance issued at the start of the year. We have had a strong performance and good momentum across our B2B business, and we are making really good progress in diversifying our B2C revenue. Looking ahead, we expect organic revenue to strengthen as we move through the year and benefit from the things that we have discussed, particularly that Q4 contribution from our Trended Data contract. We continue to expect stable margins at constant currency, and to deliver further progress in benchmark earnings per share. With that, I will hand you back to Brian.

3. Concluding remarks – Brian Cassin

Thank you, Lloyd. As you can see, we are building strong foundations for a stronger business. We are best in class for data quality, accuracy, security and regulatory compliance. We have made substantial investments in our technology. We have a strong pipeline of innovative propositions which are coming to market. We are getting a good reception from our clients. I think that we have a brand that gives us permission to provide new services to consumers, and they are adopting our new products. When you put all of this together, I think we have an exciting future ahead of us, both over the balance of this year and in the years to come. There are good prospects for Experian going forward.

4. Questions and Answers

Paul Sullivan, Barclays

On the Equifax breach, are you having any initial conversations or are you seeing any signs of share shift benefiting you relative to them post the breach? Secondly, on your overall exposure to freezing, locking, unlocking and the shift that seems to be happening towards free in that marketplace, how does that affect you? Whilst you are seeing benefit on the ID protection product today, with new free products to the market how do you view the long-term impact, post-breach, on market conditions there?

Brian Cassin

The Equifax breach happened quite late in Q2, so we did not really see any benefit. The positive momentum you are seeing in our business is really down to our product introductions. We expect to do well in the second half, but I think it is nothing to do with those other factors. It is too early to tell, and we will have to wait and see how market conditions evolve. There are lots of conversations going on with clients. I am sure that is true of everybody in the marketplace. Those conversations are very positive. We will wait and see how things evolve.

On the issue of freeze and lock, firstly, not many people have frozen their accounts. It is a relatively small proportion of the overall file. It is not, therefore, a significant issue. There was a spike around the breach, and it has tailed off significantly now. We do not expect that to be a big feature going forward.

As to free provision services, we do not know what will happen from a regulatory perspective. This is just one feature of the overall identity product. We actually provide many free features to consumers already. I do not think we are expecting that to have any material impact. If you look at the evidence that we can see through our own subscriptions, and indeed anybody else's in the marketplace, particularly LifeLock, it drives a lot of consumer interest in the product category. They then evaluate what the value for money of the proposition is. The evidence that we have, and that from LifeLock's progression over a long period of time, is that they see great value in the proposition. We are seeing that in the numbers that we have. We do not see anything that is going to change that in the short term. Market conditions change all of the time, so we are constantly evaluating that, but we still see a good prognosis for this business going forward.

George Gregory, Exane BNP Paribas

I have three questions. Firstly, I would be interested to hear Brian's thoughts as to how Ascend compares to the analytical environments offered by your peers, which have been on the market for some time. On Clarity, I noted that one of your peers had acquired a similar asset. TransUnion acquired something similar recently. I believe Equifax also has something similar. Are you broadly seeing a shift in lender appetite towards using alternative data sources, and should we infer anything for your businesses as a result of that? Finally, you mentioned that you were evaluating how to scale the marketing spend on your US lead-generation product. Perhaps you could add some colour. Is that as a result of the success that you have seen on IdentityWorks, or are you seeing something else within lead generation.

Brian Cassin

For Ascend, I may ask Kerry to comment on the difference in the products. The first point I would make is that Experian Ascend is the next generation of Analytical Sandbox. We have actually had the product in the marketplace for a number of years. In fact, we were first to market with a product of this type; our competitors came to market after us with Experian Sandbox. Ascend is the next step up in this product proposition. The depth of data, as well as the track record with 18 years of good, depersonalised consumer history in that product, it is a very extensive file access that we are giving to consumers. We believe it is, by some margin, the best product in the marketplace available today.

Kerry Williams, Experian Chief Operating Officer

The confirmation back from clients is very clear in terms of the flexibility, and the way we have architected the technology means the ability they have to do their analytics on it, add different data sets into it and take that directly back into their production environments is very seamless. As Brian said in his presentation, we have already signed four of the largest customers in the US market, and our pipeline is well over 20 at this point. All of those are giving us good buying signals. Clients are making their choices very clear with the product they want to go with.

Brian Cassin

On the Clarity acquisition, I think I will take a step back to answer your question more fully. Over a number of years, we have seen a larger proportion of the population not being able to access mainstream credit provision in the United States. That means that the visibility of those consumers to traditional lenders has been limited. Clarity is the leading provider of information in this space. It is two to three times the size of its nearest competitor in that space. It is the prime asset, and we believe that it will give us the most comprehensive coverage of that sector of the population going forward. Everybody will be trying to access this population segment. We believe that Clarity is the best asset in this space.

Kerry Williams

I would just add a little bit of colour to your comment about the visibility of these consumers. In the US, you can keep the information on the file for seven years. That is a regulatory requirement. A lot of these consumers found themselves in trouble during the financial crisis, and so they have disappeared from the mainstream bureaus. As a result, you have to go out and acquire these consumers in a different manner, which is what we have done here. Clarity is three to four times the size of the next asset out there that we looked at. It is a substantial improvement in terms of our depth and breadth of file quality.

Brian Cassin

The third question was in relation to the Lending Works product. This is really just a question of priorities. As we launch new products in the marketplace, we test the response and see which ones are getting the best traction. In this case, it was IdentityWorks, so we put our efforts behind that. It is also partially driven by the fact that although we launched the product we did not have a full set of card and loan offers on it, and that continues to build as we go through the quarters. As we look at where we are today, we now have an extensive portfolio of products on the offer. It is the best eligibility matching engine in the marketplace, and I think we are going to evaluate how best we can drive traffic to that and monetise it going forward. Primarily, we look to put our marketing dollars behind products which are going to give us the best ROI, so that is where the decision is really driven.

Matija Gergolet Goldman Sachs

I have two questions. One is on regulations and the other is on margins. In the wake of the Equifax breach, could you give some colour about anything you are hearing about any potential regulations changes, whether that is in the US or other markets, and if they concern you or should concern us? With regards to margins, B2B has some very good operating leverage. The consumer division was the drag in this first half. If you have more less stabilising revenues in consumer in the coming quarters, while B2C accelerates, should we also see improvements in the margins incrementally?

Brian Cassin

Let us deal with the regulation question. We have seen a lot of activity on the regulatory front, both at the state and federal government level, with lots of different proposals. You need to look through the noise at what that is driving us. We ultimately believe that there may be some additional measures that come out oriented towards consumer protection and in the security area, but we are working closely with state and federal regulators and tank that legislation, if it comes, will be something we will be well able to cope with. It is not something new for us. We have been under CFPB and FCA regulation in the US and UK respectively for many years. We are used to having regulatory oversight, so we do not think this is something fundamentally different.

Kerry Williams

Regarding regulation in other markets, we have recently seen Australia pass their comprehensive data, so that will go into effect. That had been the whole basis upon which we created our Australian bureau. Positive data has passed one of the houses in Brazil, so that is moving forward in that market. Open data access in the UK looks to be a pretty good opportunity for us. GDPR in the European Union also presents a number of opportunities for us. Regulation is therefore creating some opportunities for us in a number of markets at this point.

Lloyd Pitchford

On the margin question, there is no change to our full year guidance on flat margins. You can see in the moving parts that when our B2B business is growing in high single digits it does turn off some operating leverage. For the B2C business is we will invest where we see a good proposition to invest behind for growth. When that shows up in terms of margin depends on those propositions. We will continue to invest behind Identity. We have talked about the opportunities that we have in lead-generation. I think we will continue to see investment behind the growth that we expect to see in the B2C business next year.

Tom Sykes, Deutsche Bank

Could you go through the growth in non-financial services clients within the Credit Services businesses in the US and UK? What growth you are seeing in telcos, utilities and the public sector, and how does that contrast with the financial services clients? Could you perhaps pick up on health as well? Coming back to your last comments on investment into Consumer

Services, are the data and customer acquisition costs in H1 higher than they were in H2 last year, and would we expect those to sequentially increase? Obviously, your comp is a bit easier in the second half of the year on the customer acquisition costs in consumer.

Lloyd Pitchford

On the margin question, you can see it in the margin progression for the business. We have been investing behind those launches, both in data and customer acquisition costs. I think you can expect that to continue in the second half. The question for us as we look at the data then is where the optimum point is in terms of marketing spend, which is both our broadcast spend and our digital marketing spend. The team really fine tune that every day depending on the reactions they are getting. We will then find opportunities to scale the Lending Works product. You have to think about the consumer business as a story of investing behind, and getting that business back to growth by diversifying revenue streams. There is flat margin guidance for this year and we will update our guidance for next year in May.Health continues to grow well. Auto was flat in the period. New car sales are down; used car sales continue to grow. We do not break out the individual elements within the core Credit Services business, but there were no real outliers. 7% is pretty common for us across the sectors.

Andy Grobler, Credit Suisse

I have two questions. Cash conversion was clearly weaker in the first half, which looked mainly to be working capital. How much of that is timing with the period end on a weekend, which I guess is the same for the full year as well? How much is it if something else changes within the business? Secondly, on the subscription business within consumer, when you look over five years do you think the business is sustainable in any form given the number of free options? Is it all about offsetting that with other opportunities, and the expectation is that that will trend towards zero over a number of years?

Lloyd Pitchford

The full year cash conversion was 90%. It was 96% last year. About half of that is extra investment and half is mix. The consumer business is a much more rapid cash business, and that has been declining this year. B2B business has a slightly longer cash cycle. We are confident that it will be 90%. In the half, the period end feel on a weekend. That has some slight cash phasing issue in the first half, but it will be back to 90% for the full year.

Brian Cassin

On Consumer Services, because we focus on this every time we talk to each quarter or half year you can lose sight of the bigger picture. However, if you take a step back, over the last few years that business has migrated from being a single product with a subscription element to a portfolio of businesses. The partner services component is 40% of the overall revenue, which is a very significant change over the last three years. We now have a much broader range of products on that platform, ranging from free to paid for. You are right in that the subscription revenues have been the ones under pressure. We do expect the credit education membership to continue to decline, though as I said that has moderated. We do see identity as being a product that can continue to grow for quite some time, because there are unique features to that product which are not available in a free proposition anywhere else. Bear in mind that these products and markets will evolve every year, and our objective is to build a very broad based business, with lots of products ranging from free to subscription. If you are asking whether I think the subscription products will be a smaller component of the overall revenues in three years, then the answer is that I do, but that do not think that necessarily means subscription products will not be there. I think they will be, but we will have a broader base.

Andy Grobler

The core credit subscription is the traditional business. The value proposition of the identity business looks to be higher than the core credit stuff, given all of the alternatives. Within that mix, is identity going to be a disproportionate part of that over the years? I am really thinking about paying for core credit data when you can get it for free.

Brian Cassin

Core credit is not going away. There is still a huge number of people every year coming to Experian, looking for these products and services. We are focused on year-on-year change. The volume of people that come is still significant. It is not going away. This year, identity is going to be a meaningful revenue stream; it will be bigger again next year. They could get to being equal in time over that period. It is difficult to be precise three years out. I cannot say much more than that identity will be a much bigger component than it is today. Credit education is not going away, but we do not expect it to grow, though we do expect partner solutions and lead gen to grow. When you look at the portfolio, that is really how you see that business getting back into growth.

Ed Steele, Citi

It was not clear what happened at Computec in the quarter. You talked about Spanish South America being soft in the quarter.

Lloyd Pitchford

There was some weakness in Colombia. It was not really Computec. There was also weakness in Peru. We have seen some strong growth in that business. About 10% of Latin America is outside of Brazil. It was particularly Peru where we saw some weaknesses. It has been growing very strongly. There has just been some pullback.

Rory Mckenzie, UBS

Can you give some more details on the current active user base across the consumer provision in the US? Is the free base of 30 million still growing 0.5 million per month? What is the size of the subscriber base in Credit Works? What is the source of the new customers in ID Works? Are they new to Experian or just transferring across? The next question is on Brazil. You mentioned some headwinds from the decline in counter-cyclical products. That is clearly a good thing. Overall, when do you expect that to accelerate and Brazil to move on to the next level of growth?

Lloyd Pitchford

The underlying position for Brazil is improving. As we said about the last couple of years, for a business in an economy that has seen such a rapid decline in GDP, we have grown very well. When we get back to normalised growth rates we think we will see improvements. The first thing you will see is that the take up of that growth will be offset by moderation in some of the counter-cyclical products. That will probably be for the next six to 12 months. You will then see the benefit of the GDP growth come through the business. That is without the benefit that we are seeing from the growing diversification and strong growth in Marketing Services and Decision Analytics.

On our growth rates of subscribers, there is no real change from the trajectory that we have seen. We get a number of cross-referrals. We built an ecosystem, so you see a lot of people come in for the free and then upsell to the subscriber base. That is the principal source of monetisation of that free base in the US. There is some paid to paid conversion in the identity product, but the majority of people are fresh in. We launched the dark web scan in September, and over 4 million people run that. It has been a great way of converting people into the identity product.

Andrew Farnell, Morgan Stanley

Can you just talk about the Lending Works program? You talked about product holding you back? What else do you think stops that business from growing more rapidly? Can you also talk about the competitive dynamics in that particular segment as well?

Brian Cassin

The market is very large and growing, so it is an attractive marketplace. The issue about card offers is that it just takes time for a financial institution to load its full product portfolio onto the site. We are now getting to the point where we have a very broad range of institutions across every card category and every loan category, so it is a fullness of product offering.

You need two things, however: you need consumer traffic and you need breadth of product offering and you need product capability. Product capability is best in class; in other words, we can match people better than anybody else to the offer and, when we do, the conversion rates compared to anybody else in the marketplace is are extremely high. We add breadth to the products and it makes the platform more attractive to consumers.

The final bit is to drive traffic with intent to that product. When we drive to our Consumer Services businesses, it has different intent. In other words, you have somebody coming who might be looking for credit or might be looking for identity. The choice that we face is which product we put them into and what the best return on investment is. It may not necessarily be to put them through to a credit offer. It might be that we put that person into a free or a paid subscription product – that is a better return for us.

We try to calibrate this. It takes time to test the marketplace and to see how much traffic we can drive, how it converts and what the return on it is. We constantly evaluate that. That is the equation that we work and we will continue to evaluate that as we go forward.

Andrew Farnell

You would say that LendingWorks is probably the largest in terms of an addressable market out of the three.

Brian Cassin

Today, the lead-generation market is probably about the same size as we think the IdentityWorks addressable market is. We have two very large marketplaces that we are addressing. We think that, in time, LendingWorks can expand into other product categories.

Over time, it could become bigger again. Between the two of them, there is really a lot of white space to go for.

Lloyd Pitchford

If you think about it and look at both of those markets, they are not that dissimilar from the core bureau market, and we generate very little revenues today, so it is a great opportunity – both large, both growing, with very little current revenue.

Brian Cassin

Just to clarify, the LendingWorks revenue is growing very rapidly, even though we are not putting much effort behind it, although from a very small base. Where you have seen us do this in a more focused way is in the UK. Our CreditMatcher revenues in the UK are scaling to somewhere close to a run rate of £20 million in a year from a standing start. That is the evidence where we got the right conditions, we put the effort behind it, we convert correctly and we can gain a meaningful start in that, so that gives you a better picture.

Andrew Farnell

How do the three million free users in the UK compare to the other free users on platforms such as Noddle and others?

Brian Cassin

It is bigger than Noddle and it would be slightly behind ClearScore in the UK. I think ClearScore had roughly 18 months in market before us on the free proposition. We launched the free score in market about a year ago, and we got three million free sign-ups in that space of time. As always with these markets, you have to ask yourself some questions: can you generate sufficient consumer engagement? Yes. Can you monetise that? Yes. How do you monetise that? In a variety of different ways. You have to look at the intent of the consumer traffic to drive your choice around which product to put in front of them. It is not as simple as just saying: we have a lot of people – let us stick them into LendingWorks. There may be a better way. They may be a more valuable customer through a subscription product, for example. That is the algorithm we are applying.

Lloyd Pitchford

Those numbers are direct memberships. We provide a lot of indirect credit-score and credit-report access through our financial-services partners, so, if you added those in, we would be clearly ahead.

Brett Huff, Stephens Inc

I have two questions. First, you have talked a lot about feeling better about your ability to reaccelerate the revenue growth in the consumer business both in the UK and the US. Could you give us the top two or three reasons why? You have talked about them but I just want make sure I get those.

Second, it seems that the mid-single-digit organic growth and flat margins over the last couple of years have partially been limited by the difficulties in Brazil, which now sound like they are starting to turn around, and that may help revenue growth over the medium term. Flat margins have been, at least partially, driven by the investments that you have made in the consumer business and, again, it sounds like you are confident that that is getting better. If those two things get better, do we see a better look into the long-term growth algorithm for Experian over time?

Brian Cassin

Kerry, do you want to talk a bit about the components of growth and the consumer, and why we have confidence there? Lloyd will come back on the margin point and I will round off on our outlook for organic growth.

Kerry Williams

I think there are several reasons why we feel confident on consumer growth. The first is that, as Brian said earlier, we have a portfolio of offerings now for consumers. It is a much more sophisticated offering, with a tremendous amount of value in each of the products compared to what the business was originally built on, which was selling a credit report and a score.

We have a fantastic technology platform that allows us to test and to implement things very rapidly in the marketplace. We have developed a great partner channel, as Brian mentioned. We know that consumers will need, in the future – and they believe that they need – identity protection going forward. We know that we are best situated in the lead-generation space with relationships that we have with the financial institutions and the fact that they are willing to trust us with their scoring methodology and that we have the data assets.

We are simply well-positioned to be able to capitalise on a number of these product categories in the consumer space. We have seen and are seeing the results in our efforts. They are testing out well, and the combination of all of that gives us quite a bit of confidence.

Brian Cassin

Before we go to margins, Brett, you mentioned Brazil. Brazil's growth has been pretty good over the last few years. I think, relative to what it was before Brazil went into the crisis, it is much reduced, but the main difference between the overall growth rate has been the consumer drag. In terms of the B2B business, we have delivered 10 out of 11 quarters of very high single-digit growth, so that business is really coming along. If we start to move the Consumer Services business in a different direction, you can see that the business will start to generate higher overall growth.

Lloyd Pitchford

On the margin, clearly, when we are growing the B2B business in high single digits, it has the potential to throw up quite a bit of operating leverage. The key question for us is the extent to which we are investing behind the growth in the consumer business. If we see opportunities to invest economically, we will, and that is why we changed the margin guidance a few years ago to guide each year. We look at the product, we look at the success and the resonance it is having in the market and, if we can invest economically, we will. The Group's margin will be a sum of those two moving parts.

Kerry Williams

If I can add to the consumer piece, which we have not highlighted here, we have a fundamental belief that, going forward, you will need a relationship with consumers. As the trusted bureau and the trusted provider of financial products and services for them, you need to be able to reach out to the consumer and establish a relationship with them versus just doing it through third-party channels. When you do that, it opens up more opportunities for you to engage with the consumer and to be able to help them and create additional products and services for them. Strategically, therefore, we see it as being extremely important that you establish a relationship with the consumer and that you are able to help them move forward, versus abdicating that responsibility to other third parties and letting them do it themselves.

Lloyd Pitchford

On the overall growth position, our mid-single-digit growth is through the cycle, so you will take a view on where we are in each of the economic cycles. If you look back over the last three years, we are clearly seeing the potential for strength in our innovation programme when we invest behind the B2B business. That is improving and will improve further from here. In terms of Brazil, we have to look out over the next three years and think it will be better than the last three. In terms of the consumer business, we think we have a good trajectory to get that into growth. Taking those three together, I think it underlines our positive outlook.

Giasone Salati, Macquarie

I have a couple of questions. First, on regulation in general and the portability of data, you mentioned that as an opportunity. We have an insight on how much more you could get directly from consumers, probably for free, I guess. You are offering a free service that should be for free. Is there also a point where that lowers your barrier to entry?

As a follow-up to that, maybe more directly for Lloyd, at what point does that become a cost advantage? You probably have an idea of how much the cost is for each consumer dataset. If that dataset comes in more and more for free, at what point does that become a positive on margins rather than a negative, as it has been from Consumer Services recently?

Brian Cassin

Let me deal with the barriers-to-entry question. You saw the acquisition of Clarity and how that adds to the depth of our data file. An important point there is depth and breadth. There are lots of people who have some information on consumers. Building a comprehensive picture of somebody's credit profile is an incredibly complex and difficult thing to do. You need breadth of capability and you need relations with financial institutions and data contributors. That is a very difficult thing to replicate, even in an open-data-access environment. What will become available, I think, are alternative sources of data, which can add products and services on top of what we already have. If we build from a very strong foundation and we look for alternative sources of data, we can build out more products and services that are more relevant to our B2B clients and to consumers, and that is really what our strategy is driving at.

Coming to your point on regulation, I will give you two examples. In the UK, we are going to have Open Banking and General Data Protection Regulation (GDPR), both of which, we think, will give rise to significant opportunities. Open Banking is going to drive a much sharper focus on things like affordability, portability and security of data, and we have invested behind products and services to position us very strongly for that. One of the reasons for the acquisition of the business that Lloyd mentioned – Runpath – is that it significantly adds to our capability in that area, so we feel very strongly. GDPR, which essentially puts the sort of regime that we, as a bureau, have been operating under for a long time around traceability, authentication of information sources and consumer consent, to the corporations at large, means that there is a huge opportunity to look at the market for data validation, cleansing, hygiene, linkage and compliance, all of which play to Experian's strengths.

I think that these are really good examples where regulation comes in and certainly adds some cost of business because we have to comply with it, but it also gives us revenue opportunities on the other side.

Lloyd Pitchford

On the data sources, we see most opportunities for new data as being additive, so it is additional data rather than replacement data. The question on cost, then, is: do you acquire it at scale through individual contacts, or do you have a lot of contacts to acquire that data? On the other side, technology is getting easier to deal with that data, and the onboarding and processing costs are less. Those are the two competing forces that we are dealing, and that is no different for the last few years.

Giasone Salati

As a follow-up, this seems to be your worst half. From here on, I think it is happy days, but your tone seems to be more cautious than in other presentations. Can we just put a positive tone on this and say that this is the trough and that 4% organic is going to go higher from here?

Brian Cassin

I did not think our tone was noticeably more defensive than at any other point. I think we have been very explicit that we expect our growth to pick up from here.

Rajesh Kumar, HSBC

First, on the margin guidance, when you are talking about the full-year numbers and 90% cash conversion, should we be expected slightly different trends at the EBITDA and EBIT margins? The investments you have made in new data all look fantastic. Does it have a different asset-life profile which we need to factor in when we are modelling that bit?

Second, could we have some colour on the split between what proportion of consumer currently is Affinity, new products and traditional fraud freezes, and stuff like that?

Finally, on the Brazil margin decline year on year, could you give us some colour on how much of that was investment in consumer versus positive data versus Colombia or Peru troubles? That would be very helpful.

Lloyd Pitchford

On cash, it was 96% last year and it will be 90% this year. Looking at the capex guidance that we have given, about half is the addition of the investment and about half is just the mix in the business.

On the difference between EBIT margins as to the full year, they are flat margins, and you will see a similar trend, with the B2B business churning off operating leverage and investment behind particularly the US business and the scaling of IdentityWorks. EBITDA margins bounce up and down a little, based on the individual depreciation lives of the assets we invested in. Typically, however, if you think of the amortisation and depreciation charge as scaling at a similar level to capex but with a one-to-two-year time lag, it is something like that.

In consumer in North America, the split is 60/40. Within direct-to-consumer, we have the decline in the Credit Education business and a growth Identity business, and then, in Partner Solutions, the CSID business is contributing to growth there.

The Brazil margins really reflected some of the investments we have made in moving the business to São Carlos – we are still moving a number of people there – and some of the investments in positive data. Given the changes we have there, however, those have really ramped back. There is not a lot of investment that we have put behind the growth in free members in Brazil. We have a really active social-media campaign there that has generated traffic for the majority of that and, as Brian said, benchmarks tremendously well in terms of the mindshare we have been able to get. The other bit of the margin was that Spanish Latin America was down in the half.

Simona Sarli, Bank of America Merrill Lynch

I have a couple of questions. One is a follow-up on regulations in Brazil. You mentioned that the change regarding the positive trade data has been approved by the Congress, so when do you expect to be able to add positive credit data to your reports? What do you think might be the impact on the pricing of your products in Brazil?

The second is on the positive read-across for data quality from the GDPR implementation. Could you comment on the size of data quality and the growth trajectory for data quality? Could you also speak about Pandora and how it is going?

Kerry Williams

I may not have said it correctly, but the Senate in Brazil has approved the positive data. It is before the House for them to approve. Once they approve it – assuming that they do – the central government will have to issue a decree to put positive data into effect. I would not want to hazard a guess on when all of that will happen, because the Brazilian government moves at its own pace. We already have a good bit of positive data on file and we already have a number of capabilities lined up to bring that out into the market when the customers are ready to consume it. It will not take us too long after the data starts coming in, in a widely distributed manner, but I would not want to hazard a guess on when the government will finish the final two pieces and make it available to us.

Lloyd Pitchford

The Marketing Services business globally is about 60% targeting and 40% data quality. Within that, about half of the data quality is in the UK. The Pandora product has grown well and we are extending that platform into a broader data-management platform over the next 12 months, so we see a lot of positive prospects. In the UK particularly, we have more of a legacy business around address management, which will decline a little as we see some pickup in the Pandora product.

Brian Cassin

The other point to make about GDPR is that it comes into effect in May 2018, but the readiness amongst companies is very limited. What we are now starting to see is a lot of companies beginning to realise that this is a significant piece of legislation and they need to do something about it but, hitherto, they have not really done much about it. They will probably start with a bit of a scramble next year.

George Gregory
I have a quick follow-up. I noticed that you had introduced Identity Lite at a lower cost. I am just interested in the rationale behind introducing that. When you look at the longer-term addressable market size of your ID product, how does that change that view?

Kerry Williams
I would think about it as simply an entry point to gain consumers and then move them up the value chain. The vast majority of our consumers who are coming in to IdentityWorks today are choosing our premium product. Persistency is extremely good and they are getting great value out of the product, so I would look at that lower price point as a way to attract consumers in and to be able to move them up the value chain, not only with IdentityWorks but with other products and services that Experian has available to them over time.

Lloyd Pitchford
We are also launching a higher-price-point family plan, so it is part of a range of products.

5. Close - Brian Cassin

With that, we will bring it to a close. Thanks for your questions and we will speak to you all again in January. Thank you.