Trading update – Q1 FY18

18 July 2017

Contents

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

1.1 Introduction

Good morning, everybody, and welcome to our Q1 trading-update call. I am here today with Lloyd Pitchford, who will take you through the trading performance following my opening remarks.

1.2 Q1 Performance

We delivered a solid performance in Q1, with total growth of 6% and organic revenue growth of 4%. The B2B side of our business has, again, grown very strongly, up 7% in the quarter. We are starting to see the benefits of our investments and innovation in the business come through. The pace of new product launches is accelerating and we will continue to introduce new innovations over the coming quarters. As a result, we are delivering strong growth across Credit Services, Decision Analytics and Marketing Services, across all four regions.
On the B2C side, our key focus is to transition Consumer Services to the consumer-engagement model that we have previously discussed, and capture revenue streams from more sources. This quarter, we have taken further steps towards realising this ambition, with the introduction of our new lead-generation and identity-monitoring services.

1.3 Highlights

1.3.1 North America

Now let me touch on some highlights for the quarter. In North America, our innovation programme is enabling us to sustain good growth rates in Credit Services. Last week, for example, we commenced a nationwide rollout of Text for Credit – the mobile instant-credit offer that we previously talked to you about – which prequalifies consumers for loans at the point of sale through a simple text message.

I am also very pleased to say that Decision Analytics had a much better quarter, as we secured a major new client win as part of a One Experian integrated sales effort.

In Consumer Services, we talked to you previously and believe we have created the best products in the market for identity protection and lead generation that provide greater value for consumers and lenders alike. Our focus now is to convince consumers of the benefit of these products, and our initial emphasis has been on the launch of the identity-protection product. If you have been in the US since May, you probably will have seen our television advertising for identity protection. That is working and we are continuing to expand the coverage over coming quarters. It is still very early days but we are off to a good start and the early results are in line with our expectations.

We have also made a lot of progress on LendingWorks, our lead-generation service. Over the past few weeks, we have been testing to optimise the user experience, adding more lenders and more credit offers to the site. Lead generation is a more competitive market and we need to be fully functional before we go nationwide. For now, we have limited our efforts in select market areas that we referenced in May, and we expect to go nationwide over the coming months. Metrics about performance in this quarter will be pretty meaningless, as we have been in the market for only a couple of weeks, so we will provide a more comprehensive update on our progress in November, at our half-year results.

1.3.2 Latin America

Moving on to Latin America, we continue to make great progress there. Brazil delivered another quarter of good growth against a difficult macroeconomic environment. We won sizable deals last year from several major Brazilian banks, which are now contributing to growth, and we are introducing a series of new initiatives to realise new opportunities across both strategic accounts and the small and medium-sized enterprise (SME) sector.

We are also generating significant momentum in new services for consumers. The Serasa Score is having a strong impact with Brazilian consumers and is helping to raise the awareness of credit-management tools. The ambition here is to introduce services which convert traffic into revenue-generating offers.

Across the rest of Latin America, we are delivering strong growth across all business lines, largely through our One Experian approach that we have talked to you about before.
Political uncertainty in Brazil has not, in fact, hampered our growth, although it has slowed decision-making on the regulatory front. While the central bank has reiterated its commitment to simplify the positive-data regulation, we are not able to predict when this will be addressed by Congress. We are continuing to push our own agenda and to continue to collect positive data opt-ins, and we are now receiving data on 5.7 million consumers who have opted in through Experian. That gives us a great data sample for the build-out of new positive-data products and scores. When Congress is ready to make the regulatory change, we will be ready to go forward with positive data at scale.

1.3.3 UK and Ireland

In the UK, B2B was again robust, as we secured new business wins that combine multiple Experian products. We have a healthy new product roadmap and we feel well-positioned to support the needs of our clients as they seek to enhance consumer experience in the digital world. More and more, our clients are looking for partners to help them meet new regulatory requirements such as the General Data Protection Regulation (GDPR).

Consumer Services revenue is clearly the weak spot in the portfolio. We are in the process of repositioning this business. Acquisition into the free CreditMatcher product has been strong, with just under 500,000 customers acquired in the quarter. That takes our total free membership base to over 2.2 million. Lead-generation revenue is growing strongly and, over the coming months, we will introduce more initiatives to further build out the service. We do still expect that it will take several quarters before growth in CreditMatcher revenues offsets declines in the legacy subscription.

1.3.4 EMEA/Asia Pacific

Finally, in EMEA/Asia Pacific, we continue to make significant progress, winning a lot of new business. We are getting better and better at providing a platform of services through the One Experian approach, and good progress now in both of those regions for several quarters. Overall, it is a good set of results, in line with the outlook that we gave you in May. With that, let me hand over to Lloyd to take you through the numbers.

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

2.1 Introduction

Thanks, Brian, and good morning, everyone. As you have seen from the announcement, we started the year in line with our expectations, with total revenue growth at constant exchange rates of 6% and organic growth of 4%. Exchange rates were a 1% revenue headwind in the quarter, as sterling weakness more than offset the recovery in the Brazilian real and, therefore, total revenue growth, at actual exchange rates, was 5%. As Brian mentioned, we delivered strong growth across our B2B activities, which offset the decline in B2C. For the Group, B2B organic revenue growth was 7% in the quarter, consistent with last year's trend.

2.2 Regional Performance

2.2.1 North America

Looking at the performance by region and beginning with North America, we saw total revenue growth of 8% and organic revenue growth of 4%. Our B2B business there continued to grow well, up 8% organically in the quarter. Credit Services delivered organic growth of 6%, Decision Analytics grew 13%, and Marketing Services had an excellent quarter, up 18%.

In Credit Services North America, we saw good growth in core Consumer Information against a strong first half of the prior year. Health continues to grow in the mid-teens, and business credit accelerated to double-digit growth. These were slightly offset by the softer conditions that we signalled in automotive and mortgage. Decision Analytics delivered a strong quarter, with several new wins for PowerCurve Originations platforms, and also strong growth in Bureau Analytics. Marketing Services had an outstanding quarter, driven by our Targeting business, where we are making great progress in digital advertising as we grow existing positions and add new clients. In Consumer Services, you heard from Brian the progress we have made with the new product launches during the quarter. Overall, Consumer Services was down 5% during the quarter, broadly in line with where we exited last year as we progressed the new product launches.

2.2.2 Latin America

Moving on to Latin America, at constant exchange rates, organic revenue growth was 8%. All segments grew well in the quarter, with organic growth of 5% in Credit Services and 44% in both Decision Analytics and Marketing Services.

Brazil continued to show good resilience against a variable economic and political backdrop, growing at 8% during the quarter. In Credit Services across Latin America, revenue continued to benefit from strength in countercyclical products in Brazil, and increased sales to large banks and retailers. The strong growth in Decision Analytics also reflects the success we are seeing in securing new mandates for decision-support software right across the Latin America region. Marketing Services also continued to grow very strongly, driven by our digital-advertising solutions in Brazil.

2.2.3 UK and Ireland

Turning to the UK, where organic revenue growth was 3% lower at constant exchange rates, with 4% growth in our B2B operations, offset by the expected decline in Consumer Services. Organic revenue growth was 3% in Credit Services, 7% in Decision Analytics, and Marketing Services was flat, with Consumer Services 19% lower.

In Credit Services UK, we saw good progress across the business against a strong prior-year-quarter, led by solid underlying trends and further progress in prequalification services and background checking. Decision Analytics continues to perform well, driven by strong take-up of our PowerCurve software. In Marketing Services, we saw good demand for digital-marketing services, offset by a weaker quarter for data quality. In Consumer Services, this was an important quarter for the development of the business, as we transitioned the majority of our consumer base onto our new flexible-technology platform, which was first deployed in our US Consumer business. With this new platform, we will be able to accelerate our deployment of new products and services, following the roadmap we established in the US business. We have now attracted 2.2 million free members, which we are converting into revenue through CreditMatcher. CreditMatcher is growing strongly but not yet at a scale to offset the decline in the legacy consumer products. Overall, we continue to expect a decline in this part of the business during FY18 but improving sequentially as we move into H2 and lap the launch of the free products in the prior year.

2.2.4 EMEA/Asia Pacific

Finally, in EMEA/Asia Pacific, at constant exchange rates, organic revenue growth was 7%. Decision Analytics delivered another strong quarter, up 13%, as we secured greater value from clients through integrated services, and Marketing Services continued to grow well, also up 13%. Credit Services was in line with the prior year.

2.3 Guidance

That summarises the performance for Q1. As we look ahead, our guidance is unchanged. We continue to expect organic revenue growth to be in the mid-single-digit range for the year, with stable margins at constant currency. With that, I will hand back to Brian.

3. Concluding remarks – Brian Cassin

Thanks, Lloyd. To summarise, we are making good progress, introducing a lot of new products. Over the coming year, we are going to focus on scaling these as well as introducing others. We think we have a good pipeline to help us sustain premium growth in B2B and to drive recovery in B2C. With that, I am going to open up the line to your questions.

4. Questions and Answers

Brett Huff, Stephens Inc

Good morning. Thanks for taking my questions. First, on the Consumer business in North America, by our math, it came down by a point sequentially. I just wonder what the driver of that was.

Lloyd Pitchford

It was a very small change. We rounded to 4% in the fourth quarter and to 5% in the first quarter, so no material change. We were out of the market with marketing for the first half of this quarter as we waited for the new product launches, so nothing more, really, to add to that.

Brett Huff

The second question is also to do with Marketing Services. I know you say that things are going to get sequentially better in the second half. Should we expect sequentially better for both North America and the UK from 1Q to 2Q? What is the advertising-spend ramp through the rest of the year?

Brian Cassin

Brett, you said Marketing Services but I assume you mean Consumer Services.

Brett Huff

I am sorry, yes.

Lloyd Pitchford

I would see the second half really being where we would see improvements over where we started the year. We will see the new product launches build. We have new functionalities to roll out across the US and the UK as we go through the second quarter. In the UK, we lap the launch of the free product at the end of the second quarter, and the CSIdentity (CSID) acquisition goes organic also at the end of the second quarter. Those are some of the things that really see the change in the growth rate for the second half.

Andrew Farnell, Morgan Stanley

Good morning, everyone. I appreciate that, on the lead generation, it is very early stages, as you said, but can we just get an understanding of how things are performing? Are they where you expected them to be in terms of take-up of the offer or do you think you need to change anything materially?

Brian Cassin

We have not given any metrics – deliberately. It is way too early. We are calibrating this proposition all the time, particularly on the LendingWorks product. As we have said, we are only in test markets. We have probably put more effort behind the identity product at this stage, which is having quite a lot of resonance in marketplace, so I think we are slightly ahead of our expectations there. However, I would caution that because it is still not meaningful enough nationwide for us to draw any conclusions. That is why, at this stage, we are saying that there is still a lot of work to do on these products. We can give you a much better picture when we get to the half-year stage.

Andrew Farnell

That leads on to the next question in terms of understanding where you see the offer being differentiated from the competition. Is it on the ID side or is there something else in there?

Brian Cassin

They are both different. The ID product is substantially better than anything out there in the marketplace. It is cheaper by about $10 a month and has more features to it, including dark-web and social-media monitoring and three-bureau monitoring. If you go to the website, you will see the comparisons that we have against lead competitors. It is a far superior product – there is no question about that. It has always been a marketing challenge, not a product challenge. Getting the marketing right is key. We have done well so far; there is still a long way to go. LendingWorks is also just a far better product from a consumer proposition. We are serving up an offer where the consumer is eligible for that offer and we know that they are going to get it, so there is much more certainty to it and less friction for the consumer in the experience. We know that, when we get consumers on to the site and when we convert the traffic, it is converting well and the revenue that we are generating off those leads is very strong. The economic model for that works very well. Again, the only challenge that we have to get right with the calibration is how much traffic we can generate to the site. That is really what that is about. Both products function extremely well, once we get consumers there, and we are testing constantly to find the right formula for that.

Andrew Farnell

I have one final question – a bit more cyclical. In terms of credit conditions in the UK and the US, there has been some concern put forward by at least the Bank of England about credit growth. How do you see some of the things that they are proposing to change on the regulatory side that may impact loan demand?

Brian Cassin

I think you are talking about the recent statement from the Bank of England looking at the level of unsecured lending in the economy. It has not had any impact as yet; in fact, as you can see, our Credit Services numbers are strong. I do not think that we have a crystal ball in terms of what impact that has on the economy in isolation from everything that is happening. For the time being, business conditions seem good. We do not see many people with stressed positions. There is some worry about exposure to certain product categories – more in the US than here. There are some mixed signals around but, as we see it in the business today, things are going along fairly okay.

Robert Plant, JP Morgan

Good morning. You mentioned that Health had had a good quarter in the US. Are there any ramifications from what is happening in terms of the politics around health?

Brian Cassin

The short answer to that is 'no'. There is nothing really happening in health right now, as you can see from the headlines. We previously said that, while the legislation may have some longer-term impact, it does not really impact our business in the short term, because we are focused on a segment in revenue-cycle management, which is recently about cost and efficiency in the healthcare system. That is not going to go away under legislative environment, so there is nothing really to add on that.

Nicholas de la Grense, Bank of America Merrill Lynch

First, just a bit of clarification on the impact of CSID dropping into organic: can you give us an idea of how quickly that business is currently growing? The second question is on Decision Analytics. We are now seeing pretty uniformly good growth across the regions. Can you give us a bit more colour in terms of whether that is being led by a particular product and also whether the significant growth in Q1 in the US was largely driven by that contract win that you mentioned or whether there is some underlying improvement there too?

Lloyd Pitchford

I will pick up on CSID. Organically, the business is growing strongly double-digit. We had one or two contracts that we knew we would lose when we acquired the business. Those will drop out of the comparatives as we go into the second half, and it is strongly double-digit then, so it will be accretive to Group growth.

Brian Cassin

Maybe I can just pick up on the Decision Analytics point. We did have a good quarter in North America. It is broad-based across analytics but also software, which was a good development for us. What I think you are seeing in the Decision Analytics business is really a reflection of the investments that we have made over the last few years. Probably because we talk to you point to point, it may not be that easy to join the dots. We have re-platformed the entirety of the Decision Analytics PowerCurve suite over the last three to four years, starting with originations and moving into customer management. We just launched PowerCurve collections and we are also in flight with Software as a Service (SaaS) enabling the entirety of the PowerCurve suite. This is really coming through in the results, and I think you are seeing the success across the board. North America was also behind from a software perspective for us, historically, but I think you are starting to see us make some inroads there.

Nicholas de la Grense

Just a quick follow-up: more of the Decision Analytics products are being delivered as a SaaS implementation. Does that mean that, going forward, the lumpiness of that business might be reduced? How do you reflect the revenues when you make a SaaS sale versus the classic model?

Brian Cassin

Most of it is still on premise, because these are pretty big software installations, mostly for Tier 1 institutions. They tend to be still on that basis, so not much today, apart from within Credit Services businesses, where we are delivering decision as a service, so it is more of a SaaS-like product. It is really next year that SaaS will become a go-to-market product for us. I do not think we will be starting with Tier 1 and Tier 2 banks; I think we will probably be starting a bit lower than that. It is still crucial, because most of our clients are asking us what the product roadmap is for SaaS and they are very excited about it and about having the option and the capabilities that we have in that way and in the way that they want to consume it. It is a little too early to predict how that will work from a lumpiness point of view.

I suspect we will not completely get rid of it because we still have big things like analytics contracts, which tend to come in one quarter and might not be there the next. You are always going to get that. You have to look at Decision Analytics over a longer period of time. We are probably now into our fourth year of very high single-digit growth globally for that business, so it has been very strong.

Paul Sullivan, Barclays

Good morning. Sorry to go back to Consumer, but it sounds like your take on the second quarter is that it is going to be very similar to the first, despite the easier comparatives. Is that the message? When do you think you really will have visibility to be able to call the bottom on this transition and communicate when you think the strategy is working? I think the market will expect you to be able to clearly communicate that in November. Is that going to still be too soon and will it slip more into next year?

Lloyd Pitchford

On the numbers part of that, the second quarter will be there or thereabouts with where we were in the first quarter. In the UK, we will be through the technology transfer and past the launch of the free in the prior year, so we will definitely see an improvement sequentially there in the second half. In the US, it is then about the ramp as we go through the second quarter in the new product functionality. We will have more to say in November.

Paul Sullivan

Second, I know we are talking about revenues, but given the decline in Consumer in the first half and the phasing of investment, can you or are you prepared to give any sense of first-half margins at this stage? Would you ever be prepared to sacrifice full-year stability of margins if you felt you needed to invest a little harder to push that consumer offering more quickly or further?

Lloyd Pitchford

There is no change to our full-year margin guidance. We do not guide individually to first half/second half. It can be plus or minus 20 basis points and you have seen that in previous years. It will not be materially off stable margin, I would not say. In terms of investment, you would expect us to be rational. If we see a product that is gaining traction and where we have an opportunity to invest behind, of course we would invest behind it, so expect us to be rational on that.

Paul Sullivan

The pace of change in Consumer has not deteriorated enough to blow you off course – is that the message?

Lloyd Pitchford

There is no change to our guidance.

Brian Cassin

I do not think we are any anywhere different to where we expected to be at this stage, so I do not think that there is any different conclusion to draw from that. Like everybody, we like to be setting here with hugely positive messages on product launches like, in the eight weeks we have been in, they have run away, but it is just too early and we have not been in enough markets yet to really know what pace we can push them forward at and what level of success we have. We do need a bit more time to really judge that.

Rajesh Kumar, HSBC

Good morning. I have a quick question on US growth. You have offset using the headwinds from mortgage and autos using the new product launches, which have been quite good. Do you see any bottoming out of the mortgage and auto trend? Did you see any bottoming out in the quarter or do you expect a bit of sequential stabilisation in Q2? Can we expect some acceleration in US growth? Has that improved at all?
Second, just a clarification on the total-growth figure: does that 6% constant exchange include acquisitions but exclude disposals?

Lloyd Pitchford

That is right. We restated out the CCM business as a discontinued operation, so it excludes that. On your question on US growth, US Credit Services were 6% in Q4 and 6% in Q1, so pretty stable. Within that, mortgage was a little weaker, auto was flat in the quarter, and our BI business accelerated to offset it. These are, however, all minor movements around the base, so there is no real change. As you look out, the comparatives were really strong in Credit Services in the first half last year, when we had double-digit growth. They weaken by about 3% as we go into the second half, so that is one of the moving parts in a stronger finish to the year that we would expect.

Rajesh Kumar

Finally, on the Brazilian competition situation, could you update us on your understanding of what the banks are doing there?

Brian Cassin

There is no change. They are establishing something called Gestora de Inteligência de Crédito (GIC), and our intelligence – and, indeed, their announcements – suggests that it is still three to four years away from being operational.

Rajesh Kumar

They are, then, going to invest over a period of three or four years without using any of the data, but will keep buying from you and your positive data in the meantime. Is that what you are implying?

Brian Cassin

The only thing we know about GIC is what they have said externally. I do not know what they are doing internally. As you can see from our announcements, we have signed major long-term contracts with many of the banks – indeed, almost all of the banks – that are members of the GIC consortium, so we do not expect it to have any impact on us at all in the short term.

Tom Sykes, Deutsche Bank

Good morning, everybody. I have a follow-up on the Latin America question. What is your outlook for growth in Latin America, taking out the Easter effects? Are you still seeing delinquency growth and inflation benefit? What is happening to the front-book activity?
Then, on the mechanics of the -5% growth on US Consumer, sorry to go back to it but could you maybe just walk us through what is happening to subscription numbers? Was it a change in the mix of one-off payments for scores versus subscriptions and length of time people are on there?
Then, on identity, is there any industry view or metrics that you can give on how long people would stay on an identity-based subscription for versus a subscription for, say, CreditWorks, which might be a bit shorter?

Lloyd Pitchford

Starting with Latin America, we were 8% in the first quarter. In the second quarter, we have good line of sight, around the 7-8% growth range. As we move into the second half, it is a similar sort of range, really depending on what we see in the economy, so fairly stable as we look out there.
On Consumer, the key thing is that we look back from third quarter last year into first quarter; we really pulled back on the marketing pending the new product launches. Subscription tends to tail off. It is quite a short-tenure product on the credit side. The IdentityWorks products tend to be a higher cost to acquire but with a much longer duration than the credit products.

Tom Sykes

On the lead-generation side, there are not a massive amount of offers that you have on your website at the moment. What is the multiplier – ballpark – of the number of leads that you would need to generate to equal a subscription on CreditWorks? What multiplier of leads do you need?

Lloyd Pitchford

You cannot really look at it that way. You have to think of this as an ecosystem. The majority of our new subscriptions to the credit product come now on upsell through the free channel. You have to think of people who come perhaps in through the free advertising. Some people may take up a free offer and then trigger revenue through lead generation. Some may trigger transactional products. Some may then upsell. You cannot look at it as a direct substitution.
On the number of products on the site, this is one of the reasons why we are expanding that product set. Also, remember that our product recommends a small number of products to the consumer, rather than giving them a very long list. It is a decision engine rather than just ranking all products based on the size of the bounty that we receive. That is one of the big differentiators.

Tom Sykes

When you look at the number that has come into the funnel at the beginning and then gets narrowed down for the consumer, what is the pace of expansion of the front end in terms of the number of products that come in, which you then can –

Brian Cassin

If your question is whether we are signing enough offers with institutions, the answer is 'yes'. We went live with several of the major institutions. We expect to have every major card issuer on the platform probably in the next quarter. It depends on exactly when we sign them up. We are going to have very comprehensive market coverage, which is I think what your question is driving at.

David Phillips, Redburn

Good morning, everybody. I want to ask about Credit Services in EMEA/Asia Pacific, where you had good growth led by Marketing and Decision Analytics. Is there something going on with the volumes that you are seeing through the bureaux respectively? How do you see growth in Credit Services in that division evolving over the next 18 to 24 months?

Brian Cassin

You increasingly have to look at the way we go to market in EMEA/Asia Pacific. We draw very little distinction between what is Credit Services and what is Decision Analytics. Many of our smaller bureaux have very high market shares, so the growth of the data element is going to be relatively limited, and most of the growth is going to come from adding products and services on top of that, which tend to be things like analytics – things like analytical sandboxes and Decision as a Service. Most of these go into the Decision Analytics portions we reported. To us, we do watch the volumes very carefully on an underlying basis and we want growth through every channel that we have, but realistically the growth is going to come from value-added services on top of core bureau. That is why you see most of it coming through in Decision Analytics. You need to increasingly look at those two together, because the split is less meaningful than it has been historically.

David Phillips

Going forward, do you think that you may just report EMEA/Asia Pacific as two entities rather than three, or are there no plans for that at the moment?

Lloyd Pitchford

We sold the CCM business last year. We have the new revenue-recognition standard that we will have to introduce, which will cause us to look again at our reporting. We will talk to you more about that later in the year. The only thing I would add on EMEA/Asia Pacific is that, if you look back over the last three years, overall we have gone from 3%, 7% and 9% growth (FY15, 16, 17), so you can see some of the traction that we are making on the back of that bundled product set across Decision Analytics and Credit Services that Brian mentioned. We are really pleased with that trend.

David Phillips

Since you mentioned accounting changes, have you any plans for a seminar or will you go into more detail on IFRS 15 at the results in November?

Lloyd Pitchford

We will talk to IFRS 15 probably at the full year. It does not have a very material change on the numbers. We are just forced to restate, and I think we will use it probably as an opportunity to tidy up a little bit of our reporting.

Ian Armstrong, Brewin Dolphin

I have two questions. First, with regard to the new identity product, you say it is a better product that is more functional, yet you are pricing it at a lower price. Is that not sending the wrong message with regard to the quality of your service?

Brian Cassin

No, I think it sends a great message, which is a better product at a lower price. There are not too many places where that is not a winning formula. Identity does have a threshold, so people often ask a question around free identity products. They do not work, because people assume that they do not do anything. In large part, that is true, but it is still a very material price point. It is not a cheap product. Our thinking is simple: if you have a better product at a substantially lower price, that seems a hell of a lot better than having neither of those two things. We are pretty happy with where we have landed there.

Ian Armstrong

In regard to the competitor, which is pricing at $30 versus your $20, if they cut their price down to $20, what do you do? You cannot put your price up, can you? You will probably end up having to put the price down. I just wonder why it is such a low starting point.

Brian Cassin

I do not think we have to. We still have a better product. Who knows what other people will do? We have started off at a price point that we think works from a market perspective in combination with a very good product proposition. We have a very strong brand. It is not lost on people that a large component of identity products comes from bureaux anyway. It is not as if we are new market entrant into this space that is not associated with identity products. I am not worried about that. I think it is the right approach, and others have to decide themselves what they do.

Ian Armstrong

With regard to product in relation to when you are at the mall and find out whether your credit rating is good enough, we are seeing that, in the US, people are increasingly not shopping at the mall but shopping online. Why have you targeted that market rather than, say, immediate online credit recognition?

Brian Cassin

We are not just targeting this market; we are doing it across the piece. We have introduced Credit Marketing that offers preapproved offers by email and allows you to also access that through re-targeted platforms. This addresses a specific need. There is still a huge amount of volume that goes through auto dealerships and through retail stores. It is a significant pain point for consumers at this point of purchase, and we are seeing really strong interest in it. It is a product that is going to work.

Lloyd Pitchford

Do not think of it just as something that happens at the mall; think, as Brian mentioned, of auto dealers as a key vertical. There are a lot of other verticals that we can target this at across our other businesses. It is not just a mall-based product.

Ian Armstrong

I understand that – Amazon has not quite taken over the car business yet.

5. Close - Brian Cassin

Thanks, everybody, for joining us. Thanks for your questions and we look forward to speaking to you again in November for our half-year results.