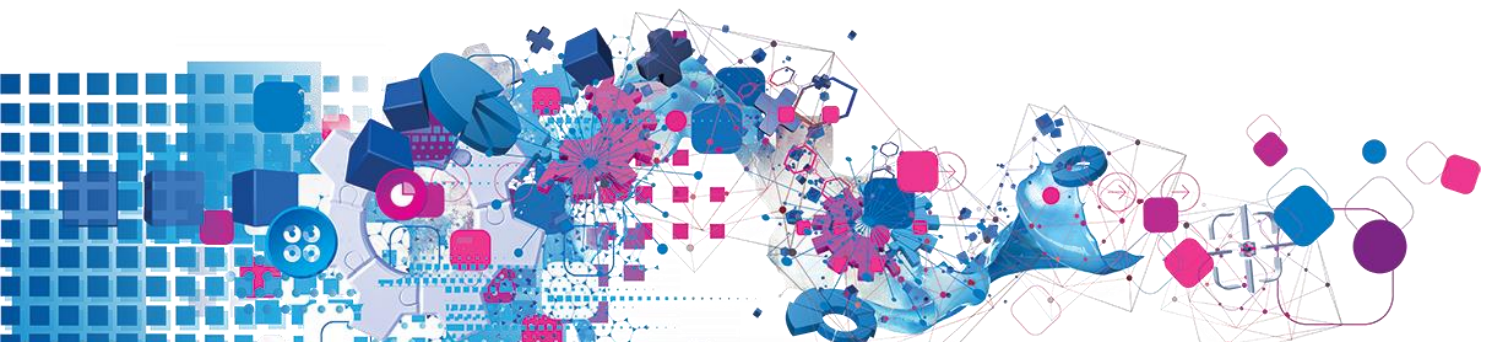




H1 results FY20

12 November 2019



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

1.1 Introduction

Good morning, everybody, and welcome to our first-half results presentation. This was another good set of results. We had strong organic revenue growth and a lot of progress in a number of areas. We have made exceptionally strong progress in North America with growth across all fronts; Latin America is firmly back into double-digit levels of growth, with Brazil in particular exceeding our expectations. We see great momentum continuing in new product introductions and the standout this half has really been Consumer Services, especially in North America. Experian Boost has had a tremendous start and we are seeing really strong growth in identity and lead-generation, and we believe there is plenty more to come.

Overall, it has been a great start to the year, particularly in Consumer Credit. We are seeing volumes in our Consumer Credit businesses are strong across all regions and, at the same time, we are successfully scaling a range of new products across the globe. All this gives us great confidence as we go into H2. As you can see from this morning's announcements, we have slightly raised our guidance to the upper end of the growth range we gave in May.

1.2 Financial results highlights

As usual, Lloyd will go through a lot of the detail shortly, but I will pick out a few highlights. We delivered 7% organic revenue growth in H1, which represented 7% in Q2, which was an acceleration from Q1, which was 6%. Total growth in the half was 8%, which reflects the impact of acquisitions. The momentum in our B2B business continues to be very strong, up 6% globally. Data was the real driver of that, which performed well across all territories. Decisioning was the slight weak spot in the half, mainly due to strong comps and some uncertainty in the UK. The Consumer Services business overall grew by 11%, with North America accelerating to 13%. There were a number of things driving this: as I said earlier, Experian Boost has been an outstanding success so far. Our lead-generation revenues across our Consumer businesses are four times higher than this time last year, and we are proactively investing to support this. You will see that in Lloyd's presentation; we invested significantly behind the launch of Experian Boost earlier this year.

Of course, it is not just the US where we have been investing; we have been investing globally. To give you an idea of the rate of progress, we now reach over 70 million consumers with free propositions, which is up by about 24 million consumers from this time last year, so is very significant. We are very pleased with this performance. We have executed what I think is a very significant turnaround in Consumer Services over the past years and we see more growth to come.

It has also been a busy period for acquisitions, all of which have significantly enhanced our core capabilities. We have done \$181 million of buybacks as of the date of this presentation. In addition, the first interim dividend has been raised by 4% to 14.5 US cents per share.

1.3 Strategic focus areas

I will move on to some of the key points of this presentation. We have highlighted the major strategic themes that we believe are playing out across all our markets, which provides a framework to how we direct our efforts and investments. All companies need to get better at acquiring, onboarding and managing customers in the digital world. They want to improve the experience of their customers through better, more targeted outcomes, frictionless onboarding and improved propositions. They have to invest in technology and better business processes to achieve this. To do that, they rely on data combined with sophisticated analytics, and decisioning that is increasingly cloud-based. Of course, that all plays into Experian's strengths. We recognised these trends a number of years ago and made a lot of investments to position the business well to take advantage of them. That is driving our success in the marketplace. You have heard about a lot of the products that we have developed – things like Ascend, CrossCore, Experian One and our open banking propositions. They are all really aimed at those opportunities, and the take-up rates for those products have been strong. We have developed these as global platforms, so they can work across our business, not just in different geographic markets, but increasingly across different vertical markets. I will show you some of that in a moment. The final point about this is that the pace at which we have developed these products has accelerated over the last few years, which is a reflection of how we have changed our business.

Consumers are actually driving these trends. They want convenience. They want instant, frictionless access. They expect extreme personalisation and real value. They are prepared to contribute their data to achieve that, which is central to our strategy. Our approach so far has been unique within our peer group. You can clearly see it is working. In the US and also in Brazil, we expect it to be a feature of every major bureau market we have. You have great momentum in credit-matching services, as well as identity-monitoring propositions, with a lot more to come, so we are introducing this model across our territories, as we go forward.

1.4 Technology investment benefits

In addition, you can all see that the pace of innovation and product development has changed significantly at Experian, over the last few years. We want to take a moment to talk about some of the investments we have made over the last few years to enable that to happen. The critical enabler of this has been investment in technology. We have been systematically revamping our technology estate, in a thoughtful, measured way, which both enhances our competitive position and helps us manage the risk. We focused first on the platforms we needed to build to enhance our product capabilities and give us the building blocks necessary to introduce new products to market. You are seeing the positive results of these investments. I have mentioned most of them before: Ascend, CrossCore and Experian One are all great examples of investment programmes that we started many years ago.

One of the other reasons that our Consumer Services business is doing well is that we have re-platformed all of those businesses, and the rate at which we can deploy new features and react to the market is up very significantly. We do that now in a much more cost-effective way. An important point is that a lot of these technologies have been built by leveraging some fundamental components, which a number of you have heard our CIO Barry Libenson talk about. Things like Data Fabric, Oxygen, platform as a service and the introduction of agile methodologies have all been key fundamental components to helping that happen. While you have heard us talk about that in the context of the new products I just mentioned, they also

provide the components that we are using as a framework for bureau modernisation. We have been getting on with bureau modernisation in the background.

For example in Brazil, for the introduction of positive data, we built a completely new bureau. That environment is live and fully up and running. It builds on the previous technologies I referenced – Data Fabric and our Hadoop cluster technologies. Also in Colombia, we have re-platformed the entire credit bureau, again using those modular components, and we have done this at considerably less cost and at a much reduced timeframe than would have been possible historically. These architectures we are using in Colombia and Brazil are the basis on which all bureau modernisation will be based. We have already completed a number of these, mainly in EMEA, and commenced core modernisation programmes everywhere.

Over the last few years, we have built great standardisation in the technology architecture, which allows us to leverage investments many times over. It is going to give us much greater flexibility in speed to market and make us meet client needs faster. These are just some of the benefits that we bring. It will help us continue that roadmap of accelerated new product development and introductions, helping us scale our activities globally. This programme is going to continue at pace and will be a focus for investment over the next few years.

1.5 North America

North America was up 10% organically. Our B2B growth was broad-based. We had strong growth in CI, EI and Health. Automotive and decisioning both performed really well. CI was the star performer. We had great strength in our underlying volumes, combined with contributions from new products and new verticals, such as insurance and fintech. Clarity, the business we bought a short while ago has performed very strongly. We are now bringing to market new scores, incorporating traditional bureaux, alternatives and trended data assets. Ascend has been a great success, as I will show you in a second. We had fantastic growth and great client wins in Fraud, and our Health business continues to grow strongly in revenue cycle management. We have broadened our offer with a bolt-on acquisition there, in MyHealthDirect. Consumer Services, as I referenced earlier, has a lot of momentum. Since March, when we introduced Experian Boost, we have had 2 million consumers connect their bank accounts to the bureau. We are now reaching the scale across our Consumer Services business to be a major competitor in digital customer acquisition, which makes us the second-largest platform in the US, by the number of members, when you take account of Boost and the free members we have on the platform. As we anticipated, Boost has driven traffic to CreditMatch. When consumers boost their score, they usually have some credit intent and it is natural for them to explore our new current offers. As traffic comes into Experian.com, it does not just give us a lead-generation side, but really helps the whole ecosystem, so we are seeing benefit across the whole piece in lead-generation. We are also seeing a slowdown in attrition in the legacy credit subscription revenues, which are moderated quite considerably.

CreditMatch update

Let me give you flavour of our progress with a couple of spotlights, starting with lead-generation. You can see the approval rates really matter to our lenders. Because we are now delivering traffic at scale, our approval rates are incredibly high, because of the accuracy of data and the integration with decisioning capabilities on the platform. This provides a new way to prospect for customers through the CreditMatch platform, which is very significant. For consumers, we are investing to make that journey as easy as possible, all the time, taking friction out the matching process, enhancing the user experience and giving more people

reasons to engage with Experian. Experian Boost itself has changed the perception of the brand in North America, which is very positive. Consumers are saying great things about Experian and our brand, which is making a difference. You can see that in the Google search demand chart. We are very pleased with this progress; it gives us a great platform and opportunity to build on this momentum in the months and years to come.

Update on Ascend platform rollout

We have talked to you a lot about Ascend, which is probably one of our most successful product launches ever. That continues. We now have several Ascend modules in the market and the total contract value has reached \$270 million. For example, we recently launched a new and very exciting Ascend module for credit marketing. This is designed to help lenders with their credit marketing campaigns for new loans. It really cuts down the time to design and execute a marketing campaign from weeks to days. We have always talked about the benefit that Ascend brings, in shortening processes and helping people to work with data in a much faster way. This completely changes the deployment model. Clients spend a lot less time on analysis and can cut out several aspects of the business process, so they can design their campaigns more quickly and cost effectively. We already have three clients on this module. It will make a revenue contribution this year, and we hope this will be a significant growth opportunity for us going forward – not just that, but all the Ascend modules that we have. We have made great progress in the US. We are in four countries with Ascend in total now, and we will be launching in another five before the end of the financial year.

Vertical expansion – automotive

We do not often talk a lot about our US Auto business, but I want to give you a brief overview, because it is becoming more material to our business, given the growth we have had over the last few years. It is not as large as Health, but it is getting there. It is one of our top verticals and has had great growth and margins, and is a good example of one Experian in action. It is grown to almost a \$200 million business and it has been a reliable and constant performer, at all points of the cycle.

Just as a quick reminder, what do we do in Automotive? We provide the credit data for auto loans, but our strategy has always been to do more than that; it has been to marry that data with our extensive automotive databases, so that we can make the link between the credit assessment of the individuals with the worthiness of the vehicles for which the loans are being given. From that, we build products for customer prospecting, marketing, management and fraud. The client base spans many customer segments – lenders, dealers, manufacturers and marketing agencies – and innovation around the provision of core credit and auto data has driven the growth in that business over many years. It has been the linkage of many different Experian capabilities building on top of that data that has expanded our addressable market. On that point, we are pleased to announce the launch of the Ascend sandbox in Automotive. It is in the market, going extremely well and will be a major factor in helping to continue our success in that vertical. You will have seen from the press release today that we announced a small acquisition in Automotive called Auto I.D. This bolt-on focuses on fraud in user car auto lenders. So there has been good progress there and there is more to come.

1.6 Latin America

We have had very good performance here. Organic revenue growth is double-digit, up 10%. We made great progress in Brazil, with the markets improving and credit volume growth, with a lot

of new business, in particular with large financial institutions. We have had a number of new products in the market, just at the point when the economy is improving. CrossCore, Ascend and Experian One are all important new products in Brazil right now and launching in LatAm. We also entered the Auto vertical in Brazil earlier this year, and we got off to a great start. It is looking very promising.

The Consumer business in Brazil has also moved strongly into monetisation. Our membership has now grown to over 39 million members. That is very significant, when we think about the change to a positive data environment, going forward. It gives us a tremendous advantage from capitalising on that. Elsewhere in Latin America, Colombia performed extremely well, with some very good client wins. We are about to go live on the platform from the bureau re-architecture I mentioned earlier, and we expect further benefits in speed to market and new product capability as a result. We also have ambitions to extend our Consumer operations further in Spanish LatAm. We have a small but very quickly growing business in Colombia now.

Brazil – Positive Data

Positive data has been a long time coming. I know some of you were sitting here a long time ago, when we were saying, 'Positive data will be here next year, next year, next year.' It is finally here, and that is something to celebrate. The banks are now starting to send us positive data. Once we have all that, we will be required to send a communication to consumers and we will be allowed to use the data 60 days after that. So we should complete the implementation period by the end of December and, from January 2020, we will start to incorporate positive data in our scores. We expect to receive hundreds of millions of new data records from telcos and utilities, as well as financial institutions, so this is a very big expansion. It will greatly widen access to credit in Brazil.

As I mentioned earlier, our technology platform is in place. We are very pleased with what we have built here. We processed our first 30 million records last week and it took us 18 minutes to do it. That is world-class capability, so we are in market with the technology that we need to cope with the new environment.

Our product strategy is also at an advanced stage. Some of you will remember when, a few years ago, we embarked on our own opt-in collection process that gave us about 10 million consumers' positive data. That enabled us to get a head start on the kinds of products that we can build. We have leveraged the global teams as well, in bringing our capabilities to market so, in a test environment, we have a strong knowledge of exactly what we will go to market with. We have also tested that with our customers and think the reception will be strong. We are in advanced discussions with many customers. We are positive about this, excited about it, ready and cannot wait for it to happen.

1.7 UK and Ireland

The UK was flat for the half. The performance was mixed. We saw weak demand in some parts of our B2B portfolio. For the first time in a while, I am able to say this was offset by an improved trend in Consumer Services. The good news is that the Consumer Credit bureau, in line with all our bureaux across the world, is performing very strongly and we have strengthened our position in the marketplace. We now have several clients on our open data platforms and real scale in personalised digital services for B2B marketplaces. Our marketing focus businesses, EDQ and decisioning, had weak first halves. Last year, we secured a number of big, profitable decisioning contracts in the UK. They have been difficult to lap recently and we have noticed a lengthening sales cycle in the UK for new products.

That said, the pipeline is building and we believe it is high-quality. We have had several new wins for Experian One and CrossCore. As I said earlier, this will probably be a better story for us in FY21. Consumer Services has turned a corner and is back to growth. Customer acquisition in CreditMatcher has been strong. We have higher visits and stronger engagement, and we are deploying new features on the new platform that I referenced earlier at a much faster rate. We have a very strong product roadmap for the second half.

1.8 EMEA/Asia-Pacific

EMEA/Asia-Pacific delivered total growth of 5%. Organic revenue growth was down 3%. We had great progress in EMEA, which continued to be solid on the data side. Here we are benefiting from new technology and products, which are driving growth in the Data businesses. We are executing a global product strategy across both regions. We are bringing the platform successfully to market. Ascend and our open banking propositions all have applicability, and we will be bringing a lot more product to market in the coming year.

I am also pleased to say that our acquisition of Compuscan in South Africa is performing extremely well and, as we look across to Asia-Pacific, it will be a tougher half as we lapped some very big contract wins last year. We expect this to recover as we exit the financial year. Pipelines in Asia-Pacific are very strong and we have a lot of momentum across our bureau businesses, in Australia and India in particular. We have continued to expand our footprint. We recently took a controlling interest in RAMCI, a bureau in which we had a minority stake in Malaysia, and we are seeing good traction for some of our PowerCurve modules, such as PowerCurve Collections, which have been a big focus in that area. We expect that to be a major contributor going forward.

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

2.1 Introduction

Good morning, everyone. As Brian mentioned, we have had a good first half, sustaining high rates of growth and performing strongly in our largest markets. As expected, growth accelerated in Q2, reflecting a particular strength across the business in North America and the improving recovery in Brazil. The B2B portfolio delivered another good half, with strong progress across a range of new products, and our innovation investment programme, which underpinned this revenue growth, also delivered strong growth across our global sales pipelines.

Consumer Services continued to accelerate, with great momentum behind our new consumer products and in our Partner Solutions business. With the strong momentum we have seen in the first half promising new business pipelines, we have raised the organic growth for the full year to the top end of our previous range, now 7-8%. You have seen we have invested strongly behind Experian Boost and global scaling in the first half, so our margin cash flow will be second-half-weighted this year, but our full-year guidance is unchanged.

2.2 Highlights

After 6% organic growth in Q1, we delivered good momentum into Q2 with 7% in the second half. With that being a good 7%, it was 7% for the half as a whole. Total revenue growth, at constant rates, was 8%, benefiting mainly from the Compuscan acquisition. FX in the half was a 2% headwind. Growth in nominal benchmark EBIT was also good, up 6%, and we invested behind Experian Boost with first-half launch costs incurred during the half, which I will cover in a moment.

We also saw increased depreciation from our technology and innovation programme and, overall in the first half, the average group margin was 50 basis points lower at constant currency. Excluding the one-off launch costs, margin was slightly higher in the first half and the guidance remains for modest margin expansion for the full year.

Benchmark EPS growth in the half was 3% at constant currency and 1% after the FX drag I mentioned. Cash conversion from EBIT was 51% in the traditionally weaker first half, with the phasing of payments weighted a little more to the first half of this year. For the full year, we continue to expect cash conversion to be around 90%. Finally, the board has approved a 4% increase in the first interim dividend.

2.3 Organic trends

Revenue

You can see trends in global revenue growth, with a sustained mid- to high-single-digit group organic revenue growth performance. You can see the picture for the global B2B businesses, where organic growth across the portfolio has been consistently strong, with 19 consecutive quarters of mid- to high-single-digit growth.

Consumer Services

You have seen from Brian on the Consumer side the strong momentum we have in our operational metrics. You can see how that has translated into strong financial progress. Organic revenue growth in the first half was 11%; it was 14% in the second quarter, which was helped by the great progress we have had from Experian Boost in North America and the return to growth in the UK Consumer business. We continue to make good progress in the breach support business, which can be a little lumpy by nature. You will recall that we called out our one-off contract in the third quarter last year, which added around 5% to the US Consumer business. In the second quarter this year, we had a similar one-off contract that contributed about the same amount, which you can see highlighted. Looking ahead, our third-quarter results for the Consumer business will reflect the lapping of that one-off.

You can see how the strong progress we have made with some of the new product introductions is helping to diversify the shape of our Consumer business, both in North America and the UK. Not only are we seeing strong growth from those new products, but the rapidly scaling consumer relationships are helping to drive cross-sale opportunities and, increasingly, our supporting our B2B business with enhanced data assets.

2.4 North America

I will comment on the performance at constant currency, in more detail. You have seen a strong performance in North America; we continue to deliver organic revenue growth of 10%. In Data, there was strong growth from the consumer information market, driven by growth in core profiles, with a small tailwind from higher volumes in mortgage and great momentum from Ascend, as you saw in Brian's presentation. Auto also performed strongly, growing double digits

as it benefited from strength in our automotive Ascend module and our auto dealer marketing product, Auto Audience. There was also good growth in our decisioning business. We continued to grow our PowerCurve pipeline and saw strong growth in CrossCore. It was another good half in the Health business, with very strong growth across Coverage, Discovery, Patient Engagement and Claims.

In Consumer, as you have seen, we had great progress with considerable strength across our B2C portfolio, both from the traffic and engagement driven by the investment in the launch of Experian Boost. You will recall that, last year, we said that revenue from the two products, identity and lead-generation, was \$80 million for the year as a whole. We have recorded \$80 million of revenue in just the first half of this year, which outlines some of the great momentum we have got from those two new products in North America. We also saw good growth in Partner Solutions, the B2B2C business, and our contribution from the new acquisition of AllClear ID, which provides breach and pre-breach preparedness and resolution services. If you tie all that together for North America, you can see that the revenue growth translated into strong EBIT growth. We reported a 20-basis-point margin progression as operating leverage in the B2B business, which added around 110 basis points, which more than offset, at the North American level, the significant one-off marketing expense to launch Experian Boost.

2.5 Latin America

For the half, the region grew 10%, with Brazil growing double digits both quarters. That is three quarters of double-digit growth in Brazil now. FX was a 6% headwind in the half overall. There was good growth in Data across both consumer and business information in Brazil, as we saw strong growth from our banking and credit union clients. In our Consumer business in Brazil, we continued to invest strongly behind the expansion of the consumer membership base in advance of the move to positive data. We currently report the Latin America Consumer business within Data, and it performed really strongly, more than doubling in size as we monetised our growing free membership base, with particular strength in the Limpa Nome and eCred product lines. We have an exciting story to tell you about that over the coming years. Margin reflected operating leverage in the core Data business in Brazil, offset by investment in the Consumer business, as we invested behind preparing for positive data.

2.6 UK and Ireland

Organic Consumer growth was 3% for the half overall and B2B was 1% lower. Total organic growth for the region was flat, and FX was a 6% drag to revenue in the half. In Data, there was good growth in the core consumer information business, which was up 11%. This reflected strength in pre-qualification services, as well as a growing contribution through affordability services through our open data platforms. This was offset by weakness in our marketing data and automotive business in the UK. Decisioning improved to a low single-digit decline in Q2, after lapping the strong comparatives in the first quarter, and we continue to see the effects of UK political and economic uncertainty, with delays in clients' new product investment decisions, and therefore expect UK decisioning growth to continue to be restrained in the second half. Consumer Services delivered organic growth of 3% for the half, which was driven by very strong growth in our Marketplaces business, which more than offset the decline in our traditional subscription business. We expect low-single-digit growth to be sustained in the second half, with upside coming alongside new propositions as we enter the new year. Overall, EBIT was

down 20% to \$75 million, reflecting the decisioning revenue decline, combined with increases in depreciation from our investments in the new consumer and digital platforms.

2.7 EMEA/Asia-Pacific

In EMEA and Asia-Pacific, we continue to reflect strong comparatives. In Asia-Pacific, from the prior year, we declined 3% organically for the half. The Data business performed well across our bureaux, with good growth in EMEA and Asia-Pacific, with particular strength in India, Australia, Italy and the Nordics. Decisioning was down 12%, driven by tough prior-year comparators in South-East Asia, and the marketplace deals that we secured last year. As Brian mentioned, we have a good line of sight on a strong pipeline in APAC, which we expect to see translate to improving growth rates as we exit this year. EBIT growth overall reflected a good contribution from Compuscan and organic operating leverage in EMEA, across both data and decisioning, partially offset by the effect of the Asia-Pacific decisioning headwinds.

2.8 Benchmarks EBIT margin

Looking at the key drivers, I will walk you across the story here. If you adjust for a small disposal and the impact of the IFRS 16 accounting change, you see that the restated prior-year margin is 27.6%. That IFRS 16 benefit, as I outlined in May, is fully offset in an extra interest charge. We had good operating leverage in the half, which more than offset the expected headwinds from the increase in depreciation, global scaling costs and our investments behind preparing for positive data in Brazil. Overall, this underlying performance contributed a net positive 10 basis points for the margin, for the half as a whole. During the half, we invested in one-off launch costs for Experian Boost, which had a one-off drag in the half year of around 80 basis points, which will not repeat in the second half.

2.9 Benchmark EPS

I start with the first half of 2019. The benchmark EPS was 48.7 cents per share. Growth in benchmark EBIT from continuing operations was 5%, reflecting the organic growth performance. Interest expense increased to \$66 million as a result of higher average debt and the IFRS 16 interest charge offsetting the EBIT effect I mentioned earlier. The tax rate was 26.2%, reflecting the mix of profits and prevailing tax rates by territory. Non-controlling interest was \$3 million for the half, reflecting the strong growth in our MicroAnalytics business. Now that we have acquired the rest of that business, our second-half non-controlling run rate will reduce to around \$1 million. We saw the benefit of the share repurchase programme, with the weighted average number of shares at 903 million so, for the half year, EPS was up 3% at a constant basis and 1% at actual FX.

2.10 Statutory results

Looking at our usual reconciliation to the statutory results, you can see that acquisition-related items increased slightly from \$9 million to \$15 million, consistent with the increased acquisition activities during the half. Exceptional items included a gain from a business disposal within our cross-channel marketing associate, offset by some movements in legal provisions. That nets overall to \$1 million in the half. Non-cash financing remeasurements reduced slightly from \$58 million to \$51 million, so statutory profit before tax was \$480 million, also up 2% on the prior year.

2.11 Operating cash flow

Our conversion rate of benchmark EBIT into operating cash flow was 51%. Half one is our seasonally weaker half for the year and, this year, the timing of cash flows is weighted more to the second half. You can see an explanation of that. The first thing to note is that there was an 11% reduction to cash conversions in the half from higher employee incentives related to last year's performance, but paid in this first half. As these are paid in the first half, the impact on the full-year conversion will be about half that number. Also compared to last year, we expect capex to be more first-half-weighted this year, within our 9-10% range, and there was 5% timing on the mix of working capital, including the effects of the Experian Boost launch, which we expect to reverse in the second half. Overall, with the timing elements broadly reversing in the second half, we continue to expect our full-year cash conversion to be around 90%.

2.12 Net debt reconciliation

We ended the half with net debt of \$4.1 billion, up \$798 million from the start of this financial year, reflecting the acquisitions we have made during the half. Our net-debt-to-EBITDA was 2.4 times, which is within our 2-2.5 times guidance range. With cash flow weighted to the second half, as usual, I would expect this to come a little within our guided range by the end of the year.

2.13 Investment in technology and innovation

Brian talked about our investment in technology. We have shown a view of our capex versus this time last year. As I mentioned in our May presentation, we continue to invest in our technology and innovation agenda, with proportionally more of our capital investments in growth-oriented infrastructure and product development. As you can see from the chart on the left, most of the increase has come from product development, as we look to further invest in products, such as Experian Boost and additional Ascend modules, and to scale the innovations that we have brought to market in certain countries. Depreciation and amortisation increased in the half, reflecting the investments that we have been making in new products, which are supporting our higher rates of growth. We expect to see this trend of increasing depreciation continue for the next few years.

2.14 Acquisitions and investments

You can see we have had an active first half with a number of acquisitions completed. As you know, we completed the acquisition of Compuscan earlier in the year, and the integration of that business is going well. We also made a number of smaller acquisitions in the half. We increased our stake in Experian MicroAnalytics, which is the driver behind the Marketplaces product, as well as other bolt-ons, which give us capabilities such as Castlight in open banking and MyHealthDirect in patient scheduling.

In addition to those acquisitions in the half, we have also made a number of strategic minority investments, particularly in Asia-Pacific. These included investments in Grab, Southeast Asia's leading everyday super app, and Compare Asia Group, one of Asia's leading financial management platforms for banking and insurance-related products.

If you take all that together, we made acquisitions and minority investments in the half of \$499 million. As Brian mentioned, after the end of the half, we also made two further acquisitions. We took a controlling interest in RAMCI, the credit bureau in Malaysia, which further expands our position and presence there, giving us access to unique data assets in a strategically important

country for us. We also acquired Auto I.D., which strengthens our product offerings in Experian Automotive and supports further penetration across our lender base.

2.15 Modelling considerations

I have covered many of the modelling considerations during the presentation so far. We have raised our organic revenue guidance for the full year to the upper end of the previous range, and now expect organic growth in the 7-8% range. The acquisitions of AllClear ID, Compuscan, MyHealthDirect, RAMCI and Auto I.D. will, together, add a further 1-2% of revenue for the year as a whole. We continue to expect EBIT to grow at or above revenue growth, with another year of modest margin progression, as we continue to invest in technology, new product innovation, global scaling and also growing our Consumer businesses. We now expect interest in FY20 to be around \$130 million, reflecting lower market rates than when we guided in May, but partially offset by the additional investment we have made in acquisitions. The \$130 million includes the \$10 million non-cash effect from introducing IFRS 16.

We continue to expect the benchmark tax rate to be around 26% and the cash tax rate to be in the low-20% range. Due to the acquisition of the minority share in Experian MicroAnalytics, we expect the full-year non-controlling interest charge to be around \$4 million. Taking into account the effect of the share repurchase programme, we expect shares to be in the region of 900 million for the full year, and we are just under halfway through completing that programme. We expect capex to continue to be in the 9-10% range. FX has been volatile for the last few weeks, but we expect it to be somewhere in the 1-2% range versus the 1% that we gave in Q1.

2.16 Summary and outlook

We have delivered good momentum, as expected in the first half, with strong growth in B2B and particular strength and momentum in our Consumer businesses. Good momentum and a strong sales pipeline have given us the confidence to raise our full-year outlook to the top end of our previous range. While foreign exchange continues to be a small headwind, we see good progress in EBIT, modest margin progress for the full year and strong progress in benchmark earnings, all at constant currency. We will continue to apply our capital framework, as you have seen us do, and continue to invest where we see opportunities to add value to the business.

3. Concluding remarks – Brian Cassin

I will bring this section to a conclusion. There has been good progress in the year to date and there are plenty of growth opportunities ahead. As you can see, over the last few years we have made a lot of investments and we are executing successfully. A lot of investments in technology have rejuvenated the company's ability to develop innovation at scale, and we are also pursuing a number of opportunities that are scalable global platforms – Boost, Experian One, Ascend, CrossCore and open banking. These are big opportunities for us that are just in their infancy today, which play into the big trends of digitalisation and consumer convenience, as we talked about earlier.

We think our approach, particularly on the Consumer side, is unique in the industry and is making a difference to our performance. As you can see, it is also making a difference to our

brand perception in the markets in which we operate. We feel good about the position we are in for the rest of FY20 and the opportunities for continued growth as we go ahead.

4. Questions and Answers

Paul Sullivan, Barclays

First on margin, is there not always going to be an Experian Boost? I know it is particularly large, but why call it out? More generally, could you talk about the trade-off between growth and margin and, given investments going through the business, whether modest margin expansion is sustainable or even desirable, going forward?

Secondly on Ascend, could you give us a sense of the opportunity that lies ahead versus what we have seen to date? Is this product capable of scaling to \$500 million or perhaps \$1 billion?

Brian Cassin

I sincerely hope that we have many more Boost products to back going forward. That is the idea. There is no change to the margin framework that we have been operating under for a number of years. I will let Lloyd comment on this in a second, but our philosophy has always been to invest in the opportunities we have in the P&L. You have seen that in the new products and also how we have been re-engineering our technology platform, which is not something we have talked about in detail before. We have done all this within our margin guidance. We want to invest in growth opportunities across the business. We also believe in the discipline of making sure that is profitable growth. There is a risk to that, in terms of how many things you can pursue at any time, but we try to give ourselves the flexibility to make these investments, while continuing to manage for profit – which is ultimately what we want.

Lloyd Pitchford

Why call it out? It impacted our margin in the half, but it was always part of our plan when we guided to modest margin progression this year. There are always things we are investing in. We mentioned the investment behind launching a brand new bureau in Brazil. We managed all that within our margin guidance. The way I think about these rates of growth is that we had lots of options. Our first port of call is always to invest to create value where we can, but it should mean that we continue to get modest margin progression at these sorts of growth rates.

Brian Cassin

On Ascend, you can see that the total contract value is building significantly. We are very excited about the opportunities that we have. We have really only started in countries outside the US; most of that contract value is in the US. You can see that we continue to innovate on the platform. We have always said that we do not think we will be the only people in the market with a product like Ascend forever, so we continue to push the boundaries of what we do with that product and capability. This is already getting to a point where, in a few years, you will see it being as big as our decisioning business alone. The numbers that you throw out are not unrealistic, but obviously we have to deliver against them. But we are very confident in the product capabilities that we have developed and the opportunities. We expect to continue to be strong on that.

Lloyd Pitchford

The other thing about having products like Ascend is that they change the nature of the dialogue with clients. They are looking to partner with companies and suppliers that are investing strongly behind innovation, bringing products that can change their competitive position in the market. We are seeing how the nature of the conversations has moved on tremendously with products such as Ascend.

Alex Mees, JP Morgan

Given how successful Experian Boost has been in the US, can you give us a sense of what potential you see for the product outside that market? Secondly in the UK, do you see that the delays we have talked about in decisioning projects getting over the line will come back, if there is resolution to the political situation, or is this something more structural about where people look to invest? Finally, as we move to a positive data environment in Brazil, can you give us a sense of the sorts of products you might be launching to take advantage of it?

Brian Cassin

We intend to bring Experian Boost into other markets, but we have not announced exactly when. It will be of no surprise to you that we expect to introduce that to other major bureau markets, starting with the UK in the not-too-distant future.

Moving on to UK decisioning, there are two aspects, which we highlighted. First, if you look back over the last few years, our decisioning business has grown extremely strongly. We had a very strong year in the UK last year, which we are lapping and that is part of it. Secondly, our pipeline of what we sold in the last few years is not as strong going forward, so originations in PowerCurve modules, largely because we have already been very successful with that. A lot of our pipeline is for new products – Experian One and so on – where we have seen some delay actioning those. But, as we highlighted, the pipeline is strong and is building for those products, so we think there will be opportunities as we go ahead. They may take a little longer. I think some of the uncertainty in the environment is feeding into those decisions, and that is how we characterise it. Can you add anything to that?

Lloyd Pitchford

You have covered it. It is a little hard to call the exact timing, but we think the second half of this year will continue to be suppressed, but FY21 will be better.

Kerry Williams, Chief Operating Officer, Experian

Of the three initial product areas we will be looking at in positive data, the first is the expansion of the core credit report and what that means to consumers. You saw that we have roughly 63 million consumers on the negative bureau today and another 12 million in the positive data file, where we have collected consents. The expansion into consumers into positive data now will be greater than 150 million. Just the expansion of credit into the Brazilian market is the first major area on which we are focused; the second is account management capabilities. We have also started to sell Ascend into the market now, with the ability for banks to take this new source of data and not only to analyse it in the way they need to, but to use it for credit marketing opportunities or other uses. The third is trigger-type products. The expansion of credit is related to that, but the information on the file will allow banks to accept triggers and take actions to

increase credit limits or other actions there. Those are three bread-and-butter product capabilities that we see expanding in the Brazilian market, from day one.

Andy Grobler, Credit Suisse

You had a long list of things that are going well, which is great. Apart from a bit of UK political uncertainty, what areas are not quite going to plan at this stage? That is my first. Secondly, on lead-generation, as you have gained scale in the US and are gaining more scale in the UK, are you getting more pricing power? Can you push up pricing to the lenders or is that a relatively static event at the moment?

Brian Cassin

Kerry, what is going wrong is the question.

Kerry Williams

We have too many opportunities with our new Experian One platform. Our ability to produce the development to take advantage of those opportunities globally, as fast as we would like, is one of the things we would like to improve. We have launched the Experian One platform in all regions across the globe, and we have a series of use cases designed around acquisitions, account management or collections. There is a variety of use cases, but we need the ability to get them out the door, so that we can sell them and keep up with the demand that clients are giving us.

Further to Lloyd's point around decisioning, the UK market has had the best success with the launch of Experian One, which gives us the confidence that we are just in a bit of a lull with moving over the traditional PowerCurve platforms in the UK. That is one area where we have a desire to do a little better.

Another is our ability to take advantage of the Consumer opportunity in front of us. How do we make the right choices in these developing markets, whether in Colombia, Brazil or by putting more capital into India, given how it is now starting to scale robustly, starting to achieve the vision that we had for our investment in India many years ago? How do we put our dollars to work there? How do we further take advantage of consumer opportunities in the US and UK, so we are able to capture them? By and large, our focus is on how we can produce more throughput into our capabilities in various markets. We spend a lot of time and effort internally trying to figure out how to do that better. Right now, we have very few areas where we are simply looking at how to deal with a specific problem. Our constraints are around throughput and the ability to invest capital and produce it as capabilities quickly to take advantage of the opportunities that are staring us in the face, in these markets.

Brian Cassin

I will come back on the lead-generation point. It is not really about pricing because, actually, there is plenty of revenue available in the marketplace and a lot of growth there. The revenue that you get from a lead-generation business for customer acquisition is very strong, so it is not really about pricing; it is about getting in traffic and producing larger volumes of qualified leads for financial institutions, which they are hungry for. That is where the growth comes from. It is not really a pricing game.

Ed Steele, Citigroup

Thank you for the pie charts. I may have got this wrong, but it looks like the UK lead-generation B2C business started a lot later than the US one, but got more traction, more quickly, relative to the size of the market. Yet, looking at the matrix of the divisional and geographic profit margins, it looks like the UK B2C business margins are doing worse than the US's. Could you talk around that comparison?

Then back on Boost, you say the launch costs will not repeat in the second half. Are they mainly from marketing? I have seen lots of adverts in the States about Boost, but are you saying you will pull back on marketing because you have hit that penetration point? Are you not concerned it may be more sensible, at this point, to really go for it, given it seems to be going so well?

Brian Cassin

I will deal with the point about lead-generation and hand over to Lloyd for the margin point. Actually, we started lead-generation in the UK before we did in the US. If you look at how that business has grown, I am pretty sure it is the fastest financial services lead aggregation in the UK. We have gone from nothing to being number three in the marketplace, in the space of two and a bit years. That gives you an idea of the capabilities that we have. We have invested behind that and we are very proud of that; the team has done a great job. By the way, when they started, they did not even have a new technology platform. We are now starting to see a new technology platform that is fully operational, and they are able to pull a lot more levers in the business, which they could not three years ago. It is a good story and we have plenty of growth opportunities ahead.

Lloyd Pitchford

I have one further on that. Differently from the charts, if you take out the Solutions business, which is big in North America, that split might look a little different.

Ed Steele

I assumed that ID and lead-generation were fairly equally weighted in the US pie. That is how I came to that conclusion. Obviously you do not have ID in the UK.

Lloyd Pitchford

That is right, but the actual nominal size of the lead-generation business in the US is bigger. Maybe I can walk you through the numbers offline.

Kerry Williams

There is a difference in pricing between the two markets that impacts the margin – of what you can command in the UK for lead-generation versus what you can in the US market.

Lloyd Pitchford

In Consumer overall, the margin is similar between the US and UK, if you strip out things like the one-off revenue that we get for some of the breach support, which is at a very high margin. They are both pretty consistently between 20% and 25%. Remember that both of our Consumer businesses pay a royalty to our Data business, so the contribution to the Group as a whole is really very positive.

Ed Steele

My second question was on Boost in terms of why you are not going to keep pressing on with the marketing.

Brian Cassin

Apologies, we should have come back to that. Do you want to deal with that?

Lloyd Pitchford

Yes. When you look at it year on year, Ed, we started the launch programme in March so we had about \$10 million launch costs in March and about \$20 million in Q1 this year. When we go into the second half, we do not really need the launch costs and we lapped some of the launch costs last year. Once you get something like this, with the momentum building, you are able to use the benefit of the launch you already have going in terms of awareness and rely much more on digital and much more on CRM. That is really what is driving that.

Tom Sykes, Deutsche Bank

Can you help us with a ballpark figure for the revenue contribution from Ascend, maybe over the half year this year and half year last year, please? Does that have a different working capital dynamic as well? Just thinking about your billings, is that more of an upfront payment for you? On the identity business, the pricing in identity, are there any signs of a little bit more price competition there? Again, what are the working capital dynamics in that business?

Lloyd Pitchford

I will start with identity. There has been no change to the average revenue per member. If anything, it is slightly up. Our direct-to-consumer subscription businesses are positive in terms of working capital. The lead-generation businesses are a little bit negative, given the cycle. On revenue from Ascend, on average the contracts are about five years. If you take the TCV and divide by five, you get on average about the current year revenue. You can see that, circa \$250 million, this year as a whole will be approaching \$50 million of revenue. That is a good guide.

Tom Sykes

I have a final question on capex: how much of the data costs are personnel costs which, in the long run, automation is going to keep fixed? Obviously, they have been fixed for a quite long period of time, and presumably then there is a fixed level of depreciation you will see, which is then giving you operational leverage. Will we ever see the capex on data go up or is that something you think you get an ongoing automation benefit from, which you then are reinvesting in other areas?

Lloyd Pitchford

The majority of the data cost is in Brazil and relates to the acquisition of some of the negative data in the environment. There is some element of internal cost there. It might reduce marginally, Tom, but I would not expect it to be a big factor. The biggest factor in capex will be our continued investment in product development.

Tom Sykes

If we do not see that in data, we will continually see a rise in the internally generated software line. That is where it will come up, as you report it.

Lloyd Pitchford

Exactly, yes. That is the right way to think about it, yes. If you are doing comparisons between us versus our peers or us versus history, if you look back, we have been as high as 11% and as low as 7% in terms of capex. 9-10% is our long-term range. Comparing to the competitors, we capitalise data and they do not, so you have to take 2% or 3% off that. Like-for-like, we are between 6% and 7% and they are anywhere between 8% and 12%.

Tom Sykes

Is it right to call all of that cost software? It is internally generated software, but is it right to call all of that software or are there other things that are going into it?

Lloyd Pitchford

It is software and the platforms that facilitate our business. It would be the infrastructure to build a new bureau in Brazil and to gradually re-platform our other bureau businesses. Those are the things we are spending money on.

Anvesh Agrawal, Morgan Stanley

I just have two quick ones. First, coming back to the UK, you called out some cyclical weakness in the marketing business in your statement. Have you see any signs of that in your other regions? Maybe it is not significant to call it now, but are there any early signs that you are seeing some cyclical weakness in other parts of the business?

Second, just from a modelling perspective, to hit your margin guidance for the full year or the EBIT guidance for the full year, do you need probably an acceleration into the 50 basis points of leverage you got in the first half? Maybe you could just talk about what the building blocks are and where you got it from.

Lloyd Pitchford

Was your margin question whether we see upside for the guidance?

Anvesh Agrawal

To hit the EBIT growth at or about the revenue growth, you probably need an acceleration of 50 basis points of leverage you got in business performance that you called out on slide 22 in the second half. Where will that come from?

Lloyd Pitchford

The way to think about it is that we do not have the drag of the launch costs of about \$30 million in the first half. We also do not have the \$10 million of launch costs we had in March on Experian Boost. If you look at the mix of growth, we are obviously growing more strongly in North America and in Brazil, which have the higher average margin. That, plus the momentum in the business, really gives us the confidence. I think you have seen for the last few years that we have a lot of levers on investment and the choices we are making in the Group to give confidence around how we guide to margin.

On marketing, there are a couple of different effects. We are still lacking in some regions. There was the loss of the Facebook contract. We talked about that to you. That drops out of the numbers in different places. But the UK marketing business was certainly a bit weak, and that is probably more isolated to the UK business.

Ed Steele

I had a follow-up. You described the momentum in the Group as 'accelerating', and clearly you have raised the guidance for the full year. If you strip out the one-off data breach revenue in the second quarter, it looks like the growth was fairly similar to the first quarter. Is that fair?

Lloyd Pitchford

We were 6% in the first quarter. In the second, we would have been 7% without the breach revenue. If you then go into the third quarter, we obviously had a headwind of just under 1% from the one-off breach that we had last year. If we are in the 7-8% range, if you strip that out, we would be probably more at the top end of that range without that. That really underpins the guidance we have. It was a very strong 7% in the second quarter.

Ed Steele

I just calculated about a \$17 million benefit from the breach. That is all. I may have got my maths wrong.

Lloyd Pitchford

Yes, it was about \$9 million.

5. Close - Brian Cassin

I think we will bring that to a conclusion. Thank you very much for attending today. We look forward to seeing you in May and talking to you in January. Thank you.