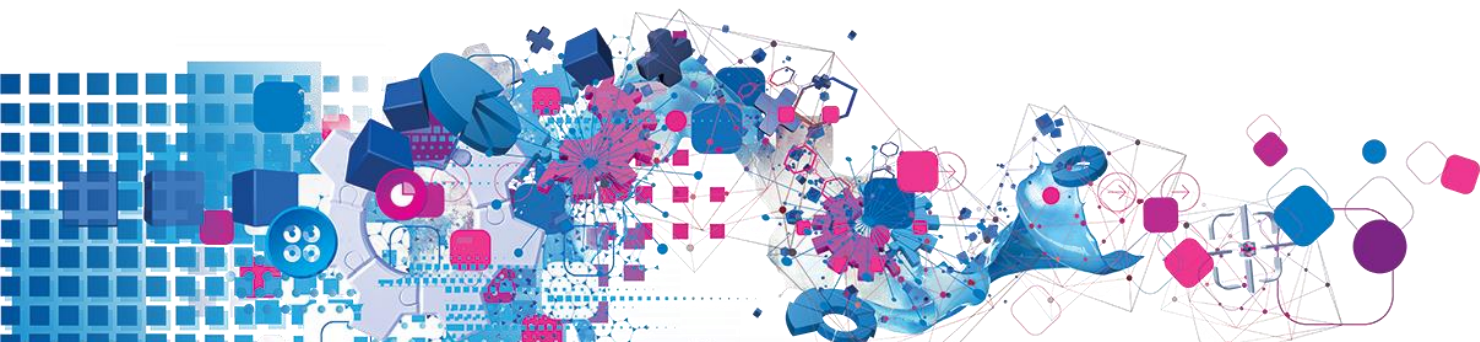




Half year results FY22

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Contents

1. Opening remarks - Brian Cassin, Chief Executive Officer, Experian	3
1.1 Introduction.....	3
1.2 Delivering strong growth	3
1.3 Our purpose-led approach	3
1.4 Progressing well on our strategic priorities	4
1.5 North America	5
1.6 North America Consumer Services.....	6
1.7 Latin America	7
1.8 UK and Ireland	8
1.9 EMEA and Asia Pacific	8
2. Financial review - Lloyd Pitchford, Chief Financial Officer, Experian	9
2.1 Highlights.....	9
2.2 Revenue growth trends	9
2.3 Segmental trends	9
2.4 Quarterly growth trends.....	10
2.5 Benchmark EBIT	11
2.6 Benchmark EPS	12
2.7 Reconciliation of Benchmark to Statutory PBT	12
2.8 Cash flow generation	12
2.9 Capital framework	13
2.10 Modelling considerations.....	13
3. Summary – Brian Cassin	13
4. Questions and Answers	14
5. Concluding remarks - Brian Cassin	22

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

1.1 Introduction

Good morning, everybody, and welcome to our first-half results presentation. I am joined today by our CFO Lloyd Pitchford, and our COO Kerry Williams will also join us for the Q&A session. We had a very good start to FY22 with a strong first-half performance. We have again revised our full-year expectations upwards. We saw a rebound across most of our major markets, and we continue to benefit from favourable long-term trends such as the shift to digital, investment in automation, and process and customer experience improvements.

Consumer Services had an outstanding first half, and growth momentum continues. We are well on our way to becoming one of the largest, most inclusive financial platforms in the world. We saw growth across all regions and business lines in the half, with Latin America our fastest-growing region, and we made good strategic progress on multiple fronts.

1.2 Delivering strong growth

Turning now to the first-half highlights, it was a very good performance all round, with revenues, earnings, and cash all up strongly. Q2 organic revenue growth was 11%, and that took us to organic revenue growth for the half of 16% after the easier comparisons we had in Q1. B2B was up 12%. Volumes recovered, particularly in prospecting and new credit origination. We also had a significant contribution from new products, with new and expanded data sets and scores. We had strong growth in platforms: PowerCurve, CrossCore and Ascend. They are all up materially. All of our personal markets are doing well, particularly health.

Consumer Services' growth of 27% is outstanding. There are several things driving this. Membership growth continues at a good pace. We are now at 122 million free members globally, an increase of 26 million in the last year. Very importantly, our enhanced customer propositions are meaning that we have a stickier, more valuable membership base.

We have made a number of acquisitions, some of which we have discussed with you before. These include recent acquisitions to extend our Customer Services propositions in the US and in Brazil. I will discuss these in a bit more detail shortly.

The UK transformation programme is going very well. The margins there nearly doubled in a half, and we are also taking steps to drive performance improvement in some of our smaller countries across EMEA and Asia-Pacific.

1.3 Our purpose-led approach

Before I get into the details of the first half, I want to touch on purpose. Experian has a powerful social mission to drive financial inclusion and provide access to affordable credit. This matter because we play a pivotal role in society and we have a responsibility to act as a force for good.

We put this into action every day by developing capabilities that help millions to manage their financial lives. We also develop propositions that are specifically designed to help credit invisibles, and particularly marginalised communities, to bring them into the credit economy and provide them with better opportunities.

You see here some details from our soon-to-launch Experian Go initiative, which we also refer to as New to Credit. It is a programme for underserved communities that allows consumers to go from invisible to scorable. You can see here the progress we are making towards scoring more of the credit-eligible population.

I am very pleased to say we are being recognised for our work. Experian has been included on Fortune's Change the World lists with specific recognition for our efforts to drive financial inclusion through Experian Boost. You have heard me say this many time. Our products and services are used to make a real difference in the financial lives of people all over the world. We are very proud of this. It is very powerful for our employer brand too. We are also very proud to have been recognised earlier this year as a great place to work in 21 countries.

1.4 Progressing well on our strategic priorities

Let us just quickly recap on some of our more important strategic priorities and drivers of our growth. The graphic here on the left should be familiar to you. We have a lot of opportunity in our end markets and are making very good progress. We are leading the way of consumer-permissioned data. This started with Experian Boost, and we are expending permissioned data into areas like income and employment verifications. We are also expanding our data assets to drive financial inclusion. Concepts like Experian Lift and Lift Premium combine many different datasets to score more people, as I referenced earlier, and our ambition is to move further into non-traditional data.

One of the key strengths of Experian is our ability to extend products and services across many end markets. PowerCurve is our most successful product family in this context with 594 installations across 66 countries. As previously discussed, we now have added Ascend as a global capability with a lot of progress in non-US markets, and now 113 Ascend clients globally across 10 countries, which are dominated by the US, but gaining traction everywhere, particularly in the UK and Brazil. In Brazil in particular, the shift to positive data is driving demand for more advanced analytical and decisioning products.

We have a number of advanced global leading products like this. CrossCore is another example, but there are also products we talk less about like Attribute Toolbox and new ones like Ascend Intelligence Services (AIS). One of our key strategic objectives and focus areas for investment is to integrate these capabilities. We believe this will drive better efficiency for our clients and reduce the number of process steps they need to achieve customer outcomes. For example, the ability to deploy data analytics and decisioning capabilities seamlessly into production has saved huge time and effort and eliminates rework. It also improves speeds and response times and helps them react much quicker, which is of course essential given the world that we live in today.

This breadth of capability is unique to Experian. The integration of all these products presents a real opportunity for us and where we believe we have a strong competitive advantage. We have been investing to make this a reality, and that is now becoming so with a growing pipeline of opportunities.

I touched on Consumer Services earlier. We are making great progress. Lead generation has rebounded significantly this year and is growing strongly everywhere. There was 160% growth year on year in the UK, for example.

We are also expanding our product capabilities. We acquired a small business in North America to strengthen our insurance capability there, and we acquired a small business in Brazil to add a digital wallet and payment capabilities to our membership base. These are great examples of what we mean by introducing new and transformative product concepts. Experian Verify is a new growth area for us that was launched last year. Since launch, we have had over 270 client engagements. We now have 67 Experian Verify clients in North America. We are very pleased at this progress. It should make a strong contribution this year, and we are confident in the prospects of this initiative.

We have seen a material improvement in the performance of EMEA Asia-Pacific. We have further to go here. We are making very good progress, building for scale, reducing costs, and streamlining operations. We expect the contribution from this region to continue to improve and reach good levels of profitability over the next few years.

We are very excited by Brazil. We are now seeing very strong growth from positive data products. The market is expanding, as we thought it would in response to an historic market change. We have developed over 100 new products using positive data, and client take-up is very strong. We are also executing on the promise to turn Serasa into a much more functionally and vertically diverse business.

1.5 North America

Organic revenue growth was 16% and total growth was 21% when you include the contributions from our Employer Services acquisitions. All major business units in North America grew in H1, with strong growth particularly in consumer, core bureau businesses, and vertical markets like health and targeting.

Market conditions have been good. There has been good volume recovery as marketing and lending activity resumed. Mortgage volumes reversed as expected, but overall, the effect was positive.

We have secured new clients and expanded our position competitively. Our superior data quality and product differentiation are key determining factors in these wins. Ascend continues to do well. Newer products like Ascend Marketing are seeing significant growth. Our newest evolution Ascend Go allows clients to link their decision systems for credit approvals and has seen very good momentum.

We are also excited by the potential for Ascend Intelligent Services. This will build out a suite of analytical products on top of a global AI platform and will deliver more client value more quickly with more frequent updating and monitoring.

Decision Analytics did really well. PowerCurve was a significant driver of growth, and particularly our cloud-based PowerCurve proposition for customer acquisition. As you all know, we have been investing heavily in Experian One, our cloud-based decisioning platform, and transitioning our business globally to become cloud first and digital first with a higher recurring revenue stream.

The US has made great progress. The majority of sales were PowerCurve originations on Experian One, and every single one of our software deals in H1 was part of a broader contract with integrated data and software products.

Fraud is a large and growing issue in the era of ecommerce, and we saw very good growth in our fraud products in H1. These included some very large contract awards, including with the Social Security Administration in our public-sector channel.

We have established an early lead in the fast-growing BNPL segment. Three of the four largest players have exclusive relationships with Experian, and some of these are becoming global relationships.

I mentioned earlier that verification employment services are doing well. We are integrating the employer services acquisitions. Employers have reacted well to entering the space. Record count is growing, particularly unique records. We are onboarding clients for Experian Verify across a wide range of industries: financial services, government landlords and automotive verticals.

Our healthcare business is thriving. It has had a great start to the year. What differentiates us is the breadth of our capability. There has been a mix of drivers through the course of the pandemic, but fundamentally, there is increased demand for new products and healthcare systems. New bookings' performance is strong.

We are investing in an initiative that we call the Digital Front Door to help enhance the customer digital experience so that providers can improve their digital portals to deliver healthcare in more convenient settings. This is just one example of new opportunity creation in health.

1.6 North America Consumer Services

Consumer Services is now our fastest-growing business in North America. Organic revenue growth was 24%. We have a simple but powerful mission to deliver financial power to all, and we think about the business across four strategic levers. Our free membership base of 47 million is growing strongly. Our marketing campaigns have performed well, and we are using new distribution models through partners to supplement this. For example, we launched a partnership with Chime to leverage its ecosystem.

Engagement levels continue to grow as we drive towards daily agility. This is really important for many reasons. It helps to drive upsell and cross-sell through CRM and lowers the cost of acquisition. This will be an important factor in determining the ROI of maturity.

The more reasons we give people to visit our platform, the stronger engagement will be. That means new products, and our pipeline is very strong. Personalisation is key; this is where our data knowledge and expertise come in. Consumer-permissioned data is also an important element of this, and our roadmap will introduce more ways to boost plus a lot more.

Identity, credit, personal loans, mortgage, and insurance are all areas we have just started to scale. This brings me to the acquisition of Gabi, which is going to substantially enhance our insurance offering. Gabi provides integrations with more than 40 of the top insurance carriers in the US. It also brings capabilities that will allow us to address the \$2 billion auto insurance online market with a very differentiated proposition. This will help to reduce some of the pain points people have when they shop for car insurance by getting them accurate and instant quotes online. It is also an illustration of how we can leverage our membership base to move into new verticals rapidly at scale.

1.7 Latin America

Latin America had an outstanding first half. Organic revenue growth was 20%. When you include the acquisitions, it grew about 27%. As in other regions, volume recovery was a factor in the performance, but it is becoming very clear that a large transformation in the credit industry in Brazil is underway. Digital adoption has exploded. Government COVID support schemes gave us a big push. It prompted consumers to get bank accounts, and there has been a step change in the bank population. The second factor is a significant increase in competition across financial services driven by a very well-funded and fast-growing fintech sector.

The credit industry in Brazil is undergoing massive change. It is being driven by positive data. Financial inclusion is expanding, competition in lending is increasing and the market for our products is growing. This is very much as we predicted it would play out.

The combination of our positive data and our consumer presence is a powerful one. We can give visibility to a much larger section of population through our credit risk tools, and we can fulfil that the demand for credit that this generates on our marketplace. We are seeing this in growing traction for our positive data attributes and scores that I referenced earlier. Serasa Score 2.0 is outperforming all the other scorers in the market. It is a function of our superior data and the expertise that we are able to transfer to Brazil from all of our other markets. There is another wave of positive data to come when telco operators start to furnish data, and that will unlock still greater visibility to the unbanked section of the population.

It is important to emphasise that the growth driver is going to be on positive data. It drives demand for more sophisticated products and better analysis, decisions, and insights. We are very well positioned for this with demand for PowerCurve, CrossCore and Ascend all growing.

We are also extending our fraud presence. We have done through the acquisition of BRScan, and we are seeing great growth. The fraud and identity management market on its own could be an addressable market opportunity of nearly \$1 billion in Brazil over the next five years.

Consumer Services is taking the next steps in its evolution. It is diversifying into new revenue segments, and eCred has started to grow rapidly. This is a function of rapid digitisation. We are adding new features to Serasa Premium like Lock/Unlock, which is a feature we initially developed for the US market. The acquisition of PagueVeloz gives us a new platform for consumers to make real-time payments via an e-wallet and instantly boost their scores, which will drive engagement and enhance the customer experience. There is a lot going on in Brazil and more widely across Latin America, and we are exceptionally well positioned.

1.8 UK and Ireland

The UK is beginning to show good recovery, and we had a successful start to the year. Revenues are on a much better trajectory, and it has translated into much-improved margin progression. The business has performed well. In part, this has been as lender relaxed lending policies and volumes have recovered, but much of it is also due to the positive results from our transformation which, one year into the process, is tracking ahead of our plan.

Our market performance is on a very encouraging trajectory. Win rates have increased, and we have secured more new business. Again, quality and completeness of our data is a real differentiator, as are our market-leading propositions. PowerCurve and Ascend, for example, will see a step change this year, and affordability offer is viewed as best in class.

Consumer Services has had a very strong start, in part due to the bounce back in card and loan prospecting. The progress we have made with our consumer brands is also very pleasing for us. We have improved a lot in terms of trust, relevance, and differentiation. While the comparator will become a bit tougher as we go through the year, we are on much firmer foundations now in this part of the business. We are well on our way to returning the UK to its historical pattern of accretive revenue growth, high profitability and leading innovation.

1.9 EMEA and Asia Pacific

Our organic revenue growth was 6%. This region has a broad geographic footprint, and we have seen some countries still being affected during the half by government-mandated lockdowns. Overall, we have benefited from recovery here too.

We are pleased to return to growth overall. We believe this will continue. We have an opportunity to drive meaningful growth over time much closer to the growth rates we see elsewhere and on a more consistent basis.

The steps have taken in South Africa, Spain, and Germany have been part of this process to build more scale, recurring revenue and profitability. We have made a lot of progress. Our goal is to deliver performance improvement through a combination of enhanced revenue growth through innovation, efficiency measure to reduce costs and streamlining activities to enhance

focus and simplify our operating structure. This will help us to drive more scale and further unlock some of the opportunities that we see across this region. That brings me to the end of the regional run-through.

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

2.1 Highlights

Good morning, everyone. I will start, as usual, with the highlights. As you have seen, we had a very strong first half that was ahead of our expectations. We delivered 16% organic revenue growth, which was our strongest first-half organic revenue growth since becoming a public company in 2006. Q2 organic revenue growth was 11%, which was around 3% higher than we guided back in July. We saw strength across our markets, but most notably in the Consumer, Credit Bureau, and Health businesses.

Acquisitions added a further 5% to the half with the contributions from the German bureau and the recently acquired verification businesses in North America. FX was a 2% tailwind, bringing total revenue growth to 23% for the half.

Strong revenue growth flowed through the EBIT, which increased 25% at both constant and actual rates. EBIT margins expanded 70 basis points at constant currency, which was consistent with our expectations as guided. FX was neutral at an EBIT level, so margins were up 20 basis points at actual FX rates.

Earnings per share growth was very strong. It was up 30% in constant currency terms. We also delivered another period of very strong cashflow conversion and nominal cashflow growth. Given this performance, the board has approved a first interim dividend at 16 cents, which is an increase of 10% on last year.

Finally, our leverage ratio was at the bottom of our two to 2.5 times EBIT net debt range, including the acquisition spend of \$369 million in the half.

2.2 Revenue growth trends

As usual, outside of the turbulence we saw focused in Q1 of last year, we have consistently delivered strong levels of organic growth. In addition, we have consistently delivered incremental inorganic growth that added 5% for this half-year.

2.3 Segmental trends

Following on from the strong growth in Q1 as we lacked the worst effects of the pandemic, B2B achieved high single-digit growth in Q2 and 12% growth for the first half overall. Excluding

mortgage, Q2 B2B organic growth was 9%, with data and decisioning overall growing 6% and 9% respectively.

In Consumer Services, we have delivered our fifth quarter of very strong double-digit organic growth and 27% for the half. Momentum continued through Q2 with credit supply returning to our lead generation markets in North America, the UK, and Ireland whilst subscription revenues remained strong.

2.4 Quarterly growth trends

North America

We delivered 11% organic revenue growth for the second quarter in North America, taking organic revenue growth to 16% for the half-year. Our Bureau business grew 12% organically for the half. Q1 was very strong, partly reflecting a catch-up in demand and weaker comparators in the prior year due to COVID. During Q2, we delivered double-digit growth in our core bureau excluding Mortgage as we saw a rebound across traditional client segments and alternative financial services markets.

Ascend continued to grow double digits during the half with strong demand from clients as we add new modules and integrate Ascend with our decisioning platforms. As expected, Mortgage declined 20% as we worked through the strength in refinance volumes from the prior year. We continue to expect Mortgage to be a 1% headwind for group organic growth for the year as a whole.

Automotive grew 9% organic for the half with volumes performing well despite the well-publicised supply chain issues in the auto market. Targeting grew well as demand for advertising recovered from the lows in the prior year, and our Health business had a great half of strong double-digit growth.

We delivered record software implementations, and our products benefitted from the recovery in activity levels and new innovations. We processed over 500 million eligibility applications in Q2 alone, which was 19% higher than last year.

Decision Analytics performed well, growing double digits as identify and fraud volumes continued to be strengthened by increasing digitisation of services. Our software business grew 18% for the half as we continued to transition from on-premise software solutions to more Experian-hosted services.

Consumer Services performed very strongly in its seventh quarter of double-digit growth. Our free member base has now reached 47 million, which is up 31% year on year. Revenue from premium subscription services progressed well. On the lead generation side, we saw more lenders return to the credit market and further progress in the insurance vertical, which progressed strongly.

Latin America

Latin America grew 20% in the half. Bureau business grew 14% organically. We have seen a recovery in Bureau volumes across the region, and we have benefitted from strong demand for positive data scores and attributes in Brazil. This is now contributing meaningfully to revenue growth.

Decision Analytics grew 31% and was driven by higher volumes in analytics.

Consumer Services grew 64%. Our lead generation proposition eCred saw very strong growth as we built out this platform alongside very strong consumer demand for credit products. The free member base in Brazil now stands at 65 million, up 25% year on year.

UK and Ireland

The UK and Ireland region grew strongly through the first half with double-digit growth in both quarters. The bureau business delivered organic growth of 14%. Bureau volumes in the UK are now back to pre-COVID levels with consistent strength through the half, and we are seeing good growth in pre-qualification volumes as lenders have relaxed lending policies. Targeting and Auto recovered as the economy continued to open up and demand returns.

Our UK Decisioning segment grew by 7% for the half. Revenue growth in Identity and Fraud and our Analytics businesses were both driven by improvements in transaction volumes as they continued to exceed pre-COVID levels. In decisioning software, revenue growth was driven by sales of cloud-hosted solutions and migrations from legacy products.

Consumer Services was up 30% for the half, while we saw a strong recovery in the Lead Generation business as supply bounced back. Our free member base here has now reached 10.4 million; it is up 22% year on year. Consumer engagement remains strong, and we received an average of 1.3 million visits to our marketplace per month.

EMEA / Asia Pacific

EMEA and Asia-Pacific delivered growth of 6% in H1. In EMEA, we were up 5% for the half as volumes recovered, driven by increased client activity. The Q2 decline in EMEA related to a one-off contract win in the prior year in our German acquisition.

APAC was up 7% in the first half, reflecting strengthening bureau volumes across the region. We have also seen good demand for cloud-enabled technologies.

2.5 Benchmark EBIT

Last year, EBIT was \$647 million. North America added \$127 million to EBIT, growing over 20% on the prior year. A strong revenue growth across the business offset the slowdown in US Mortgage and increased investment. We are continuing to expand investment behind momentum in our Consumer Services business.

Latin America EBIT grew 34%, reflecting strength in revenue as bureau volumes recovered and positive data products' momentum increased. UK and Ireland EBIT more than doubled versus the prior year, delivering 150% growth following strong revenue growth and our progress with our transformation programme. Our EMEA Asia-Pacific business delivered good revenue growth that dropped through to EBIT. We also saw a positive impact from our acquisitions.

Central activities increased to \$54 million in the first half. Following a strong start to the year, we incurred a \$20 million one-off incentive capture in Central to align to a strong business performance. We also continued our investment in our global project initiatives following the reduction in discretionary spend we saw in the first half of last year.

For the full year, we expect central activities to be around \$150 million with actual rates, which includes the \$20 million catch-up on the incentives in the first half. Excluding that going forward, this gives a run rate on central activities of around \$60 million to \$65 million in the half.

We delivered over \$800 million of EBIT during the half, reflecting growth of 25% of both actual and constant FX rates. First half margin was up 70 basis points at constant currency, in line with our guidance. FX was at 2% tailwind to revenue and neutral to EBIT, as we guided in July, and therefore at actual rates margin was up 20 basis points. Overall, then, first half margin came in where we expected, and we continue to expand investment behind the growth momentum we have in the business. We are maintaining our margin guidance, which I will turn to in a moment.

2.6 Benchmark EPS

Moving onto EPS, starting with H1 of last year, where benchmark EPS was 47.9 cents per share. Benchmark EBIT from continuing operations grew 25%, reflecting the strong organic revenue growth performance. Interest expense decreased to \$55 million as a result of lower average global interest rates. The tax rate is 24.8%, down from 26.2 in the prior year, reflecting a one-off credit to deferred tax related to the amended UK tax rate. EPS was therefore up 30% on a constant FX basis and up 29% with actual FX rates to 61.7 cents.

2.7 Reconciliation of Benchmark to Statutory PBT

Taking a look now at our usual reconciliation to statutory results, our benchmark profit before tax grew 28% above constant and actual rates following the strong revenue performance. Acquisition intangibles grew in line with our increased acquisition activity. Exceptional items were a \$5 million credit, driven by further earnout on the sale of our stake in Finicity. Other items here mainly related to acquisition-related expenses and changes to non-cash financing remeasurements was driven as usual by FX changes on intercompany financing. And that take us all to the statutory profit before tax of \$654 million, up 43% year-on-year.

2.8 Cash flow generation

Moving onto cashflow, we saw a very strong cashflow generation, with benchmark operating cashflow up 25% year-on-year at actual rates and more than double the figure two years ago.

In addition, we have seen very strong conversion in the half, at 89%, meaning we now expect a high-level conversion for the full year of around 100%. Net capital expenditure was up 13%, representing 7% of revenue.

2.9 Capital framework

Looking at the balance sheet during the half, we made \$369 million of acquisitions. In addition, after the end of the quarter we completed the acquisitions of Gabi in North America and PagueVeloz in Brazil, which amounted to \$353 million of acquisition expenditure. We have also announced a dividend of 16 cents, up 10% year-on-year, and we have completed a 115 million net share repurchases of the 150 million we announced in May. As you know, our net debt to EBITDA range is 2 to 2.5, and we finished the half year at 2.1, towards the bottom end of that range.

2.10 Modelling considerations

Finally, turning to modelling considerations, we have previously guided 9 to 11% organic revenue growth for the full year. Driven by our strong H1 performance and outlook, we are now upgrading our full-year guidance to 11 to 13%, with Q3 expected to be in the range of 9 to 11%. Following the acquisitions after the period ends, we now expect acquisitions to add around 4% to our revenue growth for the year, at the top of our previous guidance. We continue to expect strong margin progression of at least 60 basis points at constant currency, and we continue to invest strongly behind the momentum in our business and our growth innovations. We expect FX will be neutral to EBIT growth, and a 30 basis points headwind to EBIT margin, assuming current rates continue. We now expect net interest for the year to be around \$150 million. at the bottom of our previous range. The benchmark tax rate is expected to be around 26%, at the bottom of our previous range, and the weighted average number of shares is expected to be 915 million for the year. Following the upgrade to revenue, capex is now expected to be around 8% of revenue, at the bottom end of previous range. Given the strong cashflow performance across the business, we have upgraded our cash conversion guidance and now expect operating cashflow conversion of around 100%.

That now concludes my presentation. I will now hand you over to Brian for the Q&A

3. Summary – Brian Cassin

Thanks, Lloyd. To summarise, a strong first half, better than expected and overall set to be a very good year for Experian. The next phase of the development is set to be our most exciting. We are redefining the opportunity for Experian across many segments, be that in consumer services Brazil, or across many of our vertical markets. We are well underway with our UK transformation, and we see great potential to deliver enhanced performance across EMEA/Asia-Pacific. Taken together, as we look ahead, we are very well positioned.

With that, I am going to hand back to the operator for your questions, for which we will also be joined by Kerry Williams, our Chief Operating Officer.

4. Questions and Answers

Paul Sullivan, Barclays

Good morning, everyone. Three from me. Firstly, this is the second organic raise that you have put through this year. What drives you towards the upper end of the implied 9 to 11% for the second half? How should we think about the conservatism that is built into that?

Secondly, could you break down the second quarter growth in the US consumer business by its component parts? Though you touched on it, are there any specific KPIs you are going to start sharing with us so that we can monitor engagement and monetisation a little bit more closely going forward?

Thirdly, we saw your Democrat friends fire a missive to the CFPB over data accuracy amongst other things. Any comment there? Also, around noise and pushback against the use of scores and credit reports more generally? Thank you

Brian Cassin

Thanks for the questions. Lloyd, do you want to deal with the first two, and then I will come back on the CFPB point?

Lloyd Pitchford

Organic growth, if we continue growing at 11% that we have done in the second quarter, that gets you to the top of the range. We clearly have some tougher comps in the second half, particularly in the consumer business, and particularly looking at the subscription business, and clearly some uncertainties in other bits of the business. At the bottom end of the range, we would be somewhere in the 8 to 9% organic growth for the rest of the year. That shapes the range. A 2% range for the full year with only half to go, our most probable outcomes are in that range rather than outside it. Clearly there is always a chance, but more probable we will be in the range for the rest of the year, would be by guide.

On consumer, we saw continued good double-digit growth in the subscription business year-on-year and very strong growth in lead generation, so that almost doubled. To give you a shape of it, for the full year we are expecting over \$200 million of lead generation revenue in the North America business. Our partner solutions business grew very strongly. Across the board our growth is very strong, but very strong in lead generation.

Brian Cassin

Thanks, Lloyd. Coming back to your point on the CFPB, your specific question was around the number of complaints. This is an ongoing story, really. Just a couple of points of context. First of all, the CFPB portal – which is quite a mouthful – is used to aggregate customer complaints across the bureau system. If you look at the majority of those complaints, what they are

actually focused on is the accuracy of the data that is furnished to us by the furnishers in the credit system. A very small proportion of complaints themselves are actually directed at the credit reporting agencies.

We have a statutory obligation to investigate those complaints and disputes and follow them up within specific timescales. We then have obligations to respond back to that consumer and to the CFPB how we have resolved that complaint. 90% of the complaints are resolved with no change to the credit report. That gives you an idea of some of the level of activity that we see.

The other thing that I would say is that we see increasing number of complaints that are submitted on behalf of credit repair organisations. These are organisations that purportedly act on behalf of consumers to try and get their credit reports changed. In many cases these are aggregated complaints. We have seen the number of complaints that are submitted by one firm, for example, multiple complaints using the same language, all of which indicates a fairly systematic and industrial scale approach to this. There is actually an interesting Oliver Wyman report which is available on our website, which gives you a little bit more detail behind this.

We think that just looking at that number of complaints does not tell you the whole picture, and we think that as an industry we have made huge strides over a long period in increasing data accuracy and ensuring that we have the most accurate data in the system as possible.

Paul Sullivan, Barclays

Thanks for that. Coming back on the consumer side, the KPIs on monetisation and engagement: can we expect more information on that, so we can start monitoring that more closely going forward?

Lloyd Pitchford

We have expanded the disclosure there quite a bit this year. We have talked about the additional revenue we are getting from the insurance segment. The average engagement we have of 25% is pretty stable across our three direct-to-consumer businesses, in that 25 to 30% range. We will update on both vertical market expansion and the engagement levels as we go forward. That shows the power, actually, of the distribution engine that we have there in the consumer business. We will clearly continue to add free members but increasing the number of things we can do for people and engaging them more regularly are the two target measures. Vertical expansion and engagement are the two metrics that we will give you.

Paul Sullivan, Barclays

Great, thank you very much.

Oscar Val Mas, JP Morgan

Good morning, Brian and Lloyd. I have three questions. The first one on EBIT guidance. You have maintained the strong margin progression, and in the past, you have given that as at least 60 basis points. Could you update on what you think for the full year on margin?

The second question is on the EMEA/APAC division, and I appreciate this is really a long-term bet on those markets growing, but you do mention some actions you are taking this year. How

should we think about the timing of your margin recovery? I.e. what should the margin be this year and next year, and what is the shape of that recovery?

Then the final question is going back on one of Paul's questions in consumer services. It seems like the traditional premium subscription business is still growing against a high comp last year. Could you remind us of what your view on that part of the business is going forward? I.e. do you still expect to grow your premium subscriptions in the future? Thank you.

Lloyd Pitchford

Okay, shall I run through those? There is no change to the margin guidance as strong margin appreciation, which continues to say at least 60 basis points. This really reflects our choices as a company to continue to invest behind the momentum that we have. Given the strong momentum we have across our scale in B2B platforms and in the direct-to-consumer business, we continue to expand investment behind that momentum.

On EMEA/APAC, we have a number of actions underway to increase the scale of individual markets in that region, and also to improve its profitability. We said over the next three to four years, we would expect that region to get up to about mid-teens operating margins from its current position, really driven by some of the individual market scaling and some of the efficiency actions that we have. There is no change there. We expect it to be profitable for the full year and then increase from there.

Then on consumer, the subscription market, clearly we had a lot of inflow around COVID and around the housing boom in North America as we came through COVID. Clearly as that works its way through in the system we expect a slightly slower growth in that business, but in the long run our goal is to enrich the product set in our subscription business so that that can continue to grow. The majority of our growth, in direct-to-consumer, clearly is going to come from the marketplace business as we expand the different things we can do for that free consumer base.

Oscar Val Mas, JP Morgan

Great, that is very clear. Thank you.

George Gregory, Exane BNP Paribas

Good morning, everyone. Thanks for taking my questions. I have two, please. Firstly, on income verification services, I am keen to get your thoughts on the timescale for this to be a scale contributor. I do not know if you have any thoughts as to where you need to get your records base to for that to happen.

Secondly, just following on the PagueVeloz acquisition in Brazil, I am keen to understand how you think about the potential for building a payments platform and whether you are looking to externalise that beyond facilitating debt repayments. Thanks.

Brian Cassin

Thanks for the questions. I will start off on the first one, then I will invite Kerry just to give you a little bit of colour around that activity. Your first question really was at what point do we get to scale in verification. It depends on what your definition of scale is. Lloyd outlined, we will have

a fairly material contribution this year from the acquisitions that we have made, and also the traction that we are getting in Experian Verify. That is around about \$100 million of revenue this year, so it is already a decent contributor, and we expect that to continue to grow. Your point, really, on records, I do not think we see it necessarily solely linked to records. Maybe I will just ask Kerry to elaborate on that a little bit and I will come back on the PagueVeloz question.

Kerry?

Kerry Williams, COO

Thanks, Brian, and good morning everyone. Really quickly on income verification, it is important to keep the distinction in mind on the data assets in that type of business versus a credit bureau. In a credit bureau you do need the absolute widest coverage and the deepest coverage of data because you are competing very specifically on the output from those assets. In the income verification and employer services area, where we are leveraging verification capabilities, you can move to the top of the waterfall even if you have a smaller coverage in the market, because it is a binary response. You are employed or you are not employed, and your income is X, or your income is Y. If you cannot respond with the hit on that, they can just move to the second person down in the waterfall. That gives us a much faster penetration into the market in verification services than you would see in traditional credit bureau penetration. That is one of the reasons why we have made such great progress already, and it is important to keep that distinction in mind as we move forward in the coming month and years.

On PagueVeloz, the main thing we are focused on initially on that is helping the consumers in Brazil. How we are doing that is we are speeding up the ability by being able to manage the payment process of when they clear their debt and being able to reflect that almost instantaneously on the credit report. This is a huge improvement over the current process, where they would have to pay and it would have to be reported into us from the credit grantor, which would be many weeks in the process before it can be updated on the credit information. Our focus, primarily, to start off with, is helping the consumers when they make an outstanding payment on some debt that they owe, that it is reflected immediately so that they can continue to move forward with their credit journey and do the transactions they need to. That is the importance of the PagueVeloz payment platform initially for us in the Brazil market.\

Brian Cassin

Great, thanks Kerry. The only point I would add to that, George, on your specific question is this is quite a niche payment capability, as Kerry outlined. Primarily what it does is help to build our consumer platform. It does actually have an interesting SME angle, which we will continue to look to see if we can drive synergies with our very large SME B2B business in Brazil. Whilst no immediate plans, we think it gives us some interesting options for product development going forward.

George Gregory

Thanks very much.

Simona Sarli, Bank of America

Good morning, gentlemen, and thanks for taking my questions. Just a couple of them, pretty quickly. The cost for central activities in H1 increased, and you mentioned that there was a catch-up effect for the long-term incentive plan and on the back of that you provided a specific

guidance for fiscal year 2022. How should we think about central activities cost for next year? Also, if you can please provide a little bit more colour on the size of the one-off contract in EMEA that was lost this year, and what has been the organic growth in this region in Q2, adjusted for that? Thank you.

Lloyd Pitchford

The guidance for central for this year is \$150 million. About \$20 million of that is the one-off catch-up on long-term incentives. There is about \$10 million adverse FX due to the strengthening of sterling. For this year, adjusted, that takes you down to about \$120 million, which is compared to \$112 million in the year before, before COVID. Obviously, the FX is hard to forecast, so we have guided a \$60-65 million run rate per half. We think that is good for the second half of this year and into next year.

On EMEA, it was not actually a contract that we lost, it was a one-off contract really in the prior year. That was about \$10 million in the prior year, so you take that out and you can see the EMEA growth would have been about break even during this period.

Simona Sarli

Thank you very much, very clear.

Rajesh Kumar, HSBC

Good morning, thanks for taking the question. The first question is on the consumer business. When you think of the next three to five years in that business, can you run us through what sort of capital allocation you would require for that, and not the immediate return, not a six-month, 12-month return, but what is the medium-term return you can expect to generate on that capital deployed?

The second question is around your guidance around mortgage in second half. Obviously, the comps are difficult and your guidance assumes a little bit of decline. However, when you are thinking of year 2023 onwards, do you think the market is accurately reflecting what the trends for mortgages will be in the first half of 2023 financial year?

The third question is around the complaints point, which you clearly have provided us with additional colour in the last two quarters, that the complaints statistics are driven by certain unique features of the market, which are in part related to brand and in part related to credit repair. With your positioning in the consumer business, can you start improving that compared to your peers in the industry?

Brian Cassin

Thanks, Rajesh. Let me deal with the consumer services question, in the next three to five years. I think your question is about capital allocation. The first point I would make is that if you look at what we have done in consumer services over the last probably four to five years, it is pretty clear we have transformed that business. We have actually done that organically. We entered the identity space very successfully, we entered the lead generation space very successfully, we entered the insurance space very successfully. At every stage we had

opportunities to put very large cheques to work to do that, but actually we believed that organically was the right way to do that from a capital allocation perspective.

We have done an acquisition in insurance, but we think this is actually a really smart move, because if you look at the scale we have on the platform now and you look at the complexity of the insurance market in the US, most of you on this call will be used to the auto insurance market in the UK which is a pretty slick process after 20 years of development and fierce competition. The US market is nothing like that. It is incredibly complex, it has lots of forms, and there is a real opportunity for enhanced and seamless customer experience. It is also very complex from a licensing perspective, with each individual state having its own licensing requirements. You really do need some specific capability here to help you get to your end goal, which is a seamless customer proposition, like they would have with in credit cards. That is why we did that acquisition, and we think it is really going to move our insurance proposition forward, which by the way is already performing extremely well last year and this year. That is part of the reason. This company is actually a partner of ours and it is a great example of how we develop commercial relationships with a view to potential acquisition and further, where we can see how products and companies perform. We are very confident about that.

We are very confident about the organic growth of the business. If the right opportunities come up from an acquisition perspective, we will look at them, but it is obviously not entirely acquisition, it is mostly organic.

The other part of that is if you look at the capex that we commit to this business, it is actually lower than the capex that we have in B2B. The real investment that you require in consumer services is through the P&L, making sure that you have sufficient marketing investment, making sure that you are investing in enough product, which we have done hugely successfully not just in the US but also Brazil and elsewhere. That is our focus and when we talk about continuous investment in the business, that is exactly what we are talking about.

Lloyd, do you want to deal with the mortgage one?

Lloyd Pitchford

The mortgage market has developed pretty much exactly as we said. We still expect it to be a 1% drag for this year. Clearly there has been a pull forward with a lot of refinancing, as we saw interest rates drop. There are a range of forecasts still as we go into next year. We might see it be something like another 1% headwind at a group level through next year, if I take a mean of the different forecasts, but we will update a bit more on that in May. Obviously mortgage is a much smaller part of our portfolio than some of our competitors, so maybe 1%.

Brian Cassin

Rajesh, just coming back to your third question, which is can we dial down complaints as we grow ECS. Maybe, I think is the answer to the question. What we can do as we grow our ECS business is obviously get much more consumer contributed data and so to the extent we can actually use that to improve accuracy the that is terrific. We see that mostly in markets like Brazil, where there is perhaps much greater variation of data quality. I have already said – there are a lot of questions since the last time we had a call – the data accuracy in the bureau

system in the US is actually extremely high, and as I said earlier the complaints, an awful lot of them, are actually disputing trade lines on the bureau, or actually disputing data elements. Some of which are valid, some of which are mistakes, a lot of which are simply directed and trying to remove items from people's credit reports. That activity probably will never go away, but the general point about more data comes from consumers, does that help? Absolutely. Specifically on complaints? I am not sure.

Rajesh Kumar

Understood. Thank you very much for the third question answer. Even looking at the complaints and the data set, it is very clear that most of the complaints are resolved very quickly. Not just by you, but by your peers as well. What my question specifically related to was that given the play you have on Boost and consumer contributed data, is there a mechanism by which you can obtain an edge over your peers who do it indirectly, through a third party, where you could deploy it through your Boost product, say that if you have a complaint we can help you sort that out sooner and quicker using Boost? I am just trying to see if there is an advantage Boost gives you, which others might not have.

Brian Cassin

There is an advantage Boost gives us, but it is actually more data on the file. I do not think it is in that narrow area of complaints, it is more in the comprehensive picture that we have, and we have more data on consumers for those who are willing to contribute that data. Do not forget that Boost actually contributes different and new tradelines to the core credit bureau. It is quite significant and unless those trade lines are aggregated elsewhere, they will be unique data features for us.

Rajesh Kumar

Thank you very much.

Anvesh Agrawal, Morgan Stanley

Good morning. I have only two questions. The first, I think Brian you said at the beginning of the presentation that now the focus is to combine the capability across analytics and sell it off as one solution to your client. I am just wondering, can this be net deflationary from a pricing perspective, or do you think you can still maintain the price on the combined product and the advantage for the consumer or clients is more from a process cost and implementation perspective?

The second question is just last month there was an article in the Wall Street Journal talking about Allstate trying to move away from credit score in underwriting policies. I am just wondering if there is a new alternative emerging to the credit scoring data. What are the long-term risks or how do you see the role of bureaus changing longer term in that regard?

Brian Cassin

I will deal with the second one first. I am coming up to my 10-year anniversary in the company, and I think I have had this question every single year on the back of some claim by the latest fintech new entrant saying they are not going to use credit data and scores. All I can tell you is that every time I engage with a chief credit risk officer of any major bank globally, the concept or

prospect of moving away from traditional credit data and the scores that they use is about as far away a market change as you could possibly ever imagine. That is not to say that other data and scores do not have a place. They do, but people think about this in the wrong way. They think about it as replacement as opposed to supplemental. We, ourselves, actually are very instrumental in helping that happen, hence the examples Boost, Experian Lift, the stuff we are doing in Brazil, the stuff we are doing in Asia-Pacific.

That is the only mistake people make when they ask this question is they assume that we are standing still. We are not. I am sure I will still get this question if I am here for another 10 years, but the answer will be the same. Lots of development, lots of innovation, but we are at the forefront of it as well, so I do not expect that to be a big issue.

Combining capabilities, yes. We are making great progress on this, and your question was specifically a deflationary one. I do not think so. Combining capabilities enables us to actually tap into additional value pools in organisations that perhaps we have not reached before. I could give you a small example. It is a very small example, but it is a good one. I will not name the client, but there is one in the UK that actually just used to pull data from us. It is a small client, so they would probably have been at one particular price point. They recently contracted with us to take integrated data and decisioning through Experian One, and of course they are a low-volume credit grantor, and the proposition enabled them to save a significant amount of money in their credit application process. As a result of which, the contact value to us essentially tripled. Instead of getting a per-transaction fee of X, just based on a data pool, we ended up getting a per-transaction fee of 3X, because of the combined proposition we put forward. Why did that make sense to them? It made sense to them because we give them the data and we essentially give them all the decisioning that they need to do, plus all of the compliance requirements. That means that they can strip out significant costs from their side. It makes a lot of sense for them.

I do not think you can think of that in terms of deflationary pressures. You have to think about that in terms of value creation.

Anvesh Agrawal

Fair enough, so it is essentially allowing you to take more share of wallet from your existing customers. That is probably the more proper way to think about it. That is very clear. Thank you.

Brian Cassin

The right way to think about it is other pools of spending. Remember, one of our strategic objectives is to actually help people automate processes and reduce their costs, which is exactly what that example does. That enables us to extract that value pool.

Anvesh Agrawal

That is clear. Thank you.

5. Concluding remarks - Brian Cassin

Thank you very much for joining us today. We have had a very good start to the year. We are very excited about the prospects for this year and beyond and we look forward to speaking to you again in Q3. Thank you very much