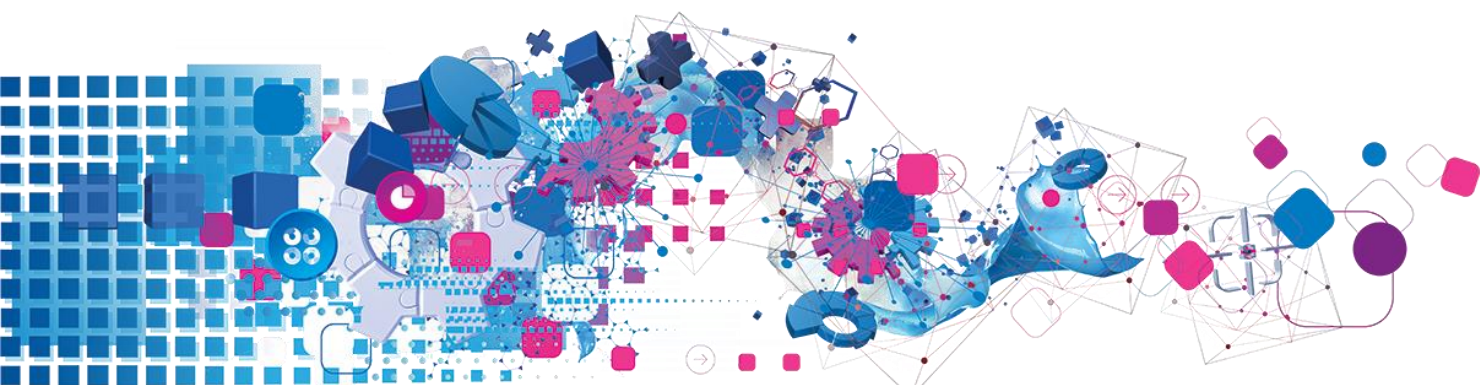




# FY22 full-year results

18 May 2022

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# 1. Strategic and Operational Review - Brian Cassin, Chief Executive Officer, Experian

## 1.1 Introduction

Hello, everybody, and welcome to our full-year results presentation. I am joined today by Lloyd Pitchford and, in our Q&A session today, we will be joined as usual by Kerry Williams, but also Craig Boundy. Many of you will know Craig. He previously led our North America region and was appointed COO in April to take over from Kerry.

We had a very good FY22, which is in line with our guidance. Revenue, margins, earnings and cash flow for the year were very strong. We made a lot of progress across a number of our key initiatives and, while we had some benefit from the recovery, these are a very good set of results.

Conditions in our markets right now remain supportive, with the notable exception of US Mortgage. In all other areas, particularly unsecured lending, business remains good and customer demand is healthy. Like all other businesses, we are closely monitoring the external environment and we are well aware of inflationary and other pressures in the system, but it is worth remembering that we have a long history of weathering uncertainties, and these, as often as not, can create opportunities for us as well. We have good confidence as we head into FY23.

## 1.2 Delivering strong growth: accelerating B2B and step-change in Consumer Services

Turning to the financial highlights, Q4 organic revenue growth was 9%, which took us to organic revenue growth for the year of 12%, which is in line with our expectations. When acquisitions are included, our total growth was 17%. Margin development was also in line with our expectations, up 60 basis points at constant currency and up 40 basis points including the currency headwind.

Cash performance was another highlight. Both cash generation and cash conversion were very strong. The conversion rate of 109% was one of our highest as a publicly listed company. We completed acquisitions worth US\$800 million during the year and ended the year with net debt of just 1.9 times debt to EBITDA, or two times on an adjusted basis for post-balance sheet acquisitions. This gives us ample capacity to pursue our growth plans while also maintaining flexibility.

We propose to increase the second interim dividend by 10%, to take us to a 10% dividend increase for the year, and we will initiate a US\$175 million share buyback, mainly to offset deliveries under long-term incentive plans.

B2B was up 9% organically, driven by a strong rebound in bureau volumes and contributions from new products. Areas of note were alternative data assets, Ascend, Buy Now Pay Later and new verticals. Health had another good year, and our push into verifications has progressed well, with over 100 new clients signed up. In Brazil, positive data take-up is encouraging and we have started our entry into promising new verticals like agriculture.

Consumer Services had an outstanding year, with growth of 22%, spread across all regions and product lines. Regionally, we delivered double-digit growth across North America, Latin America and the UK and Ireland, and we added to our positions with some selective but strategically important acquisitions.

The UK transformation programme is going well and we delivered our fastest revenue growth as a public company, with very solid progress on margin development, which was up by 550 basis points. We took significant steps to reposition our operations in EMEA/Asia Pacific. Margin development there this year was very strong, up 600 basis points in the region, and we expect continued improvement from there.

### **1.3 FY22 Strategic highlights: significant contribution from organic investment; acquisitions supplement core strategies**

Let us just pick out some of the strategic highlights for the year. Organic investment in new product technology and customer acquisition are key factors in our growth, and that continued in FY22. What you can see here is how new product generation over time is driving organic revenue growth. It feeds US\$900 million and, in the past year alone, we launched over 100 new products. Our consumer free memberships have now reached 134 million globally, which is up 24 million in the last year.

Inorganically, I referenced just over US\$800 million of in-year M&A spend, and we have added another US\$200 million odd post-balance sheet. The acquisitions are a tight fit with our strategy. CIC, which is a recent one, supplements our offer in Verification Services, and brings over an additional 1,000 employer clients and should open access to more records. We have been expanding our presence in Spanish Latin America, where we continue to see good growth opportunities across bureau, cloud decisioning solutions and ID and fraud capabilities. In Brazil, we have agreed to acquire a minority stake in a business called Mova, which will help us build out further in the SME channel.

### **1.4 Our strategy addresses high-growth markets through defined initiatives**

We continue to see large addressable market opportunity north of US\$140 billion in total. You have seen this slide before. We translate these broad trends into specific strategic initiatives across B2B and Consumer and, importantly, in issues that link both B2B and Consumer Services. Every year, we succeed in extending our position into new client segments, a few notable recent ones being Buy Now Pay Later and Big Technology, both of which are adding to our customer mix. We serve some very specific needs for our clients across financial services and beyond.

## 1.5 ESG strategy highlights – progressing towards our key targets

Let me also touch on some of our ESG highlights. The strategy here is one that we talk about increasingly. Our goal is to deliver financial health to all. Financial inclusion and reducing the cost of credit is the thread that sits at the heart of our social mission, from core products like Experian Boost and Experian Go to our community giving programme. We take these commitments to manage data responsibly very seriously, ensuring that we maintain the highest standards of security and data accuracy, all of which is underpinned by our commitment to our people in a diverse and inclusive culture.

This year, we made further progress towards some of our ESG targets. We reached 82 million people through our social innovation products, and connected 87 million through United for Financial Health, putting us on track to reach our targets of 100 million in both these programmes. We made further progress on our gender commitments, with 33% of leaders being female, representing further progress towards our 40% target. On our environmental goals, we reduced our Scope 1 and 2 emissions by 44% since our base year in 2019. We are also engaging with our suppliers to reduce Scope 3 emissions and evaluating plans to move towards net zero.

## 1.6 North America: performing strongly, successful strategic execution; +13%

Turning now to our regions and starting with North America, all business units delivered growth. Generally speaking, the US consumer is still in good shape. Consumer balance sheets are relatively strong, with employment at very high levels. Other than in Mortgage, bureau volumes continue at healthy levels. Credit demand is pretty good, as is credit supply, and asset quality generally remains strong, despite some upticks in past-due loans in some categories.

We also see strong demand for alternative data assets, particularly in the short-term lending space. Issuers and lenders broadly continue to invest in new capabilities. Ascend had another strong year. We are seeing demand for new and different sources of data to be added into underwriting, account management and collection decisions. As a platform and a set of products, Ascend helps lenders to analyse, model and deploy that information to help drive their lending strategies. We have also extended our cloud-enabled decisioning capabilities and are introducing preconfigured decision solutions to address opportunities in the mid-market, with some very good early successes.

Our Buy Now Pay Later vertical is also growing and we expect this to continue. Verification Services surpassed our expectations. We have added to our record count and are signing clients to Experian Verify – over 100 so far, approximately 40 of whom are implemented across multiple use cases. This would include, for example, card issuers, mortgage, payday loans, credit unions, fintechs and others. We reached 42 million income and employment records by the end of the year, including some new signs of payroll partnerships, and we are also adding unique records.

In Health, we delivered growth across multiple revenue lines. We did see some contribution from portal authentication for vaccinations and elevated identity volumes, both of which were COVID-related and which we do not expect to recur in FY23. Despite the severe supply-side shortages, Automotive is performing well, helped by traction that we are getting in new products like Experian Marketing Engine, which is a product that helps our Automotive customers identify prospective clients.

Finally, for B2B, we are delighted with the progress of our targeting business, which has been integrated with the Tapad capabilities – the business we bought in FY21. This has been very strong and is helping to increase our footprint in the digital sphere and to expand further into areas like addressable TV. We have good momentum going into FY23.

## **1.7 North America Consumer Services: moving ahead by bringing new value to our members, +21%**

In North America Consumer Services, FY22 was a very strong year, as our free memberships grew to 52 million. Marketplace performed extremely well and we feel very well positioned to sustain growth here. In fact, we expect Marketplace to become the lead driver of growth over the next few years, with personal loans well on its way to becoming our next US\$100 million opportunity.

We expect our next sizable vertical to be insurance, which we are developing through recently acquired Gabi. We will have a significant push over the coming year as we improve that customer experience. The digital insurance market is still very underpenetrated. The total market opportunity in the US is in the region of US\$3-4 billion. We have a very small piece of this today and we are enhancing our proposition to remove friction and reduce steps for customers to realise savings on their auto insurance.

Through FY22, premium growth was strong and we are enriching our services with new privacy features to strengthen engagement and retention further. We are also adding capabilities to identify who you are paying and help you negotiate savings on your outgoings. FY23 will be another big year for us to bring new value to our members and to continue to drive positive trends in engagement statistics. There will be more ways to Boost scores. We expect to secure meaningful milestones in insurance and we are invigorating premium with privacy and bill negotiation. Taken together, we feel confident and we have a lot of momentum in Consumer Services.

## **1.8 Latin America: seizing the opportunity in Brazil; expanding regional footprint; +17%**

Moving to Latin America, which had an amazing year, positive data products were a really strong contributor to growth. We continue to bring new scores and attributes to market, extending our position with some of our largest clients, and we are seeing consumption also grow across the small and medium channel.

Serasa Score continues to do really well, outperforming competitor scores. We are introducing still more powerful versions to incorporate alternative data as well as more positive data

attributes. We saw strong growth in our fraud and identity offer, helped by our recent acquisition of BrScan, which has acted as a catalyst to our competitive position and offering in that segment of the market. We had a very good year in Decision Analytics, with growth across analytics platforms and also very strong growth in Ascend. We are broadening into new market segments. Agriculture, which I mentioned at the outset, is 25% of Brazil's GDP. It is a sector where credit allocation is cumbersome and quite inefficient. It is a very interesting vertical opportunity that we are actively investing in.

Consumer Services had another very strong year, with credit going digital in Brazil. Lenders now see our platform as a place to acquire customers cost-effectively. We have 71 million members, so we provide reach to 45% of the Brazilian adult population. eCred is now our biggest growth driver and we now see big brands offering credit on the platform. New premium features are extending the ecosystem and further diversifying our revenues.

We are very well positioned in Brazil and we see good prospects both there and more widely across the Latin America region. New ways to originate credit are emerging. Fintech engines and neobanks are establishing themselves quite rapidly, which is causing lenders to react by investing in their products and infrastructure. Retailers are also competing, improving digital capabilities and adding financial services super-apps. Further regulatory reform is adding to this. The central bank of Brazil has sponsored additional reforms to improve competitiveness in financial and credit markets. You are all familiar with positive data. Open banking and open receivables regulations are bringing new sources of data, which will add to opportunities going forward.

## **1.9 UK and Ireland: on a stronger trajectory, with improved margins; laying foundations for sustained growth, +11%**

Moving now to the UK and Ireland, we have made a lot of progress, with the business now on a stronger trajectory and delivering much improved margins. The economic rebound helped to an extent on the B2B side, and we benefited from strength in prequalification and origination volumes. This was supplemented by a good performance across fraud and analytics. We continue to see lenders active in the market, with continued appetite for credit acquisitions. There is also more focus on understanding disposable income and ability to pay, which plays into some of the newer capabilities that we have developed.

We have been addressing the foundations of the business, which helped to deliver a very strong year for new business wins, including a very strong finish, and this sets us up well going into FY23. New business wins came from a broad spectrum of traditional lenders, FinTechs and Buy Now Pay Later, primarily driven by higher-quality data assets, best-in-market coverage and strength in analytics and fraud.

In Consumer Services, Marketplace is now a pretty substantial business, nearly doubling in size in the year. From a standing start five years ago, we are now the number two in the market. We put a lot of effort into expanding our lender panel to provide consumers with greater choice and transparency when they are applying for credit. As a result, we are seeing consumers get



access to cheaper credit deals and proactively switch to save money. We will build on this over the coming year and we also plan to add new features to enrich our premium offer.

Overall, we feel we have made some really good progress in the UK, starting to deliver on the ambition we laid out of a more sustainable growth profile over the medium term. Over the next 18 months, our focus is on bringing new propositions to market, which will further add to the scale of our opportunity. These include some early-stage investments in income and employment services. We are also making progress with our technology migration programme.

## **1.10 EMEA/Asia Pacific – positioning to drive meaningful value for Experian; +3%**

Turning to EMEA/Asia Pacific, our objective here is to enhance growth and profitability by driving greater scale across the region. In the first phase, this has seen a scale-up in some of our bureaux markets such as South Africa and Spain, and we will continue to focus for scale in strategic markets like these in Germany, Italy, Australia and India. We will stay on this course over the coming year, further streamlining our operational and geographic footprint, and we expect these actions to enhance the financial characteristics of the region, resulting in a higher proportion of recurring revenue and profitable growth.

With that, I will hand over to Lloyd.

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

### **2.1 FY22 highlights**

Thanks, Brian, and good morning, everyone. As usual, I will start with some of the highlights. As you have seen, we had a very strong FY22, delivering significant strategic, operational and financial progress. We had a good end to the year, with Q4 organic revenue up 9% compared to our 8-9% guidance. For the year as a whole, organic revenue was 12%. Acquisitions added a further 5% from our verification acquisitions in North America, as well as other bureaux assets in EMEA and Latin America. FX was neutral to revenue growth, so total revenue growth was 17%.

That flowed through to EBIT, with 19% EBIT growth at both constant and actual rates. EBIT margins expanded by 60 basis points at constant currency, in line with our guidance, and 40 basis points at actual FX rates. This all translated into very strong earnings per share growth, up 21% at both constant and actual rates.

We also had another great year of operating cash flow, which grew by 22% to US\$1.8 billion. Given that financial performance, we have announced a second interim dividend of 35.75 cents, taking the total dividend to 51.75 cents, up 10% on the prior year.



As Brian mentioned, we finished the year in a strong financial position, with our leverage ratio below the bottom end of our 2-2.5x guidance range.

## 2.2 Revenue growth trends

On this slide, just touching briefly on our revenue trends, you can see on the chart our last three years of revenue growth. Whilst the external environment has thrown us many challenges during this period, the resilience of our business and the strength of our strategic work initiatives show through in the growth momentum across the period.

## 2.3 Segmental trends

Looking at these trends through a segmental lens, you can see the consistency of our B2B delivery and the growing momentum of our Consumer Services business. In B2B, we delivered 9% organic growth for the year, in line with the levels seen before the pandemic, and after absorbing the headwind from US Mortgage, which was a 1% drag for the year at group level. We saw economic rebounds across most bureaux markets, with a strong contribution from alternative data, positive data in Brazil, new product innovation, and also in the Health vertical. In Consumer Services, all regions delivered growth in the year as we increased the membership and scaled significantly in Credit Marketplaces, added premium subscriptions, and innovated and diversified our product offerings.

## 2.4 Regional organic revenue trends

Turning now to our regional growth, North America delivered 13% organic revenue growth for the year and 8% in Q4. For Q4, we saw double-digit growth in our core bureau, excluding Mortgage, with continued strength across our traditional client segments, alternative data and in new client segments such as Buy Now Pay Later. Mortgage was down 24% in the quarter. Based on the current outlook for the mortgage market, we now expect Mortgage to be down around 35% for the year ahead, which represents around a 1.5% headwind to organic growth at group level. Health had a good end to the year, up 10% organically, as the contribution from one-off COVID revenue moderated. For the year as a whole, Health grew 15%, with around 4% coming from this COVID-related revenue.

North America Consumer Services continued to deliver strongly, up 17% in Q4 and 21% for the year as a whole. Credit Marketplace performance was very strong, almost doubling to around US\$220 million in the year, as we continued to scale our membership and introduce further propositions. Membership and partner solutions revenue also grew well across the year and, as we exit the year, Credit Marketplace makes up about 20% of our Consumer Services revenue, partner solutions around 30% and membership revenue around 50%.

Latin America grew 17% for the year as the benefits of positive data and the introduction of our global platforms into the region continued to deliver strong momentum. For Q4, B2B grew 14%, with the momentum from positive data in Brazil continuing to strengthen, and the further penetration of our global products, including Ascend and Experian One, which can support our clients in exploiting the wealth and value of positive data. Q4 Consumer Services growth

rebounded as expected, with very strong growth in eCred in particular, along with a growing contribution from premium subscription services.

The UK and Ireland region grew well, up 11% organically for the year and 6% in Q4. Q4 B2B growth was 6%, with good levels of lender activity driving bureau volumes, including growth in prequalification and affordability volumes. Q4 Consumer Services growth was 6%, driven by Marketplace, as we start to lap the high level of growth we experienced in subscription services during COVID.

EMEA/Asia Pacific delivered growth of 3% for the year, with 4% in Q4. Asia Pacific grew 15% organically in Q4, with good growth across our key bureaux. EMEA was flat in Q4, as some subscale markets remain challenged.

## 2.5 Benchmark EBIT Margin

Turning now to EBIT margin, where overall we delivered on our guidance of 60 basis points organic constant currency progression. Starting on the left, last year EBIT margin was 25.9%. Adjusting for some portfolio exits, our FY21 margin was 25.8% on a like-for-like basis. B2B added 100 basis points through the year. We continue to see progress in the UK region from our transformation programme. The UK B2B margin increased from 17.8% to 22.3%. Our long-run goal remains for the regional margin as a whole to get to around 30%. Latin America progressed margins as strong revenue growth from initiatives like positive data dropped through to EBIT. In North America, margin reflected the mix of growth along with our investments into the verifications business.

Consumer Services margin also grew during the year. Strong revenue growth across all regions meant margins increased from 21.8% to 23.2% at the global level, with margin expansion in all regions. We saw strong growth in Marketplace across all geographies and continued to invest behind customer acquisition and new propositions, including our entry into the insurance marketplace in North America. With strong growth in Consumer Services this year, mix was a 20 basis point drag on margin, and our central activities costs increased by US\$62 million for the year. As mentioned back in November, around US\$20 million of this increase relates to a one-off incentive catch-up to align with business performance. We continued our investment in global innovation and scaling initiatives following the reduction in discretionary spend in the prior COVID-related year.

Looking to the year ahead, we continue to guide to a forward run rate of US\$65 million per half of central costs that we outlined in November. As expected, whilst neutral to nominal EBIT, foreign exchange was also a 20 basis point drag on margin, as we indicated at the half-year. All this resulted in a margin of 26.2% for the year, up 60 basis points at constant currency and 40 basis points at actual FX rates.

## 2.6 Benchmark earnings per share (EPS)

Turning now to earnings per share, starting from last year, in which the benchmark EPS was 103.1 cents, benchmark EBIT from continuing operations grew 19%, reflecting the strong organic revenue growth performance and the contributions from our acquisition activities.

Interest expense reduced to US\$110 million as a result of the lower interest rate environment during the year. The tax rate was 25.7%, broadly in line with the prior year, and EPS was, therefore, up 21% on a constant and actual FX basis to 124.5 cents.

## 2.7 Cash flow generation

Turning to cash flow, we saw another year of very strong cash generation, with benchmark operating cash flow up 22% at actual rates, and conversion of 109%. Overall, operating cash flow increased by US\$324 million to US\$1.8 billion, and has increased by nearly 50% over two years. During Q4, there was a one-off upfront cash receipt related to a long-term data breach support contract in Consumer Services, which added around five percentage points to the annual cash conversation. We also saw a positive mix impact from the growing share of revenue from Consumer Services, with this business having a shorter overall cash cycle. Net capital expenditure was 8% of revenue, almost half of which related to product development.

## 2.8 Capital summary

Now looking at the balance sheet, we completed US\$813 million of acquisitions and minority investments during the year. Acquisitions completed or signed after the year-end would add a further US\$229 million. We have also completed US\$149 million of net share repurchases, which replaced equity issued for incentives during the year, and have announced a further US\$175 million share repurchase for FY23. Following a year of strong financial performance, the board has approved a dividend of 51.75 cents, up 10%. As you know, our target net debt to EBITDA range is 2-2.5%, and we finished at 1.9%, slightly below the bottom of the range. As at year-end, we are strongly financed, with an average remaining tenor on our debt of six years, and undrawn committed bank borrowing forecasts of US\$2.6 billion. Our current borrowings are over 90% fixed for the year ahead.

## 2.9 Reconciliation of Benchmark to statutory PBT

Taking a look at our usual reconciliation to statutory results, our benchmark profit before tax grew 22% at constant rates, and 21% at actual rates, following the strong revenue performance. Acquisition intangibles and acquisition-related expenditures grew in line with our increased acquisition activity. Fair value considerations payable on prior acquisitions increased to US\$26 million, driven by our Brazilian acquisitions. The net US\$16 million gain on disposals reflects profits on the disposal of associates, offset by the write-down on the exit from our Russian business. Changes to non-cash financing remeasurements were driven, as usual, by FX changes and intercompany financing, and movements on cash interest rate hedging activities, giving rise to a statutory profit before tax of US\$1.447 million, up 34% year on year.

## 2.10 Modelling considerations

Lastly, turning now to our FY23 modelling considerations, as you see, we expect 7-9% organic revenue growth for the year ahead. This includes our expectations for Mortgage, which we now anticipate will be a headwind of around 1.5% to organic revenue growth. Including the acquisitions after the period end, we expect acquisitions to add around 1% to our revenue growth for the year. We expect modest organic margin progression at constant currency as we

continue to invest strongly behind the momentum in our business and our growth innovations. We expect FX will be neutral to EBIT, assuming current rates continue, whilst adding around 40 basis points to operating margin. We expect net interest for the year to be between US\$120 million and US\$125 million, reflecting lower interest income and a higher interest rate environment. The benchmark tax rate is expected to be stable, at around 26%. The weighted average number of shares will be stable, at around 914 million for the year. Capex will be around 9% of revenue, and we expect cash flow to be over 90% in the year ahead, in line with our normal guidance.

With that, I will hand you back to Brian.

### 3. Summary – Brian Cassin

Thanks, Lloyd. To sum up, FY22 was a continuation of a long record of extended growth and a good year overall for Experian. In Consumer we are just starting to realise the opportunities that come with the large audiences that we have established. In B2B, the business remains strong and robust, and we expect FY23 to be another year of growth, despite the inflationary pressures and uncertainty that we see. With that, I am now going to hand back to the operator for your questions, for which we will be joined by Kerry Williams and Craig Boundy.

### 4. Questions and Answers

#### **Paul Sullivan, Barclays**

Firstly, how should we be thinking about US B2B over the next six to 12 months, given the slowdown that we saw in Q4, and where, clearly, mortgage and health comps are against you this year?

Secondly, tied into that, how do recessionary fears impact your thinking? Can you help us bucket the growth between cyclical and structural considerations this year?

Finally, given the inflationary backdrop, I know that you do not usually talk about pricing, but how should we think about pricing underpinning a chunk of organic growth? Clearly, 7-9% is good, but it does not look quite so good against an inflationary backdrop of a similar amount.

#### **Brian Cassin**

Lloyd, do you want to answer the questions on growth, and maybe we will go to Kerry to talk about pricing more generally?

#### **Lloyd Pitchford**

If you look at Q4 and think of the US data business ex-mortgage, that was high-single-digit. That will strengthen a little bit into Q1 and Q2 as we see our targeting business and the auto business strengthen a little bit. Mortgage will weaken a little bit, so broadly stable there. We

finished this year with our core bureau ex-mortgage at 10%, so that shows some of the strength in the business outside of the Mortgage business.

In terms of structural and cyclical, it is hard to bucket all the different bits of our business into different types of activity. We have clearly seen, during both COVID and the financial crisis, just how resilient the Group can be. We have entered this year in a strong position. Trends are trending well outside of that small mortgage drag, so we are feeling pretty positive for the year ahead.

### **Brian Cassin**

Kerry, do you want to give an overview on the question on pricing?

### **Kerry Williams, Chief Operating Officer**

On pricing, we have been spending a lot of time on that and working across the globe on looking at our customer contracts. In particular, in our three large markets, we have already been executing actions where we have that in the contracts. With mid-size and smaller clients, it is pretty straightforward to push through the pricing increases that we have in the contracts.

With larger clients, as you would imagine, it is a negotiated process, but we are moving forward even with those and making progress, so we expect to be able to make progress on our pricing in this inflationary environment. All the teams are working on that at this point.

### **Paul Sullivan**

Brian, how would you characterise recessionary fears in your thinking and setting guidance?

### **Brian Cassin**

There is clearly a lot of talk about that. What I said at the outset is that, right now, we are seeing pretty good conditions. The one factor that is not taken into account in people's estimations is that employment remains extremely strong across all our major geographies. In fact, the UK numbers came out yesterday, and it is the strongest employment figure that we have had for nearly 50 years. You have to balance the inflationary pressures against the state of the consumer, and the consumer balance sheet is very strong. Employment is strong. These are counterweights which will help. Nobody has a crystal ball, so we are watching things incredibly carefully, as you have seen us do before. If we believe that things are changing, we will try to manage our way through that to deliver our results as we always do. Like everybody, we see what is happening out there. We also see what is happening in our business today. We have to watch and brief on it, but we feel pretty confident.

### **Sylvia Barker, JP Morgan**

Firstly, on the credit bureau, just maybe a bit of background. If we exclude mortgages and think about your core credit bureau in the US, what proportion of that client base is now large banks versus other clients? Can you give a bit of colour there? How does that compare to the global financial crisis, just out of interest?

Secondly, on Marketplaces within B2C, could you talk a little bit more about how the revenue side works with clients? How much are you getting paid per lead? Has that changed at all? How are your conversion rates of free members into credit uptake?

Finally, on the Verify investment, could you give us any colour around how material that is at the moment as a drag on that North American margin and maybe what you expect more medium-term or at least over the next two or three years?

### **Lloyd Pitchford**

Maybe I will start off with Verify. You have seen the acquisitions that we have made over the last 18 months, and the additional one that we did post the balance sheet date. In the year ahead, we are looking at something of the order of US\$150 million of revenue from the Verifications business from a standing start 18 months ago, both organic and inorganic, which is pretty strong progress. It is clearly a big opportunity for us. It is not a material drag on the margin. It is below the group average margin and below our North America margin, but it is profitable and accretive to the overall position of the group.

On Marketplace, you have seen very strong growth this last year, as I mentioned, nearly doubling in the US business, and that comes from both revenue growth and some recovery in rates on the spend per click. That is variable. You see that change almost daily as we see the different mix of products and clients that we sell into. The revenue per lead reduced a bit during COVID and then recovered quite strongly the other side.

On the credit bureau, the mix of our customer base is changing all of the time, not just in terms of big banks versus others but also the things that we are doing for clients. You have seen the introduction of Ascend and enhanced analytical results, and now a lot of bundling. We bundle ever more products into all of our clients. We are less exposed overall to the financial services market than we were in the financial crisis, as we have grown, expanded and diversified as a group, but we are still in a very strong position with big financial services providers.

### **Andrew Ripper, Liberum**

Well done on the numbers. First of all, on the chart on slide 4, where you pull out the contribution from new and scaling products, there seems to have been a little bit of a step-up in FY22 versus FY21. If you look out 12 months, what is your sense in terms of the order of magnitude of additional revenue that you can generate from the products that you include in this group? Is it going to be the same, more, or less?

Second, on Consumer, there have already been a couple of questions around visibility. Just on Marketplace, where you have very good momentum going into this year, what do you think the order of magnitude of growth could be in FY23 and how much visibility do you have around that from the new products that you are bringing to consumers on the base? I guess it is around US\$250-300 million.

Finally, on BNPL, can you say a little bit about the additional data that you are bringing into the bureau from BNPL companies and how significant BNPL is now in terms of absolute revenue and potential for growth this year?

### **Brian Cassin**

On the first question, we do not give a specific number on it for FY23, but we do expect continuing growth and contribution from products that we introduced in previous years, as well

as ones that we had planned for this year. It is always difficult to predict when you have a product launch, particularly with some of them being more at the back end, from September onwards, so there is going to be necessarily a range around that. What we can say is that we expect continued momentum in that as we go forward and more and more of our efforts get pushed into investing more in new products. We expect the pace of new product introduction to continue at an elevated level and we expect contributions to be strong going forward.

On the Marketplace, we expected this to rebound strongly in FY22. Remember that, in both the UK and the US, we have built very substantial businesses in a very short period of time. We are talking about less than five years in both cases. Notwithstanding that we have built sizable businesses, we still have a very long runway of growth ahead of us.

In terms of specific numbers, Lloyd, I do not think we have given those out, but do you want to give a broad overview?

### **Lloyd Pitchford**

Take the North America Consumer business. We expect this year ahead, another good year of double-digit growth. More of that this year will come from Marketplace as we absorb the strong progress we made in subscribers during the COVID period, so that will be more stable in the year ahead. Partner solutions and Marketplace are already driving the growth. We have a pretty full portfolio of product launches coming out of the Consumer segment in North America. We tell you about those after we have launched them, but there is some really good progress. We have the foray in the insurance vertical with Gabi, so we are continuing to progress on that.

Whilst we give numbers quarter to quarter, never forget that this is also our long-term play to be the consumer's bureau. In the very long run, that relationship with the consumer and the enhancement that that gives to our data assets puts us really right at the centre of helping consumers improve their financial life.

### **Brian Cassin**

Coming back, Andrew, to your question on Buy Now Pay Later, this continues to be a strong growth opportunity across the industry. We are still seeing that continue to be a very attractive segment. As we talked about on many of these calls, we always expected that there would be some move towards data reporting and Buy Now Pay Later, and we are starting to see that happen. Plans are in place and that is being worked out, and what we will see is that data will be reported by BNPL providers. We will do that in a way where the trade lines will be available but they will not impact consumer credit scores, which is really important because of the way that those products are used. The solutions that we have come up with are going to give visibility, but, hopefully, it is a solution that works for all parties and one that has been agreed in conjunction with the Buy Now Pay Later operators and all of the other data furnishers as well.

### **Arthur Truslove, Citi**

Firstly, on the Brazilian side of things, I am just wondering how you would think about the growth from a cyclical and structural perspective during the year. We have seen interest rates go up in Brazil. How does the exit rate compare with what you saw maybe at the start of the quarter?



Second, you may have said it – I am not sure. I did not quite catch it. How are trends progressing on the subscription part of the B2C side? Could you give us an idea of how that developed over last year and what you are expecting over the next 12 months?

### **Brian Cassin**

On Brazil, we do not normally talk about exit rates, but they had very strong in Q4. They had a very strong year, full stop, and we do not see any change in that. There is a very different dynamic playing out in Brazil. We have talked many times about the changes that are going through in the industry, increased competition and a lot of new products coming in. We feel very confident that that growth momentum is maintained there.

### **Lloyd Pitchford**

If you look at the growth this year in the last three quarters in Brazil, we did 16% in Q2, 12% in Q3, which was lapping the Limpa Nome fair in Consumer, and 17% in Q4. We are expecting another strong year of double-digit growth. We have talked about the tailwind that positive data really gives to our business, which is why you are seeing us invest so strongly in different verticals, but also why we are making a number of acquisitions there. This is a point in time to invest behind the ecosystem that is going to build around all of that positive data in the country.

On subscription, for the year just gone, subscription revenue grew well. A fair proportion of that was the annualisation of subscribers that we added in the previous year. For the year ahead, we think overall subscription will probably be stable, which is really on the back of the very strong growth that we saw during the COVID period. Some more of the growth will come from the other segments in the year ahead.

### **Arthur Truslove**

Just following up on the subscriptions side, what do you think of as the driver of the subscription numbers/revenues on that B2C side?

### **Lloyd Pitchford**

No consumer in that segment is homogeneous. For some people, it is about identity protection. For people with maybe a higher credit score, it is much more about protection. For others, it is around a transaction. For a mortgage or something else, they would come into a membership. For others, it is about credit education. Whenever we have gone into crises, you have seen the subscription business do very well as people become credit hungry and interested in understanding and enhancing their credit position. There are various subsets there. It depends on why you are coming to the service.

### **Anvesh Agrawal, Morgan Stanley**

First, following up on the LatAm question, do you think that that region can play out differently, even if there is cyclical weakness? As an economy, they are used to a little bit of inflation. What is happening with commodity prices probably benefits the economy there overall. Could LatAm play out differently even if you have a global macro slowdown?

Second, on the Health business, COVID reversal will be a headwind next year, but do you see some offset with some of the other procedures coming back that help your Health business on a run-rate basis?

**Brian Cassin**

I will do the LatAm one and then maybe invite Craig to respond to the Health question. On LatAm, for those of us who have been around for a long time, we have already lived through the worst recession you could possibly imagine in Brazil, while everybody else was doing quite well, and we grew through that. Can it grow through global macro headwinds? Yes, I think so. You have to look at the different circumstances that apply in Brazil. As you say, commodity price inflation helps them to a certain extent. Higher interest rates are not new in Brazil, and neither is higher inflation. It is an economy that is used to coping with that. I keep coming back to the fact that this is a once-in-a-lifetime change in financial services in Brazil, which is really driving growth opportunities across positive data and open banking and open receivables coming on stream. We see the opportunity set expanding, not contracting, so we are very confident about the outlook there.

On the Health question, I would invite Craig to add a comment.

**Craig Boundy**

We did see strong growth in understanding digital identity as part of our health business, particularly tied to the COVID pandemic. We see a continued drive from our Health clients to look for more data, more insight and more sophisticated use of analytics alongside our workflow products. That trend with Health clients continues and sees them wanting to use more of our products overall.

**Rahul Chopra, HSBC**

First, in terms of your organic growth of 7-9%, what does it assume about the macroeconomic backdrop?

Second, while the Consumer is growing quickly, what happens to this growth if consumer credit shrinks?

Finally, can you give us some colour on the phasing of growth through the next financial year, especially given the comps in mortgage and healthcare?

**Brian Cassin**

All of those questions are really the make-up of our growth next year. Lloyd, do you want to give an overview?

**Lloyd Pitchford**

Maybe I will start with the last one, on phasing. We started the year as we ended last year pretty firmly in that 7-9% range. We expect to be in that range every quarter as we sit here today. Clearly, the mortgage headwind is probably a little bit more in the first half versus the second half. Some other areas have tougher comps, so maybe more 7-8% in Q1, but it could easily be higher in the range, so no real comment on phasing.

On organic and the 7-9% overall, it is taking today's assumptions on macro. We build our budgets and forecasts based on what we are seeing in the market, but, more particularly, what we are seeing with clients. As Brian said, we have a very strong employment position across

our core markets, with good momentum, and good activity from our clients. That is what we are seeing today and that is what is included in our projection.

What does the range encompass? Clearly, at the top of the range would be better traction with some of our product launches this year at the higher end of our Consumer range of forecasts. What would the low end be? Maybe a more negative macro environment in the second half of the year. You always start the year with a range of outcomes, and 7-9%, bearing in mind that we have about a 2% headwind from Health and from Mortgage, shows the confidence that we have in the performance this year.

On Consumer, the different bits of Consumer respond fairly differently historically. As you look back, whenever we have had a global crisis, you have seen subscription progress very strongly. We have not had a big Marketplace business when we have gone into a significant downturn. It depends on what you see in terms of changes in credit policy on providers, but we do know that, when we went through COVID, we were able to continue to grow well across the two bits of Consumer. We will see how the market progresses, but we are very confident, sitting here today, that Consumer will have another strong year ahead.

### **Kate Carpenter, Bank of America**

Just sticking with B2C, you previously mentioned a long-term target of reaching daily engagement with your B2C membership base as you scale up the Marketplace business. Could you give us some colour around where you stand today in terms of engagement levels with your membership base and you expect the launches this year to contribute to the frequency of that membership base going forward?

### **Brian Cassin**

I am going to ask Craig to chime in on this question as well and give us an overview of all the things that we have in train to keep us moving in the right direction.

### **Craig Boundy**

Daily engagement is a really important thing to think about in terms of the frequency of how people engage with Experian. As Lloyd said earlier, it is part of our journey to continue engaging as part of the consumer's bureau. We keep adding features. We talked about the ability for people to think about their engagement with insurance. In the Brazil market, we have the potential for people to work on dealing with debt. We are now looking at bringing in a whole range of new features over the summer and later into the year that will keep driving engagement up there. It is a great question. Continued product development in and around that is how we drive that engagement up.

## **5. Concluding remarks - Brian Cassin**

That was the last question that we had, so we are going to bring it to a close. Before we disappear, I would just like to say a quick word about Kerry Williams, who all of you have met

over many years. Whilst Kerry will be with us for the rest of the financial year, this is his last results presentation with this audience.

I would just like to express my huge thanks on behalf of all of us at Experian for the massive contribution that he has made in his 20-year career in various positions across the business, latterly as an absolutely key member of the top management team. His contribution to the business has been immense. Many of the things that we have talked to you about and you have questioned us on over the last decade since I have been here, very few of them would have happened without Kerry's wisdom, insight and brilliant application. We just want to express our sincere thanks and we look forward to working with him for the remainder of the year, but we wanted to just show our appreciation on this call today. Thank you very much, Kerry. That brings us to the end of today's session. Thanks, everybody, for joining us. I hope you all have a good day and we look forward to speaking to you in our July update.