Contents

Strategic and Operational Overview ........................................................................................................... 3
  Introduction .................................................................................................................................................. 3
  Delivering strongly in H1 ............................................................................................................................ 3
  H1 Highlights ............................................................................................................................................. 3
  H1 strategic highlights ............................................................................................................................... 4
  Our strategic vision ..................................................................................................................................... 4
  North America delivers +4% organically .................................................................................................... 5
  North America Consumer Services +4% organically .................................................................................. 6
  Latin America +11% organically ................................................................................................................ 6
  Latin America: Serasa Experian is the best positioned player in Brazil ...................................................... 7
  UK and Ireland +1% organically .................................................................................................................. 7
  EMEA and Asia Pacific +8% organically .................................................................................................... 7

Financial Review ......................................................................................................................................... 8
  Highlights – first half FY24 ......................................................................................................................... 8
  Quarterly organic growth trends ................................................................................................................ 8
    North America ........................................................................................................................................... 8
    Latin America ........................................................................................................................................... 9
    UK and Ireland ........................................................................................................................................ 9
    EMEA and Asia Pacific ............................................................................................................................ 9
  Benchmark EBIT margin ............................................................................................................................ 9
  Benchmark earnings per share (EPS) .......................................................................................................... 9
  Reconciliation of Benchmark to Statutory PBT ............................................................................................ 10
  Financial management ............................................................................................................................... 10
  Cash flow and ROCE ............................................................................................................................... 10
  Modelling considerations for FY24 ........................................................................................................... 10
  Summary .................................................................................................................................................... 10

Questions and Answers ............................................................................................................................ 11

Closing Remarks ......................................................................................................................................... 19
Strategic and Operational Overview

Brian Cassin
Chief Executive Officer, Experian

Introduction

Hello everybody and welcome to our first half presentation. I am joined as usual by Lloyd Pitchford, who will run you through the financials after my initial overview. Also on the call today is Craig Boundy, our Chief Operating Officer. Craig will join us for the Q&A segment of the call.

Delivering strongly in H1

Let us kick off with the financial highlights from H1. We’ve started the year well with good growth in revenue and Benchmark earnings per share. Organic growth in Q2 was 5%, which took us to 5% for the half. This compared to the 4% to 5% range we expected for Q2. Total revenue growth at constant exchange rates was also 5%.

We have continued to grow well despite the market backdrop. This is due to the strength of our competitive position, the diversity of our portfolio, growth contributions from new products, new verticals, new business wins, and favoured client and sector exposures.

All regions delivered positively, with B2B growth at 4%, and Consumer Services growth at 6%.

North America has been resilient. Latin America performed very well again, up double-digits in the half.

The UK delivered growth overall but had a good performance in B2B bureau. We are pleased with the EMEA and Asia-Pacific performance, which is on a much-improved trajectory.

EBIT progression in the half was 6%, both with constant and actual FX. The constant currency margin was up 20 basis points. When FX was factored in it was stable.

The external environment has developed much as we anticipated at the start of the year. Our full-year guidance was set with the current market context in mind. We expect the second half of the year to look much like the first and to land the year in line with our previous expectations.

H1 Highlights

If we turn to the first half highlights, credit conditions in the US are tight, but we have not seen any material change.

Some parts of the market are doing better than others. Tier One lenders remain very resilient. We have a strong presence in this segment, and our revenues in this segment grew overall during the half. Other clients, such as fintech, have seen tougher conditions, although this is a broad category. Even within that, we see a wide divergence in activity.

The balance of our exposure, with excellent client and product diversity, combined with products that continue to see strong growth, has meant that our performance has been stable, notwithstanding overall tightening credit conditions and softness in origination volumes.
Ascend continues to drive growth across our product portfolio. We have expanded our position in Employer Services Verification, and have seen growth due to the shift into digital in areas like Auto, Targeting and Health.

Consumer Services also delivered growth on the back of strong membership and partner solutions performance, which offset Marketplace.

The UK credit trends have been pressured, and overall credit issuance is down. Despite this, our UK B2B business has performed very well, and in particular our credit business, where we continue our strong run of client wins.

In Brazil we saw strong growth against a fairly modest economic backdrop. New client wins, strong growth in positive data scores and attributes, expansion of our position in analytics and strong growth in PowerCurve all contributed to growth. We also delivered a very strong performance in Consumer Services.

We also made a lot of progress in EMEA and Asia Pacific, with both revenue and margin trajectory showing significant improvement.

**H1 strategic highlights**

We have continued to make important strategic improvements. We have added to our data assets in most jurisdictions. This had made a material difference in markets like the UK, for example.

We continue to make good progress across decisioning and analytics. PowerCurve has been a strong contributor this half. The Ascend platform now has over 500 clients globally, and with close to half a billion dollars of Total Contract Value. We will build on this with the continued expansion of our product suite. This year, we have introduced Ascend Fraud and Ascend Model Builder.

Work continues to integrate all of our major product platforms. This will lead to expanded opportunities with clients looking to streamline operations, save cost and improve decision making.

Verifications in the US added to its record count, and we have had many new Employer Services client wins. We have also started to include consumer permissioned data assets.

We continue to make great progress in Consumer Services. While growth in the half was driven by subscriptions in North America in particular, we have taken additional important steps to evolve our business and leverage synergies between our B2B and B2C businesses.

In this half, we introduced Experian Smart Money, a unique new digital checking account.

Experian Activate, which you will have heard us talk about before, is linked directly to the Ascend platform. It exposes deeper analytics so that lenders can perform better in our credit marketplace and target audiences more effectively. Its adoption is one of the reasons that Marketplace has outperformed relatively in this credit environment.

Insurance has also made very good progress, and we have growing confidence that a digital aggregator model will emerge in the US.

We continue to invest towards the achievement of our strategic goals, and it stands us very well in times like these.

**Our strategic vision**

It all builds towards the strategic vision we have outlined before.
On the B2B side, we aim to bring products to market that are unmatched in our industry, built on superior data, and combining the breadth of our capabilities with advanced technology to solve more customer needs. This has extended our commercial position and expanded our revenue opportunities.

Integrated platform graphic

We are investing to integrate all of our major product platforms into one integrated solution. This will enhance our opportunities in credit, fraud and identity by taking a more holistic, integrated view of operational processes underpinning client decisions. Ascend Ops - shown at the centre of this graphic - is a new capability and a critical component of this. It connects the analytics environment and the production environment. The successful execution of this strategy will expand our relationships and embed our capabilities further so that clients are able to consume multiple services easier, faster and at lower cost. Data flows through all of our platforms so that, as demand grows, so too does demand for data. It also means that clients can consolidate a number of vendors they have to cover the entire model life cycles. While it is early days for Ascend Ops, we have seen good traction so far.

Consumer graphic

In Consumer Services, 178 million free members means we now have distribution platforms at scale. We have started to widen the range of services we offer and address substantial, new adjacent markets, like insurance in the US, and payments in Brazil. We also expect to aggregate and scale new datasets through a value-exchange which helps our members to save time and money.

There are many ways we can help both our B2B clients and consumers, and this interplay is a central feature of our strategy.

North America delivers +4% organically

Let us now turn to the H1 regional performance, starting with North America, where organic revenue growth was 4%.

Core CI and BI grew by 2% when mortgage is excluded. This is a resilient performance, and we continue to navigate the environment well. Credit tightening has happened, as we expected it to, but performance across market segments is not uniform.

Ascend performed well, and it is a great example of how we have built products that continue to grow notwithstanding the underlying credit market conditions. For example, in H1, we implemented Ascend Marketing with a major client. The revenues for this have started to flow and should build in H2. It has been a great win for us enabled by the combination of capabilities across multiple business units, particularly our credit business units and our Targeting business units.

Areas like Clarity, another example, also delivered well in the half. Customers in this segment continue to lend and have started to adopt machine learning and AI-based solutions. We have introduced new analytics and model building products to support them. Added to this, we have made progress in income and Employment Verifications, where we are on track to deliver US revenues in the region of over $190 million this financial year. The expanded record count has led to client wins for Experian Verify. Taken together, these investments across our CI/BI and decisioning activities have mitigated the effects of current credit conditions.

Targeting, Auto and Health all delivered strong rates of growth.

In Auto, new vehicle sales have continued to rise. Consumers continue to spend, and there is inventory oversupply. Clients have returned to active marketing, as they look for buyers as inventory is building, and our growth has come from both the marketing and credit product lines. Newer products, like Experian Marketing Engine, have seen good growth as a result.
At the heart of our Targeting business is digital identity, which is central to audience targeting and campaign measurement in connected TV. We have made very good progress in digital which has offset ongoing weakness in retail channels, some of which is linked to the current environment.

Health has continued to perform well. Our growth was broad based across the portfolio, reflecting mostly new business wins and volume expansion across patient access, collections and digital front door. We continue to see strong industry trends around reducing costs, enhancing revenue capture, and improving patient experiences. This is what continues to drive growth in our products. We are excited about the potential to continue to scale our investments in these areas.

**North America Consumer Services +4% organically**

Consumer Services in North America delivered organic revenue growth of 4%, and our free member base is now 67 million. We have added new value into premium through features like BillFixer, which helps people to save money on their household bills, and is built into the premium offer. Adding value in this way has helped sustain a strong growth in premium revenues, and we have a healthy new product roadmap to sustain this.

Partner Solutions also had a very good first half. We have had good client wins. For example, a large Tier One financial institution will soon move their embedded program over to Experian. The credit marketplace was soft, but we have outperformed relatively, and more lenders have adopted Experian Activate, because it helps consumers to improve their approval odds for credit, it drives up conversion rates, and improves our share of available credit supply. We also reached a key milestone for our insurance marketplace, where we recently launched the first direct carrier to our agency model. This will substantially increase insurance offer availability and enhance the consumer experience.

We are very excited to have launched Experian Smart Money. It is a new Experian digital checking account which helps people to build credit without going into debt. We will bring new consumers into the financial system. It will also help to drive engagement and bring new consumer permissioned data assets to Experian. While it is still early days, we are very encouraged with the initial adoption rate.

To summarise, we have progressed a lot in Consumer Services, and we are very excited about the opportunities ahead of us.

**Latin America +11% organically**

Latin America is going to have another very strong year, both in Brazil and Spanish Latin America. H1 organic revenue growth was 11%, and margins again moved forward, helped by margin expansion and Consumer Services.

Brazil has a significant structure of growth potential, and the shape of our business is clearly evolving. On the B2B side, growth has come from several areas. Examples include new positive data scores and attributes, growth in software platforms and analytics, and new capabilities for example in our agri-finance vertical.

Software platforms, particularly PowerCurve, was really strong in this half, in part because we increasingly sell these as part of an integrated data fraud and credit decision product. We have seen great success in integrated solutions, on the back of our expansion of our fraud capabilities in recent years. The expanded breadth of our capabilities has opened up new spend pools with existing clients and expanded our addressable markets. New-to-market products, like Ascend and others, will enhance this position further.

Just as exciting is the development of Consumer Services, which delivered growth of 32% in the half, helped by a strong contribution from Limpa Nome. We have built our consumer platform primarily organically, but lately we have added inorganic investments, and we are already one of the biggest platforms for consumer financial needs in Brazil. eWallet brings together payment capabilities, where our 84 million members can consolidate their monthly bills and pay them in one go, which drives greater engagement. We have substantial room for further growth. It is also worth noting the early traction we have in consumer-permissioned data. Over
one million consumers have contributed data to Serasa to improve their scores, and we have significant potential to scale this further.

**Latin America: Serasa Experian is the best positioned player in Brazil**

We used this slide recently at a presentation that we gave at a Barclays conference, and it bears repeating here because it summarises our position well, and it encapsulates how we have extended our market lead and the excellent progress we have made.

For example, we have a very broad product portfolio, with high client recognition. We have successfully shifted the strategic position of the business from being primarily a supplier of data to a trust partner, supplying critical solutions across the customer life cycle. We are recognised as one of the most innovative companies in Brazil and one of the best companies to work for. Our consumer app reaches an audience comparable to, or ahead, of leading consumer financial brands, and we are top online brand significantly ahead of our industry peers.

We built on these strong foundations strategically through the addition of world class B2B products and a massive consumer audience that we have established.

**UK and Ireland +1% organically**

The UK&I delivered organic revenue growth of 1%. The picture here, particularly in B2B, is worth highlighting as there is a big disconnect in the correlation between our revenue performance and credit volume trends in the market, particularly in our CI/BI business line. This is primarily driven by new business wins across financial services, public sector and telco, and is a very good example of our strategy working. We also have a strong programme of new product releases, and these, combined with the investments that we have made to add to our data superiority, provide us with confidence that we can continue to outperform the market.

Several leading UK banks are now in proof of concept with income verification, and we have seen good growth in areas like financial crime. These are either completely new or relatively new focus areas for us, so we expect these to add to our growth opportunities.

In Consumer Services, credit supply is still constrained, which did affect our performance. Premium subscriptions have however started to stabilise, helped by the new CreditLock feature. We will introduce a series of new features in the coming months to enhance the consumer experience and add more personalised features, and we fully expect this part of the business to accrete to our growth in the future.

**EMEA and Asia Pacific +8% organically**

Progress in EMEA Asia-Pacific has been very good, with some very good performance across key geographies. Australia is one to call out. It has sustained strong performances over several years. Italy and India also delivered strong performance, but we really saw good results across the whole region.

We have many new initiatives in region which have helped, and new product contributions have started to increase as a proportion of revenue. Examples include new scores and attributes, improvements to our Powercurve suite, which helps it deliver a very good performance in Decisioning in this half. We also intend to expand Ascend products in key markets in the coming months, which will add to the opportunities that we have here.

There has been very good progress in EMEA and Asia Pacific. We have more to do to sustain this, but we are very encouraged by the early signs.

With that, I am going to hand over to Lloyd for the financials.
Financial Review
Lloyd Pitchford
Chief Financial Officer, Experian

Highlights – first half FY24

Thanks, Brian, and good morning everyone.

As you have seen from Brian, we have achieved strong strategic progress in the first half, delivering financial results in line with our expectations. Organic revenue growth in Q2 was good and consistent with Q1 at 5%, taking us to 5% organic and total revenue growth for the half. With FX a 1% tailwind, growth at actual rates was 6%. We delivered good benchmark EBIT growth of 6% for both constant and actual rates.

EBIT margins were up 20 basis points, at constant FX rates, and in line with the prior year at actual rates, EBIT growth translated to EPS growth of 8% at both constant and actual rates, thanks to strong discipline in managing our interest rate fixing programme and some tax phasing. Operating cashflow conversion was 77% whilst Return on Capital Employed increased strongly to 16.8%, up from 15.8% for the same period last year. We ended the half in a strong financial position with a net debt to EBITDA leverage at 1.8 times. We announced a first interim dividend of 18 cents per share, up 6% on the prior year.

Quarterly organic growth trends

Turning now to the regional growths for the quarter.

North America

North America sustained 4% organic revenue growth in the second quarter, taking growth to 4% for the half. Within the Bureau, excluding mortgage, growth was 2%, in line with Q1. Underlying credit trends were consistent with the first quarter overall and remained tight, continuing the trends we have seen for the last year. The diversity of our client mix supported growth, as broad-based relationships from our larger banking clients offset pockets of weakness in more subprime-focused lenders.

Our low-income lending proposition, Clarity Services, continued to grow well in a period of tighter mainstream lending supply. Verifications and Employer Services had another great quarter of progress with new client wins and as records hit 52 million. With another great year of progress underway, we expect our Verification and Employer Services business to deliver revenue this year of over $190 million, which is growth of around 20% for the year as a whole. Our market-leading Ascend suite continues to expand and achieved another quarter of double-digit growth, as Ascend Ops and digital modules gain traction in the market.

Mortgage revenue was down 3% in Q2 and volume down 30%, the difference between revenue and volume growth representing the FICO pricing benefit we have mentioned previously. We expect mortgage revenue to remain modestly down in the second half.

Q2 saw continued strong growth in Automotive as new vehicle sales continue to rise and an inventory supply recovery led to increasing marketing activity. In Targeting, growth in Q2 of 5% reflected slow growth across our retail channels, and growth across other digital channels continue to perform well, particularly within digital activation and identity management.

Health delivered another good quarter, with growth across all key product lines and against a relatively stronger quarter in the prior year.
Decision Analytics delivered a consistent growth of 3% for the half, reflecting a phasing of client activity in the current and prior years.

North America Consumer Services delivered 5% growth in Q2, and our subscription business again demonstrated its strong countercyclical nature, strengthening to 9% in the quarter and 7% for the half. Marketplace reflected tighter credit supply, which reduced lending availability to consumers. Our matching capabilities within Experian Activate help navigate tighter lending availability, as clients have been able to reach their target consumers more accurately.

**Latin America**

Latin America continues to grow well, up 10% for the quarter. Positive data continues to provide strong underlying structural growth trends, and within the quarter, as usual, there was some deal phasing within the bureau, with a number of deals signed early in Q3. Consumer Services in Latin America continues to scale very positively in Q2, with another great performance from our LimpaNome debt negotiation platform, a growing contribution from premium subscription services, and rapid growth across our PagueVeloz payment platforms.

**UK and Ireland**

Growth improved in the UK and Ireland region in Q2, up 2% organically. Growth in the bureau improved to 6% in the second quarter, as we continue to win sizeable new business deals, and there was strong demand for affordability products. Growth in Decision Analytics stepped up in Q2 following good growth within our identity and Fraud propositions. Consumer Services declined 5% in Q2. The tightening of lending criteria and reduction of product in market was reflected in Marketplace, which declined 10% in the half.

**EMEA and Asia Pacific**

Our EMEA and Asia-Pacific business again performed well, delivering another quarter of 8% organic growth. We have made good progress through the year, particularly in the Decisioning segment, where we grew 25% in the second quarter, following a number of deals across a number of markets. Our performance across the Bureaux in Southern Europe and India also contributed to growth.

**Benchmark EBIT margin**

Turning now to EBIT margin. As you can see from the chart, we delivered in line with our EBIT margin guidance, with +20 basis points of expansion at constant currency and stable at actual rates. We continue to invest in our strategic priorities, with the expansion and rollout of Ascend propositions and the development of the Ascend Ops, as well as investing in our Employee Services and Verification proposition in both North America and the UK and Ireland. We also launched Experian Smart Money within North America Consumer Services, and further developed our Marketplace Insurance proposition through the addition of new providers. As a reminder, we also continue to deliver our global technology transformation within our normal financial metrics.

**Benchmark earnings per share (EPS)**

Turning now to EPS, where we delivered growth of 8% on an actual and constant FX basis. We delivered 6% of Benchmark EBIT growth from continuing operations. Our interest expense increased modestly, to $68 million despite the large increase in market rates, thanks to our forward rate fixing programme. This means the Average interest rate on Net Debt was broadly stable at around 3%. The tax rate was 25.1%, lower than the prior year due to phasing. We continue to expect the tax rate to be within the 26% to 27% range for the full year.
Reconciliation of Benchmark to Statutory PBT

Taking a look at our usual reconciliation to statutory results, our Benchmark profit before tax grew 6% at constant rates and 6% at actual rates. This was driven by good revenue, growth delivery and modest margin expansion. Acquisition-related expenses fell $8 million. The increase in fair value of contingent consideration payable on prior acquisitions was $24 million. This was again driven by our Employer Services and Verification business in North America, reflecting its continuing strong performance. We incurred no restructuring related costs in the period, the prior year charge related to the restructuring activities in EMEA and Asia Pacific.

Statutory Profit Before Tax (PBT) before non-cash items was up 18%. Amortisation of acquisition intangibles was broadly flat at $95 million, and there were no impairment charges in the period, with the prior year charge being related to the EMEA business. The credit on non-cash financing remeasurements was driven principally by further gains on interest rate hedging. That all leads to the Statutory profit before tax of $763 million.

Financial management

As you have seen, we have continued to be disciplined with our capital allocation. As you can see from the top chart, over the past five years our Net Debt has been stable. We ended the half with Net Debt to EBITDA of 1.8 times, which is below a long-term guidance of 2 to 2.5 times. We have tightly managed our interest costs, fixing large portions of our net debt at low interest rates, which has kept our average rate at around 3%. Over half our current debt is fixed for the next six years. Our interest guidance remains unchanged for the year, at $125 million to $130 million, broadly in line with FY23.

Cash flow and ROCE

Turning now to cashflow, nominal cashflow for the half was $711 million, with a conversion at 77%. As you can see from the top chart here, historically, if you exclude the pandemic period, our cashflow is in line with our history and weighted to the second half due to the timing of payments related to employee incentives. Our guidance on cashflow for the full year remains unchanged, and we expect to be over 90% conversion. As we signalled back in May, our Return on Capital Employed is very strong at 16.8%, and it is the highest in the last five years, and it reflects our disciplined approach to capital management.

Modelling considerations for FY24

Turning now to FY24 modelling considerations, which relate to our ongoing activities, we have again delivered on our financial guidance in the half despite a variable economic backdrop. Accordingly, all areas of our guidance remain unchanged. As a reminder, we expect 4% to 6% organic revenue growth for the full year. We expect to deliver modest margin progression at constant currency. We continue to expect FX to add between zero and 1% to both revenue and EBIT growth. We expect net interest for the year to be between $125 million and $130 million. The benchmark tax rate is expected to be between 26% and 27%, reflecting changes in the UK corporation tax rate. The weighted average number of shares is expected to be in the region of 914 million for the year, and Capex is expected to be around 9% of revenue, with cashflow conversion to be over 90%. We have a share buyback programme of up to $150 million to be completed by June 2024. With that, I will hand you back to Brian.

Summary

Thanks, Lloyd. In closing, it has been a very positive start to H1, with good revenue and earnings progression. Over a number of years, we have invested to diversify and innovate in our business to position ourselves in higher value opportunities. This has strengthened our portfolio and mix of exposures, even compared to
previous downturns, and we are less correlated with credit origination volumes than historically. Our strategy is working, and we have grown, and grown share as a result. We will continue to address the market opportunities through our mix of superior data, unique products, rapid capability, and extraction synergies across B2B and B2C. This, plus our balance sheet strength, puts us in a very strong position as we look ahead.

In spite of the testing environment, we expect to have a good year, and a year in line with our previous guidance.

With that, I am going to now hand you back to the operator, and we will move to your questions, for which we will be joined by Craig Boundy.

Questions and Answers

Andrew Ripper, Liberum

Well done on the results. It is a good performance. I wanted to start with LATAM. The organic growth rate slowed down a little bit in the second quarter, but Lloyd, in your commentary you mentioned that there had been some phasing of wins with some new contracts coming in at the beginning of Q3. I wondered if you can give us a sense of the short-term outlook for LATAM growth for Q3 and Q4.

I am also aware that interest rates have started to come off a little bit. Is that a factor at all, or not relevant in terms of momentum that you are seeing in the business?

Brian Cassin

I will hand over to Lloyd to give you a bit of detail on LATAM. I do not think we see any big change there. Just a reminder that it is still double-digit growth in the quarter, so a very good performance. Lloyd, do you want to elaborate on some of the splits?

Lloyd Pitchford

You saw a very strong performance in Consumer Services. That business continues to go from strength to strength. In terms of outlook, we think the Consumer business in LATAM will be over $210 million for the full year, which if you look back just a few years, is a really strong performance and continues to grow well. In terms of B2B, again, is a continued good performance, some deal phasing, we expect that to strengthen back again in Q3 on those that we signed in early October. We probably expect the second half to be in line or slightly ahead of the first half.

Brian Cassin

On the interest rate point, at this stage we do not expect that to make a difference in the short term.

Andrew Ripper

There was a really good performance in the UK in the second quarter in the bureau business. I just wonder if you could say a little bit more about the work that you have won. Is that a case of gaining share of wallet, or have you been winning work from some of the other UK players?
Brian Cassin

We had a really good Q2, but if you look at the two quarters together the business has done very well. In a market where credit is contracting it is an illustration of how well we are doing. For a number of years we have been talking about how we have been improving the business, particularly on the data superiority side.

We absolutely believe that we have the best-in-class data on the marketplace. It is showing through in a lot of client wins. We have seen really good progress in financial services and other sectors like telco. We are now starting to attack some of the utility areas.

You do not really need to do too much work to look across at some of the other results that are published to show that we are outperforming. It is share of wallet, because the like-for-like business in the market is obviously not increasing year on year right now. We still see a weaker credit issuance market. That is really down to that, not just on the data side, but also the strategy is around data plus all of the additional products that we have had a really long track record of success on in the UK. It is really bringing all of that together and solving more and more issues for our clients in a holistic way.

Andrew Ripper

Lloyd, I appreciate the cash flow guidance and the seasonality of cash flow. Just on the working capital, the increase in the first half was quite a bit more relative to revenue growth than what we have seen in the last couple of six-month performances. Is there anything in particular that lies behind that?

Lloyd Pitchford

If you look at the balance sheet for that, one of the things you have to factor in is that the US dollar at the balance sheet date on the close of the half year last year was very strong. If you are squeezing between the balance sheets then that will give you an outcome. If you look at just cash conversion, as I mentioned, we are broadly in line with where we would expect to be in the first half. The period ended over a weekend, so you often get a lot of receivables come in on the last day of the month. We mentioned that before. So no change. We expect to be well above 90% for the year as a whole.

Kelsey Zhu, Autonomous

I have three questions. Could you talk more about your revenue performance in North America across different client segments? This is in relation to what TransUnion has talked about, which is that they are seeing significant slowdown in their September and early October revenue trends. I am not sure this is the same trend you are seeing, so I would love to get more colour around the revenue exposure there.

My second question is on Consumer Services in North America. We have been seeing pickups in premium subscription. Is it fair to assume that this trend will continue, since we are in an environment where vendors will continue to pull back on the supply side and consumers are searching for incremental ways to access credit?

Lastly, on income from Verification services. You have mentioned that you have added consumer-permissioned data capabilities. I was wondering if you could give us a little bit more colour on how that works and how these fits into your overall portfolio with instant verification and manual verification.

Brian Cassin

Great, thank you. To deal with the second one first, on Consumer Service Subscriptions – because it is relatively easy to answer – this is a trend that we talked about at pretty much every results announcement for the last year, because we expected subscriptions to pick up. It always does. It is countercyclical. We have three very significant reference points for that now: GFC, COVID, and this period of credit tightening. I think the answer is that we expect that continue to perform well this year. That gives us a good balance of growth in the portfolio.
In terms of revenue performance in North America, as we referenced, you are seeing that the overall market credit conditions have been tightened, but you are seeing quite different performances across different sectors. Fintech has been impacted more materially. Large banks, as we can see from their results are actually doing very well. Within that, we are actually expanding our share of business with some of those segments as well. That gives you an overall picture of a difficult market, but performing very differently across some of the different segments.

On the income employment services, maybe we can just invite Craig to comment on that point around the data contribution.

Craig Boundy

We have a range of ways of accessing data into the Verifications products, and one of them is for the consumer to contribute their own data into that. That would work in a similar way that Experian Boost operates, by allowing them to basically connect a provider, either their payroll provider, or their employer or their own bank account, and add that information into the journey. All of this is about continuing to strengthen the capability we have there in our instant Verification.

Simona Sarli, Bank of America

It sounds like for the second half you should be on track for a continuation of the trends you have reported in H1, but would you expect any material difference between Q3 and Q4? In this context, is there any key factor we should keep in mind?

Lloyd Pitchford

We are sitting here today and we are halfway through Q3. Q3 looks a lot like Q2, which in turn looks a lot like Q1. That tells you that across our business it is very stable. Across into Q4 it is very similar. Obviously, it is a new financial year for a lot of lenders. Let us see what that brings, but, sitting here today, the second half as a whole looks a lot like the first half.

Simona Sarli

Can you please provide a little bit more colour around the growth trends that you have experienced in Q2, and also how they are so far halfway through Q3 for the legacy volume-driven credit bureau and Marketplace in North America?

Lloyd Pitchford

I think as Brian mentioned, if you look inside the bureau we got a very diverse client set. We do not just provide data, but also analytical tools, an ever-increasing share of revenue from Ascend, and the related tooling around that and the Clarity bureau within that as well. It is quite a broad and diverse sector, and as you have seen, very stable across the first and second quarter. That really shows the breadth of things that we do for our clients and the number of clients that we do it for. I have nothing really to add, it is just very stable.

Brian Cassin

The second part of your question was on the Marketplace in North America.

Lloyd Pitchford

We have always pointed to the fact that when lending conditions get tighter there is clearly slightly less lending availability on credit marketplaces, so we saw a slightly higher decline in marketplace revenue in the second quarter on the first quarter. That was more than offset by the countercyclical nature that we see in the
subscription business that Brian mentioned a few minutes ago. That is a business that responds to lending criteria in both directions. We expect that to come back quite quickly when things ease.

Simona Sarli

The last question from my side regards capital allocation. As you mentioned in H1, you are at 1.8x, which is below your leverage target of 2-2.5x. Even if I keep in mind that you are going to have $150 million of share buyback overall role for the fiscal year, you are going to be materially below the lower end of your leverage range. How should we think about it? Does that leave scope for incremental share buyback?

Lloyd Pitchford

We have announced the share buyback for this year. This is a good time for us to have financial flexibility. After the rise in interest rates a year or so ago, we are starting to now see valuations get more realistic in some of our markets. It is a good time for us to have to have flexibility. As we have always said, we are pretty disciplined with capital management. If, over time, we find ourselves inefficiently financed then we would look to return capital to shareholders in terms of a buyback, but just for now we see good opportunities to deploy capital for good returns. That is going be our focus.

Harry Martin, Bernstein

I have two questions. The first one is on the premium subscription growth. I wondered if you could talk a little bit about how margin accretive that growth is, and also if you have any sense on members who have signed up and upgraded accounts to a premium subscription in the last few years, and how long they would tend to stay as a paid subscription member before reverting back to a free member there.

My second question is on the marketplace. You had some quite encouraging commentary in insurance, but I wanted to ask about the credit marketplace. When I compare the Experian site to Credit Karma or other peers, it seems to be in super-premium cards like Amex or Chase where they seem to have more offers. I wondered if there is any difference in the economics of your platform, or why the focus of the growth of the marketplace in the first instance has been to grow elsewhere. Any colour on that would be really useful.

Brian Cassin

We will deal with the second one first. The first point to make is that our marketplace is actually outperforming the market and outperforming Credit Karma. We did see your report in terms of the number of offers. There is a lot of detail that we would have to go through with you, because actually we believe that there are a lot of premium offers on our marketplace. There are some gaps in your data. It may well be that it is a good idea for us to sit you down and take you through that, but we do not see any significant difference. There clearly are differences between the respective focus of the customer groups in each of the platforms, but in terms of the panel we have a very broad panel and a lot of overlap, so that is probably one to follow up on.

Lloyd Pitchford

Just on the lender panel, the way that it works is because we target offers not everybody can see every panel member. It is much broader than any individual would see.

On subscription and margins, we think of this as a single relationship with a consumer. When we acquire a consumer into a membership relationship it might be free, and over their lifetime they may spend periods that they are in a premium subscription. We think of it as an integrated proposition, not separately. Most of our acquisition into the subscription base comes from a free member. We do not really think of it as a separate business in that way, Harry. It is really integrated. Of course, over time, as we expand the number of members and as we improve the overall engagement then more of our activation costs moves down the funnel from top of funnel to lower funnel. That is why, over the long run, an engaged consumer platform is very profitable and very margin accretive. That is the progress that we are making in that business.
Harry Martin

If I could just follow up on that one, on the pick-up in premium subscribers in the last 12 months related to the value of those products in a tougher credit environment, how sticky do you think those subscriptions can be?

Lloyd Pitchford

The best thing to do is, if you look back at previous periods where we have had an inflow in the downturn – COVID is probably the most recent one – you saw that there was a strong inflow account, a countercyclical inflow, if you like, and then what you see is that flows in over about a year and then you have a couple of years where you have that higher base over which you have to grow. We continue to grow, but it was tougher to grow on top of it when you get to the other side of it. But that of course is the period when you see things like Marketplace come back and take a lot of growth. You have to think of this as an integrated business that is very resilient in periods of strain, but then offers a lot of leverage at the time when you see origination activity return.

Andy Grobler, BNP Paribas

Two from me, if I may. Going back to Consumer, you mentioned that you had won a major client within lead generation. I just wondered kind of how close do you think you are to the tipping point in that insurance lead generation marketplace, and kind of the longer-term prospects that could come from that?

Secondly, in new products, Verification in the UK seems to be making very good progress. Can you talk through the end-market opportunity set here in the UK and how that would compare with the US?

Brian Cassin

I will take the Consumer one and I will hand over to Craig for the Verifications one. On the Consumer one, I think we expect the insurance category to grow really strongly this year. As you mentioned the release there, we continue to build our panel, and we are taking quite a significant step in that Direct Insurance has actually now come onto the panel.

So I think that really in the next six to 12 months, we will know how that is playing out. But I think we are really encouraged by what we see, and we believe that we will now see this market move quite significantly. We will learn a lot in the next 12 months, but some very positive steps have been taken this year. There has been good growth in the insurance vertical, notwithstanding the fact that we have only just really announced the extension to that panel. Craig, do you want to jump in on the Verifications?

Craig Boundy

Yes, I mean verifications in the UK, as you said, is early at one level, but we have done an excellent job building the asset of data that we need to fuel the propositions and make the analytics work, and help the lending institutions – with whom we have such excellent relationships – start to deploy that.

So we think that is a really interesting growth opportunity for us in the coming quarter. You see things like affordability progressively becoming more of how underwriting takes place, so it is a good time for us to be starting those conversations with many of the partners.

Andy Grobler

Could I just follow up on that? Do you see this as incremental to your product suite in the UK, or as in the UK, kind of a big, standalone revenue stream?
Craig Boundy

The way we work with many of the clients is, as we do all over the world, is in a sense of integrated propositions. As Brian said earlier, we help them solve problems, issues and opportunities that they have in their businesses. This will be added in alongside other capabilities that we have that form part of the overall relationships and propositions we have for clients.

Rory McKenzie, UBS

Notwithstanding Lloyd’s comments that you see it as an integrated unit, and if we do try and exclude the growing subscription revenues in North America consumer, it looks like the average revenue from free membership was down quite a bit year on year in H1, maybe down 12% or so. So the first question is, is that a fair estimate, the reduction in Marketplace revenues?

The second question is, can you talk a bit more broadly and longer term about how you see monetisation of that membership base evolving? And then finally, I want to ask about the US market B2B. With the current redistribution of the lending landscape, has that changed your ambition at all on how fast you could roll out the SaaS product range into those smaller, self-serve clients?

Lloyd Pitchford

I will take the marketplace question. So I think the answer is no. I am happy to help you with the numbers offline. Marketplace in North America in Q1 was down 4% and in Q2 it was down 7%, pretty much in line with what you would expect, given tighter lending conditions and equally, membership went from 6% growth to 9% growth. We had good growth in our Partner Solutions business across the half, actually.

So I think as I mentioned earlier, we view this as a set of integrated propositions with an enduring relationship with consumers, with over time, we get to help them. As I said we’ve a -- as the things we can do gets broader, we are moving to Auto Insurance expansion and other areas -- our activation activity moves down the funnel. So lifetime value we think will expand and the cost of activation reduces. So that gives you the long-term financial model, I think. Brian, lending landscape?

Brian Cassin

Could you just go over your second question again? I think it was on the US B2B market and sort of redistribution.

Rory McKenzie

Just, I guess, how the lending availability is concentrating in the Tier One to Tier Two institutions. I know in the past you have talked about having ambitions to kind of broaden your penetration of a much smaller parts of the landscape. I wonder that has changed at all, given the shakeout we have seen and are seeing at the moment.

Brian Cassin

I think -- I don't think he can -- first of all, I think in the US the Tier One have a very big market share, and have had for quite some time. There are, we think, about 3,500 sort of lending institutions in the US, a very big market. So inevitably, year-over-year, you are inevitably going to see some segments win, some segments lose, and some shakeouts here and there. I think the overall level of innovation in the marketplace will continue.

So I don’t think that landscape is going to change dramatically. As we said earlier, we have a very broad spread of business. We have a very strong position in Tier One, and we also have a very strong position in fintech, small, community and regional banks. We do have opportunities across the piece, so I do not know if
there is a sort of a big takeaway from what is happening in one sort of 12-month period. I think the market is pretty dynamic, and will continue to be over the longer term.

Lloyd Pitchford

And Rory, if I’d just add, take Ascend as an example, we have around 80 clients on Ascend in North America. And as Brian just mentioned, there is not far off 4,000 financial institutions in the US, so that is a very big, broad market for us to take Ascend as one example, too. I don’t know, Craig, do you want to jump in on this one, anything to add?

Craig Boundy

I mean I think that is a good way to categorise it. I mean there is a very large set of lenders who at different times tighten and loosen their credit policies, but still a lot of different organisations for us to work with and we have a good set of propositions for all of them. So I think that is a good way to think about it.

Arthur Truslove, Citi

A few from me, if I may. The first question was for the group as a whole, the consumer business margin went up and the B2B margin went down. I was just wondering if you could comment on how both of those things happened and what drove them? Second question, when you think about the performance of the bureau outside of mortgage, clearly very stable, Q2 over Q1? Are you able to give us an idea of the contribution of pricing within that organic growth and perhaps how that’s evolved relative to previous years in a more inflationary environment?

And then third question for me, just on the verification side. If I understand correctly, you have an Employer Services business, which sort of helps with employers with compliance and documents, all that kind of thing and verifications business as well. Of the $190 million of revenue roughly that you’re expecting, how much of that are you expecting to be on the sort of Employer Services side? And how much are you expecting to be on the Verification side?

Lloyd Pitchford

Okay. I'll take a few of those. Maybe start from the last one. Verifications Employer Services, it’s a pretty integrated business. Obviously, we get our data and a lot of our exclusive records from the Employer Services business. We don’t disclose the split but both grew very strongly during the period, and that’s been true throughout this year where we continue to take strong elements of share against market backdrop in that market where a lot of it is mortgage-related verifications is quite slow. So 20% growth, we think for the full year across that business combines great performance.

Bureau outside mortgage pricing, no real difference in pricing contribution in this period than previously. Most of our -- the way that we sell is mostly around expanding our propositions and relationships into broader product sets. So no real difference in our pricing stance. And then on margin, I think it’s easier to look at margin in the full year rather than the half. If you look back often you see the consumer margin is stronger in the first half than the second half, if you just look back. But on an upward trend, I think that’s helpful to see. You’ve seen over the last 4 or 5 years as we’ve been growing the consumer business. It’s been growing quite nicely.

Within the B2B business, obviously, mix plays a part, some were in a period of tighter lending supply that we’ve been in for the last year. You see some of the volumetric side of the business, a little weaker. Some of our new growing businesses. So there’s a mix effect there. But all as we guided, so very much in line with our modest margin progression for the group in the half and will be exactly there in the full year as well.
James Rose, Barclays

I just got one, please. On marketplace in the US, so despite revenues slowing in the second quarter. What's been your ability to onboard new partners during the period and during the half? Would you say that's on track or behind or ahead of your expectations despite the tighter lending standards or tighter customer acquisition budget that's probably been?

Brian Cassin

I do not think that there has been any real impact in the quarter specifically. I think over quite a long period of time, we have expanded the number of lenders on the panel. You do see variations quarter-on-quarter, but the number of products that are made available, that is more linked to their own credit policies and what they want to sell. So I do not think that there is any real change on that front. And as I'm missing something, Craig, anything you want to add on that?

Craig Boundy

No, I think that is right. I think no change. I mean, we are on track.

Karl Green, RBC

I have two questions. I'll just take them in turn. The first one is around the launch of Experian Smart Money, the digital checking account, which looks really interesting. I just wondered if you could talk through the mechanics of that. How is that actually working in practice? Are you partnering with a white label provider on the financial services side? I think in terms of thinking about banking regulations, etc? Yes, start with that one, please.

Brian Cassin

The Smart Money proposition is done with a banking partner. So we comply with all the regulations around that. But the banking regulations that -- part of that applied to the bank partner. It is a very similar setup that you see with a lot of fintech players in the US market, so no difference from that perspective.

Karl Green

So you will basically be taking a referral fee type model, presumably with fairly high margins? Is that fair?

Brian Cassin

There are two aspects to it. Obviously, for us using that relationship to be able to help consumers process transactions and make those transactions available to improve their credit score and to build their credit positions is all part of our strategy. So that is a pretty unique feature in the market, and a pretty important piece of our overall consumer proposition. Clearly, as part of a normal fee, there is an interchange fee that we receive, and part of that gets paid to the banking as a service provider who fulfils on our behalf. So a normal mechanism.

Karl Green

My second question is a much broader question. Given the long and variable lags of monetary policy tightening, are you currently comfortable with consensus for a rebound in organic growth to 7% in FY25?
Lloyd Pitchford

Yes. I think we will provide some guidance for next year when we get to May. You have seen this year and last year that we have a pretty good track record of executing against the commitments we make and the guidance we give for the year ahead. Right now, we are rock solid in the centre of our range for this year. Let us see what the environment brings, and we will deliver guidance for next year in May.

Simona Sarli

Just a quick follow-up from my side. Can you please remind us about your M&A strategy? You have also talked about valuations now being a little bit more reasonable in the market. Where do you see the opportunities out there? Are there specific geographies or solutions where you would like to grow?

Brian Cassin

There is no change to our M&A strategy. We are always looking for sensible additions to our business in the core areas of Credit, Fraud, Identity, Health and other areas. We are always looking for acquisitions that are a good strategic fit. The only difference is that we will be able to make buyer and seller expectations meet.

I think Lloyd's comment really was— we were talking about it this time last year. There was really a sort of suspension of disbelief and seller expectations on multiples have not adjusted. We do see some moderation in that, but I would say 'some'. It is possible that we will be able to move forward in the next 12 months in a way that we have not been able to, but again, it really comes down to individual situations and whether we can get any of those across the line.

Every year, we have sat here, you can never really predict what is in your pipeline and whether anything is actually going to execute or not. We always have a strong pipeline of opportunities, so there is no change in terms of the focus. We look to add materially to our data assets and to bureaus, if we can find good bureau acquisitions, Fraud and Identity. None of the spaces will really be a surprise to anybody.

Closing Remarks

Brian Cassin

Thank you. That concludes today's session. Thanks everybody for joining us. I hope you all have a good day, and we look forward to speaking to you again in January for our Q3 trading update. Thank you.

***************************************************************