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<<Kelsey Zhu, Analyst, Autonomous Research>>

Hi, good morning everyone. Thank you so much for joining us today. My name is Kelsey Zhu. I'm the Information Services Analyst at Autonomous. With me on stage today, I'm very pleased to welcome Lloyd Pitchford, CFO of Experian. Thank you so much for joining us, Lloyd.

<<Lloyd Pitchford, Chief Financial Officer>>

Hi, Kelsey. Good morning everyone.

<<Kelsey Zhu, Analyst, Autonomous Research>>

So obviously Lloyd, lots to talk about across macro, consumer, AI, Brazil and many other things. But I guess a good place for us to start our conversation today is really we're trying to understand how you think about the macro conditions, the health of consumers across all of your key end markets of the U.S., the UK, Brazil. So just walk us through how you're thinking about the landscape today.

<<Lloyd Pitchford, Chief Financial Officer>>

Sure. So you probably saw we reported full year results last week. Last year was a record year for us. We added just under \$1 billion of revenue. I think some slightly different trends through the year in different markets. The year overall was one of increasing credit supply in North America, a rate-easing cycle through the year. And we saw really good growth across the core financial services business and a number of our other businesses that aren't really tied to credit supply.

If you look at Brazil, Brazil was at a different point in the cycle. It was rate-tightening. So that was softer, particularly inside our B2B business. And the UK is a bit of a unique case. I live there. It's a slightly different case at the moment, a little weaker. But if you aggregated it all together, it was a very strong year for us. I think what we saw as we came through the final quarter was we moved probably from increasing credit supply to stable credit supply.

You saw the effects of the crisis in the Middle East, and we moved out of a position of expecting multiple reductions in base rates here in the U.S. to some people are forecasting increases in rates. And I think that that really shaped our view of the guidance that we put in for the year ahead where we've guided to 6% to 8% organic. In Brazil, I think you've seen rates peak and we're actually in a rate loosening cycle. So we think Brazil will be a really improving year this year ahead. And we think growth rates for us will be back to double digit.

<<Kelsey Zhu, Analyst, Autonomous Research>>

Got it. So in the U.S., I guess we've been talking about K-shaped economy for a while now. So what are you seeing in terms of U.S. consumer health and particularly for the subprime segments? Is that still holding up pretty well?

<<Lloyd Pitchford, Chief Financial Officer>>

It is. I think the employment market ultimately creates credit supply that drives the core of the credit bureau business for us. And employment has held up really well through lots of different points of strain. So I think that that really has helped us continue to grow very strongly. Obviously, we innovate very strongly. So it's not just about the shape of the economy or the consumer. But so far it's held up very well.

<<Kelsey Zhu, Analyst, Autonomous Research>>

And you mentioned that we've been through a period of time where we saw credit supply loosen and then we're now in a more stable environment. So what are you seeing in terms of consumer credit origination volume trends across credit card, auto, personal loan, mortgage?

<<Lloyd Pitchford, Chief Financial Officer>>

I think you saw as you went through the fourth quarter, particularly in the latter half of the fourth quarter, just a little bit more caution. And I think you would expect that if you look at the expectations for interest rates, for inflation, they started to change through as we went through February, March and into April. I don't think that's a very stark change to the growth profile of the business, but we were expecting this year to be a multiple rate loosening year, and I don't think that's the case anymore.

<<Kelsey Zhu, Analyst, Autonomous Research>>

Got it. Super helpful. So I guess one of the other key debates we're all having right now is because of the rate environment, whether you call it higher for longer or hold for longer, we are in a different environment today. So how are you thinking about higher for longer impact on your overall portfolio?

<<Lloyd Pitchford, Chief Financial Officer>>

So I think probably the first thing is just to remind everybody of the sustainability of growth we have as a company. If you look back, I know people view us very much through the credit bureau lens. We're a much broader business than just a credit bureau, as you know. Since we've been a public company, we've never reported a negative organic year. So in the GFC, we grew positively in COVID and through every other bit of cycle over that 20-plus years.

We have quite a lot of our business that is cycle agnostic. Our health business has grown high single, low double digit consistently every year for more than a decade. Our auto business has grown despite the number of cars in North America being stable, new cars for 20 years. That's

grown double-digit compound for 20 years. So I think most of our growth doesn't come or isn't really reliant on pure individual volume of credit. It's really around innovating and finding new signals in the large data assets we have and delivering that in value to our clients.

So the variability we have to short-term changes in credit originations is much less, much less than our peers, but also really much less than people would think. And that's really underpinned by, despite the change in the environment, the guidance that we've put out for the year ahead.

<<Kelsey Zhu, Analyst, Autonomous Research>>

Got it. The other hot topic for information services companies this year is really AI and AI's disruption risk, AI's impact on revenue and margin. So I think where we want to start the discussion today is really where are you seeing AI as having the most tangible impact inside Experian today? Is it internal productivity? Is it client-facing tools? And what investment area are you most excited about when it comes to AI?

<<Lloyd Pitchford, Chief Financial Officer>>

So I would say four big themes. We think overall – if you think of Experian as a company that ultimately finds signals in data, and turns that into value for consumers and customers. The shift and the acceleration of technology into machine learning first and then generative AI now is an accelerant to our ability to create value on top of our data, four key themes, though, that I would highlight.

So the first is channel expansion. This will allow us to be able to expose our data to new and expanded audiences. You've seen that in the partnership in the B2B side that we've got with ServiceNow to link Ascend into their platform. And you see it with us being displayed in lots of the LLM platforms as you see the audience fragmentation. So channel expansion is one – is one thing.

The second is the demand for data. If you think about what we do and how we deliver analytical value outcomes to clients. Typically, that's had a human on the front end running analytical models. As you shift to more of that being AI and potentially agentic AI, the pull and the demand for data at the bottom of that output will be stronger. That's our hypothesis. And we're seeing the early stages of that in some of our AI-driven products. Ultimately, more demand for data obviously will be, we think, a tailwind for us.

The third channel is completely new TAMs. So a great example of this is the Agentic Trust collaboration that we've put in place. We've launched a consortium with Visa, with Akamai, Skyfire, and others and you'll see other additions to that collaboration. If you think of the digital commerce has been designed for more than 20 years to keep bots out. But what if it's my bot, my agent? I want it to transact on my behalf in an ecosystem. Well, to do that with certainty and to know that it's not fraudulent, you have to be able to tokenize it and trust it. So that's what that framework will do.

We're able to bind an agent to a human. We'll own the token – the agent registry, the payment rails that that will operate on what Visa are providing. You'll see others come into the network. But then as that agent works its way through the digital ecosystem, the barriers that have previously been put in place to prevent bots have to let it through. And that's where people like Akamai and others come in place. So I think that's a really interesting early move to a new TAM that we see being AI opening up for us.

And then the fourth stream is productivity, internal cost savings. And naturally, those are the things most within our control that you see first. And we gave some stats in our results presentation where over the last two years, we've delivered organic cost as a percentage of revenue, labor cost as a percentage of revenue improvements of about 300 basis points. Actually, within that, there's a drag from acquisitions. So it's actually organically about 400 basis points. And I think we see a lot of opportunity, particularly in code development and code deployment.

Our total headcount's about 25,000 people. Around 11,000 people are involved in code development and code deployment, the product development and code development lifecycle. And you're seeing real advances in productivity. On average, we're seeing something like 10% to 15% across that, that group. But in pockets, we're seeing up to 30%.

So we see a lot of opportunity for that to deliver both faster product life cycle and time to revenue, but also cost reduction and margin progression.

<<Kelsey Zhu, Analyst, Autonomous Research>>

Got it. So in summary, you have AI enhancing – your analytics capability, as driving increased data demand. AI is enhancing internal productivity, which ultimately will lead to cost saves. And also AI is opening up new TAM.

<<Lloyd Pitchford, Chief Financial Officer>>

Exactly. Those are the four. And of course, all of them will emerge on different life cycles. People often imagine that completely new revenue streams open up and scale very quickly. They don't, but we're attacking them with vigor.

<<Kelsey Zhu, Analyst, Autonomous Research>>

I did want to ask you about the 300 basis point labor cost reduction. I wasn't sure if that part of that was driven by AI or if it is, I guess, in the next three to five years what's the upside on labor cost reduction or just expenses reduction in general for Experian?

<<Lloyd Pitchford, Chief Financial Officer>>

Yeah, so I think it's really meaningful. To be able to grow revenue, organic revenue over the last two years, we've grown, what, 16% or so, and we've done that on stable headcount. And that's been on the back of these automation and productivity improvements that have come from AI. And I think the opportunity set there is large.

What do we do with that, that prize? Some of it goes down into technology investment. So the tooling that we're deploying to deliver that obviously costs money. We're spending a lot of time thinking and learning about token usage and deploying token costs inside the organization in an efficient and effective way, just like we did when we moved to the cloud.

Some of it will be in our ability to invest more into these new opportunities that we've had. And of course, some of it will land in a higher margin. And you've seen us deliver – the last two years, we've delivered 90 basis points organic margin progression.

<<Kelsey Zhu, Analyst, Autonomous Research>>

Got it. So in the medium term, it's your guidance and more, basically.

<<Lloyd Pitchford, Chief Financial Officer>>

Our guidance is unchanged.

<<Kelsey Zhu, Analyst, Autonomous Research>>

Yeah.

<<Lloyd Pitchford, Chief Financial Officer>>

But I think what you've seen is we have a lot of options. To be able to deliver productivity improvements and then a lot of choices around what we do with that.

<<Kelsey Zhu, Analyst, Autonomous Research>>

And in your recent investor presentation, you've highlighted \$15 billion of additional TAM that's been enabled by your investment. Maybe you can – I know you touched on this earlier, but maybe you can tell us a little bit more about like what this \$15 billion consists of. And I think you've also previously talked about getting into the services layer with clients. So maybe just tell us a little bit more about that.

<<Lloyd Pitchford, Chief Financial Officer>>

Yeah, so I think, some of it we touched on in previous comments, but the Know Your Agent framework, the agentic ecosystem, we think is really has a lot of potential and ultimately trust will be at the heart of that. What do we do as a company? What is a credit score? It's a trust score. What's a fraud score? It's a trust score. So to be able to provide services into that developing ecosystem with partners, we think is a really meaningful opportunity.

Inside our Health business, we have probably the most meaningful individual revenue stream we have with a pure AI product in Patient Access Curator. And this helps hospitals find insurance coverage. Finding insurance coverage is a really complex, data-hungry task, which you can do

very effectively. And we've – inside that \$15 billion, we've sized that opportunity. Our competitors Waystar is probably our closest competitor. They've, I think, come out with a much more material number that they're thinking about. Obviously, we try and scale that in a way of opportunities that we can see and shape in front of us.

And then Ascend. Ascend has always been driven by machine learning, which is artificial intelligence. But the ability to put natural language on the front of it and to be able to find value in datasets. So if you think of a credit risk model or a fraud risk model and constantly testing what data do you have access to and could new data sources make your model more effective. What an agentic front end can do is to go into the client's first-party data or into our data sets and find data that the client isn't currently using in its model and propose how models can be made more effective.

So, of course, that's really valuable to a client. If you look at a fraud case, if you can just remove false positives in a customer acquisition journey, it can be very, very profitable. So we see a lot of opportunity there.

<<Kelsey Zhu, Analyst, Bernstein>>

Super helpful. So in terms of how AI changes the competitive landscape for Experian, I guess one end of this is your larger, more sophisticated customers who have just a lot of resources in general may try to build some of these analytics solutions by themselves. So I guess like in your view, what's Experian's strategy to either maintain or grow wallet share with these larger, sophisticated customers?

<<Lloyd Pitchford, Chief Financial Officer>>

Our clients are doing the opposite. If you look, we gave some data as part of our results presentation. We've just been probably through our most intense year of client renewals. We have by far the preeminent share of Tier 1 clients, the most complex clients. If you look at us versus our competitors with the broadest portfolio of products that we provide. Something like 50% of our core financial services clients renewed at the strategy level this year. We saw 100% renewal on average, the ACV in those deals expanded by 10% and the contract time expanded by 10%. So the signals that our biggest, most complex clients are sending us is they're buying more.

And just to put it into context, we're involved in the revenue layer of our clients, how they win through data in front of their competition. If you take some of the largest retail banks globally, we might have contracts with them maybe in 10 or 15 countries. It might be across maybe 30 to 40 different contracts for fraud, for originations, for marketing, et cetera. You add all of that up and you look at a major global retail bank, they would spend less with us than they would with their auditors. So the idea that they're deploying time of their technologists to try and recreate the things that we do, they're not –they're interested in competing. And they're demanding from us ever more complex tools, and that's why their wallet share is going up.

And I think I'm a technology buyer inside Experian. I'm doing the same with my – the way that I purchase. I get people approaching me all the time saying that, they can displace Salesforce as a

CRM. I'm not interested. I'm demanding more from Salesforce and buying more from Salesforce inside the company. So I think the ability to create more value on top of these enterprise systems is what's driving more wallet share. And we're seeing it and you see it in those renewal stats.

<<Kelsey Zhu, Analyst, Bernstein>>

Got it. So I guess like the build versus buy discussion for Experian, is that pretty straightforward or how are you thinking about for your AI investment?

<<Lloyd Pitchford, Chief Financial Officer>>

So I think that if you think about where do we buy capability usually, it's early-stage companies that have got a point solution and they've run out of road on distribution. So we can buy that company and plug it in very easily to our distribution. The time for us to be able to build that now has come down. So clearly that assessment algorithm when we're looking to buy companies, particularly out of private equity, has changed a little. There's still a lot of value, though, that we can provide. And there's a learning curve effect when you've got a new technology asset in seeing how it's been used in the ecosystem. So I think there will be a lot of opportunity for us to continue to make acquisitions in that area, particularly in the fraud space.

<<Kelsey Zhu, Analyst, Bernstein>>

Got it. So I guess, the other end of the competitive spectrum is really new AI companies or AI startups. And I guess for Experian's portfolio, maybe it makes sense to talk about the data mode versus like for your software solutions and the sense the competitive positioning is maybe slightly different. So maybe just remind us, for example, for credit database, what is the defensible competitive mode for Experian?

<<Lloyd Pitchford, Chief Financial Officer>>

Yeah, so I think if you start at a group level and we put this stuff out, something over 90% of our revenue is tied to ultimately proprietary data assets. So even when you think of software, software really is just a delivery mechanism of value that's underpinned by our data. And that's what Ascend is. Ascend delivers value of analytics on top of our data. It is a software product, but it's ultimately delivering that value. I think that – it's a real misnomer to think that the credit bureau asset, data asset can be recreated. And again, to bring it to life, if you look back over the last period, the last 20 years, we're the largest credit bureau in the world.

If we found a country where one of our competitors had assets and we chose to enter organically. It would take us about 20 years to be competitive with the data asset. And there's so much history of this where we've been on the winning side and our competitors losing and vice versa. In the UK, the banks started Callcredit gave a data asset to it, to you [ph] then bought it. 20 years later, it's still not competitive in the market.

In Brazil, the banks gave their data to create a new bureau called Quad. More than a decade later, it's uncompetitive. 90% of its revenue is also with its shareholders. These are really deep,

complex data assets that aren't available on the open web and require decades of learning to create propensities that drive value. And you just can't access that with – by scraping the open web. It's very defensible. And our goal actually is to expose the value of that data through all of these new distribution channels. You're seeing real fragmentation. It used to be that Google was at the top of 90% or more of every customer acquisition channel. That's now fragmenting into all of the LLMs. And making sure that we have our data driving transactions and driving decisions across all of those channels, we think is a real opportunity.

<<Kelsey Zhu, Analyst, Bernstein>>

I guess one of the key investor debates on this topic is really if all the major banks start using Claude or OpenAI or what other solutions there are out there. Is it possible for Claude or OpenAI to just gather all of these credit data and build another credit database?

<<Lloyd Pitchford, Chief Financial Officer>>

From where? Ultimately, if you're a bank, you have access to your own data. The value in the credit database is the aggregation of data. So I may bank with JP Morgan, but the payday loan I took out yesterday because I'm starting to become stressed in my financial situation, JP Morgan doesn't know about. And it's that understanding of the entire ecosystem that provides value. When we launched Ascend, one of the great value cases that we showed was full model reject inferencing. So just to explain what that is, you go to a bank and they have paid to acquire customers and they've rejected some customers because their credit score was low.

They don't know where those clients go for credit. If you can see the entire ecosystem, you can say to a bank, okay, you have a cutoff of a 700 score. You've paid to acquire a million consumers with a 650 to a 700 score, and you've then rejected them. Here's exactly where those million customers went. Exactly. Here's exactly how many of them went into 30-day default, 60-day default, 90-day charge-off, et cetera.

And what you can see there is you can see the full ecosystem and how effective your model is. And actually, who's taking your customers that you've acquired and rejected? Is it who you would consider to be your competitors or not? That – before we – you could see the entire file, nobody could ever do that. That's why Ascend gained such traction. The ability to extend that and to do the same for fraud. Exactly how can you interact with the dataset to prevent fraud, minimize your false positives? You can't do that with an internal dataset.

<<Kelsey Zhu, Analyst, Bernstein>>

I think Ascend's competitive mode is very well understood by the markets. And for Experian, there's more software products beyond Ascend. That may or may not leverage the 20 years of credit bureau historical data that you guys have. So if you think about some of the point solutions or what I like to call legacy models, in terms of account management, origination software, debt collection software, fraud detection software, and PowerCurve, is this software suite something that an AI startup or software startup can easily build with AI or is it just way too sophisticated.

<<Lloyd Pitchford, Chief Financial Officer>>

You don't have the data. Ultimately, the understanding of the propensities in the data, when we sell, for all the reasons I mentioned earlier, the proprietary nature of the credit database, we sell something like 6,000 attributes on top of that. These are very granular attributes that help somebody understand you and predict your behavior. And that's really important if you're thinking about credit risk. If you go into fraud, you're doing the same on understanding you, the devices you have, your behaviors.

Go into ChatGPT, ask it to find the devices that are attached to you. Ask it to know which emails you use for what type of transactions, to link your device to your home TV. And I think you can't do any of that. If you asked it for a really simple question right now of what's the oil price and ask in 5 minutes, it'll give you two different answers, but they're completely delinked. And then tell it it's wrong and it'll say, yeah, oh yeah, I'm wrong. It's probabilistic in nature. Much of what we do is highly deterministic on top of proprietary data assets, highly regulated.

So, in our interactions with a lot of the LLMs as they're starting to think about the financial services market, they have different strategies. What they're all clear on is they don't want to be regulated by the FTC or the CFPB, just like Google didn't want to. So I think we have a lot of opportunity to reveal our data to these new audiences. And that you're back, that's our first opportunity, new channels. We see this.

I think we spend a lot of time talking about the credit data, but clearly fraud broad data is a big financial services asset. We have a health business with a lot of data that optimizes the efficiency of the revenue cycle. Our auto assets are also unique. So I think we have a lot of different avenues to grow in these addressable markets that we have.

<<Kelsey Zhu, Analyst, Bernstein>>

Got it. Very clear. The other key topic or key debate for Experian, all the credit bureaus, is really the U.S. core bureau or the mortgage business, understanding that mortgage is about 4% of your total revenues, so it's not a huge portion of Experian, but in terms of the hot topics in this space, I guess the number one topic would be the whole tri-merge, bi-merge, single-file underwriting debates, where we all know the Mortgage Bankers Association feels particularly enthusiastic around pushing for single-file underwriting. So what are you hearing from regulators? And if we do move towards either buy-merge or single-file, what's Experian's competitive advantage?

<<Lloyd Pitchford, Chief Financial Officer>>

So I think obviously this is a space of a lot of investor interest. You're seeing a lot of change in the market. We think we're moving out of a period where you've had essentially a monopoly position, you're going to outscore our competition. I think that change takes longer than people think. And you've seen some of that over the last year. But we're into a period now where kind of the talking has stopped and the trials have begun. So clients are consuming Vantage. They're testing Vantage. The pilot the FHFA have announced is running. We're seeing the majority of

our large clients take Vantage as part of our free choice bundle. And they'll be testing it and using it.

And I think our goal will be to make sure that we put Vantage in the market in a competitive position that over time it will take share. I think on the likelihood of a move from a tri-merge to something else. We think that's very unlikely. This has been looked at across the agencies at depth for a number of years. And the nature of the core credit files being different means you end up keeping people out of the chance to own a home.

And I think that often falls on underserved communities. And that's what the research has shown. So all of the interactions we have with all of the regulatory agencies is that that's unlikely to happen I think the shift from FICO having 100% market share to something less over some time period, I think, is certain. Exactly how much less, we'll see. But clearly, it's now a competitive market.

<<Kelsey Zhu, Analyst, Bernstein>>

I guess, just a quick follow-up question on VantageScore. So from the data that you can see, you can probably map out VantageScore market share in credit card and auto and personal loans. So maybe talk us through some of those and exactly how that translates to a medium-term mortgage market share forecast in your mind.

<<Lloyd Pitchford, Chief Financial Officer>>

Every one of these markets is kind of unique. But if you look at the markets where there hasn't essentially been a regulated monopoly. Some fintech channels you see Vantage have somewhere up to 60% across credit cards, depending on how you look at it, between 30% and 50%. So you've seen very meaningful shares of scoring. And it's kind of a very – the mortgage market is a very unusual market. You think anywhere else in any bit of our lives a score that was invented 20-odd years ago determining anything.

That is just a very unusual market. And I think we're moving into a place where it will be modernized. There will be competition. And I don't think you can point to any market in the world where you come to the end of a regulated monopoly and that company continues to own 100% going forward. So exactly how much, we'll see. Exactly over what timeline, we'll see. But competition will win.

<<Kelsey Zhu, Analyst, Bernstein>>

Very helpful. Switching gears to verification services. I was wondering if you can tell us a little bit more about the type of growth you've seen in your verification services over the last year and your expectation on FY2027 growth. And on that topic, I guess it's helpful to talk through the upside that the OBBBA can potentially bring for your government vertical?

<<Lloyd Pitchford, Chief Financial Officer>>

So I think just by way of background, I think you look back, the history of our industry has been one where one of the competitors has broken through and prospected a new market and they've understood it, gained an advantage, and others have followed. I think Equifax over a number of years done a great job prospecting this market. Clearly, we're followed and we plan to be a tough competitor. We see a lot of value and use in this data. If you think of us as a company, we find signals hidden in data and turn that into value. The signal opportunity inside employment and income is really high and it has lots of different use cases way beyond the revenue that, that even Equifax generate today. So we see the opportunity here as really interesting. It's not just today's revenue.

So that's why, that's why we're interested in it. We've built up, I think, a really good competitive position from a standing start. We've got something like 66 million records, active records now, which is give or take about half where Equifax is. We're continuing to grind that out. I think we're pretty confident that the direction of travel means exclusive relationships at some point end up going non-exclusive.

If you're an owner of an asset and you want to optimize the long-term value of that asset, you don't usually do that by having one buyer in the long run. In the short run, you might. But we think that means the competitive dynamics ultimately will drive to the opening up of the access to that data. We clearly have lots of other routes. We've got a direct-to-consumer business. The consumer can choose to consent us to access any payroll file.

So we have the option. We have multiple different ways to access that data if we choose. You mentioned government. I think we see all of these verticals as open to us. Clearly you attack it first through the more meaningful, more developed channels. And for us, that's really mortgage and employment screening. Those have been the two primary verticals that we've attacked so far. But clearly government is on our list.

<<Kelsey Zhu, Analyst, Bernstein>>

Got it. Maybe just a quick follow-up question on that. You mentioned that consumers can give you consent to have access to their payroll data. And I remember sitting here a couple of years ago with Brian, and Brian talked about the opportunity of basically combining verification services and the power of consumer services and the data that's flowing through from consumers directly to build records much more meaningfully. So I was just wondering where you are in that journey.

<<Lloyd Pitchford, Chief Financial Officer>>

Yes, I think – I mean, we – I guess the way to think about it is we have multiple ways to acquire this data and we can build out our employer services business. We're doing that. We can get access from payroll providers. We're doing that. Or we can go direct to the consumer, or we can find other signals in other datasets. If you think about all of the other businesses we have, there are signals of employment tenure already in those assets, which we can use as part of some of these markets. So I think I come back to the starting point, which is the signal value in employment and income data, we think is very material.

We share Equifax's positive view of the full lifetime value of all of the different use cases that this can be developed to. So that's why it's interesting to us. We don't have a short time horizon on being able to monetize this. I think you can see if you go back three years, even just three years, the rhetoric was we would never be able to create a data asset. We've created a data asset.

We would never be able to get to the top of funnel. We got to the top of funnel. A waterfall has been developed by all of the customers. So you can see, I think, again, this is a – this will be a competitive market. I think Equifax is the leader. I think it will sustain that leadership, I think, for a long time. But we're going to be a tough competitor and it's going to be a great revenue source for us.

<<Kelsey Zhu, Analyst, Bernstein>>

Got it. Switching gears to consumer services, one of the main growth drivers in the U.S. market has been insurance marketplace. And last year you've talked about expanding into home insurance on top of auto insurance. So maybe just talk us through the product roadmap, the type of TAM, the type of growth that you're seeing for marketplace?

<<Lloyd Pitchford, Chief Financial Officer>>

So for those not familiar with the story, just maybe touch on the backdrop for this. And this really highlights the signal value in data. So if you think about the insurance carriers, so the car insurance market here in North America, they spend something like \$11 billion on customer acquisition. So every other advert is a car insurance advert. We know that. Why is that? The answer is because they don't know who's shopping for car insurance. And they don't know what a relevant offer is. So you have to spend a lot of money top of funnel and then try and convert.

So what do we have in our business? We have an auto business that knows the history of every car you've ever owned and its tenure. So we know what car you drive and we know when you bought it. Okay, well, those are two good data assets. Car obviously underpins a bit of your insurance quote. When you bought it is often a renewal date, but it's not firm.

So through the direct-to-consumer business, we went out to consumers and we asked them, can we find your car insurance in your bank account? We have a product called Experian Boost. It helps boost your credit score. An insurance transaction is a credit transaction. So if you can find it, it can boost your credit score. Millions of consumers open their bank account, gave us consent, allowed us to find their car insurance.

So you think about what we know now. We now know who you are – what car you drive, who your insurance provider is, when your renewal date is, how much you pay for that insurance. We know who's shopping for car insurance and what the relevant offer is.

So that single data point inside your bank account can help make \$11 billion of customer acquisition costs more efficient. So I think that, that's a really good example for thinking about how finding signal value in data, you can really generate new opportunities for the business. So

clearly we entered the market, we built up an annual revenue stream of about \$100 million quite quickly. This last year has been more of a consolidation year. Across that, you've seen a number of competitive positions of some of the carriers withdrawing from some states and entering some states. So a bit more of a consolidation year. But we see that opportunity as being very, very material.

We can then pivot from that into home insurance. So we have a lot of knowledge about the home you have. And if you think about how we're bringing that to life inside our app, you'll – as this gets rolled out, you'll see an auto hub where you'll be able to see your car, the credit on your car, the value of your car. Is the value of your car above the credit? Is the opportunity to refinance your car? Here's the offers on insurance.

The same is true on your home. Here's the value of your home. Here's the mortgage of your home. Here's a potential HELOC loan against the value. Here's a refinancing opportunity. So giving consumers a lot of asset knowledge and how they can transact around those assets, that just increases engagement.

And to build out the home hub, we just made an acquisition of a company called OwnUp. So again, think of that, we haven't really played in the mortgage marketplace. Our business, as we've been expanding our SKUs in consumer services, we can expose mortgage marketplace to the 85 million free members that we have on the consumer services side here in North America.

<<Kelsey Zhu, Analyst, Autonomous Research>>

And you view LLMs as incremental distribution channels instead of competitors.

<<Lloyd Pitchford, Chief Financial Officer>>

Exactly. Exactly. It's another route to market for us.

<<Kelsey Zhu, Analyst, Autonomous Research>>

Got it. So if you think about the next three to five years, what type of growth profile should we expect for consumer services across the U.S., the UK, and Brazil? And what are the key drivers for that growth?

<<Lloyd Pitchford, Chief Financial Officer>>

It's – I think you have to think about our consumer services business as a single business, not the individual businesses. The way we look at it is you have the cost of acquisition of a consumer and then the lifetime value. The different channels we have of debt resolution, membership, identity protection, credit marketplace, insurance marketplace, they provide the mix of lifetime value.

But in the end, if you can create lots of different SKUs that engage people at different times and in different ways, your lifetime value goes up and your cost of activation inside the membership

base goes down. What that creates is really compelling scaling economics. And what you've seen as we've grown – and there's a slide in our results presentation on this – over the last six or seven years, as we've built up to 215 million members across the main geographies, you've seen the margin of the consumer business increase from about 20% to about the same as our B2B business. And that's because of that, the economics that you see there.

The Brazil business, consumer business didn't really exist six or seven years ago. It's now a \$300 million business. It's growing consistently above 20% compound per year. There's, I think, every opportunity that we can grow that business into something that is very, very meaningful. And the consumer business in North America, as we add SKUs, again, there's lots of opportunities. That's a very material business today but can continue to grow very meaningfully. Growth in any individual year comes with individual headwinds and tailwinds. Our membership business in North America is generally – inside our consumer business, is generally a countercyclical business.

<<Kelsey Zhu, Analyst, Autonomous Research>>

Yes.

<<Lloyd Pitchford, Chief Financial Officer>>

So at times when credit supply is limited, you see that grow very well. So credit supply has been – as I mentioned earlier, has been loosening a bit so that we've had more modest growth in that this year. But clearly that's a great hedge to if we see credit supply tighten in the year ahead.

<<Kelsey Zhu, Analyst, Autonomous Research>>

Absolutely. And you mentioned that the last few years you've really scaled the customer services business and you've now reached basically B2B level margin, but the consumer services business will continue to scale, especially in Brazil and the UK and in the U.S. as well. So what's the next medium term or what's like the maturity stage margin profile that we can look forward to?

<<Lloyd Pitchford, Chief Financial Officer>>

Look, I think the number of SKUs we have – think of it like a distribution channel. Most people come to us with a credit intent or an identity intent. There are lots of different opportunities for money saving, for friction reduction around all of the different assets that you have. And so we have a lot of different assets that we can bring to play to that scaled audience that just increases the lifetime value against the acquisition cost. So I don't really think of it as an ecosystem with a cap or a target. Our job is to grind out value, to grow the membership base and to provide more sources of value. And then the margin will take care of itself.

<<Kelsey Zhu, Analyst, Autonomous Research>>

Got it. Switching gears to Brazil, you acquired ClearSale, the fraud asset, and it's supposed to go into the organic revenue growth number in FY27. So maybe just tell us a little bit more about the

rationale of acquiring that asset, what type of medium-term growth profile and margin profile we can expect there?

<<Lloyd Pitchford, Chief Financial Officer>>

So our Brazilian business is a real jewel in the crown. And the two largest data assets in Brazil, one is the Serasa Experian credit bureau, the other is ClearSale's fraud asset. So it has a database of something like 70% of all digital transactions in Brazil. So it's a really meaningful asset to deploy for fraud use cases. It has all of that data. It has a lot of facial biometrics that you can use into fraud origination journeys. So it's a very meaningful B2B data asset for us.

And together with the other assets that we've acquired around document verification, around behavioral biometrics, it allows us to create a very powerful orchestration layer that's unparalleled actually in the Brazilian market. So really meaningful acquisition for us. Like most fraud assets, it comes with a lot of revenue, a lot of revenue growth and at the time of acquisition, not a lot of profit. But we've been able to get a lot of synergies out of that asset.

So when we bought it, we thought it would take about three years to get the margin up to group average. We're running a little bit ahead of that timescale. So it's proved out a very strong acquisition case for us. And I think when you combine it into the overall position we have in Brazil, we have a very, very meaningful advantage against all of the other competitors. I get asked quite a lot about our nearest competitor on the credit side, which is BoaVista, which Equifax acquired.

You have to put it into context. And last year, we added through organically or inorganically something like \$260 million, \$270 million of revenue. That was what we added last year in Brazil. I think BoaVista's revenues – total revenue is something like \$160 million. So puts it into context, the scale difference that we have.

<<Kelsey Zhu, Analyst, Autonomous Research>>

And just thinking through the Brazil recovery trajectory in general, at the beginning of the session, you've talked about multiple rate cuts going forward. And obviously the last quarter we've seen an acceleration of growth for your B2B business in Brazil as well. So as we look forward to the next two years with the rate cuts. But with election coming up in Brazil, how should we think about the recovery trajectory for Experian?

<<Lloyd Pitchford, Chief Financial Officer>>

Yes, I think this year ahead, I think will be better than last year. We have easier comps, but we also have, I think, as I mentioned a period of rate loosening rather than rate tightening. I think clearly it's an election year so that there's always a bit of uncertainty this year and then what happens the other side of an election. But I think we've got a lot of confidence in that business growing double-digit in aggregate this year. The B2B business clearly growing well and the consumer business continuing to grow very, very strongly at around 20%.

And lots of different new innovations that we're bringing to market. We have nascent new verticals in car insurance, in the consumer business. We have a big payments business in Brazil. The debt resolution business, Limpa Nome, resolved something like \$19 billion of debts for consumers last year in Brazil. And if you think about its place in the consumer's mindset, our traffic is way ahead, for example, of Nubank or in line with a lot of the largest retail banks in Brazil. The Serasa Experian brand is very high currency with consumers, so we get to use that as we deploy new products.

<<Kelsey Zhu, Analyst, Autonomous Research>>

Got it. We have a minute left. I do want to ask you about capital allocation. There's so many interesting organic investment opportunities at Experian. So how are you thinking through the organic and inorganic investments, the buybacks, the dividends, the debt prepayments?

<<Lloyd Pitchford, Chief Financial Officer>>

So our capital intensity as a company is reducing a bit as we get out of the cloud transition. We'll come down to about 7% of capital over the next couple of years. We generate a lot of cash flow. So we have something like \$1.7 billion of cash each year. If you think about the gearing effect on top of the growth. We're still very interested in acquisitions. The value in this agentic world of proprietary data assets, the signal value in those assets is enormous. So you'll continue to see us make acquisitions.

We're very mindful if you look at the current position of the share price that share buyback is a very value-creative transaction. So I think you'll expect us to make both acquisitions and share buybacks. We've announced two \$1 billion buyback programs in the last – the last six months. That'll put us into our normal gearing range and we'll see what capital opportunities we have in the year ahead.

<<Kelsey Zhu, Analyst, Autonomous Research>>

Got it. This is all really helpful. Thank you so much for sharing with us. And thanks, everyone, for joining us today.

<<Lloyd Pitchford, Chief Financial Officer>>

Thank you, Kelsey. Thank you, everyone.