FY24 full year results presentation

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Transcript

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Strategic and operational overview

Brian Cassin
Chief Executive Officer, Experian

Introduction

Hello everyone and welcome to our FY24 results presentation. I'm joined as usual by Lloyd who will run 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.

We are very pleased with how we performed in FY24. The strength and diversity of our portfolio as well as contributions from newer products allowed us to navigate difficult underlying conditions and end the year with impressive organic growth and a strong finish in Q4. We have also made good strategic progress with further expansion into new verticals, some important acquisitions, excellent progress in client NPS and employee engagement scores and material progress in our technology transformation.

The progress we made in FY24 builds on work done over many years to create new paths for growth. It has also allowed us to deliver strong results whilst investing for growth and in transforming our technology estate.

Looking ahead to FY25 and beyond, we expect to drive continued strong top-line growth, while gradually benefitting from a normalising credit environment. We also expect to improve our margin trajectory through a combination of technology efficiencies, productivity initiatives and operating leverage. Lloyd will provide additional details on our financial assumptions later on.

Overall, our performance in recent years demonstrates our strategy is working well, and FY24 was further evidence of good progress.

FY24 highlights

Now going into more detail, FY24 growth was at the top end of our guidance range, 6% organic growth in this macro environment is a good result, and it demonstrates the resilience of our business and how well we've executed strategically:

- Q4 organic growth was 8% organic, to take us to the 6% for the year.
- All regions and segments delivered organic revenue growth for the year, with both North America and the UK strengthening as the year closed.
- By business segment, Consumer Services led the way with organic revenue growth of 7%, despite a very difficult backdrop for marketplaces.
- Acquisitions and FX, took total revenue growth to 8%.
- Underlying EBIT margins progressed by 10 basis points at constant currencies, and we delivered an 8% uplift in Benchmark EPS.
- Cash conversion was 97%, also very good.
- And our financial position remains very strong.
- So good progress all round.

Let me briefly comment on some of the more significant developments during the year, as we have also made great progress in many areas:

- The Insurance Marketplace in North America consumer services progressed really well and we are confident that this is on track to be a very large vertical for us.

- Sticking with Consumer Services, we grew free consumer memberships to over 180m globally, exceeding the targets we set ourselves a few years ago.
- It was a good year for new client wins and retention, with competitive wins in all major geographies, with solid performance across all business lines and very good growth in some of our larger verticals such as Health and Automotive and newer ones such as Verifications.
- We continue to invest in our products. This year we have made material progress developing our unified platform and further expanded the Ascend suite of products.
- Over the last few years we have invested to build out a comprehensive product portfolio in Brazil and we have seen continued great success in FY24 with strong growth in particular in Fraud and ID, Agribusiness, SME and Consumer.
- We completed a number of acquisitions, recently signing an agreement to acquire illion in Australia, as well as infills in Health, Data Quality and in Brazil.
- And we've done more to strengthen our foundations. We've progressed our NPS with clients for the fifth year in a row, were again ranked as a top employer and certified as a Great Place to Work in 24 countries.
- We have also made great progress with cloud-native technology infrastructure and new Generative AI investments.

Resilience and strategy execution through cycles; strong CAGR since FY19

- It was also a year where we again demonstrated the strength and breadth of our business.
- We continue to grow despite major credit downturns , including this period in which rates rose rapidly and our track record demonstrates that the business can delivering good growth even in difficult economic circumstances.
- In fact in each successive down-cycle, we have bottomed out at a higher level of organic revenue growth, which reflects the shift of the business over time with better products positioned in higher growth areas.
- Today we are a broad-based data, analytics and software company operating across many industries, and that's changed the drivers of growth. Our compound growth rates since FY19 illustrate this point.
- So while the environment is still a slight headwind, we expect to deliver another good year of growth in FY25, and for the medium term, as we're outlining today.

FY24 strategic progress

- Our strategy should by now be very familiar. We have leading B2B and B2C businesses which increasingly drive synergies between them.

Let me highlight a few of the key developments in FY24:

Superior data

- We've added to our data assets. It's a big factor in competitive wins, particularly in the UK. The predictive uplift we deliver from superior data is very material.
- Apple is now furnishing us with buy-now-pay later data, and we'll be first to market with this in the US.
- We expanded the data coverage in North America Verifications, and our client count has also grown. We now also have the largest Verifications database in the UK with coverage of 82% of the population.

Superior products

- We continue to invest across a broad portfolio of best-in-class B2B products. This year we made great progress on unified platform, which allows customers to integrate more of our products quickly and cost effectively.
- This is having an impact on the size and duration of contracts we win with clients. A good example is the strategic partnership we closed this year with a UK lender which is the largest deal we've ever closed in the UK.
- The Ascend Platform is just one of our products, but it continues to drive growth with expanded use cases and functionality. We've started to embed GenAI natural language interfaces in our analytical software as well as in the Unified platform.

Verticals

- We have several large verticals where we continue to see very good long term growth opportunities. Many of these opportunities are created by taking core Experian capabilities and applying them to underpenetrated use cases in these verticals. Automotive and Health being very good examples.
- In healthcare, the Wave HD acquisition has further strengthened our product suite, leveraging AI machine learning to find eligible insurance coverage. It's another step in our strategy to simplify the healthcare experience.

ECS

We have consistently demonstrated the ability to leverage large consumer membership bases to enter new categories and achieve scale quickly. This remains a significant growth opportunity for us.

- The most important development this year is the progress we've made in insurance. The revenue contribution has grown rapidly, we have improved the consumer experience and widened the choice of providers on the platform. This will be a substantial revenue stream for us.
- We also expect to unlock new revenue opportunities and drive higher engagement using Generative AI. In February we launched our GenAi natural language assistant to help our members get more personalised interactions and credit offers.

FY24 strategic progress: we continue to extend across the value chain

There remain significant growth opportunities available to us by addressing more client jobs to be done.

- We have deep client relationships but despite the breadth and strength of our portfolio, there are still many areas of the client lifecycle where we are underpenetrated. The chart shows all of the things clients need to do to onboard, manage and provide value to their customers, and all of these are areas where clients spend significant amounts of money, and many represent opportunities for us to either sell new products or sell more products across the lifecycle.
- Best in class data is crucial at every stage, but alone is not enough to meet client needs. Better analytics to drive more accurate insights, cost effective software solutions to improve workflow efficiency, are all needed to enhance productivity, improve customer service and run businesses efficiently. You often hear companies discussing single customer view as the ultimate objective, this has been very difficult for many to achieve, largely because most of the systems they use to do all of the processes outlined here are disjointed. That's why we believe we have a significant opportunity. Ultimately, with Experian, they can consolidate their business with a single supplier, taking out a lot of cost and risk and displacing inefficient spend. We are already seeing this play out. The UK example I mentioned earlier is a great example.
- Another previously referenced example is Ascend Marketing where we secured a major win with a top five card issuer which was a competitive takeaway from a direct mail company. We've had more wins of this nature since. This is the same concept, financial services marketing is crucially dependent on credit data. By adding relevant analytics and workflow products on top of our data we expand into a area of client spend previously inaccessible to Experian.

- With the best products and broadest product-set, increasingly unified, we have a lot of white space for us to move deeper into areas like decisioning, analytics, fraud and new datasets, as well as to provide new services to consumers, opening new areas of customer spend and contributing to TAM highlighted of $150bn.

Strategic progress - highlights

We have been doing all of this. We have seen membership expansion, new business wins, many new products and deeper penetration of higher growth verticals. For example

- Revenue from recently introduced products of around $1.5bn.
- A growing percentage of B2B clients that take multiple solutions across software, analytics and fraud.
- A huge installed base of consumer members with a growing number of those highly engaged, with many now contributing data to Experian.
- A portfolio that is much more diversified with growth opportunities across an expanding number of vertical segments.

Medium-term strategic and financial outlook

- Over the medium term, we expect to continue to deliver strong organic growth from the combination of economic recovery, continued expansion of our business through product and vertical opportunities plus elevated consumer growth.
- Our commitment to investment in new products and solutions is unchanged and is a key component of our strategy, as is our commitment to drive deeper engagement around a widening range of membership offers.
- In fact, we expect investment will increase as a percentage of the overall total. However, cloud transformation and enhanced productivity will allow us to achieve this whilst also improving margin delivery and reducing our overall capex to sales ratio.
- We are at this point because several of our strategic initiatives have been successful and are now contributing to enhanced operating leverage, and we expect enhanced benefits from technology transformation and other productivity initiatives.
- On top of this we have started to see better opportunities to put inorganic capital to work at more attractive valuations, in targets which fit our strategy and provided they meet our strict financial criteria.
- Lloyd will run through this in more detail shortly.

North America delivers +5% organically

So let's turn now to our FY24 regional performance. Starting with North America, where we delivered organic revenue growth of 5%, a good outcome in a tough macro environment which was driven by a number of factors. Portfolio diversity helped, with good contributions from Consumer Services, Health, Auto and Verifications. And while like-for-like volumes in credit services have been weak, we've been able to grow through the combination of new client wins and expansion into new market segments.

For example, Core CI/BI grew 4% when mortgage is excluded. This was driven by Ascend, Clarity and Verifications. Ascend contributed strongly, an important example of the types of opportunities we are seeing is with a top ten Neobank where we cross-sold Ascend, core bureau and Marketplace, providing this client with the ability to consume data, build models on Ascend and deploy seamlessly into our marketplace. We have a strong roadmap of new product introductions in FY25 which add to our growth.

It was also a good year for Employer Services and Verifications, which onboarded over four hundred new client logos across the two businesses, including a number of top 5 US mortgage lenders.

We don't see a lot of change in the credit environment currently. Supply of unsecured credit is still quite tight, although the pace of tightening has slowed, with delinquencies expected to continue to rise modestly. Client sentiment is still variable.

Our other verticals performed well.

- Auto had a very good year, up 8%. There's an inventory build-up in the US car industry, and dealers are working to incentivise and stimulate the market. We have been beneficiaries of this as we have a range of products to address these needs, using Experian marketing data and solutions to help build audiences and target customers.
- Targeting delivered growth of 5%, primarily delivered by our digital digital advertising buying and selling platforms and new client integrations for our digital identity graph. This helped to offset some overall softness in the market.
- Health had a great year with a record year for bookings. We again achieved a 'best-in-Klas' ranking, which we're very proud of. New products like AI Advantage, which predicts which claims will be denied by insurance companies and helps to reduce denials, have extended our product suite and give us new ways to address client needs. And I'm very pleased to say that out Wave HD acquisition is going very well and has already driven a lot of new client wins.

NA Consumer Services +6% organically

North America Consumer Services grew 6% organically, a good result, and market- leading in our industry peer group.

Premium revenue was a good source of stability this year. We've enhanced the value of our premium packages with new features like bill negotiation and subscription cancellation, helping members to identify potential savings and stay financially healthy. Growth in premium also helped us to fuel investment across the portfolio.

In the credit marketplace, while the overall market was tough in FY24, we continued to onboard new clients to Experian Activate, an important differentiator which leverages our Ascend technology and has helped us to outperform on a relative basis. There are active conversations with clients for re-entry into the market and as this market recovers, we expect to be very strongly positioned and we should see strong growth.

The insurance marketplace had a very good year and has reached an inflection point. Revenue in Q4 more than doubled year-on-year. We've added the top three national carrier to offerings in 47 states and we expect more carriers to list products in the marketplace as market conditions improve. As a result, policies sold have increased substantially.

Partner solutions had good client wins, this year, particularly for data breach services.

Taken together, the investments we have made in North America have more than offset the effects of subdued credit conditions. We are well positioned to sustain our current performance and would expect a future rebound in credit conditions to add to it.

Latin America +13% organically

Moving to Latin America which had a great year, up 13% organically. Growth was 16% at constant rates when acquisition contributions are included. Margins progressed strongly, helped by increased scale in Consumer Services.

We've successfully added revenue in new business areas and outperformed the market substantially. We extended our lead in credit and risk through successful implementation of our positive data analytics, scores and software. Our fraud solutions performed well, helped by a series of in-fill acquisitions which have built our capabilities in areas such as biometrics and device intelligence. Our strategy is to fully integrate positive data, analytics, with fraud, decisioning and new alternative data assets, as well as consumer-permissioned data. Our breadth of capability in these areas is unsurpassed in Brazil, with growth opportunities across both large client categories and small and medium enterprises. This year we had a strong year in both strategic client and delivered a strong performance in SME. The agribusiness vertical more than doubled in size.

It's been a great year too for Consumer Services, which delivered organic growth of 26% and now has revenue in excess of $200m. Today we have Brazil's third most downloaded app and we're creating a comprehensive offering, where we provide consumers financial information, help them better understand their credit scores, compare prices, apply for credit, offer identity monitoring, and renegotiate their debts, all with an increasingly personalized journey. We've also steadily built up a new payments capability which consolidates consumer debt overdue, utility bills and current bills in one place. The result is a diversifying revenue model with very strong growth in total payment volume.

UK&I +2% organically

Of our large geographies, the UK has probably faced the weakest macro environment, and yet delivered 2% organic revenue growth. B2B organic revenue growth of 3% was sustained by a strong run of new business wins, with the strongest performance coming in core consumer bureau which significantly outperformed a weak credit issuance market. This continued throughout the year and culminated in Q4 with the largest deal we've ever secured in the UK.

Growth was enabled through superior data and end-to end solutions involving multiple products, including Consumer Services. Some customers have started to test the market in areas like credit card lending but overall B2B credit volumes are still muted. But with products like Ascend and Verifications now live in market and strong new business win rates, we feel good about our UK B2B position.

Consumer Services was one of our fastest growing UK business in Q4 and ended the year on a much stronger trajectory, to deliver 1% growth overall for the year. We've introduced improvements to the consumer experience, added to our marketplace lender panel and this has resulted in stabilisation for the premium service and recovery latterly in Marketplace. We were the most downloaded app in our category in Q4 and this positions us well as we enter FY25.

EMEA and Asia Pacific +7% organically

EMEA and Asia Pacific organic revenue growth of 7% is a good outcome. Margins also progressed, although we still have much room for further expansion. Key geographies like Australia, India and Italy contributed strongly helped by our many initiatives and new product introductions.

The quality of growth has also improved, with stronger performances in our bureaus, lower dependency on one off software contracts and more progress towards a higher level of recurring revenue.

After the year end, we signed an agreement to acquire illion, a very complementary bureau asset which will boost our presence in Australia and New Zealand. It's a great fit for us. The combination gives us practically the full portfolio of Experian B2B assets and will create a stronger entity.

Once this acquisition completes Australia will become our fourth largest geography, in keeping with our strategy to focus on markets where we have clear path to scale.

So, a year of good progress in EMEA and Asia Pacific.

With that overview, I'll hand over to Lloyd for the financials.

Financial Review

Lloyd Pitchford
Chief Financial Officer, Experian

FY24 Highlights

Thanks Brian and good morning everyone;

- As you've seen we delivered strong financial results in FY24, finishing the year at the top of our guidance range.
- For the full year, organic revenue was up 6%. With acquisitions and FX each adding 1%, total revenue growth at actual rates was 8%.
- We grew EBIT margins by 10 basis points, with Benchmark EBIT up by 7% at constant rates and 8% at actual rates.
- EBIT growth converted well into EPS growth up 7% at constant rates and 8% at actual rates.
- Operating cash flow was $1.9 bn, with 97% cash conversion.
- We continue to deliver our growth with high Returns on Capital employed, increasing this year to 17.0%.
- We've announced a full year dividend of 58.50c, up 7% on the prior year.
- And finally we ended the year very strongly financed with our net debt to EBITDA leverage at 1.7x, with $2.4 billion of undrawn committed facilities.

Good Revenue Growth; strong finish to the year

- As you've heard from Brian, despite soft lending markets, the strength of our portfolio and innovation delivery meant we delivered at the top end of our range and with growth firming as the year progressed, despite little improvement in lending volumes in the market.
- Organic growth in Q4 improved to 8%, supported by double-digit growth in Latin America and the UK&I Consumer Services and strengthening in North America B2B.

Quarterly organic growth trends

- Turning now to the FY24 Q4 regional growth trends.
- North America organic revenue growth strengthened to 7% in Q4.
- The bureau excluding mortgage profiles grew 8% in the quarter, Ascend growth accelerated to 25% as our integrated propositions continue to gain traction. Continued demand for our alternative lending proposition helped Clarity Services deliver double digit growth in Q4 as the employment market in the US remained resilient. Lending trends continued to be subdued with similar patterns to previous quarters.
- US mortgage profile revenue grew 11% on volume declines of (21%), with the difference principally coming from the pass through of the most recent FICO price increase.
- Automotive grew well at 6% as the business delivers growth in areas like Marketing and value recovery. As a reminder, our Auto business has diversified well with core Auto credit less than half of overall North America Auto revenue.

- Growth in Targeting strengthened to 6% as demand for our digital solutions continued to outweigh headwinds from lower retail activity and legacy product retirements. Platform growth and new integrations doubled the size of our of Agency and Social clients across the year.
- Health growth was consistent at 7% following good growth across our Patient access, Claims and Coverage Discovery propositions. Across the year, innovation and new product revenue continued to contribute well.
- Decision Analytics improved to 4% growth due to strength across Software and Fraud and ID as there were a number of multi-year renewals with key financial services partners.
- North America Consumer grew well at 6% for the quarter. Our Partner Solutions business grew double-digits following a number of Data Breach deals. Membership grew 3% as more consumers made use of recently launched financial health features in particular supporting account subscription management. In Q4, our Insurance Marketplace more than doubled compared to last year and we ended the year with very strong policy growth. Credit Marketplace declined, with volumes lower due to lenders tighter criteria.
- Latin America delivered 13% growth. We continue to bundle our products and services into one combined B2B proposition as we become an embedded technology partner for our clients with an ever more integrated platform. Organic B2B growth in Latin America was 12% for Q4, up from 10% growth in Q3. Our strategy of growing into adjacent verticals like Identity and fraud is starting to contribute more meaningfully.
- Consumers Services remained strong with growth of 19% in the quarter and for the year delivered revenue of $225 million. Limpa Nome grew over 20% in the quarter and has more than doubled in 3 years. Consumers in Brazil resolved more than $14.5 bn in debt through Limpa Nome during the year. Our payments proposition delivered strong growth in the quarter, as we increase the volume of transactions in our digital platform.

Quarterly organic growth trends

- UK&I delivered good growth of 5%, up from 3% in Q3.
- Within the bureau we continued to grow well in Q4, with strong growth in Ascend as we made key deliveries during the quarter. Across the year, lending volumes for the whole of the market were down around (2%) compared to our 3% growth in total B2B, the outperformance coming from innovation and key client wins.
- Decisioning grew by 3% in Q4 following strong software growth from key deals for PowerCurve Originations and Collections.
- Consumers services delivered double-digit growth of 11%. Marketplace grew over 20% due to a number of factors including more targeted advertising campaigns, more personalisation, more pre-approved offers from lenders and a softer comparator due to the mini-budget impacts in 2023. Membership also grew mid-single digit.
- EMEA and Asia Pacific delivered 6% growth in Q4, Data growth increased to 8%, across Southern Europe and South Africa which was partially offset by a one-off Software deal last year in South Africa.

Benchmark EBIT margin

- Turning now to EBIT margin, where we delivered +10 basis points of margin expansion.
- The North America margin was 20 basis points lower than last year. Softness in our B2B lending volume products weighed on B2B margin which was partially offset by Consumer Services margin expansion as we continued to benefit from the scale and diversity of the business, despite the tighter lending environment.
- Margins were stable or improved across our other geographies at constant currency, in particular benefitting in Brazil from the scaling of our Consumer platform.

- Looking at B2B and Consumer Services, we saw good margin expansion in the Consumer businesses, as the increasing scale and diversity of our membership engagements continued to benefit Margin. All regions grew margins with Latin America margin growing strongly as scale continues to drive profitability. And this continues the trend of Consumer Services margin developing with scale that we have seen over the last five years when Consumer Services Margins have expanded around 400 Basis Points.
- On the B2B side as mentioned earlier, lower volumes in our lending volume products were a headwind during this year.

Benchmark earnings per share (EPS)

- Turning now to EPS where we delivered growth of 8% at actual rates and 7% at constant FX.
- EBIT grew 7% following good revenue growth and margin expansion.
- This translated to EPS growth as a modest headwind on interest, from acquisitions made during the year, was offset by a lower tax rate. Our average Interest rate during the year was 3.2% as we continue to benefit from the long forward fixing programme we initiated when global interest rates were low.
- FX was a 1% tailwind to EPS.
- Looking across the last two years, when lending volumes in our markets have been weak, we have grown our EPS by 17%

Reconciliation of Benchmark to Statutory PBT

Taking a look at our usual reconciliation to statutory results:

- Our Benchmark profit before tax grew 7% at actual FX rates, driven by the strong revenue performance and margin expansion.
- Acquisition related expenses decreased slightly to $41m.
- There was a $4m increase in the fair value of contingent consideration on prior acquisitions.
- We made a profit of $5m on the disposal of some small EMEA and Asia Pacific businesses.
- Statutory PBT before non-cash items was therefore up 16%
- Amortisation of acquisition intangibles was broadly flat at $193m.
- With non-cash financing remeasurements broadly neutral. Statutory profit before tax was $1,551m, up 32%

Cash flow and ROCE

- Now taking a look at cash flow and ROCE where FY24 was a record year
- We delivered $1.9 bn of operating cashflow, at a conversion of 97% and continued to generate very strong financial returns, with ROCE increasing to 17 %.

Modelling considerations

- So turning now to FY25 modelling considerations, which relate to our ongoing activities and does not include any acquisitions that have not yet completed and where timing is uncertain. We will update guidance as appropriate as we complete an acquisition.
- We expect 6 to 8% organic revenue growth for the full year.
- We expect less than 1% of contribution from completed acquisitions on revenue.
- We expect to deliver good margin progression of 30-50 basis points at constant currency.

- Based on current FX rates, we expect FX to be between neutral and 1% headwind to both revenue and EBIT growth.
- We expect net interest for the year to be between $135 and $140 million.
- The Benchmark tax rate is expected to be between 26% and 27%.
- The weighted average number of shares is expected to be in the region of 914 million for the year.
- Capex is expected to be around 9% of revenue.
- We expect cash flow conversion to be over 90% for the year ahead.
- And we've announced a share buyback programme of up to $150m to be completed by June 2025.

Strong growth delivery

- Over the past 5 years, despite some challenging global backdrops, we've strengthened and diversified our business. We've delivered over $2 billion of additional revenue, growing at a Compound Average Growth Rate of 8%.
- This has been delivered at increasing Group margins, achieving our 10-30 basis points range on average over the period.
- Strong capital discipline and fixing our debt, has allowed us to convert this EBIT growth into earnings at an 8% CAGR generating strong returns on capital.
- And as mentioned earlier, we've been very cash generative, growing 8% compound to $1.9 billion in FY24.

EBIT margin outlook

- With that backdrop, as you've heard from Brian we are updating our medium term outlook as the strength of our strategic execution at breadth continues to enhance our opportunities for scaled value creation.
- So turning to our margin outlook.
- Over recent years we've delivered on our margin guidance of 10-30 basis points per year.
- Over that time we have delivered margin progression within our framework, despite a number of headwinds thanks to our strong execution in delivering underlying operating leverage.
- As we progressed our broad mainframe and cloud migration programme, P&L technology and dual running costs have increased.
- The current softness in core lending markets has also been a temporary headwind to Group Margin during this period through the mix of revenue growth.
- We've also been investing in scaling growth initiatives such as Verifications in both North America and the UK&I, as well as many consumer innovations such as payments in Brazil, and the Insurance Marketplace and enhanced subscription services in North America.
- As we look ahead over the medium term, we expect our disciplined operational execution to continue to generate underlying operating leverage. We will also continue to invest broadly in our innovation engine.
- We now expect some of the headwinds of the last few years to reverse as technology and cloud migration costs in the US and Brazil materially completes by the end of FY26, and we start to see the margin benefits from cloud productivity and improved scaling. Lending volumes will return over the medium-term, having a positive mix impact for the Group and our Consumer platforms will continue to generate scaling returns as we leverage our powerful relationships with over 180 million consumers.
- With this backdrop, we are increasing our medium-term outlook for margin to 30 to 50 basis points per annum of EBIT margin progression.
- We continue to invest strongly behind innovations and growth and will continue to guide annually our modelling considerations depending on the particular profile of investment opportunities, returns and acquisitions we see in the business.

Technology transformation and capital investment

- Turning now to Capital Investment.
- As we've discussed with you in recent years we have been progressing our technology transformation and we have now reached an important stage of the programme.
- In the US and Brazil we have made significant progress. We are in the final stages of mainframe transitions and we are now accelerating the migration of our hosted servers to the Cloud.
- We expect to be materially complete on our transition to Cloud in the US and Brazil by the end of FY26, with 85-95 % of our non health processing in the cloud by then. And in the UK and EMEA and Asia Pacific, we also expect to be in the 45-50 % range for cloud processing in the next two years.
- As we approach being materially complete in our cloud migration, we will see a number of financial benefits including a reduction in our capex to sales ratio. As our migration spend and infrastructure capex trends down, we expect our overall Capex to sales ratio to reduce by around 2 % over the medium term.
- We will of course continue to invest strongly behind value creation and innovation opportunities.

Medium-term outlook: strong, sustainable EPS growth

- Bringing this all together, here is our revised medium term outlook.
- As you've heard, we've delivered robust growth despite significant external headwinds and we expect this to continue. As economic markets improve, we expect to deliver high single digit organic growth and our long term ambition remains to generate scaled opportunities to ultimately enhance the Group's growth potential into double digit organic growth.
- As I mentioned we now expect to deliver growth at Good Margin progression for the Group as a whole – sustainably 30-50 basis points per annum.
- And our capital investment will trend down over the medium term to around 7 % or revenue.
- And finally, with our strong financial position and cashflow, we have the opportunity to grow the contribution from re investing our cash generation in value adding acquisitions generating high returns on capital and retaining our highly disciplined approach.

And I'll now hand you back to Brian.

Summary

- In closing, FY24 was a good year. We made a lot of strategic progress, delivered well financially, and again showed the resilience of the business.
- We expect another good year in FY25.
- Our prime focus remains on driving growth and we continue to invest successfully behind a range of initiatives.
- We have completed a lot of transformation work in recent years, and we are now at a point where the majority of the technology transformation will complete in the next 20-24 months. This will enhance our productivity, reduce dual run costs and lower our capital intensity.
- Coupled with this, we expect credit cycle headwinds eventually to turn into tailwinds.
- Taken together, these factors will elevate financial performance over the medium term.
- With that, I am now going to hand back to the operator for your questions, for which we will be joined by Craig Boundy.
- Operator, over to you.

Questions and Answers

Simona Sarli, Bank of America

Good morning. Thanks for taking my questions. I have three. If you do not mind, I will take them one by one. First of all, you talked about the improving margin progression in the medium term. Could you please remind us of the headwind to margin from the cloud transformation. As you approach its completion, how we should think about the annual contribution from that? Will it be linear over the next three to four years? Similarly, could you please comment also on the trajectory of capex normalisation from 9% in fiscal year 2025 to 7%?

Lloyd Pitchford

Thank you, Simona. If you look at the dual run cost that we have inside the P&L for the technology transformation, it is about 100 basis points. We think that will sustain over the next two years as we complete the majority of the server migration programmes, and then it will trend out of the P&L over the medium term.

On capex, we have got it to 9% for the year ahead, in line with the previous year, again as we progress those server migrations. Then it will trend down to 7%, so a straight line from there down to 7% in FY29 is a good guide.

Simona Sarli

Thank you. The second question is regarding your free cash flow. Clearly, you have better operating leverage and lower capex as a percentage of revenue, so your free cash flow will be quite strong in the medium term. Considering that you are already below the targeted leverage, that leaves you with quite a lot of balance sheet optionality. How should we think about your capital allocation and potentially returning extra cash?

Lloyd Pitchford

Simona, as we have said, we sit in a market with a lot of opportunities, so our bias is to continue to invest and create value significantly in excess of our cost of capital. We think we have a lot of opportunities to do that, given the breadth of the markets that we are in.

If, over time, we find that we cannot deploy that capital, of course we will consider an enhanced buyback to return it to shareholders, but the priority is to reinvest it in stronger returns for growth.

Simona Sarli

Lastly, I have a quick follow-up on consumer services. Clearly, margins are up quite a bit; they are currently close to 25%. Can you quantify more or less, even at a high level, what the medium-term margin ambition is for consumer services?

Lloyd Pitchford

We will not put a number out there, Simona. We have really developed, over the last number of years, direct relationships with 180 million or more consumers. That has obviously been a big investment from us over that period, and we now are coming to a stage at which we get to broaden the things that we can do for those consumers. That also comes with investment as we grow out other verticals. You can see the trajectory of the last five years in the consumer business. We are pretty confident that the future of that consumer business is a high-growth, high-return business, and we will share it as we progress.

Suhasini Varanasi, Goldman Sachs

You have obviously had a very strong finish to the fiscal year 2024. Can you maybe discuss your expectations for Q1 and H1 FY25 and how current trading has been so far in April and May?

The second question is on the mortgage business, which has benefited from pricing in Q4. Is it fair to expect that this benefit will continue through the next three quarters as the effect annualises? Just to clarify, on slide 27 where you are talked about the medium-term outlook for high single-digit organic growth, did I hear you right that you would expect it to trend towards a double-digit organic growth profile, and potentially beyond that, in the medium term?

Lloyd Pitchford

I said on the growth guidance that our outlook is for high single digit. If you look, with soft lending volumes, we are already at the top end of mixed single digit. Our guidance is high single digit. We have always said that our ambition as we grow the business is to get the business into double-digit organic growth, but that is not our guidance at this time.

On the Q4 finish, we were pleased with how we finished the year. You can see a number of different areas of that. Clearly, the last quarter of any year is always the time when people are pushing for the line to deliver, so you always get a bit of one-off income as part of that. We did not see any broad-based improvement in lending, and we have not assumed that for the year ahead. We would probably expect to start the year in the range of 6% to 8% for the year overall. It will probably be around 7%, and there is nothing to add beyond that. Yes, we will continue to benefit from mortgage pricing through the year, but it is obviously really small for us.

Andrew Ripper, Liberum

Well done on the results today. I have three questions. Firstly, I just wanted to look at a couple of numbers in Q4 and get a little bit more colour in terms of what is behind them. In North America in particular, regarding the 8% growth in bureaux excluding mortgage, Lloyd or Brian mentioned in the commentary that Ascend did particularly well with some new business wins. I just wondered if you could give us a sense of how significant that was or what Ascend revenue was for the full year 2024.

On North American consumer, I understand that you still had some benefit from short-term breach revenue. Can you give us a sense of how significant that was in terms of driving the 6% growth in North American consumer?

Lloyd Pitchford

Regarding the bureaux excluding mortgage number, there are a few things in there. You are right that Ascend strength was good. Ascend revenue for the full year is over $180 million now. It grew well for the year. In there, there are always a whole host of products and things that we sell, such as archives and retrospective reviews. I would not draw a straight line through the fourth quarter, but we are obviously fairly pleased with how we finished.

In terms of consumer, the breach business is obviously lumpy. We had a good Q3. It is difficult to forecast, but we continued in Q4 at a similar sort of level, which was positive. Clearly, in the year ahead, there is a range of outcomes for breach that are all factored into our range.

Andrew Ripper

Thank you, Lloyd. My second question was drilling down a little bit on consumer. Historically, you have given us a sense of the mix between subscriptions, affinity and Marketplace. I wonder if you can just do that again, please, for the North American business for FY24. What was the mix? How much was Insurance within Marketplace in FY24? When you look forward on consumer, maybe give us a sense of the outlook across the different categories for FY25.

Lloyd Pitchford

It is roughly 50% subscription, 30% Affinity given the strong growth we have had in the daily breach business, and around 20% Marketplace. We have made really good progress on Insurance, particularly in the second half of the year. Insurance is about one-fifth of that Marketplace business now. We have made really interesting strategic progress this year, and we are looking forward to the progress of that in the year ahead.

You can see similar trends that we have seen this year. There is growth in subscription. Financial marketplace will continue to be soft on volumes. We are not assuming any broad-based recovery in that. We think Insurance will continue to grow well.

Andrew Ripper

Thank you, Lloyd. The final one is also for you, Lloyd. In terms of the margin guidance for FY25, it sounded as though, from your comments to an earlier question in relation to tech and dual running costs, that was not a material factor in terms of the uplift in margins. Correct me if I am wrong. Maybe you could give us a little bit of colour in terms of the regional profile of where you expect profitability to go this year. Beyond this year, can you just remind us of where you are in terms of the UK performance, where margin was pretty much flat last year, and your ambition there in the medium term, and also for EMEA and Asia Pacific?

Lloyd Pitchford

We have said that, over the medium term, our ambition is to get the UK to 30% operating margins, and for EMEA and Asia Pacific to get to 20%. Clearly, for this last year, the mix of growth between core lending volumes and other growth has been embedded in the margin performance we have had, but we are still confident on those long-term trajectories.

For the year ahead, operating leverage across the business will contribute well. In the next couple of years, we will not have a positive impact on the dropout of dual run cost. That comes in years three to five of the medium-term framework. Depreciation is a bit of a headwind in the next two years, and then it turns into a tailwind. Typically, depreciation lags levels of capex by about three years. It is principally a scaling of the various businesses that we have in this next year that supports the confidence in the 30 to 50 basis-point margin progression.

Ryan Flight, Jefferies

I wonder if I could build on that last question, and if you could really give us some insight into where you see the countercyclicality in the business today. In particular, you spoke about the subscriptions in B2C, but is that completely offset by Marketplace and Insurance? Is there any other countercyclicality that we should be aware of?

On Q4 as well, could you also help us break down LATAM B2C, which looks slightly softer in Q4, and provide some context there? Lastly, UK B2C looks particularly strong. Should we expect that growth to continue in Marketplace business?

Lloyd Pitchford

As we talked about extensively over the last couple of years, you can see that our business is very resilient to the cycles. We outlined a year ago that we saw a bit over $1 billion of business that was variable with short-term lending volumes. Lending volumes have been down this last year. We do not expect them to go down further, but we do not expect them to broadly recover in the year ahead. Clearly, when you go into the medium-term framework, if you assume volume growth and volume recovery and decent growth across those lending volumes, you can see how we are very clearly getting well into the high single-digit organic growth with that recovery.

LATAM B2C is becoming a big business now. It was at $225 million for the year. You cannot necessarily draw straight lines from month to month. March is the month when we do one of our big Limpa Nome fairs. We do two a year: one in November and one in March. We continue to grow really well.

It is important to look into the Brazilian economy. It is not a particularly strong economic backdrop at the moment, and we are really outperforming the lending market environment and the competitors in our B2B and B2C businesses.

Regarding the UK B2C marketplace recovery, as I mentioned, Q4 or calendar Q1 is always a traditionally strong time for clients to be in the market with lending offers. It was not a year ago. You saw no sequential pick-up in that quarter because of the impact of the mini-budget through lending markets. We are seeing good recovery there, with 11% growth. I do not think we will see that at that sort of level into the first half of the coming year, but I still expect that to be growing.

James Rose, Barclays

I have two questions. The first is on insurance marketplace again. Can you give us an idea of the size of the addressable market you are accessing there, perhaps compared to the cards and loan business? What do you think has triggered the big step-up in revenue you have seen in the second half?

Secondly, within Fraud and Identity, can you give us an idea of how that has scaled from FY19 to this year currently? If you think about the medium-term outlook for that business, what are your growth ambitions there?

Brian Cassin

I will take the first question on the size of the insurance marketplace. Most of you are familiar with the UK insurance marketplace, which has been significantly advanced in terms of providing comparison marketplace and digitisation to consumers for quite some time. It is completely undeveloped in the US, and obviously that market is huge. While it is hard to give an exact or precise number in terms of comparing to cards and loans, it is going to be, in the longer term, at least that size, I would have thought. It is a several billion-dollar TAM that we are playing into there.

The key question has always been, 'What are the catalysts to make this develop in the way that it has not done before?' We have covered that off on previous calls. Covid was a factor. Increasing demand among consumers for better experiences and the willingness of carriers to put product on the marketplace have all now shifted, so we are starting to see this move in a way that has not happened before. That is why we think that this is going to be very significant. We embarked on the insurance buildout several years ago, so this is something that has been a strategic ambition of ours for quite some time, obviously in anticipation of where we thought the market would go to. It is moving in that direction. We are seeing it.

The growth in the second half was incredibly strong. We referenced in the last call, if not the half-year call, that we have been successful in securing major carriers onto the platform, and that makes a huge difference because of the network effect that drives with the quality of the offers that are there, and the ability to track more consumers and provide better propositions for them. It is a really significant year for the insurance marketplace strategic development, and we are very pleased with how that has evolved.

Your second question was on fraud and ID. Could you just remind me of that?

James Rose

I just wanted an idea of how it has scaled over time from FY19 to FY24, and the size of ambitions for what that business could be in the medium term.

Brian Cassin

I do not have the FY19 to FY24 numbers to hand. Maybe Lloyd will look at them as I am answering the overall question. We are a very substantial player in Fraud and ID already. Alongside our credit origination business, we do a huge amount of fraud at the point of account origination. We are not really present in the transaction fraud business, although we have ambitions to see if we can evolve into that area.

What you have seen in the last few years in Brazil in particular is how we have built out a more comprehensive suite of fraud products that address more of the needs around fraud origination, and secondly, our steps to integrate that more alongside the credit propositions and some of the decisioning and orchestration platforms that we have. That has grown really strongly, and we have seen growth in fraud more broadly across the business, but it is probably an area where we have highlighted that we want to do more work. You have seen what we have done in Brazil. We think that that will also happen in other jurisdictions, so we think this is a market that has very significant growth, and we think it would be a big growth contributor to us.

Lloyd Pitchford

On the numbers, James, it depends a little on how you define it. For example, within one definition, you could argue that the data breach support we are doing as part of the consumer business is part of fraud response offerings to our clients. I would guess it is a very consistent high single digit. We are entering a really interesting phase with the buildout and integration of fraud propositions into the unified platform. This is a new set of propositions where we integrate all of this together for our clients, which will be a really important strategic step for us.

Kelsey Zhu, Autonomous

I also have three questions. My first question is a follow up on North America consumer services. For insurance marketplace, you have obviously seen really strong growth. I was wondering if you could give us a little bit more colour on how the general demand environment is shaping up. One of your competitors has talked about the first signs of recovery in insurance marketing after this market has been pretty depressed over the last year. I was wondering if you are seeing similar trajectories or commentaries from your customers.

Brian Cassin

The simple answer to that is yes. That is maybe a little hard to decipher. You cannot pick apart our growth numbers and say which is related to demand and which is related to increased supply on the platform. Obviously, our business is relatively new, but overall the market is recovering. We see an opportunity there, but the really big opportunity comes more from the long tail of the market that is not digitised and the increasing availability of much better consumer propositions on the platform, which will drive a shift in how insurance is consumed in the US today, and more towards digital platforms. That has a long runway of growth.

Lloyd Pitchford

We are pretty excited. If you go back over the last 10 years and you see how origination of credit products has shifted towards digital, consumers are now very used to interacting with financial products digitally. We have a very special product in market. We are able to get to an insurance position with three clicks, and we are excited about what we can do in partnership with the providers in that market.

Kelsey Zhu

My second question is on Brazil. There have been some recent articles from Bloomberg and other outlets highlighting potential pullbacks in fintech lending in Brazil as default risks are rising. In some of our previous conversations, we have talked about how, in Brazil, the majority of your revenues come from fintech lenders. I was wondering if you are seeing any impacts there.

Brian Cassin

I do not think that is correct. The majority of our revenue does not come from fintech lenders. We have a large number of fintech clients, but we are very broadly based. We cover the whole market in Brazil, and most of the large strategics are our clients, as well as pretty much everybody else.

I have not seen the Bloomberg article, but the timing is interesting, because that has been playing out in Brazil for the last 12 months. If you look at our performance, as Lloyd referenced, we have been performing extremely well, but the market has not. Credit volumes have been declining or tight. Credit policies have been kept tight. Delinquencies have been rising for about 18 months now, so it is not like Brazil in the last 18 months has bucked the trend of other markets; it has not.

We see a similar position as in places like the UK and the US. Banks, and the financial sector generally, have been well prepared for that. Financial conditions are good, so as we look ahead, we think that is all taken account of. It is difficult to say when that turns, but we do not think it gets materially worse. Some of the headline numbers in terms of delinquencies might get a bit worse, but that does not reflect the underlying position of how the industry is prepared for that. The industry feels very prepared in terms of where their businesses are at.

We expect continued softness in the underlying market in Brazil in FY25, but we do not think that is much different from other places. We continue to expect to see good growth in our business. Frankly, we have just been growing well ahead of the market in Brazil for some time now.

Kelsey Zhu

The last question is on Ascend and PowerCurve. Broadly speaking, for decision-making engines, one of your competitors talked about deceleration in their software business, and commented on the fact that they are seeing longer sales cycles. Obviously, we have seen strong growth in Ascend and PowerCurve. Are you hearing similar comments from your customers about reduced demand for some of these products and services in this current macroenvironment, or is it more of a market shift story?

Brian Cassin

In a market like this, you are always going to get longer sales cycles, so that comment is entirely rational and logical. Notwithstanding that, we have been able to grow very strongly in Ascend and PowerCurve globally, so I think it is just the strength of the product offering that we have. Existing sales dialogues have taken us through. You could conclude from that that, in a slightly easier sales environment, maybe we would see growth accelerate from the levels that we achieved. Ascend was double digit in FY24, and PowerCurve was also double digit in FY24, so this was a really strong performance again against weak backdrops.

Budgets are constrained. There is no doubt about that. People have been battening down hatches a little bit. You mentioned people getting themselves into a good position. It just gives you a good indication of the strength of our performance in the current environment that we are able to grow at those rates, notwithstanding that.

Rory McKenzie, UBS

I have two questions. One is to follow up on the consumer services insurance marketplace. Can you talk about where you are in terms of state-by-state coverage or the number of your 60 million users that can see the offering? How is the pipeline looking for adding more insurance carriers?

Secondly, can you talk about, within the world of generative AI, what contracts have you signed with OpenAI or other providers? How much work are you doing with your inhouse development teams? How are you finding out from the client requests about new tools, and how that fits in with the security of your data and what else is out there?

Craig Boundy

Our offerings that we make to consumers are countrywide. Everybody is able to see the various offerings. Obviously, it can depend a little bit by the insurer, but we are able to get very good coverage of the consumers to whom we offer insurance, so that is really good. We continue to see more and more success with people finding us a great channel to find ways to deploy their policies, and in the growth of insurers coming. There is more to come over the coming quarters, but there is a very positive story in our consumer marketplace of insurance.

You asked a pretty broad question on generative AI. Let me try to answer it in the round, and obviously we can follow up as necessary. We think about generative AI in two ways. One is giving consumers and businesses a natural language way to interact with our products. That means a natural language way to interact with our analytical environments in places like Ascend, or for consumers to interact with their credit report. That is a really interesting tool for people to use because it is their own way of gaining productivity and efficiency improvements. We have a lot of good dialogue there, and we have generative AI assistance for our consumer reports in the marketplace starting to perform really well. There is a lot of good engagement and dialogue going on there.

We also look at it as ways to deploy and achieve internal productivity. That includes anything from the way that our engineers work and create foundational code, right through to the way that we give our customer services agents tools to do their jobs more efficiently, and a whole range of opportunities in between. There, we are finding very good deployment and very good take-up. We are already starting to see some good results come through. We have a range of technical solutions to do that; they are designed absolutely to use the best of external technology where we can, but also to make sure that we never place any Experian data at risk there. We are very confident that we are able to scale those as quickly as we can with economics that we are very happy with.

Arthur Truslove, Citi

In terms of organic growth in the bureaux excluding mortgage, it obviously accelerated from 3% to 8% in Q4. How much of that is somewhat one-off in nature? How do you think about that element of the business as we progress into Q1 and then more broadly through FY25?

My second question is a bit broader. You have talked about how your margins were going to expand as you scale up significant parts of the business. I wondered if you might be able to give us a bit of insight into the incremental margins in areas such as Ascend, PowerCurve, Verifications, and indeed the consumer marketplace. Is there any help you can provide on that? That would be really helpful.

The final question from me is around the Verifications business. I was just wondering how that progressed this year. How much revenue is it now? Could you give us an idea of how much the revenue is from Verifications and how much from the Employer Services? Also, how much of that revenue is driven by going into white space, and how much from taking share off competitors?

Brian Cassin

There are a number of financial questions there, and also more of a business question around Verification. I might ask Craig to comment on the Verifications in a moment. Lloyd, maybe you want to deal with the organic growth question in Q4 first, along with how that feeds into Q1.

Lloyd Pitchford

If you look more broadly for a second, we delivered 6% growth for the year as a whole just gone, and we are guiding at 6% to 8% for the year ahead. You cannot draw straight lines through individual quarters in any aspects of our business; you look at the year as a whole. In the year ahead, I think we will get the continued good, broad growth that we have had this last year. We might not get the same level of data breach income that we have had. We will get a bit of benefit from mortgage price in the year ahead, so some puts and takes across that, but no broad-based recovery in lending is assumed in that year.

The 8% in the quarter, as I mentioned earlier, includes good growth in Ascend and Clarity services. Some of those businesses can be a little lumpy. It also includes some one-off income from things like archives and batch, which again can be a little lumpy, and often comes when people are pushing for the line at the end of the year. I would not necessarily draw a straight line through that.

In terms of margins, incremental margins on any of our products are very high, but of course we are developing ecosystems where we are looking to continue to grow out the functionality and to grow and innovate. You see a really good example in consumer, where we have been growing the number of things we can do for clients. We have rolled out a digital wallet this last year across North America. We have one across Brazil. We have Experian Smart Money in North America. We have been growing and investing behind the Insurance Marketplace.

There is always innovation around the ecosystems that we are developing. Individual moving parts are clearly difficult to outline, but they are all embedded in that 30 to 50 basis-point margin progression, where we have a lot of confidence. Particularly in years three to five, when we start to see the tapering off of the one-off costs and the drop-off of depreciation, we clearly have a lot of capacity to continue to invest to grow.

Craig Boundy

First of all, we are really pleased with the progress we have made overall in Verifications over a number of years. It is important to try to think about how that fits into the overall jigsaw. When our customers are looking to underwrite risk, sometimes they want to verify things about an individual, particularly income or employment, alongside and in conjunction with the traditional credit reporting and some of the analytical environments we provide. It is an overall sale that we make to them. We have made really good progress and traction in growing the record count that we are able to have there, getting more and more of those conversations going and entering into contracts.

Overall, we are very pleased with the progress we have made in Verifications. There is potentially a long way still to go for us. That is backed up and supported by the employer services business, where we are able to provide employer services and gain access to that information as part of that overall engagement, fuelling the Verification business. There is continued good progress there in a number of geographies throughout the world.

Arthur Truslove

Just following up on the final point there, how much revenue is the verifications business now? How much did it grow last year, roughly speaking?

Lloyd Pitchford

It grew well for the year as a whole, and it grew in every quarter. We were in the 180 to 190 million range for the year as a whole. As Craig mentioned, that is really good progress. We do not disclose the split between employer services and verifications. Verifications was the strongest growing piece. As you know, there were some tax regulation changes during the year that would have weighed a little bit on the employer services segment, but overall there was really good progress. This is a business we did not have three years ago, and we are making good traction.

Andy Grobler, BNP Paribas

I have two questions. My first question is about illion, the acquisition that I think is the largest deal you have made for a number of years. Can you just talk through your expectations for that business and the broader Experian offering in Australia, and the extent to which you can compete with or challenge the market leader down there?

Secondly, I have a quick follow-up on Verifications. You talked earlier about winning contracts for top-five US mortgage brokers. Historically, mortgage was not such a big part of your verification offering. How big is it now? What are your thoughts about growing that offering over the next two years?

Brian Cassin

On illion, the first thing I would say is that the acquisition is yet to go through. It is going through a competition review at this stage, so we will find out where that ends towards the second half of this year. It is a very complementary asset for us. In Australia, we have done extremely well over the last decade or so, building out the largest position among tier 1 banks with the PowerCurve suite of products. We have a range of Experian businesses there across decisioning, analytics and data quality. Our bureau was an organic build from scratch, so that is still relatively small. We have a good open banking position.

When you look at illion's business, it is stronger on the bureau side in both BI and CI. Experian does not have BI in Australia, so the fit is really good and very complementary, and just creates a much stronger business down there. We feel very excited about that. It will bring a really good combined offering for customers in that market, so we are very confident that that will be a continued great opportunity for us in that market going forward.

Lloyd Pitchford

As part of the Verifications business, Andy, mortgage is the most developed bit of that market, so that is clearly the area that we have entered. Outside of Verifications, we are very small in mortgage. Inside of the Verifications business, it is more focused on mortgage. Obviously, as we grow that business, we will spread out into other end markets.

Silvia Barker, JP Morgan

I have two questions. Firstly, to go back to the Q4 credit bureau growth, can you comment on whether you have won any share within that business? Obviously, your offering has evolved quite a lot with the combination of data, Ascend and decisioning. Have you seen any market share gains there, or is that mainly driven by the new products as you said?

Secondly, on Ascend Ops, how successful have you been in monetising it so far, and how does that look? More widely, with the way that you run the business now, the lines are blurring between data and decision analytics. How do you think about that business and that division? Does it make sense to have that separate decision analytics business now?

Brian Cassin

You are absolutely right. The lines are blurring, and the way we disclose the revenue today takes a very historical lens for the business. We do not run the business internally exactly along those lines, because a lot of our contracts are integrated propositions across a number of different products, and that will include integrated solutions where, frankly, sometimes it is quite difficult to attribute the revenue to one business unit or another. It is a good point that you have called out, and something that we will have to look at.

In terms of Ascend Ops, I will maybe ask Craig to comment on that. Ascend Ops has been really well received in the marketplace, but it is a capability that builds into Ascend, so you need to think about it like that. Craig, do you want to comment on what the market reception has been?

Craig Boundy

It is a great question. The way to think about it is this: Ascend is an analytical environment and a modelling environment. You create your scorecards and models in there, and more recently you create your market models. PowerCurve is the decision engine that lets you then put those into production. ML Ops through Ascend Ops is the connection that lets you take those models and put them into production in an automated way. We call that connection of all of that together our integrated platform, as you heard Lloyd and Brain talk about earlier. Both the reception and indeed the deployment of that in the marketplace has been very strong. We start to see many clients taking that up in a number of geographies here in the US, in the UK, in Brazil, and as we grow that offering throughout the world.

You are absolutely right. There is a blurring of the products. In fact, Ascend Ops is the thing that lets us connect all the products together and lets us deploy the models into production, so it is a great productivity and efficiency tool, and something that has seen very strong take-up in all our geographies.

Brian Cassin

Coming back to your comment on Q4, Q4 is a continuation of the outperformance that we have had in the business for quite some time now, if you look at it quarter by quarter. We have previously explained what the make-up of that is. There is certainly some benefit we get from exposure to tier 1 clients who have been less impacted by some of the other segments. We have seen strong growth in Clarity and Ascend continues to give us really good growth. When you look at our growth in financial services and overall, we are seeing significant outperformance of the underlying credit market, so you can draw some conclusions from that.

Closing Remarks

Brian Cassin

Thanks for all the questions. So that concludes today's session. Thanks, everybody, for joining us. I wish you all a good day and we look forward to speaking to you again in July for our Q1 trading update.

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