Q3 FY25, trading update

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Transcript

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Overview

Brian Cassin
Chief Executive Officer, Experian

Introduction

Hello everybody and welcome to our Q3 trading update call. I'm here as usual with Lloyd, who will take you through the trading performance after my opening remarks.

Highlights

We saw good momentum in Q3, particularly on an underlying basis. Q3 organic revenue growth of 6%, was 8% on an underlying basis when databreach is stripped out, continuing the strong trend we had in Q2. Total group revenue growth was 8% at constant currency and 6% at actual rates. Our growth rates remain at high single digit despite the still subdued environment for unsecured credit activity.

North America organic revenue growth of 6%, was 9% on an ex-breach basis, Latin America came in as expected, with a solid 8% performance and 9% growth in EMEA and Asia Pacific is a very good outcome. UK&I growth was 1% with strength in Consumer in particular. By segment, B2B organic revenue growth was 6% and Consumer Services, where we now reach over 195m free members globally, delivered 5% growth, rising to 15% ex-databreach.

Regional Performance

North America

Touching now on the regional Q3 highlights. We've seen steadily improving trends in North America, which had a strong underlying Q3. Organic revenue of [6%] was [9%] ex databreach.

B2B growth of [8%] is a good outcome. While credit activity is still subdued and fairly variable across client categories, we saw a stable to slightly positive picture in CI/BI. Lenders continue to monitor unemployment and delinquencies and the pace of lending standard tightening has slowed, although there is still a degree of market caution given higher for longer rate expectations.

Ascend and Clarity continued on very solid trajectories, while mortgage benefited from a short-lived volume pick-up in October. The NeuroID acquisition has had a very good start and we're seeing encouraging levels of fraud new business pipeline generation.

Other parts of our B2B portfolio have performed well, especially Automotive and we expect Health to be supported by the bookings surge from earlier in the year in the coming quarters.

Consumer Services had a very strong quarter, with the 2% headline organic growth number masking a sequential step up to 14% growth when databreach is excluded. It was a very encouraging performance across the board, with continued growth in membership and a big step-up in marketplace. Insurance is scaling well, and the trajectory in the credit marketplace improved as it returned to growth. Core partner solutions also performed well after a strong run of new business wins. We continue on our path to reinvent premium offers with an enhanced subscription cancellation experience. We also had new client onboards into Experian Activate, expanded our insurance offers. These are just some examples of the growth investments we're making to sustain growth and secure new opportunities.

Latin America

Trends in Latin America were similar to those we referenced in November. We delivered high-single digit organic revenue growth, in line with our expectations, at 8%. B2B growth was 4% and Consumer Services again come in very strong at 22%.

In B2B, we're benefiting from the balance in our portfolio, our comprehensive product suite and growing contributions from our growth initiatives. Q3 saw further progress across B2B software and SME which compensated for more cautious approaches to lending within the banking sector, linked to the Brazilian fiscal picture.

We had a great quarter in Consumer Services, reflecting the multiple avenues we have for growth. Q3 was another strong quarter for free membership acquisition, engagement trends, and our annual Limpa Nome fair was very successful, achieving record debt settlements. We have a full pipeline of new feature introductions planned over the coming few quarters to add to and build on these foundations.

UK and Ireland

The UK&I delivered organic revenue growth of 1%. While B2B was down 1%, Consumer Services delivered a very encouraging performance and was up 10%. We're making good strategic progress in B2B, with new Ascend signings and several clients testing the platform, and new module introductions planned for next year. The UK economy however, is currently facing into a range of challenges which are causing our clients to adapt which weighed on activity levels.

UK Consumer Services has made excellent progress, delivering organic revenue growth of 10%. New features have been well-received by our membership base leading to higher app downloads, stronger engagement and a good performance in subscription products. The growing adoption of Experian Activate that we talked about in November has also had a marked effect, helping to elevate pre-credit approval rates on our Marketplace in an environment where demand for credit is somewhat soft.

EMEA and Asia Pacific

EMEA and Asia Pacific has been a consistent performer and organic growth was again at the high single-digit level we aspire to, up 9%. Growth was broad based across our markets, including in Australia and New Zealand, South East Asia, India, Italy and Turkey, and we're pleased with the progress we're making with the integration of illion.

With that, I will now hand it over to Lloyd.

Financial Review

Lloyd Pitchford
Chief Financial Officer, Experian

Trading Performance

Thanks Brian, and good morning everyone.

As you've seen we delivered good growth for Q3, with organic revenue growth of 6%. Excluding the databreach business we delivered strong underlying growth of 8% and 9% in North America, in line with our performance in Q2.

We saw good growth in the US bureau and strong growth in North America Consumer Services outside of databreach. Latin America delivered consistent growth in a challenging market, with continued strength in Consumer Services.

Acquisitions added 2% to growth and exchange rates were a 2% headwind following depreciation in the Brazilian Real, meaning total revenue at actual exchange rates grew by 6%.

Organically, B2B globally grew by 6%, whilst B2C grew 5%.

Back in November we shared a view of Global Consumer Services growth excluding the databreach business, this showed the segment improving from 8% in Q1 to 11% in Q2, in Q3 this strengthened further to 15% demonstrating the strength of our underlying growth.

Regional Performance

North America

Turning to the performance by region and beginning with North America, where we delivered strong organic revenue growth of 6%, with 8% in B2B and 2% in Consumer Services.

Within B2B, the bureau excluding mortgage profiles grew 6% in the quarter, consistent with the performance in Q2. Credit conditions have remained stable to slightly improving, as we saw in Q2. Clarity had another strong quarter growing double digit which reflects the strength of our offerings and market growth in the short-term lending environment. Mortgage profile revenue grew 71% on another quarter of modest volume growth, the difference coming from the FICO price increase. This takes total organic bureau growth to 11%.

Elsewhere in Data, Automotive had a good quarter growing 8% following good growth in credit volumes and Targeting delivered growth of 4%.

Decisioning grew 4% organically. The Health business grew 5%, and the pipeline continued to progress well and we expect a strong end to the year. The remainder of Decisioning grew 2%.

In Consumer Services, where growth excluding databreach strengthened further to 14% premium subscription delivered high single digit growth as the enhanced proposition and financial health marketing messaging helped acquire and retain more consumers. Marketplace grew well following the continued strength in our insurance proposition and a good quarter from personal loans within the Credit Marketplace. Databreach returned to normal ongoing levels from the exceptional high of last year. As a reminder we expect this to fully minimise in Q2 FY26.

Latin America

Moving on to Latin America, which grew 8% organically, within our high single digit growth expectations. B2B grew 4% and Consumer Services delivered 22% growth.

In B2B, growth improved slightly compared to Q2. We saw continued growth in our software platform offerings and growth in new verticals added as recent acquisitions now start to contribute organically. The macroeconomic climate continued to impact credit activity and trends were consistent with Q2.

Consumer Services had another strong quarter with growth of 22%. We saw growth across all products, with a very strong performance in our payments platform, which grew 27%. Limpa Nome grew double-digit in Q3, which is the quarter we hold our annual Limpa Nome credit fair.

UK and Ireland

Turning to the UK, which grew 1% organically.

B2B was 1% lower, with the bureau in line with the prior year as we continue to see a subdued credit market with increasing macroeconomic uncertainty.

Consumer Services delivered double digit organic revenue growth of 10%, with strong growth in our Marketplace business.

EMEA and Asia Pacific

And in EMEA and Asia Pacific, we grew 9%, with good progress across most markets and a strong software performance in Australia. Our integration of illion is progressing well and in line with our expectations.

Guidance

And finally, our near-term expectations for the full year are unchanged from those we discussed in November.

And with that, let me hand back to Brian.

Summary

Brian Cassin

Thanks Lloyd, and so in summary, we delivered another good quarter of growth in Q3. Underlying trends in our largest markets are positive and strategically we are executing well. We are on track to deliver the guidance for the full year that we’ve previously set out, namely organic revenue growth of between 6-8% and margin expansion at the upper end of our 30-50 basis points range.

With that, we will open up the line for questions – operator?

Questions and Answers

Ryan Flight, Jefferies

There are three questions from me, if I may. The first one is on North America B2C. In the credit marketplace, you have noted a couple of new partners, but I wondered if you could give us some more colour on the appetite of lenders on the platform there. The second is also on North America B2C; I wonder if you could take a step back here and help me understand the databreach services and what drives it. Are we just talking about one big contract this time last year? Are there any market trends that we should be aware of there? The third is on LatAm B2B; you have obviously seen an improvement on Q2, but could you just give us a bit more of a breakdown there? Is there any sector or segment trends to know, and how we really think about this going into Q4?

Brian Cassin

We will dive into the detail in a second. The first point I should make, really, is when we look at the results across Q2 and Q3 it is neatly encapsulated by those B2C numbers. When you adjust for the databreach numbers the underlying performance of the business is really quite strong, at 8% organic across the piece. Inevitably, you always get some puts and takes quarter on quarter, but we are pleased at the continued momentum that we have seen. The momentum we have seen in B2C is actually really, really good. Again, if you look at the headline number, particularly in North America, that comes in quite low, but when you look at the performance of the subscription business, the insurance business and the credit marketplace business we have seen broad-based improvements year on year and sequentially. That is a very strong performance.

On the databreach business itself, we have an ongoing databreach business which gets reported in our consumer services segment. Last year was a particularly active year for databreaches. There was an unusual number of them, and we obviously picked up quite a bit of that business. It is very lumpy. Every year we see databreach business, so there is an element of it which is naturally continuing, but you get these spikes from time to time. It is almost impossible to predict it. We were very explicit about this, as we came into FY25, that we thought that level of activity would not repeat. We are lapping some of that now, and that is what is working its way out of the numbers here. We talked a little bit about that at H1 as well. In terms of some of the underlying breakdowns, Lloyd, do you want to take that up?

Lloyd Pitchford

Yes, sure. I will start with marketplace in North America. The insurance marketplace had a really strong quarter, but that more than doubled again in the quarter and we are on track to exit this year on an annualised run rate of about $100 million on insurance marketplace. We are really pleased with the progress there. It is obviously a big time for us to attack the insurance marketplace. The credit marketplace was double-digit growth in the quarter. That is the first quarter back into good growth, and within that, very strong growth on loans and a stable position on credit cards, where credit cards previously have been declining. There are some early signs of origination activity there, which bodes well as we look out into next year and we think about the position of the B2B business, so good progress there overall.

As Brian said, on databreach we put a slide in our half-year results that showed that the peak of activity last year was in Q3, and it moderates a bit and then drops out completely back to more normalised levels from Q2 next year.

Your last question was on the B2B trends. We are about where we thought we would be. B2B was just a little bit stronger in Q3 than Q2. Consumer is a very strong number anyway; it moves around a little bit quarter to quarter. I would say the overall sentiment continues to be a bit weak in B2B. We obviously hit some easier comps as we get into next year, but we are going to have to see how the fiscal situation plays out in Brazil to really be able to firm back to the high levels of growth we saw over the last year or so.

Suhasini Varanasi, Goldman Sachs

Thank you for taking my question. I had two, please. The first is that in your prepared remarks you talked about health benefitting from a booking surge in the coming quarters. I just want to make sure I understand that comment and how we should think about growth evolving over the next two to three quarters. The second one is on databreach. One of your competitors did see some benefit from contract wins. Are you worried about any market share shifts at this point in time?

Brian Cassin

Lloyd will come back on the health booking surge. On databreach, we are not worried about market share shifts. We will always win a natural portion of business in that, and it is frankly not the highest-quality business in our portfolio. We are very comfortable where we are on that.

Lloyd Pitchford

My comment on health is that we have had very good progress with our sales pipeline this year, so we expect to finish the year quite strongly in Q4 on health. That is the comment there, which progresses as well into next year. The health business has been a really consistent grower with very high margins for us and a lot of opportunity for growth in the coming years, so we feel positive as we exit this year.

Andrew Ripper, Liberum

Well done on the quarter. I just wanted to ask about regulation in the US. There was a CFPB press release last week announcing a lawsuit; is that something that we should be concerned about, or is it part of the ongoing engagement that you have with the CFPB? Can you make a comment on that?

Brian Cassin

The CFPB is issuing a press release every day. It has gone into a very active mode, and you can all draw on conclusions in terms of why that is at this particular point in time. The straight point about the lawsuit is that we are not worried about it at all. We do not think it has any merit. We put out a very robust response to that last week, which I am not going to add to, but there is really not much more on that.

As we look more broadly at regulation in the US – as you can see from the various announcements that have happened, not just in the last couple of weeks, but also over the last number of years – the CFPB has taken a very active stance, and there has indeed been a very active regulatory stance over the last few years of the administration. We know that a lot of things will change with the new administration. We do not know how that will change, but we obviously have to see who the personnel are and what the stance is.

I would make one overall point, which is that when you look at the sum total of all of that activity it has not really had a very significant impact on the business. There have not really been any fundamental changes that have gone through. Some changes have gone through in terms of things like some of the medical debt and some processes and so on, but it has all been manageable and has actually mostly been constructive, notwithstanding some of the occasional headlines that come out. We look forward to a good, constructive working relationship. If the starting outline is to be believed, then we think it is going to be a less active regulatory landscape going forward.

Andrew Ripper

Thanks for that, Brian. Lloyd, obviously, the full-year guidance is unchanged on organics and very clear. On Q4 ex North American breach distortion, are you expecting something around 7% organic for Q4?

Lloyd Pitchford

Yes, if you look at the slide we put up in the half year you can see that the breach drag moderates a bit in Q4. Sitting here today it is middle of the range, 7%, 8% ex breach, so maintaining that 8%, which is a good anchor as we exit this year and go into next year. We have talked a bit this year that to be at that level despite a fairly subdued lending environment shows the strength of the portfolio, and particularly the strength of the strategic progress we have made in the consumer business into next year. We have made some progress on M&A this year, which, on top of the organic next year, will add about 3%. There will probably be a 1% to 2% FX drag partially offsetting that, but you can see the building blocks of the exit this year into next year there in those numbers.

Andrew Ripper

Yes, that is very clear.

Kelsey Zhu, Autonomous

Good morning. Thanks for taking my questions. I have three questions. The first one: from the conversations with lenders in the US, are you seeing any early signs of recovery in credit supply that you want to highlight here after the last two years of cautiousness, or do you view that things will most likely stay at the current levels without any significant changes to rate?

The second question is on verification services. You have recently announced a new API integration with EKG, which is a payroll provider with an exclusive relationship with Equifax. I was just wondering if you can talk a little bit more about the opportunities to extend records in the US. Do you see the biggest opportunity being with payroll providers or employers and where do you envision total record count can be in the future?

The last question is on the insurance marketplace in the US. You mentioned that you are exiting the year at 100 million run rates. Could you just talk a little bit more about your expectations for 2026 and 2027?

Brian Cassin

Thanks, Kelsey. On the first one, the credit supply, I do not think we have seen really any change. We only talked to you in November; it is not that long ago, so underlying market conditions have not really changed that much. What we have seen is, as you are all aware, a little bit of volatility in interest rate expectations, which does have an impact on people in the short term, but it also has not had any fundamental impact. It just means that what we laid out in November, which is a cautious approach to coming back, is still the watchword. Having said all that, in the US we have seen conditions being stable to moderately improved over that period, so that is a good sign.

On the third question on insurance marketplace, what we are seeing is really great success, actually, with the partnerships that we have announced over the last 18 months. Those carriers are seeing that the marketplace itself is turning into being an incredibly effective customer acquisition channel and a very profitable one for them, so we are seeing them dedicate more volume to the platform and also extended conversations to expand into additional product lines. I think that is very positive. Was there another question about the outlook for the following year?

Lloyd Pitchford

Yes. We will obviously guide overall in May for next year, but, as we have said, we are progressing into what is quite a large addressable market in terms of insurance. Overall, the insurance industry in North America spends $11 billion to $12 billion in acquiring new customers, and we think there is a really good opportunity for us and the data and the services relationship with consumers we have to help and assist in that. It is early days, but really good progress.

Brian Cassin

Coming back to your question on verification, we do not comment on individual contracts. I think your underlying question is what is the strategy in terms of record count. We talked a little bit about where the record count got to at the half year; there was a decent pickup in that, and we will update again on that as we get to the year end. Our strategy remains the same, which is that we continue to push our employer services business and build individual, unique records. We will look to partner across as many places as we can to try and continue moving that forward.

Sylvia Barker, JP Morgan

Good morning, everyone. Three questions from me, please. Just coming back to the credit marketplace, it is interesting that loans are now up very strongly and credit cards are stabilising. Could you comment on the customer mix in that? Is that still driven by the larger lenders? Is there any trend that you can highlight, and how much is driven maybe by your own actions and Activate versus the market?

Secondly, on the UK, the post-Budget data is getting a bit worse on hiring and companies are trying to offset on the additional costs. How do you think about where that can go? Could it get a bit worse over the next couple of quarters?

Finally, on the 2% contribution from M&A for full-year 2026, could Lloyd maybe just comment around the margin impact from that and if that has any mixed impact on the group?

Brian Cassin

On the credit marketplace, it has been a consistent feature this year that loans have been stronger than credit cards. What we saw in Q3 was continued growth in personal loans and stabilisation to improvement in cards. I do not think there is any change in the mix. We have done very well in terms of our panel, in terms of the representation that we have on our platform with a really broad base of lenders. In these markets where supply is somewhat constrained, for want of a better description, because not everybody is moving forward very aggressively you just need to make sure that your panel is as broad as possible, so that those that are in the market and willing to acquire customers are actually making those products available on your platform. We have done a great job on that. Again, we keep referring to the Activate platform as being a really key component on that, and the reason for that is because it just becomes a very effective tool for them to acquire customers efficiently. They can tailor the offers very specifically, and their customer acquisition becomes very efficient as part of that. That is all part of the strategy to help us continue to build out that business, and I think you continue to see that work very well.

On the UK – and this will be no surprise to all of you, as most of you are based in the UK – the mood music since the budget has been fairly negative. We have seen a lot of costs come into the system, particularly with companies who have very large employee bases. That would include some of our biggest clients in the financial services sector, so they have to work hard, as all businesses do, to try to recover that cost. Much of that would be going through their payroll line. We are seeing some caution come in there. It has made new business wins a bit harder to get across the line as they realign budgets. That has been probably the one area since Q3 that has changed. That looks a bit more challenging as we go into calendar year 2025.

Having said all of that, much of what we hope to achieve really comes in some of the new business areas and we have made some fantastic progress around that. We mentioned Ascend, which is heavily in POC across the market. We expect some of those contracts to really start to kick in in calendar year 2025, and the same is true with the initiative across verification. There is a lot of self-help to help us move the business forward, but the underlying environment is tough.

On M&A, just to clarify, at the half-year, we showed a slide that had the contribution from M&A. Since then, we have acquired Audigent in the marketing services business in North America, and yesterday, the EGM on the closed sale acquisition in Brazil cleared. We are expecting that to come into the group probably around April time.

If you add all of that together, we think it will be about a 3% contribution from inorganic next year over and above this year. When we have announced each of the acquisitions, we have given a sense of our timeline to get the EBITDA margins up to group average. It is a couple of years on average. In the first year, there is usually a little bit of a headwind from acquisitions, but that is all set against the context of good underlying margin progression for the group as a whole. You can see we are delivering on the top end this year of the framework that we outlined. We will guide a bit more to that in May.

Sylvia Barker

Perfect. Thank you, both.

Andy Grobler, BNP Paribas

Good morning. There is just one left from me, if I may. Mortgage in the US is clearly very strong. Could you just talk through the split between the volume and price within the quarter. Also, given that the rate environment in the States, what are your expectations for this current quarter and for the rest of the calendar year 2025? Thanks very much.

Lloyd Pitchford

I think I said in my remarks that the overall mortgage profile revenue growth was 71% in the quarter. That was up from 56% in Q2. The vast majority of that is price and modest volume growth. Given the uptick that we have seen in interest rates over the last six weeks or so, we are not really expecting volume to add a lot through Q4. Into next year, we need to see a sustained reduction in rates to see volume make a good contribution there from price that we think continues through the foreseeable future.

Simon Clinch, Redburn Atlantic

Thank you for taking my question. I have about three questions here. First of all, I just want to talk about the 8% underlying growth that you are delivering in this pretty uninspiring environment. Could you talk about the puts and takes? If this environment does not change, how easily can you sustain that 8% growth rate in that environment, and what are the downside risks given the uncertain scenes that we are seeing?

I am also interested in the progress you are making on the verification business, particularly on the consumer permission side, and how innovation is progressing there to remove that friction from the learning process for you guys.

Finally, I know breach revenues are very lumpy, but there is some element of getting a flow-on benefit for growth as you convert perhaps more consumers to subscription revenues or other services in consumer. I was wondering how we think about that and the margin potential from that as well. Thanks.

Brian Cassin

Thank you. That was a good set of questions. I guess we will deal with them together. I will go on the first one. ‘Uninspiring environment’ is your wording. It is probably a good description, but if you look at the growth of the business over not just this calendar year 2024, but also 2023, a variety of different things really happened across all of our territories and businesses. Actually, the business has sustained high single digit growth throughout that. That is structural. It reflects the positions that we have across a broad portfolio.

All things being equal, we do not really see any change to that outlook. We can continue to move in that direction. Of course, we would all be much happier in a stronger credit environment, but we are making our own luck from that perspective. I do not really see any change from that. Inevitably, quarter-on-quarter, you are going to have some puts and takes, but the overall trend remains the same.

On the breach revenue question, your question is whether there are knock-on benefits in terms of the subscription revenues and people converting into membership relationships. I think that is where you are going.

Simon Clinch

Yes, that is right.

Brian Cassin

'A little bit' is the answer, but the truth is our subscription business is doing really well. It is largely doing really well while not being dependent upon breach activity. A lot of people actually sign up to our products because there have been breaches elsewhere. That is not part of a databreach relationship, so we benefit a little bit even if we have not won that breach contract, if that makes sense.

Overall, our subscription business has improved very significantly over the last few years. We have put a lot of investments and value into it, and we are seeing the benefit from that in terms of continued growth and longevity in terms of member relationships. There is a good prognosis.

Lloyd Pitchford

We are making, as you see, really good progress with the verification business. We continue to grind out record counts. We are building a leading position in the UK, where the model is a bit different and more focused on consumer permission. In the US, we have not really pulled the leader around consumer permission yet. We are still focusing very much on growing the database for the instant hit, but given the very large direct-to-consumer business we have, we always have the potential to develop consumer permission through those relationships, which is a good sign that we have a lot of different tools in the bag to get records up. We are very confident about our continued strategy and our ability to grow that verification business.

Just back on your first question on sustainability and the 8%, the thing I would highlight is the breadth and diversification of the portfolio. Look at the core credit business in North America over the last year or so and the annual run rate of around $1.7 billion. Add our health business, which is not really a credit business; our auto business, of which the majority is not credit; and our marketing services business together. We are leading this year at around $1.4 billion of annual run rate. You can see that we have a very diverse portfolio now. That builds on top of the consumer business, which you have seen is super resilient at all points in the credit cycle. We feel good about the overall resilience of the portfolio, and you have seen that in the numbers we have reported.

Arthur Truslove, Citi

Good morning and thanks very much for taking my questions. There are just a couple from me. My first question just follows Andy's question on mortgage. What level of pricing are you accepting to be driven by what FICO are doing? What level of pricing are you expecting in calendar year 2025? Historically, I remember your strategy was to maintain gross margin in terms of that. Is that still what you're doing?

The second question is just on the insurance side and just thinking a little bit more about the mid-term opportunity. My understanding is that the credit marketplace is about 20% of the US consumer business. Do you think insurance is comparable to that in terms of an opportunity, or do you think it can exceed it? What sort of timescale do you think it might be before you get to that level? Thank you.

Lloyd Pitchford

Maybe I will start with the marketplace. If you look at where we are exiting this year, overall run rate in marketplace is about $400 million a year, of which about $100 million is insurance. You can see that, where the credit marketplace led, we are following with the insurance marketplace. Both are big addressable markets. Our job is to innovate into there and provide something compelling for our customers that is the best, most effective way of acquiring new customers. We think we have unique data assets and unique relationships with consumers to help with that. We are very optimistic, as you have heard, about the potential for the consumer business. We have only really just started to explore the potential value of these direct-to-consumer relationships, which goes back to the comments in Simon's question about verifications, where we have not even started to look at consumer contributed data permission around payroll yet.

On pricing, we will talk in May about the overall outlook for growth for the group. FICO has put through a new pricing starting this calendar year, which is another robust growth, and we obviously deal with our clients on an individual basis as we look to pass that cost on.

James Rose, Barclays

Good morning. I have two questions, please. Firstly, can we please go back to the North America consumer premium membership business and the step-up in growth you've seen there? Can we try and unpick the sequential improvement? Are there any particular products that have done well? Is it conversion from free members? Are more people engaging with multiple products?

Secondly, in Brazil, I was wondering how you would categorise or describe the current credit cycle we are in on the ground. Is it something that has the potential to deteriorate from here or be a relatively prolonged one? Thank you.

Lloyd Pitchford

I will start on consumer. We have been selling the membership product with more value over the last year or 18 months, and you are starting to see the effects of that. We moved up from mid-single-digit to high-single-digit growth, and this was really on the back of better customer acquisition and lower churn. To Brian's comments earlier, we have certainly seen some of that as being ambient interest in breach, so there were people coming to identity protection services. We have created a lot of marketing messages around financial health as we have broadened the products out that have really resonated with consumers. If you look back, we have seen fairly consistent growth in that membership product. It is often a little bit counter-cyclical, but overall, it has been growing in each period. We are going to continue to fill that with value, which I think is positive.

Brian, do you want to cover Brazil?

Brian Cassin

We spoke a lot about this in the H1 call in November, and nothing really has changed from that perspective. The banks in Brazil are actually in pretty good shape. What is concerning people a little bit is the fiscal situation. Interest rates have obviously moved up. Inflation is a bit higher. The currency has taken quite a hit, largely on the back of worries about the government's fiscal programme. There is a lot to play out there in terms of what is happening in the underlying economy, and we are seeing a cautious approach to that. That continues, and we expected that to continue for the rest of this financial year and probably a little bit into early next year. That is baked into our expectations about where our Brazil business can land during the course of calendar year 2025. We do not really see short-term change to that, but I am not sure we see any deterioration either.

Concluding remarks

Brian Cassin

Thank you everybody for joining today and thanks for all your questions. I wish you all a good day and we look forward to speaking to you again in May for our full-year results. Thank you.