



Trading update, first quarter

16 July 2020 – Experian, the global information services company, today issues an update on trading for the three months ended 30 June 2020.

Commenting on the performance, Brian Cassin, Chief Executive Officer, said:

“While the COVID-19 health crisis continues to weigh on people and economies everywhere, Experian has been very resilient. We delivered growth in North America and Brazil during Q1, which helped offset weaker conditions elsewhere, and as a result total revenue was down just (1)% at constant exchange rates, with organic revenue down (2)%. At actual exchange rates total revenue declined by (5)% due to the weakness of the Brazilian Real relative to the US dollar.

“The COVID-19 crisis has shown the critical importance of data in responding to the huge challenges created by the pandemic and of finding a route to recovery. Through this challenging period, Experian has been working to support governments, hospitals, businesses and charities, and we will continue to provide data and other services to governments and frontline organisations to help get economies back on their feet.

“There continues to be a range of outcomes and a level of uncertainty around the extent or re-imposition of lockdowns, government action to support economies and the shape of economic recovery. We therefore do not intend to provide guidance for the year ending 31 March 2021.”

% change in revenue from ongoing activities year-on-year for the three months ended 30 June 2020

Ongoing activities only	Total revenue growth % At actual exchange rates ¹	Total revenue growth % At constant exchange rates	Organic revenue growth % At constant exchange rates
North America	4	4	4
Latin America	(26)	0	(1)
UK and Ireland	(18)	(15)	(15)
EMEA/Asia Pacific	(20)	(15)	(20)
Total global	(5)	(1)	(2)

¹ Experian reports in US dollars.

% change in organic revenue year-on-year for the three months ended 30 June 2020

Organic revenue growth ¹	Data	Decisioning	B2B ²	Consumer Services	Total
North America	1	0	1	10	4
Latin America	(4)	(9)	(5)	104	(1)
UK and Ireland	(16)	(13)	(15)	(18)	(15)
EMEA/Asia Pacific	(13)	(29)	(20)	n/a	(20)
Total global	(3)	(8)	(5)	8	(2)

¹ Ongoing activities only, at constant exchange rates.

² B2B = Business-to-Business segment consists of Data and Decisioning business sub-divisions.

Business mix including % change in organic revenue year-on-year for the three months ended 30 June 2020

Segment	Business unit	Q1 organic revenue growth % ³
North America		4
Data	CI / BI Bureaux	4
	Automotive	(3)
	Targeting	(15)
Decisioning	Health	1
	DA / Other	(1)
Consumer	Consumer Services	10
Latin America		(1)
Data	CI / BI Bureaux	(5)
	Other	12
Decisioning	DA / Other	(9)
Consumer	Consumer Services	104
UK and Ireland		(15)
Data	CI / BI Bureaux	(14)
	Targeting / Other	(21)
Decisioning	DA / Other	(13)
Consumer	Consumer Services	(18)
EMEA/Asia Pacific		(20)
EMEA		(25)
Asia Pacific		(13)
Total global		(2)

³ Ongoing activities only, at constant exchange rates.

CI = Consumer Information, BI = Business Information, DA = Decision Analytics.

North America – 63% of Group revenue⁴

North America performed exceptionally well, with growth in B2B and a very strong performance in Consumer Services. Both total and organic revenue increased by 4%, with B2B up 1% and Consumer Services up 10%.

B2B delivered organic revenue growth of 1%, reflecting the current strength in mortgage volumes and Experian Ascend, which offset lower credit reference volumes in support of unsecured lending, as well as weakness in targeting (marketing data) due to retail exposure. Automotive, while down overall, experienced considerable swings, rebounding as US car-purchasing activity resumed. Software revenue held relatively stable, there was good demand for analytics, while health delivered modest growth.

Strength in Consumer Services was driven by good demand for credit education and identity monitoring subscription services, benefiting from heightened consumer interest during this period. Lead generation revenues also grew, notwithstanding some reduction in the availability of credit offers on Experian.com. We continue to expand our audiences, and now have c.33 million free US consumer members, with four million US consumers having connected their accounts to Experian Boost.

Latin America – 14% of Group revenue⁴

In Latin America, organic revenue growth of 1% in Brazil was offset by a decline in Spanish Latin America to give a modest overall organic revenue decline of (1)%. Total revenue growth at constant exchange rates was flat, reflecting the contribution from the Sentinel Peru acquisition.

B2B declined (5)%. In Brazil, we saw a growing contribution in the quarter from positive data scores and Experian Ascend, as well as resilience in our automotive activities. However, this was offset by

lower revenues in relation to credit reference data, analytics and decisioning software, as well as weak demand in Spanish Latin America due to an extended lockdown.

Consumer Services delivered a very strong performance, more than doubling in the quarter with organic revenue up 104%. Limpa Nome, our online debt resolution service, delivered strong growth. More consumers visited our platform to renegotiate outstanding debts and we also benefited from transaction growth on our eCred credit matching marketplace. Memberships have continued to grow strongly, and we now have 46 million free consumer memberships in Brazil.

UK and Ireland – 15% of Group revenue⁴

In UK and Ireland both total and organic revenue, at constant exchange rates, were down (15)%.

B2B organic revenue declined (15)%, with contraction in credit reference volumes due to clients tightening credit policies and a significant reduction in lending levels. Peak volume declines were seen in April, with some recovery off the lows in May and June as lockdowns started to ease and as some lenders resumed activity. We also experienced delays in client purchasing decisions for software, a near total shutdown in the automotive market, and marketing data revenue was also impacted as advertisers cut back on marketing spend.

Consumer Services organic revenue declined (18)%. Credit monitoring subscription revenue was initially impacted by reduced consumer demand but has recovered over the balance of the quarter and our lead generation business was affected by the reduction of credit supply in the market. Consumer engagement levels have continued to grow however, especially as consumer appetite for credit increases, and we now have eight million free UK consumer memberships.

EMEA/Asia Pacific – 8% of Group revenue⁴

At constant exchange rates, total revenue across EMEA/Asia Pacific declined by (15)%, while organic revenue declined by (20)%. The difference related to the contribution from the acquisition of Compuscan and other smaller Asia Pacific acquisitions.

Our activities in EMEA were severely impacted in the initial phases of COVID-19 related lockdowns, notably in Italy and South Africa, as clients slowed decisions in relation to software acquisition and implementations. As lockdowns have eased trends in bureau volumes have improved to stabilise in June at levels slightly below those in the prior year, but Decisioning remains weak.

In Asia Pacific, COVID-19 related disruption also had a marked impact, particularly in India, and more widely across the region. More recently, we have experienced an uplift in client activity levels, with several new business wins for our collections, X-Score and Experian One capabilities which we expect to underpin the outlook for FY22.

The acquisition of the majority stake in the Risk Management division of Arvato Financial Solutions, Germany's second largest credit bureau, completed on 30 June 2020.

Near-term guidance

We currently expect that organic revenue for Q2 FY21 will be in the range of flat to (5)%, with no change in our assumption of costs held broadly flat, as we continue to finely balance near-term mitigating actions with investments in organisational capacity, technology and new propositions to position ourselves for future growth.

Following the completion of the acquisition in Arvato Financial Solutions Risk Management division in Germany and taken together with the smaller acquisitions annualising from last year, we expect acquisitions to add around 2% to revenue growth for the rest of the financial year.

If recent foreign exchange rates persist, we expect a headwind to Benchmark EBIT for the year ending 31 March 2021 of 4%.

Future events

Experian will release results for the first half ending 30 September 2020 on Tuesday 17 November 2020.

⁴ Percentage of Group revenue based on FY20 revenue at actual rates.

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This announcement is available on the Experian website at www.experianplc.com. There will be a conference call today to discuss this update at 9.00am (UK time), which will be broadcast live on the website with a recording available later.

All financial information in this trading update is based on unaudited management accounts. Certain statements made in this trading update are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results referred to in these forward-looking statements.

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Experian is the world's leading global information services company. During life's big moments – from buying a home or a car, to sending a child to college, to growing a business by connecting with new customers – we empower consumers and our clients to manage their data with confidence. We help individuals to take financial control and access financial services, businesses to make smarter decisions and thrive, lenders to lend more responsibly, and organisations to prevent identity fraud and crime.

We have 17,800 people operating across 45 countries and every day we're investing in new technologies, talented people and innovation to help all our clients maximise every opportunity. We are listed on the London Stock Exchange (EXPN) and are a constituent of the FTSE 100 Index.

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