

16 October 2014

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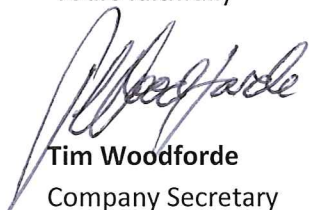
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Dear Sir/Madam

**Veda Group Limited (VED) – AGM Addresses by the Chairman and the CEO**

In accordance with Listing Rule 3.13.3, attached is a copy of the addresses to be given by the Chairman and the Chief Executive Officer at Veda Group Limited's Annual General Meeting today.

Yours faithfully



**Tim Woodforde**  
Company Secretary  
Veda Group Limited

**VEDA GROUP LIMITED  
MARKET ANNOUNCEMENT**

**2014 ANNUAL GENERAL MEETING**

**ADDRESSES BY:**

**DR HELEN NUGENT AO, CHAIRMAN**

**MS NERIDA CAESAR, CEO AND MANAGING DIRECTOR**

16 October 2014

**QUORUM – SLIDE 1**

Good morning, Ladies and Gentlemen. My name is Helen Nugent, and I am Chairman of the Board of Directors of Veda Group Limited.

It is now 10:30am, the appointed time for holding Veda's Annual General Meeting. I am advised that a quorum is present.

I, therefore, have pleasure in declaring this, the very first Annual General Meeting of the shareholders of Veda Group Limited, open. I thank you for attending.

I would appreciate it if all mobile phones can be switched to silent.

**CHAIRMAN'S WELCOME, INTRODUCTION OF BOARD AND MANAGEMENT**

Before proceeding with the formal business of the Meeting, I would like to introduce my fellow Directors, as well as the Company Secretary and Chief Financial Officer. Starting on my right, I introduce

- Mr Anthony Kerwick, Non-Executive Director.
- Mr Bruce Beeren, Independent Non-Executive Director;
- Mr Jim Orlando, Chief Financial Officer
- Ms Nerida Caesar, our Chief Executive Officer
- Mr Tim Woodforde, General Counsel and Company Secretary
- Dr Peter Shergold AC, Independent Non-Executive Director

- Mr Geoff Hutchinson, Non-Executive Director
- Ms Diana Eilert, Independent Non-Executive Director

Other members of our Senior Leadership Team are also with us today, sitting in the front row. I ask them to rise and identify themselves. They are: Mr Simon Bligh - Chief Data Officer, Mr John Wilson – Executive General Manager Product & Market Development; Mr John Roberts – Managing Director New Zealand and International; Mr Tony Kesby – Chief Information Officer; and Ms Cate Hathaway – Executive General Manager People and Performance.

Also present is Mr John Wigglesworth, partner with the Company's Auditor, KPMG. John will be available to answer questions on the audit process at the appropriate time.

## **IMPORTANT NOTICE – SLIDE 2**

## **AGENDA - SLIDE 3**

The agenda for today's meeting is as follows. I will shortly present my address. Following that, Ms Nerida Caesar, our CEO will present her review of the Company's activities. We will then proceed with the formal business of the Meeting.

At the conclusion of the meeting, we invite you to join the Board and senior management for light refreshments.

## **CHAIRMAN'S ADDRESS – SLIDE 4**

It has been a defining year for Veda as it transitioned to a listed company environment at the same time as achieving strong business performance.

## **Successful IPO – SLIDE 5**

We are pleased to be back on the ASX after an absence of 6 years.

The successful relisting in December 2013 was significant for Veda.

The management team has transformed Veda into a business that is attractive to investors. For that we thank them.

As you are aware, the IPO was oversubscribed.

The issue price for the stock was \$1.25. However, demand for the stock has driven the price up significantly. As at 30 June 2014, total shareholder return (TSR) was 58.4 per cent, when the share price closed at \$1.98.

As at last Friday, the TSR was 83.7 per cent when the share price was \$2.26.

I am pleased to report that Veda has produced the highest TSR of any IPO in the past two years.

I would not normally comment on the factors driving TSR, but on this occasion, I will make an exception. The strong TSR performance appears to be due to a number of factors.

First, the IPO was significantly oversubscribed with, at that stage, Pacific Equity Partners (PEP) continuing to hold 63.5 per cent.

Second, demand for the stock was high, particularly after Veda joined the ASX 200 index earlier than expected in March 2014.

Third, the company produced strong financial results in the half and full year, about which I will say more shortly.

Fourth, the dividend was doubled from that outlined in the Prospectus and a revised dividend payout policy was announced at the full year.

And fifth, increased liquidity in the stock occurred following the August sell down by PEP of their shareholding from 63.5 per cent to 31.5 per cent.

## **FY14 Results – SLIDE 6**

Veda finished the financial year with a strong result, delivering significant growth against FY13 and exceeding the Prospectus forecast.

Veda's revenue for the year was \$302 million driven by growth across all business lines. This was an increase of 12.4 per cent from FY13, with the Prospectus forecast being exceeded by 4.1 per cent.

Operating EBITDA showed double digit growth of 21.7 per cent. Veda's pro forma EBITDA, that provides a comparable analysis between years showed as significant an increase as Operating EBITDA, with growth against FY13 being up 20.6 per cent, exceeding the Prospectus forecast by 3.1 per cent.

Statutory net profit after tax for the year was \$22.7 million. On a pro forma basis NPAT was \$68.9 million, exceeding the Prospectus forecast by 7.8 per cent.

### **Cash flow and Debt - SLIDE 7**

Let me now turn to cash flow and debt.

Cash flow generation has also been robust, with operating cash flow growth being 18.6 per cent year on year.

This cash generation ability, including earnings growth, has allowed net debt during FY14 to be reduced by \$50 million to \$237.9 million. As a result, your company has a strong balance sheet with a debt to equity ratio of 32.8 per cent.

### **Dividend - SLIDE 8**

Let me now turn to dividends.

The Board declared an unfranked dividend of 4 cents per share for the year. This was paid on 9 October. The dividend declared was double the 2 cents forecast in the Prospectus.

The rationale behind increasing the dividend was as follows:-.

Veda's strong operating performance and cash flow has generated significant headroom in its financial covenants. At the same time, Veda's growth aspirations can be met. Under those circumstances, your

Directors considered it in shareholders' best interests to pay out a higher dividend.

Subject to the demands of new capital investment and the acquisition of new businesses, in FY15 the Board expects to be able to increase the dividend payout ratio to between 50 and 70 per cent of statutory NPAT. This represents an increase from the Prospectus forecast of a dividend payout ratio of 40 to 60 per cent.

Let me assure you that Veda's focus on making profitable high return investments in growth and innovation will continue. The proposed higher dividend payout ratio will not adversely affect that approach.

In response to questions about dividends from a number of shareholders, Veda expects that dividends will be unfranked until at least FY16. Given our strong capital position, we also have no current plan to introduce a dividend reinvestment scheme.

## **Strategic Drivers – SLIDE 9**

Nerida will speak about the Company's strategy and the business line performance in detail.

However, let me make a couple of observations about the strategic drivers of our business.

At Veda, data is our business. We accumulate and transform data into meaningful insights to help our customers make better informed decisions.

We are focused on both diversifying our customer base and expanding and developing our product offerings across all our segments.

Financial Services is one of our key areas of focus. In this area, we deliver both traditional credit bureau services and our broader array of product offerings.

But that is not all we do. We have expanded in the online sector with our verification product (ID Matrix); in utilities with our receivables

management product; and in the small to medium enterprise market with Debtor IQ. These are just a few examples.

We are the leading player in all the main markets in which we operate.

We have the majority of the Consumer Credit Risk market.

We are the leading player in online identity verification and Commercial Credit Risk.

We have a market leading position in searches involving Business Names; ASIC data; Personal Property Securities Registers; and Bankruptcy data.

We are also the leading player in the New Zealand Consumer and Commercial risk market.

We do not take this market leadership position for granted. We continually focus on delivering product enhancements and innovation to improve the experience of our customers.

The quality and size of our data sources, along with our predictive scores and matching capabilities, provide Veda with sustainable competitive advantage. We have long term customer relationships, which we value greatly. And it is these deep relationships that allow us insight that helps us develop better customer solutions.

## **Consistent Growth – SLIDE 10**

Veda has a long history of strong and consistent growth across economic cycles (including the GFC). It has achieved revenue growth in each of the past 22 years.

This has seen revenue grow from \$18 million in 1993 to \$302 million in 2014. We are proud of that record of growth.

We are forecasting revenue growth that will broadly reflect the average growth rate achieved over the past two years.

## **Governance – SLIDE 11**

Let me now turn to governance.

We are fortunate to have attracted Directors to your Board of a very high calibre.

Prior to the IPO, as the owners of the business, PEP made decisions as to the composition of the Board. However, they supported me in a process of selecting the very best directors. Those decisions were made with a keen eye to the skills we needed.

I am pleased to say that your Board has an excellent mix of relevant industry experience, broader corporate governance knowledge and history with the Company.

The four independent directors, including myself, bring significant financial, utilities, regulatory and digital experience to the Board, along with strong corporate governance and strategic expertise, including with top ASX companies. In addition, the ongoing involvement of Mr Anthony Kerwick and Mr Geoff Hutchinson, the PEP nominee directors, provides an excellent depth of business knowledge and financial expertise. They are valued colleagues.

Although the Board is newly created, the Board's culture is one of constructive questioning. Issues are fully debated in a productive way. There is a majority on the Board that is strongly independent and we have robust systems in place for managing potential conflicts of interest. We will ensure this continues.

Anthony Kerwick will be offering himself for re-election as a Non-Executive Director of Veda. Anthony will speak during the formal resolutions in support of his re-election.

The management team, led by Ms Nerida Caesar, has a broad mix of specialist knowledge and industry experience. They are a team that is united in executing the imperative of being responsive to and adding value for customers. This is central to our success.



Before concluding my remarks, can I thank you, our shareholders, for your support.

Your company is in excellent shape and I am confident about its future.

I will now hand over to our CEO, Ms Nerida Caesar to discuss Veda's performance in more detail. Thank you.

## **CHIEF EXECUTIVE OFFICER'S PRESENTATION – SLIDE 12**

Thank you Chairman. Good morning ladies and gentlemen. I am delighted to present to you, our shareholders, at our first AGM. As the Chairman said, we were very pleased with the success of the IPO and, of course, the business results.

## **Financial Highlights – SLIDE 13**

I will comment briefly on the results again before moving onto the highlights of the business. The results were very pleasing - delivering growth across all four business lines, resulting in revenue of \$302 million up 12.4 per cent year on year and 4.1 per cent ahead of the Prospectus forecast. The business continued to deliver strong cash flows finishing at \$83 million against a Prospectus forecast of \$60.8 million.

You can see the results on the slide and the momentum we had right across the board.

## **A defining year for Veda – SLIDE 14**

In addition to a successful IPO, as the Chairman has commented, we continued to focus on growth and innovation for our customers. The biggest change was the systems and product development for Comprehensive Credit Reporting (CCR) to meet the compliance deadline of March 12 for the new privacy laws. In readiness for this, we also launched VedaScore, which is an individual's credit score, now readily available to consumers as part of their credit report, along with a range of other functionality that I will comment on later. Other product innovations were around the personal property security register (or PPSR as it is

known) for search and registration, whereby we delivered new functionality to make the entire process more efficient. These were just a few of the many developments we launched in FY14.

We integrated new acquisitions and have completed two since June 30, which I will comment on shortly.

Overlaying all of this is what our customers say. Our customer performance scores have pleasingly continued to increase. We seek customer feedback formally each year across a range of areas, from our client team performance, product innovation, our pricing strategy and communications strategy. I chair our Customer Satisfaction Council. A team of 15 cross functional leaders meet monthly to execute changes to our business, using this very important feedback. In the last survey we had over 400 verbatim comments.

## **Veda's Business Lines – SLIDE 15**

Let me now turn to the profile of our businesses.

Veda has four business lines. The first is Consumer Risk and Identity. This offers products and services about the individual for credit checking, with some 16.4 million credit files on our bureau, collections analytics, employment verification, fraud and identity. Scoring and decisioning are also part of this portfolio along with our consulting business service for credit risk. This business line had revenue of \$100 million and delivered 11 per cent year on year growth.

The second business line is Commercial Risk and Information Services. This business line provides solutions to Veda's business customers about the companies and business they deal with. It grew revenue at 13 per cent year on year to \$125.7 million.

As an example of what we do, we take basic company information from ASIC, add credit and payment insights, build a credit score of the company, and its directors, and we predict the risk of that company suffering some form of financial distress, and therefore failing on payments. The power of scoring the company and the director is where the connected data becomes so authoritative.

Our PPSR solutions are also within this portfolio. From the start of 2012, more than 40 state and federal government registers were consolidated into one register. Following extensive market assessment, Veda built a service to allow customers to check the register for charges against assets, and to apply charges against assets. Veda's market leading PPSR capability was further extended in FY14 with new features to improve the productivity of our customers.

New regulation is being applied to our customers on a regular basis. Recently announced extensions to the anti-money laundering and counter terrorism regulations require our customers to perform a further level of checking on the people behind companies and businesses. Veda is investing this financial year to help our customers address this requirement.

The Corporate Scorecard (CSC) and Kingsway acquisitions fit into this business line and they extend the analysis we do, using the smarts of a team of CPAs to do deep investigative financial analysis on a company. These solutions are used by all sizes of organisation and whilst our face to face teams deliver these into a large number of our customers, we are using partnerships such as Xero—the New Zealand online accounting software and mid-market services firm—to deliver our services out through their front end web system. This is in development as we speak.

Our third business line is B2C and Marketing Services. It grew at 10 per cent year on year with \$40.7 million of revenue. We have around 450,000 consumers taking a range of products, including VedaScore and cyber monitoring. Our Marketing Services group, Inivio (that includes Datalicious and KMS) uses Veda's data sets and applies the digital overlay. It has moved from offering traditional paper based offers to online, serving the omni channel world we now live in. This is a \$4 billion industry in the USA. We are now starting to deliver services this way in Australia.

Finally, international includes New Zealand and the bureaus we serve in Singapore, Malaysia, Cambodia and the Middle East. This business line grew revenue at 18 per cent to \$36.5 million. New Zealand is ahead of Australia in CCR. In fact, it is the latest implementation in the world. So

when our customers ask us for facts on what has happened elsewhere in the world, not only are we running the Asian and Middle East bureaus in a positive CCR world, but we are also doing the latest global implementation in New Zealand, leading that industry.

### **Veda's focused strategies have helped drive growth – SLIDE 16**

Our growth strategy over the last 3 years has been about new products, new segments and M&A. Across all four business lines, new innovation was introduced. We seek out these opportunities by looking at global and local domestic trends, talking to customers and hearing from our staff on how to create new offerings.

In marketing services, for example, the consumer score is used widely in overseas markets to leverage risk based pricing from the credit markets. VedaScore is our flagship and our vision is that every credit active Australian knows their VedaScore by 2018. We have continued to innovate and extend our fraud and identity products through knowledge based authentication. By way of example, we assist the lender to verify the consumer through a set of questions that only the consumer would know and we can verify that answer within our data sets. This can then be used to validate the person's identity. An example of the questions are:- Of these 3 addresses which one did you last live at? Of these 3 insurance companies, which one did you last use? Only the bureau and the consumer know that, so by a simple matching of this and other questions, identity and lending can be approved or otherwise.

We turned our minds to new segments over the last 3 years and that never stops as a strategy. New segments such as wealth emerged last year where we can really make a difference. We can identify half of the 1 million self managed super fund holders in Australia and we can model the remainder.

### **Veda continues to lead the industry in developing CCR capability – SLIDE 17**

Now let me move to CCR.

CCR is one of our big planks for change - regulatory driven and moving Australia from being a country that only sees negative data on consumers (defaults, court orders or multiple credit inquiries) to positive data. This provides information such as the date accounts were opened or closed, credit limits, and the nature of the credit and repayment history on a rolling 24 month basis. New Zealand moved to positive reporting in April 2012.

We are on the journey in Australia with several customers loading data to Veda before Christmas this year. That's just the start that allows us to test and work with customers in preparation for more fulsome usage.

To prepare customers for this change, over the last 2 years we ran a pilot in Australia with 10 lenders where we loaded 30 million records. By working collaboratively with our customers and testing the data to help prove the business case, we added value for our customers. The pilot was identified in our customer satisfaction surveys as one of Veda's most innovative initiatives.

## **Two firsts for Australia – SLIDE 18**

As I mentioned earlier, we launched VedaScore in October 2013. As our local markets come to grips with “risk based pricing”—that is the lender prices your credit product based on your risk score—we will likely see this roll-out across different tiers of lenders. As an example, recently, a small peer to peer lender, [getcreditscore.com.au](http://getcreditscore.com.au), operating with SocietyOne, offered a better rate for good scores. While they operate in a niche market, the response was overwhelmingly positive. Our research shows that 7 out of 10 Australians would use their score to get a better deal.

We also used this platform to extend into a suite of identity protection and cyber monitoring. ID theft is up 103 per cent year on year and Australian businesses report that they lost an estimated \$1.4B due to fraud loss. We have to keep focused on products that protect the business and the consumer

## **Acquisitions – SLIDE 19**

Let me now move to M&A.

We continue to make bolt on acquisitions. We have found these work really well for Veda. Essentially, the company will bring products that complement our existing set, and/or a new segment. For example the Corporate Scorecard acquisition complemented the commercial credit risk business and took us more into the government and construction sectors, which Veda had not traditionally been involved with.

Datalicious, on the other hand, is a group of digital savvy technologists, with credibility in the digital marketing world. They have platforms that enable our customers to target online audiences with precision. Supertag, for example, allows a marketer to track visits to a website, follow online behaviour, align offers and then generate a display ad that is highly targeted to their preferences. All of this is managed carefully through privacy compliance.

ITM followed in May. This is a business that helps Veda expand into the superannuation industry.

Finally KMS and Kingsway followed in the new financial year. KMS is the start of our Inivio marketing business in New Zealand and Kingsway adds to and complements our commercial risk portfolio.

To reiterate, these are all small bolt on acquisitions that have performed well relative to our acquisition case.

## **Our customer driven strategy evolves – SLIDE 20**

Finally, as our strategy evolves, we will continue to innovate. As a technology company that services many industries and the important regulated financial services industry, we will continue to spend capital on high returning businesses.

I commented earlier on our Knowledge Based Authentication service. No one else in Australia has this combined with the suite of identity products Veda has developed.

Digital media attribution, as I mentioned earlier with digital marketing, is a wave that is hitting all organisations. Consumers with mobile technology want content delivered to them in different ways. The wealth of Inivio marketing data helps our customers deliver the 'next best offer' to consumers. So instead of a credit card campaign, arriving in your letter box, we will align information about you and use channels such as Yahoo, Facebook, Mi9 and email to focus marketing efforts. Then, we use digital marketing attribution to enable marketers to work out what drove the marketing spend and how effective it was. For example, if a campaign uses an online display ad for an offer, but most clicks came through google search, this will take into account the source of the sale. That is, the consumer saw the ad but came through a different channel. This allows our customers' marketing teams to work out the best placement and help them maximise the return on their marketing investment. Veda is uniquely placed given our broad data sets combined with our digital marketing capability.

Visualisation is another example. It is a simple yet innovative technique. In the complex world of identifying a company structure, its beneficial owners and the shareholding, having this presented visually is of huge value to the decision making of our customers.

These are just some the innovations that we are working on collaboratively with our customers.

I now turn to the Outlook for Veda.

### **Strong Growth Outlook – SLIDE 21**

We are seeing the benefit of three years of structuring the business for growth. Our relationship management framework ensures we keep the customer at the centre of everything we do and enables scalability as we broaden our product suite and deepen our customer penetration.

I would like to confirm our full year outlook statement, first released with our Annual Results. What we stated is as follows:

Revenue – will broadly reflect the average growth rate achieved over the past two years

EBITDA – will at least provide low double digit growth over FY14 pro forma outcome of \$129.0 million

NPAT – will be broadly commensurate with the anticipated rate of growth in EBITDA

Capital expenditure – will be broadly sustained at the same per cent of revenue as was the case in FY14

Dividend payout ratio – will be between 50 and 70 per cent of statutory NPAT

The business performance in the first quarter is broadly consistent with our expectations.

Thank you for your time today. I will now hand back to our Chairman for the formal section of the meeting.