

28 October 2015

Company Announcements Office  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

*Electronic Lodgement via ASX Online*

Dear Sir/Madam

**Veda Group Limited (VED) – 2015 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 today by the Chairman and the Chief Executive Officer at Veda Group Limited's 2015 Annual General Meeting.

Yours faithfully



**Tim Woodforde**  
Company Secretary  
Veda Group Limited

**VEDA GROUP LIMITED  
MARKET ANNOUNCEMENT**

**2015 ANNUAL GENERAL MEETING**

**ADDRESSES BY:**

**DR HELEN NUGENT AO, CHAIRMAN**

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

28 October 2015

**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 second Annual General Meeting of the shareholders of Veda Group Limited, open. I thank you for attending.

I would appreciate if all mobile phones can be switched to silent or preferably turned off.

**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 and Managing Director
- Mr Tim Woodforde, General Counsel and Company Secretary

- Dr Peter Shergold AC, Independent Non-Executive Director
- Mr Steven Sargent, Independent Non-Executive Director; and
- 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 Tim Courtright – Executive General Manager Sales; Mr Lionel Lopez - Chief Data Officer; Mr John Wilson – Executive General Manager Product & Market Development; Mr Mike Cutter – Executive General Manager Credit Risk and Advisory Services; Ms Cate Hathaway – Executive General Manager People and Performance; and Mr Tony Kesby – Chief Information Officer.

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.

The purpose of this meeting is to provide shareholders with an overview of the company's performance for FY15 and to vote on specific resolutions, such as the Remuneration Report, and the election or re-election of three Non-Executive Directors.

I acknowledge that Veda is currently in the process of responding to a Revised Proposal from Equifax to acquire all of the shares of Veda by way of a Scheme of Arrangement. I will provide an overview of the status of that Proposal at the end of this presentation.

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

## **CHAIRMAN'S ADDRESS – SLIDE 4**

Let me now turn to the Chairman's address.

In our second year as a publicly listed company, Veda has delivered another year of strong double digit growth.

## **FY15 Results – SLIDE 5**

Veda finished FY15 with a great result, delivering significant growth against FY14. Nerida will discuss the FY15 results in more detail. However, I would like to give you an overview of our financial achievements for last year.

Veda's revenue for the year was \$338.8 million driven by growth across all business lines, particularly in B2C & Marketing Services. This was an increase of 12.2 per cent over FY14.

EBITDA showed double digit growth of 12.0 per cent over last year's pro forma result and 12.5 per cent over last year's statutory result.

Net profit after tax for the year was \$78.4 million, 13.8 per cent higher than the pro forma result for FY14.

Cash flow generation has also been robust, with operating cash flow being \$137.3 million in FY15.

Veda's cash generation ability, including its earnings growth, allows flexibility in funding capital investment as well as in reducing debt. FY15 capital investment was 15.5 percent of revenue or \$52.6 million. At the same time, net debt was reduced by \$41.1m to \$196.8 million. As a result, your company has a strong balance sheet with a net-debt to net-debt-plus-equity ratio of 20.3 per cent.

## **Final Dividend - SLIDE 6**

Let me now turn to dividends.

As a result of Veda's strong operating performance, the Board declared a final unfranked dividend of 6 cents per share for the year. This was paid on 8 October. This represents a dividend payout ratio of 64 per cent of NPAT. This is in line with our stated dividend policy of paying out between 50 and 70 per cent of NPAT.

At the full year results release, the Board flagged that Veda would commence paying an interim dividend. The current status of an interim dividend will be determined by the outcome of the Revised Proposal from Equifax. More specifically, Veda will not declare an interim dividend for the half year ending 31 December 2015 if the Revised Proposal proceeds. If the Proposal does not proceed, and subject to the demands of new capital investment and the acquisition of new businesses, Veda intends to commence paying interim dividends in FY16. In that case, the amount will be determined at the first half results.

In this eventuality, Veda expects that dividends will be unfranked until after FY16. Given our strong capital position, we also have no current plan to introduce a dividend reinvestment scheme.

## **Strategic Drivers – SLIDE 7**

Nerida will speak about the Company's performance in detail. However, I would like to briefly reflect on the strategic drivers of our business.

When Veda was established almost 50 years ago, it provided basic data to assist banks make lending decisions. Today, it is a sophisticated data and analytics business, supporting a broad cross section of the economy. Veda has depth and breadth in its products and services. It makes a real difference to the consumers and organisations with whom we do business.

Our credit scoring product, VedaScore, enables consumers to negotiate better credit offers with lending organisations. Our strategic investment with a majority stake in GetCreditScore.com.au further enhances this

capability by enabling Australian consumers to check their VedaScore for free. This is creating greater market awareness of scores. It will also result in consumers being better educated about credit and lending. Veda's partnering with our customers to provide VedaScore also enables them to offer risk based pricing, which is good for customers.

Business customers are able to better assess credit risk and repayment behaviour of organisations and their related entities using Veda's Trading History product. This year, that product was enhanced with new scores and data sets. This enables customers to improve approval rates; reduce bad debt rates; on-board customers faster; and identify signs of repayment stress earlier.

With our Marketing Services division, we can assist customers make more targeted marketing offers by leveraging our use of data and analytics. Veda's ability to make connections between different data sources allows us to better target individuals or commercial entities with diverse opportunities. These range from profiling, segmentation to modelling. This significantly increases the success of marketing campaigns; improves data quality in reaching customers; and helps fill gaps where customer data is missing.

These few examples demonstrate the breadth of Veda's capabilities and show how well positioned we are for growth in an era of significantly enhanced digital capability.

## **Consistent Growth – SLIDE 8**

Veda has a long history of strong and consistent growth across economic cycles (including during the GFC). It has achieved revenue growth in each of the past 23 years.

Revenue has grown from \$18 million in FY93 to \$339 million in FY15. We are proud of our strong record of growth.

FY15 revenue growth was 12.2 per cent. 9.5 per cent of the 12.2 per cent was achieved organically, with the balance coming from a series of small bolt-on acquisitions. Organic growth reflected our strategy of working with customers to better serve their needs as well as delivering

product innovation. We also expanded into new customer segments, such as wealth, and helped our customers respond to the plethora of regulatory obligations with which they are challenged.

Our three small acquisitions over the past 12 months have enhanced our marketing services and financial risk assessment capability.

## **Board Changes – SLIDE 9**

Our shareholder register changed over FY15. After helping Veda list on the ASX in December 2013, Pacific Equity Partners, or PEP as it is usually known, progressively sold down their remaining shares, exiting Veda's register completely in February 2015. I would like to acknowledge the significant contribution PEP has made to Veda through their extensive experience in financing, mergers and acquisitions, and strategy.

This change resulted in a board vacancy due to the resignation of the PEP nominee director, Mr Geoff Hutchinson. The Board and management team greatly valued Mr Hutchinson's input and thank him for his contribution. Mr Hutchinson was replaced by Mr Steven Sargent. Mr Sargent brings significant skills to the Veda Board which he will outline for you later in the meeting when he offers himself for election as a Non-Executive Director of Veda.

Mr Anthony Kerwick was a PEP nominee director, but is no longer employed by PEP. Mr Kerwick has a deep understanding of Veda and an ability to add significant strategic and operational expertise. As a result, he was asked to remain as a Non-Executive Director of Veda.

Ensuring the appropriate mix of skills and experience for its Directors is always a key consideration for your Board. I am pleased to say your Board considers that it has an excellent mix of relevant industry experience, broader corporate governance knowledge and history of the Company.

We are fortunate to have attracted Directors of a very high calibre. I thank my Board colleagues for their contribution to Veda over the last 12 months.

## **Governance – SLIDE 10**

Let me now turn to governance.

Your Board is committed to the highest standards of corporate governance, as well as to being transparent and accountable. Our objective is to ensure we stay at the forefront of best practice. This is a foundation that we consider supports management to drive superior performance over the long haul.

Over the past year, our particular focus has been on enhancing our sustainability and diversity policies and processes. This year we have included separate Corporate Social Responsibility and Diversity and Inclusion Reports in the Annual Report and on our website. These reports outline our commitment to these governance principles as well as our framework for assessing risks.

Your Board is ever conscious that we represent shareholders. It is our commitment that we always act in your best interests.

## **Equifax - Overview – SLIDE 11**

I will now give you an overview of the Board's process in the way we have assessed and decided to unanimously recommend Equifax's Revised Proposal. I will also update you on the current status of the Revised Proposal.

Your Board of Directors spent significant effort examining Equifax's initial Proposal and subsequently negotiating with them to revise that Proposal. In light of the Revised Proposal of \$2.825 a share, the Board has agreed to allow Equifax to conduct due diligence during an exclusivity period. The Board makes this recommendation because it considers that the Equifax Revised Proposal is at a price which is in the best interests of Veda shareholders.

This conclusion was reached after your Board undertook a range of analyses to understand value. They included looking at a discounted cash flow analysis, both with and without potential synergies; examining



the takeover premium implicit in the transaction over various timeframes; as well as looking at benchmark data for comparable transactions.

More specifically, a price of \$2.825 per share reflects a FY15 price to earnings ratio of 32.1 times and a FY15 EBITDA multiple of 18.1 times. These multiples are strong and reflect the quality and growth potential of Veda's business. The 18.1 EBITDA multiple also compares with 15.7 times paid by Experian for the acquisition of the Brazilian credit data provider Serasa; and 9.3 times paid by Equifax for CSC Credit Services. This provides some data points to explain why your Board considers that the Revised Proposal is in the best interests of shareholders.

The Revised Proposal implies a market capitalisation for Veda of \$2.5 billion and an enterprise value of \$2.6 billion on a fully diluted basis.

### **Equifax – Timing – SLIDE 12**

If the Board announces a Binding Offer, the current proposal contemplates implementation by way of a Scheme of Arrangement, which requires shareholder approval of at least 75 percent, as well as Court approval. If the transaction proceeds, the meeting of shareholders will occur at the beginning of 2016, at the earliest in February.

Irrespective of whether the Revised Proposal proceeds to a Binding Offer, the Board considers that Veda has a very attractive future and that the Company is well positioned to continue to deliver strong growth.

In line with Veda's continuous disclosure obligations, Veda will continue to keep the market informed as the process develops. The next update will most likely be if and when the Board enters into a Binding Offer with Equifax.

Before concluding my remarks, can I thank you, our shareholders, for your support. I would also like to take this opportunity to thank our CEO, Ms Nerida Caesar, her senior executives, and the entire Veda team for their efforts in delivering on Veda's many achievements in FY15. I also acknowledge the tireless support of your entire Board over the past year.

Your Company is in excellent shape and I am confident about its future, whether that is as part of Equifax or continuing independently as an ASX listed company.

I will now hand over to our CEO, Ms Nerida Caesar to discuss Veda's FY15 performance in more detail. Thank you.

## **CHIEF EXECUTIVE OFFICER'S PRESENTATION – SLIDE 13**

Thank you Chairman. Good morning ladies and gentlemen. I am delighted to present to you, our shareholders, at our second AGM.

## **FY15 Highlights – SLIDE 14**

Veda finished the year with a great result - delivering growth across all four business lines, resulting in revenue of \$338.8 million up 12.2 per cent year on year.

Veda's B2C & Marketing Services business line delivered growth of 37.8 per cent in line with our expectations and as we outlined in our guidance. The Consumer Risk & Identity, Commercial Risk & Information Services and International business lines all grew year on year as well. The growth momentum continues with our focus on expansion into new segments and expanded product penetration across our customer base.

I will go through our performance by business line in more detail shortly.

There are a number of external drivers that are having a positive impact on Veda both over the short and long term. These include:

- Supporting our customers prepare for comprehensive credit reporting. The first phase whereby Credit Providers load positive data to the bureau is well progressed with the first movers expected to commence consumption of CCR data before the end of the calendar year
- The transition period for the Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) Act ending on 1 January 2016 and

- ASIC's introduction of the Financial Advisor Register on 31 March 2015.

The most recent external driver was the Federal Government's response to the Financial Services Inquiry recommendations released last Tuesday. The government's decision is to support industry efforts to implement CCR and not to legislate for mandatory participation at this stage. This is a positive signal and reinforces that the market is responding and moving towards participation of its own accord without government intervention. There was a positive outcome for Veda in government data access and use where there is a clear path for enabling data. We welcome the Productivity Commission Inquiry into government data and use in 2016.

Other notable highlights include the acquisitions of KMS (which is now Inivio New Zealand), Kingsway and The Prospect Shop in FY15. Inivio New Zealand delivers further product capability for Marketing Services in New Zealand. Kingsway delivers additional financial assessments capability in the government and other sectors. The Prospect Shop enhances our value added third party data analysis targeting the not-for-profit segment.

After 30 June, two further acquisitions were announced, ZipID and GetCreditScore.com.au. ZipID extends Veda's identity offering to sectors that have regulatory obligations for face to face verification. GetCreditScore.com.au is the first step in a ubiquitous VedaScore helping Australians and New Zealanders become more financially literate.

Veda's strategy to acquire businesses in adjacent areas with good growth prospects continues. These businesses have all integrated very well and are performing ahead of expectations.

## **FY15 Achievement against Guidance – SLIDE 15**

I would like to take a moment to review Veda's performance against the guidance for FY15. We have achieved what we said we would do in relation to guidance. In fact we have outperformed, as you can see from the chart.

Further as a reminder, we updated our guidance for NPAT at the half year results in February from 'commensurate with the rate of growth in EBITDA' to 'slightly higher than the EBITDA growth rate'. We have achieved that. The NPAT growth was primarily driven by EBITDA growth, with lower net financing costs and higher share of profit from associates also contributing to the result.

## **Veda's Business Lines – SLIDE 16**

Let me now turn to an overview of Veda's four business lines. I will comment on both performance and drivers of growth.

Each of these four business lines has multiple products within it. As you can see all four grew versus FY14 with the standout being B2C & Marketing Service growth.

Consumer Risk & Identity, the first business line listed provides solutions for business customers about verifying or checking individuals. It delivered 10.0 per cent growth against the previous year.

The product sets driving most of the growth within this business line are: Fraud detection products and Identity products; employment verification through Verify; consumer credit bureau services; and Wealth Services.

We have seen continued strong growth in Fraud & Identity. With the growing incidence of fraud and identity crime at a cost to the Australian economy of around \$1.6 billion per year, Veda's fraud and identity verification products experience high demand from multiple customer segments. Our products simplify the customer on-boarding process, particularly for the online channel, while minimising exposure to fraud losses. There are significant compliance requirements related to anti-money laundering and counter terrorism financing for businesses, as I mentioned earlier. Veda provides solutions that assist our customers meet these regulatory requirements for verification, risk monitoring and status changes.

Employment verification through our Verify product has also performed extremely well in a volatile recruitment market. We assisted our

customers comply with their ASIC Financial Advisor Register obligations, verifying over 5,000 of Australia's financial advisors as part of this process. The checks covered their employment history, qualifications and professional memberships, as well as police and bankruptcy checks.

The bureau, which is the traditional heart of our business, grew in line with our expectations and importantly provided the foundation on which we continued to build our CCR capability.

The second business line is Commercial Risk & Information Services. This business line uses information to provide intelligence for customers about businesses. It grew at 6.9 per cent against the previous year. Our ability to package third party data into useful products and deliver it in a way that drives process efficiency for our customers has contributed to growth in this business line through both Commercial & Property Solutions and Commercial Risk. Notable drivers of this growth were the PPSR register, Land Title searches, value add products Trading History and Debtor IQ and changing anti-money laundering and counter terrorism financing compliance regulations. The acquisition of Kingsway in September 2014 also contributed.

Our third business line is B2C & Marketing Services. It combines products for consumers and data driven marketing services for businesses. In our guidance statement we signalled strong growth in this business line which grew 37.8 per cent year on year. We have delivered this growth through executing on a set of opportunities in our Marketing Services business with financial institutions (major and non-major lenders), media and telco/utility industry players. The acquisition of The Prospect Shop in December 2014 drove our expansion into the not-for-profit segment.

The Business to Consumer services (or B2C for short) are part of this portfolio and we saw CarHistory.com.au achieve significant growth as customers, both end consumers and dealers, have realised the value of Veda's data in the used car segment. In addition, we improved the customer experience with the launch of a mobile responsive website.

B2C also encompasses other Consumer credit products which benefitted from emerging Peer to Peer lenders, addressing the personal loan segment, and lead generation, which is gaining traction.

Finally, International which includes New Zealand and our investments in South-east Asia and the Middle East grew 7.6 per cent year on year. The New Zealand market is similar to Australia's and we have actively expanded the product range there. This has been achieved through the acquisition of KMS, which is now Inivio New Zealand, and through leveraging our Australian products, such as Veda Corporate Ratings through Corporate Scorecard and employee verification through Verify. Notably in South-east Asia, we closed a deal and commenced implementation to stand up a bureau in Indonesia.

### **Veda Value Drivers – SLIDE 17**

I want to spend some time during this presentation touching on Veda's key strengths which drive shareholder value. The diagram at the bottom of the slide shows how Veda can assist our customers over the lifecycle of their customers.

Veda is a resilient and diverse business as demonstrated over decades of growth through all economic cycles. We are able to fund continued investment in our growth due to our strong balance sheet and cash generation. That investment is both in products that drive organic growth or is M&A led.

Our analytical capability allows us to respond to challenges as the market changes, whether this is through disruption or regulation. We are an agile and adaptable business. New segments such as Peer to Peer lending look to Veda, due to our accurate and extensive data, to help them perform ID checks, Fraud checks and credit checks.

When changes or additions to regulation are developing, Veda plans well ahead to build products to help our customers. A great example is the money laundering laws that are being extended to cover Enhanced Customer Due Diligence. These laws come into effect from 1 January 2016. This means that the organisations responsible for complying with

the money laundering laws now have the obligation to identify the ultimate beneficial owner behind the company.

We work with our customers to produce solutions to assist them with the transition. This is one of the key reasons we built VedaCheck Visual in November 2014 and AML Enhanced Company File in February 2015. Veda also hosted customer discussion forums with AML Compliance as a key theme where our customers gathered to discuss how they were tackling their regulatory obligations.

We help our customers answer questions they need to know about their customers; better understand them; reach them with their offers; verify and assess them; and finally manage them throughout the customer lifecycle. We are also able to replace manual in-house processes like identity and employment verification and back-office procedures, simplifying, saving time, and also cost for our customers. Veda has automated the 100 point check so our customers can integrate it into their online processes. Our match rates to find 'you' and match 'you' are unprecedented in the industry. Having a high match rate results in more customer straight through processing, driving greater customer conversion rates.

Our diversity of product offerings not only galvanises the business but also ensures we remain relevant to our customers and that they use us to help solve the challenges they face.

## **Veda is committed to leadership in CCR in Australia and New Zealand – SLIDE 18**

Now let me move to CCR.

CCR is one of our big platforms for change – regulatory driven and moving Australia and New Zealand from countries that only see negative data on consumers to positive data. While traditional negative data is a good predictor of credit defaults, the comprehensive data we can now collect allows credit providers to see the complete picture of an individual's credit history, including insights into good repayment records.

We have seen great progress in Australia. There are now over 25 customers actively engaged with Veda on supplying data into the bureau including a big 4 bank. We are expecting that CCR consumption by the first movers will commence before the end of this calendar year. There are 7 million accounts with CCR records on the bureau which represents 24 per cent of accounts in the retail credit market with CCR data loaded. We estimate the size of the overall retail credit market in Australia to be 30 million accounts so we are well progressed on material participation in CCR. The CCR data loaded to date is complemented by our existing database of 70 million negative records covering credit enquiries, defaults, insolvency and court data on the bureau. These 70 million records have grown to 130 million records with the CCR data loaded to date. These records underpin the 16 million credit active Australians on the bureau.

Veda launched its analytic and credit originations solutions in February 2015 to support a smoother transition to CCR data consumption for lenders. This product, known as VedaScore Apply®, is the fourth generation of our VedaScore suite for credit origination. CCR-enabled products that support later stages of the credit life-cycle are being progressively released with VedaScore Manage®, VedaScore Collect® and CCR enabled Veda Alerts released this month. These products provide much deeper consumer insights that help Australian lenders manage their customers throughout the credit lifecycle.

In the New Zealand market, Veda has led the industry transition to CCR.

We were the first bureau to go live with CCR when several major banks and finance companies commenced sharing positive data. Critical data mass was achieved in March 2014. All major market players are either, supplying data and consuming it, or have indicated their intent to participate in CCR in the next 12-18 months. Data has built quickly in New Zealand with the data pool now being in excess of 100 million repayment histories across 6 million customer accounts. We estimate the size of the New Zealand retail credit market to be 7.5 million accounts.

In New Zealand, we have delivered multiple phases of CCR products including the first and only positive bureau score in market. Early adopters have embedded Veda products and services within their



business to enable them to leverage this new dataset. With CCR reporting on 50 per cent of retail credit accounts, we are seeing greater insights to enhance lender decision making. For example, for some credit providers, Veda's positive bureau scores have driven uplift in automated approval rates for new-to-organisation credit applications of between 10 and 20 per cent. CCR data provides a more complete, robust and predictive dataset on which to make credit decisions.

Here are three pieces of data we are seeing out of New Zealand alone:

- 45-50 per cent of applicants had missed repayments in the past 24 months providing an enhanced view for credit decisions
- 15-20 per cent of applicants have some form of undisclosed debt which was not declared on their application form
- 30 per cent uplift in volume of address updates due to the increased frequency of reporting by credit providers.

In Australia, we are seeing the industry move beyond a wait and see approach to tangible progress towards CCR.

I now turn to the Outlook for Veda.

## **FY16 Outlook – SLIDE 19**

Veda delivered another year of strong growth in FY15. Veda is a resilient business with attractive opportunities for expansion and growth that continue to deliver shareholder value.

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

It is expected that revenue and EBITDA growth for FY16 will be low double digit relative to FY15.

NPAT growth is expected to be somewhat slower than that for EBITDA, reflecting an increased rate of growth in depreciation and amortisation, driven by the investment that is being made in products and data to grow our business and our market position. This includes CCR and the significant investment made to build the platform for the future.

It is expected that for FY16 capital expenditure as a per cent of revenue will be broadly the same as for FY15, before gradually declining in the following years.

Consistent with our dividend policy, the dividend payout ratio is expected to be between 50 and 70 per cent of NPAT. However, as Helen has mentioned earlier, under the terms of the Revised Proposal from Equifax, announced on 6 October 2015, Veda would not declare an interim dividend for the half year ending 31 December 2015.

The business has performed well in the first quarter. Against that background, we reiterate our outlook for the year.

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