



July 2018

A CEO's Guide to the Changing Face of the Credit Information Sector

 HOULIHAN LOKEY



Credit Information M&A Activity

Driven by the diversification of traditional credit bureaus and the rapid creation of large, repurposable datasets

Trends in the Credit Information Industry

Trend	Before	Now	Outcome
Unstructured Data	Credit Information providers limited to using structured data	Next-generation technologies enable firms to connect disparate datasets to derive the most complete insights into counterparties	Expansive datasets and advanced analytical tools create opportunities in new verticals
Internal and External Compliance and Regulation	Less emphasis placed on firms to manage regulatory responsibilities	Companies face internal drives for efficiency and quality coupled with external regulatory pressure	Strong demand for timely and accurate data to drive internal and external compliance processes
Targeted Sales and Marketing	Organisations use blanket marketing to reach large numbers of consumers and businesses	Data-driven sales and marketing campaigns let companies tailor messages to a specific audience	CMOs demand accurate consumer data and analytical tools to drive prospecting and lead generation
Financial Inclusion	Many consumers and businesses lack access to financing options	Growing pressure on banks to provide affordable financial services to the underbanked	Huge opportunities for companies that develop alternative credit scoring tools

Credit Information M&A Activity

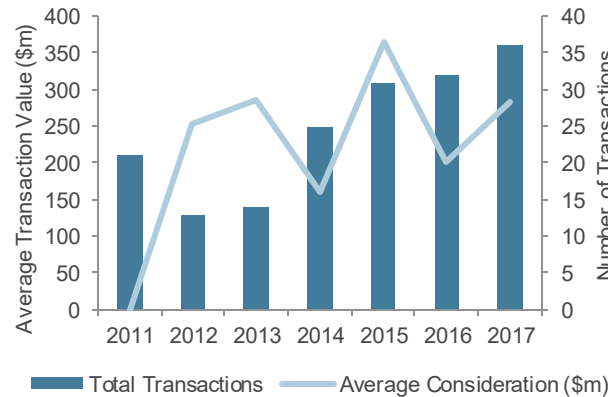
172 transactions, with values disclosed for 72

\$18.4 billion of aggregate value

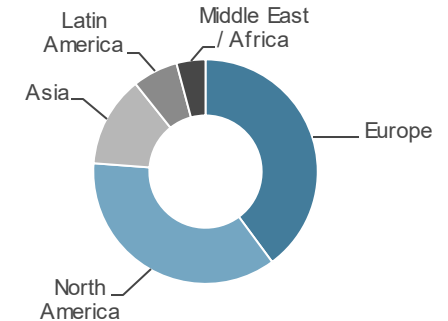
8% CAGR in number of annual transactions from 2011 to 2017

Continued Momentum in Credit Information M&A Activity

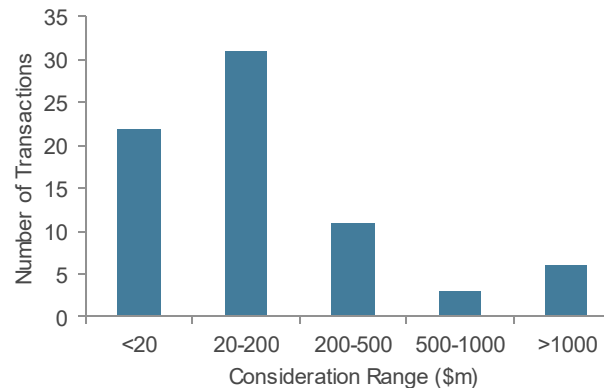
High levels of transaction volume and value...



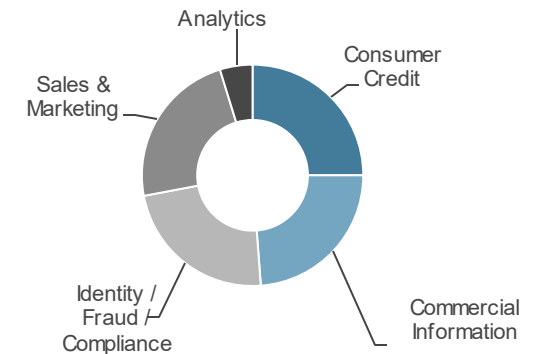
...dominated by Europe and North America¹



Consolidation at lower end of the market²...



...with a wide spread of target verticals representative of diversified business models



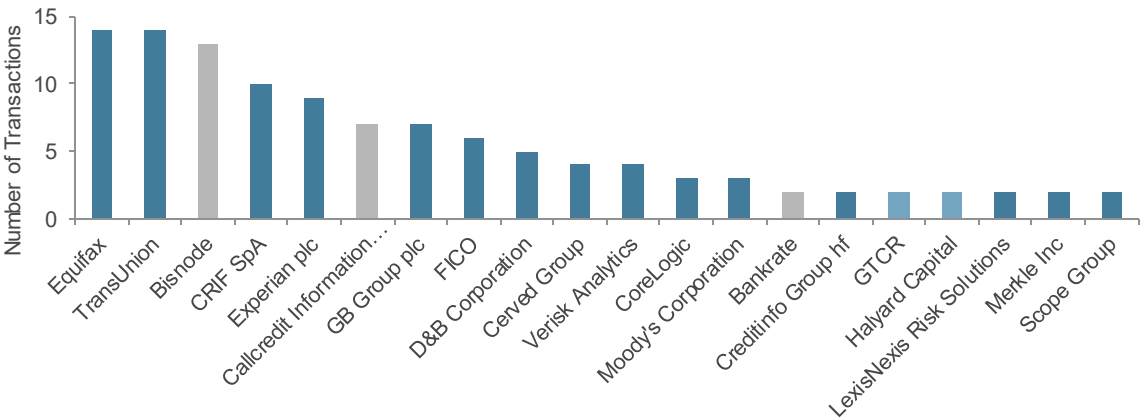
Notes:

1) Transaction volume by target region.

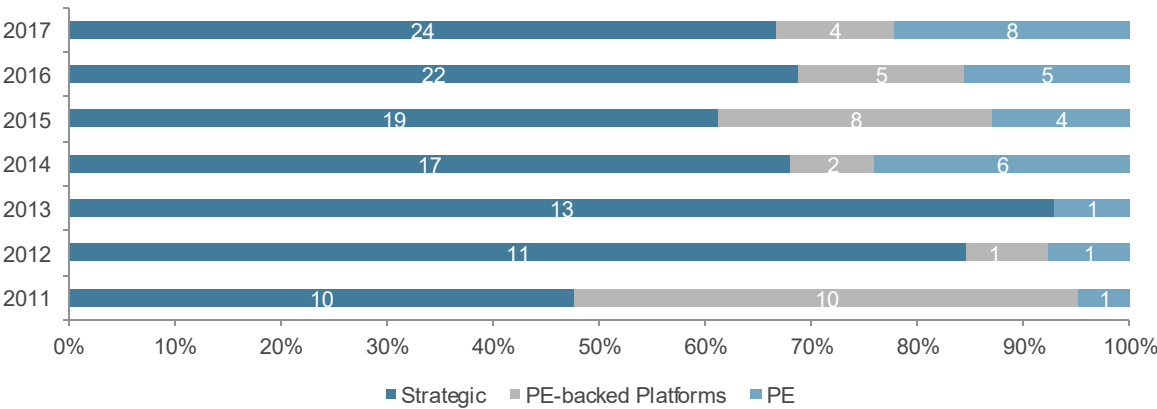
2) Transaction volume by consideration size. Only representative of transactions with considerations available.

Significant Strategic and Private Equity Presence

Activity has largely been driven by strategic buyers with participation from a small number of PE-backed companies



PE was responsible for 34% of transactions between 2011 and 2017



Public Companies



PE-Backed Platforms

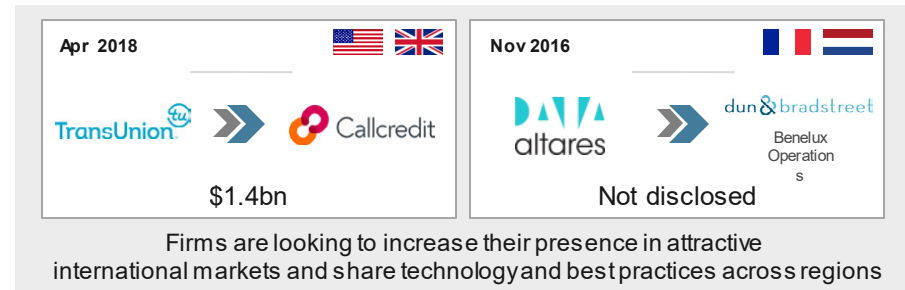


Recent Credit Information M&A

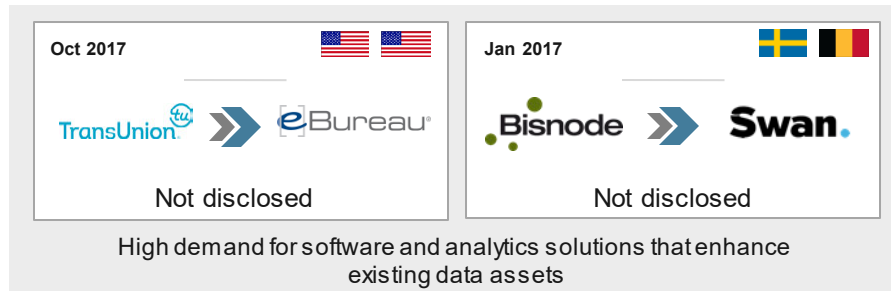
Consolidation



Geographical Expansion



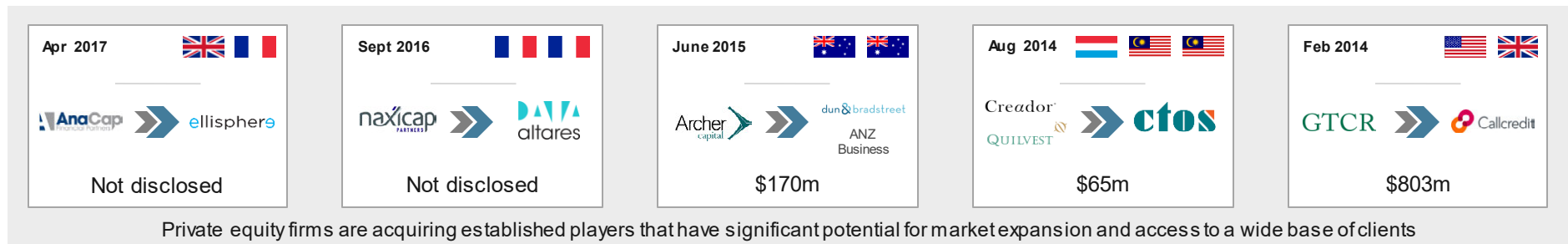
Analytics Tools



Fraud & Risk Management Solutions



Private Equity



Some of the Key Factors Impacting M&A Activity in the Sector

In recent years, information providers have had significant opportunities for growth as global expenditure on data and analytics services has continued to soar. Huge technological advances and the rapid increase in the creation of both structured and unstructured data mean that information providers are able to cater to a wider range of industries than ever before and offer the most advanced products to their customers.

“Huge technological advances . . . mean that information providers are able to cater to a wider range of industries than ever before.”

Whether through acquisition or in-house R&D, information providers now have the technology to analyse and combine data from disparate sources and create datasets that are tailored to the precise needs of the client. The rise of unstructured data has been particularly significant, as firms are able to provide new and more accurate insights into the relationships between individuals, businesses, and events by examining additional data sources, such as social media, geographic information systems, and employment postings.

By expanding their capabilities, firms have been able to move beyond their traditional verticals, such as credit and commercial information, into new areas, such as compliance, supply chain management, employee screening, and healthcare. Furthermore, companies are able to upsell to existing customers through the deployment of advanced analytical tools relating to decisioning, benchmarking, forecasting, and segmentation, all of which can be adapted to specific requirements.

Some of the Key Factors Impacting M&A Activity in the Sector (cont.)

In addition to focusing on the development of advanced data and analytics products, market leaders have sought to gain competitive advantage by expanding their presence in international markets, improving the functionality of their products and related customer services, and providing SaaS-based delivery models and generic tools that facilitate access to the SME market.

“Firms have been able to move beyond their traditional verticals, such as credit and commercial information, into new areas, such as compliance, supply chain management, employee screening, and healthcare.”

With data becoming more central to corporate decision-making, information providers have faced intense scrutiny from consumers and regulators, who have started to question the security of their data and the ways in which it is being used. The Facebook-Cambridge Analytica scandal brought these concerns to a head. In light of this scandal, and the implementation of the GDPR in Europe, levels of spending are likely to grow as firms make data security a higher priority.

Looking forward, we expect M&A activity to be driven by the following trends:

- Ongoing competition between firms to provide the best analytics products and most comprehensive datasets by leveraging modern technologies such as artificial intelligence
- Diversification of information providers as widespread demand for data provides opportunities in new industries
- The continued efforts of firms to provide data and services on a global scale as their customers look to expand internationally
- High levels of investment from PE and VC firms looking to back innovative new players and capitalise on the growing importance of data and analytics

With these dynamics in mind, M&A in the sector is likely to remain strong in the coming years.

Houlihan Lokey Operates at the Intersection of Software, Data & Analytics, and Services

Selected Prior Transactions



Andrew Adams
Global Head of Data & Analytics and Co-Head of UK Corporate Finance
ADAdams@HL.com



Tara Carter
Managing Director
TCarter@HL.com



Mark Fisher
Managing Director
MFisher@HL.com

Transaction Pending

FULCRUM
FINANCIAL DATA

a portfolio company of

LEEDS | Equity Partners

has agreed to be acquired by

FitchGroup

Sellside Advisor

Lombard Risk

has been acquired by

Vermeg Group N.G.

Sellside Advisor*

BUREAU VAN DIJK

a portfolio company of

EQT

has been acquired by

Moody's Corporation

Sellside Advisor*

healix
GROUP OF COMPANIES

has been acquired by

Verisk Analytics

Sellside Advisor*



Julian Moore
Managing Director
JWSMoore@HL.com

hometrack

has been acquired by

Zoopla Property Group

Sellside Advisor*

dun&bradstreet

has sold its Benelux operations to

Altarea BV

a portfolio company of

Naxicap

Sellside Advisor*

INTELLIGIZE™

has been acquired by

Lexis Nexis Legal & Professional

a division of

RELX Group

Sellside Advisor*

PIRA

has been acquired by

S&P Global Platts

Sellside Advisor*



Craig Muir
Managing Director
CMuir@HL.com

RISQ
GROUP

has been acquired by

Sterling Talent Solutions

Sellside Advisor*

informa

has sold its Consumer Information Businesses to

Progressive Digital Media Group PLC

Sellside Advisor*

INTELIUS

has been acquired by

H. I. G. CAPITAL

Financial & Tax Due Diligence

complinet

has been acquired by

Thomson Reuters

Sellside Advisor*



Tim Shortland
Managing Director
TShortland@HL.com

Note:

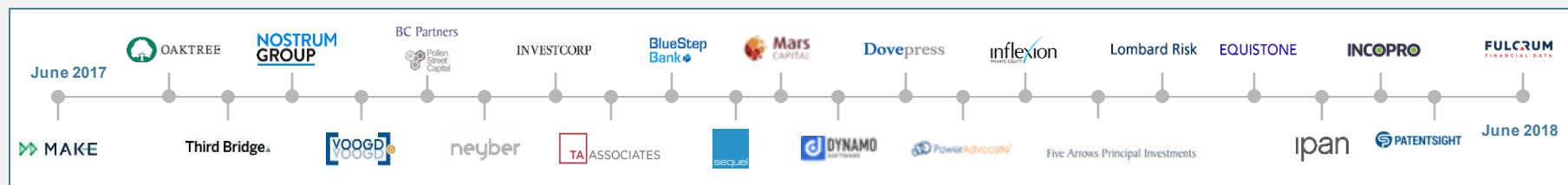
* Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey or by professionals from a Houlihan Lokey joint venture company.

Global Data & Analytics Group



- A team of 40 bankers with hands-on, senior-level attention throughout
- In excess of 65 transactions in the past three years
- Extensive international coverage: >65% of transactions are international¹
- Long track record of advising entrepreneur- and PE-owned businesses
- Dedicated team: leading adviser in defined, specialist sectors with the ability to leverage other HL resources and network

23 deals
in the
past 12
months



Note:

1) Transactions completed in the past 12 months.

M&A Analysis Methodology & Disclaimer

M&A data gathered from Mergermarket, PitchBook, S&P Capital IQ, Private Equity Wire, Finextra Research, MarketWatch, and GlobeNewswire. We have identified 172 relevant transactions for the period 2011–2017, of which 72 had considerations available. This includes acquisitions of both significant minority and majority stakes but does not include funding rounds.

Transactions are divided into eight subsector categories: Analytics, Commercial Information, Consumer Credit, Fraud/Identity/Compliance, Global Consolidator, Other, Private Equity, Sales & Marketing.

© 2018 Houlihan Lokey. All rights reserved. This material may not be reproduced in any format by any means or redistributed without the prior written consent of Houlihan Lokey.

Houlihan Lokey gathers its data from sources it considers reliable; however, it does not guarantee the accuracy or completeness of the information provided within this presentation. The material presented reflects information known to the authors at the time this presentation was written, and this information is subject to change. Houlihan Lokey makes no representations or warranties, expressed or implied, regarding the accuracy of this material. The views expressed in this material accurately reflect the personal views of the authors regarding the subject securities and issuers and do not necessarily coincide with those of Houlihan Lokey. Officers, directors, and partners in the Houlihan Lokey group of companies may have positions in the securities of the companies discussed. This presentation does not constitute advice or a recommendation, offer, or solicitation with respect to the securities of any company discussed herein, is not intended to provide information upon which to base an investment decision, and should not be construed as such. Houlihan Lokey or its affiliates may from time to time provide investment banking or related services to these companies. Like all Houlihan Lokey employees, the authors of this presentation receive compensation that is affected by overall firm profitability.

Houlihan Lokey is a trade name for Houlihan Lokey, Inc., and its subsidiaries and affiliates, which include those in (i) the United States: Houlihan Lokey Capital, Inc., an SEC-registered broker-dealer and member of FINRA (www.finra.org) and SIPC (www.sipc.org) (investment banking services); Houlihan Lokey Financial Advisors, Inc. (financial advisory services); Houlihan Lokey Consulting, Inc. (strategic consulting services); and Houlihan Lokey Real Estate Group, Inc. (real estate advisory services); (ii) Europe: Houlihan Lokey EMEA, LLP, and Houlihan Lokey (Corporate Finance) Limited, authorized and regulated by the U.K. Financial Conduct Authority; Houlihan Lokey GmbH; Houlihan Lokey (Netherlands) B.V.; and Houlihan Lokey (España), S.A.; (iii) the United Arab Emirates, Dubai International Financial Centre (Dubai): Houlihan Lokey (MEA Financial Advisory) Limited, regulated by the Dubai Financial Services Authority for the provision of advising on financial products, arranging deals in investments, and arranging credit and advising on credit to professional clients only; (iv) Singapore: Houlihan Lokey (Singapore) Private Limited, an "exempt corporate finance adviser" able to provide exempt corporate finance advisory services to accredited investors only; (v) Hong Kong SAR: Houlihan Lokey (China) Limited, licensed in Hong Kong by the Securities and Futures Commission to conduct Type 1, 4, and 6 regulated activities to professional investors only; (vi) China: Houlihan Lokey Howard & Zukin Investment Consulting (Beijing) Co., Limited (financial advisory services); (vii) Japan: Houlihan Lokey K.K. (financial advisory services); and (viii) Australia: Houlihan Lokey (Australia) Pty Limited (ABN 74 601 825 227), a company incorporated in Australia and licensed by the Australian Securities and Investments Commission (AFSL number 474953) in respect of financial services provided to wholesale clients only. In the European Economic Area (EEA), Dubai, Singapore, Hong Kong, and Australia, this communication is directed to intended recipients, including actual or potential professional clients (EEA and Dubai), accredited investors (Singapore), professional investors (Hong Kong), and wholesale clients (Australia), respectively. Other persons, such as retail clients, are NOT the intended recipients of our communications or services and should not act upon this communication.

CORPORATE FINANCE
FINANCIAL ADVISORY SERVICES
FINANCIAL RESTRUCTURING
STRATEGIC CONSULTING

[HL.com](https://www.hl.com)