

**Savills plc**  
**final results for the**  
**year ended 31**  
**December 2006**

**14 March 2007**



## overview

- the business
- operational highlights
- financial results
- strategy and growth initiatives
- market statistics
- current trading
- appendix 1 - detailed financial information
- appendix 2 - selected operating statistics



**international property  
consultants**

**the business**

The Savills logo consists of the word "savills" in a lowercase, sans-serif font, colored in a dark red or maroon hue. It is positioned on a bright yellow rectangular background.

## core business streams

The Savills Group plc logo features the company name in a bold, black, sans-serif font. To the right of the text is a stylized black umbrella icon with a curved handle.

**Transactional**

**Commercial,  
residential and  
agricultural  
agency**

**Investment  
purchases and  
sales**

**Consultancy**

**Professional property  
services including:  
valuation  
rent reviews  
project management  
planning  
building consultancy  
research**

**Property &  
Facility  
Management**

**Management of  
commercial,  
residential and  
agricultural assets.  
Corporate, facilities  
management and  
outsourcing (Hong  
Kong government)**

**Fund  
Management**

**Offers a range of  
property  
investment  
products and  
services to both  
institutional and  
retail clients.**

**Financial  
Services**

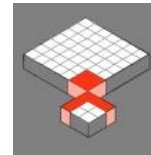
**Mortgage broking,  
financial planning  
and corporate  
finance advisory  
services**

The Savills logo, featuring the word "savills" in a lowercase, sans-serif font in a dark red color, set against a bright yellow square background.

## some of our top global clients

The Bank of Scotland logo, consisting of a white saltire (cross) on a blue square background, followed by the text "BANK OF SCOTLAND" in white, uppercase letters.

**Bank of Scotland plc**



**Hong Kong Government  
Properties Agency**

The logo for Commerz Grundbesitz, featuring the text "COMMERZ GRUNDBESITZ" in a bold, black, sans-serif font, with "INVESTMENTGRUNDSTÜCKE" in a smaller font below it, and a small yellow and orange graphic element.

**Commerz Grundbesitz  
Investment GmbH**

The ING logo, featuring the word "ING" in a bold, blue, sans-serif font, followed by a stylized orange lion.

**ING**

The logo for Deka Immobilien Investment, featuring the word "Deka" in a bold, red, sans-serif font, with "Immobilien Investment" in a smaller, black, sans-serif font below it.

**Deka Immobilien Investment  
GmbH**

The logo for LandSecurities, featuring a stylized red and blue square icon to the left of the word "LandSecurities" in a blue, sans-serif font.

**Land Securities Plc**

The logo for Morley Fund Management, featuring a stylized blue and green square icon to the left of the word "MORLEY" in a bold, blue, sans-serif font, with "Fund Management" in a smaller font below it.

**Morley Fund Management**

The Diageo logo, featuring the word "DIAGEO" in a bold, red, sans-serif font.

**Diageo Pension Trust  
Limited**

The logo for British Land, featuring a stylized black and white graphic of a building or structure to the left of the words "British Land" in a bold, black, sans-serif font.

**The British Land Company Plc**

The GIC logo, featuring a stylized white graphic of a building or structure to the left of the letters "GIC" in a bold, white, sans-serif font, set against a blue square background.

**GIC – Singapore Government**

The logo for Union Investment, featuring a stylized blue and white graphic of a building or structure to the left of the words "Union Investment" in a blue, sans-serif font.

**Union Investment Real Estate AG  
(formerly DIFA AG)**

The logo for Henderson Global Investors, featuring a stylized blue and green circular graphic to the left of the words "Henderson Global Investors" in a blue, sans-serif font.

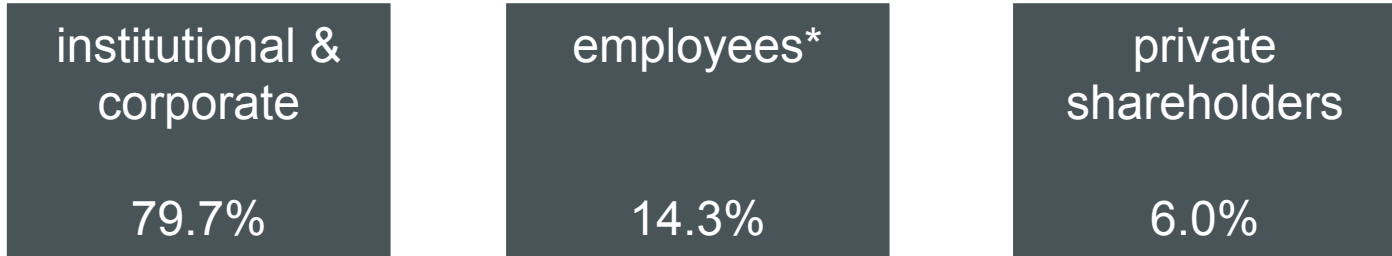
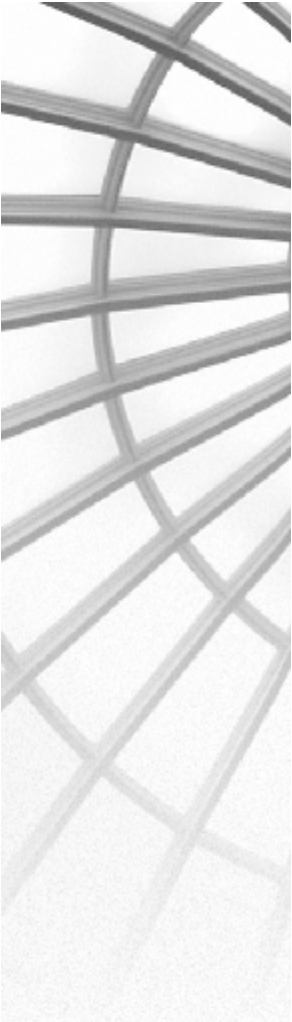
**Henderson Global Investors  
Ltd**

The logo for St Martins, featuring the words "ST MARTINS" in a bold, white, sans-serif font, set against a black square background.

**St Martins Property Corporation  
Limited**



## current shareholders



- Employees hold 6.0% of shares
- Directors hold 1.3%
- Quest and EBT hold 7.0%



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**operational highlights**



## operational highlights

- Outstanding profits, underlying profits up 31% to £75m
- Continuing growth, both organic and through acquisitions
- Major acquisitions include Korea, Blair Kirkman, HOK Ireland and Chesterfields
- New offices – 36 globally (organic 17 and acquisitions 19)
- New countries – Korea, Ireland, Hungary



**international property  
consultants**

**financial results**

## financial highlights

- strong all round performance
- revenue up 38% in 2006 to £517.6m
- underlying operating profit up 33% to £70.8m
- reported profit before tax up 44% to £84.4m
- underlying profit before tax up 31% to £75m
- underlying EPS on continuing operations up 23% to 40.8p from 33.3p
- final dividend for 2006 up 38% to 11.0p
- strong balance sheet and cash flow

## summary reported profit and loss

(£ millions)	2006	2005	% chg
revenue	517.6	373.9	38
operating profit	80.2	54.8	46
share of post tax associate and joint ventures	0.5	0.3	-
net finance income	3.7	3.5	6
profit before income tax	84.4	58.6	44
taxation	25.6	17.8	44
net profit after tax	58.8	40.8	44
effective tax rate	30.3%	30.4%	

## underlying operating profits

(£ millions)	2006	2005	% chg
revenue	517.6	373.9	38
reported operating profit from continuing operations	80.2	54.8	46
adjusted for: share based payment adjustment	(6.1)	(1.9)	-
amortisation of intangibles (ex software)	1.8	0.9	100
profit on disposals	(5.1)	(0.4)	-
underlying operating profit	70.8	53.4	33
underlying operating margins	13.7%	14.3%	



## key financial data

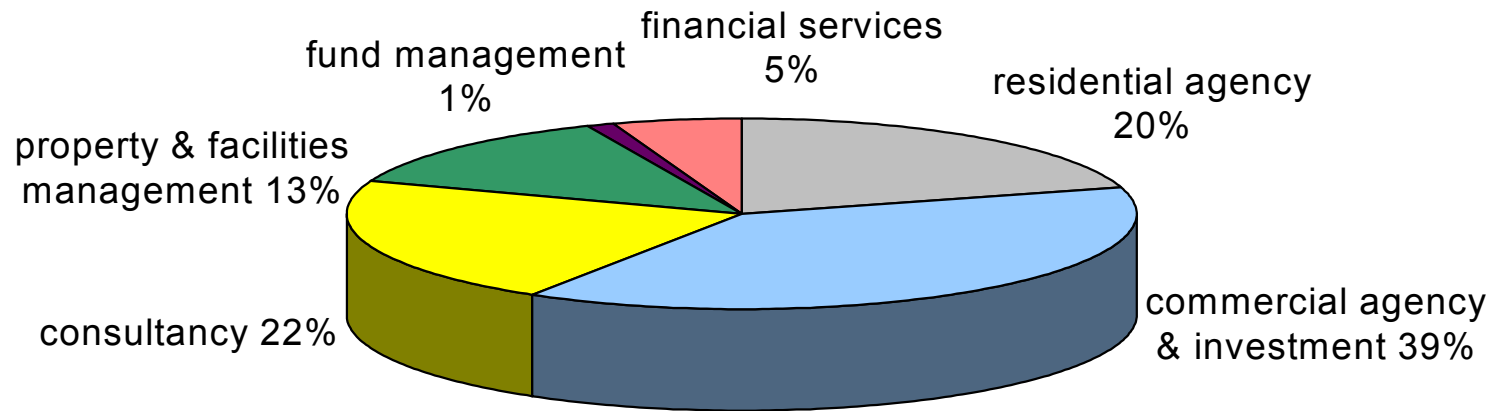
(£m)	2006	2005	% chg
underlying profit before tax	75.0	57.2	31
underlying EBITDA	76.9	58.3	32
underlying earnings per share	40.8p	33.3p	23
dividends per share	16.0p	12.0p	33
cash and cash equivalents	124.1	99.9	24

## underlying operating costs

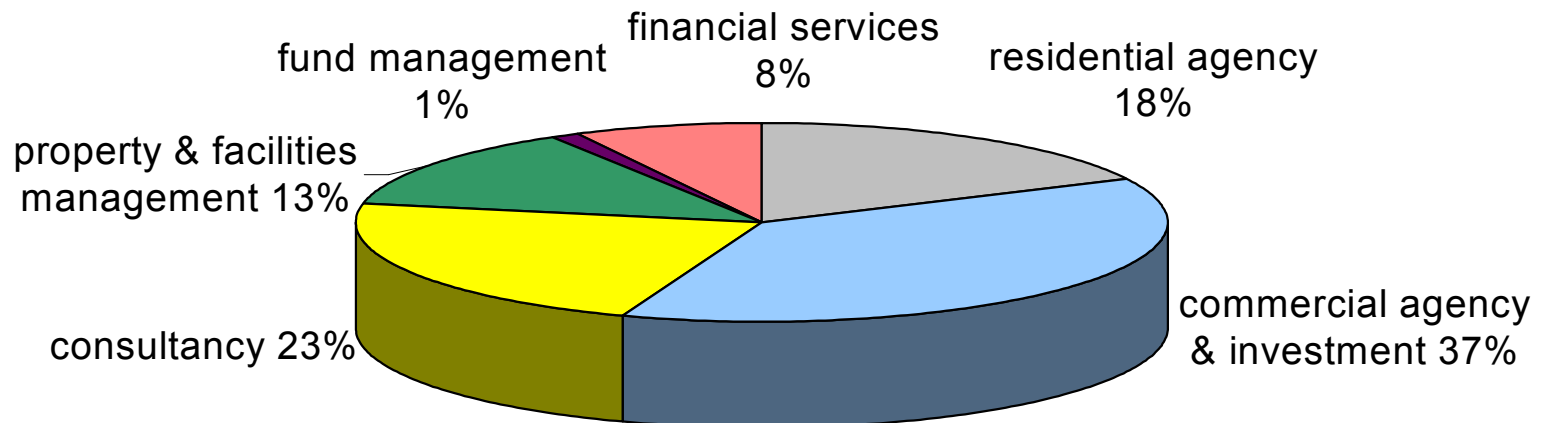
(£ millions)	2006	2006	2005	2005
	£m	% revenue	£m	% revenue
staff costs	306.1	59.1%	227.5	60.9%
other operating costs	132.7	25.6%	86.9	23.2%
depreciation, amortisation and impairment	8.0	1.6%	6.1	1.6%
	446.8	86.3%	320.5	85.7%

# diversified profits by business segment

2006 profits by segment



2005 profits by segment

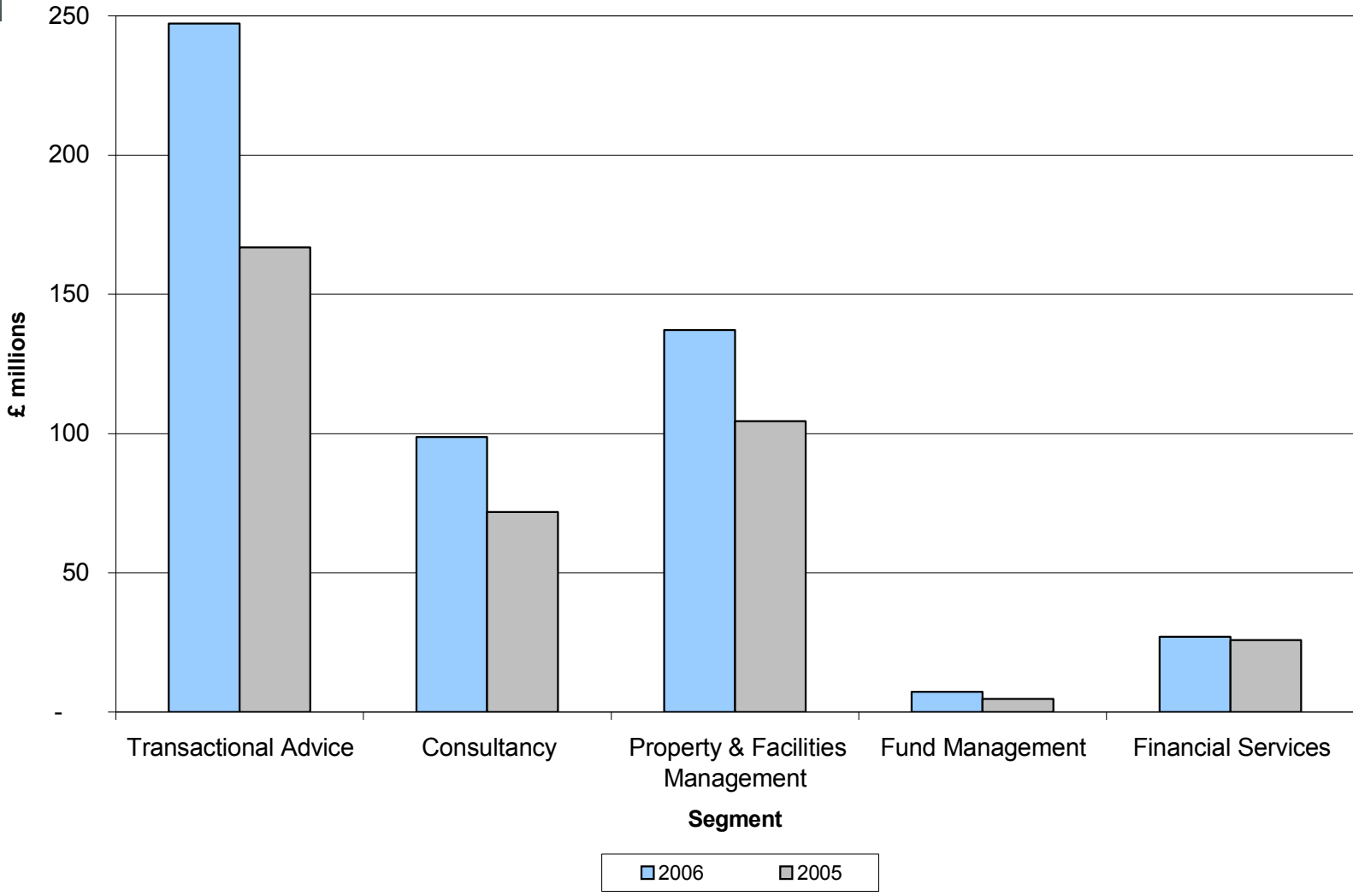
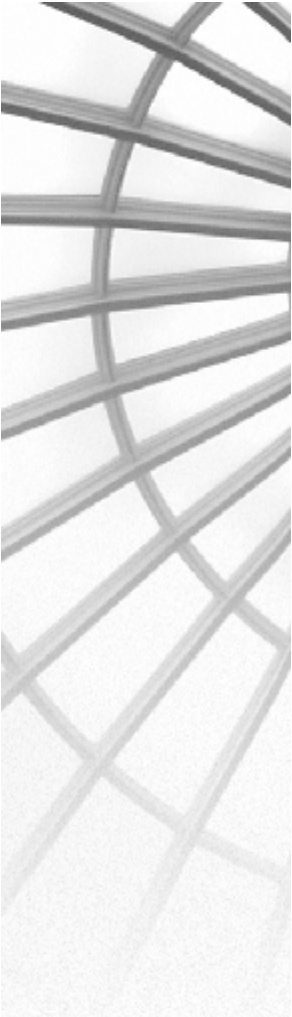


## underlying global revenue and operating profit

(£ millions)		revenue	%	profit	%	margin %
residential agency	- UK	91.5	18	15.6	22	17.0
commercial agency & investment	- UK	83.5	16	20.1	28	24.4
	- Europe	32.6	6	4.9	7	15.1
	- Asia Pacific	39.6	8	4.2	6	10.6
consultancy	- UK	82.0	16	15.0	21	18.3
	- Europe	5.3	1	0.8	1	15.1
	- Asia Pacific	11.5	2	0.7	1	6.1
property & facilities management	- UK	43.6	8	3.7	5	8.5
	- Europe	10.2	2	0.1	-	1.0
	- Asia Pacific	83.4	16	6.2	9	7.4
fund management		7.2	1	0.8	1	11.1
financial services		26.9	6	4.0	6	14.8
holding co / other		0.3	-	(5.3)	(7)	-
total		517.6	100	70.8	100%	13.7



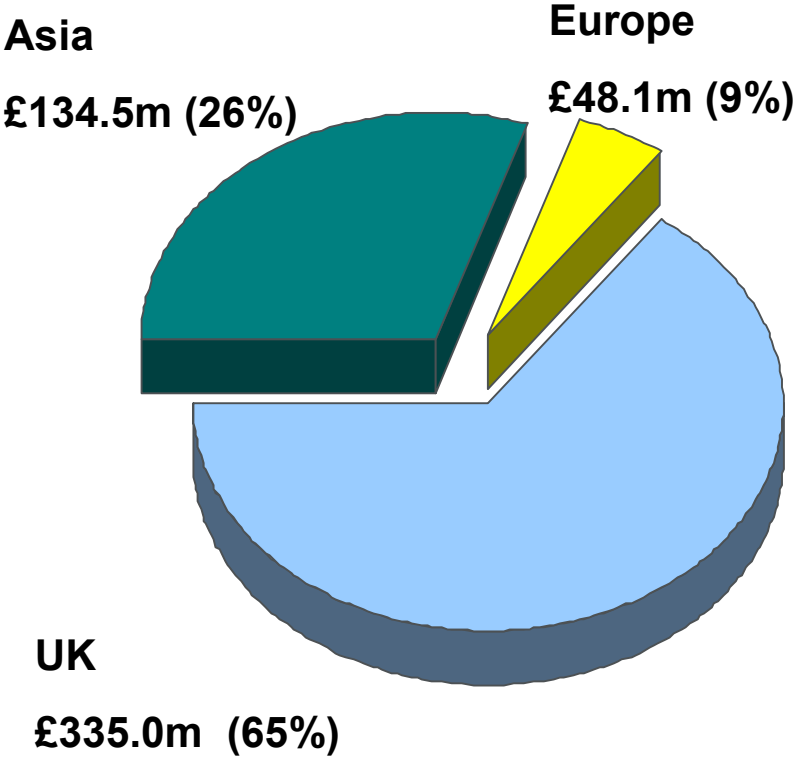
# revenue analysis



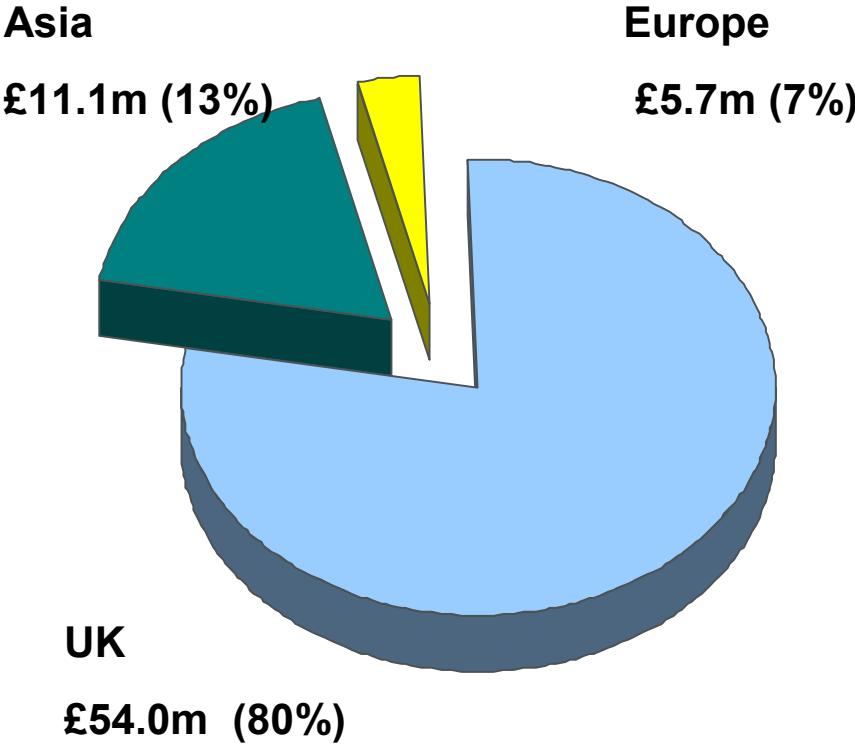


# geographical analysis of 2006 underlying results

revenue £517.6m



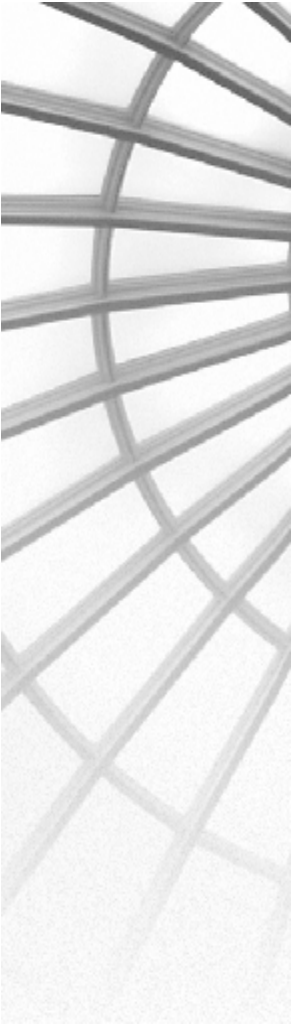
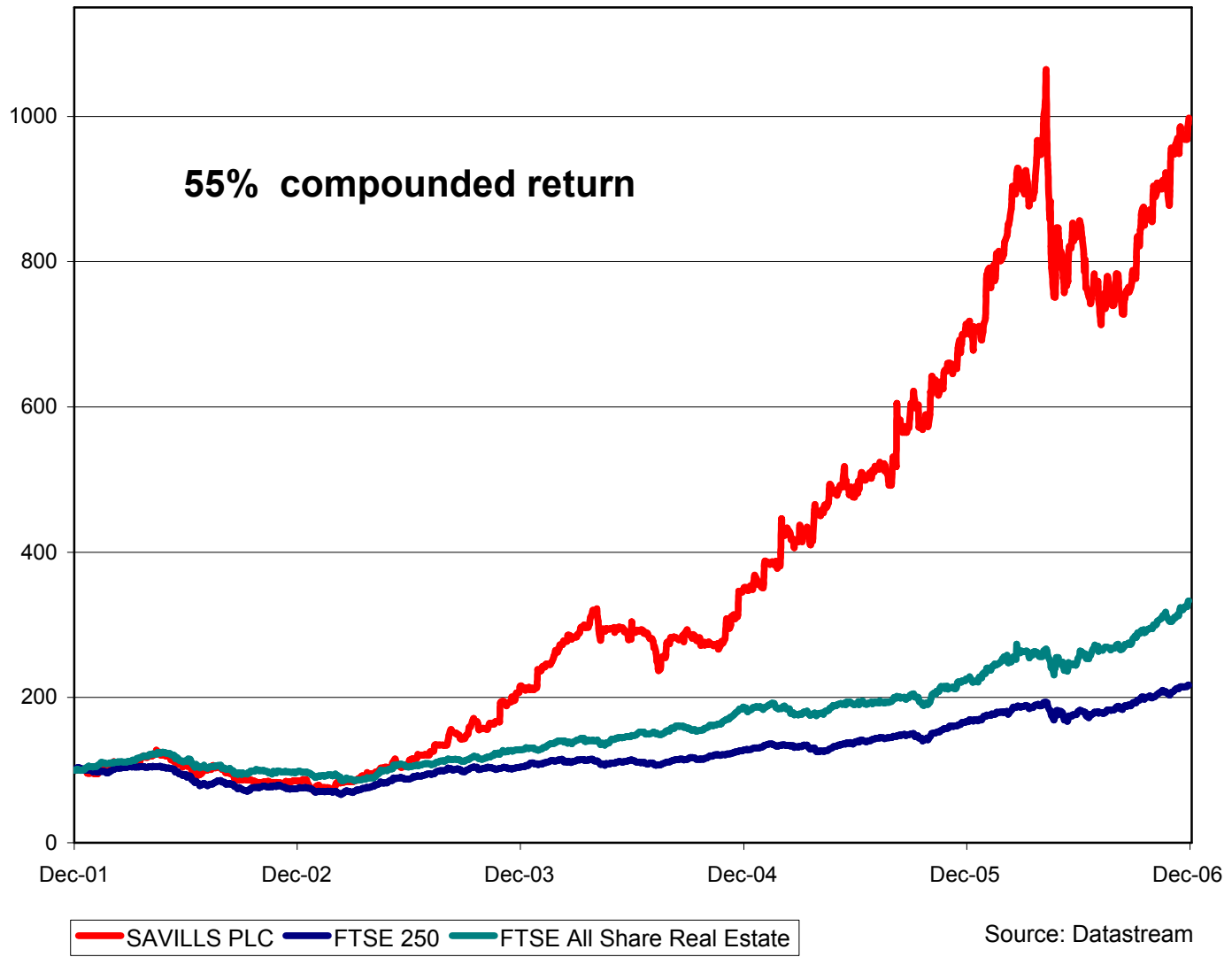
operating profit £70.8m





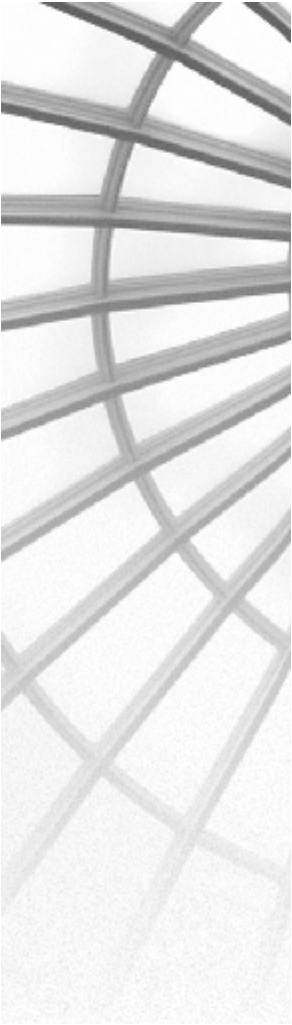
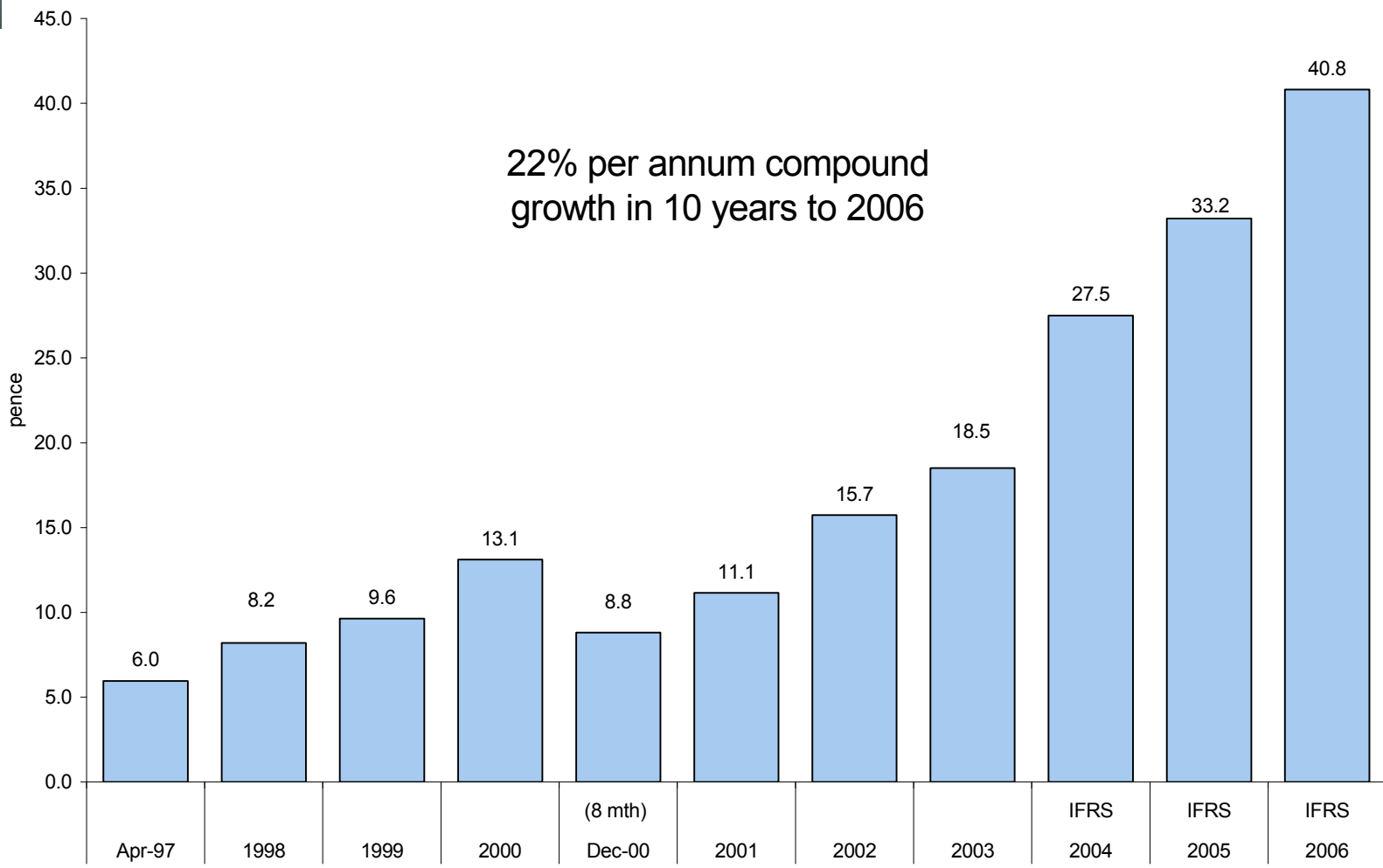
# total shareholder return

Total Shareholder Return (Rebased) - 5 Years to 31 December 2006





# 10 year underlying earnings per share





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**strategy and growth  
initiatives**



## strategy overview

Our vision is for **Savills** to become one of the **leading providers** of real estate services in all of the **major markets of the world**

By doing so, deliver **superior total returns to shareholders** compared to peers

Through this combination of **market leadership** and **financial success**, continue to attract and retain **outstanding individuals**

# market opportunities for growth

## Customers

- Growing number and type of investor
- Investors *cross-border* in perspective
- All expect *expertise* in each location
- Expect *high calibre people*, focused on client returns

## Market

- Yield compression
- Balance of risk and opportunity
  - Tier 1: lower risk; stronger demand
  - Tier 2-3: Essential for investors
- Dependent on buoyant economy

## Best Market Opportunities for Savills

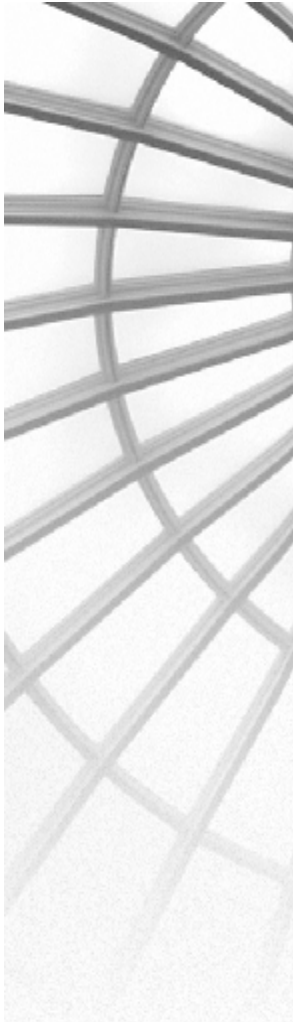
- Global Investment capability
- Strong national businesses in Tier 1 markets: Local expertise and breadth for Owners, Developers and Occupiers
- Mixed use development
- Fund Management
- Property-related financial services
- Residential

## Competition

- Competitive intensity rising
  - Tenders
  - War for talent
- Consolidation
- Some already operating on global basis
- *Market leadership* brings advantage
- Major players performing well

## Savills Advantages

- Outstanding people
- Performance culture; lean cost base
- Leading positions in UK, Ireland, HK, parts of Asia
- Residential/commercial blend
- Operating at premium end of market
- Established and ready for growth in diverse attractive markets



# strategic priorities – geographical growth

*Superior Performance and Market Leadership through Outstanding People*

**Geographical growth**

**Product and service development**

**Investment in the organisation and brand**



## **Strategy**

- Broad service offering in major cities of countries with large economies and well-developed property markets
- Investment service offering in cities with high investment potential
- Diversification across Europe, Asia, and America

## **Priorities 2007-2008**

### **• USA:**

- Initial objective: acquisition of one or more capital markets/investment businesses in major US cities
- Aim also to create Savills tenant rep business with links to Asia
- Balance of risk and opportunity

### **• Europe:**

- Broaden in cities of UK, Ireland, Germany, Spain and France
- Investment coverage of other major cities: Brussels, Helsinki, Prague, and Moscow

### **• Asia:**

- Broaden in HK, Singapore, Seoul, Japan, China
- Investment coverage in other major cities: Vietnam and Taiwan

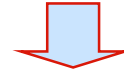
# strategic priorities – product and service development

*Superior Performance and Market Leadership through Outstanding People*

Geographical growth

Product and service development

Investment in the organisation and brand



## **Strategy**

- Regional Platforms: Capital markets, Valuation and Residential
- L&P: Continued growth in UK residential and planning
- Diversification and growth through SPF in the UK and Cordea Savills

## **Priorities**

- People in regional platform roles
- Dual focus on prime residential in the UK
- Mixed use development
- Growth of Cordea Savills
- Expansion of SPF and synergy with core business
- Development of capital market teams

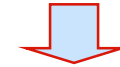
# strategic priorities – investment in the organisation and brand

*Superior Performance and Market Leadership through Outstanding People*

Geographical growth

Product and service development

Investment in the organisation and brand



## **Strategy**

- Be the **employer of choice** for outstanding people in the industry
- Build **brand recognition** and leadership in all major markets
- Improve **business development** capabilities

## **Priorities**

- HR strategy
- Investment in brand to support expansion and to attract the best in the industry
- Business development best practices

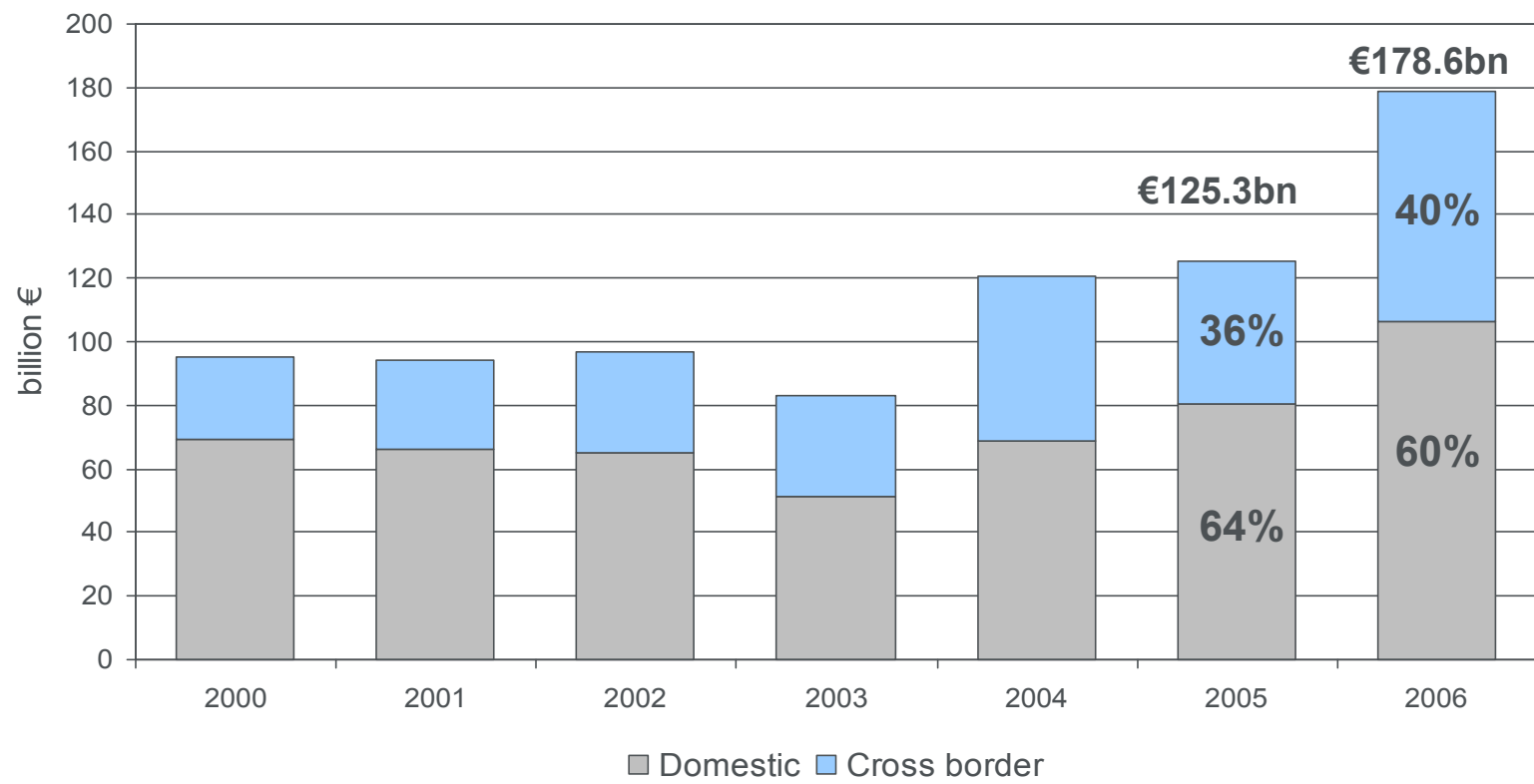
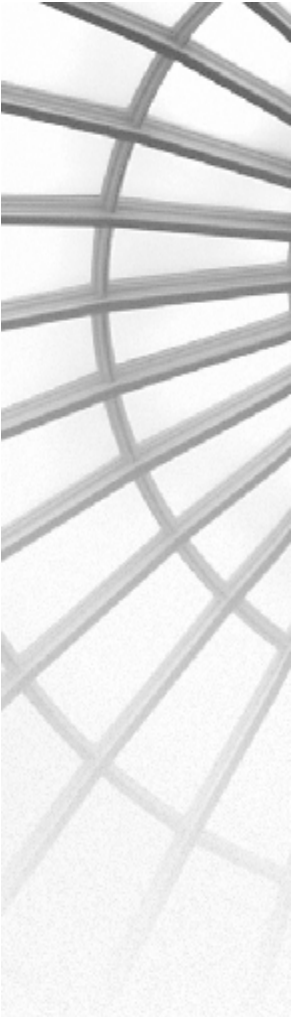


**international property  
consultants**

**market statistics**



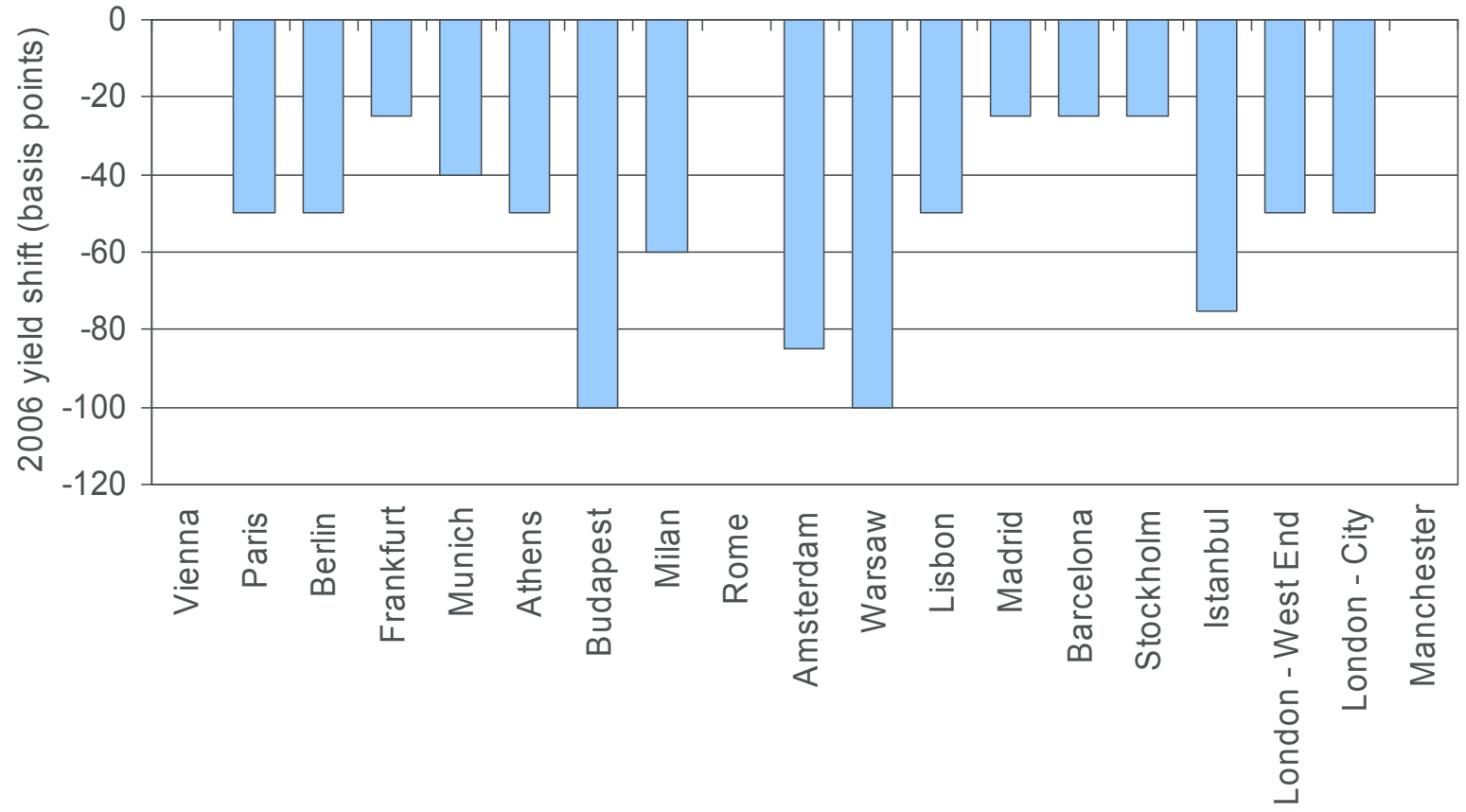
## European investment in commercial property up 42% in 2006



Source: Savills and various



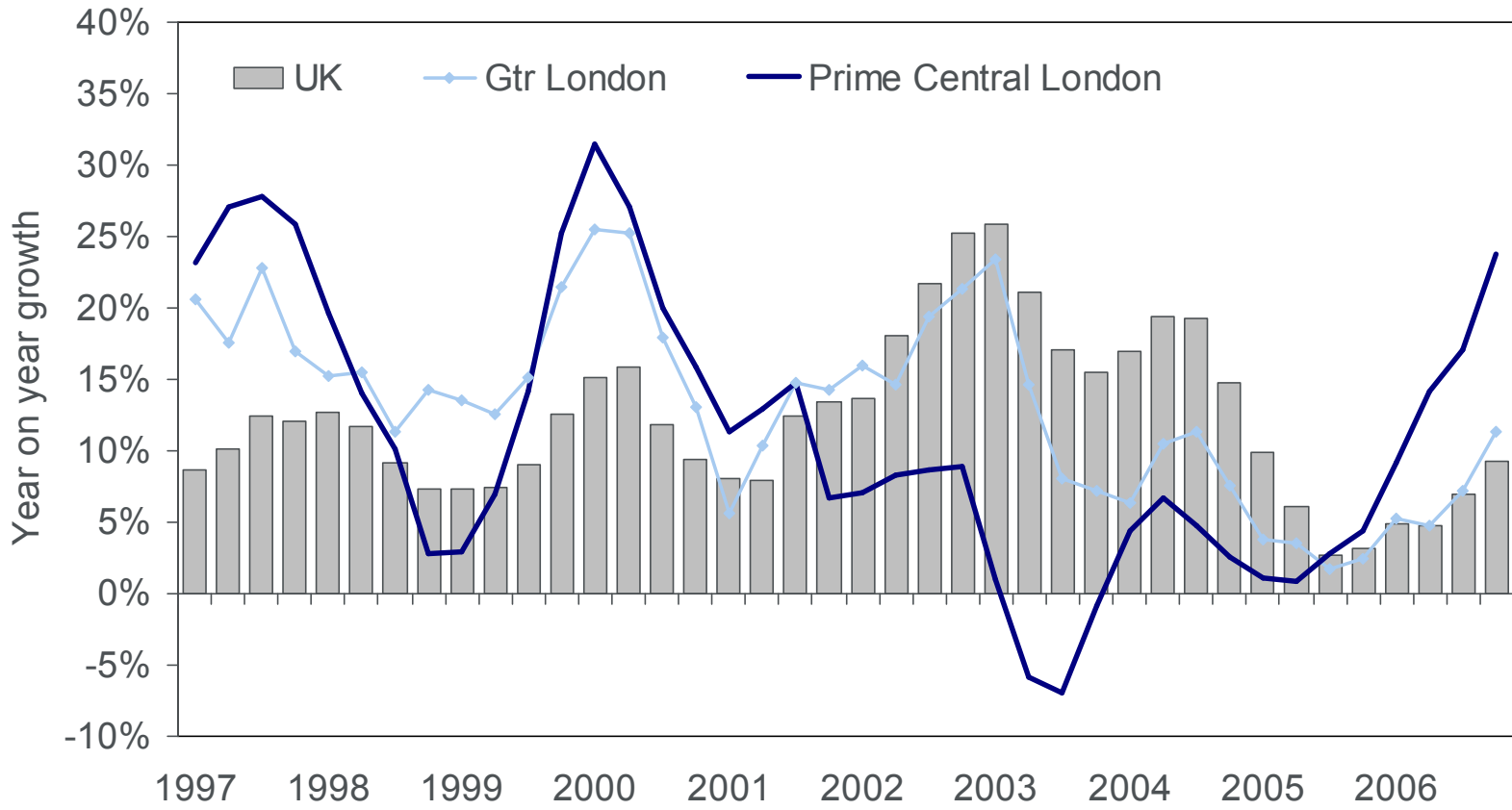
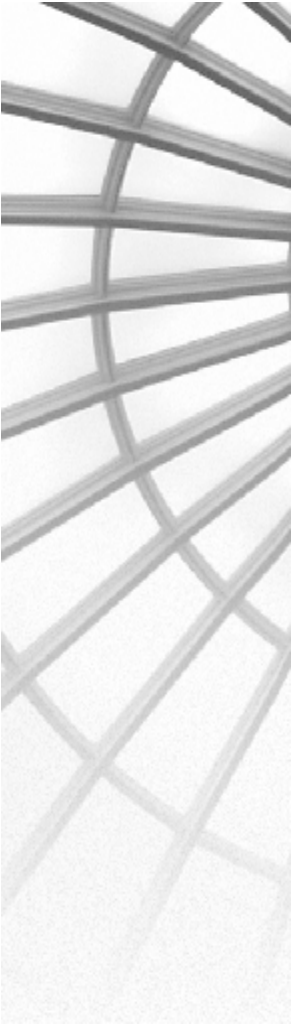
# European office yields continue to harden



Source: Savills and various



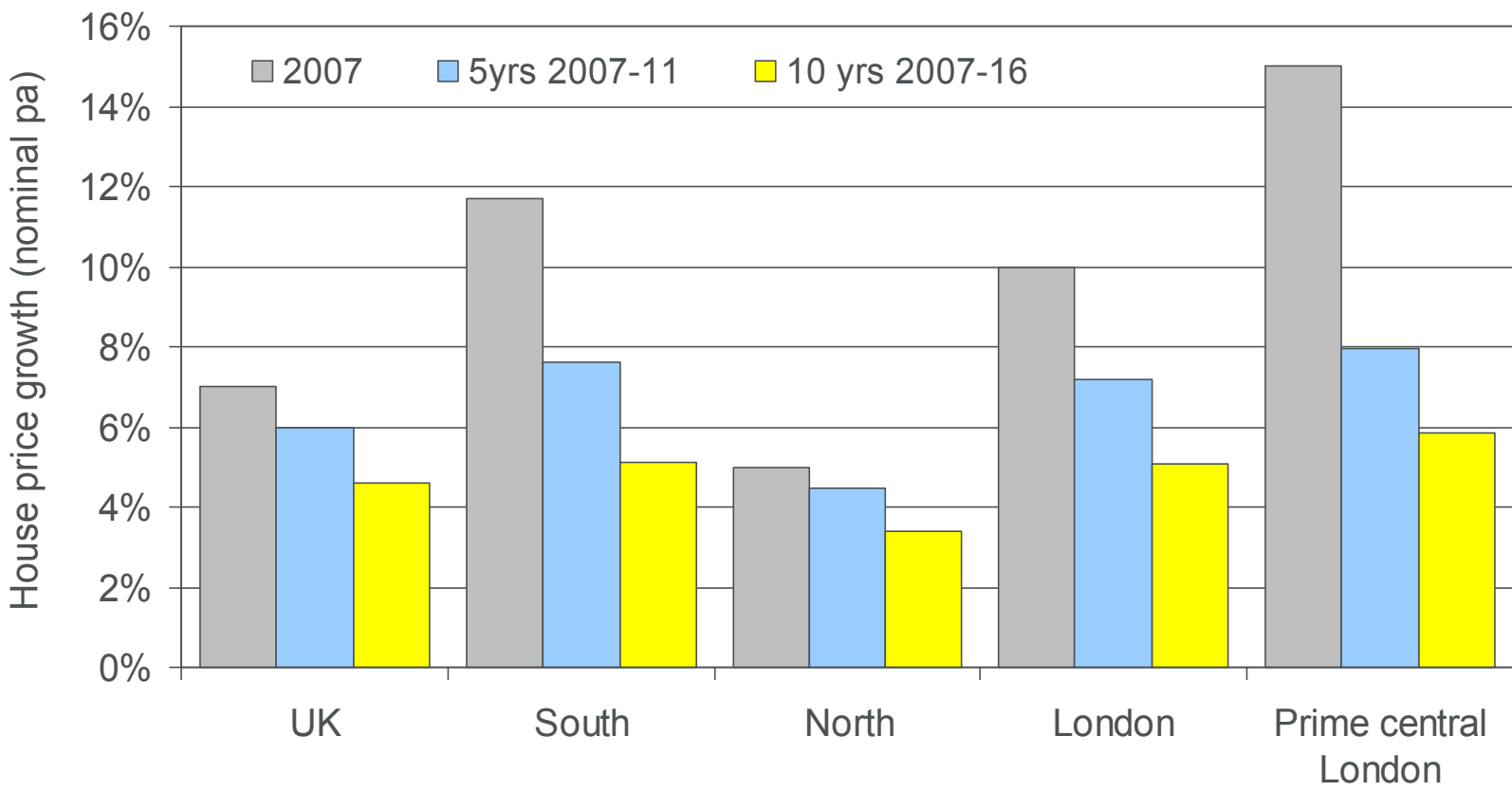
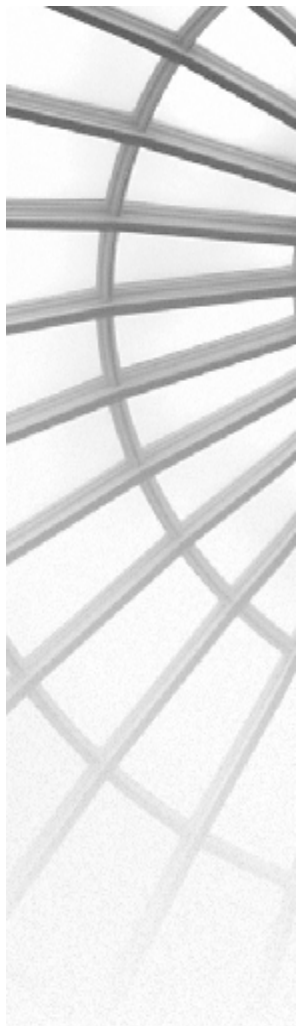
# strong recent growth in prime residential central London



Source: Nationwide Building Society / Savills Research



we maintain our view for UK residential price growth in 2007



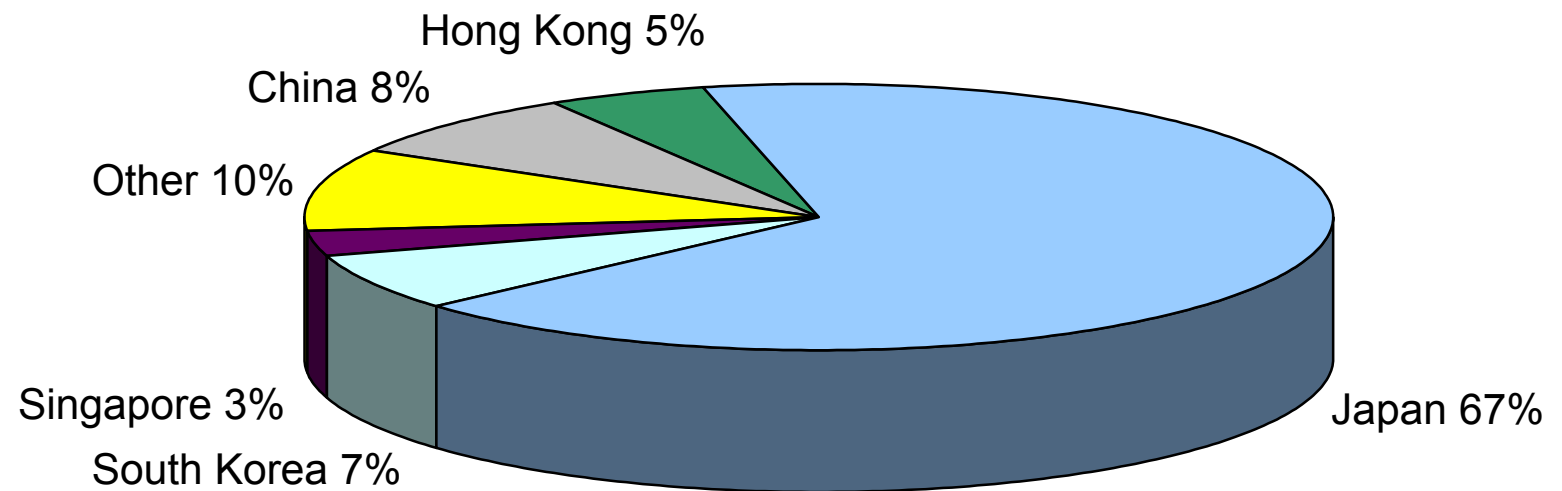
Source: Savills Research

## major Asian cities outlook

	Real GDP Growth (%)		Consumer Prices (%)	
	2007	2008	2007	2008
China	9.7	9.5	2.4	2.7
Hong Kong	5.2	5.0	2.5	2.8
Japan	1.9	2.3	0.2	0.6
South Korea	4.4	4.9	2.4	2.6
India	8.1	7.4	5.5	4.7
Malaysia	5.5	5.7	2.6	2.5
Singapore	5.2	5.6	1.2	1.3
Thailand	4.6	5.1	3.0	3.0

Source: Asia Pacific Consensus Forecasts, Savills Research & Consultancy

## Asia direct real estate market capitalisation by country



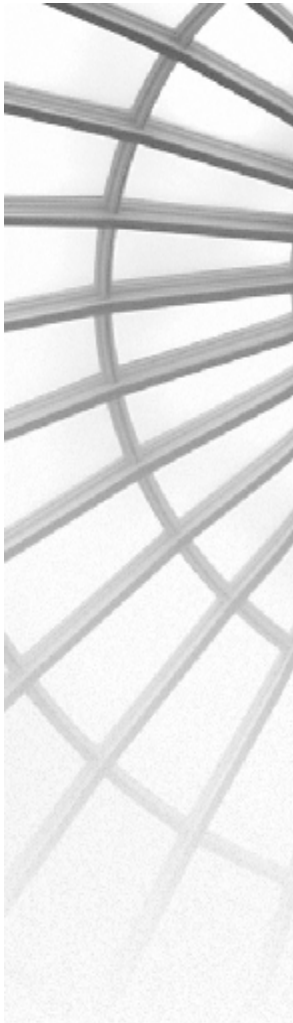


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**current trading**

## current trading

- transactional - investment demand likely to remain high over the next year
  - REITS increasing sector interest
  - leasing continuing to improve
  - residential agency (prime) showing continued growth
- consultancy - good demand for all advisory services, especially in the UK
- property management – steady growth, expanding teams, new China offices
- financial services – mortgage demand still strong
- fund management – continued launch of funds
- general outlook



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**appendix 1: detailed  
financial information**

## summary profit and loss with underlying adjustments

(£ millions)	2006	2005	% chg
revenue	517.6	373.9	38
reported operating profit from continuing operations	80.2	54.8	46
adjusted for: share based payment adjustment	(6.1)	(1.9)	-
amortisation of intangibles (ex software)	1.8	0.9	100
profit on disposals	(5.1)	(0.4)	-
underlying operating profit	70.8	53.4	33
underlying operating margin	13.7%	14.3%	-
net interest	3.7	3.5	6
share of associate and joint venture results	0.5	0.3	-
underlying profit before tax	75.0	57.2	31

## staff costs

(£ millions)	2006	2005	% chg.
staff costs	147.2	119.0	24
bonuses & commissions*	125.2	83.9	49
pension	28.4	22.7	25
share based payments	5.3	1.9	-
total	306.1	227.5	36
% of revenue	59%	61%	-
weighted average staff number	15,844	14,516	9%
year end staff number	17,026	15,028	13%

\* staff bonuses are flexible and highly incentivised

## taxation analysis

(%)	2006	2005
UK tax rate	30.0	30.0
general disallowables	(0.7)	1.8
overseas tax rates	1.4	(1.2)
intangible amortisation	(0.4)	(0.4)
prior year adjustments	-	0.2
effective tax rate	30.3%	30.4%

## summary balance sheet

(£ millions)	2006	2005
non-current assets	172.0	111.5
current assets	291.2	283.2
<b>total assets</b>	<b>463.2</b>	<b>394.7</b>
non-current liabilities	36.3	31.5
current liabilities	214.1	194.9
<b>total liabilities</b>	<b>250.4</b>	<b>226.4</b>
<b>total equity</b>	<b>212.8</b>	<b>168.3</b>

## summary cash flow

(£ millions)	2006	2005
at 1 january	99.9	89.9
cash generated from operating activities	76.1	32.6
acquisitions & disposals (incl capex)	(27.2)	(31.8)
issue of share capital (incl TCC)	1.2	38.1
share buy-back / EBT	(5.0)	(4.7)
dividends	(16.4)	(23.1)
net movement in borrowings	(0.9)	(3.6)
exchange rate fluctuations	(4.0)	2.5
at 31 december (including bank overdrafts)	123.7	99.9



**international property  
consultants**

**appendix 2: selected  
operating statistics**

## UK residential sales statistics

	2006 no of trans	2005 no of trans	2006 avg value	2005 avg value	2006 avg fee %	2005 avg fee %
London and home counties	1,577	1,183	£1.40m	£1.27m	1.58	1.54
rest of UK	2,659	2,034	£0.77m	£0.73m	1.44	1.41
total UK	4,236	3,217	£1.00m	£0.93m	1.51	1.47
new homes	4,790	3,646	£0.44m	£0.38m	1.01	1.06



## fund management

fund type	client type	assets under management	fee structure
segregated	pension funds	£975m	<ul style="list-style-type: none"><li>▪ advisory</li><li>▪ transactional</li><li>▪ performance</li><li>▪ distribution</li></ul>
	private clients & trusts	£139m	
pooled	charities	£373m	
	institutional	£122m	
private	private clients	£23m	
institutional europe	uk	£205m	
	non-uk	£311m	
		<b>£2,148m</b>	

**Total assets under management; £2.1bn, growth of 22% on 2005**



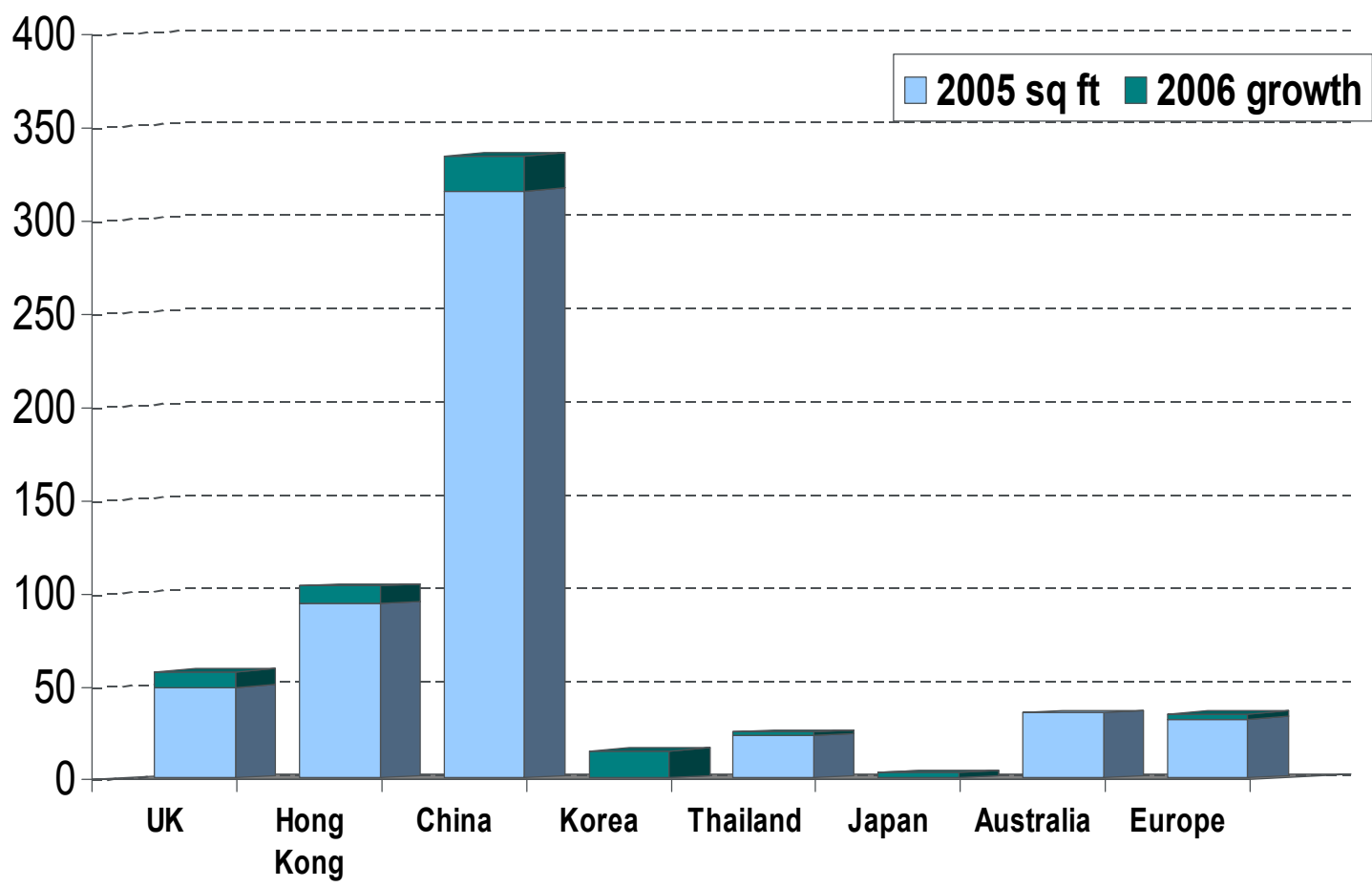
## mortgage broking

	2006 value (£m)	2006 no of trans	2005 value (£m)	2005 no of trans
residential purchase	820	3,219	686	2,615
residential re-mortgage	548	1,486	621	1,665
buy to lets	999	5,367	957	4,792
commercial purchase	682	247	725	245
international purchase	76	98	29	66
total	3,125	10,417	3,018	9,383



# global property under management

square feet millions





## global staff numbers as at 31 December 2006



# disclaimer

## Forward-looking statements

These slides contain certain forward-looking statements including the Group's financial condition, results of operations and business, and management's strategy, plans and objectives for the Group. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Group's control, are difficult to predict and could cause actual results to differ materially from those expressed or implied or forecast in the forward-looking statements. These factors include, but are not limited to, the fact that the Group operates in a highly competitive environment. All forward-looking statements in these slides are based on information known to the Group on the date hereof. The Group undertakes no obligation publicly to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.