

Preliminary results for the year ended 31 December 2008

Savills plc

11th March 2009

Savills plc - Leading International Real Estate Advisors

Presentation team



Jeremy Helsby
Group Chief Executive



Danny O'Donnell
Group Financial Controller

Key themes

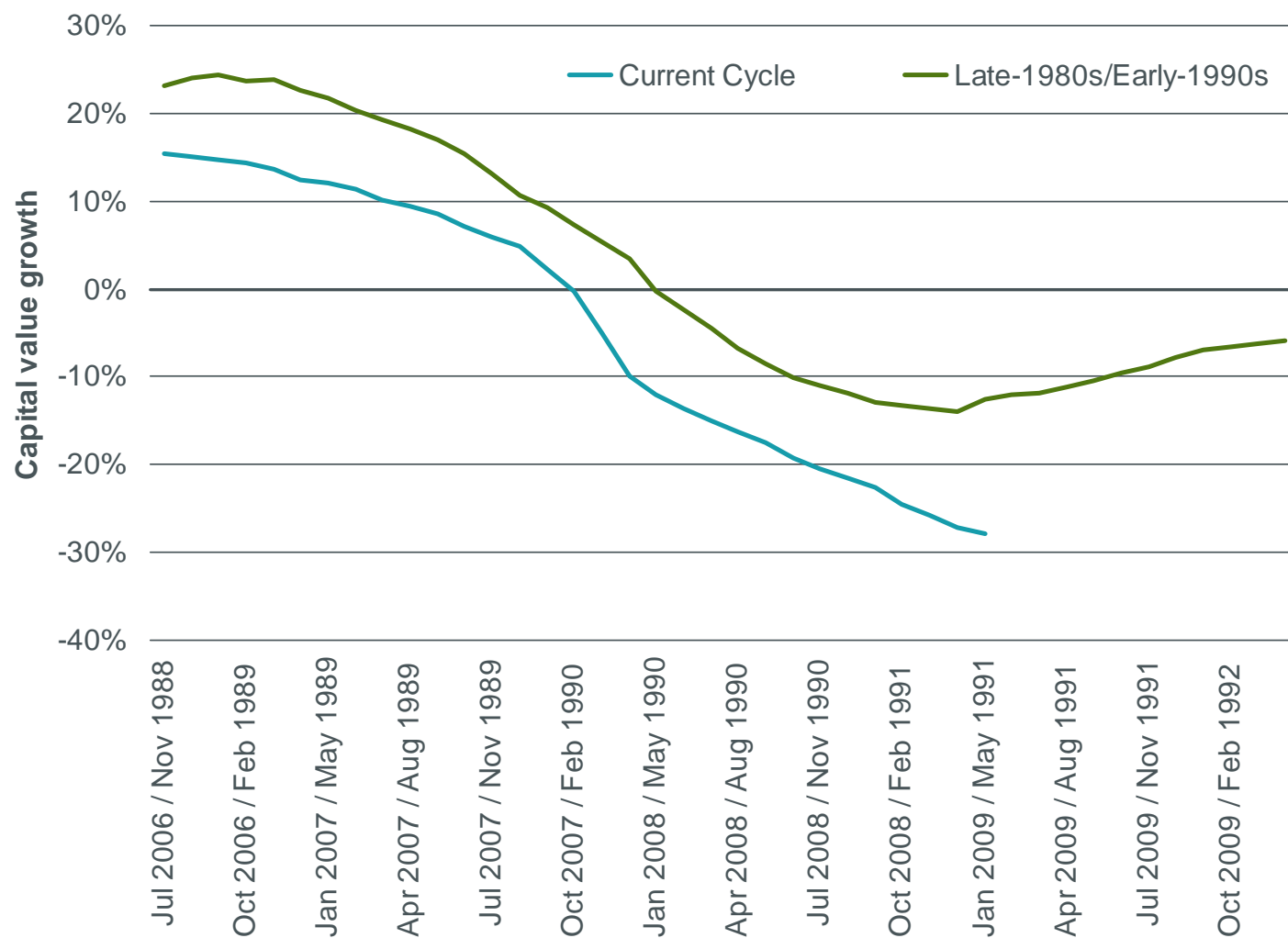
- Resilient performance in difficult markets
- Robust business model
 - Geographic diversification
 - Business stream diversification
 - Savills culture
- Management 2009 priorities
- Market outlook

Results highlights

- Strong balance sheet, net cash £46m, credit line of £80m until 2011
- Profitable growth in Property and Facilities Management
- Good results for UK Commercial
- UK Residential Agency made £2.8m profit - 8% of Group profits
- Strong Asia performance – revenue up 11%

The value of diversification

Market backdrop



In 18 months, all property values have fallen twice as far in the current downturn as in the early 1990's downturn

Source: IPD Monthly Index

Dividend

- Interim 6p – final 3p
- Total: 9p for the year – rebased
- In line with profit reduction
- Preservation of cash



Danny O'Donnell
Group Financial Controller

Summary underlying results

Year ended December (£ millions)	2008	2007	% chg
revenue	568.5	650.5	(13)%
underlying operating profit	30.1	83.0	(64)%
underlying profit before tax	33.2	85.5	(61)%
PBT margin	5.8%	13.1%	
earnings per share	18.1p	46.1p	(61)%
net assets	211.0	223.6	(6)%
net cash	45.7	77.5	(41)%

Summary reported profit and loss

Year ended December (£ millions)	2008	2007
revenue	568.5	650.5
operating (loss)/profit	(10.7)	83.4
(loss)/profit before income tax	(7.7)	85.5
taxation	(4.6)	(28.0)
(loss)/profit after tax	(12.3)	57.9

Underlying PBT reconciliation

Year ended December (£ millions)	2008	2007
reported (loss)/profit before tax	(7.7)	85.9
adjusted for exceptional items:		
Goodwill/intangible/investment impairments	38.5	-
Co-investment write downs	6.9	-
Restructuring	5.4	-
Infinergy sale	(16.9)	-
pre-exceptional PBT	26.2	85.9
adjusted for:		
share based payment adjustment	3.3	(4.8)
Amortisation/impairments	4.2	5.1
profit on disposals	(0.5)	(0.7)
underlying PBT	33.2	85.5

Global revenue and underlying PBT

Year ended December (£ millions)		Revenue		Pbt	
		2008	2007	2008	2007
transactional residential	- UK	64.2	115.0	2.8	17.3
transactional commercial	- UK	51.9	79.4	7.8	17.7
	- Europe	34.2	45.4	(7.8)	3.8
	- Asia Pacific	56.2	60.6	4.3	9.6
	- America	1.9	3.7	(3.9)	0.2
Total transactional		208.4	304.1	3.2	48.6
consultancy	- UK	100.9	114.4	13.5	18.7
	- Europe	11.5	10.7	0.8	2.0
	- Asia Pacific	19.4	16.4	2.0	1.6
Total consultancy		131.8	141.5	16.3	22.3
property management	- UK	60.2	51.6	7.0	4.6
	- Europe	21.9	18.1	(1.2)	0.1
	- Asia Pacific	109.3	90.0	8.4	6.2
Total property management		191.4	159.7	14.2	10.9
financial services		17.4	29.8	(1.0)	5.1
fund management		19.5	15.4	3.6	4.1
holding co / other				(3.1)	(5.5)
total		568.5	650.5	33.2	85.5

Cost savings

(excluding bonus profit and revenue commission)

£'m	Actual	Run rate
Savings 2008	22	28

We have identified additional savings of circa £20m for 2009

Operating costs

Year ended December (£ millions)	2008 £m	2008 % revenue	2007 £m	2007 % revenue
staff costs	357.4	63%	382.3	59%
<i>o/w - bonus costs</i>	<i>59.7</i>	<i>11%</i>	<i>123.8</i>	<i>19%</i>
<i>o/w - commission</i>	<i>20.2</i>	<i>4%</i>	<i>28.2</i>	<i>4%</i>
other operating costs	176.4	31%	174.3	27%
depreciation, amortisation and impairment	12.2	2%	11.9	2%
bonus & commission as a % of staff costs		22%		40%

Taxation analysis

- Underlying tax rate 36.1% (2007 – 31.5%)
- Lower foreign tax, offset by:
 - Share incentives
 - General disallowables

Summary cashflow

Year ended December (£ millions)	2008	2007
b/fwd cash	110	124
Cash (used in) from operations after interest & tax	(6)	103
investments, acquisitions and capex	(18)	(72)
disposals of JVs, subsidiaries & assets held-for-sale	11	5
buy backs – for cancellation and EBT	-	(41)
dividends	(25)	(22)
foreign exchange movement	16	1
borrowings (re-paid) proceeds	(13)	12
cash and overdrafts at period end	75	110
borrowings at period end	(29)	(32)
net cash at period end	46	78



Jeremy Helsby
Group Chief Executive

1998 to 2008 Transformation of Savills

	2008	1998
Revenue	£568m	£72m
Staff numbers	19,834	870
% revenue from UK	55%	100%
Number of offices	182	38
Countries	36	1

To become the **Real Estate Advisor of Choice** in our chosen global markets

Savills external endorsements



Winner of
RTPI Planning
Consultancy of the year
2008



Irish Property Awards
Winners of **Retail,**
Investment and
Residential Teams of
the Year - 2008



Best Business
Superbrand in the
Real Estate sector

The Times Graduate Recruitment Awards

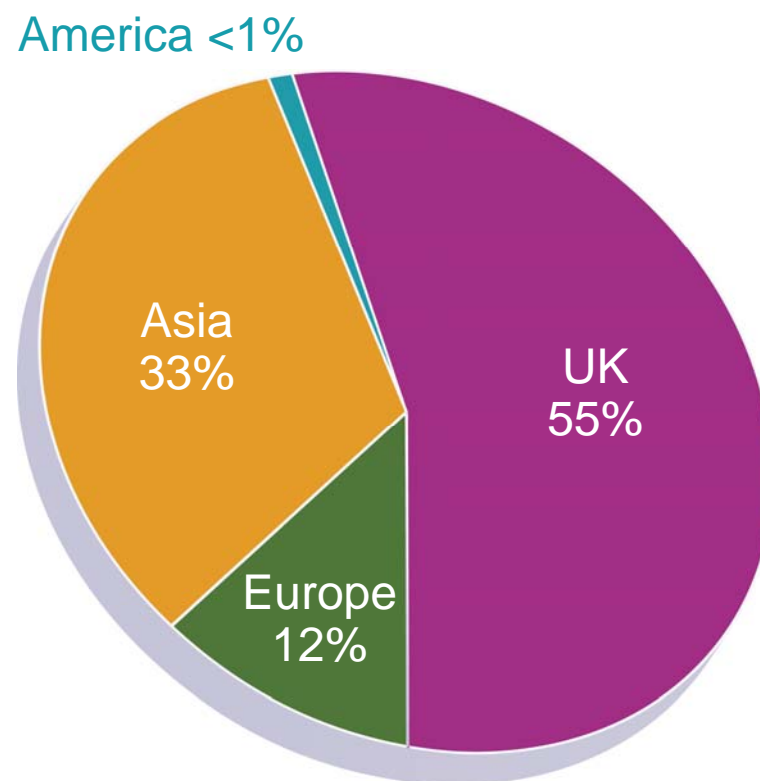
Winner of
'Graduate Employer of
Choice - Property'
2006, 2007 and 2008

Key themes

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Broad geographic diversification

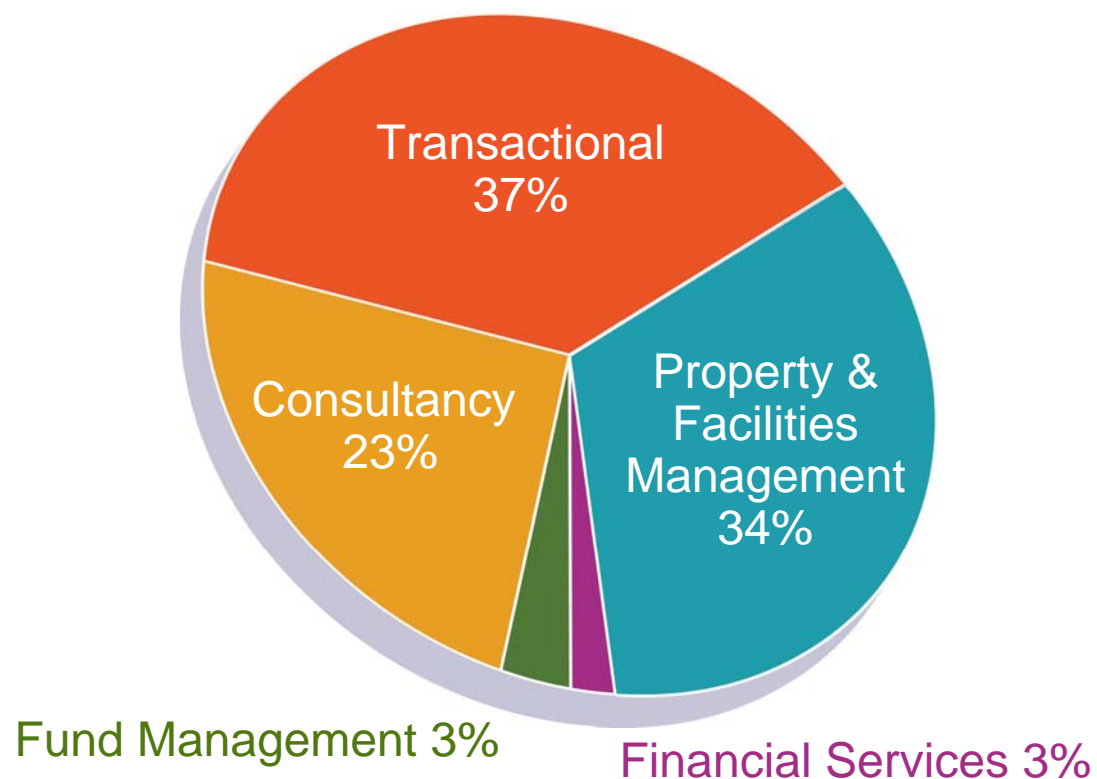
Revenue 2008



Overseas revenue now £254.4m, and 45% of total group revenue (1998 – zero)

Diversification business stream

Revenue 2008



Non-transactional revenue of £360m (63% of total), Consultancy and Property/Facilities Management contributed 91% of total group profit

Our consultancy services

- Housing consultancy
- Building consultancy
- Planning
- Rent review
- Valuation
- Rating
- Capital allowances
- Development consultancy



Total £131.8m of revenue, £16.3m = 49% of total group profit

Savills Culture

- A devolved management structure encouraging accountability and efficient decision making
- A remuneration structure of competitive salary and incentive through bonus and shares
- Encouragement of entrepreneurial culture underpinned by a strong risk management

Result: we aim to retain and attract the best

Management priorities

- Improving client service
- Increasing market share
- Cash preservation
- Maintaining key teams
- Cost control - £22m saving in 2008, additional £20m in 2009

Ready to seize opportunities

Markets today

Commercial

- Cash is king – equity funding, limited debt
- Deals closing for Grade A assets with long leases, good covenants
- Sterling fall makes UK property attractive to overseas investors
- UK yields now higher than their long-term average
- Lack of distressed sellers – mismatch between stock available and buyers' requirements
- Rents falling as economic downturn impacts on leasing activity
- Restrained development will aid the recovery

Markets today

Residential

- Increased buyer interest and activity especially in London
- Rental markets remain firm
- Lowest base rates ever means mortgages are cheap
- Political will to increase mortgage lending
- More defaults/reposessions predicted to come
- Poor returns from banks, bonds and equities is good news for UK property

Summary

- Resilient performance in 2008 but very cautious for 2009
- Good track record of building our business across the cycle
- Top quality clients with strong relationships
- Strong balance sheet – net cash £46m
- Ability to retain and attract the best people
- Proven diversification by sector and geography

Excellent people, powerful brand, good diversification = competitive advantages for long-term growth

Disclaimer

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