

Savills plc

Results for the six months to
30 June 2010

savills



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.



Leading International Real Estate Advisors



Presentation Team



Jeremy Helsby
Group Chief Executive



Simon Shaw
Group Chief Financial Officer

Key Themes



- Resilient performance – diversified business model (geographical / service)
- Strong performance in UK Residential and Asia Pacific transaction advisory businesses
- Improved performance in Continental Europe
- Small acquisitions (Cordea minority, Incoll-Australia)
- Strong balance sheet
- Currently trading well but caution over H2 2010



Results Highlights

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- Revenue up 23% to £304m (H1 2009: £248m) – (22% in constant currency)
- Underlying PBT recovered in H1 to reach to £17.2m (H1 2009: £2.5m)
- Transaction Advisory revenue recovered; 57% growth on H1 2009
- Consultancy revenue grew 12%
- Property and Facilities Management revenue growth of 8%
- Strong net cash position at period end of £20.1m (H1 2009: net debt £0.4m)
- Dividend maintained at 3p per share (H1 2009: 3p)



Summary Underlying Results

The Savills logo, consisting of the word "savills" in a lowercase, sans-serif font, positioned within a yellow square.

6 months ended June (£ millions)	2010	2009	% chg
revenue	304.4	247.6	22.9%
underlying profit before tax	17.2	2.5	588%
underlying PBT margin	5.7%	1.0%	
underlying basic earnings per share	9.6p	1.3p	638%
net assets	179.5	183.1	(2.0)%
net cash	20.1	(0.4)	n/a

Summary Cash flow

Period ended 30 June (£ millions)	2010	2009
Cash at start of period	80.9	75.3
cash used in operations	(12.4)	(30.2)
investments, acquisitions (incl. minorities) and capex	(18.1)	(5.6)
EBT share purchases	(9.7)	(2.1)
dividends	(8.1)	(4.6)
F/X movement	3.4	(6.5)
Net new borrowings	13.9	7.8
cash and overdrafts at period end	49.9	34.1
borrowings at period end	(29.8)	(34.5)
net cash at period end	20.1	(0.4)

Underlying PBT Reconciliation

6 months ended June (£ millions)	2010	2009
reported profit before tax	14.4	0.1
goodwill/intangible/investment impairments and amortisation	1.4	1.4
share based payment adjustment	1.4	1.0
underlying PBT	17.2	2.5

FX Effect on Underlying Results

6 months ended June (£ millions)	June 2010 actual	June 2009 actual	FX gain/ (loss)	Constant currency actual	Constant currency variance
revenue	304.4	247.6	2.7	301.7	22%
underlying costs	(287.2)	(245.1)	(2.7)	(284.5)	16%
underlying PBT	17.2	2.5	-	17.2	588%

Global Revenue and Underlying PBT

6 months ended June (£ millions)	Revenue			PBT		
	2010	2009	% chg	2010	2009	% chg
total transactional	116.6	74.1	57.4%	9.4	(7.6)	n/a
total property management	113.7	105.4	7.9%	7.1	7.2	(1.4)%
total consultancy	60.8	54.2	12.2%	4.0	3.6	11.1%
financial services	4.9	5.4	(9.3)%	(0.9)	(2.1)	57.1%
fund management	8.4	8.5	(1.2)%	1.5	1.6	(6.3)%
holding co / unallocated				(3.9)	(0.2)	n/a
Total	304.4	247.6	22.9%	17.2	2.5	588%

Transactional Business



6 months ended June (£ millions)		Revenue			PBT		
		2010	2009	% chg	2010	2009	% chg
transactional commercial	- UK	19.2	13.9	38.1%	2.5	0.2	1150%
	- Europe	12.2	10.4	17.3%	(3.5)	(8.0)	56.3%
	- Asia Pacific	44.8	20.5	119%	7.0	(1.6)	n/a
	- America	1.2	2.0	(40.0)%	(2.0)	(1.3)	(53.8)%
transactional residential	- UK	39.2	27.3	43.6%	5.4	3.1	74.2%
Total transactional		116.6	74.1	57.4%	9.4	(7.6)	n/a

Non-transactional Business

6 months ended June (£ millions)		Revenue			PBT		
		2010	2009	% chg	2010	2009	% chg
property management	- UK	33.7	29.2	15.4%	2.5	3.1	(19.4)%
	- Europe	9.6	11.3	(15.0)%	(0.4)	(0.2)	(100)%
	- Asia Pacific	70.4	64.9	8.5%	5.0	4.3	16.3%
Total property management		113.7	105.4	7.9%	7.1	7.2	(1.4)%
consultancy	- UK	44.1	40.2	9.7%	3.4	3.0	13.3%
	- Europe	3.9	4.1	(4.9)%	(0.1)	(0.4)	75.0%
	- Asia Pacific	12.8	9.9	29.3%	0.7	1.0	(30.0)%
Total consultancy		60.8	54.2	12.2%	4.0	3.6	11.1%
financial services		4.9	5.4	(9.3)%	(0.9)	(2.1)	57.1%
fund management		8.4	8.5	(1.2)%	1.5	1.6	(6.3)%
Total		187.8	173.5	8.2%	11.7	10.3	13.6%

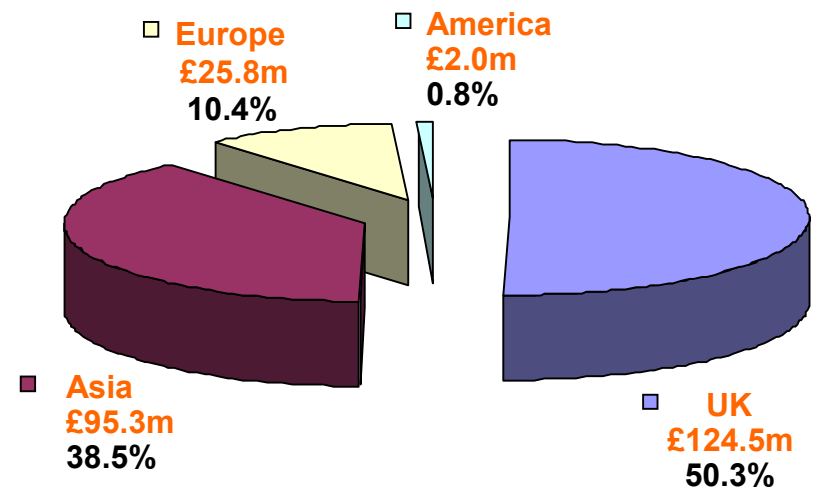
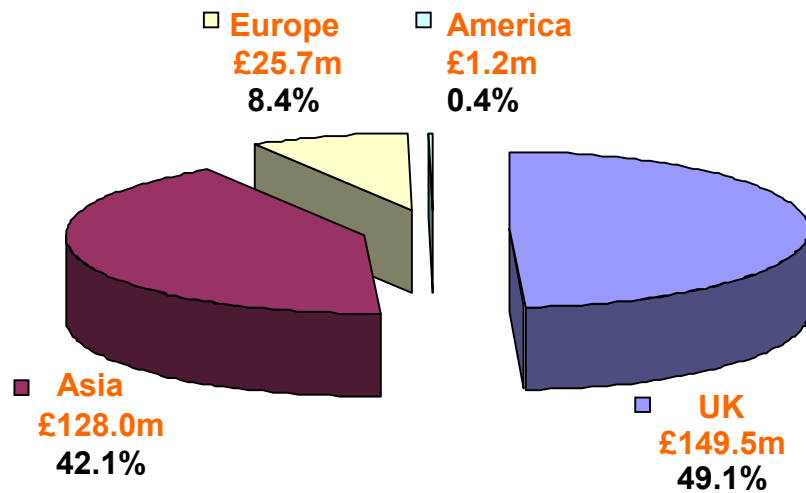


Operational Review

H1 Geographic Revenue Diversification

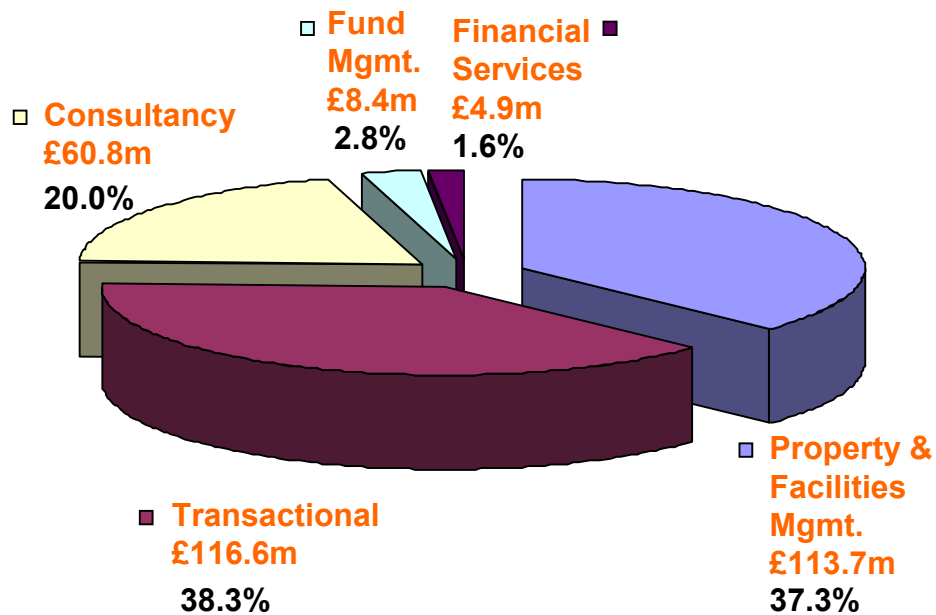
2010

2009

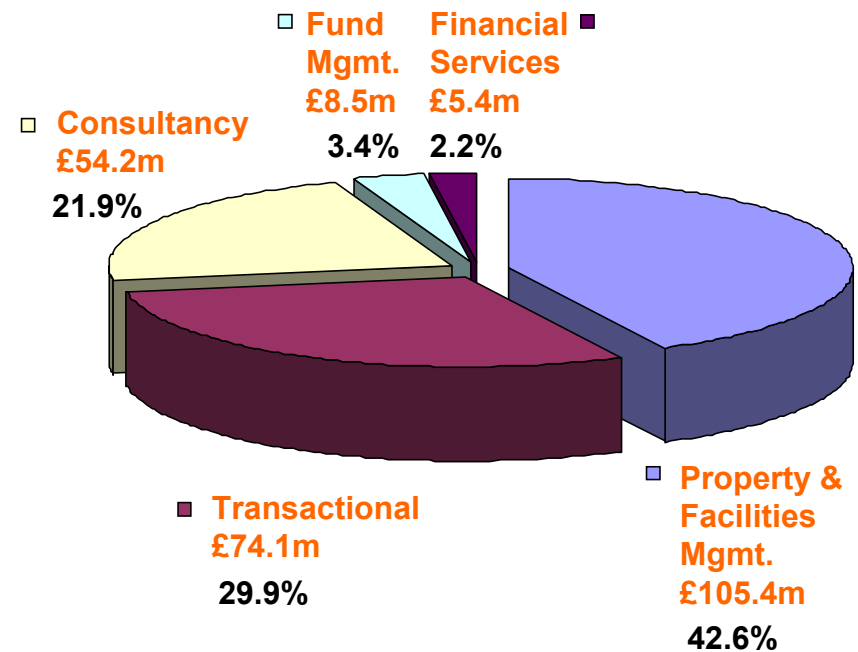


Business Stream Diversification

2010 Revenue



2009 Revenue



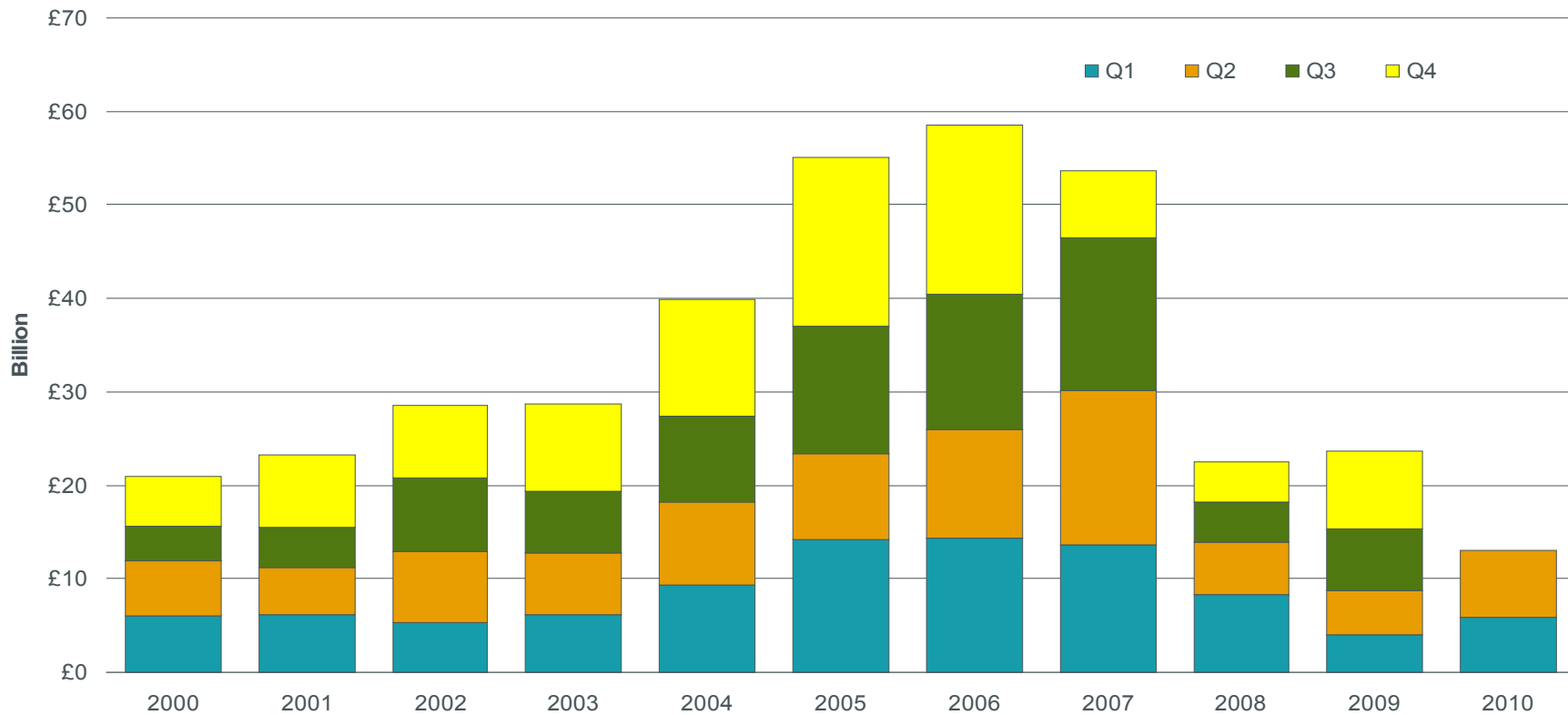
Commercial Transaction Advisory Business



6 months ended June (£ millions)		Revenue 2010	2009	% chg	PBT 2010	2009	% chg
transactional commercial	- UK	19.2	13.9	38.1%	2.5	0.2	1150%
	- Europe	12.2	10.4	17.3%	(3.5)	(8.0)	56.3%
	- Asia Pacific	44.8	20.5	119%	7.0	(1.6)	n/a
	- America	1.2	2.0	(40.0)%	(2.0)	(1.3)	(53.8)%
Total transactional		77.4	46.8	65.3%	4.0	(10.7)	n/a

- Improvement in UK as anticipated; primarily London focused
- Improvements in Paris, but Europe still weak; Halved losses through restructuring
- Strong H1 in Asia Pacific region (primarily Hong Kong)
- US market recovering slowly; deal pipe-line improved

UK Commercial Investment volumes – 2000 – Interim 2010



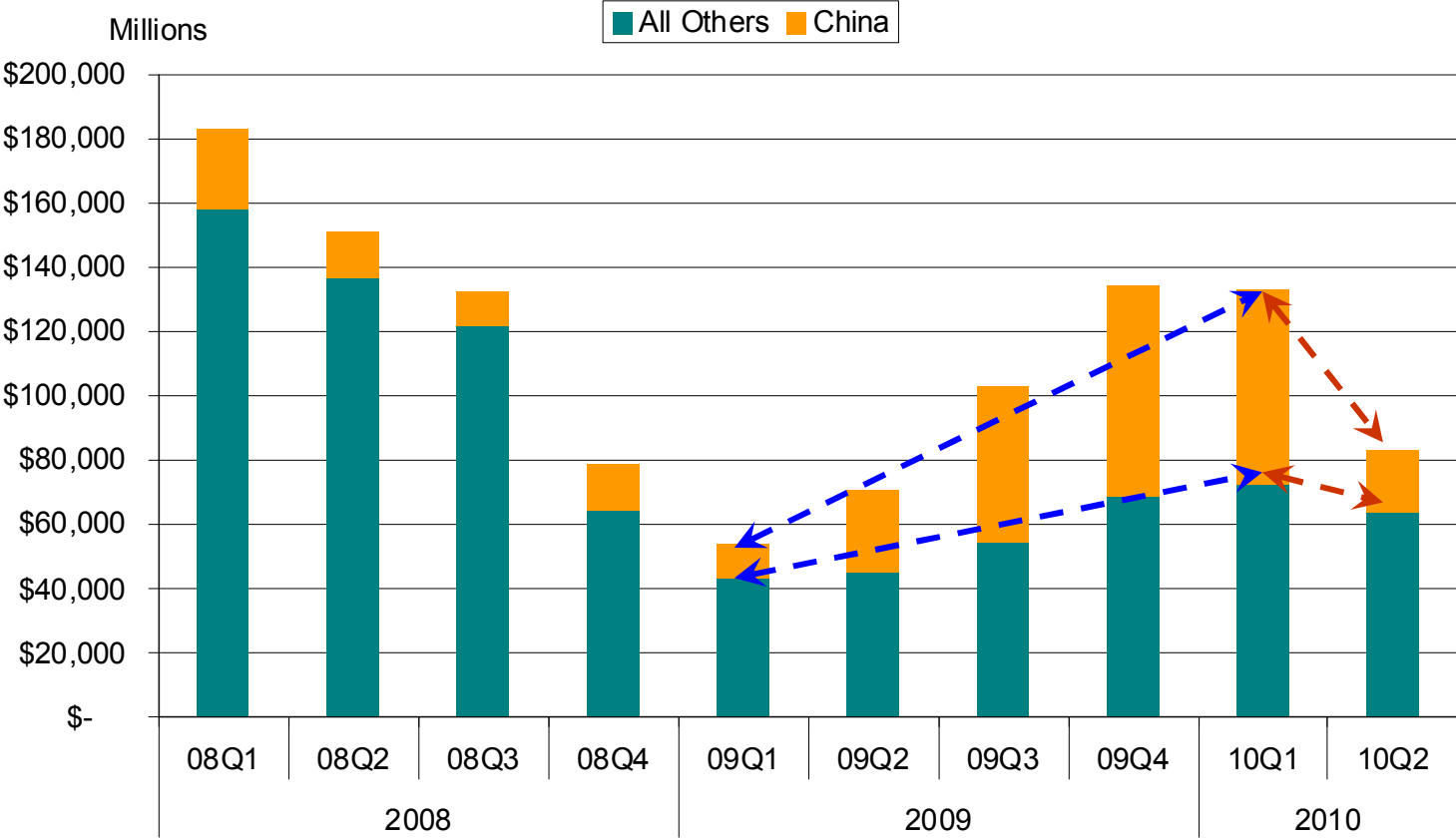
Source: Property Data

UK Prime Yields



Source: Savills

China's impact on global investment market



Source: RCA, Savills Research & Consultancy

UK Residential Transaction Advisory Business





















6 months ended June (£ millions)		Revenue 2010	2009	% chg	PBT 2010	2009	% chg
transactional residential	- UK	39.2	27.3	43.6%	5.4	3.1	74.2%

- Very strong first quarter followed by general election and budget slowdown
- Lead indicators (e.g. applicants vs instructions) have turned down
- Higher stock levels and more cautious buyers

Prime Residential Market Forecasts



Forecasts (as at July 2010)	2009 (Actual)	2010	2011	2012	2013	2014
Mainstream	3.25% 	-2.5% 	-1.0% 	3.0% 	7.5% 	7.0% 
Prime Central London	8.75% 	-1.0% 	0.5% 	7.5% 	9.75% 	4.75% 
All prime Regional	1.5% 	-1.75% 	-0.25% 	5.25% 	8.75% 	6.0% 

Source: Savills Research Dept August 2010

Property Management

6 months ended June (£ millions)		Revenue 2010	2009	% chg	PBT 2010	2009	% chg
property management	- UK	33.7	29.2	15.4%	2.5	3.1	(19.4)%
	- Europe	9.6	11.3	(15.0)%	(0.4)	(0.2)	(100)%
	- Asia Pacific	70.4	64.9	8.5%	5.0	4.3	16.3%
Total property management		113.7	105.4	7.9%	7.1	7.2	(1.4)%

- Property Management represents 37% of group revenue (H1 2009: 43%)
- Area under management continues to grow: strong overseas performances in China and Vietnam
- Continued revenue growth in UK
- Europe restructuring well under way; now focused on growth opportunities

Consultancy

6 months ended June (£ millions)		Revenue 2010	2009	% chg	PBT 2010	2009	% chg
Consultancy	- UK	44.1	40.2	9.7%	3.4	3.0	13.3%
	- Europe	3.9	4.1	(4.9)%	(0.1)	(0.4)	75.0%
	- Asia Pacific	12.8	9.9	29.3%	0.7	1.0	(30.0)%
Total Consultancy		60.8	54.2	12.2%	4.0	3.6	11.1%

- On target overall growth in the business
- Global valuation income increases, but continued fee pressure
- Strong performance from UK Housing consultancy
- In Asia a number of large fees due in H2 for work ongoing in H1

Fund Management

6 months ended June (£ millions)	Revenue 2010	2009	% chg	PBT 2010	2009	% chg
fund management	8.4	8.5	(1.2)%	1.5	1.6	(6.3)%

- March acquisition of 40% of the business owned by staff
- Successfully restructured leveraged Funds in Italy
- New UK Income and growth fund in 2009 fully invested
- Transaction fees down year on year; primarily timing difference on acquisitions
- Funds under management of £2.6bn (2009: £2.5bn)
- Continued inflows into core funds (eg European Commercial Fund & Charities Property Fund)

Financial Services

The Savills logo, consisting of the word "savills" in a lowercase, sans-serif font, positioned within a yellow rectangular box.

6 months ended June (£ millions)	Revenue 2010	2009	% chg	PBT 2010	2009	% chg
financial services	4.9	5.4	(9.3)%	(0.9)	(2.1)	57.1%

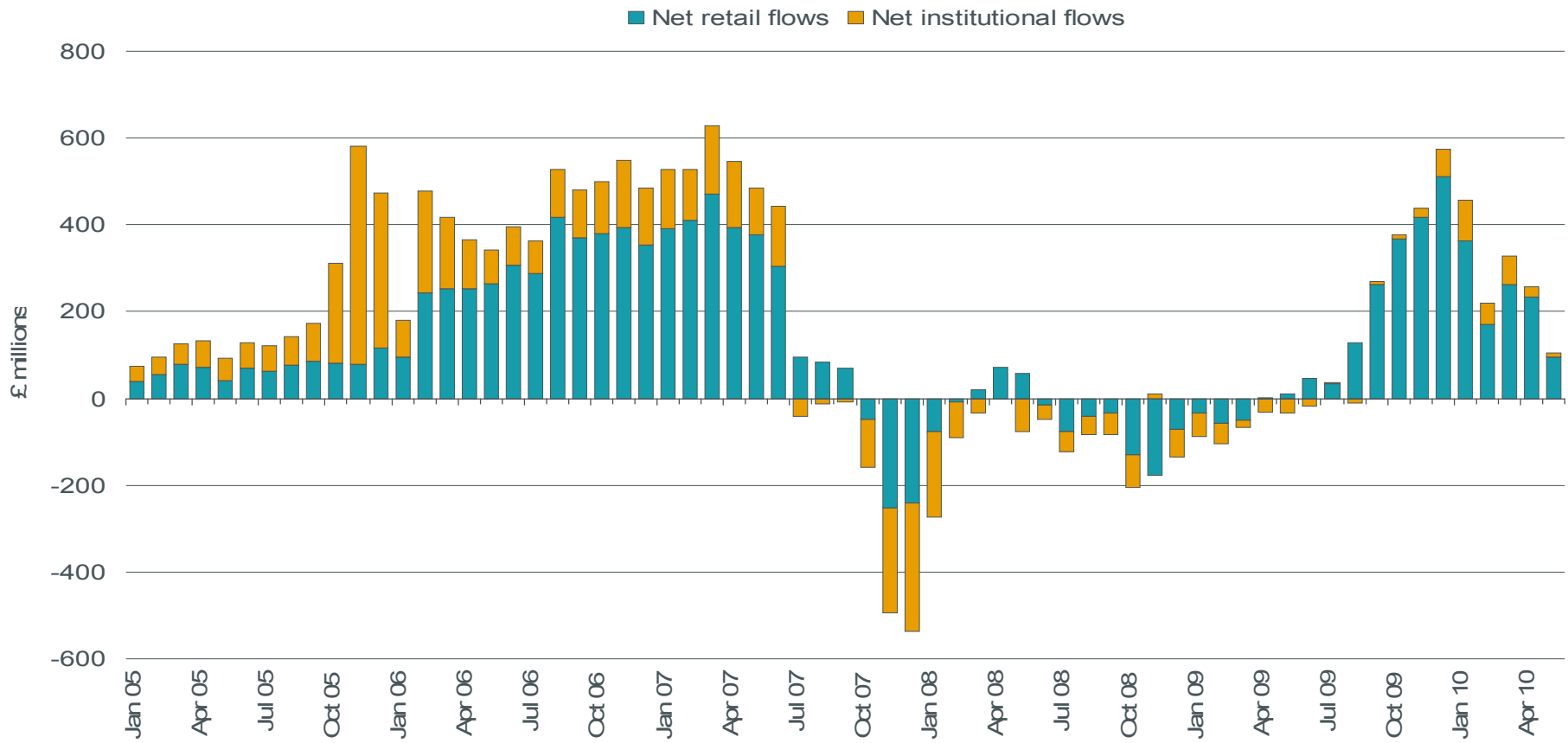
- Losses in Savills Private Finance substantially reduced through 2009 restructuring activities
- Mortgage market remains thin
- Savills Capital Advisers restructured during the period

Summary and Outlook

- **Strong H1 2010 Group Performance, but continued caution over H2**
- **Performance driven by Asia Pacific and UK prime residential markets**
- **Continued to make selective Investments in the business**
- **Continued conservative approach to financing**
- **Focus on retention of key employees and selective team / individual recruitments**
- **Well placed to take advantage of business opportunities as they arise**

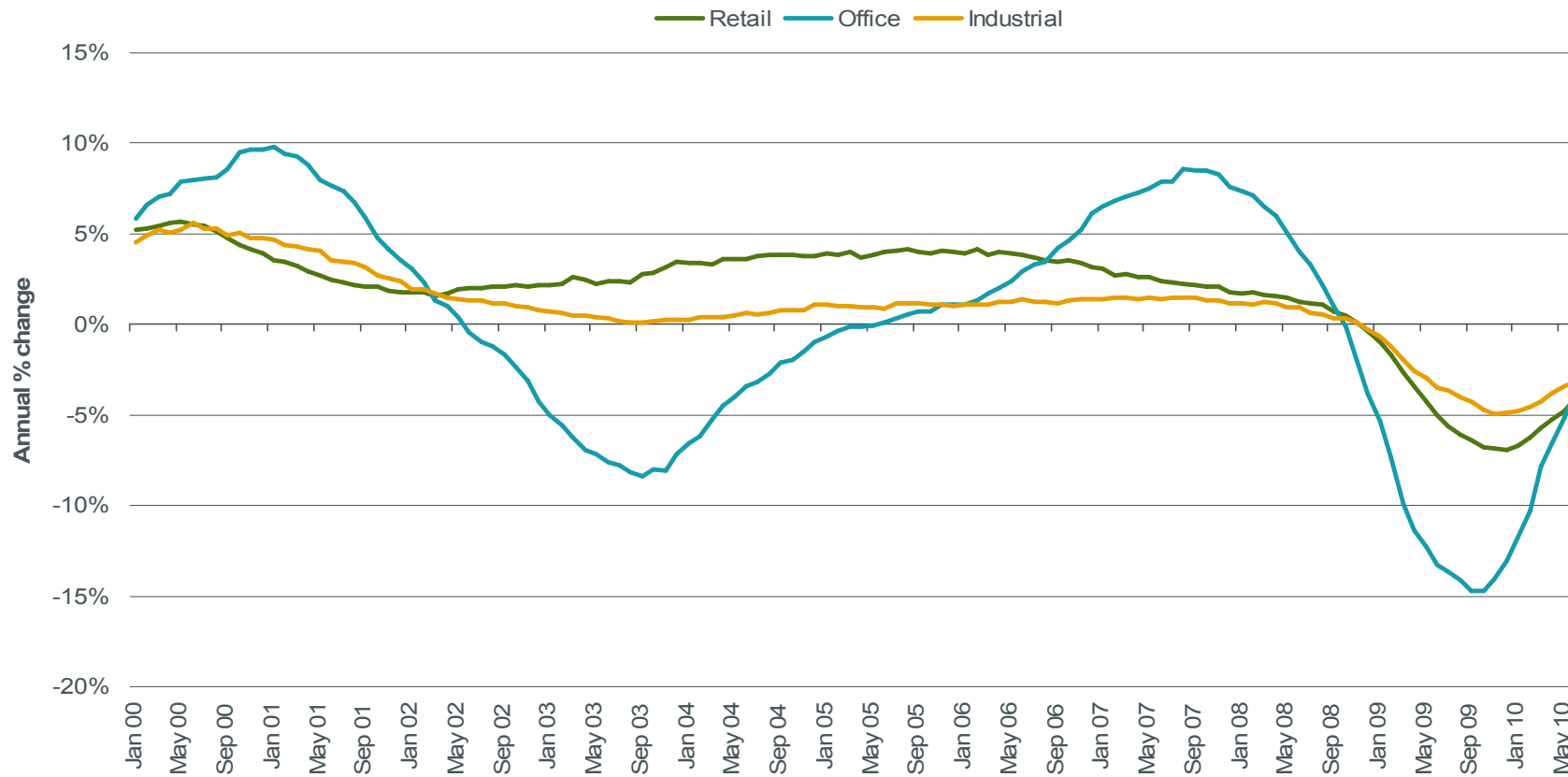
Appendix I

Increasing UK Investment Inflows in H1 2010



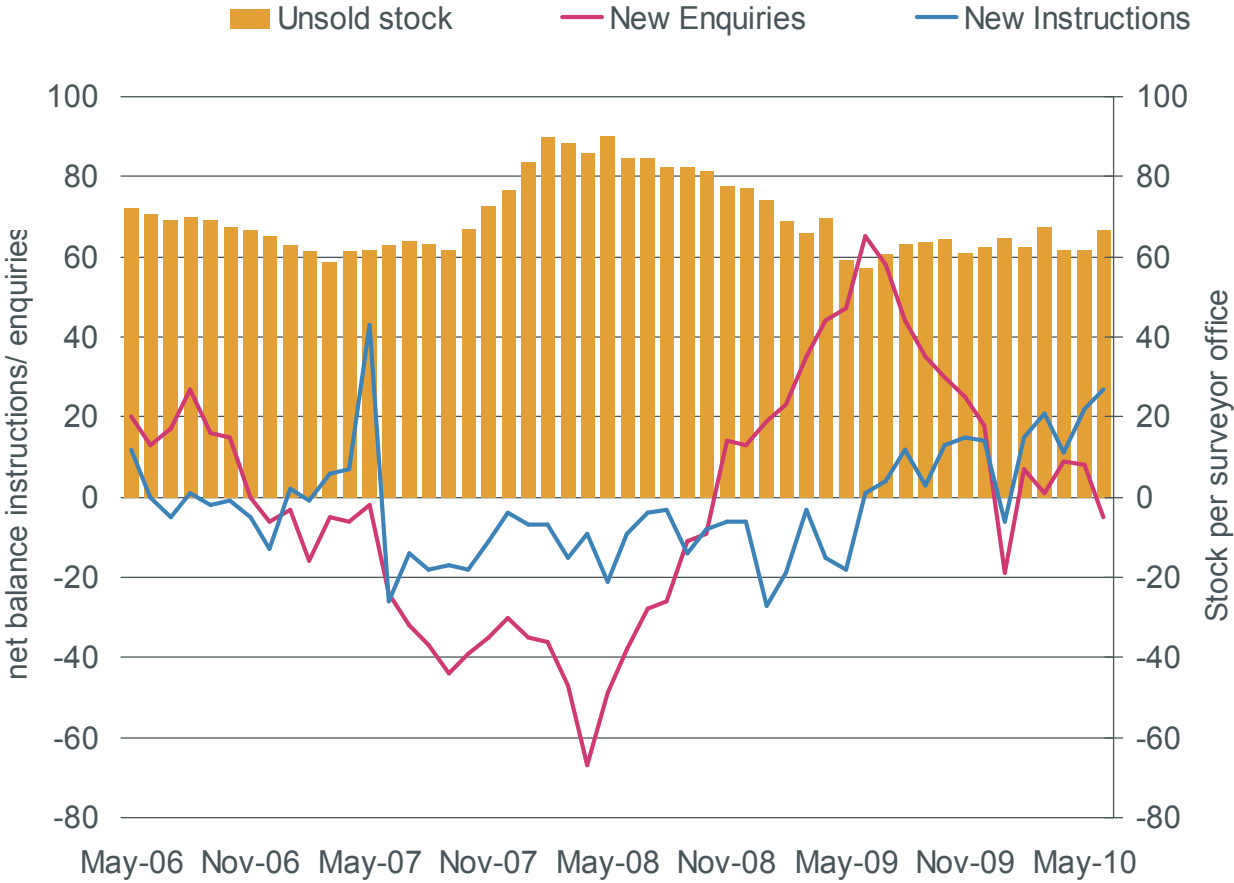
Source: Investment Management Association

UK Rental growth is still negative – but pockets of recovery are emerging



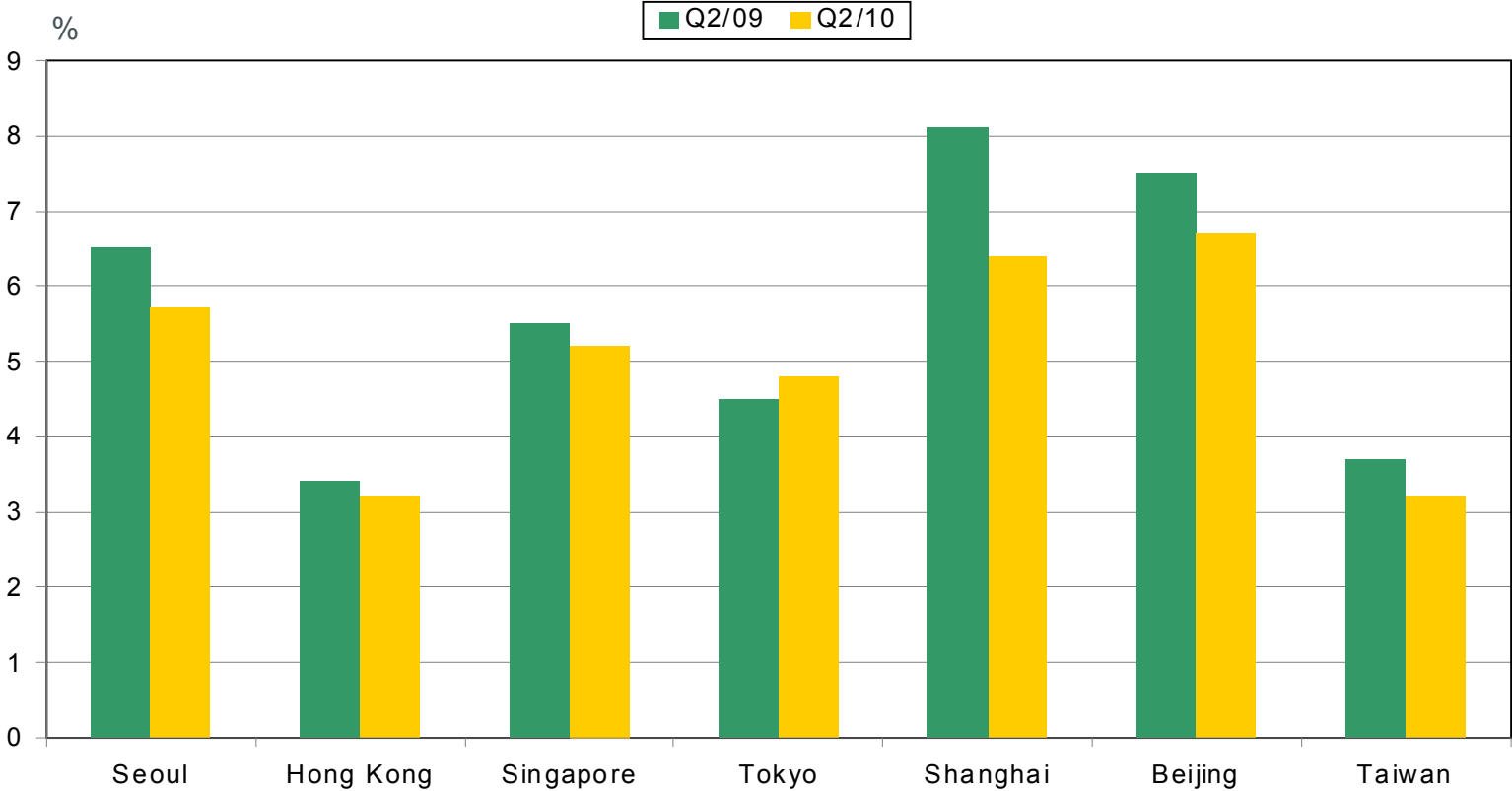
Source: *Investment Property Databank*

Trend in new UK enquiries consistently below new instructions



Source: RICS

Asia Office Yields



Source: Savills Research & Consultancy