

# Savills plc

## Results for 6 months ending 30 June 2022

11 August 2022

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# Disclaimer: Forward-looking Statements

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These slides contain certain forward-looking statements including the Group's financial condition, results of operations & business, & management's strategy, plans & objectives for the Group. These statements are not guarantees of future performance & are subject to risks, uncertainties & other factors, some of which are beyond the Group's control, are difficult to predict & 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.



# 01

**Introduction, Highlights &  
Business Development**

# 02

**Financial  
Review**

# 03

**Summary &  
Outlook**



Introduction,  
Highlights & Business  
Development

The image shows a modern office interior. In the foreground, a stone wall features the 'savills' logo in large, black, lowercase letters. The letters are illuminated from behind, creating a warm glow. Above the wall, a long, low display case with a yellow interior holds several brochures or reports. To the right, a woman in a dark business suit is walking past, carrying a stack of blue folders. The background is dark, with vertical wooden slats on the left side.

savills

A small yellow square containing the 'savills' logo in lowercase letters.

savills

## PERFORMANCE OVERVIEW

Group Revenue	<b>£1,037.4m</b> +11.2% (cc +9.5%)
Group UPBT	<b>£59.2m</b> -10.4% (cc -10.7%)
Group UEPS	<b>32.4p</b> (2021 H1: 35.8p)
Net Cash	<b>£149.0m</b> (2021 H1: £106.7m)
Dividend	<b>6.6p</b> (2021 H1: 6.0p)

cc = constant currency

## DRIVERS

- Less transactional businesses, (60% of Group revenue), continue to perform very well with 9% growth
- Property & Facilities Management revenue up 8%, Consultancy revenue up 6%
- Commercial Transaction revenue increased 26% overall with strong growth in the UK & Asia Pacific
- Residential Transaction revenue down 11%; UK residential markets performing well albeit with significantly reduced stock availability
- Savills Investment Management with period end AUM up 9% at €26.5bn



## **SERVICE LINE / SECTOR GROWTH**

- Global Occupier Services
- Global Residential
- Global Logistics & Retail
- Capital Markets
- Savills Flex
- Project Management & Workplace
- Sustainability (Savills Earth)
- Corporate Finance & Debt Advisory



# United Kingdom: Market Dynamics – Commercial



**Revenue:** £439.2m | **Growth:** +5% YOY | **Employees:** 8,855 | **Offices:** 131 (Total UK)

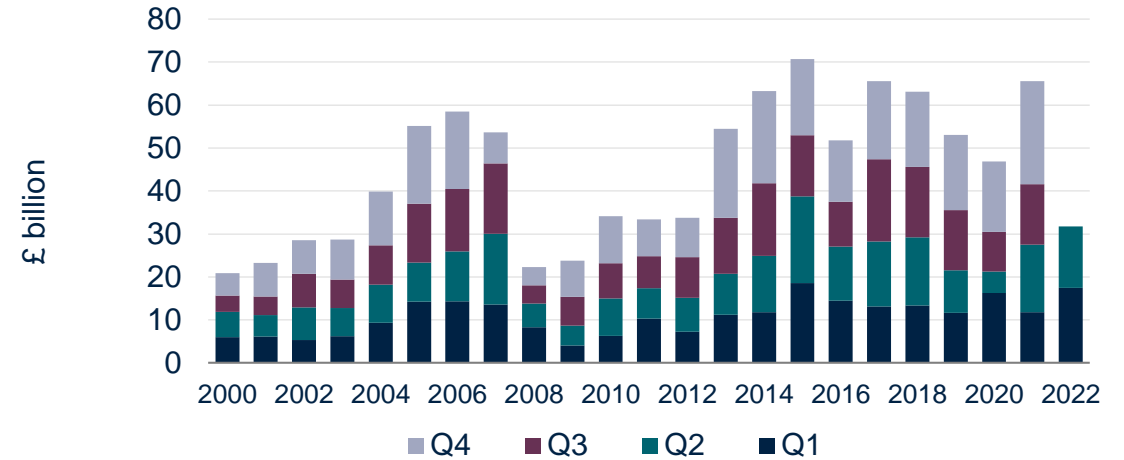
## MACRO THEMES

- Consensus view for UK GDP growth in 2022/23 being revised downwards (3.4% 2022, 0.8% 2023)
- Inflationary pressures have resulted in significant and consecutive interest rate rises.
- Agile working now firmly entrenched, with average office occupancy at 50% of pre-Covid levels

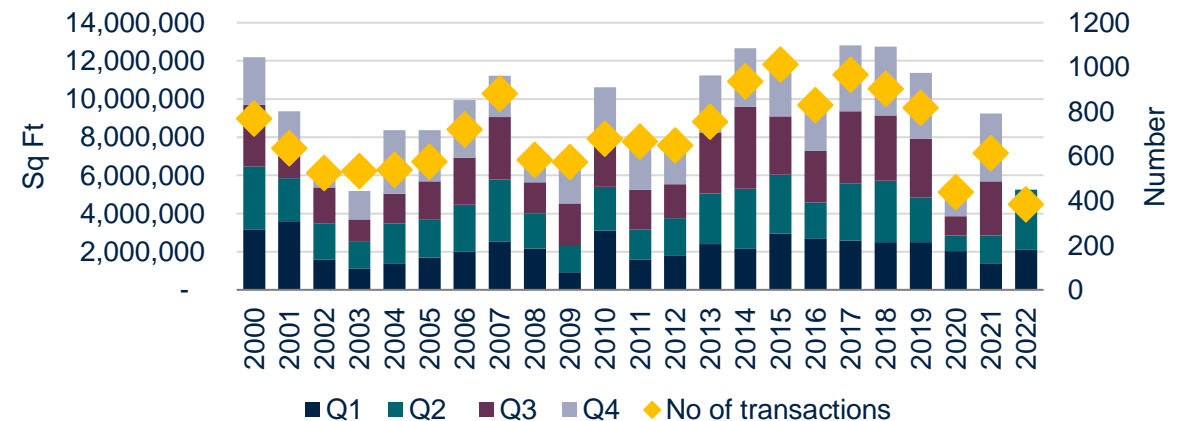
## MARKET STATISTICS

- Commercial investment volumes totalled £31.8bn, up 15% year-on-year & 48% above H1 2019
- The UK overtook Germany to become the most heavily invested property market in H1
- Largest year-on-year increase in investment activity was in Offices, boosted by some large central London transactions
- Logistics leasing activity in H1 2022 was a record 28.6m sq ft, 91% above the long-run average
- H1 2022 City of London office leasing was up 96% year-on-year & West End up 68% (5.2m sq ft for City & West End combined)

UK Commercial Investment Volumes 2000-2022



Central London Office Leasing Volumes 2000-2022



# United Kingdom: Market Dynamics – Residential



**Revenue:** £439.2m | **Growth:** +5% YOY | **Employees:** 8,855 | **Offices:** 131 (Total UK)

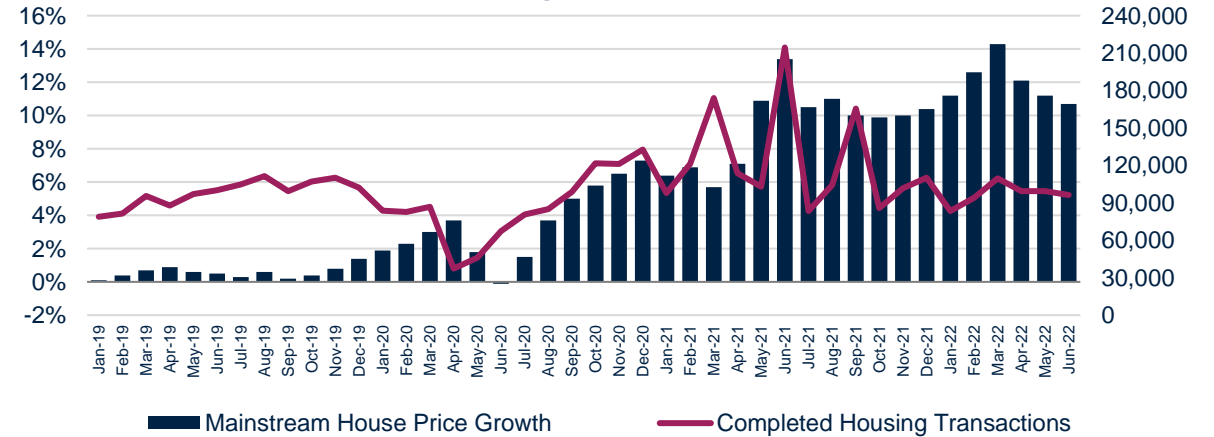
## MAINSTREAM MARKET

- House price growth remained surprisingly robust in the first six months of the year
- Annual house price growth running at +10.7% to June & transaction levels remain at 8% above pre-pandemic levels.
- June was the first month that sales returned to the pre pandemic norm, with buyer demand softening
- Levels of stock availability down 32% on 2019 levels in June

## PRIME MARKET

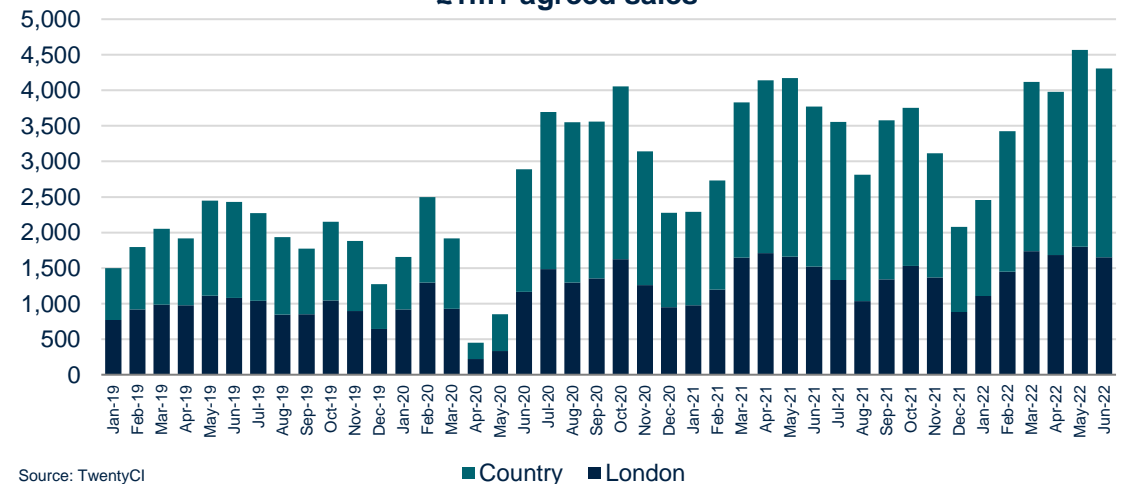
- Agreed sales in the market over £1m were +9% above levels seen in the first 6 months of last year & +88% over those seen in the same period of 2019
- Annual price growth in the Prime Country House Market eased back to 7.4% at the half year point down from 12.7% a year previous
- Prime Central London price growth stands at 3.3%, with volumes on transactions above £5m up 5%

Housing prices & volumes



Source: Nationwide, HMRC

£1m+ agreed sales



Source: TwentyCI



# Asia Pacific: Market Dynamics



**Revenue:** £311.7m | **Growth:** +9% YOY | **Employees:** 27,488 | **Offices:** 57

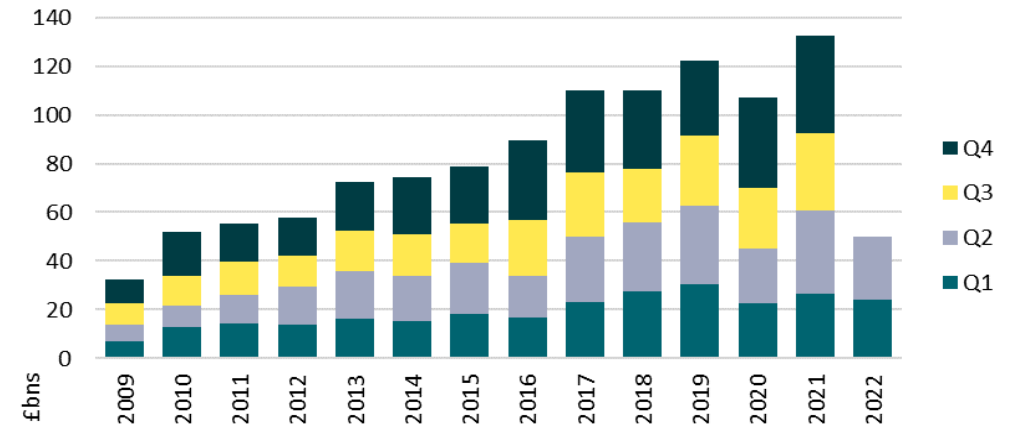
## MACRO THEMES

- GDP forecast to rebound by 4.4% in 2022, with stronger momentum expected in 2023 (5.2%)
- Resurgence of Covid has undermined recovery in Greater China, with recent lockdowns in Shenzhen & Shanghai
- Increased US interest rates are exerting downward pressure on local currencies, but recovery is expected in the longer term

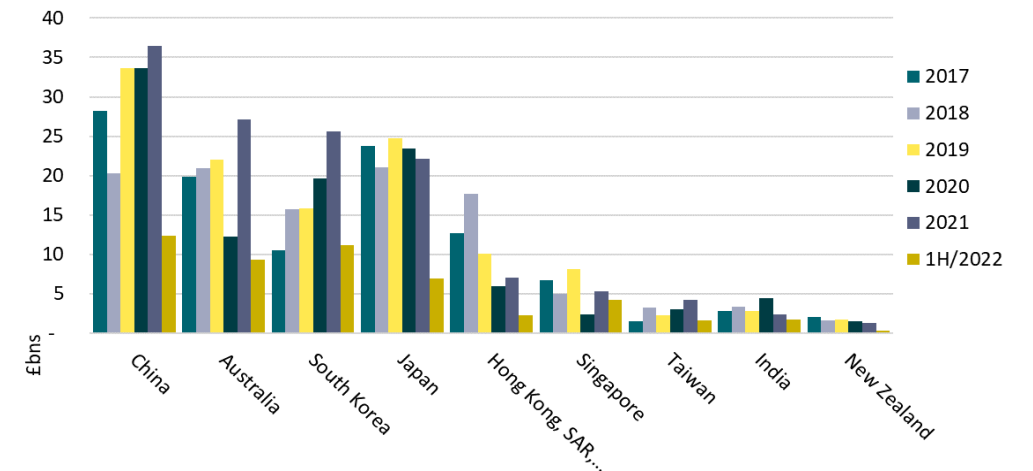
## MARKET STATISTICS

- H1 investment activity down 18% YoY, largest decline in industrial sector (-41%), impacted by interest rates. Retail remains weak (-28%) with slight increase in the main Office markets (+3%)
- China still the largest investment market in H1, but improvements in South Korea & Singapore
- Improved market activity in Singapore & India, with Australia slowing in second quarter
- H1 cross border volumes stood at around 28% (in line with 5 year average)
- Activity in occupational markets improved in H1, with rents in Office & Industrial sectors stable

Asia Pacific Commercial Investment Volumes



Asia Pacific Commercial Investment Volume by Market



# North America: Market Dynamics



**Revenue:** £148.4m | **Growth:** +30% YOY | **Employees:** 930 | **Offices:** 43

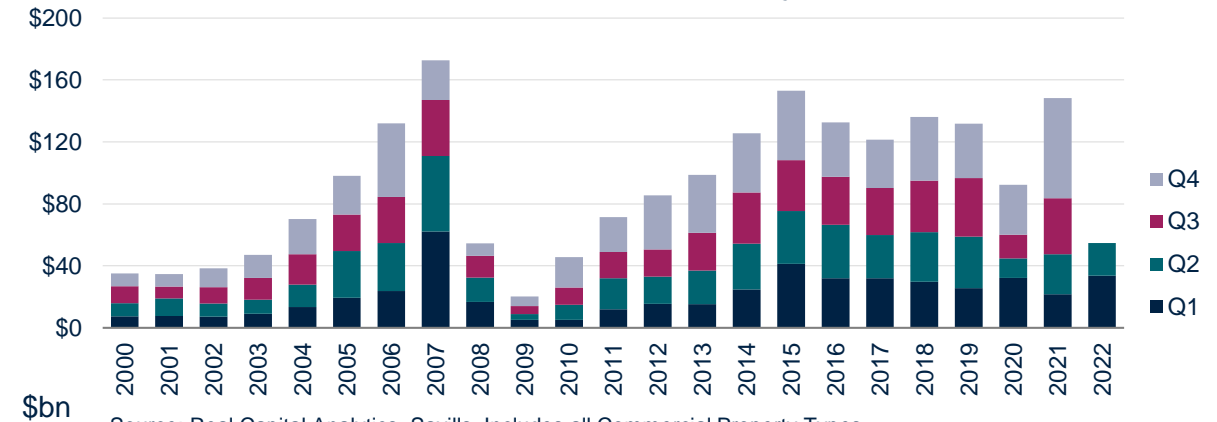
## MACRO THEMES

- GDP decline of 1.6% in Q1 as economy faces headwinds due to inflation
- Labour markets tight with unemployment at 3.6% (5.9% in 2021)
- Federal Reserve has raised benchmark interest rates by 150bp since the beginning of the year (including 75bp increase in June)

## MARKET STATISTICS

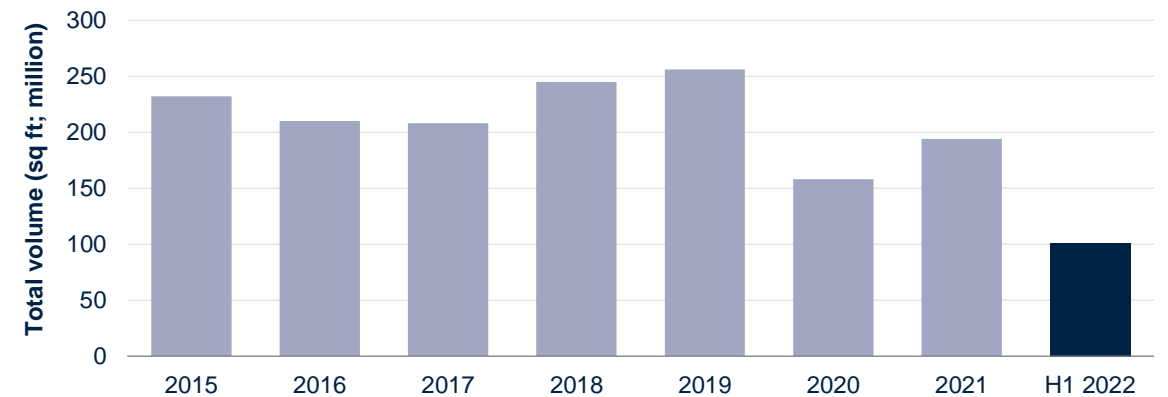
- Office availability now at 22.8% nationally (17.3% pre pandemic) with sub lease availability high
- Office leasing demand has increased substantially over the past year with H1 2022 volumes up 35% compared to H1 2021
- Leasing volumes likely to slow in H2 with hesitancy due to economic uncertainty
- Industrial vacancy remains at an all-time low (3.9%) with demand strong & rents rising at a double-digit pace

US Commercial Investment Volumes – Major Metros



Source: Real Capital Analytics, Savills, Includes all Commercial Property Types

US Annual Commercial Office Leasing Volume



Source: Savills, Includes New Leases & Renewals

# CEME: Market Dynamics



**Revenue:** £138.1m | **Growth:** +21% YOY | **Employees:** 2,787 | **Offices:** 53

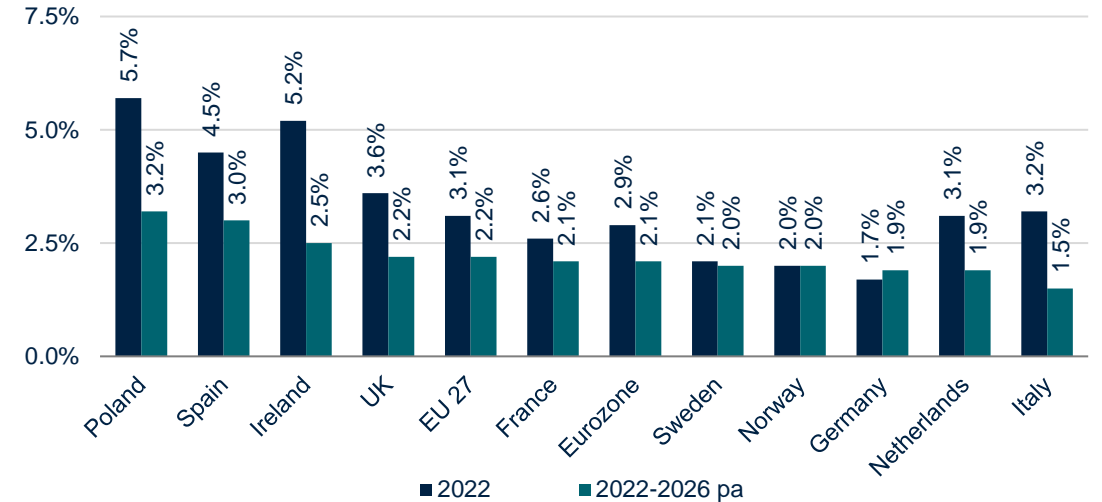
## MACRO THEMES

- GDP forecast to grow by 2.9% in 2022 (5.3% growth in 2021)
- Significant regional variations with energy prices impacting Germany & CEE, whilst southern Europe continues pandemic recovery
- Eurozone inflation increased to a record 8.6% in June 2022, but expected to ease back to 3.5% in 2023
- The ECB forecast to raise interest rates to 1.25% by end 2022 to control inflation
- Euro at parity with the US dollar in July 2022, in response to the Fed's rate rises

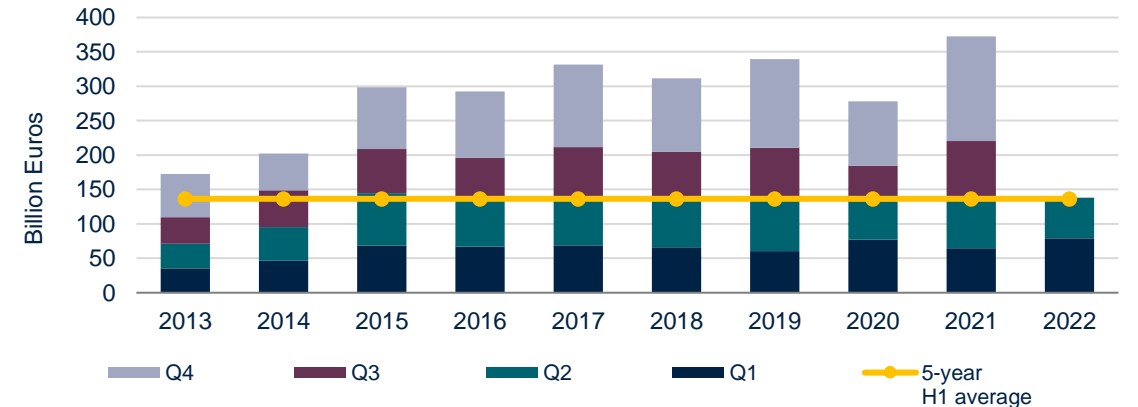
## MARKET STATISTICS

- H1 investment volumes 1% above average to €138bn, as second quarter transactions slowed
- Individual market volumes volatile, Germany (-29%), Poland (-11%), & the Netherlands (-42%) observed decreases, but both Italy & Sweden recorded increases (+45%)
- Investor demand weighted towards Offices, Industrial & Multi-Family. With rising risk-free rates & debt costs, yields starting to soften in Q2 2022
- Office leasing activity in H1 2022 increased by 14% against the five year average, & vacancy rates remain stable at 7.2%
- Office take up strong in Q1, but delays occurring in Q2, due to increased hesitancy from occupiers

GDP Growth Forecast



European Investment Volumes





# Savills Investment Management: Market Dynamics



**Revenue:** £53.8m | **Growth:** 41% YOY | **Employees:** 365 | **Offices:** 17

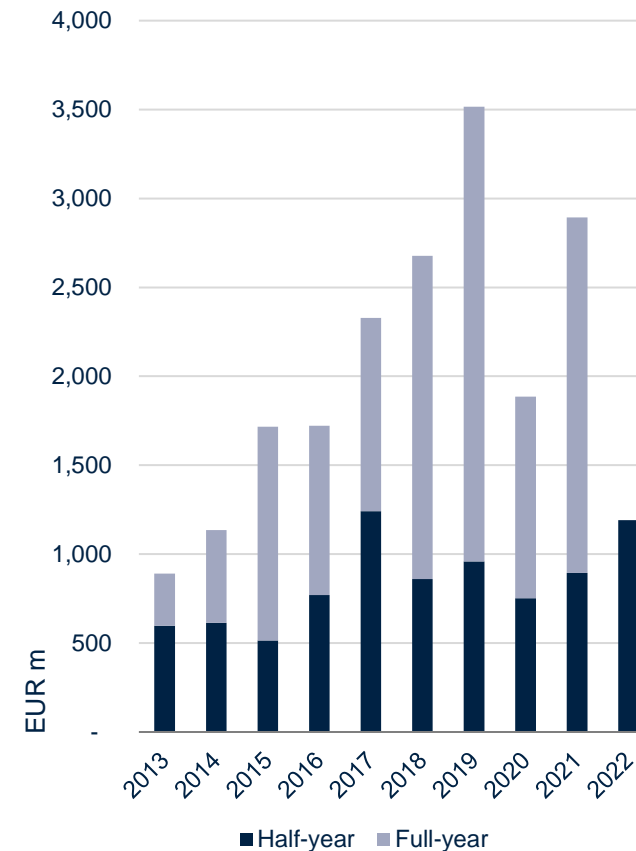
## MACRO THEMES

- Supply imbalances creating higher than expected inflation, with transactions impacted by rising swap rates
- Counterbalance is inflation feeding into property income growth & limited development activity
- Risks of recession heightened, with investors revisiting prices due to higher costs of debt
- Supply chain imbalances continue to support the long-term fundamentals of logistics & residential type assets

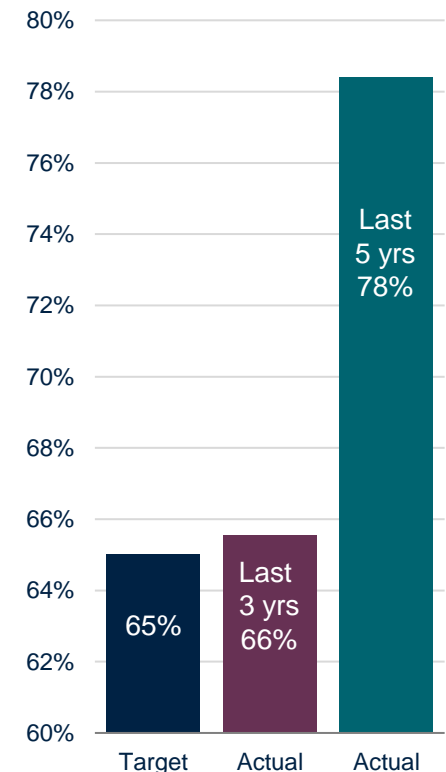
## BUSINESS DEVELOPMENT

- Capital raising has continued to grow, with the focus on pan-European core strategies in the logistics, essential retailing sectors, Asian funds, debt & ESG-led investments
- Total AUM reaching €26.5bn (9% increase over H1 2021), with a solid transaction pipeline
- Adverse market conditions posing challenges for both raising & deploying capital with borrowing rates increasing sharply
- Key strategic recruitment in Living & Capital Raising to widen sector expertise & client coverage
- Strategic Alliance with Samsung progressing well, with initial seeding of funds in Europe (Debt) & Asia (Japan Core Residential & pan-Asian Core Plus Fund) for c.US\$300m

Savills IM Capital Raising



Percentage AUM outperforming respective benchmarks to Q1 2022



# Financial Review



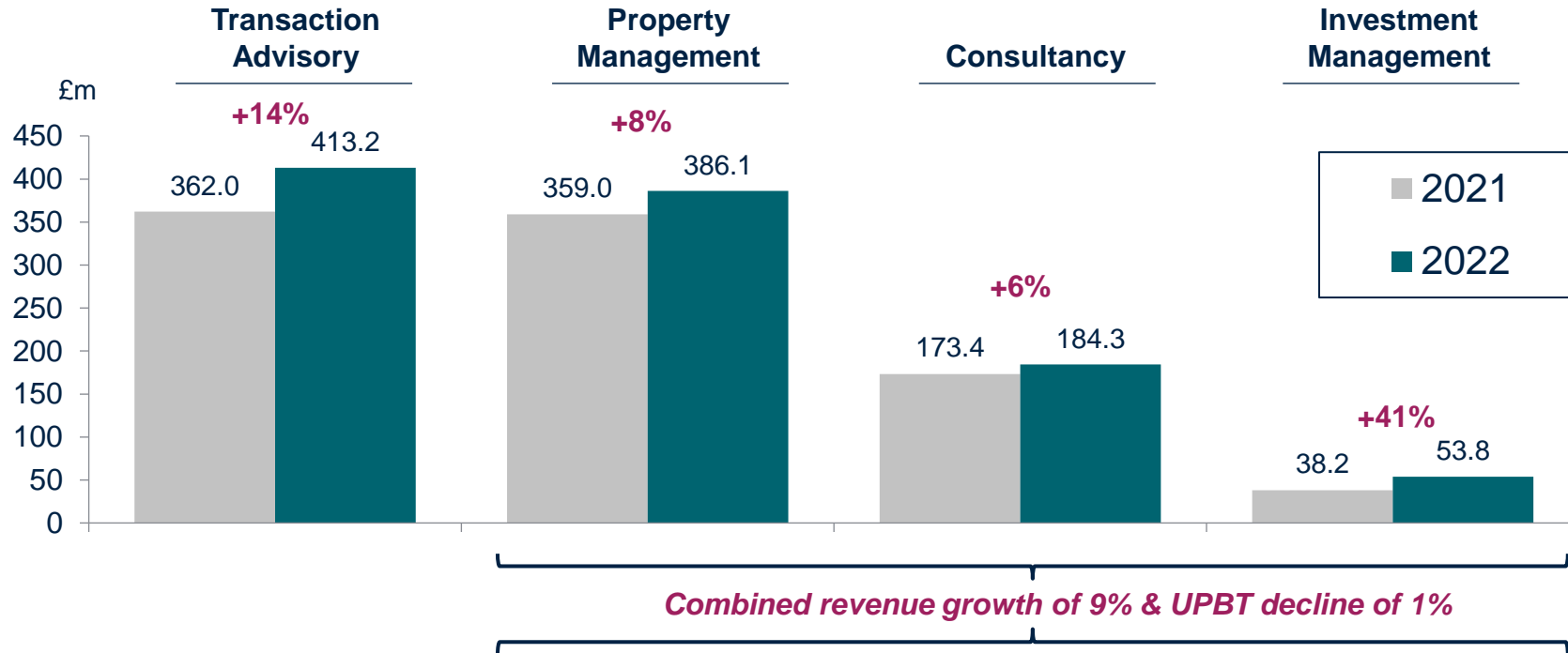
# Summary Underlying Result

6 MONTHS ENDED 30 JUNE (£M)	2022	2021	2022 VS 2021 % CHG	2019	2022 VS 2019 % CHG
Revenue	1,037.4	932.6	+11.2%	847.0	22.5%
Underlying PBT	59.2	66.1	(10.4)%	38.4	54.2%
Underlying PBT margin	5.7%	7.1%	(1.4)% pts	4.5%	1.2% pts
Underlying basic earnings per share	32.4p	35.8p	(9.5)%	20.9p	55.0%
Dividend per share	6.6p	6.0p	+10.0%	4.95p	33.3%
Net cash/(debt)	149.0	106.7	+39.6%	(139.0)	n/a
Net assets	736.0	604.8	+21.7%	461.5	59.5%

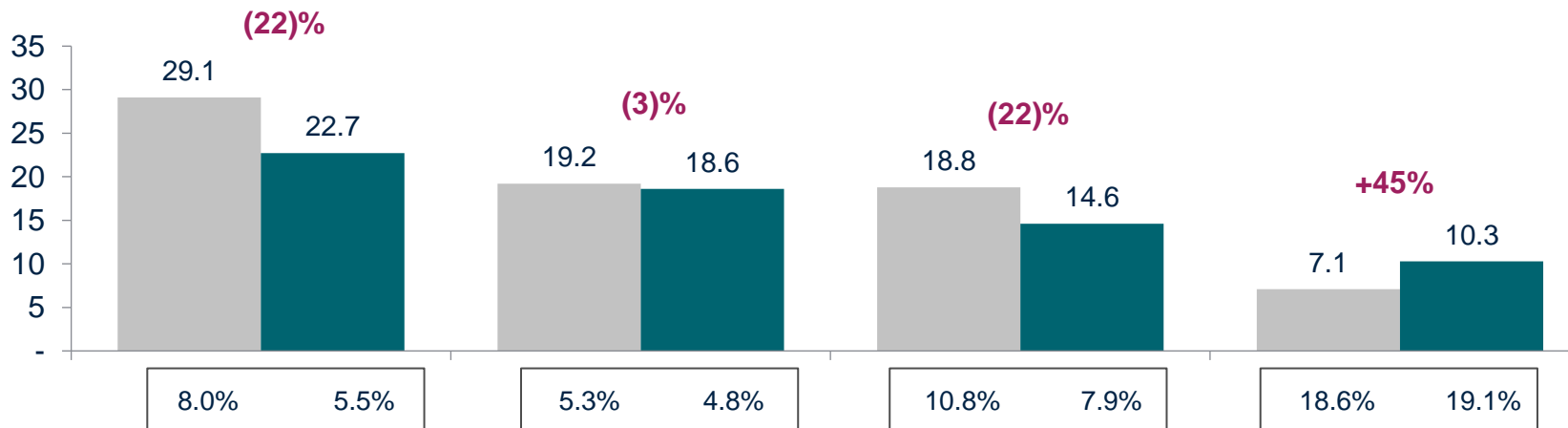


# Revenue & underlying PBT by business

Revenue



UPBT



Margin

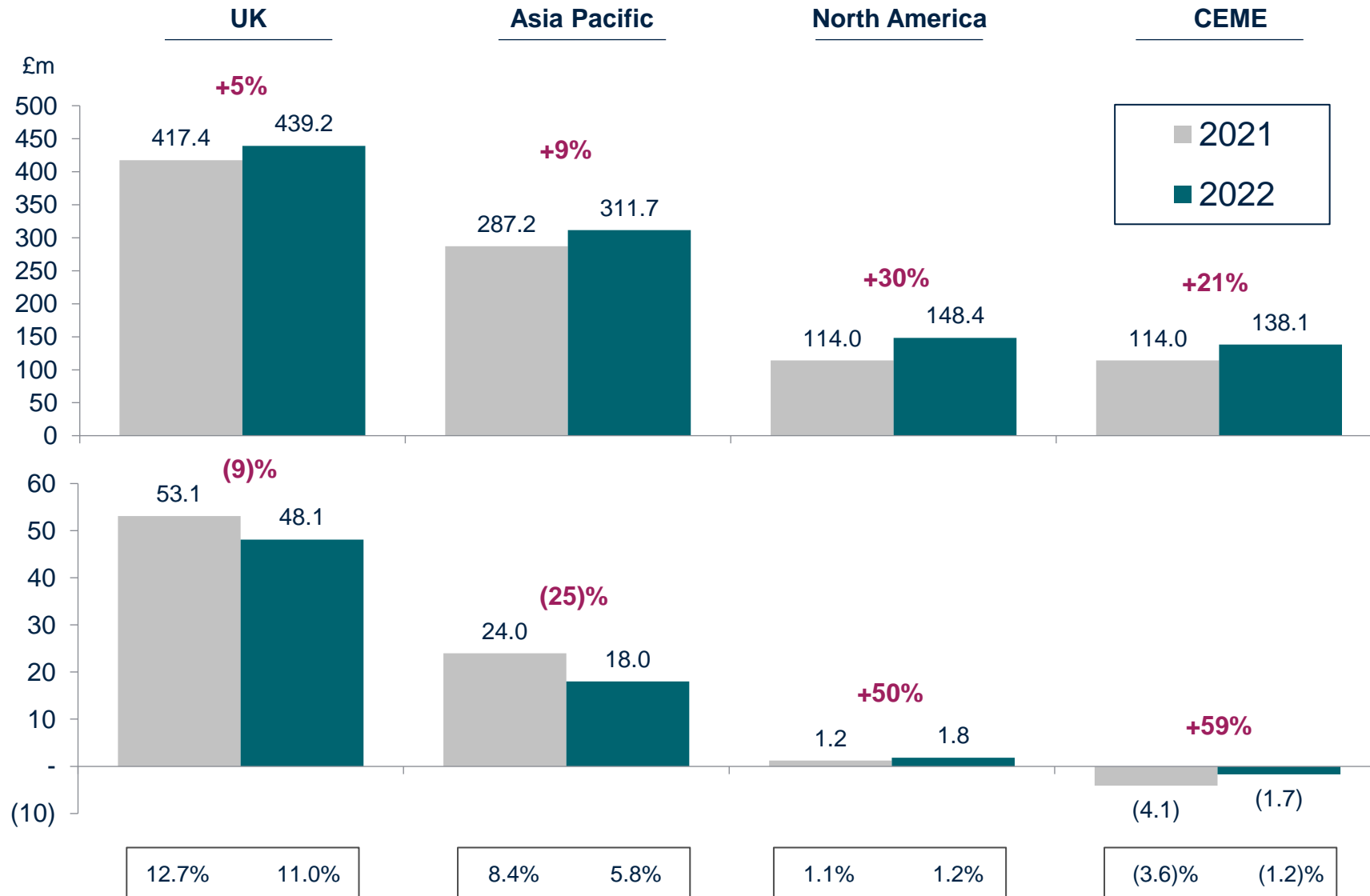
The figures in these charts exclude costs of £7.0m in 2022-H1 (2021-H1 £8.1m) not allocated to the operating activities of the group's business segments

# Revenue & underlying PBT by region

Revenue

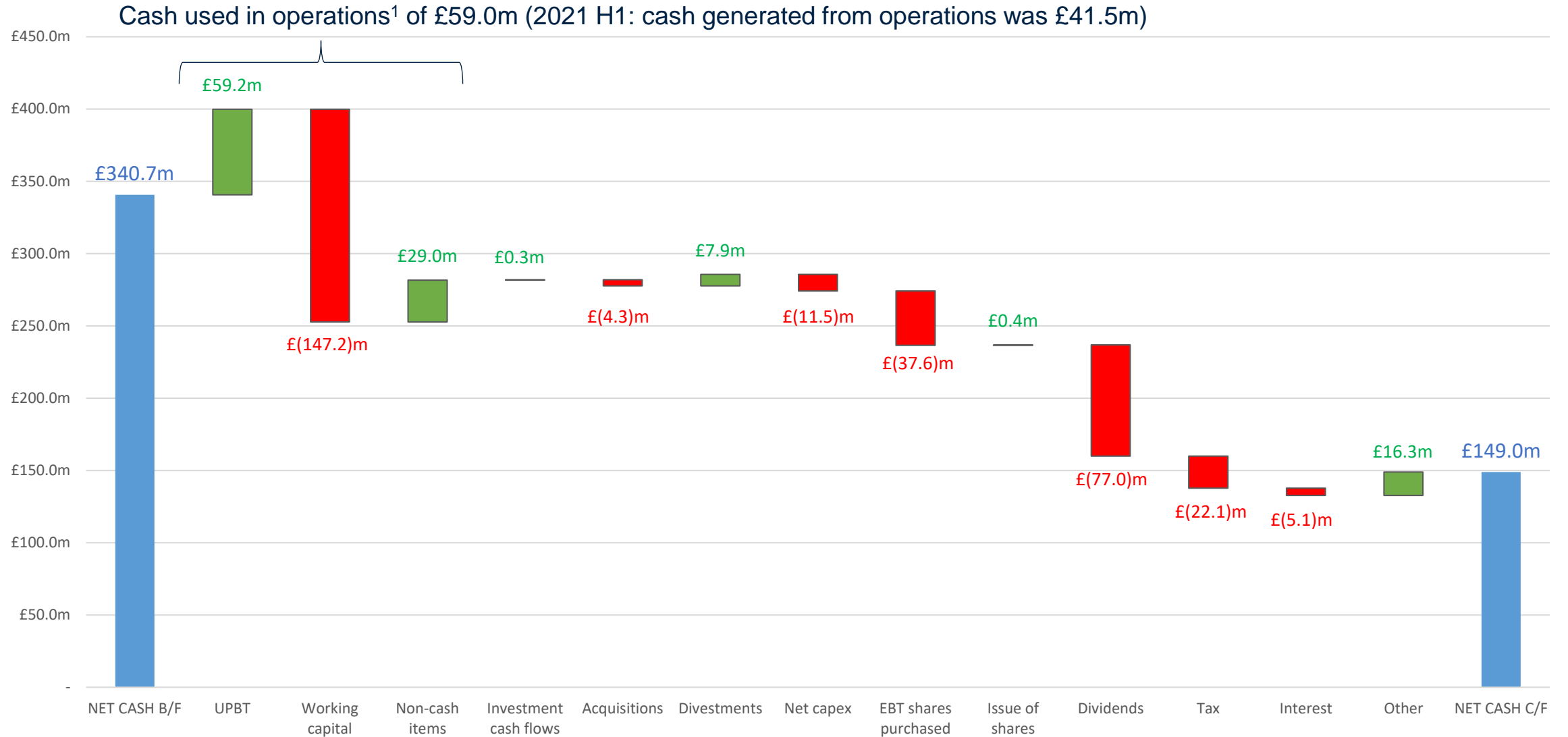
UPBT

Margin



The figures in these charts exclude costs of £7.0m in 2022-H1 (2021-H1 £8.1m) not allocated to the operating activities of the group's business segments

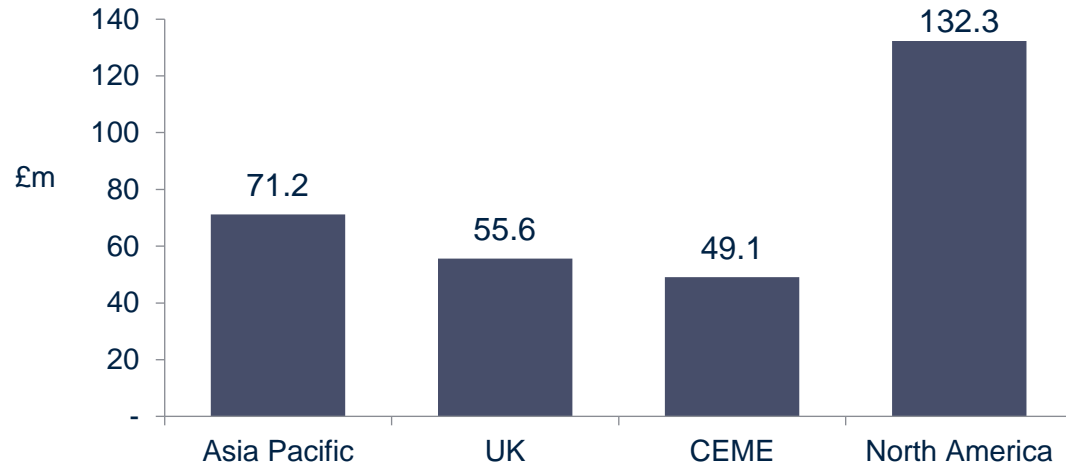
# Cashflow performance



<sup>1</sup> Cash used in operations include "principal elements of lease payments" which are included within financing activities in the statutory cash flow



## 2022 Revenue £308.2m (+26% vs 2021, +12% vs 2019)



Growth

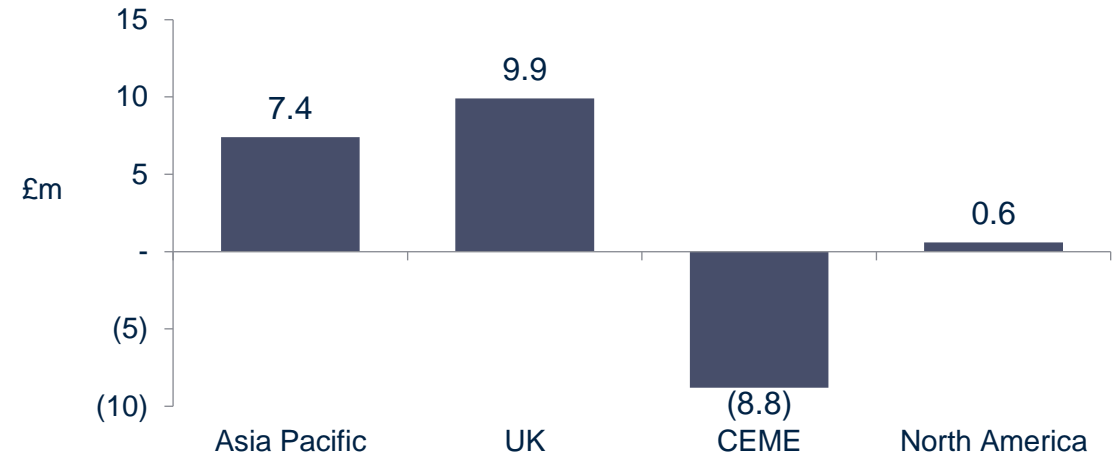
+18%

+44%

+23%

+26%

## 2022 UPBT £9.1m (+86% vs 2021, +82% vs 2019)



Growth

-

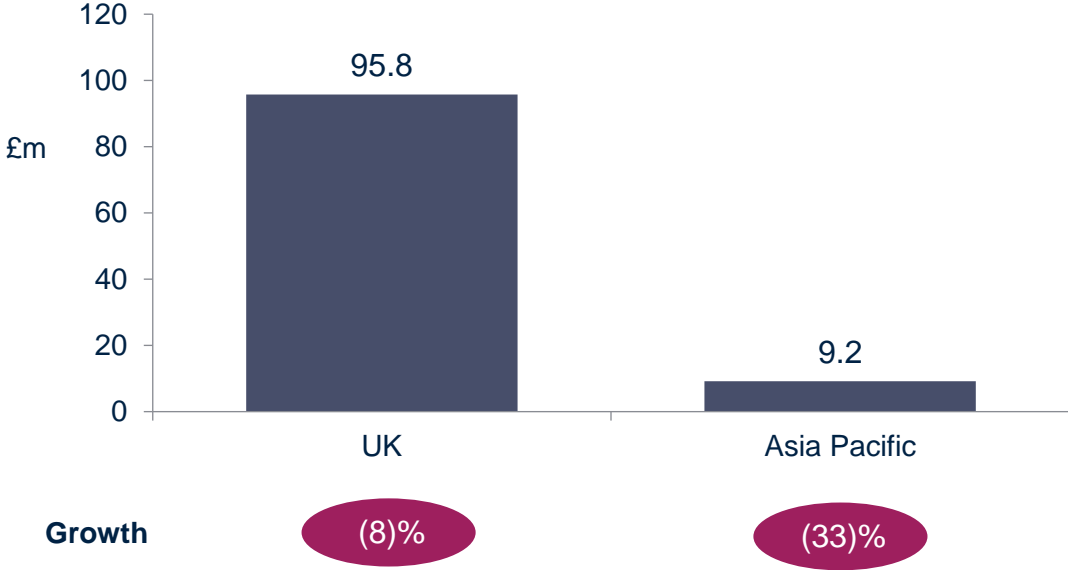
+90%

(4)%

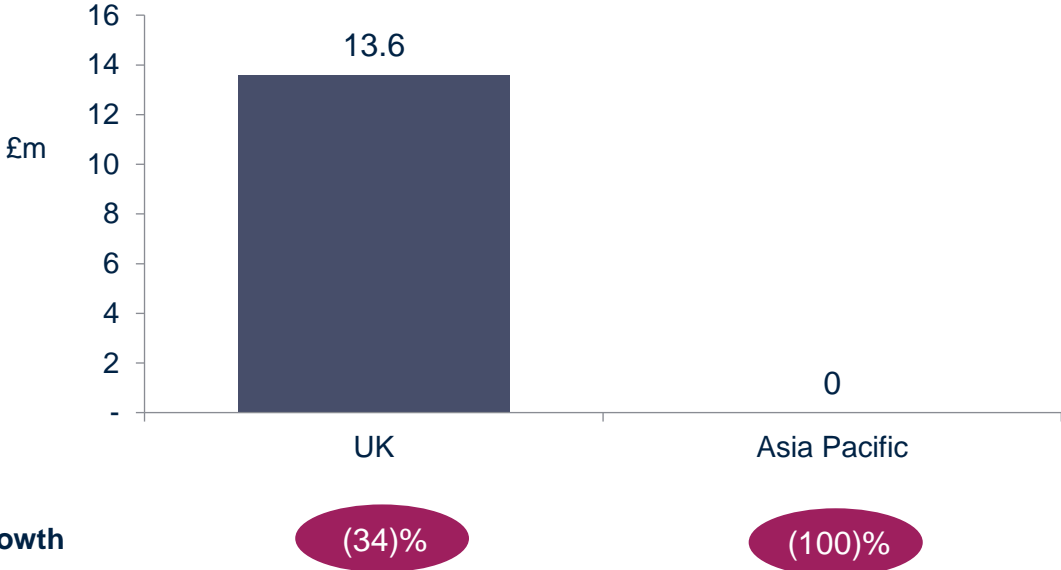
(25)%

- **Asia Pacific** strong recovery in Japan & Regional Occupier Services, partially offset by effect of lockdowns in China
- **UK** significant growth in Investment & Leasing, particularly in London
- **CEME** growth in Spain, Netherlands & France, which were impacted by lockdowns in 2021-H1. Profits impacted by growth costs and energy crisis effect in Germany
- **North America** revenue growth mainly from New York, with additional growth in South West & South East regions

**2022 Revenue £105.0m**  
*(-11% vs 2021, +46% vs 2019)*

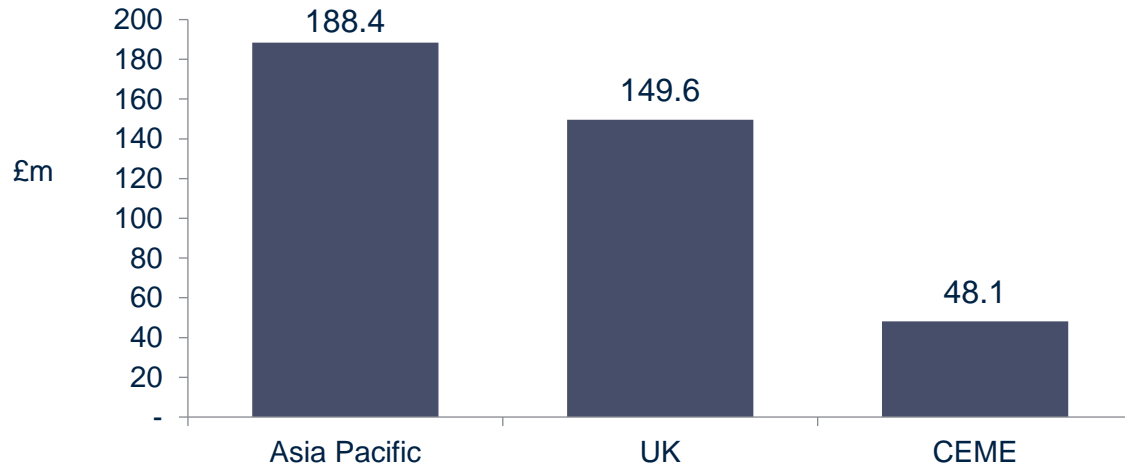


**2022 UPBT £13.6m**  
*(-44% vs 2021, +178% vs 2019)*

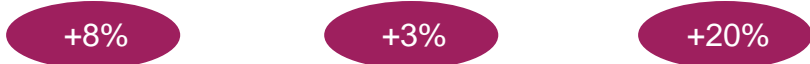


- **UK** anticipated reduction in transactional activity, mitigated by stock shortage & focus on prime & super prime markets
- **Asia Pacific** revenue declines in Hong Kong/China as a result of lockdowns in early part of 2022

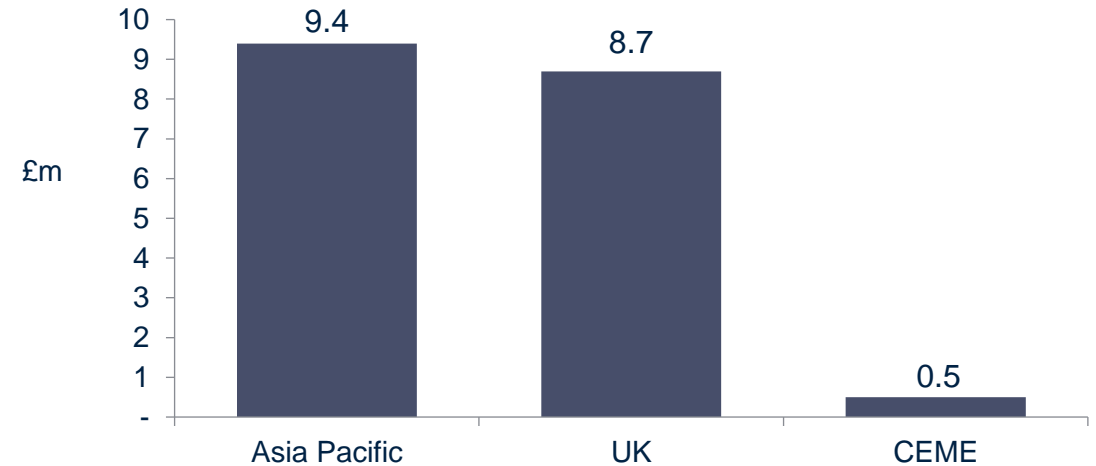
**2022 Revenue £386.1m**  
(+8% vs 2021, +19% vs 2019)



Growth



**2022 UPBT £18.6m**  
(-3% vs 2021, +15% vs 2019)



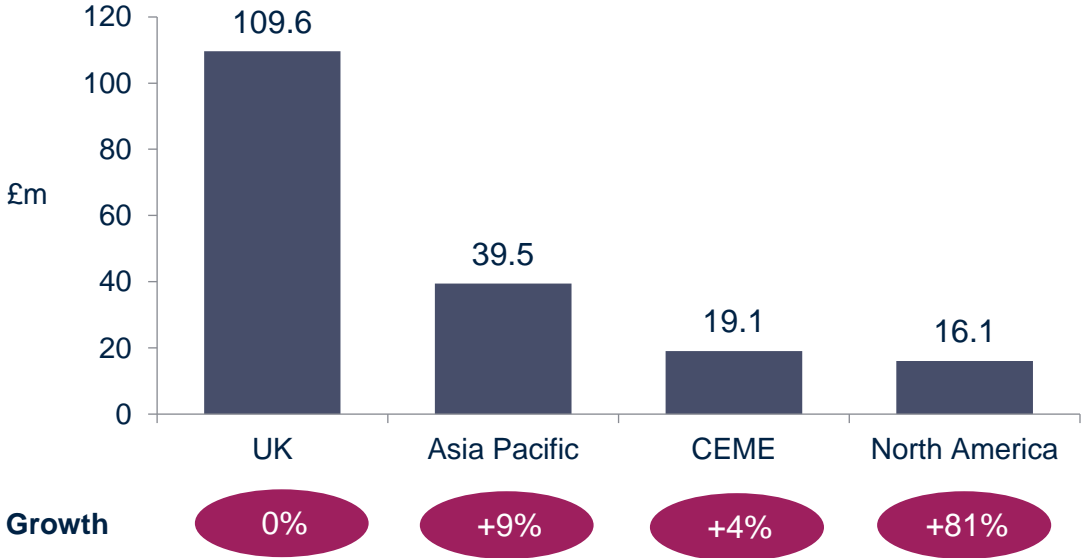
Growth



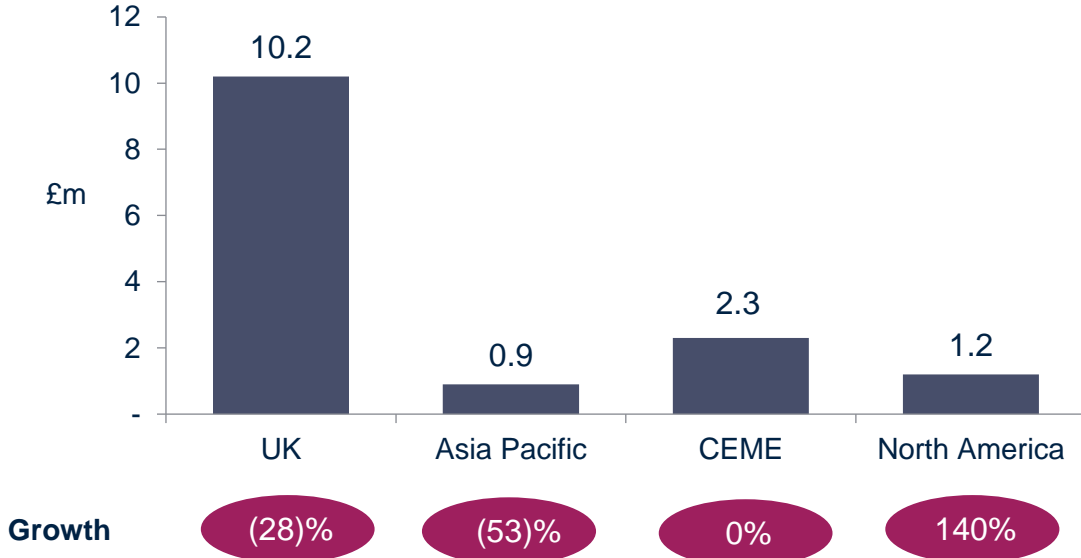
- **Asia Pacific** revenue growth as a result of contract wins in Hong Kong & Singapore, margin impacted by recruitment in Hong Kong, but reverting to normal levels post pandemic subsidies
- **UK** steady growth but operational cost increases impacted profitability
- **CEME** revenue growth from mandate wins, most notably in Spain, Ireland & the Middle East



**2022 Revenue £184.3m**  
 (+6% vs 2021, +29% vs 2019)



**2022 UPBT £14.6m**  
 (-22% vs 2021, +27% vs 2019)



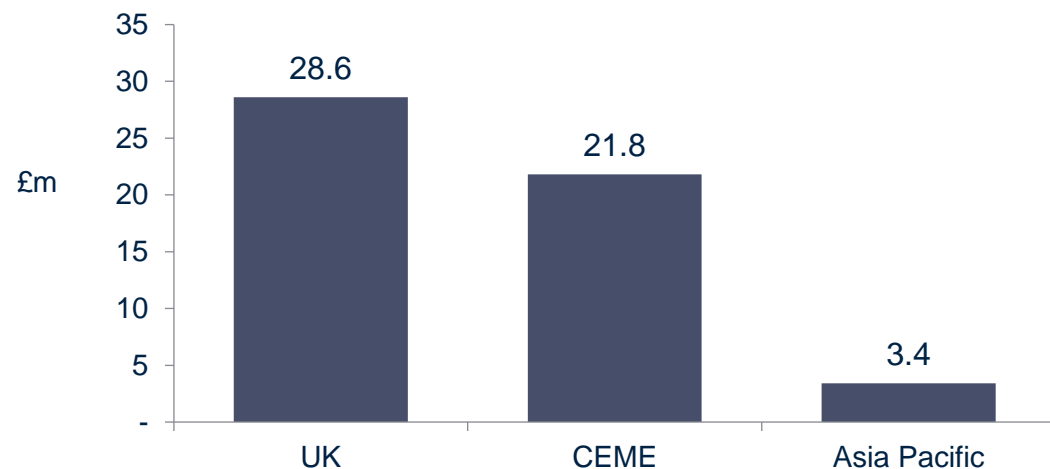
**UK** revenues flat, with growth in Housing, Building & Project Consultancy offset by slow down in Development/Planning

**Asia Pacific** growth in Project Management, partially as a result of the 2020 Merx acquisition in Singapore, investment impacting short term profitability

**CEME** strong performances in the Middle East, Italy & Ireland. Investment in team growth impacting profitability

**North America** full period post-acquisition (June 2021) of T3 (Leasing Consultancy), plus further expansion of the Consultancy offering with investments in Life Sciences & Workplace Solutions

**2022 Revenue £53.8m**  
 (+41% vs 2021, +66% vs 2019)



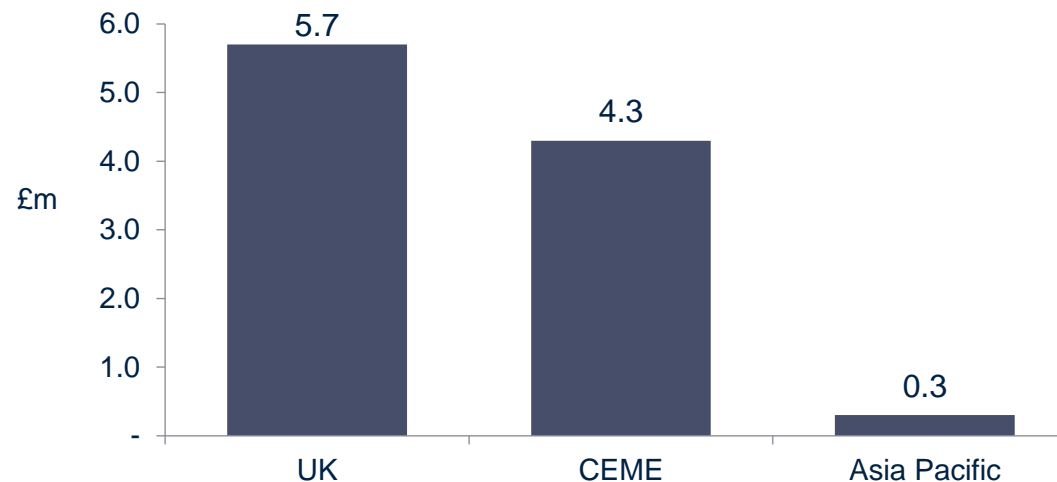
Growth

+46%

+40%

+13%

**2022 UPBT £10.3m**  
 (+45% vs 2021, +79% vs 2019)



Growth

+46%

59%

(50)%

- **Performance** 78% of funds (by AUM) continued to exceed their benchmark returns on a five year rolling basis. Capital raised in the period was £1.0bn (H1 2021: £0.8bn)
- **Revenues** base management fees represented approximately 77% (H1 2021: 81%) of revenues & grew by 18% during the period. This growth was supported by improved performance fee income
- **Assets under management** increased by 9% to €26.5bn (H1 2021: €24.3bn)

# ESG & Summary & Outlook





# ESG – ‘Social’

- Savills UK awarded the Times Graduate Employer of Choice for the 15<sup>th</sup> consecutive year
- Ranked 1<sup>st</sup> in the Times Rate My Placement for Apprentices up from 8<sup>th</sup>
- Savills named as exemplar in EG's 2022 LGBTQ+ Attitudes & Actions
- Savills North America, awarded Bisnow's Rise Initiative for dedication to advanced diversity
- 33% senior Executives are female, with record levels of female Director promotions in the UK
- Enhanced Worldwide staff wellness initiatives (MYNDUP)
- Active support of global charities – both financial & volunteering





01



**A significantly better H1 than any comparable period pre-pandemic**

02



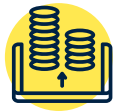
**Performance driven by recovery of commercial, underpinned by less transactional business**

03



**Economic headwinds starting to affect investor / occupier confidence**

04



**Value recalibration in progress, but balanced development pipeline & (currently) little financial distress**

05



**Balance sheet strength will allow continued selective investment in growth opportunities**

06



**Subject to market volatility, expectations for the year remain unchanged**

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Thank you

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