

10 August 2023

Savills plc
(‘Savills’ or ‘the Group’)

RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2023

Savills plc, the international real estate advisor, today announces its unaudited results for the six months ended 30 June 2023.

Key Financial Information

- **Group revenue £1,011.4m, down 2.5% (4.1% in constant currency*) (H1 2022: £1,037.4m)**
- **Group underlying profit** before tax £16.3m (H1 2022: £59.2m)**
- **Group profit before tax £6.0m (H1 2022: £50.4m)**
- **Underlying basic earnings per share** 9.2p (H1 2022: 32.4p)**
- **Basic earnings per share 3.5p (H1 2022: 26.8p)**
- **Interim dividend of 6.9p (H1 2022: 6.6p)**
- **Net cash*** £12.9m (H1 2022: Net cash £149.0m)**

* Revenue and underlying profit for the period are translated at the prior period exchange rates to provide a constant currency comparative (see Appendices).

** Underlying profit before tax ('underlying profit') and underlying basic earnings per share ('underlying EPS') are calculated on a consistently reported basis in accordance with Note 3, Note 8 and Note 11(b) to the Interim Financial Statements.

*** Net cash reflects cash and cash equivalents net of borrowings and overdrafts in the notional pooling arrangement (see Note 13 and 19).

Trading performance - Key highlights

- **Transaction Advisory revenues (down 20%) supported by market share gains**
- **Less transactional businesses, performed well in aggregate with revenue up 9%**
- **Property and Facilities Management revenue up 16%, Consultancy revenue stable**
- **Savills Investment Management revenue down 4%**
- **1.6% margin (H1 2022: 5.7%) reflects impact of reduced market volumes and Savills policy of maintaining bench strength to assist clients in challenging conditions. This positions the Group to benefit from recovery in due course**

Commenting on the results, Mark Ridley, Group Chief Executive of Savills plc, said:

“During 2023, global real estate markets have faced the obvious challenges associated with inflation and the related steep rise in interest rates. Different regions have varied in the pace of their adjustment to current conditions and all have experienced a material decline in trading volumes during that adjustment process. Market participants, whether investors or occupiers, seek greater certainty on the trajectory of interest rates over the next 18 months, something which has become somewhat clearer in recent weeks than for much of the period.

“Savills has weathered both the inflationary cost conditions and reduced transaction volumes well, increasing market share and, supported by our strong balance sheet, continuing to undertake selective business development activities to further the Group’s long term growth strategy.

“We are seeing some positive signs in markets such as the UK and continued strength in certain Asia Pacific markets including Japan; in Continental Europe and mainland China we now expect reduced market volumes to continue through much of the year. In many locations we are carrying very strong capital transaction pipelines awaiting the market conditions for launch. In prolonged uncertain conditions, it remains challenging to predict accurately the timing of individual market recoveries. Accordingly, our range of expectations for the year as a whole has reduced somewhat. We do, however, continue to anticipate a significant improvement in volumes of activity through the balance of the year, and into 2024.”

For further information, contact:

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The analyst presentation will be held at 9.30am today by webinar. For joining instructions please contact nrichards@savills.com. A recording of the presentation will be available from noon at www.ir.savills.com.

Overview

During the first half of 2023, the Group has withstood much reduced trading volumes as real estate markets progressively adjust to challenging macro-economic conditions.

In the six months to 30 June 2023, Savills delivered revenue of £1,011.4m, a reduction of 3% (4% in constant currency) over the comparable period (H1 2022: £1,037.4m). Underlying profit was £16.3m, 72% lower than the first half of 2022 (H1 2022: £59.2m) (72% lower in constant currency). The Group's underlying profit margin was 1.6% (H1 2022: 5.7%). This reflects the anticipated losses in our transaction business, staff cost inflation and the maintenance of our professional staff roster to service clients and benefit from the recovery in due course.

The Group continues to maintain a strong balance sheet with net cash of £12.9m at 30 June 2023 (H1 2022: £149.0m).

Reported profit before tax was £6.0m (H1 2022: £50.4m).

Market conditions

H1 2023 continued the downward trend in real estate trading volumes, both capital and leasing transactions, experienced in the second half of 2022 as investors and occupiers reacted primarily to the significant increase in debt costs. This has been positive for the flexible business space market, with Savills Workthere flex advisory business seeing good growth in most markets.

In the UK, capital transactions remained very constrained throughout the period with market volumes declining c.60% year-on-year and c.46% below the five year average. Leasing activity largely focused on grade A stock with strong sustainability credentials.

The transaction volume of commercial properties in Asia Pacific fell by 30% year-on-year in H1 2023. Although mainland China released lockdown restrictions in Q1, the market has been slow to recover. Singapore remained relatively resilient through the period, but in Hong Kong and Australia volumes have been suppressed.

Continental Europe has experienced the most significant reductions in activity particularly in Germany, France and the Nordic region. This is partly due to certain valuation bases, which seek to smooth the effect of significant market movements, thereby temporarily suspending pressure on Loan to Value ("LTV") ratios, prolonging the mark-to-market process and stalling transaction activity.

In the US, where Savills is primarily involved in occupier-focused activities, the market has seen the volume of smaller lot size transactions continue relatively well outside the main metropolis markets. There remains a trend of movement towards the southern states of Texas and Florida away from the more traditional markets of San Francisco and New York. However, major corporate head office moves have often been deferred to await the emergence of greater economic clarity.

Prime Residential (high equity component) markets, particularly in the UK and mainland China have remained relatively buoyant in the first half of 2023 despite the increasing economic headwinds. This is in contrast to those mainstream or residential new build markets which are more highly dependent on mortgage finance.

Business development during the period

Savills has continued to focus on the strategic development of the business, enabled by the Group's strong balance sheet. In the first half of this year, we progressed our strategy of expanding our Global Prime Residential services with the acquisition of agencies in Italy (BeLiving Srl) and Portugal (Predibisa, Sociedade de Mediação Imobiliária, Lda). The Group also acquired Automotive Property Consultancy Holdings Limited, a specialist property consultancy dedicated to the franchised motor retail sector in the UK.

Technology is an important focus for the Group, and we have continued to implement significant platform upgrades across the globe including both operating and finance systems and service-specific digital transformation programmes. In addition we are increasingly incorporating machine learning capability into our volume processing activities.

Through our wholly owned technology businesses and investments we are experimenting with the latest advances in generative design, in particular to test feasibility at an earlier stage in the design process. VU.CITY (a Grosvenor Hill Ventures investment) uses its SiteSolve technology combined with highly accurate city-wide models to generate development massing options, while BrickByte (our technology enabled workplace strategy business) applies this technology to advise corporates on how to optimise the efficiency of their office portfolios.

Many of our other digital businesses continue to perform well. Cureoscity, our wholly owned platform that connects occupiers, landlords and their managing agents has grown year-on-year. Our online auction business continues to take market share, and despite increasingly challenging markets, has sold over £260m of property during the period, an increase of 20% year-on-year.

Business review

The following table sets out Group revenue and underlying profit by operating segment:

Revenue	H1 2023 £m	H1 2022 £m	Change
Transaction Advisory	328.7	413.2	(20%)
Consultancy	195.5	195.7	n/a
Property and Facilities Management	435.5	374.7	16%
Investment Management	51.7	53.8	(4%)
Group revenue	1,011.4	1,037.4	(3%)

Underlying profit	H1 2023 £m	H1 2022 £m	Change
Transaction Advisory	(17.0)	22.7	n/a
Consultancy	7.2	16.1	(55%)
Property and Facilities Management	20.1	17.1	18%
Investment Management	7.0	10.3	(32%)
Unallocated cost	(1.0)	(7.0)	n/a
Group underlying profit	16.3	59.2	(72%)

The following table sets out Group revenue and underlying profit by geographical area:

Revenue	H1 2023 £m	H1 2022 £m	Change
UK	409.4	439.2	(7%)
Asia Pacific	313.5	311.7	1%
Continental Europe and the Middle East ('CEME')	149.9	138.1	9%
North America	138.6	148.4	(7%)
Group revenue	1,011.4	1,037.4	(3%)

Underlying profit	H1 2023 £m	H1 2022 £m	Change
UK	31.6	48.1	(34%)
Asia Pacific	1.9	18.0	(89%)
Continental Europe and the Middle East ('CEME')	(12.3)	(1.7)	n/a
North America	(3.9)	1.8	n/a
Unallocated cost	(1.0)	(7.0)	n/a
Group underlying profit	16.3	59.2	(72%)

Revenue performance was driven by good growth (9%) in the less transactional service lines, which largely mitigated the 20% reduction in transactional revenues. Property Management showed significant growth in both revenue and profits during the period. Consultancy revenues remained flat despite the reduction in certain consultancy activities during a period of economic uncertainty; in particular valuation, development consultancy and due diligence services in building consultancy. All geographies/service lines were affected by continued staff cost increases in the inflationary environment. The rise in interest rates, coupled with the Group's strong average net cash position and attractive fixed rate long term debt has resulted in interest income offsetting the majority of unallocated cost in H1 2023.

Transaction Advisory

Revenue	H1 2023 £m	H1 2022 £m	Change
UK	109.1	151.4	(28%)
Asia Pacific	50.2	80.4	(38%)
CEME	43.2	49.1	(12%)
North America	126.2	132.3	(5%)
Total	328.7	413.2	(20%)

Our Transaction Advisory revenues decreased by 20% compared with H1 2022 (22% in constant currency), with leasing-related revenue generally remaining more resilient than capital transactions. In most of our major markets Savills revenue outperformed the market, indicating increased market share of reduced market volumes. The transaction business sustained an underlying loss of £17.0m (H1 2022: Underlying Profit of £22.7m) as we maintained our policy of keeping teams intact to service clients and ensure our business is well placed to take advantage of the opportunities we expect to arise through the recovery.

UK Commercial

UK Commercial Transaction fee income decreased 33% to £37.5m (H1 2022: £55.6m), with a significant reduction in both investment and leasing activity.

Capital transactions remained very constrained throughout the period with market volumes declining c.54% year-on-year and c.38% below the five year average. That said, the UK was the most attractive location for overseas investment during the period as investors sought Prime Property with the highest sustainability credentials where rental growth supported yields. Occupational market trends were slightly more resilient, with office leasing volumes in both central London and the key regional cities decreasing over the comparable period by 23%, albeit activity was still focused on larger lot sizes with good sustainability characteristics. Against this backdrop, revenue declines of 36% and 29% respectively in capital transactions and leasing reflected Savills growing and resilient market shares respectively.

Logistics leasing markets performed relatively better and we benefited from an improvement in retail transactions during the period.

Decreased revenue resulted in a reduced underlying profit margin of 6.4% (H1 2022: 17.8%) and underlying profit of £2.4m (H1 2022: £9.9m).

UK Residential

In line with our expectations, given steep rises in interest rates, revenue from Savills UK residential business declined by 25% to £71.6m (H1 2022: £95.8m). To put this into context, it was still Savills third strongest revenue performance in a decade and 25% ahead of the comparable period pre-Covid (2019).

In the second hand agency business, Savills overall transaction volumes exchanged were down 24%. The average value of London and regional residential property sold by Savills in the period was 4% higher in London at £2.3m (H1 2022: £2.2m) and 8% lower in the regional markets at £1.25m (H1 2022: £1.36m).

Revenue from the sale of New Homes declined 28% on H1 2022. This reflected reduced activity in the lower lot sizes, particularly outside London, which are more mortgage-dependent. The effect of this was partly mitigated by relative strength in the Prime London market which saw a 25% increase in the average lot size transacted.

Finally, our Operational Capital Markets business, which advises on the Private Rented Sector ('PRS'), Student and other institutional residential markets, saw a 26% decline in revenue period-on-period as the market began to adapt to the effect of higher interest costs on operating models.

Underlying profits in the UK residential transaction business decreased to £4.7m (H1 2022: £13.6m).

Asia Pacific Commercial

Commercial transaction fee income in Asia Pacific decreased by 44% (same in constant currency) to £40.2m (H1 2022: £71.2m). All markets experienced a decline in volumes, however Singapore and Hong Kong showed the greatest period-on-period resilience. We had anticipated that Mainland China would show good signs of recovery once Covid restrictions were lifted in Q1 2023. This has proved somewhat slower as a result of economic uncertainty and our transaction revenue declined by 29% period-on-period.

Overall the Asia Pacific commercial transaction business delivered an underlying loss of £6.2m for the period (H1 2022: £7.4m).

Asia Pacific Residential

Residential transaction fee income in Asia Pacific increased by 9% to £10m (H1 2022: £9.2m) (8% in constant currency). Renewed activity in Mainland China (post Covid restrictions) and improvements in Hong Kong mitigated the impact of reduced activity elsewhere in the region.

Underlying profit improved to £1.2m for the first half of the year (H1 2022: £0.0m).

CEME

In CEME, transactional advisory revenue declined by 12% to £43.2m (H1 2022: £49.1m). Leasing revenues were broadly flat, partially mitigating a 21% decline in capital transaction revenues. This compared favourably with a 59% fall in capital transaction activity for the market as a whole, with office and industrial sectors declining by 64% and 65% respectively. It is notable that cross border transactions into Europe were at the lowest levels seen in over a decade. Significant declines in revenue occurred in the principal Northern European markets of Germany, France, Sweden, Ireland and the Netherlands, and were partially offset by resilient performances in Spain, Poland, Italy and the Middle East. Overall, cost inflation and the impact of reduced trading activity led to an increase of the H1 loss to £16.2m (H1 2022: £8.8m loss).

North America

In North America, where the Group is substantially dependent upon leasing activity by corporate occupiers, revenue reduced by 5% to £126.2m (H1 2022: £132.3m) (9% in constant currency). This was driven by strong performances in the New Jersey, Philadelphia and Southern California markets which largely offset a substantial decline in revenue from the New York office market.

During the period we undertook a reorganisation of the North American business including both cost saving initiatives (the costs of which have not been excluded from underlying profit) and enhancing the focus on our growing Global Occupier Solutions service. The effects of these activities are expected progressively to improve profitability in coming periods.

Taking into account both trading, the reorganisation costs and the impact of inflation, the North American business delivered an underlying loss of £2.9m (H1 2022: £0.6m underlying profit).

Consultancy

Revenue	H1 2023 £m	H1 2022 £m	Change
UK	112.9	109.6	3%
Asia Pacific	37.6	39.5	(5%)
CEME	32.6	30.5	7%
North America	12.4	16.1	(23%)
Total	195.5	195.7	n/a

Consultancy revenues remained flat year on year as growth was suppressed by two principal factors: first the impact of reduced global transaction volumes on valuation services, which represent c.27% of the Group's Consultancy revenues; and secondly the impact of macro-economic uncertainty which causes client requirements for longer term strategic services such as development and long term project consultancy to be deferred for a period.

In the UK, revenue was marginally ahead of the prior period with growth in the Rural, Building and Project Consultancy and Planning services offsetting a decline in Development Consultancy revenue. Of particular note is the positive effect of both sustainability initiatives to upgrade existing buildings and the increasing focus on natural capital as an asset class.

The Asia Pacific business revenue declined by 5% (5% on a constant currency basis), as reductions in Valuations and Development Consultancy, particularly in Mainland China and Vietnam outweighed an improved performance in Project Management.

In the CEME business 7% revenue growth comprised growth in the Middle East, Spain and France in particular which helped offset reductions in Germany, Ireland and Sweden. In common with all regions, staff cost inflation remained a significant obstacle to profitability during the period.

The North American Consultancy business posted a 23% decline in revenue, primarily as a result of a significant reduction in activity in the Technology/Life Sciences sector, and profitability was negatively affected by both cost inflation in Project Management services and the deferral of some larger assignments.

As a result of the above factors Underlying profit of the Consultancy business decreased by 55% to £7.2m (H1 2022: £16.1m).

Property and Facilities Management

Revenue	H1 2023 £m	H1 2022 £m	Change
Asia Pacific	221.8	188.4	18%
UK	167.6	149.6	12%
CEME	46.1	36.7	26%
Total	435.5	374.7	16%

Our Property and Facilities Management business increased global revenues by 16% (14% in constant currency) to £435.5m (H1 2022: £374.7m). Savills total area under management increased 3% to 2.49bn sq ft (H1 2022: 2.42bn sq ft).

In Asia Pacific, revenues increased by 18% (14% in constant currency), driven by Hong Kong, Korea, Vietnam and Singapore, the latter benefiting from the full period effect of the acquisition of Absolute Maintenance Services Pte Limited and Solute Pte Limited (together "AMS") in August 2022. The impact of staff cost inflation restricted profit growth to 1% during the period.

UK Property and Facilities Management revenues grew 12%. This comprised 13% commercial and rural management growth, within which Facilities Management posted 17% growth. Our Residential Management (primarily lettings) business grew revenue by 8%. Underlying profit increased by 29% period-on-period.

The CEME business delivered strong revenue growth of 26% (24% in constant currency) driven by Germany, Ireland, Spain and the Netherlands. Cost inflation restricted profitability as the business reduced H1 losses to £0.4m (H1 2022: £1.0m loss).

Overall, underlying profit for the Property and Facilities Management business grew by 18% to £20.1m (H1 2022: £17.1m).

Investment Management

Revenue from Investment Management decreased by 4% to £51.7m (H1 2022: £53.8m) (5% in constant currency), reflecting lower transaction fees in line with reduced activity in the market as a result of interest rate increases and the lack of price clarity evidenced by market activity. Base management fees remained stable, representing approximately 81% (HY 2022: 77%) of Investment Management gross revenues. Lower transaction volumes reduced transaction fees by 67%, however performance fees rose 37% (to £6.5m) compared with H1 2022. This was primarily due to the decision to realise value for clients from a number of long-held investments in the European large unit logistics sector

Assets Under Management ('AUM') decreased by 12% to £20.4bn (H1 2022: £23.1bn) as a result of sale activity and valuation decreases, partially compensated by capital raised and deployed over the preceding 12 months. The relationship with Samsung Life progressed well during the period, with contracted investment commitments being confirmed for a range of debt and equity funds but, for market reasons, remaining still largely undeployed at the end of the period.

Despite the challenging market conditions, 68% of funds (by AUM) continued to exceed their benchmark returns on a five year rolling basis. Capital raising in the first half of the year remained consistent with the prior period at £1.1bn.

The market based reduction in transaction fees led to a decrease of 32% in underlying profit to £7.0m, against a record H1 2022 result (H1 2022: £10.3m), this represented a 14% underlying profit margin (H1 2022: 19.1%).

Unallocated/central revenue and cost

The unallocated cost segment represents other costs, expenses and net interest not directly allocated to the operating activities of the Group's business segments. The H1 decrease in unallocated net costs to £1.0m (H1 2022: £7.0m) primarily reflects decreases in the profit-related bonus provision and increases in net interest income.

Transaction-related and restructuring costs

During the period the Group incurred an aggregate restructuring charge of £nil (H1 2022: £0.1m) and transaction-related costs of £7.1m (H1 2022: £5.9m). Transaction-related costs in the period primarily represent provisions for future consideration payments which are contingent on the continuity of recipients' employment at the time of payment together with professional advisory fees in relation to significant transactions in the period. The majority of the charge relates to the most recent acquisitions in the Investment Management business (see Note 8).

Earnings and financial position

The Group's underlying profit margin in the period was 1.6% (H1 2022: 5.7%). This reflects the anticipated net losses in our global transaction business, staff cost inflation and the maintenance of our bench strength to service clients.

Basic earnings per share for the six months to 30 June 2023 decreased to 3.5p (H1 2022: 26.8p). Underlying basic earnings per share decreased to 9.2p (H1 2022: 32.4p).

Cash and cash equivalents, net of overdrafts in notional pooling arrangements and bank overdrafts (see note 19), at the period end stood at £257.0m (30 June 2022: £303.2m, 31 December 2022: £464.3m). The Group typically has a net outflow of cash in the first half of the year as a result of seasonality in trading and the major cash outflows associated with dividends, profit related remuneration payments and related payroll taxes in the first half of the year.

The Group had borrowings at 30 June 2023 of £249.1m (30 June 2022: £156.8m, 31 December 2022: £159.7m). These principally comprise £150.0m (30 June 2022 and 31 December 2022: £150.0m) of 7, 10 and 12 year fixed rate notes (carrying a weighted average interest rate of 3.19%) which were issued in June 2018. At 30 June 2023, borrowings also included £13.1m drawn under a revolving credit facility in North America (30 June 2022: £14.1m, 31 December 2022: £nil). At 30 June 2023, £78.0m of the Group's UK revolving credit facility ('RCF') was drawn (30 June 2022: £5.0m, 31 December 2022: £nil), with a total of £329.3m of borrowing facilities available to the Group (30 June 2022: £420.0m, 31 December 2022: £424.9m).

Cash and cash equivalents net of borrowings and overdrafts in notional pooling arrangements was £12.9m (30 June 2022: £149.0m, 31 December 2022: £307.4m).

The funding level of the defined benefit Savills Pension Scheme in the UK, which is closed to future service based accrual, decreased during the period primarily as a result of the net effect of falling LDI asset values and reduced future pension obligations, in line with rising gilt yields. The Scheme was in a surplus position of £2.5m at 30 June 2023 (30 June 2022: £33.3m surplus, 31 December 2022: £22.3m surplus).

Impact of foreign exchange

The Group generates revenues and profits in various territories and currencies because of its international footprint. Those results are translated on consolidation at the foreign exchange rates prevailing at the time. These exchange rates vary from period to period, so the Group presents some of its results on a constant currency basis. This means that the current period results are retranslated using the prior period exchange rates. This eliminates the effect of exchange from the period-on-period comparison of results.

The constant currency effect on revenue, profit and underlying profit is summarised below:

	Six months to 30 June 2023	Constant currency effect	Six months to 30 June 2023 at constant currency
	£m	£m	£m
Revenue	1,011.4	16.4	995.0
Profit before tax	6.0	(0.3)	6.3
Underlying profit before tax	16.3	(0.2)	16.5

Interim Dividend

The Board has declared an interim ordinary dividend of 6.9p (H1 2022: 6.6p). The dividend, which is designed to provide sustainable real income growth and be supported by the less transactional business earnings, will be payable on 2 October 2023 to shareholders on the register at 1 September 2023.

Principal and emerging risks

The key principal and emerging risks relating to the Group's operations for the next six months were considered to remain consistent with those disclosed in the Group's Annual Report and Accounts 2022. These are listed below, please refer to pages 29 to 35 thereof or to our investors' page on www.savills.com.

- Market conditions, macro-economic and geopolitical issues
- Achieving the right market positioning to meet the needs of our clients
- Recruitment and retention of high-calibre staff
- Reputational and brand risk
- Legal risk
- Failure or significant interruption to IT systems causing disruption to client service
- Operational resilience/Business continuity
- Business conduct
- Changes in the regulatory environment/ regulatory breaches
- Acquisition/integration risk
- Environment and sustainability

Board Changes

As announced in March 2023, Nicholas Ferguson will retire as Chairman and Director on 31 December 2023. He will be succeeded as Chair, by Stacey Cartwright, currently the Senior Independent Director since January 2021, having joined the Board as an independent non-executive director in October 2018. A new Chair of the Audit Committee will be confirmed in due course.

Summary and outlook

During 2023, global real estate markets have faced the obvious challenges associated with inflation and the related steep rise in interest rates. Different regions have varied in the pace of their adjustment to current conditions and all have experienced a material decline in trading volumes during that adjustment process. Market participants, whether investors or occupiers, seek greater certainty on the trajectory of interest rates over the next 18 months, something which has become somewhat clearer in recent weeks than for much of the period.

Savills has weathered both the inflationary cost conditions and reduced transaction volumes well, increasing market share and, supported by our strong balance sheet, continuing to undertake selective business development activities to further the Group's long term growth strategy.

We are seeing some positive signs in markets such as the UK and continued strength in certain Asia Pacific markets including Japan; in Continental Europe and mainland China we now expect reduced market volumes to continue through much of the year. In many locations we are carrying very strong capital transaction pipelines awaiting the market conditions for launch. In prolonged uncertain conditions, it remains challenging to predict accurately the timing of individual market recoveries. Accordingly, our range of expectations for the year as a whole has reduced somewhat. We do, however, continue to anticipate a significant improvement in volumes of activity through the balance of the year, and into 2024.

Mark Ridley
Group Chief Executive

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that this condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as contained in UK-adopted international accounting standards and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed consolidated interim financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months of the financial year and any material changes in the related party transactions described in the last Annual Report.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors of Savills plc are listed in the Company's Report and Accounts for the year ended 31 December 2022. A list of current Directors is maintained on the Savills plc website: www.savills.com.

By order of the Board

Mark Ridley, Group Chief Executive
Simon Shaw, Group Chief Financial Officer
9 August 2023

FORWARD-LOOKING STATEMENTS

The financial information contained in this announcement has not been audited. Certain statements made in this announcement are forward-looking statements. Undue reliance should not be placed on such statements, which are based on current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from any expected future results in forward-looking statements.

The Company accepts no obligation to publicly revise or update these forward-looking statements or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

INDEPENDENT REVIEW REPORT TO SAVILLS PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises the condensed interim consolidated income statement, the condensed interim consolidated statement of comprehensive income, the condensed interim consolidated statement of financial position, the condensed interim consolidated statement of changes in equity, the condensed interim consolidated statement of cash flows and the related explanatory notes 1 to 24.

We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Savills plc
Condensed interim consolidated income statement
for the period ended 30 June 2023

	Note	Six months to 30 June 2023 (unaudited) £m	Six months to 30 June 2022 (unaudited) £m	Year ended 31 December 2022 (audited) £m
Revenue	7	1,011.4	1,037.4	2,298.3
Less:				
Employee benefits expense		(674.9)	(688.2)	(1,509.8)
Depreciation		(34.7)	(32.0)	(65.8)
Amortisation of intangible assets		(7.9)	(8.0)	(16.9)
Other operating expenses		(297.0)	(260.6)	(562.1)
(Increase)/decrease in provision for expected credit loss		(0.7)	2.4	2.1
Other net gains		1.4	0.1	0.3
Share of post-tax profit from joint ventures and associates		4.8	4.7	12.1
Operating profit		2.4	55.8	158.2
Finance income	20	21.8	2.3	13.7
Finance costs	20	(18.2)	(7.7)	(18.0)
Net finance cost	20	3.6	(5.4)	(4.3)
Profit before income tax		6.0	50.4	153.9
Income tax expense	9	(1.6)	(12.7)	(34.1)
Profit for the period		4.4	37.7	119.8
Attributable to:				
Owners of the parent		4.8	37.0	119.4
Non-controlling interests		(0.4)	0.7	0.4
		4.4	37.7	119.8
Earnings per share				
Basic earnings per share	11(a)	3.5p	26.8p	87.0p
Diluted earnings per share	11(a)	3.4p	25.2p	82.2p

Supplementary income statement information

Reconciliation to underlying profit before income tax				
Profit before income tax		6.0	50.4	153.9
- restructuring and transaction-related costs	8	7.1	6.0	15.6
- other underlying adjustments	8	3.2	2.8	(4.9)
Underlying profit before income tax	8	16.3	59.2	164.6

Notes 1 to 24 are an integral part of these condensed interim financial statements.

Savills plc
Condensed interim consolidated statement of comprehensive income
for the period ended 30 June 2023

	Six months to 30 June 2023 (unaudited)	Six months to 30 June 2022 (unaudited)	Year ended 31 December 2022 (audited)
	£m	£m	£m
Profit for the period	4.4	37.7	119.8
Other comprehensive (loss)/income			
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit pension scheme and employee benefit obligations	(20.4)	17.4	6.6
Changes in fair value of equity investments at FVOCI	0.2	(5.2)	(10.9)
Tax on other items that will not be reclassified	7.0	(3.9)	(3.9)
Total items that will not be reclassified to profit or loss	(13.2)	8.3	(8.2)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences	(29.3)	37.7	48.1
Tax on items that may be reclassified	-	0.4	-
Total items that may be reclassified subsequently to profit or loss	(29.3)	38.1	48.1
Other comprehensive (loss)/income for the period	(42.5)	46.4	39.9
Total comprehensive (loss)/income for the period	(38.1)	84.1	159.7
Total comprehensive (loss)/income attributable to:			
Owners of the parent	(36.7)	83.0	158.4
Non-controlling interests	(1.4)	1.1	1.3
	(38.1)	84.1	159.7

Notes 1 to 24 are an integral part of these condensed interim financial statements.

Savills plc
Condensed interim consolidated statement of financial position
at 30 June 2023

	Note	30 June 2023 (unaudited) £m	30 June 2022 restated** (unaudited) £m	31 December 2022 (audited) £m
Assets: Non-current assets				
Property, plant and equipment		71.4	68.9	77.0
Right of use assets		207.4	235.7	223.8
Goodwill		440.2	436.3	449.4
Intangible assets		60.5	69.5	66.3
Investments in joint ventures and associates		36.2	35.8	37.0
Deferred income tax assets		47.1	37.4	38.6
Financial assets at fair value through other comprehensive income ('FVOCI')	6	7.5	11.3	5.7
Financial assets at fair value through profit and loss ('FVPL')		36.7	33.9	36.8
Defined benefit pension surplus	16	5.8	36.0	25.5
Contract related assets		2.2	3.0	2.4
Trade and other receivables		47.0	36.1	37.5
		962.0	1,003.9	1,000.0
Assets: Current assets				
Contract assets		12.9	12.0	7.4
Trade and other receivables		576.7	533.0	643.1
Income tax receivable		9.3	6.0	2.4
Derivative financial instruments	6	1.5	-	0.3
Cash and cash equivalents*	19	442.7	474.7	669.1
		1,043.1	1,025.7	1,322.3
Liabilities: Current liabilities				
Borrowings	18	99.9	8.4	10.6
Overdrafts in notional pooling arrangement*	19	180.7	168.9	202.0
Lease liabilities		51.8	51.9	53.2
Derivative financial instruments	6	-	1.0	1.0
Contract liabilities		17.4	24.9	14.0
Trade and other payables		459.6	536.2	744.3
Income tax liabilities		3.7	16.0	15.5
Employee benefit obligations	16	25.2	25.8	17.7
Provisions		7.8	6.7	9.2
		846.1	839.8	1,067.5
Net current assets		197.0	185.9	254.8
Total assets less current liabilities		1,159.0	1,189.8	1,254.8
Liabilities: Non-current liabilities				
Borrowings	18	149.2	148.4	149.1
Lease liabilities		206.2	239.3	224.4
Derivative financial instruments	6	5.2	2.5	6.7
Other payables		26.5	17.5	21.9
Employee benefit obligations	16	25.4	23.0	25.2
Provisions		14.2	20.9	20.6
Deferred income tax liabilities		1.3	2.2	1.6
		428.0	453.8	449.5
Net assets		731.0	736.0	805.3
Equity:				
Share capital		3.6	3.6	3.6
Share premium		104.9	104.8	104.9
Other reserves		85.6	107.7	112.8
Retained earnings		502.2	489.6	546.8
Equity attributable to owners of the parent		696.3	705.7	768.1
Non-controlling interests		34.7	30.3	37.2
Total equity		731.0	736.0	805.3

Notes 1 to 24 are an integral part of these condensed interim financial statements.

* Included within cash and cash equivalents are cash balances of £181.9m (30 June 2022: £169.3m, 31 December 2022: £205.0m) that are operated within a notional cash pooling arrangement together with overdraft balances of £180.7m (30 June 2022: £168.9m, 31 December 2022: £202.0m) presented above in current liabilities. See Note 19 for further details.

** See Note 4 for details on the prior period restatement.

Savills plc
Condensed interim consolidated statement of changes in equity
for the period ended 30 June 2023

Attributable to owners of the parent

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Non- controlling interests £m	Total equity £m
Balance at 1 January 2023 (audited)	3.6	104.9	112.8	546.8	768.1	37.2	805.3
Profit for the period	-	-	-	4.8	4.8	(0.4)	4.4
<i>Other comprehensive (loss)/income:</i>							
Re-measurement of defined benefit pension scheme and employee benefit obligations	-	-	-	(20.4)	(20.4)	-	(20.4)
Changes in fair value of financial assets at FVOCI	-	-	0.2	-	0.2	-	0.2
Currency translation differences	-	-	(28.3)	-	(28.3)	(1.0)	(29.3)
Tax on other items directly taken to other comprehensive loss	-	-	-	7.0	7.0	-	7.0
Total comprehensive loss for the period	-	-	(28.1)	(8.6)	(36.7)	(1.4)	(38.1)
Employee share option scheme:							
- Value of services provided	-	-	-	15.6	15.6	0.4	16.0
- Tax on employee share option schemes	-	-	-	0.1	0.1	-	0.1
Purchase of treasury shares	-	-	-	(11.9)	(11.9)	-	(11.9)
Transfer between equity accounts	-	-	0.9	(0.6)	0.3	(0.3)	-
Dividends (Note 10)	-	-	-	(39.4)	(39.4)	(1.0)	(40.4)
Balance at 30 June 2023 (unaudited)	3.6	104.9	85.6	502.0	696.1	34.9	731.0

Attributable to owners of the parent

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Non- controlling interests £m	Total equity £m
Balance at 1 January 2022 (audited)	3.6	104.4	76.2	540.0	724.2	29.2	753.4
Profit for the period	-	-	-	37.0	37.0	0.7	37.7
<i>Other comprehensive income/(loss):</i>							
Re-measurement of defined benefit pension scheme and employee benefit obligations	-	-	-	17.4	17.4	-	17.4
Changes in fair value of financial assets at FVOCI	-	-	(5.2)	-	(5.2)	-	(5.2)
Currency translation differences	-	-	37.3	-	37.3	0.4	37.7
Tax on other items directly taken to other comprehensive income	-	-	-	(3.5)	(3.5)	-	(3.5)
Total comprehensive income for the period	-	-	32.1	50.9	83.0	1.1	84.1
Employee share option scheme:							
- Value of services provided	-	-	-	15.1	15.1	-	15.1
- Tax on employee share option schemes	-	-	-	(2.1)	(2.1)	-	(2.1)
Purchase of treasury shares	-	-	-	(37.6)	(37.6)	-	(37.6)
Shares issued	-	0.4	-	-	0.4	-	0.4
Tax on other items taken to reserves	-	-	-	(0.1)	(0.1)	-	(0.1)
Disposal of financial assets at FVOCI	-	-	(0.2)	-	(0.2)	-	(0.2)
Transfer between equity accounts	-	-	(0.4)	-	(0.4)	0.4	-
Dividends (Note 10)	-	-	-	(76.6)	(76.6)	(0.4)	(77.0)
Balance at 30 June 2022 (unaudited)	3.6	104.8	107.7	489.6	705.7	30.3	736.0

Attributable to owners of the parent

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Non- controlling interests £m	Total equity £m
Balance at 1 January 2022 (audited)	3.6	104.4	76.2	540.0	724.2	29.2	753.4
Profit for the year	-	-	-	119.4	119.4	0.4	119.8
<i>Other comprehensive income/(loss):</i>							
Remeasurement of defined benefit pension scheme and employee benefit obligations	-	-	-	6.1	6.1	0.5	6.6
Changes in fair value of financial assets at FVOCI	-	-	(10.9)	-	(10.9)	-	(10.9)
Tax on items directly taken to other comprehensive income	-	-	-	(3.7)	(3.7)	(0.2)	(3.9)
Currency translation differences	-	-	47.5	-	47.5	0.6	48.1
Total comprehensive income for the year	-	-	36.6	121.8	158.4	1.3	159.7
Employee share option scheme:							
- Value of services provided	-	-	-	29.6	29.6	0.8	30.4
- Tax on employee share option schemes	-	-	-	(2.6)	(2.6)	-	(2.6)
Issue of share capital	-	0.5	-	-	0.5	-	0.5
Tax on other items taken to reserves	-	-	-	0.3	0.3	-	0.3
Purchase of treasury shares	-	-	-	(49.0)	(49.0)	-	(49.0)
Dividends	-	-	-	(85.5)	(85.5)	(0.4)	(85.9)
Transfer between reserves	-	-	0.4	(4.0)	(3.6)	3.6	-
Fair value of derivative financial instrument	-	-	-	(4.5)	(4.5)	-	(4.5)
Transactions with non-controlling interests	-	-	(0.4)	0.7	0.3	-	0.3
Additions through business combinations	-	-	-	-	-	2.7	2.7
Balance at 31 December 2022 (audited)	3.6	104.9	112.8	546.8	768.1	37.2	805.3

Notes 1 to 24 are an integral part of these condensed interim financial statements.

Savills plc
Condensed interim consolidated statement of cash flows
for the period ended 30 June 2023

	Note	Six months to 30 June 2023 (unaudited) £m	Six months to 30 June 2022 (unaudited) £m	Year ended 31 December 2022 (audited) £m
Cash flows from operating activities				
Cash (used in)/generated from operations	12	(166.1)	(34.7)	210.9
Interest received		21.2	2.3	13.3
Interest paid		(18.0)	(7.4)	(16.9)
Income tax paid		(22.9)	(22.1)	(43.3)
Net cash (used in)/generated from operating activities		(185.8)	(61.9)	164.0
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		3.9	0.1	0.2
Proceeds from sale of financial assets held at FVOCI and FVPL		2.1	0.7	1.6
Proceeds from sale of interests in joint ventures		-	0.1	0.1
Dividends received from joint ventures		2.9	2.3	7.1
Dividends received from associates		0.9	2.3	4.2
Dividends received from other parties		-	-	0.2
Repayment of loans by joint ventures		-	-	0.1
Repayment of loans by associates		0.1	-	0.4
Repayment of loans by other parties		-	-	0.7
Loans to joint ventures		-	-	(0.1)
Loans to associates		(0.1)	-	(0.4)
Loans to other parties		(1.6)	(0.5)	(1.7)
Acquisition of subsidiaries, net of cash and overdrafts acquired		(2.6)	(2.8)	(14.9)
Deferred consideration paid in relation to prior year acquisitions		(0.9)	(1.5)	(3.3)
Purchase of property, plant and equipment		(8.9)	(7.7)	(19.8)
Purchase of intangible assets		(3.1)	(3.9)	(7.0)
Purchase of financial assets held at FVOCI and FVPL		(3.5)	(4.3)	(8.8)
Purchase of investment in joint ventures		(0.2)	(0.1)	(0.4)
Purchase of investment in associates		-	-	-
Net cash used in investing activities		(11.0)	(15.3)	(41.8)
Cash flows from financing activities				
Proceeds from issues of share capital		-	0.4	0.5
Proceeds from transaction with non-controlling interest		-	7.9	7.9
Transaction costs incurred on transaction with non-controlling interest		-	(0.2)	(0.2)
Proceeds from borrowings		98.7	9.1	9.6
Repayments of borrowings		(11.3)	(4.3)	(5.6)
Financing fees paid		-	(0.4)	(0.4)
Principal elements of lease payments		(27.5)	(24.3)	(51.4)
Purchase of treasury shares		(11.9)	(37.6)	(49.0)
Dividends paid		(40.4)	(77.0)	(85.9)
Net cash from/(used in) financing activities		7.6	(126.4)	(174.5)
Net decrease in cash, cash equivalents and bank overdrafts		(189.2)	(203.6)	(52.3)
Cash, cash equivalents and bank overdrafts at beginning of period		464.3	490.0	490.0
Effect of exchange rate fluctuations on cash held		(18.1)	16.8	26.6
Cash, cash equivalents and bank overdrafts at end of period	19	257.0	303.2	464.3

Notes 1 to 23 are an integral part of these condensed interim financial statements.

NOTES

1. General information

Savills plc ('the Company') is a public limited company incorporated and domiciled in England, United Kingdom. The address of its registered office is 33 Margaret Street, London W1G 0JD. Savills plc and its subsidiaries (together the 'Group') is a global real estate services group. The Group operates through a network of offices in the UK, Europe, Asia Pacific, North America, Africa and the Middle East.

This condensed consolidated interim financial report was approved for issue by the Board of Directors on 9 August 2023.

This condensed consolidated interim financial report does not comprise statutory financial statements within the meaning of section 434 of the Companies Act 2006. The financial information presented for the year ended 31 December 2022 is derived from the statutory accounts for that year. Statutory financial statements for the year ended 31 December 2022 were approved by the Board of Directors on 15 March 2023 and delivered to the Registrar of Companies. The auditor's report on these accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

This condensed consolidated interim financial report has been reviewed, not audited.

2. Basis of preparation

The annual financial statements of Savills plc are prepared in accordance with UK-adopted international accounting standards ('UK-adopted IFRSs' or 'IFRS'). This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2023 has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and in accordance with IAS 34 'Interim Financial Reporting' as contained in UK-adopted IFRSs.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 31 December 2022, which has been prepared in accordance with UK-adopted IFRSs.

Consistent with our approach to preparing the annual financial statements for the year ended 31 December 2022, management has considered the impact of risks and opportunities relating to climate change, in accordance with the TCFD obligations, when preparing the financial report for half-year reporting at 30 June 2023. Consistent with the 2022 year end, we concluded that as sufficient mitigation actions were in place relating to climate change risks, the risks identified did not have a material impact on the financial reporting judgements and estimates and are not expected to have a significant impact on the Group's going concern. For further information on our climate related risks and opportunities refer to our 2022 TCFD report - <https://www.savills.com/why-savills/tcf-report-2022.pdf>.

Going concern

Management has performed a detailed going concern assessment to test the Group's liquidity and banking covenant compliance up until the end of 2024 based on latest financial forecasts. These forecasts are taking into account the Group's performance over the period and positive prospects (see 'Summary and outlook' section for more information) as well as the principal risks and uncertainties facing the business (see 'Principal and Emerging risks' section). In addition, sensitivity analysis has been performed to assess liquidity availability and covenant compliance over the period until 31 December 2024, looking at the level of decline in the base case forecast that could be withstood before the leverage ratio covenant would be breached. The results of this sensitivity analysis showed that the Group has sufficient headroom to withstand the impact of a severe global economic downturn. Based on the Group's net cash position of £12.9m at the period end and the level of undrawn facilities available (see Note 18 for information on the current level of undrawn facilities), alongside the assessment noted above, the Directors consider that the Group has adequate resources in place until at least the end of 2024 and have therefore adopted the going concern basis of accounting in preparing the interim financial report.

3. Accounting policies

Except as described below, the accounting policies applied and methods of computation used are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those financial statements.

- Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

Adoption of standards, amendments and interpretations to standards

Standards, amendments and interpretations adopted for use in the United Kingdom and mandatorily effective for the first time for the financial year beginning 1 January 2023 that are not relevant or considered to have a significant impact on the Group and its financial statements include the following:

IFRS 17: Insurance Contracts	New standard
Amendments to IFRS 17	
Initial Application of IFRS 17 and IFRS 9	Comparative Information
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting policies

Finance (No 2) Bill 2023, that includes Pillar Two legislation, was substantively enacted in the UK on 20 June 2023, to apply for periods commencing 1 January 2024. Pillar Two Model Rules (Amendments to IAS 12) as issued in May 2023, was adopted as from that date. The amendments to IAS 12 introduce a temporary mandatory relief from accounting for deferred tax that arise from legislation implementing OECD Pillar Two. As required by the amendments to IAS 12 the group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

There are no standards, amendments and interpretations to standards that are not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Use of non-GAAP measures

The Group believes that the consistent presentation of underlying profit before tax, underlying effective tax rate, underlying basic earnings per share and underlying diluted earnings per share provides additional useful information to Shareholders on the underlying trends and comparable performance of the Group over time by excluding significant non-operational costs/income from the GAAP measures. The 'underlying' measures are also used by the Group for internal performance analysis and incentive compensation arrangements for employees.

These terms are not defined terms under IFRS and may therefore not be comparable with similarly-titled profit measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measures. The non-GAAP measures may be materially higher or lower than GAAP measures and should not be regarded as a complete picture of the Group's financial performance. In particular, underlying profit before tax may be materially higher than reported profit before tax if there have been significant impairments, restructuring costs excluded and significant recent business acquisitions. Similarly, underlying profit before tax may be materially lower than reported profit before tax if there have been significant profitable disposals.

The term 'underlying' refers to the relevant measure of profit, earnings or taxation being reported mainly excluding the impact (pre and post-tax where applicable) of the following items:

- the difference between IFRS 2 charges related to outstanding bonus-related deferred share awards and the estimated value of the current period bonus pool expected to be allocated to deferred share awards;
- amortisation of intangible assets arising from business combinations (this excludes software or other pre-existing intangible assets of the acquiree);
- items that are considered significant in size and non-operational in nature including restructuring costs associated with business acquisitions, impairments of goodwill and intangible assets arising from business combinations and profits or losses arising on disposals of subsidiaries and other investments; and
- significant transaction-related costs associated with business combinations.

The majority of adjustments made to the GAAP measures to arrive at "underlying" measures relate to charges arising as a result of business combinations. The nature of the Group's business and the businesses that the Group acquires (being "asset light" people businesses) requires the Group to structure business acquisitions such that often payment of deferred consideration is linked to recipients' continuing and active engagement in the business at the date of the deferred payment, with these payments required to be expensed to the income statement under IFRS 3. For internal performance analysis and incentive compensation arrangements, these charges are considered part of the initial cost

of acquiring a business, instead of an ongoing operational cost, and are therefore excluded from the Group's "underlying" measures. The same rationale is applied to the exclusion of amortisation of intangible assets arising from business combinations (excluding software or other pre-existing intangible assets of the acquiree), any impairments of goodwill and the aforementioned intangible assets, significant transaction-related costs associated with business combinations and significant restructuring costs that are related to the acquisition of a business. These items are not considered to reflect the business's trading performance and so are adjusted to ensure consistency between periods.

The adjustment for share-based payments relates to the impact of the accounting standard for share-based compensation. The annual bonus is paid in a mixture of cash and deferred shares and the proportions can vary from one period to another. Under IFRS, the deferred share element is amortised to the income statement over the vesting period whilst the cash element is expensed in the period. The adjustment above addresses this by adding to or deducting from profit the difference between the IFRS 2 charge in relation to outstanding bonus-related share awards and the estimated value of the current period bonus pool to be awarded in deferred shares. This adjustment is made to align the underlying staff cost in the period with the revenue recognised in the same period, providing additional information on the Group's performance over time with respect to profitability.

The underlying effective tax rate represents the underlying income tax expense expressed as a percentage of underlying profit before tax. The underlying income tax expense is the income tax expense excluding the tax effect of the adjustments made to arrive at underlying profit before tax and other tax effects related to these adjustments.

Underlying basic earnings per share and underlying diluted earnings per share both utilise the underlying profit after tax measure instead of GAAP earnings. The weighted average number of shares remain the same as the GAAP measure.

The Group also refers to revenue and underlying profit on a constant currency basis which are both non-GAAP measures. Constant currency results are calculated by translating the current period revenue and underlying profit using the prior period exchange rates (see page 8). This measure allows the Group to assess the results of the current period compared to the prior period, excluding the impact of foreign currency movements.

A reconciliation between GAAP and underlying measures are set out in Note 8 (underlying profit before tax) and Note 11(b) (underlying basic earnings per share and underlying diluted earnings per share).

4. Prior period restatement

Reclassification of financial assets held at FVPL

The Group's prior interim period Statement of Financial Position included financial assets held at FVPL incorrectly classified as financial assets held at FVOCI. Some financial assets had originally been classified as equity instruments, with the Group making an irrevocable election for these to be classified as FVOCI. In the prior year, the Group made further investments and reassessed the accounting treatment for all financial assets previously classified as FVOCI. It was determined that some of these financial assets do not meet the definition of an equity instrument under IFRS 9: 'Financial Instruments' and as a result should be classified as financial assets held at FVPL with changes in fair value recognised through the income statement. The period ending 30 June 2022 fair value gains and losses recognised in OCI and the cumulative fair value gains and losses recognised in previous periods on these instruments are not material to the Group.

These are correctly reflected in the Statement of Financial Position as at 30 June 2023 and 31 December 2022. The prior period comparatives as at 30 June 2022 have been restated in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' to meet the presentation requirements of IAS 1 'Presentation of Financial Statements'.

In addition, the Group's prior period Statement of Financial Position included other financial assets appropriately held at FVPL which were included within non-current trade receivables. As a consequence of the above correction of prior period classification error, these financial assets have been included in the financial asset held at FVPL line item in the Statement of Financial Position to conform to the current period presentation, which also reflects the nature of these instruments.

The financial assets held at FVPL, previously classified as Level 2 in the fair value measurement hierarchy, have also been transferred to Level 3 in the fair value measurement hierarchy.

The table below show the impact of the prior period restatement on the Group's primary financial statements:

Statement of Financial Position

	30 June 2022 reported £m	Restatement £m	30 June 2022 restated £m
Assets: Non-current assets			
Financial assets at fair value through other comprehensive income ('FVOCI')	28.3	(17.0)	11.3
Financial assets at fair value through profit and loss ('FVPL')	-	33.9	33.9
Trade and other receivables	53.0	(16.9)	36.1

This prior period restatement does not have a material impact on the Group's Income Statement, Statement of Cash Flows, Statement of Changes in Equity or Statement of Comprehensive Income. The prior period restatement also does not have an impact on the Group's net assets or net current assets.

5. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022. Refer to Note 18 for information on the expected credit loss provision in relation to trade receivables and Note 6 for information on fair value estimates.

6. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks including foreign exchange risk, interest rate risk, credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures as required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2022. There have been no changes in any risk management policies since the year end.

Fair value estimation

The tables below analyse financial instruments carried at fair value, by valuation method.

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2023:

£m	Level 1	Level 2	Level 3	Total
2023				
Assets				
Financial assets at FVOCI				
- Listed equity investments	0.6	-	-	0.6
- Unlisted equity investments	-	-	6.9	6.9
Financial assets at FVPL	-	-	36.7	36.7
Derivative financial instruments	-	1.5	-	1.5
Total assets	0.6	1.5	43.6	45.7
Liabilities				
Derivative financial instruments	-	-	5.2	5.2
Total liabilities	-	-	5.2	5.2

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2022:

£m	Level 1	Level 2	Level 3	Total
2022				
Assets				
Financial assets at FVOCI				
- Listed equity investments	0.8	-	-	0.8
- Unlisted equity investments	-	-	4.9	4.9
Financial assets at FVPL	-	-	36.8	36.8
Derivative financial instruments	-	0.3	-	0.3
Total assets	0.8	0.3	41.7	42.8
Liabilities				
Derivative financial instruments	-	1.0	6.7	7.7
Total liabilities	-	1.0	6.7	7.7

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2022:

£m restated*	Level 1	Level 2	Level 3	Total
2022				
Assets				
Financial assets at FVOCI				
- Listed equity investments	1.0	-	-	1.0
- Unlisted equity investments	-	-	10.3	10.3
Financial assets at FVPL	-	-	33.9	33.9
Total assets	1.0	-	44.2	45.2
Liabilities				
Derivative financial instruments	-	1.0	2.5	3.5
Total liabilities	-	1.0	2.5	3.5

* See Note 4 for details on the prior period restatement.

There were no transfers between levels of the fair value hierarchy in the period.

There were no changes in valuation techniques during the period.

The fair value of all other financial assets and liabilities approximate their carrying amount, with the exception of the Group's long term fixed rate private note placements detailed in Note 18.

Valuation techniques

Level 1

Level 1 instruments are those whose fair values are based on quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2

Level 2 instruments are those whose fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of derivative financial instruments relating to forward foreign exchange contracts are determined by using valuation techniques using observable market data.

Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Financial assets held at FVOCI (unlisted equity investments) included in Level 3 fall under two categories. The first, where cost has been determined as the best approximation of fair value. Cost is considered the best approximation of fair value in these instances either due to insufficient more recent information being available and/or there being a wide range of possible fair value measurements due to the nature of the investments and cost is considered the best estimate of fair value within the range. The second, where management have determined the fair value of the unlisted equity security based upon the latest trading performance of the investments, cash flow forecasts of the investments and applying these to a discounted cash flow valuation and/or considering evidence from recent fundraising initiatives undertaken.

Financial assets held at FVPL included in Level 3 fall under two categories. The first, where the fair value of investment funds is based on underlying asset values determined by the Fund Manager's quarterly financial statements. The second, where management have determined the fair value of convertible loans based upon the latest trading performance of the equity investments and cash flow forecasts of the investments and applying these to a discounted cash flow valuation.

Deferred consideration held at fair value relates to contingent deferred consideration. The fair value of contingent deferred consideration classified as Level 3 is derived from management's best estimate of future revenue / profits of the relevant acquired business, in accordance with the contractually agreed earn-out targets.

The derivative financial liabilities classified as Level 3 relate to put and call options, the fair value of which is derived from management's best estimate of the average EBITDA forecast of the relevant businesses. These include a call option on the Savills IM Holdings Ltd group whereby under this agreement Samsung Life has the option to increase its interest by up to 10% over the next four years, depending upon the quantum and timing of the provision of capital to Savills Investment Management's investment products, the maximum being achievable if at least US\$2bn of capital is committed. This option is classed as non-current. Gains and losses are recognised in operating profits in the income statement. Derivative financial liabilities also include a put and call option on the remaining 40% of the AMS businesses (60% of which was acquired by the Group during 2022). Under this agreement, after 2 years the Group has the option to purchase and the non-controlling interest holder has the option to request the Group to purchase an additional 20%, with the remaining 20% after 5 years. This option is classed as non-current. The loss upon recognition has been recognised in reserves. Subsequent gains and losses are recognised in operating profits in the income statement.

The following table presents changes in Level 3 items for the period ended 30 June 2023:

	Derivative financial instruments	Unlisted equity investments	Financial assets at FVPL
	£m	£m	£m
Opening balance 1 January 2023	(6.7)	4.9	36.8
Additions	-	3.5	1.6
Disposals	-	(1.6)	(0.5)
Transfer	-	(0.1)	0.1
Exchange movement	0.3	(0.2)	(0.4)
Re-measurements	1.2	0.4	(0.9)
Closing balance 30 June 2023	(5.2)	6.9	36.7

The re-measurement of unlisted equity securities in the period of £0.4m is based upon evidence from recent fundraising initiatives undertaken.

7. Segment analysis

Six months to 30 June 2023 (unaudited)	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Unallocated £m	Total £m
Revenue						
United Kingdom						
- commercial	37.5	93.5	146.1	19.8	-	296.9
- residential	71.6	19.4	21.5	-	-	112.5
Total United Kingdom	109.1	112.9	167.6	19.8	-	409.4
CEME	43.2	32.6	46.1	28.0	-	149.9
Asia Pacific						
- commercial	40.2	37.6	221.8	3.9	-	303.5
- residential	10.0	-	-	-	-	10.0
Total Asia Pacific	50.2	37.6	221.8	3.9	-	313.5
North America	126.2	12.4	-	-	-	138.6
Total revenue	328.7	195.5	435.5	51.7	-	1,011.4
Underlying profit/(loss) before tax						
United Kingdom						
- commercial	2.4	8.6	9.7	3.5	(1.0)	23.2
- residential	4.7	1.2	1.5	-	-	7.4
Total United Kingdom	7.1	9.8	11.2	3.5	(1.0)	30.6
CEME	(16.2)	0.1	(0.4)	4.2	-	(12.3)
Asia Pacific						
- commercial	(6.2)	(1.7)	9.3	(0.7)	-	0.7
- residential	1.2	-	-	-	-	1.2
Total Asia Pacific	(5.0)	(1.7)	9.3	(0.7)	-	1.9
North America	(2.9)	(1.0)	-	-	-	(3.9)
Underlying profit/(loss) before tax	(17.0)	7.2	20.1	7.0	(1.0)	16.3

Six months to 30 June 2022 (unaudited)	Transaction Advisory £m	Consultancy* £m	Property and Facilities Management* £m	Investment Management £m	Unallocated £m	Total £m
Revenue						
United Kingdom						
- commercial	55.6	87.6	129.7	28.6	-	301.5
- residential	95.8	22.0	19.9	-	-	137.7
Total United Kingdom	151.4	109.6	149.6	28.6	-	439.2
CEME*	49.1	30.5	36.7	21.8	-	138.1
Asia Pacific						
- commercial	71.2	39.5	188.4	3.4	-	302.5
- residential	9.2	-	-	-	-	9.2
Total Asia Pacific	80.4	39.5	188.4	3.4	-	311.7
North America	132.3	16.1	-	-	-	148.4
Total revenue	413.2	195.7	374.7	53.8	-	1,037.4
Underlying profit/(loss) before tax						
United Kingdom						
- commercial	9.9	7.7	8.0	5.7	(7.0)	24.3
- residential	13.6	2.5	0.7	-	-	16.8
Total United Kingdom	23.5	10.2	8.7	5.7	(7.0)	41.1
CEME*	(8.8)	3.8	(1.0)	4.3	-	(1.7)
Asia Pacific						
- commercial	7.4	0.9	9.4	0.3	-	18.0
- residential	-	-	-	-	-	-
Total Asia Pacific	7.4	0.9	9.4	0.3	-	18.0
North America	0.6	1.2	-	-	-	1.8
Underlying profit/(loss) before tax	22.7	16.1	17.1	10.3	(7.0)	59.2

* Revenue (£11.4m) and underlying profit (£1.5m) attributable to the project management consultancy business in CEME has been reclassified from Property and Facilities Management to Consultancy.

Year ended 31 December 2022 (audited)	Transaction Advisory £m	Consultancy* £m	Property and Facilities Management* £m	Investment Management £m	Unallocated £m	Total £m
Revenue						
United Kingdom						
- commercial	118.9	202.0	278.7	53.3	-	652.9
- residential	208.3	46.4	48.7	-	-	303.4
Total United Kingdom	327.2	248.4	327.4	53.3	-	956.3
CEME*	129.8	72.1	81.4	51.7	-	335.0
Asia Pacific						
- commercial	145.3	87.4	404.9	7.8	-	645.4
- residential	24.3	-	-	-	-	24.3
Total Asia Pacific	169.6	87.4	404.9	7.8	-	669.7
North America	303.5	33.8	-	-	-	337.3
Total revenue	930.1	441.7	813.7	112.8	-	2,298.3
Underlying profit/(loss) before tax						
United Kingdom						
- commercial	20.4	21.8	21.2	8.7	(16.3)	55.8
- residential	35.1	6.2	4.7	-	-	46.0
Total United Kingdom	55.5	28.0	25.9	8.7	(16.3)	101.8
CEME*	(2.7)	8.7	(0.5)	11.8	-	17.3
Asia Pacific						
- commercial	13.4	2.9	21.0	0.7	-	38.0
- residential	3.4	-	-	-	-	3.4
Total Asia Pacific	16.8	2.9	21.0	0.7	-	41.4
North America	2.3	1.8	-	-	-	4.1
Underlying profit/(loss) before tax	71.9	41.4	46.4	21.2	(16.3)	164.6

* Revenue (£27.8m) and underlying profit (£3.8m) attributable to the project management consultancy business in CEME has been reclassified from Property and Facilities Management to Consultancy.

Operating segments reflect internal management reporting to the Group's chief operating decision maker, defined as the Group Executive Board ('GEB'). The GEB primarily manages the business based on the geographic location in which the Group operates, with the Investment Management business being managed separately.

The operating segments are identified as the following regions: the UK, CEME, Asia Pacific and North America. The Savills Investment Management business is also considered a separate operating segment. The reportable operating segments derive their revenue primarily from property related services. Within the UK and Asia Pacific, both commercial and residential services are provided. Other segments are largely commercial-based.

The GEB also reviews the business with reference to the nature of the services in each region. Therefore, the Group has presented its segment analysis above in a matrix with the primary operating segments based on regions in which the Group operates.

The GEB assesses the performance of operating segments based on a measure of underlying profit before tax which adjusts reported pre-tax profit by profit/(loss) on disposals, share-based payment adjustment, significant restructuring costs, significant transaction-related costs, amortisation and impairment of intangible assets arising from business combinations, impairment of goodwill and other items that are considered non-operational and material.

A reconciliation of underlying profit before tax to reported profit before tax is provided in Note 8.

The Unallocated segment includes costs and other expenses at holding company and subsidiary levels, which are not directly attributable to the operating activities of the Group's business segments.

8. Underlying profit before tax

	Six months to 30 June 2023 (unaudited)	Six months to 30 June 2022 (unaudited)	Year ended 31 December 2022 (audited)
	£m	£m	£m
Reported profit before tax	6.0	50.4	153.9
Adjustments:			
- Amortisation of acquired intangible assets arising from business acquisitions	5.0	5.1	9.9
- Share-based payment adjustment (refer to Note 3)	(0.5)	(2.3)	(14.7)
- Restructuring costs	-	0.1	0.1
- Transaction-related costs	7.1	5.9	15.5
- Fair value (gain) on transaction-related call option	(1.3)	-	(0.1)
Underlying profit before tax	16.3	59.2	164.6

There have been no impairments of goodwill and intangible assets arising from business combinations recognised in the current or prior year.

Transaction-related costs includes a net £6.2m charge for future consideration payments which are contingent on the continuity of recipients' employment in the future (30 June 2022: £6.9m, 31 December 2022: £14.8m). For the period ended 30 June 2023, the period ended 30 June 2022 and the year ended 31 December 2022, a significant portion of the charge related to the acquisition of DRC Capital LLP ("DRC") in 2021. In the current period, transaction-related costs also consist of £0.4 professional advisory transaction fees (30 June 2022: £0.2m, 31 December 2022: £1.4m) and £0.4m of interest on deferred consideration and non-current future payments in relation to business acquisitions that are linked to employment (30 June 2022: £0.2m, 31 December 2022: £0.3m). In the current period, transaction-related costs included a £0.1m (30 June 2022: £0.2m, 31 December 2022: £0.6m) charge relating to prepaid amounts issued as part of business acquisitions that are linked to continued active engagement in the business. Of these items, prepaid amounts that are linked to active engagement in the business are recorded as employee benefits expenses in the income statement, unwinding of interest is recorded as a finance cost in the income statement and all other charges/(credits) are recorded within other operating expenses. In the period ended 30 June 2022 and the year ended 31 December 2022, transaction-related costs also consisted of a £1.6m credit for fair value changes to contingent deferred consideration not related to continuity of employment. Refer to Note 6 for fair value estimations.

For the period ended 30 June 2023 and year ended 31 December 2022, a fair value gain was recognised on the fair value measurement of the Samsung Life call option, which gives Samsung Life the right to purchase up to an additional 10% shareholding in the Savills Investment Management group subject to the quantum of capital it has invested in Savills IM products during the initial 5 year term.

9. Income tax expense

The income tax expense has been calculated on the basis of the statutory rates in each jurisdiction adjusted for any disallowable charges.

	Six months to 30 June 2023 (unaudited)	Six months to 30 June 2022 (unaudited)	Year ended 31 December 2022 (audited)
	£m	£m	£m
UK			
- Current tax	2.4	8.9	18.7
- Deferred tax	0.5	(3.3)	(1.4)
Foreign tax			
- Current tax	3.0	8.6	23.1
- Deferred tax	(4.3)	(1.5)	(6.3)
Income tax expense	1.6	12.7	34.1

The forecast Group effective tax rate is 26.7% (30 June 2022: 25.2% and 31 December 2022 reported effective tax rate: 22.2%), which is higher (30 June 2022: higher, 31 December 2022: higher) than the UK standard effective annual rate of corporation tax of 23.5% (30 June 2022 and 31 December 2022: 19%). This primarily reflects permanent disallowable expenses, including transaction-related costs. The Group underlying effective tax rate is 24.5% (30 June 2022: 23.3% and 31 December 2022: 20.5%).

A full analysis has not yet been completed on the impact of the OECD's Pillar Two Model Rules. The Group does not generally operate in low tax jurisdictions however, and as a result the impact is not expected to be material.

10. Dividends

	Six months to 30 June 2023 (unaudited)	Six months to 30 June 2022 (unaudited)	Year ended 31 December 2022 (audited)
	£m	£m	£m
Amounts recognised as distribution to equity holders in the period:			
In respect of previous period			
Ordinary final dividend of 13.4p per share (2021: 12.75p)	18.2	17.6	17.6
Supplemental interim dividend of 15.6p per share (2021: 15.6p)	21.2	21.6	21.6
Special dividend of £nil per share (2021: 27.05p)	-	37.4	37.4
In respect of current period			
Interim dividend of £nil per share (2022: 6.6p)	-	-	8.9
	39.4	76.6	85.5

Proposed interim dividend for the six months ended 30 June 2023 £9.5m

The Board has declared an interim dividend for the six months ended 30 June 2023 of 6.9p per ordinary share (30 June 2022: 6.6p) to be paid on 2 October 2023 to shareholders on the register on 1 September 2023. The interim dividend has not been recognised in these interim financial statements. It will be recognised in equity in the year to 31 December 2023.

11(a). Basic and diluted earnings per share

	2023	2023	2023	2022	2022	2022
	Earnings	Shares	EPS	Earnings	Shares	EPS
Six months to 30 June (unaudited)	£m	million	Pence	£m	million	pence
Basic earnings per share	4.8	136.1	3.5	37.0	138.3	26.8
Effect of additional shares issuable under option	-	5.5	(0.1)	-	8.5	(1.6)
Diluted earnings per share	4.8	141.6	3.4	37.0	146.8	25.2

Sensitive

	2022 Earnings £m	2022 Shares million	2022 EPS Pence
Year to 31 December (audited)			
Basic earnings per share	119.4	137.3	87.0
Effect of additional shares issuable under option	-	7.9	(4.8)
Diluted earnings per share	119.4	145.2	82.2

11(b). Underlying basic and diluted earnings per share

	2023 Earnings £m	2023 Shares million	2023 EPS pence	2022 Earnings £m	2022 Shares million	2022 EPS Pence
Six months to 30 June (unaudited)						
Basic earnings per share	4.8	136.1	3.5	37.0	138.3	26.8
- Amortisation of intangible assets arising from business combinations after tax	3.6	-	2.6	3.9	-	2.8
- Share-based payment adjustment after tax	(0.5)	-	(0.4)	(2.0)	-	(1.4)
- Restructuring costs after tax	-	-	-	0.1	-	0.1
- Transaction-related costs after tax	7.1	-	5.2	5.7	-	4.1
- Fair value gain on transaction-related call option after tax	(1.2)	-	(0.9)	-	-	-
- Effect of application of annual tax rate	(1.1)	-	(0.8)	-	-	-
Underlying basic earnings per share	12.7	136.1	9.2	44.7	138.3	32.4
Effect of additional shares issuable under option	-	5.5	(0.2)	-	8.5	(2.0)
Underlying diluted earnings per share	12.7	141.6	9.0	44.7	146.8	30.4

	2022 Earnings £m	2022 Shares Million	2022 EPS Pence
Year to 31 December (audited)			
Basic earnings per share	119.4	137.3	87.0
- Amortisation of intangible assets arising from business combinations after tax	7.6	-	5.5
- Share-based payment adjustment after tax	(11.9)	-	(8.7)
- Restructuring costs after tax	0.1	-	0.1
- Transaction-related costs after tax	15.3	-	11.1
- Fair value loss on transaction-related call option after tax	(0.1)	-	(0.1)
Underlying basic earnings per share	130.4	137.3	94.9
Effect of additional shares issuable under option	-	7.9	(51)
Underlying diluted earnings per share	130.4	145.2	89.8

Refer to Note 8 for the gross amounts of the above adjustments and a reconciliation between reported profit before tax and underlying profit before tax, alongside further details on each of the adjustments.

12. Cash generated from operations

	Six months to 30 June 2023 (unaudited)	Six months to 30 June 2022 (unaudited)	Year ended 31 December 2022 (audited)
	£m	£m	£m
Profit for the period	4.4	37.7	119.8
Adjustments for:			
Income tax (Note 9)	1.6	12.7	34.1
Depreciation	34.7	32.0	65.8
Amortisation of intangible assets	7.9	8.0	16.9
Loss on disposal of property, plant and equipment and intangible assets	0.3	0.1	1.1
Impairment of property, plant and equipment	-	-	0.8
Net finance (income)/cost	(3.6)	5.4	4.3
Share of post-tax profit from joint ventures and associates	(4.8)	(4.7)	(12.1)
Dividends from other parties	-	-	(0.2)
Increase in employee and retirement obligations	9.8	9.2	2.6
Exchange movement and fair value movements on financial instruments in operating activities	(2.2)	(1.0)	0.5
Decrease in provisions	(3.1)	(2.0)	(4.7)
Charge for share-based compensation	16.0	15.1	30.4
Operating cash flows before movements in working capital	61.0	112.5	259.3
Decrease/(increase) in trade and other receivables and contract assets	33.0	82.1	(7.3)
Decrease in trade and other payables and contract liabilities	(260.1)	(229.3)	(41.1)
Cash (used in)/generated from operations	(166.1)	(34.7)	210.9

Foreign exchange movements resulted in a £21.5m decrease in current and non-current trade and other receivables (30 June 2022: £34.8m increase and 31 December 2022: £37.3m increase) and a £23.7m decrease in current and non-current trade and other payables (30 June 2022: £37.2m increase and 31 December 2022: £43.8m increase).

13. Analysis of liabilities arising from financing activities

Six months to 30 June 2023 (unaudited)	At 1 January £m	Cash flows £m	Non-cash movements recognised in income statement £m	Other non-cash movements £m	Movements through business combinations and disposals £m	Exchange movements £m	At 30 June £m
Bank loans	(4.5)	(90.4)	-	-	-	0.4	(94.5)
Loan notes	(153.7)	3.0	-	-	-	-	(150.7)
Transaction costs	1.4	-	(0.3)	-	-	-	1.1
Lease liabilities*	(277.6)	32.0	(4.5)	(16.0)	0.1	8.0	(258.0)
Liabilities arising from financing activities	(434.4)	(55.4)	(4.8)	(16.0)	0.1	8.4	(502.1)

Six months to 30 June 2022 (unaudited)	At 1 January £m	Cash flows £m	Non-cash movements recognised in income statement £m	Other non-cash movements £m	Movements through business combinations and disposals £m	Exchange movements £m	At 30 June £m
Bank loans	(0.9)	(4.8)	-	-	-	(0.2)	(5.9)
Loan notes	(150.0)	-	-	-	-	-	(150.0)
Transaction costs	1.6	0.4	(0.3)	-	-	-	1.7
Lease liabilities*	(285.0)	28.8	(4.5)	(17.6)	-	(12.9)	(291.2)
Liabilities arising from financing activities	(434.3)	24.4	(4.8)	(17.6)	-	(13.1)	(445.4)

Year to 31 December 2022 (audited)	At 1 January £m	Cash flows £m	Non-cash movements recognised in income statement £m	Other non-cash movements £m	Movements through business combinations and disposals £m	Exchange movements £m	At 31 December £m
Bank loans	(0.9)	(0.3)	-	-	(3.2)	(0.1)	(4.5)
Loan notes	(150.0)	(3.7)	-	-	-	-	(153.7)
Transaction costs	1.6	0.4	(0.6)	-	-	-	1.4
Lease liabilities*	(285.0)	60.5	(9.0)	(27.3)	(2.7)	(14.1)	(277.6)
Liabilities arising from financing activities	(434.3)	56.9	(9.6)	(27.3)	(5.9)	(14.2)	(434.4)

* The part of the lease payment that represents cash payments for the principal portion of the lease liability is presented as a cash flow resulting from financing activities (period to 30 June 2023: £27.5m, period to 30 June 2022: £24.3m, year to 31 December 2022: £51.4m). The part of the lease payment that represents interest portion of the lease liability is presented as an operating cash flow, consistent with the presentation of the Group's loan and bank interest payments (period to 30 June 2023: £4.5m, period to 30 June 2022: £4.5m, year to 31 December 2022: £9.0m).

Non-cash movements recognised in the income statement represent amortisation of transaction costs and unwinding of discount on lease liabilities. Other non-cash movements to lease liabilities represent new leases and disposal of leases.

Cash subject to restrictions in Asia Pacific amounts to £23.2m (30 June 2022: £21.9m and 31 December 2022: £25.6m) which is cash pledged to banks in relation to property management contracts and cash remittance restrictions in certain countries. These amounts are consolidated within the Group's cash and cash equivalents.

14. Goodwill

Management have determined that there has been no impairment to the CGUs within the Group. The US and Middle East CGUs continue to be identified as the material CGUs that are considered to be sensitive to changes in key assumptions. Refer to the Group's Annual Report and Accounts 2022 for key assumptions applied.

15. Acquisition of subsidiaries

On 6 January 2023, the Group acquired 100% of the equity interest in Automotive Property Consultancy Holdings Limited, a specialist property consultancy company dedicated to the franchised motor retail sector. In addition, on 31 March 2023, the Group acquired 51% of the equity interest in BeLiving SRL, a real estate company specialising in residential sales and rentals in Italy. On 31 May 2023 the Group also acquired 100% of the equity interest in Predibisa, Sociedade de Mediação Imobiliária, Lda., a residential and commercial real estate company based in two offices in Porto, Portugal.

Cash consideration for these transactions amounted to £5.2m. The remainder of the acquisition consideration relates to deferred consideration of £0.5m payable within one year of the reporting date.

Goodwill of £3.5m has been provisionally determined. Goodwill is attributable to the experience and expertise of key staff and strong industry reputation and is not expected to be deductible for tax purposes.

Acquisition-related costs of £0.4m have been expensed as incurred to the income statement and classified within other operating expenses.

The acquired businesses contributed revenue of £1.2m and a profit of £0.4m to the Group for the period from acquisition to 30 June 2023. Had the acquisitions been made at the beginning of the financial year, revenue would have been £2.4m and the profit would have been £0.2m. The impact on the Group's overall revenue and profits is not material.

Due to the timing of the acquisitions, the fair values of the assets acquired and liabilities assumed are provisional and will be finalised within 12 months of the acquisition date. These are summarised below:

	Provisional fair value to the Group £m
Non-current assets: Property, plant and equipment	0.2
Current assets: Trade and other receivables	0.6
Accrued income	0.3
Tax receivable	0.1
Cash and cash equivalents	2.6
Total assets	3.8
Current liabilities: Trade and other payables	(1.5)
Current tax payable	(0.1)
Net assets acquired	2.2
Goodwill	3.5
Purchase consideration	5.7
Consideration satisfied by:	
Cash paid	5.2
Deferred consideration < 1 year	0.5
	5.7

Update to provisional fair value of prior period acquisitions

There were no changes to the provisional fair values in respect of acquisitions as reported in the Group's 2022 Annual Report and interim financial report for the six months to 30 June 2022.

16. Retirement and employee benefit obligations

Defined benefit plans

The Group operates two defined benefit plans.

The Pension Plan of Savills (the 'UK Plan') is a UK-based plan which provided final salary pension benefits to some employees, but was closed with regard to future service-based benefit accrual with effect from 31 March 2010. From 1 April 2010, pension benefits for former members of the UK Plan are provided through the Group's defined contribution Personal Pension Plan.

The Savills Fund Management GMBH Plan (the 'SFM Plan') is a Germany-based plan which provides final salary benefits to 6 active employees and 108 former employees. The plan is closed to future service-based benefit accrual.

Significant actuarial pension assumptions are detailed in the Group's Annual Report and Accounts 2022 and as follows:

	UK Plan			SFM Plan		
	Six months to 30 June 2023	Six months to 30 June 2022	Year ended 31 December 2022	Six months to 30 June 2023	Six months to 30 June 2022	Year ended 31 December 2022
Expected rate of salary increases	3.25%	3.25%	3.25%	2.50%	2.50%	2.50%
Projection of social security contribution ceiling	-	-	-	2.25%	2.25%	2.25%
Discount rate	5.10%	3.80%	4.80%	4.02%	3.36%	4.24%
Inflation assumption	3.20%	3.00%	3.20%	2.20%	1.75%	2.20%
Rate of increase to pensions in payment						
- accrued before 6 April 1997	3.00%	3.00%	3.00%	-	-	-
- accrued after 5 April 1997	3.00%	2.90%	3.00%	-	-	-
- accrued after 5 April 2005	2.10%	2.00%	2.00%	-	-	-
- pension promise before 1 January 1986	-	-	-	2.20%	2.25%	2.20%
- pension promise after 1 January 1986	-	-	-	2.20%	1.75%	2.20%
Rate of increase to pensions in deferment						
- accrued before 6 April 2001	5.00%	5.00%	5.00%	-	-	-
- accrued after 5 April 2001	2.80%	2.30%	2.60%	-	-	-
- accrued after 5 April 2009	2.50%	2.30%	2.50%	-	-	-

The amounts recognised in the statement of financial position are as follows:

	30 June 2023 £m	30 June 2022 £m	31 December 2022 £m
UK Plan			
Present value of funded obligations	(179.8)	(205.3)	(186.7)
Fair value of plan assets	182.3	238.6	209.0
Surplus recognised in the statement of financial position (included in retirement benefit surplus)	2.5	33.3	22.3
SFM Plan			
Present value of funded obligations	(9.9)	(10.0)	(9.9)
Fair value of plan assets	13.2	12.7	13.1
Surplus recognised in the statement of financial position (included in retirement benefit surplus)	3.3	2.7	3.2

The amount recognised within the income statement in relation to the UK Plan for the period ended 30 June 2023 is a net interest income of £0.5m (30 June 2022: £0.2m, 31 December 2022: £0.4m).

Total employee benefit obligations of £49.3m relates to holiday pay and long service leave (30 June 2022: £48.8m, 31 December 2022: £42.9m).

17. Trade receivables - Loss allowance

The Group has no significant concentrations of credit risk. The trade receivables balance is spread across a large number of different customers and geographic regions.

Local management have assessed the expected credit losses for trade receivables in the current geopolitical and economic environment and the expected loss rates have been reviewed based on their judgement as to the impact on their trade receivables portfolio. Overall, the expected loss rate on trade receivables has increased to 5.2% (31 December 2022: 4.8%) primarily due to a higher proportion of balances being greater than 90 days past due.

A summary of trade receivables and the loss provision has been provided below:

30 June 2023	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 180 days past due	Total
Expected loss rate	0.2%	0.2%	1.1%	4.7%	40.9%	5.2%
Gross carrying amount (£m)	264.0	40.9	28.0	34.0	46.0	412.9
Loss allowance provision (£m)	(0.5)	(0.1)	(0.3)	(1.6)	(18.8)	(21.3)

30 June 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 180 days past due	Total
Expected loss rate	0.2%	0.5%	1.2%	6.7%	47.5%	6.6%
Gross carrying amount (£m)	260.3	41.3	25.9	34.3	50.5	412.3
Loss allowance provision (£m)	(0.5)	(0.2)	(0.3)	(2.3)	(24.0)	(27.3)

31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 180 days past due	Total
Expected loss rate	0.2%	0.2%	1.0%	4.6%	46.9%	4.8%
Gross carrying amount (£m)	346.2	49.3	30.3	30.4	46.3	502.5
Loss allowance provision (£m)	(0.6)	(0.1)	(0.3)	(1.4)	(21.7)	(24.1)

18. Borrowings

Movements in borrowings are analysed as follows:

	6 months ended 30 June 2023	6 months ended 30 June 2022	12 months ended 31 December 2022
	£m	£m	£m
Opening amount as at 1 January	159.7	150.5	150.5
Additional borrowings, net of transaction costs paid (including additional overdraft)*	100.9	10.1	10.8
Repayments of borrowings	(11.3)	(4.3)	(5.6)
Addition through business combination	-	-	3.2
Amortisation of transaction costs	0.3	0.3	0.6
Foreign exchange movement	(0.5)	0.2	0.2
Closing amount	249.1	156.8	159.7

* Period to 30 June 2023 includes a £2.2m increase in overdraft balances (period to 30 June 2022: £1.3m increase, year to 31 December 2022: £1.5m increase) and £nil of transaction costs paid (period to 30 June 2022: £0.3m, year to 31 December 2022: £0.3m) within additional borrowings.

	30 June 2023	30 June 2022	31 December 2022
	£m	£m	£m
Current			
Bank overdrafts	5.0	2.6	2.8
Unsecured bank loans	94.2	5.8	4.0
Loan notes due within one year or on demand	0.7	-	3.8
Non-current			
Unsecured bank loans	0.3	0.1	0.5
Loan notes	150.0	150.0	150.0
Transaction costs	(1.1)	(1.7)	(1.4)
	249.1	156.8	159.7

The Group has the following undrawn borrowing facilities:

	30 June 2023	30 June 2022	31 December 2022
	£m	£m	£m
Floating rate - expiring within 1 year or on demand	46.3	64.0	64.9
Floating rate - expiring between 1 and 5 years	282.1	356.0	360.0
Fixed rate - expiring within 1 year or on demand	0.9	-	1.1
Fixed rate - expiring between 1 and 5 years	-	-	0.2
	329.3	420.0	426.2

The Group holds a £360m multi-currency revolving credit facility ('RCF'), which includes a £90m accordion facility. In June 2022 the Group extended the maturity date of the RCF by a further year to June 2026. As at 30 June 2023 £78.0m (30 June 2022: £5.0m, 31 December 2022: none) of the RCF was drawn.

The unsecured bank loans reflect a £0.9m working capital loan in Thailand, which is repayable on demand and denominated in Thailand baht (30 June 2022: £0.8m, 31 December 2022: £0.9m), a £1.1m working capital loan in Indonesia, which is repayable on demand and denominated in Indonesian Rupiah (30 June 2022: £0.2m, 31 December 2022: £0.3m) and £1.4m of loans in Singapore, denominated in Singapore dollar (30 June 2022: £0.1m, 31 December 2022: £3.3m). Of the loans in Singapore, £nil (30 June 2022: £nil, 31 December 2022: £2.3m) relates to property loans, £0.8m factoring facility maturing within one year (30 June 2022: £nil, 31 December 2022: £0.6m) and a £0.5m bridging loan (£0.3m expiring within one year and £0.2m expiring within two years) (30 June 2022: £nil, 31 December 2022: £0.3m). The remaining £0.1m of loans in Singapore are bank loans maturing within one year (30 June 2022: £0.1m, 31 December 2022: £0.1m). The balance also includes £13.1m utilisation of a revolving credit facility in North America for working capital purposes (30 June 2022: £14.1m, 31 December 2022: £nil).

The Group holds £150.0m of long term debt through the issuance of 7, 10 and 12 year fixed rate private note placements in the US institutional market, which were issued in June 2018.

The carrying amounts of borrowings are materially approximate to their fair value, with the exception of the Group's long-term fixed rate private note placements. The fair value of these loan notes as at 30 June 2023 is £123.4m (30 June 2022: £139.1m, 31 December 2022: £131.5m), the difference between the fair value and the book value is not recognised in the reported results for the period. The fair value has been calculated based upon a discounted cash flow valuation utilising observable market rates of borrowing that are comparable to the remaining length of the loan notes. The valuation technique falls within Level 2 of the fair value hierarchy in IFRS 13.

19. Notional pooling arrangement

For internal cash management purposes, the Group maintains a notional cash pooling arrangement with Barclays Bank PLC, whereby credit cash balances (cash) and debit cash balances (overdrafts) for the participating bank accounts are notionally offset. There is no overdraft cost or charge associated with any pooled overdraft that is fully offset by pooled credit cash balances. As at 30 June 2023, the notional cash pooling arrangement included cash balances of £181.9m presented in cash and cash equivalents (30 June 2022: £169.3m, 31 December 2022: £205.0m) and overdrafts of £180.7m (30 June 2022: £168.9m, 31 December 2022: £202.0m) presented in current liabilities. This represents as at 30 June 2023 surplus pooled credit cash balances of £1.2m (30 June 2022: surplus pooled credit cash balances of £0.4m, 31 December 2022: surplus pooled credit cash balances of £3.0m).

For the purpose of the statement of cash flows, cash and cash equivalents net of overdrafts comprise the following:

	30 June 2023	30 June 2022	31 December 2022
	£m	£m	£m
Cash and cash equivalents	442.7	474.7	669.1
Overdrafts in notional pooling arrangement	(180.7)	(168.9)	(202.0)
Bank overdrafts (see Note 18)	(5.0)	(2.6)	(2.8)
	257.0	303.2	464.3

20. Finance income and costs

Finance income and finance costs have increased in the period as a result of global interest rate rises.

21. Related party transactions

There were no material related party transactions during the period. All related party transactions take place on an arm's-length basis under the same terms as those available to other customers in the ordinary course of business.

As at 30 June 2023, there were £0.1m of loans outstanding to joint ventures (30 June 2022: £0.2m of loans outstanding to joint ventures, 31 December 2022: £0.2m of loans outstanding to joint ventures), £1.6m of loans outstanding to associates and £0.2m of loans payable to associates (30 June 2022: £1.4m of loans outstanding to associates, 31 December 2022: £1.7m of loans outstanding to associates).

22. Contingent liabilities

The Group is involved in a number of disputes in the ordinary course of business. Provision is made in the financial statements for all claims where costs can be estimated reliably and settlement is probable.

23. Events after the balance sheet date

There have been no material events that require adjustment to the Financial Statements or are considered to have a material impact on the understanding of the Group's current financial position.

24. Seasonality

Traditionally, a significant percentage of revenue is seasonal which has historically caused revenue, profits and cash flow from operating activities to be lower in the first half and higher in the second half of each year. The concentration of revenue and cash flow in the fourth quarter is due to an industry-wide focus on completing transactions toward the calendar year end.

SHAREHOLDER INFORMATION

Like many other listed public companies, Savills no longer issues a hard copy of the Interim Statement to shareholders.

This announcement together with the attached financial statements and notes may be downloaded from the investor relations section of the Company website at www.savills.com.

Appendices

Constant currency

The Group generates revenues and profits in various territories and currencies because of its international footprint. Those results are translated on consolidation at the foreign exchange rates prevailing at the time. These exchange rates vary from year to year, so the Group presents some of its results on a constant currency basis. This means that the current period results are retranslated using the prior period exchange rates. This eliminates the effect of exchange from the year-on-year comparison of results.

The constant currency effect on revenue, reported profit and underlying profit is summarised below:

	2023 £m	2023 Constant currency effect £m	2023 at Constant currency £m
Revenue	1,011.4	16.4	995.0
Profit before tax	6.0	(0.3)	6.3
Underlying profit before tax	16.3	(0.2)	16.5

The Group's segmental results for the current period are presented below in constant currency:

2023 at Constant Currency	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Unallocated £m	Total £m
Revenue						
United Kingdom – commercial	37.5	93.5	146.1	19.8	-	296.9
United Kingdom – residential	71.6	19.4	21.5	-	-	112.5
Total United Kingdom	109.1	112.9	167.6	19.8	-	409.4
CEME	42.6	32.1	45.4	27.2	-	147.3
Asia Pacific – commercial	40.0	37.6	214.7	3.9	-	296.2
Asia Pacific – residential	9.9	-	-	-	-	9.9
Total Asia Pacific	49.9	37.6	214.7	3.9	-	306.1
North America	120.4	11.8	-	-	-	132.2
Revenue	322.0	194.4	427.7	50.9	-	995.0
Underlying profit/(loss) before tax						
United Kingdom – commercial	2.4	8.6	9.7	3.5	(1.0)	23.2
United Kingdom – residential	4.7	1.2	1.5	-	-	7.4
Total United Kingdom	7.1	9.8	11.2	3.5	(1.0)	30.6
CEME	(16.0)	0.1	(0.4)	4.1	-	(12.2)
Asia Pacific – commercial	(6.3)	(1.8)	9.2	(0.6)	-	0.5
Asia Pacific – residential	1.3	-	-	-	-	1.3
Total Asia Pacific	(5.0)	(1.8)	9.2	(0.6)	-	1.8
North America	(2.8)	(0.9)	-	-	-	(3.7)
Underlying profit/(loss) before tax	(16.7)	7.2	20.0	7.0	(1.0)	16.5

The constant currency effect on the Group's segmental results for the current period is presented below:

2023 – Constant Currency Effect	Transaction Advisory £m	Consultancy £m	Property and Facilities Management £m	Investment Management £m	Unallocated £m	Total £m
Revenue						
United Kingdom – commercial	-	-	-	-	-	-
United Kingdom – residential	-	-	-	-	-	-
Total United Kingdom	-	-	-	-	-	-
CEME	0.6	0.5	0.7	0.8	-	2.6
Asia Pacific – commercial	0.2	-	7.1	-	-	7.3
Asia Pacific – residential	0.1	-	-	-	-	0.1
Total Asia Pacific	0.3	-	7.1	-	-	7.4
North America	5.8	0.6	-	-	-	6.4
Revenue	6.7	1.1	7.8	0.8	-	16.4
Underlying profit/(loss) before tax						
United Kingdom – commercial	-	-	-	-	-	-
United Kingdom – residential	-	-	-	-	-	-
Total United Kingdom	-	-	-	-	-	-
CEME	(0.2)	-	-	0.1	-	(0.1)
Asia Pacific – commercial	0.1	0.1	0.1	(0.1)	-	0.2
Asia Pacific – residential	(0.1)	-	-	-	-	(0.1)
Total Asia Pacific	-	0.1	0.1	(0.1)	-	0.1
North America	(0.1)	(0.1)	-	-	-	(0.2)
Underlying profit/(loss) before tax	(0.3)	-	0.1	-	-	(0.2)