

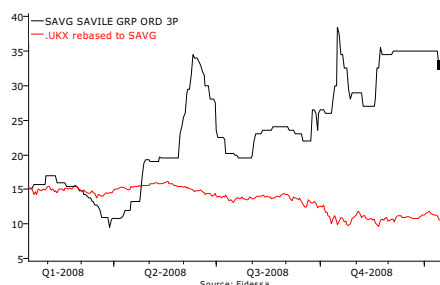
# Savile Group

34.5p

19 January 2009

## Upbeat trading update, upgrades likely

### Share Price: 34.5p



**12m High:** 38.5p

**12m Low:** 9.5p

**Market Cap:** £6m

**Shares in Issue:** 14.65m undiluted  
17.25m diluted

**NAV/Share:** 11.3p (2008A)

**Gearing:** net cash

**Interest Cover:** net interest income

**EPIC Code:** SAVG

**Sector:** Support Services

**Market:** London AIM

**NOMAD & Broker:** Arbutnot Securities

**Website:** [www.savile.com](http://www.savile.com)

**Description:** Savile Group is a City based Human Capital specialist. It owns one of the leading outplacement brands, Fairplace, and is also active through CEDAR Talent Management and IDDAS in talent management and mentoring.

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This morning's pre-close update from outplacement, talent management and mentoring specialist Savile states that trading in the first half of the current 2009 financial year has been "extremely buoyant and well ahead of the same period in 2007." This augurs well for the full year and it is likely that we will be upgrading our estimates in due course.

Key points are:

- City work accounts for almost half of Savile's outplacement revenues. This side of the business has grown rapidly over the past six months, probably in excess of 25%, as job losses mount in the current recessionary environment and employers turn to career transition services to help former employees find new jobs. We expect this strong forward momentum to be maintained in the current second half and for the whole of the y/e June 2010.
- Talent management is showing the first signs of slowing, but this is hardly surprising. Management is continuing to invest in this area, however, as well as in other 'must have' HR services to counter the inevitable downturn in outplacement revenues when the economy turns.
- Geographic expansion is on the cards. This will enable Savile to provide a better service to some of its larger customers, for example the banks and building societies, that have a nationwide branch structure and therefore require nationwide coverage.
- The amount of cash on the balance sheet has increased and it is probably worth re-iterating that Savile remains debt free.
- Whilst we are not forecasting a dividend at present, we note that in December the company obtained High Court approval to eliminate the deficit in its p & I reserves thereby removing the only technical obstacle in the way of a final dividend payment this financial year.

Interim results are scheduled for release on 17 February and we will be updating our forecasts at this time.

Meanwhile it is worth noting that even on our current estimates the p/e ratio of 6.6X looks undemanding – nearest comparator Penna is trading on a 2009E PER of 14X.

Y/E	Group Sales	Declared Profit	Adjusted Profit	Declared EPS	Adjusted EPS	P/E	Divi	Yield
June 2008	£m	£m	£m	p.	p.	X	P	%
2007A	5.1	-0.19	0.21	-1.90	2.18	15.8	0	0
2008A	7.0	0.72	0.90	4.55	6.04	5.7	0	0
2009E	9.13	1.28	1.30	5.14	5.25	6.6	0	0
2010E	10.78	1.66	1.68	6.65	6.76	5.1	0	0

## Savile Group Profit & Loss Account

Year Ended June	2007A	2008A	2009E	2010E
<b>£m</b>				
Trading Revenue	5.069	6.949	9.126	10.775
<i>% Change in Revenue</i>		37.1%	31.3%	18.1%
Other Operating Income	0.000	0.068	0.000	0.000
<b>Total Revenue</b>	<b>5.069</b>	<b>7.017</b>	<b>9.126</b>	<b>10.775</b>
Operating Expenses	4.854	6.306	7.883	9.144
<i>% Change in Operating Expenses</i>		29.9%	25.0%	16.0%
Goodwill Impairment	-0.400	0.000	0.000	0.000
Total Operating Expenses	5.254	6.306	7.883	9.144
Operating Profit	-0.185	0.711	1.244	1.632
Net Interest Income	-0.001	0.013	0.040	0.030
<b>Declared Profit Before Tax</b>	<b>-0.186</b>	<b>0.724</b>	<b>1.284</b>	<b>1.662</b>
Tax £	0.000	-0.199	-0.385	-0.498
Tax Rate %	0.0%	27.5%	30.0%	30.0%
After Tax Profit	-0.186	0.526	0.898	1.163
Dividend per Share p.	0.000	0.000	0.000	0.000
Avg No. Shares In issue m.	9.800	11.433	14.650	14.650
Avg No. Shares Fully Diluted m.	9.800	11.547	17.491	17.491
Continuing eps undiluted	-1.90	4.60	6.13	7.94
Continuing eps diluted	<b>-1.90</b>	<b>4.55</b>	<b>5.14</b>	<b>6.65</b>
<b>Adjustments</b>				
Compensation for Loss of Office	0.000	0.171	0.000	0.000
Goodwill Impairment	0.400	0.000	0.000	0.000
Amortisation of Intangibles	0.000	0.002	0.020	0.020
Adjusted Operating Profit	0.215	0.884	1.264	1.652
<b>Adjusted Operating Margin %</b>	<b>4.2%</b>	<b>12.7%</b>	<b>13.8%</b>	<b>15.3%</b>
Net Interest Income	-0.001	0.013	0.040	0.030
<b>Adjusted Pre-tax Profit</b>	<b>0.214</b>	<b>0.897</b>	<b>1.304</b>	<b>1.682</b>
Tax £	0.000	-0.199	-0.385	-0.498
After Tax Profit	0.214	0.698	0.918	1.183
<b>Adjusted eps diluted</b>	<b>2.18</b>	<b>6.04</b>	<b>5.25</b>	<b>6.76</b>

Management	Major Shareholders
<p><b>Executive Chairman:</b> Jonathan Cohen</p> <p><b>Chief Executive Officer:</b> Peter Evans</p> <p><b>Chief Financial Officer:</b> Mark Sidlin</p> <p><b>Chief Operating Officer:</b> Jo Bond</p> <p><b>Non-Executive Director:</b> Peter Conroy</p> <p><b>Non-Executive Director:</b> Ken Brotherston</p> <p><b>CEO, Fairplace:</b> Michael Moran</p> <p><b>CEO, CEDAR:</b> Cindy Mahoney</p> <p><b>CEO, IDDAS:</b> Helen Pitcher</p>	<p>Jonathan Cohen: 14.3%</p> <p>Peter Evans: 10%</p> <p>Peter Conroy: 8.06%</p> <p>Linda Jackson: 5.3%</p> <p>The shareholders listed above are directors of the company.</p> <p>1,087,776 of Jonathan Cohen's shares are jointly owned with Bee Securities, a company 100% owned by Peter Conroy.</p>
Key Dates	Key Milestones
<p><b>Interim Results Announcement:</b> 17 February 2009</p> <p><b>Full Year Results Announcement:</b> 22 September 2009</p> <p><b>Annual General Meeting:</b> 27 October 2009</p>	<p><b>February 2007:</b> Jonathan Cohen and Peter Evans appointed to the Board as Non-Executive Directors and subsequently as Executive Chairman and Chief Executive respectively.</p> <p><b>May 2007:</b> Loss-making Italian subsidiary sold.</p> <p><b>September 2007:</b> Talent management company CEDAR purchased.</p> <p><b>April 2008:</b> High level West-End mentoring company IDDAS purchased.</p> <p><b>September 2008:</b> Advisory Board chaired by Lord Freeman established to provide the group with strategic and market-related advice</p>

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