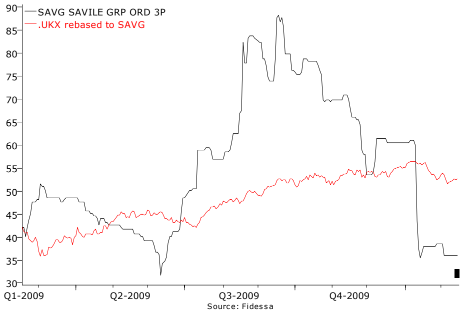
Savile Group

FLASH Interim Results

32p

16 February 2010

Share Price: 32p



12m High: 89p

12m Low: 31.75p

Market Cap: £5.1m

Shares in Issue: 16.9m
(16.0m excl. Treasury shares)

NAV/Share: 27p (at 12/2009)

Gearing: £3.3m net cash

Interest Cover: net interest income

EPIC Code: SAVG

Sector: Support Services

Market: London AIM

NOMAD & Broker: Finncap. 020 7600 1658

PR: Cardew. 020 7930 0777

Website: 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, mentoring and coaching.

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Interim results from this outplacement specialist contain little to cheer investors. A 13% fall in sales is passed in its entirety through to the operating profit level, and pre-tax profits have fallen from £0.75m to £0.14m. We had forecast sales of £4.0m, pre-tax profit of £0.25m, so the company has produced slightly better sales than we expected, but at worse margins. The operating margin has shrunk from 15% in the first half of the previous year to 2.9%.

The low margin is almost entirely the fault of a high fixed cost base. An annualised £750,000 has been taken out of costs during the past two months, this will partly, but not entirely, restore margins.

The disappointment in this statement is the lack of encouraging news for H2. We are accordingly reducing our full year forecast, bringing our sales estimate back from £9.5m to £8.5m and our pre-tax profit estimate back from £1.0m to £0.2m. Normally, Savile Group's financial performance is second half weighted.

The good news is that there is £3.3m in the bank and no debt, There has been some leakage of cash once allowance is made for the £1.7m net raised in November's institutional placing (at 67p, more than double the current share price). But this is entirely explained by a £1.1m fall in trade payables.

The group's market cap net of cash is currently only £1.8m (cash is equivalent to 20p/share).

Now that Savile Group is stabilising its own trading situation, we expect either acquisitions for cash or share buy-ins.

Y/E	Group Sales	Declared Profit	Adjusted Profit	Declared EPS	Adjusted EPS	P/E	Divi	Yield
June	£m	£m	£m	p.	p.	X	P	%
2008A	7.0	0.72	0.90	4.5	6.0	6.2	0	0
2009A	10.4	1.85	1.85	8.5	8.5	4.4	2.25	6.0
2010E	8.5	0.5	0.5	2.1	2.1	15.2	0.5	1.6
2011E	No forecasts							

Management	Major Shareholders
Executive Chairman: Jonathan Cohen **Chief Financial Officer**: Mark Sidlin **CEO, Fairplace:** Michael Moran **CEO, CEDAR:** Cindy Mahoney **CEO. IDDAS:** Helen Pitcher **Non-Executive Director**: Peter Conroy **Non-Executive Director**: Lord Freeman **Non-Executive Director**: Alex Wilson	**Peter Conroy**: 10.8% **Jonathan Cohen**: 9.9% **Linda Jackson**: 4.9% **Michael Moran** 3.5%

Key Dates	Key Milestones
Interim Results: Mid February 2010. **General Meeting:** March 2010, to cancel 0.9m shares currently held in Treasury, in order to enable further share buy-ins to take place.	**February 2007**: Jonathan Cohen and Peter Evans appointed to the Board as Non-Executive Directors and subsequently as Executive Chairman and Chief Executive respectively. **May 2007**: Loss-making Italian subsidiary sold. **September 2007**: Talent management company CEDAR purchased. **April 2008**: High level West-End mentoring company IDDAS purchased. **September 2008**: Advisory Board chaired by Lord Freeman established to provide the group with strategic and market-related advice. **September 2009**: Dividend of 2.25p/share declared, the first in five years. **October 2009.** Finncap replaces Arbuthnot as NOMAD and broker. **November 2009.** £1.7m net institutional equity raising at 67p/share. No pre-emption rights.

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