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EDITED TRANSCRIPT

CBG - Q1 2016 CBRE Group Inc Earnings Call

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OVERVIEW:

Co. reported 1Q16 adjusted EPS of \$0.36. Expects 2016 adjusted EPS to be \$2.27-2.37.



CORPORATE PARTICIPANTS

Steve Iaco *CBRE Group, Inc. - IR and Corporate Communications*

Bob Sulentic *CBRE Group, Inc. - President & CEO*

Jim Groch *CBRE Group, Inc. - CFO*

CONFERENCE CALL PARTICIPANTS

Anthony Paolone *JPMorgan - Analyst*

Brad Burke *Goldman Sachs - Analyst*

Mitch Germain *JMP Securities - Analyst*

David Ridley-Lane *BofA Merrill Lynch - Analyst*

Brandon Dobell *William Blair & Company - Analyst*

PRESENTATION

Operator

Greetings, and welcome to the CBRE first-quarter earnings call.

(Operator Instructions)

As a reminder, this conference is being recorded. I would now like to turn the conference over to your host, Steve Iaco with Investor Relations. Thank you. You may now begin.

Steve Iaco - CBRE Group, Inc. - IR and Corporate Communications

Thank you, and welcome to CBRE's first-quarter 2016 earnings conference call. Earlier today, we issued a press release announcing our financial results for the quarter. This release is posted on the homepage of our website, CBRE.com.

This conference call is webcast through the Investor Relations section of our website. You can also find there a presentation slide deck which you can use to follow along with our prepared remarks. An audio archive of the webcast will be posted to the website later today, and a transcript of our call will be posted tomorrow.

Now, please turn to the slide labeled forward-looking statements. This presentation contains statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These include statements regarding CBRE's future growth momentum, operations, market share, business outlook, and financial performance expectations. These statements should be considered to be estimates only, and actual results may ultimately differ from these estimates.

Except to the extent required by securities laws, we undertake no obligation to update or publicly revise any forward-looking statements we may make today. For a full discussion of the risks and other factors that may impact any forward-looking statements, please refer to our first-quarter earnings report furnished on Form 8-K and our most recent annual report on Form 10K. These reports are filed with the SEC and available at SEC.gov.

During this presentation, we may make certain statements that refer to non-GAAP financial measures as defined by SEC regulation. Where required by these regulations, we have provided reconciliations of these measures to what we believe are the most directly comparable GAAP measures. Those reconciliations, together with explanations of these measures can be found within the appendix of this presentation.



Please turn to slide 3. Participating on our call today are Bob Sulentic, our President and Chief Executive Officer; Jim Groch, our Chief Financial Officer; and Gil Borok, our Deputy Chief Financial Officer and Chief Accounting Officer. Please turn to slide 4 as I turn the call over to Bob.

Bob Sulentic - *CBRE Group, Inc. - President & CEO*

Thank you, Steve, and good morning, everyone. CBRE started 2016 with very strong performance. We again logged healthy double-digit increases in revenue and adjusted earnings per share, despite significant negative effects from currency hedges in the quarter.

Our three largest global business lines, leasing, occupier outsourcing, and sales, each generated notable growth. In addition, all three regional services businesses generated double-digit organic fee revenue growth in local currency. This level of growth, which excludes all M&A contributions, is especially notable following a year in which there was considerable acquisition activity by all the major players.

Leasing had an exceptional quarter. With markets around the world still improving modestly, our high-teens growth rate reflects the market share gains we're making through strategic recruiting and the increased productivity of our professionals.

Occupier outsourcing had robust revenue growth, even without contributions from the Global Workplace Solutions acquisition. Similarly, our property sales business had strong performance, with high-single-digit growth in revenue globally.

We continue to make material strategic gains across our business. Clients increasingly want integrated solutions. They value highly strategic advice supported by insight, a powerful platform, and superior execution, delivered by the most knowledgeable specialists in every business line in every local market around the world. CBRE is uniquely able to meet these requirements and create significant value for our clients.

I'll turn the call over to Jim now, who will take you through the quarter in detail.

Jim Groch - *CBRE Group, Inc. - CFO*

Thank you, Bob. Please turn to slide 5 for an overview of our financial results.

Growth for the quarter was strong. Fee revenue grew 28% in local currency, or 10% without contributions from the acquired Global Workplace Solutions business. Normalized EBITDA for the quarter totaled \$283 million, a 15% increase in US dollars from last years Q1. Adjusted earnings per share increased 13%, to \$0.36 for the quarter.

We believe more insight is derived by looking at the performance of the business in Q1 without the significant impact of currency hedges. On this basis, we achieved robust normalized EBITDA growth of 23% and adjusted EPS growth of 25%. The negative non-cash impact of marking currency hedges to market more than offset a slight gain from other currency movements during the quarter.

The net impact of these non-cash charges was to reduce EPS and adjusted EPS by approximately \$0.04 and to reduce EBITDA and normalized EBITDA by \$21 million and \$22 million, respectively. Throughout this call I will refer to this as the impact of currency hedges.

Q1 2016 normalized EBITDA includes adjustments for \$17 million of integration costs relating to the acquisition of Global Workplace Solutions and \$12 million incurred in connection with the cost elimination program that we discussed last quarter.

Please turn to slide 6 regarding Q1 results for our three regional services segments, all in local currency and before the effects of currency hedges. Excluding the benefits of all 2015 acquisitions, all three regions still produced double-digit organic fee revenue growth in local currency.

Without contributions from the acquisition of Global Workplace Solutions, fee revenue increased 12% in the Americas, 13% in EMEA, and 11% in Asia Pacific. Including the acquisition, fee revenue in the Americas rose by 26%, triggered by strong growth in leasing and occupier outsourcing.

Fee revenue in EMEA increased 45%, with strength across the region, highlighted by the Netherlands, Spain, and the United Kingdom. Fee revenue in Asia Pacific increased 34%. India and Japan were the catalysts behind growth in this region.

This quarter, we began to allocate the impact of currency hedging to the segments and have reflected the impact in both Q1 2016 and Q1 2015 to maintain a like-for-like comparison. Without the impact of currency hedges, normalized EBITDA for the three regional businesses improved 19% in aggregate, including 11% in the Americas, 82% in EMEA, and 37% in Asia Pacific. The increase in the Americas would have been 15% without lower gains from servicing rights on loan origination with government sponsored enterprises.

Please turn to slide 7 for a review of the performance of our major global lines of business in Q1. All percentage increases are in local currency. Our business mix continues to shift towards greater contractual revenues. The Company as a whole contractual fee revenue was 46% of total fee revenue, up from 39% in Q1 2015.

For context as to how much the business mix has changed over time, in 2006, contractual fee revenue was 21% of total fee revenue. This compares to 46% in Q1.

Contractual fee revenue plus leasing, which is largely recurring, totaled 74% of fee revenue for the quarter. This was up from 70% in Q1 of the prior year.

Global leasing was exceptionally strong during the quarter as revenue surged 18%. The United States set the pace with revenue up 20%. A number of large leases in the quarter contributed to this growth.

A broad range of countries also contributed, with double-digit year-over-year growth in Canada, France, India, Italy, and Japan. In the United Kingdom, we achieved 16% growth.

Occupier outsourcing continues to benefit from strong underlying growth drivers, augmented by the acquired Global Workplace Solutions business. Excluding contributions from this acquisition, fee revenue improved 17%, with all three regions recording double-digit growth.

Global property sales revenue grew 9% with notable growth outside the US, where Asia-Pac lead the way with an 18% increase, paced by Japan. EMEA saw revenue rise 11%, driven by strong gains in France, the Netherlands, and Spain, as well as 3% growth in the United Kingdom. The Americas posted a solid increase of 7%.

In the US, CBRE improved market share by 50 basis points in Q1, according to real capital analytics. We completed more than 1,800 sales transactions in the US during Q1, ranging from a few million dollars to more than \$500 million in value.

Commercial mortgage services revenue increased 3%, driven by higher loan origination volumes with banks. Activity with the government sponsored enterprises did not match Q1's exceptionally robust pace, as the agencies plan to more evenly pace their loan originations throughout the year. Debt financing remains plentiful, and other capital sources have largely replaced the pullback of CMBS originations.

Property Management services for institutional property owners, which we call asset services, increased fee revenue globally by 4%. Revenue in our global valuation business grew by 7%.

Please turn to slide 8 regarding our occupier outsourcing business, which is reported within the three regional services segments. We now include renewals and expansions of clients of the acquired Global Workplace Solutions business in our reporting of such contracts on this slide. Note that revenues from transaction management contracts are reflected in our leasing and sales revenue categories.

We recorded strong revenue growth and a record number of executed contracts in Q1, even while integrating the acquired Global Workplace Solutions business and continuing to wind down some accounts that Johnson Controls was in the process of exiting as we acquired the business. We are pleased to report that client-facing integration activities were materially completed on schedule at the end of Q1, and today, we go to market with great enthusiasm and a premier integrated full-service global offering.

Nearly half of the new long-term contracts signed in Q1 were with clients in EMEA and Asia Pacific, where rising demand for outsourcing services is being met by our significantly enhanced capabilities. We are well positioned to capitalize on the growth opportunities in this business.

Please turn to slide 9 regarding our Global Investment Management segment. Assets under management during quarter grew to \$89.7 billion, reflecting a \$300-million increase in local currency. Revenue and EBITDA declined for the quarter, with minimal carried interest and lower relative fees on investment programs that are showing the strongest growth. Drag from the impact of currency hedges had a negative \$4.7 million impact on normalized EBITDA.

New equity capital raised continues at a strong pace, totaling \$1.8 billion for Q1 2016 and \$7.5 billion for the trailing 12 months. Investor interest remains strong.

Please turn to slide 10 regarding our Development Services segment. This business line's very strong performance in 2015 continued in the first quarter, driven by the timing of large asset sales. Pro forma revenue, which includes gains on real estate sales, equity earnings, and non-controlling interest, increased to \$69 million, and normalized EBITDA totaled \$32 million for the quarter.

Development projects in process totaled \$7.1 billion, up \$1.6 billion from Q1 2015. The pipeline of \$3.1 billion was down \$500 million from a year ago, as projects converted from pipeline to in process.

Please turn to slide 11. Before I turn the call back over to Bob, I will summarize our Q1 financial performance without the non-cash impact of currency hedges.

Fee revenue increased 28%, or 10% excluding our major acquisition in 2015. Normalized EBITDA increased 23%. Adjusted EPS increased 25%. Now, please turn to slide 12 for Bob's closing remarks.

Bob Sulentic - CBRE Group, Inc. - President & CEO

Thanks, Jim. We're very encouraged by our strong start to 2016. Our people, collaborative culture, and integrated suite of global services, coupled with continued enhancements to our operating platform, have created formidable advantages for our Company and real differentiation in the marketplace.

This was driven home earlier this month when Forbes named CBRE the 15th Best Employer in America and spotlighted the tremendous benefits we're realizing with our alternative workplace strategy, called Workplace 360. For a firm that specializes in advising clients on how best to utilize real estate to attract talent, there's no better endorsement.

As we look ahead, it is important to remember that the first quarter is typically our seasonally lightest quarter for revenue and earnings. As always, we caution against using the first quarter as a barometer of full-year performance; however, our business has positive momentum, and the macro environment, while more cautious than a year ago, remains generally supportive, with consensus forecasts calling for continued modest economic growth in the US and globally.

Against this backdrop, we continue to expect double-digit growth again in 2016, with full-year adjusted earnings per share in the range of \$2.27 to \$2.37. This is 13% year-on-year growth at the mid point of the range. With that, operator, we'll open the lines for questions.

QUESTIONS AND ANSWERS

Operator

Thank you.

(Operator Instructions)

Our first question is coming from the line of Anthony Paolone with JPMorgan.

Anthony Paolone - JPMorgan - Analyst

Yes, thank you, and good morning. My first question is on investment sales and leasing. Your growth seemed to outstrip a lot of the third-party data, and I was wondering if you can give us a little bit more on the attribution of what drove it, like how much was perhaps tuck-ins versus hiring versus just gaining share?

Bob Sulentic - CBRE Group, Inc. - President & CEO

Tony, we didn't have significant impact from acquisitions in our investment sales business in the first quarter. We have had, as we've noted, several years running of really strong hiring. More of that hiring, by the way, has been in our leasing business than in our sales business, but we have hired professionals around the world.

I think what you saw was a few things. Number one, we took market share, we believe. It's hard, as you know to get perfect numbers on that but, we believe we took market share.

It's also important in looking at our business to understand that there's some things in the public data that don't come through in reporting on our business. For instance, we do significant buyer representation. We do significant land sales, and we do significant sales of user buildings that don't show up in the numbers, so our business is a little more far reaching than the publicly-available information would suggest. But we did perform well in the first quarter, and I think you're seeing that in the numbers.

Anthony Paolone - JPMorgan - Analyst

Okay. And to carry that forward, for the rest of the year, you kept your guidance. Can you talk a little bit -- I think last quarter you talked about what you thought leasing in capital markets and the principal businesses would look like in terms of general growth rates. Have any of those changed?

Bob Sulentic - CBRE Group, Inc. - President & CEO

No, it's really important to note -- and we stress this every year, this year is no difference. The first quarter is just one quarter, and it's the smallest quarter in our sector and for our Company.

Our expectations for the year remain unchanged. We saw a little choppiness in the first part of the quarter when the capital markets in general were choppy. We saw that actually get better toward the end of the quarter and confidence come back a bit, and our view of the year and our expectations for performance remain unchanged.

Anthony Paolone - JPMorgan - Analyst

Okay. And on GWS, can you give us a sense as to where you think EBITDA will shake out this year now that you're a couple quarters into things?



Jim Groch - *CBRE Group, Inc. - CFO*

Yes, we're not updating the guidance that we gave on GWS when we made the acquisition, but we'll just say that it continues to run very much in line with our expectations. We've broken out separately the revenue to show that we can provide clarity to the market on the underlying growth rate of the existing business, but we have not separated it out of EBITDA.

Anthony Paolone - *JPMorgan - Analyst*

Okay. And then last one for me, on the currency, any help with what that might look like going into Q2, just because it seemed like it had a pretty decent impact in the first quarter, and maybe you could help us a little bit with how it's trending?

Jim Groch - *CBRE Group, Inc. - CFO*

Yes, it's really hard to predict. It's just going to be dependent on how currency moves over the quarter.

Anthony Paolone - *JPMorgan - Analyst*

But if I recall, I think you guys changed the way you hedged maybe a year ago or something. Is that having a more significant impact or creating more or less volatility? Like how is that working?

Jim Groch - *CBRE Group, Inc. - CFO*

We went from hedging in December for our projected EBITDA for the year to hedging on a rolling-four-quarter basis. So we'll look out four quarters from now, and we'll estimate what we expect EBITDA to be four quarters out, and we'll hedge that. So it should be less volatility over time, but it will depend in the end on how the markets work.

Anthony Paolone - *JPMorgan - Analyst*

Okay, thank you.

Operator

Our next question is from the line of Brad Burke with Goldman Sachs.

Brad Burke - *Goldman Sachs - Analyst*

Hey, good morning, guys. Great quarter. A follow-up on just market share. Can you comment on what you're seeing in the UK specifically, because that's the market obviously we've heard a lot of concern about market weakness due to Brexit?

Bob Sulentic - *CBRE Group, Inc. - President & CEO*

Yes, Brad, there is some concern, and it's been broadly written about and commented on due to Brexit. We did have a good first quarter in the UK. Leasing was up 16%, and sales were up 3%. Again, we think we took market share there.

We think the whole Brexit thing is going to become a bigger concern leading up to the vote in June, and if the vote fails, obviously, there will be a pause until people figure it out. But look, that is a healthy, in general, market for real estate. It's a very attractive place for capital. We don't see



that changing. We'll see what happens when this Brexit thing sorts out, but our business is doing well there, and we expect it to do well for the remainder of the year.

Brad Burke - *Goldman Sachs - Analyst*

Okay. And then also a follow-up on the FX impact. The way that you're hedging now, should we think about the negative impact in the first quarter being offset by the flow through of positive FX impacts over the next three to four quarters?

Bob Sulentic - *CBRE Group, Inc. - President & CEO*

I'm sorry, Brad. Can you say the question one more time?

Brad Burke - *Goldman Sachs - Analyst*

Sure. The mark-to-market negative that you realized in the first quarter presumably should match up with the FX benefit that you're getting over the next three to four quarters? Is that a fair way to think about the FX impact?

Jim Groch - *CBRE Group, Inc. - CFO*

Yes. We're comparing against a big gain in Q1 last year, so that exaggerates the year-to-year compare in this quarter, so hopefully there will be less of that in the future quarters.

Brad Burke - *Goldman Sachs - Analyst*

Got it, okay. And then just -- you'd comment on the momentum that you were seeing in your businesses. I was hoping that you could expand maybe between sales and leasing and then by geography in terms of what you saw maybe at the trough of the first quarter and how things have potentially improved over the course of the first quarter going into the second quarter?

Bob Sulentic - *CBRE Group, Inc. - President & CEO*

Well, we saw good growth around the world, and we particularly saw good leasing growth here in the US. Part of what you saw in the numbers, Brad, is what Jim commented on in our opening remarks, and that is that we did some very large leases in some big markets, and we think in some of the most important markets we are hiring and other things we've done has allowed us to take market share, and we expect a good year for the remainder of the year in the US.

We also expect to see things remain strong around the world. Leasing could be a little less positive in Asia for the rest of the year as things have slowed down a bit there, but we think we're going to see good growth in Europe, and we're confident.

As it relates to capital markets, our outlook for the year really hasn't changed. As I said, we saw that choppiness at the beginning of the first quarter. It abated as the quarter went on. There's a lot of capital around the world that wants to go into real estate. There's a little pressure on trophy assets, but we think that the year will play out as we had suggested at our year-end release three months ago.

Brad Burke - *Goldman Sachs - Analyst*

Okay, I appreciate it. Thank you.



Jim Groch - *CBRE Group, Inc. - CFO*

Thanks, Brad.

Operator

Our next question is from the line of Mitch Germain with JMP Group.

Mitch Germain - *JMP Securities - Analyst*

Good morning, guys. So what's your attitude these days toward hiring? Obviously, you've been pretty aggressive from that perspective the last couple of years. Is the likelihood it's going to slowdown a bit here?

Bob Sulentic - *CBRE Group, Inc. - President & CEO*

Mitch, just to be clear, you're talking about hiring brokers I assume?

Mitch Germain - *JMP Securities - Analyst*

Yes, sales or leasing.

Bob Sulentic - *CBRE Group, Inc. - President & CEO*

Yes. I'd say it definitely did slowdown in the first quarter. Now, we're comparing it against three very, very strong years, in fact, we think probably the three strongest years in the history of our Company. Because of all of the acquisitions we've made over the years, we don't have perfect data going back.

We were at about half the pace in the first quarter that we've been the last couple of years. Still a lot of net hiring. We've tightened down our underwriting standards because of where we're at, the seven years of growth. We've also seen some what we consider to be uneconomic and unsustainable deals made in the market, and we just won't play in that game. We're staying very clear of that.

And we really think it's important for investors to understand how companies treat these incentives and signing bonuses that a broker is given. In our case, as a public Company, we include all these costs in our cost of services, and we fully amortize them over the life of a contract, so those are real costs that are incurred, and we're very, very careful about how we do that.

Mitch Germain - *JMP Securities - Analyst*

Got you. Back the day, you guys used to talk about the size of the outsourcing business and the penetration. Let's see if we can get an update on where that stands today.

Bob Sulentic - *CBRE Group, Inc. - President & CEO*

Well, we still talk about that. We still think that it's -- our share of the market has grown, as has our best competitor in this area, but the market has gotten bigger. We still -- it's very hard to get your arms around how big the market is.



Healthcare is a much bigger part of the business than it used to be. You've got universities. You've got government entities, maybe a hundred-billion-dollar market. We're constantly trying to assess it. We think that it's relatively lightly penetrated, and it's one of the real growth drivers in our business. You saw that in our first-quarter numbers. I think you'll see that in our full-year numbers.

And by the way, that's completely in the absence of the addition of the GWS acquisition. Our organic growth was 17% in the first quarter, so it's a good business. We expect it to grow. We expect the size of the market to grow and the opportunity to penetrate enterprises that haven't outsourced before to continue to be very good.

Mitch Germain - *JMP Securities - Analyst*

Great. Last one for me, I know you mentioned the client-facing integration at GWS, obviously, completed probably ahead of schedule. Where do synergies rest in total? Where do we stand there?

Jim Groch - *CBRE Group, Inc. - CFO*

We have no update to our previous guidance of synergy targets, but we continue to have very high confidence around all aspects of our execution on that acquisition in achieving all of the objectives that we set out.

Mitch Germain - *JMP Securities - Analyst*

Thank you.

Jim Groch - *CBRE Group, Inc. - CFO*

Thank you.

Operator

Our next question comes from the line of David Ridley-Lane with Bank of America Merrill Lynch.

David Ridley-Lane - *BofA Merrill Lynch - Analyst*

Good morning. Wondering about the cadence of the cost containment initiatives and how quickly you could see some of the payback from those. So would you expect to have the majority of those done in the first half? And then would you expect to see any size potential payback that you would see in the second half?

Jim Groch - *CBRE Group, Inc. - CFO*

The cadence will be more execution in the first half. This is a specific targeted program. It's outside the range of normal everyday cost containment and cost control that we're doing.

But after years of very, very substantial growth, we just felt it was time to put aside some dedicated energy into looking for areas we could cut some costs. It is, in the scale of our Company, still quite a small program, and we will reinvest some of the savings in things that we think can help drive the organic revenue growth of the business, so it will not all drop to the bottom line.

David Ridley-Lane - *BofA Merrill Lynch - Analyst*

Got it, okay. And then I think the guidance for EBITDA contribution from the principal businesses was to be flat to down in 2016. It was up in the first quarter. I'm just wondering, did it come in a little bit above plan? Are you feeling a little bit more positive about perhaps EBITDA contribution from the principal businesses being close to flat this year?

Jim Groch - *CBRE Group, Inc. - CFO*

There were no real surprises there. They came in largely on plan, so no change to our guidance there for the year.

David Ridley-Lane - *BofA Merrill Lynch - Analyst*

Great. And last one for me. We've also been watching the pricing pressure on trophy office. It also, at least here in the United States, a bit perhaps on the industrial side as well.

I'm just wondering, are you seeing that spread out? Is it remaining pretty concentrated? And how does the bid-ask spreads look in your book of business right now? Thanks.

Bob Sulentic - *CBRE Group, Inc. - President & CEO*

We're not -- look, we're seeing less bidders in some case, but for the most part, we're not seeing much of a change in pricing on assets, either industrial or trophy office. But particularly with regard to trophy office, we're not seeing as many bidders in some cases.

Again, I'm going to go back to something both Jim and I commented on earlier, and that is that a little bit of the nervousness and choppiness that we saw the first couple months of the year, we saw start to abate a bit at the end of the quarter. And in general, we think the news -- things in the capital markets have slowed down and the prospects are looking more now for the rest of the year like they did at the end of last year rather than as we got into the beginning of the first quarter.

But we're not seeing much impact on pricing. If we were going to circle some assets and say these are the ones that might be vulnerable, it clearly would be the trophy office assets.

But again, I think that it's important to remember, David, and this is what I think gets missed a little bit when people look at our Company, we certainly have a big practice in that area. We have a very big and very active practice in the industrial area, but we also have a big, far-reaching practice in areas that don't necessarily get a lot of the bright lights.

Again, we represent a lot of buyers. We represent a lot of land sellers. We do a lot of work with users, buying and selling properties. So to understand our business and our capital markets business, you have to look far beyond the headlines.

David Ridley-Lane - *BofA Merrill Lynch - Analyst*

Got it. All right. Thank you very much.

Operator

Our next question is from the line of Brandon Dobell with William Blair.



Brandon Dobell - *William Blair & Company - Analyst*

Thanks, good morning, guys. Maybe some color on the outlook for the GSE business or businesses for the rest of the year. How do you think the mortgage origination MSR impact will look versus how you thought it was going to look or how it looked last year?

Jim Groch - *CBRE Group, Inc. - CFO*

Overall, we're expecting it to be relatively flat versus last year, but a little more consistent quarter to quarter. Last year, there was a lot of activity in the first couple quarters, and then it began to taper off, particularly in Q3 as the GSEs started to hit caps. Our conversations with the GSEs is that they're working hard to have that volume be more stable quarter to quarter this year, and that's how we see it playing out.

Brandon Dobell - *William Blair & Company - Analyst*

Okay, thanks. Within GWS, if you look at the renewals and the expansions, the ones that you've already had an opportunity to go in and redo, have they played out like you'd hope they would in terms of pricing dynamics, expansion service lines, breadth of expansions? Just trying to get a better feel for same customer growth when you had an opportunity to really go in and pitch the broader service lines relative to what JCI was able to pitch.

Jim Groch - *CBRE Group, Inc. - CFO*

It's still a little early on the JCI accounts in they've only been a part of our business for a short period of time, but our early experience is quite positive and in line with what we have expected.

Brandon Dobell - *William Blair & Company - Analyst*

Okay. And now that you've had it -- and again, only been a couple of quarters here -- but relative to how you'd had the organizational structure or the leadership structure and reporting lines set up to take advantage of the acquisition, have you changed how you've managed the people, managed the processes much at all since you set it up initially? I'm just trying to get a feel for, did you go in thinking it should be managed one way or set up one way and you elected to change it based on what you've seen clients say?

Bob Sulentic - *CBRE Group, Inc. - President & CEO*

Well, we've certainly, as we do with all acquisitions -- and by the way, as we do with our whole business -- we're regularly looking at what works and what doesn't work and tweaking the organization and trying to make it more efficient. We've done that with the GWS business as we expected we would.

We have an organizational structure for that business now that we think is the go-forward structure that we don't expect to change much. We're very, very excited about it. We think it's going to be very efficient. We think it's going to be particularly good for our clients, and we're excited.

Brandon Dobell - *William Blair & Company - Analyst*

Okay. And as we think about expenses for the balance of the year, maybe the cadence of how the synergies within GWS, the cadence of how some of the cost containment efforts, maybe just a little more color on how the seasonality of the expenses may look 2016 versus 2015?

Jim Groch - *CBRE Group, Inc. - CFO*

I think overall, given the size of our business, the couple of things that you talked about aren't likely to change the quarter-to-quarter cadence of the business.

Brandon Dobell - *William Blair & Company - Analyst*

Okay, thanks guys.

Operator

Our next question is a follow-up from the line of Anthony Paolone with JPMorgan.

Anthony Paolone - *JPMorgan - Analyst*

All right, thanks. Can you touch on where incremental EBITDA margins are for some of the key business lines right now?

Jim Groch - *CBRE Group, Inc. - CFO*

Anthony, we're not giving specific incremental margins by line of business. I think you've seen us continue to increase margins by line of business. We noted at the end of last year that the overall margin for the business would come down a little bit. We estimated by around plus or minus 17% margin on fee revenue in full year 2016 as the business mix has changed so materially, but the margins by line of business, generally, are increasing slowly over time with the advantage of the scale on just focused efficiency.

Anthony Paolone - *JPMorgan - Analyst*

Okay. And then on the cost saves, can you just remind us -- I can't recall if last quarter if you gave it a total dollar amount that you anticipated achieving. It seems like you guys spent some money this quarter to get to those things. It maybe was like \$8 million or \$9 million. I'm just wondering how much more is left to spend and what the level of [comp] saves you expect to get will be from that?

Jim Groch - *CBRE Group, Inc. - CFO*

We've not given guidance on that, Anthony. We're deep into just looking in the nooks and crannies for things that are not adding value. And like I said on an earlier comment to an earlier question, we will reinvest a chunk of those savings in things, and particularly around technology and data analytics and other areas that we see giving lift to the business.

Anthony Paolone - *JPMorgan - Analyst*

Okay, thank you.

Operator

Thank you. At this time, I will turn the floor back to Bob Sulentic for closing remarks.



Bob Sulentic - *CBRE Group, Inc. - President & CEO*

Okay. Thanks, everyone, for joining us here today, and we look forward to talking to you again at the end of the second quarter.

Operator

Thank you. This concludes today's teleconference. Thank you for your participation. You may now disconnect your lines at this time.

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