



## Trading Update for the Year Ended 31 December 2020 Profitable 2020 with in Excess of €200m Forward Sales Carried into 2021

**13 January 2021:** Cairn Homes plc (“Cairn”, or the “Company”) (Euronext Dublin/LSE: CRN), the leading Irish homebuilding company, today issues a Trading Update for the year ended 31 December 2020 in advance of full year results to be announced on 4 March 2021.

- Closed 743 new homes sales, including 536 closings in H2.
- Business delivers a resilient c. €24 million operating profit in stop-start year.
- Balance sheet strength underpinned by c. €980 million inventories and c. €180 million available liquidity.
- As of today the Company has 698 closed and forward sales with a net value of €214 million.
- Cairn’s 2020 sales mix was heavily biased towards starter homes which had an average VAT inclusive selling price to our customers of €354k.
- Strong H2 performance with clear sales and profitability momentum into 2021.
- Demand for well-built new homes greater than ever, given structural undersupply.

Cairn is also pleased to announce a new contracted private rental sector (“PRS”) forward sale of 150 new homes valued at €48.6 million. Two additional large PRS projects currently under construction will be marketed for sale in mid-2021.

Michael Stanley, Co-Founder and CEO of Cairn, commented:

“I believe Cairn exited 2020 a stronger and more resilient business. I am very proud of our entire team and grateful to our subcontractors, suppliers and all who helped us to work safely and productively in a very difficult environment.

The number of new homes we have completed and our profitability in 2020, allied with our large 2021 order book, are all strong endorsements of our business model, ambition and hard work.

Our balance sheet and financial strength allowed us to invest heavily in ramping up our output across all of our active sites after the first lockdown in May. This investment is clearly bearing fruit as we have been able to respond to the significant increase in demand from homebuyers evident in the latter part of the year.

Ireland desperately needs *well-capitalised* construction companies building high quality, competitively priced homes. This needs to happen at significant pace and scale and Cairn will continue to play a lead role once the current public health restrictions ease and our construction sites reopen.”

### **2020 Trading Update**

For the financial year ended 31 December 2020, the Company closed 743 new home sales (2019: 1,080 closed new home sales) and generated total revenues of c. €260 million (2019: €435.3 million), including c. €14 million from non-core site sales (2019: €32.2 million).

Cairn’s sales mix in 2020 was more oriented towards housing compared to previous years (2020 sales split c. 85% housing / c. 15% apartments) reducing our average selling price (“ASP”) (excluding VAT) to €332,000 (2019: €372,000). Within our core market, our first time buyer starter home ASP (excluding VAT) was €312,000 (2019: €314,000). This reflects the continued competitive pricing of our high quality, energy efficient, A-rated starter homes at levels where first time buyers can get access to mortgage finance.

The full year gross margin is expected to be c. 16.3% (2019: 19.6%), with a slightly higher gross margin of c. 16.4% delivered in H2 2020 compared to 16.1% in H1. This includes the additional costs associated with the pandemic including a two-month site closure and increased site management and preliminary costs as the business continues to operate under new work protocols and operating procedures that adhere to social distancing requirements.

Operating profit for the full year is expected to be c. €24.1 million (2019: €68.0 million), resulting in an operating margin of c. 9.3% (2019: 15.6%). Cairn generated a meaningful operating profit despite the challenges faced in 2020. We also used this year to invest heavily in our future business across construction work in progress (“WIP”), recruitment, health and safety and IT.

Continued investment in WIP and product delivery has been a key part of our strategy since our construction sites reopened in May 2020 as we meet the increasing demand from our customers for new homes in the early part of 2021 and beyond.

The Company had a gross cash position of c. €34 million and net debt of c. €170 million as at 31 December 2020 and the business traded cash flow positively in H2. Our balance sheet is underpinned by c. €980 million in inventories, consisting of c. €690 million of land held for development and c. €290 million of WIP, equating to a net investment of c. €85 million in our construction activities in the year, fully supported by our strong forward order book. The Company had available liquidity of c. €180 million as at 31 December 2020.

The ongoing Covid-19 pandemic continues to remind people of the importance of the value of communities and the quality of their living environment, boosting the demand for well-built family homes. This, together with the Government's emphasis on supporting first time buyers through Help to Buy and affordable housing initiatives more generally are supportive of Cairn's scaled platform.

The Company is very conscious of the Government's recent announcement of additional restrictions as part of the national effort to halt the spread of Covid-19, including the closure of residential construction sites until 31 January 2021. We hope that the disruption which this causes to our business and housing completions for 2021 is minimised by the potential reopening of sites in early February 2021. As with the previous construction lockdown, the Company will not be availing of any financial support from the Government during this period.

**Cairn today announces a new PRS multifamily forward sale of 150 residential units** comprising apartments and duplexes at Shackleton Park, Lucan, Co. Dublin to Carysfort Capital and Angelo Gordon for a total cash consideration of €48.6 million. These new homes will be delivered on a phased basis between H2 2021 and H2 2022.

This PRS forward sale further reinforces Cairn's credentials as one of Ireland's leading PRS market counterparties. In addition, the very positive private sales momentum which we witnessed across our starter homes and trade-up/down schemes in Q4 2020 means we start 2021 with an exceptionally strong forward sales pipeline of 698 new homes with a net sales value of €214 million as at 12 January 2021, of which 588 are expected to close this year.

Cairn will significantly increase our unit sales and profitability in 2021. However, with the uncertainty surrounding the current lockdown, we believe it is more prudent to provide guidance on our expected 2021 financial performance when we announce our 2020 preliminary results on 4 March 2021.

**-ENDS-**

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**Notes to Editors**

Cairn Homes plc ("Cairn") is the leading Irish homebuilder committed to building high-quality, competitively-priced, sustainable new homes in great locations. At Cairn, the homeowner is at the very centre of the design process and we strive to provide an unparalleled customer service throughout each stage of the home-buying journey. A new Cairn home is thoughtfully designed and built to last with a focus on creating shared spaces and environments where communities prosper. Cairn owns a c. 16,500 unit land bank across 35 residential development sites, over 90% of which are located in the Greater Dublin Area ("GDA") with excellent public transport and infrastructure links.