



CAIRN

Built For Good

Cairn Homes plc
2023 Interim Results Presentation





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Contents

- 01.** H1 2023 Highlights

- 02.** H1 2023 Financial Results and Guidance

- 03.** Sustainability Update

- 04.** Outlook

- 05.** Appendices



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01.

H1 2023 Highlights

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Key Financial Highlights

H1 2023 KPIs

Exceptional Market Demand for Cairn Product

€1.01bn

Record current closed and forward order book

2,730

New homes including 950+ for delivery in **FY24**

Delivery Platform Continuing to Scale

535

Closed sales in **H1 2023** (30% of FY23 guidance)

1,265+

New home sales completions forecast in **H2 2023**

Upgrading Guidance

€217.3m

Revenue from core activities in **H1 2023** growing to **€675m+** for the full year

€29.6m

Operating Profit in **H1 2023** will grow to **c. €110m - €115m** for FY23

Margins

21.2%

Gross margin

13.5%

Operating margin growing to **c. 16.5%** for the full year

Key Financial Highlights

H1 2023 KPIs

Operating Platform Growing Capacity

1,000

New home commencements, active on **19** sites today, with **4,000** in full-time employment

10+

New site commencements planned in the next **12 months**

Market Demand Underpinning Our Investment in Scaling

1.9X

WIP investment is 1.9 times covered by our **€793m** forward order book

1,800+

New home sales completions forecast in **FY23**

Asset Backed Balance Sheet

€1,015.8m

Including **€596.6m** invested in our c. 16,300 unit landbank and **€419.2m** in WIP across active sites (an increased investment of nearly **25%** in the period)

Commitment to Shareholder Returns

3.1c

Interim ordinary dividend declared

€115m - €120m

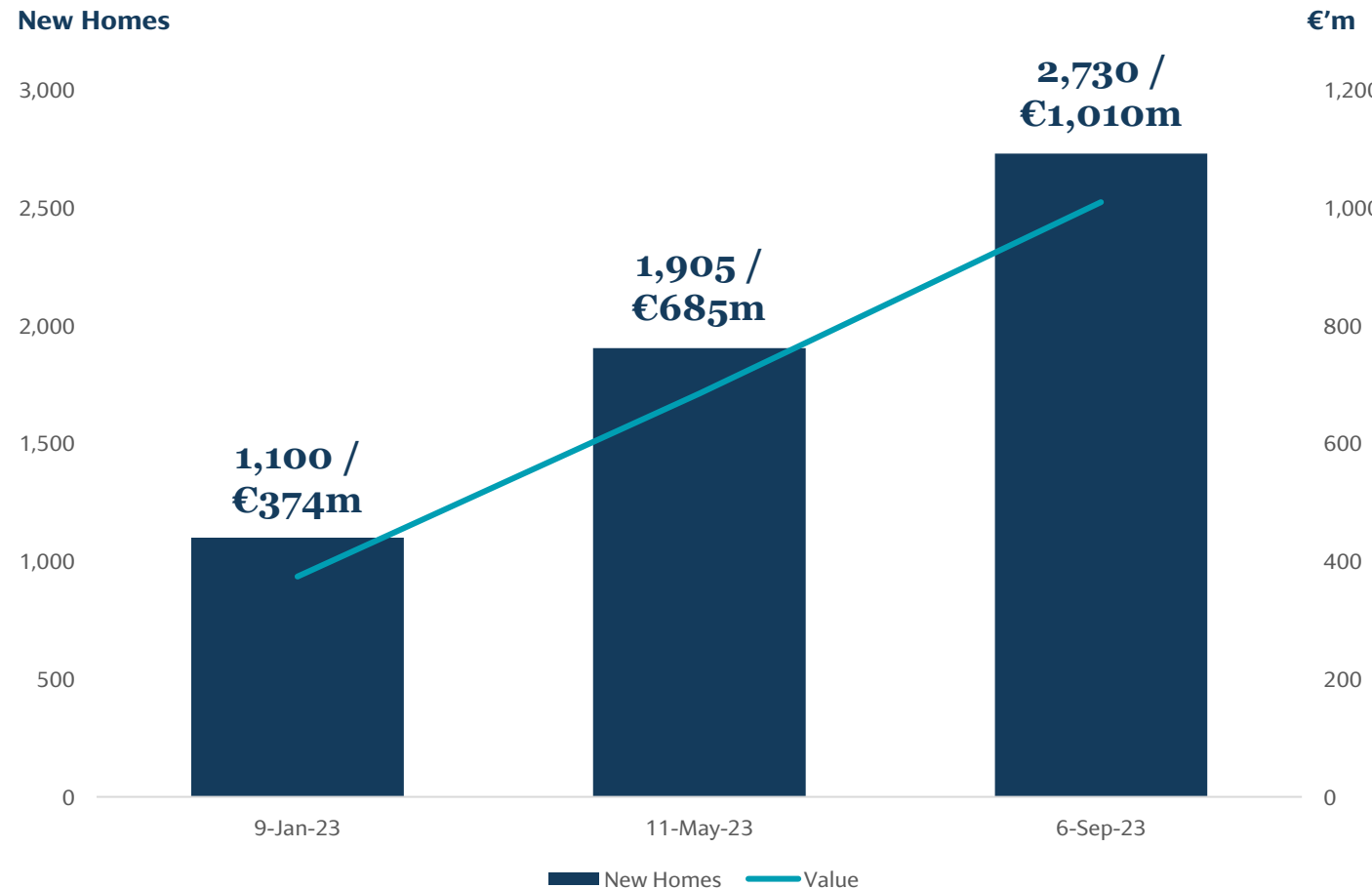
Committed shareholder returns for FY23 including additional **€35m** share buyback (**total €75m**) representing a yield of **c. 15%** on current market capitalisation

Demand and Product Mix

2023 YTD Growth in our Closed and Forward Order Book

1,630 new homes agreed for sale this year

New Homes



€370,000 net ASP in our closed and forward order book

Strong sales in higher ASP trade-up / down developments

Increasing our core starter home market sites at competitive ASPs (Seven Mills, Blessington, Newcastle and Navan)

Increased commencements of well-located and scaled Social & Affordable apartments



Sales Pricing in H1 2023

New Homes Average Selling Prices

Period	Closed Sales	ASPs €'k (Net of VAT)			
		Starter Homes	Trade Up/Down	Apartments	Overall
H1 2023	535	342	458	400	406
H1 2022	547	330	509	472	439
Movement	-2.2%	+3.6%	-10.0%	-15.3%	-7.5%

c. 21.2%

Stable gross margin with an expected ASP of c. €380,000 in FY23

c. €45,000

Increased cost of building each new home since the start of 2021 (FY21 €20,000 actual, FY22 €15,000 actual, FY23 €10,000 forecast)

8

Cairn schemes where **FTBs** have availed of the First Home Scheme since its launch in 2022



Key Operational Highlights

Award Winning Developments

Griffith Wood

Residential Project of the Year at the 2023 Irish Construction Excellence Awards

Developer of the Year

At the 2023 National Property Awards

“Passive House” Apartment Scheme

Charlestown

Cairn’s first large scale Passive apartment scheme comprising 590 units

Aligned to our **scope 3 decarbonisation** targets and delivering an estimated lifetime net energy cost saving per new apartment of **€26,663**

Recommended for Three ISO Certifications

NSAI ISO Certified:

9001 (Quality Management Systems)

14001 (Environmental Management)

45001 (Occupational Health, Safety and Welfare Management)

External Recognition of our Progressive Culture

Top 20

In the Large Category of Best Workplaces 2023

Great Place to Work

Certification retained in 2023

Future Proofing Our Industry

Founding partner of Ireland’s **Supply Chain Sustainability School**

Established to educate and increase awareness of sustainability within the construction sector supply chain

Supply Chain and Procurement

c. €500m in 2023 labour and materials spend will increase to c. €650m in 2024

c. 95% procured on active sites for 2023 and c. 56% for 2024 with strong security of labour and supply

Although moderating, inflation persisted in H2 2023, with price volatility across materials including concrete (5% levy imposed from 1 September), insulation and masonry products

Supply chain partnerships delivering on advancing productivity, efficiencies and product development

Continued progress in OSM (off-site manufacturing) and MMC (modern methods of construction) initiatives and driving ongoing innovation through our supply chain

Broadening the depth and expertise of our subcontractor and supply chain as we scale regionally

Leveraging our growing scale with €1.75bn+ procurement projected in the three years to 2025

c. €10,000

(c. 4%) expected build cost inflation for each new home built in **2023**

c. 18%

Build cost inflation (c. €45,000) between **FY21** and **FY23**

Profile of our Top 20 Subcontractors Since IPO

59% of total **€1.5bn** procurement and an average of **€50m+** per subcontractor

Each of our Top 20 have now worked across an average of **20** developments



Capital Allocation: Delivering Significant Value For All Stakeholders

Continued Scaling

Continued annual growth in volumes, revenue and profitability supported by timely and tactical land acquisitions

Driving significant cash generation and monetisation of our landbank

Balance Sheet Discipline

Focus on balance sheet efficiency and growing ROE to c. 15% as we exit FY24

Shareholder Returns

We will continue to distribute surplus capital after investing in our business to shareholders through a combination of special dividends and/or share buybacks

How this creates value for all stakeholders:

Our customers

Record housing output of **1,800+** new homes in FY23

Our people

4,000 in full-time employment today across our active sites growing to 5,000+

Our economy

Helping to ensure Ireland retains its attractiveness by underpinning FDI and jobs growth with much needed housing

Our shareholders

Value creation through ROE growth

Commitment to shareholder returns, including c. €115m - €120m in FY23

Increased volume and profitability guidance for FY23



Archers Wood

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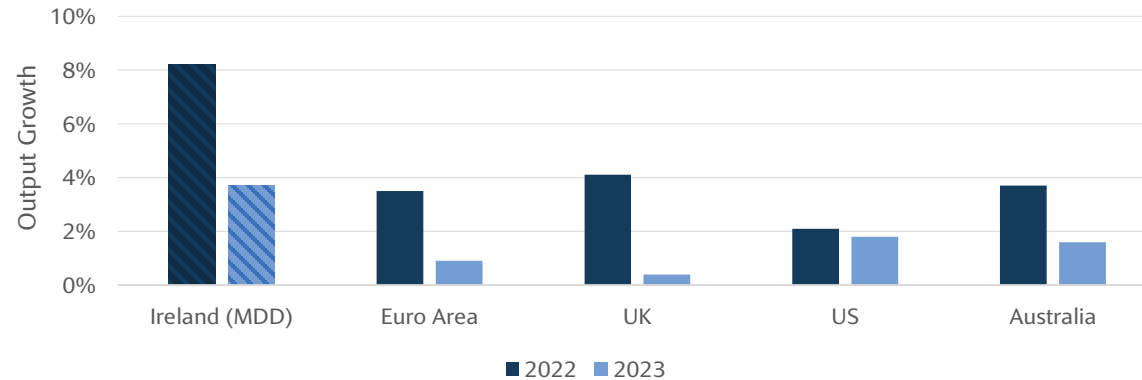
H1 2023 Financial Results and Guidance

Built For Good

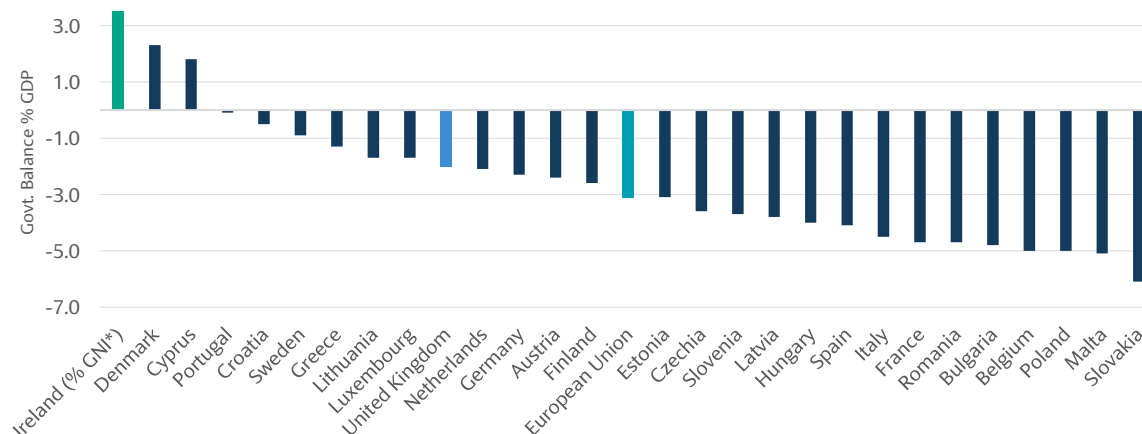
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Strong Macroeconomic Backdrop

Ireland's domestic economic growth is outpacing peer economies



Ireland will record the largest budget surplus in the EU this year



Continued Robust Growth

Irish domestic economy is forecast to grow by 3.7% in 2023, significantly ahead of forecast GDP growth in the UK (0.4%) and Euro Area (0.9%)

Demographics Support Housing Demand

Population of 5.15m (+8% since 2016) has grown at 10x the EU average since 2016. Supports Housing Commission demand estimates of between 42,000 and 62,000 new homes per annum until 2050 (2022: 29,776)

Highest Ever Employment

A record 2.64 million people in employment in Ireland in Q2 2023 as jobs growth (+27%) has outpaced population growth (+8%) since 2016

Strong Personal Balance Sheets

Household deposits have grown by €42bn since 2019 to €152bn (€3.3bn in 2023) and consumer spending strong (+3.7% in the year to Q2 2023)

Exchequer Surplus Growing

Irish Government is forecasting a general budget surplus of €10bn in 2023 and a cumulative 2023 – 2026 surplus of over €56bn. Tax revenues grew by nearly 7% in the eight months to August 2023

All Supporting Ambitious Housing for All Targets

300k new homes by 2030, including 144k Social & Affordable homes through Local Authorities, Approved Housing Bodies and the Land Development Agency underpinned by €21bn committed capital funding to 2025

Supportive Government Policies and Initiatives Delivering for FTBs

Help to Buy
22,045

Record applications submitted by FTBs in the seven months to July 2023
(+24% on 2022, +35% on 2021)

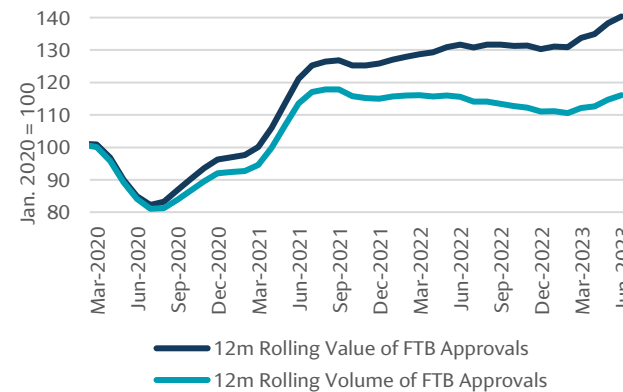
First Homes Scheme
2,333

Applications in first year of operation of which 1,915 buyers were approved to purchase new homes benefitting from State equity support

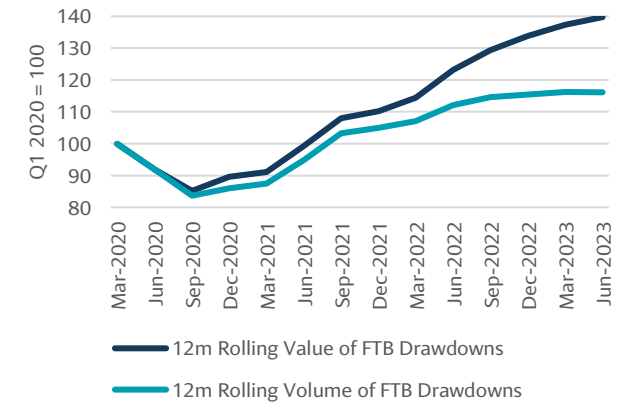
Croí Cónaithe
€450m

Fund to deliver owner occupier apartments with a subsidy of up to €140k per unit

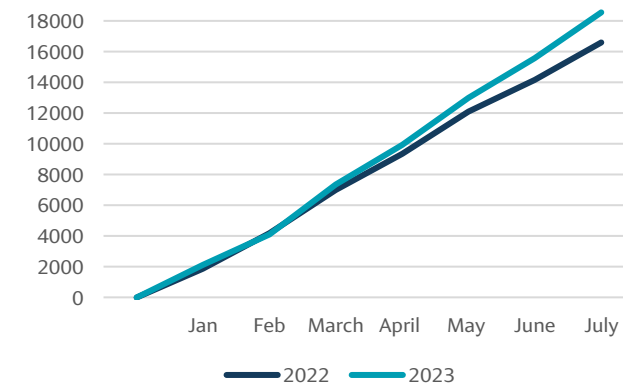
Volume of mortgage approvals up 9% in H1 23



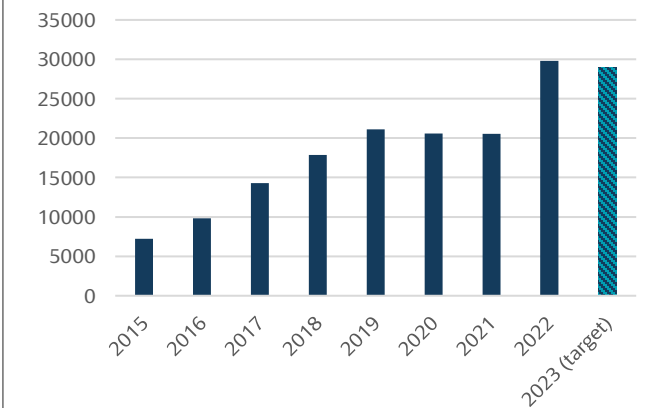
Mortgage drawdown volumes up 7% in H1 23



H1 New Home Commencements up 12% YoY



29,000 new homes target for 2023



H1 2023 Financial Performance

	H1 2023 Unaudited	H1 2022 Unaudited	Movement
	€m	€m	
Revenue	219.5	240.4	(9%)
Cost of Sales	(173.1)	(188.7)	(8%)
Gross profit	46.5	51.7	(10%)
<i>Gross margin %</i>	21.2%	21.5%	(30bps)
Opex	(16.8)	(15.5)	(9%)
EBIT	29.6	36.2	(18%)
<i>EBIT margin %</i>	13.5%	15.1%	(160bps)
Finance costs	(5.4)	(4.5)	(20%)
PBT	24.3	31.8	(24%)
PAT	20.7	27.1	(24%)
EPS	3.0 cent	3.8 cent	(0.8 cent)
Net assets	732.7	727.9	
NAV per share	109 cents	104 cents	
Land at cost	596.6	667.5	

Strong H1 2023 performance to deliver record full year housing output

Revenue and Sales Performance KPIs

Closed and Forward Sales Pipeline (as at 6 September 2023)	Units	Revenue (Net)
H1 2023 – closed sales	535	€217m
H2 2023 – forward sales	1,240	€457m
2024 & 2025 – forward sales	955	€336m
Total closed and forward sales pipeline	2,730	€1,010m

WIP Investment Underpinned by Forward Sales	H121	H122	H123
Forward sales – units (as at start of September)	1,347	1,441	2,195
Forward sales - value (as at start of September)	€525m	€520m	€793m
Closing WIP (at half year)	€285m	€346m	€419m
Forward sales coverage of WIP	1.8x	1.5x	1.9x

Proven track record of covering WIP investment through our forward sales book

18% growth in housing output expected compared to a broadly flat market

Balance Sheet as at 30 June 2023

	30 June 2023 Unaudited	31 December 2022 Audited	Change
	€m	€m	
Land held for development	596.6	628.3	
Construction work in progress	419.2	339.0	€80.2m
Other receivables	28.3	20.5	
Other assets and liabilities	(82.9)	(86.7)	
Net assets (excluding net debt)	961.3	901.1	
Net debt	(228.6)	(149.3)	(€79.3m)
Net assets	732.7	751.8	
Balance sheet KPIs			
Shareholder distributions	43.5	117.0	(€73.5m)
Debt to GAV	28.3%	17.3%	
Total			(€72.7m)

Asset backed balance sheet underpinned by committed debt facilities

Key Cash Flow Movements

	Jun-23	Dec-22	Movement
	€m	€m	€m
Net Debt	228.6	149.3	(79.3)
Key Movements			
EBITDA			32.9
Decrease in land held for development			31.7
Increase in construction work in progress			(78.8)
Dividend paid			(21.2)
Share buyback			(22.3)
Finance costs			(3.0)
Purchase of tangible/intangible assets			(2.1)
Tax paid			(7.4)
Other			(9.1)

Net debt increased by **€79.3m** in the period to **€228.6m**, resulting in available liquidity of **€120.0m** at half year

Cash spend on WIP of **€219.6m** resulting in a **24%** increase in the half-year WIP balance. This included **5** new project commencements

WIP investment is **1.9** times covered by our forward sales pipeline

We expect this entire net WIP investment to unwind in H2 2023 with at least **1,265** new homes sales forecast to close by year-end

Shareholder returns of **€43.5m**, including **€22.3m** share buyback

Year-end net debt is expected to be **c. €130m** following strong H2 cash generation from committed forward sales

Landbank balance reduced by **5% (€31.7m)** following the release of land held from our **535** sales completions in H1 2023

Upgraded FY23 Guidance

Completions

1,800+

(Previously: 1,750 – 1,800)

Revenue

€675m+

(Previously: €650m+)

Core Gross Margin

c. 21.2%

(Previously: c. 21.0%)

Operating Profit

c. €110m - €115m

(Previously: c. €105m - €110m)

Operating Margin

c. 16.5%

Shareholder Returns

c. €115m - €120m

**€75m share buyback
programme and 40 - 50%
PAT dividend pay-out ratio**

(Previously: €40m share buyback)

Progressing towards **c. 15%** return on equity (“ROE”) target as we exit 2024 with ROE in excess of **12%** in FY23

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03. Sustainability Update

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ESG – Tracking Progress

Environmental



Scope 1-3 targets approved by **Science Based Targets initiative (SBTi)**

- 46.2% absolute reduction in scope 1 & 2 emissions
- 61% scope 3 reduction per sqm

100% of sites now subject to **Biodiversity Net Gain** assessments

Green Certifications

HPI for all our homes and WELL Community for Seven Mills



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



Social



Founding Partner in the **Supply Chain Sustainability School** in Ireland

€3,500 targeted one-off cost of living allowance support to all employees below senior management level

Top 20 in the Large Category of Best Workplaces and retained Great Place to Work Certification in 2023



SUPPLY CHAIN SUSTAINABILITY
SCHOL

Governance



Appointment of new Head of Sustainable Construction

Preparation for upcoming reporting requirements under the EU's **Corporate Sustainability Reporting Directive (CSRD)** and the **EU Taxonomy**

NSAI ISO Certification:

- **9001** management
- **14001** environmental
- **45001** health & safety



Seven Mills* – Our Commitment to Delivering a Biodiversity Net Gain New Town



Overview of Seven Mills

25,000

Residents to be housed

9,000

Mixed tenure homes

10,000

Jobs in commercial and retail

13km

From Dublin City Centre

Biodiversity Net Gain Strategy in Action - Key Initiatives

Protection of canal wildlife corridor (working with Waterways Ireland)

5,000 native trees to be planted in our first phase

Harvesting and propagation of native plants from site

3,800 linear metres of native hedgerow planting

6,200 sqm of wildflower meadow planting

Wetland creation

90 hectares of parks

Seven Mills in Context

Building a new suburb in Dublin which will have the same population as existing and established towns in Ireland such as Naas, Kilkenny, Ennis and Portlaoise



Built for Good: Passivhaus standard

Leading on Decarbonisation:

Passive Apartment Schemes – our first at Charlestown, Dublin 11

Robust and cost-effective route to help us achieve our **scope 3 carbon reduction targets**

Saving **9,500 tonnes of carbon**
(equivalent to 5% of our entire 2019 baseline footprint)

As we continue to refine the technology, the benefits of Passive building will be rolled out across future apartment schemes

Certified to best practice by Passivhaus Institute

Delivering one of the **most sustainable scaled apartment development** in the Irish market, and significant energy cost savings for the occupiers

- 1** Highly insulated envelope
- 2** High performance windows
- 3** Efficient junctions
- 4** Airtightness
- 5** Heat Recovery



72 sqm Apartment	Heat Energy Demand (kWh/yr)
nZEB compliant	1,960
Passivhaus standard	1,080
Reduction per apartment	45%

Passivhaus standard at Charlestown will reduce heat demand by **45%**

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04. Outlook

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Seven Mills – Cairn’s €2 Billion GDV* New Dublin Suburb



Dec 2022



Sept 2023

Construction Status Update

Phase 1 commencement:

January 2023 of 569 new homes

€200m+ infrastructure works:

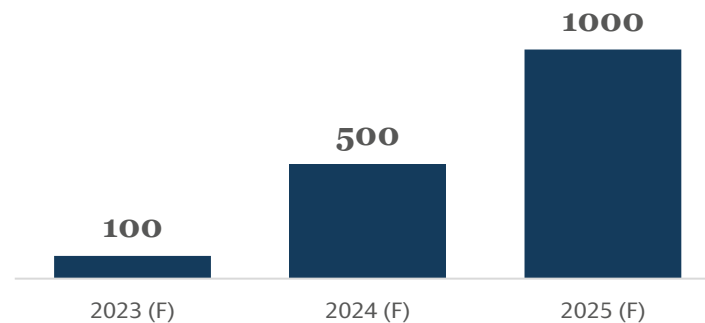
Ongoing throughout our current and future phases

Phases 2 & 3:

750 new homes will commence in Q4 2023, including our second Passive apartment scheme



Delivering New Homes From 2023*



*March 2023 target: 2023 – 75; 2024: 350



Sales Update

First private sales launch:

Over 2,000 potential homebuyers visited the development over the launch weekend on 2 and 3 September 2023

Sales achieved:

All new homes launched were agreed for sale with further homes to be released in Q4 2023

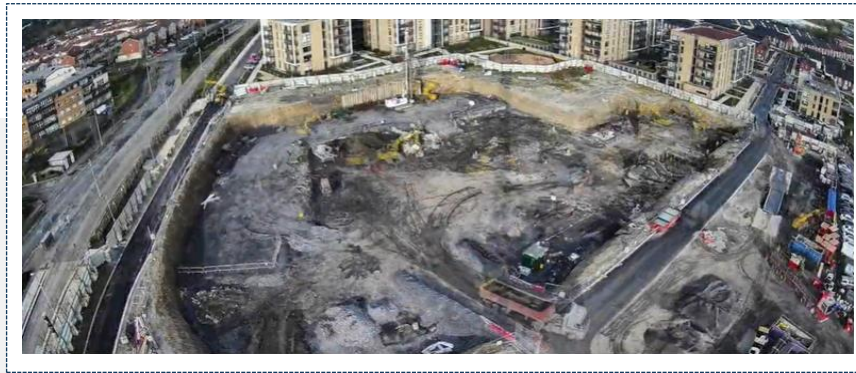
A Business Operating at Pace & Scale

Citywest Phase 3

405 apartments.
Final phase of an
834 unit scheme



Delivery timeline:
24 months
from start on
site to full
scheme
completion



Market Leading Production & Efficiency Levels

How We Compare to the Broader Industry

Calculation of the Average BCMS Construction Time for Every New Home Built

How Cairn compares with the rest of the sector from a sample of 2,472 new Cairn homes built since 2020:

+9 weeks

Industry at large
(from a sample of
25,142 new homes
built)

+11.5 weeks

Large main contractors
(from a sample of
7,356 new homes
built)

Outlook and FY23 Guidance Recap

Outlook

Mature and sustainable business platform

Demand illustrated by record forward order book

Market leading position and competitive pricing

Committed to shareholder returns

Strong economic growth and supportive Government housing policies

FY23 Guidance Recap

1,800+
completions

€675m+
Revenue

c. 21.2%
gross margin

€110 - €115m
operating profit and an operating margin of c. 16.5%

€115 - €120m

committed shareholder returns from a €75m share buyback programme and 40 – 50% PAT dividend pay-out ratio



Sorrel Wood



c. 15% ROE exiting FY24

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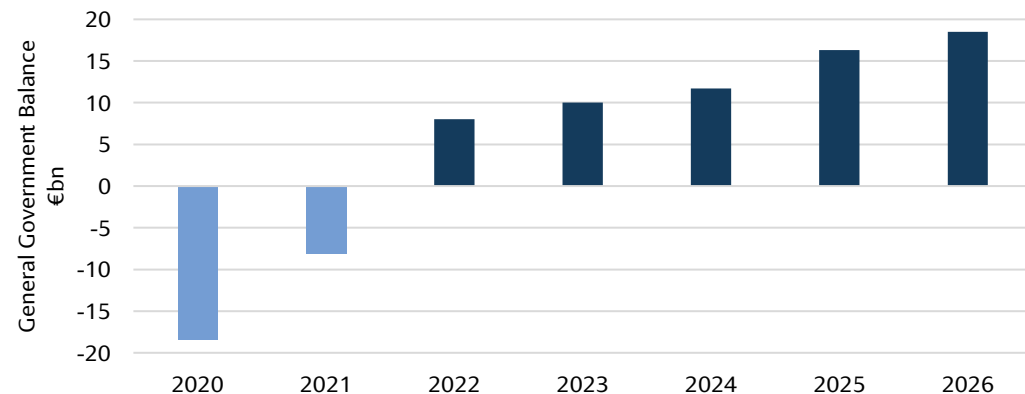
05. Appendices

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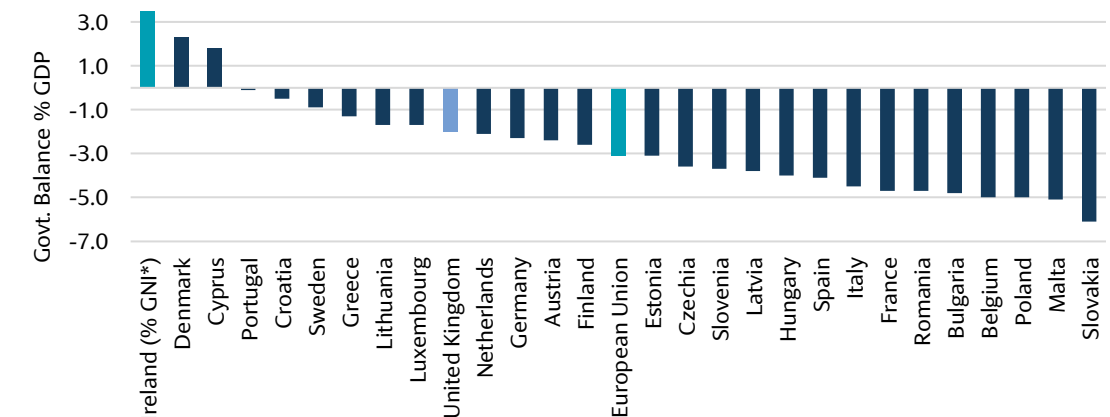


Robust Macroeconomic Environment

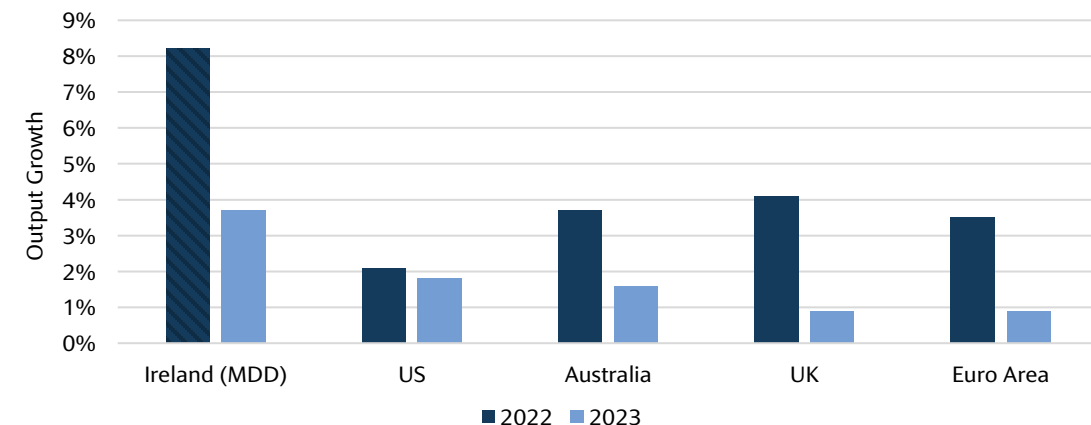
Surpluses of over €50bn are forecast over the coming years



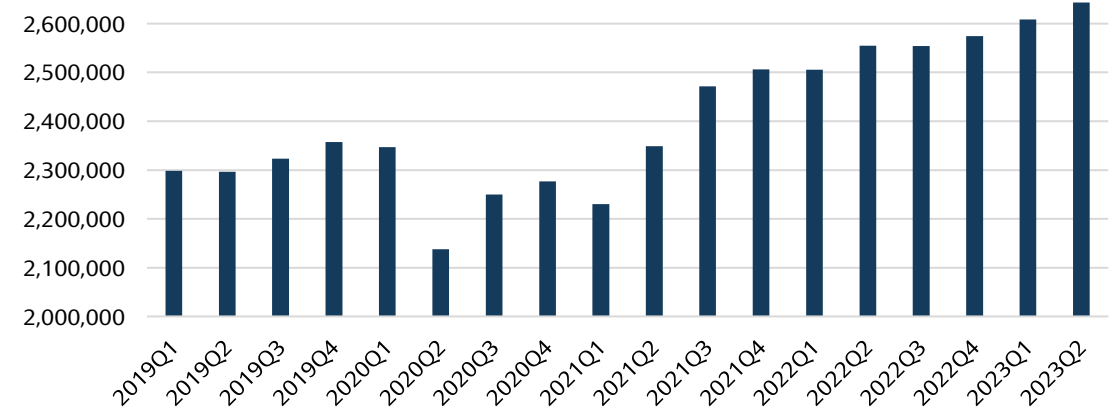
Ireland will record the largest budget surplus in the EU this year



Ireland's domestic economy is outpacing peer economies

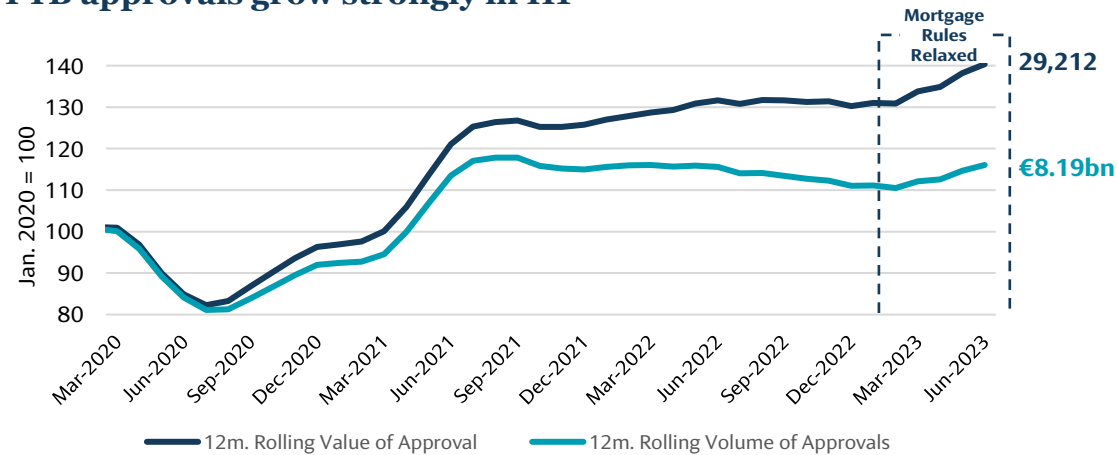


Record 2.64 million people in employment in Q2

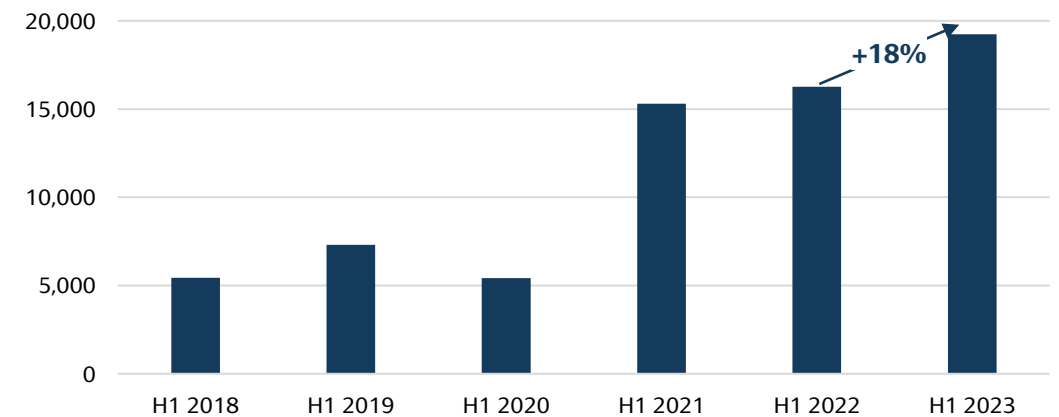


Government Incentives and 4x LTI Supporting FTB Demand

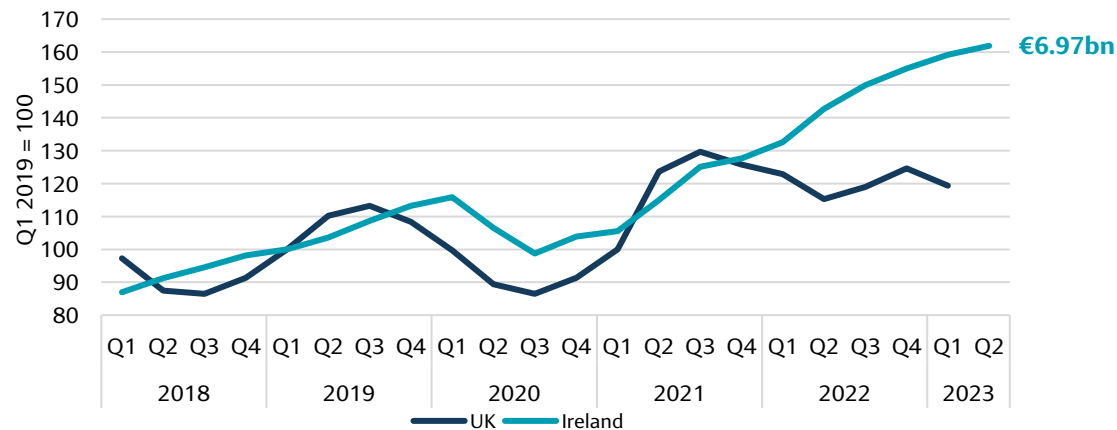
FTB approvals grow strongly in H1



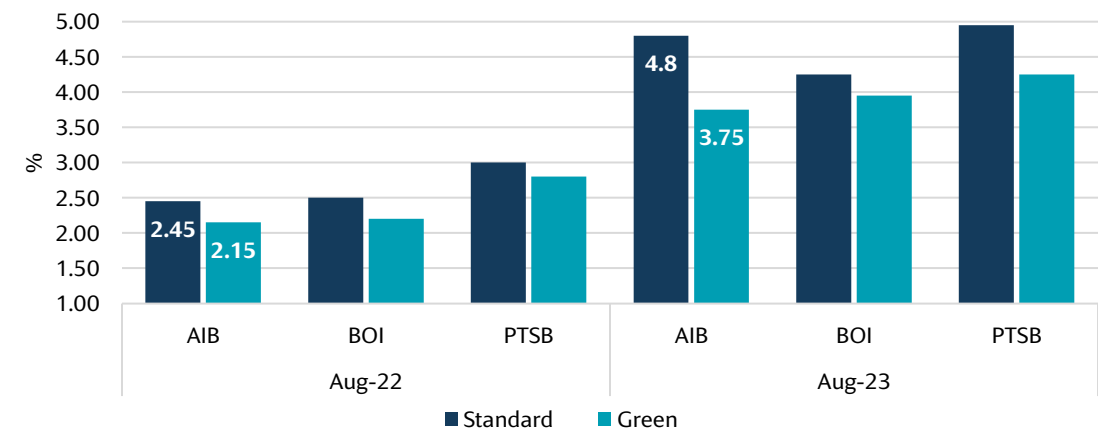
Record Help to Buy Applicants in H1 up 18% on 2022



FTB Mortgage drawdowns continue to grow in Ireland

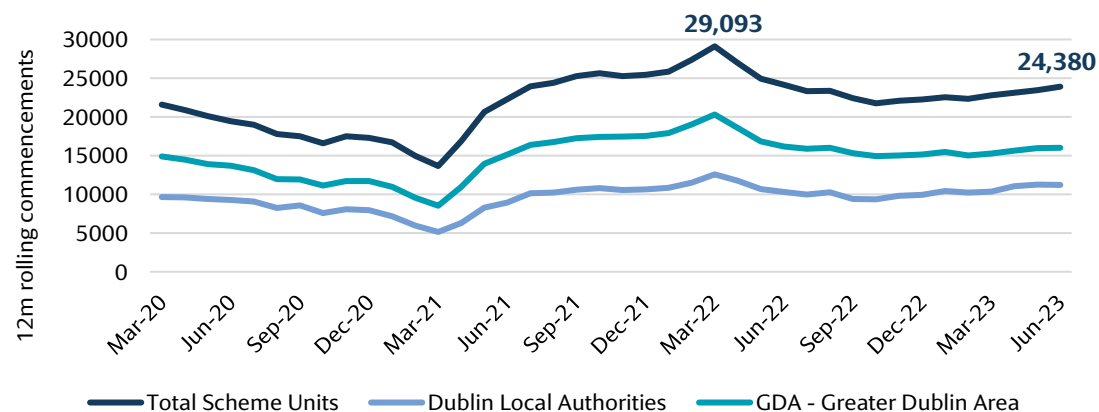


Despite rate rises, green mortgages now offer large discounts

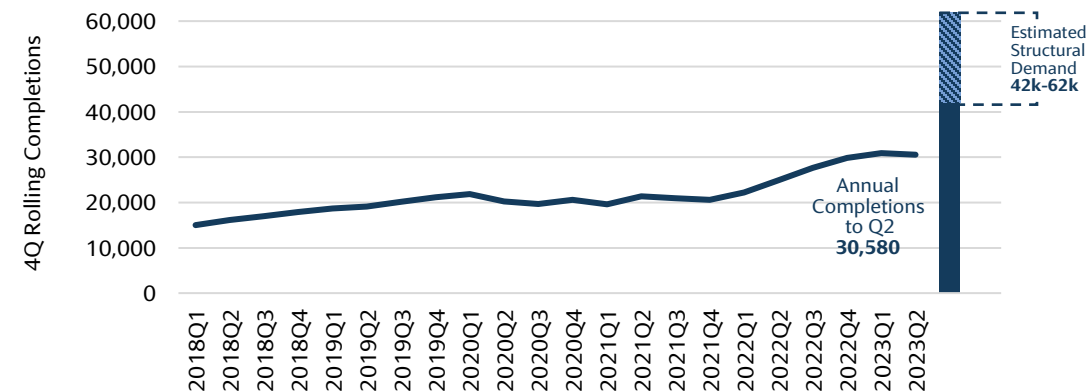


Supply is Still Significantly Below Structural Demand

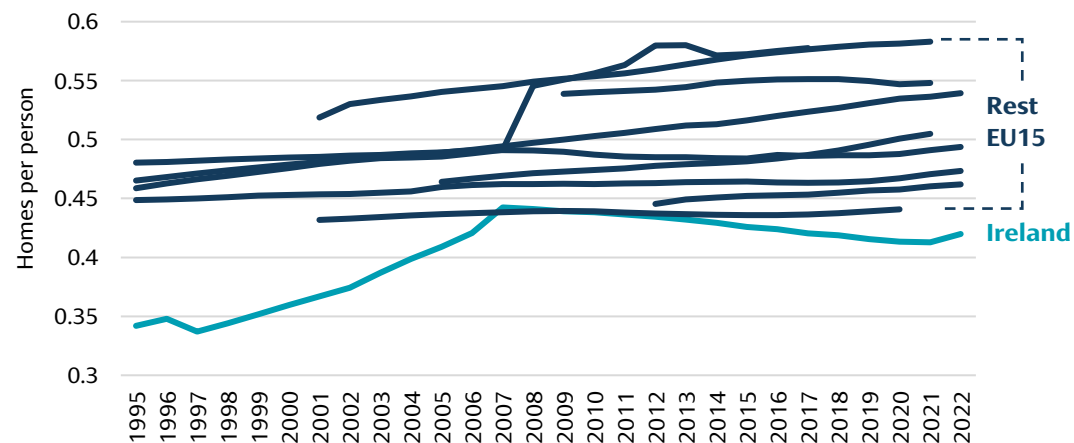
New home commencements are flat year-on-year (excl. one-off)



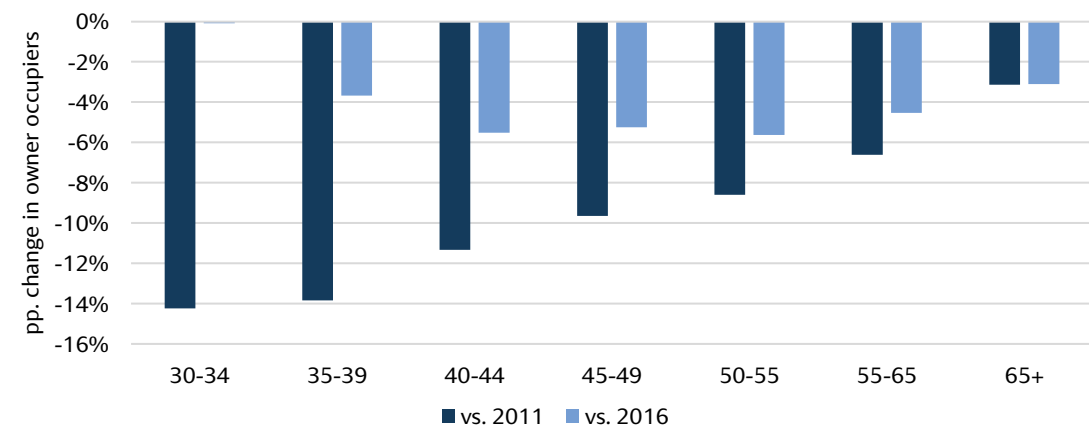
Annual completions flat, but significantly below demand estimates



Ireland's housing stock lags peer countries



Census data confirms falls in home-ownership across age cohorts



Department of Finance forecasts support further investment in housing

Exchequer returns will continue to grow (€bn)

	2018	2019	2020	2021	2022	2023f	2024f	2025f	
Government Revenue	82.0	87.5	85.8	97.0	115.5	123.4	129.2	135.0	
Government Expenditure	82.0	86.1	104.2	105.1	107.5	113.4	113.0	116.9	
Government Balance	0	1.3	-18.4	-8.1	8.0	10.0	16.2	18.1	€44bn Forecast Surpluses

Supporting investment in housing (€bn)

	2022	2023f	2024f	2025f
Housing for All Capital Budget	4.0	4.0	4.0	4.0
Additional Expenditure	-	+ 1.0	+ ?	+ ?

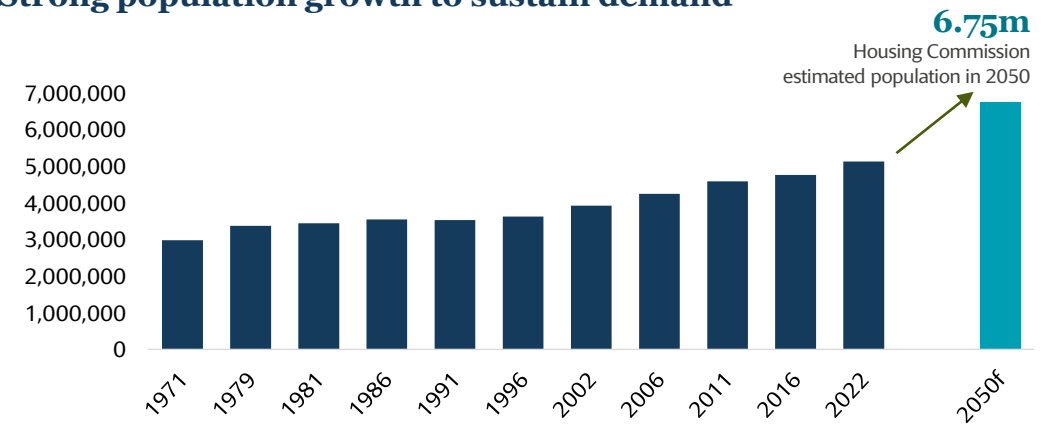
Additional €1bn funding announced in April 2023 in addition to current €4bn *Housing for All* committed capital funding

Demographics Driving Strong Structural Demand

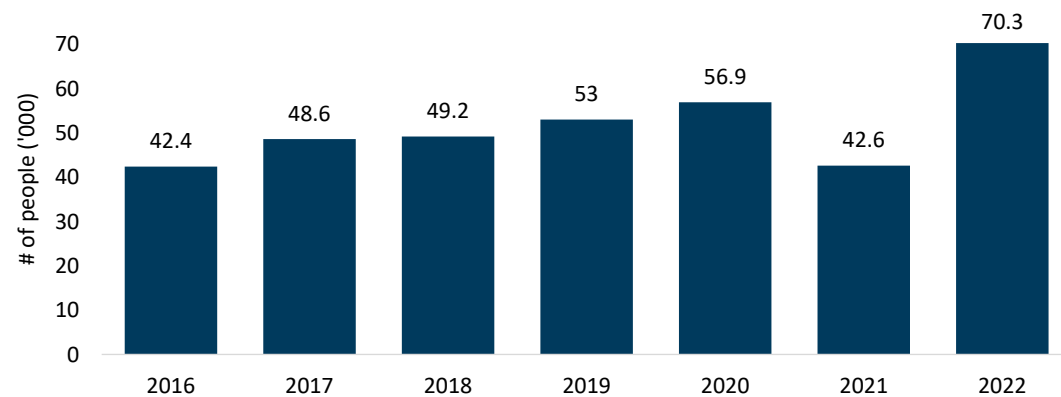
Strong population growth

- Population of 5.15m as at April 2022, the highest since 1851, an increase of 8.1% since Census 2016
- The Housing Commission has forecast population growth to 6.75m by 2050
- Ireland's population in 2022 was the second youngest in the EU
- Net migration of 220k people since 2016, accounting for 56% of our population increase
- The number of third level educated immigrants, nearly all of whom will require housing, moving to Ireland increased significantly in 2022

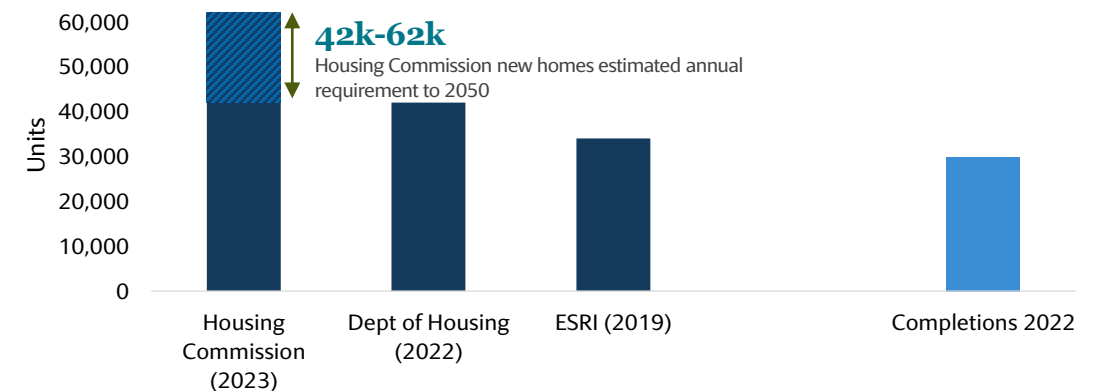
Strong population growth to sustain demand



Immigration of third level educated immigrants has increased significantly



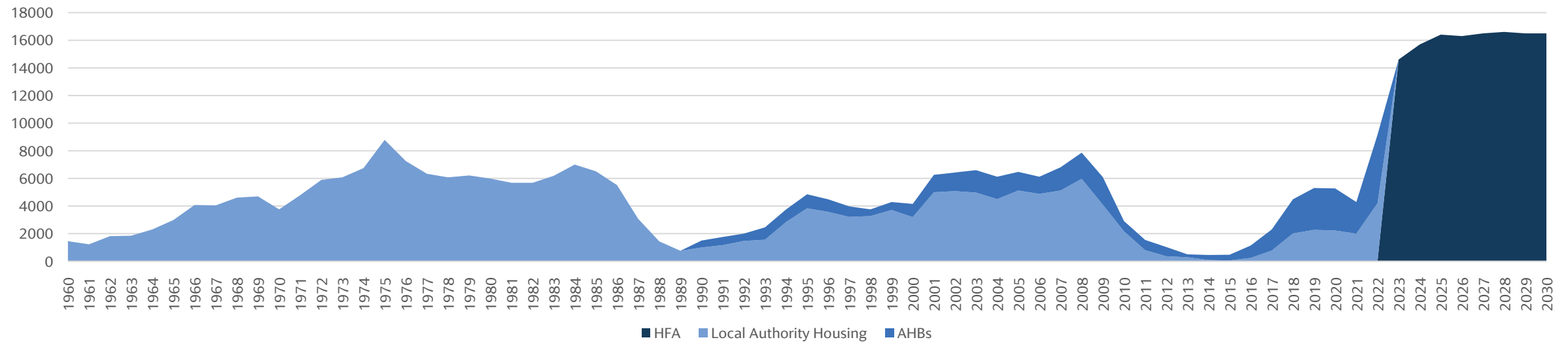
What is medium-term structural housing demand?



Housing For All

Ambitious Plan to Deliver 140,000+ Social & Affordable New Homes

Historic delivery of social housing in Ireland highlights the ambitions of Housing For All



Annual Social & Affordable targets to 2030

Tenure	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Social Homes	9,000	9,100	9,300	10,000	10,200	10,200	10,200	10,200	10,200	88,400
Affordable & Cost Rental Homes	4,100	5,500	6,400	6,400	6,100	6,300	6,400	6,300	6,300	53,800
Total	13,100	14,600	15,700	16,400	16,300	16,500	16,600	16,500	16,500	142,200

Cairn Brands



Elsmore.



GRIFFITH
WOOD



THE QUARTER
AT CITYWEST

Mercer Vale
CHERRYWOOD



Sorrel
Wood
BLESSINGTON

Seven
Mills

Parkleigh

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