

Trading Update for the Year Ended 31 December 2022

Cairn Grows Revenues by 46% and Completes Over 1,500 Closed Sales in 2022

Dublin / London, 9 January 2023: Cairn Homes plc (“Cairn”, “the Company” or “the Group”) today issues a trading update for the year ended 31 December 2022 in advance of full year results to be announced on 2 March 2023.

FY 2022 Trading Update

The Company delivered a very strong performance in 2022 in respect of new homes sold and revenue generation, both ahead of market guidance:

- Closed 1,526 new home sales (2021: 1,120) and generated core housebuilding revenue of c. €610 million (2021: €419 million).
- With this level of performance, the Company is comfortable with existing FY 2022 profitability guidance of 21.5% gross margin, €100 million operating profit and a 16.5% operating margin.
- The Company will deliver minimum shareholder returns for FY 2022 of €115 million from both ordinary dividends and share buybacks.
- Cairn’s performance was supported by strong levels of demand from first time buyers, many of whom are now able to avail of impactful Government supports including the recently launched First Home shared equity scheme. Considering the level of embedded build cost inflation throughout the last two years coupled with significant interest rate increases, many of these customers would not otherwise be able to access new homes.
- Over the last two years, Cairn has become a more established delivery partner for various State entities, including Approved Housing Bodies, Local Authorities and the Land Development Agency. In 2022, Cairn was one of the largest providers of new Social & Affordable housing in Ireland, having delivered almost 500 new A-rated homes. This included a substantial number of apartments in our larger developments. In 2023, we will continue to use our scale and capacity to create value for the State and we will increase our delivery to over 800 new Social & Affordable homes nationwide.
- Build cost inflation was significant in the year with the cost of building our homes increasing by c. €20,000 per new home. Inflation persisted into H2, albeit at more moderate levels. The cost of building new homes in Ireland therefore remains significantly elevated compared to two years ago with our build costs having increased by c. €35,000 per new home in this period.
- The Company invested heavily in sustained growth with eight new site commencements in the year, including new regional sites in Cork, Limerick and Kilkenny. The Company was active on over 20 sites nationwide during 2022.
- Cairn reached a number of critical milestones at Dublin’s newest suburb in Clonburris where we will deliver c. 5,500 new homes in the years ahead. Clonburris received final formal approval of the Government’s €186 million Urban Renewal Development Fund grant, whilst we also secured planning permission for Phase 1 (569 new homes) and commenced significant infrastructure works in advance of a formal site commencement in early 2023.
- The new masterplan for our Montrose site, including 688 apartments and a 192 bedroom hotel, has been granted approval by the local authority.
- With the challenges that the increased cost of living is having on our employees, we continued to invest in our employee value proposition. We increased our remuneration benefits across a range of well-being measures including providing increased family health benefits and innovative mental health and diversity support initiatives across our workforce.
- Significant progress has been made on our sustainability agenda with the publication of our inaugural sustainability report and achievement of an upgraded A- CDP score. Having set our scope 1 and 2 carbon reduction targets, we have submitted our scope 3 carbon reduction target to SBTi and will announce these in March 2023.

Outlook

Cairn has a proven track record as a high quality housebuilder. Allied with our design and construction capability on higher-density apartment schemes, this gives us a unique competitive advantage and supports growth across our multiple and expanding market segments.

The Company has a large and principally planning consented residential landbank, including full planning permission on all of our forecasted units for this year. We will be active on 20 developments nationwide during 2023, underpinning our continued and ambitious volume growth trajectory.

Cairn enters 2023 with our largest ever forward sales pipeline of over 1,100 new homes and we are confident of making further financial progress in the year ahead.

The Irish economy is expected to grow again in 2023 with the Government forecasting a second year of an exchequer surplus. Inflation and interest rates remain a concern, however, population growth, family formation numbers, strong employment, a healthier banking environment and more Government initiatives than ever to support home buyers are all positive tailwinds.

The Company will provide guidance and an update on capital allocation for FY 2023, together with details of our FY 2022 final dividend, when we release our full year results on 2 March 2023.

Commenting on the full year 2022 trading update, Michael Stanley, Chief Executive Officer, said:

“Cairn is proud to have become the first company in Ireland to deliver over 1,500 new homes in a calendar year. This included a broad mix of first time buyer houses and duplexes, houses and apartments for second time buyers, and apartments for the private and affordable rental markets.

Our completions last year also included 495 new Social & Affordable homes delivered across our larger developments nationwide. We expect to significantly grow this output in 2023 and continue to provide value and timely delivery for our partners in Local Authorities, Approved Housing Bodies and the Land Development Agency.

We witnessed exceptional levels of demand from first time buyers, many of whom are now able to avail of impactful Government supports including the recently launched First Home shared equity scheme. Considering the level of embedded build cost inflation throughout the last two years coupled with significant interest rate increases, many of these customers would not otherwise be able to purchase their new family homes.

Looking at the wider market, Ireland has increased its working population by 500,000 to over 2.5 million people in the last six years. Supply of new residential accommodation in response to this successful economic period has seen a significant increase in the number of lower density houses completed in suburban and regional areas. This well supported bias or misjudged focus means that new apartment developments close to any areas of high employment or multimodal transport links remain virtually non-existent.

Today, there are over 80,000 planned apartments in the pipeline, all of which meet new design and size standards. While many have been held up by our planning system or objections, nearly one third have full planning permission and should be under construction. Viability and funding remain challenging, however, our industry has the capacity to deliver, and working collaboratively with Government support, can address this damaging supply imbalance. Ireland’s sustainable social, environmental and economic future depends on it.”

For further information, contact:

Cairn Homes plc

Michael Stanley, Chief Executive Officer
Shane Doherty, Chief Financial Officer
Ian Cahill, Head of Finance
Declan Murray, Head of Investor Relations

+353 1 696 4600

Drury Communications

Billy Murphy
Claire Rowley
Morwenna Rice

+353 1 260 5000

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. 16,700 unit landbank, over 90% of which are located in the Greater Dublin Area (“GDA”) with excellent public transport and infrastructure links.