



Trading Update for the Year Ended 31 December 2021 Outperformance for 2021 and Significantly Upgraded Guidance for 2022 €75m Share Buyback Programme Announced

Dublin / London, 12 January 2022: Cairn Homes plc (“Cairn”, “the Company” or “the Group”) today issues a Trading Update for the year ended 31 December 2021 in advance of full year results to be announced on 3 March 2022.

FY 2021 Trading Update

Following a disruptive H1 2021 with site closures, H2 2021 represented Cairn’s strongest ever performance in terms of new homes sold, margin progression, profitability and cash generation in delivering full year results ahead of guidance:

- Closed 1,120 new home sales (2020: 743) and generated total core revenue of c. €419 million (2020: €246.9 million). Additional c. €4 million revenue from land and commercial site sales (2020: €14.7 million).
- Gross margin in H2 of c. 20.3% up from 18.5% in H1, delivering full year gross margin of c. 19.8% (2020: 16.3%).
- Cairn has forged sustainable partnerships with key subcontractors and our supply chain over the last 6 years and both financially and operationally supported these partnerships during a difficult period.
- Notwithstanding build cost inflation of c. €15,000 per new home in 2021, we achieved strong margin growth through improved mix with more apartments sold, embedded supply chain efficiencies and improved pricing in middle and upper-end apartments and houses.
- The affordability of our starter homes remains a key objective and our 2021 average selling price was €350,000, compared to €348,000 in 2020, in prime, sought-after suburban locations.
- Operating profit c. €58 million and an operating margin of c. 13.7%, over 10% ahead of previous guidance.
- Over €100 million of operating cashflow¹ generated.
- Considerable progress in delivering on our Sustainability Agenda in advance of disclosing our sustainability metrics in March 2022, with strong ratings received from key agencies during 2021.

Upgrading 2022 Guidance

Starting this year, Cairn has a current sales pipeline of 1,018 new homes with a net sales value of €395 million from a broad and widening customer base. Our pipeline and future growth will be underpinned by partnerships with the State, Local Authorities and AHB’s for social and affordable homes, high quality apartments to rent or own, trade up and down homes and most importantly, starter homes at competitive price points that give our first time buyers an opportunity to own a home for their family.

The Company is upgrading 2022 guidance to deliver:

- Turnover in excess of €600 million, with 1,500 closed new homes sales from active sites which have full planning permission.
- Gross margin growth in core housebuilding of up to c. 21.5% up from the previously guided 20%.
- c. €95 - €100 million operating profit up from the previously guided c. €85 million.
- c. €165 million of operating cashflow¹. Added to over c. €100 million generated in 2021, Cairn will generate c. €265 million compared to the previously guided €165 million for 2021 and 2022 combined. This c. €265 million operating cashflow and our margin progression is a clear illustration of the value of our low cost landbank and the material planning gains achieved on sites which we are now active on. The Company will generate increased operating cashflow as we continue to unwind this intrinsic value from our landbank. Further detail on this and our medium-term outlook will be provided when we report our 2021 full year results in March 2022.

Continued Dividend Payments and €75 Million Share Buyback Programme to Commence on 13 January 2022

The Company continues to evaluate balance sheet efficiency against the backdrop of increased operating cashflow generation.

¹ Before any capital allocation considerations, including reductions of debt, future dividends or accretive strategic acquisitions, JVs and investments

We outlined our capital allocation policy during 2021 and our commitment to delivering shareholder value now and into the long-term. The Company intends to propose a final 2021 dividend of €20 million (c. 2.70 cent per ordinary share based on current ordinary shares in issuance), subject to shareholder approval at our 2022 AGM, following a 2.66 cent per ordinary share interim dividend paid in October 2021. Given the significant levels of cash being generated and our current share price, Cairn intends to recommence a sizeable share buyback programme. This will begin with an irrevocable, non-discretionary arrangement with Goodbody Stockbrokers UC and Numis Securities Limited to repurchase ordinary shares on our behalf up to a maximum consideration of €75 million, commencing on 13 January 2022.

Return on equity will continue to be a very important KPI for the business, now underpinned by its inclusion as a remuneration metric for Executive Directors from 2022 onwards.

Commenting on the full year 2021 trading update, Michael Stanley, Chief Executive Officer, said:

“I am pleased to say that we have delivered on all of our business objectives for 2021 despite the impact of public health restrictions early in the year which closed construction sites across Ireland. We achieved a key milestone in the second half of the year when we sold our 5,000th new home since we commenced business in 2015.

This year, we will support over 3,000 full time positions on 22 active sites, building high quality, sustainable new homes on well located developments with full planning permission. The trajectory of the business has enabled us to upgrade our guidance for 2022. We now plan to close 1,500 sales, boosting revenues to over €600 million, while also significantly increasing operating cashflow from prior guidance.

Return on equity is a key metric for us as it is for the shareholders who have backed our business since inception. It is their long-term permanent capital which has enabled our business to scale successfully and deliver significant quantities of new homes to an under-supplied market. It is therefore important that we were able to reinstate dividend payments in 2021 and we are now also recommencing a sizeable share buyback programme.”

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Notes to Editors

Cairn Homes plc (“Cairn”) is a 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. 17,700 unit landbank across 37 residential development sites, over 90% of which are located in the Greater Dublin Area (“GDA”) with excellent public transport and infrastructure links.