

17 January 2019

Cairn Homes plc
Trading Update for the year ended 31 December 2018
Strong Results Underpinning Capital Return Plans

Dublin/London, 17 January 2019: Cairn Homes plc (“Cairn”, or the “Company”) (ISE/LSE: CRN), the leading Irish homebuilding company, today issues a Trading Update for the year ended 31 December 2018 in advance of full year results to be announced on 7 March 2019.

Cairn delivered a strong trading performance in 2018 with 804 new homes sold in the full year (2017: 418 unit sales), with 511 of these homes sold in H2. Total revenues for 2018 were c. €337m (2017: €149.5m). Excluding our non-core site sales, revenues from new homes sold were c. €294m (2017: €131.5m).

The full year gross margin is expected to be approximately 20.5% (2017: 18.2%). The Company anticipates reporting an operating profit of c. €53m (2017: €14.5m) and closing net debt of c. €140m (2017: €159.4m). Cairn’s 2018 performance has delivered substantial increases in revenue (+125%), gross margin (+230 bps) and operating profit (+266%).

The Company’s average selling price¹ in 2018 was €366k (2017: €315k). The average selling price in H2 2018 of €351k was lower than in H1 2018 (€393k) due to mix changes – we sold our first duplex housing units and were pleased to deliver 68 Part V homes across our various sites to local authorities at an average selling price of €207k. Cairn’s new homes and apartments appeal to various segments of the market, including our first time buyer starter homes where the average selling price in 2018 was €312k (2017: €301k).

As at 16 January 2019, the Company has a strong forward sales pipeline with a sales value of €159.5m (344 units at an average selling price of €464k). We will reopen sales suites on seven of our active sites in Q1 2019, all in excellent locations with proven demand. In addition, first sales launches on active sites this year will include Mariavilla in Maynooth; Gandon Park in Lucan; Oak Park in Naas; Donnybrook Gardens in Dublin 4; and Citywest in Dublin 24. Our forward sales, the increasing number of active selling sites and the broadening of our product range continues to underpin our targets for 2019 and beyond.

As part of Cairn’s intention to implement a progressive capital return policy, including the potential for share buybacks in addition to dividends, the Company intends to propose a capital reduction resolution to shareholders no later than our 2019 annual general meeting on 22 May 2019. The resolution will seek to convert a substantial part of our share premium account into distributable reserves. This process is aligned with the commitment given to shareholders that a dynamic capital management policy would be pursued at the earliest opportunity. Following the substantial investment in scaling our business and building our work in progress over the last number of years, Cairn is now generating significant free cash flow and all profits generated from 2019 onwards will add to our distributable reserves.

Market conditions in Ireland remain positive, notwithstanding Brexit uncertainty. The Irish economy continues to be the top performing economy in the EU and the Company believes that a minimum of 35,000 new homes are required

¹ All average selling prices exclude VAT

nationally, including 20,000 in the Greater Dublin Area. Demand is being driven by strong population growth and strengthening employment levels, while affordability is being supported by positive wage inflation and increasing competition amongst mortgage providers. The supply of new homes is less than 50% of annual demand and increasing capacity within the industry remains constrained by the lack of scaled homebuilders.

Cairn's low cost, well located land bank, our experienced team and our scaled and cost efficient operational platform means we are perfectly positioned to maximise this opportunity now and into the future.

Michael Stanley, Co-Founder and CEO, said:

"2018 has seen Cairn Homes plc double the number of quality homes built and sold to 804, boosting our revenues to c. €337m. Considering this was only our third full trading year, this performance illustrates the positioning and growing maturity of our business, the capability of our talented team and the depth of unsatisfied demand for new family homes in Ireland.

We look forward with real confidence to 2019 and beyond. Importantly, our business's significant cash generation has the potential to accelerate our capital return plans and reward our shareholders for their investment in Cairn Homes plc."

-ENDS-

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Notes to Editors

Cairn Homes plc is an Irish homebuilder committed to building high-quality sustainable homes in excellent locations and providing unparalleled customer service at each stage of the home-buying journey. Cairn's highly experienced management team has a clear vision of delivering innovative and thoughtfully designed homes which meet market demand and enhance communities by placing home owners at the very centre of the design process. The Company owns 33 residential development sites with capacity for over 14,500 new homes, over 90% of which are located in the Greater Dublin Area (GDA) with excellent public transport and infrastructure links. Cairn is today building on thirteen sites in the GDA, which will deliver over 4,750 new homes.