

# Cairn Homes

**Real estate**
**4 March 2025**

## Underlying demand supports confident outlook

Cairn Homes' FY24 results were robust and it has issued even more challenging targets for FY25. The Irish housing market remains undersupplied, which bodes well for its future, supported by government policies to prioritise housing delivery. The valuation remains attractive, with the stock trading on a price-to-earnings (P/E) ratio of under 11x and yielding nearly 5%.

### FY24 results ahead of expectations

Cairn Homes closed 2,241 dwellings (up 29%), generating revenue of €860m, also up 29% in FY24. The company generated an operating profit of €150.0m (up 32%) and a return on equity (ROE) of 15.1%. The volume, profit and ROE were all ahead of expectations. The average selling price (ASP) net of VAT remained broadly stable at €383,000 (FY23: €389,000), reflecting a step up in lower-priced, affordable homes. Despite the lower ASP, the operating profit margin edged up 40bp to 17.4% as the company contained operating costs, reflecting operating leverage in the business. Additionally, the company returned €115.3m to shareholders via share buyback programmes and its progressive dividend policy.

### Cairn is building momentum for future sales

In FY24, Cairn invested heavily in construction activity, starting 4,100 new homes (2,162 in FY23), implying a confident outlook. The company also closed several forward fund transactions, which will see it deliver c 2,150 social and affordable homes to its State Partners. One of the deals was with the Land Development Agency, which is its first deal under the Project Tosaigh 2 platform.

### Positive outlook into FY25

At 26 February, the company's forward order book had increased c 5%, up to 2,593 new homes (net sales value of c €989m), from 2,473 (net value of €946m) at a similar point last year. Cairn expects FY25 revenue growth of over 10%, EBIT of c €160m and an ROE of c 15.5% as it continues to invest in construction activity and targets its core first-time buyer market. This growth is expected to be underpinned by 11 new private sale launches in the first half of the year.

### Valuation: Under 11x P/E, yield approaching 5%

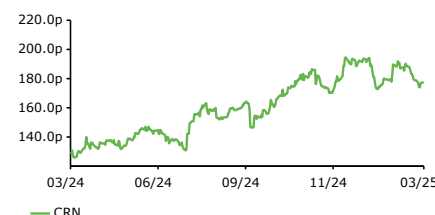
The shares trade on a P/E ratio of 10.8x for FY25 and yield nearly 5%. The outlook remains encouraging. The company trades on a price-to-book ratio of c 1.8x, which reflects the higher than sector average ROE, which we believe is c 7%.

Consensus estimates						
Year end	Revenue (€m)	EBIT (€m)	EPS (EUc)	DPS (EUc)	P/E (x)	Yield (%)
12/23	666.8	113.4	12.70	6.30	16.9	2.9
12/24	859.9	150.0	17.90	8.20	12.0	3.8
12/25e	945.7	158.0	20.00	10.20	10.8	4.7
12/26e	995.7	164.7	21.30	12.40	10.1	5.8

Source: Edison Investment Research, LSEG Data & Analytics

**Price** 177.60p  
**Market cap** £1,108m

#### Share price performance



#### Share details

Code CRN  
 Listing LSE  
 Shares in issue 620.2m  
 Net cash/(debt) at 31 December 2024 €(154.4)m

#### Business description

Cairn Homes is publicly listed in Dublin (C5H) and London (CRN) and is one of the largest housebuilders in Ireland, completing over 2,000 homes in 2024, largely in the greater Dublin area. Its output includes traditional two or three-story houses, duplexes and apartments.

#### Bull points

- Structurally undersupplied housing markets.
- Well-funded government support. Positive mortgage market.
- Declining interest rates.

#### Bear points

- Planning environment remains challenging.
- Housebuilding remains an interest rate sensitive sector.
- Affordability is stretched.

#### Analyst

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