

7 May 2020

## **Glenveagh Properties plc** (“Glenveagh” or the “Group”)

### **Trading Update**

Glenveagh Properties plc a leading Irish Homebuilder, is providing a further update to those issued on 26 and 30 March, on the evolving impact of the COVID-19 pandemic, and a trading update for the period up to 6 May 2020. This statement replaces the scheduled trading update of 19 May, the day of the Group’s AGM.

#### **Update summary**

- In line with revised Government guidelines<sup>1</sup>, work is scheduled to resume on the Group’s construction sites from May 18<sup>th</sup>.
- Continued growth in reservations - 570 units sold, signed or reserved<sup>2</sup>.
- Operational and financial mitigation measures implemented across the business.
- Sound business fundamentals, strong balance sheet and liquidity position.

#### **Resumption of housing delivery**

The health and safety of our people and the community remains our key priority. Aligned with Government and industry body recommendations the Group is implementing enhanced health and safety practices across our sites to limit the spread of COVID-19. These measures combined with the classification of construction as a permitted activity will facilitate the phased recommencement of work on our sites from May 18<sup>th</sup>, initially to implement the changes required under our new working practices and protocols.

We will then commence a phased return to construction which is expected to resume on approximately 80% of the Group’s sites with activity focused on completing units which are signed or reserved and are capable of completion within a short timeframe.

Reflective of our continued support of the Group’s wider stakeholders we have made appropriate and significant payments to support our subcontractor and supplier network who are also dealing with this challenging environment. Where necessary we will continue to support the Group’s subcontractor network as we commence a phased return to work on site.

#### **Trading environment**

Net reservations have continued to increase despite our sites and showhouse villages remaining closed. 570<sup>2</sup> units are sold, signed or reserved reflecting continued robust demand on the Group’s starter-home developments.

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<sup>1</sup> Issued on 1 May 2020

<sup>2</sup> At 6 May 2020 (475 units sold, signed or reserved at 26 February)

Whilst our show homes will remain closed, our sales team and agents continue to facilitate interactive virtual tours of our developments. Enquiry and virtual viewing take-up levels have been strong; however, we expect further reservations to be limited until house viewings can resume in person.

Prior to the implementation of the COVID-19 restrictions and in line with prior years, the Group's focus has been on signing and reserving units in H1 with completion and handover occurring mainly in H2. Given the impact of the Covid-19 restrictions on both construction and sales activity during H1, both revenues and gross profit will be heavily weighted towards H2 of the current year.

The Board announced on 26 March 2020 that it had suspended all forward guidance until such time that the overall impact of the COVID-19 pandemic on the Group becomes clearer.

### **Mitigating actions implemented**

In order to maximise long-term job retention across the Group, temporary lay-offs and furlough arrangements continue to be utilised where necessary and appropriate. Further significant cost actions have also been taken to protect the short-term profitability and cash generation of the Group.

Mitigation measures introduced include temporary salary and pension reductions for all employees until the end of June. As part of these measures, executive management basic salaries have been temporarily reduced by approximately 20 per cent. Fees paid to non-executive directors have been temporarily reduced by 25 per cent. These measures will be kept under review and potentially extended should Government advice keep our business activity restricted for a longer period.

Land purchases remain on hold and the Group has postponed non-essential capital expenditure.

### **Funding and liquidity**

Glenveagh is in a strong position as a market leader and continues to benefit from a robust balance sheet with good liquidity. Furthermore, the recommencement of construction works will enable Glenveagh to deliver positive cash inflows.

At 31 December 2019 our net cash position was €53 million. Reflective of continued investment in work-in-progress, current Net Debt is approximately €44 million which is stated after making the payment of substantially all liabilities in relation to goods and services supplied before the closure of our sites.

Current cash resources and available committed facilities total €81 million (plus a further €125 million of uncommitted facilities). In addition, the Group has significant net assets (€867 million<sup>3</sup>), no outstanding land payments and strong covenant headroom.

### **High Court Approval of Capital Reduction**

Further to resolutions passed by shareholders at an Extraordinary General Meeting of the Group on 17 December 2019, the Irish High Court has approved the Group's application to confirm a special resolution to reduce the amount standing credited to the Group's share premium account by €700 million such that the reserve resulting from the reduction shall be treated as profits available for distribution within the meaning of section 117 of the Companies Act 2014.

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<sup>3</sup> At 31 December 2019

The Order of the Court has been registered with the Registrar of Companies in Ireland and accordingly, the capital reduction has now become effective.

Reflective of the Group's objective to maximise liquidity and maintain a strong balance sheet, no current proposal exists to make any distribution of, or otherwise deploy any distributable reserves to shareholders.

**Stephen Garvey, CEO commented:**

The safety and welfare of our employees, sub-contractors and customers remains our priority as we plan to recommence work on site. Despite the suspension of much of our activities during recent weeks we continued to add to our strong order book highlighting the attractiveness of the Group's product offering. Our confidence in the future of our business is driving us to take the right actions to protect our performance, deliver positive cash flows and ensure we are well placed for a recovery, underpinned by our strong balance sheet. I wish to thank all our employees and sub-contractors for their dedication in these uncertain and challenging times.

**For further information please contact:**

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**Note to Editors**

Glenveagh Properties plc, listed on Euronext Dublin and the London Stock Exchange, is a leading Irish homebuilder with a focus on strategically located developments in the Greater Dublin Area, Cork, Limerick and Galway.

Glenveagh delivers across three distinct business segments – Suburban, Urban and Partnerships - as a single business, capitalising on scale advantages and investing to optimise return on capital.

[www.glenveagh.ie](http://www.glenveagh.ie)