



NVR, Inc. Third Quarter Net Income and Earnings Per Share Up 175%

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MCLEAN, Va., Oct. 22 /PRNewswire/ -- NVR, Inc. (Amex: NVR) today reported that net income and earnings per share increased 175% to \$24,753,000 (\$1.87 per diluted share) for the third quarter ended September 30, 1998, compared to \$9,006,000 (\$0.68 per diluted share) for the same quarter of 1997. Net income for the third quarter of 1998 included a \$2,600,000 (\$0.20 per diluted share) reduction in tax expense related to the use of prior year net operating losses. Total revenues increased 40% to \$455,951,000 for the quarter when compared to \$325,130,000 for the same period of 1997.

The Company also reported that new orders increased by 33% to 1,821 units for the third quarter of 1998 compared to the same period of 1997. Backlog at the end of the current quarter increased 43% to 4,104 units when compared to 2,870 units at the same time last year. The dollar value of the backlog units totaled \$843,463,000 at the end of the 1998 quarter, a 52% increase from a year earlier.

Homebuilding revenues for the three months ended September 30, 1998, totaled \$441,034,000, a 39% increase from the same period of 1997. Gross margins increased to 15.4% in the current quarter from 14.1% for the third quarter of 1997 as a result of continuing favorable market conditions and the Company's emphasis on improving profitability through cost reductions. Selling, general and administrative expenses increased during the third quarter of 1998 by \$7,250,000 when compared to the same quarter of 1997, but decreased as a percentage of homebuilding revenues to 7.0% from 7.4% for the 1997 third quarter.

Operating income from the mortgage-banking segment for the 1998 third quarter increased to \$4,992,000, an improvement of 274% when compared to the same period of 1997. The increase was attributed to generally strong home closings and continuing favorable mortgage interest rates, which resulted in a 76% increase in the dollar value of mortgage loans closed during the third quarter of 1998.

Net income before extraordinary loss for the nine months ended September 30, 1998, was \$51,114,000 (\$3.83 per diluted share) compared to \$23,812,000 (\$1.80 per diluted share) for the comparable period of 1997. Including the extraordinary loss, the Company reported net income of \$44,365,000 (\$3.32 per diluted share) for the nine months ended September 30, 1998. The extraordinary loss was related to the tender offer for the Company's 11% senior notes due 2003 that was completed during the second quarter. For the nine months ended September 30, 1998, total revenues were \$1,157,271,000, 34% higher than \$860,665,000 reported for the same period of 1997.