



## **NVR, Inc. Announces a 62% Increase in Earnings Per Share From Continuing Operations for the Second Quarter of 1998**

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FOR IMMEDIATE RELEASE

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July 23, 1998 -- McLean, VA -- NVR, Inc. (AMEX: NVR) today reported net income for the second quarter ended June 30, 1998, excluding the extraordinary loss from the early retirement of debt, was \$15,495,000 (\$1.15 per diluted share), compared to \$9,043,000 (\$0.71 per diluted share) for the same quarter of 1997. Total revenues increased 38% to \$399,854,000 for the quarter when compared to \$289,781,000 for the same period of 1997. In addition, the Company reported that new orders increased by 24% to 2,533 units for the second quarter of 1998 when compared to the second quarter of 1997. Backlog at the end of the period increased 42% to 4,452 units when compared to the same time last year. The dollar value of the backlog units totaled \$910,568,000 at the end of the June 1998 quarter, a 51% increase from a year earlier.

Homebuilding revenues for the three months ended June 30, 1998, totaled \$385,738,000, 37% higher than the year earlier period. Gross profit margins improved to 15.5% for the second quarter of 1998 when compared to 13.7% for the same quarter of 1997. Continuing favorable market conditions and the Company's ongoing emphasis on the control of construction costs contributed to the margin improvement. Selling, general and administrative expenses increased during the three months ended June 30, 1998 when compared to the same period of 1997 primarily as a result of the increased level of homebuilding activity and expenses related to management incentive programs.

Operating income from the mortgage banking segment for the 1998 second quarter increased to \$4,519,000, an improvement of 274% when compared to the same period of 1997. The increase was attributed to favorable mortgage interest rates, which resulted in an 89% increase in the dollar value of mortgage loans closed during the second three months of 1998.

During the second quarter of 1998, the Company completed the issuance of \$145,000,000 of 8% senior notes due 2005. In addition, the Company retired \$111,369,000 in principal amount of its 11% senior notes due 2003 through a tender offer, which expired on May 18, 1998. As a result of the refinancing, an after-tax extraordinary loss of \$6,743,000 (\$0.50 per diluted share) was recognized which resulted in net income of \$8,752,000 (\$0.65 per diluted share) for the current quarter.

For the six months ended June 30, 1998, total revenues were \$701,320,000, 31% higher than the \$535,535,000 reported for the same period of 1997. Net income before extraordinary item for the six months ended June 30, 1998, was \$26,355,000 (\$1.96 per diluted share) compared to \$14,806,000 (\$1.12 per diluted share) for the comparable period of 1997. Including the extraordinary loss, the Company reported net income of \$19,612,000 (\$1.46 per diluted share) for the first half of 1998.