



NVR, Inc. Announces First Quarter Results

04/20/07

RESTON, Va., April 20 /PRNewswire-FirstCall/ -- NVR, Inc. (Amex: NVR), one of the nation's largest homebuilding and mortgage banking companies, announced that diluted earnings per share for its first quarter ended March 31, 2007 decreased 33% and net income decreased 36% when compared to the 2006 first quarter. Net income for the 2007 first quarter was \$84,821,000, \$12.96 per diluted share, compared to net income of \$132,560,000, \$19.48 per diluted share, for the same period of 2006. Consolidated revenues for the first three months of 2007 totaled \$1,093,189,000, a 9% decrease from \$1,204,655,000 for the comparable 2006 quarter.

Homebuilding

New orders in the first quarter of 2007 increased 8% to 3,917 units, when compared to 3,633 units in the first quarter of 2006. New orders in the Mid Atlantic and Mid East regions increased 18% and 11%, respectively, when compared to the first quarter of 2006. The Mid Atlantic region experienced an improvement in market conditions at the start of the quarter, however, market conditions slowed noticeably as the quarter progressed. The cancellation rate in the first quarter of 2007 was 16% compared to 17% in the first quarter of 2006 and 20% in the fourth quarter of 2006. The Washington DC cancellation rate in the quarter was 22% compared to 26% in the first quarter of 2006 and 34% in the fourth quarter of 2006.

Settlements decreased in the first quarter of 2007 to 2,700 units, 10% less than the same period of 2006. Homebuilding revenues for the three months ended March 31, 2007 totaled \$1,075,110,000, 9% lower than the year earlier period. Income before tax from the homebuilding segment totaled \$127,937,000, a decrease of 38% when compared to the first quarter of the previous year. Gross profit margins decreased to 20.6% in the 2007 first quarter compared to 27.3% for the same period in 2006. The decline in gross profit margins was due to continued pricing pressure in many of our markets. Land deposit impairments of approximately \$12,000,000 negatively impacted gross profit margins by 114 basis points in the current quarter. The Company's backlog of homes sold but not settled at the end of the 2007 quarter decreased on a unit basis by 15% to 7,605 units from the same period last year. On a dollar basis, backlog dropped to \$3,018,921,000, a decline of 23% when compared to the same period last year.

Mortgage Banking

Mortgage closed loan production of \$715,039,000 for the three months ended March 31, 2007 was 3% lower than the same period last year. Sub-prime loans accounted for approximately 7% of our mortgage closed loan volume in the current quarter compared to 6% for the first quarter of 2006. Operating income for the mortgage banking operations during the first quarter of 2007 decreased 19% to \$10,095,000, when compared to \$12,481,000 reported for the same period of 2006.

Some of the statements in this release made by the Company constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934. Certain, but not necessarily all, of such forward-looking statements can be identified by the use of forward-looking terminology, such as "believes," "expects," "may," "will," "should" or "anticipates" or the negative thereof or other variations thereof or comparable terminology, or by discussion of strategies, each of which involves risks and uncertainties. All statements other than those of historical facts included herein, including those regarding market trends, NVR's financial position, business strategy, projected plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance of NVR to be materially different from future results, performance or achievements expressed or implied by the forward-looking statements. Such risk factors include, but are not limited to, general economic and business conditions (on both a national and regional level), interest rate changes, access to suitable financing, competition, the availability and cost of land and other raw materials used by NVR in its homebuilding operations, shortages of labor, weather related slow downs, building moratoria, governmental regulation, the ability of NVR to integrate any acquired business, fluctuation and volatility of stock and other financial markets and other factors over which NVR has little or no control. The Company has no obligation to update such forward-looking statements.

NVR, Inc.
Consolidated Statements of Income
(in thousands, except per share data)
(Unaudited)

	Three Months Ended March 31,	
	2007	2006
Homebuilding:		
Revenues	\$1,075,110	\$1,183,742
Other income	6,965	2,376
Cost of sales	(853,410)	(861,039)
Selling, general and administrative	(97,406)	(114,006)
Operating income	131,259	211,073
Interest expense	(3,322)	(5,527)

Homebuilding income	127,937	205,546
Mortgage Banking:		
Mortgage banking fees	18,079	20,913
Interest income	1,307	1,459
Other income	184	231
General and administrative	(9,323)	(9,168)
Interest expense	(152)	(954)
Mortgage banking income	10,095	12,481
Income before taxes	138,032	218,027
Income tax expense	(53,211)	(85,467)
Net income	\$84,821	\$132,560
Basic earnings per share	\$14.98	\$23.69
Diluted earnings per share	\$12.96	\$19.48
Basic average shares outstanding	5,663	5,596
Diluted average shares outstanding	6,545	6,805

NVR, Inc.
Consolidated Balance Sheets
(in thousands, except share and per share data)

	March 31, 2007 (unaudited)	December 31, 2006
ASSETS		
Homebuilding:		
Cash and cash equivalents	\$555,317	\$551,738
Receivables	12,179	12,213
Inventory:		
Lots and housing units, covered under sales agreements with customers	741,543	667,100
Unsold lots and housing units	53,712	58,248
Manufacturing materials and other	7,105	8,268
	802,360	733,616
Contract land deposits, net	387,490	402,170
Assets not owned, consolidated per FIN 46R	279,736	276,419
Property, plant and equipment, net	37,526	40,430
Reorganization value in excess of amounts allocable to identifiable assets, net	41,580	41,580
Goodwill and other indefinite and definite life intangibles, net	11,905	11,936
Other assets	222,270	207,468
	2,350,363	2,277,570
Mortgage Banking:		
Cash and cash equivalents	1,925	4,381
Mortgage loans held for sale, net	101,548	178,444
Property and equipment, net	1,083	1,168
Reorganization value in excess of amounts allocable to identifiable assets, net	7,347	7,347
Other assets	5,681	4,898
	117,584	196,238
Total assets	\$2,467,947	\$2,473,808

NVR, Inc.
Consolidated Balance Sheets (Continued)
(in thousands, except share and per share data)

	March 31, 2007 (unaudited)	December 31, 2006
LIABILITIES AND SHAREHOLDERS' EQUITY		
Homebuilding:		
Accounts payable	\$235,180	\$273,936
Accrued expenses and other liabilities	239,548	265,223
Liabilities related to assets not owned, consolidated per FIN 46R	252,509	244,805
Customer deposits	190,721	165,354
Other term debt	3,018	3,080
Senior notes	200,000	200,000
	1,120,976	1,152,398
Mortgage Banking:		
Accounts payable and other liabilities	12,781	15,784
Notes payable	79,062	153,552
	91,843	169,336
Total liabilities	1,212,819	1,321,734
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$0.01 par value; 60,000,000 shares authorized; 20,592,640 shares issued for both March 31, 2007 and December 31, 2006	206	206
Additional paid-in capital	640,443	585,438
Deferred compensation trust - 516,217 and 547,911 shares of NVR, Inc. common stock for March 31, 2007 and December 31, 2006, respectively	(75,656)	(80,491)
Deferred compensation liability	75,656	80,491
Retained earnings	3,280,861	3,196,040
Less treasury stock at cost - 14,920,656 and 15,075,113 shares for March 31, 2007 and December 31, 2006, respectively	(2,666,382)	(2,629,610)
Total shareholders' equity	1,255,128	1,152,074
Total liabilities and shareholders' equity	\$2,467,947	\$2,473,808

NVR, Inc.
Operating Activity
(unaudited)
(dollars in thousands)

	Three Months Ended March 31, 2007	2006
Homebuilding data:		
New orders (units)		
Mid Atlantic (1)	1,921	1,634
North East (2)	417	451
Mid East (3)	1,030	928
South East (4)	549	620
Total	3,917	3,633

Average new order price	\$372.3	\$387.6
Settlements (units)		
Mid Atlantic (1)	1,352	1,575
North East (2)	249	302
Mid East (3)	572	612
South East (4)	527	497
Total	2,700	2,986
Average settlement price	\$397.6	\$395.9
Backlog (units)		
Mid Atlantic (1)	4,234	5,033
North East (2)	708	933
Mid East (3)	1,732	1,917
South East (4)	931	1,074
Total	7,605	8,957
Average backlog price	\$397.0	\$435.6
Community count (average)	527	578
Lots controlled at end of period	86,000	105,000
Mortgage banking data:		
Loan closings	\$715,039	\$736,782
Capture rate	86%	83%
Common stock information:		
Shares outstanding at end of period	5,671,984	5,681,189
Weighted average basic shares outstanding	5,663,000	5,596,000
Weighted average diluted shares outstanding	6,545,000	6,805,000
Number of shares repurchased	126,000	161,856
Aggregate cost of shares repurchased	\$86,351	\$120,817
(1) Virginia, West Virginia, Maryland, and Delaware		
(2) New Jersey and eastern Pennsylvania		
(3) Kentucky, Michigan, New York, Ohio and western Pennsylvania		
(4) North Carolina, South Carolina and Tennessee		

SOURCE NVR, Inc.

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(NVR)

CO: NVR, Inc.

ST: Virginia

IN: FIN REA CST

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