



NVR, Inc. Announces First Quarter Results

04/18/08

RESTON, Va., April 18 /PRNewswire-FirstCall/ -- NVR, Inc. (NYSE: NVR), one of the nation's largest homebuilding and mortgage banking companies, announced net income for the 2008 first quarter of \$43,466,000, \$7.42 per diluted share, compared to net income of \$84,821,000, \$12.96 per diluted share, for the same period of 2007. Diluted earnings per share and net income for the first quarter ended March 31, 2008 were 43% and 49%, respectively, below the 2007 first quarter. Consolidated revenues for the first three months of 2008 totaled \$887,931,000, a 19% decline from \$1,093,189,000 for the comparable 2007 quarter. At the end of the first quarter of 2008, cash was \$767,000,000 and the homebuilding debt to capital ratio was 14%.

Homebuilding

New orders in the first quarter of 2008 decreased 30% to 2,731 units, when compared to 3,917 units in the first quarter of 2007. The cancellation rate in the first quarter of 2008 was 22% compared to 16% in the first quarter of 2007 and 32% in the fourth quarter of 2007. The cancellation rate in the Washington, D.C. market was 30% in the quarter compared to 22% in the first quarter of 2007 and 46% in the fourth quarter of 2007. The average sales price of new orders in the first quarter of 2008 declined by 14% from the first quarter of 2007. The average new order price declined in all regions but was primarily due to an 18% decline in the Mid-Atlantic region.

Settlements decreased in the first quarter of 2008 to 2,465 units, 9% less than the same period of 2007. Homebuilding revenues for the three months ended March 31, 2008 totaled \$869,869,000, 19% lower than the year earlier period. Income before tax from the homebuilding segment totaled \$61,932,000, a decrease of 52% when compared to the first quarter of the previous year. Gross profit margins decreased to 16.4% in the 2008 first quarter compared to 20.6% for the same period in 2007. The decline in gross profit margins was due to continued pricing pressure in most of our markets. Land deposit impairments of approximately \$6,600,000 negatively impacted gross profit margins by 76 basis points in the current quarter. The Company's backlog of homes sold but not settled at the end of the 2008 quarter decreased on a unit basis by 29% to 5,411 units from the same period last year. On a dollar basis, backlog dropped to \$1,915,519,000, a decline of 37% when compared to the same period last year.

Mortgage Banking

Mortgage closed loan production of \$523,538,000 for the three months ended March 31, 2008 was 27% lower than the same period last year. Operating income for the mortgage banking operations during the first quarter of 2008 increased 11% to \$11,243,000, when compared to \$10,095,000 reported for the same period of 2007. Implementation of SFAS No. 157, Fair Value Measurements, positively impacted operating income by \$6,000,000 in the quarter primarily from including servicing values in the fair value measurement on locked loan commitments, which were partially offset by more aggressive mortgage pricing to the homebuyer.

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, the outcome of pending litigation, 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 by NVR and by NVR's customers, 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, mortgage financing availability 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, 2008	2007
Homebuilding:		
Revenues	\$869,869	\$1,075,110
Other income	6,399	6,965
Cost of sales	(726,931)	(853,410)
Selling, general and administrative	(84,166)	(97,406)
Operating income	65,171	131,259
Interest expense	(3,239)	(3,322)

Homebuilding income	61,932	127,937
Mortgage Banking:		
Mortgage banking fees	18,062	18,079
Interest income	810	1,307
Other income	159	184
General and administrative	(7,654)	(9,323)
Interest expense	(134)	(152)
Mortgage banking income	11,243	10,095
Income before taxes	73,175	138,032
Income tax expense	(29,709)	(53,211)
Net income	\$43,466	\$84,821
Basic earnings per share	\$8.32	\$14.98
Diluted earnings per share	\$7.42	\$12.96
Basic average shares outstanding	5,224	5,663
Diluted average shares outstanding	5,859	6,545

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

	March 31, 2008 (unaudited)	December 31, 2007
ASSETS		
Homebuilding:		
Cash and cash equivalents	\$766,597	\$660,709
Receivables	8,622	10,855
Inventory:		
Lots and housing units, covered under sales agreements with customers	556,195	573,895
Unsold lots and housing units	69,760	105,838
Manufacturing materials and other	5,122	9,121
	631,077	688,854
Contract land deposits, net	175,106	188,528
Assets not owned, consolidated per FIN 46R	162,371	180,206
Property, plant and equipment, net	31,170	32,911
Reorganization value in excess of amounts allocable to identifiable assets, net	41,580	41,580
Goodwill and other indefinite and definite life intangibles, net	11,748	11,782
Other assets	267,590	252,461
	2,095,861	2,067,886
Mortgage Banking:		
Cash and cash equivalents	1,061	3,500
Mortgage loans held for sale, net	92,115	107,338
Property and equipment, net	800	881
Reorganization value in excess of amounts allocable to identifiable assets, net	7,347	7,347
Other assets	12,392	7,464
	113,715	126,530

Total assets	\$2,209,576	\$2,194,416
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NVR, Inc.
Consolidated Balance Sheets (Continued)
(in thousands, except share and per share data)

March 31, 2008 (unaudited)	December 31, 2007
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LIABILITIES AND SHAREHOLDERS' EQUITY

Homebuilding:

Accounts payable	\$175,107	\$219,048
Accrued expenses and other liabilities	254,140	251,475
Liabilities related to assets not owned, consolidated per FIN 46R	150,325	164,369
Customer deposits	116,993	125,315
Other term debt	2,774	2,820
Senior notes	200,000	200,000
	899,339	963,027

Mortgage Banking:

Accounts payable and other liabilities	17,631	18,551
Notes payable	68,228	83,463
	85,859	102,014

Total liabilities	985,198	1,065,041
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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, 2008 and December 31, 2007	206	206
Additional paid-in capital	687,913	663,631
Deferred compensation trust -- 516,106 and 516,085 shares of NVR, Inc. common stock for March 31, 2008 and December 31, 2007, respectively	(75,638)	(75,636)
Deferred compensation liability	75,638	75,636
Retained earnings	3,573,461	3,529,995
Less treasury stock at cost -- 15,318,151 and 15,455,086 shares for March 31, 2008 and December 31, 2007, respectively	(3,037,202)	(3,064,457)
Total shareholders' equity	1,224,378	1,129,375
Total liabilities and shareholders' equity	\$2,209,576	\$2,194,416

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

Three Months Ended March 31, 2008	2007
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Homebuilding data:

New orders (units)		
Mid Atlantic (1)	1,292	1,921
North East (2)	280	417

Mid East (3)	717	1,030
South East (4)	442	549
Total	2,731	3,917
Average new order price	\$320.0	\$372.3
Settlements (units)		
Mid Atlantic (1)	1,241	1,352
North East (2)	245	249
Mid East (3)	617	572
South East (4)	362	527
Total	2,465	2,700
Average settlement price	\$352.6	\$397.6
Backlog (units)		
Mid Atlantic (1)	2,777	4,234
North East (2)	540	708
Mid East (3)	1,213	1,732
South East (4)	881	931
Total	5,411	7,605
Average backlog price	\$354.0	\$397.0
Community count (average)	442	527
Lots controlled at end of period	64,000	86,000
Mortgage banking data:		
Loan closings	\$523,538	\$715,039
Capture rate	82%	86%
Common stock information:		
Shares outstanding at end of period	5,274,489	5,671,984
Weighted average basic shares outstanding	5,224,000	5,663,000
Weighted average diluted shares outstanding	5,859,000	6,545,000
Number of shares repurchased	-	126,000
Aggregate cost of shares repurchased	-	\$86,351

- (1) Virginia, West Virginia, Maryland, and Delaware
(2) Eastern Pennsylvania and New Jersey
(3) Western Pennsylvania, Kentucky, New York and Ohio
(4) North Carolina, South Carolina and Tennessee

SOURCE NVR, Inc.

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04/18/2008

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(NVR)

CO: NVR, Inc.

ST: Virginia, District of Columbia

IN: CST RLT FIN

SU: ERN

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