



NVR, Inc. Announces Second Quarter Results

07/21/15

RESTON, Va., July 21, 2015 /PRNewswire/ -- **NVR, Inc.** (NYSE: NVR), one of the nation's largest homebuilding and mortgage banking companies, announced net income for its second quarter ended June 30, 2015 of \$93,395,000 or \$21.91 per diluted share. Net income and diluted earnings per share for its second quarter ended June 30, 2015 increased 37% and 44%, respectively, when compared to the 2014 second quarter. Consolidated revenues for the second quarter of 2015 totaled \$1,243,633,000, a 13% increase from \$1,102,054,000 for the comparable 2014 quarter.

For the six months ended June 30, 2015, consolidated revenues were \$2,201,382,000, 15% higher than the \$1,913,364,000 reported for the same period of 2014. Net income for the six months ended June 30, 2015 was \$132,453,000, an increase of 44% when compared to the six months ended June 30, 2014. Diluted earnings per share for the six months ended June 30, 2015 was \$31.17, an increase of 54% from \$20.19 per diluted share for the comparable period of 2014.

Homebuilding

New orders in the second quarter of 2015 increased 11% to 3,796 units, when compared to 3,415 units in the second quarter of 2014. The average sales price of new orders increased to \$378,300, a 3% increase from the second quarter of 2014. The cancellation rate in the second quarter of 2015 was 14%, compared to 13% in the second quarter of 2014. Settlements increased in the second quarter of 2015 to 3,175 units, 8% higher than the second quarter of 2014. The Company's backlog of homes sold but not settled as of June 30, 2015 increased on a unit basis by 15% to 7,488 units and increased on a dollar basis by 17% to \$2,854,613,000 when compared to June 30, 2014.

Homebuilding revenues for the three months ended June 30, 2015 totaled \$1,221,111,000, 13% higher than the year earlier period. Gross profit margin increased to 19.2% in the 2015 second quarter compared to 18.6% for the same period in 2014. Income before tax from the homebuilding segment totaled \$137,248,000 in the second quarter of 2015, an increase of 34% when compared to the second quarter of 2014.

Mortgage Banking

Mortgage closed loan production of \$859,403,000 for the three months ended June 30, 2015 increased by 27% when compared to the three months ended June 30, 2014. Operating income for the mortgage banking operations during the second quarter of 2015 was \$11,436,000, compared to \$6,246,000 reported for the second quarter of 2014. Operating income in the second quarter of 2015 was favorably impacted by an increase in capture rate to 89%, compared to 82% in the second quarter of 2014, and improved leveraging of general and administrative expenses.

About NVR

NVR, Inc. operates in two business segments: homebuilding and mortgage banking. The homebuilding unit sells and builds homes under the Ryan Homes, NVHomes, Fox Ridge Homes and Heartland Homes trade names, and operates in twenty-eight metropolitan areas in fourteen states and Washington, D.C. For more information about NVR, Inc. and its brands, see www.nvrinc.com, www.ryanhomes.com, www.nvhomes.com, www.foxridgehomes.com and www.heartlandluxuryhomes.com.

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, as amended. 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 comparable terminology. All statements other than of historical facts are forward-looking statements. Forward-looking statements contained in this document may include those regarding market trends, NVR's financial position, business strategy, the outcome of pending litigation, investigations or similar contingencies, projected plans and objectives of management for future operations. 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 the following: general economic and business conditions (on both a national and regional level); interest rate changes; access to suitable financing by NVR and NVR's customers; increased regulation in the mortgage banking industry; the ability of our mortgage banking subsidiary to sell loans it originates into the secondary market; 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 moratoriums; governmental regulation; fluctuation and volatility of stock and other financial markets; mortgage financing availability; and other factors over which NVR has little or no control. NVR undertakes no obligation to update such forward-looking statements except as required by law.

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

| Three Months Ended June 30, | | Six Months Ended June 30, | |
|------------------------------------|-------------|----------------------------------|-------------|
| 2015 | 2014 | 2015 | 2014 |

Homebuilding:

| | | | | |
|---|------------------|------------------|-------------------|------------------|
| Revenues | \$ 1,221,111 | \$ 1,084,080 | \$ 2,162,649 | \$ 1,883,267 |
| Other income | 1,122 | 452 | 1,847 | 1,449 |
| Cost of sales | (986,854) | (882,778) | (1,768,522) | (1,537,930) |
| Selling, general and administrative | <u>(92,314)</u> | <u>(93,583)</u> | <u>(190,543)</u> | <u>(184,215)</u> |
| Operating income | 143,065 | 108,171 | 205,431 | 162,571 |
| Interest expense | <u>(5,817)</u> | <u>(5,593)</u> | <u>(11,599)</u> | <u>(11,277)</u> |
| Homebuilding income | <u>137,248</u> | <u>102,578</u> | <u>193,832</u> | <u>151,294</u> |
| <i>Mortgage Banking:</i> | | | | |
| Mortgage banking fees | 22,522 | 17,974 | 38,733 | 30,097 |
| Interest income | 1,303 | 825 | 2,381 | 2,009 |
| Other income | 243 | 194 | 348 | 253 |
| General and administrative | (12,493) | (12,617) | (23,972) | (24,882) |
| Interest expense | <u>(139)</u> | <u>(130)</u> | <u>(275)</u> | <u>(240)</u> |
| Mortgage banking income | <u>11,436</u> | <u>6,246</u> | <u>17,215</u> | <u>7,237</u> |
| <i>Income before taxes</i> | 148,684 | 108,824 | 211,047 | 158,531 |
| Income tax expense | <u>(55,289)</u> | <u>(40,646)</u> | <u>(78,594)</u> | <u>(66,504)</u> |
| <i>Net income</i> | <u>\$ 93,395</u> | <u>\$ 68,178</u> | <u>\$ 132,453</u> | <u>\$ 92,027</u> |
| <i>Basic earnings per share</i> | <u>\$ 22.97</u> | <u>\$ 15.68</u> | <u>\$ 32.61</u> | <u>\$ 20.88</u> |
| <i>Diluted earnings per share</i> | <u>\$ 21.91</u> | <u>\$ 15.17</u> | <u>\$ 31.17</u> | <u>\$ 20.19</u> |
| <i>Basic weighted average shares outstanding</i> | <u>4,066</u> | <u>4,349</u> | <u>4,062</u> | <u>4,408</u> |
| <i>Diluted weighted average shares outstanding</i> | <u>4,262</u> | <u>4,495</u> | <u>4,249</u> | <u>4,557</u> |

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

June 30, 2015 December 31, 2014
(Unaudited)

ASSETS

Homebuilding:

| | | |
|---------------------------|------------|------------|
| Cash and cash equivalents | \$ 476,493 | \$ 514,780 |
| Receivables | 15,987 | 10,021 |

Inventory:

| | | |
|---|------------------|------------------|
| Lots and housing units, covered under | | |
| sales agreements with customers | 943,970 | 690,955 |
| Unsold lots and housing units | 104,484 | 131,938 |
| Land under development | 25,554 | 33,689 |
| Building materials and other | 11,083 | 12,904 |
| | <u>1,085,091</u> | <u>869,486</u> |
| Assets related to consolidated variable interest entity | 2,902 | 3,590 |
| Contract land deposits, net | 301,848 | 294,676 |
| Property, plant and equipment, net | 45,071 | 46,242 |
| Reorganization value in excess of amounts | | |
| allocable to identifiable assets, net | 41,580 | 41,580 |
| Goodwill and finite-lived intangible assets, net | 4,673 | 5,364 |
| Other assets | 303,435 | 302,280 |
| | <u>2,277,080</u> | <u>2,088,019</u> |

Mortgage Banking:

| | | |
|---|----------------------------|----------------------------|
| Cash and cash equivalents | 19,238 | 30,158 |
| Mortgage loans held for sale, net | 265,418 | 205,664 |
| Property and equipment, net | 5,675 | 6,189 |
| Reorganization value in excess of amounts | 7,347 | 7,347 |
| allocable to identifiable assets, net | | |
| Other assets | 21,477 | 13,958 |
| | <u>319,155</u> | <u>263,316</u> |
| Total assets | <u><u>\$ 2,596,235</u></u> | <u><u>\$ 2,351,335</u></u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

Homebuilding:

| | | |
|--|------------|------------|
| Accounts payable | \$ 256,521 | \$ 204,622 |
| Accrued expenses and other liabilities | 299,553 | 289,058 |
| Liabilities related to consolidated variable interest entity | 1,652 | 1,618 |

Non-recourse debt related to consolidated

| | | |
|--------------------------|------------------|------------------|
| variable interest entity | — | 64 |
| Customer deposits | 138,383 | 106,755 |
| Senior notes | <u>599,213</u> | <u>599,166</u> |
| | <u>1,295,322</u> | <u>1,201,283</u> |

Mortgage Banking:

| | | |
|--|------------------|------------------|
| Accounts payable and other liabilities | <u>26,032</u> | <u>25,797</u> |
| | <u>26,032</u> | <u>25,797</u> |
| Total liabilities | <u>1,321,354</u> | <u>1,227,080</u> |

Commitments and contingencies

Shareholders' equity:

Common stock, \$0.01 par value; 60,000,000 shares

| | | |
|--|-----|-----|
| authorized; 20,555,330 shares issued as of | | |
| both June 30, 2015 and December 31, 2014 | 206 | 206 |

| | | |
|----------------------------|-----------|-----------|
| Additional paid-in capital | 1,389,725 | 1,325,495 |
|----------------------------|-----------|-----------|

Deferred compensation trust – 108,614 shares of

| | | |
|-------------------------------------|----------|----------|
| NVR, Inc. common stock as of both | | |
| June 30, 2015 and December 31, 2014 | (17,333) | (17,333) |

| | | |
|---------------------------------|--------|--------|
| Deferred compensation liability | 17,333 | 17,333 |
|---------------------------------|--------|--------|

| | | |
|-------------------|-----------|-----------|
| Retained earnings | 5,019,640 | 4,887,187 |
|-------------------|-----------|-----------|

Less treasury stock at cost – 16,486,160 and

| | | |
|--|--------------------|--------------------|
| 16,506,229 shares at June 30, 2015 and | | |
| December 31, 2014, respectively | <u>(5,134,690)</u> | <u>(5,088,633)</u> |

| | | |
|-----------------------------------|------------------|------------------|
| Total shareholders' equity | <u>1,274,881</u> | <u>1,124,255</u> |
|-----------------------------------|------------------|------------------|

| | | |
|---|---------------------|---------------------|
| Total liabilities and shareholders' equity | <u>\$ 2,596,235</u> | <u>\$ 2,351,335</u> |
|---|---------------------|---------------------|

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|----------------------------------|-----------------------------|----------|---------------------------|----------|
| | 2015 | 2014 | 2015 | 2014 |
| Homebuilding data: | | | | |
| New orders (units) | | | | |
| Mid Atlantic (1) | 1,910 | 1,751 | 3,858 | 3,426 |
| North East (2) | 295 | 288 | 632 | 586 |
| Mid East (3) | 962 | 825 | 1,956 | 1,716 |
| South East (4) | 629 | 551 | 1,276 | 1,012 |
| Total | 3,796 | 3,415 | 7,722 | 6,740 |
| Average new order price | \$ 378.3 | \$ 368.0 | \$ 376.8 | \$ 368.0 |
| Settlements (units) | | | | |
| Mid Atlantic (1) | 1,679 | 1,547 | 2,975 | 2,671 |
| North East (2) | 323 | 271 | 562 | 504 |
| Mid East (3) | 674 | 707 | 1,256 | 1,185 |
| South East (4) | 499 | 418 | 916 | 794 |
| Total | 3,175 | 2,943 | 5,709 | 5,154 |
| Average settlement price | \$ 384.4 | \$ 368.2 | \$ 378.5 | \$ 365.3 |
| Backlog (units) | | | | |
| Mid Atlantic (1) | | | 3,829 | 3,465 |
| North East (2) | | | 658 | 577 |
| Mid East (3) | | | 1,850 | 1,563 |
| South East (4) | | | 1,151 | 926 |
| Total | | | 7,488 | 6,531 |
| Average backlog price | | | \$ 381.2 | \$ 374.1 |
| Community count (average) | 476 | 494 | 475 | 487 |
| Lots controlled at end of period | | | 70,600 | 67,500 |

Mortgage banking data:

| | | | | |
|---------------|------------|------------|--------------|--------------|
| Loan closings | \$ 859,403 | \$ 675,625 | \$ 1,498,029 | \$ 1,148,557 |
| Capture rate | 89 % | 82 % | 88 % | 80 % |

Common stock information:

| | | | | |
|--------------------------------------|----------|------------|-----------|------------|
| Shares outstanding at end of period | | | 4,069,170 | 4,213,174 |
| Number of shares repurchased | 4,705 | 285,362 | 55,031 | 317,739 |
| Aggregate cost of shares repurchased | \$ 6,186 | \$ 314,870 | \$ 69,285 | \$ 347,448 |

- (1) Maryland, Virginia, West Virginia, Delaware and Washington, D.C.
- (2) New Jersey and Eastern Pennsylvania
- (3) New York, Ohio, Western Pennsylvania, Indiana and Illinois
- (4) North Carolina, South Carolina, Tennessee and Florida

To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/nvr-inc-announces-second-quarter-results-300115879.html>

SOURCE NVR, Inc.

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