

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 19, 2019

NVR, Inc.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation)

1-12378
(Commission
File Number)

54-1394360
(IRS Employer
Identification No.)

**11700 Plaza America Drive, Suite 500
Reston, Virginia 20190**
(Address of principal executive offices) (Zip Code)

(703) 956-4000
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report)

Title of each class

Trading Symbol(s)

Name of each exchange on which registered

Common stock

NVR

New York Stock Exchange

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On July 19, 2019, NVR, Inc. issued a press release reporting its financial results for the quarter and year to date periods ended June 30, 2019. A copy of this press release is furnished herewith as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit Number</u> | <u>Exhibit Description</u> |
|-----------------------|--|
| 99.1 | Press release dated July 19, 2019. |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NVR, Inc.

Date: July 19, 2019

By: /s/ Daniel D. Malzahn

Daniel D. Malzahn

*Senior Vice President, Chief Financial Officer
and Treasurer*

**NVR, INC. ANNOUNCES SECOND QUARTER RESULTS**

July 19, 2019, Reston, VA—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, 2019 of \$210,209,000, or \$53.09 per diluted share. Net income and diluted earnings per share for the second quarter ended June 30, 2019 increased 3% and 8%, respectively, when compared to 2018 second quarter net income of \$203,174,000, or \$49.05 per diluted share. Consolidated revenues for the second quarter of 2019 totaled \$1,800,194,000, a 1% increase from \$1,787,305,000 in the second quarter of 2018.

For the six months ended June 30, 2019, consolidated revenues were \$3,487,205,000, a 5% increase from \$3,316,719,000 reported for 2018. Net income for the six months ended June 30, 2019 was \$398,615,000, an increase of 8% when compared to the six months ended June 30, 2018. Diluted earnings per share for the six months ended June 30, 2019 was \$100.61, an increase of 14% from \$88.31 per diluted share for 2018.

Homebuilding

New orders in the second quarter of 2019 increased by 6% to 5,239 units, when compared to 4,964 units in the second quarter of 2018. The average sales price of new orders in the second quarter of 2019 was \$358,600, a decrease of 5% when compared with the second quarter of 2018. The decrease in the average sales price is primarily due to a continued shift to smaller, lower priced products, as well as a shift to markets with lower average sales prices. Settlements increased in the second quarter of 2019 to 4,720 units, which was 2% higher than the second quarter of 2018. The Company’s backlog of homes sold but not settled as of June 30, 2019 decreased on a unit basis by 6% to 9,530 units and decreased on a dollar basis by 9% to \$3,516,505,000 when compared to June 30, 2018.

Homebuilding revenues of \$1,757,448,000 in the second quarter of 2019 were relatively flat compared to the second quarter of 2018. Gross profit margin in the second quarter of 2019 decreased to 18.9%, compared to 19.1% in the second quarter of 2018. Income before tax from the homebuilding segment totaled \$219,650,000 in the second quarter of 2019, a decrease of 2% when compared to the second quarter of 2018.

Mortgage Banking

Mortgage closed loan production in the second quarter of 2019 totaled \$1,231,039,000, an increase of 1% when compared to the second quarter of 2018. Income before tax from the mortgage banking segment totaled \$25,062,000 in the second quarter of 2019, an increase of 37% when compared to \$18,320,000 in the second quarter of 2018. The increase in income before tax is primarily due to a 16% increase in mortgage banking fees, resulting from an increase in secondary marketing gains and the timing of loan sales.

About NVR

NVR, Inc. operates in two business segments: homebuilding and mortgage banking. The homebuilding segment sells and builds homes under the Ryan Homes, NVHomes and Heartland Homes trade names, and operates in thirty-two 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 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, | |
|--|------------------------------------|-------------------|----------------------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Homebuilding: | | | | |
| Revenues | \$ 1,757,448 | \$ 1,750,463 | \$ 3,400,654 | \$ 3,240,556 |
| Other income | 5,833 | 2,164 | 11,570 | 4,141 |
| Cost of sales | (1,425,388) | (1,416,797) | (2,764,194) | (2,628,743) |
| Selling, general and administrative | (112,210) | (106,517) | (227,944) | (212,064) |
| Operating income | 225,683 | 229,313 | 420,086 | 403,890 |
| Interest expense | (6,033) | (6,047) | (12,026) | (12,054) |
| Homebuilding income | 219,650 | 223,266 | 408,060 | 391,836 |
| Mortgage Banking: | | | | |
| Mortgage banking fees | 42,746 | 36,842 | 86,551 | 76,163 |
| Interest income | 2,737 | 2,915 | 5,570 | 5,008 |
| Other income | 681 | 641 | 1,220 | 1,165 |
| General and administrative | (20,834) | (21,796) | (37,592) | (41,031) |
| Interest expense | (268) | (282) | (490) | (557) |
| Mortgage banking income | 25,062 | 18,320 | 55,259 | 40,748 |
| Income before taxes | 244,712 | 241,586 | 463,319 | 432,584 |
| Income tax expense | (34,503) | (38,412) | (64,704) | (63,361) |
| Net income | <u>\$ 210,209</u> | <u>\$ 203,174</u> | <u>\$ 398,615</u> | <u>\$ 369,223</u> |
| Basic earnings per share | <u>\$ 58.20</u> | <u>\$ 55.90</u> | <u>\$ 110.43</u> | <u>\$ 101.03</u> |
| Diluted earnings per share | <u>\$ 53.09</u> | <u>\$ 49.05</u> | <u>\$ 100.61</u> | <u>\$ 88.31</u> |
| Basic weighted average shares outstanding | <u>3,612</u> | <u>3,635</u> | <u>3,610</u> | <u>3,655</u> |
| Diluted weighted average shares outstanding | <u>3,959</u> | <u>4,142</u> | <u>3,962</u> | <u>4,181</u> |

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

| | June 30, 2019 | December 31, 2018 |
|---|----------------------|--------------------------|
| ASSETS | | |
| <i>Homebuilding:</i> | | |
| Cash and cash equivalents | \$ 860,956 | \$ 688,783 |
| Restricted cash | 20,403 | 16,982 |
| Receivables | 28,943 | 18,641 |
| Inventory: | | |
| Lots and housing units, covered under sales agreements with customers | 1,199,015 | 1,076,904 |
| Unsold lots and housing units | 132,667 | 115,631 |
| Land under development | 46,725 | 38,857 |
| Building materials and other | 19,321 | 21,718 |
| | 1,397,728 | 1,253,110 |
| Contract land deposits, net | 409,754 | 396,177 |
| Property, plant and equipment, net | 48,279 | 42,234 |
| Operating lease right-of-use assets | 65,027 | — |
| Reorganization value in excess of amounts allocable to identifiable assets, net | 41,580 | 41,580 |
| Other assets | 185,727 | 184,004 |
| | 3,058,397 | 2,641,511 |
| <i>Mortgage Banking:</i> | | |
| Cash and cash equivalents | 21,363 | 23,092 |
| Restricted cash | 3,393 | 3,071 |
| Mortgage loans held for sale, net | 462,693 | 458,324 |
| Property and equipment, net | 6,240 | 6,510 |
| Operating lease right-of-use assets | 14,078 | — |
| Reorganization value in excess of amounts allocable to identifiable assets, net | 7,347 | 7,347 |
| Other assets | 29,729 | 26,078 |
| | 544,843 | 524,422 |
| Total assets | \$ 3,603,240 | \$ 3,165,933 |

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

| | June 30, 2019 | December 31, 2018 |
|--|----------------------|--------------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| <i>Homebuilding:</i> | | |
| Accounts payable | \$ 309,419 | \$ 244,496 |
| Accrued expenses and other liabilities | 299,466 | 332,871 |
| Customer deposits | 146,207 | 138,246 |
| Operating lease liabilities | 72,360 | — |
| Senior notes | 597,991 | 597,681 |
| | 1,425,443 | 1,313,294 |
| <i>Mortgage Banking:</i> | | |
| Accounts payable and other liabilities | 43,387 | 44,077 |
| Operating lease liabilities | 14,971 | — |
| | 58,358 | 44,077 |
| Total liabilities | 1,483,801 | 1,357,371 |
| <i>Commitments and contingencies</i> | | |
| <i>Shareholders' equity:</i> | | |
| Common stock, \$0.01 par value; 60,000,000 shares authorized; 20,555,330 shares issued as of both June 30, 2019 and December 31, 2018 | 206 | 206 |
| Additional paid-in capital | 1,962,156 | 1,820,223 |
| Deferred compensation trust – 107,295 and 107,340 shares of NVR, Inc. common stock as of June 30, 2019 and December 31, 2018, respectively | (16,912) | (16,937) |
| Deferred compensation liability | 16,912 | 16,937 |
| Retained earnings | 7,429,948 | 7,031,333 |
| Less treasury stock at cost – 16,911,734 and 16,977,499 shares as of June 30, 2019 and December 31, 2018, respectively | (7,272,871) | (7,043,200) |
| Total shareholders' equity | 2,119,439 | 1,808,562 |
| Total liabilities and shareholders' equity | \$ 3,603,240 | \$ 3,165,933 |

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

Three Months Ended June 30,

Six Months Ended June 30,

2019 **2018** **2019** **2018**

Homebuilding data:

| | 2019 | 2018 | 2019 | 2018 |
|--------------------|-------|-------|--------|--------|
| New orders (units) | | | | |
| Mid Atlantic (1) | 2,322 | 2,414 | 4,766 | 4,917 |
| North East (2) | 364 | 365 | 677 | 736 |
| Mid East (3) | 1,276 | 1,142 | 2,490 | 2,438 |
| South East (4) | 1,277 | 1,043 | 2,445 | 2,047 |
| Total | 5,239 | 4,964 | 10,378 | 10,138 |

| | | | | |
|-------------------------|----------|----------|----------|----------|
| Average new order price | \$ 358.6 | \$ 376.3 | \$ 362.7 | \$ 377.3 |
|-------------------------|----------|----------|----------|----------|

Settlements (units)

| | | | | |
|------------------|-------|-------|-------|-------|
| Mid Atlantic (1) | 2,326 | 2,239 | 4,469 | 4,165 |
| North East (2) | 314 | 354 | 617 | 655 |
| Mid East (3) | 1,097 | 1,092 | 2,127 | 1,971 |
| South East (4) | 983 | 926 | 2,000 | 1,716 |
| Total | 4,720 | 4,611 | 9,213 | 8,507 |

| | | | | |
|--------------------------|----------|----------|----------|----------|
| Average settlement price | \$ 372.3 | \$ 379.6 | \$ 369.1 | \$ 380.9 |
|--------------------------|----------|----------|----------|----------|

Backlog (units)

| | | | | |
|------------------|--|--|-------|--------|
| Mid Atlantic (1) | | | 4,445 | 4,976 |
| North East (2) | | | 623 | 763 |
| Mid East (3) | | | 2,169 | 2,365 |
| South East (4) | | | 2,293 | 2,058 |
| Total | | | 9,530 | 10,162 |

| | | | | |
|-----------------------|--|--|----------|----------|
| Average backlog price | | | \$ 369.0 | \$ 380.0 |
|-----------------------|--|--|----------|----------|

| | | | | |
|-----------------------------|-----|-----|-----|-----|
| New order cancellation rate | 13% | 13% | 14% | 13% |
|-----------------------------|-----|-----|-----|-----|

| | | | | |
|---------------------------|-----|-----|-----|-----|
| Community count (average) | 470 | 480 | 460 | 483 |
|---------------------------|-----|-----|-----|-----|

| | | | | |
|----------------------------------|--|--|---------|--------|
| Lots controlled at end of period | | | 101,400 | 94,200 |
|----------------------------------|--|--|---------|--------|

Mortgage banking data:

| | | | | |
|---------------|--------------|--------------|--------------|--------------|
| Loan closings | \$ 1,231,039 | \$ 1,214,101 | \$ 2,372,037 | \$ 2,223,774 |
| Capture rate | 89% | 87% | 89% | 87% |

Common stock information:

| | | | | |
|--------------------------------------|-----------|------------|------------|------------|
| Shares outstanding at end of period | | | 3,643,596 | 3,628,515 |
| Number of shares repurchased | 29,826 | 42,112 | 111,655 | 158,380 |
| Aggregate cost of shares repurchased | \$ 87,980 | \$ 126,296 | \$ 304,479 | \$ 483,538 |

- (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

Investor Relations Contact:

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