

**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): April 21, 2021

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, par value \$0.01 per share | 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 April 21, 2021, NVR, Inc. issued a press release reporting its financial results for the first quarter ended March 31, 2021. 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 April 21, 2021 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

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: April 21, 2021

By: /s/ Daniel D. Malzahn

Daniel D. Malzahn

*Senior Vice President, Chief Financial Officer
and Treasurer*

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

April 21, 2021, Reston, VA—NVR, Inc. (NYSE: NVR), one of the nation’s largest homebuilding and mortgage banking companies, announced net income for its first quarter ended March 31, 2021 of \$248.8 million, or \$63.21 per diluted share. Net income and diluted earnings per share for the first quarter ended March 31, 2021 increased 42% and 41%, respectively, when compared to 2020 first quarter net income of \$175.7 million, or \$44.96 per diluted share. Consolidated revenues for the first quarter of 2021 totaled \$2.04 billion, which increased 29% from \$1.58 billion in the first quarter of 2020.

Homebuilding

New orders in the first quarter of 2021 increased by 26% to 6,314 units, when compared to 5,015 units in the first quarter of 2020. The average sales price of new orders in the first quarter of 2021 was \$410,500, an increase of 10% when compared with the first quarter of 2020. The cancellation rate in the first quarter of 2021 was 10% compared to 21% in the first quarter of 2020. Settlements in the first quarter of 2021 increased by 20% to 5,072 units, compared to 4,230 units in the first quarter of 2020. Our backlog of homes sold but not settled as of March 31, 2021 increased on a unit basis by 42% to 12,791 units and increased on a dollar basis by 51% to \$5.20 billion when compared to the respective backlog unit and dollar balances as of March 31, 2020.

Homebuilding revenues of \$1.96 billion in the first quarter of 2021 increased by 26% compared to homebuilding revenues of \$1.56 billion in the first quarter of 2020. Gross profit margin in the first quarter of 2021 increased to 19.7%, compared to 16.8% in the first quarter of 2020. Gross profit margin in the first quarter of 2020 was impacted by contract land deposit impairments of approximately \$36.4 million, or 234 basis points of revenue. Income before tax from the homebuilding segment totaled \$253.4 million in the first quarter of 2021, an increase of 69% when compared to the first quarter of 2020.

Mortgage Banking

Mortgage closed loan production in the first quarter of 2021 totaled \$1.41 billion, an increase of 25% when compared to the first quarter of 2020. Income before tax from the mortgage banking segment totaled \$58.6 million in the first quarter of 2021, an increase of 411% when compared to \$11.5 million in the first quarter of 2020. This increase was primarily attributable to increased mortgage volume in the first quarter of 2021, coupled with income in the first quarter of 2020 being adversely impacted by disruptions in the mortgage markets related to the COVID-19 pandemic, which resulted in a reduction in fair value of mortgage servicing rights.

Effective Tax Rate

Our effective tax rate for the three months ended March 31, 2021 was an expense of 20.3% as compared to a benefit of 8.9% for the three months ended March 31, 2020. The increase in the effective tax rate quarter over quarter is primarily attributable to recognizing a lower income tax benefit related to excess tax benefits from stock option exercises in the first quarter of 2021. For the three months ended March 31, 2021 and March 31, 2020 we recognized \$17.4 million and \$55.7 million, respectively, in such income tax benefits.

Other Matters - COVID-19

The COVID-19 pandemic has had a significant impact on all facets of our business. Our primary focus as we face this challenge is to do everything we can to ensure the safety and well-being of our employees, customers and trade partners. Residential construction has been deemed an essential business in each of the markets we operate. In each of our markets, we continue to operate in accordance with the guidelines issued by the Centers for Disease Control and Prevention as well as state and local health department guidelines, which has resulted in significant changes to the way we conduct business.

Although current demand for new homes is strong, there remains uncertainty regarding the extent and timing of disruption to our business that may result from COVID-19 and related governmental actions. There is also uncertainty as to the effects of economic relief efforts on the U.S. economy, unemployment, consumer confidence, demand for our homes and the mortgage market, including lending standards and secondary mortgage markets. We are unable to predict the extent to which this will impact our operational and financial performance including the impact of future developments such as the duration and spread of COVID-19, corresponding governmental actions, and the impact of such on our employees, customers and trade partners.

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-three 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: the impact of COVID-19 on the economy; 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 March 31, | |
|---|-------------------------------------|--------------|
| | 2021 | 2020 |
| <i>Homebuilding:</i> | | |
| Revenues | \$ 1,963,711 | \$ 1,555,707 |
| Other income | 1,586 | 5,336 |
| Cost of sales | (1,577,453) | (1,294,743) |
| Selling, general and administrative | (121,419) | (110,167) |
| Operating income | 266,425 | 156,133 |
| Interest expense | (13,006) | (6,214) |
| Homebuilding income | 253,419 | 149,919 |
| <i>Mortgage Banking:</i> | | |
| Mortgage banking fees | 77,735 | 26,821 |
| Interest income | 2,032 | 2,469 |
| Other income | 867 | 649 |
| General and administrative | (21,656) | (18,211) |
| Interest expense | (391) | (272) |
| Mortgage banking income | 58,587 | 11,456 |
| <i>Income before taxes</i> | 312,006 | 161,375 |
| Income tax (expense) benefit | (63,244) | 14,328 |
| <i>Net income</i> | \$ 248,762 | \$ 175,703 |
| <i>Basic earnings per share</i> | \$ 67.72 | \$ 47.97 |
| <i>Diluted earnings per share</i> | \$ 63.21 | \$ 44.96 |
| <i>Basic weighted average shares outstanding</i> | 3,673 | 3,663 |
| <i>Diluted weighted average shares outstanding</i> | 3,935 | 3,908 |

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

| | March 31, 2021 | December 31, 2020 |
|---|-----------------------|--------------------------|
| ASSETS | | |
| <i>Homebuilding:</i> | | |
| Cash and cash equivalents | \$ 2,753,123 | \$ 2,714,720 |
| Restricted cash | 36,193 | 28,912 |
| Receivables | 22,059 | 18,299 |
| Inventory: | | |
| Lots and housing units, covered under sales agreements with customers | 1,623,941 | 1,484,936 |
| Unsold lots and housing units | 116,141 | 123,197 |
| Land under development | 63,153 | 62,790 |
| Building materials and other | 26,557 | 38,159 |
| | 1,829,792 | 1,709,082 |
| | | |
| Contract land deposits, net | 396,903 | 387,628 |
| Property, plant and equipment, net | 55,720 | 57,786 |
| Operating lease right-of-use assets | 50,770 | 53,110 |
| Reorganization value in excess of amounts allocable to identifiable assets, net | 41,580 | 41,580 |
| Other assets | 219,479 | 203,399 |
| | 5,405,619 | 5,214,516 |
| <i>Mortgage Banking:</i> | | |
| Cash and cash equivalents | 21,061 | 63,547 |
| Restricted cash | 3,867 | 2,334 |
| Mortgage loans held for sale, net | 334,782 | 449,760 |
| Property and equipment, net | 4,460 | 4,544 |
| Operating lease right-of-use assets | 12,087 | 12,439 |
| Reorganization value in excess of amounts allocable to identifiable assets, net | 7,347 | 7,347 |
| Other assets | 31,585 | 22,654 |
| | 415,189 | 562,625 |
| | | |
| Total assets | \$ 5,820,808 | \$ 5,777,141 |

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

| | March 31, 2021 | December 31, 2020 |
|--|---------------------|---------------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| <i>Homebuilding:</i> | | |
| Accounts payable | \$ 360,881 | \$ 339,867 |
| Accrued expenses and other liabilities | 458,849 | 440,671 |
| Customer deposits | 314,453 | 240,758 |
| Operating lease liabilities | 56,697 | 59,357 |
| Senior notes | 1,517,114 | 1,517,395 |
| | 2,707,994 | 2,598,048 |
| <i>Mortgage Banking:</i> | | |
| Accounts payable and other liabilities | 53,335 | 62,720 |
| Operating lease liabilities | 12,972 | 13,299 |
| | 66,307 | 76,019 |
| Total liabilities | 2,774,301 | 2,674,067 |
| <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 March 31, 2021 and December 31, 2020 | 206 | 206 |
| Additional paid-in capital | 2,272,006 | 2,214,426 |
| Deferred compensation trust – 106,697 shares of NVR, Inc. common stock as of both March 31, 2021 and December 31, 2020 | (16,710) | (16,710) |
| Deferred compensation liability | 16,710 | 16,710 |
| Retained earnings | 9,059,882 | 8,811,120 |
| Less treasury stock at cost – 16,915,721 and 16,859,753 shares as of March 31, 2021 and December 31, 2020, respectively | (8,285,587) | (7,922,678) |
| Total shareholders' equity | 3,046,507 | 3,103,074 |
| Total liabilities and shareholders' equity | \$ 5,820,808 | \$ 5,777,141 |

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

| | Three Months Ended March 31, | | | |
|---|-------------------------------------|---------------|-------------|---------------|
| | 2021 | | 2020 | |
| | Units | Average Price | Units | Average Price |
| <i>New orders, net of cancellations:</i> | | | | |
| Mid Atlantic (1) | 2,291 | \$ 502.2 | 2,061 | \$ 442.2 |
| North East (2) | 440 | \$ 474.7 | 358 | \$ 382.2 |
| Mid East (3) | 1,795 | \$ 350.4 | 1,225 | \$ 326.2 |
| South East (4) | 1,788 | \$ 337.6 | 1,371 | \$ 305.6 |
| Total | 6,314 | \$ 410.5 | 5,015 | \$ 372.3 |

| | Three Months Ended March 31, | | | |
|----------------------------|-------------------------------------|---------------|-------------|---------------|
| | 2021 | | 2020 | |
| | Units | Average Price | Units | Average Price |
| <i>Settlements:</i> | | | | |
| Mid Atlantic (1) | 2,010 | \$ 465.7 | 1,795 | \$ 431.2 |
| North East (2) | 372 | \$ 436.0 | 281 | \$ 377.7 |
| Mid East (3) | 1,263 | \$ 336.4 | 985 | \$ 325.6 |
| South East (4) | 1,427 | \$ 308.6 | 1,169 | \$ 303.5 |
| Total | 5,072 | \$ 387.2 | 4,230 | \$ 367.8 |

| | As of March 31, | | | |
|------------------------|------------------------|---------------|-------------|---------------|
| | 2021 | | 2020 | |
| | Units | Average Price | Units | Average Price |
| <i>Backlog:</i> | | | | |
| Mid Atlantic (1) | 4,760 | \$ 488.2 | 3,878 | \$ 445.3 |
| North East (2) | 1,018 | \$ 463.7 | 664 | \$ 407.6 |
| Mid East (3) | 3,406 | \$ 350.6 | 2,053 | \$ 331.5 |
| South East (4) | 3,607 | \$ 336.6 | 2,423 | \$ 314.9 |
| Total | 12,791 | \$ 406.9 | 9,018 | \$ 381.6 |

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

| | Three Months Ended March 31, | |
|---|-------------------------------------|-------------|
| | 2021 | 2020 |
| <i>Average active communities:</i> | | |
| Mid Atlantic (1) | 159 | 189 |
| North East (2) | 35 | 40 |
| Mid East (3) | 140 | 138 |
| South East (4) | 111 | 108 |
| Total | 445 | 475 |

| | Three Months Ended March 31, | |
|----------------------------------|-------------------------------------|-------------|
| | 2021 | 2020 |
| <i>Homebuilding data:</i> | | |
| New order cancellation rate | 10 % | 21 % |
| Lots controlled at end of period | 108,700 | 103,600 |

| | | |
|--------------------------------------|--------------|--------------|
| <i>Mortgage banking data:</i> | | |
| Loan closings | \$ 1,412,879 | \$ 1,132,104 |
| Capture rate | 89 % | 91 % |

| | | |
|---|------------|------------|
| <i>Common stock information:</i> | | |
| Shares outstanding at end of period | 3,639,609 | 3,673,694 |
| Number of shares repurchased | 86,523 | 57,611 |
| Aggregate cost of shares repurchased | \$ 377,425 | \$ 216,582 |

- (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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