

NVR INC
Form 10-Q
July 28, 2017

United States

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission File Number: 1-12378

NVR, Inc.

(Exact name of registrant as specified in its charter)

Virginia	54-1394360
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification No.)

11700 Plaza America Drive, Suite 500

Reston, Virginia 20190

(703) 956-4000

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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

(Not Applicable)

(Former name, former address, and former fiscal year if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if smaller reporting company)

Smaller reporting company

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 24, 2017 there were 3,743,620 total shares of common stock outstanding.

NVR, Inc.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

NVR, Inc.

Condensed Consolidated Balance Sheets

(in thousands, except share and per share data)

(unaudited)

	June 30, 2017	December 31, 2016
ASSETS		
Homebuilding:		
Cash and cash equivalents	\$518,482	\$375,748
Restricted cash	15,963	17,561
Receivables	22,110	18,937
Inventory:		
Lots and housing units, covered under sales agreements with customers	1,155,047	883,868
Unsold lots and housing units	147,195	145,065
Land under development	46,685	46,999
Building materials and other	16,024	16,168
	1,364,951	1,092,100
Assets related to consolidated variable interest entity	1,243	1,251
Contract land deposits, net	358,405	379,844
Property, plant and equipment, net	43,995	45,915
Reorganization value in excess of amounts allocable to identifiable assets, net	41,580	41,580
Goodwill and finite-lived intangible assets, net	1,908	2,599
Other assets	265,539	257,811
	2,634,176	2,233,346
Mortgage Banking:		
Cash and cash equivalents	9,632	19,657
Restricted cash	2,900	1,857
Mortgage loans held for sale, net	241,398	351,958
Property and equipment, net	5,530	4,903
Reorganization value in excess of amounts allocable to identifiable assets, net	7,347	7,347
Other assets	17,104	24,875
	283,911	410,597
Total assets	\$2,918,087	\$2,643,943
LIABILITIES AND SHAREHOLDERS' EQUITY		
Homebuilding:		
Accounts payable	\$271,899	\$251,212

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Accrued expenses and other liabilities	317,168	336,318
Liabilities related to consolidated variable interest entity	874	882
Customer deposits	165,684	122,236
Senior notes	596,760	596,455
	1,352,385	1,307,103
Mortgage Banking:		
Accounts payable and other liabilities	29,925	32,399
	29,925	32,399
Total liabilities	1,382,310	1,339,502
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, 2017 and December 31, 2016	206	206
Additional paid-in capital	1,607,958	1,515,828
Deferred compensation trust – 108,636 and 108,640 shares of NVR, Inc. common stock as of June 30, 2017 and December 31, 2016, respectively	(17,371)	(17,375)
Deferred compensation liability	17,371	17,375
Retained earnings	5,945,219	5,695,376
Less treasury stock at cost – 16,807,724 and 16,862,327 shares as of June 30, 2017 and December 31, 2016, respectively	(6,017,606)	(5,906,969)
Total shareholders' equity	1,535,777	1,304,441
Total liabilities and shareholders' equity	\$2,918,087	\$2,643,943

See notes to condensed consolidated financial statements.

NVR, Inc.

Condensed Consolidated Statements of Income

(in thousands, except per share data)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Homebuilding:				
Revenues	\$1,512,714	\$1,361,741	\$2,760,301	\$2,483,245
Other income	1,447	753	2,549	1,520
Cost of sales	(1,218,083)	(1,126,369)	(2,244,100)	(2,052,129)
Selling, general and administrative	(99,100)	(100,043)	(199,004)	(198,058)
Operating income	196,978	136,082	319,746	234,578
Interest expense	(5,641)	(4,554)	(11,219)	(9,396)
Homebuilding income	191,337	131,528	308,527	225,182
Mortgage Banking:				
Mortgage banking fees	31,778	26,442	61,283	48,964
Interest income	1,554	1,437	3,215	3,111
Other income	506	409	815	667
General and administrative	(15,934)	(14,836)	(32,180)	(29,386)
Interest expense	(273)	(260)	(531)	(506)
Mortgage banking income	17,631	13,192	32,602	22,850
Income before taxes	208,968	144,720	341,129	248,032
Income tax expense	(61,091)	(53,044)	(90,329)	(91,053)