

TRI Pointe Group, Inc.
Form 10-Q
April 26, 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 March 31, 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 1-35796

TRI Pointe Group, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware 61-1763235
(State or other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

19540 Jamboree Road, Suite 300
Irvine, California 92612
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code (949) 438-1400

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, a 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 a smaller reporting company)	Smaller reporting company
	Emerging Growth Company

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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

158,765,743 shares of common stock were issued and outstanding as of April 17, 2017.

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EXPLANATORY NOTE

As used in this Quarterly Report on Form 10-Q, references to “TRI Pointe”, “the Company”, “we”, “us”, or “our” (including in the consolidated financial statements and related notes thereto in this report) refer to TRI Pointe Group, Inc., a Delaware corporation (“TRI Pointe Group”) and its subsidiaries.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TRI POINTE GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	March 31, 2017 (unaudited)	December 31, 2016
Assets		
Cash and cash equivalents	\$ 128,519	\$ 208,657
Receivables	65,999	82,500
Real estate inventories	3,046,092	2,910,627
Investments in unconsolidated entities	17,113	17,546
Goodwill and other intangible assets, net	161,361	161,495
Deferred tax assets, net	122,105	123,223
Other assets	58,527	60,592
Total assets	\$3,599,716	\$3,564,640
Liabilities		
Accounts payable	\$ 74,115	\$ 70,252
Accrued expenses and other liabilities	251,891	263,845
Unsecured revolving credit facility	250,000	200,000
Seller financed loan	—	13,726
Senior notes, net	1,169,914	1,168,307
Total liabilities	1,745,920	1,716,130
Commitments and contingencies (Note 13)		
Equity		
Stockholders' Equity:		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized; no shares issued and outstanding as of March 31, 2017 and December 31, 2016, respectively	—	—
Common stock, \$0.01 par value, 500,000,000 shares authorized; 159,047,862 and 158,626,229 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively	1,590	1,586
Additional paid-in capital	882,352	880,822
Retained earnings	955,232	947,039
Total stockholders' equity	1,839,174	1,829,447
Noncontrolling interests	14,622	19,063
Total equity	1,853,796	1,848,510
Total liabilities and equity	\$3,599,716	\$3,564,640

See accompanying condensed notes to the unaudited consolidated financial statements.

TRI POINTE GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except share and per share amounts)

	Three Months Ended	
	March 31,	
	2017	2016
Homebuilding:		
Home sales revenue	\$392,004	\$423,055
Land and lot sales revenue	578	355
Other operations revenue	568	580
Total revenues	393,150	423,990
Cost of home sales	318,404	324,499
Cost of land and lot sales	654	779
Other operations expense	560	566
Sales and marketing	26,700	26,321
General and administrative	34,649	28,531
Homebuilding income from operations	12,183	43,294
Equity in income (loss) of unconsolidated entities	138	(14)
Other income, net	77	115
Homebuilding income before income taxes	12,398	43,395
Financial Services:		
Revenues	241	148
Expenses	74	58
Equity in income of unconsolidated entities	266	715
Financial services income before income taxes	433	805
Income before income taxes	12,831	44,200
Provision for income taxes	(4,614)	(15,490)
Net income	8,217	28,710
Net income attributable to noncontrolling interests	(24)	(160)
Net income available to common stockholders	\$8,193	\$28,550
Earnings per share		
Basic	\$0.05	\$0.18
Diluted	\$0.05	\$