

Meritage Homes CORP
Form 10-Q
April 29, 2019

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, 2019

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 1-9977

Meritage Homes Corporation
(Exact Name of Registrant as Specified in its Charter)
Maryland 86-0611231
(State or Other Jurisdiction of (IRS Employer
Incorporation or Organization) Identification No.)

8800 E. Raintree Drive, Suite 300, 85260
Scottsdale, Arizona
(Address of Principal Executive Offices) (Zip Code)
(480) 515-8100
(Registrant's telephone number, including area code)

N/A
(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 a checkmark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 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 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

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Act. "

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

Common shares outstanding as of April 25, 2019: 38,264,142

MERITAGE HOMES CORPORATION
FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2019
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

MERITAGE HOMES CORPORATION AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED BALANCE SHEETS
 (in thousands, except share amounts)

	March 31, 2019	December 31, 2018
Assets		
Cash and cash equivalents	\$327,499	\$311,466
Other receivables	79,990	77,285
Real estate	2,744,578	2,742,621
Deposits on real estate under option or contract	44,827	51,410
Investments in unconsolidated entities	15,661	17,480
Property and equipment, net	53,798	54,596
Deferred tax asset	25,939	26,465
Prepays, other assets and goodwill	103,575	84,156
Total assets	\$3,395,867	\$3,365,479
Liabilities		
Accounts payable	\$124,562	\$128,169
Accrued liabilities	189,763	177,862
Home sale deposits	29,171	28,636
Loans payable and other borrowings	13,785	14,773
Senior notes, net	1,295,515	1,295,284
Total liabilities	1,652,796	1,644,724
Stockholders' Equity		
Preferred stock, par value \$0.01. Authorized 10,000,000 shares; none issued and outstanding at March 31, 2019 and December 31, 2018	—	—
Common stock, par value \$0.01. Authorized 125,000,000 shares; 38,264,142 and 38,072,659 shares issued and outstanding at March 31, 2019 and December 31, 2018, respectively	383	381
Additional paid-in capital	498,683	501,781
Retained earnings	1,244,005	1,218,593
Total stockholders' equity	1,743,071	1,720,755
Total liabilities and stockholders' equity	\$3,395,867	\$3,365,479
See accompanying notes to unaudited consolidated financial statements		

MERITAGE HOMES CORPORATION AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED INCOME STATEMENTS
 (in thousands, except per share amounts)

	Three Months Ended	
	March 31,	
	2019	2018
Homebuilding:		
Home closing revenue	\$698,650	\$728,532
Land closing revenue	9,495	14,032
Total closing revenue	708,145	742,564
Cost of home closings	(582,188)	(604,202)
Cost of land closings	(9,129)	(15,242)
Total cost of closings	(591,317)	(619,444)
Home closing gross profit	116,462	124,330
Land closing gross profit/(loss)	366	(1,210)
Total closing gross profit	116,828	123,120
Financial Services:		
Revenue	3,228	3,048
Expense	(1,504)	(1,484)
Earnings from financial services unconsolidated entities and other, net	2,978	2,656
Financial services profit	4,702	4,220
Commissions and other sales costs	(52,555)	(52,752)
General and administrative expenses	(33,566)	(30,893)
Interest expense	(4,085)	(136)
Other income, net	1,046	5,325
Earnings before income taxes	32,370	48,884
Provision for income taxes	(6,958)	(5,010)
Net earnings	\$25,412	\$43,874
Earnings per common share:		
Basic	\$0.66	\$1.08
Diluted	\$0.65	\$1.07
Weighted average number of shares:		
Basic	38,215	40,488
Diluted	38,849	41,140
See accompanying notes to unaudited consolidated financial statements		