

PULTEGROUP INC/MI/
Form 10-Q
April 24, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2014

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

Commission File Number 1-9804

PULTEGROUP, INC.

(Exact name of registrant as specified in its charter)

MICHIGAN

(State or other jurisdiction of
incorporation or organization)

38-2766606

(I.R.S. Employer
Identification No.)

100 Bloomfield Hills Parkway, Suite 300
Bloomfield Hills, Michigan 48304
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (248) 647-2750

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, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES [] NO [X]

Number of shares of common stock outstanding as of April 18, 2014: 378,651,879

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

PULTEGROUP, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (\$000's omitted)

	March 31, 2014 (Unaudited)	December 31, 2013 (Note)
ASSETS		
Cash and equivalents	\$1,268,162	\$1,580,329
Restricted cash	75,596	72,715
House and land inventory	4,034,294	3,978,561
Land held for sale	72,531	61,735
Land, not owned, under option agreements	22,200	24,024
Residential mortgage loans available-for-sale	209,921	287,933
Investments in unconsolidated entities	40,120	45,323
Other assets	461,046	460,621
Intangible assets	132,873	136,148
Deferred tax assets, net	2,034,668	2,086,754
	\$8,351,411	\$8,734,143
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable, including book overdrafts of \$26,732 and \$35,827 in 2014 and 2013, respectively	\$205,234	\$202,736
Customer deposits	168,573	134,858
Accrued and other liabilities	1,257,854	1,377,750
Income tax liabilities	205,810	206,015
Financial Services debt	35,836	105,664
Senior notes	1,814,041	2,058,168
	3,687,348	4,085,191
Shareholders' equity	4,664,063	4,648,952
	\$8,351,411	\$8,734,143

Note: The Condensed Consolidated Balance Sheet at December 31, 2013 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

See accompanying Notes to Condensed Consolidated Financial Statements.

PULTEGROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(000's omitted, except per share data)
(Unaudited)

	Three Months Ended March 31,	
	2014	2013
Revenues:		
Homebuilding		
Home sale revenues	\$1,088,015	\$1,099,752
Land sale revenues	5,984	26,131
	1,093,999	1,125,883
Financial Services	24,895	36,873
Total revenues	1,118,894	1,162,756
Homebuilding Cost of Revenues:		
Home sale cost of revenues	828,603	901,470
Land sale cost of revenues	5,011	22,018
	833,614	923,488
Financial Services expenses	3,322	22,588
Selling, general and administrative expenses	144,887	129,626
Other expense, net	13,831	4,772
Interest income	(1,111)	(1,173)
Interest expense	213	207
Equity in (earnings) loss of unconsolidated entities	(5,891)	898
Income before income taxes	130,029	82,350
Income tax expense	55,210	588
Net income	\$74,819	\$81,762
Per share:		
Basic earnings	\$0.19	\$0.21
Diluted earnings	\$0.19	\$0.21
Cash dividends declared	\$0.05	\$—
Number of shares used in calculation:		
Basic	383,991	384,228
Effect of dilutive securities	3,815	6,093
Diluted	387,806	390,321

See accompanying Notes to Condensed Consolidated Financial Statements.

PULTEGROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(000's omitted)
(Unaudited)

	Three Months Ended	
	March 31,	
	2014	2013
Net income	\$ 74,819	\$ 81,762
Other comprehensive income, net of tax:		
Change in value of derivatives	40	48
Other comprehensive income	40	48
Comprehensive income	\$ 74,859	\$ 81,810

See accompanying Notes to Condensed Consolidated Financial Statements.

PULTEGROUP, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(000's omitted, except per share data)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total
	Shares	\$				
Shareholders' Equity, January 1, 2014	381,300	\$3,813	\$3,052,016	\$ (795)	\$ 1,593,918	\$4,648,952
Stock option exercises	489	5	5,290	—	—	5,295
Stock awards, net of cancellations	(99)	(1)	1	—	—	—
Dividends declared	—	—	—	—	(19,087)	(19,087)
Stock repurchases	(2,511)	(25)	—	—	(50,080)	(50,105)
Stock-based compensation	—	—	4,191	—	—	4,191
Excess tax benefits (deficiencies) from share-based awards	—	—	(42)	—	—	(42)
Net income	—	—	—	—	74,819	74,819
Other comprehensive income	—	—	—	40	—	40
Shareholders' Equity, March 31, 2014	379,179	\$3,792	\$3,061,456	\$ (755)	\$ 1,599,570	\$4,664,063
Shareholders' Equity, January 1, 2013	386,608	\$3,866	\$3,030,889	\$ (992)	\$ (844,147)	\$2,189,616
Stock option exercises	669	7	7,530	—	—	7,537
Stock awards, net of cancellations	563	5	(5)	—	—	—
Stock repurchases	(330)	(3)	(2,587)	—	(3,837)	(6,427)
Stock-based compensation	—	—	2,979	—	—	2,979
Net income	—	—	—	—	81,762	81,762
Other comprehensive income	—	—	—	48	—	48
Shareholders' Equity, March 31 2013	387,510	\$3,875	\$3,038,806	\$ (944)	\$ (766,222)	\$2,275,515

See accompanying Notes to Condensed Consolidated Financial Statements.

PULTEGROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(\$000's omitted)
(Unaudited)

	Three Months Ended March 31,		
	2014	2013	
Cash flows from operating activities:			
Net income	\$74,819	\$81,762	
Adjustments to reconcile net income to net cash flows provided by (used in) operating activities:			
Deferred income tax expense	52,086	—	
Depreciation and amortization	5,670	7,339	
Stock-based compensation expense	8,522	7,141	
Equity in (earnings) loss of unconsolidated entities	(5,891) 898	
Distributions of earnings from unconsolidated entities	4,753	265	
Loss on debt retirements	8,584	—	
Other non-cash, net	3,256	3,035	
Increase (decrease) in cash due to:			
Restricted cash	(890) 860	
Inventories	(68,812) 99,760	
Residential mortgage loans available-for-sale	76,357	80,727	
Other assets	17,090	(370)
Accounts payable, accrued and other liabilities	(83,943) (8,795)
Income tax liabilities	(205) (2,002)
Net cash provided by (used in) operating activities	91,396	270,620	
Cash flows from investing activities:			
Distributions from unconsolidated entities	6,385	200	
Investments in unconsolidated entities	(9) (593)
Net change in loans held for investment			