

Taylor Morrison Home Corp
Form 10-Q
November 05, 2014
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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 September 30, 2014

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: 001-35873

TAYLOR MORRISON HOME CORPORATION
(Exact name of Registrant as specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

90-0907433
(I.R.S. Employer
Identification No.)

4900 N. Scottsdale Road, Suite 2000

Scottsdale, Arizona
(Address of principal executive offices)

85251
(Zip Code)

(480) 840-8100

(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 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 definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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 Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding as of November 5, 2014
Class A common stock, \$0.00001 par value	33,059,687
Class B common stock, \$0.00001 par value	89,228,269

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TAYLOR MORRISON HOME CORPORATION

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(In thousands, except share amounts)

	September 30, 2014	December 31, 2013
	(Unaudited)	
Assets		
Cash and cash equivalents	\$ 281,528	\$ 389,181
Restricted cash	12,871	24,814
Real estate inventory:		
Owned inventory	2,831,874	2,243,744
Real estate not owned under option agreements	11,408	18,595
Total real estate inventory	2,843,282	2,262,339
Land deposits	48,816	43,739
Loans receivable	42,125	33,395
Mortgages receivable	72,919	95,718
Tax indemnification receivable	5,383	5,216
Prepaid expenses and other assets, net	112,338	98,870
Other receivables, net	107,429	56,213
Investments in unconsolidated entities	216,777	139,550
Deferred tax assets, net	247,637	244,920
Property and equipment, net	7,871	7,515
Intangible assets, net	10,789	13,713
Goodwill	23,375	23,375
Total assets	\$ 4,033,140	\$ 3,438,558
Liabilities		
Accounts payable	\$ 142,910	\$ 121,865
Accrued expenses and other liabilities	234,419	214,500
Income taxes payable	19,857	47,540
Customer deposits	112,208	94,670
Senior notes	1,389,004	1,039,497
Loans payable and other borrowings	233,507	282,098
Revolving credit facility	150,000	
Mortgage borrowings	48,573	74,892
Liabilities attributable to consolidated option agreements	11,408	18,595

Total liabilities	2,341,886	1,893,657
COMMITMENTS AND CONTINGENCIES (Note 16)		
Stockholders' Equity		
Class A common stock, \$0.00001 par value, 400,000,000 shares authorized, 33,059,687 and 32,857,800 shares issued and outstanding as of September 30, 2014 and December 31, 2013, respectively		
Class B common stock, \$0.00001 par value, 200,000,000 shares authorized, 89,228,269 and 89,451,164 shares issued and outstanding as of September 30, 2014 and December 31, 2013, respectively		
Preferred stock, \$0.00001 par value, 50,000,000 shares authorized, no shares issued and outstanding as of September 30, 2014 and December 31, 2013	1	1
Additional paid-in capital	373,953	372,789
Retained earnings	87,073	43,479
Accumulated other comprehensive loss	(5,912)	(452)
Total stockholders' equity attributable to Taylor Morrison Home Corporation	455,115	415,817
Non-controlling interests - joint ventures	6,882	7,236
Non-controlling interests - Principal Equityholders	1,229,257	1,121,848
Total stockholders' equity	1,691,254	1,544,901
Total liabilities and stockholders' equity	\$ 4,033,140	\$ 3,438,558

See accompanying notes to the unaudited condensed consolidated financial statements

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TAYLOR MORRISON HOME CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts, unaudited)

	Three Months Ended September 30,		One Month Ended September 30,	
	2014	2013	2014	2013
Home closings revenue	\$ 745,578	\$ 622,126	\$ 1,890,057	\$ 1,484,928
Land closings revenue	5,027	4,524	23,100	18,994
Mortgage operations revenue	8,433	7,791	22,870	20,896
Total revenues	759,038	634,441	1,936,027	1,524,818
Cost of home closings	596,606	489,713	1,498,906	1,172,748
Cost of land closings.	3,985	6,120	17,442	19,417
Mortgage operations expenses	5,057	4,385	13,641	11,945
Total cost of revenues	605,648	500,218	1,529,989	1,204,110
Gross margin	153,390	134,223	406,038	320,708
Sales, commissions and other marketing costs	47,186	37,029	124,303	97,238
General and administrative expenses	21,572	21,944	66,274	68,193
Equity in income of unconsolidated entities	(11,756)	(9,425)	(22,497)	(21,049)
Interest expense (income), net	322	(1,332)	747	(1,119)
Other expense, net	3,025	1,304	10,296	2,588
Loss on extinguishment of debt				10,141
Indemnification and transaction expense (income)	21	396	(142)	188,320
Income (loss) before income taxes	93,020	84,307	227,057	(23,604)
Income tax provision (benefit)	26,845	31,675	64,087	(22,287)
Net income (loss)	66,175	52,632	162,970	(1,317)
Net (income) loss attributable to non-controlling interests joint ventures	(47)	471	(386)	286
Net income (loss) before non-controlling interests Principal Equityholders	66,128	53,103	162,584	(1,031)
Net (income) loss attributable to non-controlling interests Principal Equityholders	(48,282)	(38,840)	(118,990)	20,621
Net income available to Taylor Morrison Home Corporation	\$ 17,846	\$ 14,263	\$ 43,594	\$ 19,590
Earnings per common share:				
Basic	\$ 0.54	\$ 0.43	\$ 1.33	\$ 0.60
Diluted	\$ 0.54	\$ 0.43	\$ 1.33	\$ 0.60

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Weighted average number of shares of common
stock:

Basic	32,956	32,858	32,896	32,832
Diluted	122,338	122,317	122,345	122,317

See accompanying notes to the unaudited condensed consolidated financial statements

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TAYLOR MORRISON HOME CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands, unaudited)

	Three Months Ended September 30,		Three Months Ended September 30,	
	2014	2013	2014	2013
Net income (loss)	\$ 66,175	\$ 52,632	\$ 162,970	\$ (1,317)
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustments, net of tax	(19,656)	5,147	(19,238)	(9)
Post-retirement benefits adjustments, net of tax	814	263	(966)	155
Other comprehensive (loss) income, net of tax	(18,842)	5,410	(20,204)	146
Comprehensive income (loss)	47,333	58,042	142,766	(1,171)
Comprehensive (income) loss attributable to non-controlling interests - joint ventures	(47)	471	(386)	286
Comprehensive (income) loss attributable to non-controlling interests - Principal Equityholders	(34,534)	(42,795)	(104,246)	22,785
Comprehensive income available to Taylor Morrison Home Corporation	\$ 12,752	\$ 15,718	\$ 38,134	\$ 21,900

See accompanying notes to unaudited condensed consolidated financial statements

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TAYLOR MORRISON HOME CORPORATION

CONDENSED AND CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(In thousands, except share data, unaudited)

	Common Stock			Additional Paid-in Capital	Stockholders equity						
	Class A	Class B			Net Owners Equity	Accumulated Other Comprehensive Income		Noncontrolling Interest - Venture Equityholders	Noncontrolling Interest - Principals Subholders	Total Equity	
Shares	Amount	Shares	Amount	Amount		Retained Earnings	(Loss)				
Balance December 31, 2012		\$		\$	\$	\$ 1,231,050	\$	\$ (34,365)	\$ 7,890	\$	\$ 1,204,575
Establish noncontrolling interest on April 12, 2013						(1,231,050)		34,365		1,196,685	
Issuance of Class A Common Stock, net of offering costs	32,857,800				668,598						668,598
Issuance of Class B Common Stock, net of offering costs			112,784,964	1							
Repurchase of new TMM units and corresponding number of Class Common Stock			(23,333,800)							(482,543)	(482,543)