

M I HOMES INC
Form 10-Q
October 25, 2013

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 September 30, 2013

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

Commission File Number 1-12434

M/I HOMES, INC.

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction of incorporation or
organization)

31-1210837

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

3 Easton Oval, Suite 500, Columbus, Ohio 43219

(Address of principal executive offices) (Zip Code)

(614) 418-8000

(Registrant's telephone number, including
area code)

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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting
company)

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No X

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

Common shares, par value \$.01 per share: 24,357,943 shares outstanding as of October 23, 2013.

M/I HOMES, INC.
FORM 10-Q

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M/I HOMES, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except par values)	September 30, 2013	December 31, 2012
ASSETS:		
Cash and cash equivalents	\$ 142,475	\$ 145,498
Restricted cash	15,806	8,680
Mortgage loans held for sale	60,388	71,121
Inventory	676,336	556,817
Property and equipment - net	10,346	10,439
Investment in unconsolidated joint ventures	34,088	11,732
Deferred income taxes, net of valuation allowance of \$14.9 million and \$135.7 million at September 30, 2013 and December 31, 2012, respectively	112,682	—
Other assets	30,946	27,013
TOTAL ASSETS	\$ 1,083,067	\$ 831,300
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable	\$ 85,804	\$ 47,690
Customer deposits	14,918	10,239
Other liabilities	62,310	49,972
Community development district ("CDD") obligations	3,419	4,634
Obligation for consolidated inventory not owned	1,576	19,105
Notes payable bank - financial services operations	55,614	67,957
Notes payable - other	8,126	11,105
Convertible senior subordinated notes due 2017	57,500	57,500
Convertible senior subordinated notes due 2018	86,250	—
Senior notes	227,970	227,670
TOTAL LIABILITIES	603,487	495,872
Commitments and contingencies	—	—
SHAREHOLDERS' EQUITY:		
Preferred shares - \$.01 par value; authorized 2,000,000 shares; 2,000 and 4,000 shares issued at September 30, 2013 and December 31, 2012, respectively; 2,000 and 4,000 shares outstanding as of September 30, 2013 and December 31, 2012, respectively	48,163	96,325
Common shares - \$.01 par value; authorized 38,000,000 shares; issued 27,092,723 and 24,631,723 shares at September 30, 2013 and December 31, 2012, respectively	271	246
Additional paid-in capital	235,880	180,289
Retained earnings	249,582	117,048
Treasury shares - at cost - 2,734,780 and 2,944,470 shares at September 30, 2013 and December 31, 2012, respectively	(54,316)	(58,480)
TOTAL SHAREHOLDERS' EQUITY	479,580	335,428
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,083,067	\$ 831,300

See Notes to Unaudited Condensed Consolidated Financial Statements.

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M/I HOMES, INC. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenue	\$275,195	\$208,875	\$700,475	\$510,994
Costs and expenses:				
Land and housing	218,150	164,452	556,799	408,893
Impairment of inventory and investment in unconsolidated joint ventures	2,136	1,309	4,237	1,876
General and administrative	18,261	16,016	52,389	42,299
Selling	17,999	14,647	47,383	38,483
Equity in income of unconsolidated joint ventures	(278)	—	(278)	—
Interest	3,449	3,999	12,186	12,066
Loss on early extinguishment of debt	1,726	—	1,726	—
Total costs and expenses	261,443	200,423	674,442	503,617
Income before income taxes	13,752	8,452	26,033	7,377
(Benefit) provision for income taxes	(111,559)	138	(111,129)	(955)
Net income	\$125,311	\$8,314	\$137,162	\$8,332
Preferred dividends	1,219	—	2,438	—
Excess of fair value over book value of preferred shares redeemed	—	—	2,190	—
Net income to common shareholders	\$124,092	\$8,314	\$132,534	\$8,332
Earnings per common share:				
Basic	\$5.09	\$0.43	\$5.61	\$0.44
Diluted	\$4.22	\$0.42	\$4.79	\$0.43
Weighted average shares outstanding:				
Basic	24,358	19,434	23,642	19,014
Diluted	29,745	20,273	28,410	19,238

See Notes to Unaudited Condensed Consolidated Financial Statements.

M/I HOMES, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(Dollars in thousands)	Nine Months Ended		September 30, 2013		Additional Paid-in Capital	Retained Earnings	Treasury Shares	Total Shareholders' Equity
	Preferred Shares	Common Shares	Preferred Shares	Common Shares				
	Shares Outstanding	Amount	Shares Outstanding	Amount				
Balance at December 31, 2012	4,000	\$96,325	21,687,253	\$ 246	\$180,289	\$117,048	\$(58,480)	\$ 335,428
Net income	—	—	—	—	—	137,162	—	137,162
Fair value over carrying value of preferred shares redeemed	—	2,190	—	—	—	(2,190)	—	—
Dividends to shareholders, \$609.375 per preferred share	—	—	—	—	—	(2,438)	—	(2,438)
Common share issuance	—	—	2,461,000	25	54,592	—	—	54,617
Preferred shares redeemed	(2,000)	(50,352)	—	—	—	—	—	(50,352)
Income tax effect of stock options and executive deferred compensation distributions	—	—	—	—	383	—	—	383
Stock options exercised	—	—	184,832	—	(1,031)	—	3,671	2,640
Stock-based compensation expense	—	—	—	—	1,835	—	—	1,835
Deferral of executive and director compensation	—	—	—	—	305	—	—	305
Executive and director deferred compensation distributions	—	—	24,858	—	—	—	—	24,858