

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

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

Date of report (date of earliest event reported): August 6, 2019

LGI HOMES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-36126
(Commission
File Number)

46-3088013
(IRS Employer
Identification Number)

1450 Lake Robbins Drive, Suite 430, The Woodlands, Texas
(Address of principal executive offices)

77380
(Zip Code)

(281) 362-8998
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common Stock, par value \$0.01 per share | LGIH | NASDAQ Global Select Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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 Act.

Item 2.02 Results of Operations and Financial Condition.

On August 6, 2019, LGI Homes, Inc. (the “Company”) issued a press release announcing its financial results for the three months ended June 30, 2019. A copy of the press release is furnished as [Exhibit 99.1](#) to this Current Report on Form 8-K.

None of the information furnished in this Item 2.02 and the accompanying exhibit will be deemed “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor will it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended.

Item 7.01 Regulation FD Disclosure.

The information set forth in [Item 2.02](#) above and in [Exhibit 99.1](#) to this Current Report on Form 8-K is incorporated herein by reference.

None of the information furnished in this Item 7.01 will be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor will it be incorporated by reference into any registration statement filed by the Company under the Securities Act of 1933, as amended.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 [Press Release of LGI Homes, Inc. issued on August 6, 2019.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: August 6, 2019

LGI HOMES, INC.

By: /s/ Eric Lipar

Eric Lipar

Chief Executive Officer and Chairman of the Board

LGI Homes, Inc. Reports Second Quarter and YTD 2019 Results

THE WOODLANDS, Texas, August 6, 2019 (GLOBE NEWSWIRE) - LGI Homes, Inc. (Nasdaq:LGIH) today announced results for the second quarter 2019 and the six months ended June 30, 2019.

Second Quarter 2019 Results and Comparisons to Second Quarter 2018

- Net Income of \$46.1 million, or \$2.01 Basic EPS and \$1.82 Diluted EPS
- Net Income Before Income Taxes of \$60.5 million
- Home Sales Revenues increased 10.0% to \$461.8 million
- Home Closings increased 7.1% to 1,944
- Average Home Sales Price increased 2.7% to \$237,567
- Gross Margin as a Percentage of Homes Sales Revenues was 24.1% as compared to 26.1%
- Adjusted Gross Margin (non-GAAP) as a Percentage of Home Sales Revenues was 26.3% as compared to 27.7%
- Active Selling Communities at June 30, 2019 increased 17.7% to 93
- 54,191 Total Owned and Controlled Lots at June 30, 2019

Please see "[Non-GAAP Measures](#)" for a reconciliation of Adjusted Gross Margin (a non-GAAP measure) to Gross Margin, the most directly comparable GAAP measure.

Six Months Ended June 30, 2019 Results and Comparisons to Six Months Ended June 30, 2018

- Net Income of \$64.4 million, or \$2.82 Basic EPS and \$2.55 Diluted EPS
- Net Income Before Income Taxes of \$82.2 million
- Home Sales Revenues increased 7.2% to \$749.4 million
- Home Closings increased 3.7% to 3,172
- Average Home Sales Price increased 3.4% to \$236,262
- Gross Margin as a Percentage of Homes Sales Revenues was 23.7% as compared to 25.6%
- Adjusted Gross Margin (non-GAAP) as a Percentage of Home Sales Revenues was 25.8% as compared to 27.2%

Please see "[Non-GAAP Measures](#)" for a reconciliation of Adjusted Gross Margin (a non-GAAP measure) to Gross Margin, the most directly comparable GAAP measure.

Management Comments

"We are proud to announce an outstanding quarter at LGI Homes highlighting new records in home closings, home sales revenues, average home sales price, and active community count," stated Eric Lipar, the Company's Chief Executive Officer and Chairman of the Board. "In addition, we achieved a record 3,172 home closings through the first half of 2019 and successfully launched our Complete Home™ initiatives."

"Throughout the quarter we continued to see demand for affordable homes, coupled with community count expansion and positive response from buyers to lower interest rates, resulting in a 38% increase in net orders over the second quarter of last year."

“We remain optimistic on industry dynamics and believe we are well positioned to finish the year strong. We are confident in our ability to deliver consistent results and believe we are on track to meet our goal of 6,900 to 7,800 home closings in 2019 and generate basic EPS in the range of \$7.00 to \$8.00 per share,” Lipar concluded.

2019 Second Quarter Results

Home closings during the second quarter of 2019 totaled 1,944, an increase of 7.1%, up from 1,815 home closings during the second quarter of 2018. This increase was largely due to increases in home closings in the Company’s West, Southeast and Central reportable segments. The increase was partially offset by decreases in home closings in the Company’s Northwest and Florida reportable segments during the second quarter of 2019 as compared to the second quarter of 2018, which were largely due to close out of or transition between, and to a lesser extent available inventory in certain of their respective active communities. At the end of the second quarter active selling communities increased to 93, up from 79 communities at the end of the second quarter of 2018.

Home sales revenues for the second quarter of 2019 were \$461.8 million, an increase of \$42.0 million, or 10.0%, over the second quarter of 2018. The increase in home sales revenues is primarily due to the increase in home closings and an increase in the average home sales price during the second quarter of 2019.

The average home sales price for the second quarter of 2019 was \$237,567, an increase of \$6,246, or 2.7%, over the second quarter of 2018. This increase in average home sales price was primarily due to changes in product mix, higher price points in new markets and a favorable pricing environment.

Gross margin as a percentage of home sales revenues for the second quarter of 2019 was 24.1% as compared to 26.1% for the second quarter of 2018. Adjusted gross margin (non-GAAP) as a percentage of home sales revenues for the second quarter of 2019 was 26.3% as compared to 27.7% for the second quarter of 2018. This decrease in gross margin as a percentage of home sales revenues is primarily due to higher capitalized interest costs recognized, purchase accounting, and to a lesser extent, increased construction costs, offset by an increase in homes closed for the second quarter of 2019 as compared to the second quarter of 2018. Please see “[Non-GAAP Measures](#)” for a reconciliation of adjusted gross margin (non-GAAP) to gross margin, the most comparable GAAP measure.

Net income of \$46.1 million, or \$2.01 per basic share and \$1.82 per diluted share, for the second quarter of 2019 decreased \$1.5 million, or 3.3%, from \$47.6 million, or \$2.11 per basic share and \$1.90 per diluted share, for the second quarter of 2018. The decrease in net income is primarily attributed to lower gross margin percentage, increased advertising and additional costs realized from the increase of personnel associated with the increase of community count, higher capitalized interest costs recognized and purchase accounting, partially offset by a higher average sales price realized during the second quarter of 2019 as compared to the second quarter of 2018.

Results for the Six Months Ended June 30, 2019

Home closings for the six months ended June 30, 2019 increased 3.7% to 3,172 from 3,059 during the six months ended June 30, 2018.

Home sales revenues for the six months ended June 30, 2019 increased 7.2% to \$749.4 million compared to the six months ended June 30, 2018. The increase in home sales revenues is primarily due to the increase in the number of homes closed and an increase in the average home sales price. The increase in home closings was largely due to increased home closings in the Company’s West, Central and Southeast reportable segments, partially offset by decreased home closings in the Company’s Northwest and Florida reportable segments which were largely due to close out of or transition between, and to a lesser extent available inventory in certain of their respective active communities.

The average home sales price was \$236,262 for the six months ended June 30, 2019, an increase of \$7,798, or 3.4%, over the six months ended June 30, 2018. This increase is primarily due to changes in product mix, higher price points in certain new markets and increases in sales prices in existing communities.

Gross margin as a percentage of home sales revenues for the six months ended June 30, 2019 was 23.7% as compared to 25.6% for the six months ended June 30, 2018. Adjusted gross margin (non-GAAP) as a percentage of home sales revenues for the six months ended June 30, 2019 was 25.8% as compared to 27.2% for the six months ended June 30, 2018. These decreases are primarily due to a combination of higher construction costs, construction overhead, lot costs, capitalized interest, and to lesser degree purchase accounting, partially offset by higher average home sales price. Please see “Non-GAAP Measures” for a reconciliation of adjusted gross margin (non-GAAP) to gross margin, the most comparable GAAP measure.

Net income of \$64.4 million, or \$2.82 per basic share and \$2.55 per diluted share, for the six months ended June 30, 2019 decreased \$10.5 million, or 14.0%, from \$74.9 million for the six months ended June 30, 2018. This decrease is primarily attributable to lower gross margin percentage, increased advertising and additional costs realized from the increase of personnel associated with the increase of community count, higher capitalized interest cost recognized, purchase accounting and start-up costs in the Company’s Southeast reportable segment, partially offset by a higher average sales price realized during the six months ended June 30, 2019 as compared to the six months ended June 30, 2018.

Outlook

Subject to the caveats in the Forward-Looking Statements section of this press release, the Company reaffirms its prior 2019 guidance. The Company believes it will have between 105 and 115 active selling communities at the end of 2019, close between 6,900 and 7,800 homes in 2019, and generate basic EPS between \$7.00 and \$8.00 per share during 2019. In addition, the Company believes 2019 gross margin as a percentage of home sales revenues will be in the range of 23.5% and 25.5% and 2019 adjusted gross margin (non-GAAP) as a percentage of home sales revenues will be in the range of 25.5% and 27.5% with capitalized interest accounting for substantially all of the difference between gross margin and adjusted gross margin. The Company also believes that the average home sales price in 2019 will be between \$235,000 and \$245,000. This outlook assumes that general economic conditions, including interest rates and mortgage availability, in the remainder of 2019 are similar to those experienced in the second quarter of 2019 and that average home sales price, construction costs, availability of land, land development costs and overall absorption rates in the remainder of 2019 are consistent with the Company’s recent experience. In addition, this outlook assumes that none of the Company’s 4.25% Convertible Notes due 2019 (\$70.0 million aggregate principal amount currently outstanding) are converted prior to their maturity on November 15, 2019.

Earnings Conference Call

The Company will host a conference call via live webcast for investors and other interested parties beginning at 12:30 p.m. Eastern Time on Tuesday, August 6, 2019 (the “Earnings Call”). The Earnings Call will be hosted by Eric Lipar, Chief Executive Officer and Chairman of the Board, and Charles Merdian, Chief Financial Officer.

Participants may access the live webcast by visiting the Investor Relations section of the Company’s website at www.LGIHomes.com. The Earnings Call can also be accessed by dialing (855) 433-0929, or (970) 315-0256 for international participants.

An archive of the webcast will be available on the Company’s website for approximately 12 months. A replay of the Earnings Call will also be available later that day by calling (855) 859-2056, or (404) 537-3406, using conference id “1462049”. This replay will be available until August 13, 2019.

About LGI Homes, Inc.

Headquartered in The Woodlands, Texas, LGI Homes, Inc. engages in the design, construction and sale of homes in Texas, Arizona, Florida, Georgia, New Mexico, Colorado, North Carolina, South Carolina, Washington, Tennessee, Minnesota, Oklahoma, Alabama, California, Oregon, Nevada and West Virginia. Recently recognized as the 10th largest residential builder in America, based on units closed, the Company has a notable legacy of more than 16 years of homebuilding operations, over which time it has closed more than 32,000 homes. For more information about the Company and its new home developments, please visit the Company’s website at www.LGIHomes.com.

Forward-Looking Statements

Any statements made in this press release or on the Earnings Call that are not statements of historical fact, including statements about the Company's beliefs and expectations, are forward-looking statements within the meaning of the federal securities laws, and should be evaluated as such. Forward-looking statements include information concerning projected 2019 home closings, year-end selling communities, basic earnings per share, gross margin as a percentage of home sales revenues, adjusted gross margin as a percentage of home sales revenue, and average home sales price, as well as market conditions and possible or assumed future results of operations, including descriptions of the Company's business plan and strategies. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "goal," "intend," "may," "objective," "plan," "potential," "predict," "projection," "should," "will" or, in each case, their negative, or other variations or comparable terminology. For more information concerning factors that could cause actual results to differ materially from those contained in the forward-looking statements please refer to the "Risk Factors" section in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, including the "Cautionary Statement about Forward-Looking Statements" subsection within the "Risk Factors" section, and subsequent filings by the Company with the Securities and Exchange Commission. The Company bases these forward-looking statements or projections on its current expectations, plans and assumptions that it has made in light of its experience in the industry, as well as its perceptions of historical trends, current conditions, expected future developments and other factors it believes are appropriate under the circumstances and at such time. As you read and consider this press release or listen to the Earnings Call, you should understand that these statements are not guarantees of future performance or results. The forward-looking statements and projections are subject to and involve risks, uncertainties and assumptions and you should not place undue reliance on these forward-looking statements or projections. Although the Company believes that these forward-looking statements and projections are based on reasonable assumptions at the time they are made, you should be aware that many factors could affect the Company's actual results to differ materially from those expressed in the forward-looking statements and projections. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. If the Company does update one or more forward-looking statements, there should be no inference that it will make additional updates with respect to those or other forward-looking statements.

LGI HOMES, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except share data)

| | June 30, 2019 | December 31, 2018 |
|--|------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 37,555 | \$ 46,624 |
| Accounts receivable | 43,207 | 42,836 |
| Real estate inventory | 1,328,699 | 1,228,256 |
| Pre-acquisition costs and deposits | 45,991 | 45,752 |
| Property and equipment, net | 1,429 | 1,432 |
| Other assets | 15,146 | 15,765 |
| Deferred tax assets, net | 2,015 | 2,790 |
| Goodwill and intangible assets, net | 12,018 | 12,018 |
| Total assets | \$ 1,486,060 | \$ 1,395,473 |
| LIABILITIES AND EQUITY | | |
| Accounts payable | \$ 22,562 | \$ 9,241 |
| Accrued expenses and other liabilities | 73,340 | 76,555 |
| Notes payable | 664,923 | 653,734 |
| Total liabilities | 760,825 | 739,530 |
| COMMITMENTS AND CONTINGENCIES | | |
| EQUITY | | |
| Common stock, par value \$0.01, 250,000,000 shares authorized, 23,978,883 shares issued and 22,939,883 shares outstanding as of June 30, 2019 and 23,746,385 shares issued and 22,707,385 shares outstanding as of December 31, 2018 | 240 | 237 |
| Additional paid-in capital | 246,888 | 241,988 |
| Retained earnings | 496,163 | 431,774 |
| Treasury stock, at cost, 1,039,000 shares | (18,056) | (18,056) |
| Total equity | 725,235 | 655,943 |
| Total liabilities and equity | \$ 1,486,060 | \$ 1,395,473 |

LGI HOMES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except share and per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--------------------------------------|-----------------------------|------------------|---------------------------|------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Home sales revenues | \$ 461,830 | \$ 419,847 | \$ 749,424 | \$ 698,871 |
| Cost of sales | 350,519 | 310,082 | 571,809 | 519,847 |
| Selling expenses | 33,890 | 29,301 | 60,681 | 52,250 |
| General and administrative | 18,980 | 18,302 | 37,418 | 33,742 |
| Operating income | 58,441 | 62,162 | 79,516 | 93,032 |
| Loss on extinguishment of debt | 169 | 365 | 169 | 540 |
| Other income, net | (2,263) | (874) | (2,882) | (1,406) |
| Net income before income taxes | 60,535 | 62,671 | 82,229 | 93,898 |
| Income tax provision | 14,480 | 15,063 | 17,840 | 18,988 |
| Net income | <u>\$ 46,055</u> | <u>\$ 47,608</u> | <u>\$ 64,389</u> | <u>\$ 74,910</u> |
| Earnings per share: | | | | |
| Basic | \$ 2.01 | \$ 2.11 | \$ 2.82 | \$ 3.34 |
| Diluted | \$ 1.82 | \$ 1.90 | \$ 2.55 | \$ 3.01 |
| Weighted average shares outstanding: | | | | |
| Basic | 22,926,156 | 22,616,085 | 22,835,920 | 22,403,266 |
| Diluted | 25,357,396 | 25,000,647 | 25,226,062 | 24,884,628 |

Non-GAAP Measures

In addition to the results reported in accordance with U.S. GAAP, the Company has provided information in this press release relating to adjusted gross margin.

Adjusted gross margin is a non-GAAP financial measure used by management as a supplemental measure in evaluating operating performance. The Company defines adjusted gross margin as gross margin less capitalized interest and adjustments resulting from the application of purchase accounting included in the cost of sales. Management believes this information is useful because it isolates the impact that capitalized interest and purchase accounting adjustments have on gross margin. However, because adjusted gross margin information excludes capitalized interest and purchase accounting adjustments, which have real economic effects and could impact results, the utility of adjusted gross margin information as a measure of operating performance may be limited. In addition, other companies may not calculate adjusted gross margin information in the same manner that the Company does. Accordingly, adjusted gross margin information should be considered only as a supplement to gross margin information as a measure of performance.

The following table reconciles adjusted gross margin to gross margin, which is the GAAP financial measure that the Company believes to be most directly comparable (dollars in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|------------|---------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Home sales revenues | \$ 461,830 | \$ 419,847 | \$ 749,424 | \$ 698,871 |
| Cost of sales | 350,519 | 310,082 | 571,809 | 519,847 |
| Gross margin | 111,311 | 109,765 | 177,615 | 179,024 |
| Capitalized interest charged to cost of sales | 8,989 | 6,588 | 14,383 | 10,900 |
| Purchase accounting adjustments ⁽¹⁾ | 956 | — | 1,586 | (3) |
| Adjusted gross margin | \$ 121,256 | \$ 116,353 | \$ 193,584 | \$ 189,921 |
| Gross margin % ⁽²⁾ | 24.1% | 26.1% | 23.7% | 25.6% |
| Adjusted gross margin % ⁽²⁾ | 26.3% | 27.7% | 25.8% | 27.2% |

(1) Adjustments result from the application of purchase accounting for acquisitions and represent the amount of the fair value step-up adjustments included in cost of sales for real estate inventory sold after the acquisition dates.

(2) Calculated as a percentage of home sales revenues.

Home Sales Revenues, Home Closings, Average Home Sales Price (ASP), Average Community Count and Average Monthly Absorption Rates by Reportable Segment (Revenues in thousands, unaudited)

| | Three Months Ended June 30, 2019 | | | | |
|-----------|----------------------------------|---------------|------------|-------------------------|---------------------------------|
| | Revenues | Home Closings | ASP | Average Community Count | Average Monthly Absorption Rate |
| Central | \$ 189,894 | 888 | \$ 213,845 | 33.3 | 8.9 |
| Northwest | 78,996 | 214 | 369,140 | 11.0 | 6.5 |
| Southeast | 77,820 | 360 | 216,167 | 24.0 | 5.0 |
| Florida | 48,187 | 234 | 205,927 | 11.7 | 6.7 |
| West | 66,933 | 248 | 269,891 | 13.0 | 6.4 |
| Total | \$ 461,830 | 1,944 | \$ 237,567 | 93.0 | 7.0 |

Three Months Ended June 30, 2018

| | Revenues | Home Closings | ASP | Average Community Count | Average Monthly Absorption Rate |
|--------------|-------------------|----------------------|-------------------|------------------------------------|--|
| Central | \$ 181,967 | 853 | \$ 213,326 | 30.7 | 9.3 |
| Northwest | 85,233 | 239 | 356,623 | 9.3 | 8.6 |
| Southeast | 60,369 | 298 | 202,581 | 17.0 | 5.8 |
| Florida | 55,018 | 257 | 214,078 | 11.7 | 7.3 |
| West | 37,260 | 168 | 221,786 | 9.3 | 6.0 |
| Total | \$ 419,847 | 1,815 | \$ 231,321 | 78.0 | 7.8 |

Six Months Ended June 30, 2019

| | Revenues | Home Closings | ASP | Average Community Count | Average Monthly Absorption Rate |
|--------------|-------------------|----------------------|-------------------|------------------------------------|--|
| Central | \$ 314,091 | 1,466 | \$ 214,250 | 32.7 | 7.5 |
| Northwest | 115,250 | 313 | 368,211 | 11.0 | 4.7 |
| Southeast | 130,234 | 590 | 220,736 | 21.5 | 4.6 |
| Florida | 77,099 | 376 | 205,051 | 11.3 | 5.5 |
| West | 112,750 | 427 | 264,052 | 12.2 | 5.8 |
| Total | \$ 749,424 | 3,172 | \$ 236,262 | 88.7 | 6.0 |

Six Months Ended June 30, 2018

| | Revenues | Home Closings | ASP | Average Community Count | Average Monthly Absorption Rate |
|--------------|-------------------|----------------------|-------------------|------------------------------------|--|
| Central | \$ 289,465 | 1,374 | \$ 210,673 | 30.0 | 7.6 |
| Northwest | 142,406 | 394 | 361,437 | 9.8 | 6.7 |
| Southeast | 105,477 | 527 | 200,146 | 17.0 | 5.2 |
| Florida | 97,461 | 466 | 209,144 | 11.5 | 6.8 |
| West | 64,062 | 298 | 214,973 | 9.2 | 5.4 |
| Total | \$ 698,871 | 3,059 | \$ 228,464 | 77.5 | 6.6 |

CONTACT: Investor Relations:
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InvestorRelations@LGIHomes.com