



ANALYST QUICK NOTES

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Lennar Corp. (NYSE: LEN: BUY)

Target Price: \$55

Christopher Graja, CFA

3/20/2017

What's New?

- Lennar reports 1Q earnings before market open on 3/21/2017.
- Conference call 11:00

What is the significance?

- Data on new orders and management commentary should provide insights on the health of the housing recovery.
 - Effect of higher interest rates.
 - Early read on spring selling – post Super Bowl.

What do we expect?

- EPS \$0.56 vs. Bloomberg Consensus \$0.55.
- Home building revenue \$1.96 billion.
- Total revenue: \$2.22 billion vs consensus \$2.22 billion

For the Year

- Our FY17 EPS forecast is \$4.20, based on the following assumptions.
 - For FY17, the company expects to deliver 28,500 – 29,000 homes.
 - Average delivery price to be between \$365,000 and \$370,000.
 - Homebuilding gross margin is expected to be approximately 22%-22.5%.
 - Management expects homebuilding operating margin to be approximately 13%.
 - SG&A 9.1% to 9.3%
 - The ancillary businesses are difficult to model. Based on management's guidance, we are now modeling.
 - Financial Services profit at about \$155 million for the year.
 - Multifamily at approximately \$75 million.
 - Rialto at approximately \$50 million.
 - "Other" at about \$75 million.
 - We are still modeling a FY16 tax rate of approximately 34%.
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