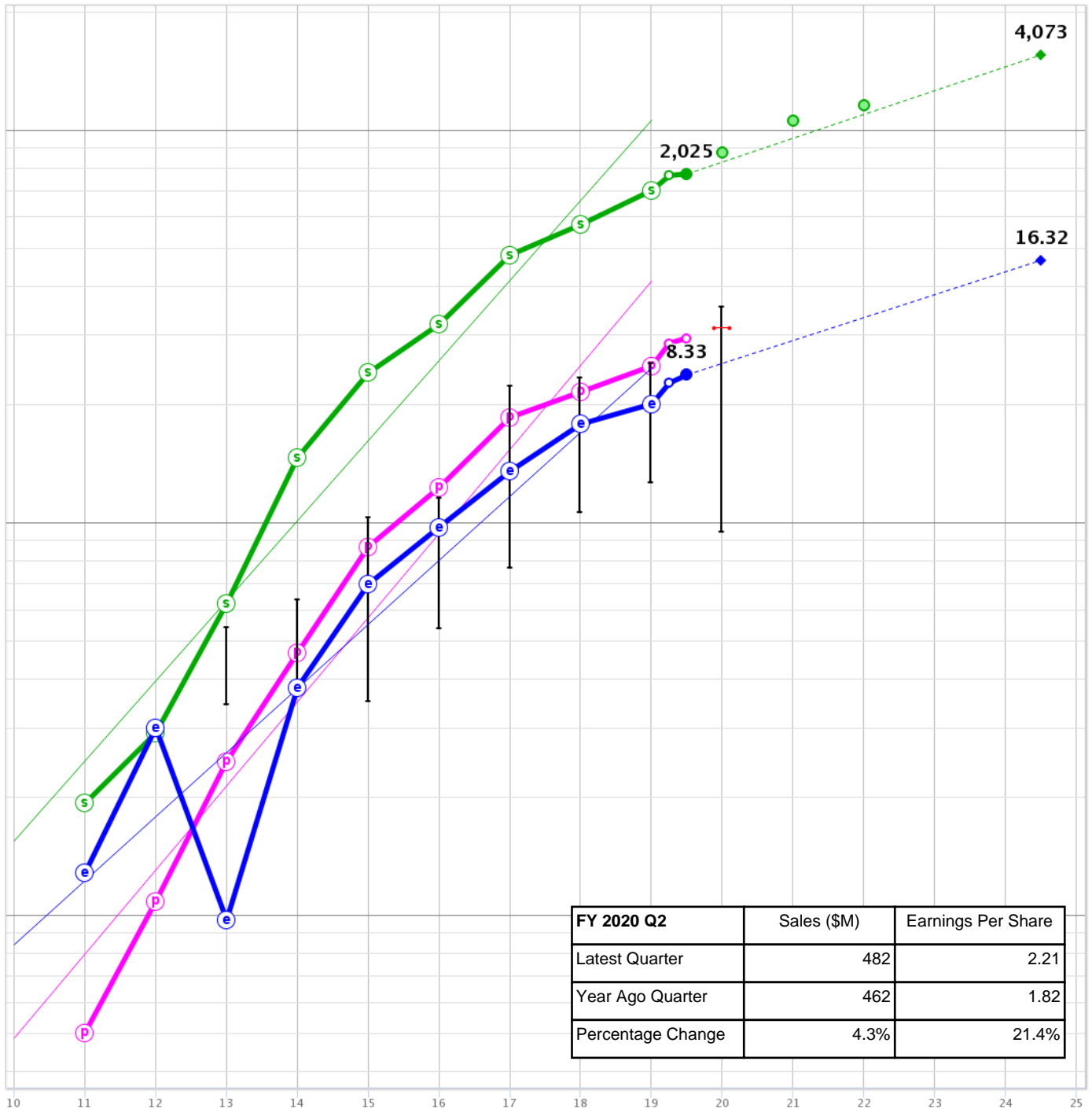


Company	LGI Homes		Date	08/13/20	
Prepared by	O'MARA		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Residential Construction		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	25.2	4.4	66.1		
Debt (\$M)	593.5	% to Tot Cap	39.2	% Pot Dil	0.3

Stock Selection Guide

Symbol: LGIH

1 VISUAL ANALYSIS of Sales, Earnings, and Price



FY 2020 Q2	Sales (\$M)	Earnings Per Share
Latest Quarter	482	2.21
Year Ago Quarter	462	1.82
Percentage Change	4.3%	21.4%

- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 60.0% | (3) Historical Earnings Per Share Growth | 45.6% |
| (2) Estimated Future Sales Growth | 15.0% | (4) Estimated Future Earnings Per Share Growth | 14.4% |

2 EVALUATING Management

LGI Homes

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Last 5 Year Avg.
Pre-tax Profit on Sales		9.2%	13.1%	14.0%	11.2%	12.7%	13.6%	13.6%	13.2%	12.6%	13.1%
% Earned on Equity				18.7%	14.2%	22.1%	22.0%	23.1%	23.1%	22.9%	22.6%
% Debt To Capital		33.1%	37.3%	17.8%	54.2%	55.5%	53.0%	49.2%	49.9%	45.2%	50.6%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 109.76 (08/13/20)

HIGH THIS YEAR 123.94

LOW THIS YEAR 33.00

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2015	36.1	12.2	2.44	14.8	5.0	0.00	0.0	0.0
2016	40.5	18.7	3.41	11.9	5.5	0.00	0.0	0.0
2017	78.0	26.8	4.73	16.5	5.7	0.00	0.0	0.0
2018	81.9	37.2	6.24	13.1	6.0	0.00	0.0	0.0
2019	89.0	44.2	7.02	12.7	6.3	0.00	0.0	0.0
AVERAGE		27.8		13.8	5.7		0.0	
CURRENT/TTM			8.33			0.00	0.0	
AVERAGE PRICE EARNINGS RATIO: 9.7					CURRENT PRICE EARNINGS RATIO: 13.2			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 13.0 X Estimate High Earnings/Share 16.32 = Forecasted High Price \$ 212.2

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 5.7 X Estimate Low Earnings/Share 8.33 = Forecasted Low Price \$ 47.5

(b) Avg. Low Price of Last 5 Years 27.8

(c) Recent Market Low Price 33.0

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.00}{0.00\%} = 0.0$

Selected Forecasted Low Price \$ 87.0

C ZONING using 25%-50%-25%

Forecasted High Price 212.2 Minus Forecasted Low Price 87.0 = 125.2 Range. 25% of Range 31.3

Buy Zone 87.0 to 118.3

Hold Zone 118.3 to 180.9

Sell Zone 180.9 to 212.2

Present Market Price of 109.76 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{212.2 - 109.76}{109.76 - 87.0} = \frac{102.40}{22.76} = 4.5$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{212.2 - 109.76}{109.76} = 1.9329$ X 100 = 193.29 - 100 = 93.3 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.00}{109.76} = 0.0000 = 0.0\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0\%}{13.00} = 0.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0\%}{9.35} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 14.1 %
Average Yield 0.0 %
Annualized Rate of Return 14.1 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 6.8 %
Average Yield 0.0 %
Annualized Rate of Return 6.8 %

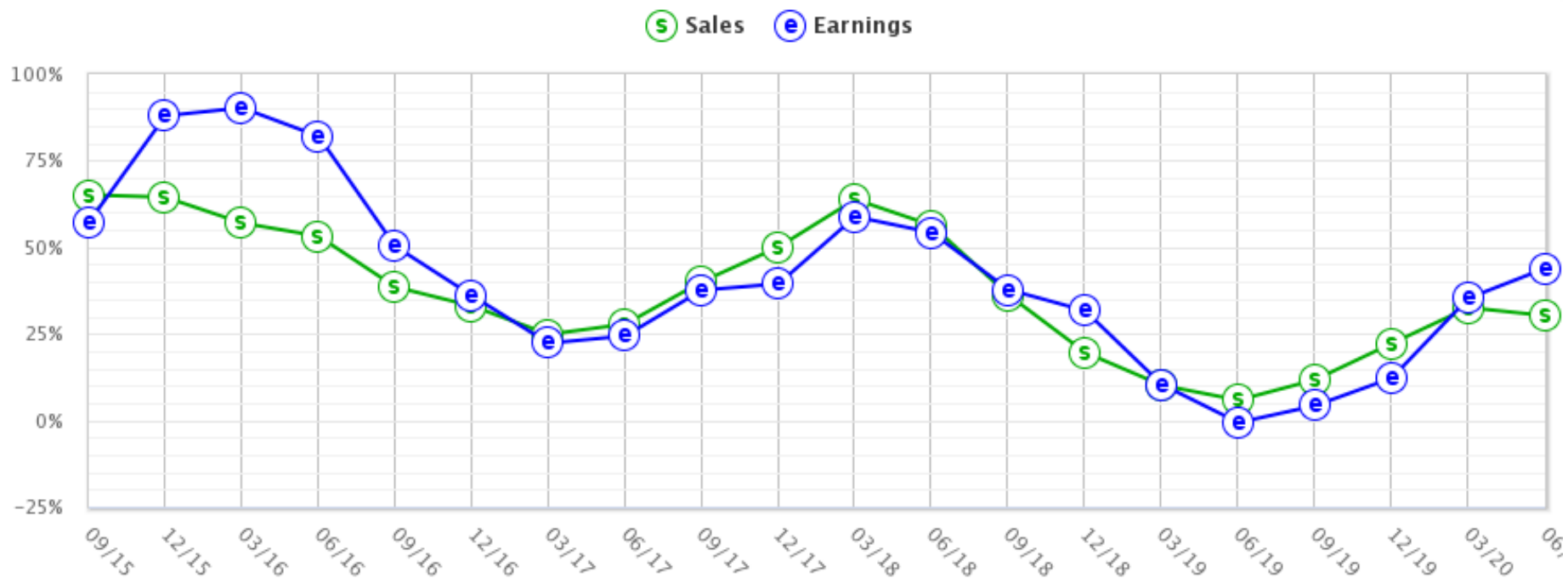
Notes: LGIH 8/14/20

Date	Subject	Description	Type
08/14/20	Response to COVID-19	<p>Prioritize Health & Safety</p> <ul style="list-style-type: none"> • Enhanced office procedures for employee protection • Increased frequency of cleaning • Decreased office hours in the field • Adjusted staffing in the field • Corporate personnel working remotely • Following all state and CDC guidelines <p>Cash Management</p> <ul style="list-style-type: none"> • Delayed or cancelled land acquisitions • Deferred April starts to reduce overall inventory • Significantly reduced marketing spend • Suspended new development contracts • Eliminated business travel • Cancelled group meetings, including April training class, quarterly meetings, etc. • Delayed major expenditures 	Community
08/14/20	2020 Increase in Home Closing During COVID-19	<p>THE WOODLANDS, Texas, Aug. 05, 2020 (GLOBE NEWSWIRE) -- LGI Homes, Inc. (NASDAQ: LGIH) today announced 611 home closings in July 2020, compared to 672 home closings in July 2019. In addition, the Company ended the first seven months of 2020 with 4,451 home closings, a 15.8% increase over 3,844 home closings during the first seven months of 2019.</p> <p>As of the end of July 2020, the Company had 111 active selling communities.</p> <p>“Despite the headwinds created by the ongoing COVID-19 pandemic, a combination of low interest rates, an undersupply of existing homes and a renewed appreciation for the value of homeownership drove strong demand in May and June resulting in our highest backlog ever. This momentum continued in July as evidenced by our net orders increasing over 60% year-over-year. Based on our current view of market conditions and our strong second quarter results, we are providing full year 2020 guidance and anticipate closing between 8,000 to 8,800 homes for the year. Additionally, we expect active selling communities at the end of the year will be between 115 and 125 and expect our average home sales price for 2020 will be in the range of \$245,000 to \$255,000.”</p>	Community
02/15/20	Jaqui's note, 2/14/20	<p>Since the last quarterly check in, LGIH has had record-breaking sales in December, 61% more closings in January of this year than last, and opening in two additional markets in Texas and North Carolina.</p>	Community

11/23/19	Jaqui's Note, 11/23/19	Just in the month of November, LGIH has entered Sarasota, Daytona Beach, and the entire state of Virginia AND expanded it's presence in Dallas-Fort Worth, near Atlanta. They also opened their first community in Greenville-Spartanburg and opened a new community near Jacksonville, FL. Not sure what the dip in price was about, but I think we should HOLD. If it gets to low \$60s I think we should buy more.	Community
05/15/19	LGIH 2.21.19, Jaqui T	<p>INVESTOR RELATIONS Dec 2018:</p> <p>?Didn't say what their plan for growth is (like specific cities they're targeting to build in). They mostly focused on their efficiency and general growth plan (land acquisition strategy)</p> <p>?#10 on Fortune's 2018 list of fast growing companies</p> <p>?Improved rank from #15 to #5 in building in the Raleigh-Durham market</p> <p>?Their goal was to close 6400 homes in 2018. They sold over 6500.</p> <p>?They have a system: They can build homes in 60-120 days because they offer 4-6 plans per community with no specifications. They also build homes in groups.</p> <p>EPS in 5 years per Yahoo: 20%</p> <p>UPDATE ON 5/14/19: They missed earnings and a key projection has been lowered. They are still going strong and look better than their competitors. The Valueline doesn't say much. I think they will continue to give us an ROI of over 15%. However, I think that growth will be steady, but unremarkable for at least a while.</p>	Community

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data



Period	Quarterly Data								Last 12 Months Data								
	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change		\$	\$ Mil	%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales	
06/20	2.21	21.4	68.6	14.2	13.3	481.6	4.3	18.9	8.33	273.1	13.5	2,025.1	60.2	22.0	43.9	45.7	30.2
03/20	1.67	128.8	54.9	12.1	153.0	454.7	58.1	22.0	7.94	265.0	13.2	2,005.3	61.8	23.3	35.3	39.8	32.5
12/19	2.52	46.5	84.9	14.0	51.0	605.6	42.5	23.6	7.00	231.8	12.6	1,838.2	50.3	21.7	12.2	16.4	22.2
09/19	1.93	27.0	64.7	13.4	32.1	483.1	27.0	23.8	6.20	203.2	12.3	1,657.7	44.3	21.8	4.2	2.6	11.7
06/19	1.82	-4.2	60.5	13.1	-3.4	461.8	10.0	23.9	5.79	187.4	12.1	1,555.0	40.5	21.6	-0.7	-6.2	5.8
03/19	0.73	-33.6	21.7	7.5	-30.5	287.6	3.1	15.5	5.87	189.6	12.5	1,513.0	41.1	21.7	10.3	2.0	10.1
12/18	1.72	20.3	56.2	13.2	2.1	425.2	5.0	24.1	6.24	199.1	13.2	1,504.4	41.7	20.9	31.6	16.2	19.6
09/18	1.52	8.6	49.0	12.9	-3.7	380.4	4.0	23.0	5.95	197.9	13.3	1,484.2	46.9	23.7	37.7	30.8	36.2
06/18	1.90	36.7	62.7	14.9	28.8	419.8	29.5	24.0	5.83	199.8	13.6	1,469.7	52.8	26.4	54.2	53.8	56.3
03/18	1.10	111.5	31.2	11.2	85.4	279.0	71.3	12.6	5.32	185.8	13.5	1,374.1	53.6	28.9	58.8	64.9	63.8

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data									Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil		%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit
12/17	1.43	41.6	55.0	13.6	57.5	405.0	71.0	35.3	4.74	171.4	13.6	1,258.0	56.9	33.2	39.4	50.8	50.1
09/17	1.40	62.8	50.9	13.9	72.5	365.9	69.2	33.8	4.32	151.3	13.9	1,089.8	49.6	32.8	37.6	47.2	40.0
06/17	1.39	44.8	48.6	15.0	54.9	324.2	45.6	33.8	3.78	129.9	13.8	940.2	42.7	32.9	24.3	34.6	27.8
03/17	0.52	-8.8	16.8	10.3	-5.5	162.9	0.3	30.1	3.35	112.7	13.4	838.8	37.1	33.0	22.3	30.4	24.8
12/16	1.01	34.7	34.9	14.8	45.1	236.8	34.0	33.6	3.40	113.7	13.6	838.3	38.7	34.0	36.0	41.6	33.0
09/16	0.86	13.2	29.5	13.6	27.0	216.3	24.3	34.0	3.14	102.8	13.2	778.3	35.3	34.3	50.2	51.7	38.5
06/16	0.96	45.5	31.4	14.1	47.8	222.7	40.2	34.2	3.04	96.6	13.1	735.9	33.0	34.2	82.0	75.3	53.2
03/16	0.57	72.7	17.8	11.0	52.1	162.5	34.6	34.4	2.74	86.4	12.9	672.0	29.6	34.2	90.3	81.0	57.0
12/15	0.75	120.6	24.1	13.6	108.2	176.8	63.0	34.7	2.50	80.3	12.7	630.2	27.5	34.2	88.0	86.4	64.4
09/15	0.76	123.5	23.2	13.3	120.4	174.0	88.0	33.6	2.09	67.8	12.1	561.9	23.2	34.3	57.1	63.6	65.1
06/15	0.66	53.5	21.2	13.4	52.8	158.8	49.3	34.2	1.67	55.1	11.5	480.5	18.8	34.1	30.7	52.2	68.1
03/15	0.33	50.0	11.7	9.7	65.9	120.7	59.0	34.3	1.44	47.7	11.2	428.0	16.4	34.3	-6.4	74.4	97.5
12/14	0.34	0.0	11.6	10.7	16.7	108.4	65.6	34.9	1.33	43.1	11.2	383.3	14.9	34.5	-19.2	88.9	135.4
09/14	0.34	18.1	10.5	11.4	99.3	92.5	143.2	33.1	1.33	41.4	12.2	340.3	11.5	27.8	12.4	171.2	180.9
06/14	0.43	-37.7	13.9	13.1	172.5	106.4	185.0	35.0	1.28	36.2	12.7	285.8	7.3	20.1	-7.7	162.7	168.0
03/14	0.22	-32.9	7.1	9.3	183.0	75.9	245.7	35.0	1.54	27.4	12.6	216.8	3.2	11.8			
12/13	0.34	376.4	9.9	15.2	315.0	65.5	174.9	8.0	1.65	22.8	14.0	162.8	0.8	3.6			
09/13	0.29	-41.1	5.3	13.9	39.8	38.0	61.5	2.6	1.18	15.3	12.6	121.2	0.3	2.2			
06/13	0.69		5.1	13.7		37.3		1.7									
03/13	0.33		2.5	11.4		22.0		1.9									
12/12	-0.12		2.4	10.0		23.8		2.4									
09/12	0.49		3.8	16.1		23.6		0.9									