

M I HOMES INC
Form 424B5
September 05, 2012
Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration File No. 333-176088

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated September 5, 2012

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated September 30, 2011)

2,200,000 shares

M/I Homes, Inc.

Common Shares

We are offering 2,200,000 of our common shares. We have granted the underwriters an option, exercisable for up to 30 days from the date of this prospectus supplement, to purchase up to 330,000 additional common shares at the public offering price less the underwriting discounts to cover over-allotments, if any.

Our common shares are listed on the New York Stock Exchange under the symbol MHO. On September 4, 2012, the last reported sales price of our common shares on the New York Stock Exchange was \$19.55 per share.

Concurrently with this offering, under a separate prospectus supplement, we are offering up to \$50,000,000 aggregate principal amount of our % Convertible Senior Subordinated Notes due 2017 (the 2017 Notes). Neither this offering nor the offering of the 2017 Notes is contingent on the completion of the other.

	Per share	Total
Public offering price	\$	\$
Underwriting discounts	\$	\$
Proceeds to M/I Homes, Inc., before expenses	\$	\$

Investing in our common shares involves a high degree of risk. See Risk Factors beginning on page S-7.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common shares on or about September , 2012.

Joint book-running managers

Citigroup

J.P. Morgan

Lead manager

JMP Securities

, 2012

Table of Contents**TABLE OF CONTENTS****Prospectus Supplement**

	Page
<u>About this Prospectus Supplement</u>	ii
<u>Industry and Market Data</u>	ii
<u>Forward-Looking Statements</u>	ii
<u>Summary</u>	S-1
<u>Risk Factors</u>	S-7
<u>Use of Proceeds</u>	S-26
<u>Capitalization</u>	S-27
<u>Price Range of Common Shares; Dividend Policy</u>	S-29
<u>Material United States Federal Tax Consequences to Non-U.S. Holders of our Common Shares</u>	S-30
<u>Underwriting</u>	S-34
<u>Legal Matters</u>	S-37
<u>Experts</u>	S-37
<u>Where You Can Find More Information</u>	S-37
<u>Incorporation by Reference</u>	S-38

Prospectus

	Page
<u>About this Prospectus</u>	1
<u>Forward-Looking Statements</u>	2
<u>M/I Homes, Inc.</u>	4
<u>Risk Factors</u>	5
<u>Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends</u>	6
<u>Use of Proceeds</u>	7
<u>Description of Debt Securities</u>	8
<u>Description of Capital Stock</u>	21
<u>Description of Depositary Shares</u>	27
<u>Description of Warrants</u>	31
<u>Description of Rights</u>	33
<u>Description of Stock Purchase Contracts and Stock Purchase Units</u>	35
<u>Description of Units</u>	36
<u>Plan of Distribution</u>	37
<u>Legal Matters</u>	40
<u>Experts</u>	40
<u>Where You Can Find More Information</u>	40
<u>Incorporation by Reference</u>	40

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information or represent anything about us, our financial results or this offering that is not contained or incorporated by reference in this prospectus supplement and the accompanying

Edgar Filing: M I HOMES INC - Form 424B5

prospectus. We are not, and the underwriters are not, making an offer to sell these securities or soliciting an offer to buy these securities in any state or other jurisdiction where the offer or solicitation is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate on any date subsequent to the date set forth on the front of this prospectus supplement or the date of incorporation by reference, even though this prospectus supplement and the accompanying prospectus may be delivered or securities may be sold on a later date.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the offering of common shares and also adds to and updates information contained in the accompanying prospectus as well as the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which information does not apply to the common shares we are offering. To the extent any inconsistency or conflict exists between the information included in this prospectus supplement and the information included in the accompanying prospectus, the information included or incorporated in this prospectus supplement updates and supersedes the information in the accompanying prospectus. This prospectus supplement incorporates by reference important business and financial information about us that is not included in or delivered with this prospectus supplement.

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus supplement and the accompanying prospectus to M/I, us, we, our or the Company mean M/I Homes, Inc., an Ohio corporation, and our consolidated subsidiaries, except where made clear that the terms mean M/I Homes, Inc. only.

Unless otherwise indicated, all information in this prospectus supplement assumes the underwriters' option to purchase additional shares will not be exercised.

INDUSTRY AND MARKET DATA

We obtained the market and competitive position data used throughout this prospectus supplement, the accompanying prospectus and the documents incorporated by reference from our own research, surveys or studies conducted by third parties and industry or general publications. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications is reliable, neither we nor the underwriters have independently verified such data and neither we nor the underwriters make any representation as to the accuracy of such information. Similarly, we believe our internal research is reliable, but it has not been verified by any independent sources.

FORWARD-LOOKING STATEMENTS

Certain information contained or incorporated by reference in this prospectus supplement contains forward-looking statements, including, but not limited to, statements regarding our future financial performance and financial condition. Words such as expects, anticipates, envisions, targets, goals, projects, intends, plans, believes, seeks, estimates, variations of such words and similar expressions are intended to identify forward-looking statements. These statements involve a number of risks and uncertainties. Any forward-looking statements that we make or incorporate herein are not guarantees of future performance, and actual results may differ materially from those in such forward-looking statements as a result of various factors, including, but not limited to, those referred to below:

the homebuilding industry has experienced a prolonged and severe downturn, and the volume of new home sales in most markets remains at historically depressed levels despite recent signs of a modest recovery in housing, and such conditions could adversely affect our business and results of operations;

Edgar Filing: M I HOMES INC - Form 424B5

further tightening of residential consumer mortgage lending or mortgage financing requirements or further volatility in credit and consumer lending markets could adversely affect the availability of residential consumer mortgage loans for some potential purchasers of our homes and thereby reduce our sales;

Table of Contents

our strategies in responding to the adverse conditions in the homebuilding industry over the past several years and the implementation of additional strategies may not be successful, despite signs of modest recovery in the housing industry in 2012;

our land investment exposes us to significant risks, including potential impairment write-downs, that could negatively impact our profits if the market value of our inventory declines;

if we are unable to successfully compete in the highly competitive homebuilding industry, our financial results and growth may suffer;

if economic conditions worsen or the current challenging economic conditions continue for an extended period of time, this could have continued negative consequences on our operations, financial position, and cash flows;

interest rate increases could lower demand for our homes;

tax law changes could make home ownership more expensive or less attractive;

inflation can adversely affect us, particularly in a period of declining home sale prices;

our limited geographic diversification could adversely affect us if the homebuilding industry in our markets declines;

we may not be successful in integrating acquisitions or implementing our growth strategies;

if we are unable to obtain suitable financing, our business may be negatively impacted;

the mortgage warehousing agreement of our financial services segment will expire in March 2013;

reduced numbers of home sales may force us to absorb additional carrying costs;

we could be adversely affected by a negative change in our credit rating;

errors in estimates and judgments that affect decisions about how we operate and on our reported amounts of assets, liabilities, revenues and expenses could have a material impact on us;

if our ability to resell mortgages to investors is impaired, we may be required to broker loans;

mortgage investors could seek to have us buy back loans or compensate them for losses incurred on mortgages we have sold based on claims that we breached our limited representations or warranties;

Edgar Filing: M I HOMES INC - Form 424B5

we compete on several levels with homebuilders that may have greater sales and financial resources than us, which could hurt our future earnings;

we may not be able to benefit from net operating loss carryforwards;

our net operating loss carryforwards could be substantially limited if we experience an ownership change as defined in Section 382 of the U.S. Internal Revenue Code of 1986, as amended (the Code);

our results of operations, financial condition and cash flows could be adversely affected if pending or future legal claims against us are not resolved in our favor;

the terms of our indebtedness may restrict our ability to operate and, if our financial performance declines, we may be unable to maintain compliance with the covenants in the documents governing our indebtedness;

our indebtedness could adversely affect our financial condition, and we and our subsidiaries may incur additional indebtedness, which could increase the risks created by our indebtedness;

in the ordinary course of business, we are required to obtain performance bonds, the unavailability of which could adversely affect our results of operations and/or cash flows;

Table of Contents

changes in accounting principles, interpretations and practices may affect our reported revenues, earnings and results of operations;

we can be injured by failures of persons who act on our behalf to comply with applicable regulations and guidelines;

we experience fluctuations and variability in our operating results on a quarterly basis and, as a result, our historical performance may not be a meaningful indicator of future results;

homebuilding is subject to warranty and liability claims in the ordinary course of business which may lead to additional reserves or expenses;

natural disasters and severe weather conditions could delay deliveries, increase costs and decrease demand for homes in affected areas;

supply shortages and other risks related to the demand for skilled labor and building materials could increase costs and delay deliveries;

we are subject to extensive government regulations, which could restrict our homebuilding or financial services business;

information technology failures and data security breaches could harm our business;

we are dependent on the services of certain key employees, and the loss of their services could hurt our business; and

such other factors as may be described from time to time in our filings with the Securities and Exchange Commission (the SEC).

The factors identified in this section are not intended to represent a complete list of all the factors that could adversely affect our business, operating results, financial condition or cash flows. Other factors not presently known to us or that we currently deem immaterial to us may also have an adverse effect on our business, operating results, financial condition or cash flows, and the factors we have identified could affect us to a greater extent than we currently anticipate. Many of the important factors that will determine our future financial performance and financial condition are beyond our ability to control or predict. You are cautioned not to put undue reliance on any forward-looking statements, which speak only as of the date they are made. Except as required by applicable law or the rules and regulations of the SEC, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in our subsequent filings and reports with the SEC should be consulted. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995, and all of our forward-looking statements are expressly qualified in their entirety by the cautionary statements contained or referenced in this section.

Table of Contents

SUMMARY

This summary highlights selected information about us. It may not contain all the information that may be important to you in deciding whether to invest in our common shares. You should read this entire prospectus supplement and the accompanying prospectus, together with the information incorporated by reference, including the financial data and related notes and the Risk Factors sections, before making an investment decision.

The Company

M/I Homes, Inc. is one of the nation's leading builders of single-family homes. We were incorporated, through predecessor entities, in 1973 and commenced homebuilding activities in 1976. Since that time, we have sold and delivered over 81,500 homes. We design, market, construct and sell single-family homes, attached townhomes, and condominiums to first-time, move-up, empty-nester and luxury buyers under the M/I Homes, Showcase Homes, TriStone Homes and Triumph Homes trade names.

Our homes are sold in the following geographic markets: Columbus and Cincinnati, Ohio; Indianapolis, Indiana; Chicago, Illinois; Tampa and Orlando, Florida; Houston and San Antonio, Texas; Charlotte and Raleigh, North Carolina; and the Virginia and Maryland suburbs of Washington, D.C. We support our homebuilding operations by providing mortgage financing services through our wholly-owned subsidiary, M/I Financial Corp. (M/I Financial), and title services through subsidiaries that are either wholly- or majority-owned by us.

Our financial reporting segments consist of: Midwest homebuilding; Southern homebuilding; Mid-Atlantic homebuilding; and financial services. Our homebuilding operations comprise the most substantial part of our business, representing 97% of consolidated revenue for the year ended December 31, 2011. Our financial services operations generate revenue from originating and selling mortgages and collecting fees for title insurance and closing services.

For additional information regarding our business, financial condition, results of operations and cash flows, please see our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and our Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2012 and June 30, 2012, each of which is incorporated by reference in this prospectus supplement.

Recent Developments

For the two-months ended August 31, 2012, our new contracts were 535, a 43% increase over our 373 new contracts in the same period in 2011.

Concurrent Notes Offering

Edgar Filing: M I HOMES INC - Form 424B5

Concurrently with this offering of our common shares, under a separate prospectus supplement, we are offering up to \$50,000,000 aggregate principal amount of our 2017 Notes (\$57,500,000 aggregate principal amount of our 2017 Notes if the option granted to the underwriters to purchase up to an additional \$7,500,000 aggregate principal amount of the 2017 Notes, solely to cover over-allotments, is exercised in full) in an underwritten public offering, which we refer to as the notes offering. Neither this offering nor the notes offering is contingent on the completion of the other. The foregoing description and other information regarding the notes offering is included herein solely for informational purposes. Nothing in this prospectus supplement should be construed as an offer to sell, or the solicitation of an offer to buy, any 2017 Notes in the notes offering.

S-1

Table of Contents

Corporate Information

M/I Homes, Inc. is an Ohio corporation incorporated through predecessor entities in 1973. Our executive offices are located at 3 Easton Oval, Suite 500, Columbus, Ohio 43219, and our telephone number is (614) 418-8000. Our website address is www.mihomes.com. Information on our website is not incorporated by reference in or otherwise a part of this prospectus supplement.

S-2

Table of Contents**The Offering**

The following summary contains basic information about this offering and our common shares. It may not contain all the information that is important to you. For a more complete understanding of our common shares, please refer to the section of the accompanying prospectus entitled Description of Capital Stock and our articles of incorporation and code of regulations, copies of which have been filed with the SEC and are available upon request.

Issuer	M/I Homes, Inc.
Common Shares Offered	2,200,000
Common Shares Outstanding Immediately After the Offering	21,059,699 shares. The number of common shares outstanding immediately after the offering is based on the number of common shares outstanding at June 30, 2012, and excludes (1) 330,000 common shares that may be sold by us if the underwriters exercise their over-allotment option in full, (2) 2,204,440 common shares underlying awards outstanding as of June 30, 2012 granted under our incentive compensation plans and (3) assuming completion of the notes offering, the common shares issuable upon conversion of the 2017 Notes.
Use of Proceeds	We estimate that the net proceeds to us from the sale of the common shares offered hereby will be approximately \$ million (or \$ million if the underwriters over-allotment option to purchase up to 330,000 additional common shares is exercised in full) after deducting underwriting discounts and the estimated offering expenses payable by us. We intend to use the net proceeds of this offering for general corporate purposes, which may include acquisitions of land, land development, home construction, capital expenditures, increasing our working capital, repayment of indebtedness and other related purposes.
Dividends	We have no immediate plans to pay dividends.
Listing	Our common shares are listed on the New York Stock Exchange under the symbol MHO.
Concurrent Notes Offering	Concurrently with this offering of our common shares, under a separate prospectus supplement, we are offering up to \$50,000,000 aggregate principal amount of our 2017 Notes (\$57,500,000 aggregate principal amount of our 2017 Notes if the underwriters over-allotment option to purchase up to an additional \$7,500,000 aggregate principal amount of our 2017 Notes is exercised in full) in an underwritten public offering. Neither this offering nor the notes offering is contingent on the completion of the other. For more information, see Concurrent Notes Offering.
Risk Factors	An investment in our common shares involves various risks, and prospective investors should carefully consider the matters discussed under the caption entitled Risk Factors beginning on page S-7 of this prospectus supplement.

Table of Contents**Summary Consolidated Financial Data**

The following table sets forth summary consolidated financial data for the periods indicated. You should read the following summary consolidated financial data in conjunction with our consolidated financial statements and the notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2012, which are incorporated by reference in this prospectus supplement. Results for the six months ended June 30, 2012 are not necessarily indicative of results for the full year or for future periods.

The summary consolidated net income data for the fiscal years ended December 31, 2009, 2010 and 2011 and the summary consolidated balance sheet data as of December 31, 2009, 2010 and 2011 have been derived from our historical audited consolidated financial statements. The summary consolidated net income data for the six months ended June 30, 2011 and 2012 and the summary consolidated balance sheet data as of June 30, 2011 and 2012 have been derived from our unaudited consolidated financial statements.

(in thousands, except per share amounts)	Year Ended December 31,			Six Months Ended	
	2009	2010	2011	June 30, 2011	June 30, 2012
Net income data:					
Revenue	\$ 569,949	\$ 616,377	\$ 566,424	\$ 248,014	\$ 302,119
Land and housing costs ⁽¹⁾	494,989	511,408	467,130	206,617	244,441
Impairment of inventory and investment in unconsolidated LLCs	55,421	12,538	21,993	16,316	567
Gross margin	19,539	92,431	77,301	25,081	57,111
General and administrative expenses ⁽²⁾	59,170	53,958	52,664	24,168	26,283
Selling expenses	43,950	48,084	43,534	19,408	23,836
Interest expense	8,467	9,415	15,005	7,500	8,067
Other loss	941	8,378			
Loss before income taxes ⁽³⁾	(92,989)	(27,404)	(33,902)	(25,995)	(1,075)
(Benefit) provision for income taxes ⁽⁴⁾	(30,880)	(1,135)	(25)	188	(1,093)
Net income (loss) ⁽⁴⁾⁽⁵⁾	\$ (62,109)	\$ (26,269)	\$ (33,877)	\$ (26,183)	\$ 18
Net income (loss) available to common shareholders ⁽⁴⁾⁽⁵⁾	\$ (62,109)	\$ (26,269)	\$ (33,877)	\$ (26,183)	\$ 18
Per share data:					
Earnings (loss) per share to common shareholders:					
Basic ⁽⁴⁾⁽⁵⁾	\$ (3.71)	\$ (1.42)	\$ (1.81)	\$ (1.40)	\$
Diluted ⁽⁴⁾⁽⁵⁾	\$ (3.71)	\$ (1.42)	\$ (1.81)	\$ (1.40)	\$
Weighted average shares outstanding:					
Basic	16,730	18,523	18,698	18,663	18,803
Diluted	16,730	18,523	18,698	18,663	18,998
Dividends per common share	\$	\$	\$	\$	\$
(in thousands)					
Balance sheet data:					
Cash and cash equivalents	\$ 109,930	\$ 81,208	\$ 59,793	\$ 44,900	\$ 44,297
Restricted cash ⁽⁶⁾	22,302	&			