PULTEGROUP



J.P. Morgan Homebuilding & Building Products Conference

May 14, 2024

Forward-Looking Statements

This release includes "forward-looking statements." These statements are subject to a number of risks, uncertainties and other factors that could cause our actual results, performance, prospects or opportunities, as well as those of the markets we serve or intend to serve, to differ materially from those expressed in, or implied by, these statements. You can identify these statements by the fact that they do not relate to matters of a strictly factual or historical nature and generally discuss or relate to forecasts, estimates or other expectations regarding future events. Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "plan," "project," "may," "can," "could," "might," "should," "will" and similar expressions identify forward-looking statements, including statements related to any potential impairment charges and the impacts or effects thereof, expected operating and performing results, planned transactions, planned objectives of management, future developments or conditions in the industries in which we participate and other trends, developments and uncertainties that may affect our business in the future.

Such risks, uncertainties and other factors include, among other things: interest rate changes and the availability of mortgage financing; the impact of any changes to our strategy in responding to the cyclical nature of the industry or deteriorations in industry changes or downward changes in general economic or other business conditions, including any changes regarding our land positions and the levels of our land spend; economic changes nationally or in our local markets, including inflation, deflation, changes in consumer confidence and preferences and the state of the market for homes in general; labor supply shortages and the cost of labor; the availability and cost of land and other raw materials used by us in our homebuilding operations; a decline in the value of the land and home inventories we maintain and resulting possible future writedowns of the carrying value of our real estate assets; competition within the industries in which we operate; governmental regulation directed at or affecting the housing market, the homebuilding industry or construction activities, slow growth initiatives and/or local building moratoria; the availability and cost of insurance covering risks associated with our businesses, including warranty and other legal or regulatory proceedings or claims; damage from improper acts of persons over whom we do not have control or attempts to impose liabilities or obligations of third parties on us; weather related slowdowns; the impact of climate change and related governmental regulation; adverse capital and credit market conditions, which may affect our access to and cost of capital; the insufficiency of our income tax provisions and tax reserves, including as a result of changing laws or interpretations; the potential that we do not realize our deferred tax assets; our inability to sell mortgages into the secondary market; uncertainty in the mortgage lending industry, including revisions to underwriting standards and repurchase requirements associated with the sale of mortgage loans, and related claims against us; risks related to information technology failures, data security issues, and the effect of cybersecurity incidents and threats; the impact of negative publicity on sales; failure to retain key personnel; the impairment of our intangible assets; the disruptions associated with the COVID-19 pandemic (or another epidemic or pandemic or similar public threat or fear of such an event), and the measures taken to address it; and other factors of national, regional and global scale, including those of a political, economic, business and competitive nature. See Item 1A – Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 for a further discussion of these and other risks and uncertainties applicable to our businesses. We undertake no duty to update any forward-looking statement, whether as a result of new information, future events or changes in our expectations.

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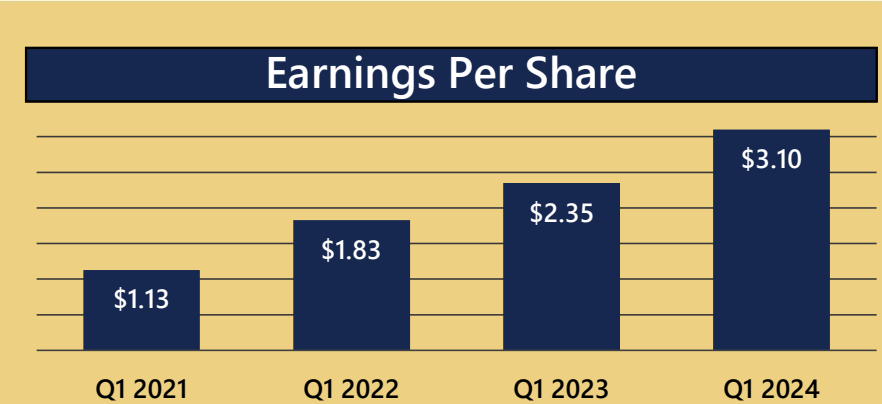
Q1 2024 Operating & Financial Highlights



Q1 2024 Financial Highlights

- Earnings increased 32% over prior year to Q1 record $3.10 per share
  - ✓ Q1 EPS includes $0.14 per share gain related to JV sale and $0.09 per share insurance benefit
- *"Our strong financial performance reflects both favorable demand conditions and our balanced operating model that allows us to more effectively meet the individual needs of first-time, move-up and active-adult consumers," said Ryan Marshall, President & CEO*



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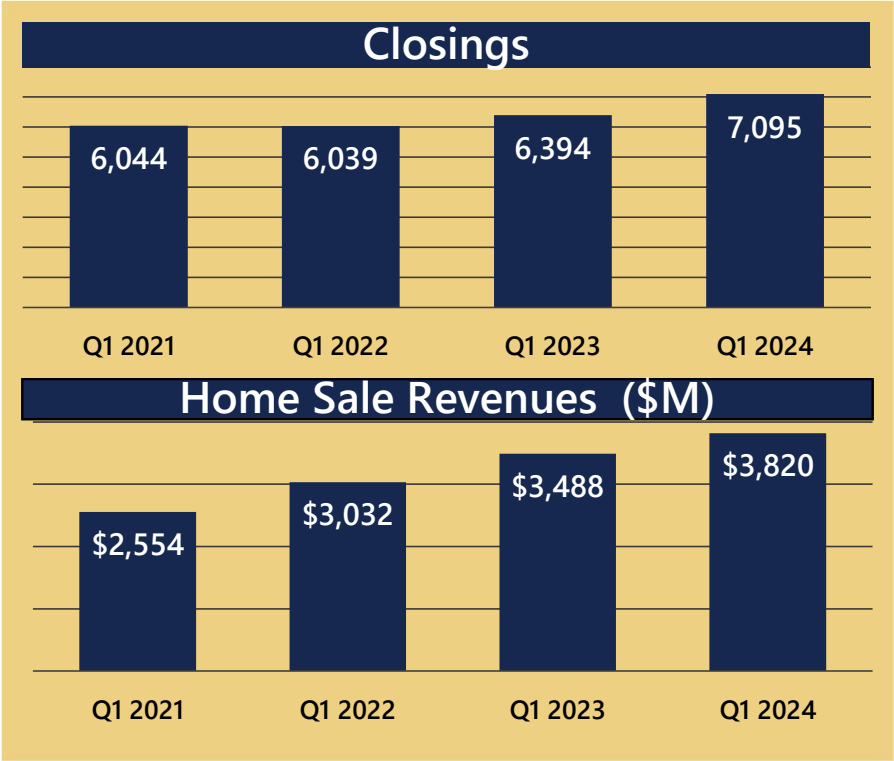
Q1 2024 Financial Highlights

- Home sale revenues increased 10% to a Q1 record $3.8B
  - ✓ Q1 closings of 7,095 homes increased 11% over prior year period
  - ✓ Mix of closings in the quarter resulted in 1% decrease in average sales price to $538,000



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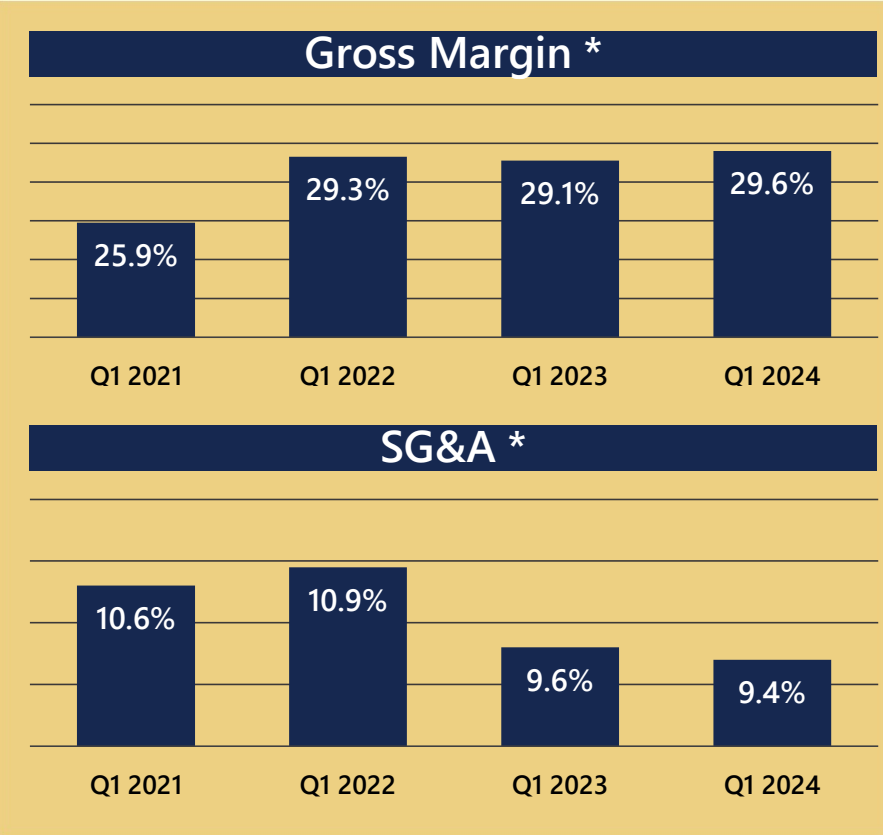
Q1 2024 Financial Highlights

- Gross margin increased 50 basis points over prior year to 29.6%
  - ✓ Q1 gross margin reflects favorable geographic mix and pricing dynamics
- SG&A expense of $358M, or 9.4% of home sale revenues
  - ✓ Q1 SG&A includes $27M pre-tax insurance benefit



* As a percent of home sale revenues

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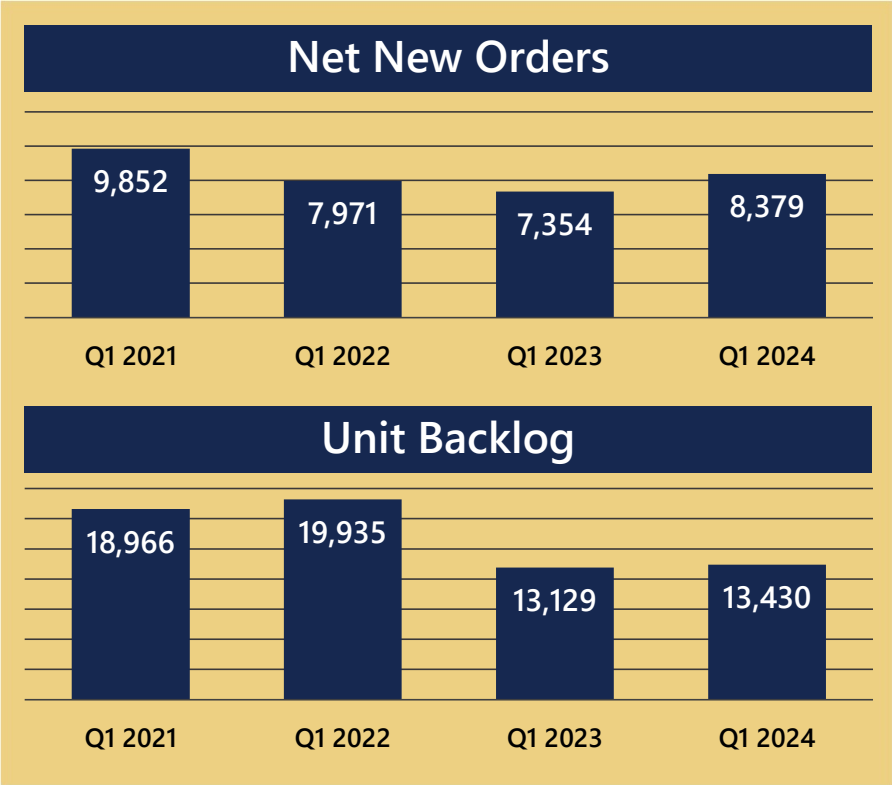
Q1 2024 Financial Highlights

- Net new orders increased 14% to 8,379 homes
  - ✓YOY increase reflects higher gross orders and decrease in cancelation rate
    - Q1 cancelation rate as a percent of beginning period backlog was 10%, down from 13% in prior year
- Unit backlog increased 2% over prior year to 13,430 homes
  - ✓Backlog value increased 3% to $8.2B



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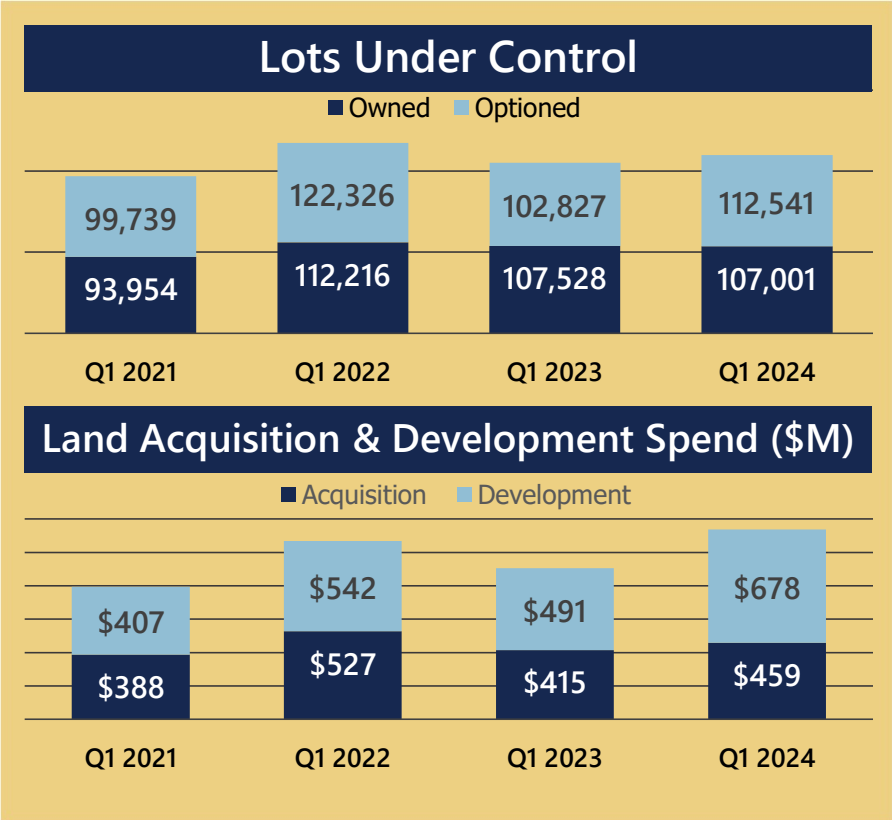
Efficiently Investing in Future Growth

- Q1 land investment of $1.1B, of which 60% was for development of existing land assets
  - ✓ Company remains on track to invest approximately $5B in land acquisition & development in 2024
- Land pipeline of approximately 220,000 lots with 51% held under option.
  - ✓ 74% of lots approved in Q1 2024 were structured as options
  - ✓ Long-term target is to control 70% of land pipeline via option



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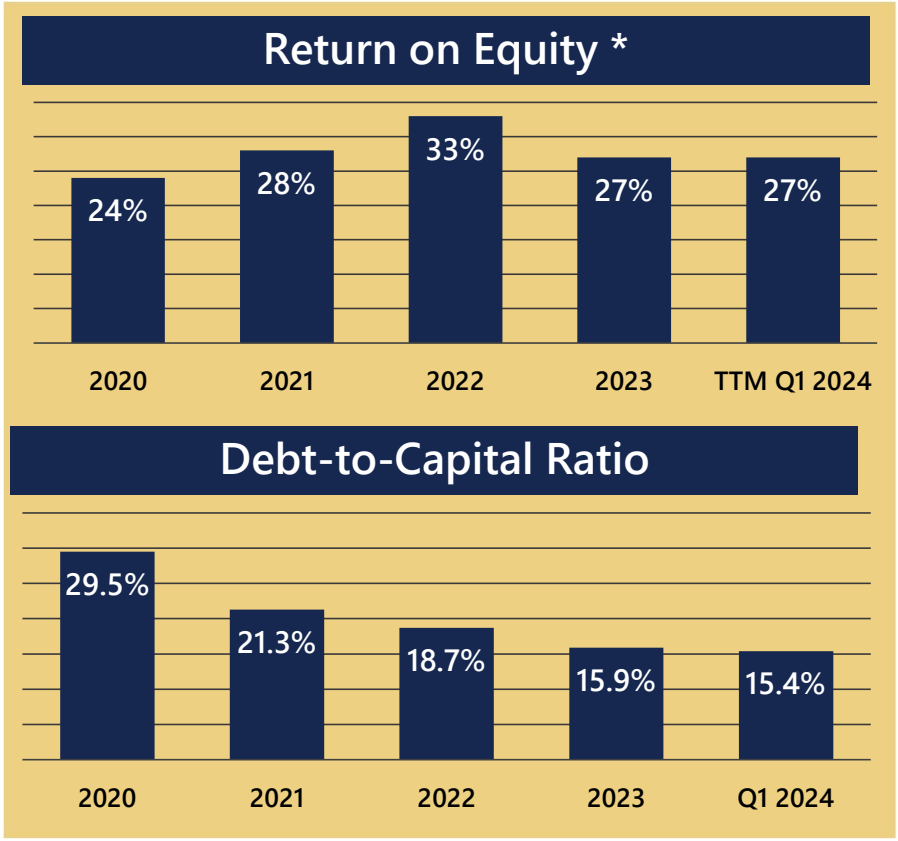
Delivering High Returns While Maintaining Conservative Capital Structure

- Returned $246M to shareholders through share repurchases in Q1
  - ✓Repurchased 2.3 million shares at an average price of $106.73
  - ✓Since 2013, Company has repurchased approximately 50% of shares outstanding
- Q1 dividend payment of $0.20 per share reflects previously announced 25% increase
- Adjusting for $1.8B of cash on balance sheet at quarter end, net debt-to-capital was 1.7%



* Return on equity is calculated as net income for the trailing twelve months divided by average shareholders' equity, where average shareholders' equity is the sum of ending shareholders' equity balances of the trailing five quarters divided by five.

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Reconciliation of Non-GAAP Financial Measures

This report contains information about our debt-to-capital ratios. These measures could be considered non-GAAP financial measures under the SEC's rules and should be considered in addition to, rather than as a substitute for, comparable GAAP financial measures. We calculate total net debt by subtracting total cash, cash equivalents, and restricted cash from notes payable to present the amount of assets needed to satisfy the debt. We use the debt-to-capital and net debt-to-capital ratios as indicators of our overall leverage and believe they are useful financial measures in understanding the leverage employed in our operations. We believe that these measures provide investors relevant and useful information for evaluating the comparability of financial information presented and comparing our profitability and liquidity to other companies in the homebuilding industry. Although other companies in the homebuilding industry report similar information, the methods used may differ. We urge investors to understand the methods used by other companies in the homebuilding industry to calculate these measures and any adjustments thereto before comparing our measures to those of such other companies.

The following table sets forth a reconciliation of the debt-to-capital ratios ($000's omitted):

Debt-to-Capital Ratios

	March 31, 2024	December 31, 2023
Notes payable	$ 1,956,854	$ 1,962,218
Shareholders' equity	10,761,953	10,383,257
Total capital	$ 12,718,807	$ 12,345,475
Debt-to-capital ratio	15.4 %	15.9 %
Notes payable	$ 1,956,854	$ 1,962,218
Less: Total cash, cash equivalents, and restricted cash	(1,766,089)	(1,849,177)
Total net debt	$ 190,765	$ 113,041
Shareholders' equity	10,761,953	10,383,257
Total net capital	$ 10,952,718	$ 10,496,298
Net debt-to-capital ratio	1.7 %	1.1 %

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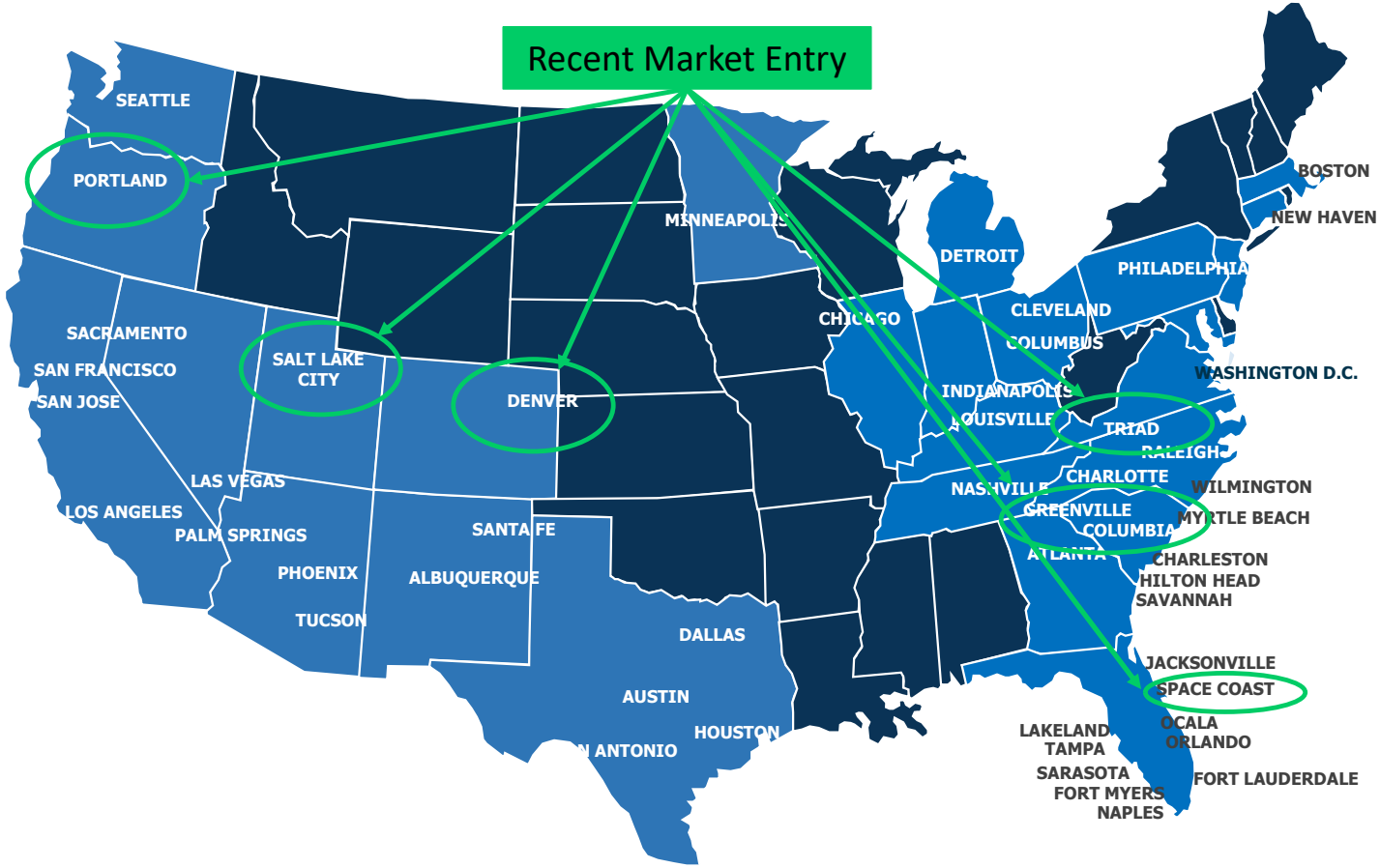
Today's Operating Model Driving
Superior Financial Results



Nation's 3rd Largest Builder

Continuing to Expand Our Market Platform



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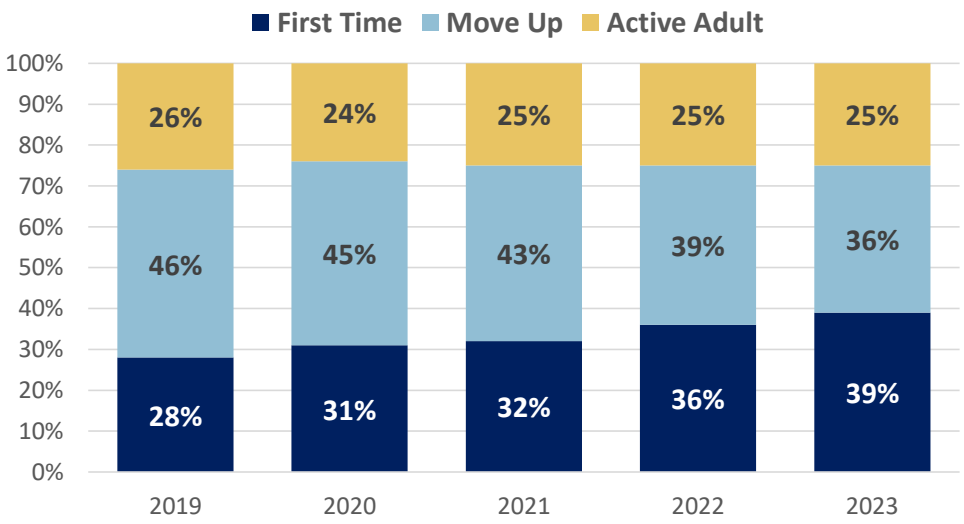
Unmatched Ability to Serve All Buyer Groups

Closings by Buyer Group



Del Webb · DiVOSTA · Pulte Homes · American West · John Wieland Homes and Neighborhoods · Centex · Pulte Homes

Offering both spec and build-to-order homes to better meet the needs of U.S. consumers

~60% of closings among higher-margin move-up and active-adult buyers

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Diversified Across Price Points

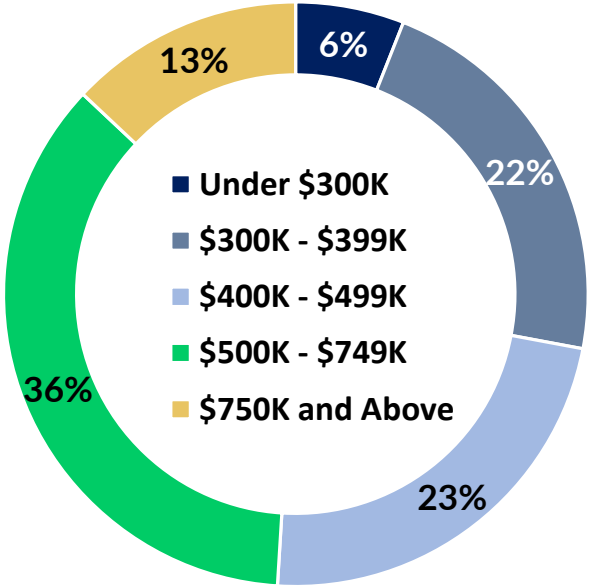








2023 Closings by Price Point



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Disciplined Land Investment is
Key Driver of Sustained Business Success

Land Underwriting Tied to Return on Invested Capital

IRR Threshold	18%	18%	18%	18%	18%	19%	19%	20%	20%	21%	21%	22%	22%	23%	24%	25%	26%	27%	28%	29%	30%
Score	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33

Land investments sourced by divisions but require corporate approval

Consistent underwriting of all deals against defined risk criteria

- Four categories of risk: Strategic Marketing, Execution, Deal Structure, Operational Metrics
- Underwritten against return, not gross margin
- Review process provides common language for assessing projects across operations

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Operating Model Launched a Decade Ago



Strategic Capital Allocation

- Invest in the business
- Dividends
- Share Repurchase
- Pay down debt

Efficient Land Pipeline

Goal: increase lot options to 70%

Improve Homebuilder Profitability

Industry leading gross margins

Generating Consistent Cash Flow

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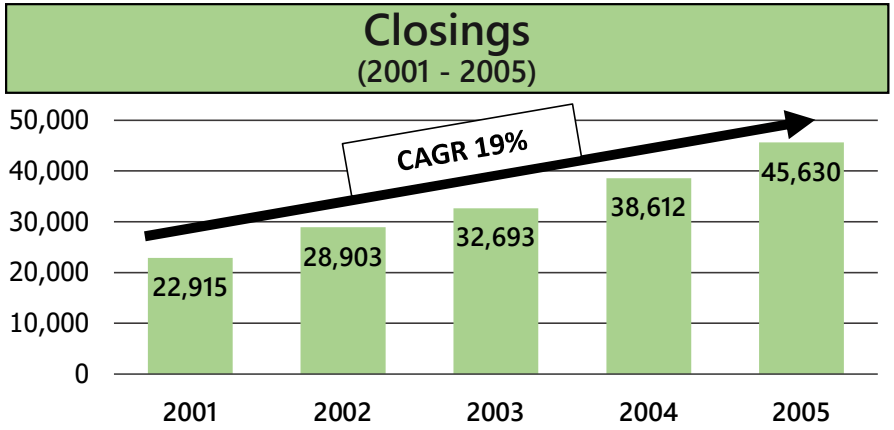
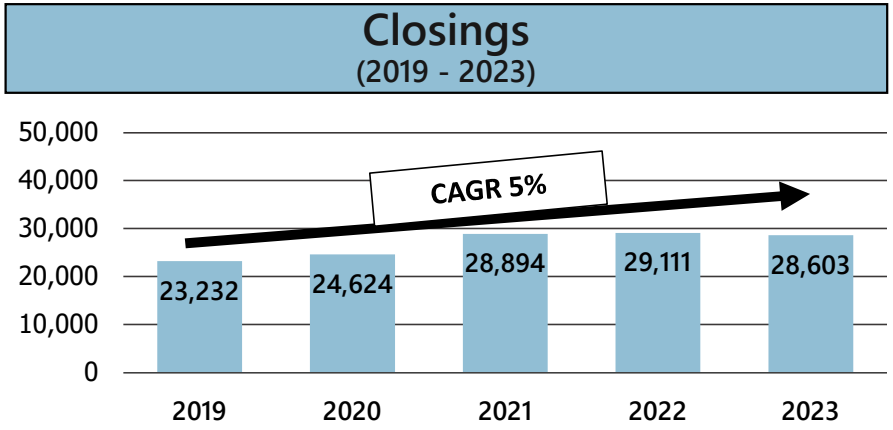
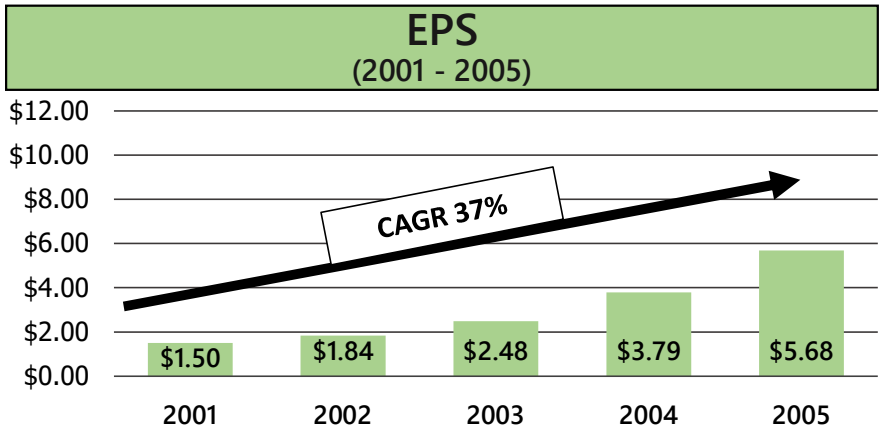
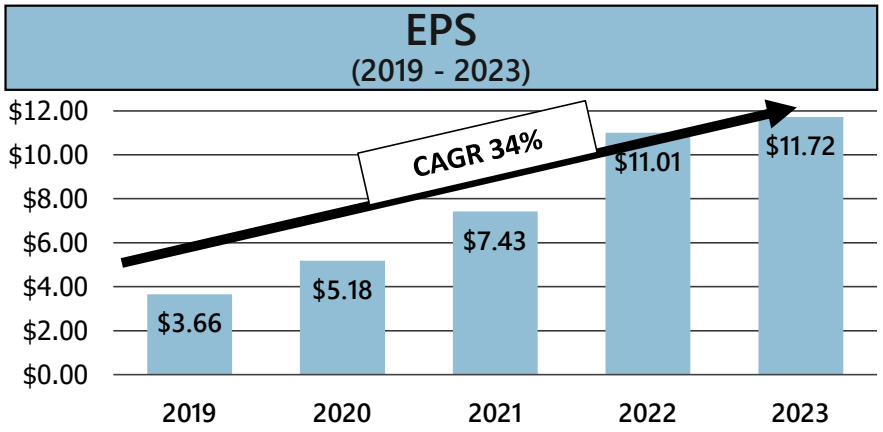
Driving Outsized EPS Growth









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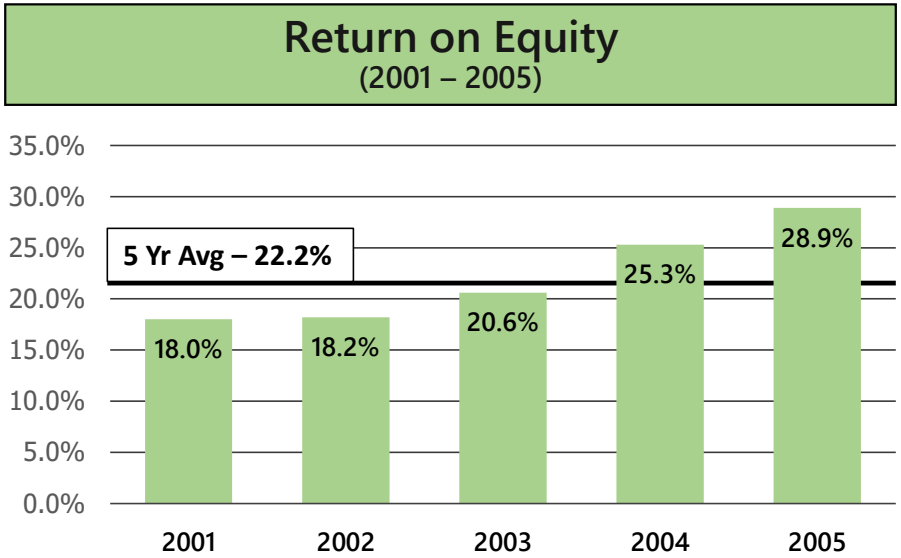
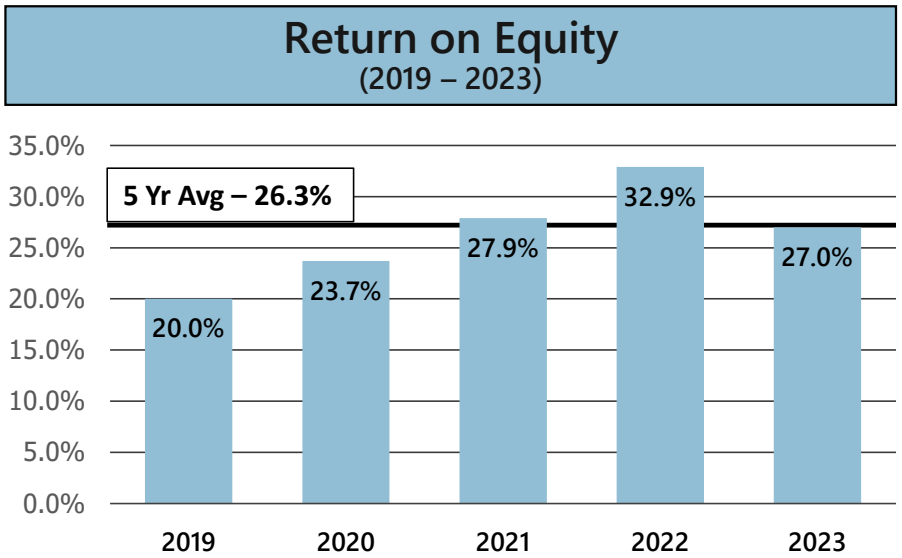
With Significantly Higher Returns on Equity





* The Company's return on equity is calculated as net income for the trailing twelve months divided by average shareholders' equity, where average shareholders' equity is the sum of ending shareholders' equity balances of the trailing five quarters divided by five.

Old operating model emphasized volume growth but resulted in suboptimal returns

Higher returns reflect improvement across the enterprise

- Land and construction efficiencies
- Strategic pricing
- Supportive capital allocation

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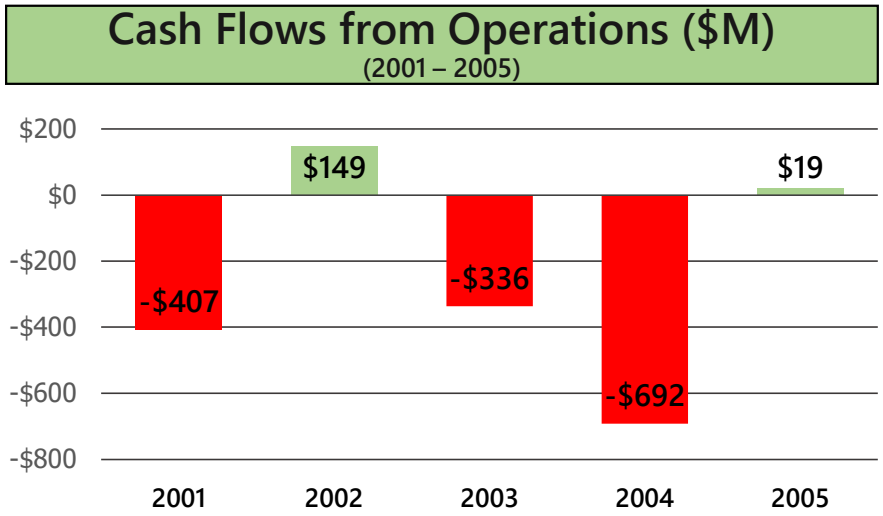
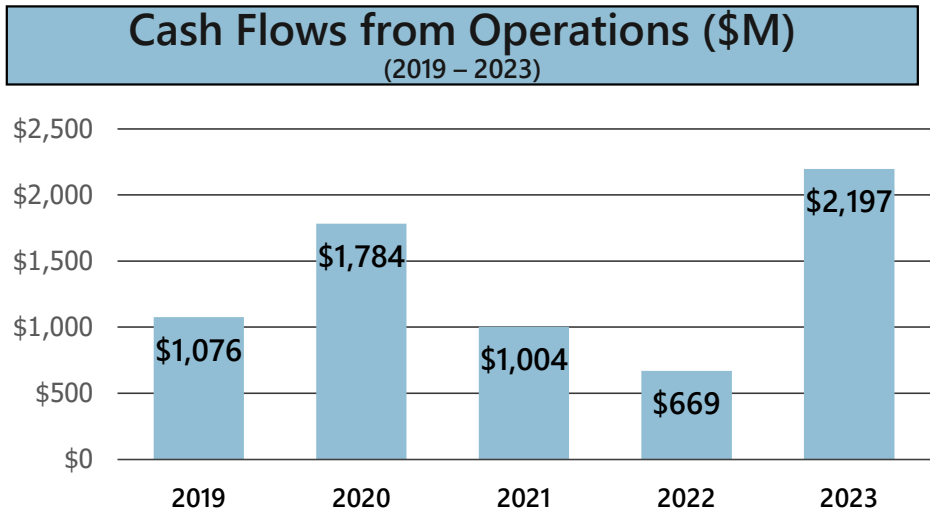
Generating Positive Cash Flows to Fund Operations





2001 – 2005 cash flows from operations totaled negative $1.3 billion

2019 – 2023 cash flows from operations totaled $6.7 billion

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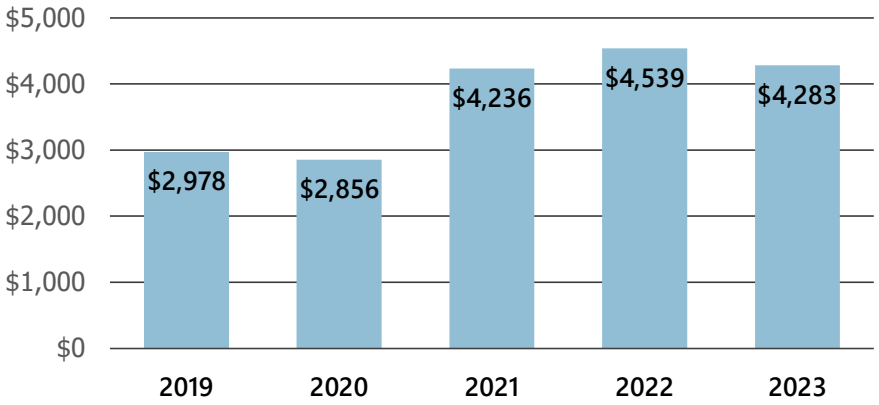
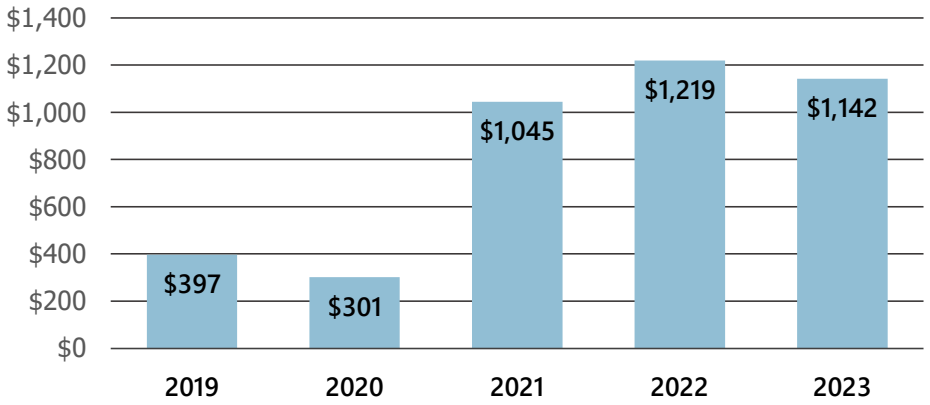
Allocating Capital to Grow the Business and Reward Shareholders

Land Investment ($M)



Share Repurchase & Dividends ($M)



2019 – 2023 invested $19B in land acquisition and development to support operations

Since 2013, the Company has bought back almost 50% of its shares

Dividend has increased 4-fold since 2013, including recent 25% increase to $0.20 per share

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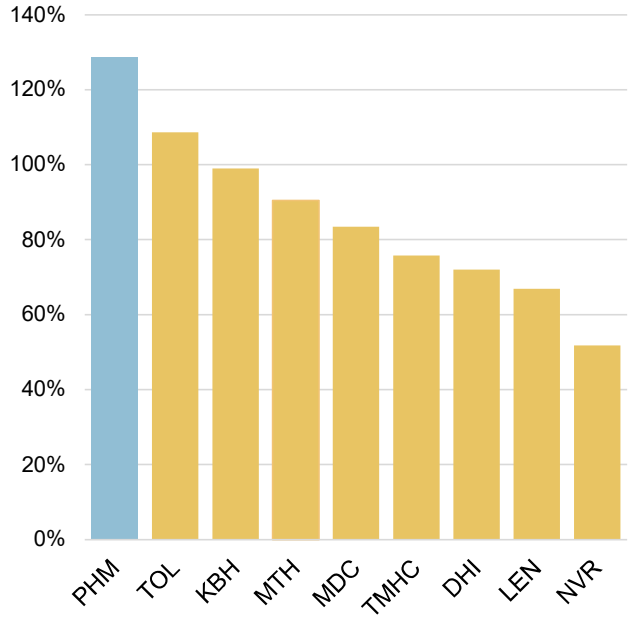
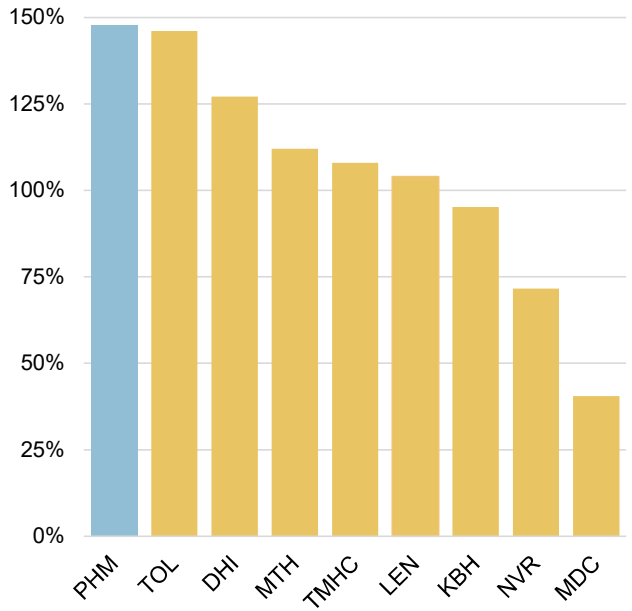
And Achieving Our Goal of
Superior Total Shareholder Returns

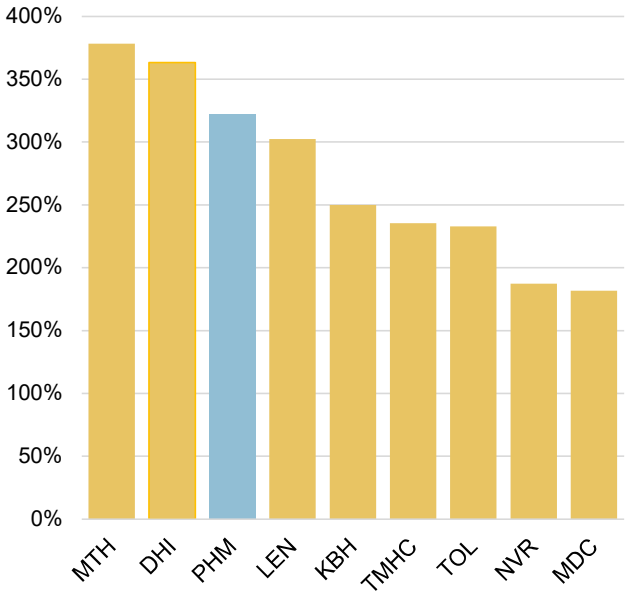
1 Year



3 Year



5 Year



Rankings based on results through the periods ending December 31, 2023

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The Long-term Investment Thesis for PHM

Investing in the business to support the goal of growing volumes 5% to 10% annually

- Opportunity to expand share of U.S. home sales

Seek to maintain high returns on equity as we work to build long-term shareholder value, while maintaining a strong balance sheet

Continue to drive positive cash flows to fund capital allocation priorities:

- Invest in the business
- Pay and grow our dividend
- Share repurchase
- Opportunistic debt reduction

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100
BEST COMPANIES
TO WORK FOR 2024

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