

PulteGroup™

Report on 2017 Second Quarter Operating and Earnings Results

Forward-Looking Statements

This press 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 the impairment charge with respect to certain land parcels 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; competition within the industries in which we operate; the availability and cost of land and other raw materials used by us in our homebuilding operations; the impact of any changes to our strategy in responding to the cyclical nature of the industry, including any changes regarding our land positions and the levels of our land spend; the availability and cost of insurance covering risks associated with our businesses; shortages and the cost of labor; weather related slowdowns; slow growth initiatives and/or local building moratoria; governmental regulation directed at or affecting the housing market, the homebuilding industry or construction activities; uncertainty in the mortgage lending industry, including revisions to underwriting standards and repurchase requirements associated with the sale of mortgage loans; the interpretation of or changes to tax, labor and environmental laws; 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; legal or regulatory proceedings or claims; our ability to generate sufficient cash flow in order to successfully implement our capital allocation priorities; required accounting changes; terrorist acts and other acts of war; and other factors of national, regional and global scale, including those of a political, economic, business and competitive nature. See PulteGroup's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and other public filings with the Securities and Exchange Commission (the “SEC”) 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.

PulteGroup Call Participants



Ryan Marshall

President and CEO



Bob O'Shaughnessy

Executive Vice President and CFO



Jim Ossowski

Senior Vice President, Finance



Jim Zeumer

Vice President, Investor Relations

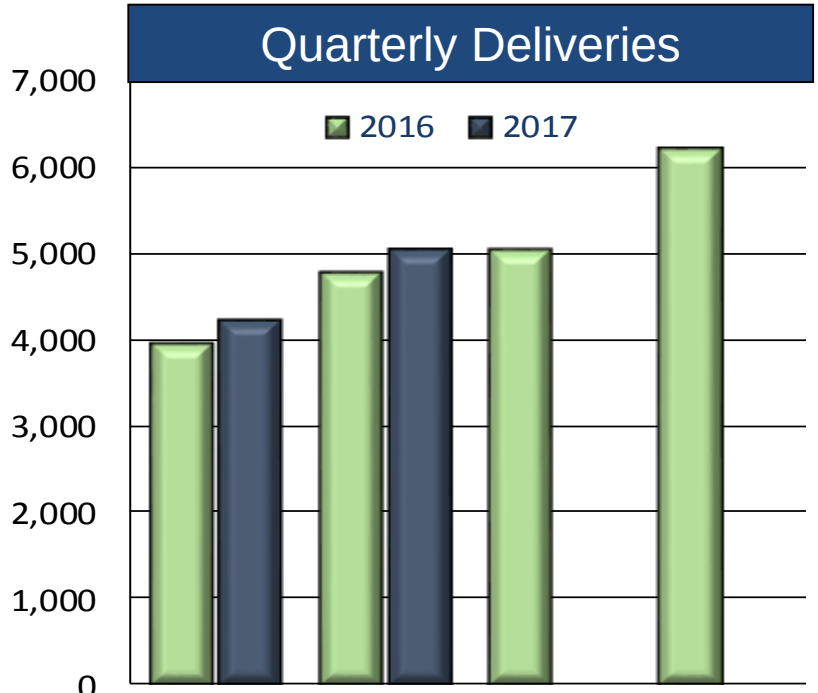


Review of Q2 2017 Results

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Q2 2017 Financial Highlights

- Reported Q2 EPS of $0.32
  - Reported EPS includes land and warranty charges, partially offset by insurance reserve reversal and lower tax rate
- Adjusted Q2 EPS of $0.47* increased 27% over prior year
- Home sale revenues gained 12% to $2.0 billion
- Deliveries up 6% to 5,044 homes
- TTM ROE increased 140 basis points over prior year to 12.8%



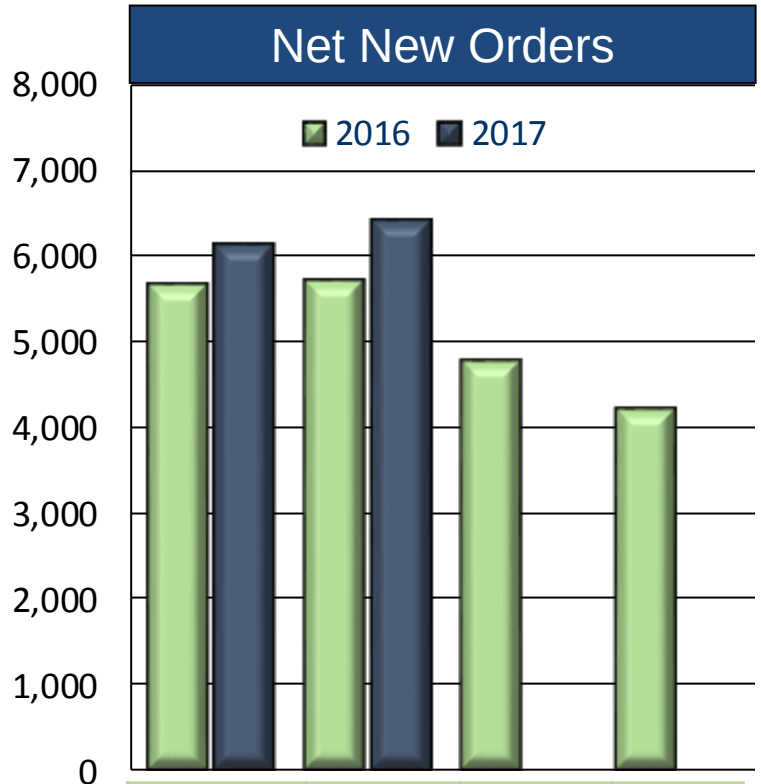
	Q1	Q2	Q3	Q4
2016	3,945	4,772	5,037	6,197
2017	4,225	5,044	-	-
Increase	7%	6%		

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* See slides 10 and 11 for non-GAAP reconciliations

Q2 2017 Financial Highlights

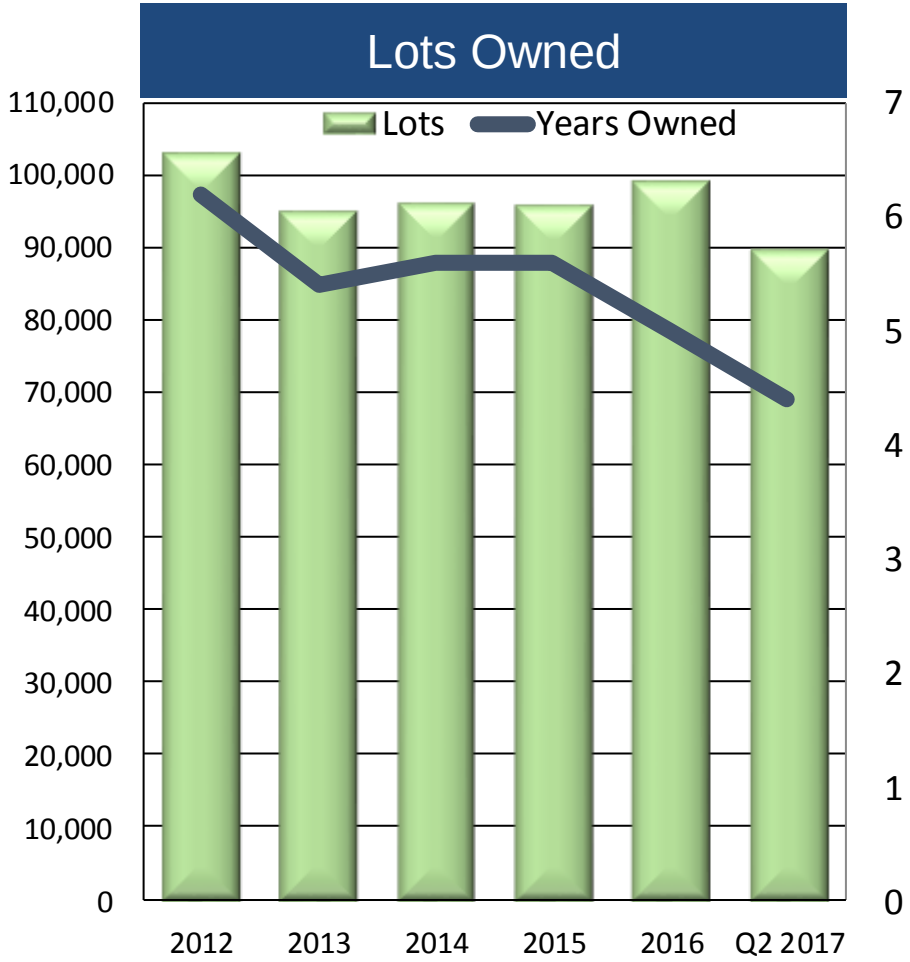
- Net new orders increased 12% to 6,395 homes
- Dollar value of net new orders gained 23% to $2.6 billion
- Unit backlog up 10% to 10,674 homes
- Backlog value increased by 19% to $4.5 billion
  - ✓ Backlog units and value both at 10-year highs



	Q1	Q2	Q3	Q4
2016	5,652	5,697	4,775	4,202
2017	6,126	6,395	-	-
Increase	8%	12%		

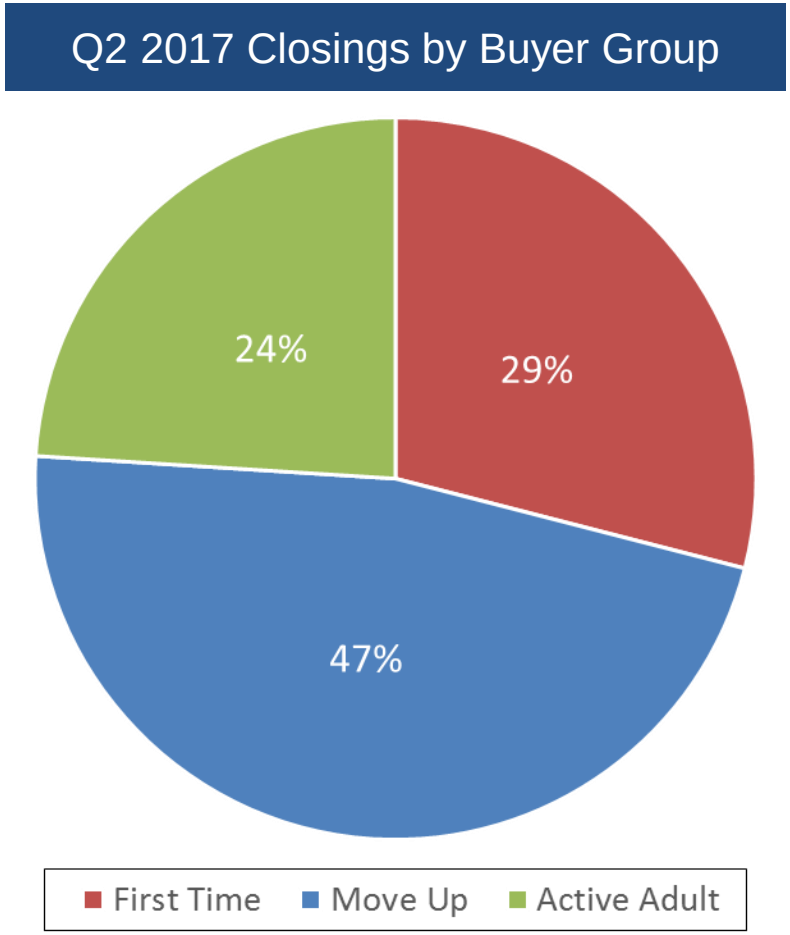
Developing a More Efficient Land Pipeline

- Q2 land acquisition investment of $236 million
- Over 132,000 lots under control with 32% held under option
- Owned lot position lowered to 4.4 years based on TTM closings
  - ✓ Long-term goal to own 3 years / option 3 years of lots
  - ✓ During the quarter, the Company announced plans to dispose of non-core land assets representing approximately 5,000 lots
- Investment focused on faster turning, shorter duration projects



Strong Performance Among All Buyer Groups

- Q2 net new orders improved for all buyer groups:
  - First Time up 6% to 1,929 homes
  - Move Up & Luxury up 21% to 2,931 homes
  - Active Adult up 6% to 1,535 homes
- Average sales price up 6% to $390,000 and reflects:
  - First Time up 11% to $291,000
  - Move Up & Luxury up 2% to $457,000
  - Active Adult up 6% to $379,000



Q2 2017 Selected Financial Data

	Three Months Ended June 30,		
	2017 *	2016 **	Change
Home Sale Revenues ($ millions)	$1,966	$1,752	12%
Backlog (Units)	10,674	9,679	10%
Backlog (Dollar Value in millions)	$4,462	$3,749	19%
Financial Services Pretax Income ($ millions)	$19	$17	11%
Adjusted Income Before Taxes	$235	$204	15%
Adjusted Net Income ($ millions) / Per Share	$148 / $0.47	$127 / $0.37	17% / 27%

* Adjustments to the Company's Q2 2017 results include a pretax charge of $121 million associated with the decision to dispose of select non-core land assets, a net pretax benefit of $8 million relating to warranty and construction defect reserve adjustments, and $24 million of net tax benefits.
** Adjustments to Q2 2016 results include $15 million of land and corporate office relocation charges.

Please see the non-GAAP reconciliation tables on slides 10 and 11 for a complete review of Q2 adjustments.

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Q2 2017 Selected Balance Sheet Data

($ millions)	June 30, 2017	December 31, 2016
Cash and Equivalents (including restricted cash)	$240	$723
House and Land Inventory	$7,090	$6,771
Debt	$3,110	$3,110
Shareholders' Equity	$4,444	$4,659
Debt – to – Capitalization	41%	40%

Reconciliation of Non-GAAP Financial Measures

	Three Months Ended June 30, 2017				
		Adjustments			
	As Reported	Impairments	Warranty / Insurance	Income Taxes	Adjusted
Revenues:					
Homebuilding					
Home sale revenues	$ 1,965,641	$ —	$ —	$ —	$ 1,965,641
Land sale revenues	7,930				7,930
	1,973,571				1,973,571
Financial Services	47,275				47,275
Total revenues	2,020,846				2,020,846
Homebuilding Cost of Revenues:					
Home sale cost of revenues	(1,549,937)	31,487	12,106		(1,506,344)
Land sale cost of revenues	(87,599)	81,006			(6,593)
	(1,637,536)	112,493	12,106		(1,512,937)
Financial Services expenses	(28,478)				(28,478)
Selling, general, and administrative expenses (SG&A)	(216,211)		(19,813)		(236,024)
Other expense, net	(16,074)	8,017			(8,057)
Income before income taxes	122,547	120,510	(7,707)	—	235,350
Income tax expense	(21,798)	(44,589)	2,852	(23,808)	(87,343)
Net income	$ 100,749	$ 75,921	$ (4,855)	$ (23,808)	$ 148,007
Earnings per share (diluted)	$ 0.32				$ 0.47
Home sale gross margin	21.1%				23.4%
SG&A as a percentage of sales	11.0%				12.0%
Operating margin	10.1%				11.4%
Effective income tax rate	17.8%				37.1%

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Reconciliation of Non-GAAP Financial Measures

	Three Months Ended June 30, 2016		
	As Reported	Adjustments*	Adjusted
Revenues:			
Homebuilding			
Home sale revenues	$ 1,751,882	$ —	$ 1,751,882
Land sale revenues	4,950		4,950
	1,756,832		1,756,832
Financial Services	43,082		43,082
Total revenues	1,799,914		1,799,914
Homebuilding Cost of Revenues:			
Home sale cost of revenues	(1,310,569)		(1,310,569)
Land sale cost of revenues	(4,403)		(4,403)
	(1,314,972)	—	(1,314,972)
Financial Services expenses	(26,180)		(26,180)
Selling, general, and administrative expenses (SG&A)	(256,273)		(256,273)
Other expense, net	(12,909)	14,724	1,815
Income before income taxes	189,580	14,724	204,304
Income tax expense	(71,820)	(5,595)	(77,415)
Net income	$ 117,760	$ 9,129	$ 126,889
Earnings per share (diluted)	$ 0.34		$ 0.37
Home sale gross margin	25.2 %		25.2 %
SG&A as a percentage of sales	14.6 %		14.6 %
Operating margin	10.6 %		10.6 %
Effective income tax rate	37.9 %		37.9 %

* Includes charges associated with the termination of certain pending land transactions and recognition of final costs associated with our corporate office relocation.



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Second Quarter 2017 Earnings