

PulteGroup™

Report on 2017 Third 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

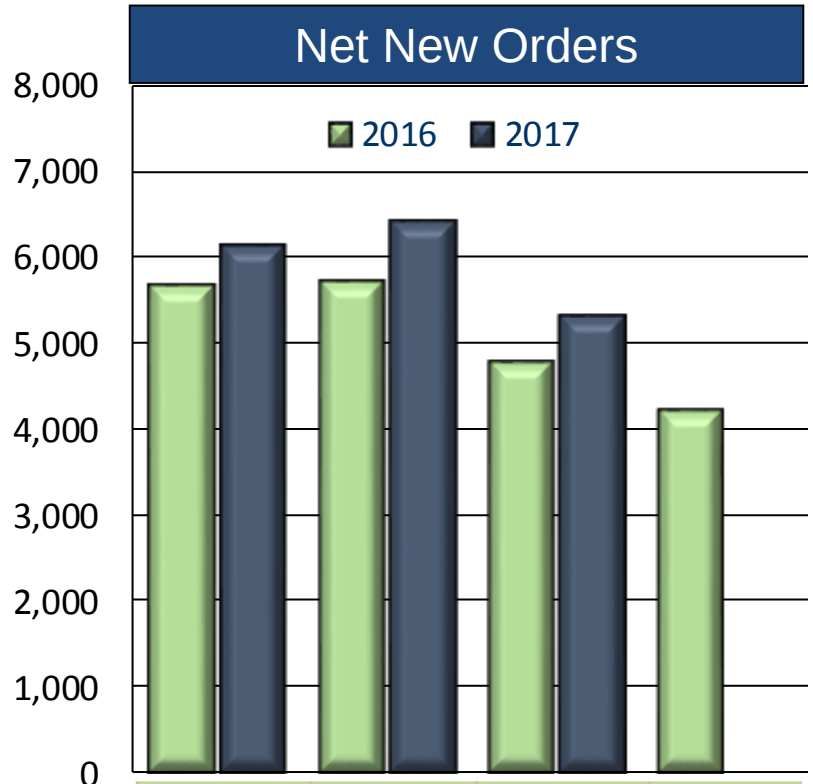


Review of Q3 2017 Results

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Q3 2017 Financial Highlights

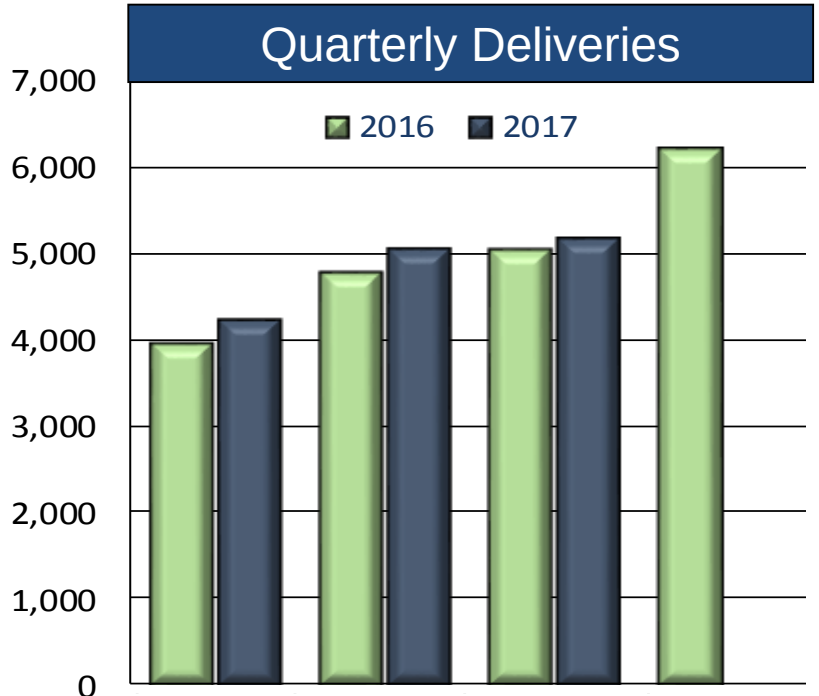
- Net new orders increased 11% to 5,300 homes
- Dollar value of net new orders gained 23% to $2.3 billion
- Unit backlog increased 15% to 10,823 homes
- Backlog value increased by 26% to $4.7 billion
  - ✓ Backlog units and value both at 10-year highs for the third quarter



	Q1	Q2	Q3	Q4
2016	5,652	5,697	4,775	4,202
2017	6,126	6,395	5,300	-
Increase	8%	12%	11%	

Q3 2017 Financial Highlights

- Reported Q3 EPS of $0.58
  - Reported EPS includes pretax charge of $5 million associated with resolution of certain insurance matters
- Adjusted Q3 EPS of $0.60* up 40% over prior year
- Home sale revenues increased 9% to $2.1 billion
- Closings up 2% to 5,151 homes
- TTM ROE increased 230 basis points over prior year to 14.1%



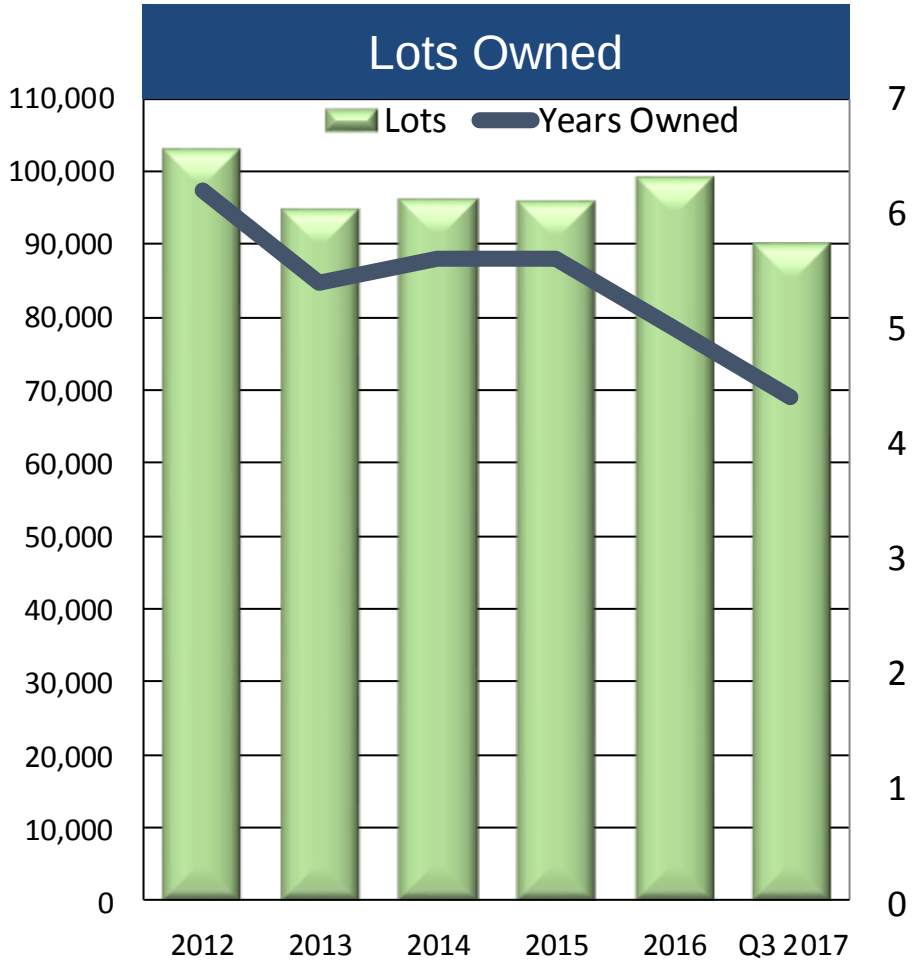
	Q1	Q2	Q3	Q4
2016	3,945	4,772	5,037	6,197
2017	4,225	5,044	5,151	-
Increase	7%	6%	2%	

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* See slides 10 and 11 for non-GAAP reconciliations

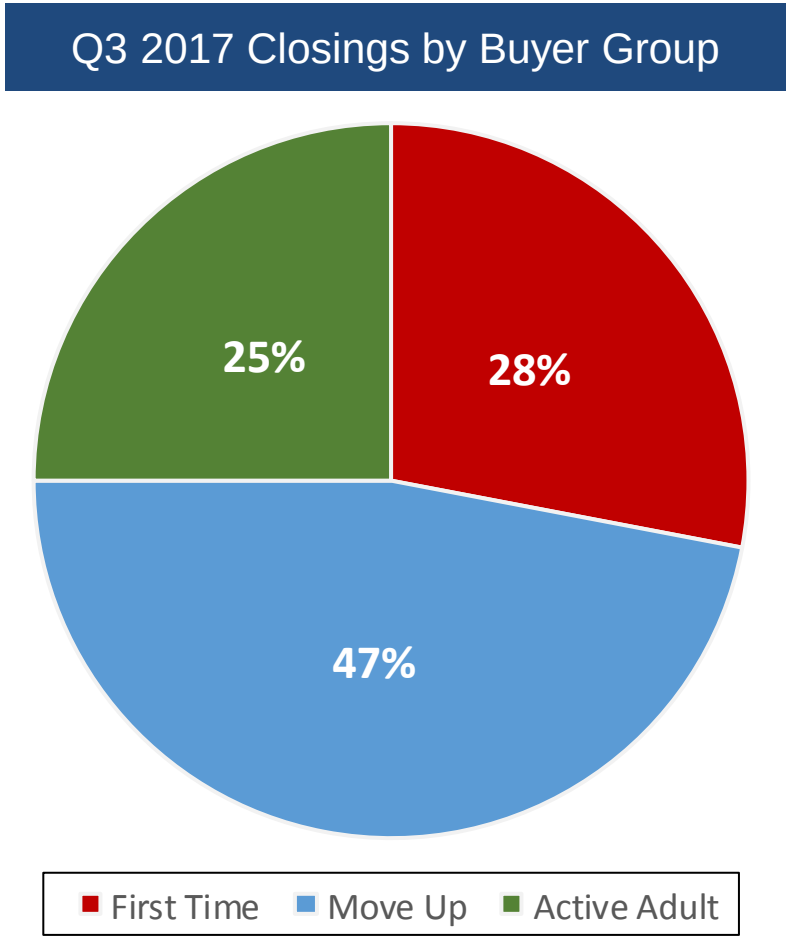
Continued Disciplined Approach to Land Investment

- Invested $295 million in Q3 for land acquisition
  - ✓ Approved Q3 deals for 5,500 lots of which 46% are controlled under options
  - ✓ Average size of communities approved in Q3 was just over 100 lots
- Land pipeline totals ~139,000 lots of which 35% are controlled under options
- Owned lot position of 4.4 years based on TTM closings
  - ✓ Long-term goal to own 3 years / option 3 years of lots



Higher Prices Drive Homebuilder Revenues

- Average sales price of homes closed increased 7%, or $25,000, to $399,000
- Average sales price gained across all buyer groups:
  - ✓ First time up 5% to $293,000
  - ✓ Move Up and Luxury increased 5% to $467,000
  - ✓ Active Adult up 9% to $390,000



Q3 2017 Selected Financial Data

	Three Months Ended September 30,		
	2017 *	2016 **	Change
Home Sale Revenues ($ millions)	$2,056	$1,882	9%
Backlog (Units)	10,823	9,417	15%
Backlog (Dollar Value in millions)	$4,666	$3,699	26%
Financial Services Pretax Income ($ millions)	$18	$21	-14%
Reported Net Income ($ millions)	$178	$128	39%
Reported Earnings Per Share	$0.58	$0.37	57%
Adjusted Net Income ($ millions)	$181	$148	22%
Adjusted Earnings Per Share	$0.60	$0.43	40%

* Adjustments to the Company's Q3 2017 results include a pretax charge of $5 million related to the resolution of certain insurance matters.
** Adjustments to Q3 2016 results include $15 million of pretax costs associated with the settlement of a disputed land transaction, restructuring and shareholder activities.

Please see the non-GAAP reconciliation tables on slides 10 and 11 for a complete review of Q3 adjustments.

Q3 2017 Selected Balance Sheet Data

($ millions)	September 30, 2017	December 31, 2016
Cash and Equivalents (including restricted cash)	$197	$723
House and Land Inventory	$7,370	$6,771
Debt	$3,193*	$3,110
Shareholders' Equity	$4,345	$4,659
Debt – to – Capitalization	42%	40%

* On October 16, 2017, the Company retired $123 million of bonds that matured.

Reconciliation of Non-GAAP Financial Measures

The following tables set forth a reconciliation of the non-GAAP financial measures to the GAAP financial measures that management believes to be most directly comparable ($000's omitted):

	Three Months Ended September 30, 2017			Three Months Ended September 30, 2016		
	As Reported	Adjustments (a)	Adjusted	As Reported	Adjustments (b)	Adjusted
Revenues:						
Homebuilding						
Home sale revenues	$ 2,055,891	$ —	$ 2,055,891	$ 1,881,718	$ —	$ 1,881,718
Land sale revenues	27,176	—	27,176	13,167	—	13,167
	2,083,067	—	2,083,067	1,894,885	—	1,894,885
Financial Services	46,952	—	46,952	48,020	—	48,020
Total revenues	2,130,019	—	2,130,019	1,942,905		1,942,905
Homebuilding Cost of Revenues:						
Home sale cost of revenues	(1,564,605)	—	(1,564,605)	(1,417,705)	—	(1,417,705)
Land sale cost of revenues	(25,123)	—	(25,123)	(11,428)	—	(11,428)
	(1,589,728)	—	(1,589,728)	(1,429,133)	—	(1,429,133)
Financial Services expenses	(29,304)	—	(29,304)	(26,906)	—	(26,906)
Selling, general, and administrative expenses (SG&A)	(237,495)	5,326	(232,169)	(250,914)	11,529	(239,385)
Other expense, net	(5,243)	—	(5,243)	(23,617)	19,644	(3,973)
Income before income taxes	268,249	5,326	273,575	212,335	31,173	243,508
Income tax expense	(90,710)	(1,944)	(92,654)	(83,865)	(11,846)	(95,711)
Net income	$ 177,539	$ 3,382	$ 180,921	$ 128,470	$ 19,327	$ 147,797
Earnings per share (diluted)	$ 0.58		$ 0.60	$ 0.37		$ 0.43
Home sale gross margin	23.9 %		23.9 %	24.7 %		24.7 %
SG&A as a percentage of sales	11.6 %		11.3 %	13.3 %		12.7 %
Operating margin	12.3 %		12.6 %	11.3 %		11.9 %

a) Includes a charge related to the resolution of certain insurance matters.
b) Includes costs associated with the settlement of a disputed land transaction, restructuring, and shareholder activities.

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Reconciliation of Non-GAAP Financial Measures

	Three Months Ended	
	September 30, 2017	**June 30, 2017**
Home sale revenues	$ 2,055,891	$ 1,965,641
Home sale cost of revenues	(1,564,605)	(1,549,937)
Home sale gross margin	491,286	415,704
Add:		
Impairments	—	31,487
Warranty adjustment	—	12,106
Adjusted home sale gross margin	$ 491,286	$ 459,297
Adjusted home sale gross margin as a percent of home sale revenues	23.9 %	23.4 %



PulteGroup™ Third Quarter 2017 Earnings