

PulteGroup™

JP Morgan Presentation

Building a More Balanced Builder

May 2020

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; 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 which could have a greater impact on our effective tax rate or the value of our deferred tax assets than we anticipate; 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; the negative impact of the COVID-19 pandemic on our financial position and ability to continue our Homebuilding or Financial Services activities at normal levels or at all in impacted areas; the duration, effect and severity of the COVID-19 pandemic; the measures that governmental authorities take to address the COVID-19 pandemic which may precipitate or exacerbate one or more of the above-mentioned and/or other risks and significantly disrupt or prevent us from operating our business in the ordinary course for an extended period of time; 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, 2019, 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. PulteGroup undertakes no duty to update any forward-looking statement, whether as a result of new information, future events or changes in PulteGroup's expectations.

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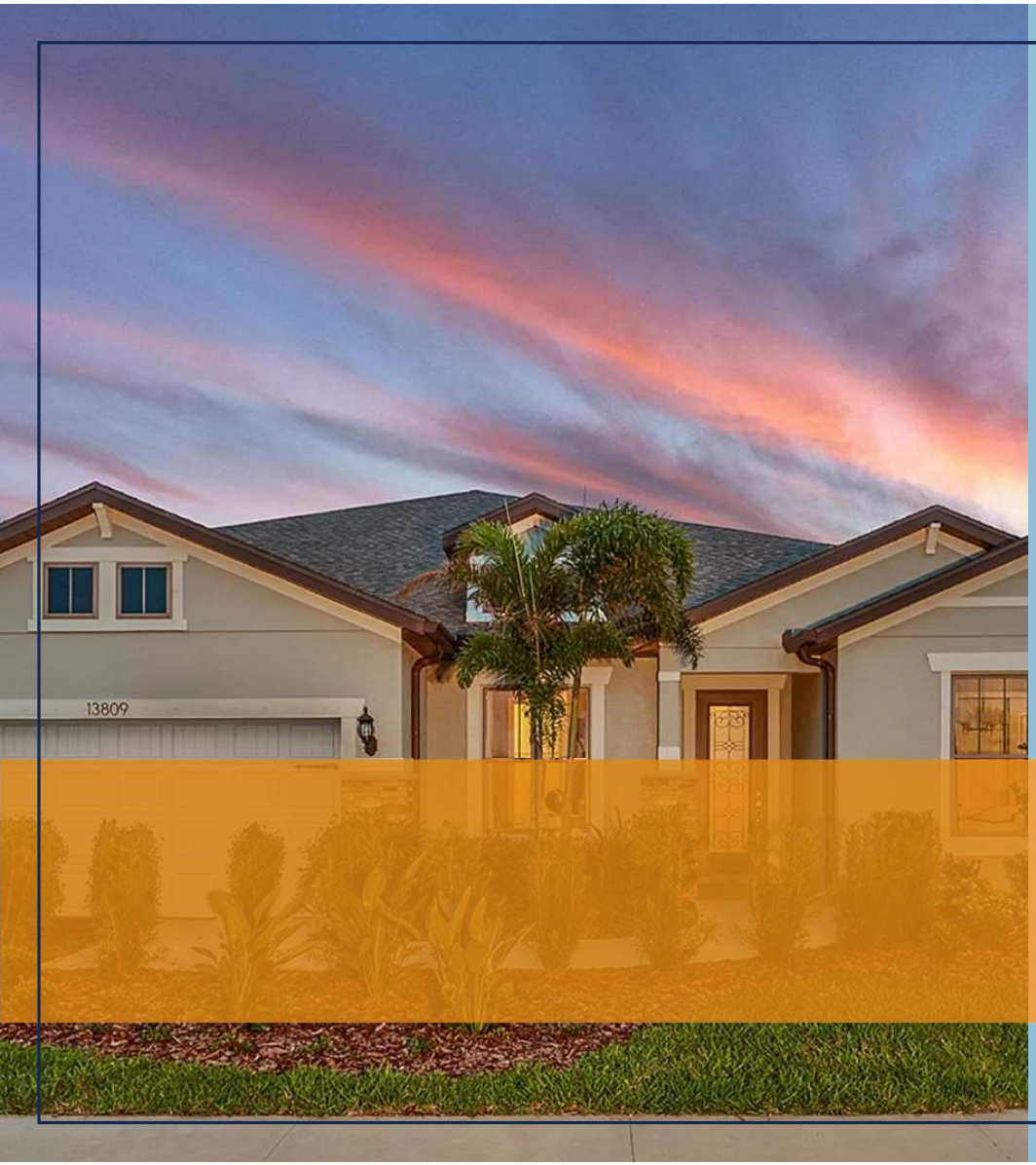
AGENDA

- COVID-19 Impacts & Responses
- Constructing a Different Type of Homebuilder
- Summary
- Appendix: Foundation for Success





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COVID-19 Impacts & Response

Company Comments on COVID-19

- Efforts to battle COVID-19 pandemic resulted in significant industry-wide slow down in housing demand beginning in mid-March
- Company implemented a series of operational changes in response
  - ✓ Protecting the health and safety of our customers and employees
    - Employees working remote, as most customer interactions including sales, design, construction updates and closings become virtual
    - Implemented enhanced cleaning and personal-hygiene practices
    - Refined our building practices to help ensure our trades can operate safely and with appropriate distancing within our homes

Company Comments on COVID-19 (cont'd)

- Focused on managing cashflows and overall liquidity
  - ✓ Minimizing future cash outflows associated with home construction, land development, land acquisition and general operating costs
  - ✓ Working to maximize cash inflows through home closings
  - ✓ Ended Q1 with $1.9 billion of cash including $700 million drawn on Company's revolving bank facility in March
  - ✓ Given extent of business disruptions, Company suspended stock repurchase program and withdrew guidance for 2020 operating and financial results

Company Comments on COVID-19 (cont'd)

- May 11, 2020 Update
  - ✓ After an initial significant contraction in housing demand, recent sales trends were more encouraging as weekly net new orders went from approximately 140 homes in the last week of March to almost 400 homes in the final full week of April that ended May 3
  - ✓ In May 2020, Company took actions to reduce annual overhead expenditures by approximately $100 million
    - Company expects to realize approximately $65 million of savings in 2020



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Constructing a Different Type of Homebuilder

Our Strategic Playbook

Current PHM Model		Typical Industry Model
ROIC over the cycle Pretax growth	Financial Metrics	Focus on volume growth Revenue growth
Risk-adjusted: higher risk requires higher return	Land Investment	Single hurdle rate regardless of project profile
Select cities and work to build local market scale	Geographic Strategy	Be everywhere
Commonly managed plans: better designs, more efficient to construct	Efficient Production	Each market controls its own plan library
Strategic pricing = base house + lot premium + options	Go-to-Market Strategy	Single package pricing

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Capital Allocation Aligns with Return Focus

NEW MODEL	2015	2016	2017	2018	2019	Total
Cash Flow from Ops	-$338M	$68M	$663M	$1.4B	$1.1B	**$3.2B**
Total Land Spend	$2.3B	$2.8B	$2.6B	$2.6B	$3.0B	**$13.3B**
Dividend	$116M	$125M	$113M	$104M	$122M	**$580M**
Share Repurchase	$434M	$600M	$910M	$295M	$274M	**$2.5B**

OLD MODEL	2002	2003	2004	2005	2006	Total
Cash Flow from Ops	$149M	-$302M	-$692M	$19M	-$268M	-$1.1B
Total Land Spend	$2.1B	$3.3B	$4.7B	$4.9B	$4.9B	$19.8B
Dividend	$10M	$14M	$25M	$34M	$41M	**$124M**
Share Repurchase	$4M	$18M	$15M	$143M	$122M	**$302M**

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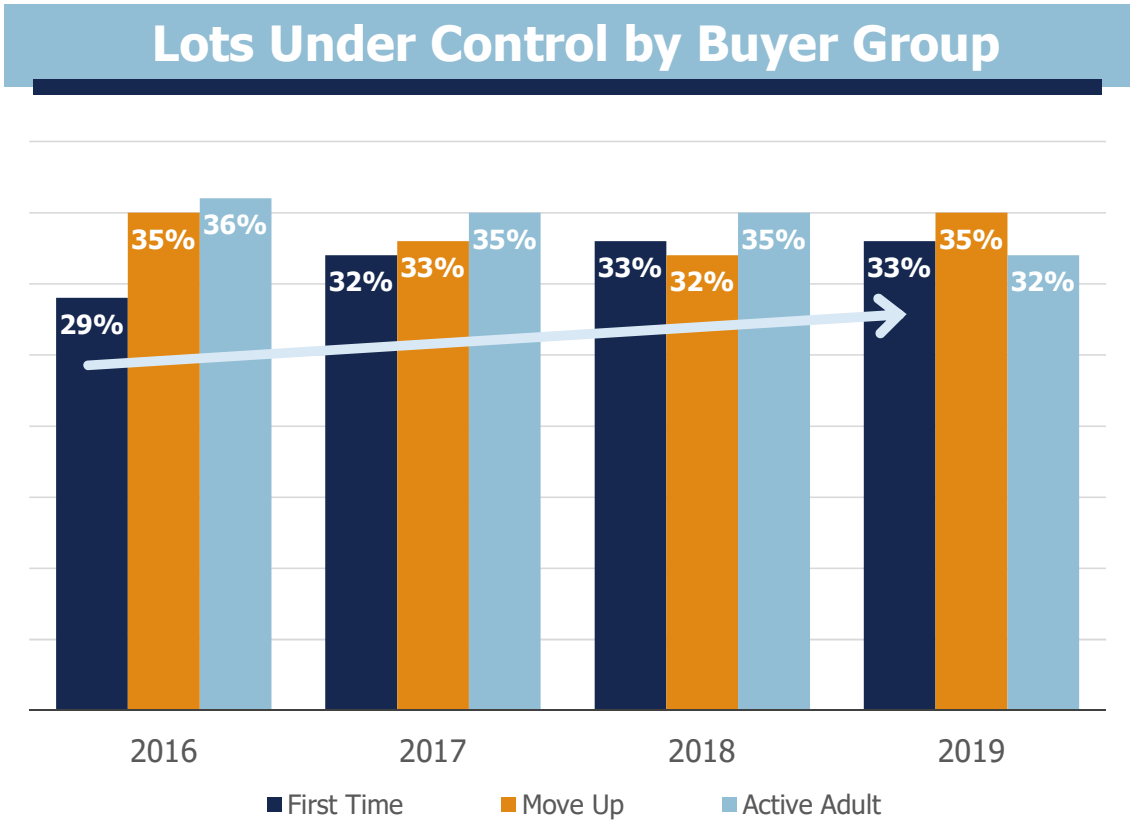
Aligning Land Investment with Go-to Market Strategy

- Land investments creating a more balanced business
  - Land pipeline points to coming expansion among affordable/ first-time buyers
  - Core of business remains serving move-up buyers
- All projects measured against the same return criteria and IRR hurdle rates



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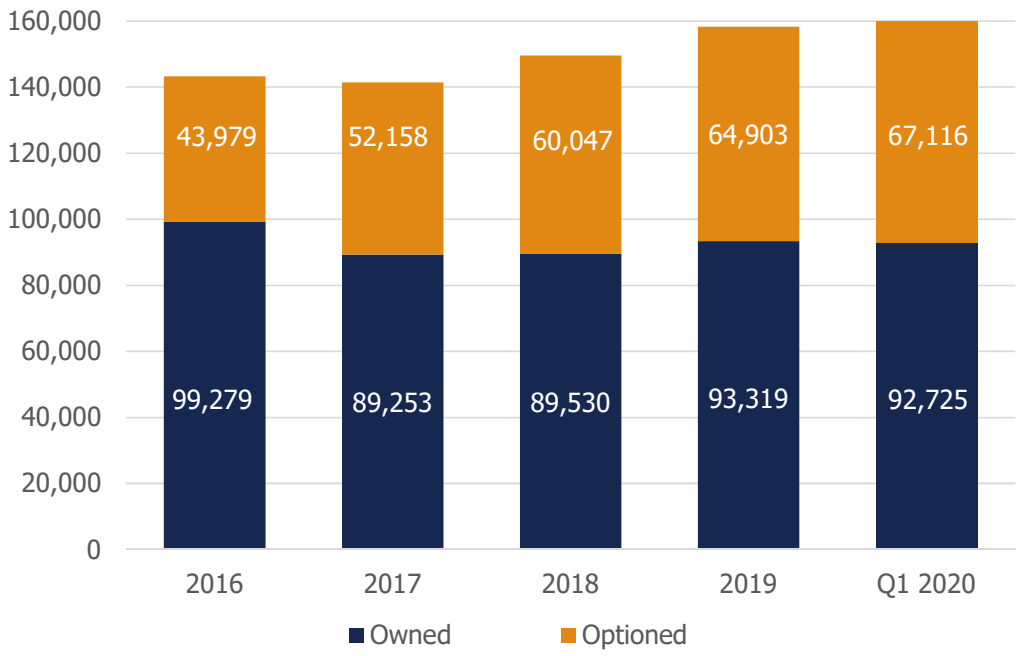
Becoming Land Light(er) and More Efficient

Lots Under Control



- Controlled growth of land investment
- Focus on shorter duration projects
  - Over the past 3 years, average project size of ~140 lots
- Increasing use of options
  - Enhance returns while helping to reduce market risk
  - 2019 American West deal totaled 3,500 lots in Las Vegas with 66% controlled via option

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Through a Disciplined Land Investment Process

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
- Typically underwriting deals with expected IRR in the low to mid 20% range

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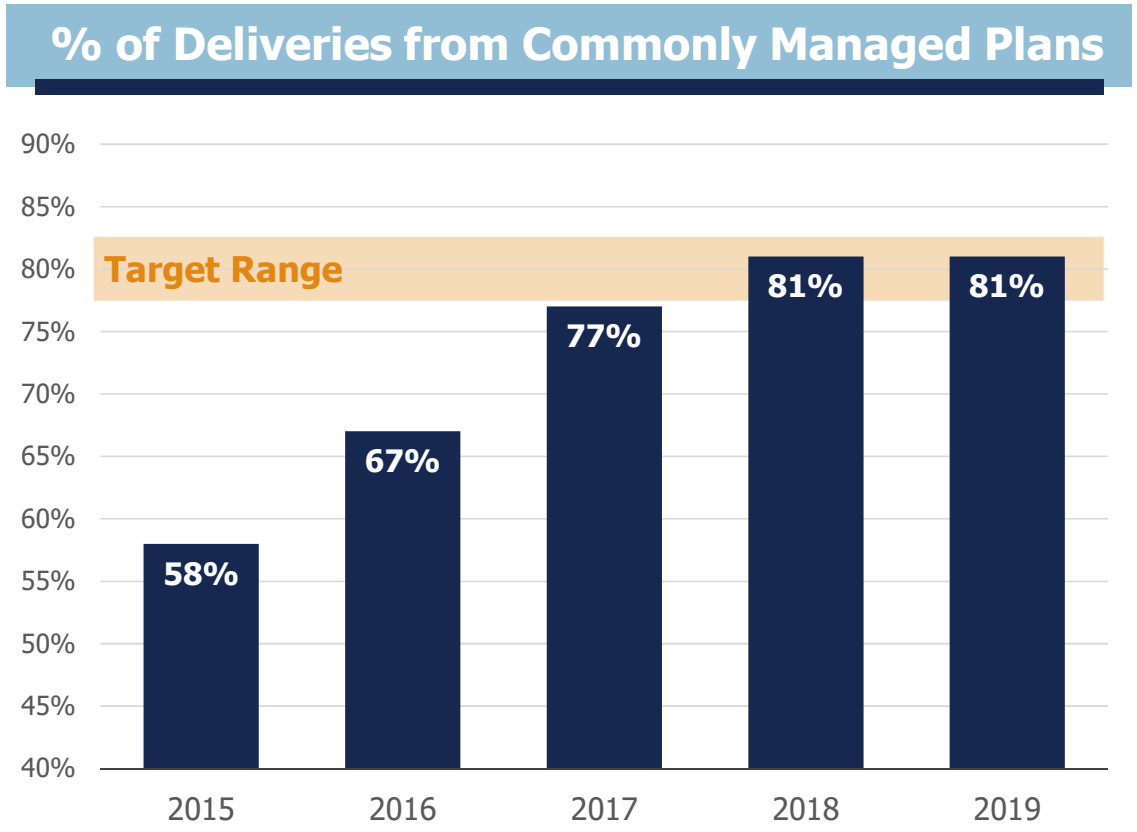
Leveraging Common Plan Platform

- Commonly managed plans
  - Consumer validated
  - Optimized for material content and ease of build
  - Built across multiple communities and/or markets
  - Frequency of construction can drive production efficiency and lower costs



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Next Step in Common Plan Strategy

- 2020 acquisition of Jacksonville-based Innovative Construction Group
  - Provides comprehensive framing solutions including design services, manufactured wall panels, roof trusses and floor systems, and on-site installation
  - Expect ICG to benefit Jacksonville operations through faster cycle times, precision structural components and savings on lumber and other materials
  - Can also serve as a model to intelligently integrate the use of off-site production with existing trade partners
- ICG remains a stand-alone operation and continues to serve its existing customers



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Summary

Working to Deliver High Returns Over the Housing Cycle

Implementing a Different Business to Create Long-term Shareholder Value

FOCUS on the customer: deliver superior build quality and home buying experience

INVEST in high-returning, shorter duration land positions

MAINTAIN disciplined business practices

IMPROVE asset efficiency to increase inventory turns and enhance cash flow

ALLOCATE cash flow appropriately, consistent with stated priorities: invest in the business, dividends, share repurchase, and debt reduction



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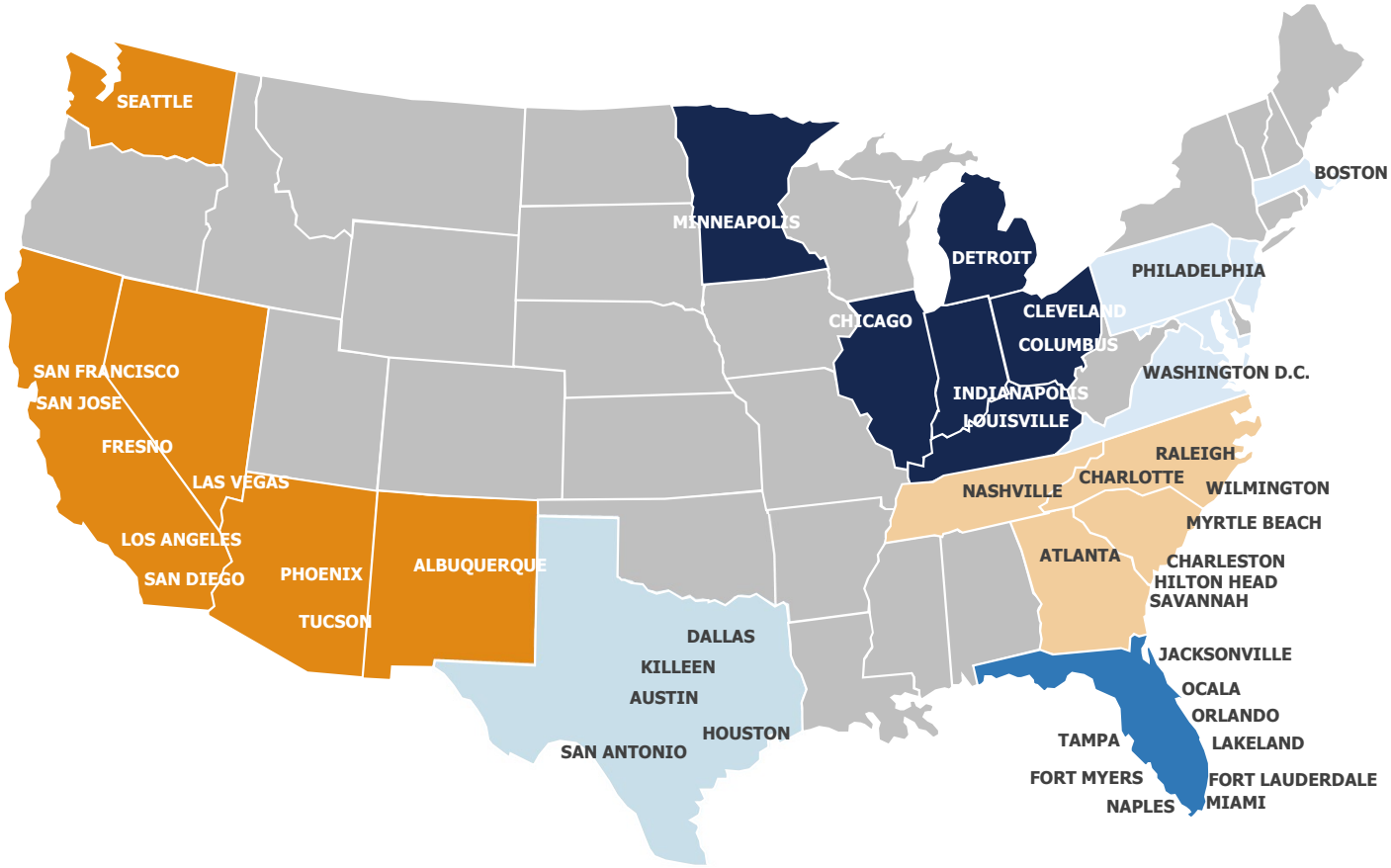
Appendix
Foundation for Success

Broad and Balanced Geographic Footprint



% of Company	
Closings	21%
Revenue	25%
Lots	28%

% of Company	
Closings	19%
Revenue	14%
Lots	17%

% for FY 2019

% of Company	
Closings	15%
Revenue	15%
Lots	11%

% of Company	
Closings	6%
Revenue	8%
Lots	5%

% of Company	
Closings	17%
Revenue	17%
Lots	17%

% of Company	
Closings	22%
Revenue	21%
Lots	22%

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Industry Leading Brand Names



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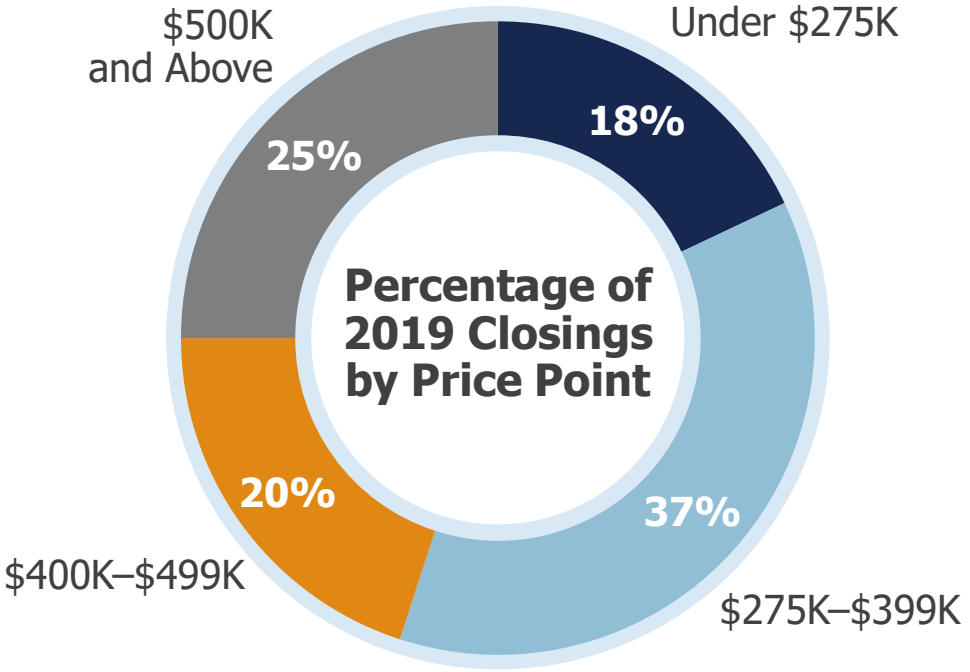
Serving a Variety of Price Points





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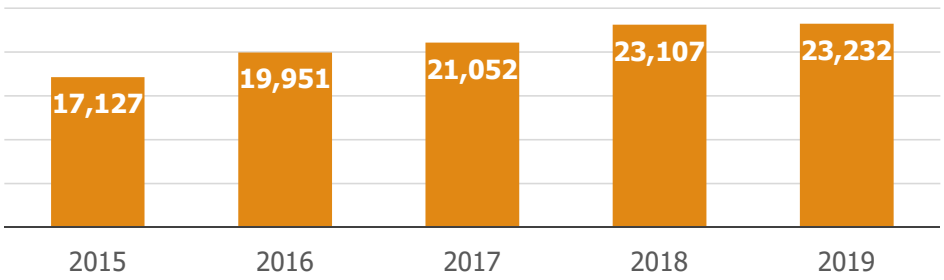
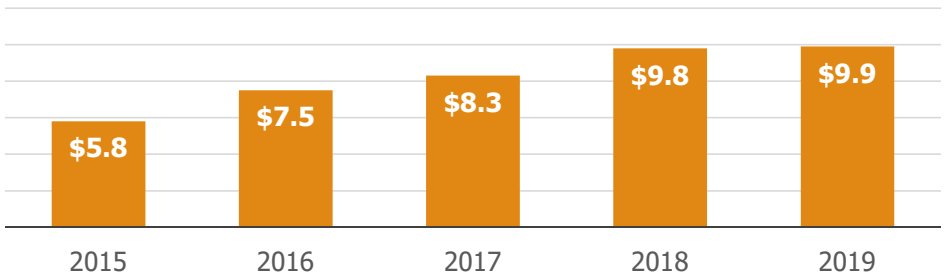
Generating Superior Business and Financial Results

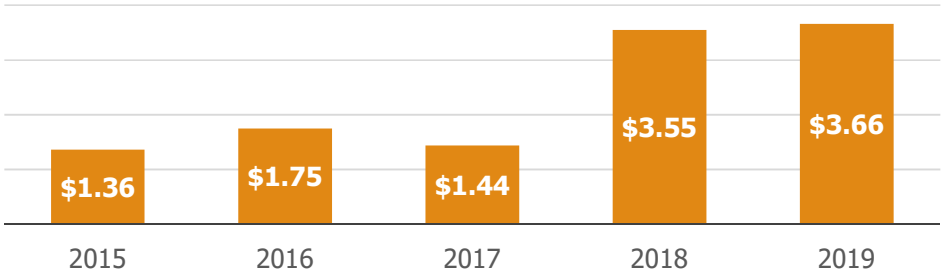
Closings



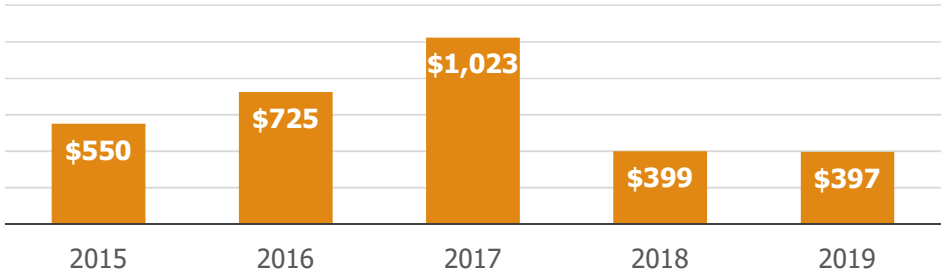
Homes Sale Revenues ($B)



EPS



Share Repurchases & Dividends ($M)



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Guided by a Strong Corporate Ethic…

- Certified as a Great Place to Work® company
- Proven commitment to construction quality and buyer experience
- PHM stock a component of the Dow Jones Sustainability Index
- Built to Honor: serving our nation's wounded veterans
  - Over 50 mortgage-free homes donated to veterans and their families







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…And an Independent, Experienced & Diverse Board



Brian Anderson*
Former CFO, OfficeMax (2005)



Bryce Blair*
Chairman, Invitation Homes, former Chairman and CEO, AvalonBay Communities (2011)



Richard Dreiling*
Former Chairman and CEO, Dollar General (2015)



Thomas Folliard*
Non-Executive Chairman, former President and CEO, CarMax (2012)



Cheryl Grise*
Former EVP, Northeast Utilities (2008)



Andre Hawaux*
Former EVP & COO, Dick's Sporting Goods (2013)



Ryan Marshall
President & CEO, PulteGroup (2016)



John Peshkin*
Founder & Managing Partner, Vanguard Land, former North American CEO & Pres., Taylor Woodrow plc. (2016)



Scott Powers*
Former President & CEO, State Street Global Advisors (2016)



Lila Snyder*
EVP & President, Commerce Services, Pitney Bowes (2018)

*Independent Director

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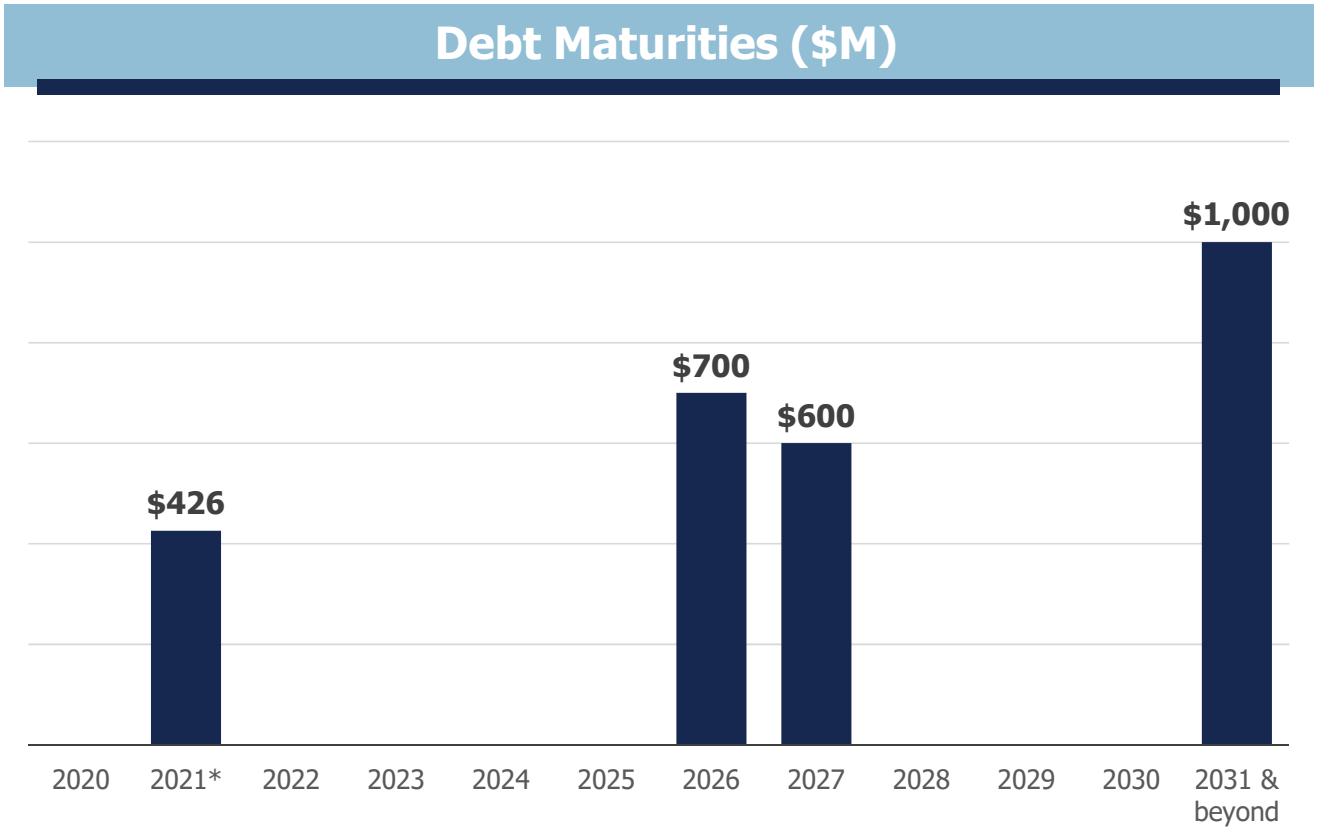
Strong Capital Structure Provides Flexibility



- Q1 2020 net debt-to-cap 22%; debt-to-cap 38%
  - In response to COVID-19 uncertainties, Company drew $700M on its revolver in Q1
- Early tender for $274 million of 2021 notes completed in 2019 using available cash

*Remaining notes outstanding after early tender

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