



Q3 2020 Operating & Financial Results

October 22, 2020

Forward-Looking Statements

This presentation 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.

PulteGroup Call Participants



**Ryan
Marshall**
President & CEO



**Bob
O'Shaughnessy**
**Executive
Vice President
and CFO**



**Jim
Ossowski**
**Senior Vice
President,
Finance**



**Jim
Zeumer**
**Vice President,
Investor
Relations**



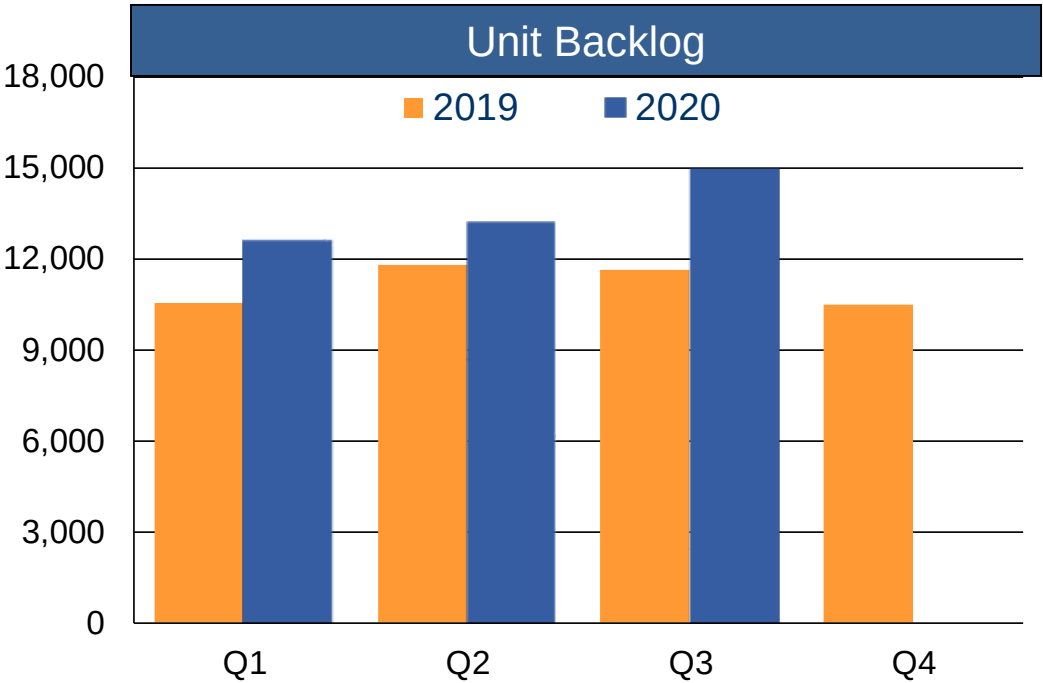
Q3 2020 Operating & Financial Highlights

Q3 2020 Financial Highlights

- Q3 reported earnings of \$1.54 per share
- Q3 adjusted earnings of \$1.34 per share up 33% over prior year
 - ✓ Adjusted to exclude a tax benefit of \$53 million resulting from energy tax credits recognized in the period
- Home sale revenues increased 7% to \$2.8 billion
 - ✓ Closings increased 4% to 6,454 homes
 - ✓ ASP increased 3% to \$438,000 led by gains in move up and active adult
- Reported homebuilding gross margin increased 140 bps to 24.5%
 - ✓ Gross margin up 60 bps sequentially from Q2 2020
- SG&A expense improved 70 bps to 9.6% of home sale revenues

Q3 2020 Financial Highlights

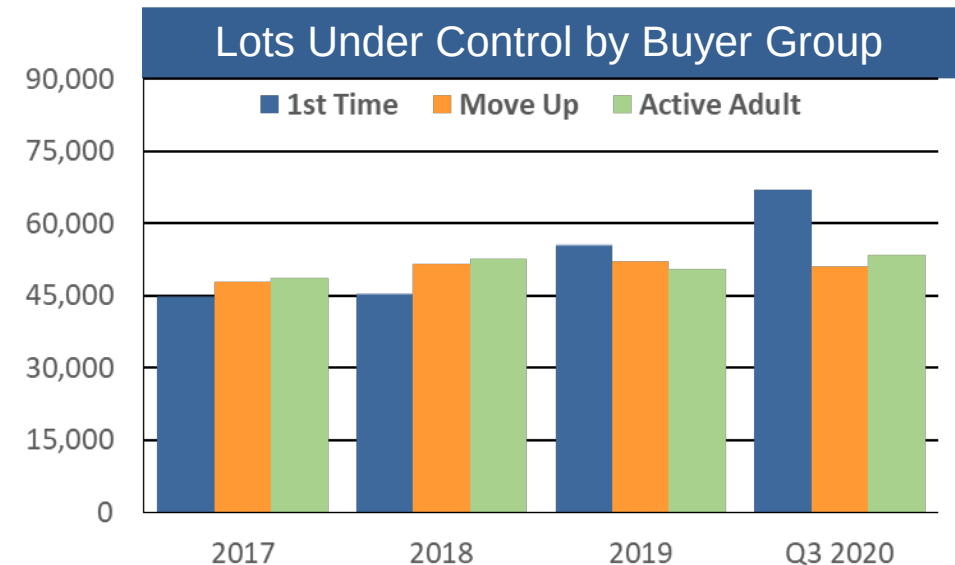
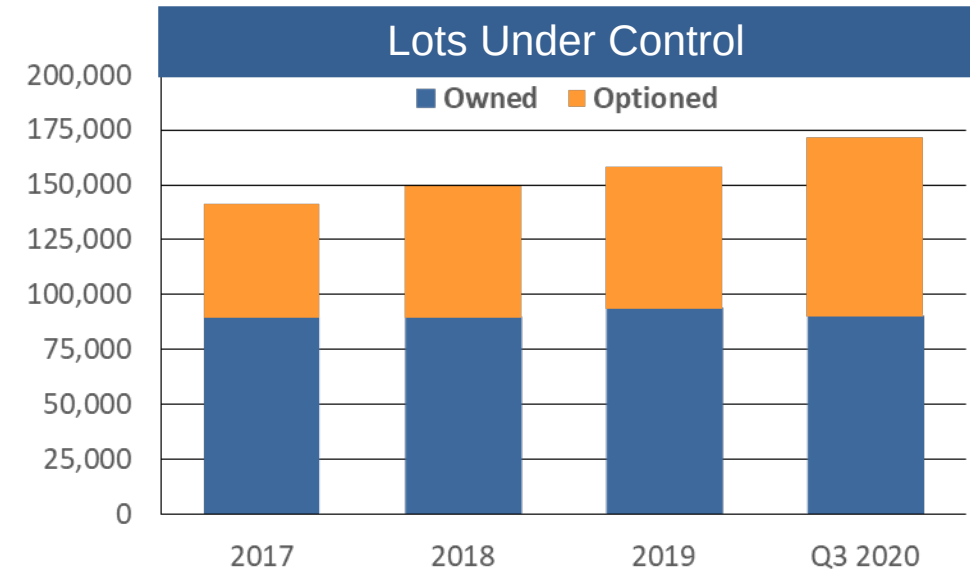
- Net new orders increased 36% to 8,202 homes
 - ✓ Value of net new orders increased 43% to \$3.6 billion
- Unit backlog up 29% to 14,962 homes
 - ✓ Backlog value increased 32% to \$6.6 billion
 - ✓ Highest third quarter backlog value in a over a decade



	Net New Orders			
	Q1	Q2	Q3	Q4
2019	6,463	6,792	6,031	5,691
2020	7,495	6,522	8,202	
Change	16%	- 4%	36%	

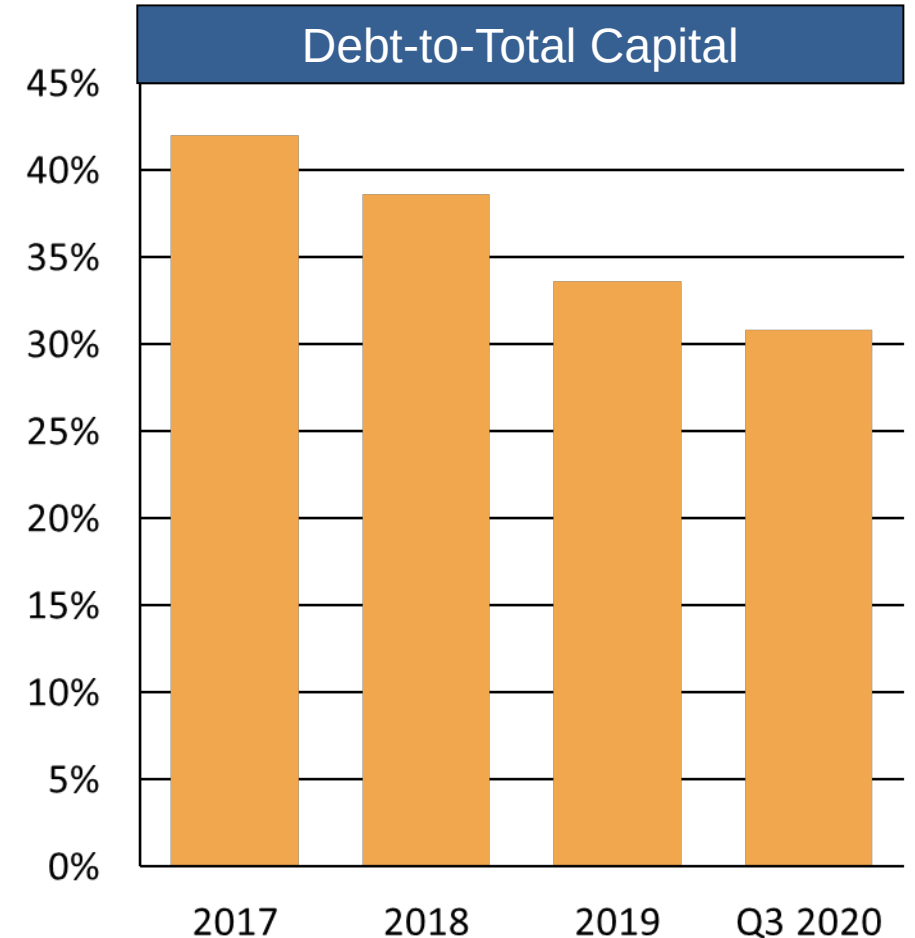
Strategically Increasing Land Investment

- Q3 2020 land acq. & development investment increased to \$843 million
 - ✓ Increased land investment after pausing in Q2 in response to pandemic
 - ✓ Targeting \$2.7 billion of land spend for full year 2020
- 171,500 lots under control
 - ✓ Lots held under option increased to 47% of lots under control, as Company advances toward its 50% target



Liquidity and Balance Sheet Strength

- Quarter end cash balance of \$2.1 billion
- Q3 debt-to-total capital ratio of 30.8%; down from 33.6% at the end of 2019
- Net debt-to-capital ratio of 9.6%; down from 21.7% at the end of 2019
- No shares repurchased in Q3



Q3 2020 Selected Financial Data

	Three Months Ended September 30,		Change
	2020	2019	
Home Sale Revenues (\$ millions)	\$2,824	\$2,637	7%
Gross Margin Percentage	24.5%	23.1%	140 bps
SG&A Percent of Home Sale Revenues	9.6%	10.3%	- 70 bps
Financial Services Pretax Income (\$ millions)	\$64	\$32	98%
Net Income (\$ millions)	\$416	\$273	52%
Adjusted Net Income (\$ millions)	\$363	\$280	30%
Earnings Per Share	\$1.54	\$0.99	56%
Adjusted Earnings Per Share	\$1.34	\$1.01	33%
Backlog (Units)	14,962	11,638	29%
Backlog Dollar Value (\$ millions)	\$6,598	\$5,011	32%

Q3 2020 Selected Balance Sheet Data

	September 30, 2020 (\$ millions)	December 31, 2019 (\$ millions)
Cash and Equivalents (including restricted cash)	\$2,114	\$1,251
House and Land Inventory	\$7,615	\$7,681
Notes Payable	\$2,779	\$2,765
Shareholders' Equity	\$6,240	\$5,458
Debt – to – Total Capital Ratio	30.8%	33.6%
Net Debt – to – Total Capital Ratio	9.6%	21.7%



Appendix Non-GAAP Reconciliation

PulteGroup, Inc.
Reconciliation of Non-GAAP Financial Measures (Unaudited)

This report contains information about our operating results reflecting certain adjustments, including: gross margin, net income, and diluted earnings per share ("EPS"). These measures are considered non-GAAP financial measures under the SEC's rules and should be considered in addition to, rather than as a substitute for, the comparable GAAP financial measures as measures of our profitability. We believe that reflecting these adjustments provides investors relevant and useful information for evaluating the comparability of financial information presented and comparing our profitability 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 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):

	Results of Operations Classification	Three Months Ended	
		September 30,	
		2020	2019
Net income, as reported		\$ 416,398	\$ 273,104
Adjustments to income before income taxes:			
Warranty claim	Home sale cost of revenues	—	8,956
Income tax effect of the above item	Income tax expense	—	(2,229)
Energy tax credits	Income tax expense	(53,210)	—
Adjusted net income		<u>\$ 363,188</u>	<u>\$ 279,831</u>
 EPS (diluted), as reported		 \$ 1.54	 \$ 0.99
Adjusted EPS (diluted)		\$ 1.34	\$ 1.01

	Three Months Ended			
	September 30,			
	2020		2019	
Home sale revenues	\$ 2,823,921		\$ 2,637,002	
 Gross margin (a)	\$ 692,180	24.5 %	\$ 608,380	23.1 %
Adjustments:				
Warranty claim	—	— %	8,956	0.3 %
Adjusted gross margin	<u>\$ 692,180</u>	<u>24.5 %</u>	<u>\$ 617,336</u>	<u>23.4 %</u>

(a) Gross margin represents home sale revenues minus home sale cost of revenues



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