

Investor Presentation

Constructing a High Returning Homebuilder
March 2024

Forward-Looking Statements

As a cautionary note, except for the historical information contained herein, this presentation contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking 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 or data security issues; failure to retain key personnel; 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; the effect of cybersecurity incidents and threats; 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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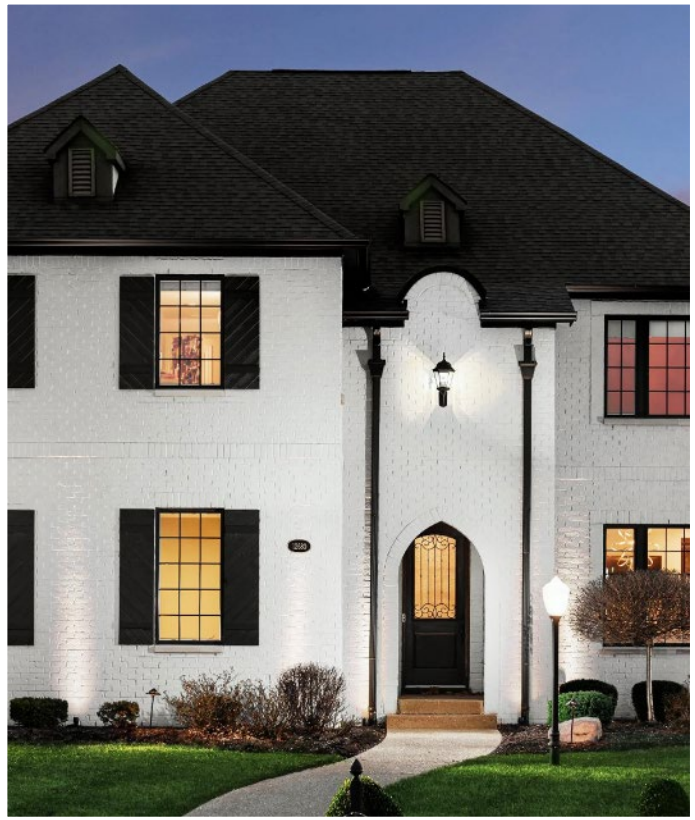
AGENDA

Constructing a High Returning Homebuilder

Driving Superior Financial Results

Favorable Long-Term Market Dynamics

Summary

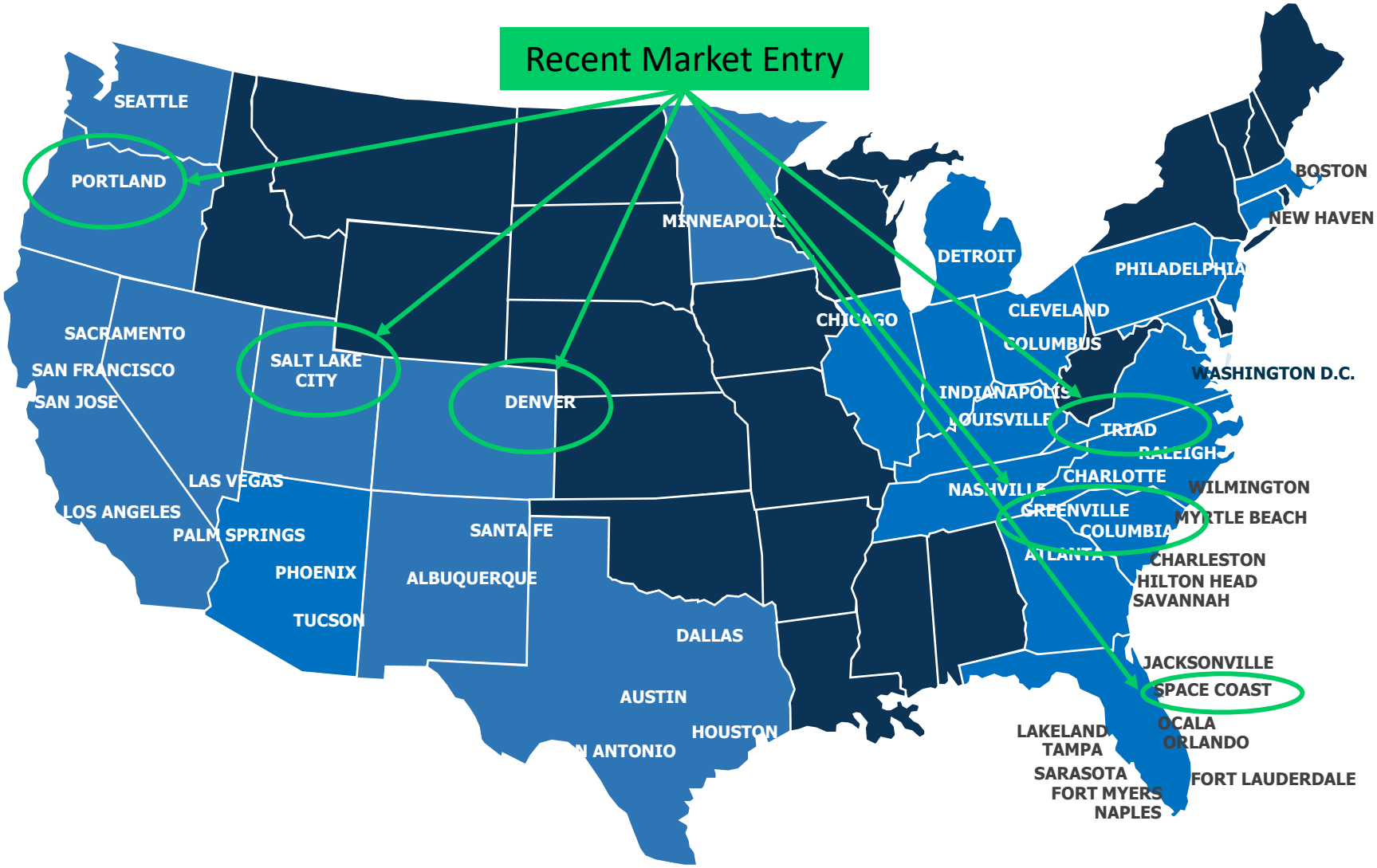




Constructing a High Returning Homebuilder



Nation's 3rd Largest Builder
Continuing to Expand Our Market Platform



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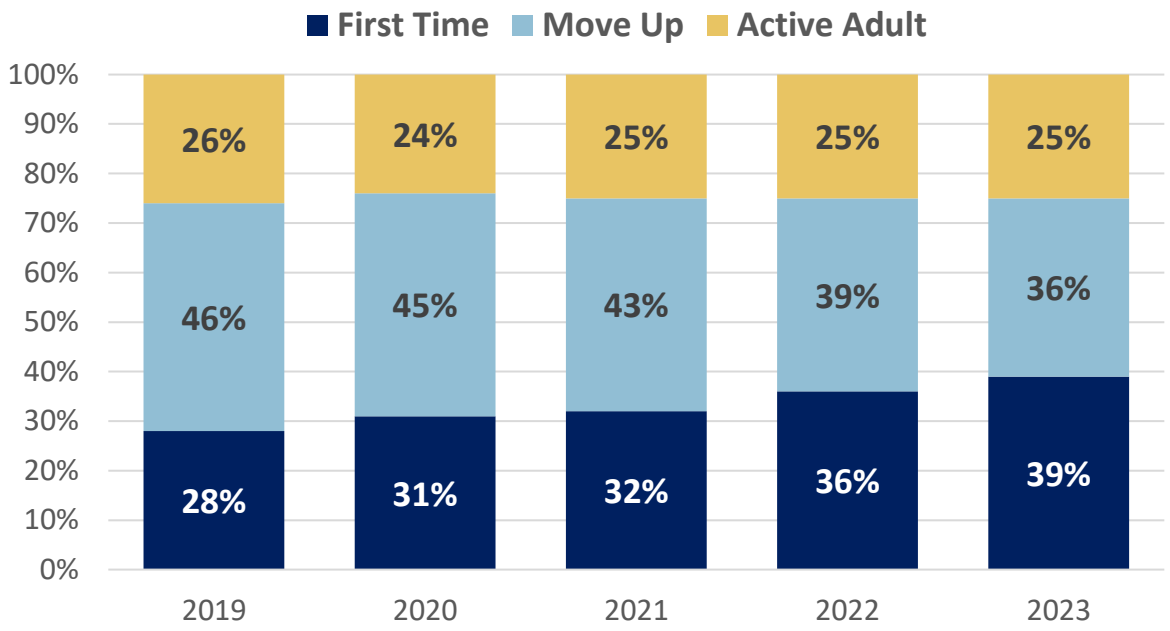
Unmatched Ability to Serve All Buyer Groups

2023 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

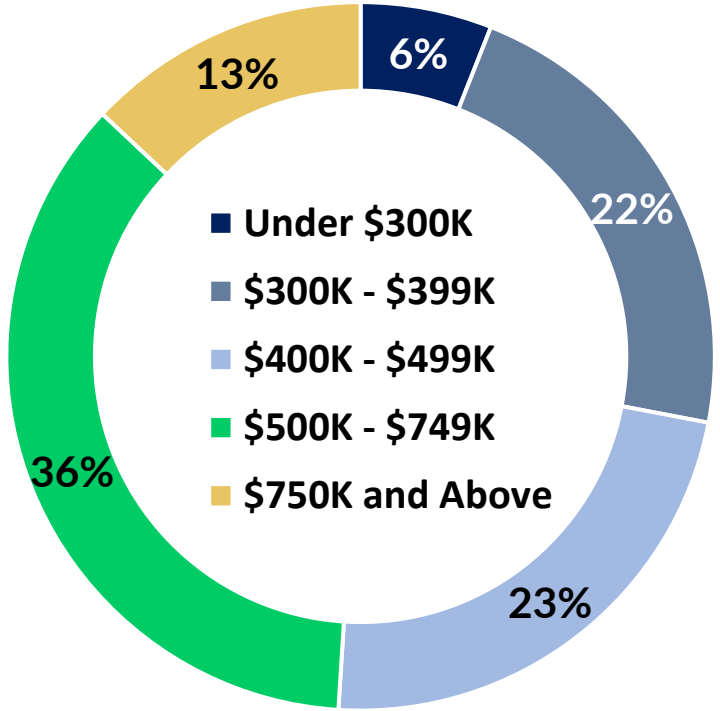








2023 Closings by Price Point



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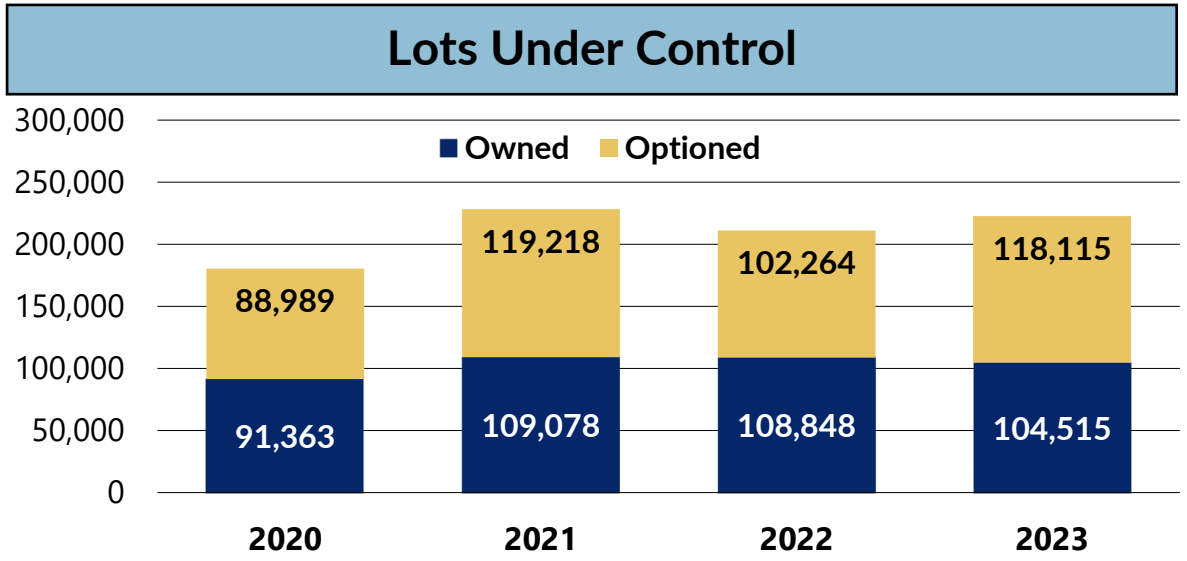
Control of Critical Land Resources

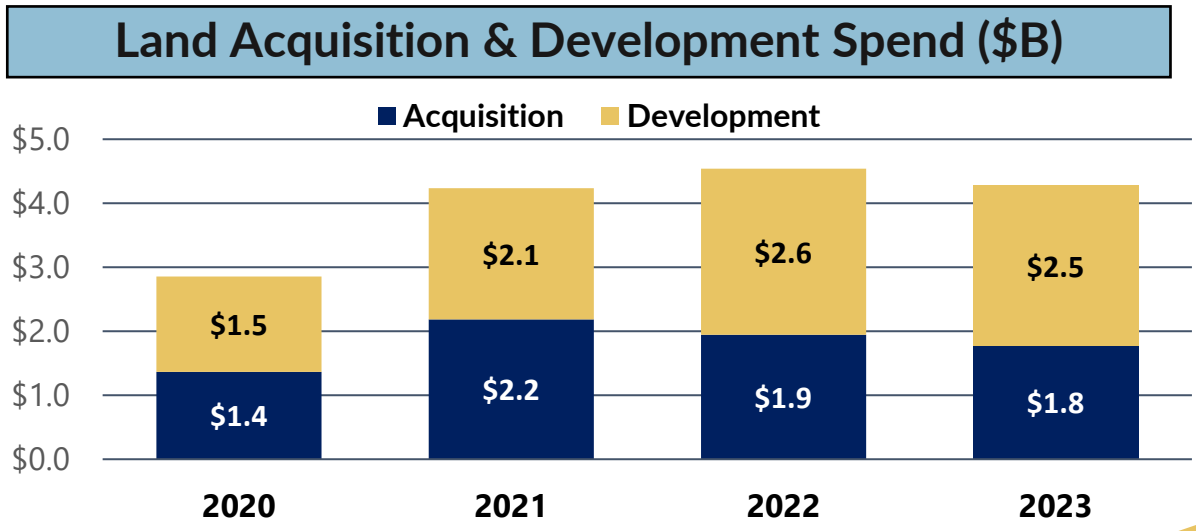
Actively managing land pipeline

- Multi-year program underway to increase optioned lots to 70% of pipeline

Expect to invest approximately $5.0B in land acquisition and development in 2024

Expect 2024 community count growth of 3% to 5% over prior year





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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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Operating Model Aligned with Driving High Returns
Over the Housing Cycle

Drive superior homebuilding profitability

- Disciplined underwriting process
- Efficient Build to Order and Spec operating model
- More efficient construction processes
- Strategic pricing methodology
- Importance of gross margin as a critical driver of returns

- Strategic expansion into new markets to support growth
- Increase use of land options

- Consistently realize positive cash flows to fund allocation priorities

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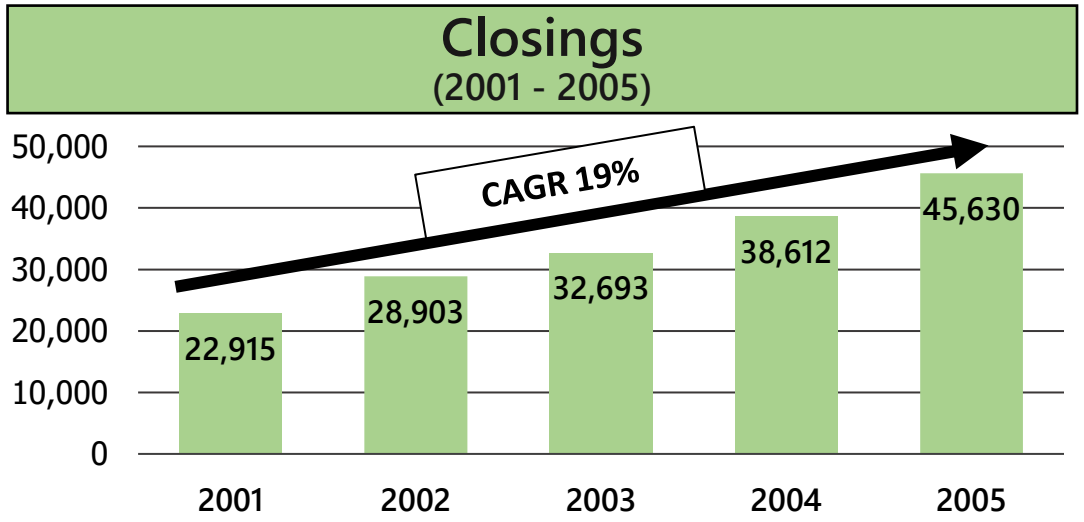
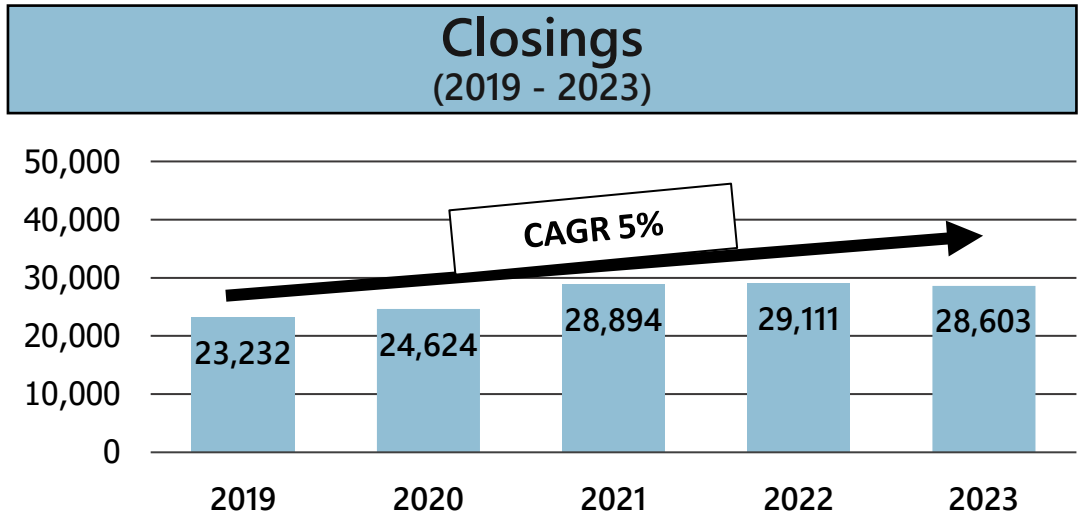
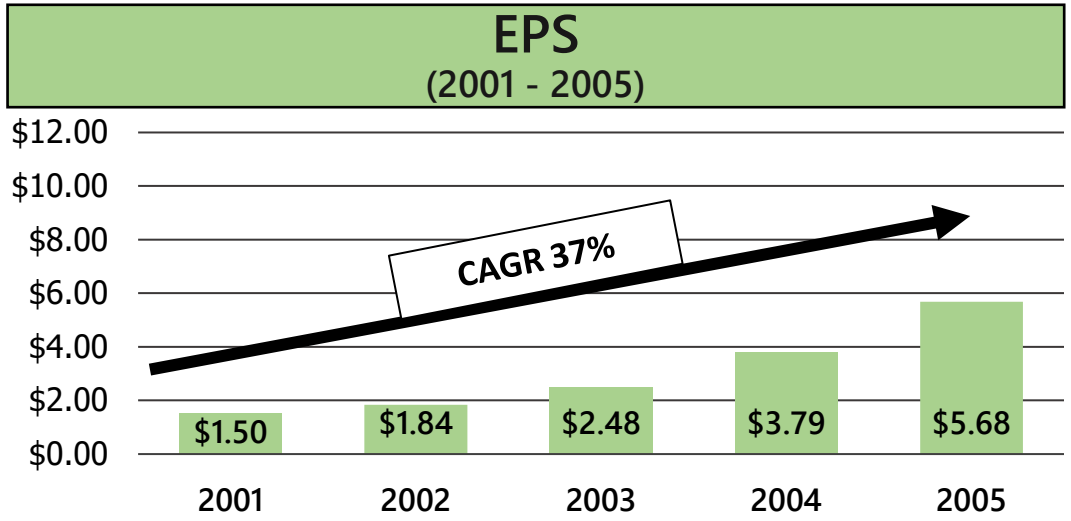
Today's Operating Model Driving Superior Financial Results

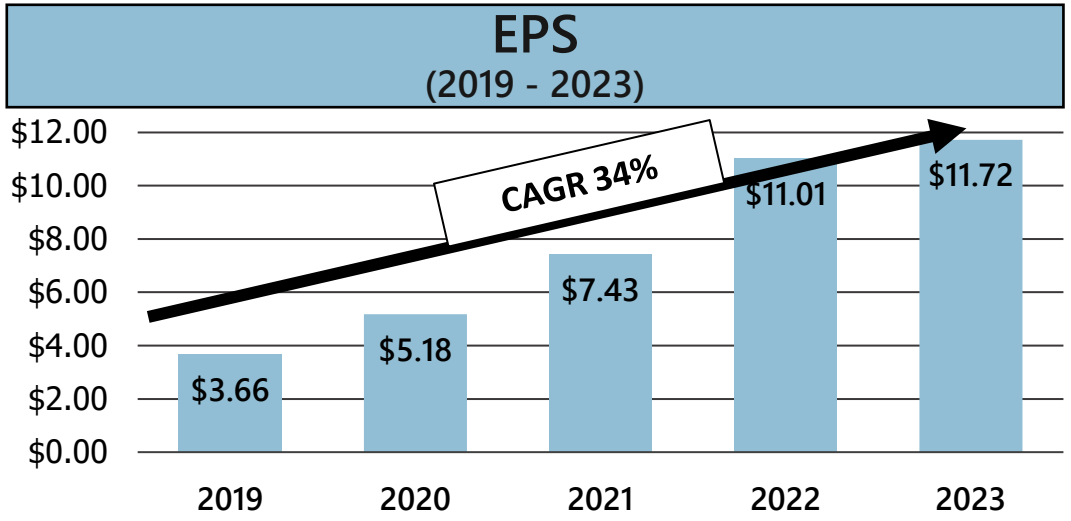


Capitalizing on Volumes to Drive Outsized EPS Growth









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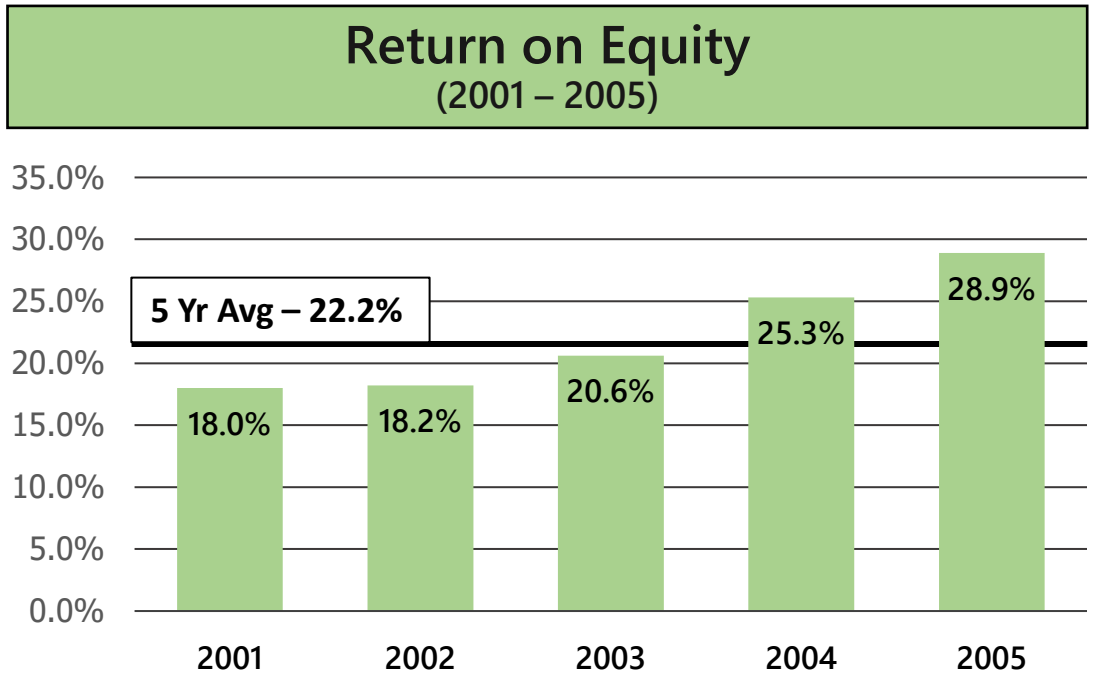
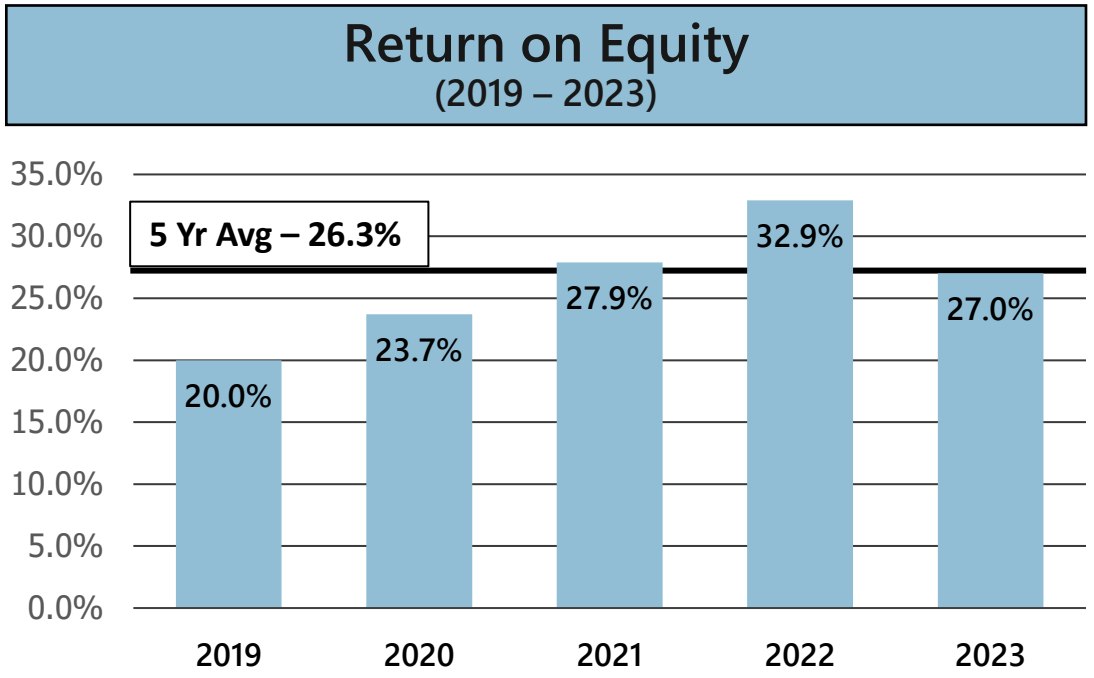
With Significantly Higher Returns on Equity





* 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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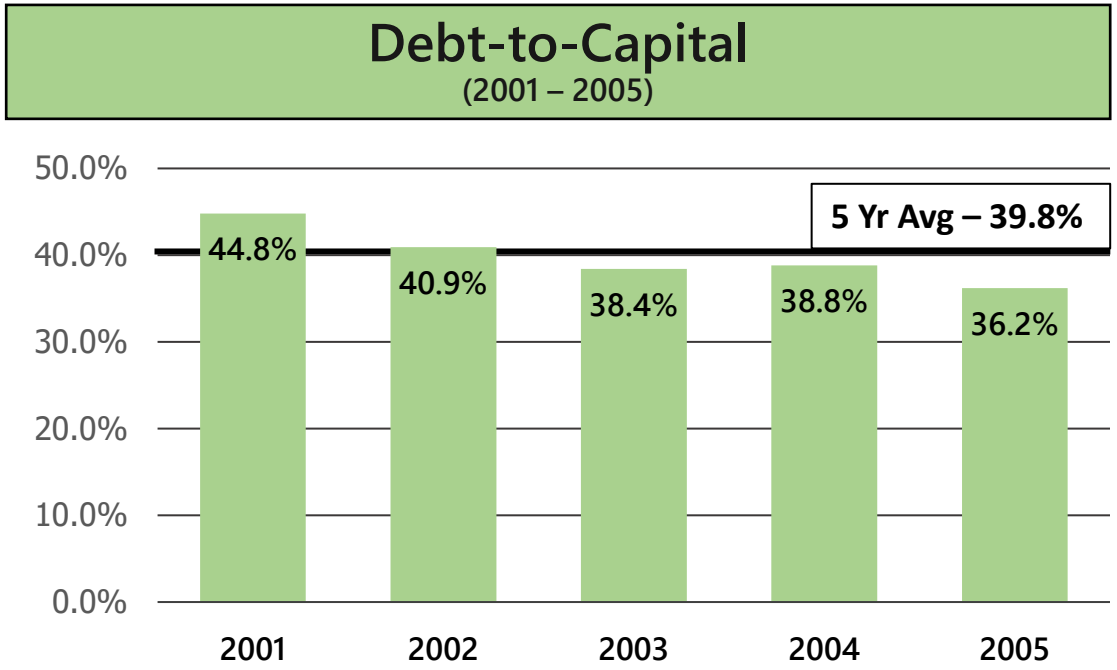
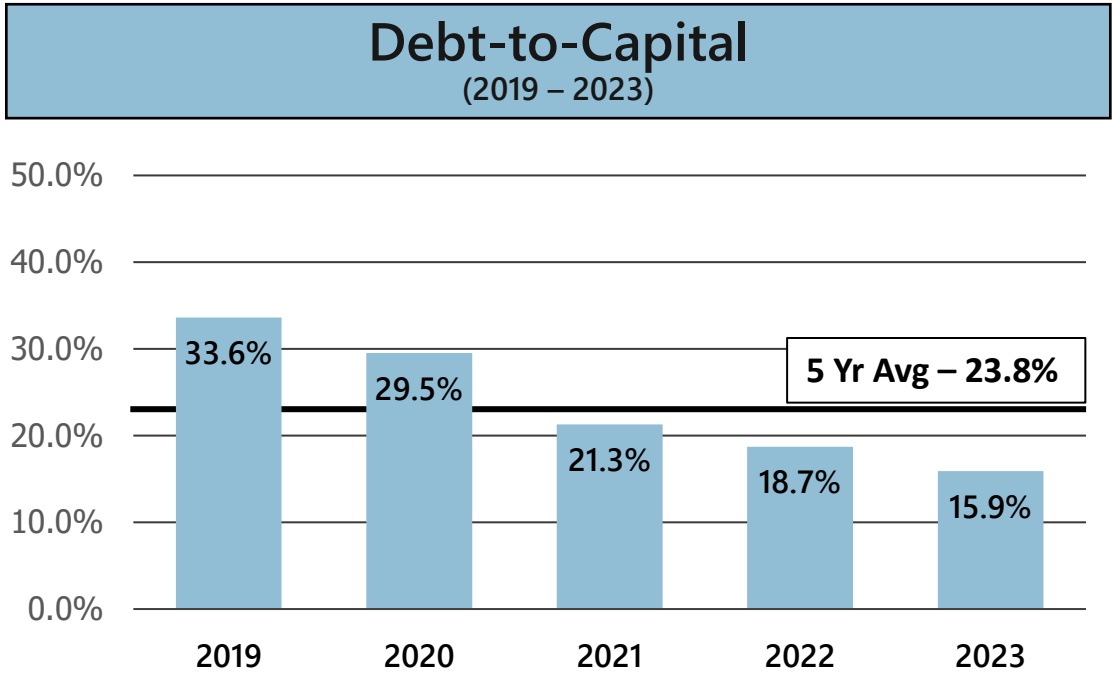
While Building a Strong Balance Sheet





At the end of 2005, the Company had $3.4B of senior notes outstanding

The Company ended 2023 with $1.8B of cash and $1.9B of senior notes outstanding for a net debt-to-capital of 1.1%

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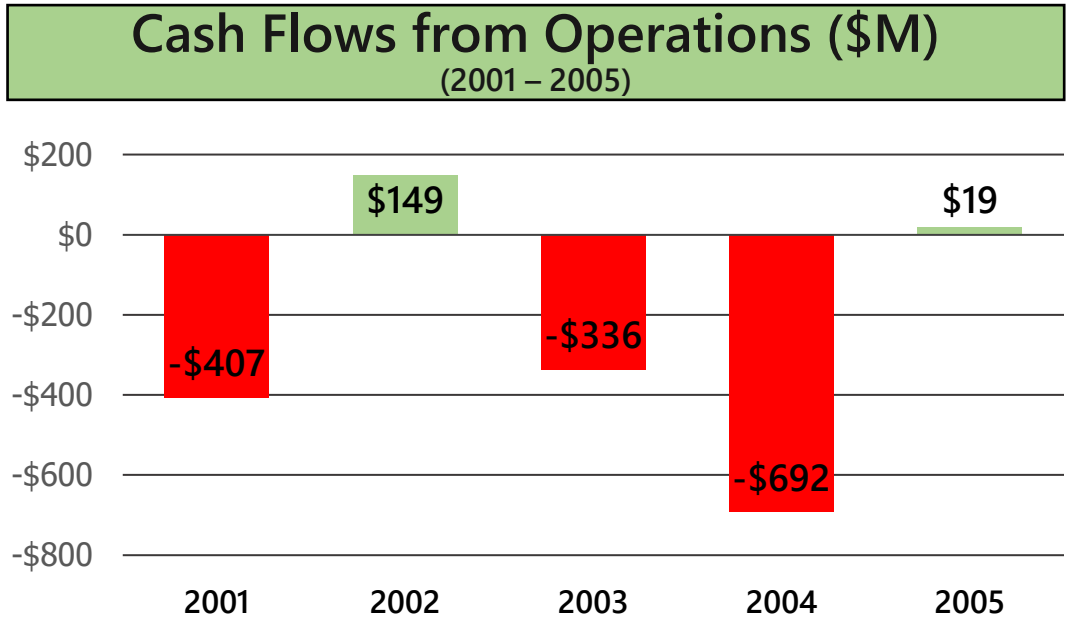
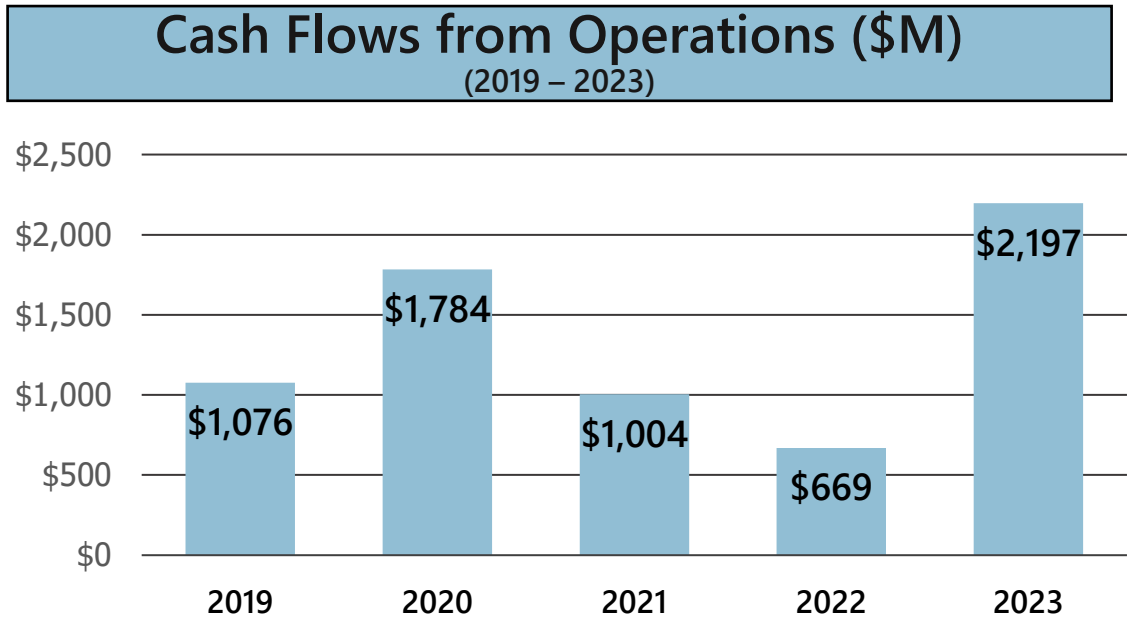
And Generating Positive Cash Flows to Fund Operations





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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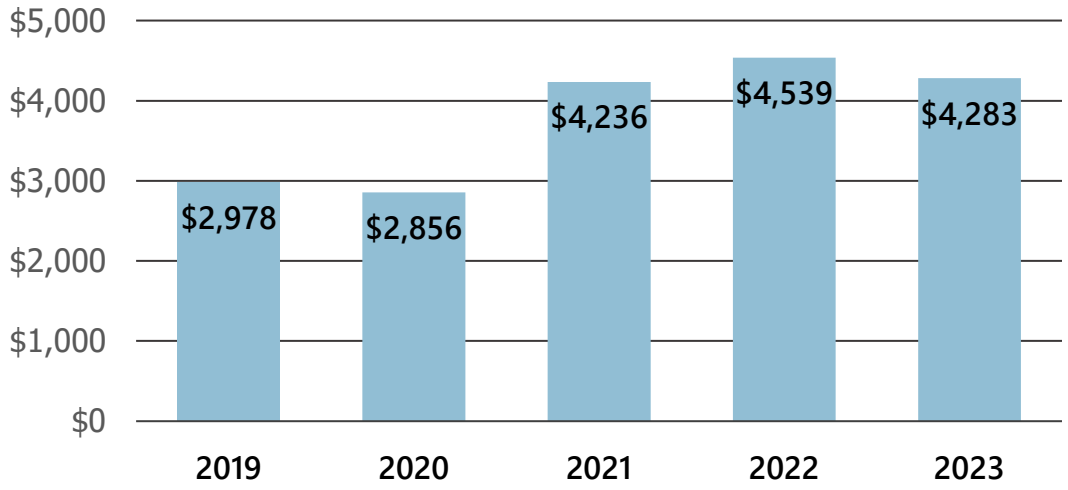
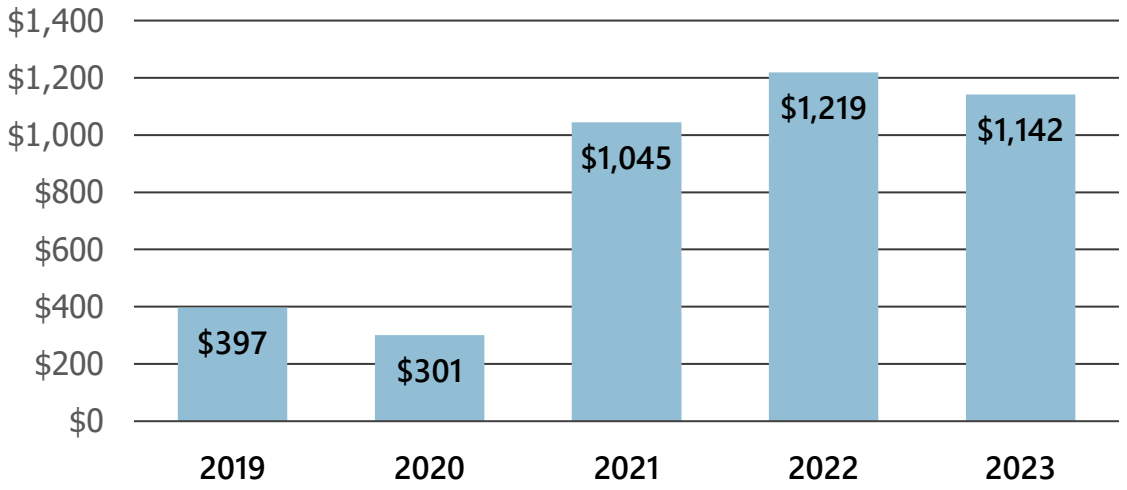
Allocating Capital to Grow the Business and Reward Shareholders

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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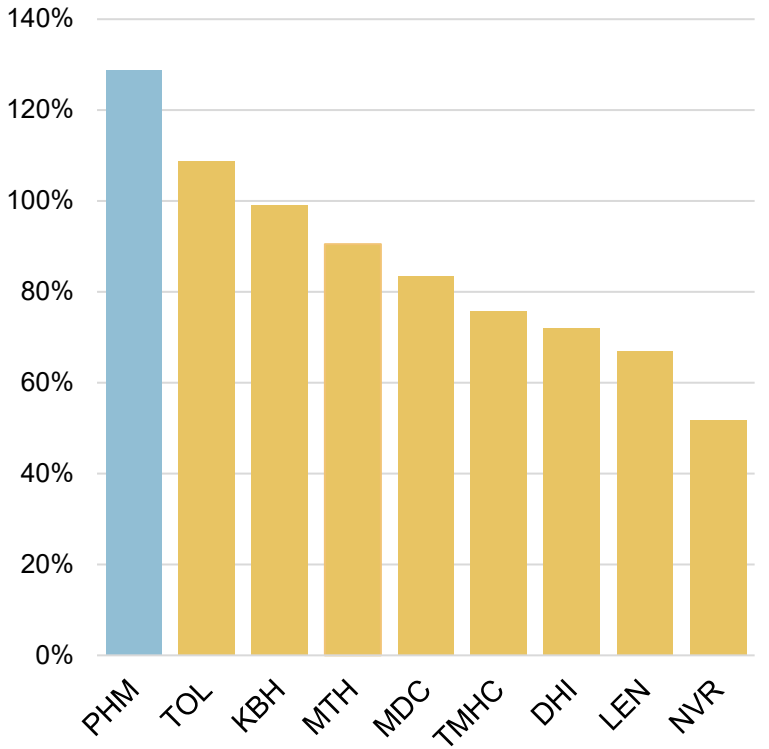
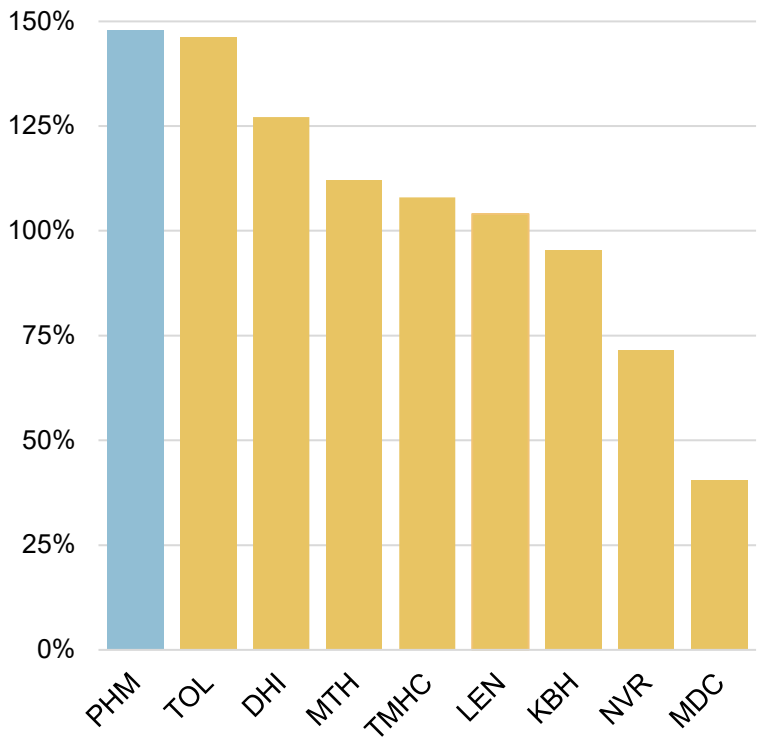
And Achieving Our Goal of
Superior Total Shareholder Returns

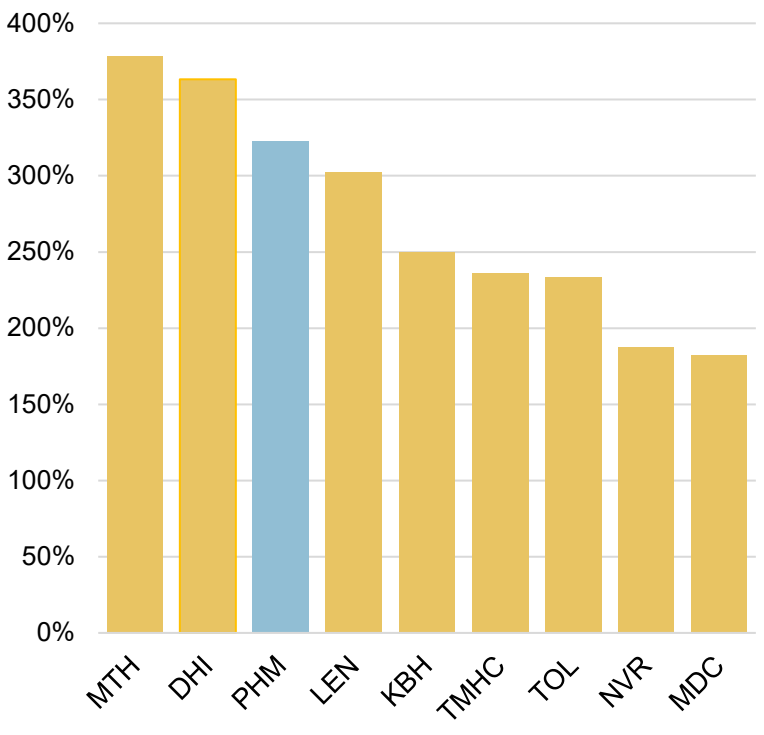
1 Year



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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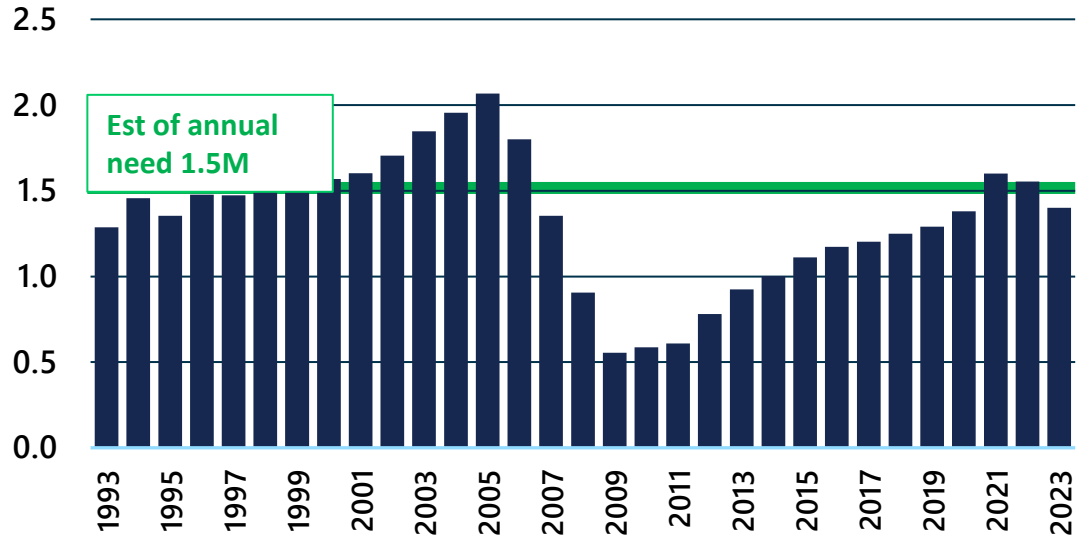
Favorable Long-term Market Dynamics

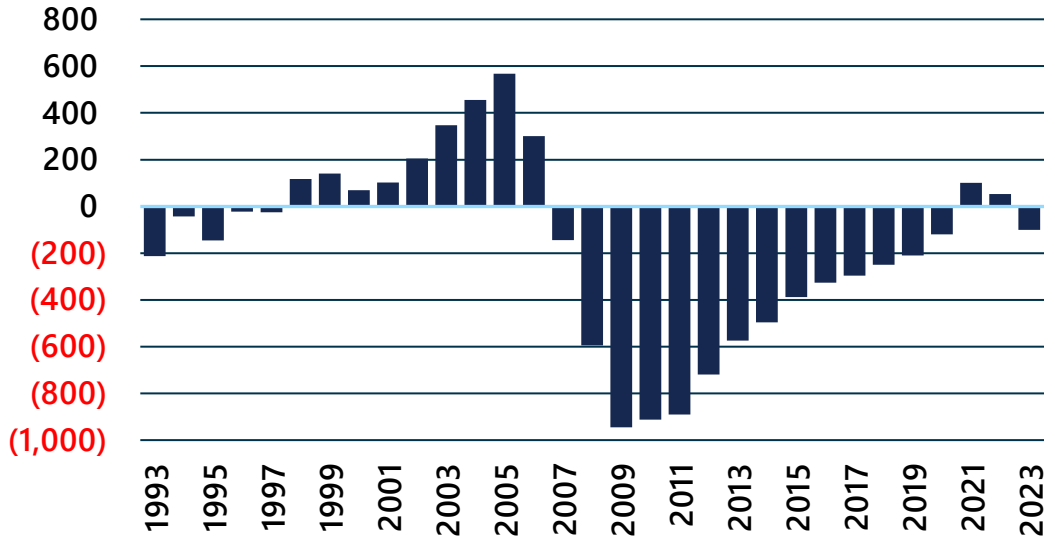


Years of Under Building Has Created a Significant Housing Deficit

Housing Starts (M)



Relative to Estimated Need of 1.5M



- **Population growth drives sustained need for new housing stock**
- **Supportive demographic trends with aging of Millennial and Gen Z**
  - Peak of Millennial generation entering prime homebuying age
- **Country has routinely underbuilt relative estimated need of 1.5 million starts annually**

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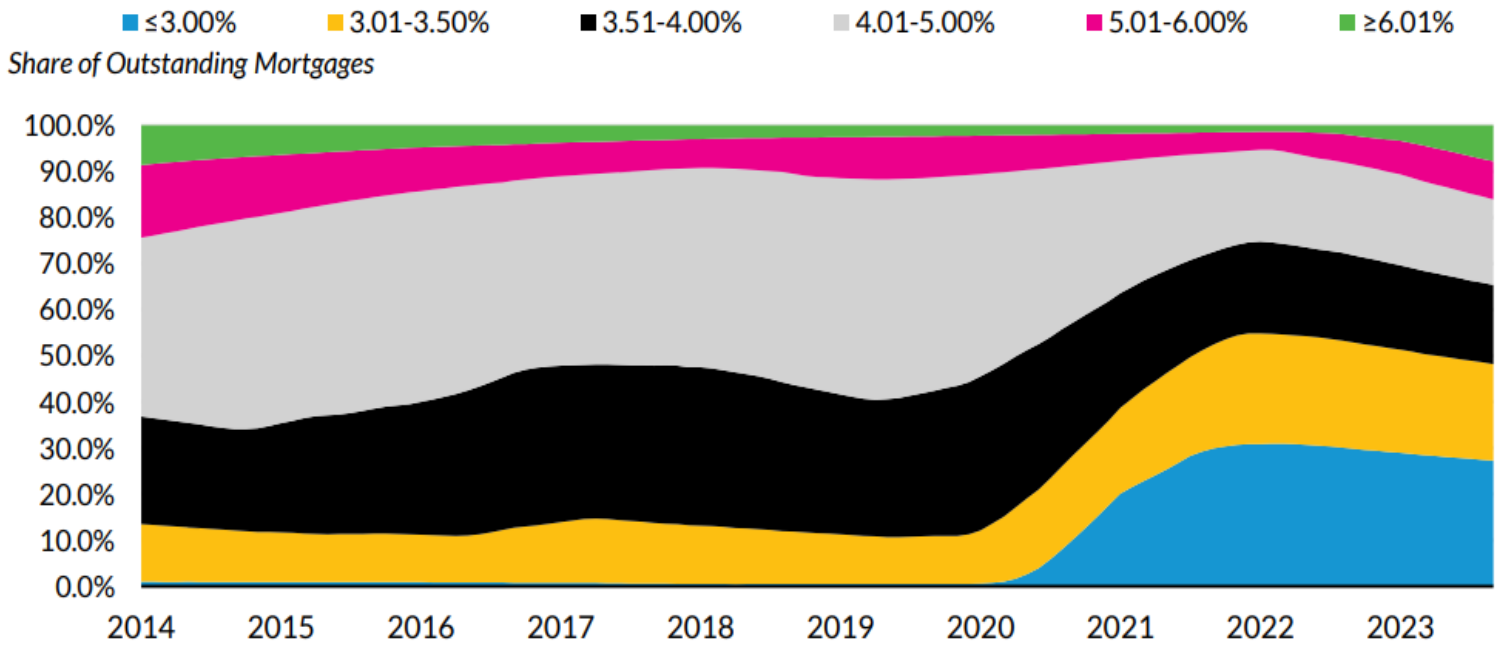
Existing Homeowners Slow to Part
With Low-Rate Mortgages



Existing Home Sales	
Year	Millions
2020	5.6
2021	6.1
2022	5.0
2023	4.1

Source: Urban Institute December 2023 Chartbook

- **On an annual basis, 2023 existing home sales of 4.1 million was the lowest level in nearly 30 years**
- **Anticipated declines in rates for 2024 not expected to bring a significant inventory of homes to market**
  - Existing home transactions are typically two sided, as the seller is likely also a buyer

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Summary

Nation's 3rd largest homebuilder operating across 46 markets

- Unmatched ability to serve all buyer groups
- Balanced spec and build-to-order production

Share gains and expansion into new markets supporting ongoing growth of the business

- Positioning the business to grow 5% to 10% annually

Proven high returning homebuilding model with strong cash flow generation used to:

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






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