



Report on Fourth Quarter 2019 Operating and Financial 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 any impairment charge 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; 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, 2018, 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 and
CEO**



**Bob
O'Shaughnessy**

**Executive
Vice President
and CFO**



**Jim
Ossowski**

**Senior Vice
President,
Finance**



**Jim
Zeumer**

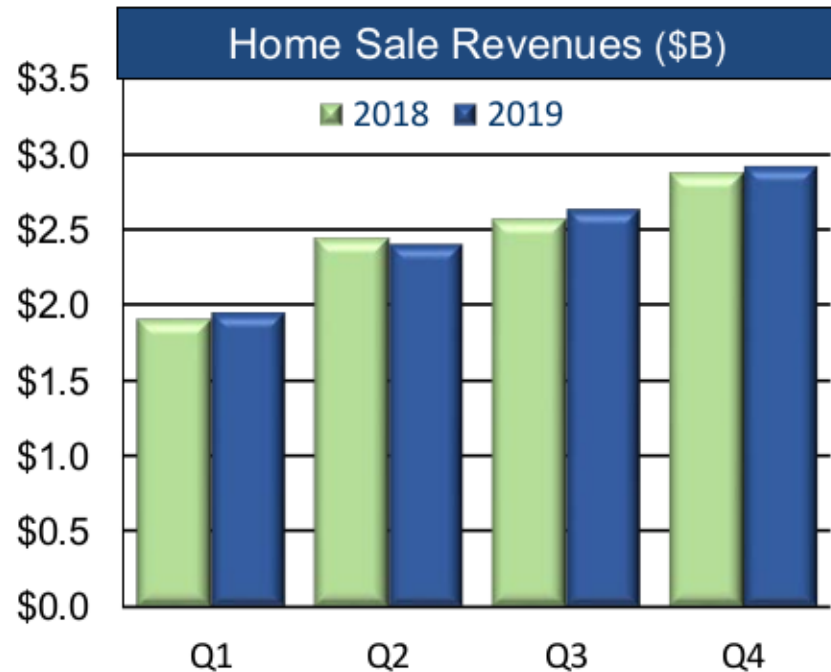
**Vice President,
Investor
Relations**



Review of Q4 2019 Results

Q4 2019 Financial Highlights

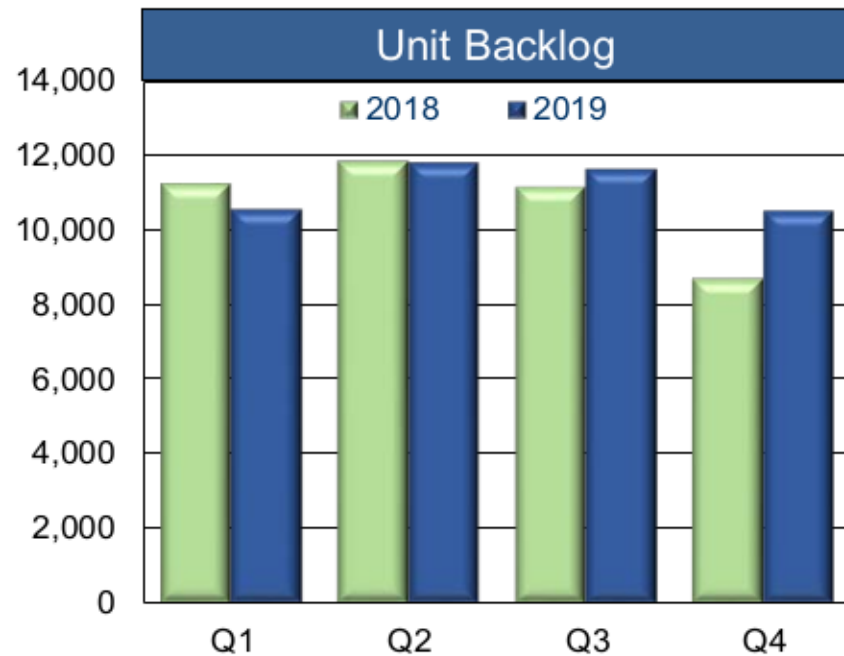
- Reported Q4 earnings of \$1.22 per share; adjusted earnings of \$1.14 per share
 - ✓ Adjusted earnings excludes \$31 million pre-tax benefit from an insurance reserve adjustment
 - ✓ Prior year reported earnings of \$0.84 per share; adjusted earnings of \$1.11 per share
- Home sale revenues of \$2.9 billion
 - ✓ Closings increased 2% to 6,822 homes
 - ✓ ASP of \$429,000
 - ✓ Closings among first-time buyers increased to 32% of Q4 deliveries
- Home sale gross margin of 22.8%



	Unit Closings			
	Q1	Q2	Q3	Q4
2018	4,626	5,741	6,031	6,709
2019	4,635	5,589	6,186	6,822
Change	-	-3%	3%	2%

Q4 2019 Financial Highlights

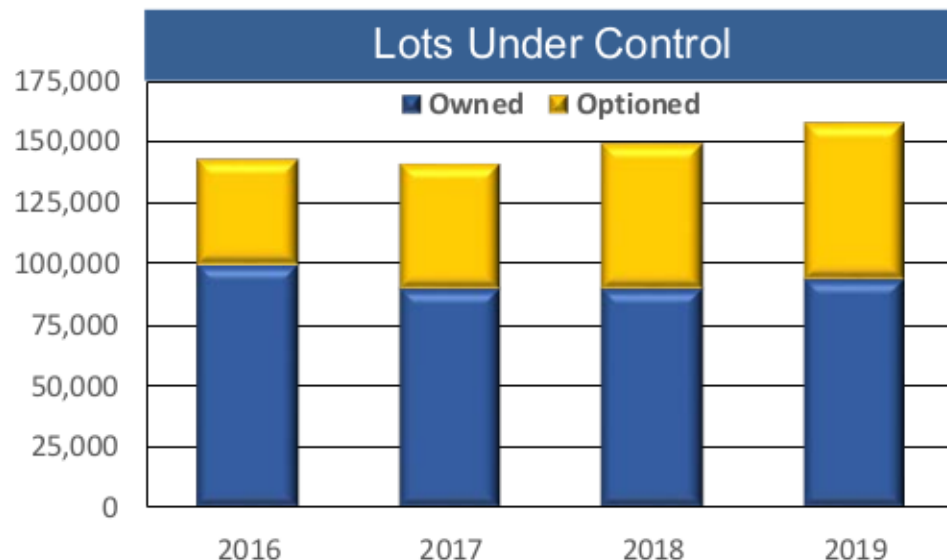
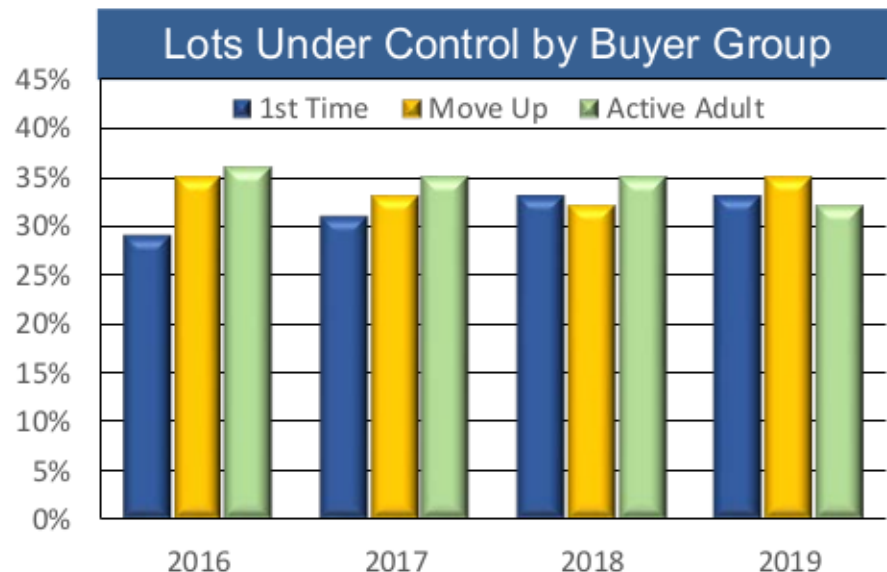
- Net new orders increased 33% to 5,691 homes
 - ✓ Absorption pace up 27%
- Net new order value increased 35% to \$2.5 billion
- Unit backlog increased 20% to 10,507 homes
 - ✓ Backlog value increased 18% to \$4.5 billion



	Net New Orders			
	Q1	Q2	Q3	Q4
2018	6,875	6,341	5,350	4,267
2019	6,463	6,792	6,031	5,691
Change	-6%	7%	13%	33%

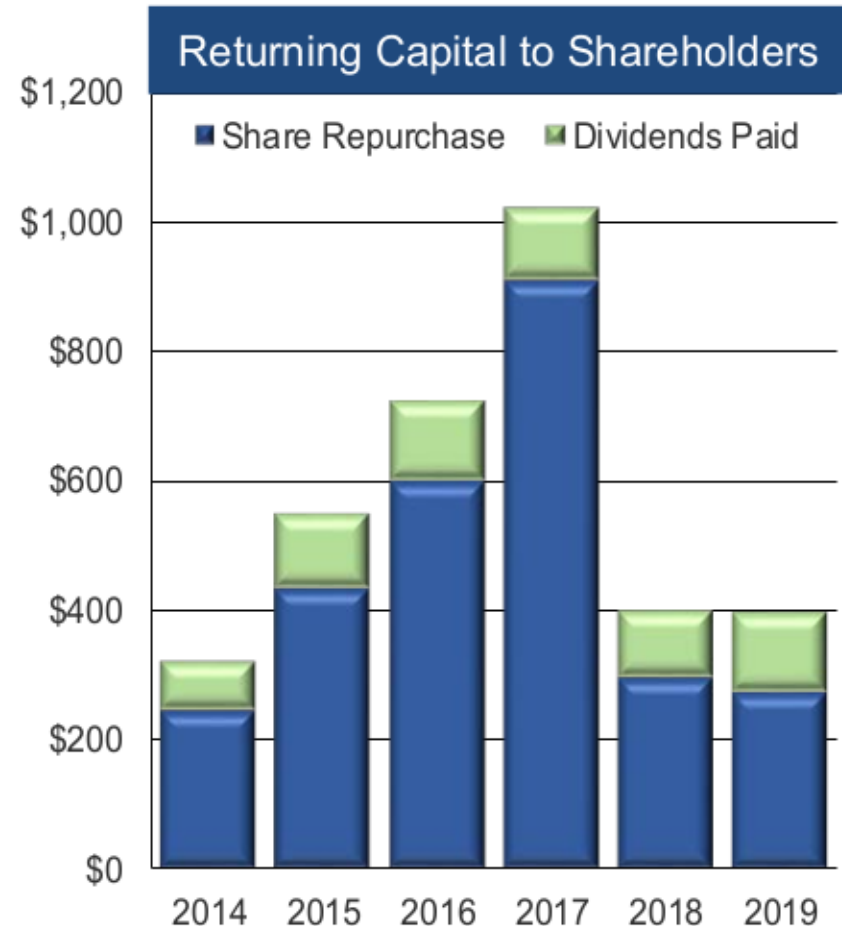
Balanced and Efficient Land Pipeline

- Q4 land acq. & development investment of \$771 million
 - ✓ FY 2019 land acq. & dev. spend of \$3.0 billion
 - ✓ Approved 29,000 lots in 2019; average community size less than 160 lots
- 158,000 lots under control
 - ✓ 41% of lots held via option
 - ✓ 33% of lots under control target first-time buyers



Financial Strength and Flexibility

- Debt-to-total capital ratio lower by 500 bps to 33.6%
 - ✓ \$1.2 billion of cash and net debt-to-total capital ratio of 21.7%
- In 2019, returned \$397 million to shareholders through dividends & share repurchases



Q4 2019 Selected Financial Data

	Three Months Ended December 31,	
	2019	2018
Home Sale Revenues (\$ millions)	\$2,925	\$2,885
Home Sale Gross Margin	22.8%	21.5%
Adjusted Home Sale Gross Margin	22.8%	23.8%
Reported Net Income (\$ millions)	\$336	\$238
Reported Diluted Earnings Per Share	\$1.22	\$0.84
Adjusted Net Income (\$ millions)	\$312	\$314
Adjusted Diluted Earnings Per Share	\$1.14	\$1.11
Backlog (Units)	10,507	8,722
Backlog Value (\$ millions)	\$4,536	\$3,836

Q4 2019 Selected Balance Sheet Data

	December 31, 2019 (\$ millions)	December 31, 2018 (\$ millions)
Cash and Equivalents (including restricted cash)	\$1,251	\$1,134
House and Land Inventory	\$7,681	\$7,253
Notes Payable	\$2,765	\$3,028
Shareholders' Equity	\$5,458	\$4,818
Debt – to – Total Capital Ratio	33.6%	38.6%
Net Debt – to – Total Capital Ratio	21.7%	28.2%

Acquisition of Innovative Construction Group (ICG)

- Based in Jacksonville, FL, ICG is a leading off-site solutions provider
 - ✓ Comprehensive framing solutions include design services, manufactured wall panels, roof trusses and floor systems, and onsite installation
- Acquisition builds on PulteGroup's commonly managed plan platform
 - ✓ 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 will remain a stand-alone operation and continue serving its existing customer base and builder clients





Appendix

PulteGroup, Inc.

Reconciliation of Non-GAAP Financial Measures (Unaudited)

This report contains information about our operating results reflecting certain adjustments, including adjustments to cost of revenues, selling general, and administrative expenses, income before income taxes, income tax expense, net income, diluted earnings per share, operating margin, and debt-to-total capital ratio. 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 and liquidity. We believe that reflecting these adjustments provides investors relevant and useful information for evaluating the comparability of financial information presented and comparing our profitability and liquidity 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):

Reconciliation of Adjusted Net Income and Adjusted EPS			
	Results of Operations Classification	Three Months Ended December 31,	
		2019	2018
Net income, as reported		\$ 335,798	\$ 237,649
Adjustments to income before income taxes:			
Land impairments	Home sale cost of revenues	*	66,911
Net realizable value adjustments - land held for sale	Land sale cost of revenues	*	8,968
Write-offs of pre-acquisition costs	Other income (expense)	*	9,595
Insurance reserve adjustments	SG&A	(31,099)	*
Financial Services reserve adjustments	Financial Services expense	*	16,224
Income tax effect of the above items	Income tax expense	7,672	(25,719)
Adjusted net income		\$ 312,371	\$ 313,628
EPS (diluted), as reported		\$ 1.22	\$ 0.84
Adjusted EPS (diluted)		\$ 1.14	\$ 1.11

**Item not meaningful for the period presented*

Other Reconciliations (\$000's omitted)

Other Reconciliations					
Three Months Ended December 31,					
	2019		2018		
Home sale revenues	\$	2,925,288	\$	2,884,557	
Gross margin, as reported	\$	666,157	22.8%	\$ 619,853	21.5%
Land impairments		*	*	66,911	2.3%
Adjusted gross margin	\$	666,157	22.8%	\$ 686,764	23.8%
SG&A, as reported	\$	261,545	8.9%	\$ 292,318	10.1%
Insurance reserve adjustments		31,099	1.1%	*	*
Adjusted SG&A	\$	292,644	10.0%	\$ 292,318	10.1%
Operating margin, as reported**			13.8%		11.4%
Adjusted operating margin***			12.8%		13.7%

*Item not meaningful for the period presented

**Operating margin represents gross margin less SG&A divided by home sale revenues

***Adjusted operating margin represents adjusted gross margin less adjusted SG&A divided by home sale revenues

Net Debt-to-Total Capital Ratio

(\$000's omitted)

	December 31,	
	2019	2018
Notes payable	\$2,765,040	\$3,028,066
Shareholders' equity	5,458,180	4,817,782
Total capital	<u>\$8,223,220</u>	<u>\$7,845,848</u>
Debt-to-capital ratio	33.6%	38.6%
Notes payable	\$2,765,040	\$3,028,066
Less: Total cash, cash equivalents, and restricted cash	<u>(1,251,456)</u>	<u>(1,133,700)</u>
Total net debt	\$1,513,584	\$1,894,366
Shareholders' equity	5,458,180	4,817,782
Total net capital	<u>\$6,971,764</u>	<u>\$6,712,148</u>
Net debt-to-capital ratio	21.7%	28.2%



Fourth Quarter 2019 Earnings