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Q2 2020 Operating & Financial Results and Update on COVID-19

July 23, 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

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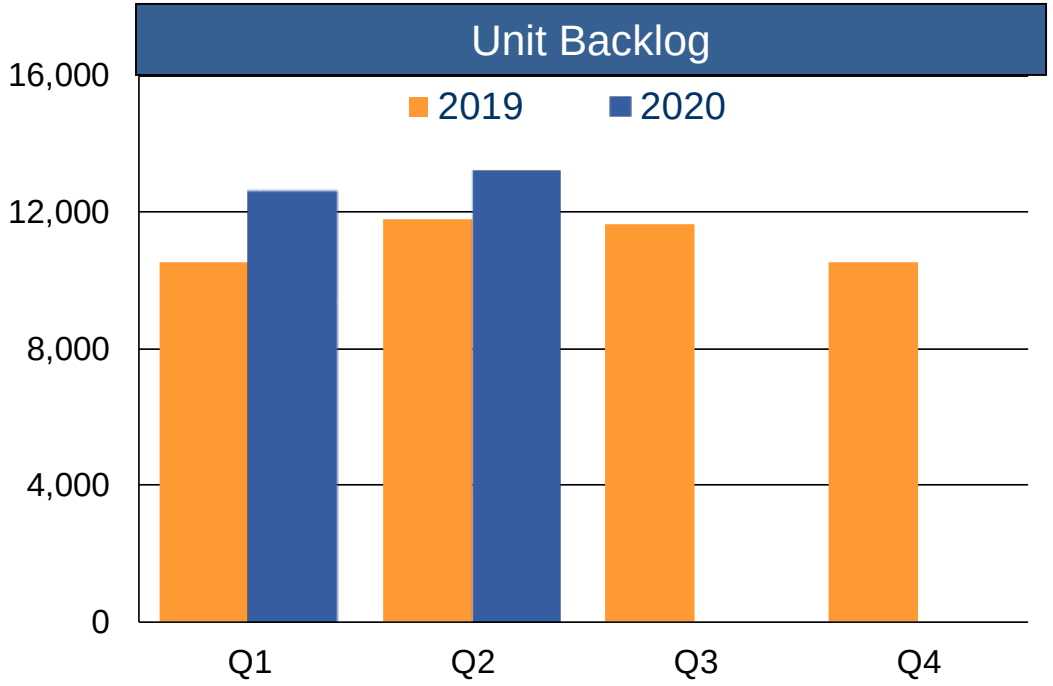
Q2 2020 Operating & Financial Highlights

Q2 2020 Financial Highlights

- Q2 reported earnings of $1.29 per share
- Q2 adjusted earnings of $1.15 per share up 34% over prior year
  - ✓ Adjusted to exclude $61 million pre-tax benefit relating to an insurance reserve adjustment and $10 million pre-tax relating to severance charges
- Home sale revenues increased 3% to $2.5 billion
  - ✓ Closings increased 6% to 5,937 homes
  - ✓ ASP decreased by 3% to $416,000 driven by change in mix of homes closed
- Home sale gross margin increased 80 bps to 23.9%
  - ✓ Gross margin up 20 bps sequentially from Q1 2020
- SG&A expense of $197 million; adjusted SG&A expense of $247 million
  - ✓ Adjusted SG&A was 10.0% of home sale revenues; down from 10.8% in prior year

Q2 2020 Financial Highlights

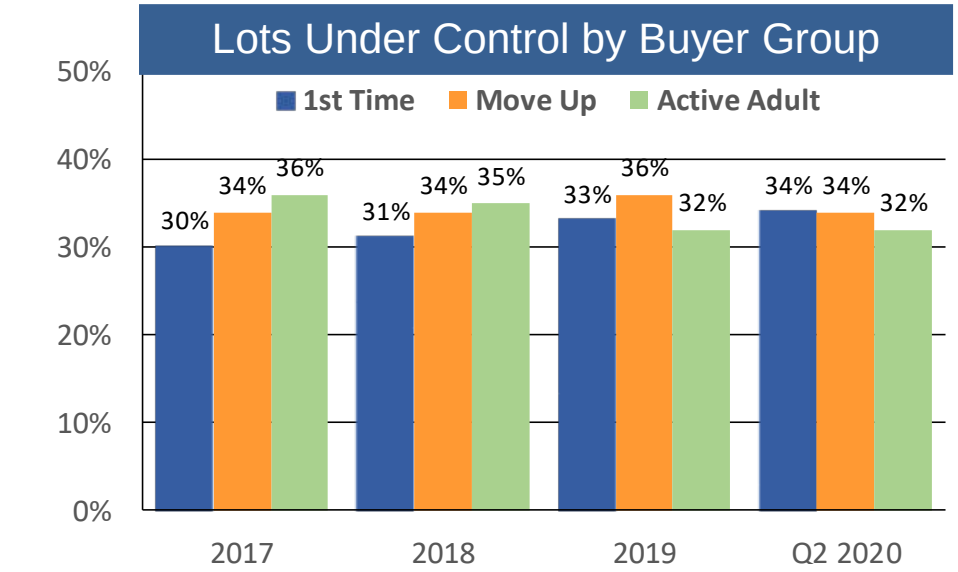
- Net new orders decreased 4% to 6,522 homes
  - ✓ Orders improved as quarter progressed following initial impact of COVID-19 pandemic
  - ✓ June orders up 50% over prior year
- Value of net new orders totaled $2.7 billion
- Backlog up 12% to 13,214 homes

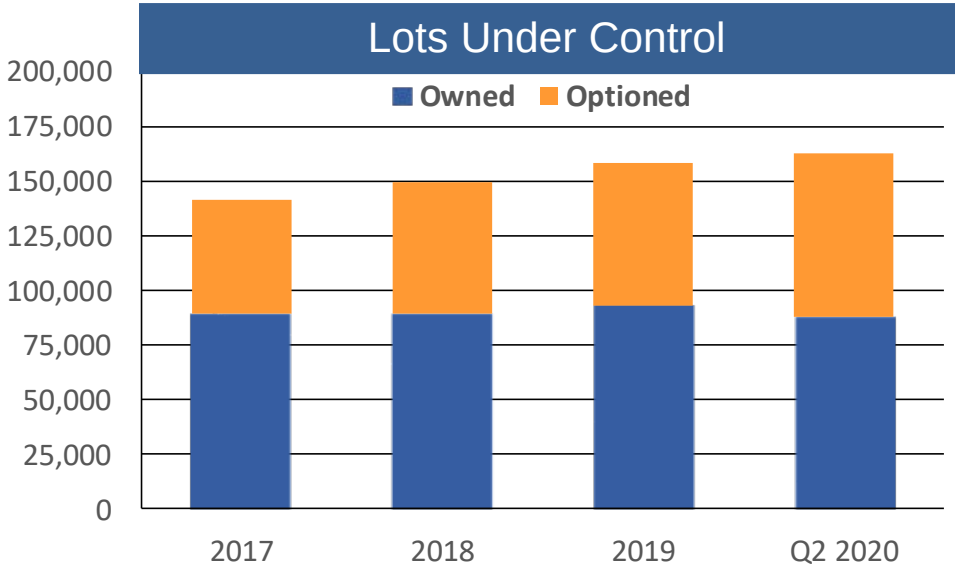


	Net New Orders			
	Q1	Q2	Q3	Q4
2019	6,463	6,792	6,031	5,691
2020	7,495	6,522		
Change	16%	- 4%		

Maintaining Disciplined Land Investment

- Q2 2020 land acq. & development investment of $452 million
  - ✓ Land investment slowed in Q2 in response to pandemic
  - ✓ Land spend expected to accelerate in back half of 2020 in response to strong consumer demand
- 163,000 lots under control
  - ✓ Lots held under option increased to 46% of lots under control
  - ✓ Option percentage highest in more than a decade





Liquidity and Balance Sheet Strength

- Quarter end cash balance of $1.7 billion
  - ✓During Q2, Company repaid $700 million borrowed on revolving credit facility in March 2020 in response to pandemic
  - ✓Q2 debt-to-total capital ratio of 32.1%; down from 35.1% in Q2 2019
  - ✓Net debt-to-capital ratio of 15.5%; down from 29.1% in Q2 2019
- No shares repurchased in Q2, as Company suspended activities in late March

Q2 2020 Selected Financial Data

	Three Months Ended June 30,		
	2020	2019	Change
Home Sale Revenues ($ millions)	$2,472	$2,404	3%
Gross Margin Percentage	23.9%	23.1%	80 bps
SG&A Percent of Home Sale Revenues	8.0%	10.8%	- 280 bps
Adjusted SG&A Percent of Home Sale Revenues	10.0%	10.8%	- 80 bps
Financial Services Pretax Income ($ millions)	$60	$25	141%
Net Income ($ millions)	$349	$241	45%
Adjusted Net Income ($ millions)	$311	$241	29%
Earnings Per Share	$1.29	$0.86	50%
Adjusted Earnings Per Share	$1.15	$0.86	34%
Backlog (Units)	13,214	11,793	12%
Backlog Dollar Value ($ millions)	$5,788	$5,109	13%

Q2 2020 Selected Balance Sheet Data

	June 30, 2020 ($ millions)	December 31, 2019 ($ millions)
Cash and Equivalents (including restricted cash)	$1,698	$1,251
House and Land Inventory	$7,585	$7,681
Notes Payable	$2,771	$2,765
Shareholders' Equity	$5,852	$5,458
Debt – to – Total Capital Ratio	32.1%	33.6%
Net Debt – to – Total Capital Ratio	15.5%	21.7%

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Q2 2020 Update on COVID-19 Impacts & Response

Company Provides Update on Impacts of COVID-19

- Following late-March collapse in demand caused by pandemic, housing sales accelerated as Q2 progressed
- Drivers of demand recovery included:
  - ✓ Historically low interest rates
  - ✓ Limited supply of existing home inventory available for sale
  - ✓ Pent-up demand following economic shut down
  - ✓ Appeal of single-family living in a new home
  - ✓ Desire among owners and renters to exit more densely populated urban centers

Company Provides Update on Impacts of COVID-19 (cont'd)

- Current state of PulteGroup operations:
  - ✓ Sales centers reopened with on-site staff to serve all consumers
    - Continuing to leverage virtual sales capabilities
  - ✓ Construction deemed essential service in most markets, so limited disruptions in Q2
    - All markets now open and fully operational
    - Minimal disruptions in supply chain and purchasing
  - ✓ Financial services technology platform allowed quick transition to operating remotely; employees continue to work off-site while providing full complement of services
- Corporate and field teams implementing appropriate safety practices to protect health of customers, employees and trade partners

Company Provides Update on Impacts of COVID-19 (cont'd)

- Responding to strong rebound in housing demand:
  - ✓ Increasing investment in land acquisition and development to ensure future lot supply
    - o Completing transactions on deals which had been purposefully delayed
  - ✓ Increasing production of sold and spec homes
  - ✓ Rehiring of furloughed employees
  - ✓ Re-establishing financial guidance provided as part of Q2 earnings call

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Appendix
Non-GAAP Reconciliation

Reconciliation of Non-GAAP Financial Measures

(Unaudited)

This report contains information about our operating results reflecting certain adjustments, including: adjustments to selling, general, and administrative expenses ("SG&A"); income tax expense; 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 sets 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 June 30,	
	Results of Operations Classification	**2020**	**2019**
Net income, as reported		$ 348,620	$ 241,041
Adjustments to income before income taxes:			
Insurance adjustments	SG&A	(60,662)	*
Severance expense	SG&A	10,328	*
Income tax effect of the above items	Income tax expense	12,347	*
Adjusted net income		$ 310,633	$ 241,041
EPS (diluted), as reported		$ 1.29	$ 0.86
Adjusted EPS (diluted)		$ 1.15	$ 0.86

* Item not meaningful for the period presented

Reconciliation of Non-GAAP Financial Measures

(Unaudited)

	Three Months Ended June 30,			
	2020		2019	
Home sale revenues	$ 2,472,029		$ 2,403,559	
Gross margin (a)	$ 591,820	23.9 %	$ 555,404	23.1 %
SG&A, as reported	$ 196,858	8.0 %	$ 259,440	10.8 %
Adjustments:				
Insurance adjustments	60,662	2.5 %	*	*
Severance expense	(10,328)	(0.4)%	*	*
Adjusted SG&A	$ 247,192	10.0 %	$ 259,440	10.8 %
Operating margin, as reported (b)		16.0 %		12.3 %
Adjusted operating margin (c)		13.9 %		12.3 %

**Item not meaningful for the period presented*

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

(b) Operating margin represents gross margin less SG&A

(c) Adjusted operating margin represents gross margin less SG&A

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