



Q4 2020 Operating & Financial Results

January 28, 2021

# 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**



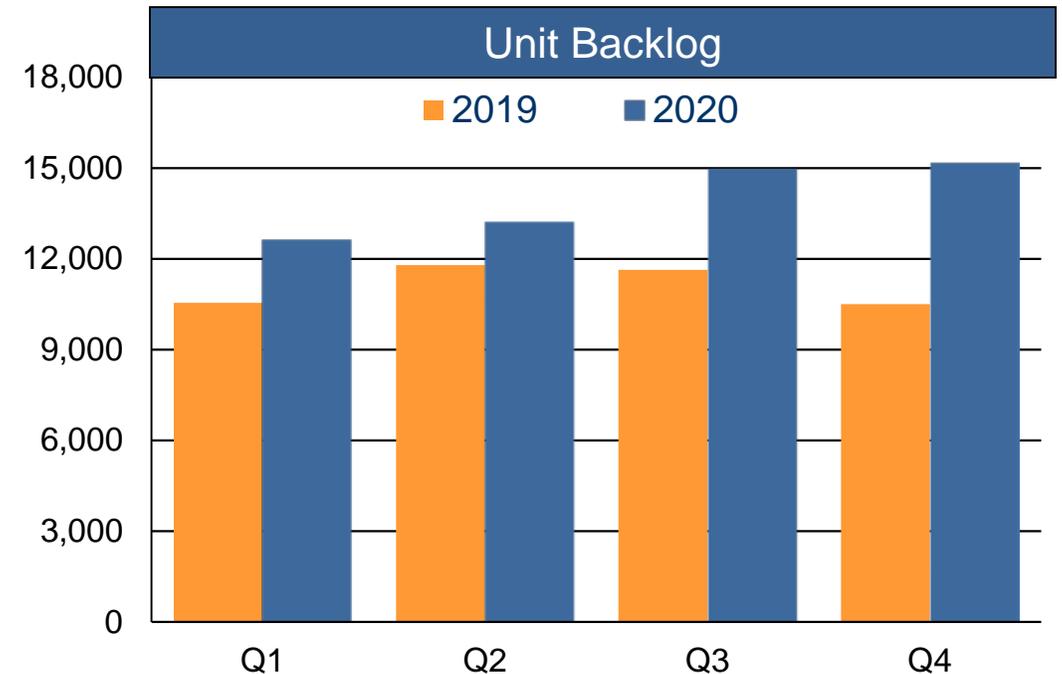
## Q4 2020 Operating & Financial Highlights

# Q4 2020 Financial Highlights

- Q4 reported earnings of \$1.62 per share
- Q4 adjusted earnings of \$1.49 per share up 31% over prior year adjusted EPS of \$1.14
  - ✓ 2020 adjusted earnings exclude:
    - \$16 million net pre-tax benefit from adjustments to insurance-related reserves
    - \$22 million pre-tax charge from adjustments to Financial Services reserves
    - \$38 million tax benefit resulting from energy tax credits and deferred tax valuation allowance adjustments
- Home sale revenues increased 5% to \$3.1 billion
  - ✓ ASP increased 4% to \$446,000 led by gains in move-up and active-adult
  - ✓ Closings increased 1% to 6,860 homes
- Homebuilding gross margin increased 220 bps to 25.0%
- Reported SG&A expense of \$280 million, or 9.1% of home sale revenues
  - ✓ Adjusted SG&A expense of \$296 million, or 9.7% of home sale revenues, an improvement of 30 bps from last year

# Q4 2020 Financial Highlights

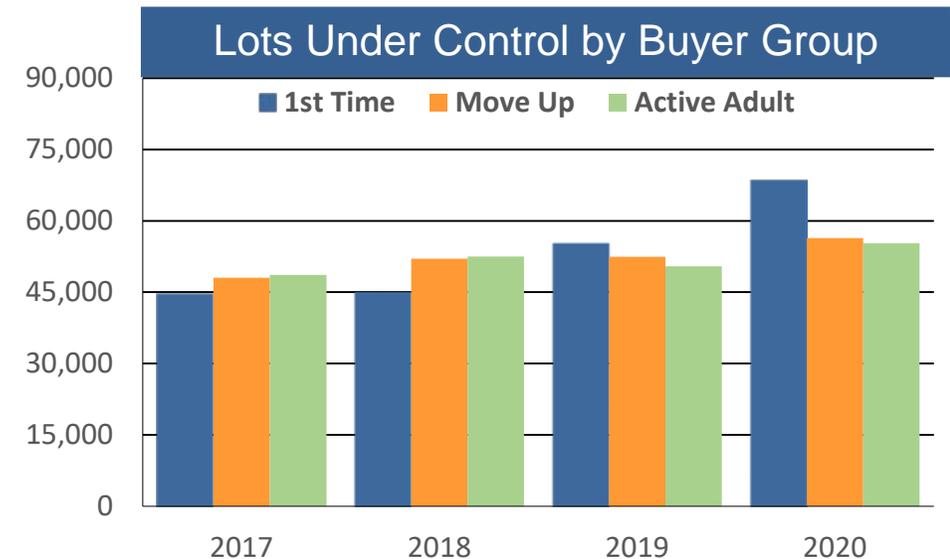
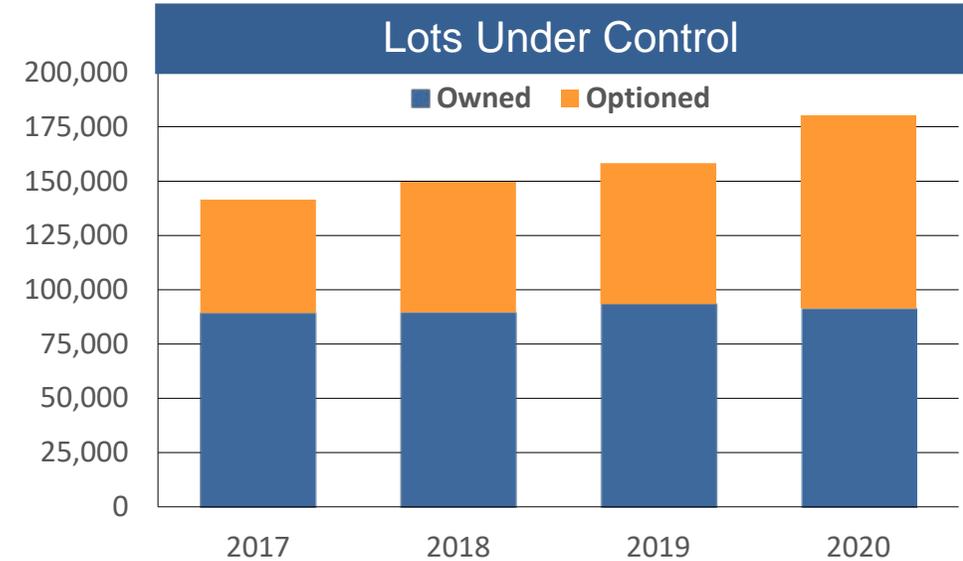
- Net new orders increased 24% to 7,056 homes
  - ✓ Value of net new orders increased 33% to \$3.3 billion
- Unit backlog of 15,158 homes valued at \$6.8 billion



	Net New Orders			
	Q1	Q2	Q3	Q4
2019	6,463	6,792	6,031	5,691
2020	7,495	6,522	8,202	7,056
Change	16%	- 4%	36%	24%

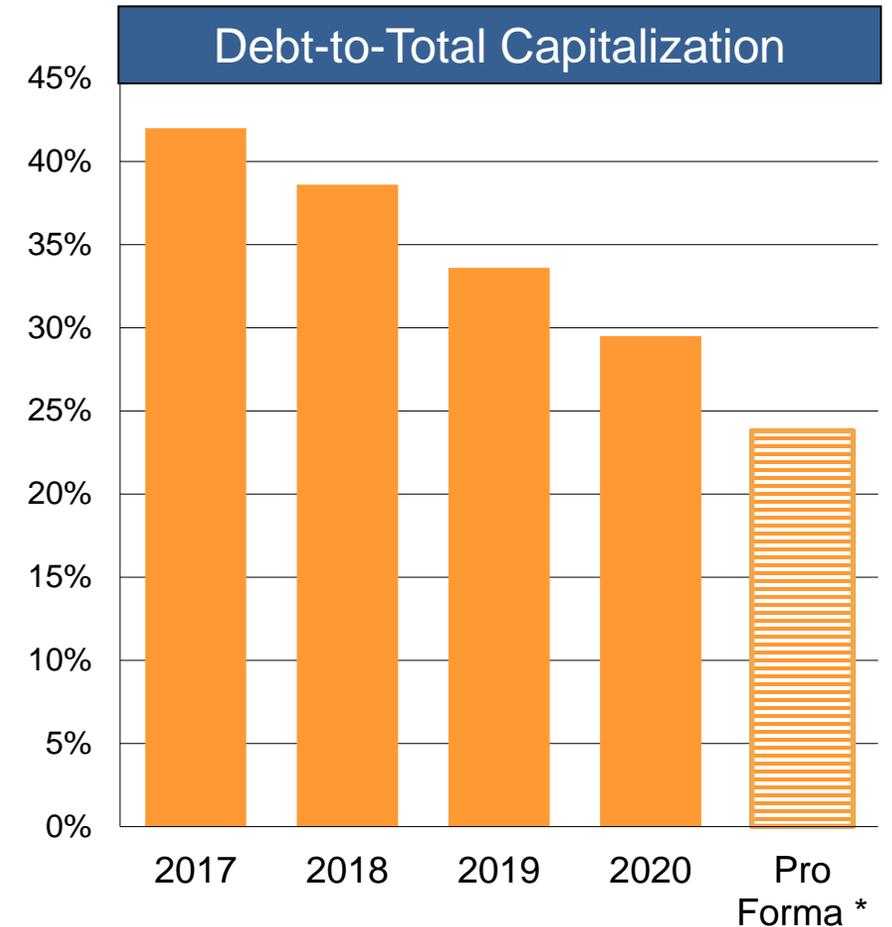
# Achieving Strategic Land Investment Goals

- Q4 2020 land acq. & dev. investment of \$942 million
  - ✓ Company invested \$2.9 billion in land acq. & dev. in 2020
  - ✓ Targeting 2021 land investment of \$3.7 billion
- Ended 2020 with 180,352 lots under control with 88,989 held via option
  - ✓ 49% of lots held via option aligns with Company's goal of 50/50 split between owned and optioned



# Enhanced Liquidity and Financial Flexibility

- Quarter end cash balance of \$2.6 billion
- Q4 debt-to-total capitalization of 29.5%; down from prior year's 33.6%
- Repurchased \$75 million of common shares in Q4 and \$171 million in 2020
- Company announces intention to pay down \$726 million of debt in Q1 2021
  - ✓ Pro forma debt-to-total capitalization of 23.7%



\*Pro forma assuming pay down of \$726 million of debt in Q1 2021

## Q4 2020 Selected Financial Data

	Three Months Ended December 31, 2020		Change
	2020	2019	
Home Sale Revenues (\$ millions)	\$3,062	\$2,925	5%
Gross Margin Percentage	25.0%	22.8%	220 bps
SG&A Percent of Home Sale Revenues	9.1%	8.9%	20 bps
Adjusted SG&A Percent of Home Sale Revenues	9.7%	10.0%	(30 bps)
Financial Services Pretax Income (\$ millions)	\$43	\$34	27%
Net Income (\$ millions)	\$438	\$336	30%
Adjusted Net Income (\$ millions)	\$404	\$312	29%
Earnings Per Share	\$1.62	\$1.22	33%
Adjusted Earnings Per Share	\$1.49	\$1.14	31%
Backlog (Units)	15,158	10,507	44%
Backlog Dollar Value (\$ millions)	\$6,793	\$4,536	50%

## Q4 2020 Selected Balance Sheet Data

	December 31, 2020 (\$ millions)	December 31, 2019 (\$ millions)
Cash and Equivalents (including restricted cash)	\$2,632	\$1,251
House and Land Inventory	\$7,722	\$7,681
Notes Payable	\$2,752	\$2,765
Shareholders' Equity	\$6,570	\$5,458
Debt – to – Total Capital Ratio	29.5%	33.6%
Net Debt – to – Total Capital Ratio	1.8%	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 net income, diluted earnings per share, and operating margin. 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):

<b>Reconciliation of Adjusted Net Income and Adjusted EPS</b>			
	<b>Results of Operations Classification</b>	<b>Three Months Ended December 31,</b>	
		<b>2020</b>	<b>2019</b>
<b>Net income, as reported</b>		\$ 438,111	\$ 335,798
Adjustments to income before income taxes:			
Insurance-related reserves	SG&A	(16,319)	(31,099)
Financial Services reserves	Financial Services expense	22,000	*
Income tax effect of the above items	Income tax expense	(1,392)	7,672
Income tax adjustments	Income tax expense	(38,297)	*
<b>Adjusted net income</b>		<b>\$404,103</b>	<b>\$312,371</b>
 <b>EPS (diluted), as reported</b>		 \$ 1.62	 \$ 1.22
<b>Adjusted EPS (diluted)</b>		<b>\$ 1.49</b>	<b>\$ 1.14</b>

*\*Item not meaningful for the period presented*

**Other Reconciliations**

	Three Months Ended December 31,			
	2020		2019	
<b>Home sale revenues</b>	\$3,062,443		\$2,925,288	
<b>Gross margin (a)</b>	\$ 764,434	25.0 %	\$ 666,157	22.8 %
<b>SG&amp;A, as reported</b>	\$ 279,656	9.1 %	\$ 261,545	8.9 %
Insurance-related reserves	16,319	0.5 %	31,099	1.1 %
<b>Adjusted SG&amp;A</b>	\$ 295,975	9.7 %	\$ 292,644	10.0 %
<b>Operating margin, as reported (b)</b>		15.8 %		13.8 %
<b>Adjusted operating margin (c)</b>		15.3 %		12.8 %

*\*Item not meaningful for the period presented*

*(a) Gross margin represents home sale revenues less home sale cost of revenues*

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

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



## Q4 2020 Financial Results