

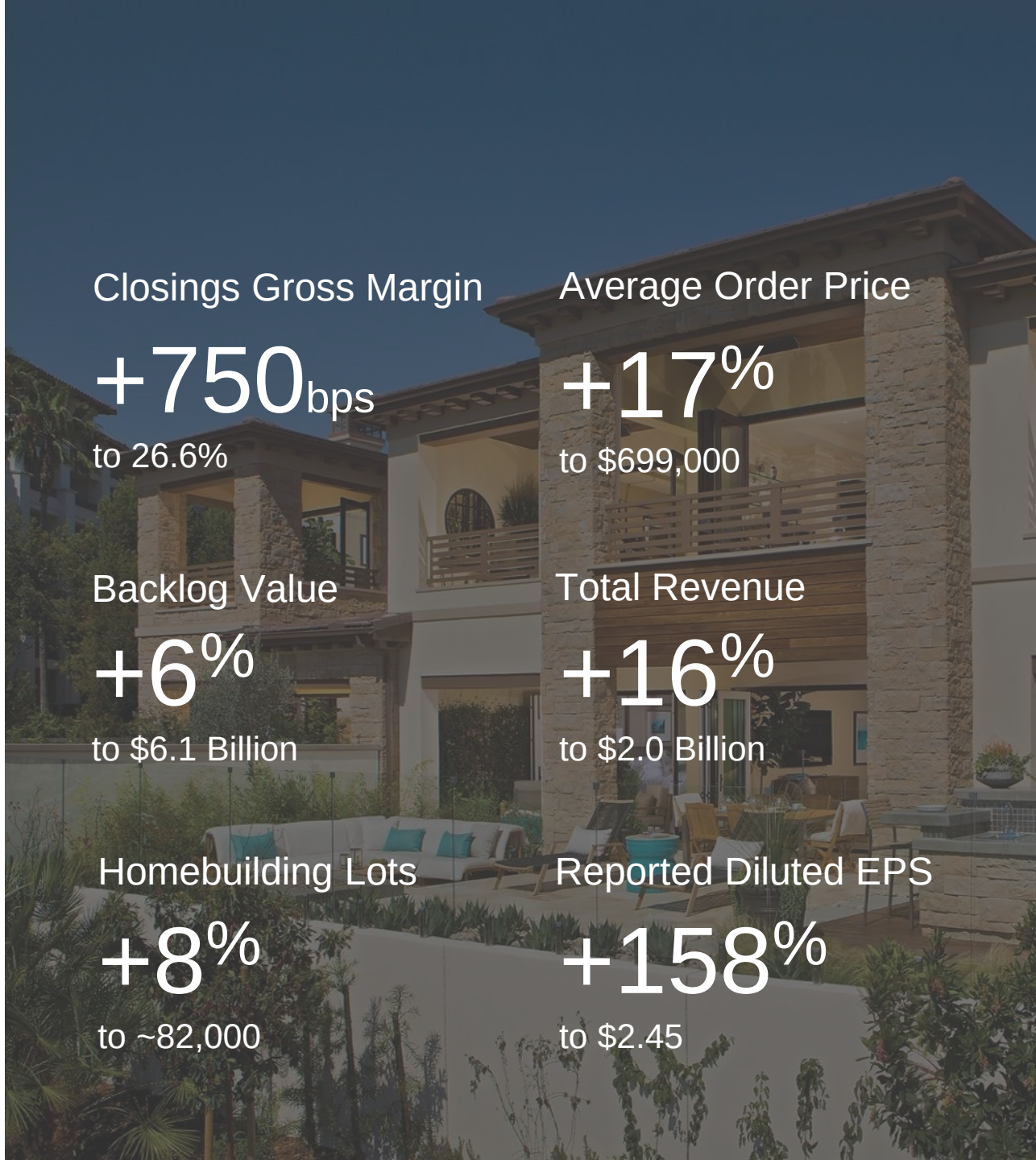
# Investor Presentation

Second Quarter 2022

TaylorMorrison®

# Q2 2022 Highlights

- Home closings revenue increased 15 percent to $1.9 billion.
- Home closings gross margin improved 750 basis points to 26.6 percent, a record high, driven by pricing power, operational enhancements and acquisition synergies.
- SG&A as a percentage of home closings revenue improved 140 basis points to 8.8 percent, a second quarter record low.
- Homebuying demand shifted swiftly during the quarter as consumers reacted to the spike in interest rates, significant home price appreciation and stock market volatility.
- Homebuilding lot supply increased eight percent to approximately 82,000 homesites, of which 41 percent was controlled.
- Repurchased 6.8 million shares outstanding for $172 million, the highest level since 2018.
- Return on equity improved 1,090 basis points to 23.1 percent, a record high.



Closings Gross Margin

+750bps

to 26.6%

Average Order Price

+17%

to $699,000

Backlog Value

+6%

to $6.1 Billion

Total Revenue

+16%

to $2.0 Billion

Homebuilding Lots

+8%

to ~82,000

Reported Diluted EPS

+158%

to $2.45



Note: Comparisons to the prior-year period, unless noted.

# Key Metrics Snapshot

| | Q2 2022 | Q2 2021 | Change |
|---|---|---|---|
| **Operating Statistics** | | | |
| Net Sales Orders | 2,554 | 3,422 | (25%) |
| Net Sales Orders Average Sales Price (in Thousands) | $699 | $597 | 17% |
| Cancellation Rate | 10.8% | 5.2% | 560 bps |
| Home Closings | 3,032 | 3,268 | (7%) |
| Home Closings Average Sales Price (in Thousands) | $621 | $503 | 23% |
| Backlog Units | 8,922 | 10,228 | (13%) |
| Backlog Value | $6,099 | $5,736 | 6% |
| **Income Statement Metrics** | | | |
| Home Closings Revenue | $1,883 | $1,644 | 15% |
| Total Revenue | $1,995 | $1,719 | 16% |
| Home Closings Gross Margin | 26.6% | 19.1% | 750 bps |
| SG&A % of Home Closings Revenue | 8.8% | 10.2% | (140) bps |
| Financial Services Gross Profit | $16 | $14 | 19% |
| Net Income | $291 | $124 | 134% |
| Earnings per Diluted Share | $2.45 | $0.95 | 158% |
| **Balance Sheet Metrics** | | | |
| Cash and Equivalents | $378 | $366 | 3% |
| Stockholders' Equity | $4,194 | $3,669 | 14% |
| Book Value per Diluted Share | $35.26 | $28.17 | 25% |
| Net Homebuilding Debt-to-Capitalization Ratio | 36.4% | 40.5% | (410) bps |


Note: Dollars in Millions, Unless Noted.

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# Management's Outlook for Select Financial Metrics

| | Third Quarter 2022 | Full Year 2022 |
|---|---|---|
| Ending Active Community Count | 315 to 325 | Around 350 |
| Home Closings | 3,200 to 3,400 | Around 13,500 |
| Average Sales Price | Not Provided | At Least $625,000 |
| GAAP Home Closings Gross Margin | Consistent with 2Q 2022 | 25% to 26% |
| SG&A % of Home Closings Revenue | Not Provided | Mid-to-High 8% Range |
| Effective Tax Rate | Approximately 25% | Approximately 25% |
| Diluted Share Count | Approximately 115 Million | Approximately 118 Million |
| Homebuilding Land & Development Spend | Not Provided | Around $2 Billion |

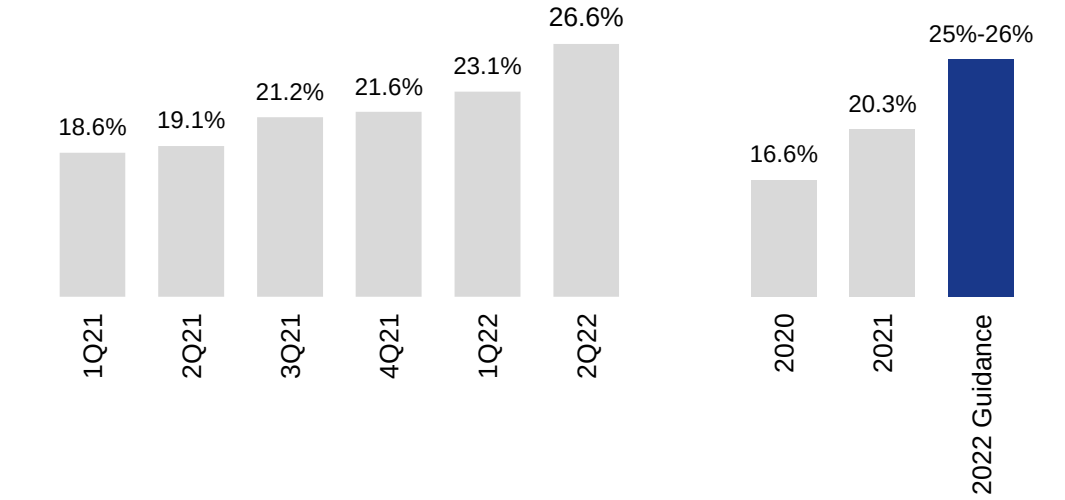

Note: Outlook issued July 27, 2022.

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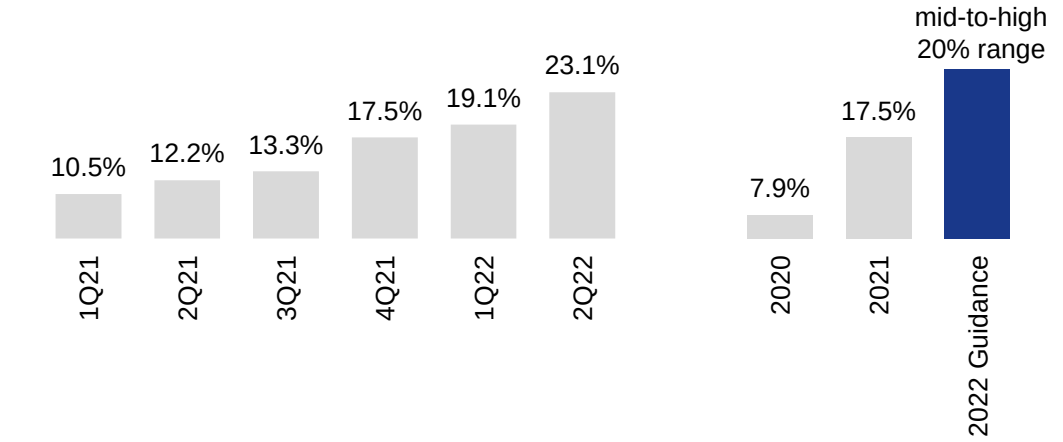
# ROE-Driven Focus on Enhanced Operational and Capital Efficiencies

- Operational Initiatives
  - Floorplan and Option Rationalization
  - Option Packages versus Design Center Approach
  - Value Engineering
  - Virtual Selling Innovations
  - Spec and Model Home Inventory Management
- M&A Synergies
  - Overhead Leverage
  - Cost Advantages with Enhanced Scale, Product Alignment
- Land-Lighter Balance Sheet
  - Increased Share of Lots Controlled
  - Shorter Land Duration
- Balanced Capital Allocation
  - Net Debt-to-Capital Improvement (Mid-20% Targeted by Year End)
  - Opportunistic Share Repurchases

Home Closings Gross Margin(1)




Return on Equity(1)(2)






Note: (1) 2020 includes impact from acquisition of William Lyon Homes; (2) ROE equals TTM net income divided by average stockholder's equity in the current and prior-year period.

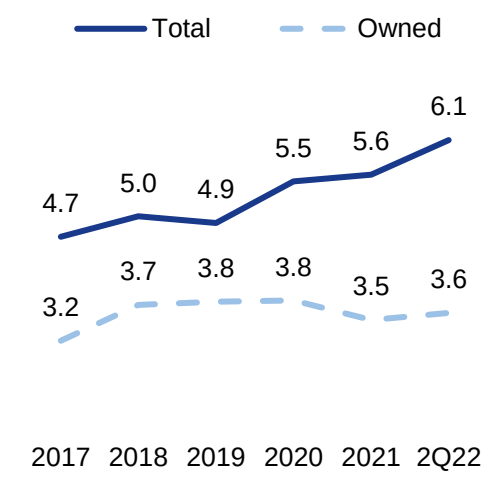
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# Robust Land Pipeline Supports Future Growth

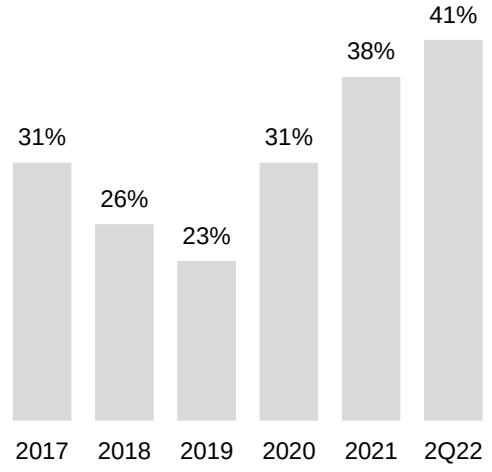
## Q2 2022 Highlights

- Disciplined land investment strategy focuses on prime land locations in core submarkets
- Invested $451 million in land acquisition and development, of which 52% was development-related
  - Now targeting around $2 billion in homebuilding land investment in 2022 versus $2.3-2.4 billion previously given more opportunistic stance as market conditions evolve
  - New land acquisitions targeting closings in 2025 and beyond
- Approximately 82,000 homebuilding lots owned and controlled as of quarter end, representing 3.6 years of owned supply and 6.1 years of total supply
- 41% of total lots controlled, up from 35% a year ago

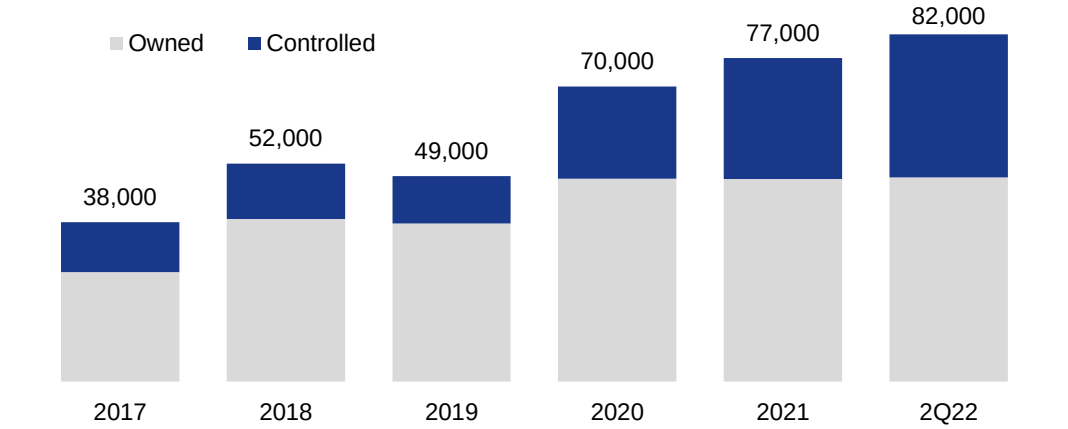
### Years of Supply




### Controlled Lot Percentage(1)




### Homebuilding Lots Owned and Controlled



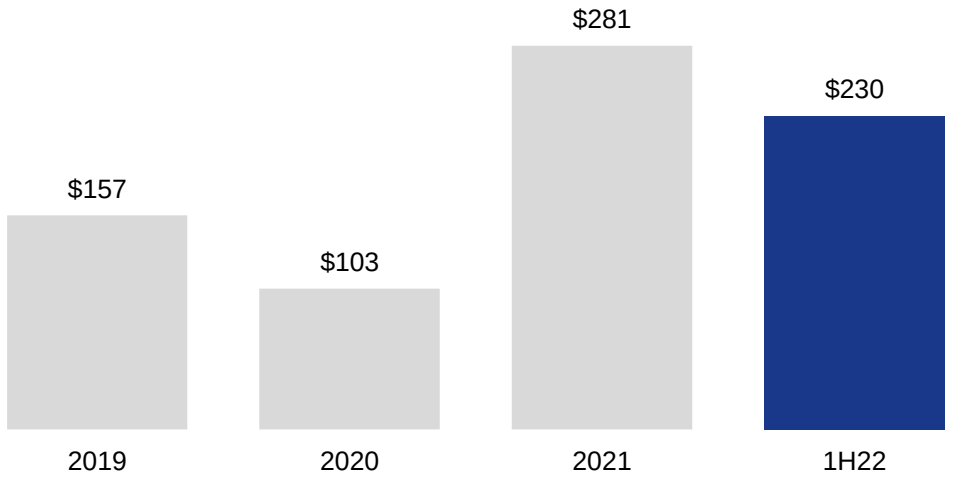

(1) Decline in 2018 controlled lot percentage reflects acquisition of AVHI.

# Backed by a Well-Capitalized Balance Sheet

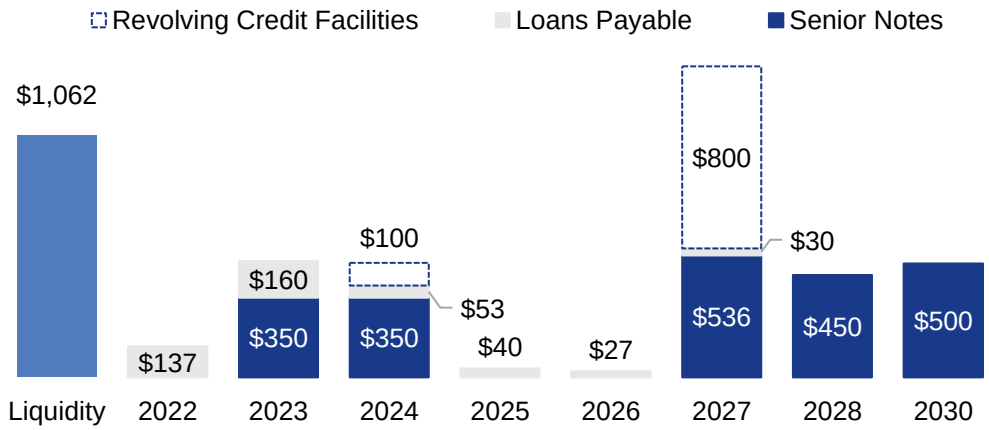
## Q2 2022 Highlights

- $1.1 billion total available liquidity
  - $378 million unrestricted cash
  - $684 million revolving credit facility capacity
- Net debt-to-capital expected to decline to mid-20% range by year end
- Reduced gross debt by $265 million through tender of 2027 6.625% Senior Notes, which will enhance future gross margins and improves risk profile
- 5.7% average interest rate on $2.2 billion of senior notes
- Repurchased 6.8 million shares outstanding for $172 million
  - At quarter end, remaining repurchase authorization was $425 million

Share Repurchases (in Millions)




Debt Maturity Summary as of Q2 2022 (in Millions)



# Guided by a Balanced Capital Allocation Philosophy



## Allocate Capital for Long-Term Value Creation

We aim to enhance the long-term value of our company by allocating capital with a balanced and disciplined approach to drive profitable growth through a housing cycle



## Balance Sheet Stewardship

Manage balance sheet to maintain strong liquidity and reduce leverage to targeted range



## Reinvest in the Business

Disciplined due diligence for investments in core homebuilding operations and growing build-to-rent business to support growth



## Evaluate Growth Opportunities

Increase scale and diversification through strategic M&A



## Return Excess Cash to Shareholders

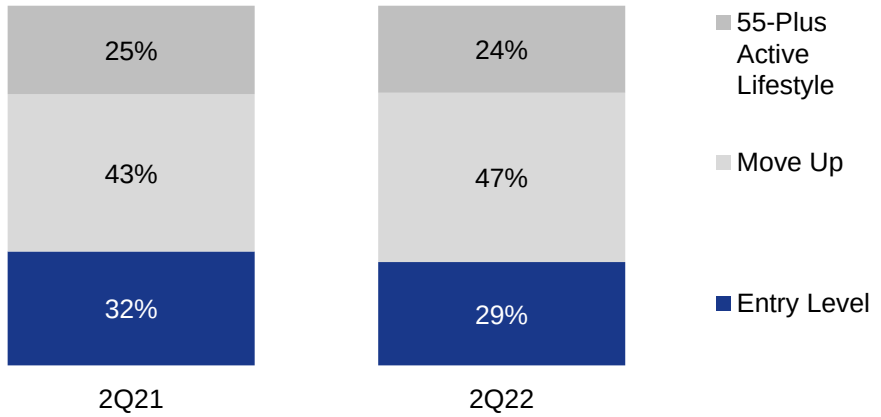
Since 2015, repurchased a total of approximately 52.2 million shares, or 44%, for nearly $1.2 billion



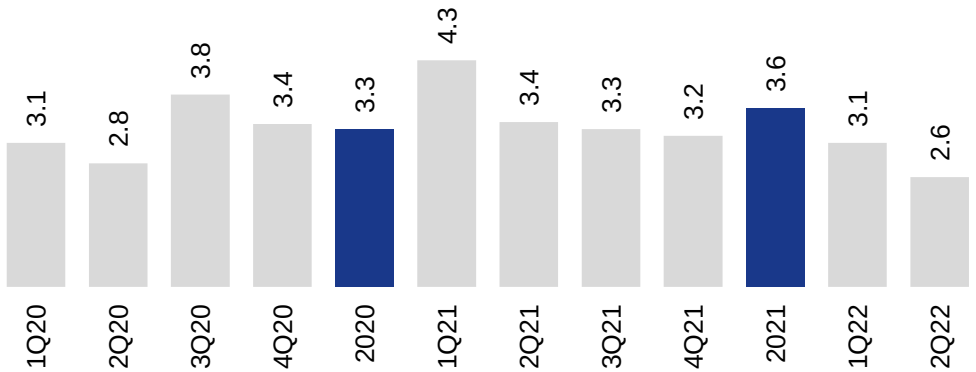
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# Diverse Product Portfolio Serves All Major Buyer Groups

## Net Sales Orders by Consumer Type




## Monthly Net Sales Orders per Community














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# Local Market Scale Across Coast-to-Coast Footprint

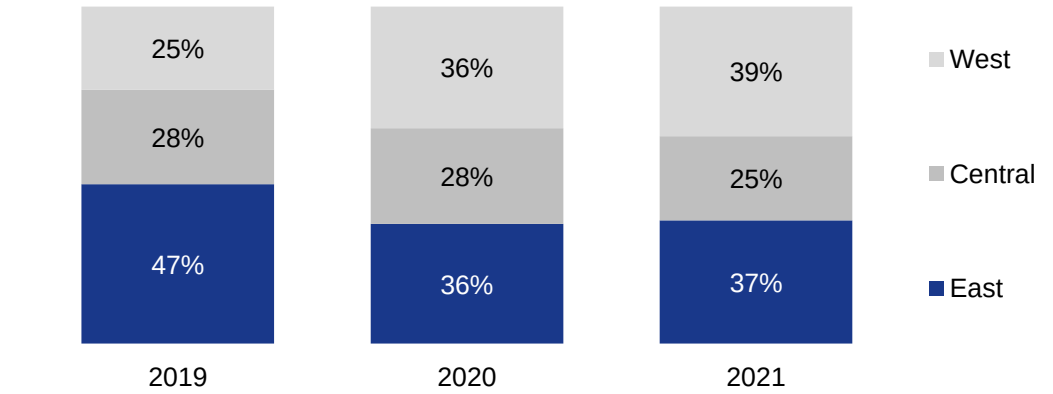
**8 Markets**

Top 5 Builder

**13 Markets**

Top 10 Builder

Mix of Home Closings by Region



# Financial Services

## Q2 2022 Highlights

### Borrower Snapshot

- 755 Average FICO Score
- 77% Average LTV Ratio
- $450,000 Loan Amount
- 39% First-Time Homebuyers

### Unit Product Mix

- 80% Conventional
- 16% Government
- 4% Jumbo

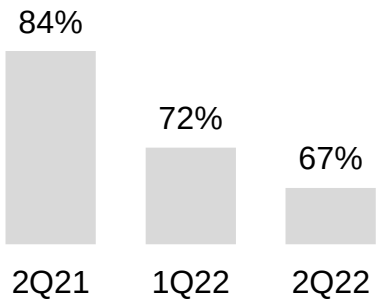
### Suite of Services

- Mortgage Lending
- Title Insurance
- Homeowners' Insurance
- Joint Venture Platform

### Benefits

- Pre-Qualification of Nearly All Buyers
- Valuable Backlog Management
- Enhanced Customer Experience
- Servicing Platform Flexibility
- Positive Financial Contribution

### Capture Rate




### Financial Performance

- $35 Million Revenue
- $14 Million Gross Profit
- 39.4% Gross Margin

Dorothy

Integrated digital technology simplifies the mortgage process for borrowers and streamlines operations

ARQ
ABLE. READY. OWN.

Borrower qualification-improvement program provides meaningful improvement in credit worthiness and homebuyer education



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# Canvas, our Curated Design Package Approach

- Canvas packages are thoughtfully curated to offer homebuyers an improved, easier design experience than the traditional design center approach
- Package collections—which are available at five budget levels—include features with the highest design appeal at a compelling value
- By streamlining option offerings, we are better able to manage supplier relationships to ensure timely product availability and cost leverage—driving expected gross margin and cycle time improvement
- Canvas has become the template for all new spec and most model homes, and is expanding to our to-be-built homes, especially in entry-level and first move-up communities




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# Build-to-Rent Business Addresses Lifestyle Rental Opportunity

- Focused on leveraging core production homebuilder strengths to deliver innovative, single-family rental communities that fill a void in the market and meet growing demand from renters-by-choice and consumers impacted by affordability
- BTR operations are active in nine of our 19 traditional markets, with additional markets under evaluation for expansion in 2022 and beyond
- Finalized a $850 million joint venture to support BTR acquisition and development in April 2022. Since closing, venture has closed on 11 projects, totaling nearly 2,400 lots
- First asset disposition is expected by the end of 2022 once initial community in Phoenix reaches rental stabilization





# Taylor Morrison is Committed to Sustainability Progress







## People First

**~3,000**
team members

**40,100+**
hours of employee training

**46 percent**
female team members

**63 percent**
diverse Board directors

## Building for the Future

**100 percent**
homes built with TM LiveWell® healthy living products

**5,048**
acres of Certified Wildlife Habitat® safeguarded in partnership with the National Wildlife Federation to date

**36,300+**
ENERGY STAR® certified appliances installed in 2021

**3,748**
homes and lots delivered on redevelopment or infill sites

## Transparency and Accountability

**7 years**
America's Most Trusted® Homebuilder (2016-2022)

**100 percent**
of employees certified to our health and safety standards and code of ethics

**7 of 8**
independent Board members

**10**
U.N. Sustainable Development Goals we align with



Note: Data as of 2021 ESG Report.

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# Appendix

# Who We Are

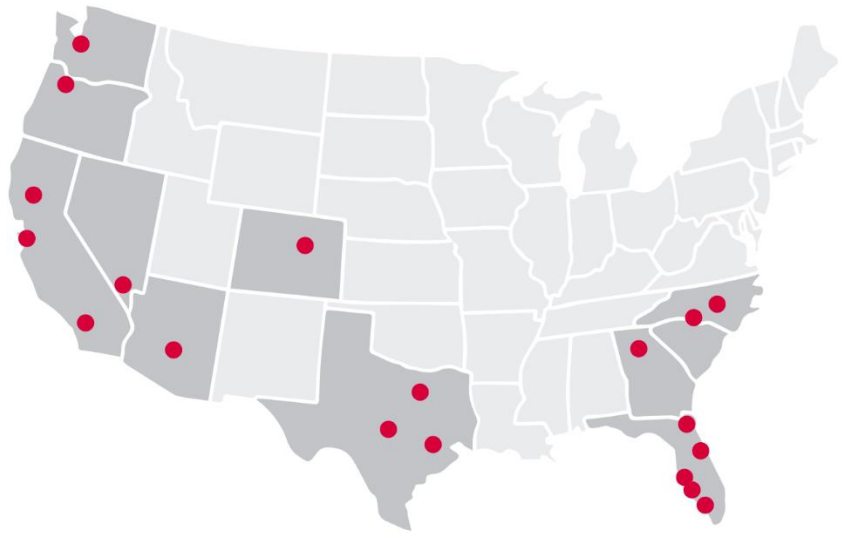
Headquartered in Scottsdale, Arizona, Taylor Morrison is one of the nation's largest homebuilders and developers with operations in many of the highest-growth housing markets across 11 states.

We serve a wide array of homebuyers with our diverse product portfolio, including first-time, move-up, luxury and 55-plus active lifestyle consumers.

Our Financial Services segment provides mortgage financing, title services and homeowners' insurance. We also operate a growing Build-to-Rent business to develop innovative, luxury rental communities.

From 2016-2022, Taylor Morrison has been recognized as America's Most Trusted® Builder by Lifestory Research.

Our strong commitment to sustainability, our communities and our team is highlighted in our latest annual Environmental, Social and Governance (ESG) Report.



**West**
Bay Area
Portland
Sacramento
Seattle
Southern California

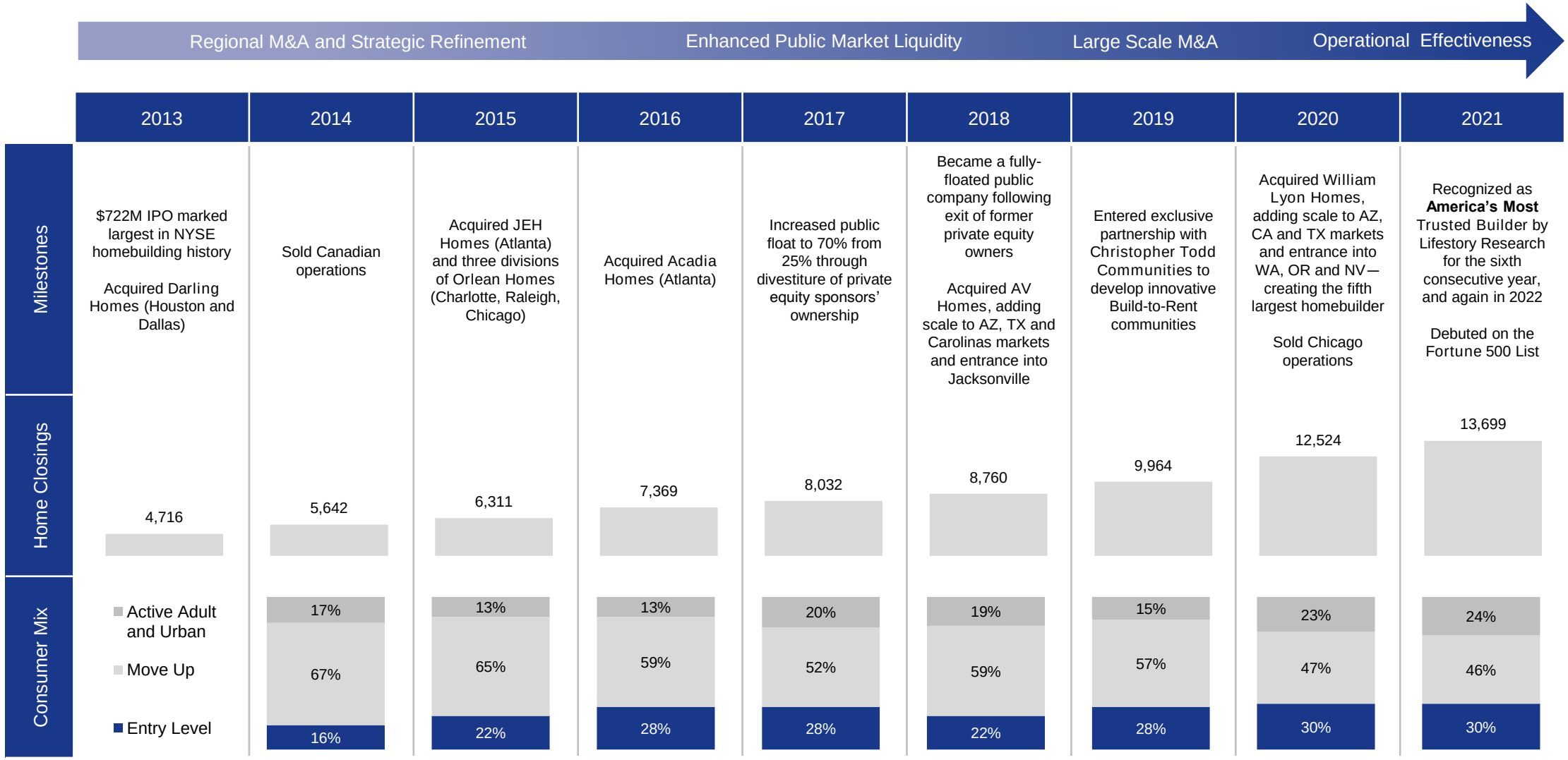
**Central**
Denver
Las Vegas
Phoenix
Austin
Dallas-Fort Worth
Houston

**East**
Atlanta
Charlotte
Fort Myers-Naples
Jacksonville
Orlando
Raleigh
Sarasota
Tampa

taylor morrison.
ESPLANADE.
taylor morrison. HOME FUNDING
INSPIRED TITLE SERVICES
Christopher Todd COMMUNITIES Built by Taylor Morrison

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# Achieved Scale and Diversification for Long-Term Success



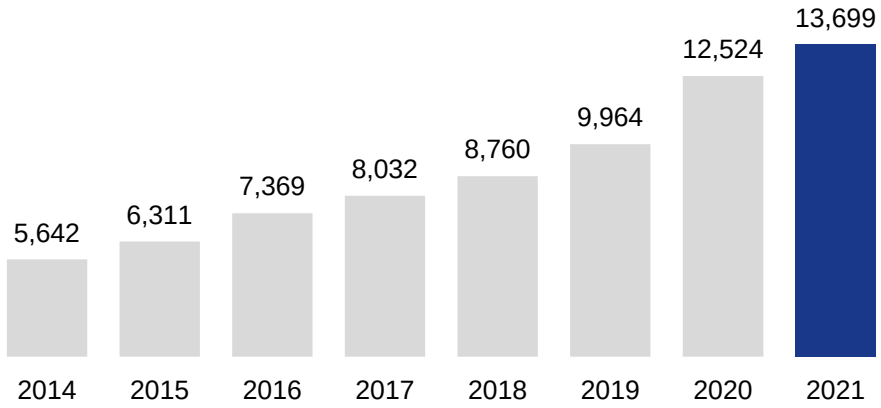



Note: Consumer mix based on net sales orders.

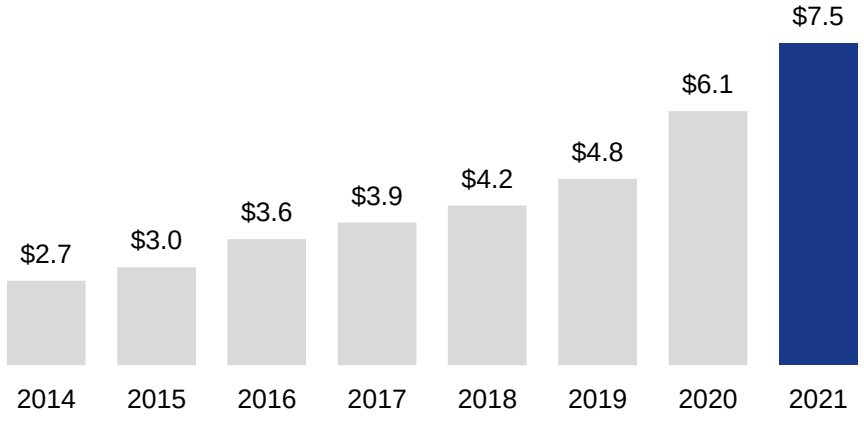
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# Significant Growth Evident Across Key Metrics

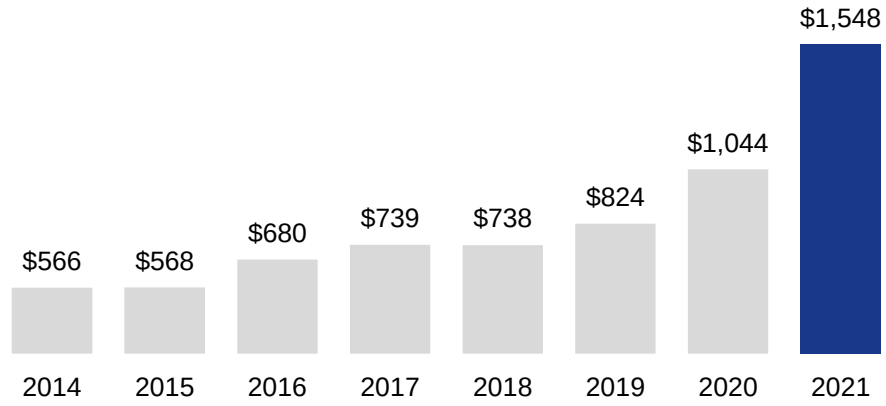
## Home Closings



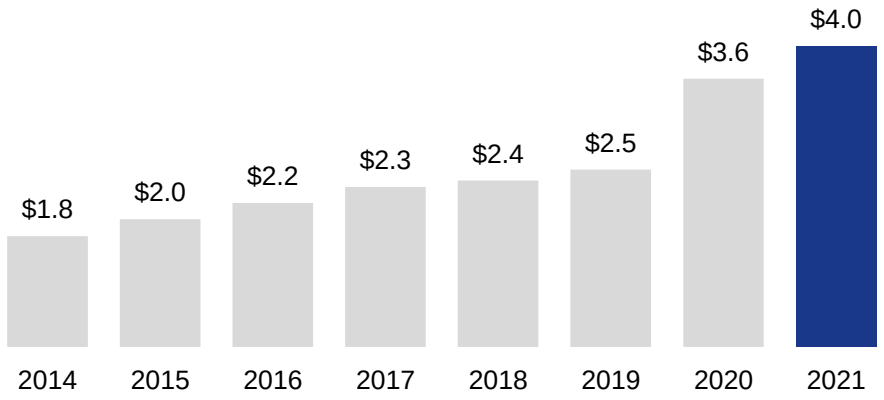

## Total Revenue ($ in Billions)




## Gross Profit ($ in Millions)




## Stockholders' Equity ($ in Billions)




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# Historical Operating Data by Region

| | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | 2020 | Q1 2021 | Q2 2021 | Q3 2021 | Q4 2021 | 2021 | Q1 2022 | Q2 2022 | Q2 2022 vs Q2 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net Sales Orders | | | | | | | | | | | | | |
| East | 1,361 | 1,176 | 1,548 | 1,384 | 5,469 | 1,777 | 1,302 | 1,279 | 1,037 | 5,395 | 1,027 | 1,121 | (14%) |
| Central | 906 | 1,003 | 1,133 | 824 | 3,866 | 1,072 | 850 | 921 | 957 | 3,800 | 887 | 642 | (24%) |
| West | 1,199 | 1,274 | 1,744 | 1,516 | 5,733 | 1,643 | 1,270 | 1,172 | 1,130 | 5,215 | 1,140 | 791 | (38%) |
| TMHC | 3,466 | 3,453 | 4,425 | 3,724 | 15,068 | 4,492 | 3,422 | 3,372 | 3,124 | 14,410 | 3,054 | 2,554 | (25%) |
| Homes Closed | | | | | | | | | | | | | |
| East | 985 | 1,097 | 1,216 | 1,152 | 4,450 | 1,052 | 1,245 | 1,167 | 1,547 | 5,011 | 937 | 1,097 | (12%) |
| Central | 819 | 1,059 | 913 | 757 | 3,548 | 691 | 791 | 764 | 1,165 | 3,411 | 664 | 778 | (2%) |
| West | 957 | 1,056 | 1,340 | 1,173 | 4,526 | 1,078 | 1,232 | 1,396 | 1,571 | 5,277 | 1,167 | 1,157 | (6%) |
| TMHC | 2,761 | 3,212 | 3,469 | 3,082 | 12,524 | 2,821 | 3,268 | 3,327 | 4,283 | 13,699 | 2,768 | 3,032 | (7%) |
| Home Closings Revenue | | | | | | | | | | | | | |
| East | $396 | $467 | $499 | $494 | $1,857 | $446 | $563 | $555 | $795 | $2,359 | $506 | $613 | 9% |
| Central | $373 | $474 | $424 | $349 | $1,619 | $320 | $383 | $399 | $628 | $1,730 | $369 | $457 | 19% |
| West | $496 | $530 | $718 | $644 | $2,388 | $597 | $698 | $819 | $968 | $3,082 | $770 | $813 | 16% |
| TMHC | $1,265 | $1,471 | $1,641 | $1,487 | $5,864 | $1,363 | $1,644 | $1,772 | $2,391 | $7,171 | $1,644 | $1,883 | 15% |
| Home Closings Gross Margin | | | | | | | | | | | | | |
| East | 15.6% | 16.7% | 17.8% | 18.3% | 17.2% | 18.8% | 20.6% | 22.7% | 22.7% | 21.5% | 24.5% | 27.3% | 670 bps |
| Central | 17.1% | 17.6% | 20.4% | 20.6% | 18.9% | 20.2% | 18.5% | 19.6% | 19.9% | 19.6% | 19.9% | 25.7% | 720 bps |
| West | 13.9% | 12.3% | 14.9% | 17.1% | 14.7% | 17.5% | 18.1% | 20.9% | 21.7% | 19.9% | 23.6% | 26.6% | 850 bps |
| TMHC | 15.4% | 15.4% | 17.2% | 18.3% | 16.6% | 18.6% | 19.1% | 21.2% | 21.6% | 20.3% | 23.1% | 26.6% | 750 bps |
| Sales Order Backlog | | | | | | | | | | | | | |
| East | 2,193 | 2,271 | 2,603 | 2,835 | 2,835 | 3,560 | 3,617 | 3,729 | 3,219 | 3,219 | 3,309 | 3,333 | (8%) |
| Central | 2,167 | 2,111 | 2,331 | 2,398 | 2,398 | 2,779 | 2,838 | 2,995 | 2,787 | 2,787 | 3,010 | 2,874 | 1% |
| West | 2,205 | 2,423 | 2,827 | 3,170 | 3,170 | 3,735 | 3,773 | 3,549 | 3,108 | 3,108 | 3,081 | 2,715 | (28%) |
| TMHC | 6,565 | 6,805 | 7,761 | 8,403 | 8,403 | 10,074 | 10,228 | 10,273 | 9,114 | 9,114 | 9,400 | 8,922 | (13%) |
| Backlog Value | | | | | | | | | | | | | |
| East | $957 | $975 | $1,158 | $1,320 | $1,320 | $1,753 | $1,903 | $2,091 | $1,902 | $1,902 | $2,003 | $2,120 | 11% |
| Central | $1,042 | $1,006 | $1,120 | $1,200 | $1,200 | $1,463 | $1,582 | $1,760 | $1,748 | $1,748 | $1,963 | $1,949 | 23% |
| West | $1,132 | $1,245 | $1,474 | $1,707 | $1,707 | $2,120 | $2,251 | $2,273 | $2,107 | $2,107 | $2,233 | $2,031 | (10%) |
| TMHC | $3,132 | $3,226 | $3,752 | $4,227 | $4,227 | $5,337 | $5,736 | $6,124 | $5,757 | $5,757 | $6,198 | $6,100 | 6% |


Note: Dollars in millions, unless noted. Totals may not sum due to rounding.

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# Reconciliation of Non-GAAP Measures

Net Homebuilding Debt to Capitalization Ratio Reconciliation

| ($ in thousands) | June 30, 2022 | June 30, 2021 |
|---|---|---|
| Total Debt | $ 2,950,744 | $ 3,082,648 |
| Less amortized debt issuance premiums, net | (11,891) | 2,344 |
| Less mortgage warehouse borrowings | 179,555 | 215,230 |
| Total homebuilding debt | $ 2,783,080 | $ 2,865,074 |
| Less cash and cash equivalents | 378,340 | 366,267 |
| Net homebuilding debt | $ 2,404,740 | $ 2,498,807 |
| Total equity | 4,193,895 | 3,668,849 |
| Total capitalization | $ 6,598,635 | $ 6,167,656 |
| | | |
| Net homebuilding debt to capitalization ratio | 36.4% | 40.5% |

In addition to the results reported in accordance with accounting principles generally accepted in the United States ("GAAP"), we have provided information in this presentation relating to net homebuilding debt to capitalization ratio. Net homebuilding debt to capitalization ratio is a non-GAAP financial measure we calculate by dividing (i) total debt, less unamortized debt issuance premiums, net, and mortgage warehouse borrowings, net of unrestricted cash and cash equivalents, by (ii) total capitalization (the sum of net homebuilding debt and total stockholders' equity). We use the ratio of net homebuilding debt to total capitalization as an indicator of overall leverage and to evaluate our performance against other companies in the homebuilding industry. A reconciliation of our forward-looking net homebuilding debt to capitalization ratio to the most directly comparable GAAP financial measure cannot be provided without unreasonable effort because of the inherent difficulty of accurately forecasting the occurrence and financial impact of the adjusting items necessary for such reconciliation that have not yet occurred, are out of our control, or cannot be reasonably predicted. In the future, we may include additional adjustments to the extent we deem them appropriate and useful to management and investors. Because we use the ratio of net homebuilding debt to total capitalization to evaluate our performance against other companies in the homebuilding industry, we believe this measure is also relevant and useful to investors for that reason. These non-GAAP financial measures should be considered in addition to, rather than as a substitute for, the comparable U.S. GAAP financial measures of our operating performance or liquidity. Although other companies in the homebuilding industry may report similar information, their definitions may differ. We urge investors to understand the methods used by other companies to calculate similarly-titled non-GAAP financial measures before comparing their measures to ours.



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# Forward-Looking Statements

This earnings summary 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,” “project,” “may,” “can,” “could,” “might,” “will” and similar expressions identify forward-looking statements, including statements related to expected financial, operating and performance 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: inflation or deflation; changes in general and local economic conditions; slowdowns or severe downturns in the housing market; homebuyers’ ability to obtain suitable financing; increases in interest rates, taxes or government fees; shortages in, disruptions of and cost of labor; higher cancellation rates of existing agreements of sale; competition in our industry; any increase in unemployment or underemployment; the scale and scope of the ongoing COVID-19 pandemic; the seasonality of our business; the physical impacts of climate change and the increased focus by third-parties on sustainability issues; our ability to obtain additional performance, payment and completion surety bonds and letters of credit; significant home warranty and construction defect claims; our reliance on subcontractors; failure to manage land acquisitions, inventory and development and construction processes; availability of land and lots at competitive prices; decreases in the market value of our land inventory; new or changing government regulations and legal challenges; our compliance with environmental laws and regulations regarding climate change; our ability to sell mortgages we originate and claims on loans sold to third parties; governmental regulation applicable to our financial services and title services business; the loss of any of our important commercial lender relationships; our ability to use deferred tax assets; raw materials and building supply shortages and price fluctuations; our concentration of significant operations in certain geographic areas; risks associated with our unconsolidated joint venture arrangements; information technology failures and data security breaches; costs to engage in and the success of future growth or expansion of our operations or acquisitions or disposals of businesses; costs associated with our defined benefit and defined contribution pension schemes; damages associated with any major health and safety incident; our ownership, leasing or occupation of land and the use of hazardous materials; existing or future litigation, arbitration or other claims; negative publicity or poor relations with the residents of our communities; failure to recruit, retain and develop highly skilled, competent people; utility and resource shortages or rate fluctuations; constriction of the capital markets; risks related to our substantial debt and the agreements governing such debt, including restrictive covenants contained in such agreements; our ability to access the capital markets; the risks associated with maintaining effective internal controls over financial reporting; provisions in our charter and bylaws that may delay or prevent an acquisition by a third party; and our ability to effectively manage our expanded operations.

In addition, other such risks and uncertainties may be found in our most recent annual report on Form 10-K and our quarterly reports on Form 10-Q filed with the Securities and Exchange Commission (SEC) as such factors may be updated from time to time in our periodic filings with the SEC. We undertake no duty to update any forward-looking statement, whether as a result of new information, future events or changes in our expectations, except as required by applicable law.

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