

Investor Presentation

Third Quarter 2022

TaylorMorrison®

At a Glance

as of 2021

$7.5 billion

total revenue

13,699

home closings

5th

largest homebuilder in the U.S.

as of the third quarter 2022

80,000

homebuilding owned and controlled lots

6.1 years

homebuilding lot supply

326

active selling communities

$650,000

average home closing price

25.8%

return on equity

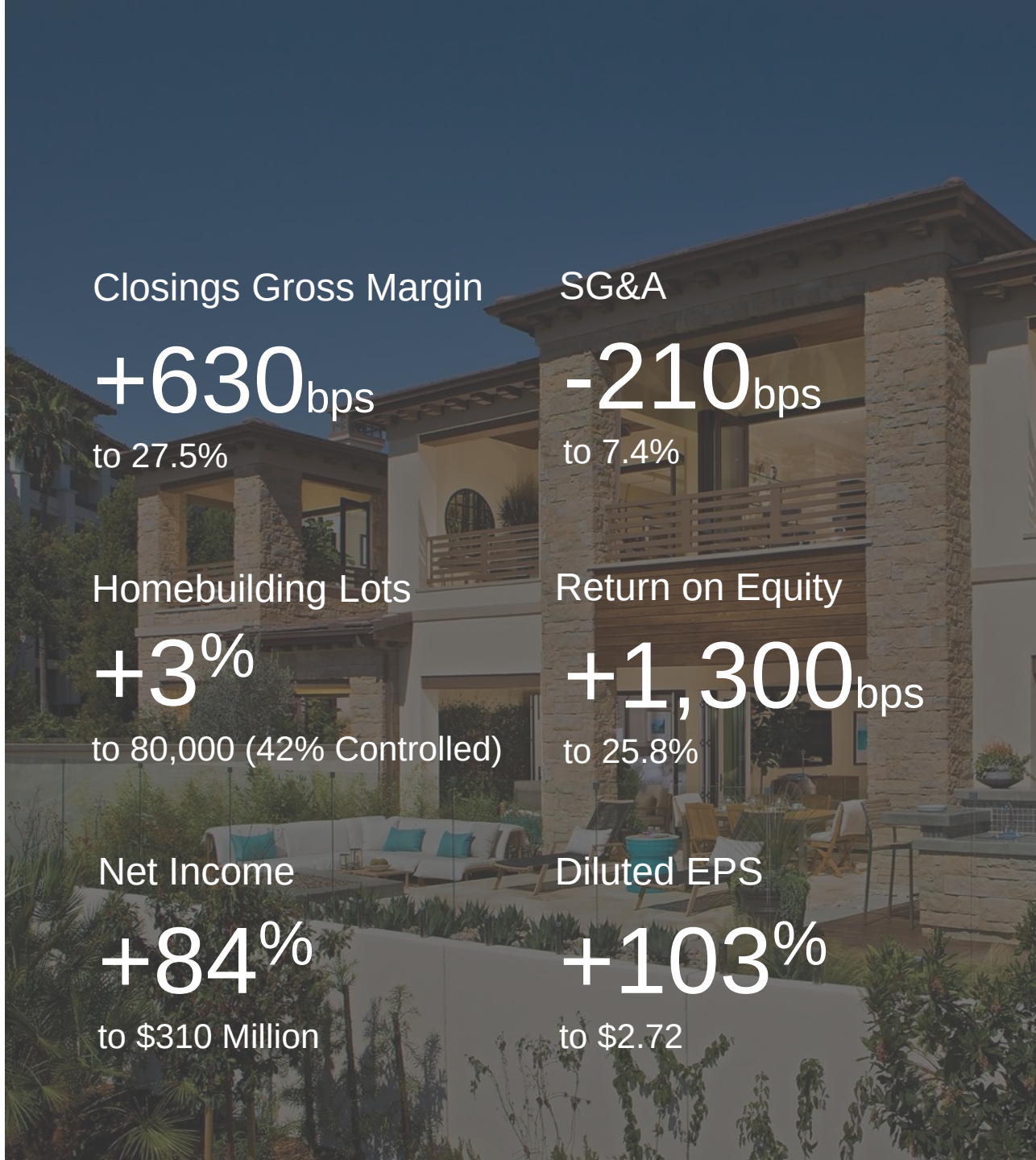
$1.4 billion

total liquidity

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Third Quarter Highlights

- Home closings gross margin, SG&A, earnings per diluted share and return on equity each marked the strongest levels in Taylor Morrison's history.
- Home closings and sales were impacted by Hurricane Ian, as well as ongoing supply chain and affordability challenges.
- With a well-vintaged land portfolio of 80,000 owned and controlled lots in prime locations, we have significantly slowed land investment and are prioritizing cash generation as market dynamics evolve.
- In the challenging sales environment, we are offering compelling mortgage incentives, adjusting pricing and managing our inventory position to optimize returns and balance sheet health.
- We enhanced our financial flexibility by expanding our corporate revolving credit facility to $1B and announcing the redemption of $350M senior notes while investing $105M in share repurchases.



Closings Gross Margin

+630bps

to 27.5%

SG&A

-210bps

to 7.4%

Homebuilding Lots

+3%

to 80,000 (42% Controlled)

Return on Equity

+1,300bps

to 25.8%

Net Income

+84%

to $310 Million

Diluted EPS

+103%

to $2.72

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

Key Metric Comparison

	Q3 2022	Q3 2021	Change
Operating Statistics			
Net Sales Orders	2,069	3,372	(39%)
Net Sales Orders Average Sales Price (in Thousands)	$619	$641	(3%)
Cancellation Rate (% of Gross Sales Orders)	15.6%	6.7%	890 bps
Home Closings	3,050	3,327	(8%)
Home Closings Average Sales Price (in Thousands)	$650	$533	22%
Backlog Units	7,941	10,273	(23%)
Backlog Value	$5,396	$6,124	(12%)
Income Statement Metrics			
Home Closings Revenue	$1,984	$1,772	12%
Total Revenue	$2,035	$1,859	9%
Home Closings Gross Margin	27.5%	21.2%	630 bps
SG&A % of Home Closings Revenue	7.4%	9.5%	(210) bps
Financial Services Gross Profit	$7	$12	(38%)
Net Income	$310	$168	84%
Earnings per Diluted Share	$2.72	$1.34	103%
Balance Sheet Metrics			
Cash and Equivalents	$329	$373	(12%)
Stockholders' Equity	$4,403	$3,746	18%
Book Value per Diluted Share	$38.70	$29.78	30%
Net Homebuilding Debt-to-Capitalization Ratio	34.0%	41.1%	(710) bps

Note: Dollars in Millions, Unless Noted.

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Internal Initiatives and Scale Synergies Evident in Profitability Metrics

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

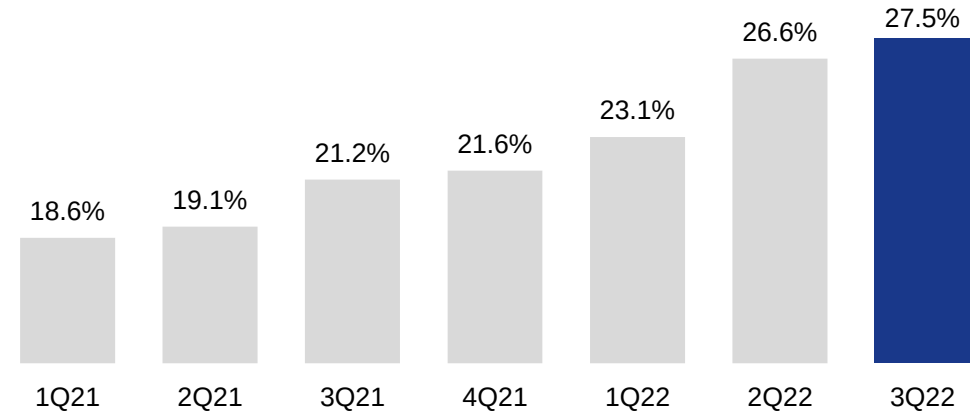
Land-Lighter Balance Sheet

- Increased Share of Lots Controlled
- Shorter Land Duration

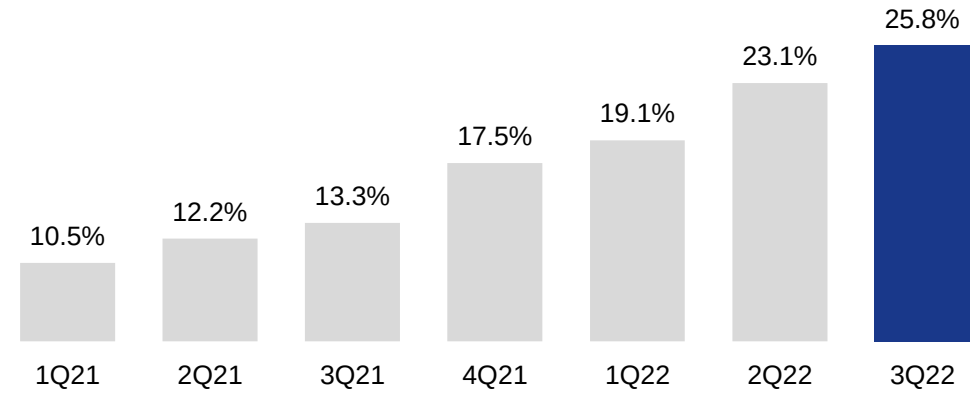
Balanced Capital Allocation

- Net Debt-to-Capital Improvement (Mid-20% Targeted by Year End)
- Opportunistic Share Repurchases

Home Closings Gross Margin[1]



Return on Equity[1][2]



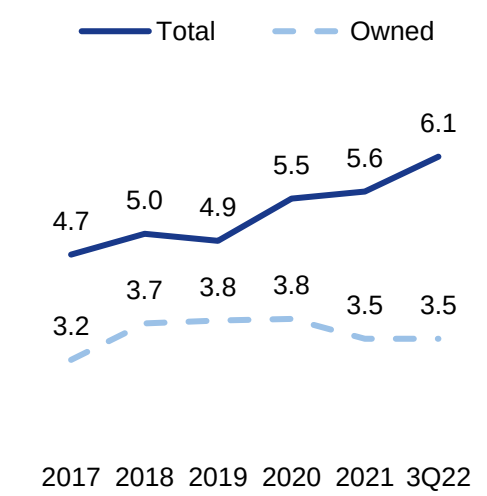
Note: (1) ROE equals TTM net income divided by average stockholder's equity in the current and prior-year period.

Conservative Stance to Land Investment Supported by Strong Existing Lot Portfolio

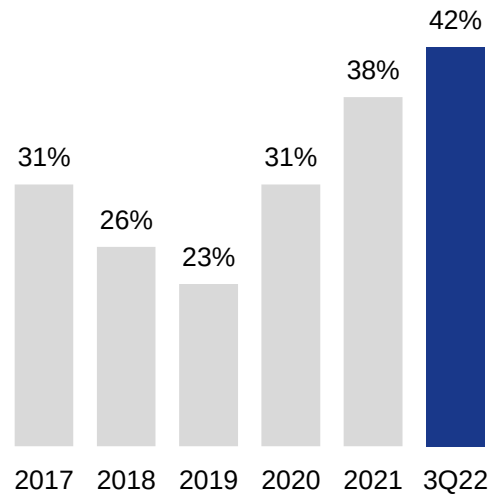
Q3 2022 Highlights

- Disciplined land investment strategy focuses on prime land locations in core submarkets
- Total land investment declined 21% from a year ago to $377 million, driven by a significant pullback in acquisition spend given more conservative stance amid evolving market conditions and strong existing lot portfolio
  - Development represented 73% of total land spend
  - Now targeting approx. $1.8 billion in total land investment in 2022, with a strong bias toward development
- Approximately 80,0000 homebuilding lots owned and controlled
  - 3.5 years of owned supply and 6.1 years of total supply
  - 42% of total lots controlled, up from 36% a year ago
- More than 60% of owned lots were contracted in 2020 or earlier

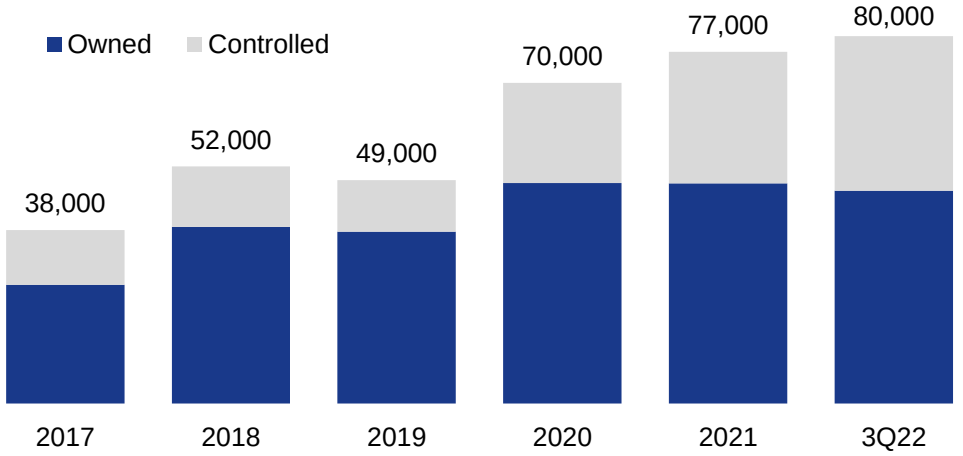
Years of Supply



Controlled Lot Percentage(1)



Homebuilding Lots Owned and Controlled



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

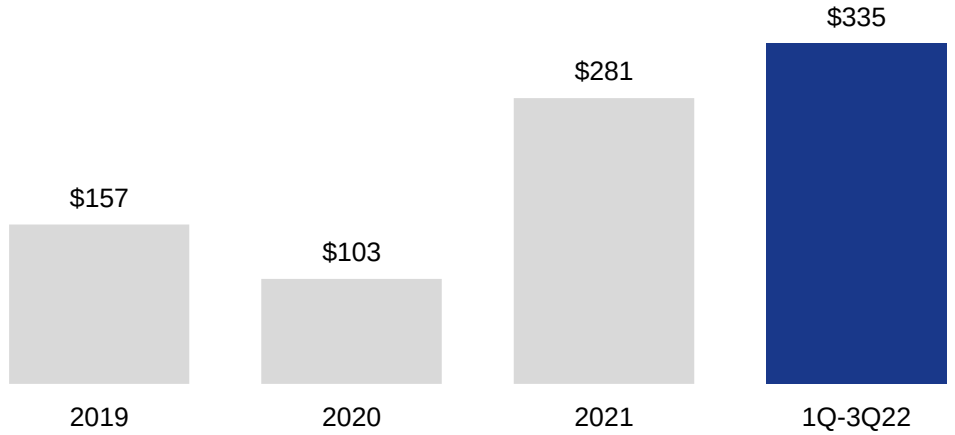
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Backed by a Well-Capitalized Balance Sheet

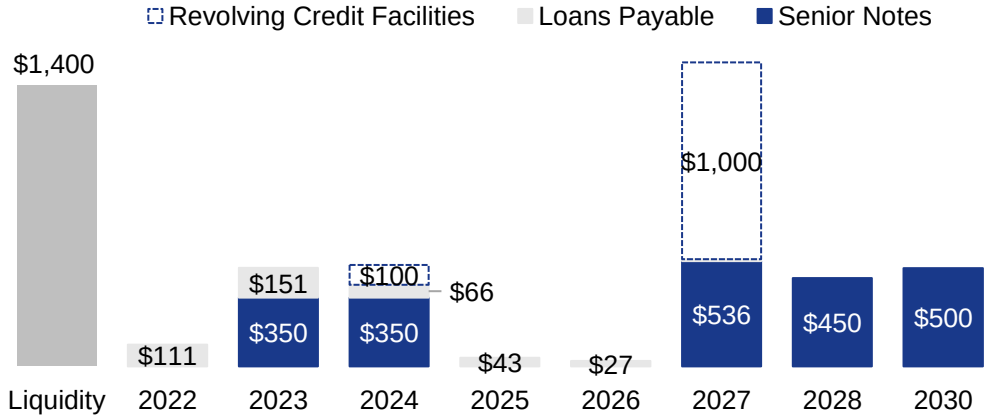
Q3 2022 Highlights

- $1.4 billion total available liquidity
  - $329 million unrestricted cash
  - $1.1 billion total revolving credit facility capacity, which was undrawn outside of normal course letters of credit at quarter end
- Net debt-to-capital expected to decline to mid-20% range by year end
- Full outstanding principal amount of 2023 Senior Notes will be redeemed on October 31st
- Repurchased 4.2 million shares outstanding for $105 million
  - Repurchases totaled 12.9 million shares for $335 million YTD
  - At quarter end, remaining repurchase authorization was $320 million

Share Repurchases (in Millions)



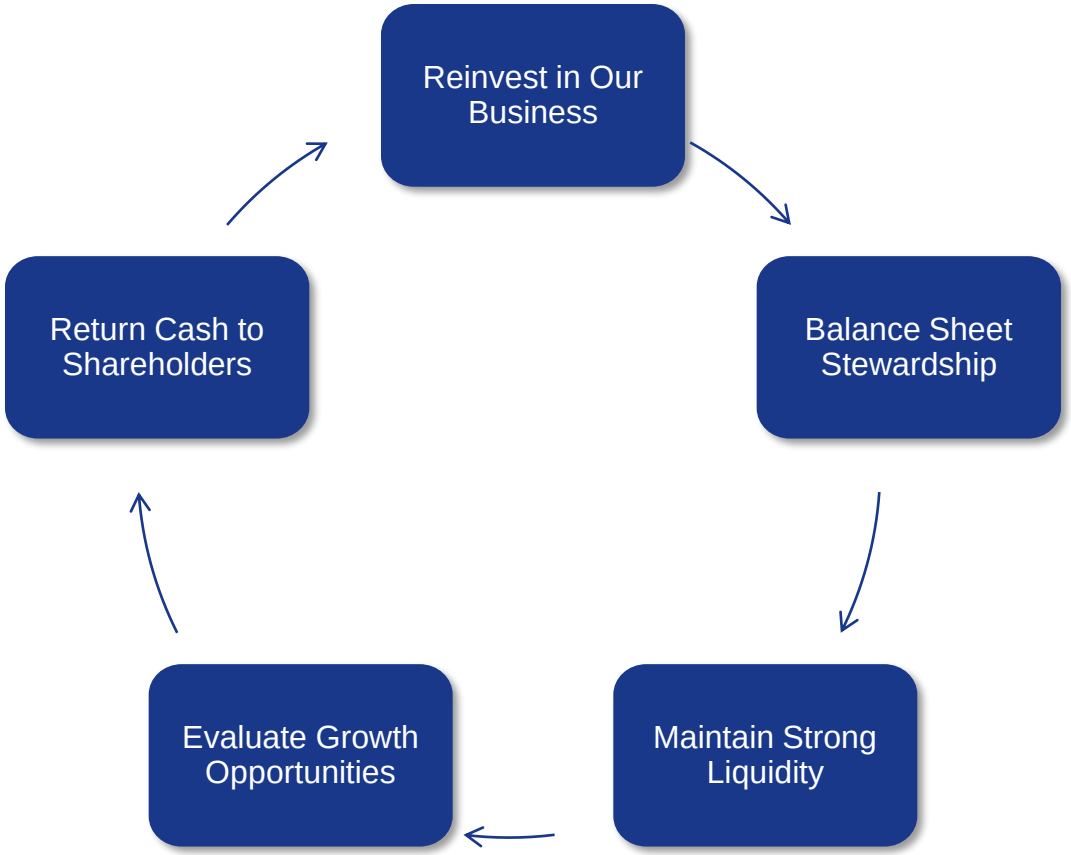
Debt Maturity Summary as of Q3 2022 (in Millions)



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Capital Allocation Balances Liquidity, Growth and Returns

- Balanced capital allocation strategy aims to deliver shareholder returns over the course of a housing cycle
- Significant investment in organic and non-organic growth to achieve and maintain critical scale and diversification
- Prudent balance sheet management prioritizes liquidity
- Opportunistic return of capital to shareholders through share repurchases



From 2018 to 2021

$2.0B
Operating Cash Flow Generated

$5.7B
Invested in Land and Development

$1.4B
Cash and Equity Invested in M&A

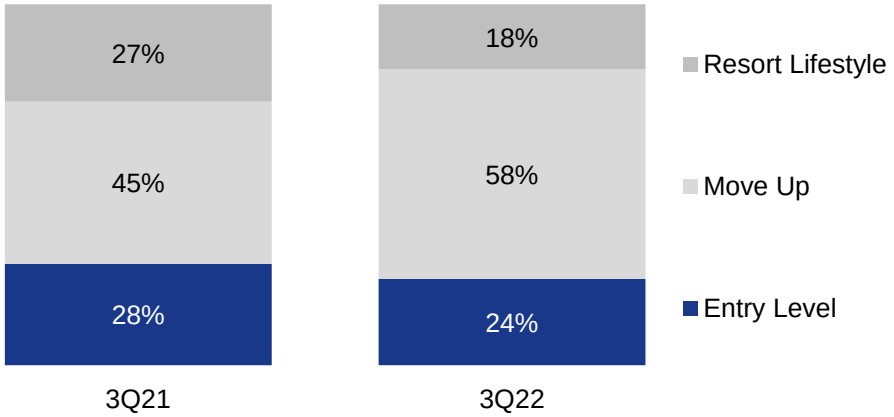
$600M
Reduction in Debt

34%
Shares Repurchased

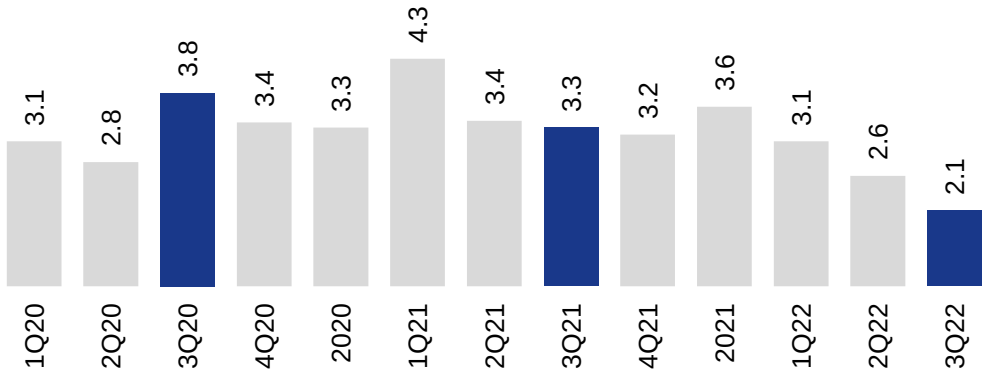
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Diverse Product Portfolio Serves All Major Buyer Groups

Net Sales Orders by Consumer Type



Monthly Net Sales Orders per Community













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Financial Services

Q3 2022 Highlights

Borrower Snapshot

- 752 Average FICO Score
- 77% Average LTV Ratio
- $452,000 Loan Amount
- 37% First-Time Homebuyers

Unit Product Mix

- 78% Conventional
- 18% Government
- 4% Jumbo

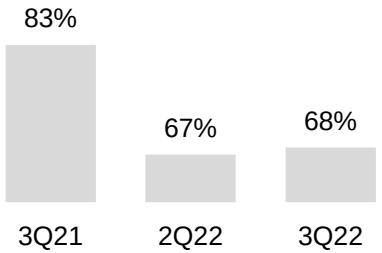
Suite of Services

- 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

- $28 Million Revenue
- $7 Million Gross Profit
- 26.5% Gross Margin

Dorothy

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

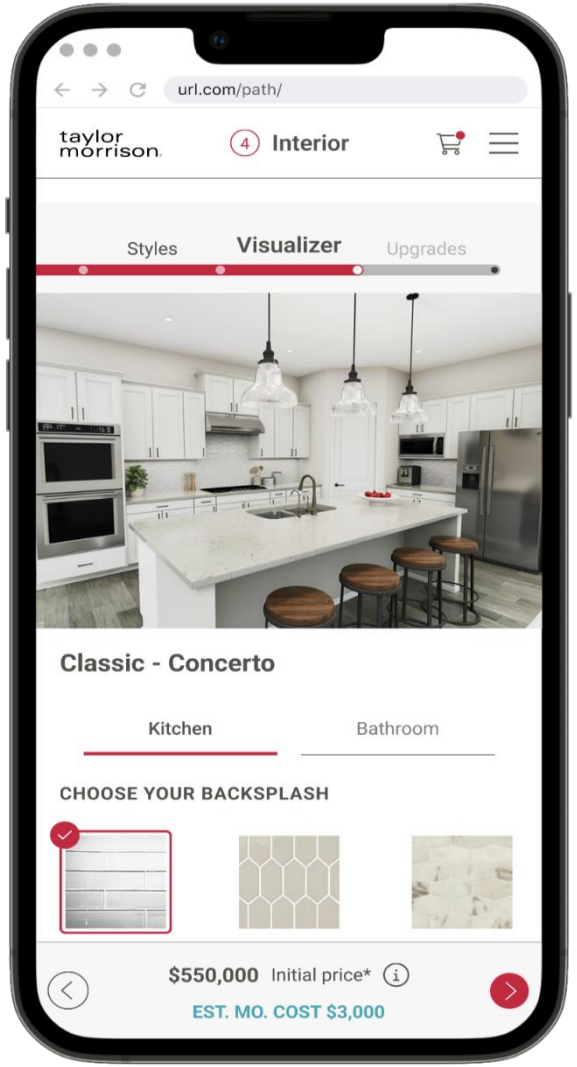
ARQ
ABLE. READY. OWN.

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

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Leading the Industry in Digital Innovation

Oct. 2020	Quick Move-In Reservation System Launch
March 2021	To-Be-Built 1.0 Reservation System Launch
Aug. 2022	Reservation results in Q3 ~40% conversion rate ~13% of company sales
Oct. 2022	To-Be-Built 2.0 Reservation System Launch



We recently unveiled an enhanced reservation system allowing consumers to build and design their new to-be-built home and “add to cart” with a small deposit.

New features include:

- Transparent pricing throughout
- Structural option selection
- Interior package selections & visualization
- Upsell opportunities

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Committed to Ongoing ESG Progress and Transparency

2019



Published inaugural ESG Report

Launched exclusive relationship with the National Wildlife Federation to restore wildlife habitat and promote sustainable land development in our communities

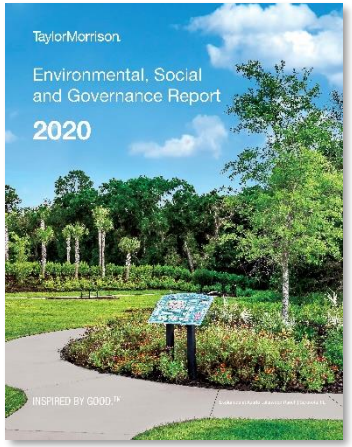
2020



Became a founding partner of the Building Talent Foundation to support a more diverse and resilient housing workforce

Launched the TM LiveWell suite of advanced air, water and paint products in all our homes to promote healthier living

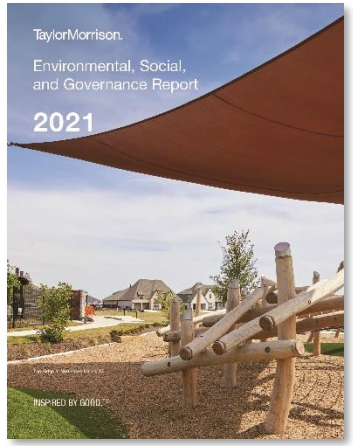
2021



Established Diversity, Equity and Inclusion Steering Committees

Expanded diverse employee recruitment efforts, including a new partnership with WayUp targeting diverse college candidates and our Voyager training program focused on supporting military veterans

2022



Announced intention to measure our greenhouse gas emissions baseline

Dedicated more resources to developing our long-term climate strategy, including the establishment of a full-time Director of Sustainability role to lead our environmental initiatives

SASB Sustainability Accounting Standards Board

GRI Empowering Sustainable Decisions

Sustainable Development Goals

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Appendix

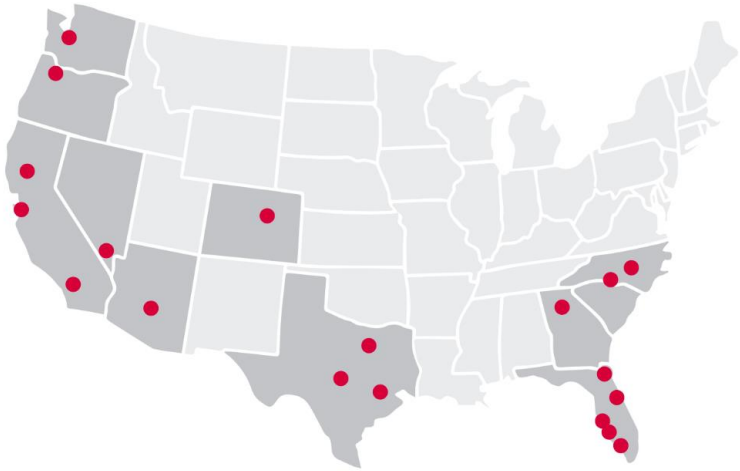
About Taylor Morrison

Headquartered in Scottsdale, Arizona, Taylor Morrison (NYSE:TMHC) is a leading land developer and homebuilder with operations in 19 housing markets across 11 states.

We serve a wide array of homebuyers with our diverse product portfolio, including entry level, move up and resort lifestyle consumers.

In addition, we develop lifestyle-oriented horizontal apartment communities that meet the need of rental households. Our Financial Services segment offers mortgage financing, title services and homeowners' insurance.

Backed by a homebuilding legacy of over 100 years, we are committed to sustainability, our communities and our team. This commitment has helped us earn the distinction of America's Most Trusted® Builder by Lifestory Research from 2016 to 2022.



West
Bay Area
Portland
Sacramento
Seattle
Southern California

Central
Austin
Dallas-Fort Worth
Denver
Las Vegas
Phoenix
Houston

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

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ESPLANADE.
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INSPIRED TITLE SERVICES

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Transformational Journey Delivered Scale and Diversification

Regional M&A and Strategic Refinement → Enhanced Public Market Liquidity → Large Scale M&A → Operational Effectiveness

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Milestones	▪ $722M IPO marked largest in NYSE homebuilding history ▪ Acquired Darling Homes (Houston and Dallas)	▪ Sold Canadian operations	▪ Acquired JEH Homes (Atlanta) and three divisions of Orlean Homes (Charlotte, Raleigh, Chicago)	▪ Acquired Acadia Homes (Atlanta)	▪ Increased public float to 70% from 25% through divestiture of private equity sponsors' ownership	▪ Became a fully-floated public company following exit of former private equity owners ▪ Acquired AV Homes, adding scale to AZ, TX and Carolinas markets and entrance into Jacksonville	▪ Entered the growing Build-to-Rent business in which we develop innovative horizontal apartment communities	▪ Acquired William Lyon Homes, adding scale to AZ, CA and TX markets and entrance into WA, OR and NV—creating the 5th largest homebuilder ▪ Sold Chicago operations	▪ Recognized as **America's** Most Trusted Builder by Lifestory Research for the sixth consecutive year, and again in 2022 ▪ Debuted on the Fortune 500 List
Home Closings	4,716	5,642	6,311	7,369	8,032	8,760	9,964	12,524	13,699
Consumer Mix – Resort Lifestyle & Urban		17%	13%	13%	20%	19%	15%	23%	24%
Consumer Mix – Move Up		67%	65%	59%	52%	59%	57%	47%	46%
Consumer Mix – Entry Level		16%	22%	28%	28%	22%	28%	30%	30%

Note: Consumer mix based on net sales orders.

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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	Q3 2022	Q3 2022 vs Q3 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	1,041	(19%)
Central	906	1,003	1,133	824	3,866	1,072	850	921	957	3,800	887	642	450	(51%)
West	1,199	1,274	1,744	1,516	5,733	1,643	1,270	1,172	1,130	5,215	1,140	791	578	(51%)
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	2,069	(39%)
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	1,118	(4%)
Central	819	1,059	913	757	3,548	691	791	764	1,165	3,411	664	778	835	9%
West	957	1,056	1,340	1,173	4,526	1,078	1,232	1,396	1,571	5,277	1,167	1,157	1,097	(21%)
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	3,050	(8%)
Home Closings Revenue														
East	$396	$467	$499	$494	$1,857	$446	$563	$555	$795	$2,359	$506	$613	$638	15%
Central	$373	$474	$424	$349	$1,619	$320	$383	$399	$628	$1,730	$369	$457	$522	31%
West	$496	$530	$718	$644	$2,388	$597	$698	$819	$968	$3,082	$770	$813	$823	1%
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	$1,984	12%
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%	27.9%	520 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%	27.0%	740 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%	27.5%	660 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%	27.5%	630 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	3,256	(13%)
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	2,489	(17%)
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	2,196	(38%)
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	7,941	(23%)
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	$2,122	1%
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	$1,694	(4%)
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	$1,580	(30%)
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	$5,396	(12%)

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)	As of September 30, 2022	As of September 30, 2021
Total Debt	$ 2,729,924	$ 3,221,569
Plus: unamortized debt issuance cost/(premium), net	11,242	(2,333)
Less: mortgage warehouse borrowings	(146,335)	(235,685)
Total homebuilding debt	$ 2,594,831	$ 2,983,551
Less: cash and cash equivalents	(329,244)	(373,407)
Net homebuilding debt	$ 2,265,587	$ 2,610,144
Total equity	4,403,466	3,745,896
Total capitalization	$ 6,669,053	$ 6,356,040
Net homebuilding debt to capitalization ratio	34.0%	41.1%

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, plus unamortized debt issuance cost/(premium), net, and less 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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