



Taylor Morrison Reports First Quarter Revenue of \$509 Million and Earnings per Share of \$0.79

May 6, 2015

Net income increased 134% year-over-year to \$96 million for the quarter
Earnings per share increased 139% to \$0.79
Total revenue increased 8% to \$509 million for the quarter
Average community count expanded 22% to 228 average communities
Expansion into the Atlanta market with the acquisition of JEH Homes

SCOTTSDALE, Ariz., May 6, 2015 /PRNewswire/ -- Taylor Morrison Home Corporation (NYSE:TMHC) today reported first quarter revenue of \$509 million, net income of \$96 million and earnings per share of \$0.79.

"We are continuing to increase our share of the new home market, growing both organically and by acquisition," said Taylor Morrison President and CEO Sheryl Palmer. "Our recently strengthened balance sheet has allowed us to begin our expansion in the U.S. With the acquisition of JEH Homes, a regional homebuilder in Atlanta, we have purchased or controlled over 2,000 home sites. Looking ahead to the rest of 2015, we intend to continue executing on our four-pillar strategy while conscientiously evaluating opportunities to expand into other high-growth markets in order to drive the best long-term returns for our shareholders."

On January 28, 2015, the Company closed the sale of its Canadian operations resulting in a pre-tax gain on the sale of USD \$80.2 million. The Company also initiated a foreign currency forward to mitigate potential currency exchange risks in connection with the transaction that resulted in a gain of nearly USD \$30 million.

The Company utilized a portion of the proceeds from the Monarch transaction for the acquisition of JEH Homes in order to expand its geographic footprint and to diversify its consumer base.

1st Quarter 2015 Key Business Highlights

- Average community count increased 22% to 228 average communities from 187 in the prior year quarter
- Net sales orders increased over 14% to 1,729
- Home closings were 1,063
- Backlog of homes under contract was 2,918 units, with a sales value of \$1.4 billion as of March 31, 2015
- Cancellations as a percentage of gross sales orders were 11.9%, compared to 11.4% in the prior year quarter
- Average price of homes closed increased 7% to \$464,000
- Average monthly absorption pace was 2.5
- Mortgage operations reported gross profit of \$2.6 million on revenue of \$7.6 million

| Quarterly Financial Comparison* | | | |
|--|----------------|----------------|----------------------------|
| (\$ millions) | | | |
| | <u>Q1 2015</u> | <u>Q1 2014</u> | <u>Q1 2015 vs. Q1 2014</u> |
| Total Revenue | \$509 | \$470 | 8.3% |
| Home Closings Revenue | \$494 | \$455 | 8.4% |
| Home Closings Gross Margin | \$88 | \$99 | (10.6)% |
| | 17.9% | 21.7% | (380) bps |
| Adjusted Home Closings Gross Margin | \$105 | \$108 | (3.7)% |
| | 21.2% | 23.8% | (260) bps |
| SG&A | \$57 | \$53 | 8.2% |
| % of Home Closings Revenue | 11.5% | 11.6% | 10 bps improvement |

* Excludes discontinued operations.

The Company ended the quarter with homebuilding inventories of \$2.8 billion and had 3,490 homes in inventory, compared to 2,949 homes at the end of the prior year quarter. Homes in inventory at the end of the quarter consisted of: 1,994 sold units, 345 model homes and 1,151 inventory units, of which 305 were finished. The Company owned or controlled approximately 39,000 lots at March 31, 2015.

The Company ended the first quarter of 2015 with \$400 million of cash, excluding \$0.7 million of restricted cash. On April 16, 2015, the Company issued \$350 million of 5.875% senior unsecured notes due 2023 and used the offering proceeds on May 1, 2015, together with cash on hand, to redeem the entire \$489 million of its outstanding 7.75% senior notes due 2020. On April 24, 2015, the Company amended its revolving credit facility to increase the capacity to \$500 million from \$400 million, extended the maturity approximately two years to April 24, 2019 and reduced the borrowing rate 25 basis points to Libor plus 1.75%.

Second Quarter and Full Year 2015 Business Outlook

Second Quarter 2015:

- Average community count – expected to be up approximately 10 communities over Q1
- Home closings – expected between 1,375 and 1,475
- Adjusted home closings margin – expected to be consistent with first quarter results

Full Year 2015:

- Average community count – expected to increase to 235 to 245 communities
- Home closings – expected to grow approximately 10% to 15% from 2014 U.S. results
- Home closings margins – expected around 22%
- SG&A – expected to be in the mid 9% range
- Income from unconsolidated joint ventures – expected between \$2 and \$4 million
- Land spend – expected to be approximately \$1 billion
- Effective tax rate – expected to be between 32% to 35%

Earnings Webcast

A public webcast to discuss first quarter 2015 earnings will be held later today at 8:30 a.m. Eastern Time Wednesday, May 6, 2015 on the Company's investor relations website at investors.taylormorrison.com. A webcast replay will also be available on the site later today.

About Taylor Morrison

Taylor Morrison Home Corporation (NYSE:TMHC) is a leading national builder and developer based in Scottsdale, Arizona and operates under two well-established brands, Taylor Morrison and Darling Homes. Taylor Morrison builds and develops distinctive communities from coast to coast, serving a wide array of homeowners and aimed mainly at first-time, move-up, luxury and 55 or better customers. Darling Homes builds communities in Texas, catering to move-up and luxury homebuyers seeking a personalized building experience.

For more information about Taylor Morrison and Darling Homes please visit www.taylormorrison.com or www.darlinghomes.com.

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 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; continued volatility in the debt and equity markets; 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 continuing adverse conditions in the industry, including any changes regarding our land positions; 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; 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; 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. 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. In addition, other such risks and uncertainties may be found in Taylor Morrison Home Corporation's Form 10-K filed with the Securities and Exchange Commission (SEC).

Taylor Morrison Home Corporation Condensed Consolidated Statements of Operations (In thousands, except per share amounts, unaudited)

| | Three Months Ended March 31, | |
|-----------------------------|---------------------------------|------------|
| | 2015 | 2014 |
| Home closings revenue, net | \$ 493,592 | \$ 455,295 |
| Land closings revenue | 8,188 | 8,918 |
| Mortgage operations revenue | 7,635 | 6,262 |
| Total revenues | 509,415 | 470,475 |

| | | |
|---|------------------|------------------|
| Cost of home closings | 405,104 | 356,300 |
| Cost of land closings | 4,666 | 6,858 |
| Mortgage operations expenses | 5,062 | 3,936 |
| Total cost of revenues | <u>414,832</u> | <u>367,094</u> |
| Gross margin | 94,583 | 103,381 |
| Sales, commissions and other marketing costs | 36,220 | 33,384 |
| General and administrative expenses | 20,704 | 19,241 |
| Equity in income of unconsolidated entities | (303) | (984) |
| Interest (income) expense, net | (50) | 686 |
| Other expense, net | 5,771 | 3,098 |
| Gain on foreign currency forward | <u>(29,983)</u> | <u>-</u> |
| Income from continuing operations before income taxes | 62,224 | 47,956 |
| Income tax provision | <u>22,042</u> | <u>10,956</u> |
| Net income from continuing operations | 40,182 | 37,000 |
| Discontinued operations: | | |
| Income from discontinued operations | - | 6,435 |
| Transaction expenses from discontinued operations | (9,043) | - |
| Gain on sale of discontinued operations | 80,205 | - |
| Income tax expense from discontinued operations | <u>(14,500)</u> | <u>(2,139)</u> |
| Net income from discontinued operations | 56,662 | 4,296 |
| Net income before allocation to non-controlling interests | 96,844 | 41,296 |
| Net income attributable to non-controlling interests - joint ventures | <u>(368)</u> | <u>(117)</u> |
| Net income before non-controlling interests - Principal Equityholders | 96,476 | 41,179 |
| Net income from continuing operations attributable to non-controlling interests - Principal Equityholders | (29,133) | (27,105) |
| Net income from discontinued operations attributable to non-controlling interests - Principal Equityholders | <u>(41,381)</u> | <u>(3,142)</u> |
| Net income available to Taylor Morrison Home Corporation | <u>\$ 25,962</u> | <u>\$ 10,932</u> |
| Earnings per common share - basic: | | |
| Income from continuing operations | \$ 0.33 | \$ 0.30 |
| Income from discontinued operations - net of tax | <u>\$ 0.46</u> | <u>\$ 0.03</u> |
| Net income available to Taylor Morrison Home Corporation | \$ 0.79 | \$ 0.33 |
| Earnings per common share - diluted: | | |
| Income from continuing operations | \$ 0.33 | \$ 0.30 |
| Income from discontinued operations - net of tax | <u>\$ 0.46</u> | <u>\$ 0.03</u> |
| Net income available to Taylor Morrison Home Corporation | \$ 0.79 | \$ 0.33 |
| Weighted average number of shares of common stock: | | |
| Basic | 33,067 | 32,858 |
| Diluted | 122,355 | 122,344 |

Taylor Morrison Home Corporation
Condensed Consolidated Balance Sheets
(In thousands)

| | <u>March 31,</u> <u>2015</u> | <u>December 31,</u> <u>2014</u> |
|---|---------------------------------|------------------------------------|
| Assets | (Unaudited) | |
| Cash and cash equivalents | \$ 399,537 | \$ 234,217 |
| Restricted cash | 655 | 1,310 |
| Real estate inventory: | | |
| Owned inventory | 2,750,090 | 2,511,623 |
| Real estate not owned under option agreements | <u>4,640</u> | <u>6,698</u> |
| Total real estate inventory | 2,754,730 | 2,518,321 |
| Land deposits | 31,364 | 34,544 |
| Mortgages receivable | 83,407 | 191,140 |
| Prepaid expenses and other assets, net | 101,854 | 89,210 |
| Other receivables, net | 99,354 | 85,274 |
| Investments in unconsolidated entities | 112,813 | 110,291 |
| Deferred tax assets, net | 251,392 | 258,190 |
| Property and equipment, net | 4,893 | 5,337 |
| Intangible assets, net | 6,392 | 5,459 |
| Goodwill | 23,375 | 23,375 |
| Assets of discontinued operations | - | 576,445 |
| Total assets | <u>\$3,869,766</u> | <u>\$ 4,133,113</u> |

Liabilities

| | | |
|--|--------------------|---------------------|
| Accounts payable | \$ 136,815 | \$ 122,466 |
| Accrued expenses and other liabilities | 179,488 | 200,556 |
| Income taxes payable | 39,772 | 50,096 |
| Customer deposits | 85,772 | 70,465 |
| Senior notes | 1,388,676 | 1,388,840 |
| Loans payable and other borrowings | 128,184 | 147,516 |
| Revolving credit facility borrowings | - | 40,000 |
| Mortgage warehouse borrowings | 55,245 | 160,750 |
| Liabilities attributable to consolidated option agreements | 4,640 | 6,698 |
| Liabilities of discontinued operations | - | 168,565 |
| Total liabilities | <u>\$2,018,592</u> | <u>\$ 2,355,952</u> |

Stockholders' Equity

| | | |
|--|--------------------|---------------------|
| Total stockholders' equity | <u>1,851,174</u> | <u>1,777,161</u> |
| Total liabilities and stockholders' equity | <u>\$3,869,766</u> | <u>\$ 4,133,113</u> |

Homes Closed:

| <i>(Dollars in thousands)</i> | Three Months Ended March 31, | | | |
|-------------------------------|-------------------------------------|-------------------|--------------|-------------------|
| | 2015 | | 2014 | |
| | Homes | Value | Homes | Value |
| East | 692 | \$ 297,566 | 672 | \$264,334 |
| West | 371 | 196,026 | 383 | 190,961 |
| Total | 1,063 | \$ 493,592 | 1,055 | \$ 455,295 |

Net Sales Orders:

| <i>(Dollars in thousands)</i> | Three Months Ended March 31, | | | |
|-------------------------------|-------------------------------------|-------------------|--------------|-------------------|
| | 2015 | | 2014 | |
| | Homes | Value | Homes | Value |
| East | 1,042 | \$ 440,464 | 922 | \$381,220 |
| West | 687 | 331,033 | 592 | 313,108 |
| Total | 1,729 | \$ 771,497 | 1,514 | \$ 694,328 |

Sales Order Backlog:

| <i>(Dollars in thousands)</i> | As of March 31, | | | |
|-------------------------------|------------------------|---------------------|--------------|---------------------|
| | 2015 | | 2014 | |
| | Homes | Value | Homes | Value |
| East | 2,059 | \$ 976,036 | 1,794 | \$811,300 |
| West | 859 | 441,092 | 831 | 451,931 |
| Total | 2,918 | \$ 1,417,128 | 2,625 | \$ 1,263,231 |

Average Active Selling Communities:

| | Three Months Ended | |
|--------------|---------------------------|-------------|
| | March 31, | |
| | 2015 | 2014 |
| East | 166 | 136 |
| West | 62 | 51 |
| Total | 228 | 187 |

Average Selling Price of Homes Closed:
(In thousands)

| | Three Months Ended | |
|--------------|---------------------------|--------------|
| | March 31, | |
| | 2015 | 2014 |
| East | \$430 | \$393 |
| West | 528 | 499 |
| Total | \$464 | \$432 |

Reconciliation of Non-GAAP Financial Measures

The following table sets forth a reconciliation between our home closings gross margin and our adjusted home closings gross margin. Adjusted home closings gross margin is a non-GAAP financial measure calculated based on gross margins, excluding impairments and capitalized interest amortization. Management uses adjusted home closings gross margins to evaluate our performance on a consolidated basis as well as the performance of our regions. We believe adjusted home closings gross margin is useful to investors because it allows investors to evaluate the performance of our homebuilding operations without the often varying effects of interest costs capitalized.

This measure is considered a non-GAAP financial measure and should be considered in addition to, rather than as a substitute for, the comparable

U.S. GAAP financial measures as a measure of our operating performance. 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 net income and gross margins and any adjustments to such amounts before comparing our measures to those of such other companies.

Adjusted Home Closings Gross Margin Reconciliation - Continuing Operations

| <i>(Dollars in thousands)</i> | Three Months Ended March 31, | |
|--|------------------------------|------------|
| | 2015 | 2014 |
| Home closings revenue | \$ 493,592 | \$ 455,295 |
| Cost of home closings | 405,104 | 356,300 |
| Home closings gross margin | 88,488 | 98,995 |
| Add: | | |
| Capitalized interest amortization | 16,027 | 9,490 |
| Adjusted home closings gross margin | \$ 104,515 | \$ 108,485 |
| Home closings gross margin as a percentage of home closings revenue | 17.9% | 21.7% |
| Adjusted home closings gross margin as a percentage of home closings revenue | 21.2% | 23.8% |

CONTACT: Investor Relations
Taylor Morrison Home Corporation
(480) 734-2060
investor@taylormorrison.com

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