

Investor Presentation

Third Quarter 2020

TaylorMorrison

The Making of the Fifth Largest Homebuilder

2015
Sold Canadian operations

Acquired JEH Homes (Atlanta) and three divisions of Orleans Homes (Charlotte, Raleigh and Chicago)

2016
Acquired Acadia Homes (Atlanta)

2018
Taylor Morrison became a fully floated public company following the exit of our former private equity owners

Acquired AV Homes (**NASDAQ: AVHI**), adding scale to AZ, TX and Carolinas markets and entrance into Jacksonville

2019
Taylor Morrison entered exclusive partnership with Christopher Todd Communities—marking our entrance into the build-to-rent market

Published inaugural Annual ESG Report and formed partnership with the National Wildlife Federation









2013
$722mm IPO was the largest in NYSE history in homebuilding (**NYSE: TMHC**)

Acquired Darling Homes (Houston and Dallas)

2017
Increased public float to 70% from 25% through private equity sponsors' divestiture of 51.1mm shares

Sheryl Palmer named Chairman of the Board

2020
Acquired William Lyon Homes (**NYSE: WLH**) in February, creating fifth largest national homebuilder with entrance into WA, OR and NV

Named Builder Magazine's 2020 Builder of the Year by Hanley Wood | Meyers Research

Sold Chicago operations

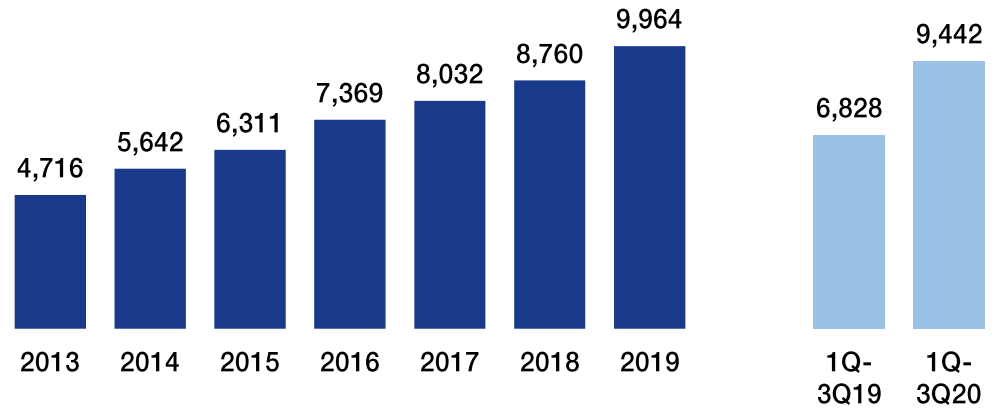
Added to the S&P MidCap 400 Index

Awarded America's Most Trust Home Builder by Lifestory Research for the fifth consecutive year

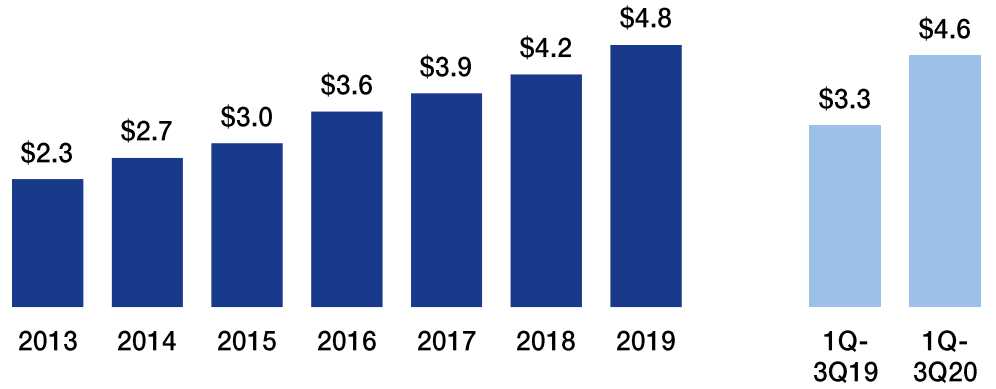
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Significant Growth Across Key Financial Metrics

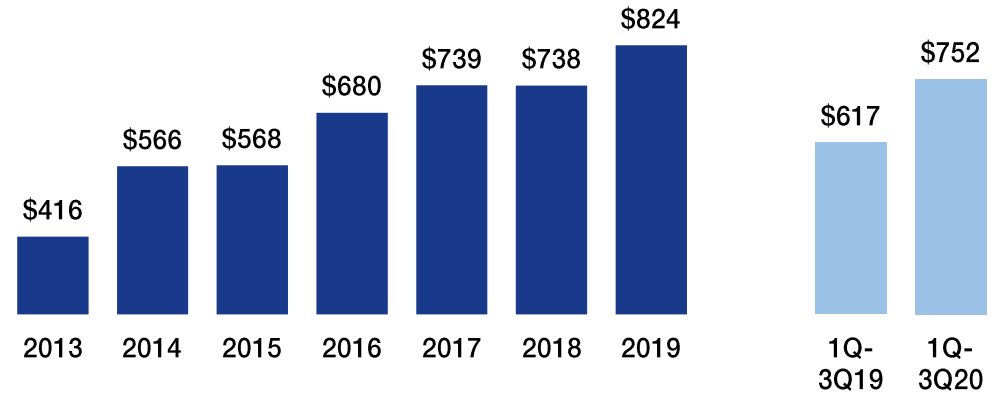
Home Closings



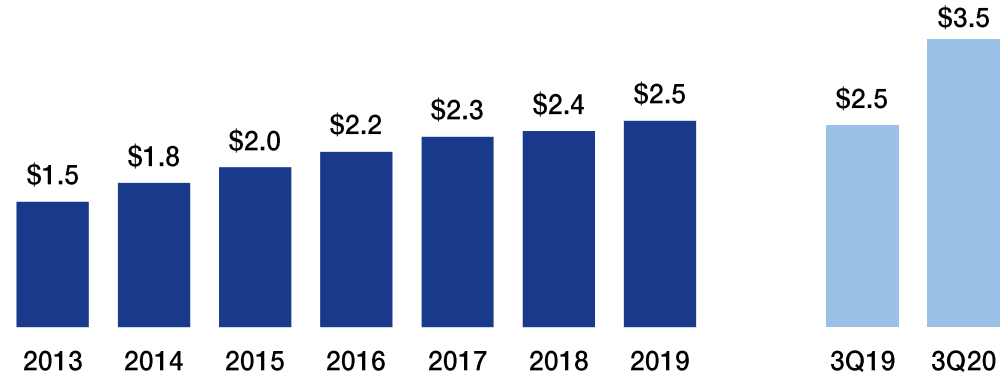
Total Revenue ($ in Billions)



Gross Profit ($ in Millions)



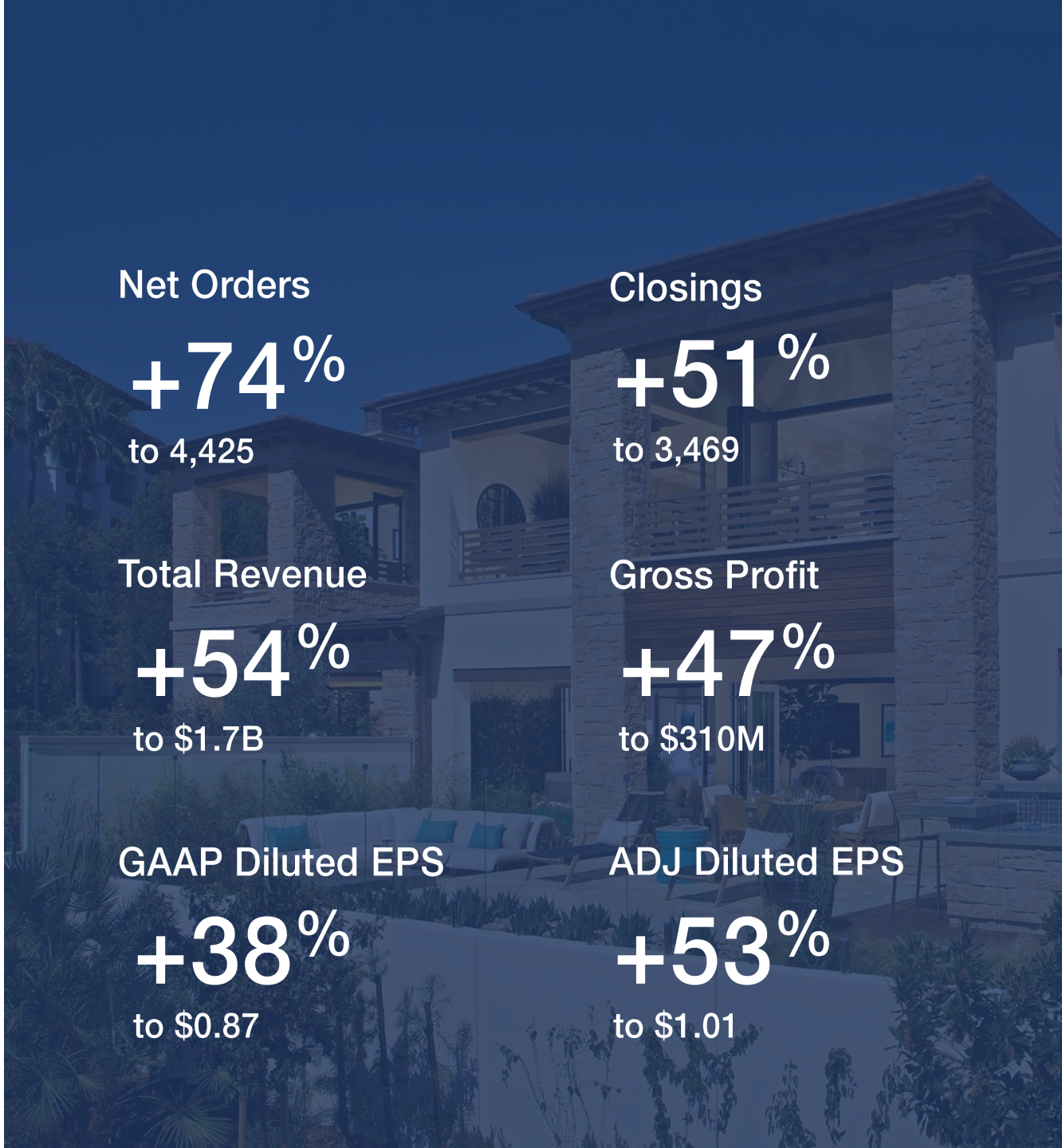
Stockholders' Equity ($ in Billions)



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Q3 2020 Highlights

- Monthly **absorption pace** reached 3.8 sales per community, the highest level in our public company history
- **Home closings gross margin** of 17.8% adjusted for purchase accounting and 17.2% on a GAAP basis
- Refinanced senior notes and expect to pay down substantially all of the outstanding revolver balance to near zero by year end, driving further **balance sheet** deleverage
- Slightly ahead of expectations on William Lyon Homes **integration**
- **Build-to-Rent** operations are well underway, with multiple communities in development (AZ) and land pipeline established for 2021 (TX, NC, FL)



Net Orders
+74%
to 4,425

Closings
+51%
to 3,469

Total Revenue
+54%
to $1.7B

Gross Profit
+47%
to $310M

GAAP Diluted EPS
+38%
to $0.87

ADJ Diluted EPS
+53%
to $1.01

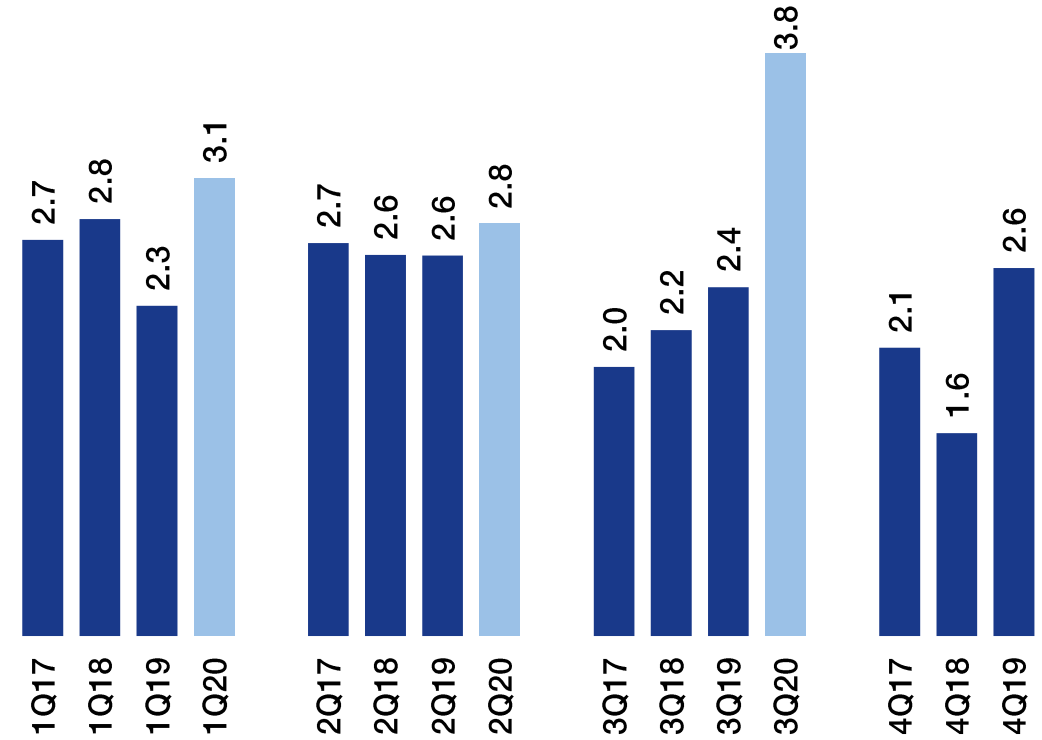
Note: Comparisons to the prior-year period.

Management's Outlook for Select Financial Metrics

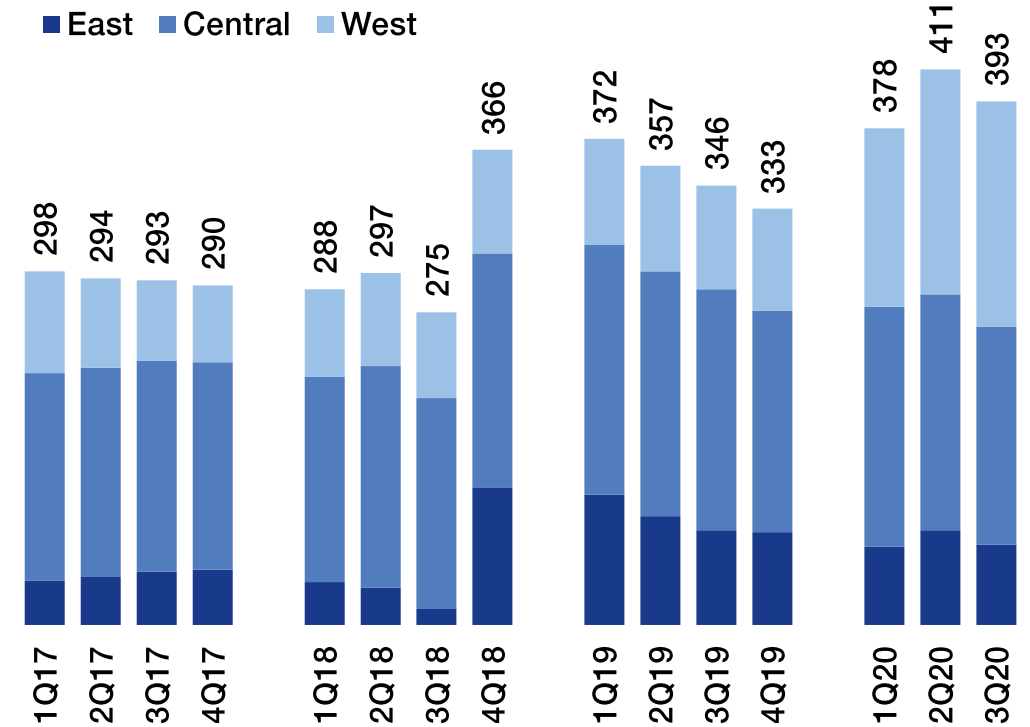
	Fourth Quarter 2020	Full Year 2020
Average Active Community Count	375-380	385-390
Home Closings	~3,050	~12,500
GAAP Home Closings Gross Margin	~18%	Mid-16% Range
SG&A % of Home Closings Revenue	Not Provided	High-9% Range
Effective Tax Rate	~23.0%	~24.5%
Diluted Share Count	~131 Million	~129 Million
Land & Development Spend	Not Provided	$1.4-1.5 Billion

Sales Strength Drove Pace to a Company Record High

Monthly Absorption Pace per Community



Average Community Count by Region



Net Sales Orders
+74% to 4,425

Community Count
+14% to 393

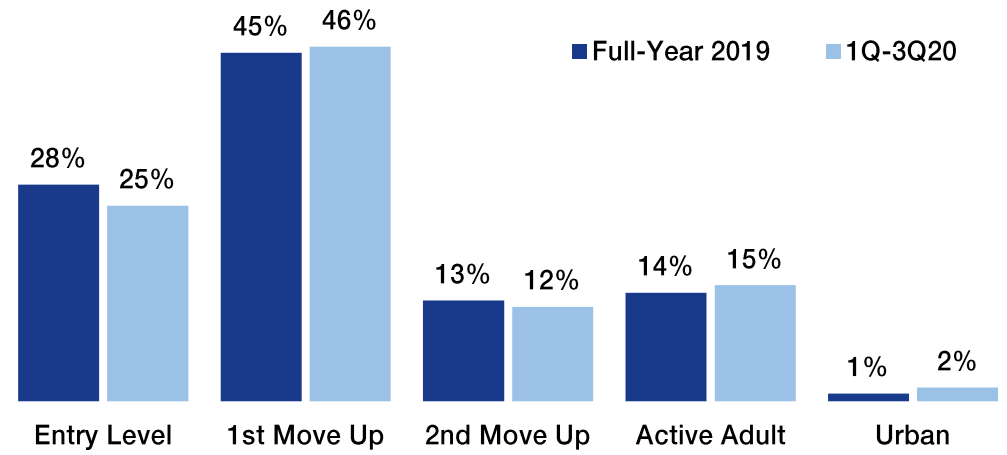
Absorption Pace
+53% to 3.8

Note: Comparisons to the prior-year period.

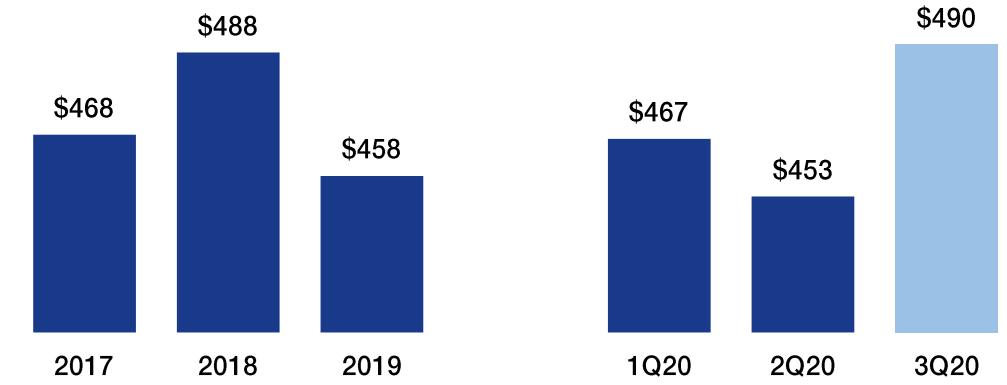
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Diverse Product Portfolio Serves All Major Buyer Groups

Net Sales Orders by Consumer Type



Average Net Sales Order Price ($ in Thousands)









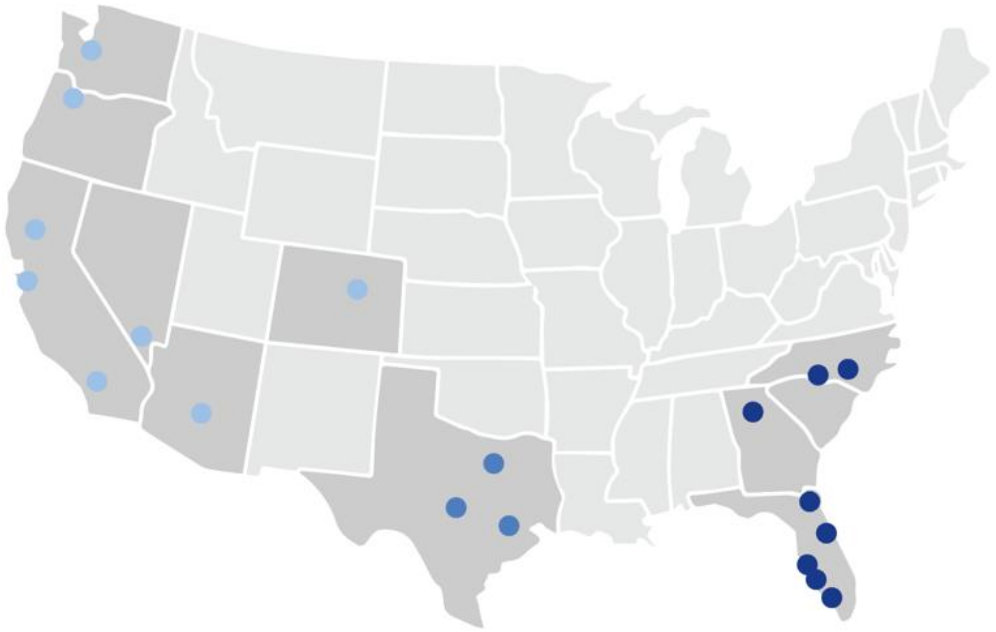




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Balanced Footprint with Deep Local Market Share

Operations in 21 of the most attractive housing markets across 11 states in the U.S.



Mix as of Q3 2020	West	Central	East
Closings	39%	26%	35%
Closings Revenue	44%	26%	30%
Average Sales Price	$536k	$464k	$411k
Lot Supply	36%	31%	33%

Top 3 Market Share **7 Markets**

Top 5 Market Share **14 Markets**

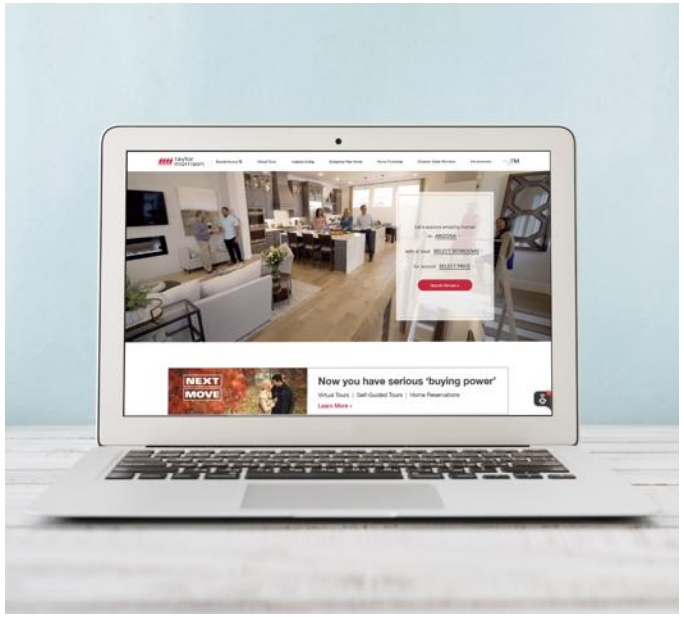
Top 10 Market Share **19 Markets**

Source: Metro Study (homebuilder rankings based on closings in top 50 markets in the U.S. in 2019)

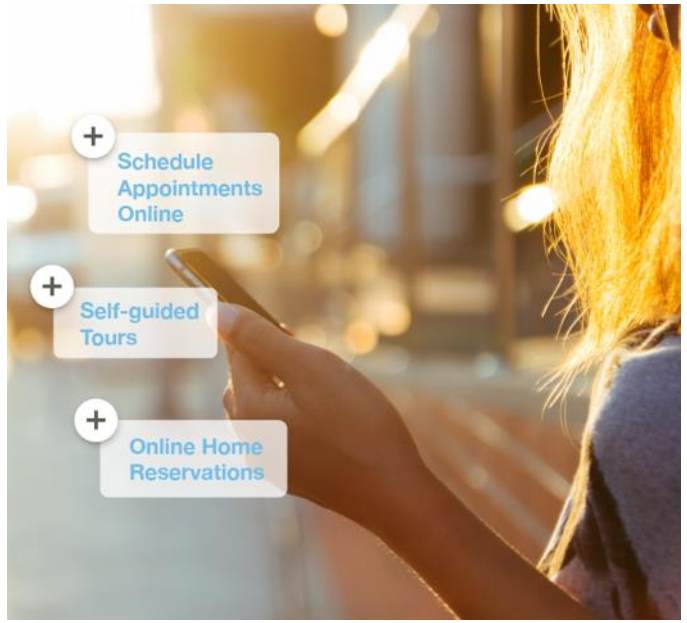
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Industry-Leading Suite of Virtual Sales Tools

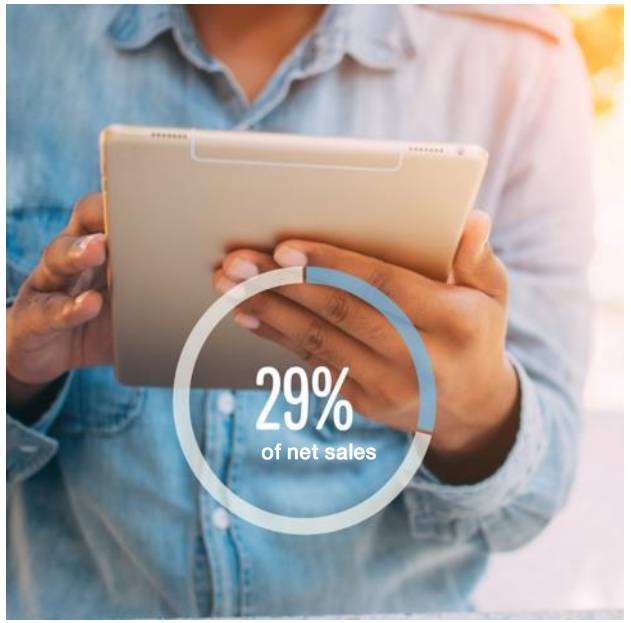
Changing the home shopping and buying experience, without ever stepping foot in a model or sales center.



In late 2019, we introduced **a new, state-of-the-art website** offering new virtual features and enhanced functionality based on consumer preference, streamlining the customer experience and making it easier for consumers to shop for a home online.



COVID-19 accelerated our plans to reinvent the online customer journey with the addition of an **enhanced virtual online booking system, self-guided tours** (allowing entry into a completed inventory home in a safe way, on the consumer's time) and **online home reservations.**



In Q2 and Q3, these new online features collectively **contributed to 29 percent of total net sales,** which were generally accompanied by **reduced real estate broker representation** compared to other transactions.

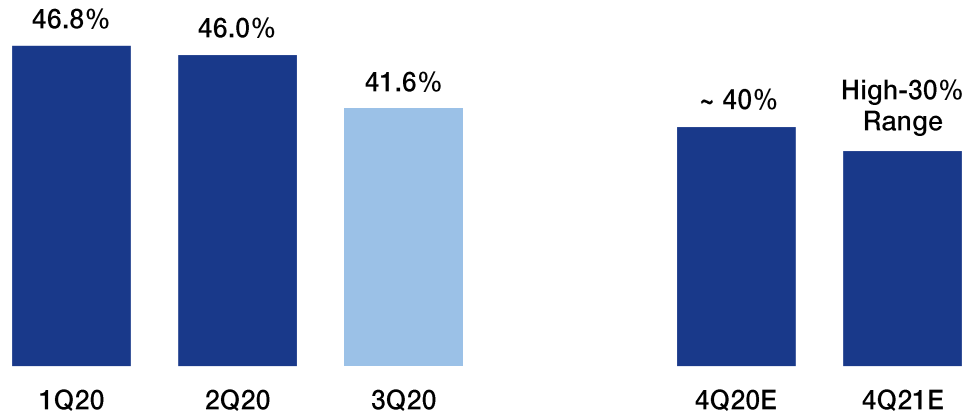
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Significant Progress Made to Deleverage Balance Sheet

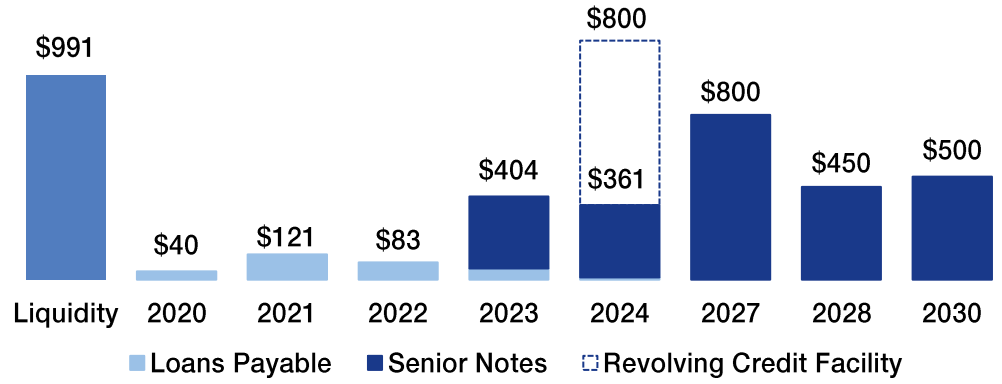
Q3 2020 Highlights

- Q3 Transactions
  - Refinanced a portion of our 2023 and 2025 Senior Notes in July
  - Paid off the remaining balance of those same notes in September
  - Repaid $200 million of our revolving credit facility
- Paid down a total of nearly $500 million, or 17%, of net debt since William Lyon Homes acquisition in February
- $991 million total available liquidity
  - $548 million unrestricted cash
  - $443 million undrawn credit facility
- 5.8% average interest rate on $2.5 billion of senior notes outstanding

Net Debt-to-Capital Ratio Expected to Fall to High-30% Range by the End of 2021



Liquidity Summary as of 9/30/2020 – No Senior Notes Maturities Until 2023



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Capital Allocation Strategy Aims to Maximize Returns

MAINTAIN STRONG LIQUIDITY	Ended Q3 with nearly $1 billion in available liquidity

CAPITAL DEPLOYMENT PHILOSOPHY

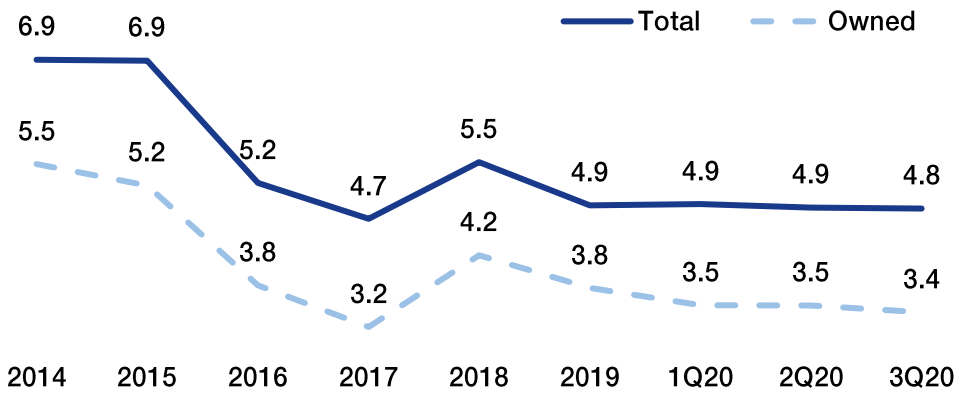
REINVEST IN THE BUSINESS	Disciplined due diligence and research process for targeting and underwriting land acquisitions in existing markets and organically entering new markets
BALANCE SHEET STEWARDSHIP	Use of excess cash to opportunistically refinance or pay down debt
RETURN EXCESS CASH TO SHAREHOLDERS	Nearly $635M of share repurchases since the beginning of 2015
EVALUATE M&A OPPORTUNITIES	Increase scale and diversification through accretive transactions

Disciplined Approach to Land Portfolio Management

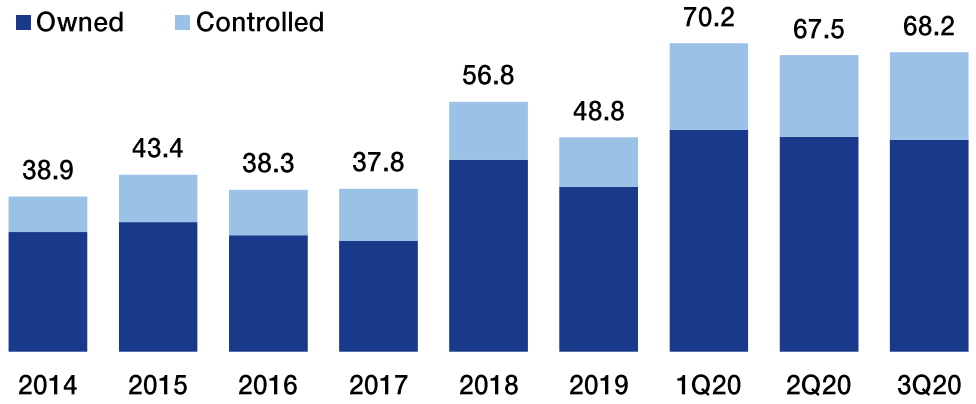
Q3 2020 Highlights

- $374 Million in Land and Development Spend
  - Current land purchases are largely slated for deliveries in 2022 and beyond
  - Nearly all lots needed for anticipated growth in 2021 are owned and controlled
  - Targeting $1.4-1.5 billion in land spend for 2020
- Approximately 68,200 Total Lots Owned and Controlled
  - 4.8 Years of Lots Owned and Controlled
  - 3.4 Years of Lots Owned
- 29% of Total Lots Controlled
  - Up from 19% a Year Ago

Years of Supply Based on Trailing-Twelve Month Pro-Forma Closings



Total Lots Owned and Controlled (Units in Thousands)



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Taylor Morrison Home Funding

Q3 2020 Highlights

Borrower Snapshot

- 753 Average FICO
- 78% Average LTV
- $358k Loan Amount

Unit Product Mix

- 80% Conventional
- 18% Government
- 2% Jumbo

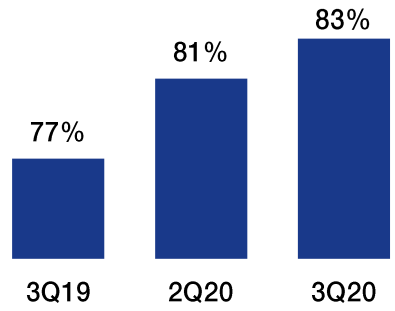
Financial Services

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

Benefits

- Pre-Qualification of All Buyers
- Valuable Pipeline Management
- Backlog Risk Mitigation
- Improved Customer Experience
- Positive Financial Contribution
- Servicing Platform Flexibility

Capture Rate



Financial Performance

- $47 Million Revenue
- $25 Million Gross Profit
- 53.2% Gross Margin

Dorothy

Digital technology simplifies the mortgage application process for borrowers and streamlines operations

ARQ ABLE. READY. OWN.

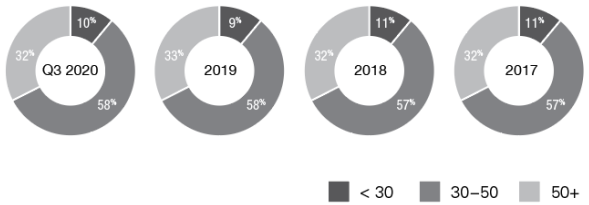
Borrower qualification-improvement program provides meaningful improvement in credit worthiness and homebuyer education

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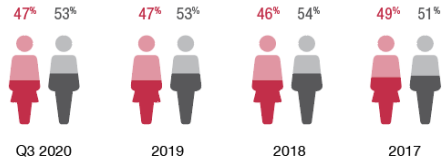
ESG Performance and Transparency

Workforce Diversity

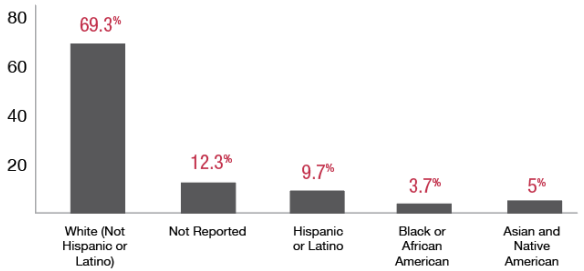
Age



Gender



Race (Q3 2020)



Our Team Members & Community

THE TaylorMorrison FOUNDATION

HomeAid America

460 team members volunteered

1,550 hours in 2019

glassdoor 2020 BEST PLACES TO WORK

FORTUNE WORLD'S MOST ADMIRED COMPANIES 2020

Lifestory Research AMERICA'S MOST TRUSTED National Home Builder 2016 - 2020

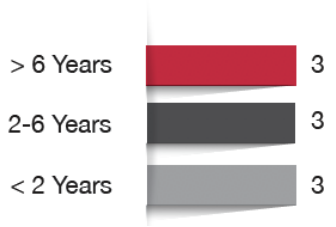
2020 Bloomberg Gender-Equality Index

Responsible Governance

Board Diversity

44% Women

Board Tenure



Age Diversity

Age Range: 46 - 71

58 Average Age of Directors

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Responsible Land Stewardship

Investment Review

Taylor Morrison built

2,850

homes to ENERGY STAR® and LEED standards in 2019

16

net zero homes

Diverted **845,000** cubic yards from landfill (**49%** recycling rate)

18,000

ENERGY STAR® appliances

5,400

homes with smart/ learning thermostats

Strategic Environmental Partnership

In the first year of our NWF partnership

15

Certified Open Spaces

1,111

Acres of Certified Wildlife Habitat™

In 2019, we delivered

3,078

lots and homes on redevelopment sites, transforming them into vibrant neighborhoods and improving the housing supply

In 10 participating divisions,

76%

of installed water fixtures certified to EPA WaterSense® specifications

Long-Term Community Value



Inspiring Continued Resident Investment

- Core locations in key markets
- Habitat preservation and restoration
- Community outreach and education
- HOA Habitat Management Plans

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Committed to Leveraging Scale to Drive Performance



Operational Excellence
Efficient cost structure and recently-enhanced scale create opportunity for superior financial performance



Land Portfolio
Attractive land portfolio in desirable core submarkets with extensive community development and master plan expertise



Strong Market Positions
in some of the largest and most attractive markets across the U.S.



Diversified Product Offering
Product offering targets all major customer segments



Consumer Centricity
Research-based approach to underwriting and consumer segment enhances positioning across market segments



Liquidity
Balance sheet strength and financial capacity to execute growth strategy, reduce indebtedness and return excess cash to the shareholders



Experienced Management
Highly experienced management team with demonstrated leadership, flexibility and agility through full-cycle

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Appendix

Historical Operating Data by Region

	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020
Average Active Selling Communities														
East	130	124	121	109	177	134	173	161	153	152	159	144	153	145
Central	117	115	124	118	131	121	140	137	135	124	134	134	132	122
West	50	49	52	48	58	52	59	59	58	57	58	100	126	126
TMHC	**297**	**288**	**297**	**275**	**366**	**307**	**372**	**357**	**346**	**333**	**351**	**378**	**411**	**393**
Net Sales Orders														
East	3,766	1,000	894	710	867	3,471	1,135	1,315	1,161	1,282	4,893	1,361	1,176	1,548
Central	2,391	755	832	617	493	2,697	801	820	759	639	3,019	906	1,003	1,133
West	2,240	688	616	495	433	2,232	679	675	620	631	2,605	1,199	1,274	1,744
TMHC	**8,397**	**2,443**	**2,342**	**1,822**	**1,793**	**8,400**	**2,615**	**2,810**	**2,540**	**2,552**	**10,517**	**3,466**	**3,453**	**4,425**
Homes Closed														
East	3,473	700	875	953	1,533	4,061	854	1,180	1,029	1,652	4,715	985	1,097	1,216
Central	2,298	434	617	594	735	2,380	545	746	653	840	2,784	819	1,059	913
West	2,261	413	500	568	838	2,319	539	668	614	644	2,465	957	1,056	1,340
TMHC	**8,032**	**1,547**	**1,992**	**2,115**	**3,106**	**8,760**	**1,938**	**2,594**	**2,296**	**3,136**	**9,964**	**2,761**	**3,212**	**3,469**
Home Closings Revenue ($ in Millions)														
East	$1,378	$284	$356	$393	$610	$1,643	$348	$476	$434	$653	$1,912	$396	$467	$499
Central	$1,102	$213	$294	$273	$346	$1,126	$253	$362	$310	$403	$1,327	$373	$474	$424
West	$1,319	$235	$306	$348	$456	$1,346	$299	$394	$329	$362	$1,384	$496	$530	$718
TMHC	**$3,799**	**$733**	**$957**	**$1,014**	**$1,412**	**$4,115**	**$900**	**$1,232**	**$1,073**	**$1,418**	**$4,623**	**$1,265**	**$1,471**	**$1,641**
Home Closings Gross Margin														
East	20.6%	18.4%	18.2%	18.0%	15.0%	17.0%	17.1%	16.0%	17.1%	16.0%	16.5%	15.6%	16.7%	17.8%
Central	18.4%	18.9%	17.8%	17.0%	5.2%	14.0%	16.4%	17.1%	18.2%	6.4%	14.0%	17.1%	17.6%	20.4%
West	16.7%	19.3%	17.9%	21.3%	20.5%	19.9%	21.1%	21.4%	20.8%	19.6%	20.7%	13.9%	12.3%	14.9%
TMHC	**18.6%**	**18.8%**	**18.0%**	**18.9%**	**14.4%**	**17.1%**	**18.2%**	**18.0%**	**18.5%**	**14.2%**	**17.0%**	**15.4%**	**15.4%**	**17.2%**
Sales Order Backlog														
East	1,513	1,813	1,832	1,589	1,638	1,638	1,919	2,054	2,186	1,816	1,816	2,193	2,271	2,603
Central	1,051	1,372	1,587	1,610	1,420	1,420	1,676	1,750	1,856	1,655	1,655	2,167	2,111	2,331
West	932	1,207	1,323	1,250	1,100	1,100	1,240	1,247	1,253	1,240	1,240	2,205	2,423	2,827
TMHC	**3,496**	**4,392**	**4,742**	**4,449**	**4,158**	**4,158**	**4,835**	**5,051**	**5,295**	**4,711**	**4,711**	**6,565**	**6,805**	**7,761**
Backlog Value ($ in Millions)														
East	$635	$781	$825	$755	$725	$725	$849	$907	$935	$791	$791	$957	$975	$1,158
Central	$533	$676	$779	$814	$732	$732	$850	$886	$937	$839	$839	$1,042	$1,006	$1,120
West	$535	$728	$820	$771	$623	$623	$694	$660	$662	$644	$644	$1,132	$1,245	$1,474
TMHC	**$1,702**	**$2,185**	**$2,424**	**$2,340**	**$2,080**	**$2,080**	**$2,392**	**$2,453**	**$2,535**	**$2,275**	**$2,275**	**$3,132**	**$3,226**	**$3,752**

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Summary of Quarterly Financial Results

Dollars in Millions, Except EPS	Q3 2020	Q3 2019	YoY Change
Operating Statistics			
Average Active Selling Communities	393	346	14%
Net Sales Orders	4,425	2,540	74%
Sales per Community per Month	3.8	2.4	58%
Cancellations	9.7%	11.8%	-215 bps
Closings	3,469	2,296	51%
ASP of Homes Closed	$473	$467	1%
Backlog - Units	7,761	5,295	47%
Backlog - $mm	$3,752	$2,535	48%
Financial Statistics			
Home Closings Revenue	$1,641	$1,073	53%
Total Revenue	$1,699	$1,105	54%
Home Closings Gross Margin	17.2%	18.5%	-130 bps
Adjusted Home Closings Gross Margin*	17.8%	18.5%	-70 bps
SG&A % of Home Closings Revenue	9.0%	11.1%	-210 bps
Net Income	$115	$67	71%
Adjusted Net Income*	$133	$70	89%
Earnings per Diluted Share	$0.87	$0.63	38%
Adjusted Earnings per Diluted Share*	$1.01	$0.66	53%

* Adjusted for expenses related to acquisitions and debt transcations.

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Reconciliation of Non-GAAP Measures

Adjusted Net Income and Adjusted Earnings per Share

(Dollars in thousands, except per share data)	Three Months Ended September 30, 2020	2019
Net income available to TMHC	$ 114,777	$ 67,012
William Lyon Homes related purchase accounting adjustments	8,913	—
Transaction expenses	4,791	617
Loss on extinguishment of debt, net	10,247	3,610
Tax impact due to Transaction expenses and Loss on extinguishment of debt	(5,810)	(1,095)
Adjusted net income	$ 132,918	$ 70,144
Basic weighted average shares	129,775	105,472
Adjusted earnings per common share - Basic	$ 1.02	$ 0.67
Diluted weighted average shares	131,433	106,852
Adjusted earnings per common share - Diluted	$ 1.01	$ 0.66

Adjusted Home Closings Gross Margin

(Dollars in thousands)	Three Months Ended September 30, 2020	2019
Home closings revenue	$ 1,640,584	$ 1,073,110
Cost of home closings	1,358,196	874,102
Home closings gross margin	**$ 282,388**	**$ 199,008**
William Lyon Homes homebuilding related purchase accounting adjustments	8,913	—
Adjusted home closings gross margin	**$ 291,301**	**$ 199,008**
Home closings gross margin as a percentage of home closings revenue	17.2 %	18.5 %
Adjusted home closings gross margin as a percentage of home closings revenue	17.8 %	18.5 %

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Reconciliation of Non-GAAP Measures

Net Homebuilding Debt to Capitalization Ratio Reconciliation

(Dollars in thousands)	As of September 30, 2020	As of June 30, 2020	As of March 31, 2020
Total debt	$ 3,180,072	3,769,740	3,700,368
Less unamortized debt issuance premiums, net	2,526	23,832	25,189
Less mortgage warehouse borrowings	109,593	149,784	154,109
Total homebuilding debt	**$ 3,067,953**	**3,596,124**	**3,521,070**
Less cash and cash equivalents	547,916	674,685	507,761
Net homebuilding debt	**$ 2,520,037**	**2,921,439**	**3,013,309**
Total equity	3,542,135	3,424,740	3,423,041
Total capitalization	**$ 6,062,172**	**6,346,179**	**6,436,350**
Net homebuilding debt to capitalization ratio	**41.6%**	**46.0%**	**46.8%**

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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: the scale and scope of the recent COVID-19 (coronavirus) outbreak and resulting pandemic; 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; inflation or deflation; the seasonality of our business; 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; risks related to the integration of William Lyon Homes; the ability to recognize the anticipated benefits from the combination of Taylor Morrison and William Lyon Homes; 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 report 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.

Reconciliation of Non-GAAP Financial Measures

In addition to the results reported in accordance with accounting principles generally accepted in the United States ("GAAP"), we have provided information in this Investor Presentation relating to: (i) adjusted net income and adjusted earnings per share, (ii) net homebuilding debt to capitalization ratio and (iii) adjusted home closings gross margin.

Adjusted net income and adjusted earnings per share are non-GAAP financial measures that reflect the net income available to the Company excluding the impact of purchase accounting adjustments relating to the acquisition of WLH, transaction expenses, loss on extinguishment of debt and the tax impact due to such adjustments. Net homebuilding debt to capitalization ratio is a non-GAAP financial measure we calculate by dividing (i) total debt, less unamortized debt issuance costs/premiums 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). Adjusted home closings gross margin is a non-GAAP financial measure based on GAAP home closings gross margin (which is inclusive of capitalized interest), excluding purchase accounting adjustments relating to the acquisition of WLH.

Management uses these non-GAAP financial measures to evaluate our performance on a consolidated basis, as well as the performance of our regions, and to set targets for performance-based compensation. We also 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 in the above described non-GAAP financial measures to the extent we deem them appropriate and useful to management and investors.

We believe that adjusted net income and adjusted earnings per share are useful for investors in order to allow them to evaluate our operations without the effects of various items we do not believe are characteristic of our ongoing operations or performance and also because such metrics assist both investors and management in analyzing and benchmarking the performance and value of our business. 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. We believe that adjusted home closings gross margin is useful to investors because it allows investors to evaluate the performance of our homebuilding operations without the varying effects of items or transactions we do not believe are characteristic of our ongoing operations or performance.

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.