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PulteGroup Reports Second Quarter 2024 Financial Results

- Earnings Increased 19% to $3.83 Per Share
- Home Sale Revenues Increased 10% to $4.4 Billion
- Closings Increased 8% to 8,097 Homes; Average Sales Price Increased 2% to $549,000
- Home Sale Gross Margin Increased 30 Basis Points to 29.9%
- Net New Orders Totaled 7,649 Homes with a Value of $4.4 Billion
- Unit Backlog of 12,982 Homes with a Value of $8.1 Billion
- Repurchased $314 Million of Common Shares and $300 Million of Senior Notes in the Quarter

PulteGroup, Inc. (NYSE: PHM) announced today financial results for its second quarter ended June 30, 2024. For the quarter, the Company reported net income of $809 million, or $3.83 per share. Reported net income for the quarter includes a $52 million pre-tax, or $0.19 per share, insurance benefit recorded in the period, and a $13 million, or $0.06 per share, benefit related to the favorable resolution of certain state tax matters. Prior year reported net income of $720 million, or $3.21 per share, included a $65 million pre-tax, or $0.21 per share, insurance benefit recorded in the period.

“PulteGroup’s balanced operating model continues to deliver outstanding financial results as increases in closings, average sales price and gross margin were key drivers of the 19% increase in our earnings to $3.83 per share,” said Ryan Marshall, President and Chief Executive Officer of PulteGroup. “The resulting strong cash flows are providing us with tremendous flexibility as we continued to intelligently allocate capital in the quarter to invest in our business growth, while returning funds to shareholders and further strengthening our overall capital structure.

“While interest rate movements can impact short-term homebuying demand, long-term market dynamics continue to benefit from a structural shortage of homes caused by years of underbuilding,” added Mr. Marshall. “As demonstrated by our 27.1% return on equity* for the past 12 months, we continue to successfully navigate these conditions by actively managing sales price, pace and starts on a community-by-community basis with the goal of realizing high returns on invested capital and equity over time.”

Home sale revenues for the second quarter increased 10% over the prior year to $4.4 billion. Higher revenues in the quarter were driven by an 8% increase in closings to 8,097 homes, combined with a 2% increase in average sales price to $549,000.

The Company reported second quarter homebuilding gross margins of 29.9%, which is an increase of 30 basis points over both last year and the first quarter of 2024. The Company’s reported second quarter SG&A expense of $361 million, or 8.1% of home sale revenues, includes the $52 million pre-tax insurance benefit recorded in the quarter. Prior year reported SG&A expense of $315 million, or 7.8% of home sale revenues, includes a $65 million pre-tax insurance benefit recorded in the second quarter of 2023.

In the second quarter, the Company reported net new orders of 7,649, compared with 7,947 homes in the comparable prior year period. The dollar value of net new orders in the second quarter increased 2% over the prior year to $4.4 billion. The Company operated out of an average of 934 communities in the period, which is an increase of 3% over the second quarter of 2023.

At the end of the second quarter, the Company's backlog was 12,982 homes with a value of $8.1 billion.

The Company's financial services operations reported second quarter pre-tax income of $63 million, compared with prior year pre-tax income of $46 million. The 36% increase in pre-tax income was driven by gains across all business lines within financial services: mortgage, title and insurance. Mortgage capture rate for the second quarter was 86%, up from 80% last year.

The Company's reported income tax expense for the second quarter was $239 million, representing an effective tax rate of 22.8%. The Company's effective tax rate is inclusive of the $13 million benefit related to the favorable resolution of certain state tax matters realized in the quarter.

In the second quarter, the Company repurchased 2.8 million of its outstanding common shares for $314 million, or an average price of $113.79 per share. The Company also completed a tender offer in the period for $300 million of its outstanding senior notes, lowering its quarter-end outstanding notes payable to $1.7 billion. Inclusive of these transactions, the Company ended the second quarter with $1.4 billion of cash and a debt-to-capital ratio of 12.8%.

A conference call discussing PulteGroup's second quarter 2024 results is scheduled for Tuesday, July 23, 2024, at 8:30 a.m. Eastern Time. Interested investors can access the live webcast via PulteGroup's corporate website at www.pultegroup.com.

* The Company's return on equity is calculated as net income for the trailing twelve months divided by average shareholders' equity, where average shareholders' equity is the sum of ending shareholders' equity balances of the trailing five quarters divided by five.

Forward-Looking Statements

This release includes “forward-looking statements.” These statements are subject to a number of risks, uncertainties and other factors that could cause our actual results, performance, prospects or opportunities, as well as those of the markets we serve or intend to serve, to differ materially from those expressed in, or implied by, these statements. You can identify these statements by the fact that they do not relate to matters of a strictly factual or historical nature and generally discuss or relate to forecasts, estimates or other expectations regarding future events. Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “plan,” “project,” “may,” “can,” “could,” “might,” “should,” “will” and similar expressions identify forward-looking statements, including statements related to any potential impairment charges and the impacts or effects thereof, expected operating and performing results, planned transactions, planned objectives of management, future developments or conditions in the industries in which we participate and other trends, developments and uncertainties that may affect our business in the future.

Such risks, uncertainties and other factors include, among other things: interest rate changes and the availability of mortgage financing; the impact of any changes to our strategy in responding to the cyclical nature of the industry or deteriorations in industry changes or downward changes in general economic or other business conditions, including any changes regarding our land positions and the levels of our land spend; 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; labor supply shortages and the cost of labor; the availability and cost of land and other raw materials used by us in our homebuilding operations; a decline in the value of the land and home inventories we maintain and resulting possible future writedowns of the carrying value of our real estate assets; competition within the industries in which we operate; governmental regulation directed at or affecting the housing market, the homebuilding industry or construction activities, slow growth initiatives and/or local building moratoria; the availability and cost of insurance covering risks associated with our businesses, including warranty and other legal or regulatory proceedings or claims; damage from improper acts of persons over whom we do not have control or attempts to impose liabilities or obligations of third parties on us; weather related slowdowns; the impact of climate change and related governmental regulation; adverse capital and credit market conditions, which may affect our access to and cost of capital; the insufficiency of our income tax provisions and tax reserves, including as a result of changing laws or interpretations; the potential that we do not realize our deferred tax assets; our inability to sell mortgages into the secondary market; uncertainty in the mortgage lending industry, including revisions to underwriting standards and repurchase requirements associated with the sale of mortgage loans, and related claims against us; risks related to information technology failures, data security issues, and the effect of cybersecurity incidents and threats; the impact of negative publicity on sales; failure to retain key personnel; the impairment of our intangible assets; the disruptions associated with the COVID-19 pandemic (or another epidemic or pandemic or similar public threat or fear of such an event), and the measures taken to address it; and other factors of national, regional and global scale, including those of a political, economic, business and competitive nature. See Item 1A – Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 for a further discussion of these and other risks and uncertainties applicable to our businesses. We undertake no duty to update any forward-looking statement, whether as a result of new information, future events or changes in our expectations.

About PulteGroup

PulteGroup, Inc. (NYSE: PHM), based in Atlanta, Georgia, is one of America's largest homebuilding companies with operations in more than 45 markets throughout the country. Through its brand portfolio that includes Pulte Homes, Centex, Del Webb, DiVosta Homes, and John Wieland Homes and Neighborhoods, the company is one of the industry's most versatile homebuilders able to meet the needs of multiple buyer groups and respond to changing consumer demand. PulteGroup's purpose is building incredible places where people can live their dreams.

For more information about PulteGroup, Inc. and PulteGroup brands, go to pultegroup.com; pulte.com; centex.com; delwebb.com; divosta.com; and jwhomes.com. Follow PulteGroup, Inc. on X: @PulteGroupNews.

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