NYSE: PHM
Consumer Discretionary
Husky Traders Portfolio
Spring 2026

PULTE GROUP

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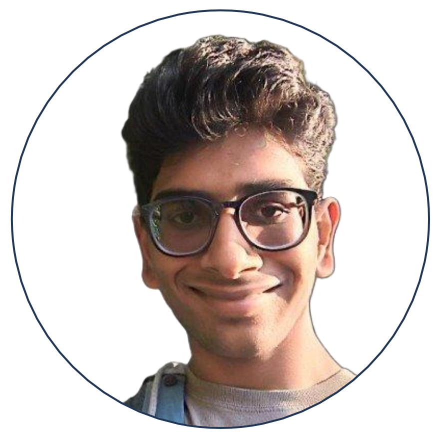

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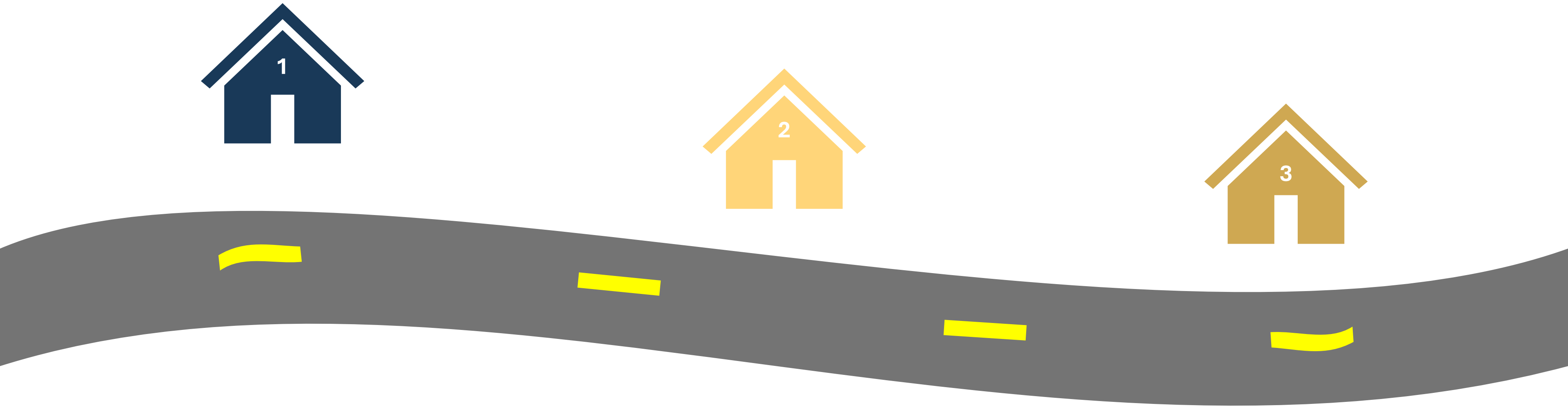
Investment Thesis



Del Webb Moat and Active Adult Tailwind

The Del Webb brand dominates the active adult (55+) housing segment, with disproportionate cash purchases.

Capital Deployment Efficiency Through Asset Light Model

Use of financial derivative instruments to secure land contracts allows for construction with balanced leverage.

Incentive Structure as a Margin Preservation Tool

Two-tier incentive model has been strategically deployed to protect margins and clear speculative inventory.

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Company Overview

Introduction to Pulte Group

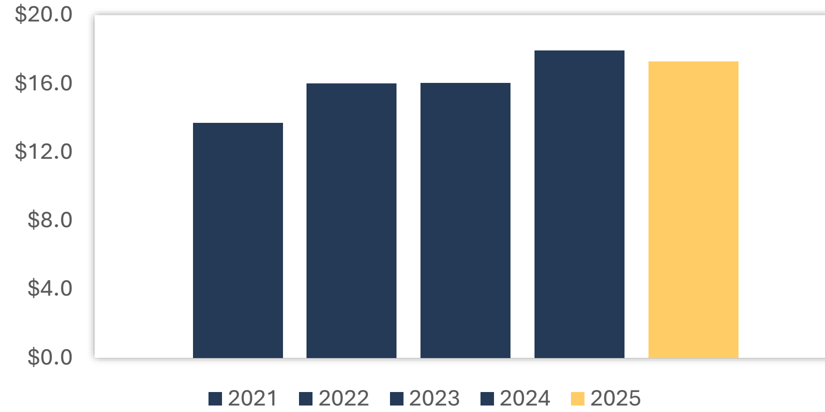
Pulte is A top-three U.S. homebuilder by volume, serving first-time, move-up, and active-adult buyers with its brands.

PulteGroup Brands

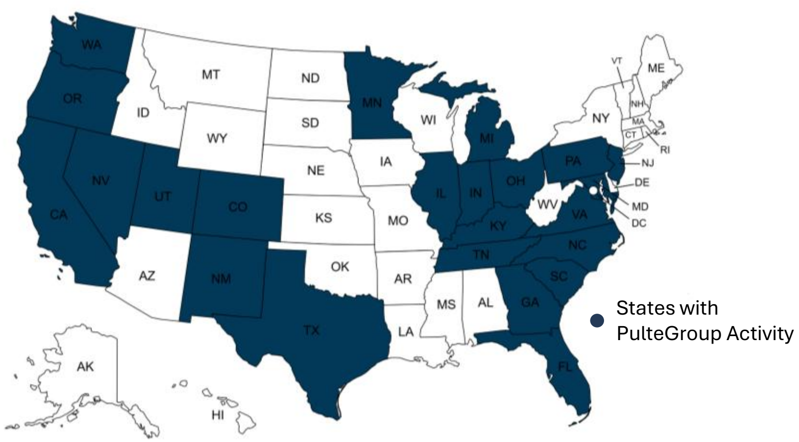
Centex	Targets first-time buyers with affordable homes in high-growth suburban markets. ($200K - $600K)
Pulte Homes	Made for move-up buyers seeking more space, customization, and amenities. ($400K – $1M)
Del Webb	The leading brand for buyers 55+, built around resort-style communities. ($200K - $800K)

Revenue

PulteGroup Annual Revenue (Billions USD)



Geographic Operations



In FY2025 PulteGroup closed 29,500 homes across 46 markets in 25 states, generating $17.3B in revenue.

Through its brands, PulteGroup serves buyers bottom to top reducing cyclical exposure by spreading risk across distinct buyer groups.

PulteGroup delivered $2.2B of net income in FY2025 with a 26.3% margin. Despite decreases, it remains the most profitable US homebuilder.

Sources: Pulte Group, Zillow, James Schiller & Associates

Executive Leadership Team

PulteGroup reflects experienced leadership built from within, strengthened by outside expertise.

			
Ryan Marshall **CEO**	**Kevin Henry** **CPO**	**Matt Koart** **COO**	**Jim Ossowski** **CFO**
Previously EVP of Homebuilding Operations	***Former CPO at BlueLinx***	***Former CEO at Shapell Industries***	***Previously SVP of Finance***
Began in 2001 as VP of Finance	*Joined as EVP & CPO in 2023*	*Joined as COO in 2023*	*Began in 2002 as Director of Corporate Audit*

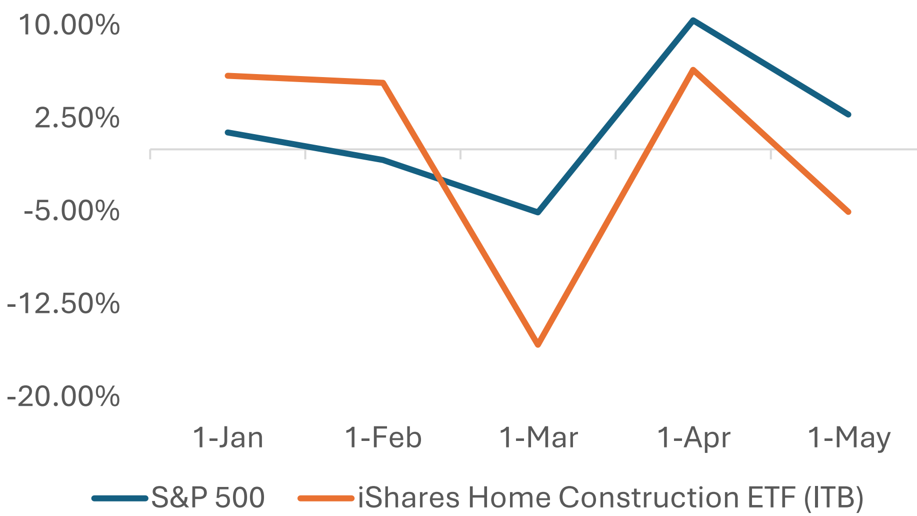
Sources: PulteGroup, LinkedIn

Industry Overview

Sector Overview

Homebuilder equities have diverged sharply from the broader sector on rate sensitivity and housing supply dynamics

S&P 500 vs. Sector ETF



Macro Environment

Persistent supply deficit
~10M unit housing shortage supports long-run demand for new building

Mortgage rate sensitivity
Fed policy path is the primary macro influence; affordability narrows with elevated rates

Demographic tailwind
Millennials entering peak home buying age, 55+ active adult segment expanding rapidly

Growth Drivers

Housing undersupply
Underbuilding since 2008 has created a structural deficit; new construction is the primary relief source

Sun Belt migration
Population inflows to Southeast, Southwest, and Texas align directly with PHM's top markets

Active adult demand
Del Webb brand targets 76M baby boomers; fastest-growing homebuilder sub-segment

Lock-in effect
Existing owners reluctant to give up sub-3% mortgages, first-time buyers pushed to new builds

Sources: Associated Press, FactSet

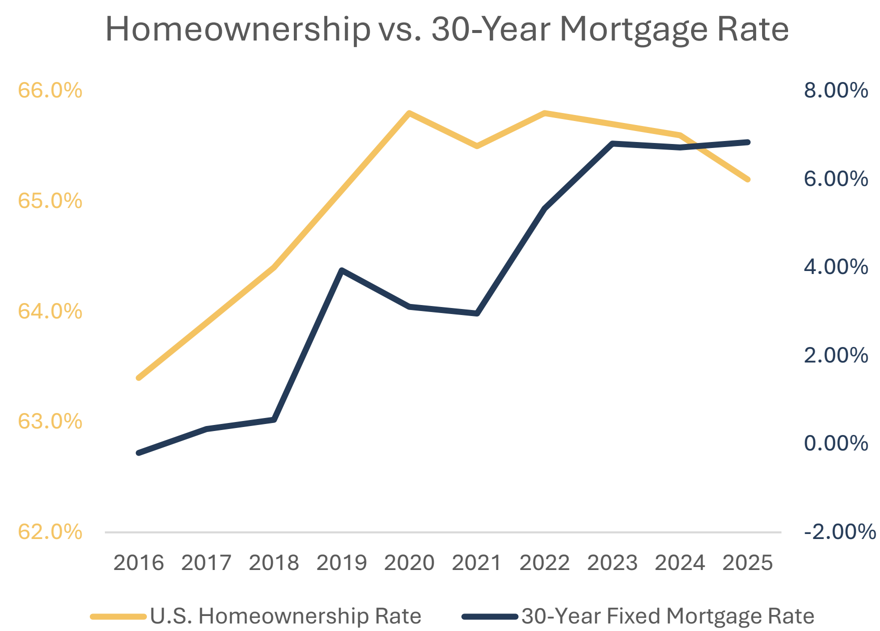
Homebuilding Industry Overview

The U.S. homebuilding industry is a $540B+ market growing across all sub-sectors

5-Year Projected CAGR

Single-family	Largest segment by revenue	**6.7%**
Multifamily	Affordability driven rental demand	**4.2%**
Active adult (55+)	Fastest-growing sub-segment	**14.2%**
Financial services	Captive mortgage gaining share	**9.1%**

Homeownership Lock-In



Market Details

Total addressable market
$540B+
U.S. new residential construction (FY2025)

Housing supply deficit
~4M
Units below long-term formation trend

Median new home price
$387K
FY2025 - Down from $458K peak in 2022

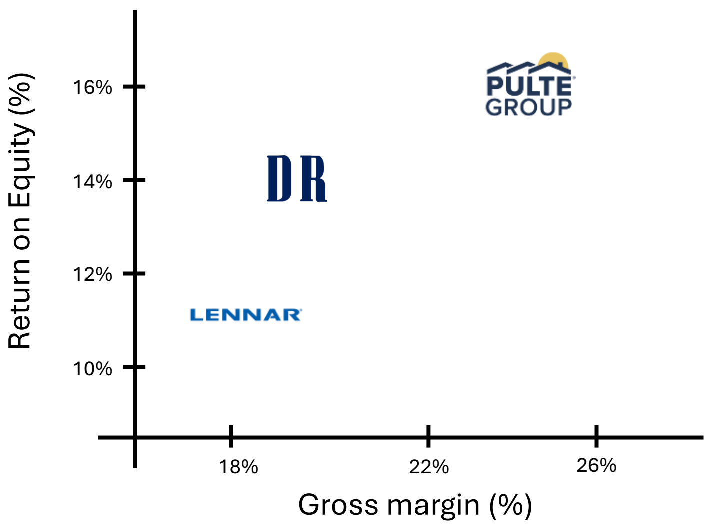
New vs. existing homes
~16.7%
New home share up from 10% pre-COVID

Sources: US Census, National Association of Realtors, Federal Reserve Economic Data

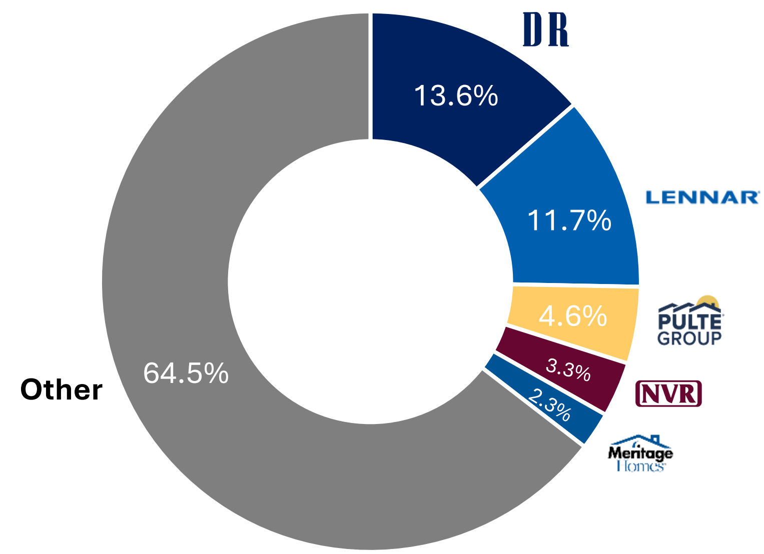
Competitive Landscape

Scale builders dominate volume. Differentiation driven by geography, product mix, and margin discipline.

Gross Margin vs Return on Equity Q1 2026



US Homebuilding Market Share



Competitive Considerations

PHM leads all peers on both gross margin and ROE being the only builder with high figures in both categories

D.R. Horton and Lennar trade margins for volume – the incentive heavy model drives more closings at much lower margins

Market remains highly fragmented – top 5 builders hold ~35% share, leaving significant space for growth for PHM

Competitive Differentiators

Land is the moat - controlled lots are the key asset and biggest source of competitive differentiation

Spec vs. Order mix shifts with demand - builders run more spec in hot markets and pull back for downturns

Sources: Company Filings, US Census

Investment Thesis #1

Del Webb Moat

Pulte Homes dominates in the active adult (55+) market

Benefits of Del Webb Moat

Cash	Less mortgage rate fluctuation
Margin	Less Incentives and Higher Price
Growth	Expanding to younger customer base

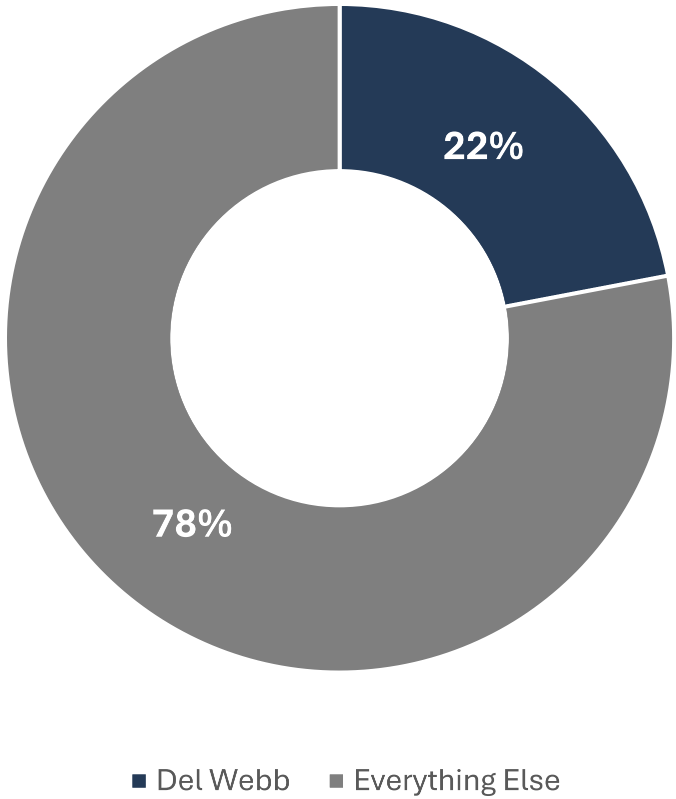
Del Webb Maygrass (55+) Active-Adult

Located in Plain City, OH signaling **major expansion into Midwest**

711 Homes on 353+ acres

Active Adult net new orders rose by **14%,** outperforming the other two sectors

Composition of Pulte Homes



Del Webb Explore

Strategic pivot to all-age lifestyle communities targeting Gen X

Strategic Pivot: Del Webb Explore

All-Age	Removes age restrictions, expanding target market to younger buyers
Gen X	Targets ages 45–60 with ~$3 trillion in combined spending power
Amenities	Lazy rivers, cold plunge spas, arcades & golf simulators

Del Webb Explore at Northstar (All-Age)

Located in Sunbury, OH — **major expansion beyond Midwest**

570 Homes + 14,500 sq ft Clubhouse with Resort Amenities

40% of prospective buyers **prefer no age restrictions**

2026 Outlook & Forecasts

28.5K–29K Home Closings	**$555K** Avg Selling Price	**+14%** Active-Adult Net New Orders

1. **Build-to-Order Shift**
   60% BTO / 40% spec mix target; lot premiums avg $100K+
2. **Aggressive Land Investment**
   $5.4B authorized for land acquisition & development in 2026
3. **Financial Resilience**
   $1.8B cash, effectively zero net debt-to-capital ratio
4. **Margin Recovery**
   H2 recovery driven by higher-margin active-adult & BTO homes
5. **Community Growth**
   3–5% planned growth in average active community count

Investment Thesis #2

Land Option Agreements

How Land Option Agreement are set up and how PHM executes them

What Is a Land Option Agreement?

- PHM purchases the right to purchase the land from the land sellers (VIEs) within a prespecified time range
- Deposit size of 5-10% of the lot
- Maximum costs will be deposit plus pre-acquisition costs (environmental studies, engineering, soil, etc)
- PHM can walk away at any time, forfeiting their deposit

Where and how does the accounting look?

Balance Sheet

- Cash goes down for the deposit
- When contract is exercised, land is capitalized on the balance sheet

Income Statement

- Income statement will be affected once house are sold → COGS.

What is the Direct-Seller Execution?

Direct-Seller	PHM's options are negotiated one-on-one with the underlying land seller. Through this, they can avoid middlemen fees, preserve margins, maintain its Del Webb community designs
Land Bank Model	Lennar uses this, through an Institutional buyer that charges carry fee and profit share, compressing margins

Land Strategy

PHM's and the overall market's land strategy

From 60% → 70% optioned lots

2022
~45%
Pre-target baseline

2023
48%
Target announced

FY2023
53%
+5pp gain

FY2024
56%
102K owned 132K optioned

Q1'25
59%
30% YoY gain

Target
70%
Long-term goal

Company	% Optioned	Method	Dev. Risk	Gross Margin	Debt/Equity	ROE
PulteGroup (PHM) ★	**59%→70%**	**Direct seller options**	**Selective**	**26.7%**	**0.19x**	**16.18%**
D.R. Horton (DHI)	76% (Forestar)	Internal subsidiary	High (internal)	23.3%	0.27x	13.08%
Lennar (LEN)	82%	Land banks + JVs	Low	16.7%	0.24x	8.08%
NVR, Inc.	~95%+	Finished lot LPAs	Near-zero	21.2%	0.31x	33.26%

Investment Thesis #3

Margin Preservation Mechanism

Incentives support price-sensitive and rate-locked buyers across segments

Incentives Structure

- PHM has engineered a two-tier incentive model, deploying mortgage rate buydowns
- Primarily structured as 2/1 buydowns funded through its captive lender, Pulte Mortgage, protecting margins.

Centex

- Aggressive buydowns bridge the affordability gap for price-pressured buyers

Pulte Homes – Del Webb

- Targeted buydowns unlock buyers rate-locked into historically low mortgages

Incentives

- Mortgage Rate Buydowns
- Price Reductions
- Free Upgrades
- Closing cost reductions

- Rate buydowns keep first-time buyers in the market despite sustained affordability pressure

- Heavier mix toward move-up and active adult, sets up meaningful margin recovery

Del Webb® Active Adult Communities

Centex®

Pulte™ HOMES

Sources: Company Filings, Company Website

Margin Preservation Mechanism

Incentives support price-sensitive and rate-locked buyers across segments

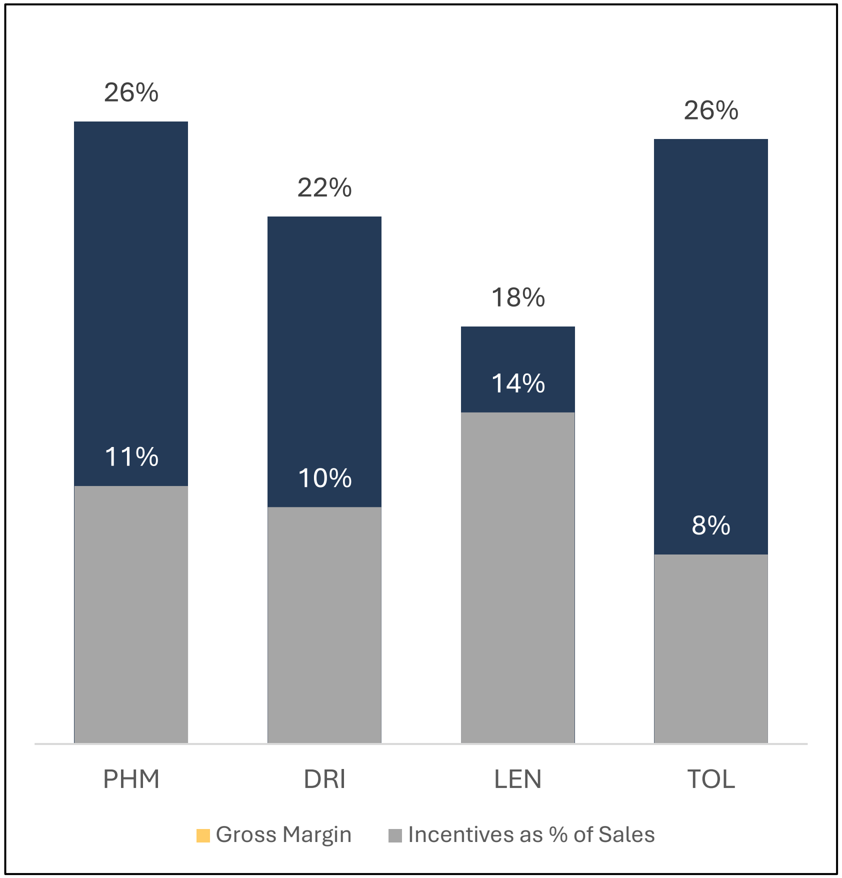
- According to the CEO of PulteGroup, in "Normal" times, incentives as a % of sales maintain **3.0-3.5%**

U.S 30-Year Fixed Mortgage **6.4%**
Fixed Interest Rate for 30-year home loan

U.S 10-Year Treasury Note **4.4%**
Interest rate on a 10-year U.S. government Note

Federal Funds Lending Rate **~3.8%**
Short-term rate for bank lending

Incentives as % of Sales PHM **10.9%**
Percent of incentives relative to their revenue



Sources: Company Filings, FRED, Bloomberg

Valuation

Relative Valuation

PHM trades at a discount relative to competitors despite high order volume

S&P 500 vs. Sector ETF

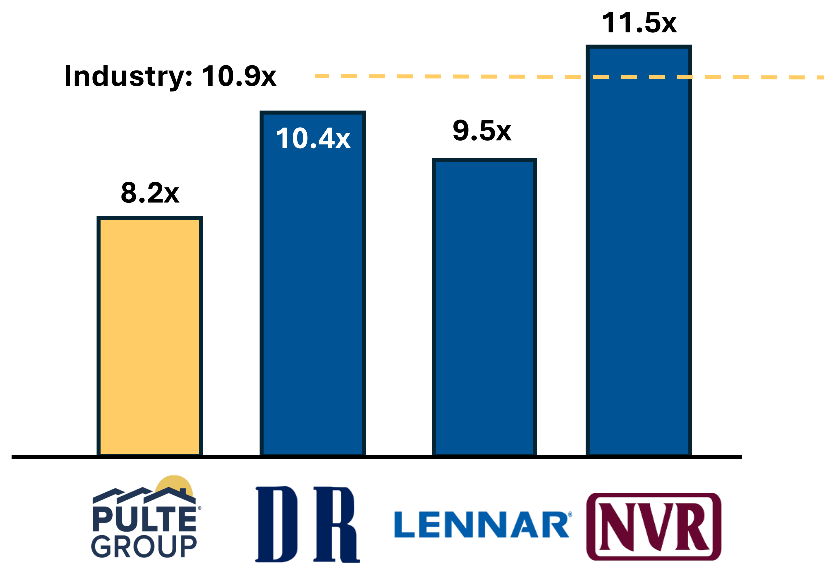
Consumer Discretionary sector has underperformed S&P by 6.29% YTD

Median Order Volume vs FY2024

DR	LENNAR	NVR
-2.83%	+ 9.00%	-9.53%

PHM's -4.49% drawdown in order volume is less than the industry average of -10.54% but significantly underperforms key competitors.

Domestic Package EV/EBITDA Multiples



Implied Share Price:
$138.95
Upside:
+21%

WACC Calculation In Progress

Intrinsic Valuation

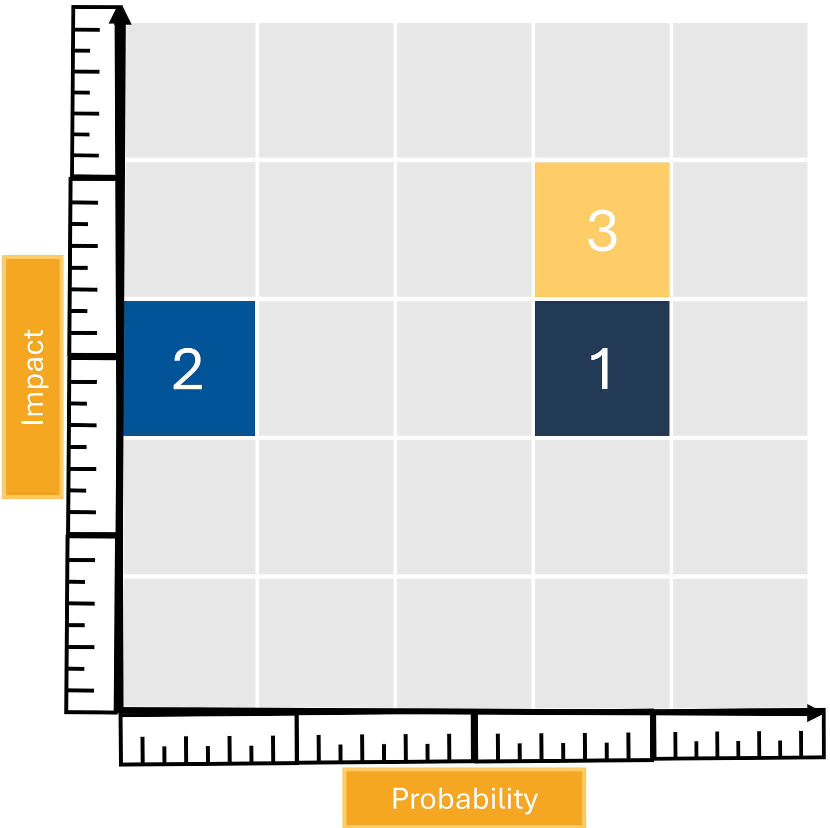
DCF Valuation

Risks & Catalysts

Investment Risks

PULTE GROUP

Four key downside risks to our BUY recommendation



	Risk	Mitigation
1	Increasing Rate Buy-downs	Pulte's concentration in higher – margin groups
2	Natural Disasters	Builders Risk Insurance Coverage
3	Macroeconomic headwinds	Affluent buyer segment & Rate Buydowns

Catalysts

Strategic Partnerships & Selling Excess Inventory

Increased Market share

Catalyst #1

PHM announced a strategic partnership with St. Joe Company to develop over 1,300 homesites in Bay County, Florida (to expand 2,635 lots).

Expanding Gross Margins

Catalyst #2

High inventory of Spec homes is being cleared in the cycle of selling of homes with incentives.

Key KPI's

- **Net New Orders**
- **Backlog**
- **Gross Margins**
- **Incentives % ASPS**
- **Cancellation Rate %**