

Introduction

As one of the largest homebuilding companies in the United States, Taylor Morrison is a significant player in the real estate industry. With corporate headquarters located in Scottsdale, Arizona, the company has operations across 11 states, including Arizona, Nevada, California, Oregon, Colorado, Florida, Georgia, North and South Carolina, Washington, and Texas.

The company was established through the merger of Taylor Woodrow and Morrison Homes in July 2007. The former, founded in 1921 in England, initially focused on providing low-cost, high-quality housing, while the latter, established in 1905 in Seattle, primarily built first-time and mid-market home communities. The merged entity, Taylor Morrison, began operating under its new brand in 2008 and went public in 2013.

Today, Taylor Morrison designs, builds, and sells single-family and multi-family detached and attached homes. In addition, it provides financial services to customers through its mortgage subsidiary and title insurance and closing settlement services through Inspired Title Services, LLC. It also operates a Build to Rent homebuilding business under the brand Yardly.

Taylor Morrison's commitment to sustainability, diversity, and inclusion is evident in its initiatives and achievements. Its fifth Environmental, Social and Governance (ESG) report, organized around three pillars: Building for the Future, People First, and Transparency and Accountability, reflects this dedication. The company has also earned a spot on Newsweek's 2023 America's Most Responsible Companies list, emphasizing its efforts in corporate governance and social categories.

The company's CEO, Sheryl Palmer, is the only female CEO of a publicly traded homebuilder, further illustrating its commitment to diversity. Furthermore, Taylor Morrison's financial performance remains strong, with a reported net income of \$235 million in the second quarter of 2023.

This briefing paper will provide a more in-depth look at Taylor Morrison's company overview, recent developments, financial performance, and strategic initiatives. # Company Overview

Taylor Morrison, headquartered in Scottsdale, Arizona, is a leading homebuilder and developer in the United States. The company was formed in July 2007 through the merger of Taylor Woodrow and Morrison Homes, both of which have a rich legacy dating back over 100 years. Now operating in 19 markets across 11 states, Taylor Morrison serves a diverse range of consumers including first-time, move-up, luxury, and resort lifestyle homebuyers and renters.

The company operates under several brands, namely Taylor Morrison, Esplanade, Darling Homes Collection by Taylor Morrison, and Yardly. Its operations encompass designing, building, and selling single-family and multi-family detached and attached homes, as well as the development of lifestyle communities. Additionally, Taylor Morrison provides financial services to its customers through its mortgage subsidiary and offers title insurance and closing settlement services via its title company, Inspired Title Services, LLC.

Taylor Morrison has made significant strides in sustainability and corporate governance, as evidenced by its inclusion in Newsweek's 2023 America's Most Responsible Companies list and the release of its fifth annual Environmental, Social and Governance (ESG) report. The report, organized around the pillars of Building for the Future, People First, and Transparency and Accountability, showcases the company's commitment to sustainable principles, diversity and inclusion, and governance. Key milestones include an initial assessment of the company's

greenhouse gas inventory, alignment with the Task Force on Climate-Related Financial Disclosures, and expanded disclosure on the racial and ethnic makeup of its workforce.

The company has garnered numerous accolades, including being named America's Most Trusted® Builder by Lifestory Research from 2016-2023. Its leadership in diversity is also noteworthy, with Sheryl Palmer serving as the only female CEO of a publicly traded homebuilder.

Financially, Taylor Morrison reported a net income of \$235 million for the second quarter of 2023. With home closings revenue of \$2.0 billion, a 30% increase in book value per share, and total liquidity reaching an all-time high of \$2.3 billion, the company's financial position remains robust.

Through its commitment to developing sustainable communities and generating long-term value for shareholders and stakeholders, Taylor Morrison continues to solidify its position as a premier homebuilder and developer in the nation.# Recent Developments

The most recent developments at Taylor Morrison highlight a strong commitment to Environmental, Social, and Governance (ESG) principles, strategic financial performance, and innovative initiatives to address labor shortages and serve diverse segments of the homebuyer market.

ESG Commitment and Achievements

Taylor Morrison recently published its fifth annual Environmental, Social, and Governance (ESG) Report, following guidelines from the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI), and the Task Force on Climate-Related Financial Disclosures. The report is organized around three pillars: Building for the Future, People First, and Transparency and Accountability, emphasizing the company's integrated ESG strategy.

Key achievements highlighted in the report include the initial assessment of the company's greenhouse gas inventory, alignment with the Task Force on Climate-Related Financial Disclosures, and the launch of a Board Fellowship Program designed to give underrepresented senior business leaders real-world public board experience. The company has shown continued commitment to diversity and inclusion, with expanded disclosure on the racial and ethnic makeup of its workforce and a focused strategy to serve ethnically diverse homebuyers with online solutions.

Financial Performance

In the second quarter of 2023, Taylor Morrison reported a net income of \$235 million, or \$2.12 per diluted share. Home closings increased by 3% to 3,125 homes, each sold at an average price of \$639,000, generating home closings revenue of \$2.0 billion. Although the home closings gross margin declined by 240 basis points year over year, it increased by 30 basis points sequentially to 24.2%.

Net sales orders, driven by a monthly absorption pace of 3.1 per community, increased 18% to 3,023. By the end of the quarter, Taylor Morrison owned and controlled approximately 72,000 homebuilding lots, representing 5.8 years of total supply.

Financially, Taylor Morrison remains strong with total liquidity reaching an all-time high of \$2.3 billion. The homebuilding debt-to-capitalization declined to 29.7% on a gross basis and 15.4% net of \$1.2 billion of unrestricted cash. The company's credit rating was upgraded by Moody's to Ba2 from Ba3 with a Stable outlook, and the book value per share increased 30% to \$45.96.

Corporate Recognition and Initiatives

Taylor Morrison continues to receive industry recognition, earning a spot on Newsweek's 2023 America's Most Responsible Companies list, with high scores in corporate governance and social categories. The company was also named America's Most Trusted® Home Builder by Lifestory Research for the eighth consecutive year.

In line with its commitment to diversity, equity, inclusion, and belonging (DEIB), Taylor Morrison has advanced its DEIB strategy with a majority-diverse board of directors and other initiatives. The company recently appointed its first Corporate Director of Sustainability and strengthened its partnership with the National Wildlife Federation to restore and protect wildlife habitat.

To address the industry's labor shortage, Taylor Morrison has launched programs to introduce career changers to the homebuilding industry. This innovative approach not only helps to solve a significant industry challenge but also provides new career opportunities to a diverse range of potential employees.# Financial Performance

Taylor Morrison has demonstrated robust financial performance, with key indicators showing stability and growth. In the second quarter of 2023, the company reported a net income of \$235 million, or \$2.12 per diluted share. This noteworthy profitability was driven by a 3% increase in home closings to 3,125 homes, which were sold at an average price of \$639,000, resulting in home closings revenue of \$2.0 billion.

The gross margin on home closings experienced a decline of 240 basis points year over year, yet it sequentially increased by 30 basis points to 24.2%, indicating resilience in the face of market fluctuations. Net sales orders, a significant marker of future revenue, surged by 18% to 3,023, propelled by a monthly absorption pace of 3.1 per community, suggesting robust demand for the company's homes.

In terms of resource availability, Taylor Morrison ended the quarter with approximately 72,000 homebuilding lots owned and controlled, representing a substantial 5.8 years of total supply. This sizable inventory positions the company well for future growth.

On the liquidity front, Taylor Morrison achieved an all-time high of \$2.3 billion, demonstrating strong financial health. The company's homebuilding debt-to-capitalization ratio, a key leverage indicator, declined to 29.7% on a gross basis and 15.4% net of \$1.2 billion of unrestricted cash, further reinforcing the company's financial stability.

In recognition of its financial robustness, Moody's upgraded Taylor Morrison's credit rating from Ba3 to Ba2, with a Stable outlook. This upgrade reflects the credit rating agency's confidence in the company's ability to meet its financial obligations. Lastly, the book value per share, an important metric for investors, increased 30% to \$45.96, reflecting the company's increased intrinsic value.

In summary, Taylor Morrison's financial performance for the second quarter of 2023 was marked by strong profitability, robust demand, ample supply, impressive liquidity, improved credit rating, and increased shareholder value. These factors underscore the company's successful execution of its business strategy and its readiness to capitalize on future growth opportunities.# Strategic Initiatives

Taylor Morrison has been proactively driving a range of strategic initiatives to ensure sustainable growth, corporate responsibility, and diversity. These initiatives are concentrated around environmental, social, and governance (ESG) principles, workforce diversity, and innovative approaches to industry challenges.

Environmental, Social, and Governance (ESG) Initiatives

One of the cornerstone strategic initiatives by Taylor Morrison is its ESG commitment. The company recently published its fifth annual Environmental, Social, and Governance (ESG) Report, which provides comprehensive insights into its ESG strategies and achievements. The report, guided by the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI), and the Task Force on Climate-Related Financial Disclosures, is built around three pillars: Building for the Future, People First, and Transparency and Accountability.

Key achievements highlighted in the ESG report include the initial assessment of the company's greenhouse gas inventory, alignment with the Task Force on Climate-Related Financial Disclosures, and the creation of a Board Fellowship Program to provide real-world public board experience to under-represented senior business leaders.

Taylor Morrison has also emphasized on serving ethnically diverse homebuyers with online solutions, and has expanded disclosure on the racial and ethnic makeup of its workforce. The company also appointed its first Corporate Director of Sustainability, reflecting its commitment to environmental stewardship.

Workforce Diversity and Inclusion

Taylor Morrison stands out for its commitment to diversity and inclusion. This is evident in its board composition, which is majority-diverse, and its CEO, Sheryl Palmer, who is the only female CEO of a publicly traded homebuilder. The company's strategic focus on diversity and inclusion is aimed at fostering a multicultural and inclusive work environment that reflects the diverse communities it serves.

Industry Challenges and Innovation

Taylor Morrison has been innovative in addressing the homebuilding industry's labor shortage. The company has launched programs aimed at introducing career changers to the homebuilding industry, a move that not only tackles a significant industry challenge, but also opens up new career opportunities for a diverse pool of potential employees.

Partnership with National Wildlife Federation

Further demonstrating its commitment to environmental stewardship, Taylor Morrison has strengthened its partnership with the National Wildlife Federation. This collaboration aims to restore and protect wildlife habitat, highlighting the company's commitment to creating sustainable communities.

Overall, Taylor Morrison's strategic initiatives reflect its commitment to sustainability, corporate responsibility, diversity, and innovation. By integrating ESG priorities across all aspects of its business, Taylor Morrison continues to solidify its position as a leading homebuilder and developer in the United States.

In conclusion, Taylor Morrison, one of the country's largest homebuilders and developers, has continued to solidify its reputation for excellence, innovation, and commitment to sustainability. With its headquarters in Scottsdale, Arizona, the company operates across 19 markets in 11 states, serving a diverse range of consumers and exhibiting an impressive financial performance.

The company's dedication to Environmental, Social, and Governance (ESG) principles is evident in its fifth annual ESG Report, which showcases significant milestones. These include an initial assessment of their greenhouse gas inventory, alignment with the Task Force on Climate-Related Financial Disclosures, the launch of a Board Fellowship Program for underrepresented senior business leaders, and expanded disclosure on the racial and ethnic makeup of its workforce. These initiatives align with guidelines from the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI), and the Task Force on Climate-Related Financial Disclosures.

Taylor Morrison's commitment to diversity and inclusion is showcased by its majority-diverse board and the leadership of CEO Sheryl Palmer, the only female CEO of a publicly-traded homebuilder. The company's innovative approach to addressing labor shortages in the homebuilding industry, by introducing programs for career changers, further testifies to its forward-thinking ethos.

Financially, Taylor Morrison exhibits robust health, with a reported net income of \$235 million for the second quarter of 2023. The company's liquidity reached an all-time high of \$2.3 billion, and its credit rating was upgraded by Moody's, reflecting strong financial stability.

The company's various recognitions, including a spot on Newsweek's 2023 America's Most Responsible Companies list and the title of America's Most Trusted® Builder by Lifestory Research from 2016-2023, further underline its commitment to corporate responsibility and trustworthiness.

The strategic partnership with the National Wildlife Federation, combined with the appointment of its first Corporate Director of Sustainability, highlights Taylor Morrison's commitment to environmental stewardship and the creation of sustainable communities.

Overall, Taylor Morrison's blend of financial strength, commitment to ESG principles, diversity and inclusion efforts, and innovative approach to industry challenges positions it as a leading and responsible player in the homebuilding sector. These attributes make it well-equipped to continue delivering sustainable communities and long-term value for shareholders and stakeholders.