

TFS Investment Group

Lennar Corporation

NYSE: LEN

August 18, 2021



Agenda

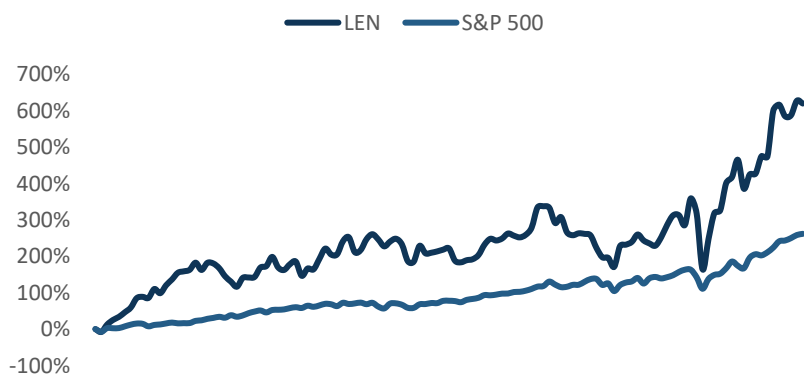
- **Executive Summary**
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 - **Industry Overview**
 - **Investment Theses**
 - **Betting Big on Texas**
 - **Targeting the Largest Population Groups**
 - **Single-Family Rental Program**
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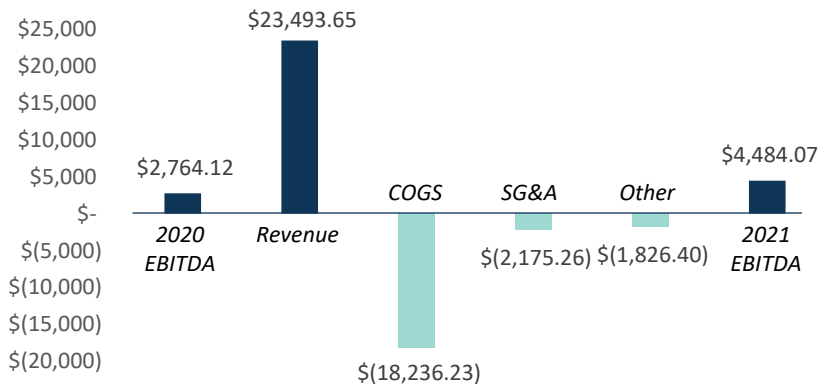
Executive Summary

Long LEN

10-Year Performance vs. S&P 500



2021 FQ2 LTM EBITDA Bridge



Summary Statistics

General Information	
Price/share	\$104.57
Headquarters	Miami, Florida
Accounting Rules	IFRS/GAAP
Currency	USD
Historical Data	
52 Week Range	\$69.41 – 110.61
YTD Return	40.80%
3 Year Annualized	27.40%
5 Year Annualized	17.86%
LTM Market Multiples	
PE Ratio	9.69x
PB Ratio	1.67x
EV/Revenue	1.49x
EV/EBITDA	7.81x

BUY

\$141.9

TARGET PRICE

35.69%

IMPLIED UPSIDE



Business Overview

Lennar Corporation, one of the largest builders of quality homes in the U.S. since 1954

Business Description

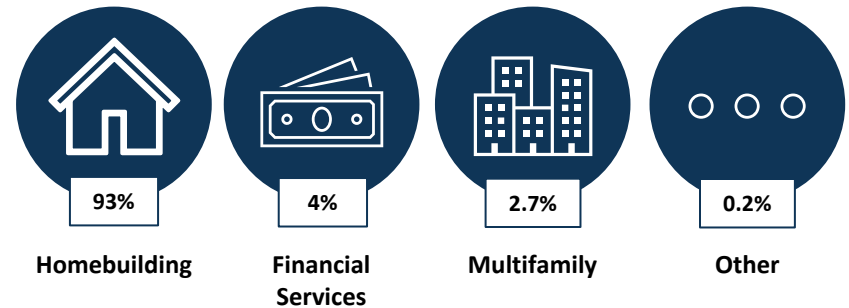
- Lennar Corporation operates as a homebuilder in the United States.
- Homebuilding operations include the construction and sale of single-family attached and detached homes, and the purchase, development, and sale of residential land.
- Their communities target “first-time, move-up, active adults, and luxury homebuyers”.

Key Metrics

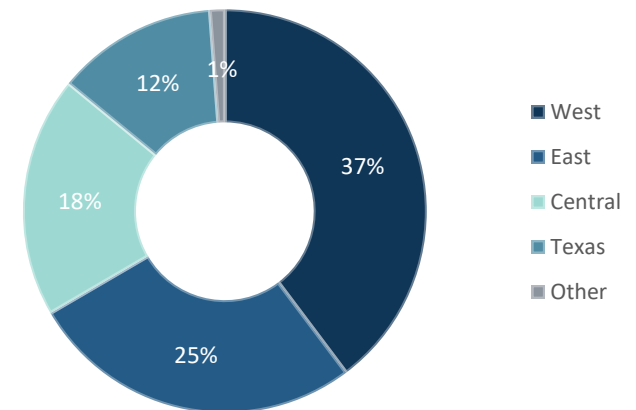
12 Months June 30, 2021A

Total Revenue	\$24,452 MM
Growth Over Prior Year	8.1%
Gross Profit Margin %	25.4%
EBITDA Margin %	18.3%
Net Income	\$3,382 MM
Net Income Margin	13.8%

Segments



Homebuilding by Segment





Diversified Operating Platform

A place to call home at every stage of life

Multifamily & Rentals

- Individuals or families who cannot afford down payment
- 65 multifamily communities (34 currently running)
- Introduction of new 'Upward America Venture'

Single Family Homes

- First-time homebuyers, move-ups, and luxury housing
- Family-oriented communities
- "Everything Included"

Multi-Generation Homes

- "Home within a home"
- Accommodate aging parents or young adults with a private suite
- Separate entrance, kitchenette, living area, bedroom, and bathroom

Active Adult Communities

- Ages 55+
- Single level living with easier accessible appliances, and wider doorways and hallways
- Recreational amenities (ex. Golf courses, lap pools, etc.)

A Family of Companies



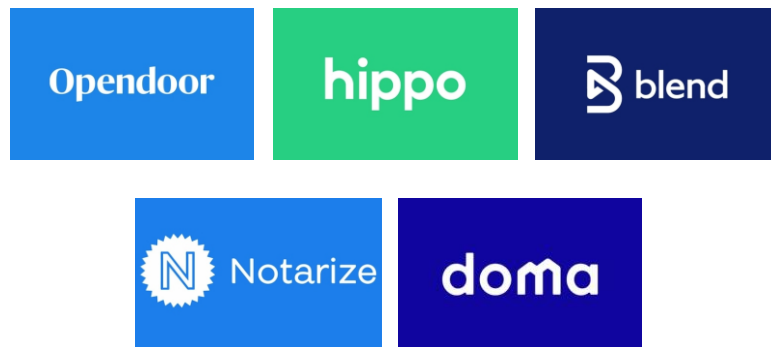


Strategy

Lennar's competitive advantage over their competition

Strategic Investments

- Lennar strategically invests in technology initiatives that enhance the homebuying experience for their customers, reduce their SG&A expenses and create strong operating margins.
- Disruptive technologies allow them to stay at the forefront of homebuilding innovation.
- Some of Lennar's main strategic investments include: Opendoor, Hippo Analytics, Blend, Notarize, and Doma.



Land-Light Strategy

- Control & Joint Ventures vs. Ownership
 - Options contracts with sellers for land
 - If Lennar lets the option expire, they limit their risk to paying a premium of 10% of the exercise price
- Avoids opportunity costs associated with tied up capital such as: the inability to engage in buy-backs, pay down debt and pursue new housebuilding projects.

Everything's Included Homes

- Luxury features such as smart home technology, energy conscious features, and modern interiors and exteriors by including them as standard features.
- Standardization of luxury items reduces construction costs and overhead costs through a simplified construction process, material standardization, and volume purchasing.
- By including energy conscious features such as Solar technology in their homes, Lennar is striving to add to their brand value by attracting green consumers.



Strategy

Lennar's competitive advantage over their competition

Strengths

- Strategic investments in disruptive technologies: Increased liquidity, lower SG&A expenses.
- Land-light strategy providing faster inventory turnover and free capital.
- Control vs. owned: Just-in-time inventory system.
- Everything's included homes: Standardization of luxury features (economies of scale).
- Competitive and scalable financial services segment.

Opportunities

- Expansion into the Mid-West.
- Rent-to-own platform.
- Spin-offs: Aligning with pure-play business model, leveraging new revenue streams, unrealized gains through higher market valuations.
- Expansion into single-family rental platform.

Weaknesses

- No nation-wide coverage.
- Over reliance on sub-contractors: Variability, lack of oversight feeding into quality-control issues.
- Strategic investments are reducing SG&A, but still being outpaced by competitors.
- High level of indebtedness.

Threats

- Homeownership rates increasing since 2015, particularly for those under 45
- Millennials, who are now entering their 30s and starting families, are showing interest in moving to the suburbs
- The pandemic accelerated many middle and high-income households' plans to buy first, second, or vacation homes
- As Baby Boomers age, a significant market is created for active adult (55+) communities



Management

Key Executives



Stuart A. Miller

Executive Chairman

Miller has a tenure of over 30 years, serving in various capacities for the Company's Homebuilding Division and former Investment and Commercial Properties Division. From 1991 to 1997, Miller was the President of both of these business segments, and assumed his current roll as CEO in April 1997. Mr. Miller joined Lennar after graduating from the University of Miami Law School in 1982. He received his undergraduate degree from Harvard University.



Rick Beckwitt

*Co-CEO
Co-President
Director*

Richard Beckwitt has been Co-Chief Executive Officer and Co-President of Lennar Corporation since November 2020. He previously served as the Chief Executive Officer of Lennar Corporation since April 12, 2018 until November 2020. He attended Claremont McKenna College in California, where he studied in their economics and psychology programs.



Jonathan Jaffe

*Co-CEO
Co-President
Director*

Jonathan M. Jaffe has been the Co-Chief Executive Officer and Co-President of Lennar Corporation since November 2020. He was previously a Director of Lennar Corporation since April 12, 2018. He served as the President of Lennar Corporation from April 12, 2018 until November 2020, and was the Chief Operating Officer of Lennar Corporation from December 2004 to January 2019. Jaffe holds a B.A. in Architecture from the University of Florida.



Diane Bessette

*VP
CFO
Treasurer*

Diane J. Bessette has been Chief Financial Officer of Lennar Corporation since April 12, 2018 and its Treasurer and Vice President since February, 2008 and 2000 respectively. She served as the Principal Accounting Officer of Lennar Corp and has been employed by Lennar Corp. since 1995. Before joining Lennar, Ms. Sustana held various legal positions at GenTek Inc.



Management Ownership Summary

Class A

Insiders/Stakeholders	MV (MM)	%Out
Miller Stuart A	213.7	0.7
Beckwitt Richard	184.2	0.6
Jaffe Jonathan M	76.9	0.3
Bessette Diane J	26.8	0.1
Other Insiders/Stakeholders	32.1	0.1
Total Insiders/Stakeholders	577.7	1.9

Institutional Holders	MV (MM)	%Out
The Vanguard Group, Inc.	3,010.3	10.1
Fidelity Management & Research	2,148.8	7.2
Blackrock Fund Advisors	1,793.0	6.0
Aristotle Capital Management Llc	1,547.5	5.2
Ssga Funds Management, Inc.	1,358.1	4.6
Sanders Capital Llc	1,265.5	4.3
Manulife Investment Management	1,017.4	3.4
Wellington Management Co. Llp	921.0	3.1
Other Institutions	15,324.7	51.6
Total Institutions	28,386.2	95.5

Class B

Insiders/Stakeholders	MV (MM)	%Out
Miller Stuart A	1,940.6	58.1
Gabelli Mario Joseph	17.7	0.5
Jaffe Jonathan M	4.3	0.1
Lapidus Sidney L	3.8	0.1
Beckwitt Richard	1.9	0.1
Total Insiders/Stakeholders	1,971.1	59.0

Institutional Holders	MV (MM)	%Out
Gabelli Funds Llc	133.0	4.0
The Vanguard Group, Inc.	120.0	3.6
Barclays Bank Plc (Private Banking)	90.5	2.7
Gamco Asset Management, Inc.	68.6	2.1
Ubs Securities Llc	66.8	2.0
Credit Suisse Securities (Usa) Llc	64.5	1.9
Third Avenue Management Llc	42.9	1.3
Greenhaven Associates, Inc.	40.3	1.2
Other Institutions	531.3	15.9
Total Institutions	1,157.8	34.7

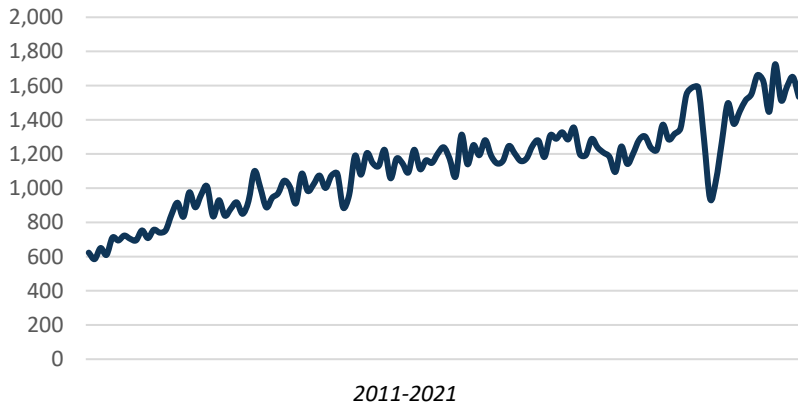
Stuart Miller, through family and personal holdings of Class A and Class B common stock, has the power to cast **approximately 34% of the votes** that can be cast by the holders of all outstanding Class A and Class B common stock combined.



Industry Analysis

A brief overview of the homebuilding industry and performance

U.S. New Privately-Owned Housing Unit Starts

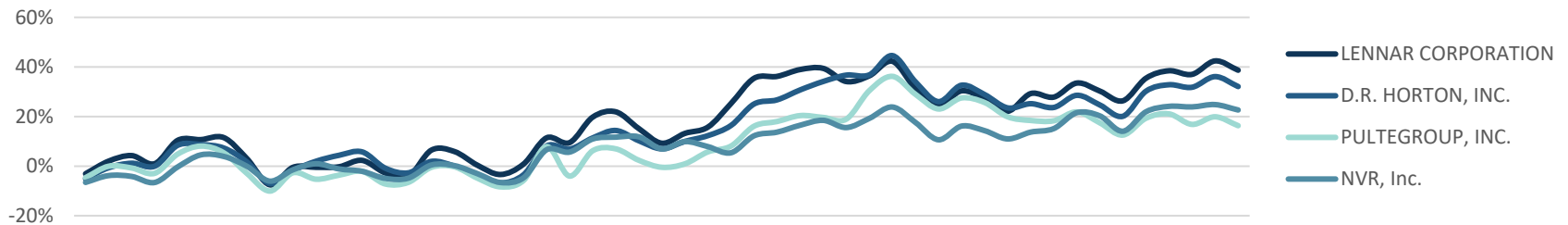


S&P Homebuilders Select Industry Index



The global Residential Building Construction Industry market report, which provides geographic analysis covering regions such as North America, Europe, Asia-Pacific, and Rest of the World, revealed at the beginning of 2021, that the Global Residential Building Construction Industry Market is expected to exceed more than US\$ 7310.88 Billion by 2024 at a CAGR of 10.3 % in the given forecast period.

LTM Key Player Performance



Source: U.S . Census Bureau



Competitive Analysis

Key players in the U.S. homebuilding plus financial services sector

	Business Description	States	Markets	Market Cap.	Revenue (LTM)	NI Margin	Closings (FY 2020)
D.R. Horton	<ul style="list-style-type: none"> Largest homebuilder by volume in the U.S. since 2002 Engages in the acquisition and development of land; construction and sale of homes; and provides financing services 	30	96	\$33,877 M	\$26,065 M	14.1%	71,168
PulteGroup	<ul style="list-style-type: none"> PulteGroup engages in the homebuilding business in the U.S. by acquiring and developing land for residential purposes; and constructing housing Additionally provides financial services 	23	40	\$13,612 M	\$12,236 M	13.6%	24,624
NVR	<ul style="list-style-type: none"> Operates in two segments: Homebuilding and Mortgage Banking Primarily constructs and sells single-family detached homes, townhomes, and condominium buildings 	14	33	\$18,305 M	\$8,680 M	13.0%	19,766
	Lennar	21	59	\$31,877 M	\$24,452 M	13.8%	52,925



Strategy

Political, economic, social, and technological factors affecting Lennar's performance

Political

- Government regulations regarding land use and environmental matters.
- Changes in U.S. trade policy and retaliatory reactions from other countries.
- Wage legislation
- Tax policy

Economic

- Low interest rates
- Decreasing unemployment / labour shortages
- Appreciation of raw materials used in the construction process
- Inflation

Social

- Evolving consumer preferences: Environmental consciousness, health, push for affordable housing
- Population demographics: Education level, age
- Suburban exodus
- Preference for low tax jurisdictions

Technological

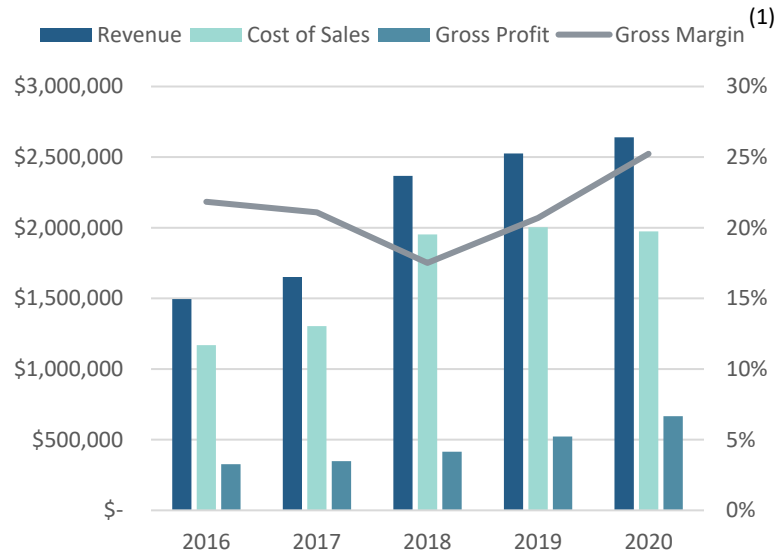
- Automation and AI: Title search, closing process, insurance and mortgage approval, use of predictive analytics to give quotes on homes
- Virtual home tours
- Smart home integration
- Acceleration of the pre-fab model in the homebuilding industry



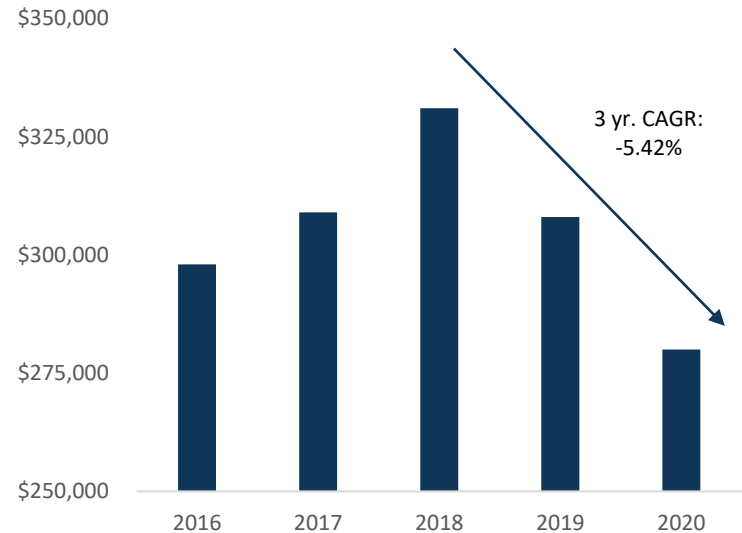
Thesis I: Betting Big On Texas

Lennar is increasing investments in the Lone Star State

Lennar's Growth In Texas (USD Thousands)



Texas Segment Average Sales Price



- In the past 5 years, Texas has become an increasingly popular destination for home buyers. Lennar has increased operations in this segment to meet demand.
- Lennar's land-light strategy has allowed it to increase gross margins in Texas.
- The company expects to control 50% of its land via options by the end of 2021, compared to 39% at the end of 2020.

- Lennar is making a notable effort to keep its average sale price low in Texas.
- Keeping prices decreased while offering a variety of luxury and multi-family properties allows Lennar to cast a wide net.
- Selling many cheaper homes, as opposed to a small number of expensive ones, increases economies of scale.

Sources: Federal Reserve Economic Data, Lennar Corporation

(1) During the year ended on November 30, 2018, gross margins on home sales included backlog/construction in progress write-up of \$414.6 million related to purchase accounting on CalAtlantic homes that were delivered in fiscal year 2018.



Thesis I: Betting Big On Texas

Everything is bigger in Texas - including housing demand

Texas Real-Estate Is In a Sellers' Market (2021 Q2)



Average days on market = 71
22 days less than 2020 Q2

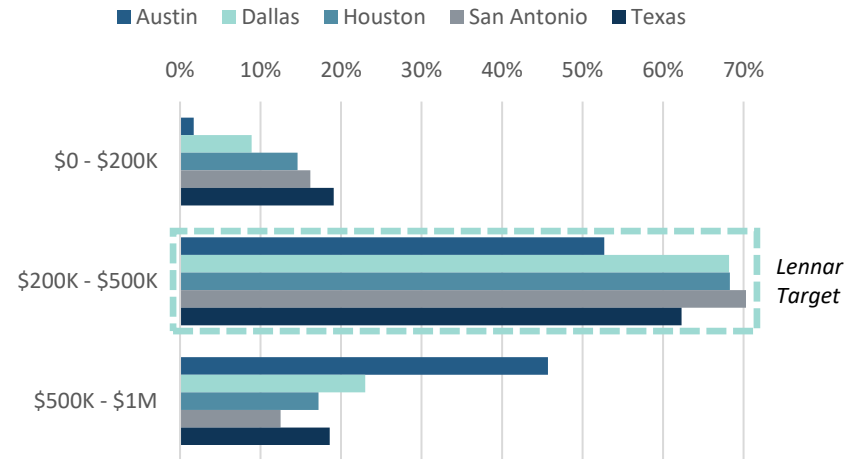


Active listings = 48,971
Down 42.2% from 2020 Q2



Median price = \$300,490
Up 19.1% from 2020 Q2

Texas Housing Markets Price Distribution



Select Texas Communities



- Jordan Ranch is a community located in Fulshear, TX (Houston MSA).
- Prices range from \$279,990 to \$519,990.
- Community center, sports facilities, dog park, green belt, pond, etc.



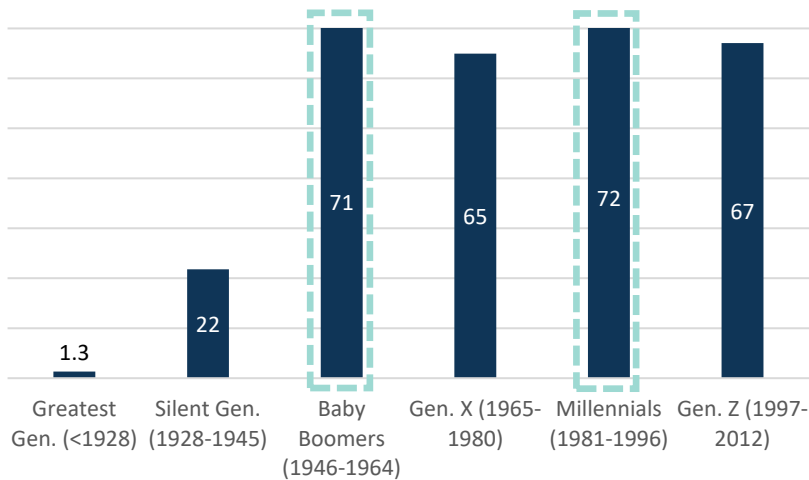
- Rancho Sienna is a community located in Georgetown, TX (Austin MSA).
- Prices range from \$501,990 to \$568,990.
- 100 acres of open space, 24-hour fitness center, pool, proximity to golf course, etc.



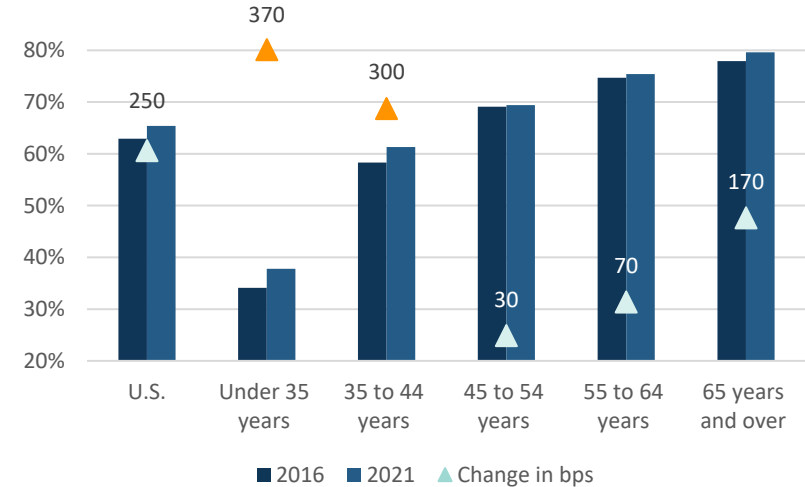
Thesis II: Targeting the Largest Population Groups

Lennar's diversified offerings allow them to target generations in different stages of life

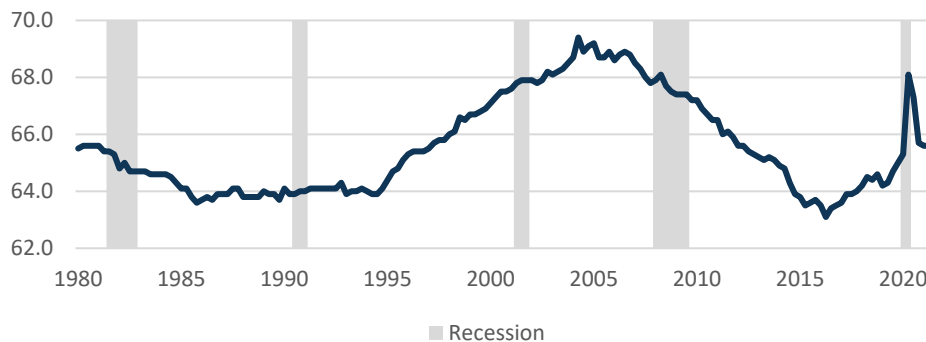
U.S. Population by Generation (in millions), 2020



Homeownership Rates by Age



Homeownership Rates in the U.S.



- Homeownership rates increasing since 2015, particularly for those under 45
- Millennials, who are now entering their 30s and starting families, are showing interest in moving to the suburbs
- The pandemic accelerated many middle and high-income households' plans to buy first, second, or vacation homes
- As Baby Boomers age, a significant market is created for active adult (55+) communities

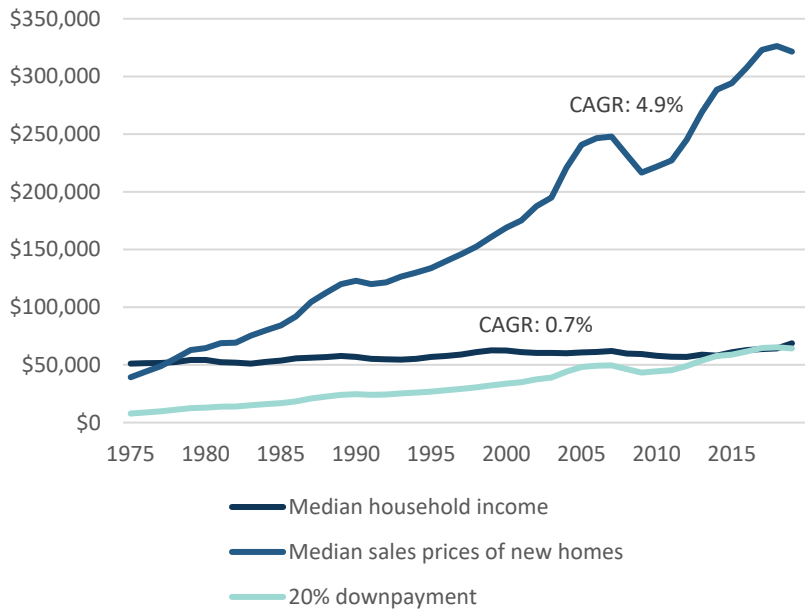
Sources: Statista, U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey, July 27, 2021.



Thesis III: Single-Family Rental Program

Riding the rental boom as home prices surge

U.S. Household Income vs. New House Sales Prices



- The typical **2020 homebuyer made nearly \$100,000** - significantly higher than in previous years.
- With housing prices rising at a much faster rate than income levels, Americans are forced to fall back on rentals.

34% of people living in the United States are renters

Upward America Venture

- Announced in March 2021, Lennar has formed a new single-family rental venture with Allianz Real Estate and Centerbridge.
- The Upward America Venture provides an opportunity for families and individuals across the country to live in brand-new homes at an attainable price point.
- Positioned to acquire over \$4 billion of new single-family homes and townhomes rent them to households.
- Position Lennar among the largest landlords in the industry.





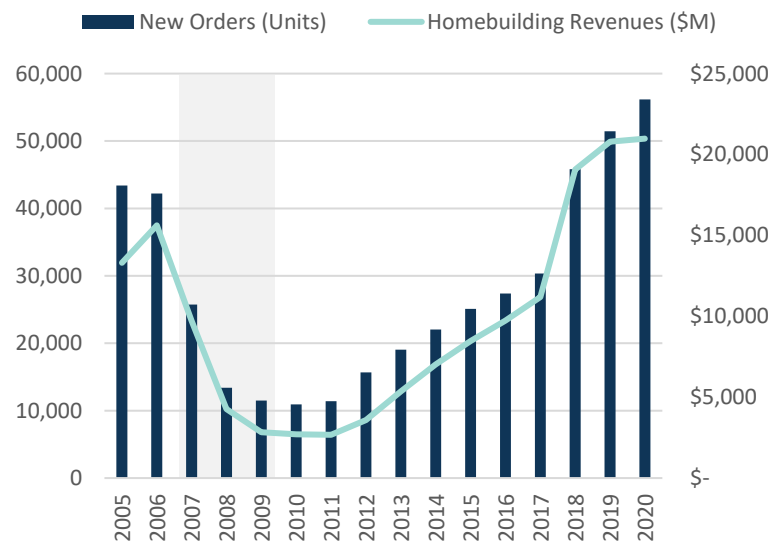
Risks

Lennar has a strong track record in identifying and mitigating risks

Lennar's Performance Through The Great Recession



Reduction Of Housing Starts (2005 - 2010)



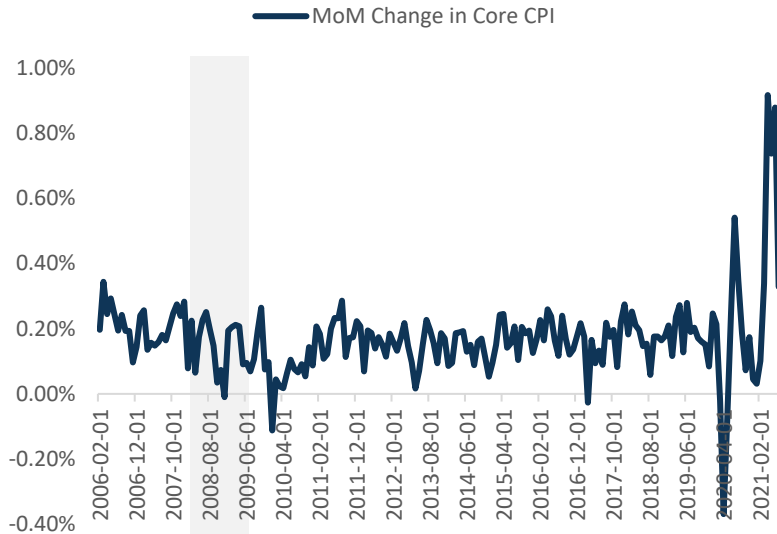
- As the Great Recession bore down, Lennar's financial health and stock performance were severely affected.
- Lennar was affected by multiple factors including an oversupply of housing, declining asset values, increased order cancellations, and tightening of credit standards.
- LEN reacted by reducing housing starts, cutting costs, selling land, writing down of assets, and reviewing joint ventures.
- Lennar's financial services segment was affected in a similar fashion as the homebuilding segment – reduction in volume.
- Most loans originated by Lennar were and still are sold in the secondary mortgage market – therefore, Lennar has limited exposure to the mortgages it sells.
- Loss on disposal of land affected Lennar greatly – the new land-light strategy mitigates this risk and improves flexibility.



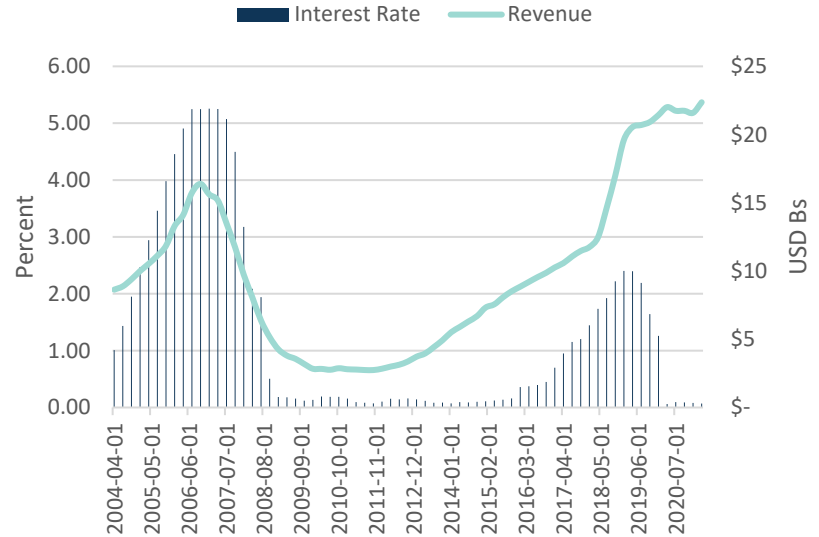
Risks

Lennar is resilient when faced with rising interest rates

Inflation Watch 2021



Effective Federal Funds Rate Effect on Lennar



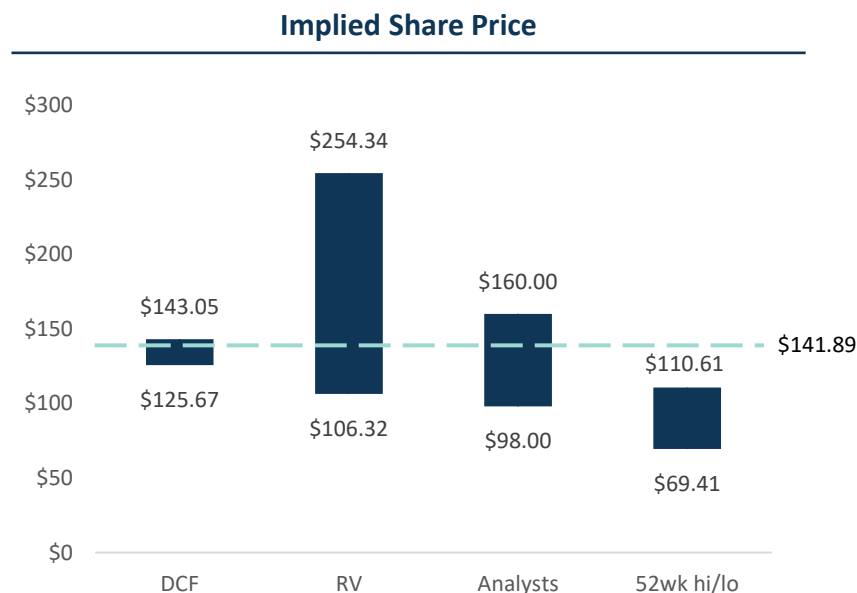
- Lennar has never faced a period of such volatile inflation.
- A recent spike in inflation seems to have been caused by an uptick in the prices of goods such as airfares and used cars – these will surely settle down to more normal levels as the economy continues to trudge towards normalcy.
- If inflation does continue to rise, interest rate hikes will surely follow, which puts Lennar in an ambiguous position.
- Lennar has historically done quite well in periods of rising interest rates and suffered when interest rates decline.
- As such, Lennar and the home construction in general seem to act as a barometer for the economy – when times are good and interest rates are rising, Lennar performs well, and vice versa.
- A large economic downturn which would warrant a further decline in interest rates seems rather unlikely.



Valuation

Target share price of \$141.89

	Valuation Basis	Metric
Intrinsic	DCF – 8.12% WACC	Bear Case – Bull Case
Multiple Valuation	Comparable Companies (LTM EV/EBITDA)	5.8x – 11.8x
	Comparable Companies (LTM P/EPS)	5.0x - 15.9x
Other	Analyst Estimates	Low - High
	52 Week Trading Range	Low - High



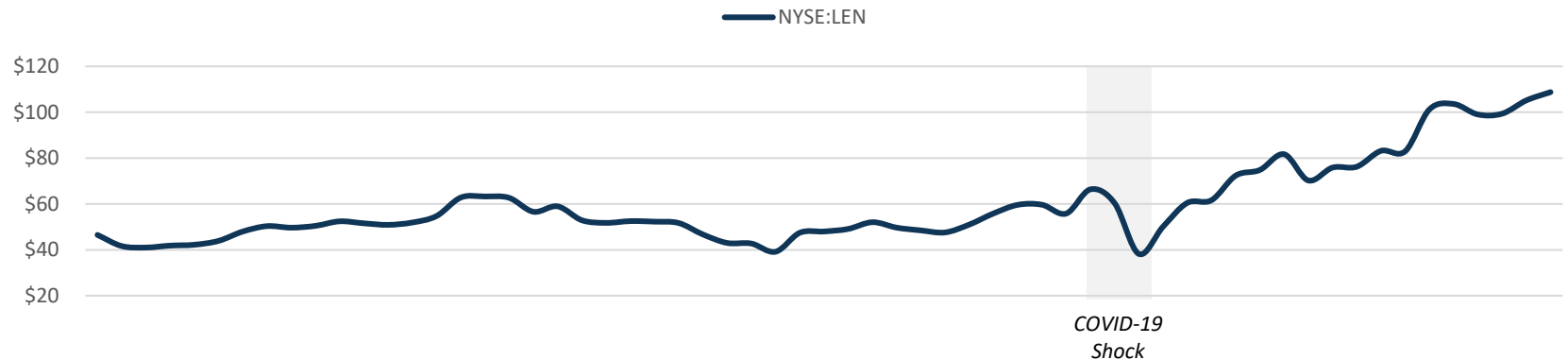
- TFSIG C&R valuation efforts have estimated a target share price of \$141.89 for Lennar.
- This target share price implies a 35.69% potential upside over the current share price of \$104.57.
- This valuation was calculated using a combination of a discounted cash flow analysis, relative valuation, and analyst estimates.



Recommendation

Our valuation revealed a 35.7% potential upside

Five Year Stock Performance (As at 2021-08-17)



Valuation Summary

- Our valuation is a combination of a discounted cash flow analysis, a relative valuation, and analyst estimates.
- Our target share price is in line with street sentiment and quantifies our theses of growth in the Texan housing markets and the power of Lennar's diversified portfolio.
- The risks and catalysts detailed previously will be considered as our team grows its position in Lennar.

Recommendation

BUY

\$141.89

35.69%

TARGET PRICE

IMPLIED UPSIDE

- Our recommendation is a buy for NYSE:LEN
- Our team is optimistic about adding exposure to the American housing market to our portfolio.



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Consumer & Retail Coverage Group

Portfolio Managers

Maxime Chouinard



Senior PM

Year of Study | Work Experience

4 **70**

Taylor Wells



Junior PM

Year of Study | Work Experience

4 **48**

Analysts

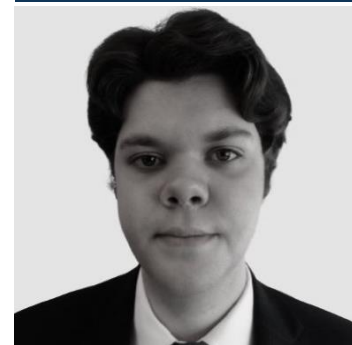
Jean-Simon Lavoie-Albert



Year of Study | Work Experience

4 **82**

Nolan Evans



Year of Study | Work Experience

4 **24**

TFS Investment Group



Annex

Additional materials – USD millions except per share figures

Cost of Capital

WACC

Cost of Equity

Risk Free Rate	1.19%
Market Risk Premium	8.15%
Beta	1.16

Cost of Equity 10.64%

Cost of Debt

Risk Free Rate	1.19%
Spread	0.20%
Cost of Debt	1.39%
Tax Rate	23.24%

After Tax CoD 1.07%

WACC

Weight of Equity	73.69%	\$19,576
Weight of Debt	26.31%	\$6,990
Cost of Equity	10.64%	
Cost of Debt	1.07%	

WACC 8.12%

WACC Analysis

Input

Input	Value
Risk Free Rate	1.19%
Market Risk Premium	8.15%
Implied Cost of Debt	1.39%
Equity Beta 3y	1.16

Total Debt

Long Term Debt	\$5,592
CP of Long Term Debt	\$305
Long Term Leases	\$148
CP of Leases	\$18

Fin. Div. Debt Non-Current \$928

Total Debt \$6,990

Total Cash

Cash & Equivalents \$2,607

Total Cash \$2,607

Assumption

Damodaran
S&P 500 30 yr avg annual return - risk free rate
Calculations
5y Beta - S&P CapIQ

Implied Cost of Debt

Interest Expense (2020)	\$97.34
Interest Bearing Debt	\$6,990

Implied CoD 1.39%



Annex

Additional materials – USD millions except per share figures

Bull Case Revenue Buildups - Part 1

Business Segments For the Fiscal Period Ending		2017 A	2018 A	2019 A	2020 A	2021 A	2022 E	2023 E	2024 E	2025 E	2026 E	2027 E	2028 E	2029 E	2030 E	2031 E
Revenues																
Homebuilding - East (Incl. Homebuilding Southeast Florida)		\$4,290.60	\$4,571.94	\$6,734.31	\$5,183.47	\$6,208.98	\$6,994.55	\$7,739.63	\$8,627.46	\$9,631.69	\$10,714.30	\$11,735.49	\$12,604.73	\$13,456.54	\$14,239.06	\$14,901.21
% Growth			6.56%	47.30%	-23.03%	19.78%	12.65%	10.65%	11.47%	11.64%	11.24%	9.53%	7.41%	6.76%	5.82%	4.65%
Scenario		0.00%					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Homebuilding - Central (Incl. Homebuilding Houston)		\$2,459.28	\$616.09	\$2,448.65	\$4,847.03	\$4,343.92	\$4,778.32	\$5,256.15	\$5,781.76	\$6,359.94	\$6,868.73	\$7,418.23	\$7,962.23	\$8,493.05	\$8,983.76	\$9,462.89
% Growth			-74.95%	297.45%	97.95%	-10.38%	10.00%	10.00%	10.00%	10.00%	8.00%	8.00%	7.33%	6.67%	5.78%	5.33%
Scenario		0.00%					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Homebuilding - Texas		\$0.00	\$0.00	\$2,476.26	\$2,653.22	\$2,967.03	\$3,307.85	\$3,709.88	\$4,222.68	\$4,834.46	\$5,583.22	\$6,510.00	\$7,520.69	\$8,751.89	\$10,210.40	\$12,067.37
% Growth					7.15%	11.83%	11.49%	12.15%	13.82%	14.49%	15.49%	16.60%	15.53%	16.37%	16.67%	18.19%
Scenario		2.00%					2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Homebuilding - West		\$2,811.25	\$6,396.66	\$8,471.20	\$8,251.98	\$9,291.93	\$10,606.61	\$11,885.18	\$13,303.70	\$14,861.93	\$16,482.00	\$18,215.28	\$19,862.54	\$21,482.02	\$23,036.82	\$24,452.38
% Growth			127.54%	32.43%	-2.59%	12.60%	14.15%	12.05%	11.94%	11.71%	10.90%	10.52%	9.04%	8.15%	7.24%	6.14%
Scenario		0.00%					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



Annex

Additional materials – USD millions except per share figures

Bull Case Revenue Buildups – Part 2

Homebuilding - Other	\$847.28	-\$317.39	\$40.40	\$159.81	\$18.78	\$24.69	\$44.35	\$47.73	\$66.63	\$94.79	\$123.06	\$168.87	\$230.41	\$309.89	\$421.62
% Growth		-137.46%	-112.73%	295.54%	-88.25%	31.52%	79.60%	7.62%	39.58%	42.27%	29.83%	37.23%	36.44%	34.50%	36.05%
Scenario	0.00%					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Financial Services (Incl. Rialto)	\$0.00	\$0.00	\$856.36	\$872.21	\$958.20	\$1,043.10	\$1,125.08	\$1,202.25	\$1,272.70	\$1,334.55	\$1,386.06	\$1,418.76	\$1,430.96	\$1,421.79	\$1,391.36
% Growth				1.85%	9.86%	8.86%	7.86%	6.86%	5.86%	4.86%	3.86%	2.36%	0.86%	-0.64%	-2.14%
Scenario	0.00%					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Multifamily	\$362.26	\$417.24	\$454.99	\$615.63	\$629.51	\$760.33	\$923.39	\$1,078.78	\$1,312.71	\$1,601.33	\$1,956.29	\$2,424.75	\$3,023.65	\$3,797.83	\$4,813.75
% Growth		15.18%	9.05%	35.31%	2.25%	20.78%	21.45%	16.83%	21.69%	21.99%	22.17%	23.95%	24.70%	25.60%	26.75%
Scenario	2.00%					2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Lennar Other	\$295.41	\$188.27	\$80.57	\$37.97	\$33.51	\$22.68	\$15.36	\$11.45	\$8.01	\$5.67	\$4.07	\$2.88	\$2.05	\$1.46	\$1.04
% Growth		-36.27%	-57.20%	-52.88%	-11.74%	-32.31%	-32.31%	-25.45%	-30.02%	-29.26%	-28.25%	-29.18%	-28.89%	-28.77%	-28.95%
Scenario	0.00%					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Financial Services	\$743.77	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
% Growth		-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Scenario						NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Segment Adjustment	\$0.00	\$3,614.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
% Growth			-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Scenario						NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Revenues	\$11,809.84	\$15,486.90	\$21,562.75	\$22,621.30	\$24,451.86	\$27,538.13	\$30,699.01	\$34,275.81	\$38,348.07	\$42,684.58	\$47,348.49	\$51,965.45	\$56,870.57	\$62,001.02	\$67,511.62
% Growth		31.14%	39.23%	4.91%	8.09%	12.62%	11.48%	11.65%	11.88%	11.31%	10.93%	9.75%	9.44%	9.02%	8.89%



Annex

Additional materials – USD millions except per share figures

Bull Case Discounted Cash Flow Analysis – Part 1

	2017 A	2018 A	2019 A	2020 A	2021 A	2022 E	2023 E	2024 E	2025 E	2026E	2027E	2028E	2029E	2030E	2031 E
						1	2	3	4	5	6	7	8	9	10
Net Sales	\$11,066	\$14,627	\$20,706	\$21,749	\$23,494	\$27,538	\$30,699	\$34,276	\$38,348	\$42,685	\$47,348	\$51,965	\$56,871	\$62,001	\$67,512
% Growth		32.18%	41.56%	5.04%	8.02%	17.22%	11.48%	11.65%	11.88%	11.31%	10.93%	9.75%	9.44%	9.02%	8.89%
COGS	\$8,739	\$11,526	\$16,440	\$17,327	\$17,832	\$21,631	\$23,934	\$26,665	\$29,710	\$32,883	\$36,583	\$40,017	\$43,686	\$47,505	\$51,612
% Revenue	78.97%	78.80%	79.40%	79.67%	75.90%	78.55%	77.96%	77.80%	77.48%	77.04%	77.26%	77.01%	76.82%	76.62%	76.45%
Gross Profit	\$2,327	\$3,101	\$4,266	\$4,422	\$5,662	\$5,907	\$6,765	\$7,611	\$8,638	\$9,802	\$10,765	\$11,948	\$13,185	\$14,496	\$15,900
Gross Margin	21.03%	21.20%	20.60%	20.33%	24.10%	21.45%	22.04%	22.20%	22.52%	22.96%	22.74%	22.99%	23.18%	23.38%	23.55%
SG&A	\$1,213	\$1,544	\$2,044	\$2,069	\$2,175	\$2,574	\$2,816	\$3,105	\$3,449	\$3,788	\$4,155	\$4,511	\$4,878	\$5,257	\$5,657
% of revenue	10.96%	10.56%	9.87%	9.51%	9.26%	9.35%	9.17%	9.06%	8.99%	8.88%	8.78%	8.68%	8.58%	8.48%	8.38%
D&A	\$57	\$78	\$91	\$96	\$95	\$130	\$150	\$182	\$214	\$254	\$297	\$343	\$394	\$451	\$513
% of revenue	0.51%	0.54%	0.44%	0.44%	0.40%	0.47%	0.49%	0.53%	0.56%	0.59%	0.63%	0.66%	0.69%	0.73%	0.76%
CAPEX	\$84	\$124	\$119	\$64	\$71	\$126	\$121	\$105	\$97	\$104	\$109	\$96	\$81	\$69	\$56
% of revenue	0.76%	0.85%	0.58%	0.30%	0.30%	0.46%	0.40%	0.31%	0.25%	0.24%	0.23%	0.19%	0.14%	0.11%	0.08%
EBIT	\$1,057	\$1,478	\$2,131	\$2,257	\$3,392	\$3,203	\$3,799	\$4,324	\$4,975	\$5,760	\$6,313	\$7,094	\$7,912	\$8,788	\$9,730
EBIT Margin	9.55%	10.11%	10.29%	10.38%	14.44%	11.63%	12.38%	12.61%	12.97%	13.49%	13.33%	13.65%	13.91%	14.17%	14.41%
EBITDA	\$1,114	\$1,557	\$2,222	\$2,353	\$3,487	\$3,333	\$3,949	\$4,505	\$5,189	\$6,013	\$6,610	\$7,437	\$8,307	\$9,239	\$10,243
		10.64%	10.73%	10.82%	14.84%	12.10%	12.86%	13.14%	13.53%	14.09%	13.96%	14.31%	14.61%	14.90%	15.17%
Income Taxes	\$386	\$498	\$557	\$565	\$1,034	\$840	\$1,012	\$1,189	\$1,333	\$1,554	\$1,710	\$1,912	\$2,137	\$2,374	\$2,626
Tax Rate	34.68%	31.96%	25.06%	24.00%	29.65%	26.24%	26.63%	27.50%	26.79%	26.97%	27.09%	26.95%	27.00%	27.02%	26.99%
NOPAT	\$727	\$1,059	\$1,665	\$1,788	\$2,453	\$2,493	\$2,937	\$3,316	\$3,856	\$4,460	\$4,900	\$5,525	\$6,170	\$6,865	\$7,617
		7.24%	8.04%	8.22%	10.44%	9.05%	9.57%	9.67%	10.06%	10.45%	10.35%	10.63%	10.85%	11.07%	11.28%

Sources: Capital IQ, TFS Investment Group estimates



Annex

Additional materials – USD millions except per share figures

Bull Case Discounted Cash Flow Analysis – Part 2

Working Capital Schedule															
Net Sales	\$11,066	\$14,627	\$20,706	\$21,749	\$23,494	\$27,538	\$30,699	\$34,276	\$38,348	\$42,685	\$47,348	\$51,965	\$56,871	\$62,001	\$67,512
COGS	\$8,739	\$11,526	\$16,440	\$17,327	\$17,832	\$21,631	\$23,934	\$26,665	\$29,710	\$32,883	\$36,583	\$40,017	\$43,686	\$47,505	\$51,612
Current Assets	\$13,436	\$20,800	\$22,280	\$22,192	\$23,500	\$26,445	\$29,787	\$33,086	\$36,730	\$40,616	\$45,202	\$49,529	\$54,248	\$59,118	\$64,385
% Sales	121.41%	142.20%	107.60%	102.04%	100.03%	96.03%	97.03%	96.53%	95.78%	95.15%	95.47%	95.31%	95.39%	95.35%	95.37%
Current Liabilities	\$2,401	\$3,065	\$2,707	\$2,617	\$1,856	\$2,744	\$4,078	\$4,028	\$4,405	\$4,856	\$5,716	\$6,493	\$7,016	\$7,721	\$8,538
% Sales	21.70%	20.95%	13.07%	12.03%	7.90%	9.97%	13.28%	11.75%	11.49%	11.38%	12.07%	12.49%	12.34%	12.45%	12.65%
Working Capital	\$11,035	\$17,735	\$19,572	\$19,575	\$21,644	\$23,701	\$25,709	\$29,059	\$32,325	\$35,760	\$39,486	\$43,036	\$47,232	\$51,397	\$55,847
Change in WC		\$6,700	\$1,837	\$3	\$2,069	\$2,057	\$2,007	\$3,350	\$3,266	\$3,435	\$3,726	\$3,550	\$4,197	\$4,164	\$4,451



Annex

Additional materials – USD millions except per share figures

Bull Case Discounted Cash Flow Analysis – Sensitivity Analyses

Terminal Growth	WACC						
	5.12%	6.12%	7.12%	8.12%	9.12%	10.12%	11.12%
\$143.05							
2.00%	\$223.16	\$186.96	\$160.91	\$140.55	\$123.86	\$109.77	\$97.64
2.25%	\$229.33	\$190.14	\$162.78	\$141.75	\$124.67	\$110.34	\$98.06
2.50%	\$236.69	\$193.77	\$164.86	\$143.05	\$125.54	\$110.95	\$98.50
2.75%	\$245.59	\$197.94	\$167.17	\$144.47	\$126.48	\$111.60	\$98.97
3.00%	\$256.59	\$202.77	\$169.77	\$146.04	\$127.50	\$112.30	\$99.46



Annex

Additional materials – USD millions except per share figures

Bear Case Revenue Buildups - Part 1

Business Segments																
For the Fiscal Period Ending																
		2017 A	2018 A	2019 A	2020 A	2021 A	2022 E	2023 E	2024 E	2025 E	2026 E	2027 E	2028 E	2029 E	2030 E	2031 E
Revenues																
Homebuilding - East (Incl. Homebuilding Southeast Florida)		\$4,290.60	\$4,571.94	\$6,734.31	\$5,183.47	\$6,208.98	\$6,808.28	\$7,288.42	\$7,809.63	\$8,271.18	\$8,677.29	\$8,845.21	\$8,747.18	\$8,507.48	\$8,106.03	\$7,551.22
% Growth			6.56%	47.30%	-23.03%	19.78%	9.65%	7.05%	7.15%	5.91%	4.91%	1.94%	-1.11%	-2.74%	-4.72%	-6.84%
Scenario		-3.00%					-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%
Homebuilding - Central (Incl. Homebuilding Houston)		\$2,459.28	\$616.09	\$2,448.65	\$4,847.03	\$4,343.92	\$4,648.00	\$4,973.36	\$5,321.49	\$5,694.00	\$5,978.70	\$6,277.63	\$6,361.33	\$6,403.74	\$6,325.47	\$6,156.79
% Growth			-74.95%	297.45%	97.95%	-10.38%	7.00%	7.00%	7.00%	7.00%	5.00%	5.00%	1.33%	0.67%	-1.22%	-2.67%
Scenario		-3.00%					-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%
Homebuilding - Texas		\$0.00	\$0.00	\$2,476.26	\$2,653.22	\$2,967.03	\$3,159.50	\$3,332.86	\$3,497.30	\$3,589.49	\$3,638.02	\$3,637.08	\$3,503.26	\$3,318.13	\$3,069.39	\$2,808.90
% Growth					7.15%	11.83%	6.49%	5.49%	4.93%	2.64%	1.35%	-0.03%	-3.68%	-5.28%	-7.50%	-8.49%
Scenario		-3.00%					-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%
Homebuilding - West		\$2,811.25	\$6,396.66	\$8,471.20	\$8,251.98	\$9,291.93	\$10,327.86	\$11,159.70	\$11,896.45	\$12,443.89	\$12,744.94	\$12,813.88	\$12,496.18	\$11,891.40	\$11,028.16	\$9,940.84
% Growth			127.54%	32.43%	-2.59%	12.60%	11.15%	8.05%	6.60%	4.60%	2.42%	0.54%	-2.48%	-4.84%	-7.26%	-9.86%
Scenario		-3.00%					-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%



Annex

Additional materials – USD millions except per share figures

Bear Case Revenue Buildups - Part 2

Homebuilding - Other	\$847.28	-\$317.39	\$40.40	\$159.81	\$18.78	\$24.51	\$43.69	\$46.24	\$63.45	\$88.47	\$111.92	\$149.28	\$197.22	\$255.72	\$334.28
% Growth		-137.46%	-112.73%	295.54%	-88.25%	30.52%	78.27%	5.85%	37.21%	39.44%	26.50%	33.38%	32.11%	29.66%	30.72%
Scenario	-1.00%					-1.00%	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%
Financial Services (Incl. Rialto)	\$0.00	\$0.00	\$856.36	\$872.21	\$958.20	\$1,014.35	\$1,033.21	\$1,011.10	\$949.01	\$852.78	\$732.19	\$595.71	\$457.86	\$331.30	\$224.82
% Growth				1.85%	9.86%	5.86%	1.86%	-2.14%	-6.14%	-10.14%	-14.14%	-18.64%	-23.14%	-27.64%	-32.14%
Scenario	-3.00%					-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%
Multifamily	\$362.26	\$417.24	\$454.99	\$615.63	\$629.51	\$741.44	\$870.80	\$970.89	\$1,112.39	\$1,262.62	\$1,416.55	\$1,592.53	\$1,778.96	\$1,976.55	\$2,188.94
% Growth		15.18%	9.05%	35.31%	2.25%	17.78%	17.45%	11.49%	14.57%	13.51%	12.19%	12.42%	11.71%	11.11%	10.75%
Scenario	-1.00%					-1.00%	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%	-1.00%
Lennar Other	\$295.41	\$188.27	\$80.57	\$37.97	\$33.51	\$22.68	\$15.36	\$11.45	\$8.01	\$5.67	\$4.07	\$2.88	\$2.05	\$1.46	\$1.04
% Growth		-36.27%	-57.20%	-52.88%	-11.74%	-32.31%	-32.31%	-25.45%	-30.02%	-29.26%	-28.25%	-29.18%	-28.89%	-28.77%	-28.95%
Scenario	-4.00%					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Financial Services	\$743.77	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
% Growth		-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Scenario						NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Segment Adjustment	\$0.00	\$3,614.10	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
% Growth			-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Scenario						NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total Revenues	\$11,809.84	\$15,486.90	\$21,562.75	\$22,621.30	\$24,451.86	\$26,746.62	\$28,717.39	\$30,564.55	\$32,131.41	\$33,248.49	\$33,838.53	\$33,448.36	\$32,556.84	\$31,094.09	\$29,206.84
% Growth		31.14%	39.23%	4.91%	8.09%	9.38%	7.37%	6.43%	5.13%	3.48%	1.77%	-1.15%	-2.67%	-4.49%	-6.07%



Annex

Additional materials – USD millions except per share figures

Bear Case Discounted Cash Flow Analysis – Part 1

	2017 A	2018 A	2019 A	2020 A	2021 A	2022 E	2023 E	2024 E	2025 E	2026E	2027E	2028E	2029E	2030E	2031 E
						1	2	3	4	5	6	7	8	9	10
Net Sales	\$11,066	\$14,627	\$20,706	\$21,749	\$23,494	\$26,747	\$28,717	\$30,565	\$32,131	\$33,248	\$33,839	\$33,448	\$32,557	\$31,094	\$29,207
% Growth		32.18%	41.56%	5.04%	8.02%	13.85%	7.37%	6.43%	5.13%	3.48%	1.77%	-1.15%	-2.67%	-4.49%	-6.07%
COGS	\$8,739	\$11,526	\$16,440	\$17,327	\$17,832	\$21,009	\$22,389	\$23,778	\$24,894	\$25,614	\$26,145	\$25,758	\$25,009	\$23,824	\$22,328
% Revenue	78.97%	78.80%	79.40%	79.67%	75.90%	78.55%	77.96%	77.80%	77.48%	77.04%	77.26%	77.01%	76.82%	76.62%	76.45%
Gross Profit	\$2,327	\$3,101	\$4,266	\$4,422	\$5,662	\$5,738	\$6,328	\$6,787	\$7,237	\$7,635	\$7,694	\$7,691	\$7,548	\$7,270	\$6,879
Gross Margin	21.03%	21.20%	20.60%	20.33%	24.10%	21.45%	22.04%	22.20%	22.52%	22.96%	22.74%	22.99%	23.18%	23.38%	23.55%
SG&A	\$1,213	\$1,544	\$2,044	\$2,069	\$2,175	\$2,500	\$2,634	\$2,769	\$2,890	\$2,951	\$2,970	\$2,904	\$2,793	\$2,636	\$2,447
% of revenue	10.96%	10.56%	9.87%	9.51%	9.26%	9.35%	9.17%	9.06%	8.99%	8.88%	8.78%	8.68%	8.58%	8.48%	8.38%
D&A	\$57	\$78	\$91	\$96	\$95	\$126	\$140	\$162	\$180	\$198	\$212	\$221	\$226	\$226	\$222
% of revenue	0.51%	0.54%	0.44%	0.44%	0.40%	0.47%	0.49%	0.53%	0.56%	0.59%	0.63%	0.66%	0.69%	0.73%	0.76%
CAPEX	\$84	\$124	\$119	\$64	\$71	\$122	\$114	\$93	\$81	\$81	\$78	\$62	\$47	\$34	\$24
% of revenue	0.76%	0.85%	0.58%	0.30%	0.30%	0.46%	0.40%	0.31%	0.25%	0.24%	0.23%	0.19%	0.14%	0.11%	0.08%
EBIT	\$1,057	\$1,478	\$2,131	\$2,257	\$3,392	\$3,111	\$3,554	\$3,856	\$4,168	\$4,486	\$4,512	\$4,566	\$4,530	\$4,407	\$4,209
EBIT Margin	9.55%	10.11%	10.29%	10.38%	14.44%	11.63%	12.38%	12.61%	12.97%	13.49%	13.33%	13.65%	13.91%	14.17%	14.41%
EBITDA	\$1,114	\$1,557	\$2,222	\$2,353	\$3,487	\$3,237	\$3,694	\$4,017	\$4,348	\$4,684	\$4,724	\$4,787	\$4,755	\$4,634	\$4,431
		10.64%	10.73%	10.82%	14.84%	12.10%	12.86%	13.14%	13.53%	14.09%	13.96%	14.31%	14.61%	14.90%	15.17%
Income Taxes	\$386	\$498	\$557	\$565	\$1,034	\$816	\$946	\$1,060	\$1,117	\$1,210	\$1,222	\$1,231	\$1,223	\$1,191	\$1,136
Tax Rate	34.68%	31.96%	25.06%	24.00%	29.65%	26.24%	26.63%	27.50%	26.79%	26.97%	27.09%	26.95%	27.00%	27.02%	26.99%
NOPAT	\$727	\$1,059	\$1,665	\$1,788	\$2,453	\$2,421	\$2,748	\$2,957	\$3,231	\$3,474	\$3,502	\$3,556	\$3,532	\$3,443	\$3,295
		7.24%	8.04%	8.22%	10.44%	9.05%	9.57%	9.67%	10.06%	10.45%	10.35%	10.63%	10.85%	11.07%	11.28%

Sources: Capital IQ, TFS Investment Group estimates



Annex

Additional materials – USD millions except per share figures

Bear Case Discounted Cash Flow Analysis – Part 2

Working Capital Schedule															
Net Sales	\$11,066	\$14,627	\$20,706	\$21,749	\$23,494	\$26,747	\$28,717	\$30,565	\$32,131	\$33,248	\$33,839	\$33,448	\$32,557	\$31,094	\$29,207
COGS	\$8,739	\$11,526	\$16,440	\$17,327	\$17,832	\$21,009	\$22,389	\$23,778	\$24,894	\$25,614	\$26,145	\$25,758	\$25,009	\$23,824	\$22,328
Current Assets	\$13,436	\$20,800	\$22,280	\$22,192	\$23,500	\$25,685	\$27,864	\$29,504	\$30,775	\$31,638	\$32,305	\$31,880	\$31,056	\$29,648	\$27,854
% Sales	121.41%	142.20%	107.60%	102.04%	100.03%	96.03%	97.03%	96.53%	95.78%	95.15%	95.47%	95.31%	95.39%	95.35%	95.37%
Current Liabilities	\$2,401	\$3,065	\$2,707	\$2,617	\$1,856	\$2,665	\$3,815	\$3,592	\$3,691	\$3,783	\$4,085	\$4,179	\$4,016	\$3,872	\$3,694
% Sales	21.70%	20.95%	13.07%	12.03%	7.90%	9.97%	13.28%	11.75%	11.49%	11.38%	12.07%	12.49%	12.34%	12.45%	12.65%
Working Capital	\$11,035	\$17,735	\$19,572	\$19,575	\$21,644	\$23,020	\$24,049	\$25,912	\$27,085	\$27,855	\$28,219	\$27,701	\$27,039	\$25,776	\$24,161
Change in WC		\$6,700	\$1,837	\$3	\$2,069	\$1,376	\$1,029	\$1,863	\$1,172	\$770	\$365	-\$519	-\$661	-\$1,263	-\$1,615



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Additional materials – USD millions except per share figures

Bear Case Discounted Cash Flow Analysis – Part 3

DCF Calculation											
EV Calculation											
NOPAT		\$2,421	\$2,748	\$2,957	\$3,231	\$3,474	\$3,502	\$3,556	\$3,532	\$3,443	\$3,295
Add: Depreciation		\$126	\$140	\$162	\$180	\$198	\$212	\$221	\$226	\$226	\$222
Subtract: Change in NWC		\$1,376	\$1,029	\$1,863	\$1,172	\$770	\$365	-\$519	-\$661	-\$1,263	-\$1,615
Subtract: CAPEX		\$122	\$114	\$93	\$81	\$81	\$78	\$62	\$47	\$34	\$24
Unlevered FCF		\$1,049	\$1,745	\$1,162	\$2,158	\$2,820	\$3,271	\$4,234	\$4,373	\$4,898	\$5,108
EBITDA		\$3,237	\$3,694	\$4,017	\$4,348	\$4,684	\$4,724	\$4,787	\$4,755	\$4,634	\$4,431
Discount Factor		0.92	0.86	0.79	0.73	0.68	0.63	0.58	0.54	0.50	0.46
PV of FCF		\$971	\$1,493	\$919	\$1,579	\$1,909	\$2,047	\$2,450	\$2,341	\$2,425	\$2,339
Sum of PV of FCF		\$18,472									
	Perpetual Growth (30%)										
Terminal Value	\$42,623										
Enterprise Value	\$61,094										
Add Cash and Cash Equivalents	\$877										
Subtract Total Debt	\$6,990										
Equity Value	\$54,981										
		Exit Multiple (70%)									
Shares Outstanding	312.3	\$20,148									
Fair Value/Share	\$176.04	\$38,619									
Current Share Price	\$108.76	\$877									
Upside/(Downside)	61.86%	\$6,990									
		\$32,505									
									Conclusion		
Shares Outstanding	312.3								Target Price		\$125.67
Fair Value/Share	\$176.04								Current Share Price		\$108.76
Current Share Price	\$108.76								Upside/(Downside)		15.55%
Upside/(Downside)	61.86%										

Sources: Capital IQ, TFS Investment Group estimates



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Additional materials – USD millions except per share figures

Bear Case Discounted Cash Flow Analysis – Sensitivity Analyses

Terminal Growth	WACC						
	5.12%	6.12%	7.12%	8.12%	9.12%	10.12%	11.12%
\$143.05							
2.00%	\$223.16	\$186.96	\$160.91	\$140.55	\$123.86	\$109.77	\$97.64
2.25%	\$229.33	\$190.14	\$162.78	\$141.75	\$124.67	\$110.34	\$98.06
2.50%	\$236.69	\$193.77	\$164.86	\$143.05	\$125.54	\$110.95	\$98.50
2.75%	\$245.59	\$197.94	\$167.17	\$144.47	\$126.48	\$111.60	\$98.97
3.00%	\$256.59	\$202.77	\$169.77	\$146.04	\$127.50	\$112.30	\$99.46



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Comparable Analysis

Company Name	Market Cap	TEV / EBITDA	P/Diluted EPS Before Extra
D.R. HORTON, INC. (XNYS:DHI)	\$33,878,026,352	7.74	7.83
PULTEGROUP, INC. (XNYS:PHM)	\$13,612,049,535	6.59	7.01
NVR, Inc. (XNYS:NVR)	\$18,717,340,000	11.19	15.90
TOLL BROTHERS, INC. (XNYS:TOL)	\$7,233,534,880	11.83	14.27
TAYLOR MORRISON HOME CORPORATION (XNYS:TMHC)	\$3,432,921,340	9.14	6.97
MERITAGE HOMES CORPORATION (XNYS:MTH)	\$4,141,907,537	5.82	6.25
KB HOME (XNYS:KBH)	\$3,839,602,977	8.41	6.95
M.D.C. HOLDINGS, INC. (XNYS:MDC)	\$3,531,718,702	6.70	6.11
TRI POINTE HOMES, INC. (XNYS:TPH)	\$2,646,739,118	6.39	5.98
CENTURY COMMUNITIES, INC. (XNYS:CCS)	\$2,254,217,963	6.15	5.00
LENNAR CORPORATION (XNYS:LEN)	\$33,223	7.87	9.95
High		11.8x	15.9x
Low		5.8x	5.0x
Mean		8.0x	8.2x
Median		7.2x	7.0x



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Additional materials – USD millions except per share figures

Relative Valuation

	LTM Total Revenue	LTM EPS
	\$23,494	\$8.89
	LTM TEV/EBITDA	LTM P/EPS
High	11.83	15.90
Low	5.82	5.00
Mean	8.00	8.23
Median	7.22	6.96
Implied Enterprise Value		
High	\$277,827	
Low	\$136,678	
Mean	\$187,833	
Median	\$169,592	
Add Total Cash & ST Investments	\$2,607	
Subtract Total Debt	\$6,990	
Subtract Minority Interest	\$0	
Implied Equity Value		
High	\$273,444	
Low	\$132,295	
Mean	\$183,450	
Median	\$165,208	
/ Shares Outstanding	528	
Implied Share Price		
High	\$517.89	\$141.39
Low	\$250.56	\$44.50
Mean	\$347.44	\$73.17
Median	\$312.89	\$61.90
Weights		
	30%	70%
Blended Share Price		
High	\$254.34	
Low	\$106.32	
Mean	\$155.45	
Median	\$137.20	



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Additional materials – USD millions except per share figures

Analyst Targets

Analyst Target Share Price

Max	\$160.00
Min	\$98.00
Mean	\$117.57
Median	\$111.00



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Additional materials – USD millions except per share figures

Valuation Summary

Method	Price	Weight
DCF	\$136.10	70%
High	\$143.05	60%
Low	\$125.67	40%
RV	\$165.53	20%
High	\$254.34	40%
Low	\$106.32	60%
Analysts	\$135.20	10%
High	\$160.00	60%
Low	\$98.00	40%
Total	\$141.89	
Method	Price	Weight
DCF	\$136.10	60%
RV	\$165.53	20%
Analysts	\$135.20	20%
Target	\$141.89	
Current Share Price	\$108.76	
Target Share Price	\$141.89	
Implied Upside:	30.46%	