

D·R·HORTON®
America's Builder



Raymond James
38th Annual Institutional
Investors Conference
March 7, 2017

Forward-Looking Statements



This presentation may include “forward-looking statements” as defined by the Private Securities Litigation Reform Act of 1995. Although D.R. Horton believes any such statements are based on reasonable assumptions, there is no assurance that actual outcomes will not be materially different. Factors that may cause the actual results to be materially different from the future results expressed by the forward-looking statements include, but are not limited to: the cyclical nature of the homebuilding industry and changes in economic, real estate and other conditions; constriction of the credit markets, which could limit our ability to access capital and increase our costs of capital; reductions in the availability of mortgage financing provided by government agencies, changes in government financing programs, a decrease in our ability to sell mortgage loans on attractive terms or an increase in mortgage interest rates; the risks associated with our land and lot inventory; home warranty and construction defect claims; the effects of a health and safety incident; the effects of negative publicity; supply shortages and other risks of acquiring land, building materials and skilled labor; the impact of an inflationary, deflationary or higher interest rate environment; reductions in the availability of performance bonds; increases in the costs of owning a home; the effects of governmental regulations and environmental matters on our homebuilding operations; the effects of governmental regulations on our financial services operations; our significant debt and our ability to comply with related debt covenants, restrictions and limitations; competitive conditions within the homebuilding and financial services industries; our ability to effect our growth strategies, acquisitions or investments successfully; the effects of the loss of key personnel; and information technology failures and data security breaches. Additional information about issues that could lead to material changes in performance is contained in D.R. Horton’s annual report on Form 10-K and our most recent quarterly report on Form 10-Q, both of which are filed with the Securities and Exchange Commission.

D.R. Horton, Inc.



- Traded on NYSE as DHI
- #1 builder for 15 years in a row¹
- Annual revenues of \$12.6 billion²
- 41,652 in annual homes closed²
- Annual pre-tax income of \$1.4 billion²
- Total assets of \$11.7 billion³
- Shareholders' equity of \$7.0 billion³
- Book value per share of \$18.70³

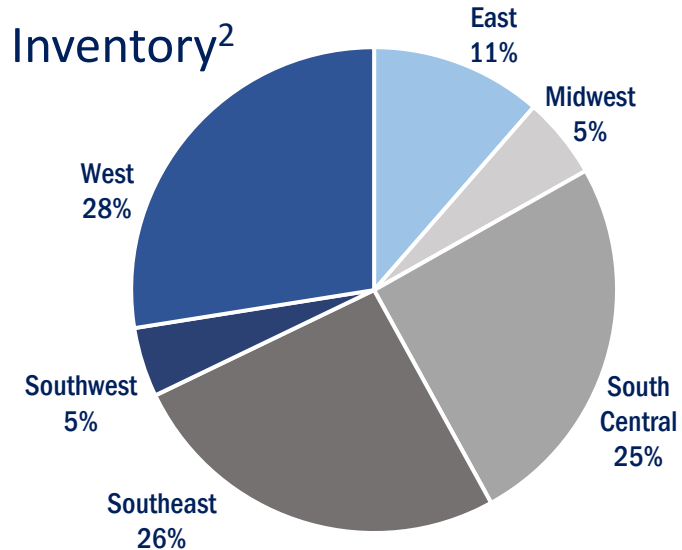
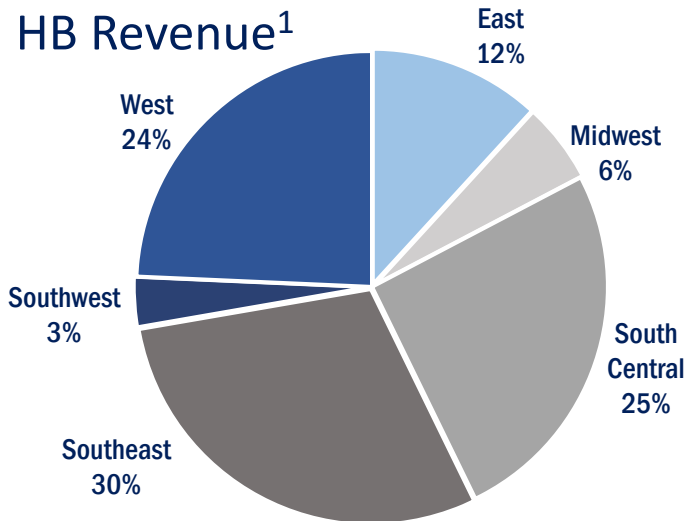


¹By closings volume for fiscal years 2002 to 2016

²Twelve months ended December 31, 2016

³As of December 31, 2016

Broad National Footprint



¹Twelve months ended December 31, 2016

²As of December 31, 2016

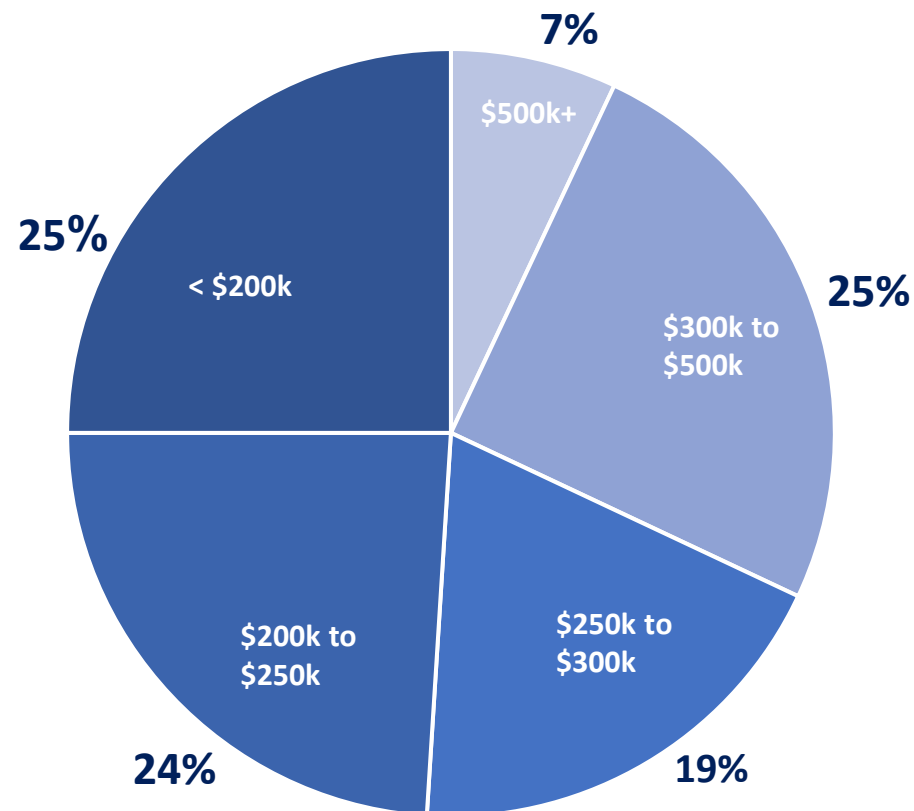
78 Markets | 26 States



Region	States
East	Delaware, Maryland, New Jersey, North Carolina, Pennsylvania, South Carolina, Virginia
Midwest	Colorado, Illinois, Minnesota
Southeast	Alabama, Florida, Georgia, Mississippi, Tennessee
South Central	Louisiana, Oklahoma, Texas
Southwest	Arizona, New Mexico
West	California, Hawaii, Nevada, Oregon, Utah, Washington

Diverse Product Offerings

Homes for entry-level, move-up, active adult and luxury buyers



Represents homes closed for the trailing twelve months ended 12/31/16

Family of Brands



- The heart of our business
- Offered across all 78 markets and 26 states we operate in
- 68% of homes closed and 71% of home sales revenue
- Average selling price of \$310,000



- Introduced in 2013, focused on the higher-end move up and luxury buyer
- Currently in 43 markets and 18 states
- 4% of homes closed and 9% of home sales revenue
- Average selling price of \$638,000



- Introduced in 2014, targeted at the true entry-level buyer
- Currently in 53 markets and 17 states
- 28% of homes closed and 20% of home sales revenue
- Average selling price of \$215,000



- Introduced in July 2016 as carefree affordable living for active adults
- Currently in 8 markets and 7 states
- Low-maintenance lifestyle
- Expect to have available in approximately 1/3 of our 78 markets by end of FY 2017

Based on Q1 FY 2017 results

Management Tenure & Experience



Average employee tenure:

- Executive Team and Region Presidents – over 20 years
- Division Presidents and City Managers – over 13 years

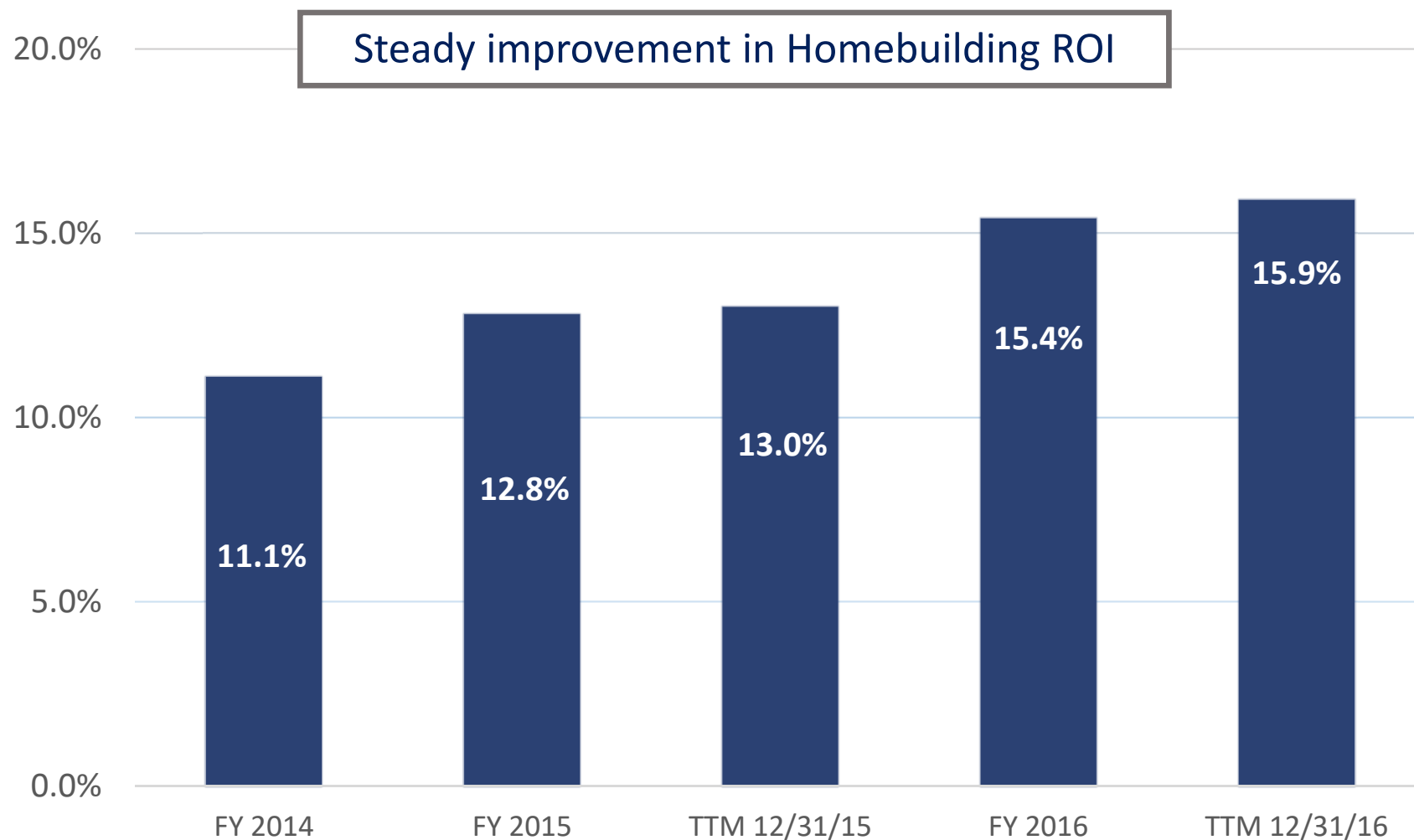


Operational Focus



- Land ownership level sufficient to support double-digit annual growth in both revenues and profits
- Consistently optimize balance of sales absorptions and gross margins to maximize returns in each community
- Manage land and home inventory levels efficiently to generate consistent positive cash flow from operations
- Underwriting criteria for land and lot purchases and operational expectations for each community:
 - Minimum 20% annual net return on inventory investment (ROI) for all brands
 - Initial cash investment returned within 24 months or less
- Control SG&A costs while ensuring our infrastructure supports growth

Emphasis on Return on Inventory (ROI)

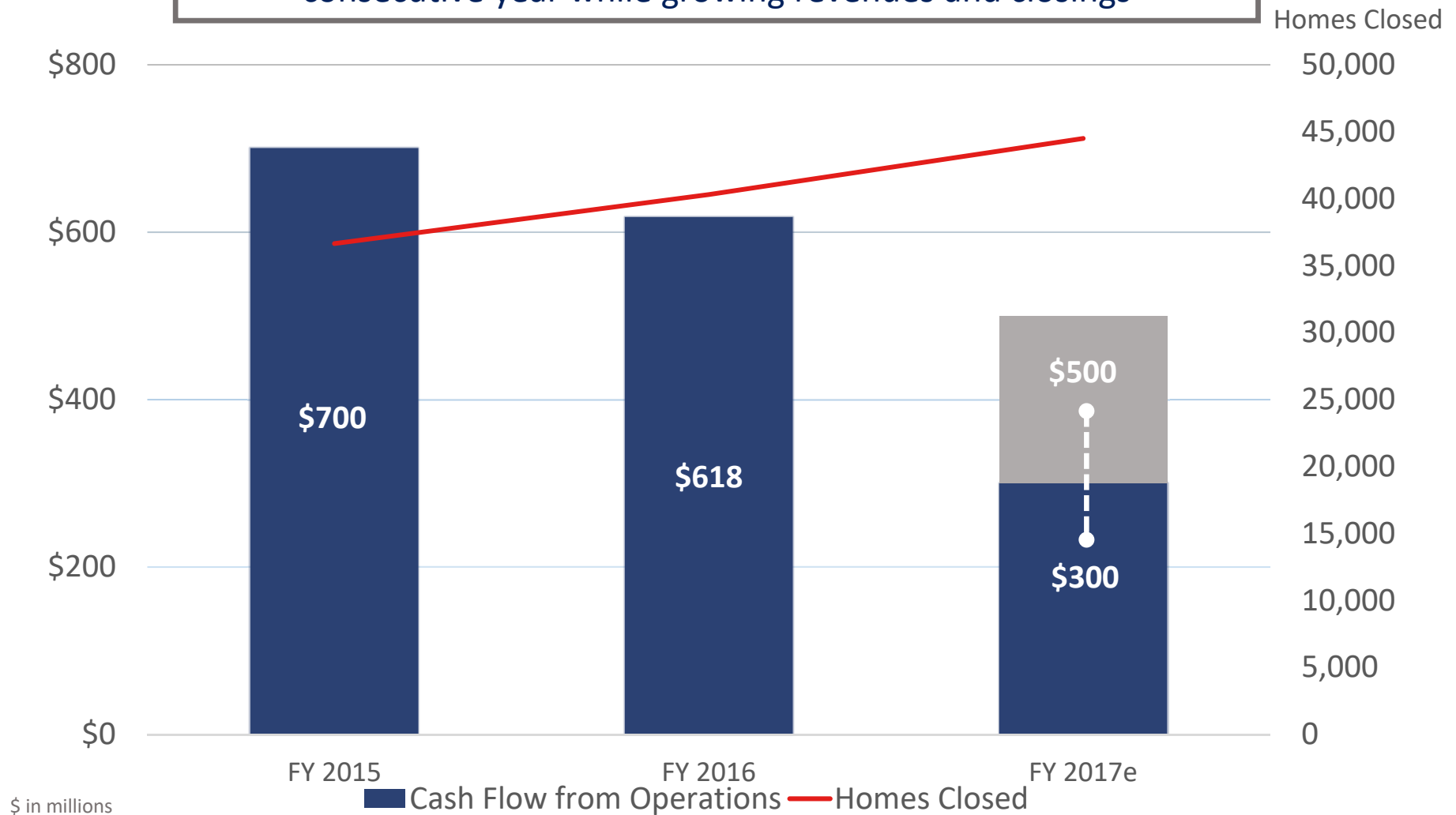


Homebuilding ROI is calculated as homebuilding pre-tax income for the year divided by average inventory.
Average inventory in the ROI calculation is the sum of ending inventory balances for the trailing five quarters divided by five.

Cash Flow from Operations



Expect to generate positive cash flow from operations for a third consecutive year while growing revenues and closings



Cash Flow Priorities

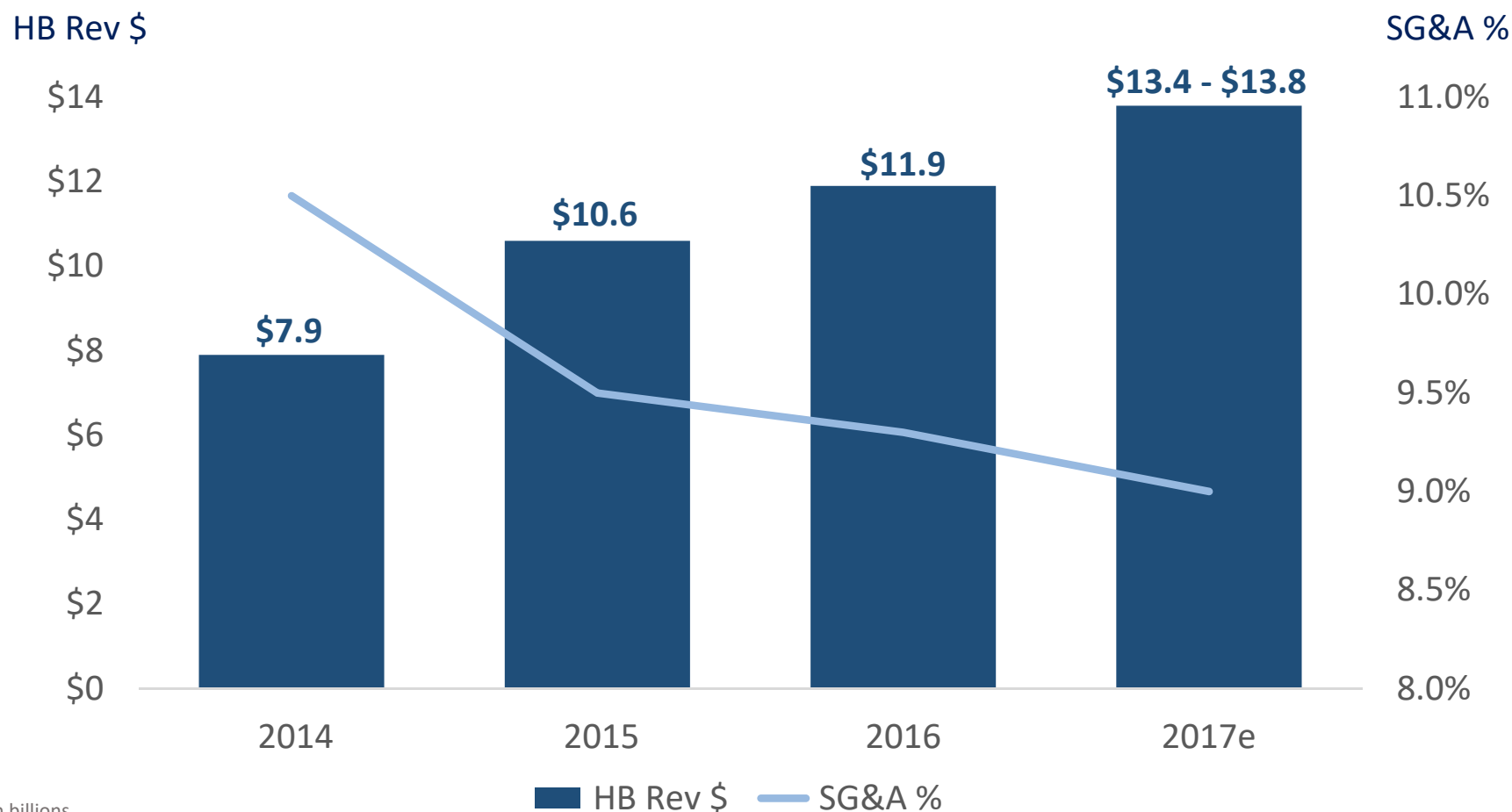


- Be opportunistic while remaining disciplined
- Invest in homebuilding business where opportunities to generate acceptable returns exist
- Business acquisitions to further consolidate market share
- Pay off debt at maturity
 - Paid \$543 million of senior notes at maturity during FY 2016
 - Expect to repay \$350 million of senior notes due in May 2017 with existing cash
- Consistent dividends to shareholders
 - Approximately \$150 million annually

Homebuilding SG&A



Expect SG&A as a percentage of homebuilding revenues to improve approximately 30 basis points in FY 2017 to around 9.0%



\$ in billions
SG&A shown as a % of homebuilding revenues

FY 2017 Expectations*



Fiscal Year:

- Consolidated pre-tax profit margin of 11.2% to 11.5%
- Consolidated revenues between \$13.4 billion and \$13.8 billion
- Homes closed between 43,500 homes and 45,500 homes
- Home sales gross margin around 20%, with potential quarterly fluctuations from 19% to 21%
- Homebuilding SG&A expense of approximately 9.0% of homebuilding revenues
- Financial Services operating margin around 30%
- Income tax rate of approximately 35.0%
- Diluted share count of approximately 380 million shares
- Cash flow from operations in the range of \$300 to \$500 million

Second Quarter:

- Backlog conversion rate in the range of 88% to 92%
- Home sales gross margin around 20%
- Homebuilding SG&A expense in the range of 9.3% to 9.5% of homebuilding revenues

*Based on housing market conditions as noted on the Company's conference call on 1/24/17

Q1 FY 2017 Highlights



- Consolidated pre-tax income increased 32% to \$318.1 million
- Consolidated pre-tax income margin improved 100 basis points to 11.0%
- Net income increased 31% to \$206.9 million
- The value of net homes sold, homes closed and homes in backlog increased by 17%, 20% and 7%, respectively
- 9,241 net homes sold and 9,404 homes closed
- 11,312 homes in backlog at 12/31/16

Comparisons to Q1 FY 2016

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Balance Sheet

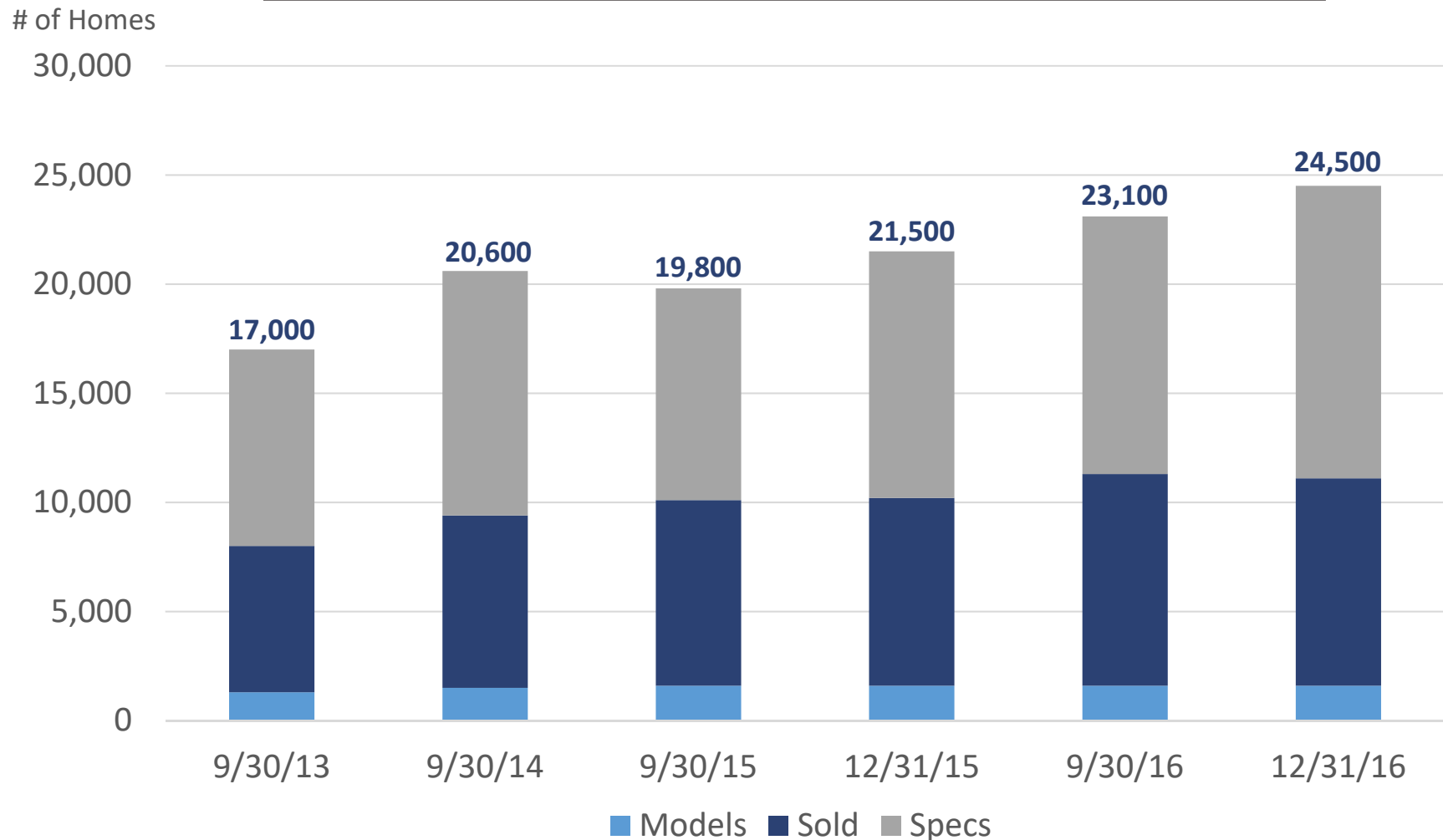


	12/31/16	9/30/16	9/30/15
Cash and cash equivalents - HB	\$ 1,115.5	\$ 1,271.8	\$ 1,354.8
Restricted cash	8.8	9.5	9.7
Inventories	8,742.4	8,340.9	7,807.0
Deferred income taxes, net	467.8	476.3	558.1
Other assets	1,377.6	1,460.4	1,421.4
Total assets	<u>\$ 11,712.1</u>	<u>\$ 11,558.9</u>	<u>\$ 11,151.0</u>
Notes payable - HB	\$ 2,798.6	\$ 2,798.3	\$ 3,333.6
Other liabilities	1,931.7	1,967.6	1,922.0
Stockholders' equity	6,981.3	6,792.5	5,894.3
Total equity	6,981.8	6,793.0	5,895.4
Total liabilities and equity	<u>\$ 11,712.1</u>	<u>\$ 11,558.9</u>	<u>\$ 11,151.0</u>
Homebuilding debt to total capital	<u>28.6%</u>	<u>29.2%</u>	<u>36.1%</u>
Common shares outstanding	373.34	372.92	368.65
Book value per common share	<u>\$18.70</u>	<u>\$18.21</u>	<u>\$15.99</u>

In millions, excluding per share metrics
HB = homebuilding

Homes in Inventory

Strong position for upcoming spring selling season



Land and Lot Position



Optioned lot position increased 70% from 9/30/15

