

Toll Brothers
AMERICA'S LUXURY HOME BUILDER™

COMPANY OVERVIEW

April 30, 2023



TOLL BROTHERS AT BELLA COLLINA | ORLANDO, FL

STATEMENT OF FORWARD-LOOKING INFORMATION

Information presented herein for the second quarter ended April 30, 2023 is subject to finalization of the Company's regulatory filings, related financial and accounting reporting procedures and external auditor procedures.

This release contains or may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. One can identify these statements by the fact that they do not relate to matters of a strictly historical or factual nature and generally discuss or relate to future events. These statements contain words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "may," "can," "could," "might," "should," "likely," "will," and other words or phrases of similar meaning. Such statements may include, but are not limited to, information and statements regarding: expectations regarding inflation and interest rates; the markets in which we operate or may operate; our strategic priorities; our land acquisition, land development and capital allocation priorities; market conditions; demand for our homes; anticipated operating results and guidance; home deliveries; financial resources and condition; changes in revenues; changes in profitability; changes in margins; changes in accounting treatment; cost of revenues, including expected labor and material costs; selling, general, and administrative expenses; interest expense; inventory write-downs; home warranty and construction defect claims; unrecognized tax benefits; anticipated tax refunds; sales paces and prices; effects of home buyer cancellations; growth and expansion; joint ventures in which we are involved; anticipated results from our investments in unconsolidated entities; our ability to acquire or dispose of land and pursue real estate opportunities; our ability to gain approvals and open new communities; our ability to market, construct and sell homes and properties; our ability to deliver homes from backlog; our ability to secure materials and subcontractors; our ability to produce the liquidity and capital necessary to conduct normal business operations or to expand and take advantage of opportunities; and the outcome of legal proceedings, investigations, and claims.

Any or all of the forward-looking statements included in this release are not guarantees of future performance and may turn out to be inaccurate. This can occur as a result of incorrect assumptions or as a consequence of known or unknown risks and uncertainties. The major risks and uncertainties – and assumptions that are made – that affect our business and may cause actual results to differ from these forward-looking statements include, but are not limited to:

- the effect of general economic conditions, including employment rates, housing starts, interest rate levels, availability of financing for home mortgages and strength of the U.S. dollar;
- market demand for our products, which is related to the strength of the various U.S. business segments and U.S. and international economic conditions;
- the availability of desirable and reasonably priced land and our ability to control, purchase, hold and develop such land;
- access to adequate capital on acceptable terms;
- geographic concentration of our operations;
- levels of competition;
- the price and availability of lumber, other raw materials, home components and labor;
- the effect of U.S. trade policies, including the imposition of tariffs and duties on home building products and retaliatory measures taken by other countries;
- the effects of weather and the risk of loss from earthquakes, volcanoes, fires, floods, droughts, windstorms, hurricanes, pest infestations and other natural disasters, and the risk of delays, reduced consumer demand, and shortages and price increases in labor or materials associated with such natural disasters;
- risks related to acts of war, terrorism or outbreaks of contagious diseases, such as Covid-19;
- federal and state tax policies;
- transportation costs;
- the effect of land use, environment and other governmental laws and regulations;
- legal proceedings or disputes and the adequacy of

reserves;

- risks relating to any unforeseen changes to or effects on liabilities, future capital expenditures, revenues, expenses, earnings, indebtedness, financial condition, losses and future prospects;
- changes in accounting principles;
- risks related to unauthorized access to our computer systems, theft of our and our homebuyers' confidential information or other forms of cyber-attack; and
- other factors described in "Risk Factors" included in our Annual Report on Form 10-K for the year ended October 31, 2022 and in subsequent filings we make with the Securities and Exchange Commission ("SEC").

Many of the factors mentioned above or in other reports or public statements made by us will be important in determining our future performance. Consequently, actual results may differ materially from those that might be anticipated from our forward-looking statements.

Forward-looking statements speak only as of the date they are made. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.

For a further discussion of factors that we believe could cause actual results to differ materially from expected and historical results, see the information under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent Annual Report on Form 10-K filed with the SEC and in subsequent reports filed with the SEC. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995, and all of our forward-looking statements are expressly qualified in their entirety by the cautionary statements contained or referenced in this section.

FINANCE AND INVESTOR RELATIONS LEADERSHIP

Martin Connor
Chief Financial Officer
mconnor@tollbrothers.com

Frederick Cooper
SVP, Finance, International Development & Investor Relations
fcooper@tollbrothers.com

Gregg Ziegler
SVP, Treasurer
gziegler@tollbrothers.com

Drew Petri
Sr. Finance Associate
dpetri@tollbrothers.com

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TOLL BROTHERS IS AMERICA'S LUXURY HOME BUILDER

LEGACY & LEADERSHIP

- Founded in 1967, NYSE-listed (TOL) in 1986
- 5th Largest U.S. homebuilder by revenues
- A Fortune 500 builder in 24 states & 60+ markets – 11 new markets since 2019
- Greatest product diversification in the industry
- Leadership in Luxury market, growing Affordable Luxury business, strong presence in Active Adult market, Urban/Suburban communities
- Rental & Urban Condo product lines
- Industry-leading reputation and brand
- For the 8th time, named #1 World's Most Admired Homebuilder in Fortune magazine's 2023 survey

SOPHISTICATED LAND STRATEGY FOCUSED ON CAPITAL EFFICIENCY & RETURN ON EQUITY

- Expanding Geographies, Product Lines & Price Points
- Disciplined capital-efficient land acquisition strategy
- Focused on quicker inventory turns & lower upfront land costs
- Optimization of home designs & personalization process
- Stock buybacks & dividend payments

FINANCIAL & MANAGEMENT STRENGTH

- Solid balance sheet with ~\$2.6BN of liquidity
- Strong credit ratings: Fitch (BBB- Positive), Moody's (Baa3 Stable), Standard & Poor's (BB+ Positive)
- New \$1.905 bank credit facility maturing in February 2028*
- 5,200 Employees; Average Senior Management tenure of 17 years
- Commitment to Diversity & Inclusion

Note: Data as of April 30, 2023

*Substantially maturing in February 2028

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Toll Brothers
AMERICA'S LUXURY HOME BUILDER™

TOLL BROTHERS DIFFERENTIATORS

The Dominant Player With Few Competitors In The Luxury Home Market

- Nationally-recognized, award-winning brand
- Our build-to-order model meets the needs of buyers who have the desire & means to personalize their homes
- Luxury communities in desirable locations in both high-growth & high barrier-to-entry markets
- Growing affordable luxury business – 47% of unit deliveries in Q2 2023
- Increasing spec homes production as some buyers want certainty of move-in date
- Land Position – control approx. 71,300 lots (36,300 owned / 35,000 optioned), most acquired at pre-COVID pricing, supporting strong community count growth in FY 2023
- Proven management team with established track record & economic interests aligned with shareholders
- 33 Design Studio locations nationally for home personalization

Focused On Growing The Business While Increasing Gross Margin, Reducing SG&A & Increasing Return On Equity

- Structuring land acquisitions more efficiently by using more third-party land-banking, joint venture & option arrangements
- Focused on optimizing product offerings & tighter cost controls
- Increased focus on Affordable Luxury should improve inventory turns, reduce building costs, & improve return on equity

Current Market Conditions

- Demand has improved markedly since January 2023 after nine months of affordability challenges from rapid rise in interest rates & home prices had sidelined many potential buyers through much of calendar year 2022
- Pent-up demand – estimated underproduction shortfall of 5.24 million homes: 2012 – June 2021 (Realtor.com)
- Limited resale supply driving buyers to new home market. Average age of homes in U.S. is approx. 40 years
- Limited resales on the market give our buyers confidence they can sell their current home
- Our buyers benefit from appreciation in their existing home
- Key Demographics – Millennials entering home-buying years; Baby Boomers making their next home move
- Remote work – adoption of work-from-home accelerated due to pandemic
- Migration – homebuyers can now choose where they want to live

Combination Of Strong Liquidity & Substantial Expected Operating Cash Flow Provide Financial Flexibility

- We can invest in growth, return capital to shareholders & reduce debt
- ~\$2.6BN of available liquidity
- Net debt-to-capital ratio of 23.5%

TOLL BROTHERS Q2 RESULTS

\$ in MM, exc. Avg Prices	3 Months Ended April 30,			Fiscal Year Ended October 31,		
	2023	2022	% Change	2022	2021	% Change
Contracts						
Units	2,333	2,874	(19%)	8,255	12,472	(34%)
Dollars	\$2,275	\$3,090	(26%)	\$9,067	\$11,540	(21%)
Backlog						
Units	7,574	11,768	(36%)	8,098	10,302	(21%)
Dollars	\$8,376	\$11,706	(28%)	\$8,874	\$9,499	(7%)
Deliveries						
Units	2,429	2,407	4%	10,515	9,986	5%
Dollars	\$2,484	\$2,187	14%	\$9,712	\$8,431	15%
Earnings Per Share	\$2.85	\$1.85	54%	\$10.90	\$6.63	65%
Net Income	\$320,216	\$220,593	45%	\$1,286,500	\$833,627	54%

KEY FINANCIAL METRICS

Full historical data from 1986, when Toll Brothers became a listed company on the NYSE, can be found using this link - https://investors.tollbrothers.com/~media/Files/T/TollBrothers-IR/documents/historical/toll-financial_historical-foldout-749700.pdf

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Q2 FY 2023
Revenue – Home Sales (000s)	\$5,169,508	\$5,815,058	\$7,143,258	\$7,080,379	\$6,937,357	\$8,431,746	\$9,711,170	\$2,490,098
Pre-tax Income (000s)	\$589,027	\$814,311	\$933,916	\$787,170	\$586,901	\$1,100,315	\$1,703,726	\$430,592
EBITDA (000s)	\$773,628	\$1,017,227	\$1,153,669	\$1,046,151	\$838,032	\$1,369,626	\$1,951,161	\$487,757
Net Income (000s)	\$382,095	\$535,495	\$748,151	\$590,007	\$446,624	\$833,627	\$1,286,606	\$320,216
Diluted EPS	\$2.18	\$3.17	\$4.85	\$4.03	\$3.40	\$6.63	\$10.90	\$2.85
Cash & Marketable Securities (000s)	\$633,715	\$712,829	\$1,182,195	\$1,286,014	\$1,370,944	\$1,638,494	\$1,346,754	\$761,945
Selling Community Count	310	305	315	333	317	340	348	350
Owned & Optioned Lots	48,837	48,311	53,422	59,230	63,182	81,155	76,049	71,295
Adjusted Gross Margin	25.1%	26.7%	25.7%	25.0%	23.5%	25.0%	27.5%	28.3%
Operating Margin	9.5%	11.1%	11.0%	9.4%	7.8%	11.6%	14.7%	17.0%
JV & Other Income (000s)	\$98,966	\$169,375	\$147,700	\$106,370	\$36,641	\$113,678	\$207,718	\$4,878
Return on Average Stockholders' Equity	9.1%	12.1%	16.4%	12.0%	9.4%	16.7%	23.4%	-

Note: Adjusted Gross Margin is defined as Gross Margin excluding interest & write-downs as a percentage of revenues
Please refer to Non-GAAP reconciliation

Q2 FY 2023 RESULTS

- Earnings per share up 54% vs Q2 FY 2022
- Settlements up 14% in dollars, & up 4% in units
- Contracts down 26% in dollars, & down 19% in units
- Backlog down 28% in dollars, & down 36% in units
- Expect 10% community count growth in FY 2023 to approx. 385
- Expect to deliver 8,900 – 9,500 homes in FY 2023
- Demand has improved markedly since January 2023 after nine months of affordability challenges from rapid rise in interest rates & home prices had sidelined many potential buyers through much of calendar year 2022





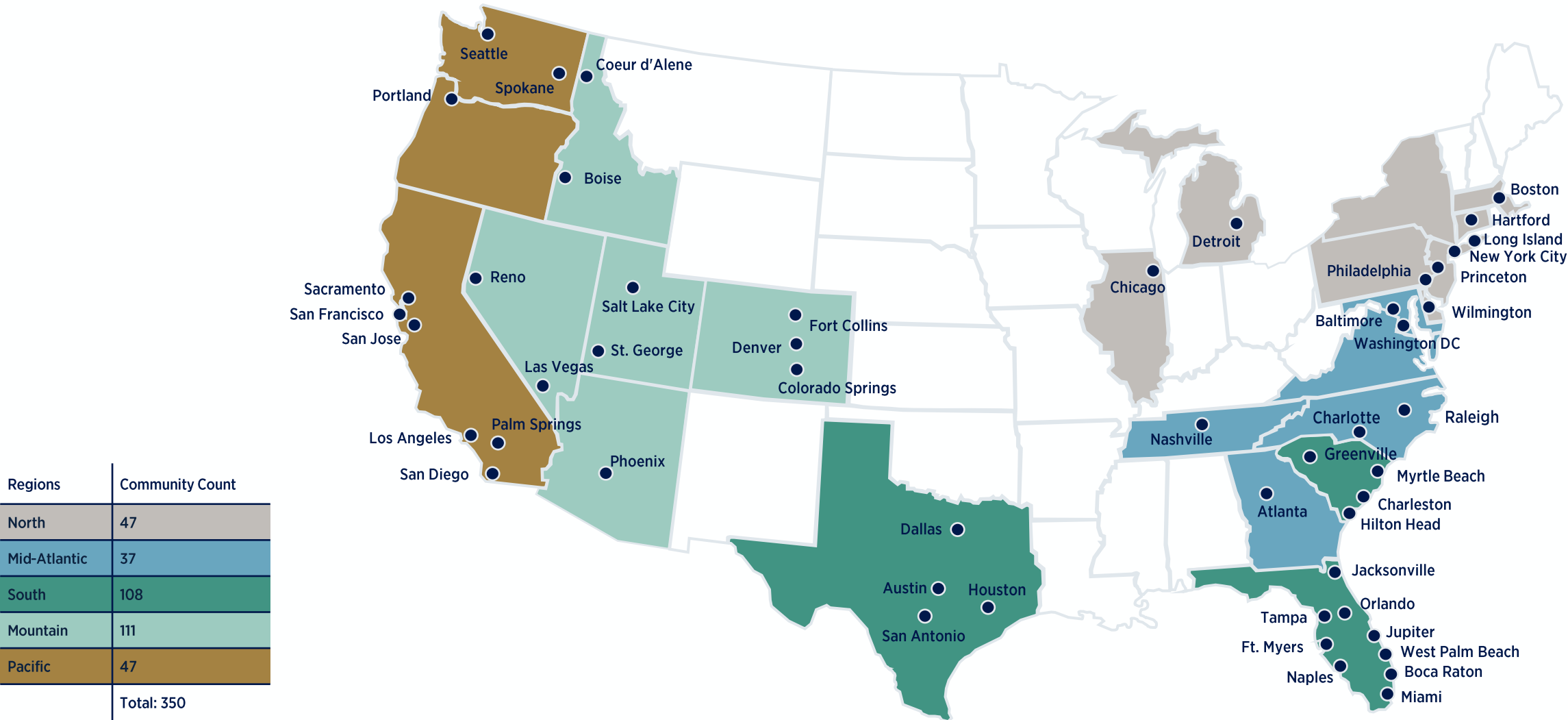
CINNAMON RIDGE | RENO, NV

FACTORS IMPACTING DEMAND

- Demand has improved markedly since January 2023 after nine months of affordability challenges from rapid rise in interest rates & home prices had sidelined many potential buyers through much of calendar year 2022
- Constrained supply of new & resale homes on the market
- Home price appreciation in existing homes for our buyers
- Exogenous factors such as global political turmoil
- Toll buyers have benefited from a decade of solid stock market / low unemployment
- Surge of Millennials purchasing first home
- Boomers making life-style changes
- Work-from-home phenomenon means buyers have more flexibility to live where they want, not where they work
- Nesting instinct drives desire for more square footage, more choice, more usable designs with home offices, multi-generational living & areas for study
- Lower unemployment rates among college graduates
- Relocation from high-density urban environment to suburbs & migrating across the U.S. to lower-cost high-growth markets
- Some affordability issues neutralized with migration from high priced coastal markets (CA & Northeast) to lower priced, more affordable markets (NV, AZ, ID, TX, FL, NC, GA)
- High demand in high-barrier-to-entry markets

NATIONAL FOOTPRINT POSITIONS TOLL BROTHERS FOR GROWTH

24 STATES
60+ MARKETS



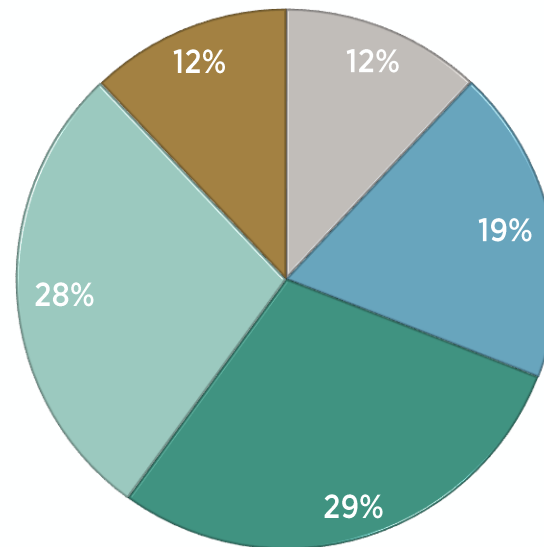
Note: Data as of April 30, 2023



ENCLAVE AT BOXBOROUGH |
WESTBOROUGH, MA

GEOGRAPHICALLY DIVERSIFIED PORTFOLIO

FYE 2022
LOTS CONTROLLED
(TOTAL = 79,049)

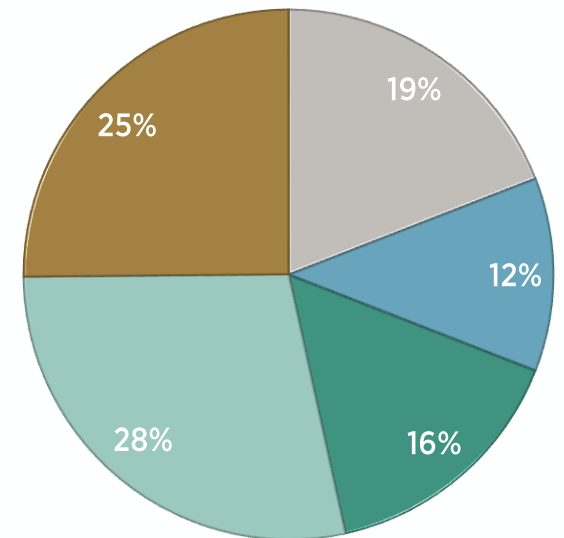


North
Mountain

Mid-Atlantic
Pacific

South

FYE 2022
REVENUE
(TOTAL = \$9.712BN)



HOME BUILDER ACQUISITIONS SPUR GROWTH

IN ADDITION TO STARTING MULTIPLE DE NOVO DIVISIONS, WE HAVE ACCELERATED OUR EXPANSION THROUGH ACQUISITIONS.

TOLL BROTHERS HAS MADE 15 HOME BUILDER ACQUISITIONS SINCE 1995		
Rialto Homes	San Antonio, Texas	2022
StoryBook Homes	Las Vegas, Nevada	2021
Keller Homes	Colorado Springs, Colorado	2020
Thrive Residential	Nashville, Tennessee & Atlanta, Georgia	2020
Sabal Homes	South Carolina	2019
Sharp Residential	Atlanta, Georgia	2019
Coleman Homes	Boise, Idaho	2016
Shapell Homes	Coastal Northern & Southern California	2014
Cam West Development LLC	Seattle, Washington	2011
Landstar Homes	Central Florida	2005
The Manhattan Building Company	Northern New Jersey, Urban High-Rise	2003
Richard R. Dostie	Jacksonville, Florida	2003
Silverman Homes	Metro Detroit, Michigan	1999
Coleman Homes	Las Vegas, Nevada	1998
Geoffrey H. Edmunds	Scottsdale, Arizona	1995



A LAND STRATEGY FOCUSED ON OPERATIONAL EFFICIENCY & RETURN ON EQUITY

LAND ACQUISITION

- Control 71,295 home sites
- Reduced land owned vs optioned; From 62/38% at FYE 2019 to 51/49% at Q2 FY 2023
- Use land banking, JVs, staged/structural takedowns & seller financing
- We operate in the most difficult land approval markets in U.S. – once you get it approved, it's gold!

LAND DEVELOPMENT

- One of U.S.'s largest land developers
- Skilled in land acquisition, approvals, & development across all markets
- In-house engineering company manages land planning and improvements

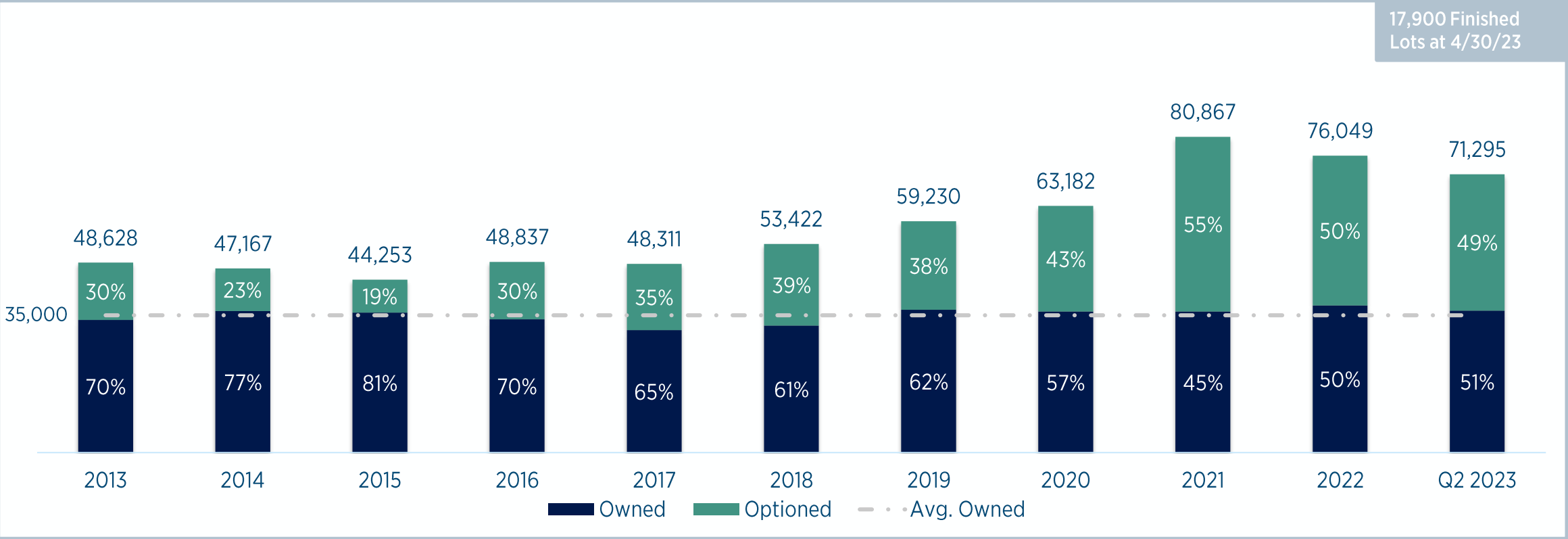
CAREFULLY MANAGED INVENTORY

- Focus on land in lot-constrained & high-growth markets
- All land deals approved at corporate headquarters by senior management based on strict, capital-efficient underwriting standards
- Most land bought post-approvals
- Current market conditions are making us more cautious land buyers in many markets

Note: Data as of April 30, 2023

SOLID LAND POSITIONS US FOR GROWTH

GROWING PERCENTAGE OF LOTS OPTIONED VS. OWNED (AT FYE)



STRONG BUYER PROFILE

Toll Brothers
MORTGAGE COMPANY

IN Q2 2023, 49% OF BUYERS CHOSE TOLL BROTHERS MORTGAGE COMPANY, IN-HOUSE LENDER EXCLUSIVE TO TOLL BROTHERS CUSTOMERS, OFFERING EXCEPTIONAL EXPERIENCE & OPERATIONAL BENEFITS IN MANAGING BACKLOG THROUGH CLOSING.

22%

Q2 FY 2023 Cash Buyers

764

Q2 FY 2023 Avg. FICO Score

70%

Q2 FY 2023 Avg. LTV

Toll Brothers Mortgage Company
Pre-Sells All Loans

		% of Total			
	Settlements	Incl. Cash	Excl. Cash	LTV	FICO
Conventional	1,410	57%	73%	65%	765
Jumbo	451	18%	23%	75%	780
FHA/VA	75	3%	4%	90%	730
Cash Buyer	556	23%	N/A	N/A	N/A
Q2 FY 2023 Total	2,492	100%	100%	70%	764

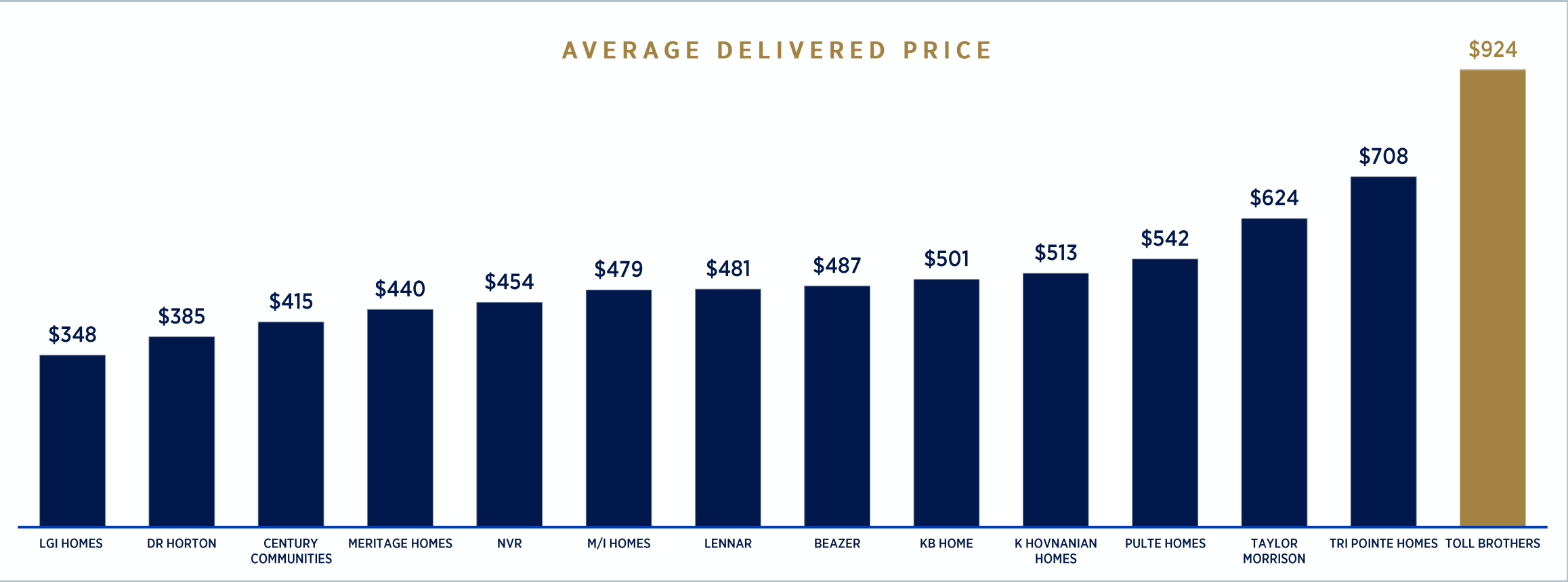
GREATEST PRODUCT DIVERSIFICATION IN THE INDUSTRY

- Entry-Level
- Affordable Luxury
- Luxury Move-Up
- Active Adult
- Urban Infill
- Urban Redevelopment
- Large-Scale Master Plans
- High-Rise Urban Condos
- Suburban High-Density
- Urban & Suburban Rental
- Student Housing Rental
- Single-Family Rental



LEADERSHIP IN THE LUXURY MARKET

TOLL BROTHERS IS THE ONLY NATIONAL HOMEBUILDER FOCUSED ON THE LUXURY MARKET.
OUR MAIN COMPETITORS ARE SMALL PRIVATE BUILDERS, NOT THE LARGER PUBLIC HOMEBUILDERS.





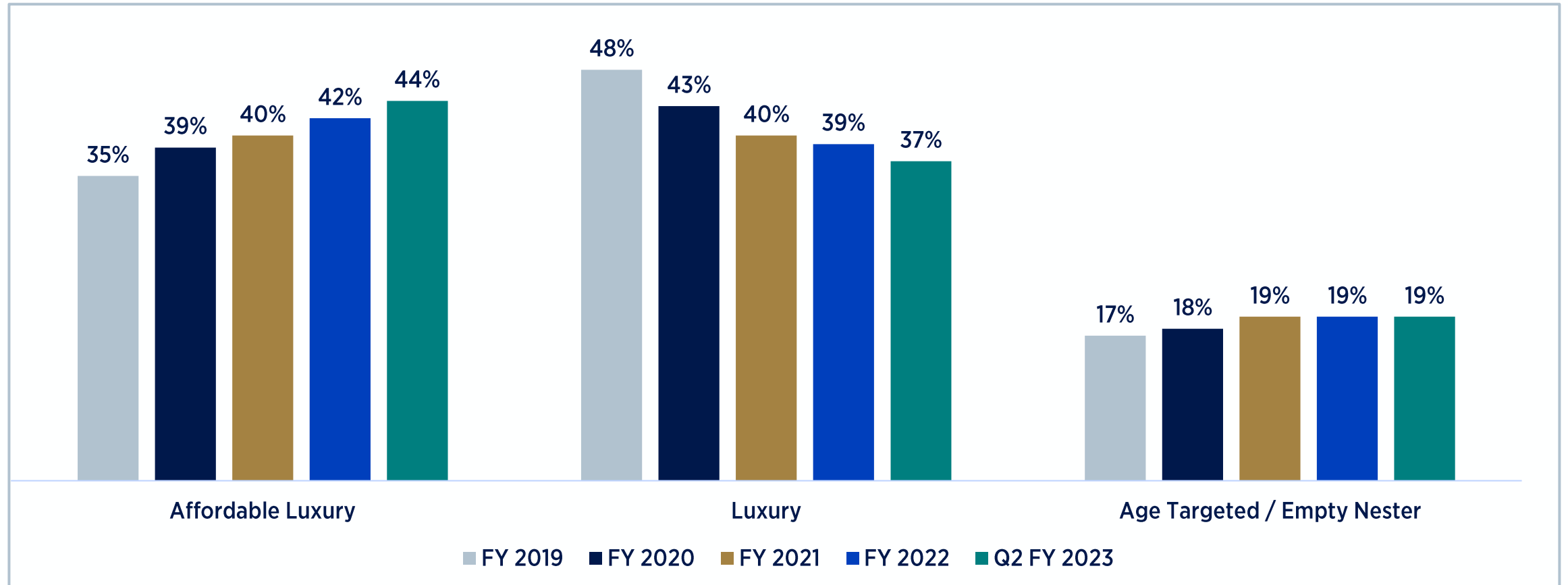






INCREASING FOCUS ON AFFORDABLE LUXURY

TOLL BROTHERS COMMUNITY COUNT BY BUYER SEGMENT











STRONG PRESENCE IN ACTIVE ADULT MARKET

- National Regency brand name in 55+ Active Adult/Empty Nester Market
- Established presence in 18 states & growing
- Control ~15,100 (6,900 owned / 8,200 optioned) lots for Active Adult/Empty Nester communities
- Baby Boomers making their next home move

REGENCY
BY TOLL BROTHERS

Note: Data as of April 30, 2023



REGENCY AT SUMMERLIN, CLUBHOUSE | LAS VEGAS, NV

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SUBURBAN HIGH-DENSITY



THE CARLISLE | LOUDOUN VALLEY | ASHBURN, VA



METRO CROSSING | FREEMONT, CA



APEX AT LAWRENCE STATION | SANTA CLARA, CA



BROWNSTONES AT EDGE ON HUDSON |
SLEEPY HOLLOW, NY

Toll Brothers
AMERICA'S LUXURY HOME BUILDER



ROCKWELL | NEW YORK, NY



121 EAST 22ND STREET | NEW YORK, NY



MAXWELL PLACE | HOBOKEN, NJ

TOLL BROTHERS CITY LIVING

SUCCESSFUL URBAN TRACK RECORD

- Formed in 2003 to leverage luxury brand in urban market
- Completed construction on 45 buildings totaling ~7,200 units

BRAND EXPERIENCE

- Currently selling communities in New York City and New Jersey's Gold Coast
- Land in Metro New York City
- Joint venturing with institutional-quality partners

DISTINCTIVE PRODUCT

- Focus on 50- to 200-unit buildings located in proven upscale neighborhoods
- Targeting \$1,700-\$2,200psf in NYC & \$800-\$1,200psf in Hoboken & New Jersey, NJ

CAPITAL EFFICIENT DEAL STRUCTURING

- Developing all new projects in joint venture
- Strategic joint venture partnership with Sculptor Capital Management to develop several Metro NYC high-rise condos

TOLL BROTHERS CITY LIVING: URBAN REDEVELOPMENT



TOLL BROTHERS CITY LIVING: URBAN MIXED USE



| HOTEL & PIERHOUSE AT BROOKLYN BRIDGE | BROOKLYN, NY

Toll Brothers
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HENRI | PHOENIX, AZ



1ST & L | WASHINGTON, DC



MIRRA | FRISCO, TX

TOLL BROTHERS APARTMENT LIVING / CAMPUS LIVING

COMPLEMENTS FOR-SALE BUSINESS

- Building on Toll Brothers brand name
- Income generated from operations, fees, gains on sale or refinancing
- Combine premier locations with luxury, for-sale finishes, services, & amenities in urban & suburban markets

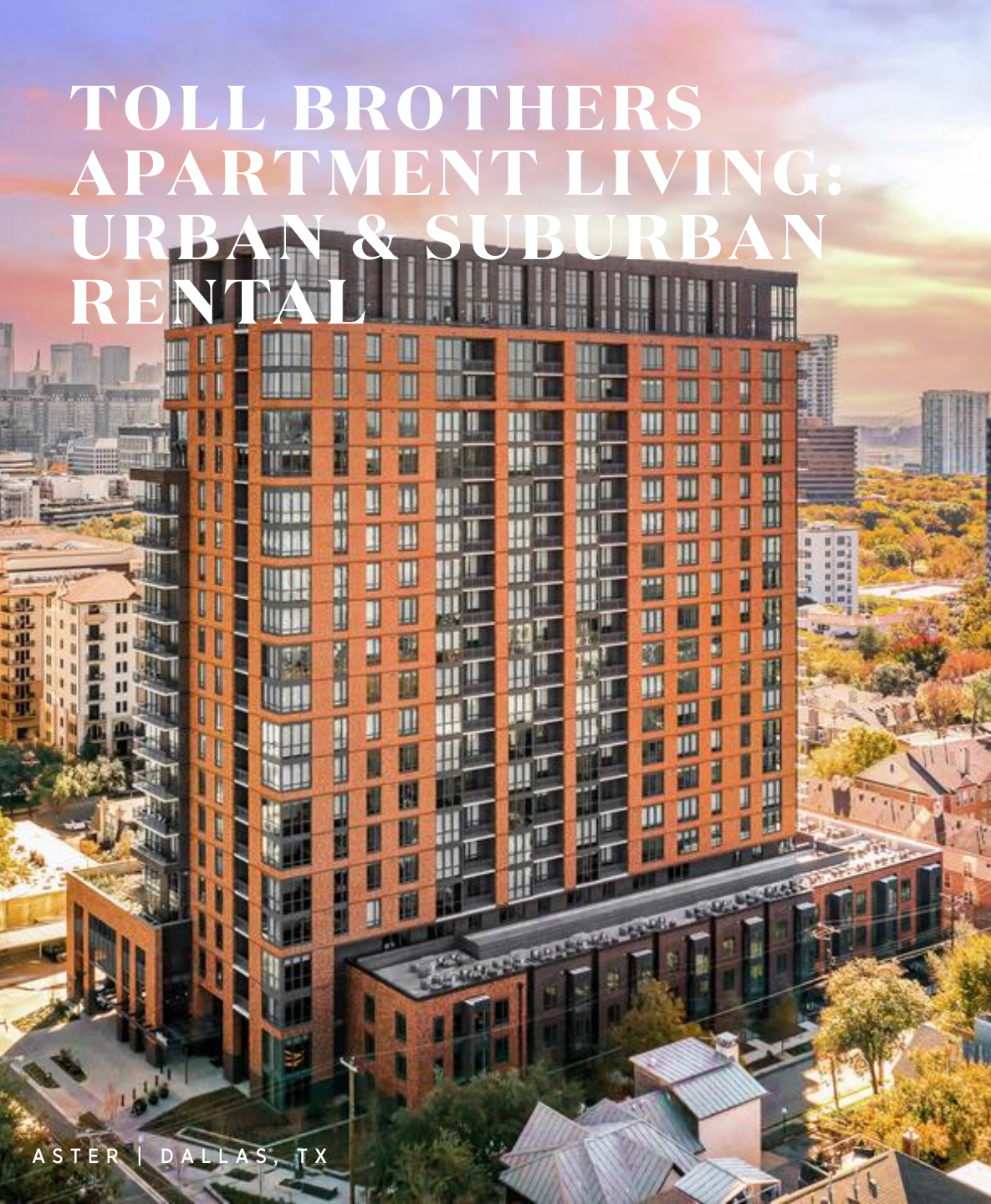
BROAD EXPERIENCE

- Named 6th largest Multifamily Developer*
- Completed & future pipeline of ~29,000 total units in 86 properties
- Toll Brothers Campus Living develops student housing communities

STRATEGIC GROWTH

- Focused in high-growth & high barrier-to-entry markets
- Control land for future apartment & student living units in Northeast/Mid-Atlantic, AZ, CA, CO, FL, GA, IN, NC, TN, & TX
- At Q2 FY 2023, total Toll investment ~\$602MM
- All projects developed in joint venture to improve ROE & reduce risk
- Strategic joint ventures with a variety of institutional-quality partners
- Undertaking / completed joint ventures with multiple repeat partners

TOLL BROTHERS APARTMENT LIVING: URBAN & SUBURBAN RENTAL



ASTER | DALLAS, TX

113 POTOMAC | WASHINGTON, D.C.



BROAD & NOBLE
PHILADELPHIA, PA



CANVAS | TEMPE, AZ



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AMERICA'S LUXURY HOME BUILDER

TOLL BROTHERS APARTMENT LIVING PIPELINE

29,090
TOTAL UNITS IN
86
PROPERTIES

STUDENT HOUSING

UMD - Terrapin Row, 418 Units

PSU - Yards at Old State, 268 Units

ASU - Canvas, 263 Units

FIU - Lapis, 293 Units

Georgia Tech, 239 Units

UCF - Aperture, 201 Units

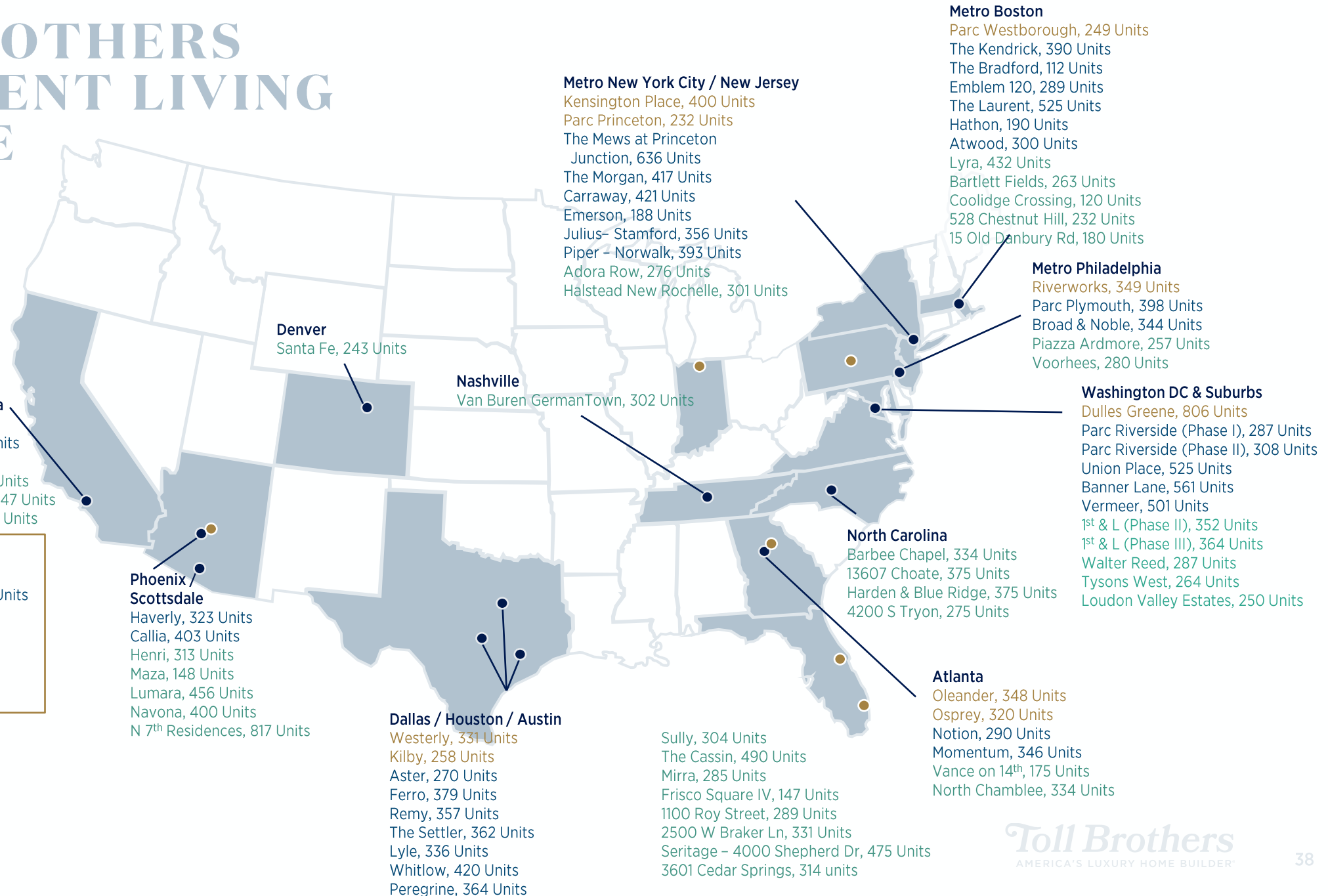
ND - The 87, 335 Units

Completed and Sold Projects

Current Projects
(under construction or stabilized)

Future Projects

Note: Data as of April 30, 2023





THE TOLL BROTHERS ADVANTAGE

UNRIVALED CHOICE

- Highly personalized & hands-on Design Studio experience guided by a professional design consultant
- Selections from premium products, state-of-the-art appliances, & luxury fixtures & finishes

PRESTIGIOUS LOCATIONS

- Toll Brothers builds communities in the heart of where people want to live
- Access to natural features, proximity to schools, commuter routes & entertainment

DISTINCTIVE ARCHITECTURE

- Extraordinary architectural elements & thoughtful design
- Extensive selection of architectural designs to suit any lifestyle & life stage

EXTRAORDINARY CUSTOMER EXPERIENCE

- Always met with the professionalism & thoughtful attention
- Toll Brothers focuses on delivering an experience beyond compare that exceeds expectations at every turn

SUMMIT AT WESTCLIFF
LOS ANGELES, CA

Toll Brothers
AMERICA'S LUXURY HOME BUILDER™



TOLL BROTHERS DESIGN STUDIO
DANBURY, CT

TOLL BROTHERS DESIGN STUDIOS

- Build-to-Order model provides unrivaled choice for our home buyers
- Goal: 80% of homes pre-sold build-to-order, 20% spec
- We operate 35 Toll Brothers Design Studios, a retail-like space where buyers choose both structural & finishing options
- Our buyers increasingly want the ability to personalize their homes, & they have the means to do it
- In Q2 FY 2023, the average buyer added 26% to base home price in options & lot premiums (average of \$212K)
- Options generally at higher margin than base home price
- High-level of consumer engagement through our Design Studio experience
- Average customer deposit of \$85,000 represents a strong financial commitment to the home

WHAT BUYERS WANT TODAY



HOME OFFICE | LEARNING SPACE



INDOOR | OUTDOOR LIVING



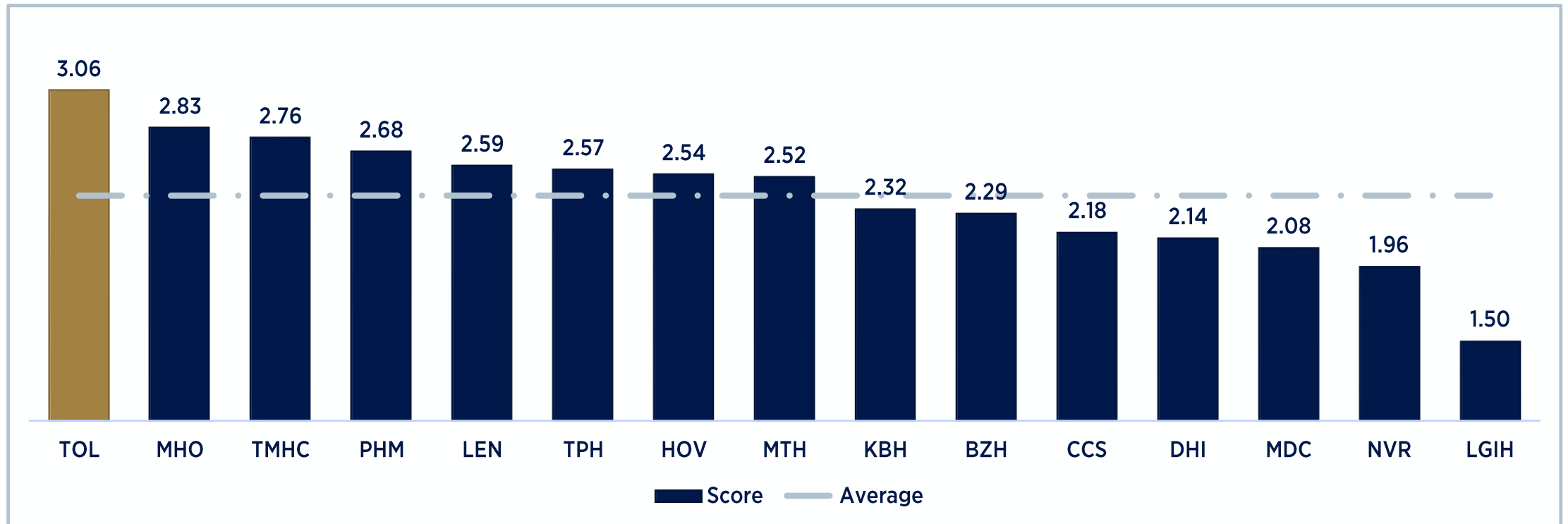
MULTI-GENERATIONAL LIVING SUITES



FITNESS | WELLNESS SPACE

PRESTIGIOUS LOCATIONS: WHERE BUYERS WANT TO LIVE

HIGHEST RANKING SELLING COMMUNITIES IN 'SUBMARKET DESIRABILITY INDEX'



The weighted average Submarket Desirability Index is the proprietary measurement John Burns' uses to determine which actively selling communities are in the best locations in each metro area. This index incorporates the knowledge of all JBREC team members as well as employment proximity, crime rates, income levels & education levels of residents. Builders with a higher score generally have communities in the best locations in comparison to their peers.



TIS | MORRISVILLE, PA



EDISON PARK | NASHVILLE, TN

OPERATIONAL EFFICIENCIES THROUGH INNOVATION

TOLL INTEGRATED SYSTEMS PANEL & TRUSS PLANT

- Manufactures & distributes panels, trusses, trim, doors, millwork, & windows
- Provides Turnkey Framing Services to 10 states (9 Divisions)
- Supplied components for 29% of our homes in FY 2022
- Improves timeline & quality; reduces costs, waste, & dependence on labor
- 6 East Coast plants serving Boston to Tampa

USING STEEL FRAMING AS AN ALTERNATIVE TO LUMBER

- Building communities in urban Atlanta, Charlotte & Nashville market with steel framing instead of wood
- With rising lumber costs, steel framing is an attractive alternative
- Many other benefits to using steel
- First projects are in Toll Brothers Mid-Atlantic region



TOLL BROTHERS ESG REPORT

- Inaugural report released April 19, 2021
- Metrics updated in FY 2022 for FY 2021
- Utilizes industry-specific standards from the Sustainability Accounting Standards Board (SASB)
- Benchmarks efforts on a range of environmental, social & governance matters
- [Visit the report at TollBrothers.com/ESG](https://TollBrothers.com/ESG)

“As an industry, home builders have an incredible opportunity to make a positive impact on our nation, both as developers bringing much-needed housing to a country with a tremendous housing shortage, and as major job creators as the nation’s economy rebounds from the challenges caused by the pandemic. This information is the first step in documenting our responsibilities and contributions in the many important facets of ESG reporting.”

– Doug Yearley, Chairman and CEO

WHERE IS THE MARKET NOW

DEMAND EQUATION

- Continued population growth
- Household formations are strong
- From 2010 to 2020, new-home construction fell 6.8 million units short of what was needed to meet household-formation growth and replace obsolete units (WSJ)
- Homeownership rate rising, but still below historic norms
- 77M Millennials entering their homebuying years / 75MM Boomers making lifestyle decisions

TAILWINDS

- Uptick in demand starting January 2023
- Work-From-Home phenomenon favors Toll buyers
- Home is more important than ever
- Choice allows buyers to customize their homes to match their evolving lifestyles
- Affordability challenges from rapid rise in interest rates & in home prices had sidelined many potential buyers but demand has improved markedly since January 2023

HEADWINDS / CHALLENGES

- Demand has improved markedly since January 2023 after nine months of affordability challenges from rapid rise in interest rates & home prices had sidelined many potential buyers through much of calendar year 2022
- Mortgage rates and home prices have risen, impacting affordability
- Many buyers had been sidelined as they were adapting to higher mortgage rates and a substantial rise in home prices, while worrying about inflation, geopolitical concerns, and stock market volatility
- Supply chain issues are improving but still impacting production pace
- Consumer confidence challenged by inflation and other macro-economic concerns, but demand is rebounding
- Labor constraints industry-wide in many markets

SUPPLY REMAINS CONSTRAINED

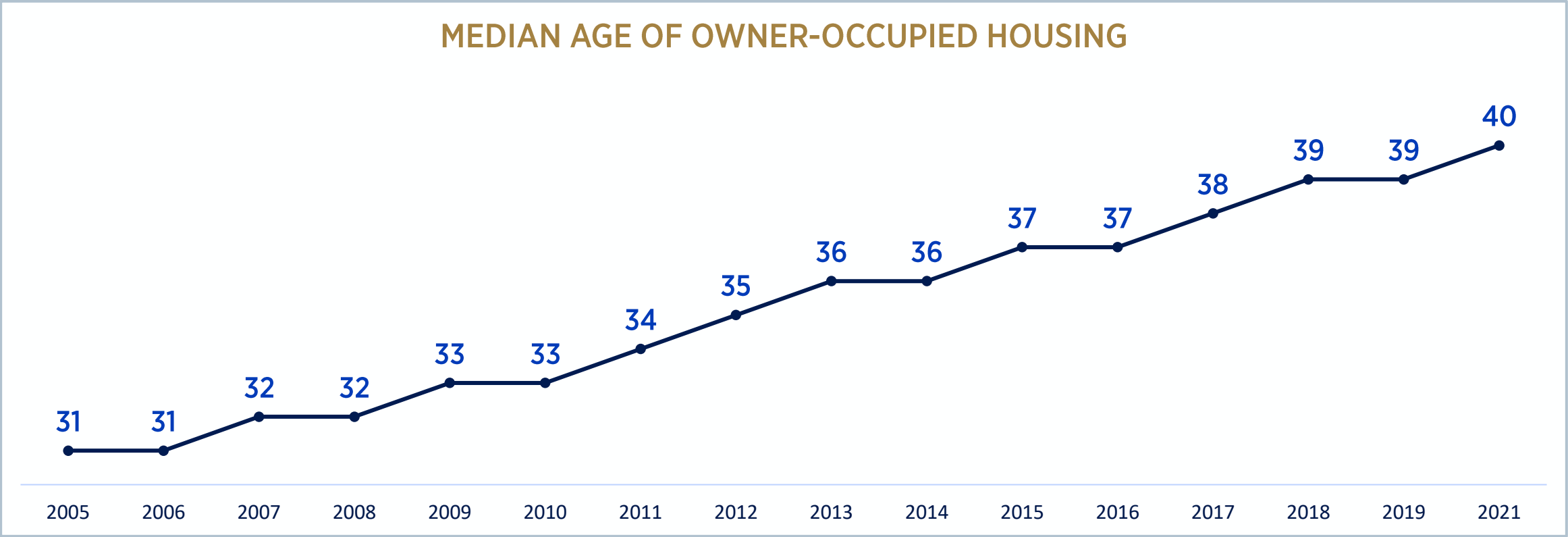
- The median age of existing housing stock has increased from 25 years to approx. 40 years since 1989
- Single-Family Rental is becoming institutionalized
- Rising home prices & limited supply means our buyers can sell their existing homes quickly & at appreciated values
- Nearly half (48%) of homes that sold industry-wide during the four weeks ending April 30 went under contract within two weeks, down from 51% a year earlier but up from 46% a month earlier (Redfin)

KEY MARKET TRENDS

MARKET TRENDS	TOLL BROTHERS STRATEGY
DEMOGRAPHIC	
• Millennials are now buying their first homes • Baby Boomers consider their next move: the home they want to retire in, a second home, or a multi-generational living option	• Reaching affluent millennials with Affordable Luxury communities • Expanding Empty Nester / Active Adult offerings to new markets • Designing more homes with options for multi-generational living
REGIONAL	
• Economy & population growth in the Southeast, Texas, Mountain States, West; Jobs in the South & West • In Northeast, Mid-Atlantic buyers are moving from denser cities to more spacious suburban living • Migration trends stemming from work-from-home options • Buyers more inclined to purchase spec homes delivered quickly	• Carolinas through our Denver markets represents 57% of our business • Maintain leadership in affluent core markets on East Coast • Entered 11 new markets since 2019
URBAN	
• Buyers choosing to live in cities for vibrant culture & active lifestyle • Affordability pressure • Renters by choice • Empty-nester lock and leave	• Apartment Living offers luxury suburban & urban rentals • Expansion into new markets and deeper presence in existing markets • EQR and BB Living – Capital efficient JV structure • Provides diversification / hedge to for-sale business • Seeking urban infill/re-use opportunities

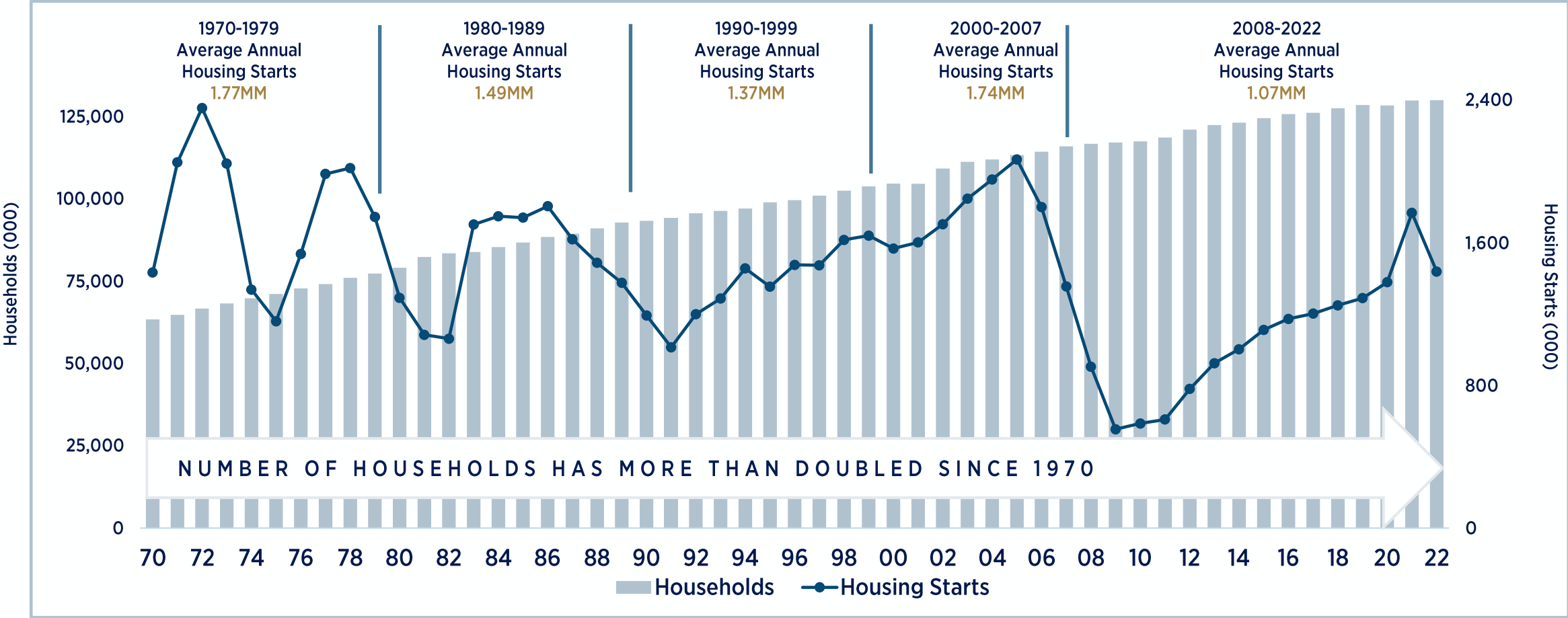
MEDIAN AGE OF OWNER-OCCUPIED HOUSING

THE MEDIAN AGE OF OWNER-OCCUPIED U.S. HOMES IS 40 YEARS, ACCORDING TO THE LATEST DATA FROM THE 2021 AMERICAN COMMUNITY SURVEY, COMPARED TO A MEDIAN AGE OF 31 YEARS IN 2005.



INDUSTRY IS UNDERSUPPLIED AS HOUSEHOLDS INCREASE

HOUSING STARTS HAVE NOT KEPT PACE WITH HOUSEHOLD GROWTH



Source: U.S. Census Bureau

BUYER CREDIT

2000s vs TODAY

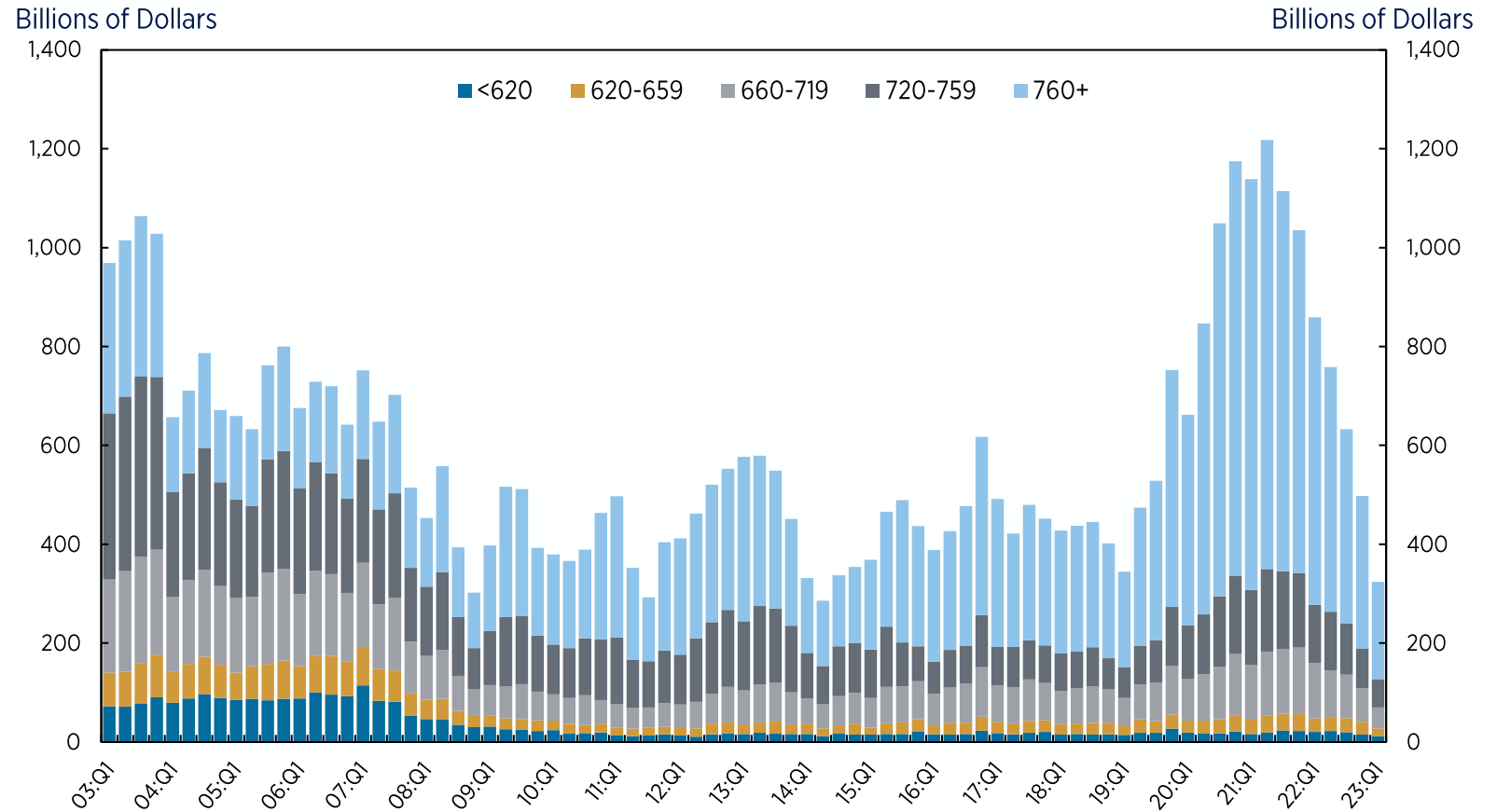
LAST CYCLE (Before GFC)

- 26% of loans originated had a credit score of <660
- 24% were to borrowers with a credit score 760+ higher returns

TODAY (As of Q1 2023)

- 8% of loans originated had a credit score of <660
- 61% were to borrowers with a credit score 760+

Mortgage Originations by Credit Score*



Source: New York Fed Consumer Credit Panel/Equifax

* Credit Score is Equifax RiskScore 3.0



INCREASED FOCUS ON CAPITAL EFFICIENCY & RETURN ON EQUITY

LAND PURCHASING: REDUCE OWNED LAND

- Structuring land acquisitions more efficiently
- Option more land as a % of total
- Increased use of staged/structured takedowns, as well as seller financing
- Use third-party land banking & JVs
- Controlling more land with fewer dollars leads to higher returns

OPERATIONS

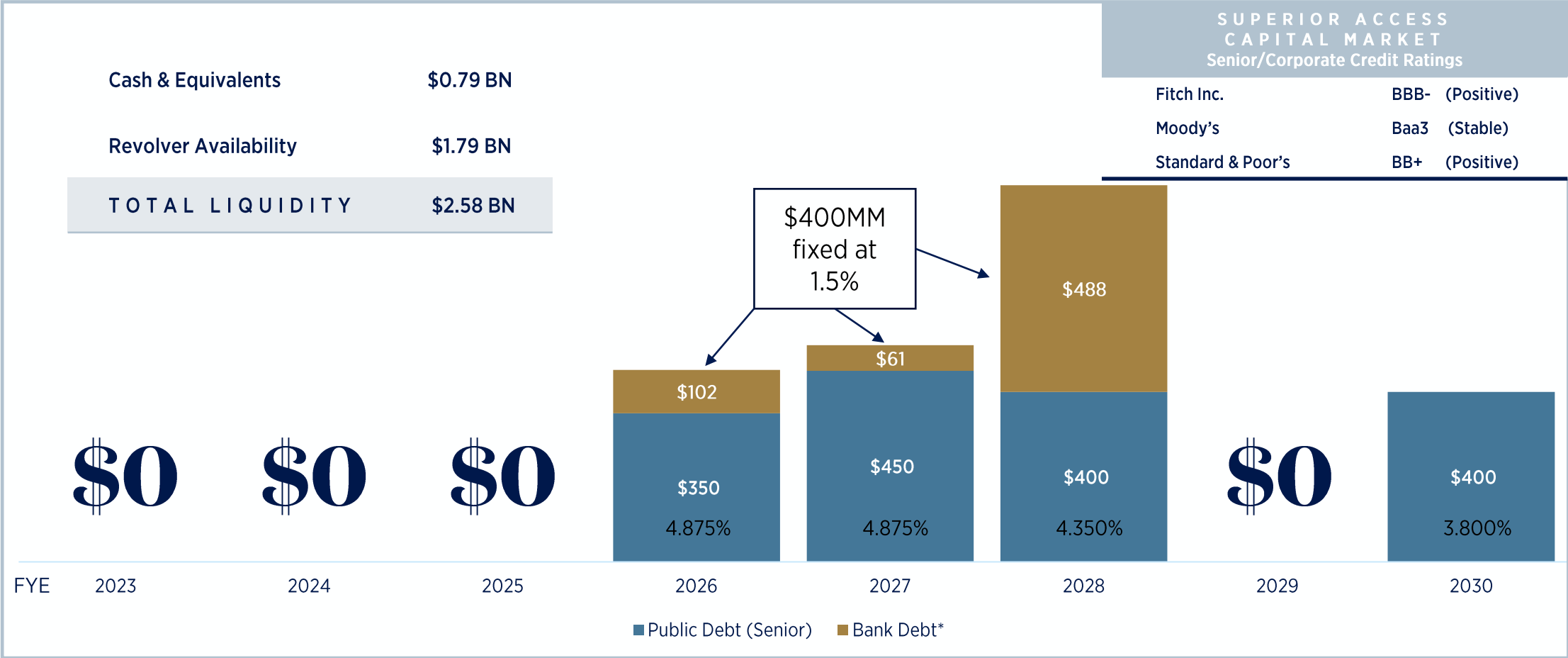
- Increased Affordable Luxury communities with higher inventory turns
- Expansion into geographies, product lines & price points with lower upfront land costs should benefit ROE long term
- Optimizing product offerings to streamline operations & create construction efficiencies, reducing costs & cycle times

STOCK PURCHASES & DIVIDENDS

- Since FY 2016, we have repurchased 76.1MM shares (44% of shares outstanding)
- Shares repurchased for an average price of \$40.33, total cost \$3.1BN
- Increased quarterly dividend by 5% in Q1 2023; increased by 163% since inception in April 2017

DEBT MATURITY PROFILE

As of April 30, 2023



*Bank debt includes our \$487.5MM term loan due February 2028, \$60.9MM due November 2027 & \$101.6MM due November 2026;
\$0 drawn on our \$1.905BN credit facility due February 2028.

STRONG BANK & CAPITAL MARKET RELATIONSHIPS

Toll Brothers, Inc.							
First Huntington Finance Corp.				Toll Brothers Finance Corp.			
\$1.905 BN Revolving Credit Facility Due February 2028 [†]		\$650 MM Term Loan Due February 2028					
Commitment		Commitment		Series	Coupon	Principal	Maturity (yrs.)
▪ Mizuho Bank	\$150 MM	▪ Truist	\$102 MM	November 2025	4.875%	\$350 MM	2.55 years
▪ Goldman Sachs	\$150 MM	▪ SMBC *	\$102 MM				
▪ PNC	\$150 MM	▪ Wells Fargo	\$102 MM				
▪ Truist	\$150 MM	▪ US Bank	\$81 MM				
▪ Wells Fargo	\$150 MM	▪ Capital One	\$61 MM	March 2027	4.875%	\$450 MM	3.88 years
▪ Bank of America	\$125 MM	▪ The Bank of New York	\$41 MM				
▪ Citi	\$125 MM	▪ Fifth Third Bank **	\$41 MM	February 2028	4.350%	\$400 MM	4.80 years
▪ Bank of Montreal	\$100 MM	▪ PNC	\$41 MM				
▪ Capital One	\$100 MM	▪ Comerica	\$20 MM	November 2029	3.800%	\$400 MM	6.51 years
▪ US Bank	\$100 MM	▪ M&T Bank **	\$20 MM				
▪ Citizens Bank	\$75 MM	▪ TD Bank	\$20 MM				
▪ Fifth Third Bank	\$75 MM	▪ Texas Capital Bank	\$20 MM				
▪ Regions Bank	\$75 MM		\$650 MM	Total	4.475%	\$1,600 MM	4.48 years
▪ Bank of New York	\$50 MM						
▪ CIBC	\$50 MM						
▪ Comerica	\$50 MM						
▪ TD Bank	\$50 MM						
▪ Valley National Bank	\$50 MM						
▪ Flagstar Bank	\$40 MM						
▪ Texas Capital Bank	\$40 MM						
▪ California Bank & Trust	\$25 MM						
▪ Bank of East Asia	\$25 MM						
	\$1,905 MM						

[†]The Company finished the period ending 04/30/2023 with \$1.79 billion available under its revolving credit facility.

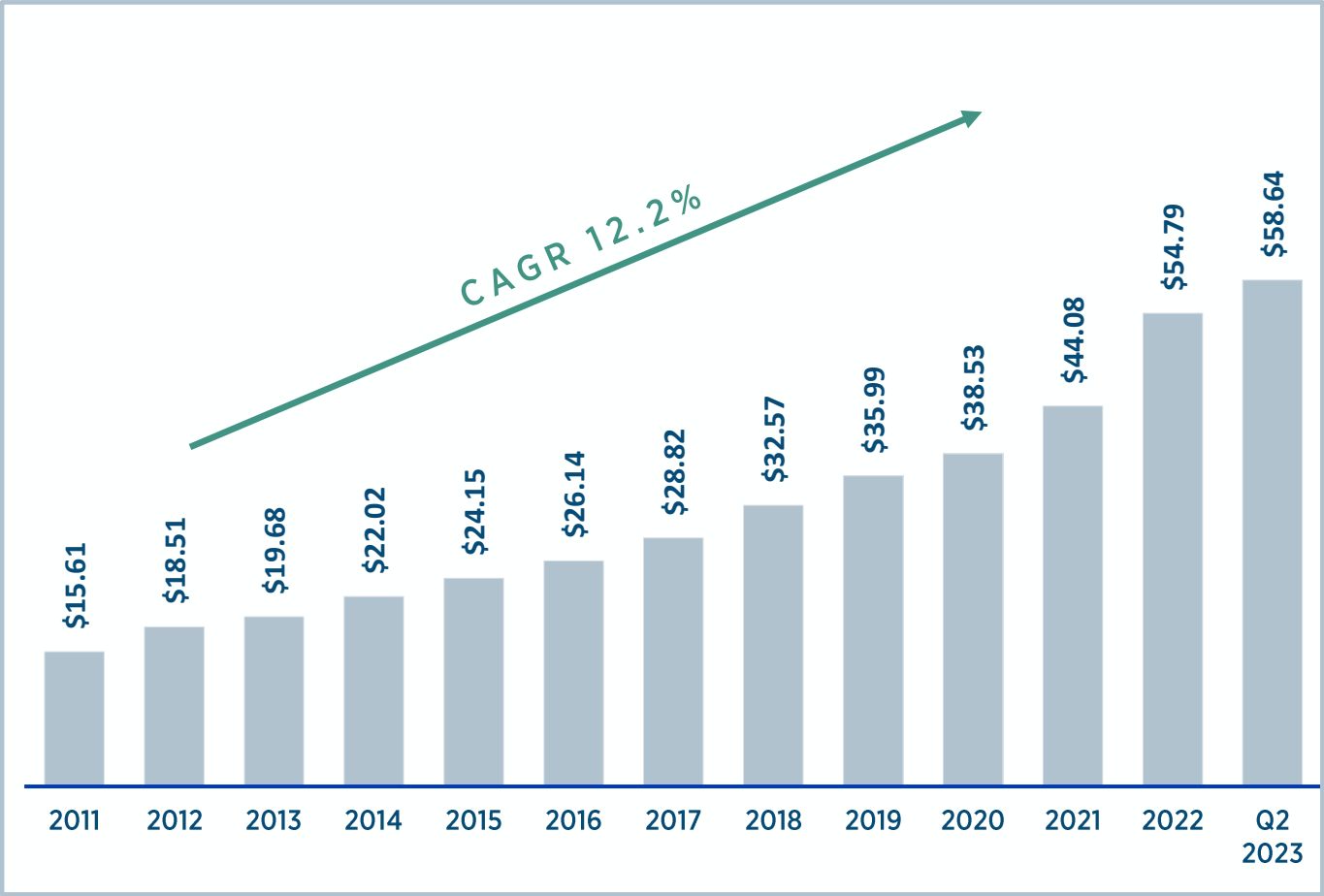
Note: Data as of April 30, 2023
 *Commitment matures November 2025
 **Commitment matures November 2026



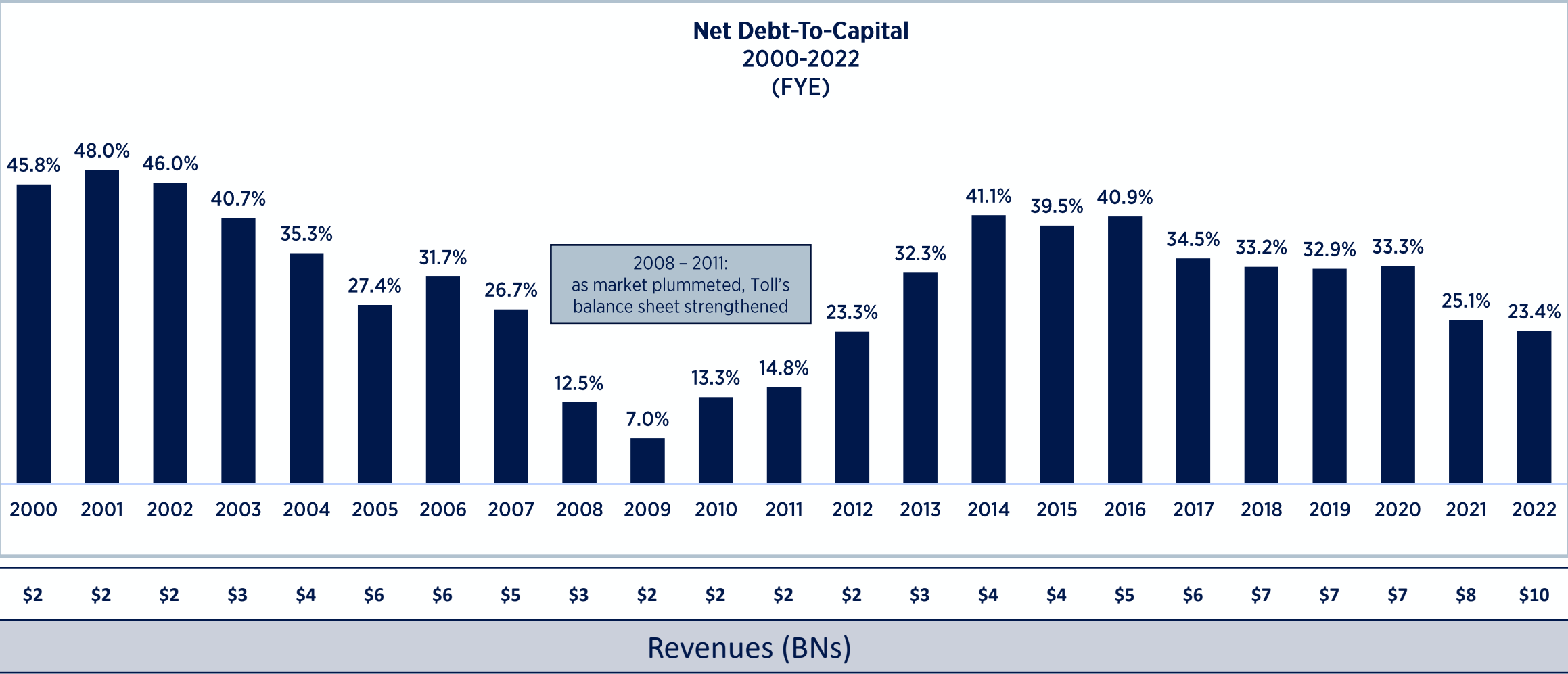
THE REDWOOD AT THE MEADOWS | ORANGE, CA

BOOK VALUE PER SHARE

(FYE)



BALANCE SHEET PROTECTION



Note: Net-debt-to-capital calculated as total debt minus mortgage warehouse loans minus cash & marketable securities divided by total debt minus mortgage warehouse loans minus cash & marketable securities plus stockholders' equity.



STOCK REPURCHASE SUMMARY

FY	Shares	Cost	Average Price	Dividends (Total \$/Quarterly Per Share)
2023	1,627,803	\$93MM	\$57.12	\$45MM/\$0.84*
Q2 2023	1,440,481	\$84MM	\$58.06	\$23MM/\$0.21
Q1 2023	187,322	\$9MM	\$49.95	\$22MM/\$0.20
2022	10,997,564	\$543MM	\$49.34	\$89MM/\$0.20
2021	7,421,423	\$378MM	\$50.97	\$77MM/\$0.17
2020	15,951,855	\$634MM	\$39.75	\$57MM/\$0.11
2019	6,619,345	\$234MM	\$35.28	\$64MM/\$0.11
2018	12,108,158	\$503MM	\$41.56	\$62MM/\$0.11
2017	7,693,630	\$291MM	\$37.81	\$39MM/\$0.08
2016	13,652,384	\$393MM	\$28.77	---
TOTAL	76,074,100	\$3,068MM	\$40.33	\$433MM

Note: Increased in Q2 2023 to \$0.21 from \$0.20

APPENDIX: NON-GAAP RECONCILIATION

ADJUSTED GROSS MARGIN & EBITDA

	2015	2016	2017	2018	2019	2020	2021	2022	Q2 2023
Revenues – home sales	4,171,248	5,169,508	5,815,058	7,143,258	7,080,379	6,937,357	8,431,746	9,711,170	2,490,098
Cost of Revenues	3,190,957	4,047,615	4,448,452	5,536,812	5,534,217	5,534,103	6,528,454	7,237,409	1,832,878
Gross Margin	980,291	1,121,893	1,366,606	1,606,446	1,546,162	1,403,254	1,893,292	2,473,761	657,220
Add: Interest Recognized in cost of sales	142,947	160,337	172,832	190,734	185,045	174,275	187,237	164,831	37,558
Inventory write-downs	35,709	13,807	14,794	35,156	42,360	55,883	26,535	32,741	11,070
Adjusted Gross Margin	1,158,947	1,296,037	1,554,232	1,832,336	1,773,567	1,633,412	2,107,064	2,671,333	705,848
Gross Margin as a % of revenue	23.5%	21.7%	23.5%	22.5%	21.8%	20.2%	22.5%	25.5%	26.4%
Adjusted Gross Margin as a % of revenue	27.8%	25.1%	26.7%	25.7%	25.0%	23.5%	25.0%	27.5%	28.3%
Pretax Income	535,562	589,027	814,311	933,916	787,170	586,901	1,100,315	1,703,726	430,592
Add: Interest expensed	146,790	161,480	177,655	194,494	186,832	182,258	191,609	170,619	38,908
Depreciation & Amortization	23,557	23,121	25,361	25,259	72,149	68,873	76,250	76,816	18,257
EBITDA	705,909	773,628	1,017,327	1,153,669	1,046,151	838,032	1,368,174	1,951,161	487,757

Note: Amounts in thousands, except percentages

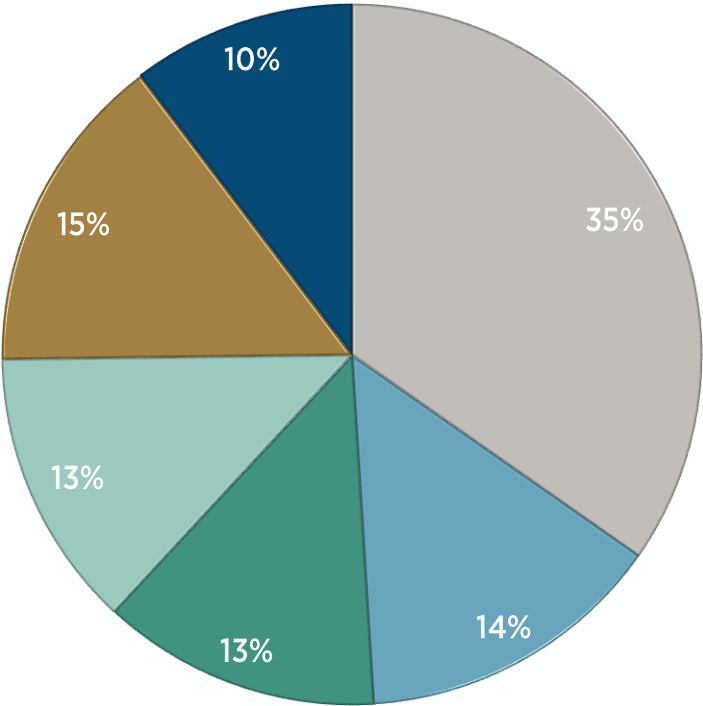
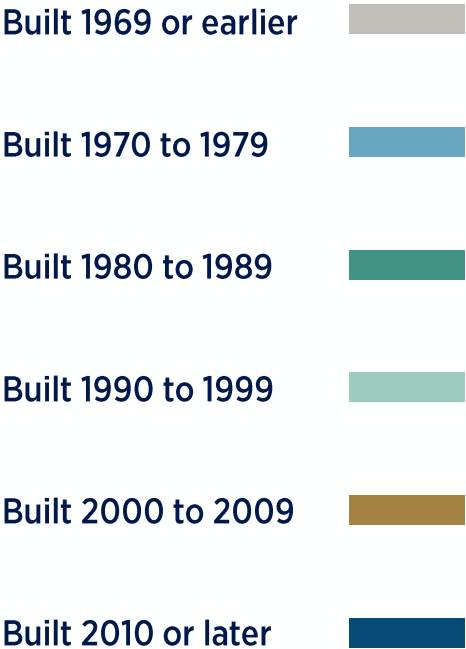
APPENDIX: NON-GAAP RECONCILIATION

NET DEBT-TO-CAPITAL

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Q2 2023
Loans payable	472,854	94,491	106,556	99,817	107,222	652,619	1,000,439	871,079	637,416	686,801	1,111,449	1,147,955	1,011,534	1,185,275	1,136,235
Senior notes	1,578,212	1,536,005	1,484,204	2,065,334	2,305,765	2,638,241	2,689,801	2,694,372	2,462,463	2,861,375	2,659,898	2,661,718	2,403,989	1,995,271	1,595,727
Subordinated notes	47,836	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage company loan facility	27,015	72,367	57,409	72,664	75,000	90,281	100,000	210,000	120,145	150,000	150,000	148,611	147,512	148,863	102,489
Total debt	2,125,917	1,702,863	1,648,169	2,237,815	2,487,987	3,381,141	3,790,240	3,775,451	3,220,024	3,698,176	3,921,347	3,958,284	3,563,035	3,329,409	2,834,451
Total stockholders' equity	2,513,199	2,555,453	2,586,353	3,121,700	3,332,987	3,854,376	4,222,557	4,229,292	4,531,194	4,760,199	5,071,816	4,875,235	5,295,024	6,006,088	6,420,220
Total capital	4,639,116	4,258,316	4,234,522	5,359,515	5,820,974	7,235,517	8,012,797	8,004,743	7,751,218	8,458,375	8,993,163	8,833,519	8,858,059	9,335,497	9,254,671
Ratio of debt to capital	45.8%	40.0%	38.9%	41.8%	42.7%	46.7%	47.3%	47.2%	41.5%	43.7%	43.6%	44.8%	40.2%	35.7%	30.6%
Total debt	2,125,917	1,702,863	1,648,169	2,237,815	2,487,987	3,381,141	3,790,240	3,775,451	3,220,024	3,698,176	3,921,347	3,958,284	3,563,035	3,329,409	2,834,451
Less: Mortgage company loan facility	(27,015)	(72,367)	(57,409)	(72,664)	(75,000)	(90,281)	(100,000)	(210,000)	(120,145)	(150,000)	(150,000)	(148,611)	(147,512)	(148,863)	(102,489)
Cash, cash equivalents & marketable securities	(1,908,894)	(1,236,927)	(1,139,912)	(1,217,892)	(825,480)	(598,341)	(928,994)	(633,715)	(712,829)	(1,182,195)	(1,286,014)	(1,370,944)	(1,638,494)	(1,346,754)	(761,945)
Total net debt	190,008	393,569	450,848	947,259	1,587,507	2,692,519	2,761,246	2,931,736	2,387,050	2,365,981	2,485,333	2,438,729	1,777,029	1,833,792	1,970,017
Total stockholders' equity	2,513,199	2,555,453	2,586,353	3,121,700	3,332,987	3,854,376	4,222,557	4,229,292	4,531,194	4,760,199	5,071,816	4,875,235	5,295,024	6,006,088	6,420,220
Total net capital	2,703,207	2,949,022	3,037,201	4,068,959	4,920,494	6,546,895	6,983,803	7,161,028	6,918,244	7,126,180	7,557,149	7,313,964	7,072,053	7,839,880	8,390,237
Net debt-to-capital ratio	7.0%	13.3%	14.8%	23.3%	32.3%	41.1%	39.5%	40.9%	34.5%	33.2%	32.9%	33.3%	25.1%	23.4%	23.5%
Book Value per share	15.26	15.38	15.64	18.55	19.72	22.06	24.18	26.18	28.86	32.63	35.99	38.53	44.08	54.79	58.64



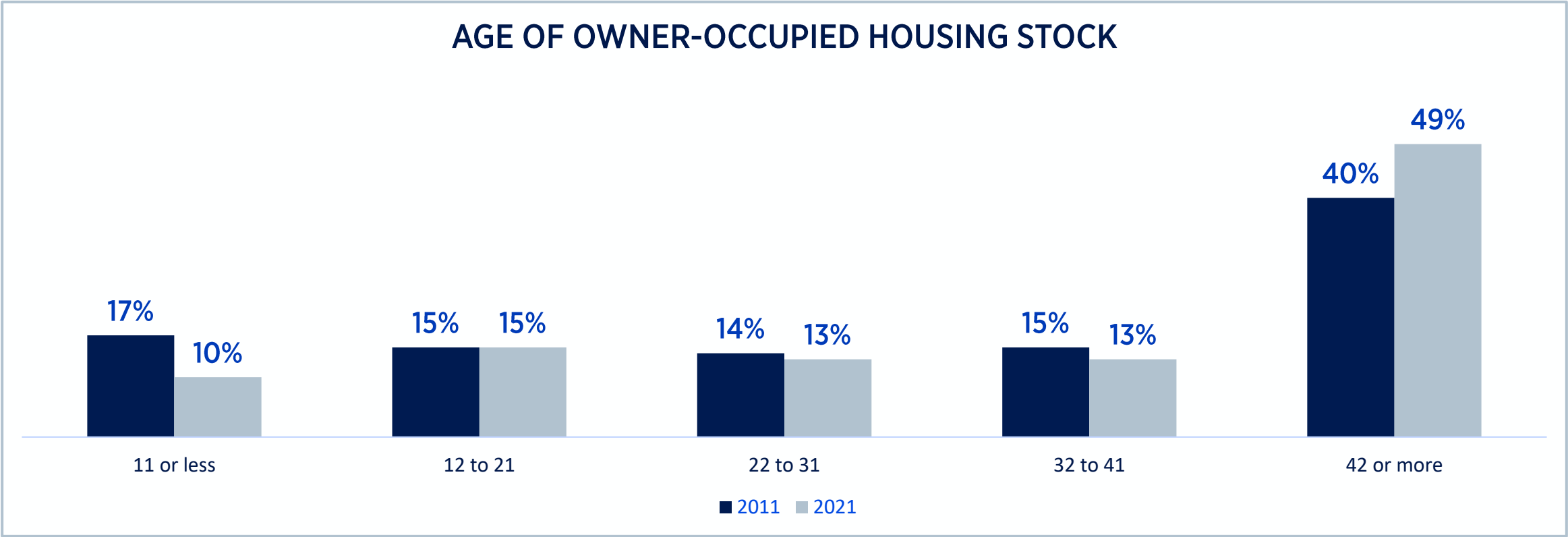
APPENDIX: SHARE OF OWNER-OCCUPIED HOUSING BY YEAR STRUCTURE BUILT



Note: 2021 1-year ACS Estimates

APPENDIX: AGE OF OWNER-OCCUPIED HOUSING STOCK

2011 vs 2021

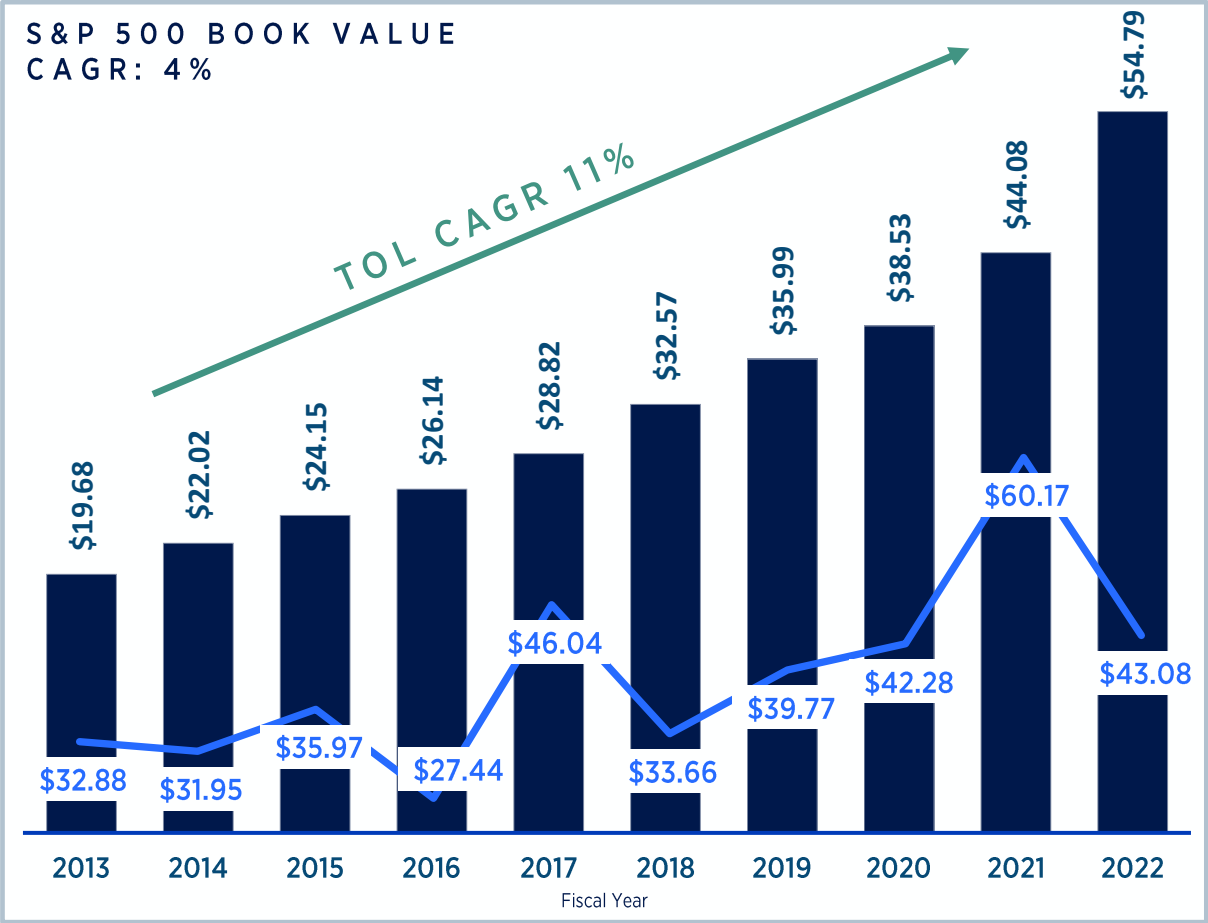


Note: The Census Bureau did not release the standard 2020 1-year American Community Survey (ACS) due to the data collection disruptions experienced during the COVID-19 pandemic. The data quality issues for some topics remain in the experimental estimates of the 2020 data[1]. To be cautious, NAHB opted for reposting the Age of U.S. Housing Stock using 2019 ACS data.

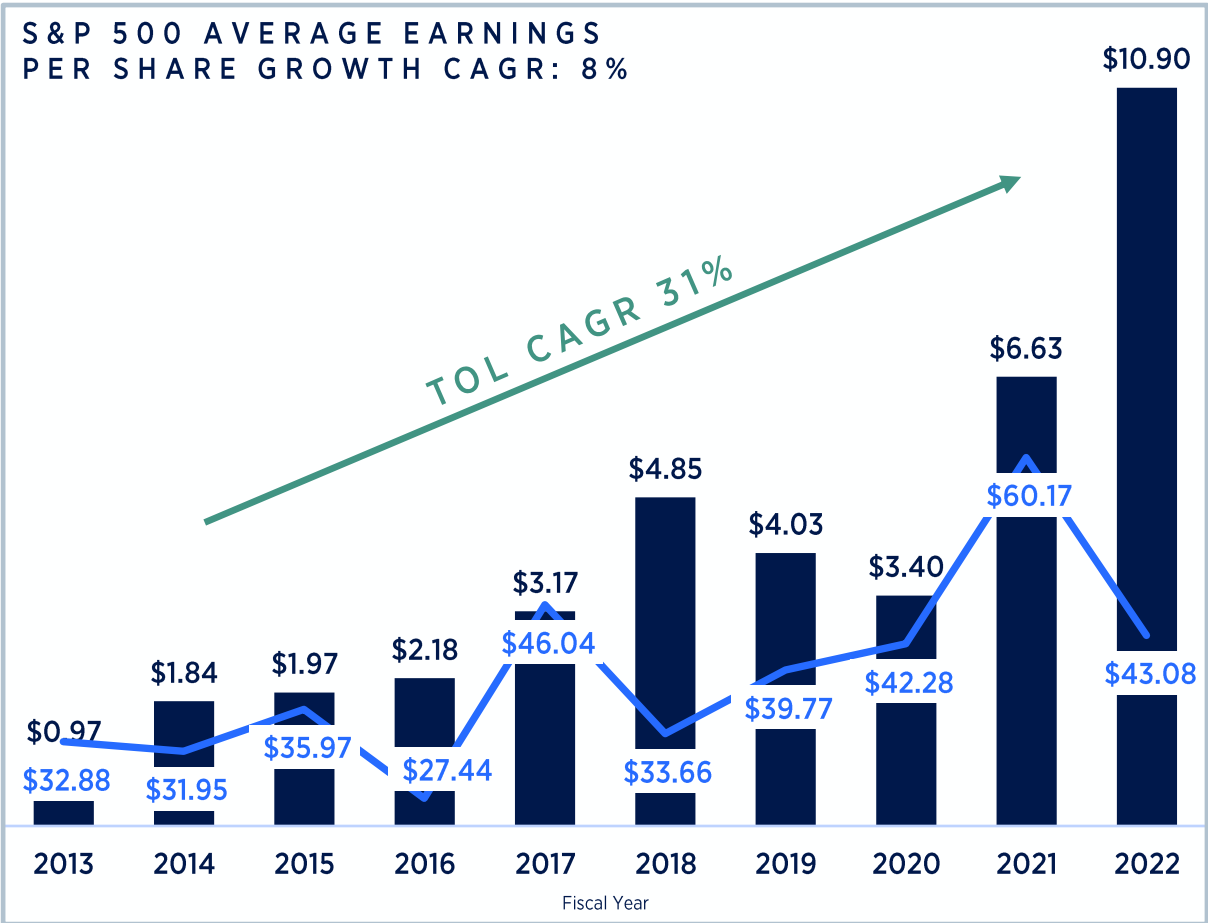
[1] <https://www.jchs.harvard.edu/blog/defining-use-caution-how-were-navigating-new-census-bureau-data>

APPENDIX:

TOLL BROTHERS BOOK VALUE PER SHARE GROWTH / FYE STOCK PRICE

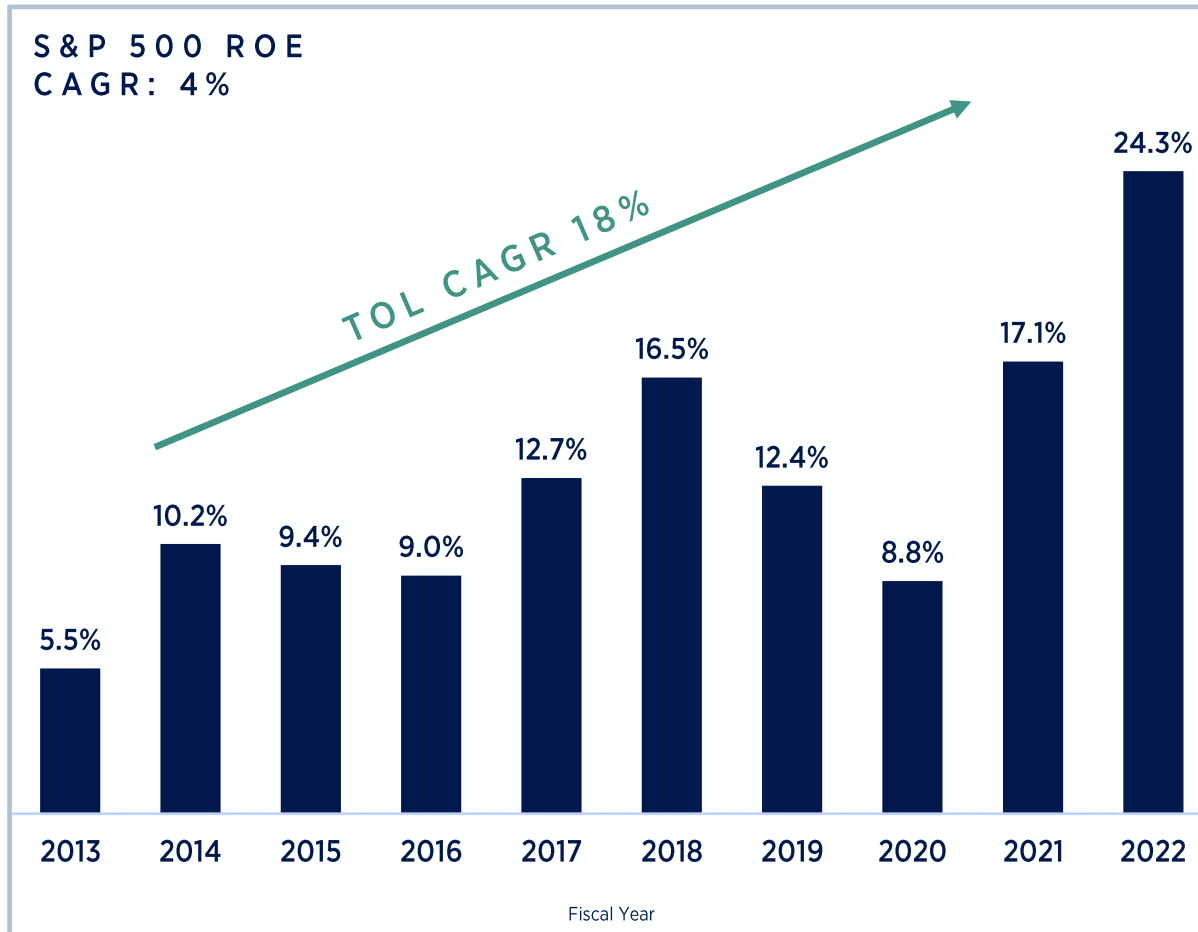


TOLL BROTHERS EARNINGS PER SHARE GROWTH / FYE STOCK PRICE



APPENDIX:

TOLL BROTHERS RETURN ON BEGINNING EQUITY GROWTH



Note: Return on Beginning Equity = Net Income / Prior Year Ending Equity.

TOLL BROTHERS DIVIDEND GROWTH

