Meritage Homes 4Q 2014 Results Webcast

January 29, 2015

MeritageHomes CORPORATION

Setting the standard for energy-efficient homes™






Forward-Looking Statements

This presentation and accompanying comments during our analyst call contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include management's expectations for continued growth of the U.S. economy and housing market; our growth opportunities including 2015 orders, closings and revenue; trends in home closing gross margins in 2015; and the expectation for meaningful earnings growth in 2015.

Such statements are based upon the current beliefs and expectations of Company management, and current market conditions, which are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. The Company makes no commitment, and disclaims any duty, to update or revise any forward-looking statements to reflect future events or changes in these expectations. Meritage's business is subject to a number of risks and uncertainties. As a result of those risks and uncertainties, the Company's stock and note prices may fluctuate dramatically. These risks and uncertainties include, but are not limited to, the following: the availability of finished lots and undeveloped land; interest rates and changes in the availability and pricing of residential mortgages; fluctuations in the availability and cost of labor; changes in tax laws that adversely impact our homebuyers; the ability of our potential buyers to sell their existing homes; cancellation rates and home prices in our markets; weakness in the homebuilding market resulting from an unexpected setback in the current economic recovery due to lower oil prices or other factors; inflation in the cost of materials used to develop communities and construct homes; the adverse effect of slower order absorption rates; potential write-downs or write-offs of assets, including pre-acquisition costs and deposits; a change to the feasibility of projects under option or contract that could result in the write-down or write-off of option deposits; our ability to successfully integrate acquired companies and achieve anticipated benefits from these acquisitions; our potential exposure to natural disasters; competition; the adverse impacts of cancellations resulting from relatively small deposits relating to our sales contracts; construction defect and home warranty claims; changes in tax laws; adverse legal rulings; our success in prevailing on contested tax positions; our ability to obtain performance bonds in connection with our development work; the liquidity of our joint ventures and the ability of our joint venture partners to meet their obligations to us and the joint venture; the loss of key personnel; our failure to comply with laws and regulations; limitations of our geographic diversification; fluctuations in quarterly operating results; our financial leverage and level of indebtedness and our ability to take certain actions because of restrictions contained in the indentures for our senior notes and our ability to raise additional capital when and if needed; our credit ratings; successful integration of future acquisitions; our compliance with government regulations and the effect of legislative or other initiatives that seek to restrain growth of new housing construction or similar measures; acts of war; the replication of our "Green" technologies by our competitors; our exposure to information technology failures and security breaches; and other factors identified in documents filed by the company with the Securities and Exchange Commission, including those set forth in our Form 10-K for the year ended December 31, 2013 and most recent 10-Q under the caption "Risk Factors," which can be found on our website.

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Presenters

Steven J. Hilton, Chairman/CEO

Larry Seay, Executive Vice President/Chief Financial Officer

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Overview of 2014

General market conditions:

- U.S. economy improved, housing market grew at a more moderate pace than 2013
- Greater variability between markets than earlier in the recovery
- Home price inflation slowed – increased incentives in some markets
- Oil prices fell, reducing exploration activity & raising concerns about the economy
- Low interest rates, employment growth & more accommodative mortgage lending encouraging to home buyers

Meritage's strategic progress:

- Focused on expansion and top line growth for future earnings potential
- Acquired Legendary Communities – entered two new markets
- Grew community count, orders, closings, backlog, revenue, gross profit and net earnings for both the fourth quarter and the year

Improved position for future earnings growth and strong shareholder returns

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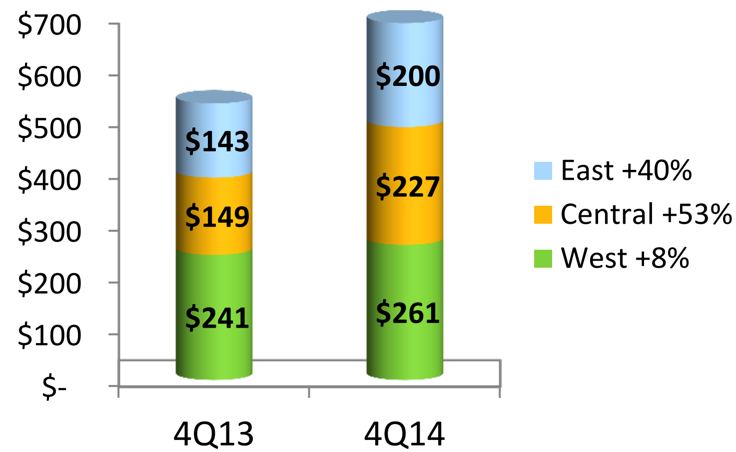
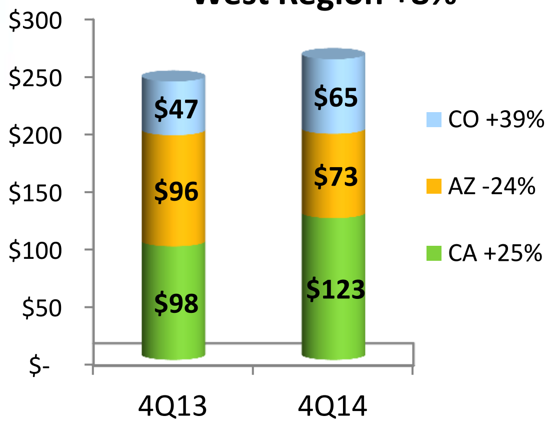
Home Closing Revenue Growth

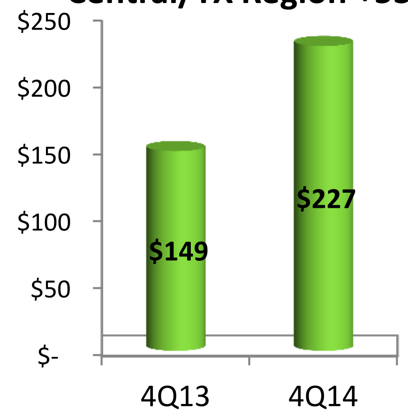
($millions)



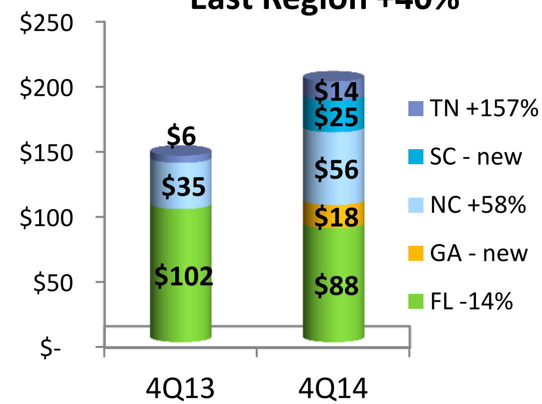
West Region +8%



Central/TX Region +53%



East Region +40%



Grew home closing revenue across all regions and five of seven states with continuous operations

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Selected Fourth Quarter Operating Results

($ in thousands)	4Q14	4Q13	Change
Home closing revenue	$688,288	$533,492	*29%*
Home closing gross profit	$139,917	$123,574	*13%*
Home closing gross margin	20.3%	23.2%	*-290* bps*
Earnings before income taxes	$ 66,393	$ 65,879	*1%*
-- as a percent of total revenue	*9.5%*	*12.2%*	*-270 bps*
Income taxes	($17,185)	($19,790)	*-13%*
-- as a percent of earnings before income taxes	*25.9%*	*30.0%*	*-410 bps*
Net earnings	$ 49,208	$ 46,089	*+7%*

* Home closing gross margin in 4Q14 reduced 48 bps due to impact of purchase accounting for Legendary Communities

Increased home closing revenue and lower taxes were the primary drivers of 4Q14 earnings growth

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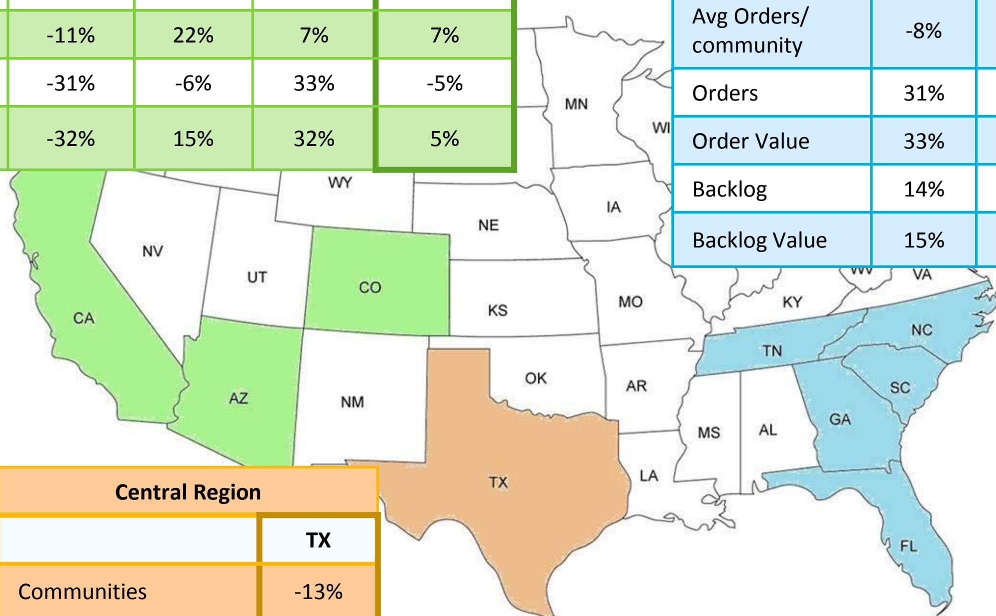
Fourth Quarter Key Operating Metrics
2014 vs 2013

West Region

	AZ	CA	CO	Region
Communities	5%	15%	27%	12%
Avg Orders/ community	-11%	-12%	-17%	-10%
Orders	-6%	2%	6%	-
Order Value	-11%	22%	7%	7%
Backlog	-31%	-6%	33%	-5%
Backlog Value	-32%	15%	32%	5%

East Region (GA & SC y/y not shown - new states in 2014 – but included in the region totals)

	FL	NC	TN	Region
Communities	41%	28%	13%	113%
Avg Orders/ community	-8%	24%	-28%	-17%
Orders	31%	59%	-19%	76%
Order Value	33%	48%	-30%	67%
Backlog	14%	71%	-3%	64%
Backlog Value	15%	58%	6%	57%



Central Region

	TX
Communities	-13%
Avg Orders/ community	7%
Orders	-8%
Order Value	-
Backlog	8%
Backlog Value	26%

TOTAL COMPANY

	Total
Communities	24%
Avg Orders/ community	-10%
Orders	12%
Order Value	18%
Backlog	14%
Backlog Value	23%

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Full Year 2014 Operating Summary

($ in thousands)	FY2014	FY2013	Change
Home closings	5,862	5,259	*11%*
ASP	$365	$339	*8%*
Home closing revenue	$2,142,391	$1,783,389	*20%*
Home closing gross margin	21.2%	22.0%	*-80* bps*
Home closing gross profit	453,715	391,914	*16%*
Commissions and other sales costs	156,742	126,716	*24%*
-- as a percent of home closing revenue	*7.3%*	*7.1%*	*+20 bps*
General and administrative expenses	104,598	91,510	*14%*
-- as a percent of total closing revenue	*4.8%*	*5.0%*	*-20 bps*
Interest expense	5,163	15,092	*-66%*
-- as a percent of total closing revenue	*0.2%*	*0.8%*	*-60 bps*
Earnings before income taxes	$208,417	$177,672	*17%*
-- as a percent of total revenue	*9.6%*	*9.8%*	*-20 bps*
Net earnings	$142,241	$124,464	*14%*

* Home closing gross margin in 2014 reduced by 26 bps due to impact of purchase accounting for Legendary Communities

Top-line growth more than offset decline in home closing gross margins to drive earnings growth

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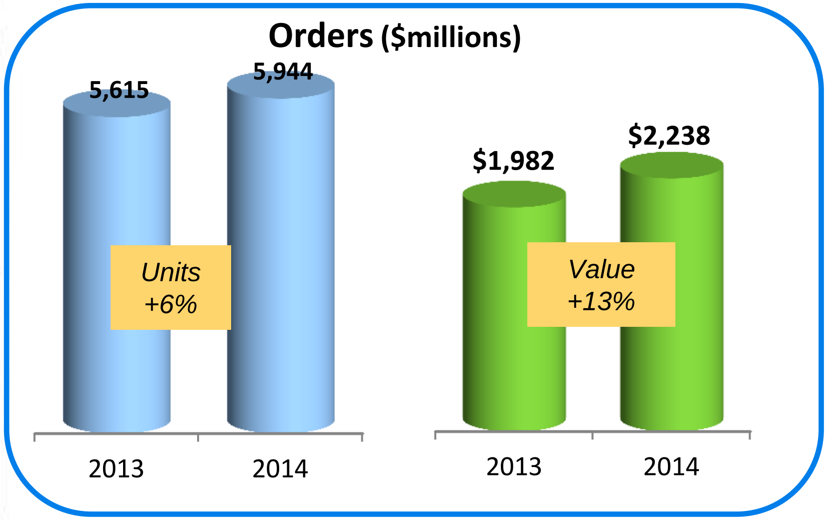
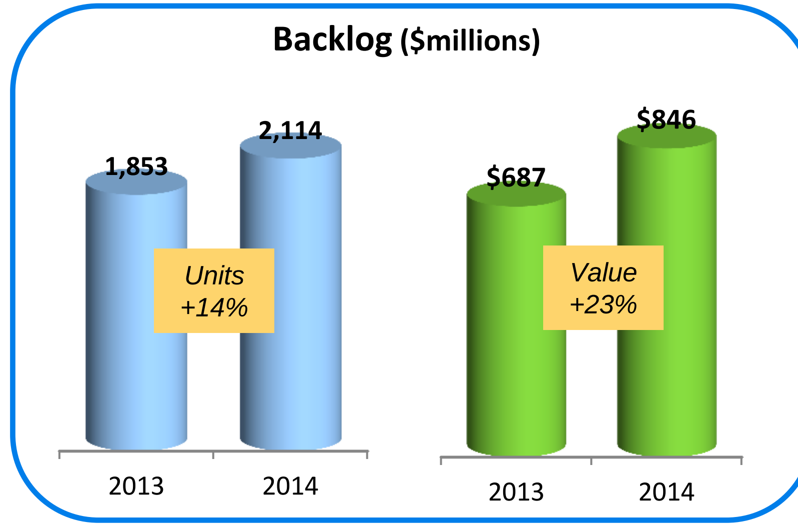
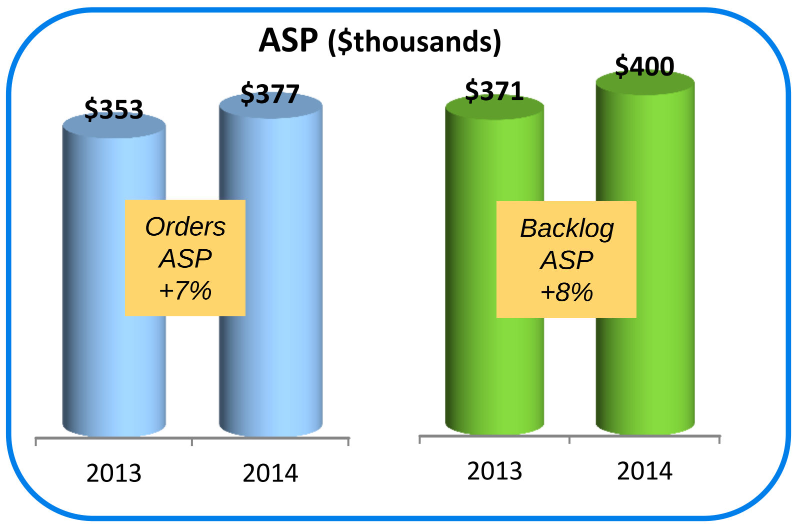
2014 Orders and Backlog Growth







Growth in units and ASPs resulted in total order value and backlog value increases over 2013

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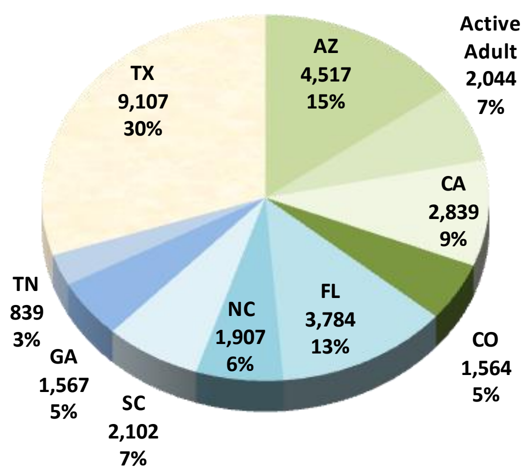
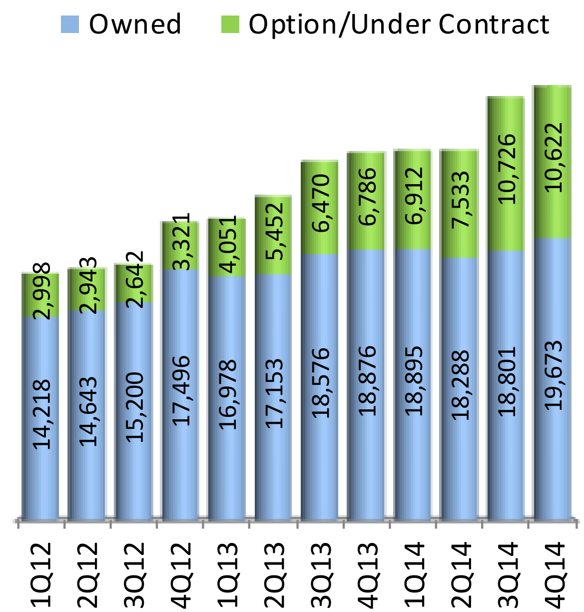
Maintaining a Strong Balance Sheet

Current Capitalization ***($ millions)***	12/31/2014	12/31/2013
Total Cash & Equivalents plus securities	$103.3	$363.7
$400mm Unsecured Revolving Credit Facility	-	-
Notes payable & other borrowings	$935.2	$921.0
Net Debt	$831.9	$557.4
Book Value of Equity	$1,109.5	$841.4
Net Debt to Net Capital	42.9%	39.8%



30,295 Total Lot Supply at 12-31-14



Investing where best opportunities exist while maintaining a moderate level of debt

Summary

Successes in 2014

- Broadened geographic diversity – 2 more new markets (6 in past 4 years)
- Increased community count
- Grew orders, closings, ASPs, revenue & backlog
- Maintained balance sheet strength & earned upgrades (BB-/Ba3) due to improved credit metrics

Outlook for 2015

- Increases in orders, closings & revenue with more active communities
- FY2015 home closing GM% in line with 4Q14 – lower in 1Q15 and improving throughout the year
- Continued earnings growth

Positioned to capitalize on growth opportunities and deliver earnings expansion

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Questions?






Non-GAAP Reconciliations

	December 31, 2014	December 31, 2013
Notes payable and other borrowings	$ 935,208	$ 921,048
Less: cash and cash equivalents, and investments and securities	(103,333)	(363,665)
Net debt	831,875	557,383
Stockholders' equity	1,109,489	841,392
Total capital	$ 1,941,364	$ 1,398,775
Net debt-to-capital	42.9%	39.8%