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**THIRD QUARTER 2017
ANALYST CONFERENCE CALL
OCTOBER 27, 2017**



FORWARD-LOOKING STATEMENTS

This presentation and the 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 projected home closings, home closing revenue, gross margins and pre-tax earnings for the full year 2017, as well as expected future growth and earnings expansion opportunities.

Such statements are based on the current beliefs and expectations of Company management, and current market conditions, which are subject to significant uncertainties and fluctuations. 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: potential adverse impacts on our Houston and Florida sales, closings, revenue and costs due to Hurricanes Harvey and Irma; the availability and cost of finished lots and undeveloped land; changes in interest rates and the availability and pricing of residential mortgages; the success of strategic initiatives; shortages in the availability and cost of labor; changes in tax laws that adversely impact us or our homebuyers; the ability of our potential buyers to sell their existing homes; cancellation rates; inflation in the cost of materials used to develop communities and construct homes; the adverse effect of slow absorption rates; impairments of our real estate inventory; a change to the feasibility of projects under option or contract that could result in the write-down or write-off of earnest or option deposits; our potential exposure to and impacts from natural disasters or severe weather conditions; competition; construction defect and home warranty claims; failures in health and safety performance; our success in prevailing on contested tax positions; our ability to obtain performance bonds in connection with our development work; the loss of key personnel; enactment of new laws or regulations or our failure to comply with laws and regulations; our limited geographic diversification; fluctuations in quarterly operating results; our level of indebtedness; our ability to obtain financing; our ability to successfully integrate acquired companies and achieve anticipated benefits from these acquisitions; our compliance with government regulations; the effect of legislative and other governmental actions, orders, policies or initiatives that impact housing, labor availability, construction, mortgage availability, our access to capital, the cost of capital or the economy in general, or other initiatives that seek to restrain growth of new housing construction or similar measures; legislation relating to energy and climate change; the replication of our energy-efficient 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, 2016 and our subsequent Forms 10-Q, under the caption "Risk Factors," which can be found on our website.

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The logo features a green house icon above the text "MeritageHomes". "Meritage" is in a dark green serif font, and "Homes" is in a lighter green sans-serif font.

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MANAGEMENT REPRESENTATIVES

Steven J. Hilton – Chairman & CEO

Phillippe Lord – EVP & Chief Operating Officer

Hilla Sferruzza – EVP & Chief Financial Officer

Brent Anderson – VP Investor Relations

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HIGHLIGHTS OF 3Q 2017

Y/Y % COMPARISONS TO 3Q16

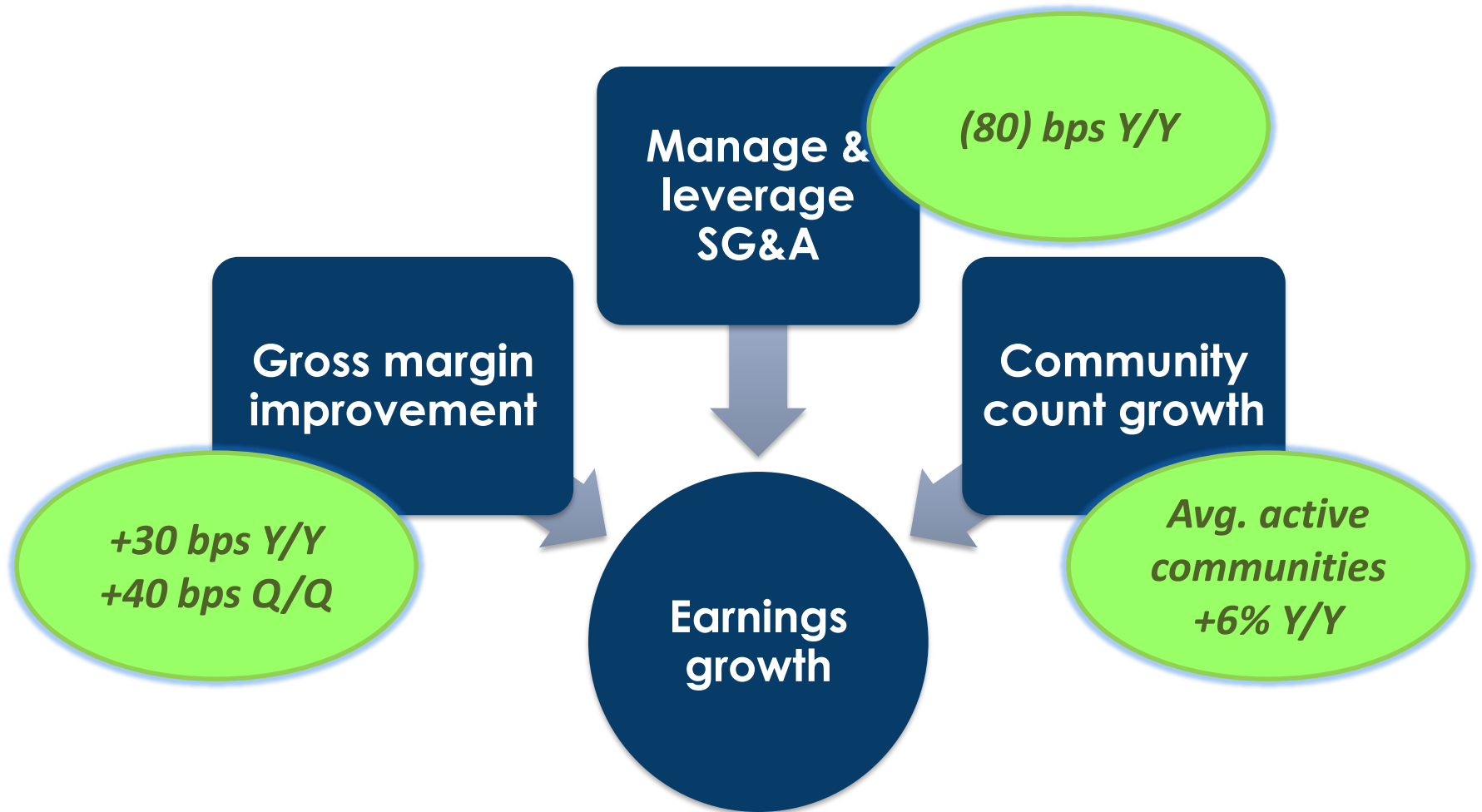
- +8% orders and +9% closings Y/Y growth despite hurricanes:
 - ~50 closings pushed out (>\$21M revenue)
 - ~90 orders delayed or lost
 - Home closing revenue growth +9%
- Good progress on strategic initiatives
 - Improved home closing gross margin & leverage
- Pre-tax earnings +18% and diluted EPS +16%

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PROGRESS ON STRATEGIC INITIATIVES




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WEST REGION: STRONG DEMAND, ESPECIALLY IN ENTRY-LEVEL COMMUNITIES

- **Arizona:** Demand remains strong in Phoenix, especially for entry-level homes
- **California:** Reloaded lot supply & opening several new communities over next two quarters
- **Colorado:** Continued strong demand in Denver; opening several new communities in 4Q17-2018



West Region				
Percentage (%) changes 3Q17 vs. 3Q16				
	AZ	CA	CO	Region
Average Active Communities	39.5	25.0	9.5	74.0
	-5%	-7%	-14%	-7%
Orders/ Average community	8.8	8.0	9.7	8.6
	+6%	-	-12%	-
Orders	+1%	-7%	-24%	-6%
ASP	-1%	+7%	+10%	+2%
Order Value	-	-1%	-16%	-4%

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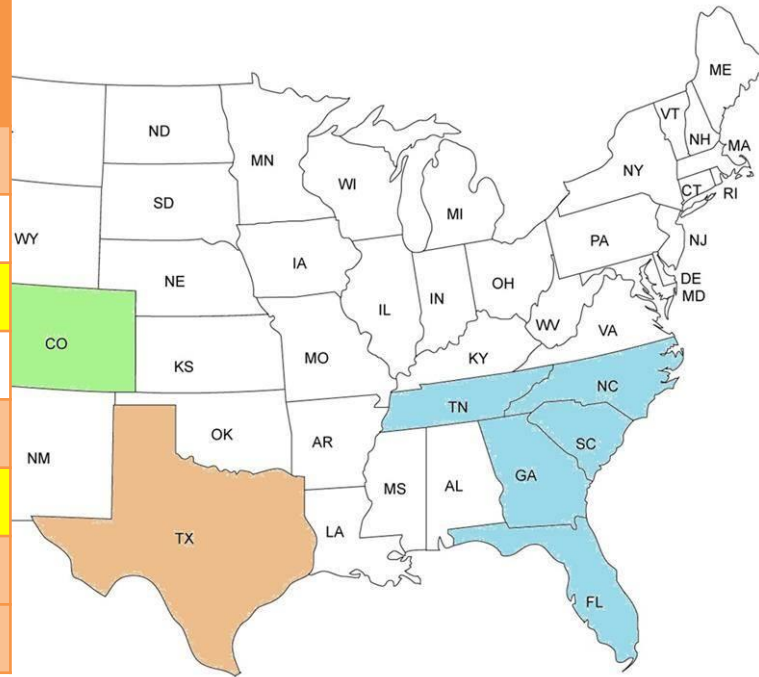
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CENTRAL REGION: STRONG DEMAND ACROSS TEXAS

- Strong demand across all TX markets; sales activity rebounded post-Hurricane Harvey in Houston

Central Region Percentage (%) changes 3Q17 vs. 3Q16	
	TX
Average Active Communities	92.5 +26%
Orders/ Average Community	6.4 -3%
Orders	+22%
ASP	-2%
Order Value	+19%



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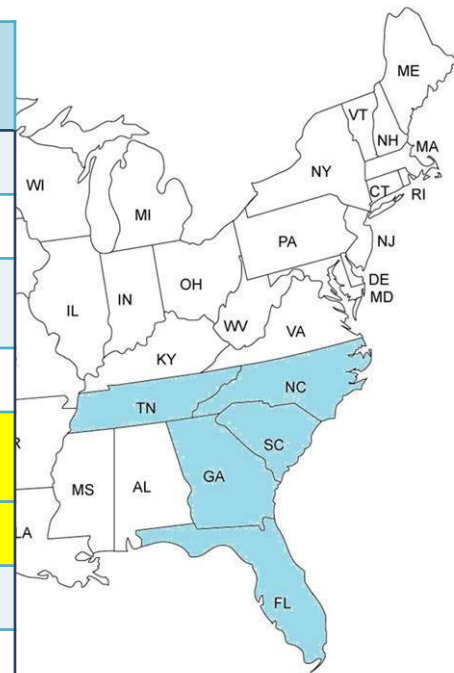
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EAST REGION: NEW COMMUNITIES WITH NEW PRODUCT BEING ACCEPTED WELL

- **Florida:** Nice bounce back driven by our affordable entry-level product and new communities in A locations
- **Georgia:** New product rolled out in new communities being well-received by buyers, working to build momentum
- **NC & SC:** Success with new product in NC
- **Tennessee:** Focusing on opening new communities and increasing brand awareness

East Region						
Percentage (%) changes 3Q17 vs. 3Q16						
	FL	GA	NC	SC	TN	Region
Average Active Communities	29.5	18.0	19.0	14.0	6.5	87.0
	+13%	+6%	-7%	-10%	-7%	+1%
Orders/ Average Community	9.1	5.7	7.7	6.1	5.7	7.4
	+14%	+14%	+5%	+33%	-26%	+12%
Orders	+29%	+20%	-1%	+21%	-31%	+13%
ASP	-3%	-5%	-1%	+5%	+4%	-1%
Order Value	+25%	+15%	-3%	+27%	-29%	+12%



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YTD EARNINGS GROWTH DRIVEN BY REVENUE AND OVERHEAD LEVERAGE

(\$millions, except ASP and per share amounts)	Nine Months Ended Sept 30,		Actual %Chg
	2017	2016	
Home closings	5,456	5,238	+4%
ASP (closings)	\$415K	\$406K	+2%
Home closing revenue	\$2,263	\$2,127	+6%
Home closing gross profit	\$394	\$372	+6%
Home closing gross margin	17.4%	17.5%	-10 bps
SG&A expenses	\$250	\$247	+1%
-- % of home closing revenue	11.0%	11.6%	-60 bps
Interest expense	\$4	\$5	-31%
Earnings before taxes	\$163	\$142	+15%
Tax rate	34.1%	31.0%	+310 bps
Net earnings	\$108	\$98	+10%

- Revenue growth dampened by delayed closings in Houston & Florida
- Managing cost pressures due to storm-related shortages
- Still expecting to maintain home closing gross margins for FY17
- Interest expense reduced due to more interest capitalized

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CAREFULLY MANAGING BALANCE SHEET WHILE INVESTING FOR GROWTH

Net debt-to-capital (non-GAAP reconciliation to Debt-to-capital ratio)	(\$millions)	
	Sep-30, 2017	Dec-31, 2016
Notes payable and other borrowings *	\$ 1,304	\$ 1,127
Less: cash and cash equivalents	(115)	(132)
Net debt	\$ 1,189	\$ 996
Stockholders' equity	1,539	1,421
Total net capital	\$ 2,728	\$ 2,417
Net debt-to-capital	43.6%	41.2%
Real estate inventory	\$2.76B	\$2.42B

Statistics	2017	2016
3Q Closings from spec inventory	48%	40%
<u>As of Sept 30</u>		
Unsold homes (specs)	1,957	1,531
Avg specs/community	7.8	6.5
Under construction	73%	79%
Completed	27%	21%
3Q land & development spending	\$286M	\$228M

*\$300M senior notes issued Jun-17; \$126.5M convertible notes retired

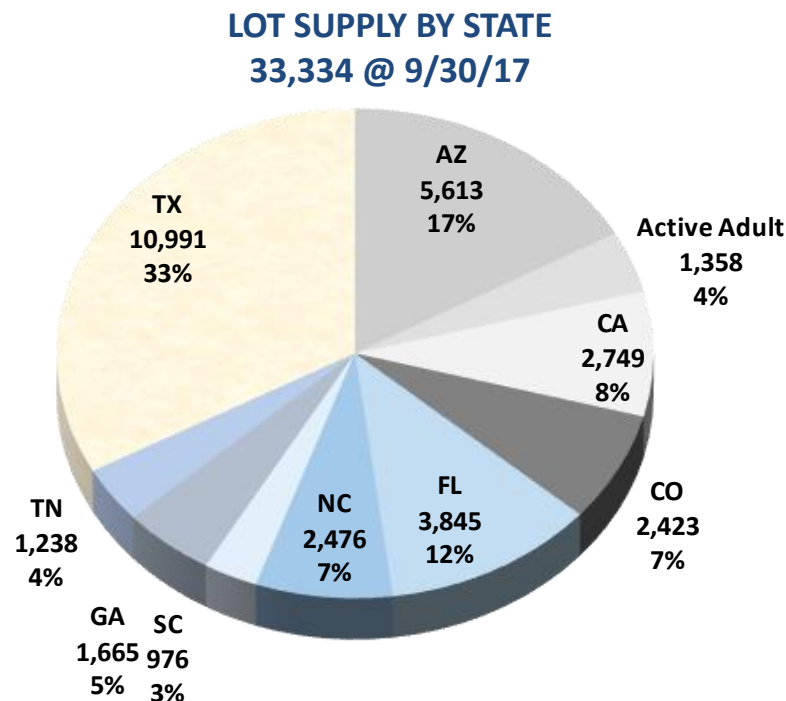
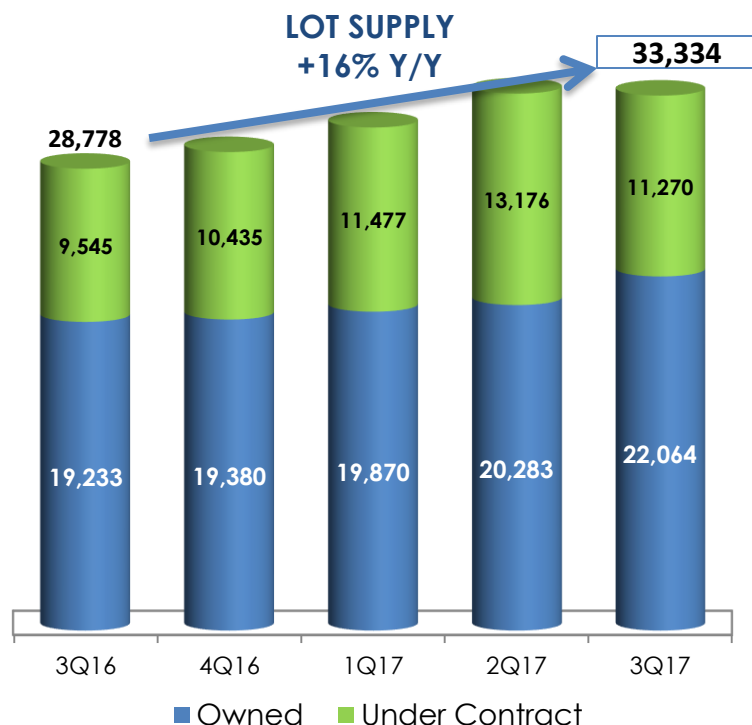
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LOT SUPPLY SUPPORTS GROWTH STRATEGY

- Invested \$286M in land & development in 3Q17 -- \$771M YTD
- Secured 2,400+ new lots in 3Q17 for 2018+ (~70% for entry-level)



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2017 FY & 4Q GUIDANCE

Full Year 2017

- 7,600-7,800 home closings
- \$3.15-3.25 billion home closing revenue (+3-10%)
- Gross margin % in line with 2016
- Improve leverage – reduce SG&A 30-80 bps
- \$235-245 million pre-tax earnings
- 34-35% tax rate

4Q17

- 2,100-2,300 home closings
- \$880-980M home closing revenue
- \$70-80M pre-tax earnings

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SUMMARY

- Solid 3Q17 results
 - Good progress on strategic initiatives
 - Housing market drivers remain positive
- Increased focus on growing entry-level segment

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