Meritage Homes®

Setting the standard for energy-efficient homes®

First Quarter 2018 Analyst Conference Call

April 26, 2018

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, home closing gross margin and pre-tax earnings for the second quarter and full year 2018, as well as improved overhead leverage and net earnings growth in 2018; and expected future growth and earnings expansion opportunities from millions of Millennials expected to enter the homebuilding market in the next decade.

These 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: the availability and cost of finished lots and undeveloped land; shortages in the availability and cost of labor; changes in interest rates and the availability and pricing of residential mortgages; changes in tax laws that adversely impact us or our homebuyers; inflation in the cost of materials used to develop communities and construct homes; the success of strategic initiatives; the ability of our potential buyers to sell their existing homes; cancellation rates; the adverse effect of slow absorption rates; competition; 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; home warranty and construction defect 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; 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 if our credit ratings are downgraded; 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; negative publicity that affects our reputation; 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, 2017 under the caption "Risk Factors," which can be found on our website at www.investors.meritagehomes.com.

Management Representatives

Steven J. Hilton – Chairman & CEO

Phillippe Lord – EVP & Chief Operating Officer

Hilla Sferruzza – EVP & Chief Financial Officer

Brent Anderson – VP Investor Relations

Strong First Quarter Performance

Y/Y% Comparisons to 1Q 2017

+ 10% orders

+ 9% home closings

+ 10% home closing revenue

+ 90 bps GM%

+ 33% pre-tax earnings

+ 91% diluted EPS

Strategic Initiatives

Earnings growth

Community count growth	Gross margin improvement	Manage & leverage SG&A

Community count growth

Held constant Y/Y in 1Q, despite early sell-outs due to high demand

Increased during 1Q18 from 244 at 12/31/17 to 253 at 3/31/18

Shift to entry-level = higher average absorptions/community

Gross margin improvement

+90 bps Y/Y (17.1% vs 16.2%)

L-T target: 19-20%

- Operational efficiencies
- New communities with higher margins
- Improving leverage in newer divisions

Manage & leverage SG&A

-30 bps (11.5% vs 11.8%)

Long-term target: 10-10.5%

- Leveraging higher closings & revenue
- Cost controls, productivity gains and closing volume leverage

Strategy: Provide More Entry-level Homes

- Targeting Millennials & Baby Boomer move-down buyers – largest cohorts of population
- Extreme shortage of homes priced affordably for first-time buyers
- Affordability declining due to rising home prices and interest rates
- Answer = offer more homes at lower price points in desirable locations

~32%

of active communities at 3/31/18

~21% YE16
~30% YE17
~35-40% by YE 2018

~38%

orders in 1Q18

~24% FY16
~33% FY17

~81%

total lots contracted for in 1Q18

~70% FY17

~51%

closings from specs in 1Q18

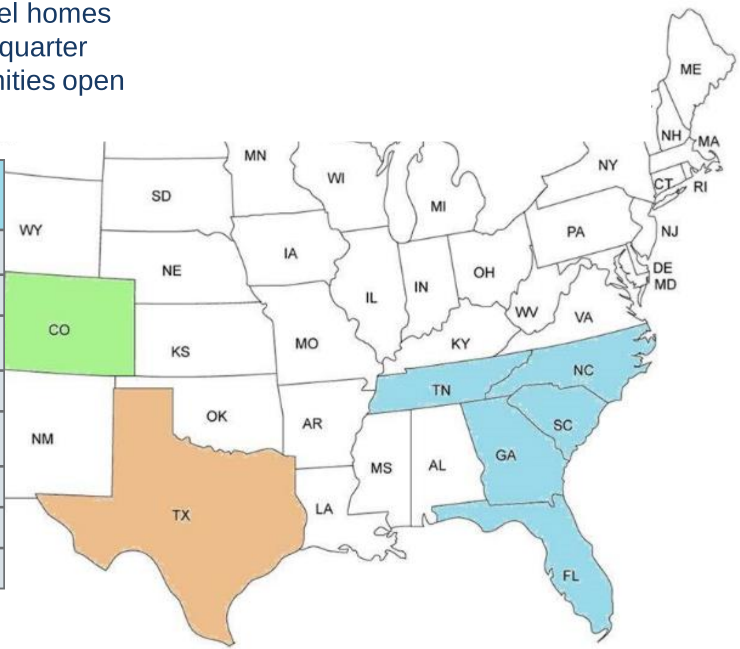
~41% FY16
~49% FY17

Success: avg. absorptions 4.0/month entry-level vs 2.8/month move-up

East: Continued Improvement – Strong Gains

- **Florida:** increased sales despite lower CC with absorption increases
- **Georgia**: continuing to execute with 80% increase in absorptions (3rd consecutive quarterly increase Y/Y)
- **North Carolina**: decline in ASPs due to shift to more entry-level homes
- **South Carolina:** double-digit order growth for 3rd consecutive quarter
- **Tennessee**: double-digit order growth despite fewer communities open
    - Opportunities to improve further across the board

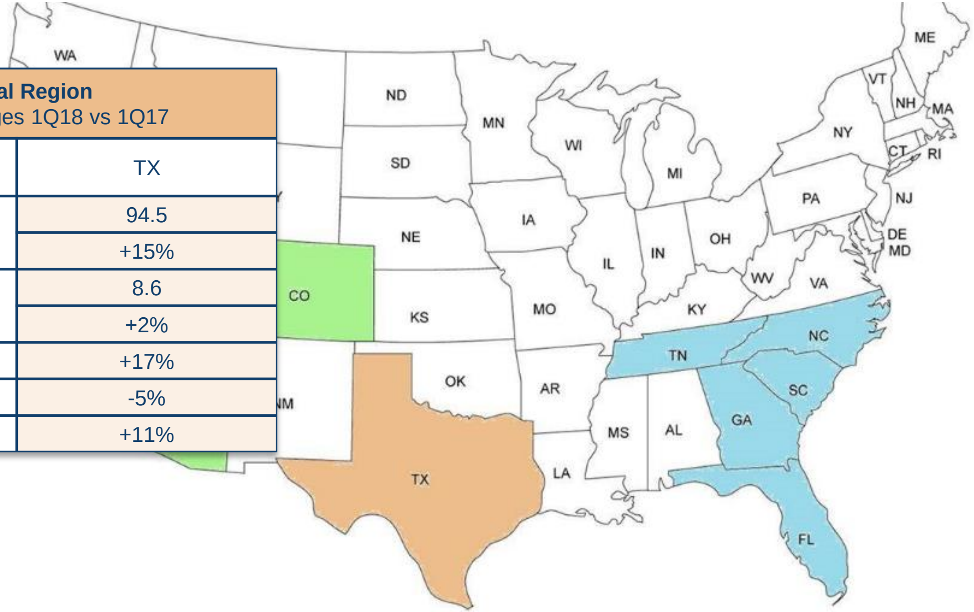
East Region Y/Y (%) changes 1Q18 vs 1Q17						
	FL	**GA**	**NC**	**SC**	**TN**	**Region**
Average Active Communities	28.0	20.0	18.5	12.5	6.0	85.0
	-5%	+18%	+6%	-17%	-20%	-2%
Orders/ Average Community	9.4	7.4	8.5	6.4	8.0	8.2
	+16%	+80%	-1%	+33%	+57%	+24%
Orders	+10%	+114%	+5%	+11%	+26%	+23%
ASP	+1%	+6%	-11%	+1%	-3%	-4%
Order Value	+11%	+127%	-7%	+12%	+23%	+18%



Central: Solid Demand Across Texas

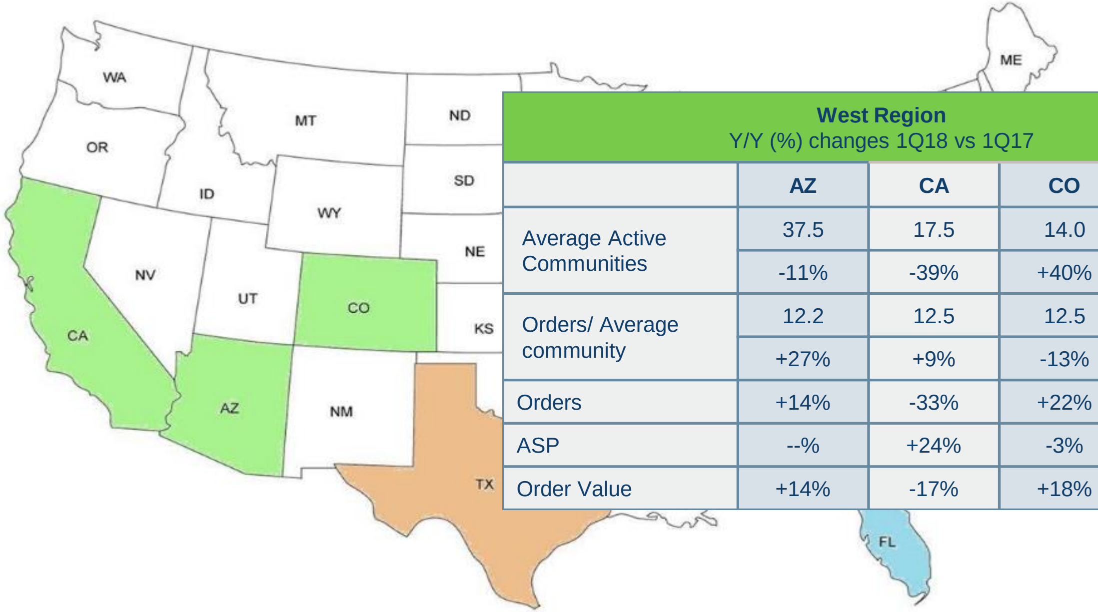
- Strong demand across markets, especially in Austin & San Antonio
- Reduced ASP reflects continuing shift to greater mix of entry-level homes

Central Region Y/Y (%) changes 1Q18 vs 1Q17	
	TX
Average Active Communities	94.5 +15%
Orders/ Average Community	8.6 +2%
Orders	+17%
ASP	-5%
Order Value	+11%



West: Strong Demand, Especially in Entry-Level Communities

- **Arizona**: 14% growth driven by 27% increase in absorptions
- **California**: 9% increase in absorptions offset 39% decline in average communities open
- **Colorado**: additional communities opened late 1Q18 expected to impact 2Q and beyond



West Region Y/Y (%) changes 1Q18 vs 1Q17				
	AZ	**CA**	**CO**	**Region**
Average Active Communities	37.5	17.5	14.0	69.0
	-11%	-39%	+40%	-14%
Orders/ Average community	12.2	12.5	12.5	12.4
	+27%	+9%	-13%	+14%
Orders	+14%	-33%	+22%	-2%
ASP	--%	+24%	-3%	+3%
Order Value	+14%	-17%	+18%	--%

+33% Increase in Pre-tax Earnings

($millions)	Quarter Ended Mar 31,		
	2018	2017	%Chg
Home closings	1,725	1,581	+9%
ASP (closings)	$422K	$418K	+1%
Home closing revenue	$728.5	$660.6	+10%
Home closing gross profit	$124.3	$107.3	+16%
Home closing gross margin	17.1%	16.2%	+90 bps
SG&A expenses	$83.6	$77.9	+7%
-- % of home closing revenue	11.5%	11.8%	-30 bps
Earnings before taxes	$48.9	$36.8	+33%
Tax rate	10%	36%	-2600 bps
Net earnings	$43.9	$23.6	+86%

- 33% increase in earnings before taxes driven by home closing revenue growth, higher home closing margin and lower SG&A%
- Lower tax rate from energy tax credits in addition to new corporate income tax rates per Tax Cuts & Jobs Act

Maintaining Strong Balance Sheet While Supporting Investment Toward Growth

Net debt-to-capital reconciliation ($millions)		
(non-GAAP reconciliation to net debt-to capital ratio)	Mar-31, 2018	Dec-31 2017
Notes payable and other borrowings	$ 1,311	$ 1,284
Less: cash and cash equivalents	(173)	(171)
Net debt	$ 1,139	$ 1,113
Stockholders' equity	1,625	1,577
Total net capital	$ 2,764	$ 2,690
Net debt-to-capital	41.2%	41.4%

Real assets key metrics	1Q 2018	4Q 2017	1Q 2017
Closings from spec inventory	51%	47%	47%
As of period ended:			
Total lots controlled	33,987	34,319	31,347
Years supply of lots	4.3	4.5	4.2
Unsold homes (specs)	1,998	2,086	1,633
Avg specs/community	7.9	8.5	6.4
Under construction	67%	69%	68%
Completed	33%	31%	32%
Land & development spending	$203M	$250M	$207M

Consistent with our strategy to focus more on entry-level homes, a higher percentage of closings are from spec inventory

2018 Guidance

Full Year 2018

- 8,450-8,850 home closings
- $3.5-3.65 billion home closing revenue
- Home closing gross margin at least 18%
- Pre-tax earnings $285-305M
- ~25% effective tax rate 2Q-4Q18 (~22% FY)

2Q18

- 1,850-2,000 home closings
- $775-850M home closing revenue
- Home closing gross margin mid-17's%
- Pre-tax earnings $55-60M

Summary

- Solid 1Q18 results
- Healthy demand, especially for entry-level homes
- Housing market drivers remain positive
- Strategic pivot to more entry-level addresses long-term growth opportunity

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