



First Quarter 2019 Analyst Conference Call

April 24, 2019

LIFE. BUILT. BETTER.®

Forward-Looking Statements

This presentation, along with the accompanying press release and 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, overhead leverage and diluted earnings per share.

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, except as required by law. 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: changes in interest rates and the availability and pricing of residential mortgages; legislation related to tariffs; the availability and cost of finished lots and undeveloped land; shortages in the availability and cost of labor; the success of strategic initiatives; the ability of our potential buyers to sell their existing homes; 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; cancellation rates; competition; changes in tax laws that adversely impact us or our homebuyers; 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 and surety 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 breach; 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, 2018 under the caption "Risk Factors," which can be found on our website at www.investors.meritagehomes.com.

Management Representatives

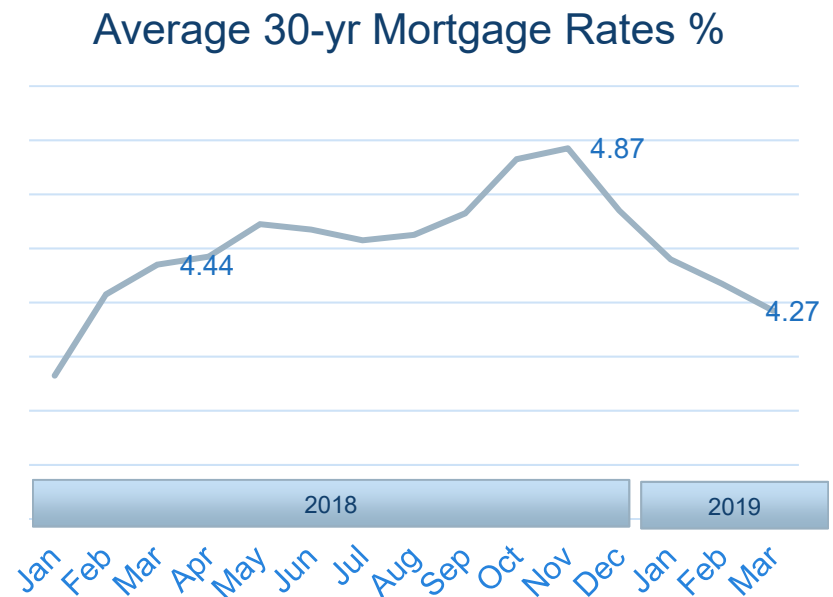
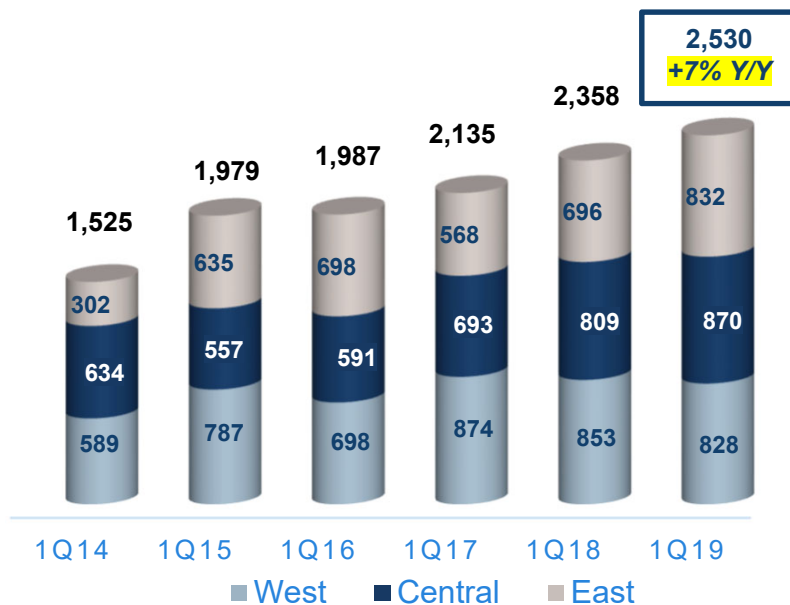
Steven J. Hilton – Chairman & CEO

Phillippe Lord – EVP & Chief Operating Officer

Hilla Sferruzza – EVP & Chief Financial Officer

Brent Anderson – VP Investor Relations

Lower interest rates and targeted incentives drove 7% order growth Y/Y



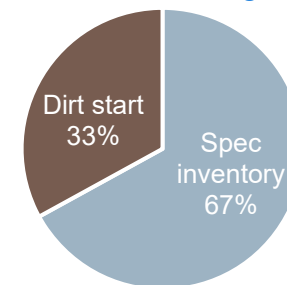
Source: FreddieMac

LIFE. BUILT. BETTER.®

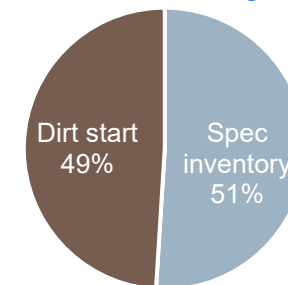
Entry-level spec inventory helped drive higher backlog conversion and closings, though at lower ASPs

(\$millions except ASP)	1Q2019	1Q18	%Chg
Beginning backlog	2,433	2,875	-15%
Backlog conversion rate	73%	60%	+130 bps
Home closings	1,765	1,725	+2%
ASP (closings)	\$396K	\$422K	-6%
Home closing revenue	\$698.7	\$728.5	-4%
Home closing gross margin	16.7%	17.1%	-40 bps

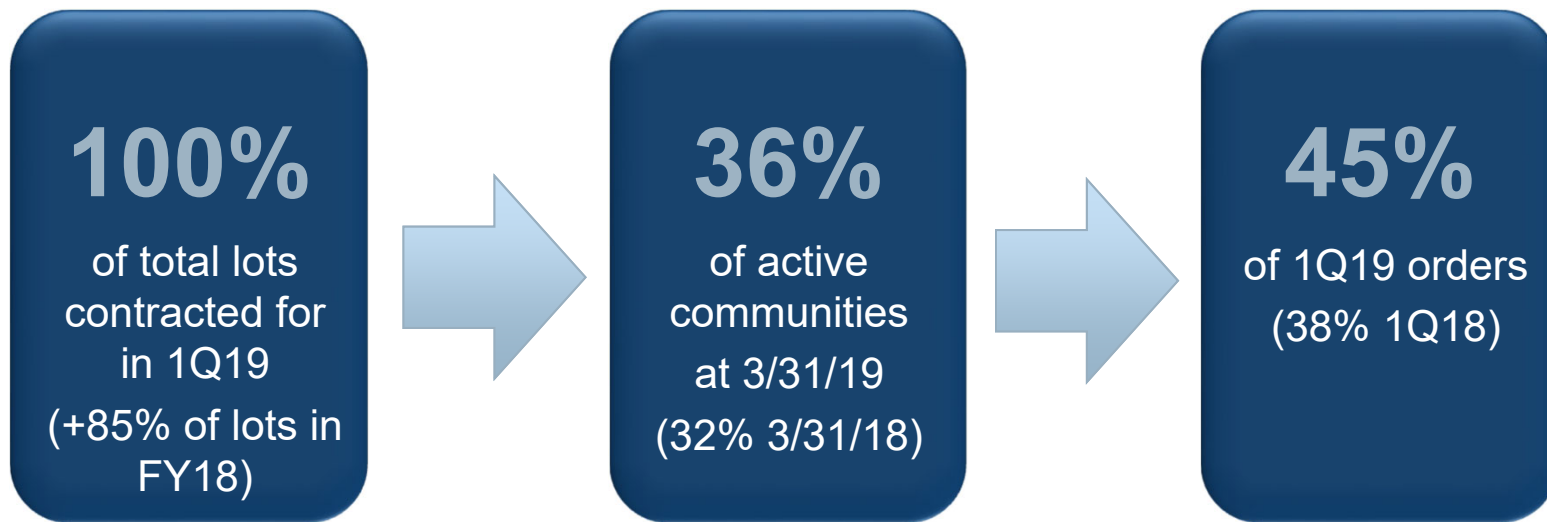
1Q19 Closings



1Q18 Closings



Strategic expansion of entry-level and first move-up, winding down second move-up



Entry-level absorptions 1.5X higher than move-up with equivalent or better margins

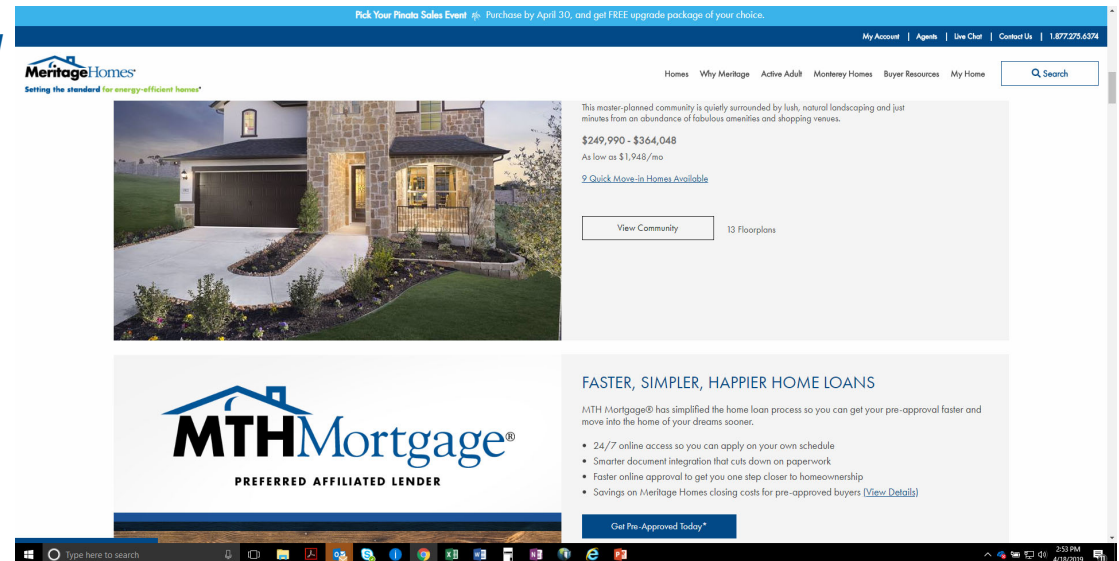
LIFE. BUILT. BETTER.®

loanDepot launches new digital pre-approval process exclusively for Meritage Homes customers

Homebuyers can get instant access and approval for mortgage loan amount anywhere, anytime and without a loan consultant

“Meritage Homes buyers can simply log in online, fill out the application and instantly have the convenience of shopping for a home without having to rearrange their work or childcare schedule to accommodate traditional business hours.”

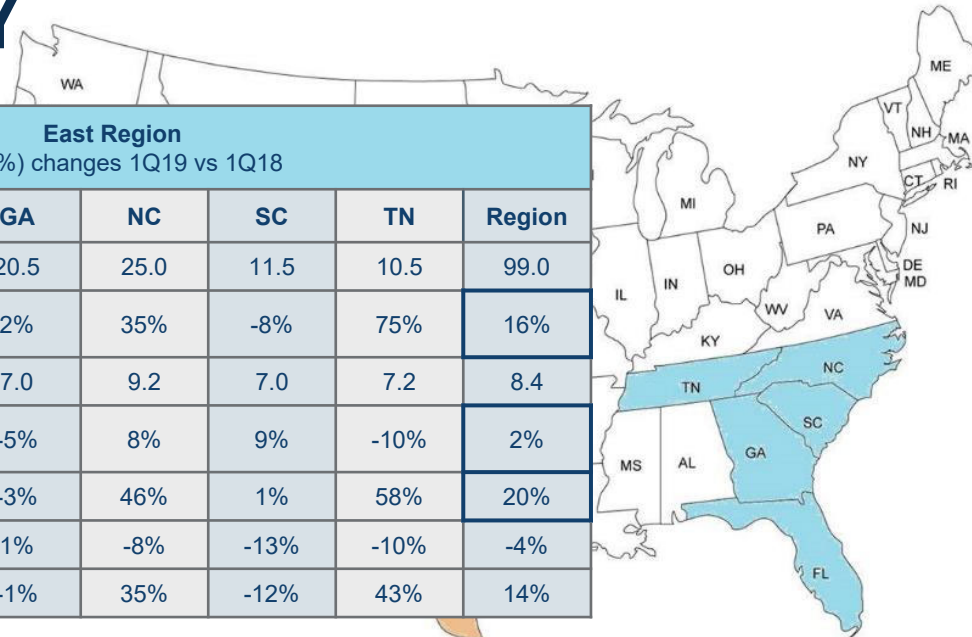
- 24/7
- Secured channels
- < 15 minutes to be approved



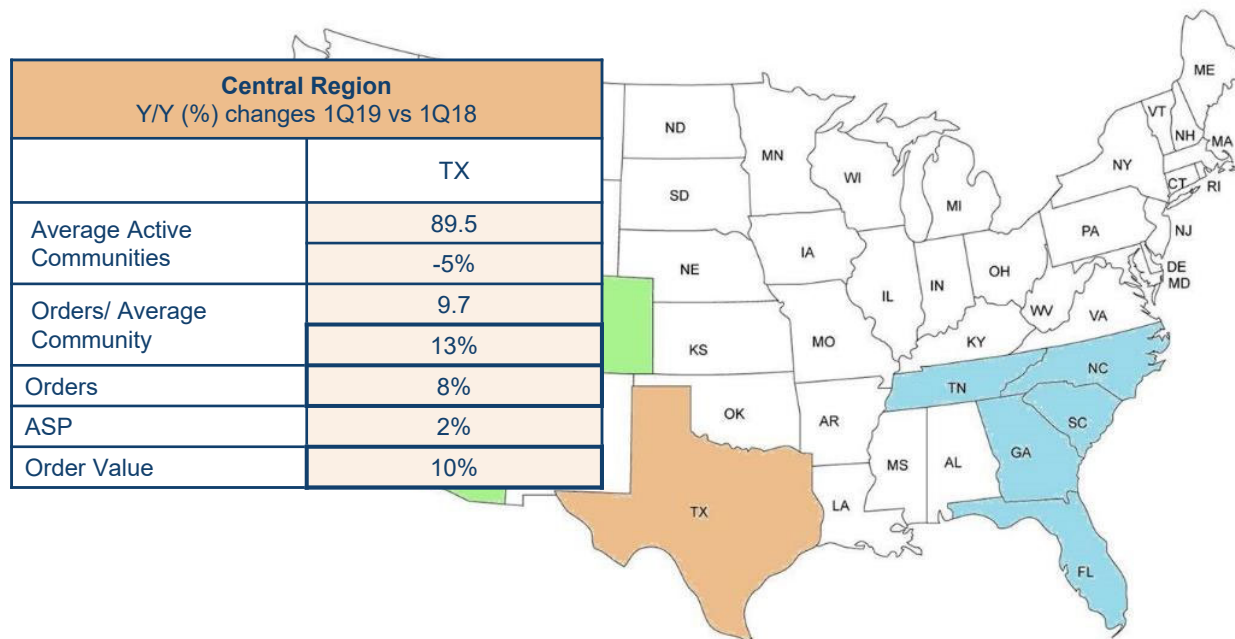
LIFE. BUILT. BETTER.®

East: expanding community count to grow and improve leverage; entry-level orders up 59% Y/Y

East Region Y/Y (%) changes 1Q19 vs 1Q18						
	FL	GA	NC	SC	TN	Region
Average Active Communities	31.5	20.5	25.0	11.5	10.5	99.0
	13%	2%	35%	-8%	75%	16%
Orders/ Average Community	9.6	7.0	9.2	7.0	7.2	8.4
	2%	-5%	8%	9%	-10%	2%
Orders	14%	-3%	46%	1%	58%	20%
ASP	-2%	1%	-8%	-13%	-10%	-4%
Order Value	12%	-1%	35%	-12%	43%	14%

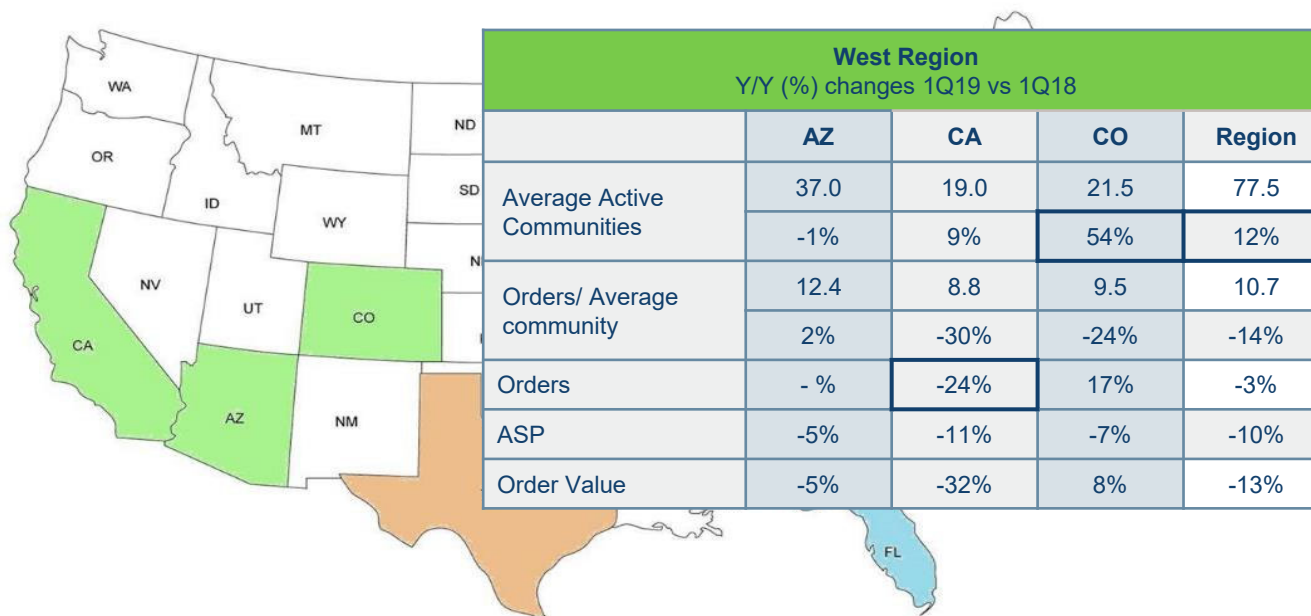


Central: strong demand across Texas



LIFE. BUILT. BETTER.®

West: soft demand in California while Arizona and remains strong



Entry-level shift evident in Y/Y financial fluctuations

(\$millions)	1Q19	1Q18	Y/Y %Chg	Explanation
Homes closed (units)	1,765	1,725	2%	Ability to quickly convert spec sales to closings
Home closing revenue	\$699	\$729	-4%	Lower ASP due to shift to entry-level
ASP closings (\$000)	\$396	\$422	-6%	Higher % of entry-level homes
Home closing GM%	16.7%	17.1%	(40) bps	Targeted incentives to achieve volume targets; 1Q18 benefitted from recovery on drywall claims
SG&A%	12.3%	11.5%	80 bps	\$1.1M severance, \$1.4M accelerated equity comp expense, loss of leverage on lower revenue, higher brokerage commissions
Interest expense	\$4	--	n/m	Less interest capitalized to assets as inventory turning over faster with more entry-level homes
Earnings before income taxes	\$32	\$49	-34%	1Q18 benefitted from favorable legal settlement of ~\$4.8M in other income
Net earnings	\$25	\$44	-42%	Higher tax rate (21% vs 10% in 1Q18), \$6.3M benefit from energy tax credits in 1Q18

Maintained lot supply with lower land spending

More spec inventory provides revenue opportunities with quicker sale-to-close cycle time

Net debt-to-capital reconciliation (\$millions)		
<i>(non-GAAP reconciliation to net debt-to capital ratio)</i>	Mar-31, 2019	Dec-31, 2018
Notes payable and other borrowings	\$ 1,309	\$ 1,310
Less: cash and cash equivalents	(327)	(311)
Net debt	\$ 982	\$ 999
Stockholders' equity	1,743	1,721
Total net capital	\$ 2,725	\$ 2,719
Net debt-to-capital	36.0%	36.7%
Book value/share	\$45.55	\$45.20

Real assets key metrics	1Q19	1Q18
<u>As of period ended:</u>		
Total lots controlled	33,809	33,987
Years supply of lots	3.9	4.3
Unsold homes (specs)	2,205	1,998
Avg specs/community:	8.5	7.9
Under construction	64%	67%
Completed	36%	33%
Land & development spending	\$141M	\$203M

~200K shares repurchased for \$9M

LIFE. BUILT. BETTER.®

Guidance

Full Year
2019

- 8,200-8,700 home closings
- \$3.25-3.45 billion home closing revenue
- Home closing gross margin approximately 18%
- ~25% effective tax rate FY19
- Diluted EPS \$4.65-4.95

2Q 2019

- 1,900-2,100 home closings
- \$760-825 million home closing revenue
- Home closing gross margin mid-17's %
- Diluted EPS \$0.95-1.05
- Beginning backlog (9)% lower Y/Y 2Q19 vs 2Q18
- Lower ASP due to product shift toward more entry-level
- Lower GM% reflects higher incentives

LIFE. BUILT. BETTER.®

Summary

- + Solid spring selling season so far in 2019 -- buyers taking advantage of interest rates & incentives
- + Healthy demand for entry-level homes
- + Housing market drivers remain positive
- + Confident in strategic focus on entry-level & 1st move-up
- + Customers like simplified & streamlined purchase process



**LIFE.
BUILT.
BETTER.™**