

Deutsche Bank 2013 Industrials & Basic Materials Conference - Chicago

June 12, 2013



Setting the standard for energy-efficient homes™

Forward-Looking Statements

This presentation and accompanying comments contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include management's expectations that increasing prices will help regulate demand for new homes and maximize profit from communities, that the homebuilding market is poised for years of continued growth, that Meritage is positioned to capture additional market growth, and management's projected revenue, pretax earnings and earnings per share for 2013.

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. The risks and uncertainties include but are not limited to the following: weakness in the homebuilding market resulting from an unexpected setback in the current economic recovery; the availability of finished lots and undeveloped land; interest rates and changes in the availability and pricing of residential mortgages; the availability and cost of materials and labor; adverse changes in tax laws that benefit our homebuyers; the ability of our potential buyers to sell their existing homes; cancellation rates and home prices in our markets; inflation in the cost of materials used to construct homes; the adverse effect of slower order absorption rates; potential write-downs or write-offs of assets, including pre-acquisition costs and deposits; our potential exposure to natural disasters; competition; the adverse impacts of cancellations resulting from small deposits relating to our sales contracts; construction defect and home warranty claims; our success in prevailing on contested tax positions; our ability to preserve our deferred tax assets and use them within the statutory time limits; delays and risks associated with land development; 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; changes in or our failure to comply with laws and regulations; our lack of geographic diversification; fluctuations in quarterly operating results; our financial leverage and level of indebtedness; our ability to take certain actions because of restrictions contained in the indentures for our senior and senior subordinated notes and our ability to raise additional capital when and if needed; our credit ratings; successful integration of future acquisitions; government regulations and legislative or other initiatives that seek to restrain growth or 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 under the caption "Risk Factors" in our Forms 10-K for the year ended December 31, 2012 and 10-Q for the quarter ended March 31, 2013, both of which can be found on our website.

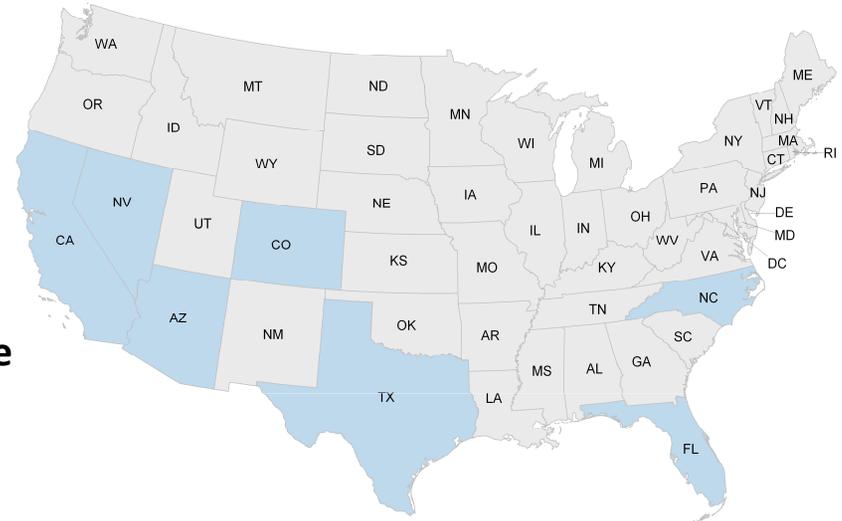


Company Profile

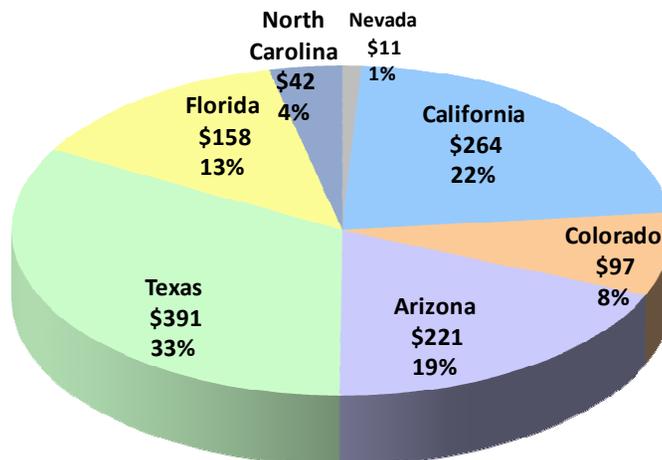
7 states - 15 markets

168 actively-selling communities

- Founded in 1985 – delivered 75,000+ homes through 2012
- Headquartered in Scottsdale, AZ
- Listed on NYSE:MTH since 1996
- 9th largest U.S. homebuilder by 2012 closings



2012 Home Closing Revenue by State (\$Millions)



National builder with top-5 market share in some of the best long-term housing markets



11 of the Top 20 Markets for Homebuilding

Market	2012 SF Permit Rank	2011 SF Permit Rank	2012 SF Permits	SF Permits YOY Change
Houston, TX	1	1	28,750	26%
Dallas, TX	2	2	13,000	22%
Phoenix, AZ	3	4	12,100	66%
Atlanta, GA	4	6	9,100	46%
Washington D.C., DC-VA-MD-WV	5	3	9,000	12%
Austin, TX	6	5	8,200	32%
Orlando, FL	7	11	7,200	59%
Raleigh-Cary, NC	8	8	6,500	37%
Charlotte, NC-SC	9	7	6,300	28%
Las Vegas, NV	10	15	6,200	62%
Seattle, WA	11	9	6,050	32%
Tampa, FL	12	12	5,950	32%
Denver, CO	13	17	5,700	57%
Minneapolis, MN-WI	14	16	5,500	46%
Fort Worth, TX	15	10	5,400	18%
Nashville, TN	15	14	5,400	31%
Oklahoma City, OK	17	26	5,200	69%
San Antonio, TX	17	13	5,200	18%
Jacksonville, FL	19	24	4,650	43%
Portland, OR-WA	20	25	4,500	44%

Source: John Burns Real Estate Consulting, LLC

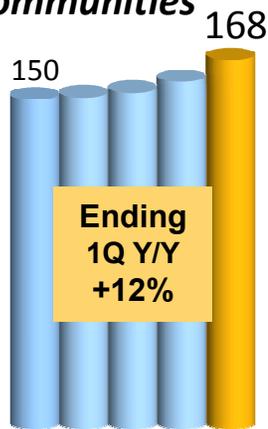
Meritage builds in 11 of top 20 markets for permit activity in 2012



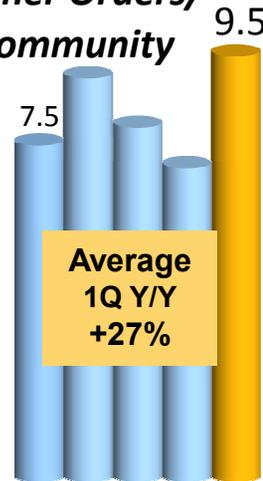
Strong Growth Over the Last 5 Quarters



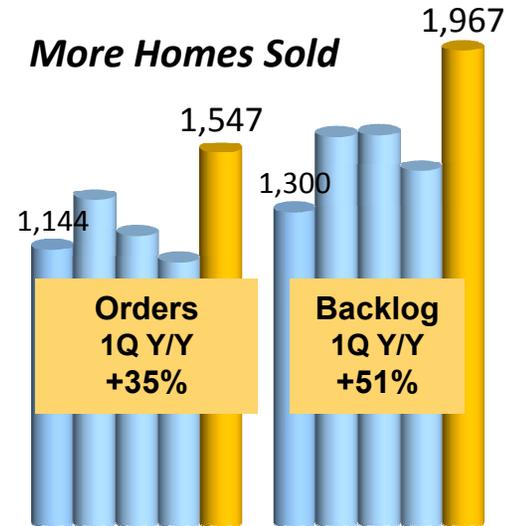
More Active Communities



Higher Orders/Community



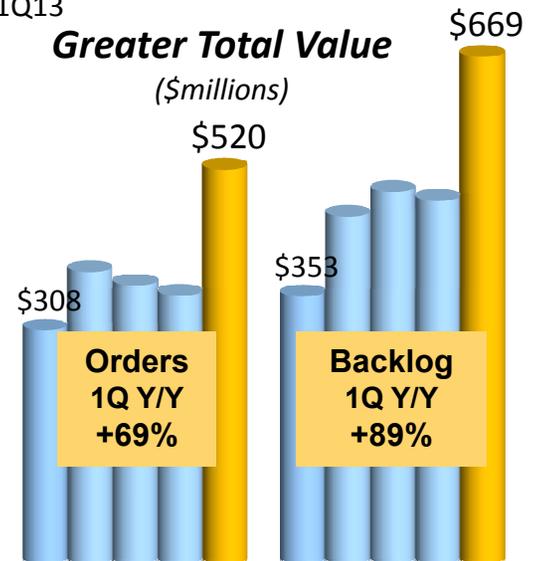
More Homes Sold



Higher ASPs (\$000s)



Greater Total Value (\$millions)



Strong performance due to sound strategies and operational execution, healthier market conditions



Strong Performance Across All Markets

		First Quarter 2013			
State*	Net Orders 1Q13	Average Communities	Orders/Community	ASP (\$000)	Total Order Value (\$millions)
Arizona	318	39	8.2	\$307.3	\$97.7
Y/Y change%	+28%	+13%	+14%	+28%	+64%
California	314	16	19.6	\$425.6	\$133.6
Y/Y change%	+68%	-22%	+115%	+27%	+113%
Colorado	141	12	12.3	\$402.8	\$56.8
Y/Y change%	+55%	+28%	+22%	+21%	+87%
Texas	503	67	7.5	\$260.7	\$131.1
Y/Y change%	+9%	-	+9%	+11%	+20%
Carolinas	69	9	7.7	\$389.7	\$26.9
Y/Y change%	+109%	+157%	-18%	+6%	+123%
Florida	179	20	9.0	\$384.1	\$68.7
Y/Y change%	+58%	+18%	+36%	+30%	+106%

* Excludes Nevada – sold out
 Carolinas was a new market in 4Q11, making these yr/yr changes less meaningful

Every market grew sales metrics – West and Southeast showed largest gains

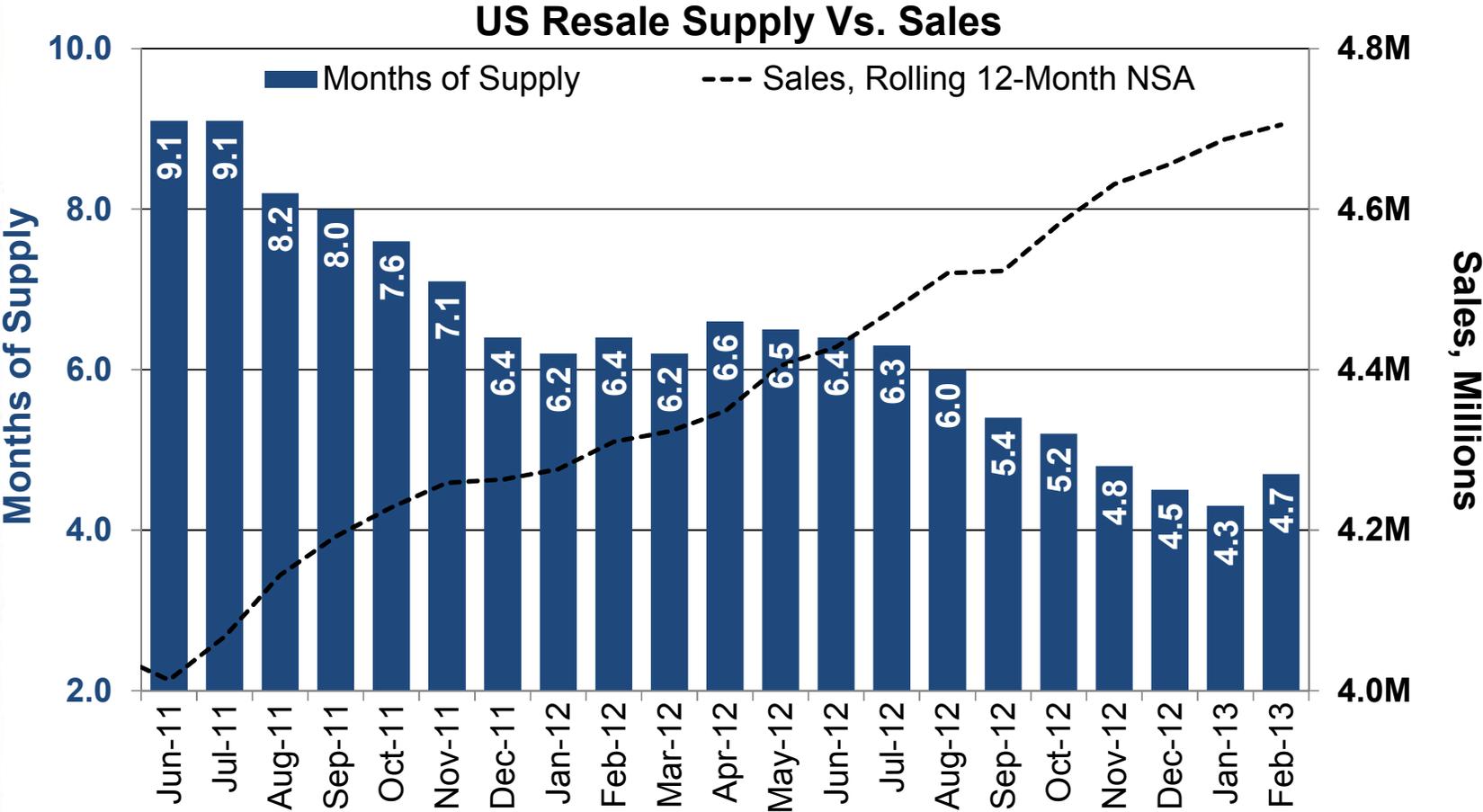
Accelerated Earnings Growth in 1st Quarter Demonstrates Strong Operating Leverage



	1Q13	1Q12	Change	Change in % of associated revenue
Home closing revenue	\$330,710	\$204,022	62%	
Home closing gross profit & margin	64,360	35,113	83%	↑ 230 bps
Commissions and other sales costs	(25,879)	(18,977)	36%	↓ 150 bps
General and administrative expenses	(19,724)	(14,721)	34%	↓ 130 bps
Interest expense	(5,128)	(7,371)	-30%	↓ 210 bps
Pre-tax income	\$ 16,475	\$ (4,754)		↑ 720 bps
Diluted EPS	\$ 0.32	\$ (0.15)	+\$0.47	

Gross profit grew 83% on 62% revenue growth;
Pretax income grew 720 bps on 230 bps increase in gross margin

Demand > Supply Gap is Widening, Drawing Buyers to New Construction



Source: NAR, JBREC

Rising demand and falling supply is driving price appreciation – large gap to close over time

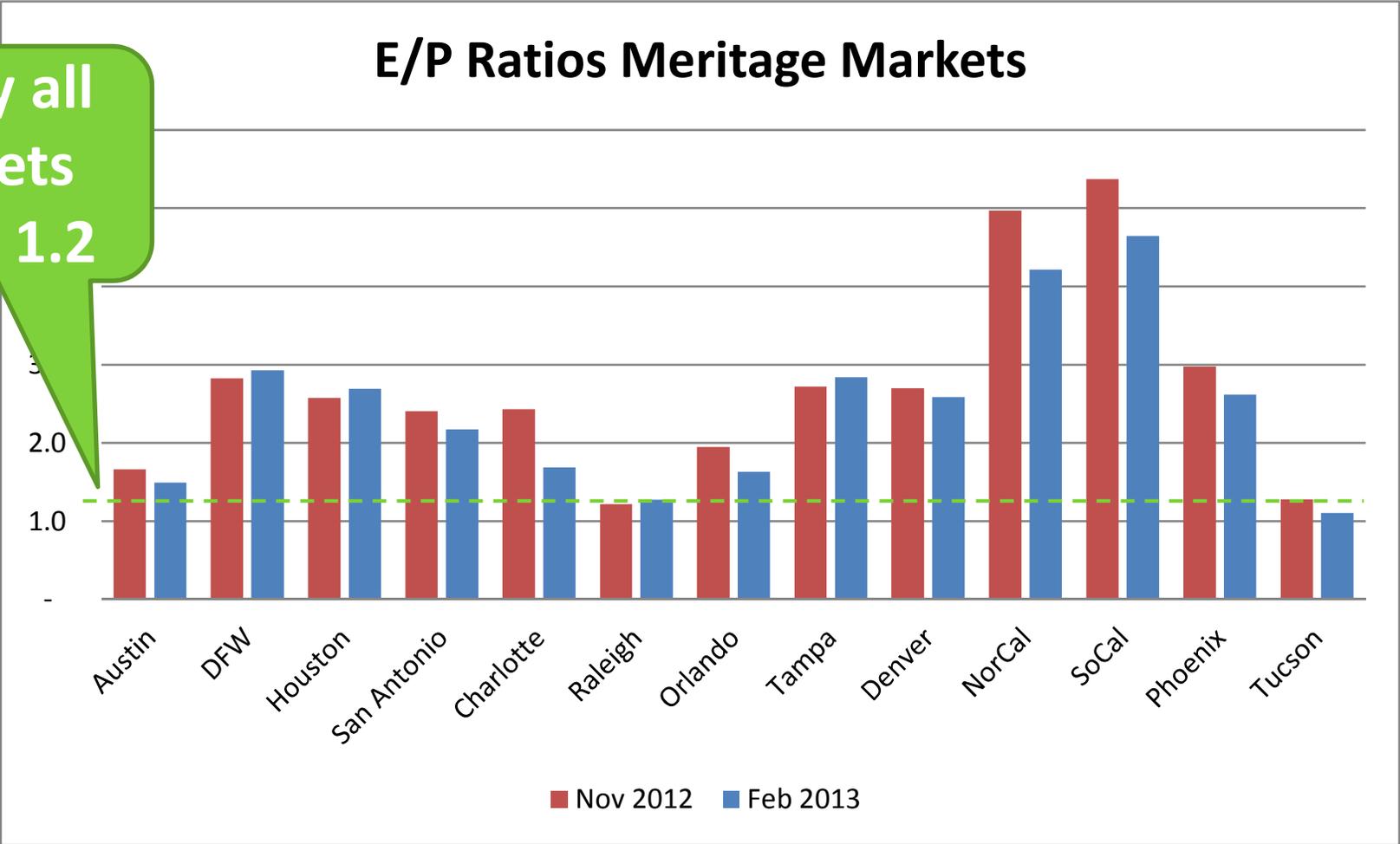


Job Growth is Primary Driver of Demand

Employment growth / Permits ratio

E/P Ratios Meritage Markets

Nearly all markets above 1.2

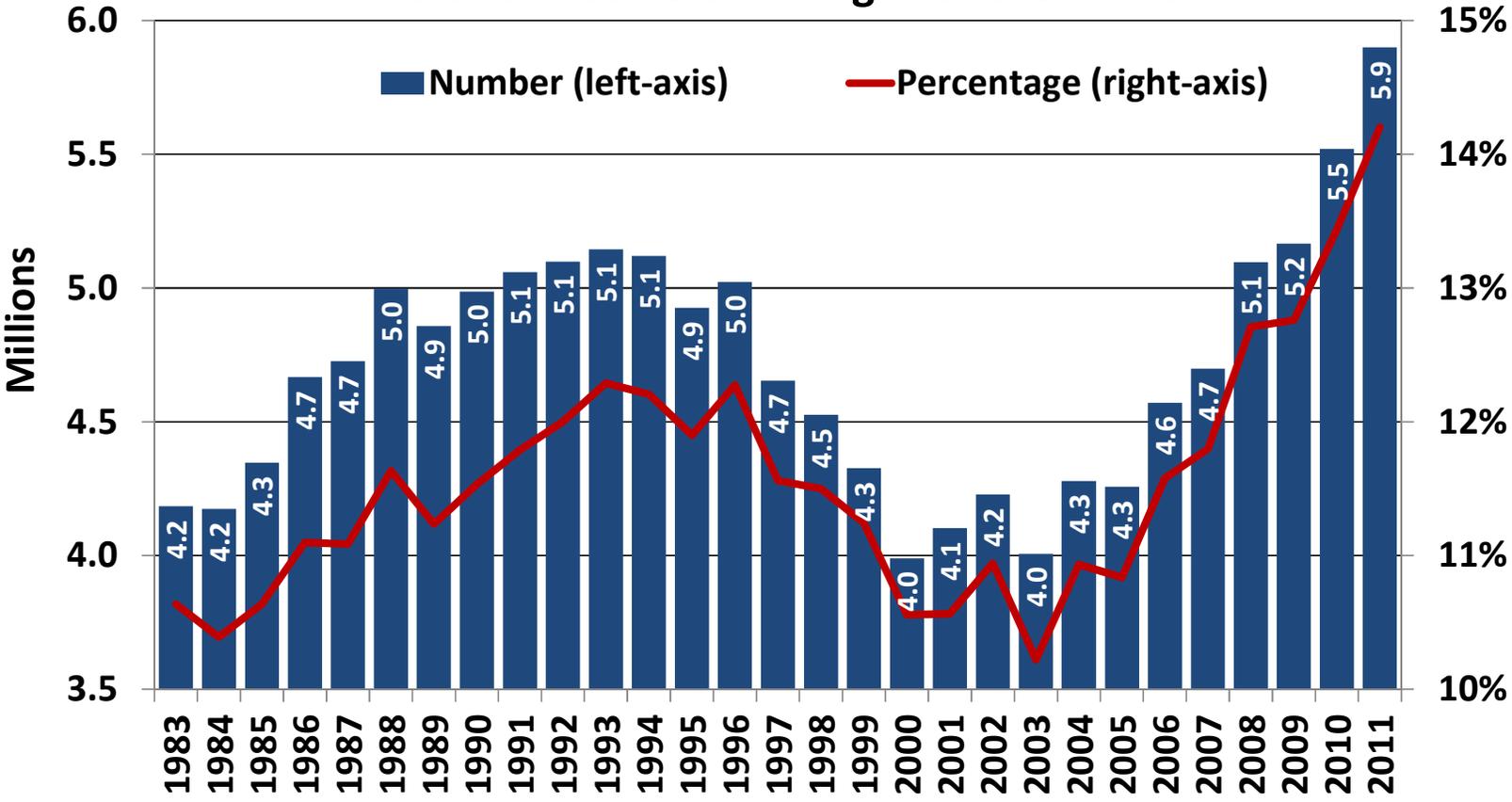


2.1M jobs created in last year ÷ 837K total permits = 2.50 jobs/housing unit (vs normal 1.2)



Pent-up Demand from Young Adults Living with Parents

25 to 34 Year Olds Living with their Parents



Source: US Census Bureau, JBREC

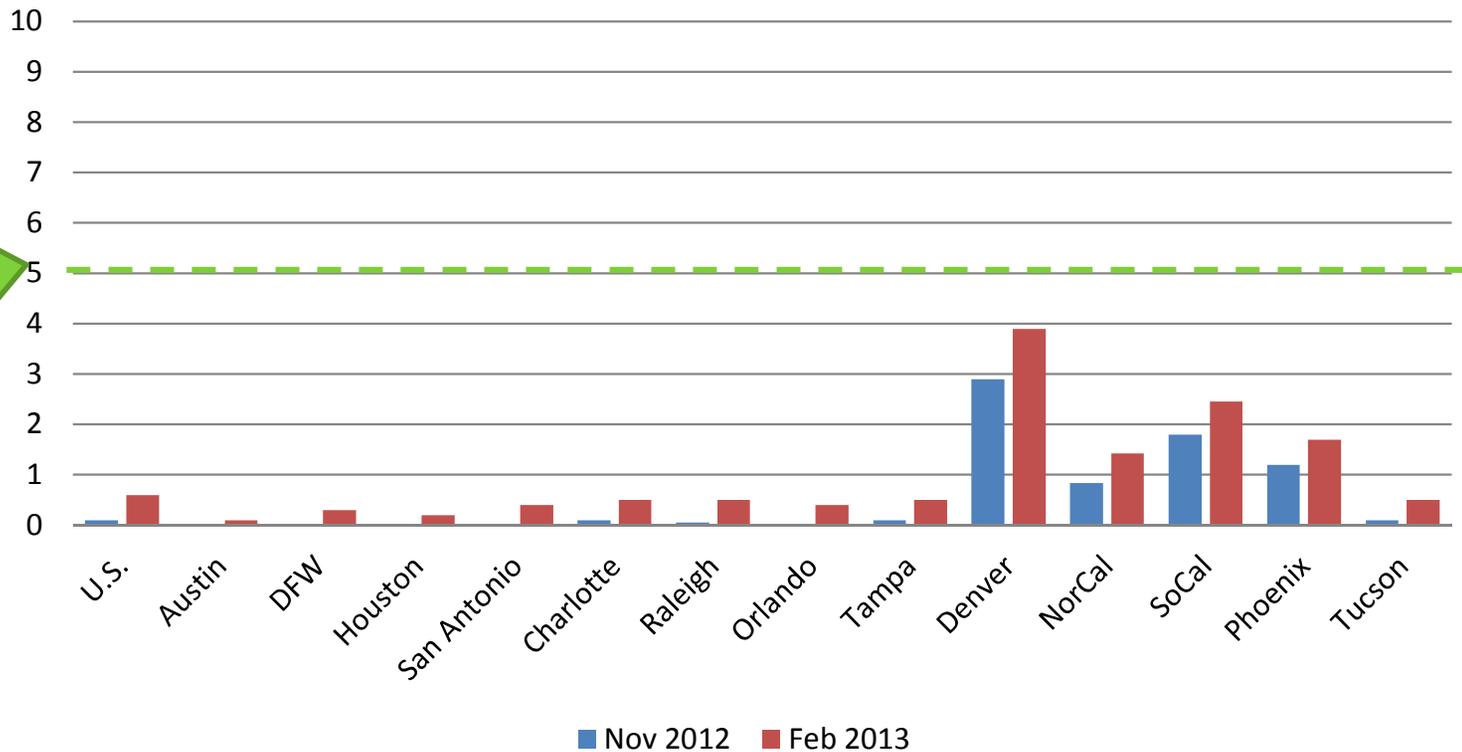
Not all multi-generational households were by choice – children are getting jobs and moving out!



Affordability Remains Very High

Index based on 5.0 average: under 5 = homes more affordable, over 5 = homes less affordable

Burns Affordability Index Meritage Markets



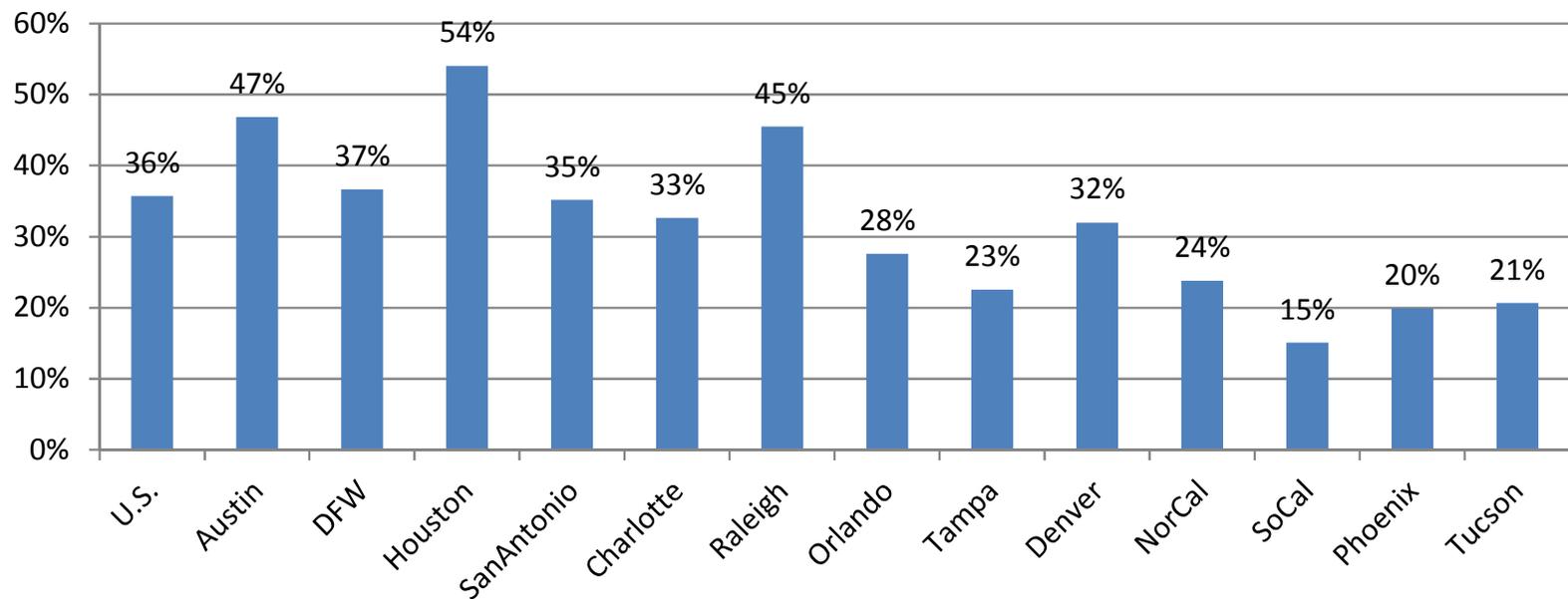
Median affordability over last 30 years

Home affordability very high in all of our markets, well below 30-yr median for this index



Still in Early Innings of a Recovery

Single-Family Permits % of Peak



Despite growth, SF permits are still well below peak levels in all Meritage markets

Positioned to Capitalize on Growth

- Maintaining strong balance sheet to finance growth
- Using market research to guide intelligent land acquisitions and product development
- Repositioning investment in highest demand regions
- Expanding into new markets
- Differentiating Meritage as the leader in energy-efficient homes
- Operating leverage drives accelerated earnings growth greater than top-line growth

Applying lessons learned in both strategic and tactical decision-making

Healthy Balance Sheet to Finance Growth



<i>\$ in millions</i>	3/31/13
Total Cash & Securities	\$452.9
Net Debt* to Capital	37.6%
Total Lots Controlled	21,029
Years of Lot Supply	4.6
Real Estate	\$1,152.1

*no debt maturities until 2018

Maintaining adequate liquidity for growth while managing debt -- land banking can help manage risk and improve ROA



Strategic Operations

Strategic Operations encompasses:

- Market Research
 - Underwriting land acquisition
 - Optimizing current operations
- Consumer Research - understanding our buyers better by:
 - Surveys of prospects, buyers, realtors, etc.
 - Customized surveys and focus groups to improve product and processes
- Product Development
 - Centralized product development and management

11 member team dedicated to Strategic Operations

Our strategic operations team is designed to support land acquisitions and maximize product design



Market Research



Submarket Grading

- Targeting land acquisition in only the best locations
- 84% of total lot inventory in A & B submarkets



Continued innovation

- New methodology will show improving submarkets
- Allows us to stay ahead of the competition by identifying “C” submarkets that will be the next “B” submarkets



Bringing more science to underwriting

- Using market data to prove up demand and pricing
- Nearly \$1MM annual investment in market data

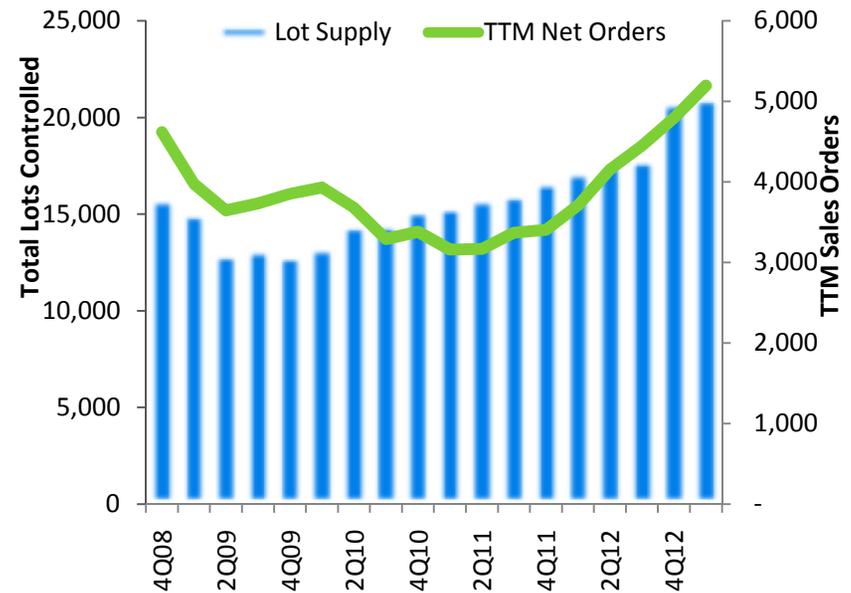
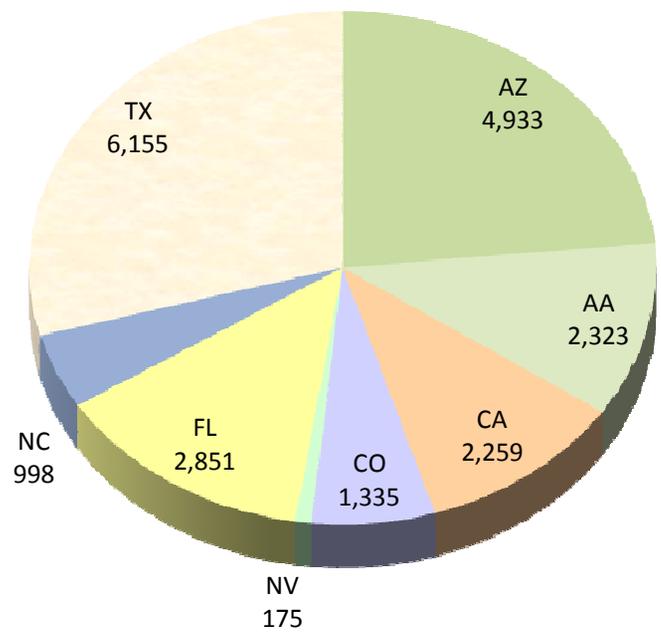


Market Research is the foundation for smart land acquisitions



Rebalancing Lot Supply to West and Southeast Regions Where Demand is Greatest

21,029 Total Lots Under Control
 at March 31, 2013
- 52% of lots in West Region -



Invested \$485M in acquisition and development over last 5 quarters



West Region

Arizona:

- Phoenix is a hot-bed of activity
- Prices up considerably in the last year
- Homes still very affordable relative to income levels
- MTH has excellent land position in this market



No. California – Sonata (Thorpe Plan)

Colorado:

- MTH has communities in some of the highest growth areas around Denver
- New product designs and energy efficiency resonating well with buyers



Phoenix, AZ – Villages at Val Vista (Coronado Plan)

California: Highest growth market over LTM

- Housing inventory extremely tight (2-3 mo supply)
- More than doubled # of controlled lots LTM
- Affordability still high, even with prices increasing



Denver, CO – Fallbrook (Crestone Plan)



Southeast Region

Florida:

- Meritage is #1 builder of single-family homes in Orlando – very good land position – key positions around Medical City, Disney World and successful Windermere communities
- Highest LTM orders/community after California and Colorado
- Building our new division in Tampa



Orlando, FL -- LeParc (Wimberley Plan)

Carolinas:

- Solid presence in new market -- ended 1Q13 with 11 communities and 69 orders
- Produced more than 2X as many orders LTM as the Nevada market that it replaced
- Solid starting land position in Charlotte, focused on 2nd and 3rd move-up buyers
- Raleigh is most successful startup in Company history



Raleigh, NC – Greycliff (Cameron Plan)



Expansion into New Markets Providing Added Growth Opportunities



Tampa, FL – K-Bar Ranch (Kerrville Plan)



Charlotte, NC – Cowan's Ford (Hillsborough II Plan)



Orlando, FL – Windermere (Hawthorne Plan)



Raleigh, NC – Blackstone Meadows (Hensley Plan)

Newer divisions in Raleigh, Charlotte and Tampa building on successful experience in Orlando



Central (Texas) Region

Texas:

- Slower growth than West & Southeast markets
- Good growth opportunities with strong economies and improved/improving land positions
- **Houston** – largest market in the company – 25 active communities at end of 1Q13 – Solid land position in west Houston, energy corridor, Sugar Land and north Houston Exxon campus vicinity
- **Austin** -- Good lot supply, well positioned for growth – building pipeline for 2015 and beyond
- **San Antonio** – reloading pipeline for 2015 with quality move-up communities in primarily entry-level market
- **DFW** -- Seeking to regain a leadership position with new communities



Houston, TX – Jasmine (Aliana Plan)



Austin, TX – Garlic Creek (Glen Rose Plan)



Differentiation: Setting the Standard for Energy-Efficient Homes



ENERGY PERFORMANCE RATING

The Salida 4032

HOW THIS SCORE IS DETERMINED.

Home Energy Rating System, or simply HERS, is a scoring system set by the Residential Energy Services Network (RESNET) to measure a home's energy efficiency and determine if it meets ENERGY STAR guidelines. The lower the HERS Index, the more energy efficient a home is.*

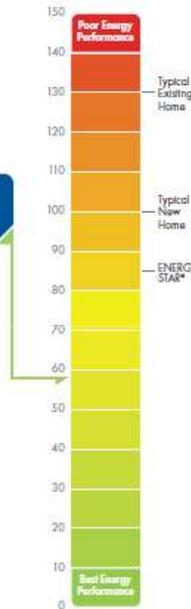
This home exceeds ENERGY STAR® Guidelines.

59

Plan	Salida 4032
Living Area	2,246 sq.ft.
HERS Score (Home Energy Rating)	59
Estimated Reduction In Energy Use	55%
Estimated Average Monthly	\$115/mo.
Estimated Annual Savings	\$1,380/yr.*

5 Years: >\$7,000
 10 Years: >\$15,000
 20 Years: >\$37,000
 30 Years: >\$65,000

if the Year



ENERGY SAVING FEATURES

More Solar: We use a better solar platform that produces over four-times more energy, and advanced features that heat your water, heat and cool your air, manage fresh air, and allow remote energy management from anywhere in the world through a computer or smart phone.

More Health: We include EPA Indoor Air plus features such as low VOC paints and finishes, better home air filtration and circulation, a fresh air management system, and advanced thermostats. The result is reduced pollution, allergens, and dirt which make your home more comfortable, cleaner and better for the whole family.

More Comfort: We use industry leading spray foam insulation which seals the building twenty-five times better than standard insulation, reducing leaks, drafts, and wasted energy. It will also make the home quieter, more comfortable, and cleaner.

More Sustainability: We include EPA WaterSense faucets, showers, toilets, irrigation controllers, and ENERGY STAR Appliances, reducing your water consumption by 50%, with no sacrifice in lifestyle or performance.

More Savings: With an unprecedented level of energy efficiency throughout our homes, our total HERS score in this community is as low as **XX**, reducing home energy consumption by up to **XX%** in these homes.

Energy performance for The Salida 4032.

This Meritage home performs at a HERS score of **59**. This equates to a **55%** energy use reduction compared to a typical new home.

55%

ENERGY SAVINGS*

Save **\$115/mo.** in home energy bills.*

Scan this code with your smart phone to see how Meritage is changing the way homes are built.



* Reference Home: "This a home with a HERS score of 66, is 20% more energy efficient than the 10000 Reference Home. Specifications based on the 2006 International Energy Conservation Code. For more information visit www.energystar.gov and www.meritagehomes.com. Home economically sustainable over the long term and reduce energy consumption and the resulting environmental impact. Actual savings may vary and may depend in part on occupant behavior, being another factoring costs of energy usage, and actual climate zone conditions. Plans, observations, features, specifications, materials and availability of materials or construction are subject to change without notice or obligation."

Lower monthly operating costs = greater affordability = higher value (or larger home)



Nationally Recognized Leader in Energy-Efficiency

- National Best by Authoritative Source
 - **2011 U.S. EPA Energy Star Builder of the Year**
 - **2012 Project of the Year – Single Family Production, NAHB’s National Green Building Award**
 - **2011 Energy Value Housing Award (EVHA), NAHB**
 - 2011 Peoples’ Choice Award, NAHB Research Center
 - **2013 U.S. EPA Energy Star Sustained Excellence Award**
- Meritage Best Standard - Proofs
 - **1st NET ZERO Production Builder**
 - **1st Full EPA Triple-Certified Home: Energy Star, Indoor airPLUS, and WaterSense**
 - **1st 100% Energy Star Production Builder**
 - **1st HERS<40 Community Builder**
 - DOE Building America Partner
- National Best by Media
 - 2011 Builder of the Year, Builder and Developer Magazine
 - 2010 Community of the Year, Green Home Builder Magazine
 - 2012 CEO of the Year, Hanley Wood
- Local Best
 - 2011 Crescordia Award (“To Grow in Harmony”), Valley Forward
 - 2011 Best Green Building Program, McSAM People’s Choice Awards
 - 2011 MAME “Best Energy Efficiency”, North State BIA
 - 2012 MAME Green Builder of the Year, BIA Bay Area
 - 2011 Green Pioneer, Phoenix Business Journal

Established Meritage brand as “Setting the standard for energy-efficient homebuilding”



Guidance Provided With 1Q13 Results

As of April 24, 2013

- Expectations for 2013:
 - Higher closings & revenue from larger backlog and sales
 - Approximately 40-45% increase in home closing revenue each quarter 2Q-4Q 2013
 - Further improvement in gross margins – price appreciation & less increases in direct costs
 - 350-400% increase in pretax earnings
 - Diluted EPS of \$2.20-2.45 for FY2013
 - \$3M loss on early retirement of debt in 2Q

Greater confidence based on continued high demand, increased margins and operating leverage

Summary



Strong Balance Sheet

- High liquidity
- Low net debt/capital
- No near-term debt maturities

Industry Leadership

- Setting the standard for energy-efficient homebuilding
- Cutting edge Strategic Market Research
- New home plans and features more attractive to buyers

Sales & Marketing

- Best of class sales management systems
- User-friendly website, social networking, national call center

Earnings Growth

- Growing lot supply and community count
- Among the highest sales growth & orders/community
- Increasing margins + overhead leverage

Market Position

- Operating in 12 of top 20 homebuilding markets in U.S.
- Communities predominantly in the best submarkets
- Recently expanded into new growing markets

Meritage is a leader in the homebuilding market and well positioned for continued earnings growth