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Meritage Homes

Setting the standard for energy-efficient homes™

Fourth Quarter 2016
Analyst Conference Call
February 1, 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 expectations with respect to future growth, our strategy and projections with respect to the entry-level and first-time home buyer market, the timing of community openings in 2017, quarterly order trends during 2017, projected home closings and home closing revenue, home closing gross margins, operating leverage and pre-tax earnings for the full year 2017.

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 and cost 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 us or our homebuyers; reversal of the current economic recovery; 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 slower order 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 option deposits; our potential exposure to 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 due to a downgrade of our credit ratings; our ability to successfully integrate acquired companies and achieve anticipated benefits from these 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; 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, 2015 and subsequent quarterly reports on Forms 10-Q under the caption "Risk Factors," which can be found on our website.

Management Representatives

Steven J. Hilton – Chairman & CEO

Phillipe Lord – EVP & Chief Operating Officer

Hilla Sferruzza – EVP & Chief Financial Officer

Brent Anderson – VP Investor Relations

Highlights of 2016

- 7,355 closings -- 100,000th home delivered in October
- $3.0B home closing revenue – highest since 2006
- Net earnings increased 16% Y/Y
- $1.4B shareholders' equity
- Expanded Entry-Level Plus – markets, lots, communities & plans
- ~11,000 new lots put under control
- Created new South Region plan library

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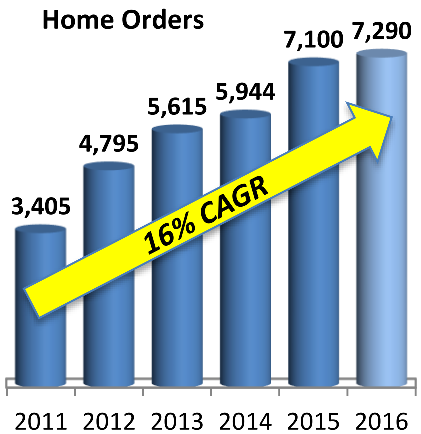
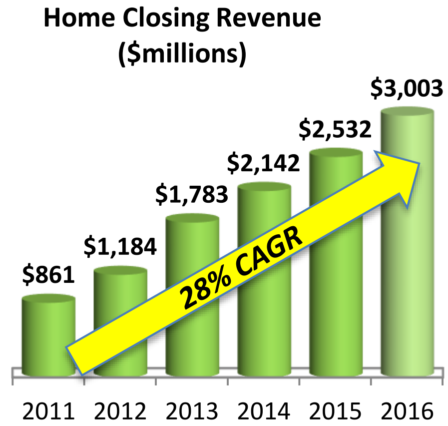
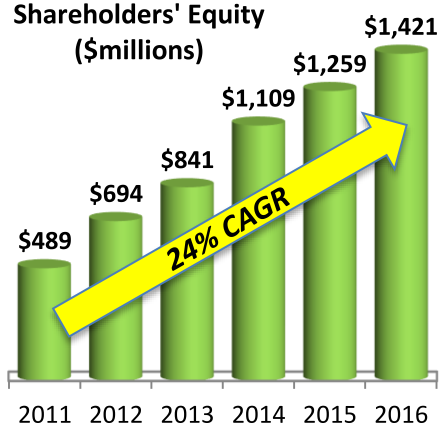
History of executing growth strategy



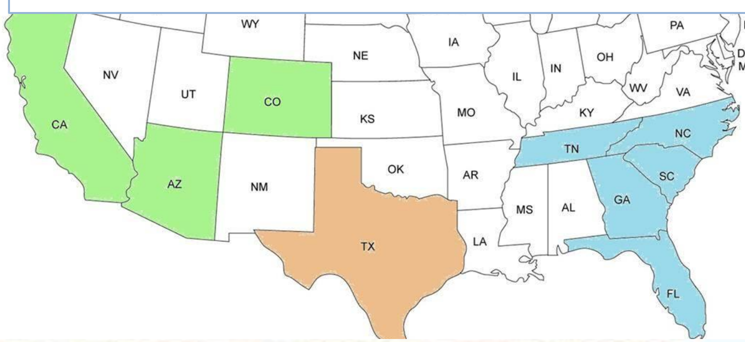




History of 10 acquisitions & 12 greenfield startups

3 new markets acquired & 3 new startups since 2011

9 states, 22 markets, 243 actively selling communities



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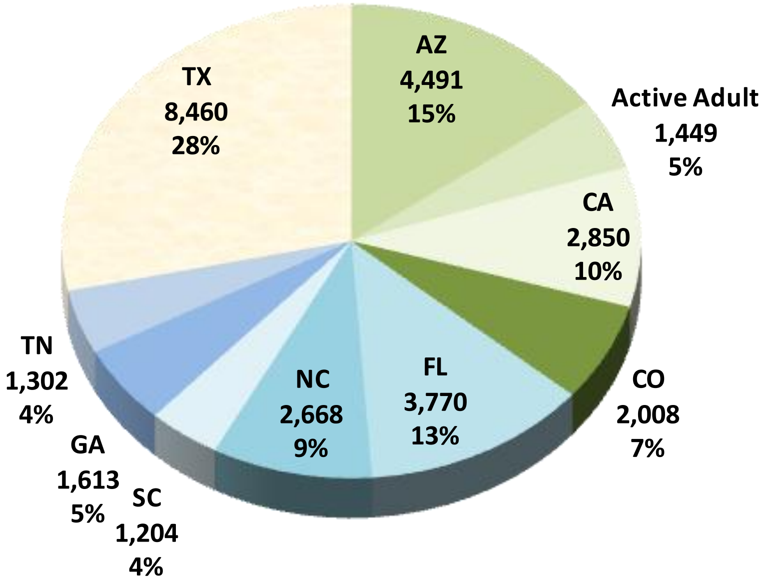
Increased total lot supply by 7% in 2016

29,815 Total Lots Owned/Controlled as of 12/31/16



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2017 projections

- Increase in community count in 1Q-2Q : strong order growth in 3Q-4Q
- 7,500-7,900 home closings (+2-7% Y/Y)
- $3.1-3.3 billion home closing revenue (+3-10%)
- Gross margin % in line with 2016
- Improve leverage – reduce SG&A 30-80 bps
- +6-12% Y/Y increase in pre-tax earnings

West Region: Strong demand increased sales pace

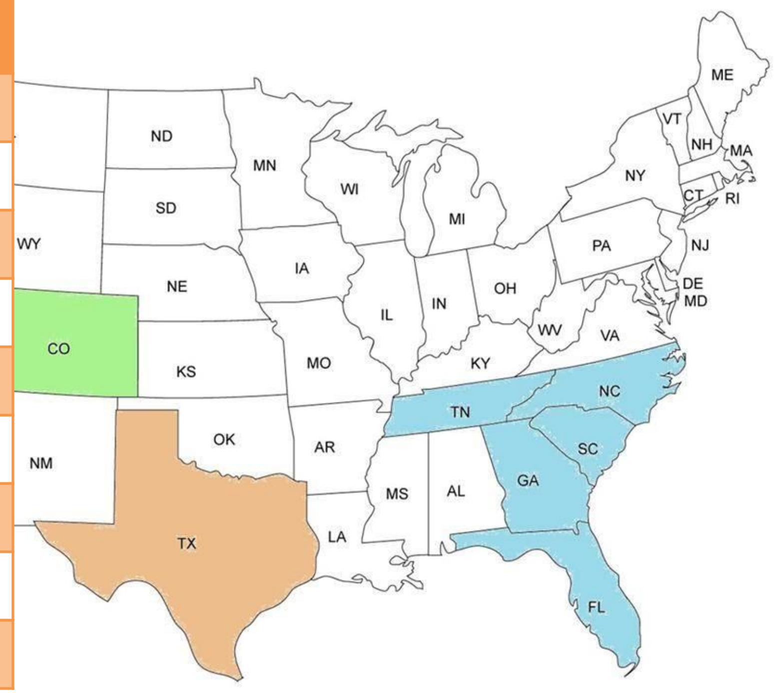
- **Arizona**: Strong demand. Well-positioned after pivoting more toward first-time buyers.
- **California**: Reloading into new communities. Sales pace in NorCal normalizing from very high pace in 2015.
- **Colorado**: Highest sales pace in the company. Strong demand. Selling out quickly. Acquired 1,000+ lots in ~12 communities in '16 that will come online in '17-18.

West Region Percentage (%) changes 4Q16 vs. 4Q15				
	AZ	CA	CO	Region
Average Active Communities	41.0	28.5	10.0	79.5
	0%	+14%	-35%	-2%
Orders/ Average community	7.7	6.6	11.6	7.8
	+24%	-23%	+71%	+11%
Orders	+24%	-13%	+10%	+8%
Order Value	+21%	-1%	+27%	+12%
Backlog	+40%	-20%	-18%	+1%
Backlog Value	+37%	-17%	-5%	+1%

Central region: Solid performance, Houston stabilizing

- Strongest order growth in DFW and Austin. San Antonio had highest orders/ average community in Texas for 4Q16 and 3rd highest in the company for the year.

Central Region Percentage (%) changes 4Q16 vs. 4Q15	
	TX
Average Active Communities	77.0
	+8%
Orders/ Average Community	6.4
	-2%
Orders	+5%
Order Value	+8%
Backlog	-1%
Backlog Value	+1%



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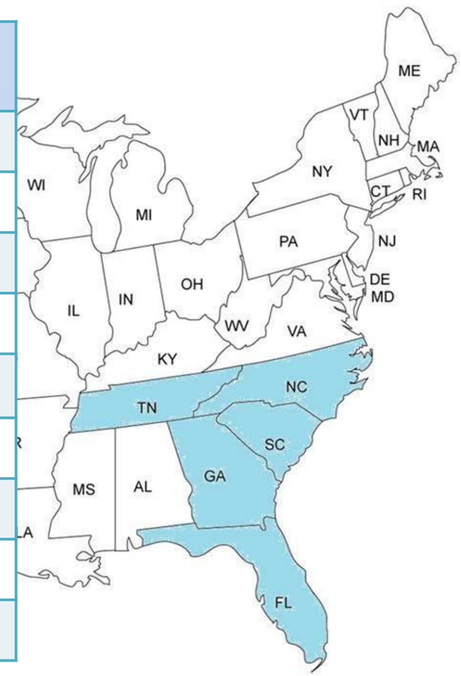
East region: New product being rolled out

- **Florida**: Closed out several very successful communities. Demand sluggish at higher price points – shifting more toward lower price points.
- **Georgia**: Completely new product being rolled out – delayed some community openings.
- **NC & SC**: Delayed opening communities to incorporate product with new plans from region library.
- **Tennessee**:   Closed out several very successful communities. Completely new product being rolled out.

East Region Percentage (%) changes 4Q16 vs. 4Q15						
	FL	GA	NC	SC	TN	Region
Average Active Communities	26.5	17.0	18.0	15.0	7.0	83.5
	-15%	0%	-29%	-14%	-18%	-16%
Orders/ Average Community	6.0	1.6	6.0	4.0	4.4	4.6
	-8%	-63%	-3%	+8%	+13%	-13%
Orders	-21%	-62%	-32%	-8%	-6%	-27%
Order Value	-12%	-55%	-27%	-4%	0%	-21%
Backlog	-12%	-4%	-26%	+32%	+16%	-8%
Backlog Value	-1%	0%	-22%	+35%	+13%	-4%



4Q & FY16 income statement highlights

($millions, except per share amounts)	Three Months Ended December 31,			Full Year Ended December 31		
	2016	**2015**	**%Chg**	**2016**	**2015**	**%Chg**
Home closing revenue	$876	$761	***+15%***	$3,003	$2,532	*+19%*
Home closing gross profit	$157	$147	*+7%*	$529	$482	*+10%*
Home closing gross margin	17.9%	19.3%	*-140 bps*	17.6%	19.0%	*-140 bps*
Commissions & other sales costs	$60	$54	*+12%*	$215	$188	*+14%*
-- % of home closing revenue	6.9%	7.0%	*-10 bps*	*7.2%*	*7.4%*	*-20 bps*
General & administrative expenses	$32	$27	*+20%*	$124	$113	*+10%*
-- % of total closing revenue	3.6%	3.4%	*+20 bps*	*4.1%*	*4.4%*	*-30 bps*
Interest expense	-	$4	*n/a*	$5	$16	*-68%*
-- % of total closing revenue	-	0.5%	*-50 bps*	*0.2%*	*0.6%*	*-40 bps*
Earnings before taxes	$76	$76	-	$218	$189	*+15%*
Tax rate	32.1%	30.5%	*+160 bps*	31.4%	32.1%	*-70 bps*

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Maintaining strong balance sheet while investing cash for future growth

Net debt-to-capital *(non-GAAP reconciliation to Debt-to-capital ratio)*	($millions) Dec-31, 2016	Dec-31, 2015
Notes payable and other borrowings	$ 1,127	$ 1,117
Less: cash and cash equivalents	(132)	(262)
Net debt	$ 996	$ 855
Stockholders' equity	1,421	1,259
Total capital	$ 2,417	$ 2,114
Net debt-to-capital	41.2%	40.4%
Real estate inventory	$2.4B	$2.1B

Statistics	2016	2015
4Q Closings from spec inventory	41%	35%
As of December 31		
Unsold homes (specs)	1,692	1,270
Under construction	71%	63%
Completed	29%	37%
Full year land & development spending	$901M	$709M

Summary

- Housing market drivers remain positive
- Expecting strong orders and closings growth in second half 2017 driven by additional communities
- Expanding offerings targeted at first-time home buyers in additional markets and communities
- Analyst Day at NYSE on March 14, 2017

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