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MeritageHomes®

Setting the standard for energy-efficient homes™

First Quarter 2017

Analyst Conference Call

April 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 expectations with respect to future growth and earnings expansion, our strategy and projections with respect to the entry-level and first-time home buyer market, as well as our new East region product library, plans for community count growth in 2017, projected home closings and home closing revenue, home closing gross margins 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 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; changes in interest rates and 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; changes in economic conditions; 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; 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 under the caption "Risk Factors," which can be found on our website.

Management Representatives

Steven J. Hilton – Chairman & CEO

Phillippe Lord – EVP & Chief Operating Officer

Hilla Sferruzza – EVP & Chief Financial Officer

Brent Anderson – VP Investor Relations

Highlights of First Quarter 2017

Y/Y % comparisons to 1Q16

↑ **Orders +7%**

↑ **Order value +11%**

↑ **Closings +6%**

↑ **Home closing revenue +11%**

↑ **Pre-tax earnings +27%**

↑ **Diluted EPS +12%**

↑ **Ending community count +5%**

Strategic Initiatives for Long-Term Success

Manage & leverage SG&A

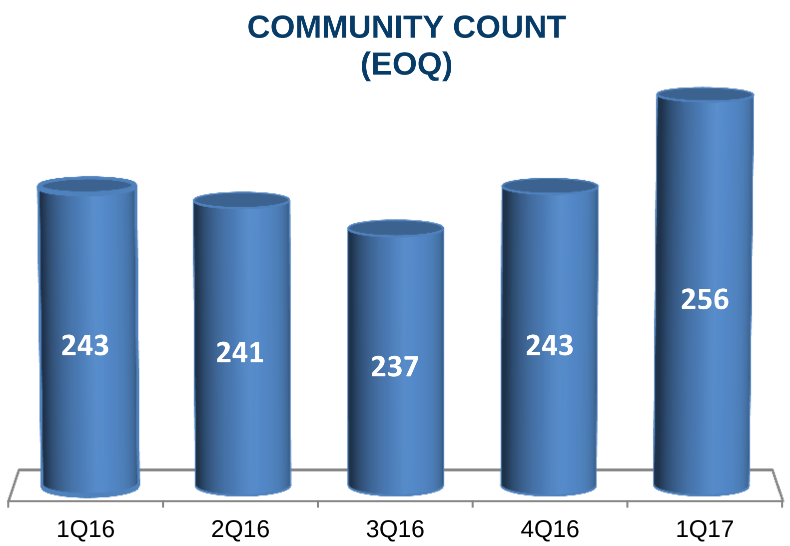
Gross margin improvement

Community count growth

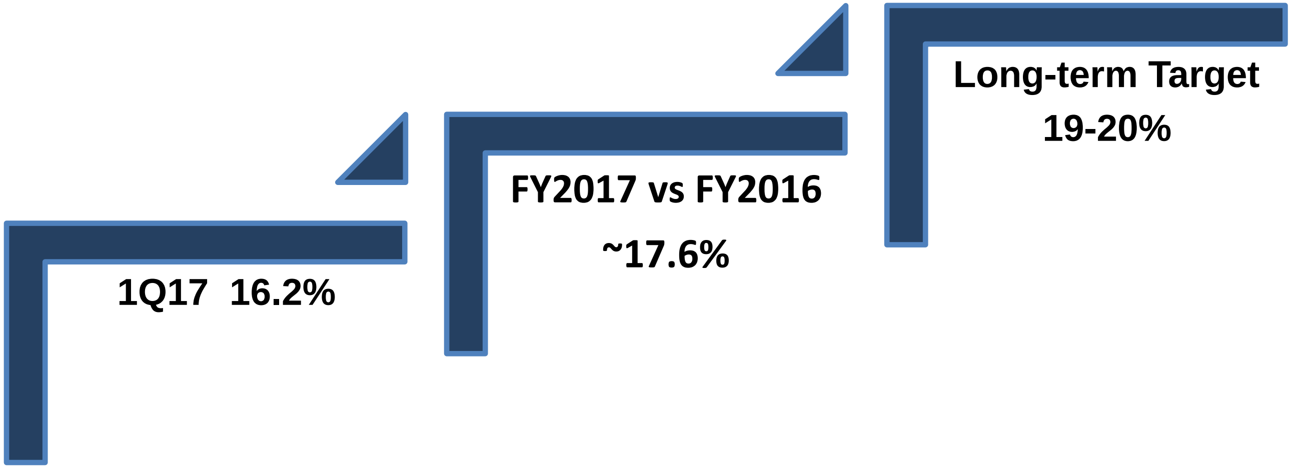
Earnings growth

Strategic Initiative:
Community Count Growth

Target +5% for FY2017
already achieved in 1Q17



Strategic Initiative:
Gross Margin Improvement



Strategic Initiative:
SG&A Improvement

1Q16
12.7%

- (90) bps Y/Y reduction in 1Q17

1Q17
11.8%

- Cost controls
- Productivity gains

Long-term
10-10.5%

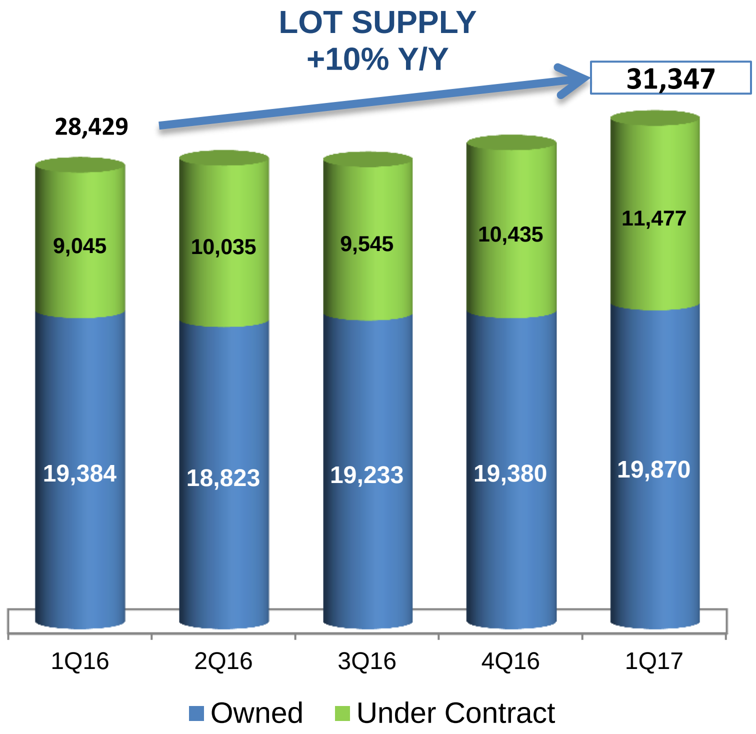
- Closing volume leverage

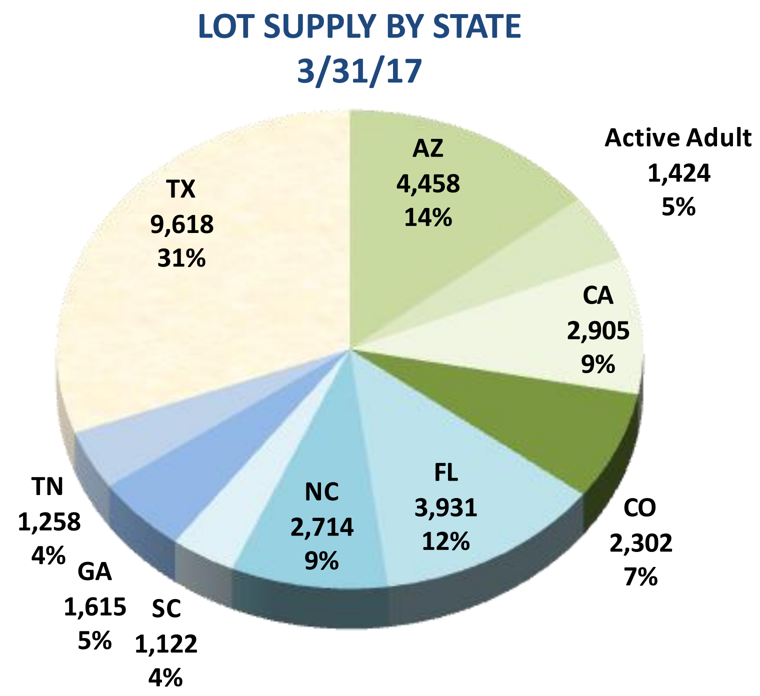
Order Growth Reflects Improved Sales Pace

	1Q17	1Q16	Y/Y chg
Total orders	2,135	1,987	+7%
Absorptions (Orders/ Average Community)	8.6	8.0	+8%
Average Active Communities	250	247	+1%

Continuing to Invest in New Communities

- Invested $207M in land & development in 1Q17
- Secured ~3,600 new lots in 1Q17 for 2018+





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West Region: Strong Demand

- **Arizona**: Strong spring selling season in Phoenix, especially lower priced homes
- **California**: Increased community count in 1Q17. 2nd highest absorptions in the company
- **Colorado**: Highest absorptions in the company 1Q17. Strong demand masked by community count decline

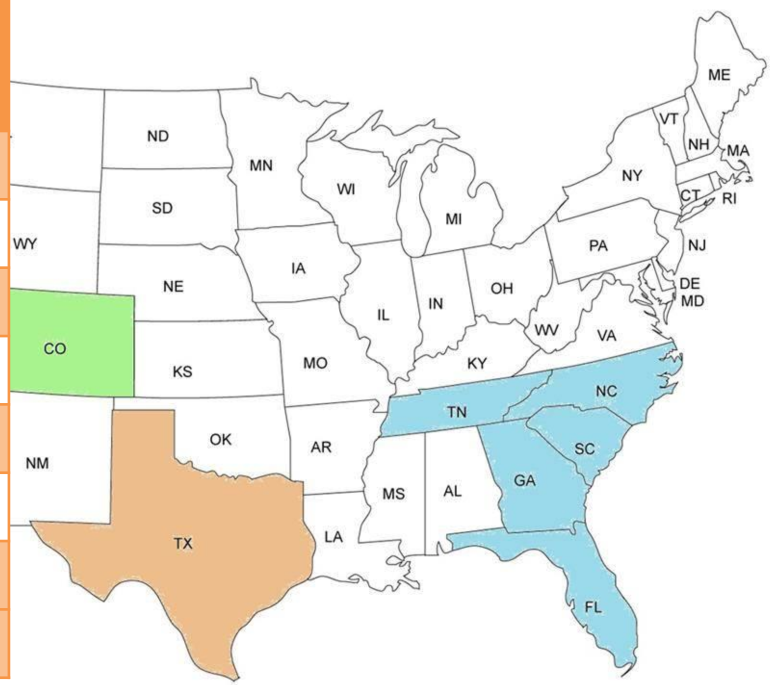
West Region
Percentage (%) changes 1Q17 vs. 1Q16

	AZ	CA	CO	Region
Average Active Communities	42.0	28.5	10.0	80.5
	1%	+19%	-33%	0%
Orders/ Average community	9.6	11.5	14.3	10.9
	+55%	+2%	+27%	+25%
Orders	+56%	+21%	-15%	+25%
ASP	-5%	+6%	+12%	0%
Order Value	+48%	+28%	-5%	+25%

Central Region: Solid Performance

- Adding communities in Austin and DFW markets at lower price points for first-time buyers

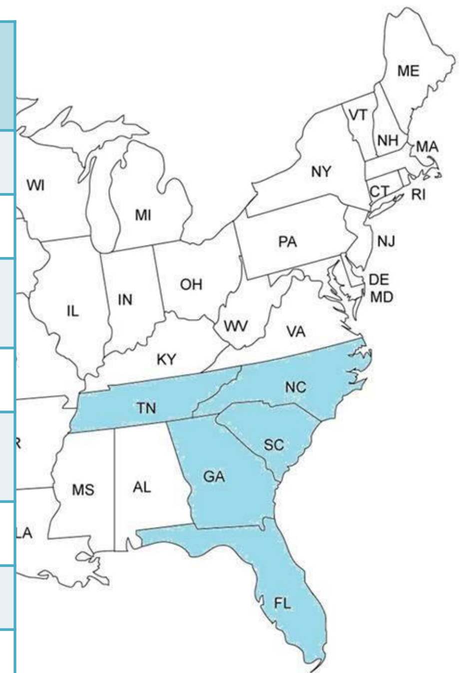
Central Region Percentage (%) changes 1Q17 vs. 1Q16	
	TX
Average Active Communities	82.5
	+16%
Orders/ Average Community	8.4
	+1%
Orders	+17%
ASP	-1%
Order Value	+17%



East Region: Starting to Open New Communities With New Product to Increase Community Count

- **Florida**: The only market to increase community count and orders in 1Q17
- **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 1Q17 vs. 1Q16						
	FL	**GA**	**NC**	**SC**	**TN**	**Region**
Average Active Communities	29.5	17.0	17.5	15.0	7.5	86.5
	+9%	-3%	-30%	-12%	-17%	-9%
Orders/ Average Community	8.1	4.1	8.6	4.8	5.1	6.6
	-4%	-32%	+13%	-24%	-35%	-10%
Orders	+5%	-34%	-21%	-33%	-46%	-19%
ASP	+4%	-3%	+8%	+11%	+31%	+9%
Order Value	+10%	-36%	-14%	-25%	-29%	-11%



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1Q17 income statement highlights

($millions, except ASP and per share amounts)	Three Months Ended March 31,		
	2017	2016	%Chg
Home closings	1,581	1,488	*+6%*
ASP (closings)	$418K	$400K	*+4%*
Home closing revenue	$661	$596	***+11%***
Home closing gross profit	$107	$103	*+4%*
Home closing gross margin	16.2%	17.4%	*-120 bps*
SG&A expenses	$78	$76	*+3%*
-- % of home closing revenue	11.8%	12.7%	*-90 bps*
Interest expense	$1	$3	*-75%*
-- % of total closing revenue	0.1%	0.6%	*-50 bps*
Earnings before taxes	$37	$29	*+27%*
Tax rate	35.9%	27.4%	*+850 bps*
Net earnings	$24	$21	*+12%*

Home closing revenue growth and improved SG&A% leverage partially offset by lower GM% and higher tax rate

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Gross Margin Impacts and Opportunities

1Q17 16.2%

vs 17.4% 1Q16:

$2M impairments & write-offs

Front-loaded costs associated with new communities

Closings from low-margin FHA-impacted communities

FY2017 vs FY2016

Land & construction cost increases offsetting price increases

Revenue from new communities offset added construction overhead in 2H17

Long-term Target

19-20%

Operational improvements:
-Simplified plans & even-flow (spec) production
-Less variation in plans

New communities with higher margins

Improving leverage in newer divisions

Maintaining Net Leverage While Investing Cash Flow to Support Growth

Net debt-to-capital *(non-GAAP reconciliation to Debt-to-capital ratio)*	($millions) Mar-31, 2017	Dec-31, 2016
Notes payable and other borrowings	$ 1,171	$ 1,127
Less: cash and cash equivalents	(86)	(132)
Net debt	$ 1,086	$ 996
Stockholders' equity	1,448	1,421
Total capital	$ 2,534	$ 2,417
Net debt-to-capital	42.8%	41.2%
Real estate inventory	$2.5B	$2.4B

Statistics	2017	2016
1Q Closings from spec inventory	47%	39%
As of March 31		
Unsold homes (specs)	1,633	1,155
Under construction	68%	65%
Completed	32%	35%
1Q land & development spending	$207M	$190M

2017 FY & 2Q guidance

Full Year 2017

- 5% increase in communities Y/Y by 12-31- 2017 (already achieved)
- 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
- 34-35% tax rate unless energy tax credits renewed

2Q17

- 1,750-1,850 closings: (5-10)% vs 2Q16 1,950
- $735-785M revenue: (2-8)% vs 2Q16 $796M
- $45-50M pre-tax earnings: (15-25)% vs 2Q16 $59M

Summary

- Solid 1Q17 results
- Progress on strategic initiatives
- Housing market drivers remain positive
- Well positioned – markets, locations & product

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