



Second Quarter 2019 Analyst Conference Call

July 25, 2019

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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 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 and our Form 10-Q for the quarter ended March 31, 2019 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

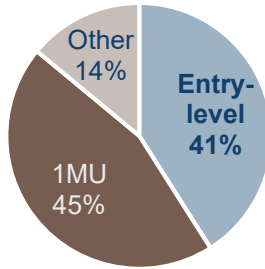
Right strategy + execution = results

	2Q19	2Q18	Y/Y		1H19	1H18	Y/Y
Orders	2,735	2,250	+22%		5,265	4,608	+14%
Avg Communities	257	253	+2%		263	249	+6%
Absorptions (orders/avg community)	10.6	8.9	+19%		20.0	18.5	+8%

Highest quarterly pace since 2Q06

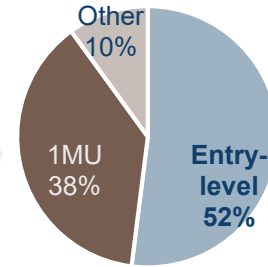
Higher absorptions in entry-level & 1st move-up communities driving order growth as mix shifts

2Q19 Communities (ending)

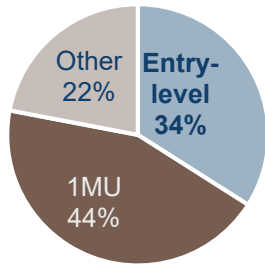


EL >1.5X absorption pace of MU

2Q19 Orders

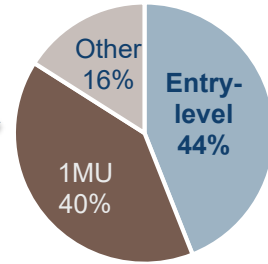


2Q18 Communities (ending)



EL ~1.5X absorption pace of MU

2Q18 Orders

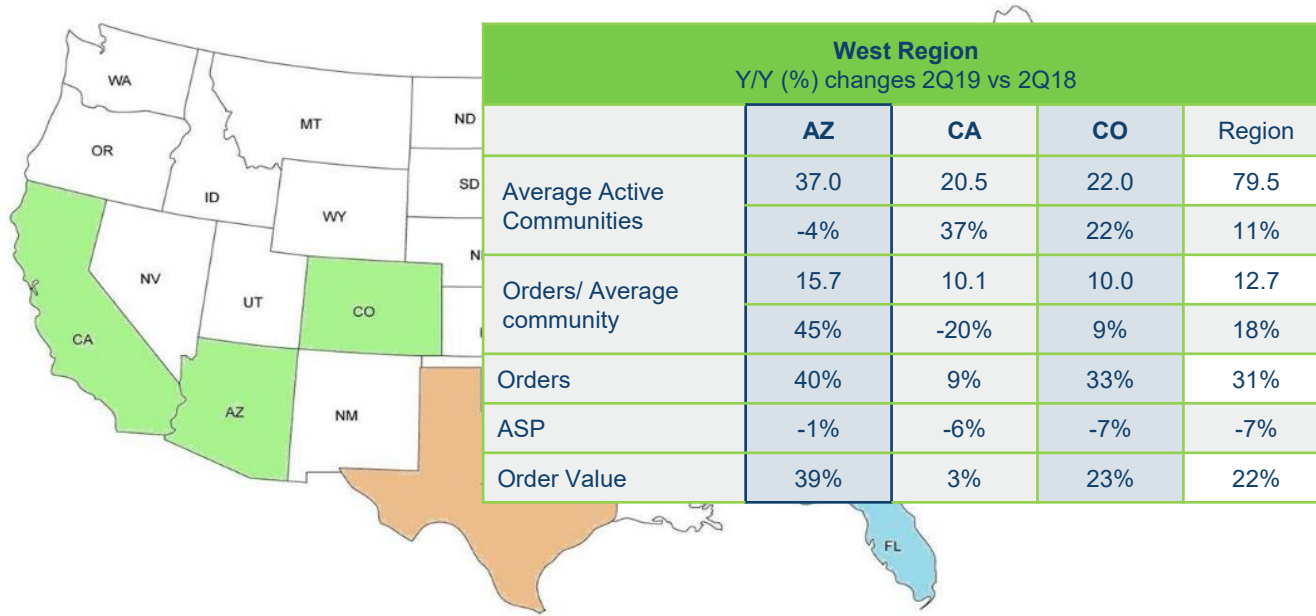


Strategic shift to lower-priced homes resulting in short-term earnings compression during transition

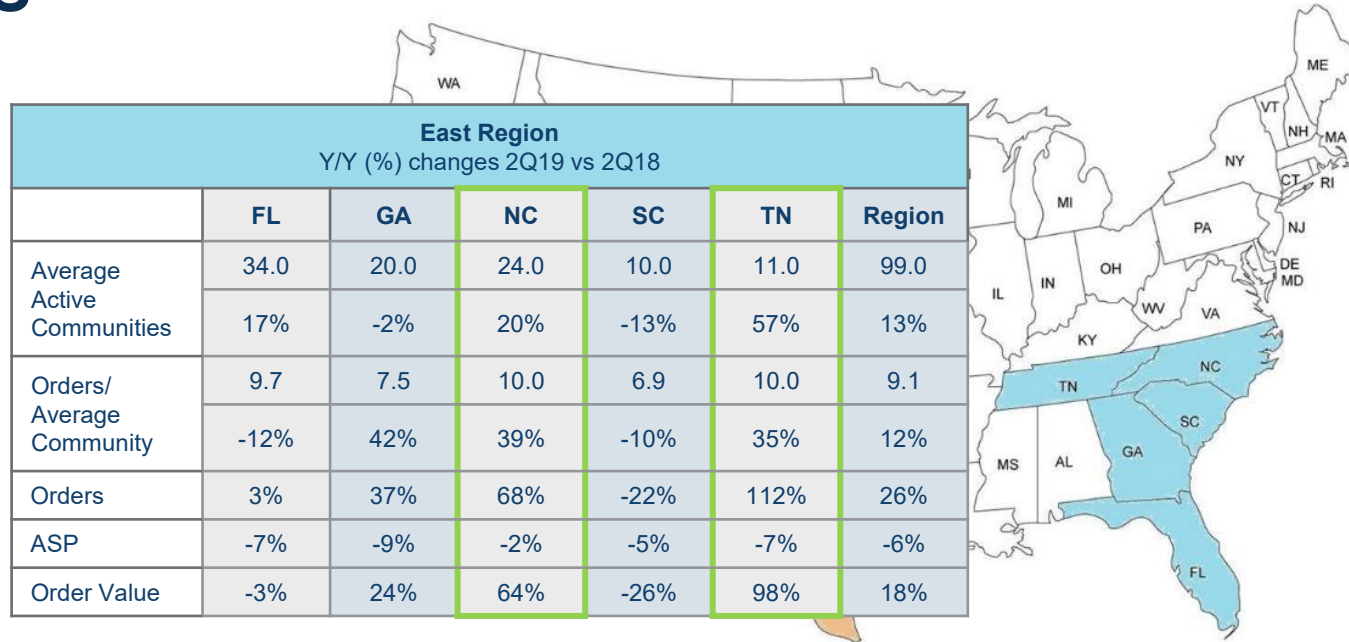
(\$millions)	Quarter Ended Jun-30,		
	2019	2018	%Chg
Home closings	2,253	2,139	+5%
ASP (closings)	\$383K	\$408K	-6%
Home closing revenue	\$863	\$872	-1%
Home closing gross profit	\$159	\$160	--
Home closing gross margin	18.4%	18.3%	+10 bps
SG&A expenses	\$95	\$95	--
% of home closing revenue	11.0%	10.9%	+10 bps
Interest expense	\$3	--	n/m
Earnings before taxes	\$68	\$71	-5%
Tax rate	25%	24%	+100 bps
Net earnings	\$51	\$54	-6%
Diluted EPS	\$1.31	\$1.31	--

- Margins improving on greater volume of entry-level homes despite lower ASP;
- Higher interest expense & income taxes account for most of Y/Y decline in earnings

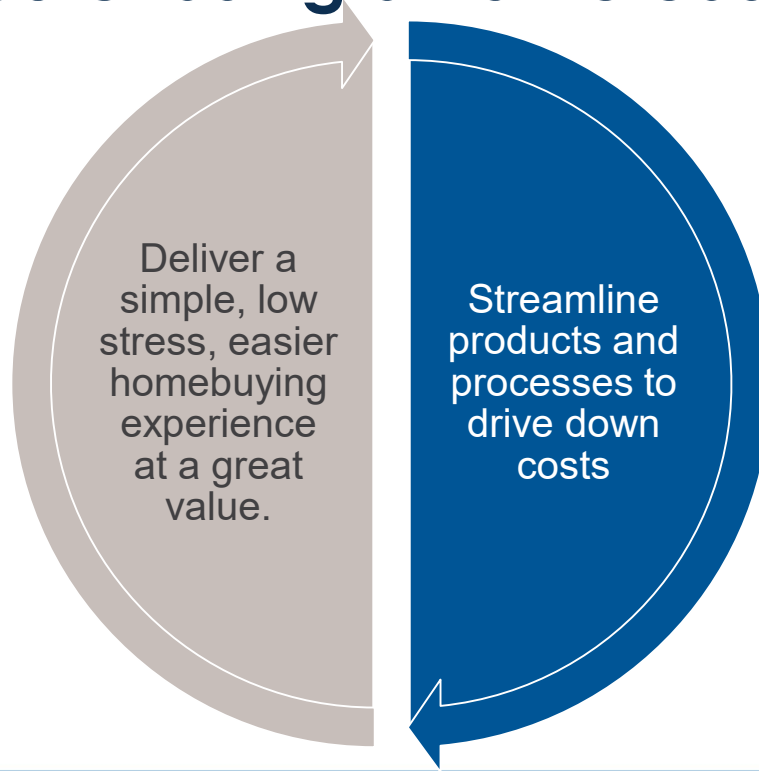
West: Highest absorptions drove 31% order growth and 22% increase in total order value



East: Continued improvement with 26% order growth



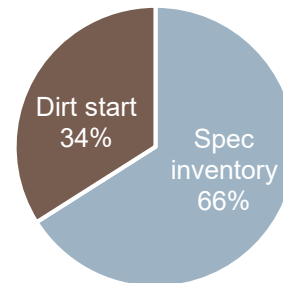
Simplifying and streamlining to reduce costs and make purchasing a home easier



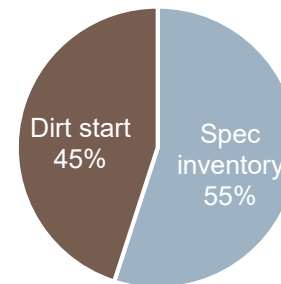
Additional spec inventory allows us to capture demand and convert into closings

(\$millions except ASP)	2Q19	2Q18	Y/Y %Chg
Beginning backlog	3,198	3,508	-9%
Spec inventory	2,406	2,323	4%
Backlog conversion rate	70%	61%	+900 bps
Home closings	2,253	2,139	+5%
ASP (closings)	\$383K	\$408K	-6%
Home closing revenue	\$863.1	\$872.4	-1%

2Q19 Closings



2Q18 Closings



First half comparisons similar to 2Q

(\$millions)	Year to Date Jun-30,		
	2019	2018	%Chg
Home closings	4,018	3,864	+4%
ASP (closings)	\$389K	\$414K	-6%
Home closing revenue	\$1,562	\$1,601	-2%
Home closing gross profit	\$276	\$284	-3%
Home closing gross margin	17.6%	17.7%	-10 bps
SG&A expenses	\$181	\$179	--
<i>% of home closing revenue</i>	11.6%	11.2%	+40 bps
Earnings before taxes	\$100	\$120	-17%
Interest expense	\$7	--	n/m
Tax rate	24%	19%	+500 bps
Net earnings	\$76	\$98	-22%

- Increased closing volume mostly offset ASP decline during pivot to entry-level & 1st move-up
- Maintained gross margin with greater entry-level mix (excluding 1Q18 cost recovery from prior years)
- Higher interest expense & income taxes account for most of Y/Y decline in earnings

Maintaining lot supply with lower land spending

Spec inventory accelerates revenue with quicker sale-to-close

Net debt-to-capital reconciliation (\$millions)		
<i>(non-GAAP reconciliation to net debt-to capital ratio)</i>	Jun-30, 2019	Dec-31, 2018
Notes payable and other borrowings	\$ 1,308	\$ 1,310
Less: cash and cash equivalents	(407)	(311)
Net debt	\$ 901	\$ 999
Stockholders' equity	1,798	1,721
Total net capital	\$ 2,699	\$ 2,719
Net debt-to-capital	33.4%	36.7%
Book value/share	\$46.99	\$45.20

Real assets key metrics	2Q19	2Q18
<u>As of period ended June 30:</u>		
Total lots controlled	34,654	33,719
Years supply of lots	4.0	4.2
Unsold homes (specs)	2,406	2,323
Avg specs/community:	9.5	9.2
Under construction	77%	69%
Completed	23%	31%
Land & development spending	\$175M	\$221M

Guidance

Full Year
2019

- 8,700-9,100 home closings
- \$3.4-3.6 billion home closing revenue
- Home closing gross margin in mid-18's %
- Slightly higher SG&A as % of home closing revenue
- Interest expense trending down through 2019
- Diluted EPS \$5.20-5.50

3Q 2019

- 2,200-2,400 home closings
 - \$860-935 million home closing revenue
 - Home closing gross margin high-18's %
 - Diluted EPS \$1.40-1.50
- 3Q19 beginning backlog +2% Y/Y
 - Lower ASP due to product shift toward more entry-level
 - Higher GM% reflects fewer incentives & greater efficiencies in 3Q19

Summary

- + Strong & steady extended spring selling season
- + Healthy demand continues 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

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