



Third Quarter 2019 Analyst Conference Call

October 23, 2019

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Forward-Looking Statements

The information included in this presentation and the accompanying comments from management contains 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 for the full year 2019.

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 breaches; 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 June 30, 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

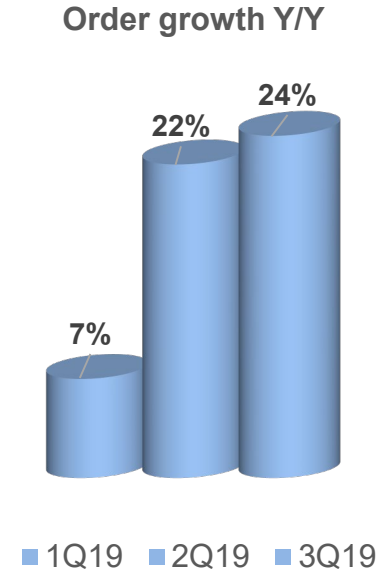
Phillippe Lord – EVP & Chief Operating Officer

Hilla Sferruzza – EVP & Chief Financial Officer

Brent Anderson – VP Investor Relations

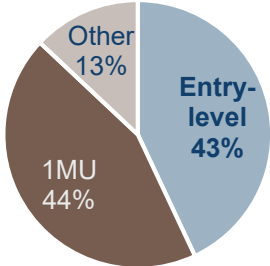
Strategy + execution = results

- Strategically positioned for strongest market segments
- Strong value proposition with LiVE.NOW. & 1st move-up
- Streamlining operations
- Leveraging higher absorptions
- Driving earnings growth
- Generating free cash flow
- Strengthening balance sheet

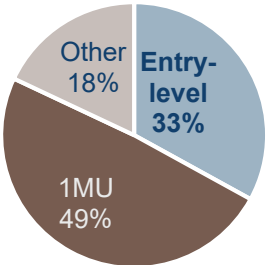


Entry-level/LiVE.NOW. primary driver of growth

3Q19 Communities (ending)

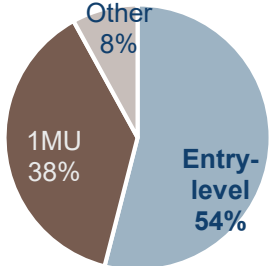


3Q18 Communities (ending)

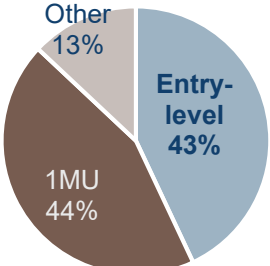


54% order growth in entry-level orders

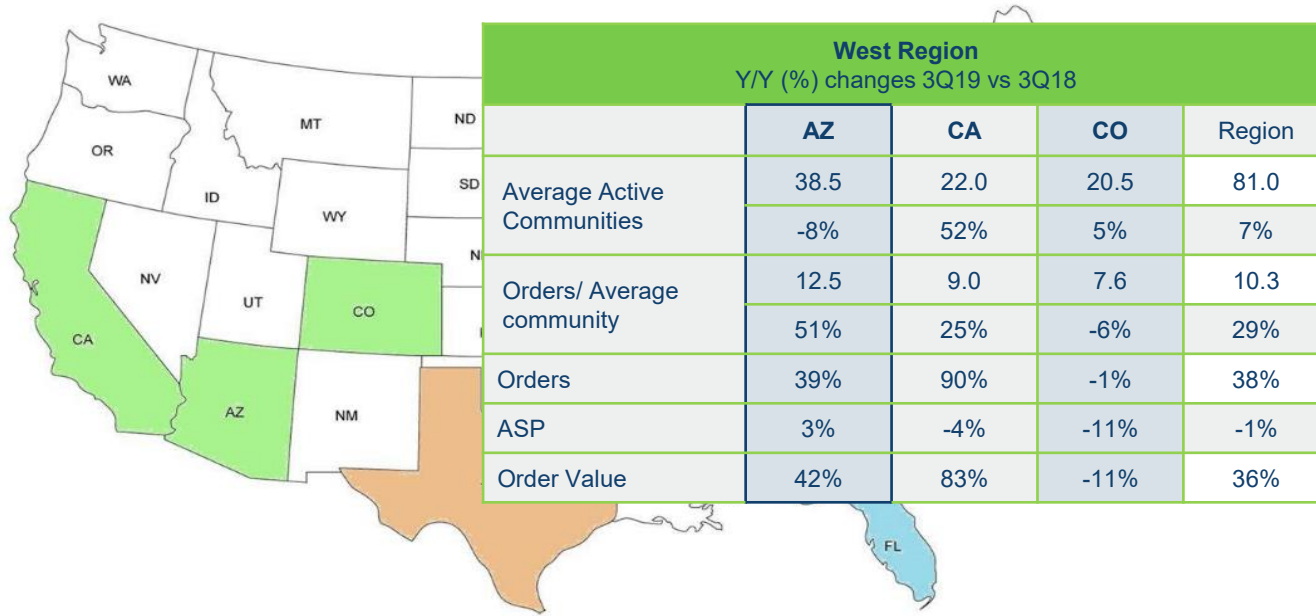
3Q19 Orders



3Q18 Orders

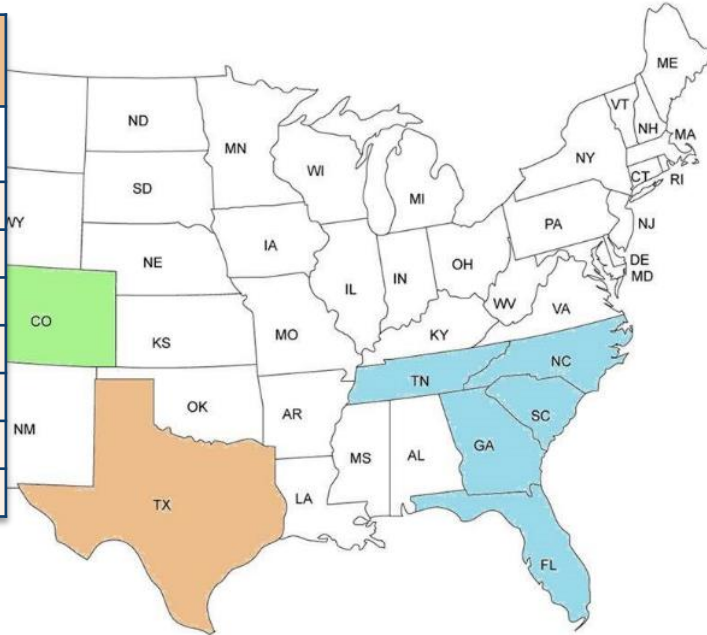


West: Highest absorptions drove 38% order growth and 36% increase in total order value

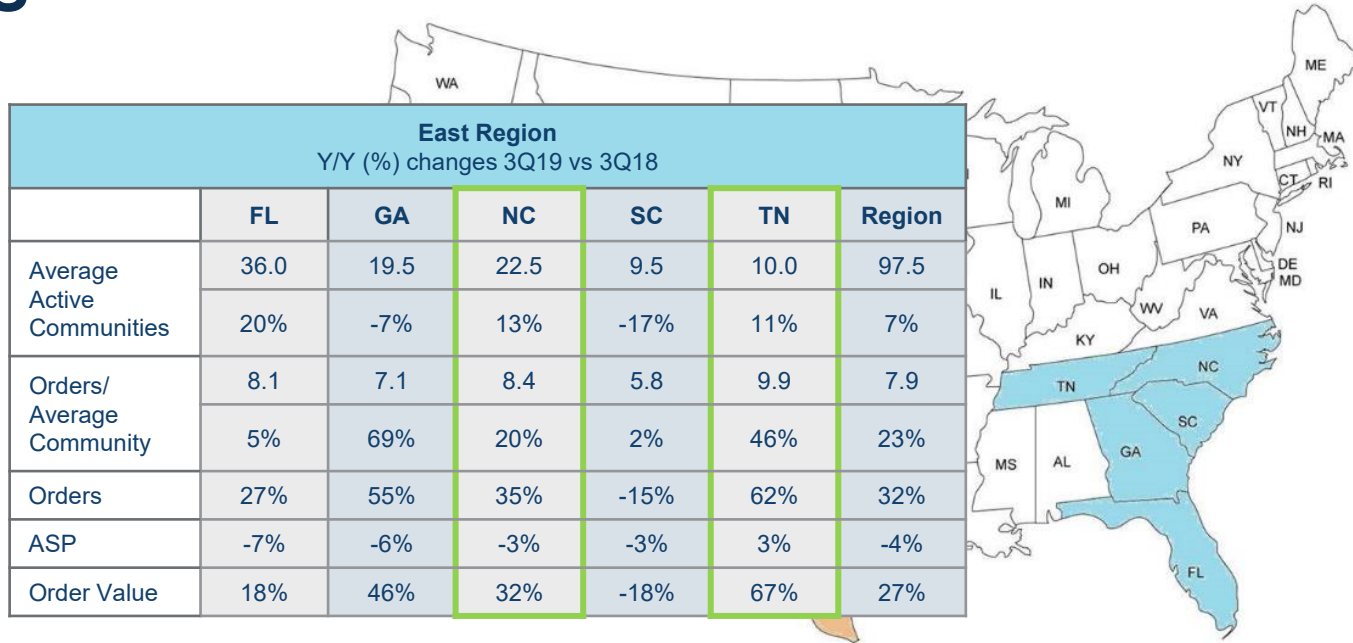


Central: Strong absorptions offsetting early close-out communities

Central Region Y/Y (%) changes 3Q19 vs 3Q18	
	TX
Average Active Communities	73.5
	-19%
Orders/ Average Community	8.8
	26%
Orders	2%
ASP	-7%
Order Value	-5%



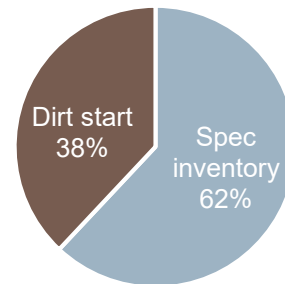
East: Continued improvement with 32% order growth



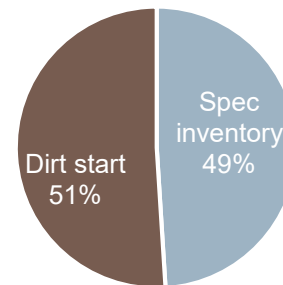
Additional spec inventory allows us to capture demand and convert into same-quarter closings

(\$millions except ASP)	3Q19	3Q18	Y/Y %Chg
Beginning backlog	3,680	3,619	+2%
Spec inventory	2,806	2,586	+9%
Backlog conversion rate	66%	60%	+600 bps
Home closings	2,419	2,162	+12%
ASP (closings)	\$388K	\$406K	-4%
Home closing revenue	\$939	\$878	+7%

3Q19 Closings



3Q18 Closings



Strong Net Earnings Growth in 2019

(\$millions)	Quarter Ended Sep-30,			Year to Date Sep-30,		
	2019	2018	%Chg	2019	2018	%Chg
Home closings	2,419	2,162	+12%	6,437	6,026	+7%
ASP (closings)	\$388K	\$406K	-4%	\$389K	\$411K	-6%
Home closing revenue	\$939.2	\$877.7	+7%	\$2,500.9	\$2,478.6	+1%
Home closing gross profit	\$186.1	\$158.6	+17%	\$461.7	\$442.4	+4%
Home closing gross margin	19.8%	18.1%	+170 bps	18.5%	17.8%	+70 bps
SG&A expenses	\$100.6	\$96.2	+5%	\$281.7	\$274.9	2%
-- % of home closing revenue	10.7%	11.0%	-30 bps	11.3%	11.1%	+20 bps
Earnings before taxes	\$92.4	\$71.4	+29%	\$192.4	\$191.5	--
Tax rate	24%	24%	--	24%	21%	+300 bps
Net earnings	\$69.8	\$54.1	+29%	\$146.0	\$151.8	-4%

Home closing revenue growth, higher home closing gross margins and improved leverage drove 3Q19 pre-tax earnings growth.

Higher interest expense, brokerage commissions, severance expenses and accelerated equity compensation expenses in 1Q reduced YTD19 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>	Sep-30, 2019	Dec-31, 2018
Notes payable and other borrowings	\$ 1,310	\$ 1,310
Less: cash and cash equivalents	(455)	(311)
Net debt	\$ 855	\$ 999
Stockholders' equity	1,874	1,721
Total net capital	\$ 2,729	\$ 2,719
Net debt-to-capital	31.3%	36.7%
Book value/share	\$48.92	\$45.20

Real assets key metrics	3Q19	3Q18
Land & development spending	\$275M	\$193M
<u>As of period ended Sept-30:</u>		
Total lots controlled	37,300	34,423
Years supply of lots	4.2	4.2
Unsold homes (specs)	2,806	2,586
Avg specs/community:		
Under construction	77%	70%
Completed	23%	30%

Guidance

Full Year
2019

- 8,900-9,100 home closings
- Approximately \$3.5 billion home closing revenue
- Home closing gross margin in mid-high 18's %
- Diluted EPS \$5.50-5.70

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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