



Setting the standard  
for energy-efficient homes®

# J.P. Morgan Homebuilding & Building Products Conference New York City

May 15, 2019

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# Forward-Looking Statements

This presentation, along with the accompanying press release and 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, overhead leverage 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 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](http://www.investors.meritagehomes.com).

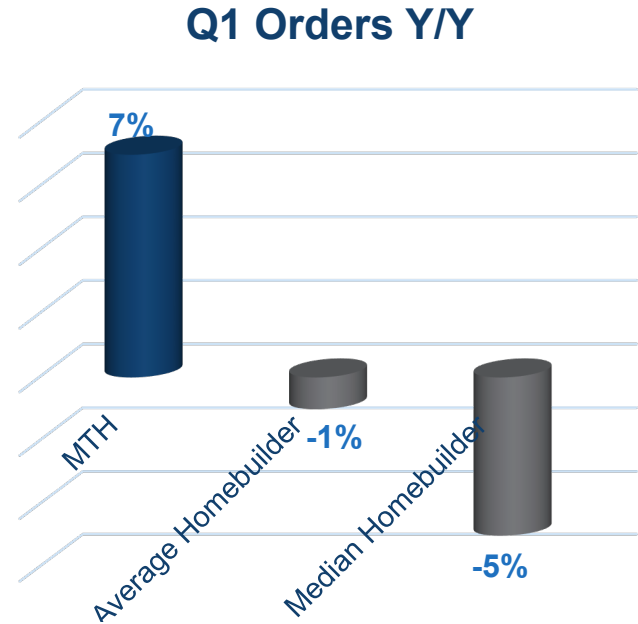
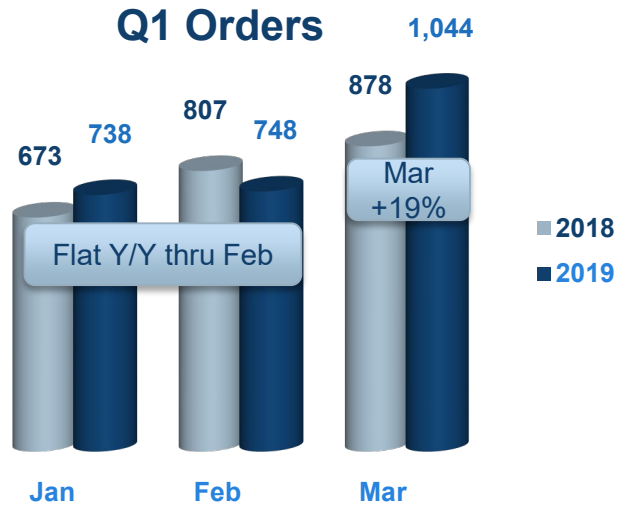
# Management Representatives

Steven J. Hilton – Chairman & CEO

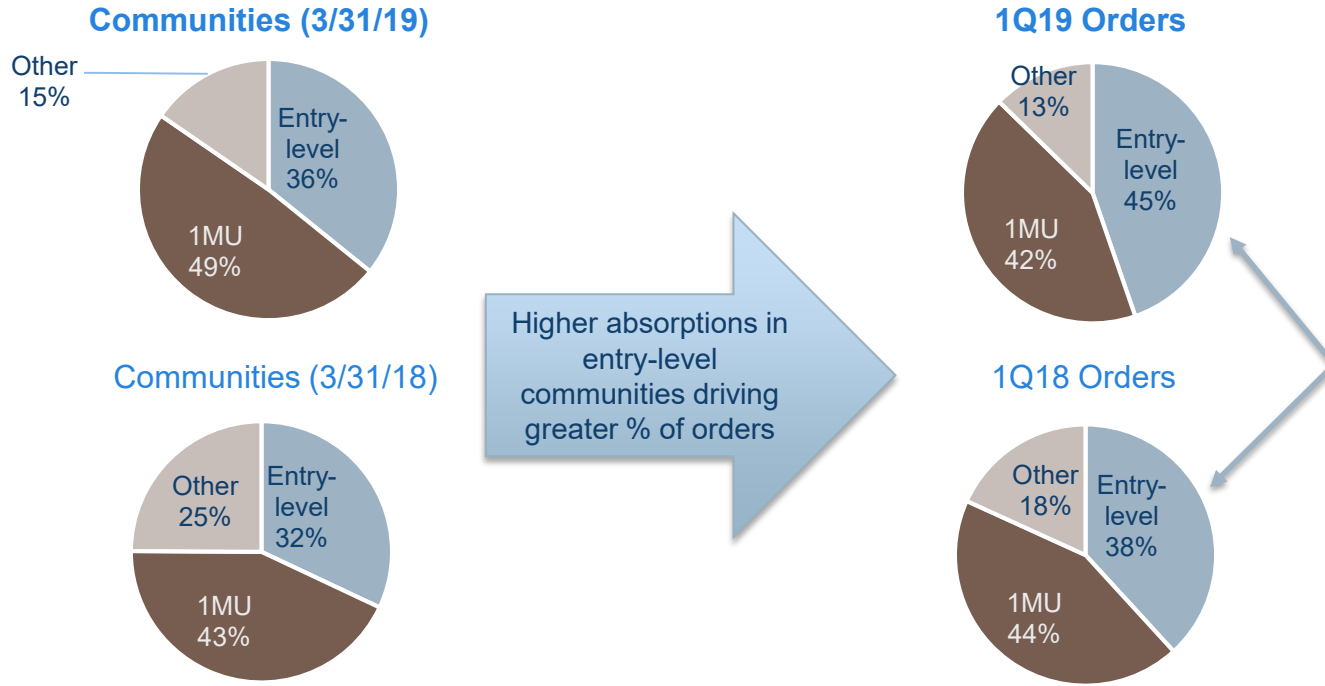
Hilla Sferruzza – EVP & Chief Financial Officer

Brent Anderson – VP Investor Relations

# 7% order growth in Q1 outperformed peer group



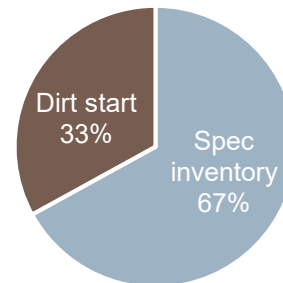
# Higher sales pace in entry-level and 1<sup>st</sup> move-up (1MU) communities evident in order growth



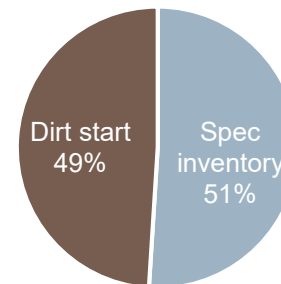
# Additional spec inventory also allowed us to capture demand and convert into closings

(\$millions except ASP)	1Q19	1Q18	Y/Y %Chg
Beginning backlog	2,433	2,875	-15%
Spec inventory	2,205	1,998	10%
Backlog conversion rate	73%	60%	+130 bps
Home closings	1,765	1,725	+2%
ASP (closings)	\$396K	\$422K	-6%
Home closing revenue	\$698.7	\$728.5	-4%

1Q19 Closings

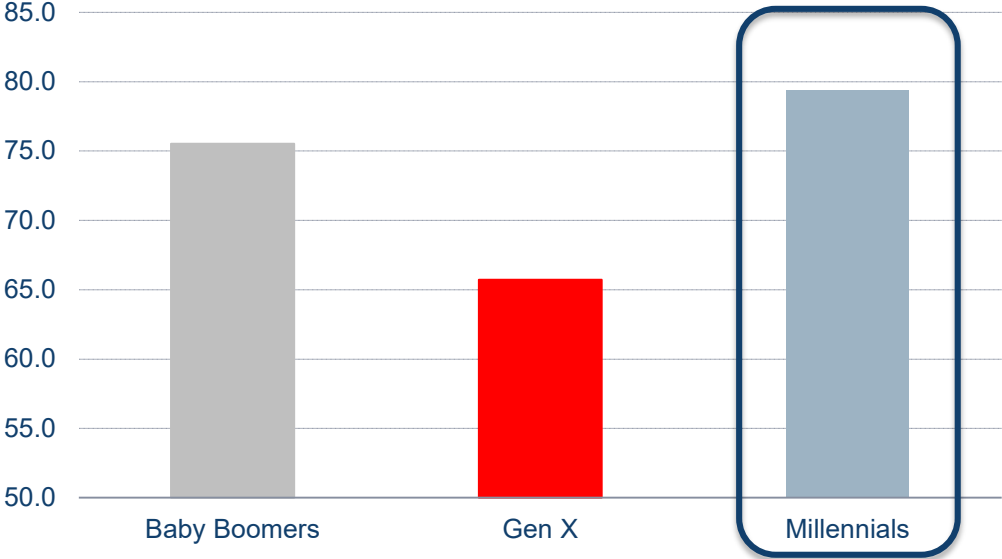


1Q18 Closings



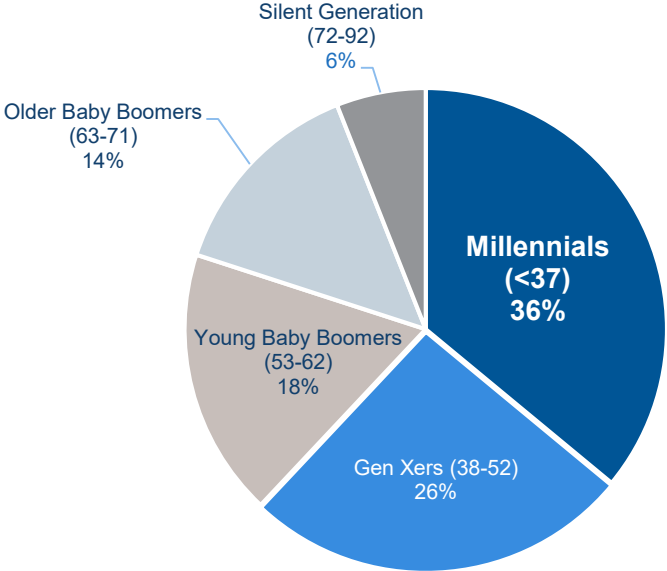
# Largest generation becoming home buyers

Population by Generation (Millions), 2015



Source: Wells Fargo Securities

Homebuyers by Generation



Source: NAR Home Buyer & Seller Generational Trends Report 2018



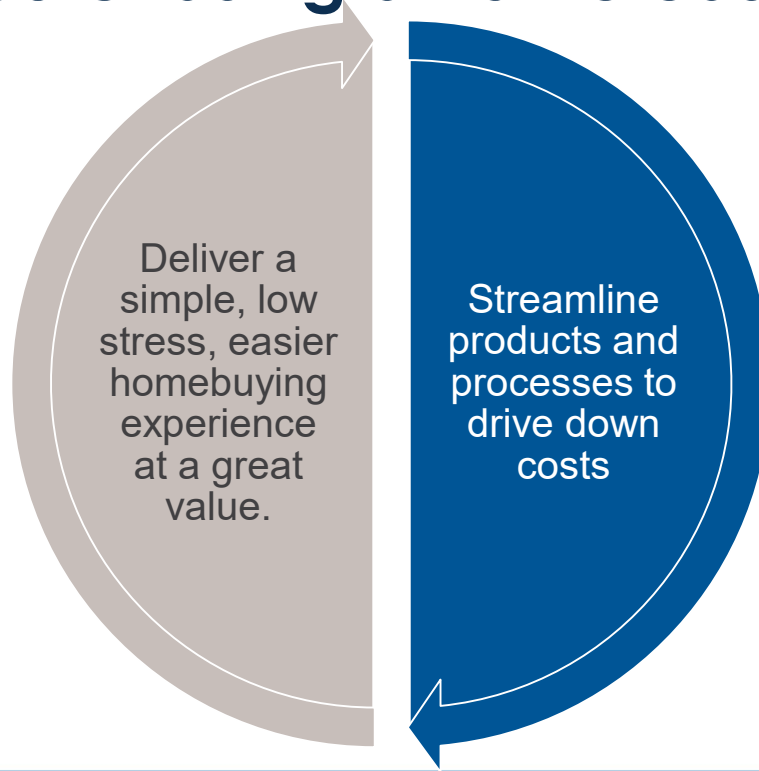


# Positioned to address two huge markets with entry-level and 1<sup>st</sup> move-up product





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



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# Studio M Design Collections

- 9 collections with limited variations (flooring, cabinets, countertops, backsplash, paint, lighting)
- Enhancements such as:
  - Extended flooring
  - Cabinet style
  - Kitchen organization, appliances, lighting, fixtures
  - Bathroom sinks, lighting, fixtures
  - Ext. door & hardware, etc.



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# Summary

- + Solid spring selling season off to a good start
- + Strategic shift to Entry-Level & 1<sup>st</sup> Move-Up positions us to address highest demand and increase conversion rate
- + Simplifying and streamlining to reduce costs through efficiencies

- ✓ Economy is strong: GDP growth, low inflation, low unemployment, wages
- ✓ Consumer confidence high
- ✓ Household formation improving
- ✓ Debt service improved, mortgage availability accommodative
- ✓ Low inventories of affordable homes



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