



First Quarter 2020 Analyst Conference Call

April 29, 2020

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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 full year 2020 home closings, home closing revenue, home closing gross margin and tax rate, as well as expectations regarding new community openings, the U.S. economy and housing market.

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: adverse impacts due to the COVID-19 pandemic, including a recession in the U.S., the impact of legislation designed to provide economic relief from a recession, the inability of employees to work and of customers to visit our communities due to government movement restrictions or illness, disruptions in our supply chain, our inability to access capital markets due to lack of liquidity in the economy resulting from the responses to the COVID-19 pandemic, inconsistencies or changes in the classification of homebuilding as an essential business and/or critical infrastructure, the availability of mortgages due to reactions by regulators, investors and lenders, the shutdown of or delay in governmental services (i.e. approvals, permits, inspections), and enhanced governmental regulation; the availability and cost of finished lots and undeveloped land; shortages in the availability and cost of labor; the success of our strategic initiatives to focus on the first- and second-move-up buyer; the ability of our potential buyers to sell their existing homes; changes in interest rates and the availability and pricing of residential mortgages; our exposure to information technology failures and security breaches; legislation related to tariffs; 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; 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, 2019 under the caption "Risk Factors," which can be found on our website at www.investors.meritagehomes.com.

Management Representatives



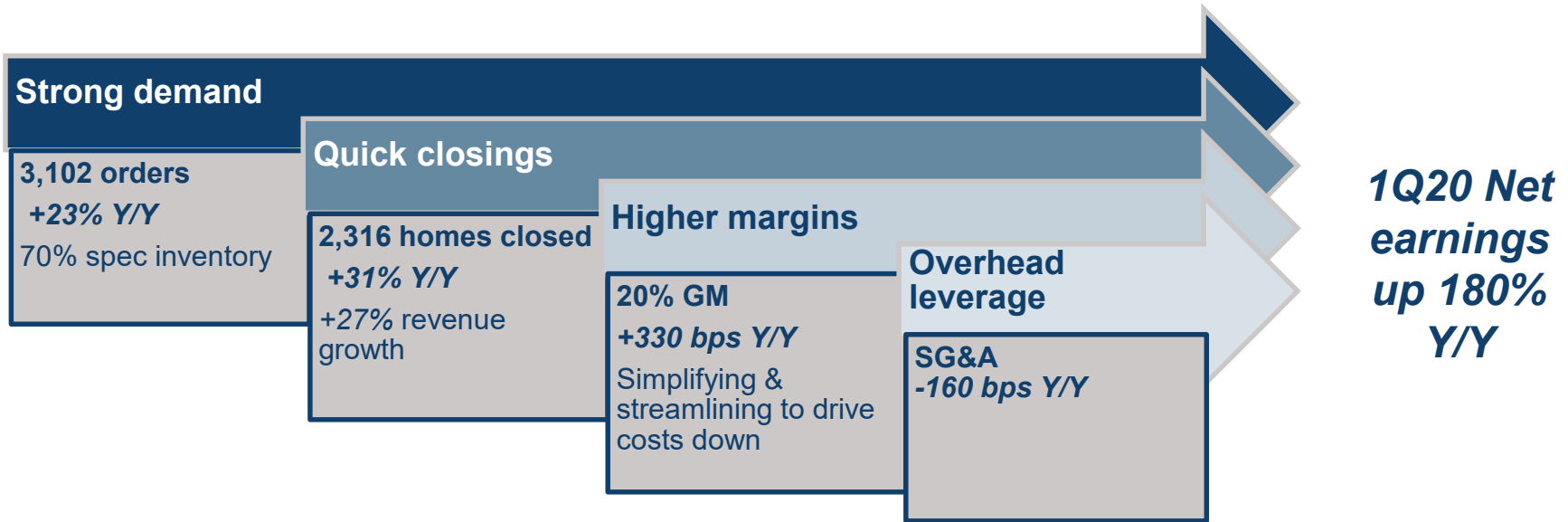
Steven J. Hilton – Chairman & CEO

Phillippe Lord – EVP & Chief Operating Officer

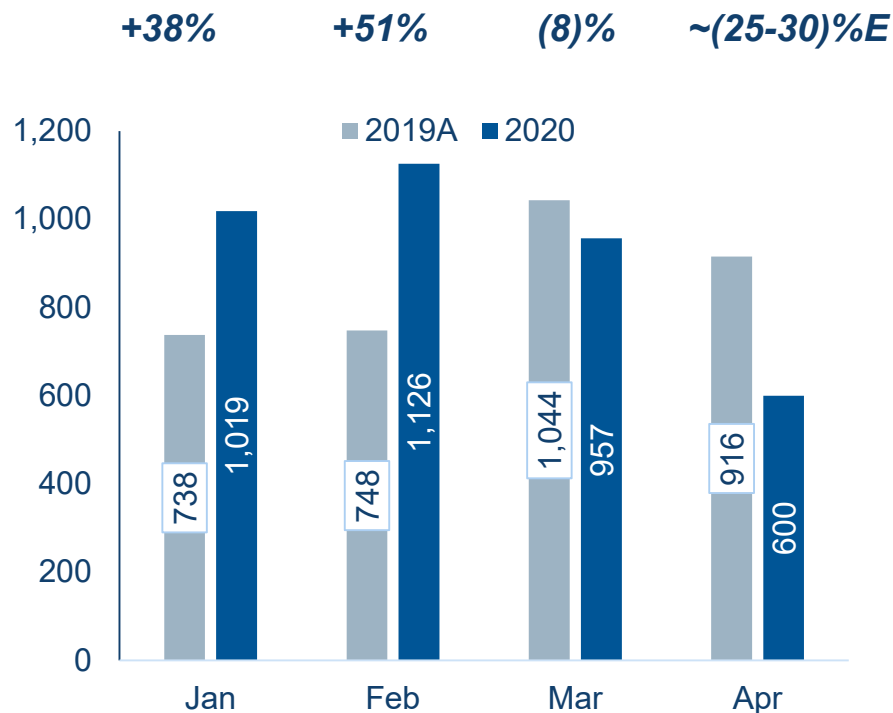
Hilla Sferruzza – EVP & Chief Financial Officer

Brent Anderson – VP Investor Relations

Strong demand provided the fuel... sound strategy & execution drove earnings growth



Strong order growth continued through mid-March



Month 2020	Gross Orders	Cancellations %*
Jan	1,159	140 / 12%
Feb	1,255	129 / 10%
Mar	1,141	184 / 16%
Apr	Est (650+)	Est ~20%

*Cancellation rate % on gross orders

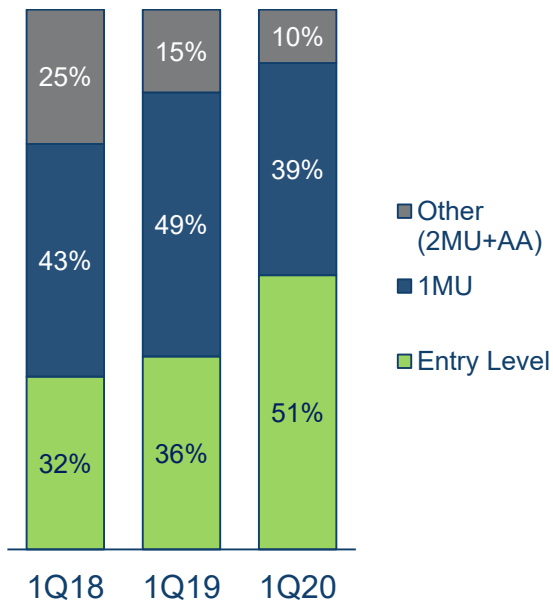
Operating within Social Distancing guidelines

Sales & Studio M[®] design centers	<ul style="list-style-type: none">• Appointment—only visits• Virtual tours & construction updates• Serious buyers = higher conversion rate
Website tools	<ul style="list-style-type: none">• Plans, elevations, floor plans, specs, quick move-in's, transparent prices• 24/7 mortgage pre-approval
Closings	<ul style="list-style-type: none">• Earnest money deposits by debit/credit card• Document only appraisals• Drive-through closing option
Construction	<ul style="list-style-type: none">• No supply chain disruptions• Trades showing up• Interior warranty work suspended
Offices	<ul style="list-style-type: none">• Home officing with existing technology• Roll-out of new technology for collaboration has seen accelerated adoption

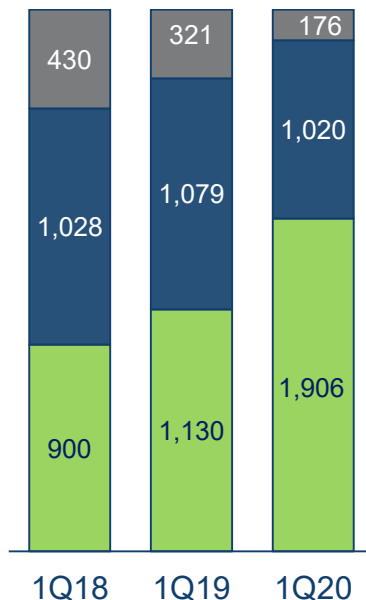
Entry-level driving growth

1Q20/1Q19: Absorptions +35%, Entry-level orders +69%

Ending community count by product type



Orders by product type



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Maintaining 4-5 month supply of specs based on community-level sales and closings

	1Q20	1Q19	Y/Y %Chg
Spec inventory	2,703	2,205	+23%
Closings from specs	69%	67%	200 bps
Specs/community	11.2	8.5	+32%
Completed	28%	36%	(800) bps
Under construction	72%	64%	800 bps



Higher absorptions & order growth in West & TX regions where entry-level is above 50%

States & Regions Y/Y (%) changes 1Q20 vs 1Q19											
	AZ	CA	CO	West	TX	FL	GA	NC	SC	TN	East
Average Active Communities	32.0	26.5	15.5	74.0	77.5	33.5	16.5	22.5	8.0	10.5	91.0
	(14)%	39%	(28)%	(5)%	(13)%	6%	(20)%	(10)%	(30)%	0%	(8)%
-Entry-level % (QE)	55%	69%	54%	60%	56%	44%	33%	40%	29%	33%	39%
Orders/ Average Community	17.8	13.3	12.8	15.1	13.7	9.5	9.5	12.8	10.9	7.1	10.1
	44%	51%	35%	41%	41%	(1)%	36%	39%	56%	(1)%	20%
Orders	25%	111%	(2)%	35%	22%	5%	8%	25%	7%	(1)%	11%
ASP	1%	(2)%	(4)%	4%	(8)%	(10)%	1%	(2)%	3%	(1)%	(4)%
Order Value	26%	107%	-6%	41%	12%	(5)%	9%	22%	11%	(2)%	6%

Strong earnings growth in 1Q20

(\$millions except EPS)	1Q20	1Q19	%Chg
Home closings	2,316	1,765	+31%
ASP (closings)	\$384K	\$396K	(3)%
Home closing revenue	\$890	\$699	+27%
Home closing gross profit	\$178	\$116	+53%
Home closing gross margin	20.0%	16.7%	+330 bps
Financial services profit	\$3	\$5	(40)%
SG&A expenses	\$95.3	\$86.1	+11%
-- % of home closing revenue	10.7%	12.3%	-160 bps
Earnings before taxes	\$87	\$32	+168%
Tax rate ⁽¹⁾	18%	22%	-400 bps
Net earnings	\$71	\$25	+180%
Diluted EPS	\$1.83	\$0.65	+182%

Improved across all operating benchmarks:

- ✓ Revenue growth
- ✓ Gross margin
- ✓ SG&A leverage
- ✓ Earnings

⁽¹⁾ 1Q20 tax rate of 18% reflects energy tax credits for qualifying energy-efficient homes

Projecting ~20-21% tax rate for 2020

Strongest balance sheet in Meritage's history

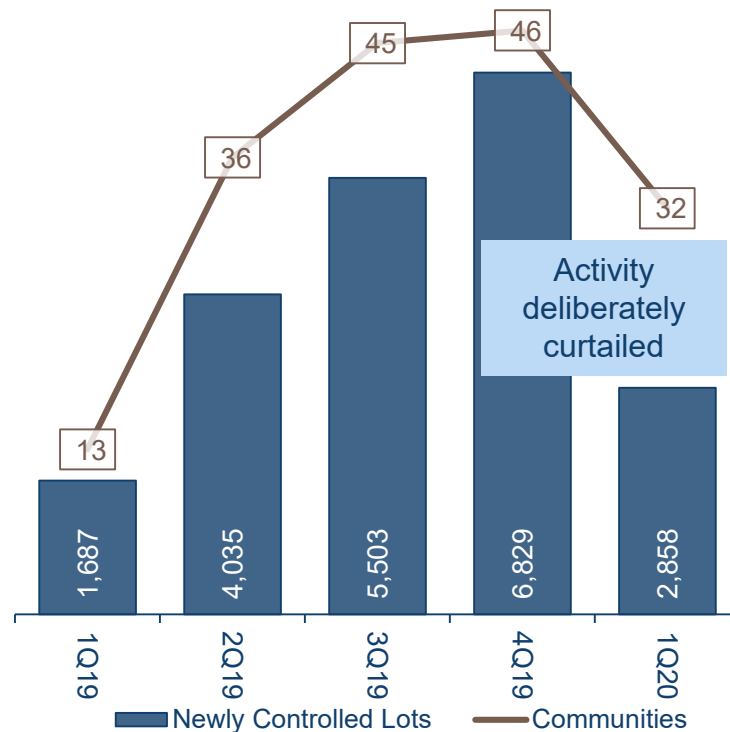
Net debt-to-capital reconciliation (\$millions)		
(non-GAAP reconciliation to net debt-to capital ratio)	Mar-31, 2020	Dec- 31, 2019
Notes payable and other borrowings ⁽¹⁾	\$ 1,518	\$ 1,019
Less: cash and cash equivalents	(797)	(319)
Net debt	\$ 721	\$ 700
Stockholders' equity	1,991	1,974
Total net capital	\$ 2,712	\$ 2,674
Net debt-to-capital	26.6%	26.2%
Total capital	\$3,509	\$2,993
Debt-to-capital	43.3%	34.0%
Book value/share	\$52.95	\$51.68

(1) Drew down \$500M of \$780M Revolving Credit Facility in March 2020 to provide flexibility in managing through challenges caused by COVID-19.


The \$500M was reflected in both increased cash and other borrowings at March 31, 2020.

Reducing & deferring Land & Development spend

Real assets	1Q20	1Q19
Land & development spending	\$246M	\$141M
As of period ended Mar-31:		
Total lots controlled	41,501	33,809
Years supply of lots	4.2	3.9
- Owned	63%	71%
- Optioned	37%	29%



Meritage average buyer credit profile

					
	1Q19	2Q19	3Q19	4Q19	1Q20
Average DTI	39.0	37.9	37.7	38.0	38.2
Average FICO score	729	732	732	733	730
Average Down Payment	17%	16%	16%	16%	15%
Loan Type (% of total)					
Conventional	66%	69%	69%	66%	67%
FHA	19%	16%	15%	17%	16%
VA	12%	13%	14%	15%	15%
Jumbo	3%	1%	1%	1%	1%
USDA	0%	1%	1%	1%	1%

Better qualified buyer profile than typical for basic entry-level

Summary

Market conditions vs 2008

- ✓ Shortage of inventory
- ✓ Buyers are owner-occupied vs flippers
- ✓ Tighter mortgage standards but lower interest rates
- ✓ Builders focused on affordability
- ✓ Volumes down due to shelter-in-place

Meritage is well-positioned

- ✓ Entry-level & first move-up focus
- ✓ Strongest balance sheet ever
- ✓ Curtailed spending to preserve liquidity
- ✓ Spec strategy - many advantages
- ✓ Experienced management team
- ✓ Positive employee morale

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