



Fourth Quarter 2020 Analyst Conference Call

January 28, 2021

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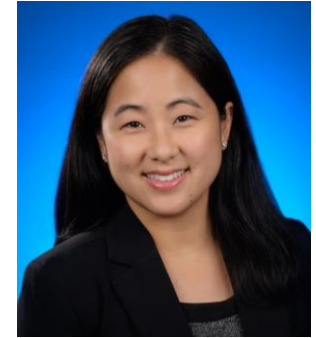
Forward-Looking Statements

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 statements regarding the health of the housing market and the potential adverse impact of the COVID-19 pandemic, and projected full year 2021 and 1Q 2021 home closings, home closing revenue, gross margins, effective tax rate, diluted earnings per share and community counts.

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.

Important factors that could cause actual results to differ materially from those in forward-looking statements, and that could negatively affect our business include, but are not limited to, the following: disruptions to our business by COVID-19, fear of a similar event, and measures implemented by federal, state and local governments or health authorities to address it; the availability and cost of finished lots and undeveloped land; shortages in the availability and cost of labor; 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 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 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 and our Form 10-Q for the quarter ended September 30, 2020 under the caption "Risk Factors," which can be found on our website at www.investors.meritagehomes.com.

Management Representatives



Steven J. Hilton – Executive Chairman

Phillippe Lord – CEO

Hilla Sferruzza – EVP & Chief Financial Officer

Emily Tadano – VP Investor Relations

2020 Milestones At Meritage Homes

100%

contactless selling to customers

8th straight year

of recognition, received various Avid Diamond, Gold & Benchmark Awards across nine divisions

first homebuilder to introduce

MERV-13

advanced air filtration system nationwide to control & improve indoor air exchange

all-time highest annual volume of sales orders & home closings; in turn, our best average absorption pace since 2005 of

5.2 per month



greatest annual

home closing revenue & home closing gross profit in our company's history

contributed
\$200,000

to INROADS & the United Negro College Fund & began our multiyear partnership with these organizations

closed our
135,000th
home

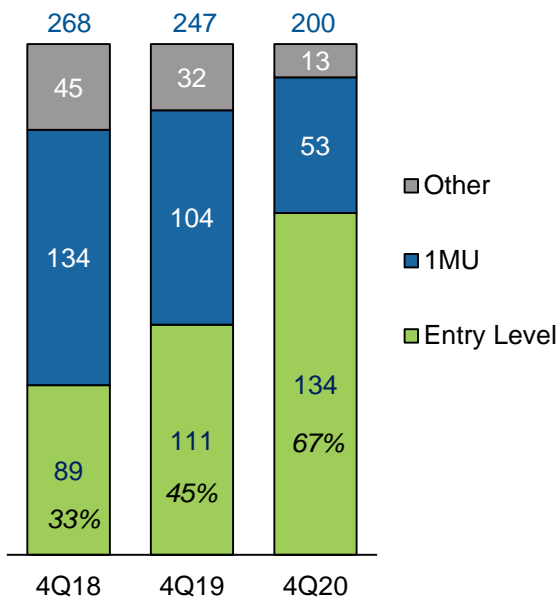
donated over
\$500,000

to help those affected by COVID-19, fighting hunger, & combating homelessness

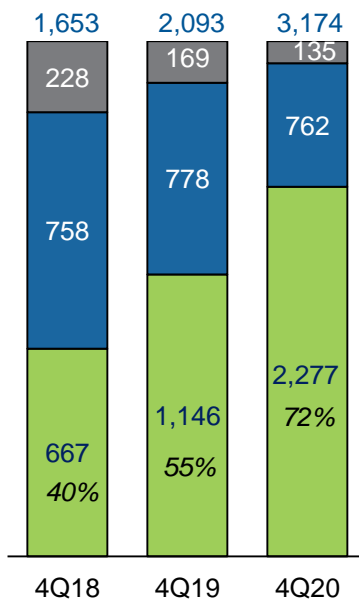
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Strong Performance In Both Entry-Level And First Move-Up

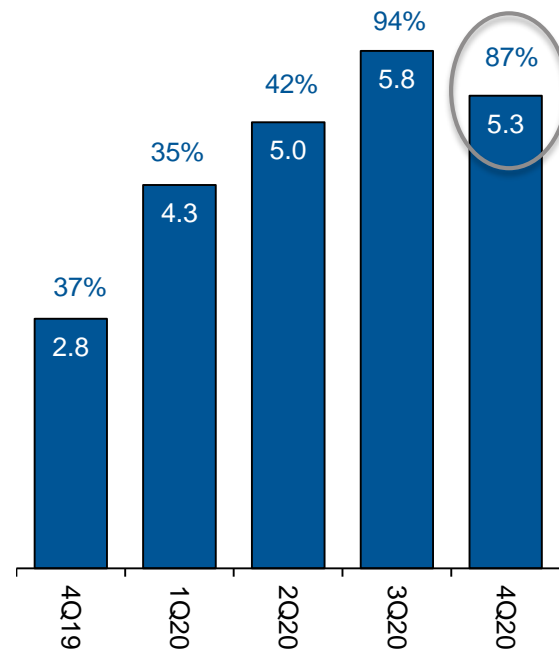
Average community count by product type



Orders by product type



Absorptions per month & Y/Y%

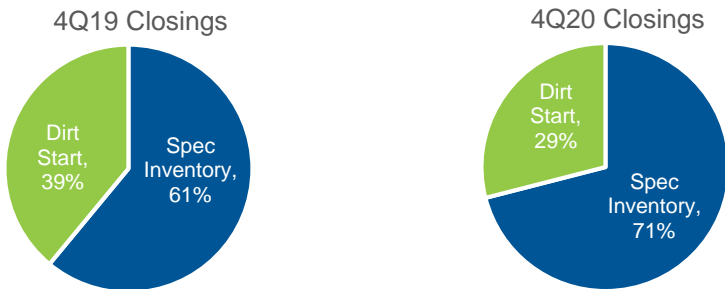


Broad Strength Everywhere Led By The East Region with 76% Sales Order Growth

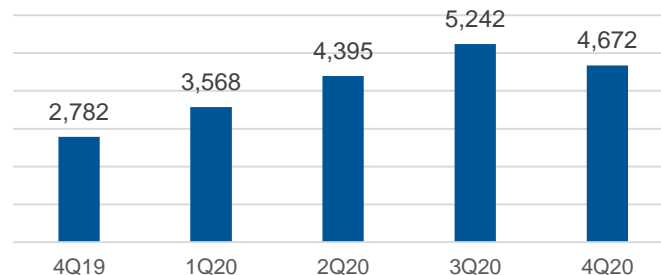
STATES & REGIONS Y/Y (%) changes 4Q20 vs 4Q19											
	AZ	CA	CO	West	Central (TX)	FL	GA	NC	SC	TN	East
Average Active Communities	34.0	18.0	11.0	63.0	60.5	32.5	9.0	20.5	6.0	8.0	76.0
	0%	(25%)	(42%)	(18%)	(20%)	(6%)	(50%)	(13%)	(37%)	(11%)	(20%)
Entry-level % Average Communities	62%	86%	50%	67%	71%	65%	39%	71%	50%	81%	64%
Absorption per month	4.8	5.2	6.4	5.2	5.6	4.6	5.4	6.0	6.0	4.6	5.2
	38%	63%	155%	65%	83%	86%	176%	105%	246%	138%	118%
Orders	37%	21%	48%	34%	46%	75%	39%	78%	120%	112%	76%
ASP on Orders	7%	8%	(2%)	4%	0%	(9%)	6%	0%	13%	(6%)	(2%)
Order Value	46%	31%	45%	39%	47%	60%	48%	78%	148%	98%	72%

Spec Inventory A Core Tenet Of Meritage Operations

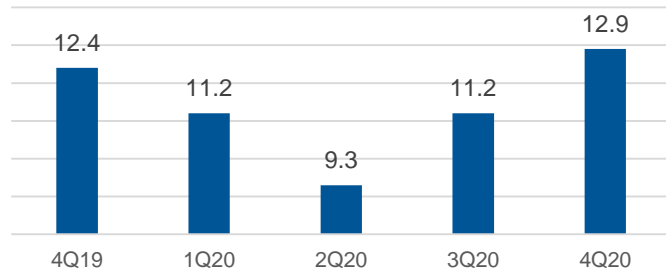
Home Closings



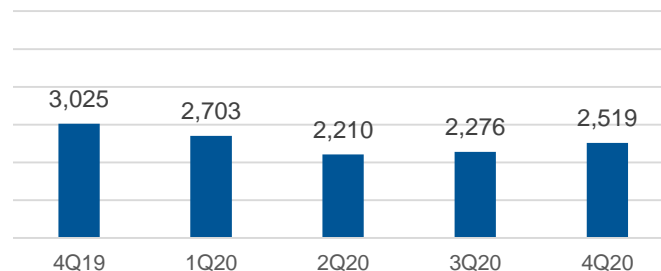
Ending Backlog Units



Average Specs Per Community



Available Specs Completed or Under Construction



47% Earnings Growth In 4Q20

(\$ Millions except EPS & ASP)	4Q20	4Q19	%Chg	FY2020	FY2019	%Chg
Home closings	3,744	2,830	+32%	11,834	9,267	+28%
ASP (closings)	\$376K	\$390K	(4%)	\$377K	\$389K	(3%)
Home closing revenue	\$1,409.2	\$1,103.7	+28%	\$4,464.4	\$3,604.6	+24%
Home closing gross profit	\$337.8	\$219.0	+54%	\$980.4	\$680.7	+44%
Home closing gross margin	24.0%	19.8%	+420 bps	22.0%	18.9%	+310 bps
SG&A expenses	\$131.0	\$111.2	+18%	\$446.9	\$392.8	+14%
% of home closing revenue	9.3%	10.1%	(80) bps	10.0%	10.9%	(90) bps
Earnings before taxes	\$195.4	\$110.5	+77%	\$533.6	\$302.9	+76%
Tax rate ⁽¹⁾	21.9%	6.3%	+1560 bps	20.6%	17.6%	+300 bps
Net earnings ⁽²⁾	\$152.5	\$103.6	+47%	\$423.5	\$249.7	+70%
Diluted EPS	\$3.97	\$2.65	+50%	\$11.00	\$6.42	+71%
% of total specs completed at December 31 st				9%	28%	(68%)

4Q20 HIGHLIGHTS:

- Record quarterly closing revenue
- Best quarterly closing gross margin since 2006 despite rising costs of lumber and other commodities
- Lowest quarterly SG&A as a percentage of home closing revenue since 2007, reflecting greater overhead leverage and cost savings from technology enhancements
- \$20.3M impairment due to upcoming disposition of assets that no longer fit our strategy; estimated closing in the first half of 2021

(1) In 4Q19 and FY19, the extension of eligible energy tax credits occurred in Dec. 2019, resulting in the beneficial impact for full year 2018 and 2019 reflected in 4Q19.

(2) 4Q20 includes \$20.3M in land impairments; 4Q19 includes \$5.6M charge for early extinguishment of debt. FY20 includes \$24.9M in total impairments; FY19 includes \$7.3M in inventory impairments and \$5.6M charge for early extinguishment of debt.

Strong Balance Sheet Provides Flexibility

Net Debt-to-Capital Reconciliation (\$ Millions)		
(non-GAAP reconciliation)	Dec 31, 2020	Dec 31, 2019
Notes payable & other borrowings	\$1,020	\$1,019
Less: cash & cash equivalents	(\$746)	(\$319)
Net debt	\$274	\$700
Stockholders' equity	\$2,348	\$1,974
Total net capital	\$2,622	\$2,674
Net debt-to-capital	10.5%	26.2%
Total capital	\$3,368	\$2,993
Debt-to-capital	30.3%	34.0%
Book value/share	\$62.59	\$51.68

4Q20 HIGHLIGHTS:

Ample liquidity at December 31, 2020 given

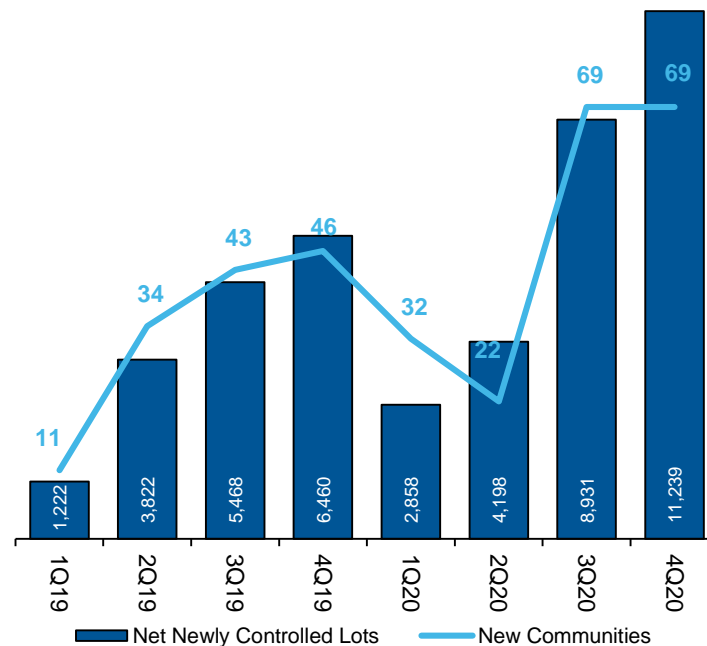
- \$746M of cash
- Nothing drawn under \$780M credit facility
- Lowest net debt to capital in Company history

Achieved several objectives in 4Q20:

- Amended our revolver to a 5-year facility maturing in 2025
- Opportunistically repurchased 100,000 shares totaling \$8.8M
- Additional \$100M authorized for share repurchases under the existing program
- Received two credit rating upgrades

Accelerated Land & Development Investment

Real Assets	4Q20	4Q19
Land & development spending	\$506M	\$245M
As of period ended Dec-31:		
Total lots controlled	55,502	41,399
Supply of lots (years)	4.7	4.5
- Owned	59%	63%
- Optioned	41%	37%



Guidance For FY2021 & 1Q21

FULL YEAR 2021

- 11,500-12,500 home closings
- \$4.2-4.6 billion home closing revenue
- Home closing gross margin 22.0-23.0%
- Effective tax rate ~23.0%
- Diluted EPS \$10.50-\$11.50

1Q 21

- 2,600-2,900 home closings
- \$950.0 million to \$1.05 billion home closing revenue
- Home closing gross margin ~22.5%
- Diluted EPS \$2.25-\$2.50

Projected Community Count

- First half of 2021 to remain +/- 200 communities
- End 2021 with approximately 235-245 communities
- June 2022 target of 300 communities

Positioned For Growth

Pace & Price

- Achieving strong closing revenue growth

Balance Sheet Strength & Flexibility

- Increases in operating cash flow and our lowest levels of net debt to capital

Accelerated Land Investments

- Will spend +\$1.5B annually in 2021 and beyond to sustain 300 communities

Strong Land Position

- Focused on replacing communities as they close out and maintaining 300 communities in the coming years

300 COMMUNITIES BY MID 2022

Summary

- Well-positioned with entry-level and first move-up
- Entering 2021 with heavy backlog and +2,500 specs completed or under construction
- Strategy to grow
- Executing at a high level



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