Meritage Homes®

Setting the standard for energy-efficient homes®

Investor Meetings

December 2018

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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 pre-tax earnings for the full year 2018, as well as management's expectation for entry-level demand and its intention to repurchase additional shares.

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: the availability and cost of finished lots and undeveloped land; shortages in the availability and cost of labor; changes in interest rates and the availability and pricing of residential mortgages; changes in tax laws that adversely impact us or our homebuyers; inflation in the cost of materials used to develop communities and construct homes; the success of strategic initiatives; the ability of our potential buyers to sell their existing homes; cancellation rates; the adverse effect of slow absorption rates; slowing in the growth of entry-level home buyers; competition; impairments of our real estate inventory; 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; legislation related to tariffs 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, 2017 and Form 10-Q for the second quarter ended September 30, 2018 under the caption "Risk Factors," which can be found on our website at www.investors.meritagehomes.com.

Management Representatives

Hilla Sferruzza – EVP & Chief Financial Officer

Brent Anderson – VP Investor Relations

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MTH Key Investment Highlights

Well Positioned in Top U.S. Homebuilding Markets

Entry-Level Expansion Product Focus to Capitalize on Favorable Demographic Trends

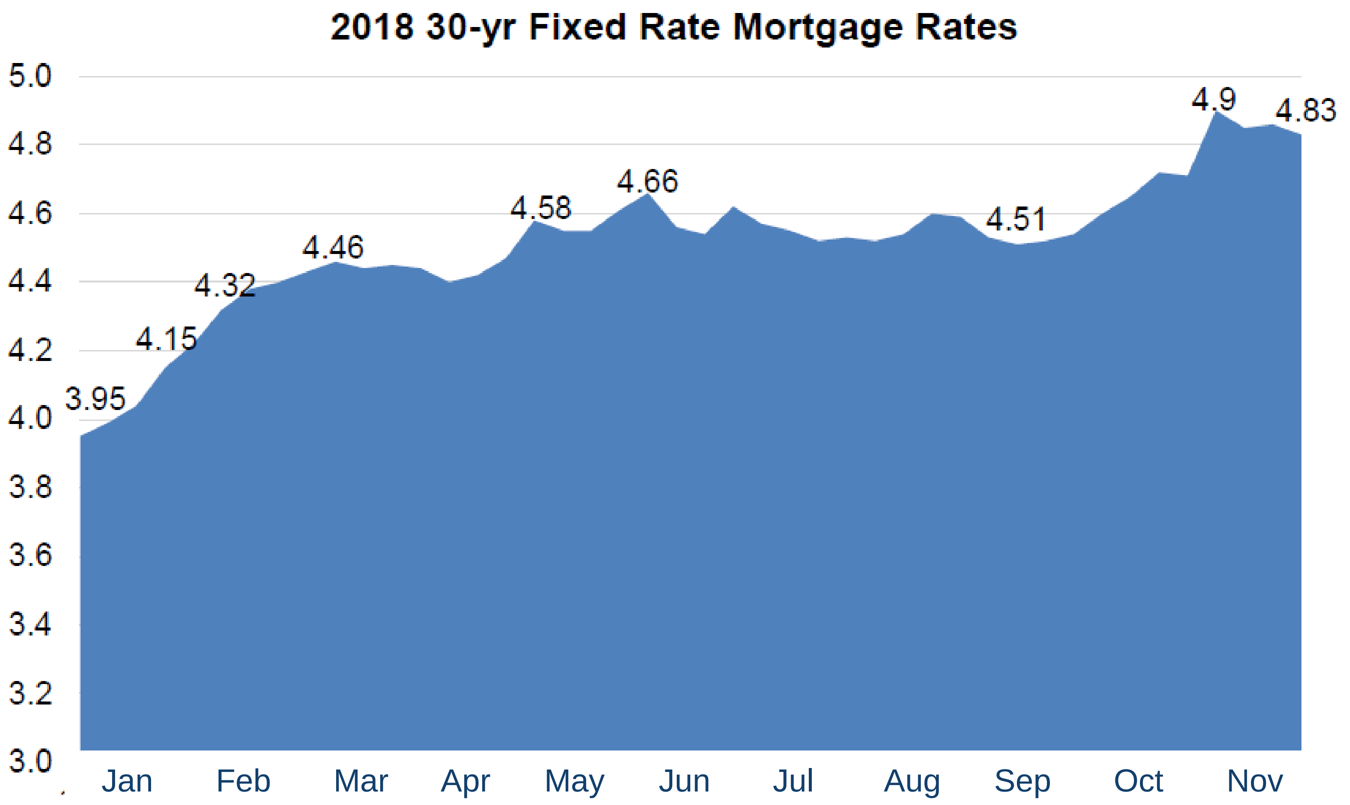
East region (newest markets) on path of improvement

Strong economy supportive of housing market

Share repurchases returning value to investors

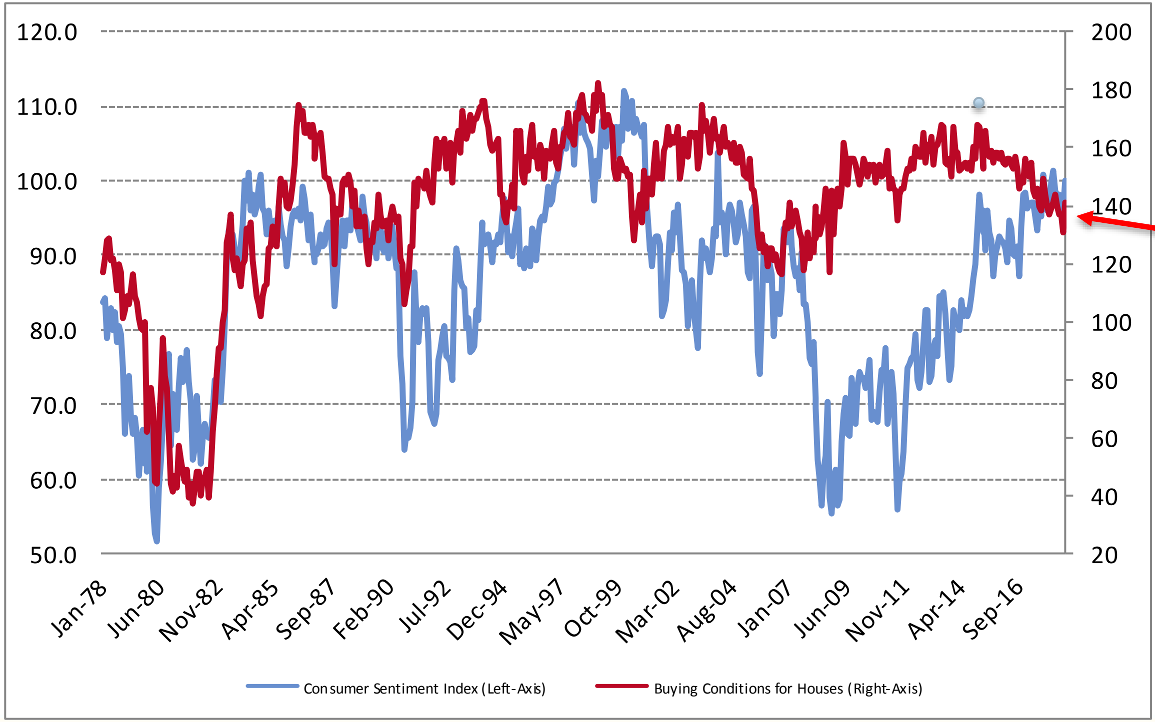
Industry Trends, Outlook & Strategy

Mortgage rates have risen 88 basis points this year – an 11% increase in payments.



Source: Freddie Mac

Home Buyers Less Confident About Market Conditions, Impacting Sales & Cancellations



Reported data through Sep-18 shows continued decline in consumer sentiment regarding "buying conditions for houses"

Wells Fargo Securities: Homebuilding

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Is the Recent Slowing an Inflection Point…

Support for beginning of cyclical downturn:

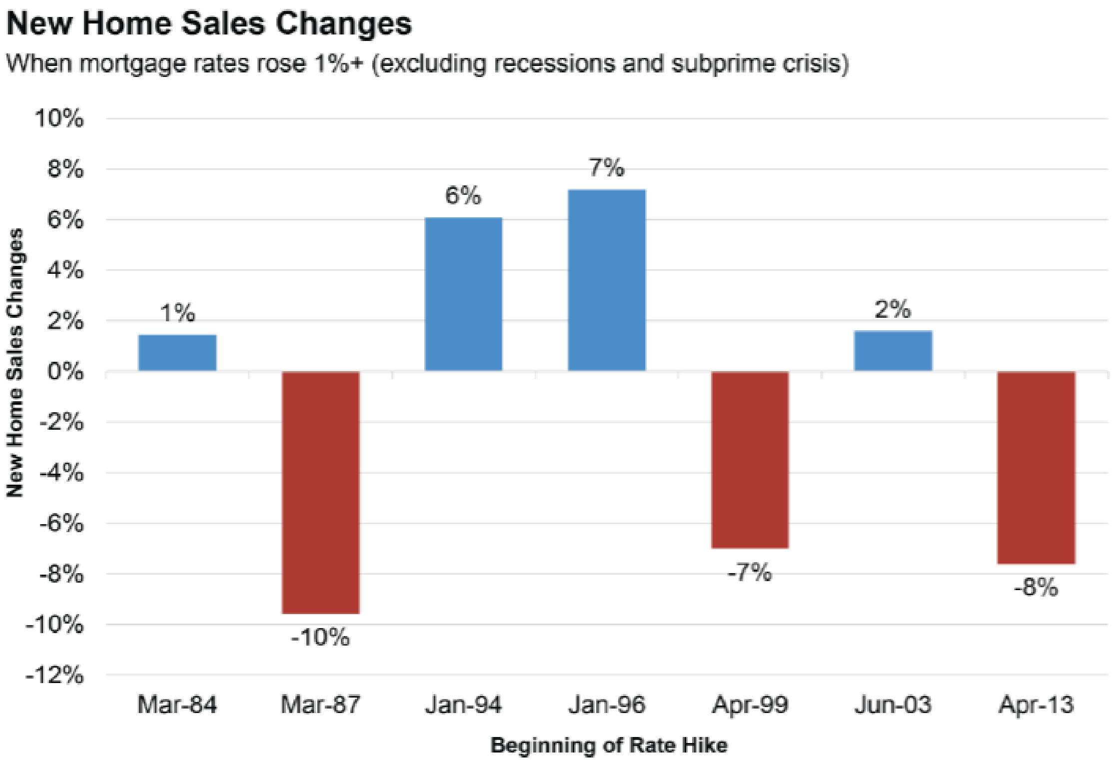
- Move-up market has slowed considerably
- Cancellations increased in 3Q and into October
- Buyer fatigue after years of rising home prices
- Fed continuing rate increases – mortgage rates up 88 bps this year
- Affordability strained in some markets -- with price inflation, payments up 13% Y/Y

…or a Temporary "Pause"?

Support for short-term adjustment period:

- Economy is strong (Burns Economic Performance Index rated "high" = 77/100)
    - high GDP growth, low inflation, payrolls increasing, low unemployment, wages at all-time high
    - Consumer confidence high
- Housing fundamentals still positive
    - New home sales, starts & permits up YTD -- below historical averages in most of our geographies (existing home sales down – low inventories)
    - Household formation improving, debt service improved, mortgage availability improving slowly
    - Rents high/increasing
- Regional & price-point differences/not uniform – some bumpy, some in "correction" territory
- Traffic stable, lead generation building

100 Basis Point+ Rate increases while economy is still growing have generally had minimal impact.



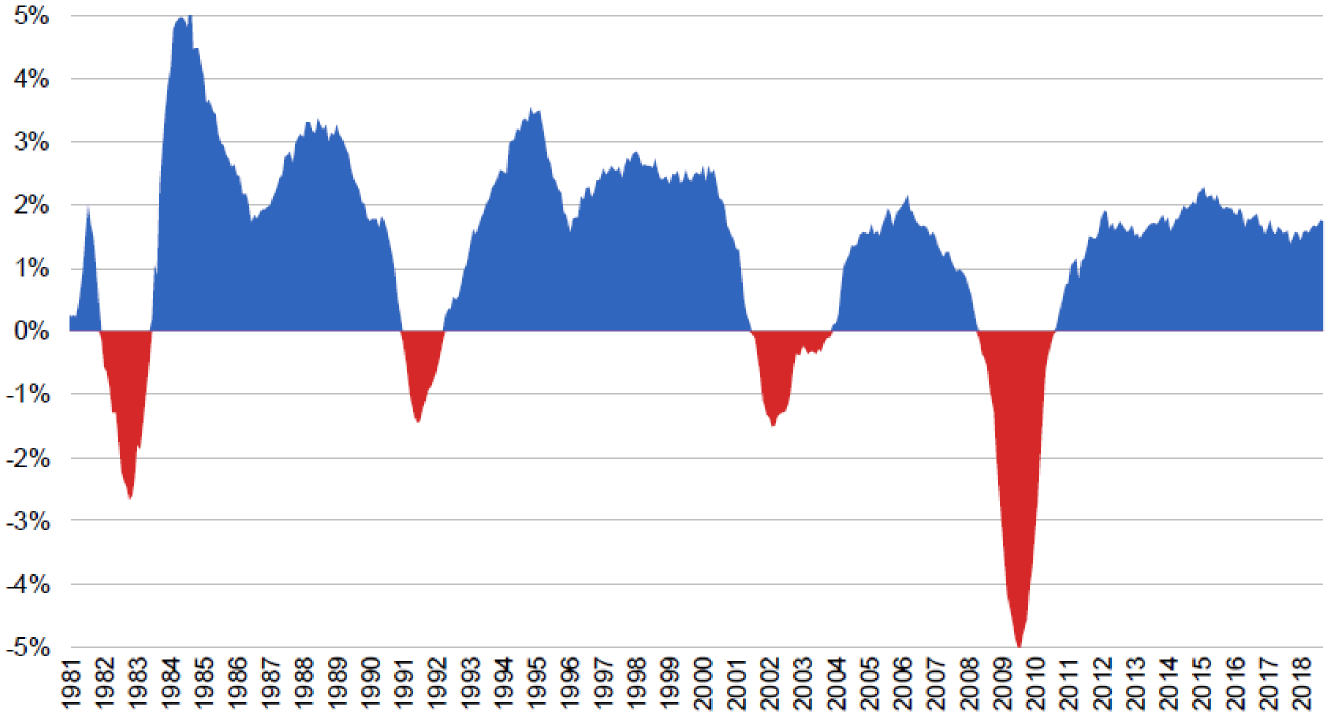
Source: John Burns Real Estate Consulting White Paper, October 2016

JOHN BURNS REAL ESTATE CONSULTING

Job Growth is Always the Critical Demand Factor to Watch.

US Payroll Employment

YOY % change, NSA

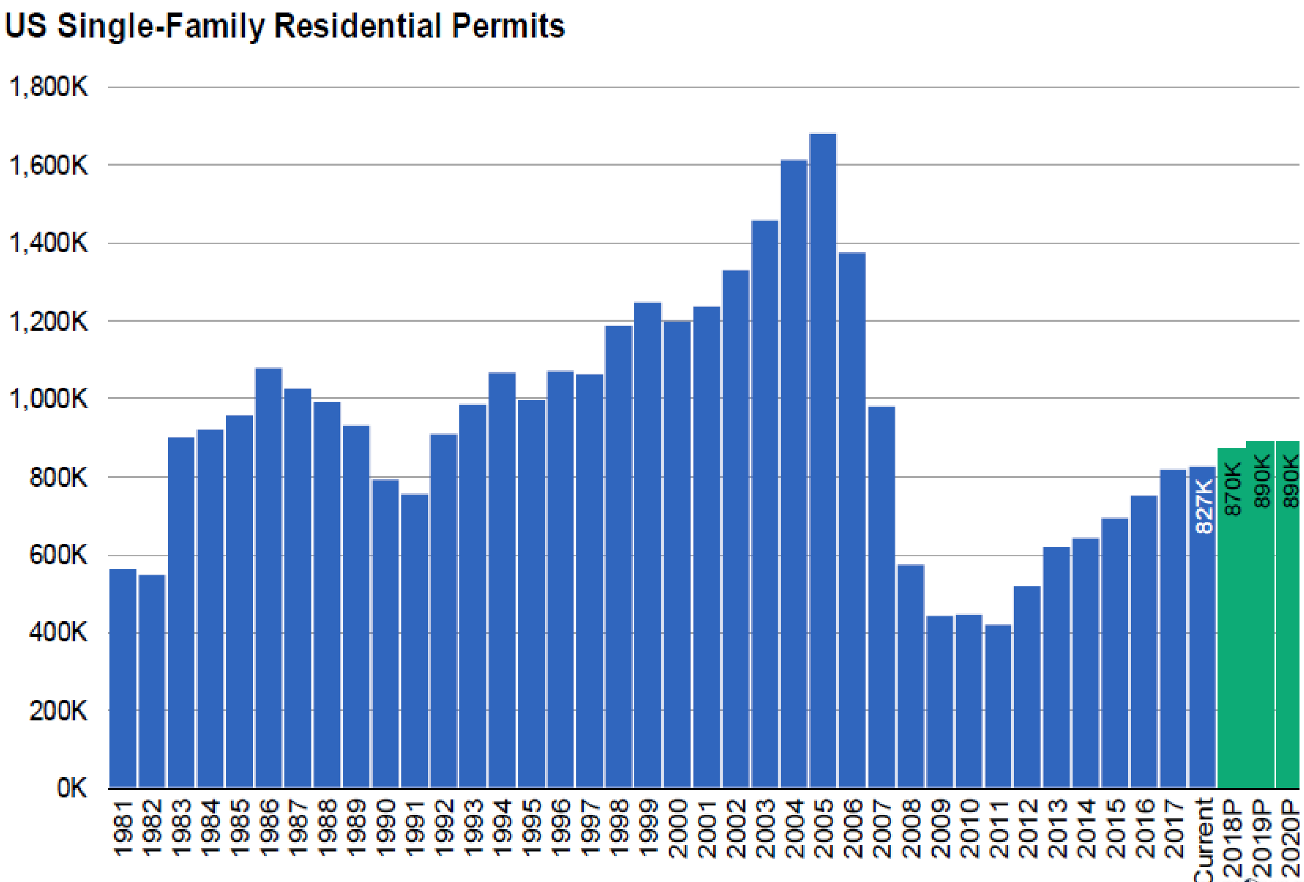


Source: BLS (Data: Sep-18, Pub: Oct-18)

John Burns Real Estate Consulting
"US Housing Analysis and Forecast"

JOHN BURNS REAL ESTATE CONSULTING

Oversupply is not a risk.



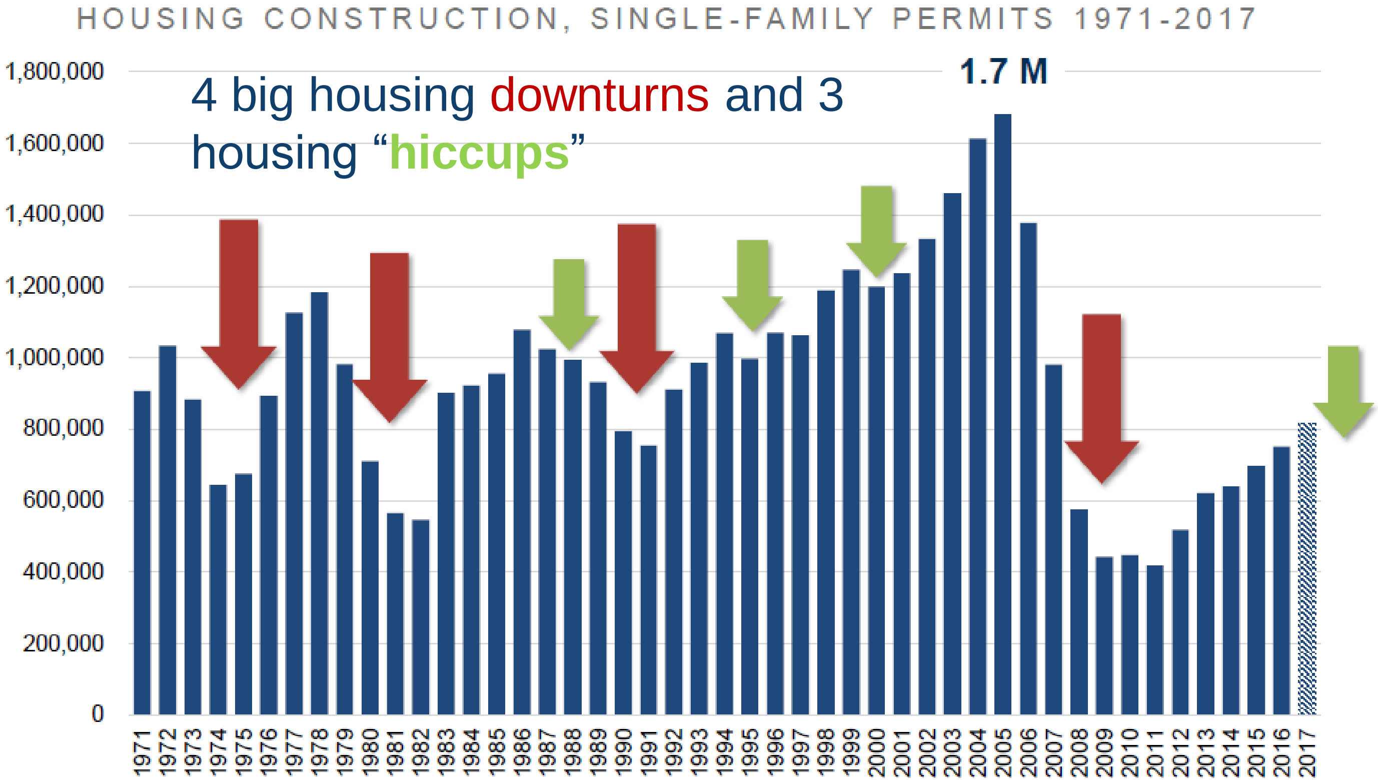
Sources: U.S. Census Bureau; John Burns Real Estate Consulting, LLC forecasts (Data: Aug-18, Pub: Oct-18)

JOHN BURNS REAL ESTATE CONSULTING

Housing Hiccup vs Downturn

:
"We are sticking with our thesis that the next recession will likely be a housing hiccup rather than a downturn."

- JBREC Oct-18

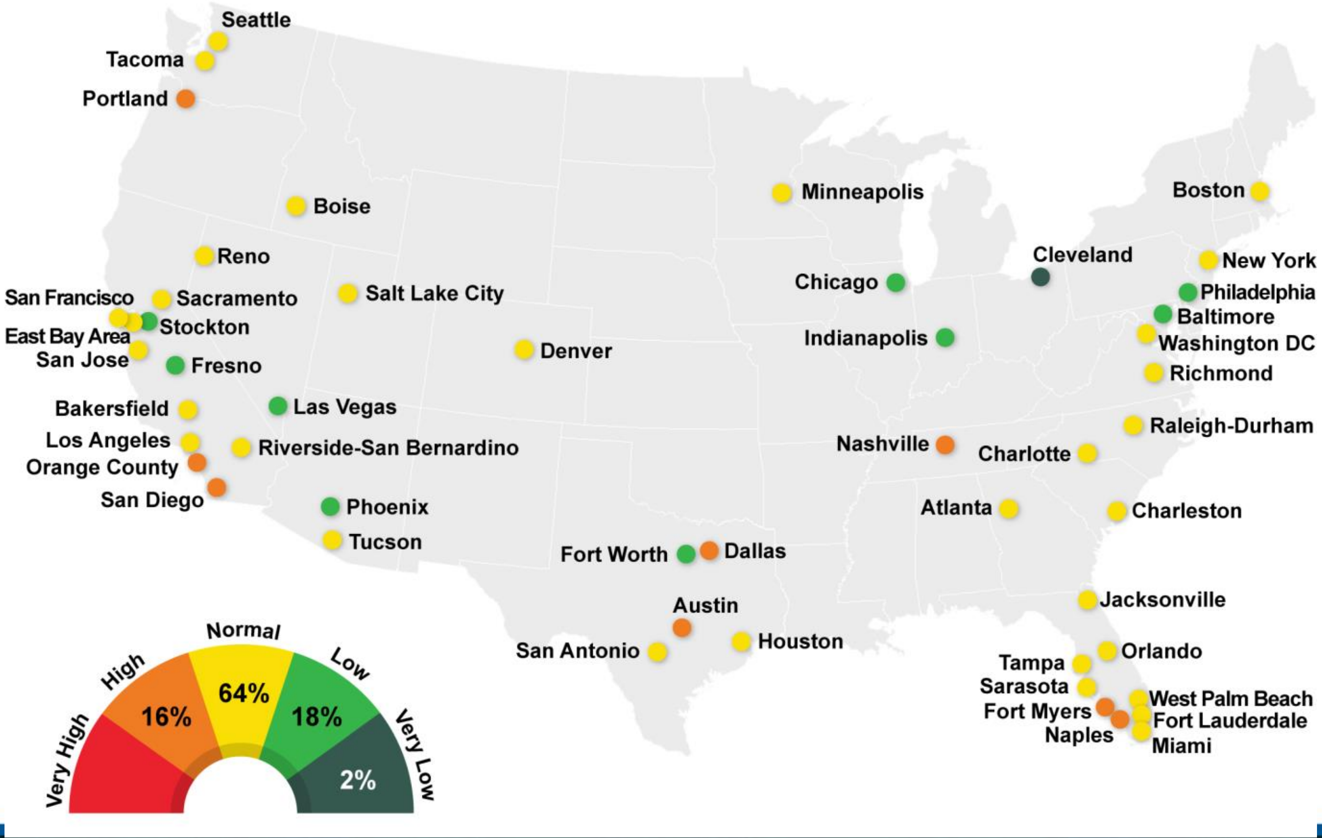


John Burns Real Estate Consulting
"US Housing Analysis and Forecast"

Risks Vary by Market

Only 4 MTH markets are considered High risk by JBREC Housing Cycle Risk Index:

- Orange Cty
- Dallas (Ft.Worth low risk)
- Austin (above FHA – not EL)
- Nashville



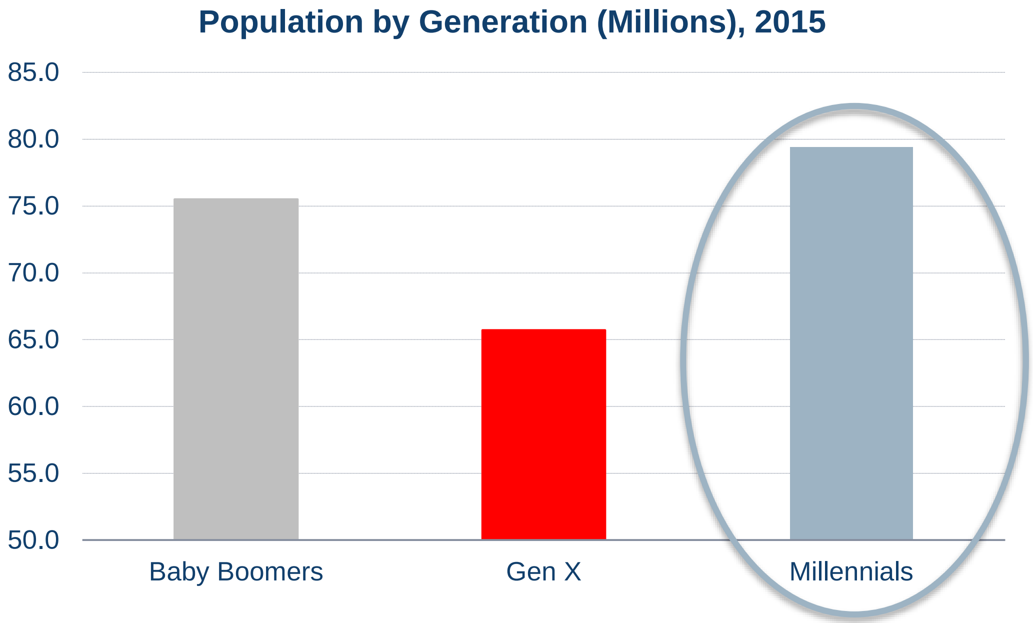
John Burns Real Estate Consulting
“US Housing Analysis and Forecast”

Taking a Measured Response to Recent Slowdown

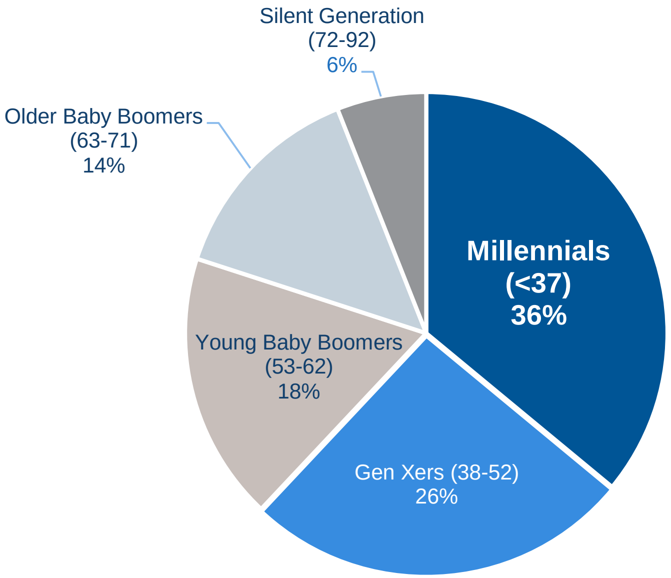
- Buyers are adjusting their expectations – not ***if*** they will buy, but ***what*** they can afford
  - Additional demand from Millennials expected to continue as they reach home-buying years
  - We will deliver what they want – affordable, functional, high-quality entry-level homes
- Not over-reacting: *measured responses* as we monitor actions by competitors, customers & government
  - Plans being developed at corporate level and cascaded down, including 3rd party broker commission increases
  - Targeted incentives/price reductions by community
  - Focus on increasing conversions
  - Temporarily halting & re-evaluating land spending
  - Slowing spec starts

Entry-Level Growth Opportunity

Millennials Represent a Huge Buyer Group for the Next Decade



Homebuyers by Generation



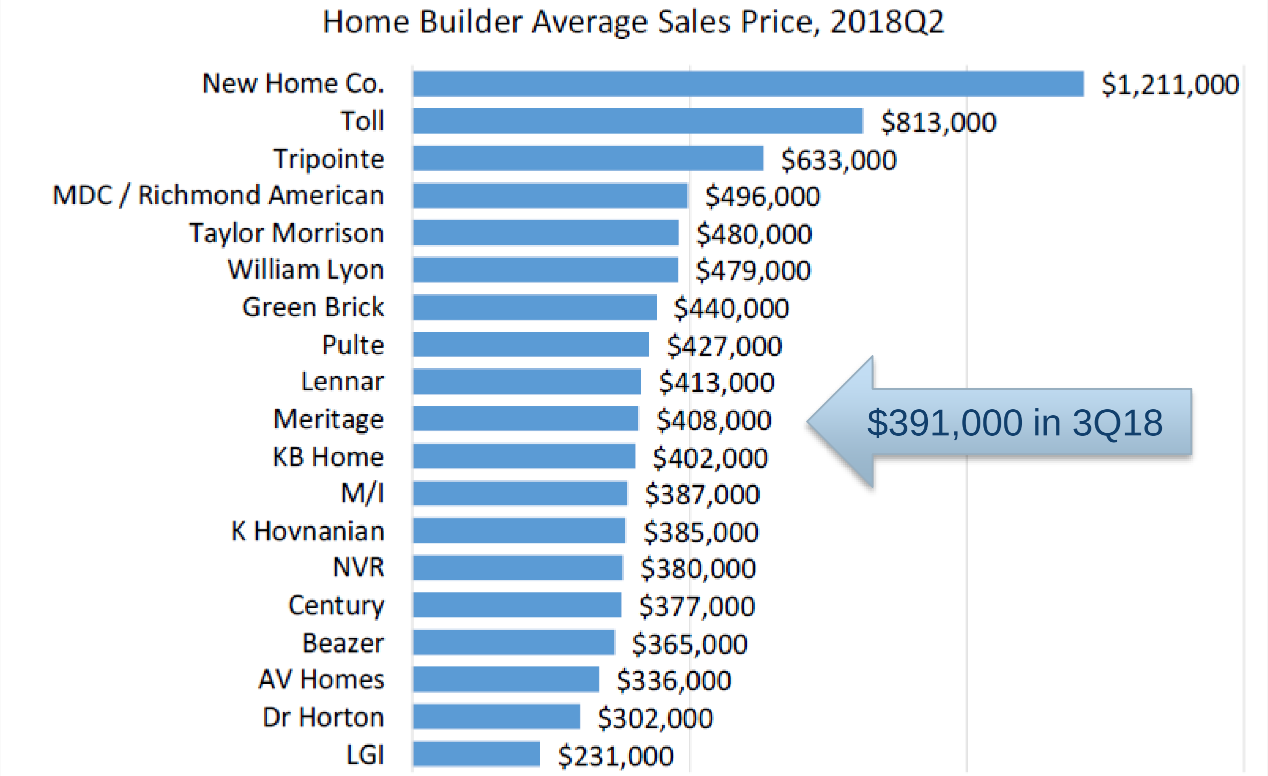
Sweet spot is homes priced $200-400K -- 29% of buyers account for 55% of sales

Income Ranges Min	Max	% of Households	Max Home Prices They Could Afford Min	Max	No. Homes Sold in Price Range	% of Homes Sold
$200,000	and over	7%	$800,000	and over	35,000	5%
$150,000	$199,999	7%	$600,000	$799,996	79,000	12%
$100,000	$149,999	14%	$400,000	$599,996	90,000	14%
$75,000	$99,999	12%	$300,000	$399,996	159,000	25%
$50,000	$74,999	17%	$200,000	$299,996	191,000	30%
$35,000	$49,999	13%	$140,000	$199,996	64,000	10%
Under	$35,000	30%	Under	$140,000	20,000	3%
TOTAL	**$59,000**	**100%**	**Average**	**$415,000**	**638,000**	**100%**

Figure 1. There is a big mismatch what people make and the max home price they can afford and between what new homes cost.

Home builders cater to the affluent.

11 of the 19 public builders now have average home prices above $400,000.



Source: Recent builder earnings call

Strategic Pivot to Expand Entry-Level Focus - Significant Progress Over the Last Two Years

~33%

of active communities at 9/30/18

vs

~21% YE16

~43%

orders in 3Q18

vs

~24% FY16

~80%

total lots contracted for in 3Q18

~49%

closings from specs in 3Q18

vs

~41% FY16

Entry-level orders > communities due to higher absorptions

Tucson – Compass Pointe

Southern California – Sage at Esencia

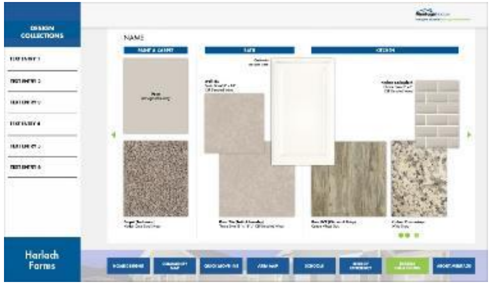
Dallas – Village at the Point

Austin – Texas Heritage Village

A LiVE.NOW.® Community

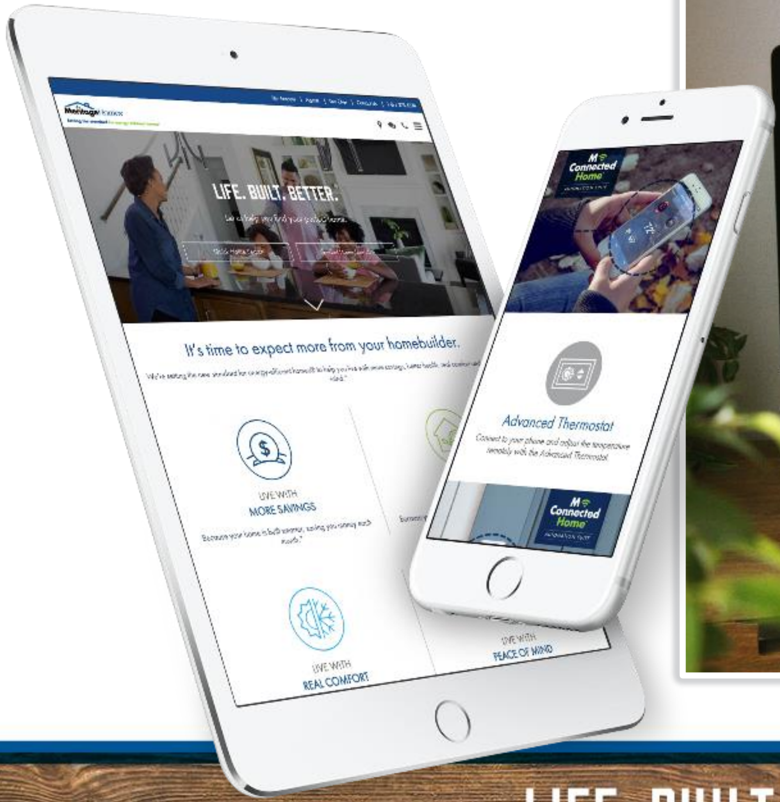
BY MeritageHomes®

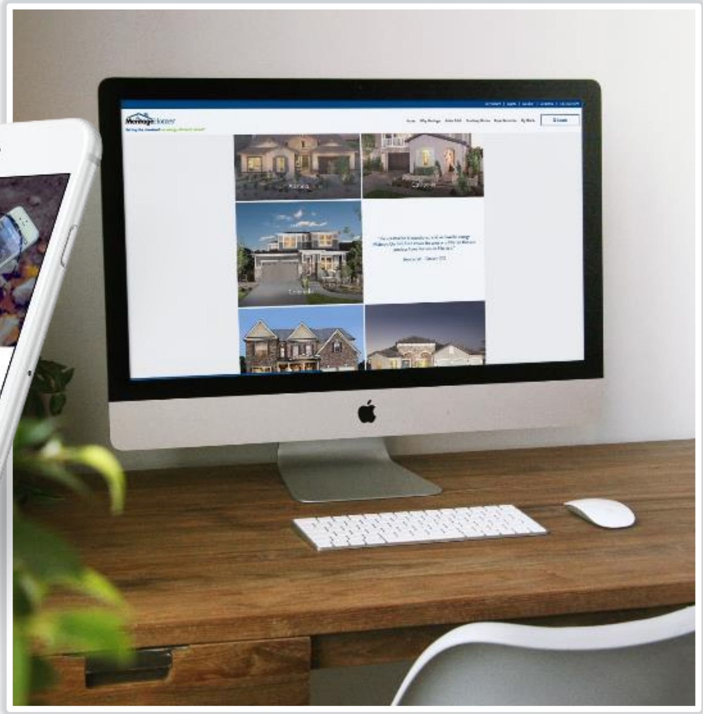





Customer Shopping Experience Has Improved





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Recent Results

3Q18 Results - Highlights

Y/Y% Comparisons to 3Q 2017

+ 10% home closings

+ 9% home closing revenue

+ 13% pre-tax earnings

+ 30% diluted EPS

+ Significant contributions from East region

-2% orders

Strong Net Earnings Growth YTD 2018

($millions)	Quarter Ended Sep-30,			Year to Date Sep-30,		
	2018	2017	%Chg	2018	2017	%Chg
Home closings	2,162	1,969	+10%	6,026	5,456	+10%
ASP (closings)	$406K	$409K	*-1%*	$411K	415K	-1%
Home closing revenue	$877.7	$805.0	*+9%*	*$2,478.6*	*$2,263.4*	*+10%*
Home closing gross profit	$158.6	$145.7	*+9%*	*$442.4*	*$393.8*	*+12%*
Home closing gross margin	18.1%	18.1%	--	*17.8%*	*17.4%*	*+40 bps*
Adjusted home closing gross margin*	18.4%	18.3%	*+10 bps*	*18.0%*	*17.6%*	*+40 bps*
SG&A expenses	$96.2	$87.5	*+10%*	*$274.9*	*$249.7*	*10%*
-- % of home closing revenue	11.0%	10.9%	*+10 bps*	*11.1%*	*11.0%*	*+10 bps*
Earnings before taxes	$71.4	$63.5	*+13%*	*$191.5*	*$163.4*	*+17%*
Tax rate	24%	33%	*-900 bps*	*21%*	*34%*	*-1300 bps*
Net earnings	$54.1	$42.6	*+27%*	*$151.8*	*$107.7*	*41%*

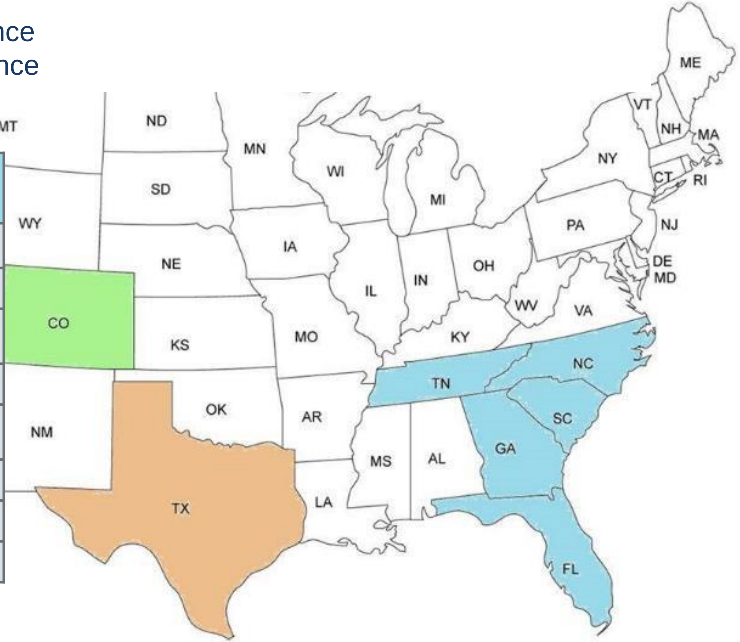
Home closing revenue growth & higher home closing gross margins have been the principal drivers of pre-tax earnings growth year-to-date in 2018

*Adjusted to exclude write-off of capitalized expenses related to a non-strategic project

East: Less Entry-Level Communities to Offset Slower Absorptions in Move-Up

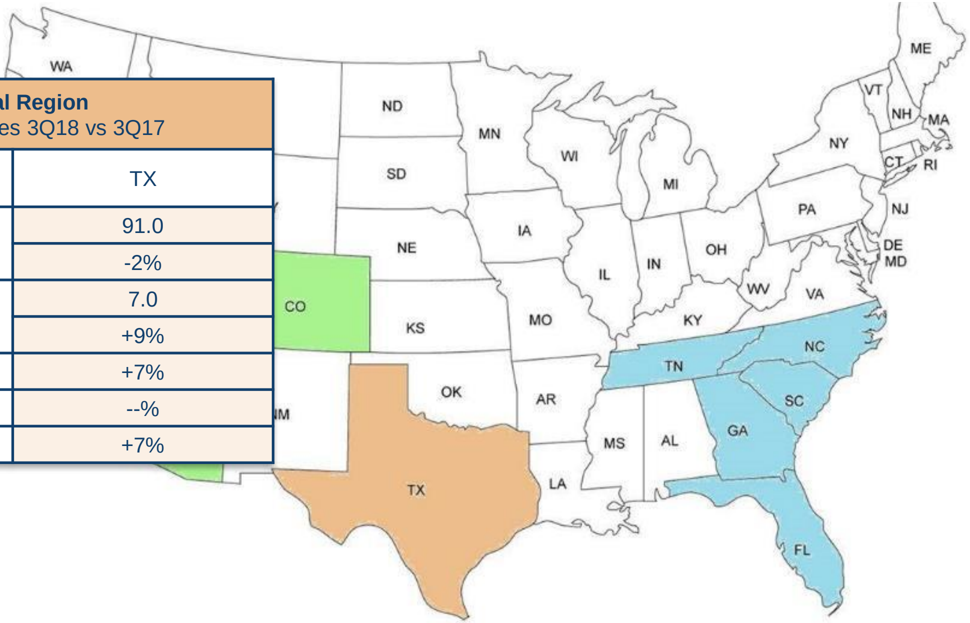
- **Florida:** Move-up continues to weaken; new entry-level communities opening to replace move-up close-outs
- **Georgia**: Broad-based softening in the market
- **North Carolina**: ~2 weeks of inactivity due to Hurricane Florence
- **South Carolina**: **~**2 weeks of inactivity due to Hurricane Florence

East Region Y/Y (%) changes 3Q18 vs 3Q17						
	FL	**GA**	**NC**	**SC**	**TN**	**Region**
Average Active Communities	30.0	21.0	20.0	11.5	9.0	91.5
	+2%	+17%	+5%	-18%	+38%	+5%
Orders/ Average Community	7.7	4.2	7.0	5.7	6.8	6.4
	-15%	-26%	-9%	-7%	+19%	-14%
Orders	-14%	-13%	-5%	-24%	+65%	-9%
ASP	-9%	+13%	-8%	--%	-2%	-5%
Order Value	-22%	-2%	-13%	-25%	+62%	-13%



Central: Strongest Performance due to Entry-Level Footprint

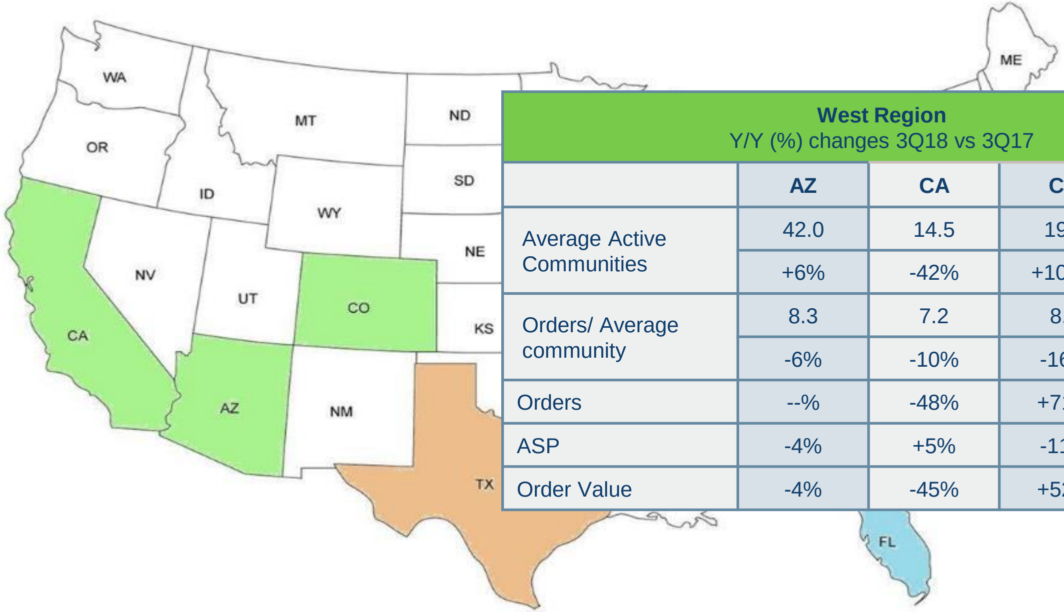
- Seeing buyers push back on price increases



Central Region Y/Y (%) changes 3Q18 vs 3Q17	
	TX
Average Active Communities	91.0
	-2%
Orders/ Average Community	7.0
	+9%
Orders	+7%
ASP	--%
Order Value	+7%

West: Fewer Communities in California and Slowing due to High Prices Evident

- **Arizona**: Highest orders per average community in 3Q across company, attributable to entry-level communities
- **California**: Lower community count and general softening drove decline in orders
- **Colorado**: Uptick in cancellation rate attributed to push-back from buyers on high prices



West Region Y/Y (%) changes 3Q18 vs 3Q17				
	AZ	**CA**	**CO**	**Region**
Average Active Communities	42.0	14.5	19.5	76.0
	+6%	-42%	+105%	+3%
Orders/ Average community	8.3	7.2	8.1	8.0
	-6%	-10%	-16%	-7%
Orders	--%	-48%	+71%	-5%
ASP	-4%	+5%	-11%	-6%
Order Value	-4%	-45%	+52%	-11%

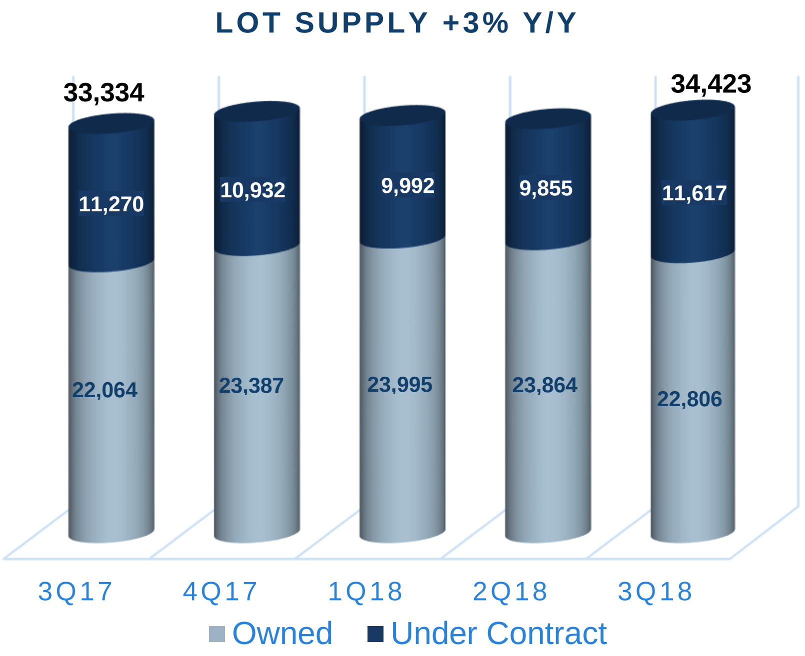
Strong Balance Sheet Supports Share Repurchases

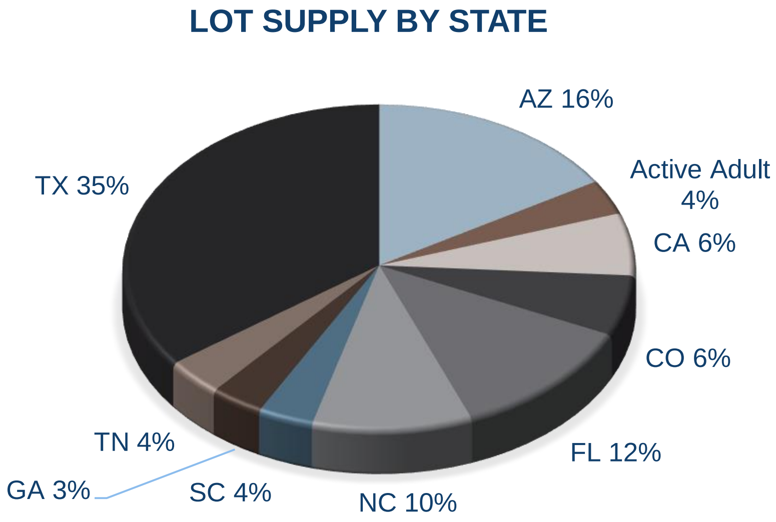
Net debt-to-capital reconciliation ($millions)		
(non-GAAP reconciliation to net debt-to capital ratio)	Sep-30, 2018	Dec-31 2017
Notes payable and other borrowings	$ 1,312	$ 1,284
Less: cash and cash equivalents	(206)	(171)
Net debt	$ 1,106	$ 1,113
Stockholders' equity	1,712	1,577
Total net capital	$ 2,818	$ 2,690
Net debt-to-capital	39.2%	41.4%
Book value/share	$42.51	$39.10

Real assets key metrics	3Q 2018	3Q 2017
As of period ended:		
Total lots controlled	34,423	33,334
Years supply of lots	4.2	4.4
Unsold homes (specs)	2,586	1,957
Avg specs/community	9.8	7.8
Under construction	70%	73%
Completed	30%	27%
Land & development spending	$193M	$286M

~686,000 shares repurchased in 3Q18 for $29.4M (avg. price $42.79/sh)

Lot Supply Increased Slightly





Summary

- Solid 3Q & YTD earnings growth
- Broad softening in demand more evident recently
- Housing market drivers remain positive
- Confident in strategic shift to entry-level market

Appendix

Summary Financials Since 2014

($millions, except ASP and per share amounts)	FY 2014	FY 2015	FY 2016	FY 2017	YTD 3Q 2018
Home closings	5,862	6,522	7,355	7,709	6,026
ASP (closings)	$365K	$388K	$408K	$413K	$411K
Home closing revenue	$2,142	$2,532	$3,003	$3,187	$2,479
Home closing gross profit	$454	$482	$529	$562	$442
Home closing gross margin	21.2%	19.0%	17.6%	17.6%	17.8%
Adjusted home closing GM% excl. asset write-offs & impairments	21.3%	19.3%	17.7%	17.8%	18.0%
SG&A expenses	$261	$301	$339	$346	$275
-- % of home closing revenue	12.2%	11.9%	11.3%	10.8%	11.1%
Earnings before taxes	$208	$189	$218	$248	$191
Tax rate	31.8%	32.1%	31.4%	42.1%	21%
Net earnings	$142	$129	$150	$143	$152

Reconciliation of Non-GAAP Financial Metrics

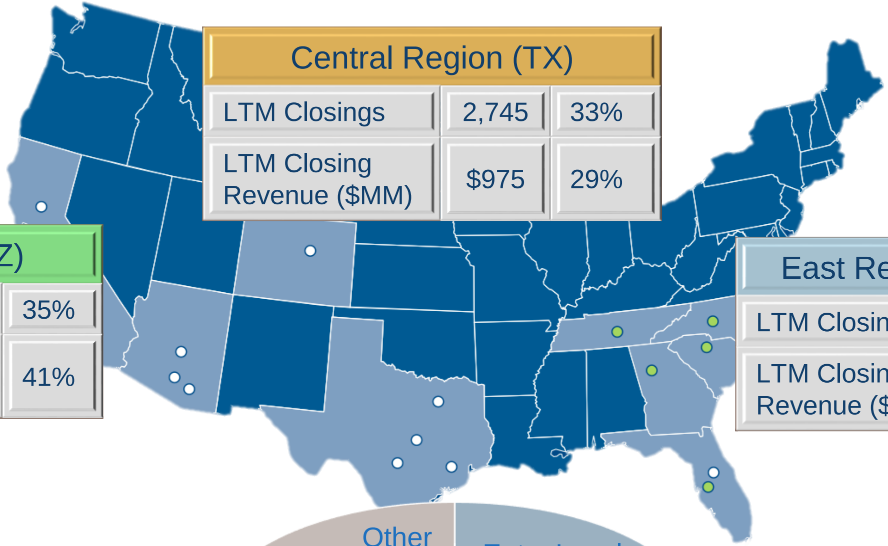
($millions)	YE 2014	YE 2015	YE 2016	YE 2017	9-30-18
Total Debt	$925	$1,117	$1,127	$ 1,284	$1,312
Cash	(103)	(262)	(132)	(171)	(206)
Net Debt	822	855	996	1,113	1,106
Shareholders’ Equity	1,109	1,259	1,421	1,577	1,712
Total Debt/Capitalization	45.5%	47.0%	44.2%	44.9%	43.4%
Net Debt/Capitalization	42.6%	40.4%	41.2%	41.4%	39.2%

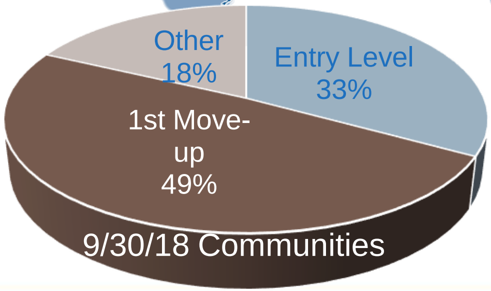
Regional and Product Diversification

Central Region (TX)		
LTM Closings	2,745	33%
LTM Closing Revenue ($MM)	$975	29%

West Region (CA,CO,AZ)		
LTM Closings	2,922	35%
LTM Closing Revenue ($MM)	$1,397	41%

East Region (TN,NC,SC,GA,FL)		
LTM Closings	2,612	32%
LTM Closing Revenue ($MM)	$1,030	30%





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