Meritage Homes®

Setting the standard
for energy-efficient homes®

FIRST QUARTER 2023
ANALYST CONFERENCE CALL

APRIL 27, 2023

LIFE.
BUILT.
BETTER.®

SAFE HARBOR

The information included in this presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include expectations about the housing market in general; expectations about our future results, including but not limited to, our estimated community count and projected 2Q2023 home closings, home closing revenue, home closing gross margins, effective tax rate 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, except as required by law, to update or revise any forward-looking statements to reflect future events or changes in these expectations. 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: increases in mortgage interest rates and the availability and pricing of residential mortgages; inflation in the cost of materials used to develop communities and construct homes; cancellation rates; supply chain and labor constraints; the ability of our potential buyers to sell their existing homes; our ability to acquire and develop lots may be negatively impacted if we are unable to obtain performance and surety bonds; the adverse effect of slow absorption rates; legislation related to tariffs; impairments of our real estate inventory; competition; home warranty and construction defect claims; failures in health and safety performance; fluctuations in quarterly operating results; our level of indebtedness; our ability to obtain financing if our credit ratings are downgraded; our potential exposure to and impacts from natural disasters or severe weather conditions; the availability and cost of finished lots and undeveloped land; the success of our strategy to offer and market entry-level and first move-up homes; a change to the feasibility of projects under option or contract that could result in the write-down or write-off of earnest money or option deposits; our limited geographic diversification; the replication of our energy-efficient technologies by our competitors; shortages in the availability and cost of subcontract labor; our exposure to information technology failures and security breaches and the impact thereof; the loss of key personnel; changes in tax laws that adversely impact us or our homebuyers; our inability to prevail on contested tax positions; failure of our employees and representatives to comply with laws and regulations; our compliance with government regulations related to our financial services operations; negative publicity that affects our reputation; potential disruptions to our business by an epidemic or pandemic (such as COVID-19), and measures that federal, state and local governments and/or health authorities implement to address it; 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, 2022 under the caption "Risk Factors," which can be found on our website at https://investors.meritagehomes.com.

SPEAKERS

Steven J. Hilton – Executive Chairman

Phillippe Lord – Chief Executive Officer

Hilla Sferruzza – EVP & Chief Financial Officer

Emily Tadano – VP of Investor Relations and ESG

RECENT MILESTONES

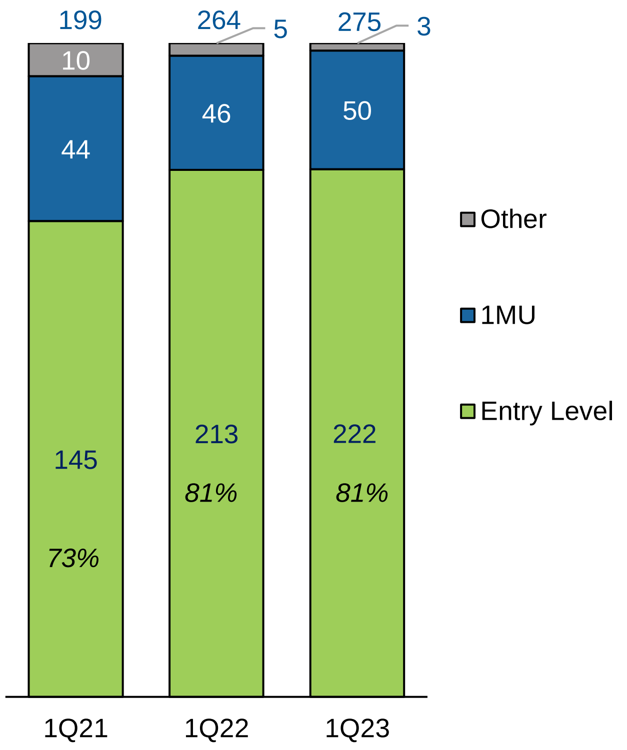
Top five builder based on 2022 home closings

Recognized as one of the Most Admired Home Builders by Fortune magazine

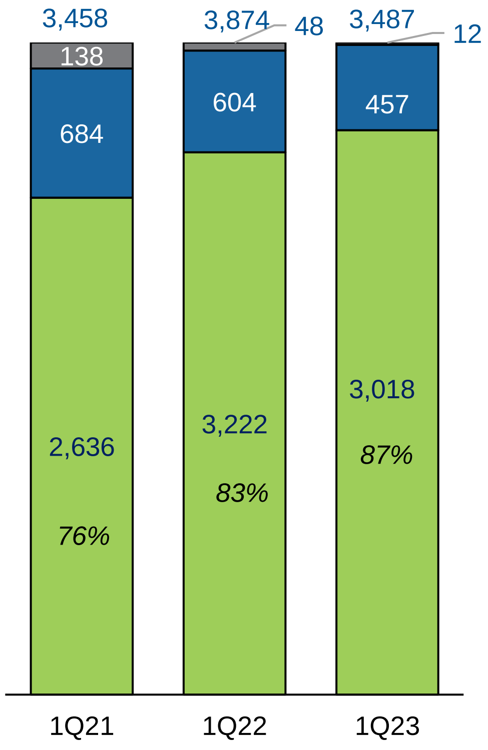
Became a ten-time recipient of the U.S. EPA's ENERGY STAR® Partner of the Year – Sustained Excellence Award

ACHIEVED NET SALES PACE OF OVER 4 PER MONTH

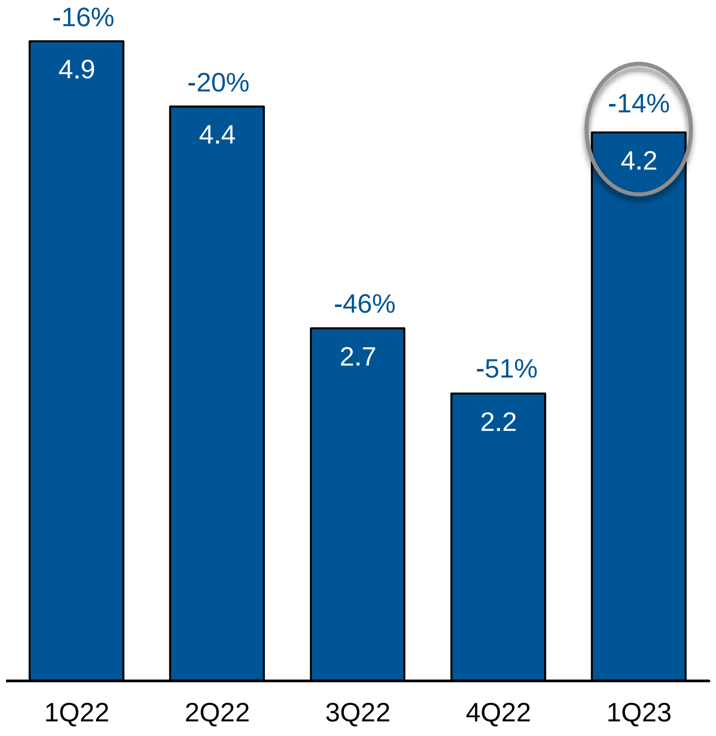
Average community count by product type



Orders by product type



Absorptions per month & Y/Y%



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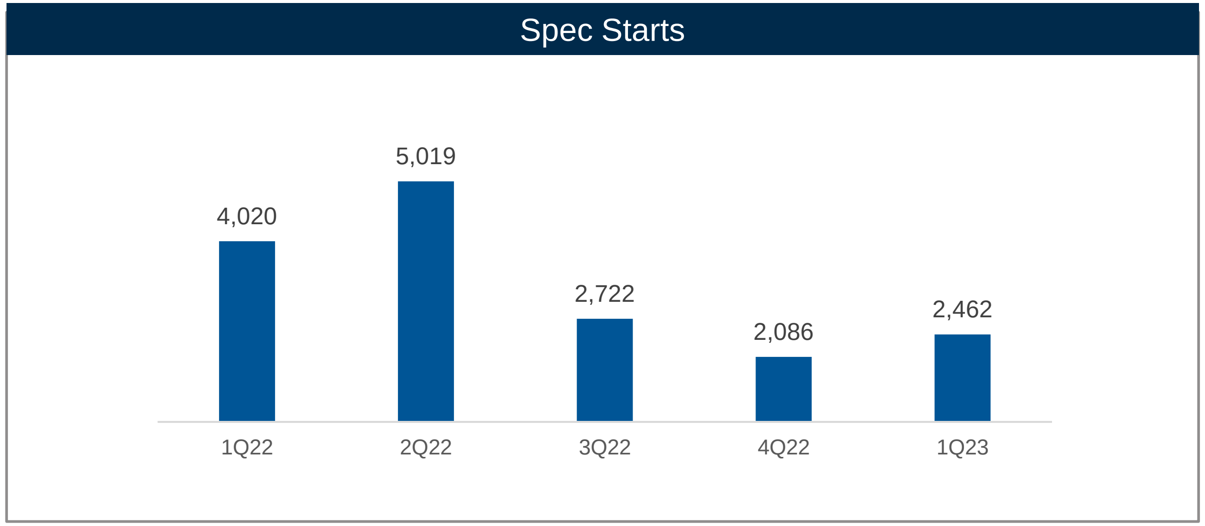
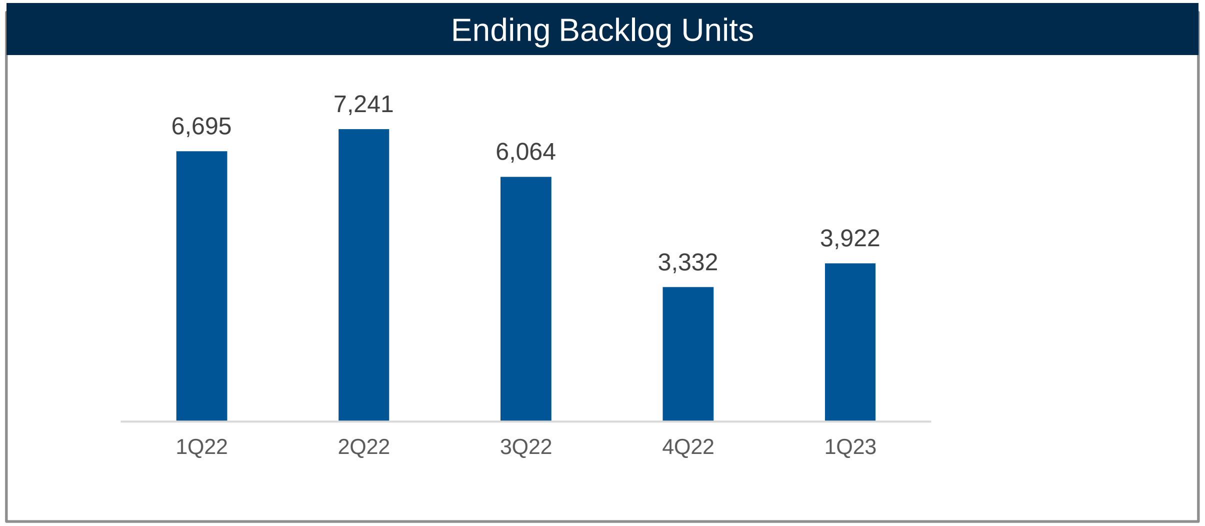
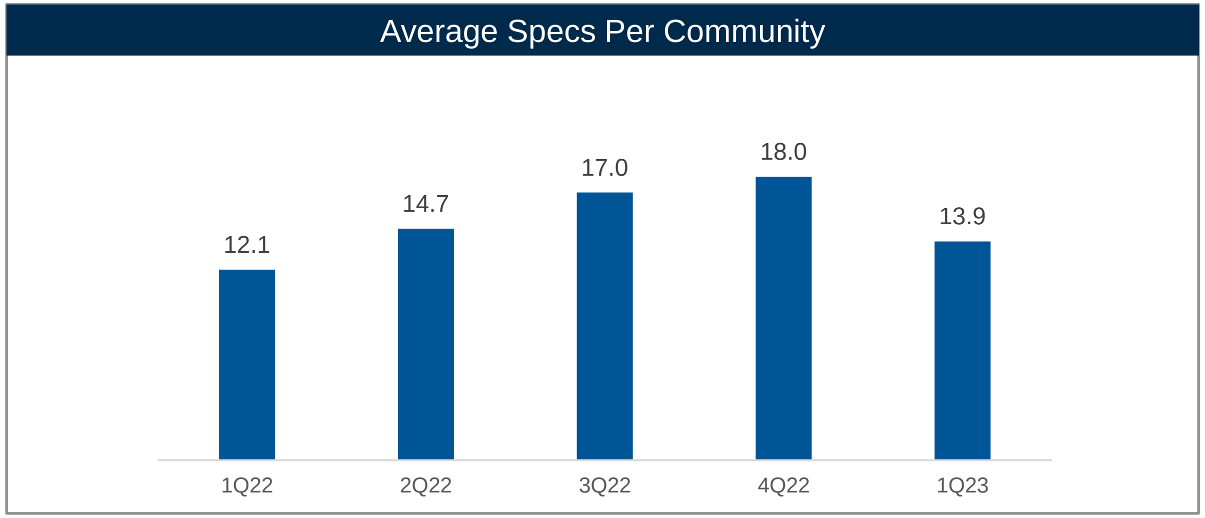
STRONG PERFORMANCE ACROSS OUR DIVERSIFIED GEOGRAPHIC FOOTPRINT

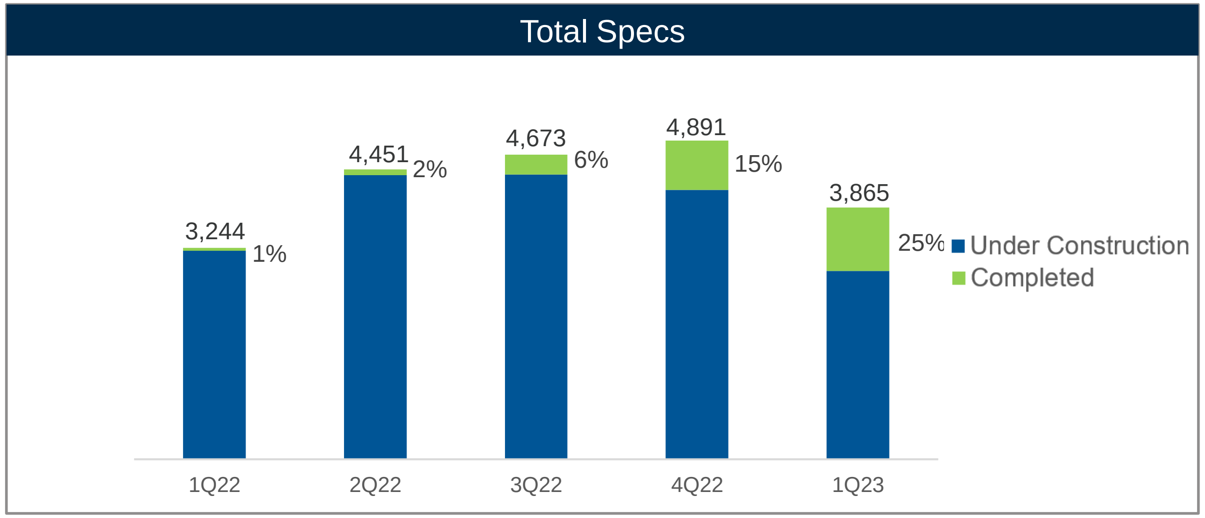
STATES & REGIONS Y/Y (%) changes 1Q23 vs 1Q22											
	AZ	CA	CO	**West**	**Central (TX)**	FL	GA	NC	SC	TN	**East**
Average Active Communities	45.5	32.5	17.0	**95.0**	**81.5**	30.5	19.5	29.5	9.5	9.0	**98.0**
	15%	44%	-3%	**19%**	**10%**	-26%	30%	7%	-30%	-31%	**-11%**
Entry-level % Average Communities	71%	92%	62%	**77%**	**83%**	79%	77%	90%	79%	78%	**82%**
Absorption per month	5.2	4.3	3.2	**4.5**	**4.4**	4.1	3.3	3.8	3.7	4.4	**3.8**
	13%	-16%	-20%	**-2%**	**-24%**	-13%	-33%	-16%	-3%	13%	**-16%**
Orders	704	420	162	**1,286**	**1,073**	376	195	333	106	118	**1,128**
	28%	21%	-22%	**16%**	**-17%**	-34%	-11%	-11%	-31%	-23%	**-23%**
ASP on Orders	-13%	-9%	-3%	**-11%**	**-7%**	5%	-8%	-13%	-2%	2%	**-3%**
Order Value	12%	10%	-25%	**4%**	**-23%**	-31%	-18%	-22%	-33%	-22%	**-26%**

INCREASING SUPPLY OF LATE STAGE SPECS IS OUR COMPETITIVE ADVANTAGE









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1Q23 FINANCIAL PERFORMANCE

($ Millions except EPS & ASP)	1Q23	1Q22	%Chg
Home closings	2,897	2,858	*1%*
ASP (closings)	$436K	$436K	-
Home closing revenue	$1,261.9	$1,245.5	*1%*
Home closing gross profit	$282.5	$377.6	*(25)%*
Home closing gross margin	22.4%	30.3%	*(790) bps*
SG&A expenses	$130.4	$105.5	*24%*
SG&A % of home closing revenue	10.3%	8.5%	*180 bps*
Earnings before taxes	$165.3	$285.9	*(42)%*
Tax rate	20.6%	24.0%	*(340) bps*
Net earnings	$131.3	$217.3	*(40)%*
Diluted EPS	$3.54	$5.79	*(39)%*

1Q23 HIGHLIGHTS:

- Highest first quarter of home closings and home closing revenue
- Lower gross margin due to higher sales incentives and direct costs
- SG&A % deterioration due to higher commissions, advertising, technology and insurance costs, as well as severance
- Favorable tax rate from higher $2,500 per eligible home energy tax credit under the Inflation Reduction Act

STRONG BALANCE SHEET PROVIDES FLEXIBILITY

Net Debt-to-Capital Reconciliation ($ Millions)		
(non-GAAP reconciliation)	Mar 31, 2023	Dec 31, 2022
Notes payable & other borrowings	$1,151	$1,151
Stockholders' equity	$4,067	$3,950
Total capital	$5,218	$5,100
Debt-to-capital	22.1%	22.6%
Less: cash & cash equivalents	($957)	($862)
Net debt	$194	$289
Total net capital	$4,261	$4,239
Net debt-to-capital	4.5%	6.8%
Book value/share	$110.63	$108.00

Ample liquidity at March 31, 2023:

- $957M of cash
- Nothing drawn on $780M credit facility
- Lowest net debt to capital in company history

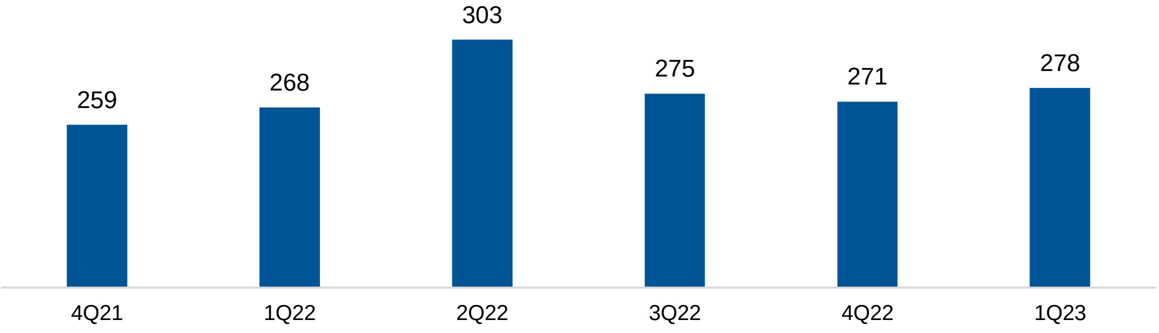
Capital usage in 1Q23:

- Land spend totaled $310M
- Repurchased over 93K shares for $10M
- Paid $0.27 per share quarterly cash dividend totaling $10M

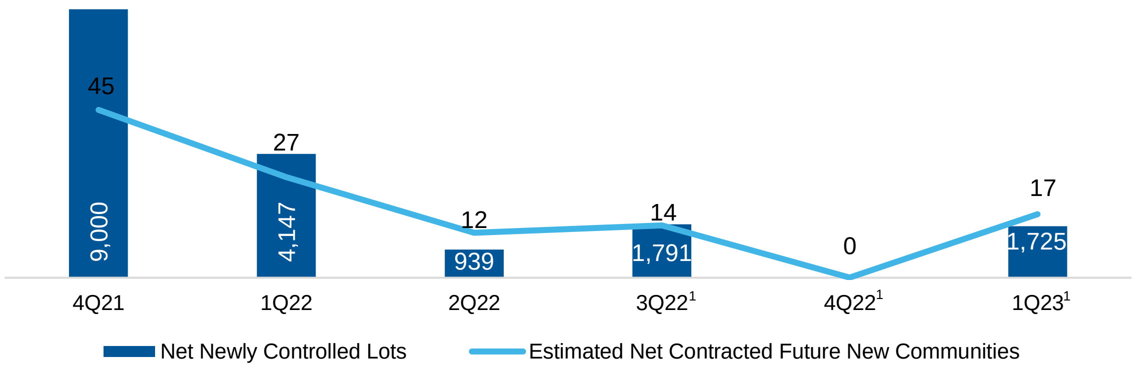
LAND & DEVELOPMENT INVESTMENT

As of period ended Mar-31:	1Q23	1Q22
Total lots controlled	60,942	75,176
Supply of lots (years)	4.3	5.9
- Owned	75%	65%
- Optioned	25%	35%

Active Ending Community Count



Net Newly Controlled Lots & Net Contracted Future New Communities



(1) Refers to gross lots put under control and the related future new communities.

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GUIDANCE

2Q 2023	
	• 2,800-3,100 home closings • $1.22-1.36 billion home closing revenue • Home closing gross margin of around 22% • Effective tax rate of around 22% • Diluted EPS between $3.15-3.65

POSITIONED FOR GROWING MARKET SHARE

- Focus on spec inventory
- Prioritizing pace over price
- Strong execution
- Disciplined growth
- Strong balance sheet and ample liquidity

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