Meritage Homes®

Setting the standard
for energy-efficient homes®

Second Quarter 2021 Analyst Conference Call

July 29, 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 expectations about the housing market in general; and projected 2021 home closings, home closing revenue, gross margins, effective tax rate, diluted earnings per share and future community counts; trends in construction costs; and expectations about our future results.

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: changes in interest rates and the availability and pricing of residential mortgages; inflation in the cost of materials used to develop communities and construct homes; supply chain constraints; our ability to obtain performance and surety bonds in connection with our development work; the ability of our potential buyers to sell their existing homes; legislation related to tariffs; the adverse effect of slow absorption rates; impairments of our real estate inventory; cancellation rates; 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 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 to comply with laws and regulations; our compliance with government regulations; negative publicity that affects our reputation; disruptions to our business by COVID-19, fear of a similar event, 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, 2020 and our Form 10-Q for the quarter ended March 31, 2021 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

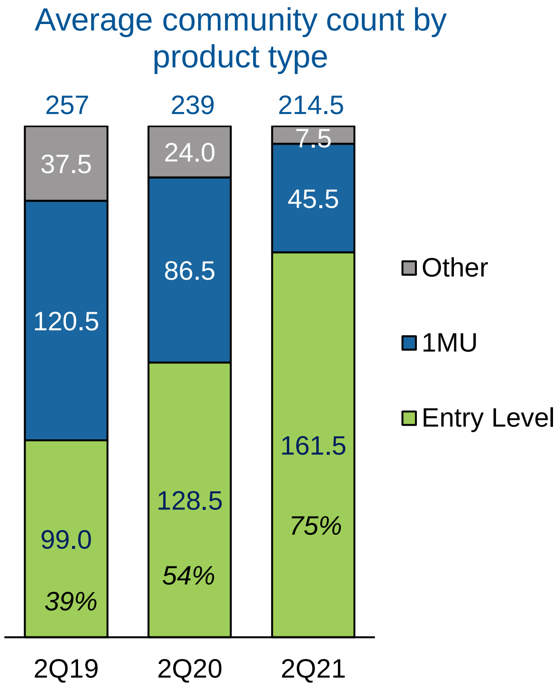
2Q21 Milestones

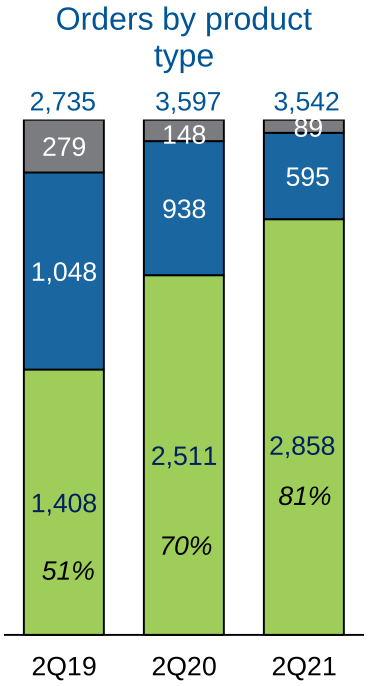
- Conducted diversity, equity & inclusion (“DEI”) training
- Held a company-wide conversation about inclusive leadership
- Formed our DEI council comprised of Meritage employees to help management communicate and execute our DEI initiatives

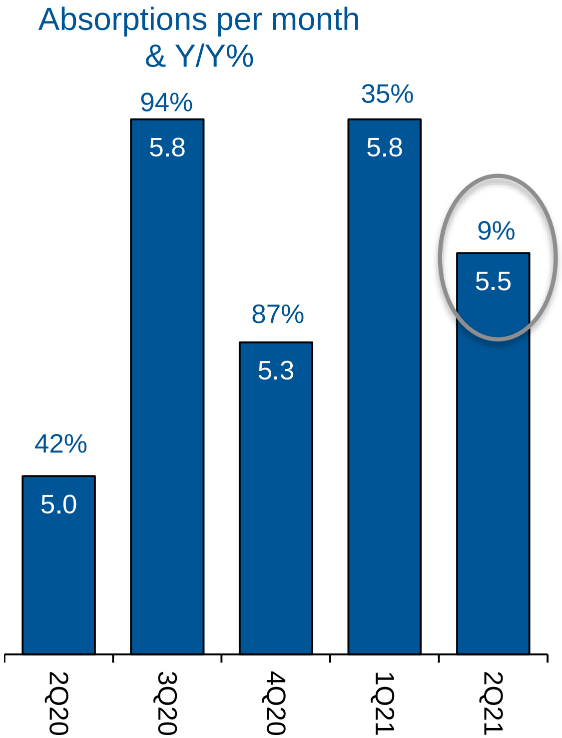
- Renewed our relationship with Operation Homefront for an eighth year to build a brand new, mortgage-free and energy-efficient Meritage home near Tampa, Florida for a deserving military family

- Rolled out an interactive chatbot feature to our consumer webpage and will have further enhancements to the customer experience in the next couple of months

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





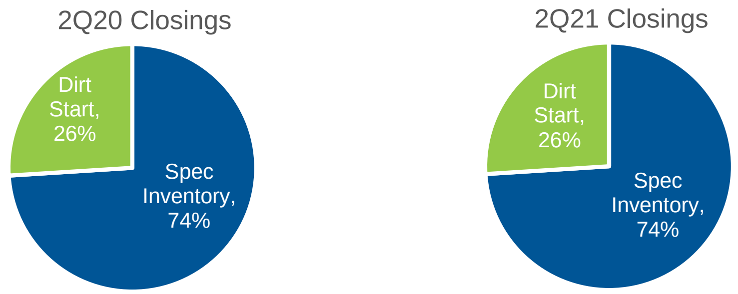


Absorption Growth Led By East Region, Up 25%. Strong Absorption Pace Despite Metering

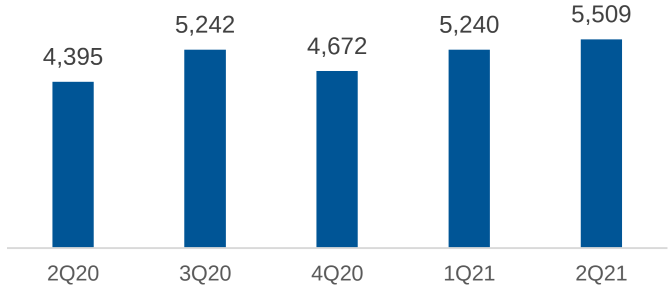
STATES & REGIONS Y/Y (%) changes 2Q21 vs 2Q20											
	AZ	CA	CO	**West**	**Central (TX)**	FL	GA	NC	SC	TN	**East**
Average Active Communities	35.5	19.5	14.5	**69.5**	**61.5**	32.0	11.0	25.0	6.5	9.0	**83.5**
	0%	-32%	12%	**-10%**	**-16%**	-9%	-31%	22%	8%	-22%	**-6%**
Entry-level % Average Communities	66%	97%	48%	**71%**	**78%**	80%	55%	80%	62%	94%	**77%**
Absorption per month	5.9	5.9	4.2	**5.5**	**6.0**	4.9	5.8	5.2	4.5	5.7	**5.2**
	-15%	29%	6%	**-1%**	**8%**	32%	47%	-2%	-15%	89%	**25%**
Orders	-15%	-11%	18%	**-10%**	**-9%**	20%	2%	20%	-7%	49%	**17%**
ASP on Orders	31%	9%	24%	**22%**	**20%**	8%	16%	20%	20%	7%	**13%**
Order Value	11%	-3%	47%	**10%**	**9%**	29%	18%	44%	11%	59%	**33%**

Continue To Focus On Specs, But Demand & Supply Constraints Limit Material Inventory Growth

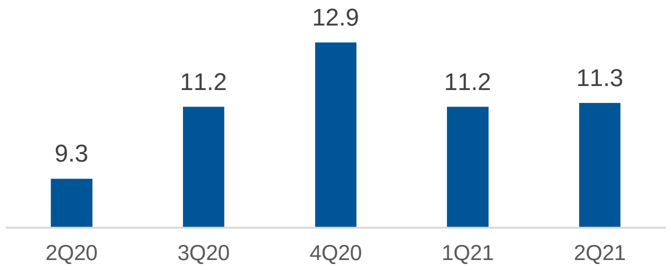
Home Closings



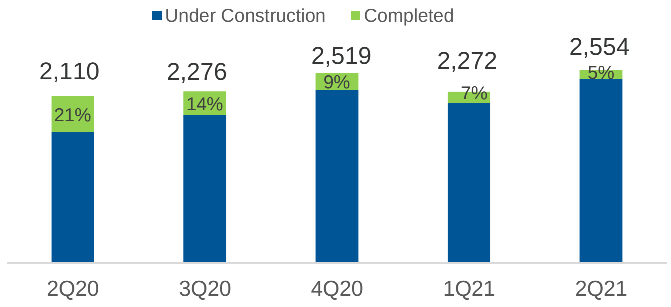
Ending Backlog Units



Average Specs Per Community



Available Specs Completed or Under Construction



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85% Earnings Growth In 2Q21

($ Millions except EPS & ASP)	2Q21	2Q20	%Chg	YTD2021	YTD2020	%Chg
Home closings	3,273	2,770	*+18%*	6,163	5,086	*+21%*
ASP (closings)	$386K	$372K	*+4%*	$380K	$378K	*+1%*
Home closing revenue	$1,265	$1,032	*+23%*	$2,345	$1,922	*+22%*
Home closing gross profit	$345	$221	*+56%*	$612	$399	*+53%*
Home closing gross margin	27.3%	21.4%	*+590 bps*	26.1%	20.8%	*+530 bps*
SG&A expenses	$117	$107	*+9%*	$223	$202	*+10%*
% of home closing revenue	9.2%	10.3%	*(110) bps*	9.5%	10.5%	*(100) bps*
Earnings before taxes[1]	$216	$116	*+86%*	$382	$203	*+88%*
Tax rate	22.4%	21.7%	+70 bps	21.6%	20.2%	+140 bps
Net earnings[1]	$167	$91	*+85%*	$299	$162	*+85%*
Diluted EPS[1]	$4.36	$2.38	*+83%*	$7.80	$4.20	*+86%*

2Q21 HIGHLIGHTS:

- Best second quarter of closings
- Highest home closing gross margin – efficiencies from higher ASP and leveraging fixed costs on greater home closing volume
- Net earnings reflect higher closing volume, pricing power, expanded gross margin and improved overhead leverage

(1) Includes the loss on extinguishment of debt of $18.2 million recognized in the second quarter of 2021.

Strong Balance Sheet Provides Flexibility

Net Debt-to-Capital Reconciliation ($ Millions)		
(non-GAAP reconciliation)	June 30, 2021	Dec 31, 2020
Notes payable & other borrowings	$1,161	$1,020
Less: cash & cash equivalents	($684)	($746)
Net debt	$477	$274
Stockholders' equity	$2,628	$2,348
Total net capital	$3,105	$2,622
Net debt-to-capital	15.4%	10.5%
Total capital	$3,790	$3,368
Debt-to-capital	30.6%	30.3%
Book value/share	$69.81	$62.59

Ample liquidity at June 30, 2021 given

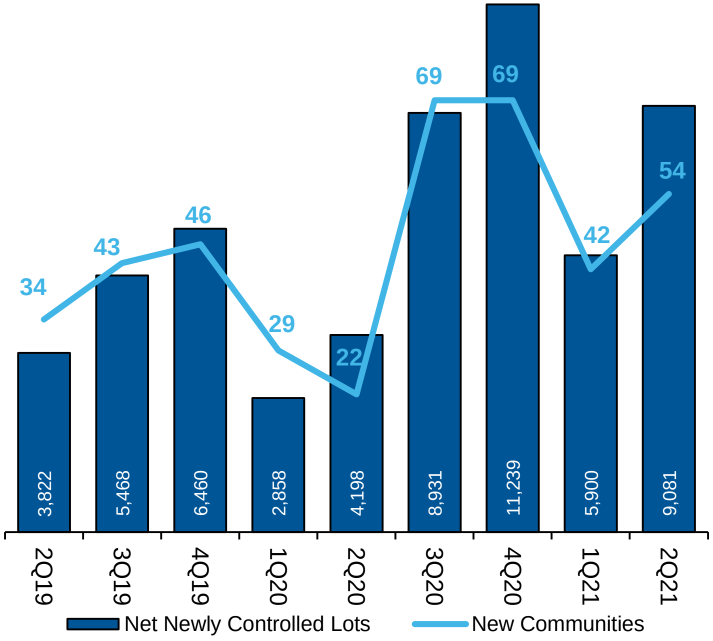
- $684M of cash
- Nothing drawn under $780M credit facility
- Continued low net debt to capital

Achieved several objectives in 2Q21:

- Closed on $450M 3.875% senior notes due in 2029
- Issued notice of redemption for $300M 7.00% senior notes due 2022; resulting in $18.2M of early debt extinguishment
- Repurchased 200K shares for $19.1M

Accelerated Land & Development Investment

Real Estate Assets	2Q21	2Q20
Land & development spending	$551M	$214M
As of period ended Jun-30:		
Total lots controlled	63,336	42,861
Supply of lots (years)	4.9	4.1
- Owned	63%	60%
- Optioned	37%	40%



Meritage had 226 communities at June 30, 2021, an 11% sequential quarterly increase from 203 at March 31, 2021

Guidance For FY2021 & 3Q21

FULL YEAR 2021	• 12,500-13,000 home closings • $5.00-5.25 billion home closing revenue • Home closing gross margin around 27.5% • Effective tax rate of 22.5-23.0% • Diluted EPS $18.55-19.45
3Q 21	• 2,800-3,100 home closings • $1.15-1.25 billion home closing revenue • Home closing gross margin approximately 27.5-28.0% • Diluted EPS $4.35-4.70

Projected Community Count

- End 2021 up about 10% from today's level
- Reiterating June 2022 target of 300 communities

Positioned For Growth

- Healthy land spend leads to significant community count growth
- Robust backlog and increased specs in the ground
- Prioritizing price while managing orders pace to align with our production schedule
- Well-positioned with entry-level & first move-up
- 100% spec building for entry-level communities

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