



Setting the standard for energy-efficient homes™

Forward-Looking Statements

This presentation and 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 expectations for growth in 2015 orders, closings and revenue, improved gross margins and operating margins, and projected earnings per share for the second quarter and full year 2015.

Such statements are based upon the current beliefs and expectations of Company management, and current market conditions, which are subject to significant risks and uncertainties. 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. 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 of finished lots and undeveloped land; interest rates and changes in the availability and pricing of residential mortgages; fluctuations in the availability and cost of labor; changes in tax laws that adversely impact our homebuyers; the ability of our potential buyers to sell their existing homes; cancellation rates and home prices in our markets; weakness in the homebuilding market resulting from an unexpected setback in the current economic recovery due to lower oil prices or other factors; inflation in the cost of materials used to develop communities and construct homes; the adverse effect of slower order absorption rates; potential write-downs or write-offs of assets; a change to the feasibility of projects under option or contract that could result in the write-down or write-off of option deposits; our ability to successfully integrate acquired companies and achieve anticipated benefits from these acquisitions; our potential exposure to natural disasters; competition; construction defect and home warranty claims; our success in prevailing on contested tax positions; our ability to obtain performance bonds in connection with our development work; the loss of key personnel; our failure to comply with laws and regulations; limitations of our geographic diversification; fluctuations in quarterly operating results; our financial leverage and level of indebtedness and our ability to take certain actions because of restrictions contained in the indentures for our senior notes and our ability to raise additional capital when and if needed; our credit ratings; successful integration of future acquisitions; our compliance with government regulations and the effect of legislative or other initiatives that seek to restrain growth of new housing construction or similar measures; acts of war; the replication of our "Green" technologies by our competitors; our exposure to information technology failures and security breaches; 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, 2014 and 10-Q for the quarter ended March 31, 2015 under the caption "Risk Factors," which can be found on our website.

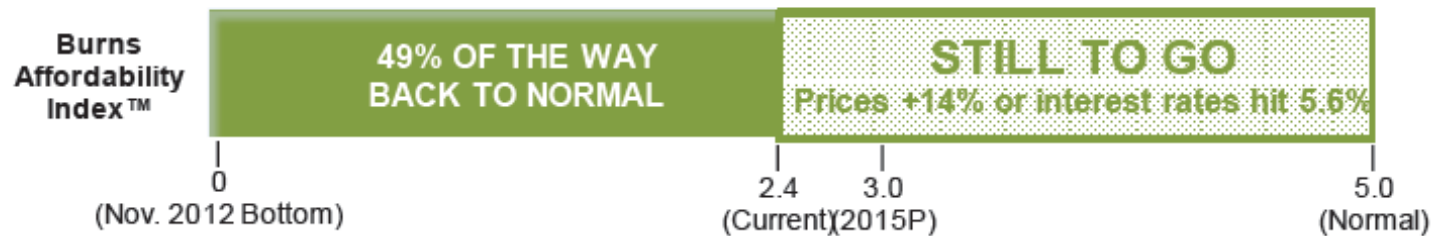
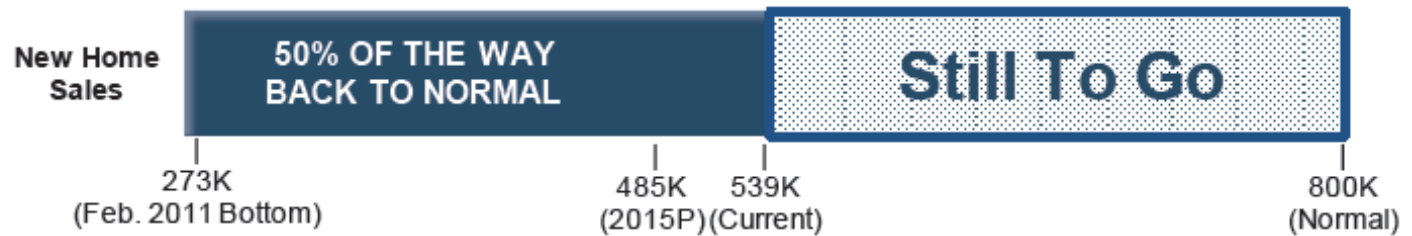
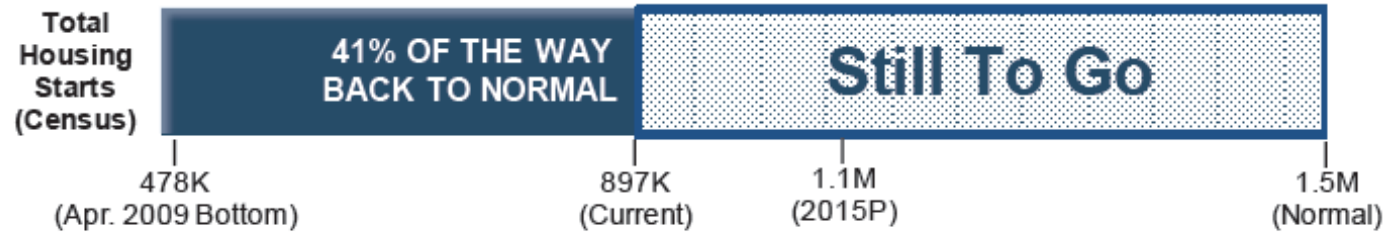


Investment Thesis



- We're still early in the homebuilding cycle, well short of normal activity levels
- Meritage is well-positioned with our current footprint:
 - Legacy markets are healthy and/or improving
 - Newer markets in the southeast have significant growth potential
- Compelling case for growth of Entry-Plus market
- Projecting continued earnings expansion with top-line growth, normalized margins and SG&A leverage

US housing metrics are still well below normal levels

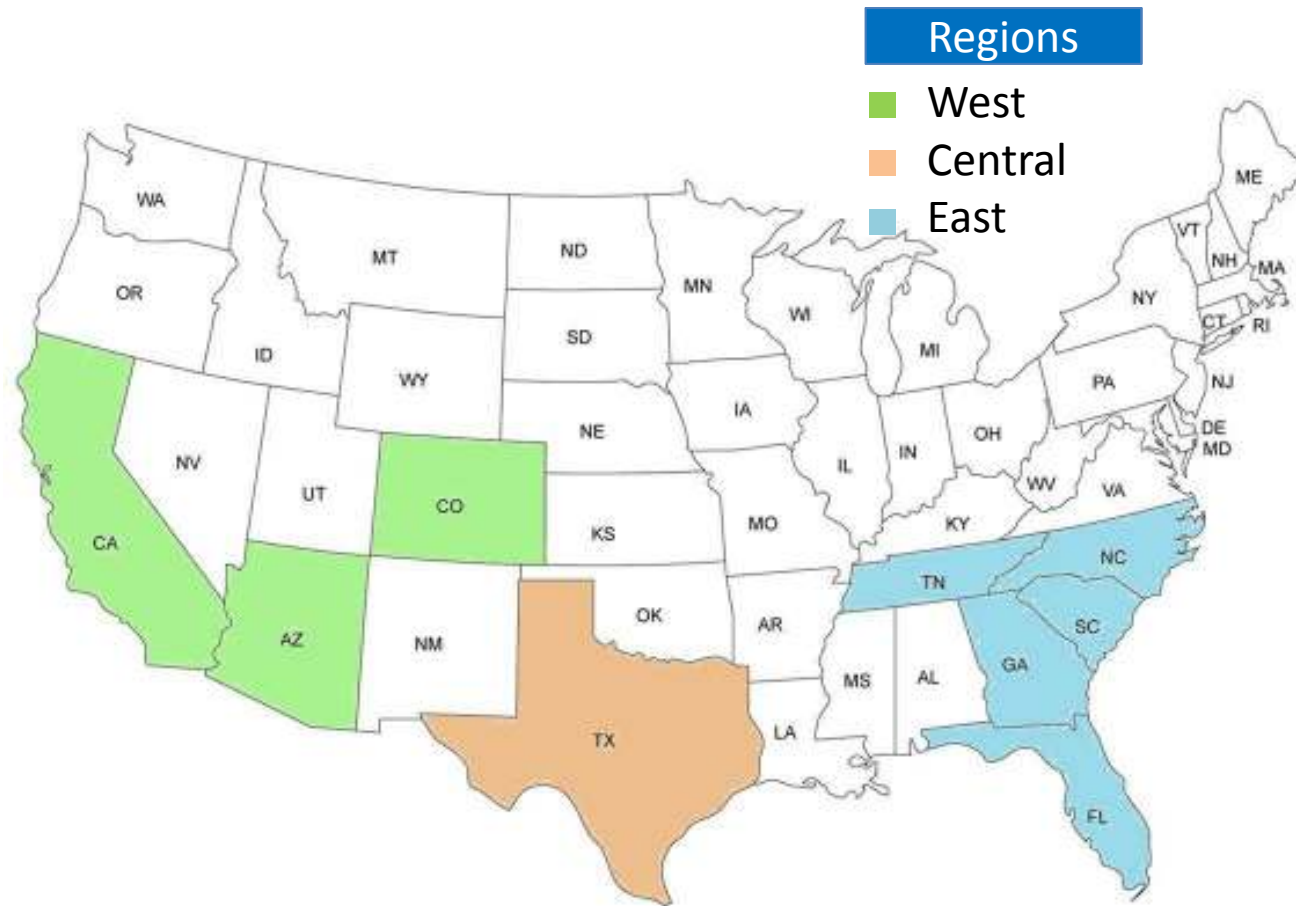




Demand/supply and affordability still favorable

- Supply of homes for sale is low
 - Resale = 4.6 months (7.2 is average)
- Demand exceeds Supply
 - 3.09 mil jobs created in last year
 - ÷ 1.05 mil total permits
 - = 2.94 jobs/housing unit (1.2 is normal)
- Homes are affordable for most buyers
 - Burns Affordability Index: 2.4 (scale 0 to 10)

Many opportunities across our national footprint



Geographically diversified markets with 229 communities in 21 markets and 9 states

Market update: West region



Arizona

- Founded in Phoenix in 1985, Tucson added in 1995
- Top-5 builder in AZ metro markets (2013 closings):
 - #3 in Phoenix & Tucson, #4 in Active Adult
- 44 active communities as of 3/31/15
- Slow market in 2014 resulted in lower sales & margins
- Good start to 2015 – demand up, prices stabilized



California

- Entered Northern CA in 1998, Southern CA in 2004
- #2 builder in NorCal/East Bay (2013 closings)
- 21 active communities as of 3/31/15
- Strongest market in 1Q15 – demand up since Dec-14
- Margins still high, though down due to higher land costs & less home price inflation



Colorado

- Entered Denver in 2004, Ft. Collins in 2012
- #5 builder (2013 closings)
- 16 active communities as of 3/31/15
- Strong Y/Y growth in 1Q15; labor pressures easing that had squeezed margins & slowed construction



Market update : Central region



Houston

- Entered Houston in 1997
- #7 homebuilder in Houston (2014 closings/revenue)
- 23 actively selling communities at 3/31/15
- ~12% of MTH 2014 closing revenue
- Little impact to date from lower oil prices -- watching closely & being cautious on new land acquisitions



Dallas

- Entered Dallas/Ft. Worth in 1997
- Top-10 builder in DFW (2013 closings)
- 14 active communities as of 3/31/15
- Strong growth in 2014 and expected for 2015 in volumes, prices and margins -- large corporate headquarters moves into DFW



Austin/ San Antonio

- Entered Austin in 1997, San Antonio in 2003
- #5 builder in Austin & San Antonio (2013 closings)
- 22 active communities as of 3/31/15
- Tight land supply & high prices due to strong demand impacting margins in Austin more than San Antonio



Market update: East region

Florida

- Entered Orlando in 2004, Tampa in 2011
- #3 builder (2013 closings - SF detached)
- 26 active communities as of 3/31/15
- Orlando stronger than Tampa; too many specs in Tampa required discounts that reduced margins in 1Q15



Carolinas

- Entered **Raleigh in 2011, Charlotte in 2012**
- Entered **Greenville-Spartanburg** through acquisition of **Legendary Communities in 2014**
- 43 active communities as of 3/31/15
- High Y/Y growth rates - led the region & company 1Q15



Nashville

- Entered **Nashville in 2013** with acquisition of Phillips Builders
- 5 active communities as of 3/31/15
- Gaining momentum as transition to Meritage methods progresses



Georgia

- Entered **Atlanta** through acquisition of **Legendary Communities in 2014**
- 13 active communities as of 3/31/15
- Purchase accounting reducing home closing margins until all acquired inventory closes – appr (130) bps impact on region's margins in 1Q15 – ending 2H15

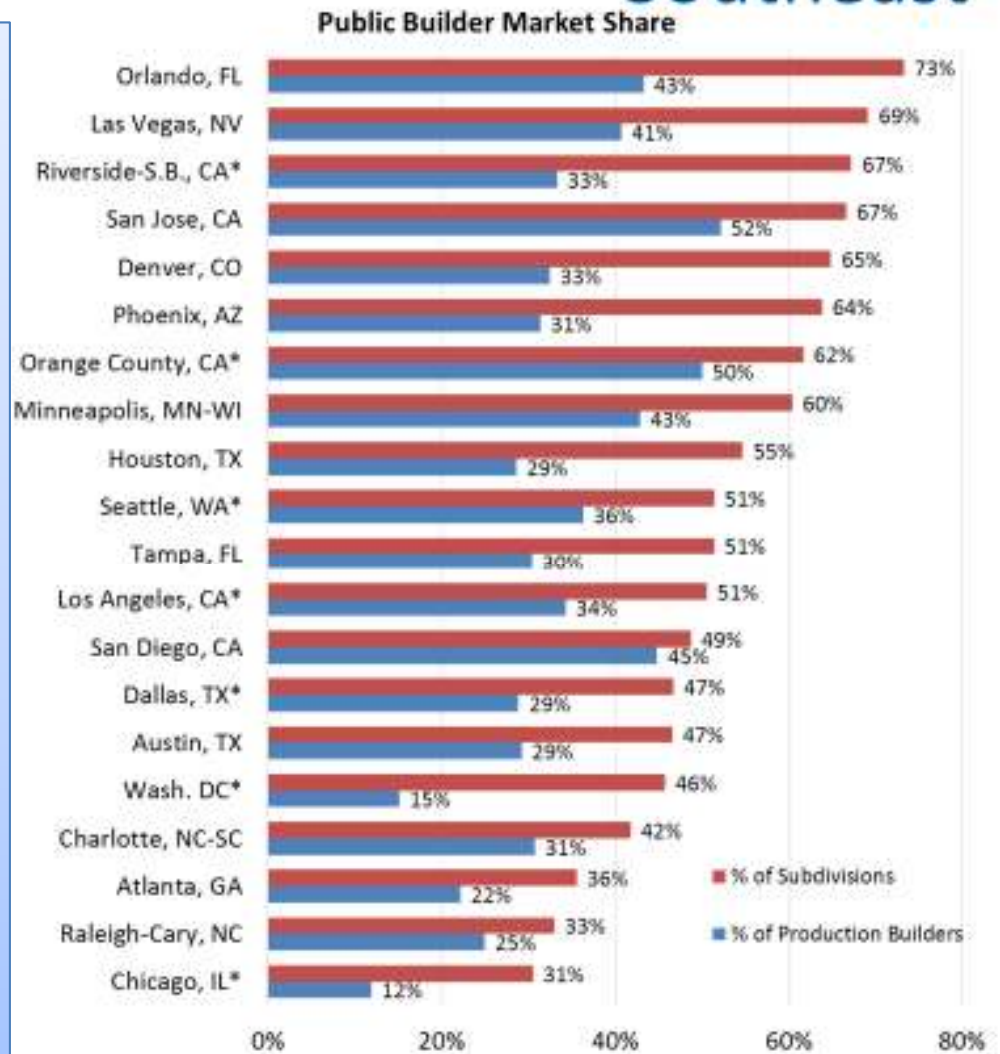




Analysis supports our recent expansion in the Southeast

- Public builders own the minority of subdivisions in the Southeast -- particularly in Raleigh (33%), Atlanta (36%), and Charlotte (42%). In the markets they build, the public builders are much larger than their private brethren, as noted by the red bar below exceeding the blue bar.
- Population continues to grow faster in the Southeast, where 16.1% of the population currently lives, but where 18.4% of the population growth has taken place since 2000
- Affordable housing, pro-growth economies, and great regional airports will continue to attract people to the Southeast
- Many of the new home communities are catering to affluent buyers relocating from elsewhere in the United States.
- Southeast recovered later than many other areas, so recent momentum is strong.

Source: JBREC, Mar-20, 2015



* Metro division

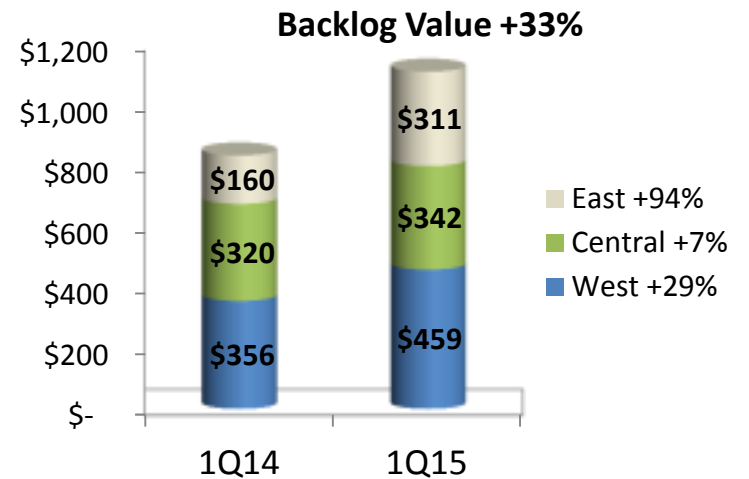
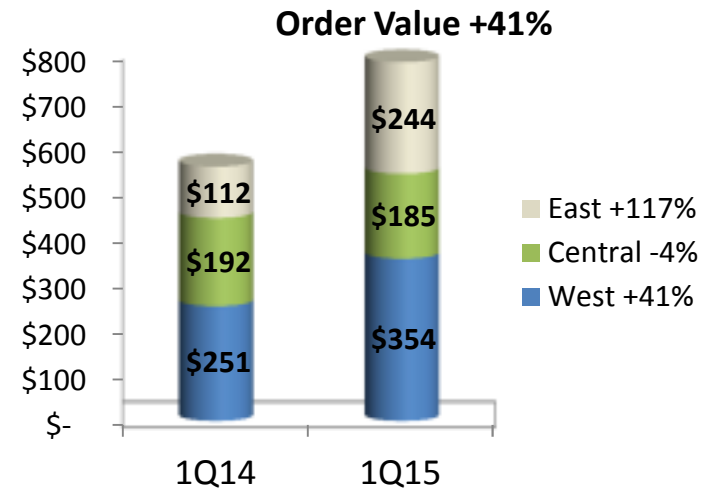
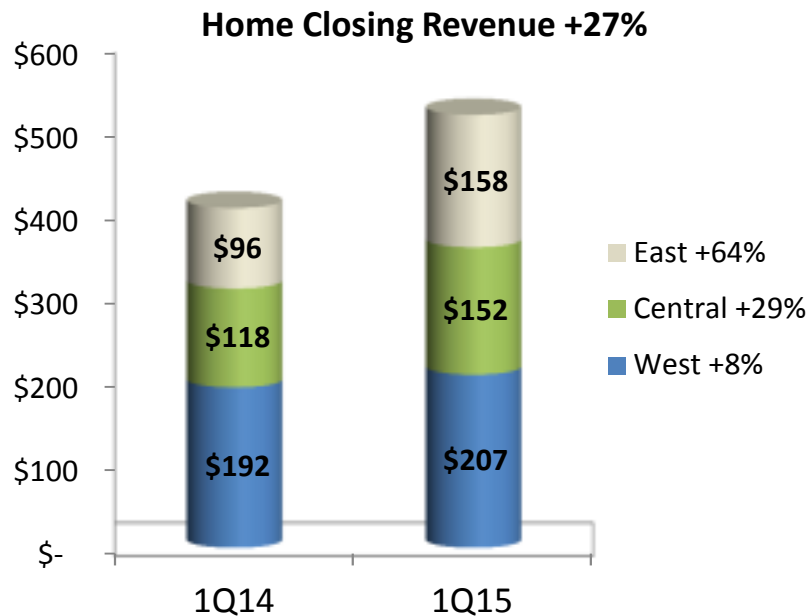
Source: John Burns Real Estate Consulting Home Builder Analysis and Forecast, February 2015

Much of the recent M&A activity has occurred in Southeastern markets and should continue





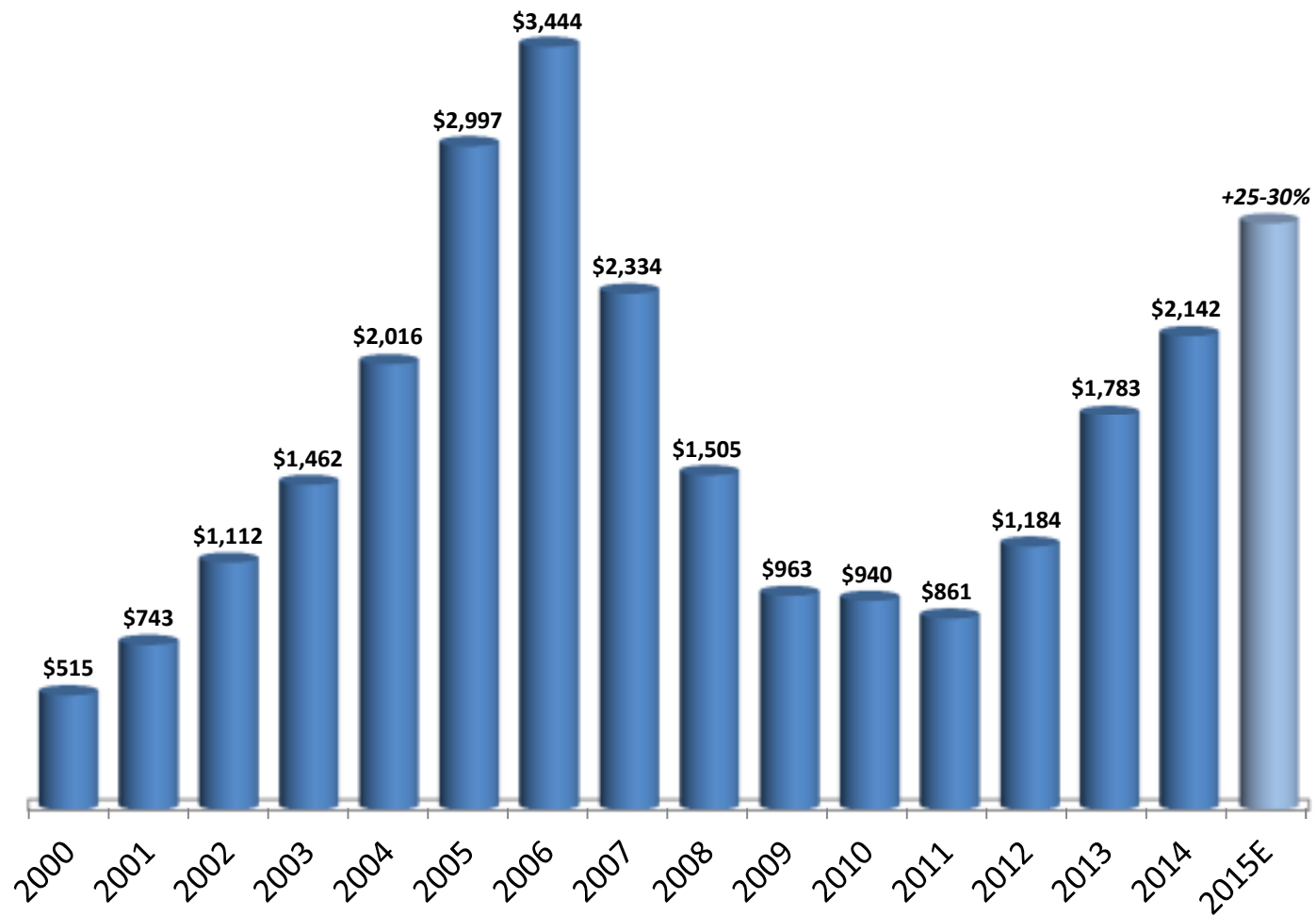
Impact of larger East region evident in 1Q15 growth of revenue, orders & backlog (\$millions)



Strong growth in operating metrics increases confidence in 2015 projections



Projecting continued growth in home closing revenue (\$ millions)



Significant growth achieved since the bottom of the housing cycle; 25-30% y/y growth expected in 2015

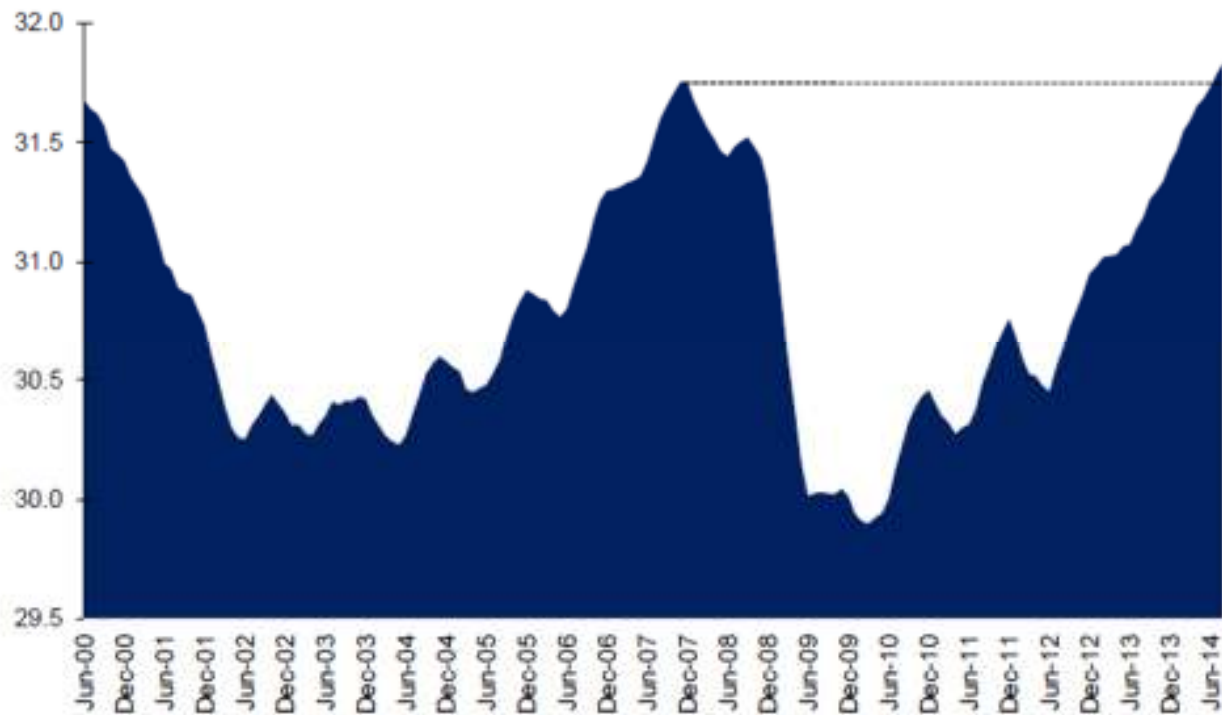




Compelling case for Entry-Plus product

Demographic Opportunity – Pent-up Demand

Total Employment, 25-34 Year Olds, Millions
(non-seasonally adjusted, 6-month average)



Source: BLS, John Burns Real Estate Consulting (Data: Aug-14, Pub: Sep-14)

Young adult employment is now above 2007 peak, so unwinding of pent-up demand is a matter of time

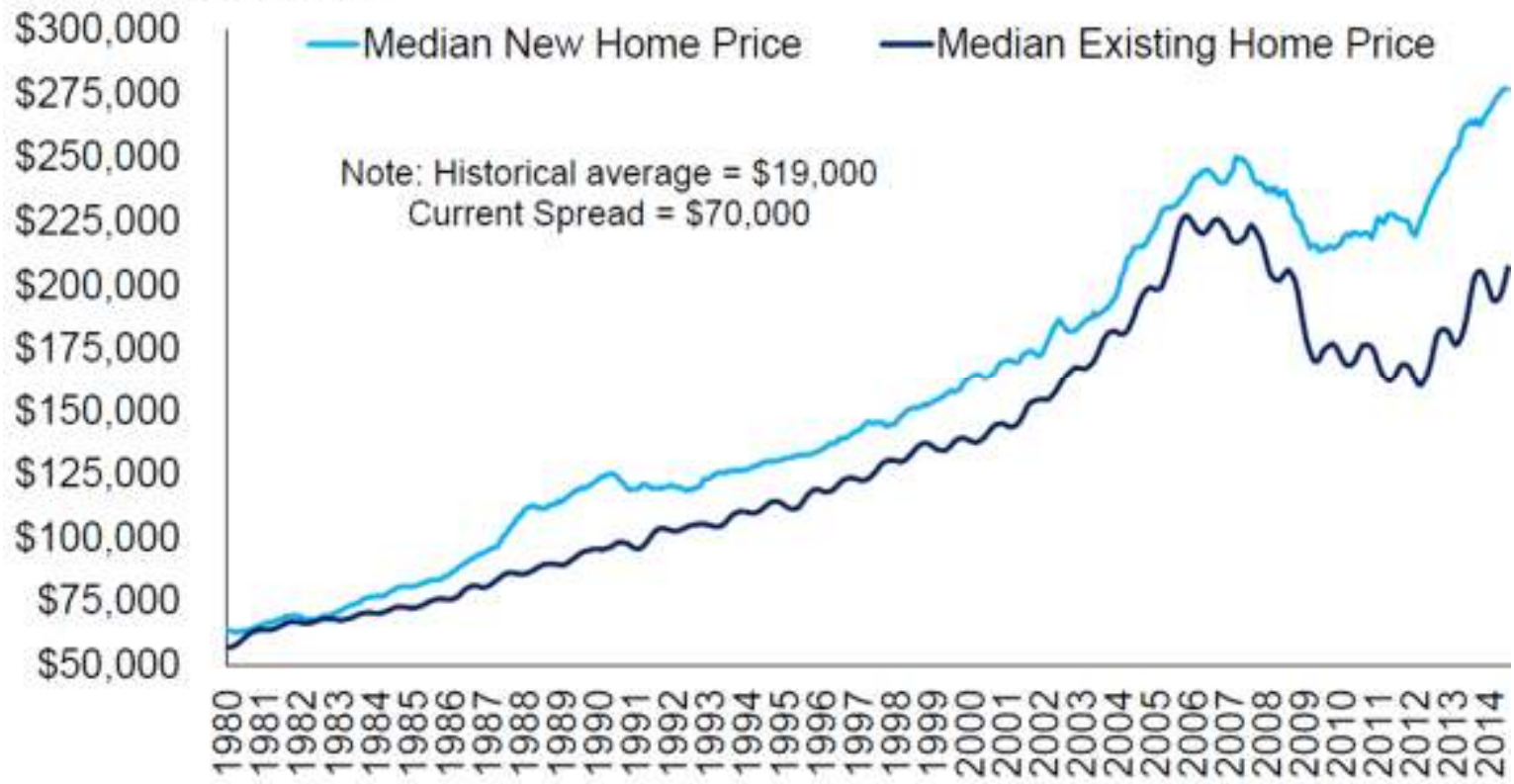




Compelling case for Entry-Plus product

Affordability – New Home premium historically high

New vs. Resale Home Price Spread
Rolling 6-Month Average



Source: Census Bureau, National Association of Realtors, John Burns Real Estate Consulting (Data: Jul-14, Pub: Sep-14)

Some buyers unable to find homes they desire due to lack of inventory at lower price points

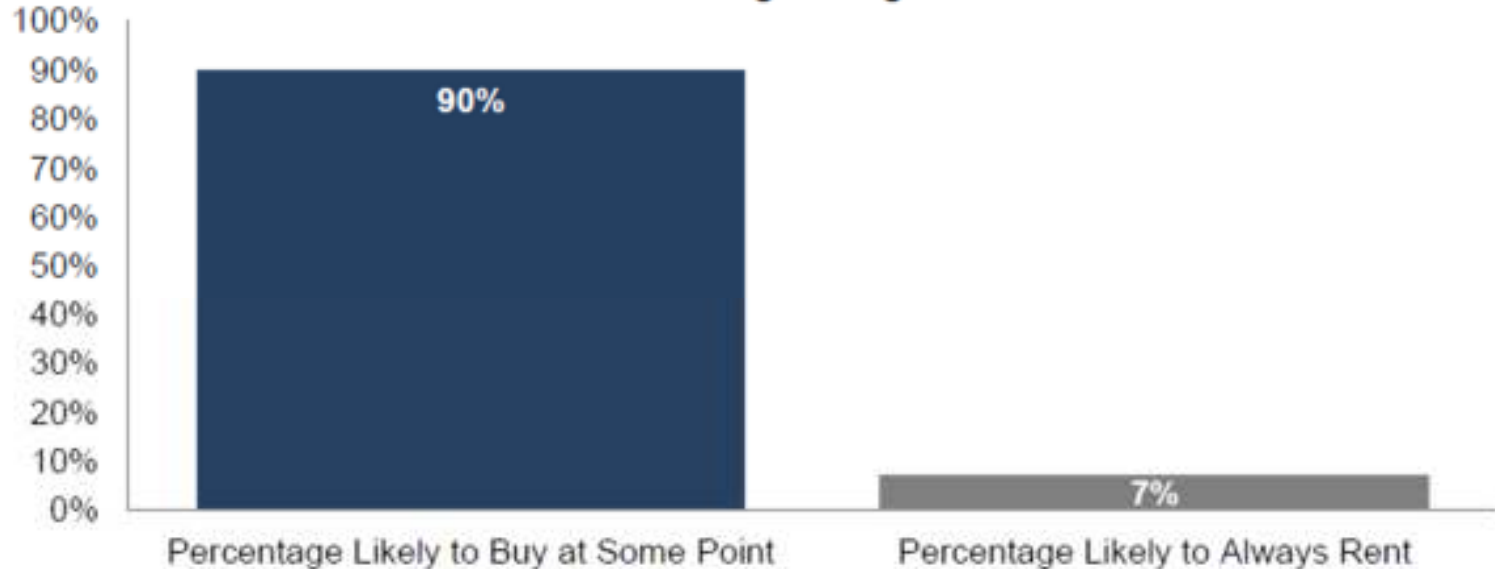




Compelling case for Entry-Plus product

Demographic Opportunity – Pent-up Demand

Lifetime Intentions to Own a Home Among Young Renters



Source: Fannie Mae National Housing Survey, 4Q13.
Note: Young renters refers to those aged 18–39.

Studies show young adults still want to own their own homes



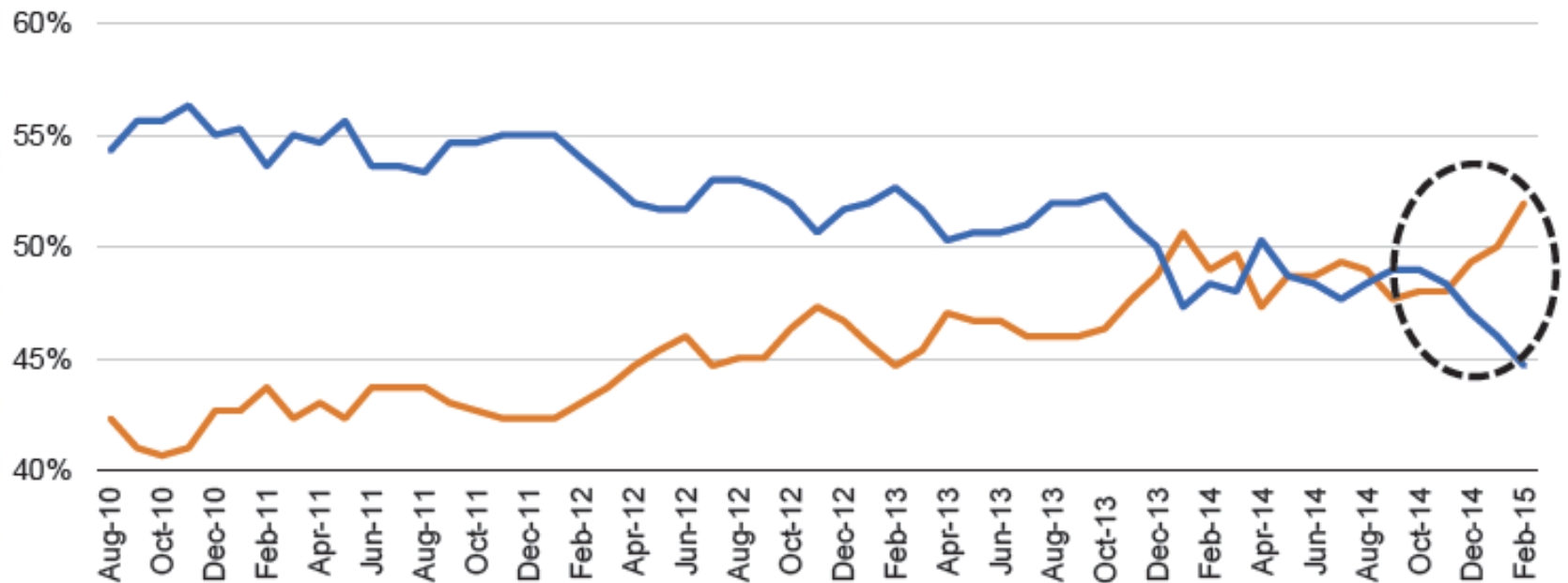
Mortgage availability improving

54% of buyers believe it will be easier to get a mortgage today – highest % since survey started in June 2010

National Housing Survey - Ability to Get a Mortgage Today

3-month moving average

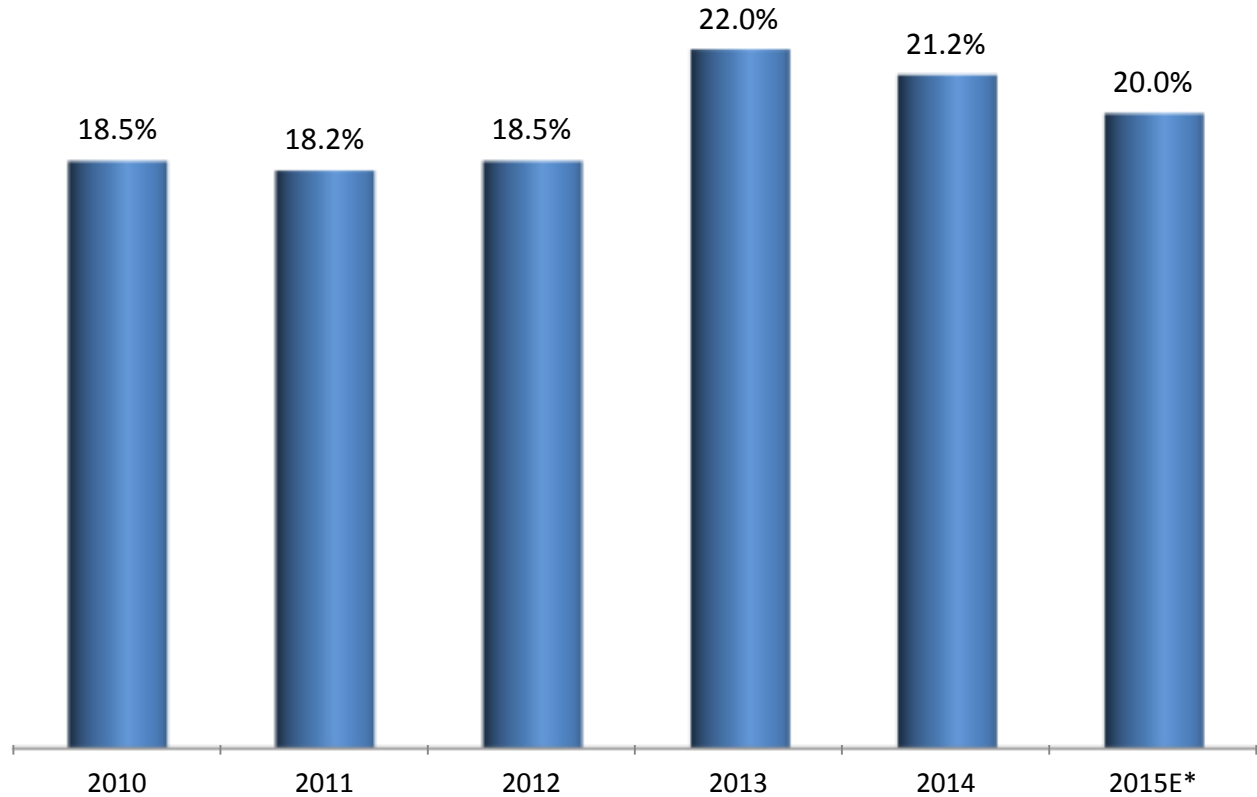
— Easy = 52% — Difficult = 45%



Source: Fannie Mae National Housing Survey (Data: Feb-15, Pub: Apr-15)



Gross margins normalizing around 20%



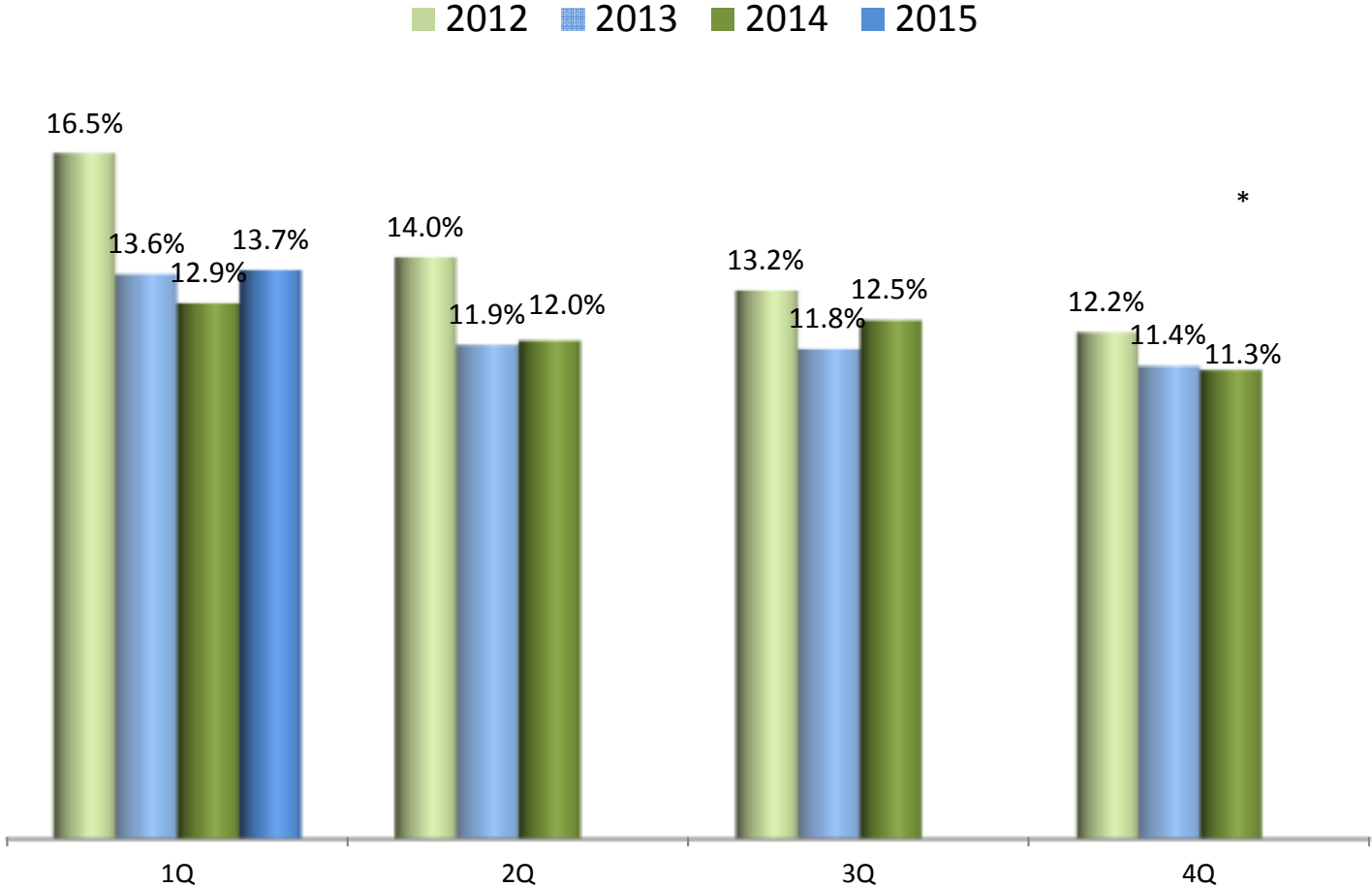
Home closing gross margins before impairments – see 2014 Annual Report for details

Expecting GM% to improve throughout 2015, FY2015 projected to be approximately 20%





Additional SG&A leverage expected with revenue growth and improvements in East



Expecting normal seasonal improvement through the year and as new markets generate positive leverage





Summary

Meritage is well-positioned for earnings growth:

- US housing market still has plenty of room to grow to return to normal levels
- Expecting growth in orders, closings, revenue and backlog due to:
 - Continued recovery of the housing market
 - Solid positions in existing markets
 - Ramping up new markets in the east
 - Pent-up demand for Entry-Plus product
- Projecting earnings expansion driven by:
 - Top-line growth
 - Normalization of gross margins
 - SG&A leverage

