

Meritage Homes 2Q 2014 Results Webcast

July 24, 2014



Setting the standard for energy-efficient homes™

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 expectations for community count and strong earnings growth in the second half of 2014, the anticipated closing of the Legendary Communities acquisition and the expected growth rate for closings and revenue from that acquisition.

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. The 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; inflation in the cost of materials used to construct homes; the adverse effect of slower order absorption rates; potential write-downs or write-offs of assets, including pre-acquisition costs and deposits; a change to the feasibility of projects under option or contract that could result in the write-off of option deposits; our potential exposure to natural disasters; competition; the adverse impacts of cancellations resulting from relatively small deposits relating to our sales contracts; construction defect and home warranty claims; our success at prevailing in litigation matters and on contested tax positions; our ability to obtain performance bonds in connection with our development work; the liquidity of our joint ventures and the ability of our joint venture partners to meet their obligations to us and the joint venture; the loss of key personnel; our failure to comply with laws and regulations; our lack of 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, 2013 and most recent 10-Q under the caption "Risk Factors," which can be found on our website.



Presenters

Steven J. Hilton, Chairman/CEO

Larry Seay, Executive Vice President/Chief Financial Officer



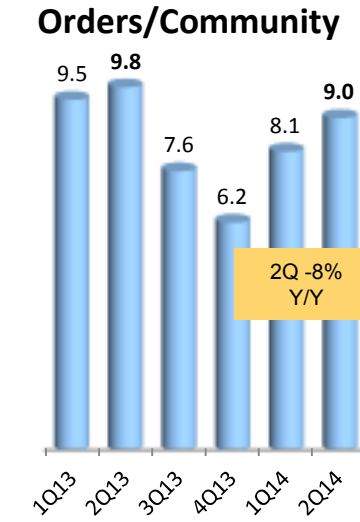
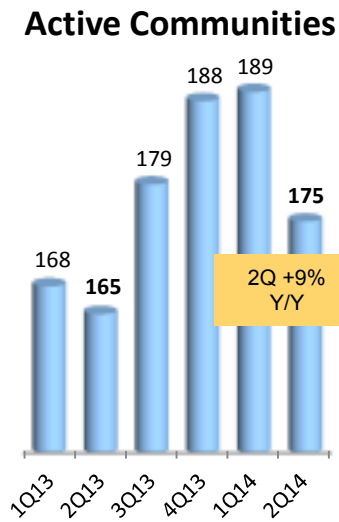
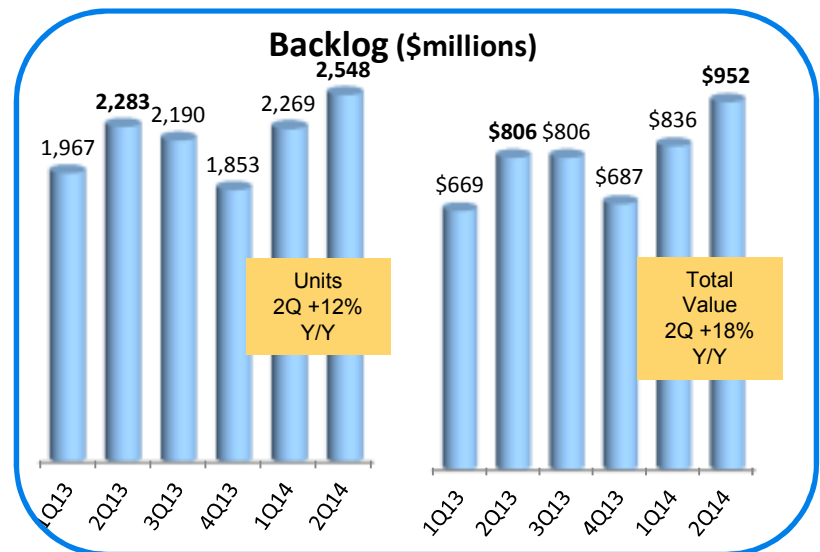
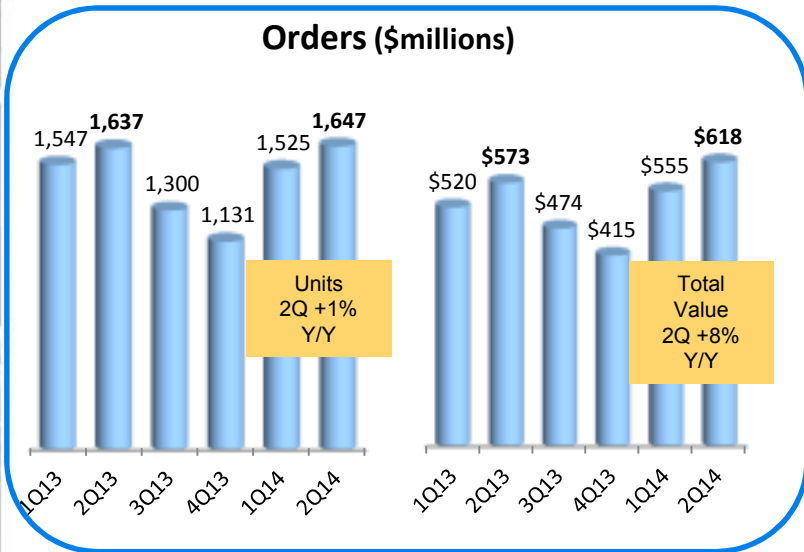
Strong Earnings Growth

<i>\$000's except EPS</i>	2Q14	2Q13	Change
Home closings	1,368	1,321	+4%
ASP	\$368	\$330	+12%
Home closing revenue	\$502,800	\$436,040	+15%
Home closing gross margin	21.9%	21.5%	+40 bps
Home closing gross profit	\$109,961	\$93,605	+17%
Pretax margin	10.9%	8.5%	+240 bps
Net earnings	\$35,079	\$28,143	+25%
Diluted EPS	\$ 0.85	\$ 0.74	+15%

11th consecutive quarter of year-over-year growth in home closing revenue



Backlog Increased on Growth in Orders



Ending backlog up 18% Y/Y; expecting active community count to rebound in 3Q, through YE2014

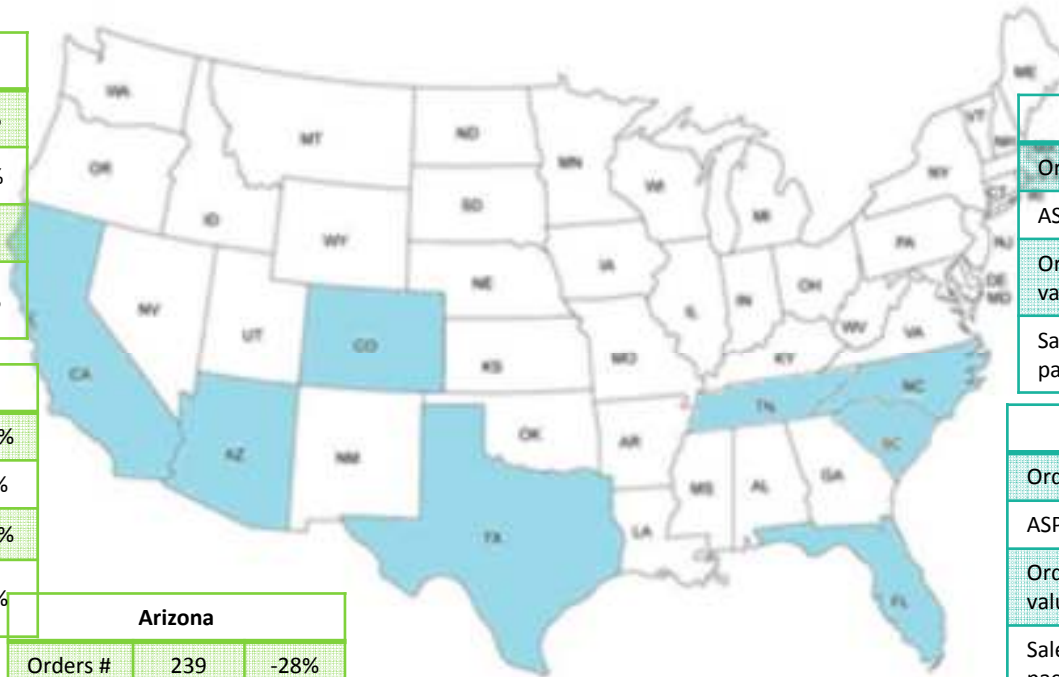
Second Quarter Order Trends by State

Yr/Yr Growth 2014 vs 2013



California		
Orders #	205	-18%
ASP	\$525K	+16%
Orders \$	\$108M	-5%
Sales pace	12.8	-34%

Colorado		
Orders #	140	+16%
ASP	\$461K	+5%
Orders \$	\$64M	+21%
Sales pace	10.8	+3%



Carolinas		
Orders #	102	+32%
ASP	\$422K	+3%
Order value	\$43M	+36%
Sales pace	6.6	+3%

Tennessee		
Orders #	63	n/a
ASP	\$279K	n/a
Order value	\$18M	n/a
Sales pace	11.5	n/a

Arizona		
Orders #	239	-28%
ASP	\$324K	+2%
Order value	\$77M	-27%
Sales pace	5.8	-28%

Texas		
Orders #	718	+12%
ASP	\$335K	+17%
Order value	\$240M	+31%
Sales pace	9.8	+7%

Florida		
Orders #	180	-15%
ASP	\$377K	-6%
Order value	\$68M	-21%
Sales pace	10.3	+2%

Sales pace (orders per average community) improved over 2Q13 in all but two states



Legendary Communities - Overview



- Atlanta, Greenville, Charlotte markets
 - Dominant position in Greenville; focusing on growing Atlanta market
 - Operate Charlotte assets as part of existing Meritage division
- Targets first-time + first & second-time move-up buyers
- ~200 orders in backlog
- ~40 active communities at 6/30/14
- Total pipeline ~4,000 controlled lots (most optioned)
 - Atlanta ~35%
 - Charlotte ~15%
 - Greenville ~50%



Market Position Including Legendary

14 of the Top 20 Markets for Homebuilding

2013 Rank	Metrolabel (<i>Meritage markets in Yellow</i>)	Single Family Permits 2013	SF Permits Growth Y/Y
1	Houston, TX	34,507	20.5%
2	Atlanta, GA (Legendary Communities market)	14,678	60.1%
3	Dallas, TX (MDiv)	14,678	-0.1%
4	Phoenix, AZ	12,885	8.0%
5	Washington D.C., DC-VA-MD-WV (MDiv)	10,903	20.1%
6	Orlando, FL	9,492	29.6%
7	Austin, TX	9,241	11.9%
8	Charlotte, NC-SC	8,049	20.1%
9	Raleigh-Cary, NC	8,039	25.1%
10	Tampa, FL	7,324	24.5%
11	Minneapolis, MN-WI	7,140	24.2%
12	Las Vegas, NV	7,067	15.7%
13	Nashville, TN	7,045	31.9%
14	Denver, CO	6,971	24.3%
15	Seattle, WA (MDiv)	6,412	6.2%
16	Oklahoma City, OK	6,363	16.2%
17	Jacksonville, FL	6,276	37.1%
18	Fort Worth, TX (MDiv)	6,125	13.1%
19	San Antonio, TX	5,841	14.5%
20	Riverside-San Bernardino, CA	5,764	28.4%

Adding another top-20 homebuilding market with
Legendary Communities



Atlanta Market



- #2 market for homebuilding permits in 2013
- Single-family permits currently at 14,800 annually, expected to grow to 26,000 by 2015
- Market conditions improved from 2011-2012 lows
- Median new home price at \$259,800 (Up 6% from Previous Year)
- Estimated 140,000 jobs to be added between 2014 and 2015
- Big drivers for the economy are Aviation & Telecommunication
 - 16 Fortune 500 companies



Greenville-Spartanburg Market

- Single-family permits at 2,519 annually -- expected to grow to 3,000 by 2015
- Market controlled by private builders -- Legendary is the largest
- Estimated 12,000 jobs to be added between 2014 and 2015
 - Largely driven by Professional & Business Services, with large number of well-paying blue-collar jobs
- Key economic drivers include Healthcare, Aviation, Automotive R&D:
 - Michelin, BMW, Lockheed Martin, Caterpillar, and Honeywell



Operating Leverage

\$000's	2Q14	2Q13	Change
Home closing revenue	\$502,800	\$436,040	+15%
Commissions and other sales costs <i>-- as a percent of home closing revenue</i>	7.2%	7.2%	--
General and administrative expenses <i>-- as a percent of closing revenue</i>	4.9%	5.0%	-10 bps
Interest expense <i>-- as a percent of closing revenue</i>	0.3%	1.0%	-70 bps
Pretax earnings	\$55,236	\$38,532	+43%
Tax rate	36.5%	27.0%	950 bps

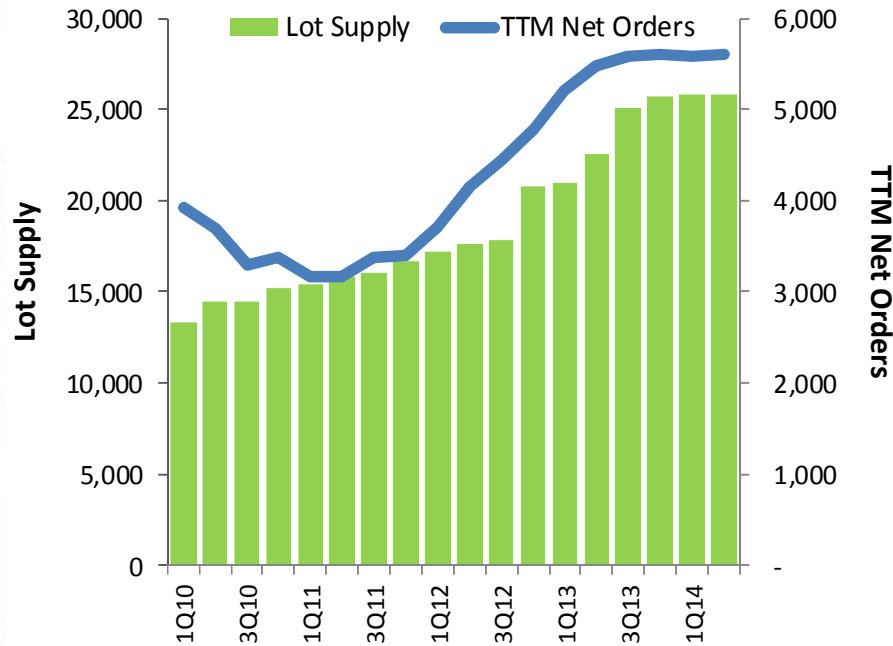
Operating leverage helped drive 43% increase in pre-tax earnings; tax rate back to normal/expected level for 2014

First Half (YTD) Selected Operating Results

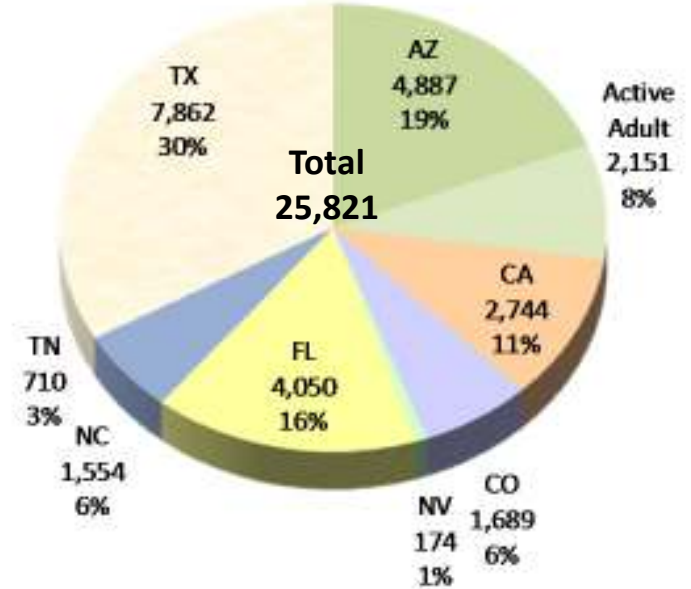
<i>\$000's except EPS</i>	1H14	1H13	Change
Home closings	2,477	2,373	+4%
ASP	\$367	\$323	+14%
Home closing revenue	\$908,579	\$766,750	+18%
Home closing gross margin	22.3%	20.6%	+170 bps
Home closing gross profit	\$202,560	\$157,965	+28%
Commissions and other sales costs <i>-- as a percent of home closing revenue</i>	7.4%	7.4%	--
General and administrative expenses <i>-- as a percent of closing revenue</i>	5.1%	5.4%	-30 bps
Pretax margin	10.3%	7.0%	+330 bps
Net earnings	\$60,456	\$40,184	+50%

Earnings leverage demonstrated by 50% increase in net earnings on 18% home closing revenue growth

Investing in Land & Development for Growth



~1,762 Net New Lots Put Under Contract in 2Q 2014



Yrs Lot Supply (ttm closings)				
12/31/10	12/31/11	12/31/12	12/31/13	6/30/14
4.1	5.1	4.9	4.9	4.8

Invested \$310M YTD in land & development, maintaining approximately 5-yr supply of lots

Rewarded for Solid Balance Sheet



<i>\$ in millions</i>	June 30, 2014	December 31, 2013
Total Cash & Securities	\$ 290.6	\$ 363.8
Total Outstanding Debt	\$ 904.8	\$ 905.1
Equity	\$ 1,020.3	\$ 841.4
Net Debt to Capital	37.6%*	39.1%
Real Estate	\$ 1,638.0	\$ 1,405.3
<i>* Pro forma net debt to capital ratio after Legendary acquisition with assumed \$130M cash purchase</i>	42.2%	

Upgraded by all three major rating agencies during the first half of 2014



Summary



Pleased with 2Q14 & YTD results against difficult 2013 comparisons

- Grew closings and revenue
- Expanded home closing gross margin & gross profit
- Increased community count , reinvested in new communities
- Maintained a strong balance sheet and credit metrics

Anticipating completion of acquisition of Legendary Communities in 3Q14

Looking for additional opportunities for growth & expansion

Successful history of growing profitably through expanding market cycle





Questions?

Non-GAAP Reconciliations



Pro Forma (post-
Legendary
Communities
acquisition for
\$130M)

	June 30, 2014	June 30, 2014	December 31, 2013
Notes payable and other borrowings	\$904,771	904,771	905,055
Less: cash and cash equivalents, plus investments and securities	(290,574)	(160,574)	(363,823)
Net debt	614,197	744,197	541,232
Stockholders' equity	1,020,319	1,020,319	841,392
Total capital	\$1,634,516	1,764,516	1,382,624
Net debt-to-capital	37.6%	42.2%	39.1%