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## Section 1: 8-K (8-K)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

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### FORM 8-K

#### CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported) July 25, 2018

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## MERITAGE HOMES CORPORATION

(Exact Name of Registrant as Specified in Charter)

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Maryland

1-9977

86-0611231

(State or Other Jurisdiction  
of Incorporation)

(Commission File  
Number)

(IRS Employer  
Identification No.)

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8800 E. Raintree Drive, Suite 300, Scottsdale, Arizona 85260

(Address of Principal Executive Offices) (Zip Code)

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(480) 515-8100

(Registrant's telephone number, including area code)

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N/A

#### (Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities and Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards

pursuant to Section 13 (a) of the Exchange Act.

## ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On July 25, 2018, we announced in a press release information concerning our results for the quarterly period ended June 30, 2018. A copy of this press release, including information concerning forward-looking statements and factors that may affect our future results, is attached as Exhibit 99.1. This press release is being furnished, not filed, under Item 2.02 in this Report on Form 8-K.

## ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

[99.1 Press Release dated July 25, 2018](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: July 25, 2018

MERITAGE HOMES CORPORATION

/s/ Hilla Sferruzza

By: Hilla Sferruzza

Executive Vice President and Chief Financial Officer

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## Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1



**Contacts:** Brent Anderson, VP Investor Relations  
(972) 580-6360 (office)  
investors@meritagehomes.com

**Meritage Homes reports second quarter 2018 diluted EPS of \$1.31, up 34% over prior year; 13% increase in pre-tax earnings with 9% growth in home closing revenue and 60 bps increase in home closing gross margin;**

**Strong demand for entry-level homes represented 44% of total orders**

SCOTTSDALE, Ariz., July 25, 2018 - Meritage Homes Corporation (NYSE: MTH), a leading U.S. homebuilder, reported its second quarter results for the period ended June 30, 2018.

**Summary Operating Results (unaudited)**  
**(Dollars in thousands, except per share amounts)**

**Three Months Ended June 30,**

**Six Months Ended June 30,**

|                                | 2018 |         |       | 2017       |      |       | 2018      |  |              | 2017 |  |       |
|--------------------------------|------|---------|-------|------------|------|-------|-----------|--|--------------|------|--|-------|
|                                |      |         | % Chg |            |      | % Chg |           |  | % Chg        |      |  | % Chg |
| Homes closed (units)           |      | 2,139   |       | 1,906      | 12 % |       | 3,864     |  | 3,487        | 11 % |  |       |
| Home closing revenue           | \$   | 872,383 |       | \$ 797,780 | 9 %  | \$    | 1,600,915 |  | \$ 1,458,397 | 10 % |  |       |
| Average sales price - closings | \$   | 408     |       | \$ 419     | (3)% | \$    | 414       |  | \$ 418       | (1)% |  |       |
| Home orders (units)            |      | 2,250   |       | 2,153      | 5 %  |       | 4,608     |  | 4,288        | 7 %  |  |       |
| Home order value               | \$   | 917,996 |       | \$ 878,718 | 4 %  | \$    | 1,880,792 |  | \$ 1,771,421 | 6 %  |  |       |
| Average sales price - orders   | \$   | 408     |       | \$ 408     | — %  | \$    | 408       |  | \$ 413       | (1)% |  |       |
| Ending backlog (units)         |      |         |       |            |      |       | 3,619     |  | 3,428        | 6 %  |  |       |
| Ending backlog value           |      |         |       |            |      | \$    | 1,528,756 |  | \$ 1,448,782 | 6 %  |  |       |
| Average sales price - backlog  |      |         |       |            |      | \$    | 422       |  | \$ 423       | — %  |  |       |
| Earnings before income taxes   | \$   | 71,185  |       | \$ 63,205  | 13 % | \$    | 120,069   |  | \$ 99,974    | 20 % |  |       |
| Net earnings                   | \$   | 53,838  |       | \$ 41,580  | 29 % | \$    | 97,712    |  | \$ 65,152    | 50 % |  |       |
| Diluted EPS                    | \$   | 1.31    |       | \$ 0.98    | 34 % | \$    | 2.37      |  | \$ 1.54      | 54 % |  |       |

## MANAGEMENT COMMENTS

"We continued to experience generally healthy demand in our markets, especially for our entry-level LiVE.NOW.<sup>®</sup> homes, and our second quarter performance reflects the results of our strategy to address that demand, as well as the successful execution of our strategic initiatives to improve profitability," said Steven J. Hilton, chairman and chief executive officer of Meritage Homes. "Our overall orders pace was 6% higher in the second quarter than it was in 2017 and is up 8% in the first half of the year. It's evident that our LiVE.NOW. homes are driving the increases in orders pace, as they made up 44% of our orders this quarter compared to just 35% in last year's second quarter.

"Our home closing gross margin for the quarter was 60 bps higher than last year's second quarter, and we are particularly pleased with the improvements in our East region," Mr. Hilton added. "This was our fifth consecutive quarter of year-over-year gains in home closing gross margin, despite significant increases in materials and labor costs over the last year."

He continued, "We delivered a 13% increase in pre-tax earnings and our diluted earnings per share for the quarter was up 34% over last year, as the reduction in corporate tax rates for 2018 and our 2017 retirement of convertible notes are also positively impacting our diluted EPS this year.

"We expect continued healthy demand for entry-level homes and are maintaining our projections for full year 2018 home closings and total home closing revenue to grow to approximately 8,450-8,850 and \$3.5-3.65 billion, respectively. Considering the improvement in our second quarter home closing gross margin, we are adjusting our expectation for the full year to 18-18.5%, tempered by potential further increases in materials costs due to recently proposed tariffs. Based on our strong second quarter earnings and improved overhead leverage for the year, we are increasing our projection for pre-tax earnings to \$295-315 million for the year.'

Mr. Hilton added, "We expect to use part of our free cash flow over the next several quarters to repurchase up to \$100 million of Meritage Homes stock under a new share repurchase program authorized by our board, replacing our prior program adopted in 2006. We may begin repurchasing shares as early as this quarter, depending on market and other conditions."

## SECOND QUARTER RESULTS

- Net earnings of \$53.8 million (\$1.31 per diluted share) for the second quarter of 2018, increased 29% and 34%, respectively, compared to \$41.6 million (\$0.98 per diluted share) for the second quarter of 2017. Earnings before income taxes were up 13% year-over-year, primarily due to increases in home closing revenue and home closing gross margin.
- Home closing revenue increased 9% with a 12% increase in closing volume, partially offset by a 3% decrease in average sales price compared to the second quarter of 2017, as demand has shifted more toward entry-level homes. The increases in closings and revenue were led by the East region (Florida, Georgia, North and South Carolina, and Tennessee), which delivered a 30% increase in home closing revenue with 35% more home closings at an average sales price 4% lower than the second quarter of 2017. The Central region (Texas) delivered home closings and revenue growth of 21% and 15%, respectively, with a 5% decrease in average price. West region home closing revenue (California, Colorado and Arizona) was 5% less than last year's second quarter, as a 9% decline in closing volume reflected 8% fewer communities open on average during the

second quarter in 2018 than 2017, but was partially offset by a 4% increase in average price due to additional closings from higher-priced communities in California.

- Home closing gross margin increased 60 bps to 18.3% for the second quarter of 2018, compared to 17.7% in the second quarter of 2017, primarily due to improved margins in the East region.
- Selling, general and administrative expenses were 10.9% of second quarter 2018 home closing revenue, compared to 2017's second quarter SG&A of 10.6% of home closing revenue. Approximately 15 bps of the year-over-year increase was due to the recognition of compensation expense in the second quarter of 2018 for certain performance-based equity awards. No comparable expense was incurred in 2017.
- Interest expense declined \$1.6 million for the second quarter of 2018 compared to 2017. The reduction was due to a greater percentage of interest capitalized to qualified assets under development, despite a \$2.1 million increase in total interest incurred from the issuances of new senior notes in June 2017 and March 2018. The net proceeds of those higher-rate issuances were primarily used to retire maturing notes and repay outstanding borrowings under the Company's revolving credit facility.
- Second quarter effective tax rate was approximately 24% in 2018, compared to 34% in 2017, reflecting lower corporate income tax rates enacted for 2018.
- Total orders for the second quarter of 2018 increased 5% year-over-year, driven by a 6% increase in orders pace (orders per average active community), partially offset by a 1% year-over-year decline in average active community count. Order growth in the East and Central regions offset a decline in the West region, with a significant 14% year-over-year increase in average orders pace for the East region.

## **YEAR TO DATE RESULTS**

- Net earnings were \$97.7 million for the first half of 2018, a 50% increase over \$65.2 million for the first half of 2017, primarily driven by a 10% increase in home closing revenue and a 70-bps improvement in home closing gross margin, as well as a lower effective tax rate for the first half of 2018 compared to 2017.
- Home closings for the first half of the year increased 11% over 2017 and average prices on closings decreased 1% from the previous year.
- Home closing gross profit increased 14% to \$283.8 million in the first half of 2018 compared to \$248.2 million in the first half of 2017, as home closing gross margin increased to 17.7% in the first half of 2018 from 17.0% in the first half of 2017.
- Other income increased by \$4.1 million in 2018 primarily due to a \$4.8 million favorable legal settlement in the first quarter related to a previous joint venture in Nevada.
- The effective tax rate for the first half of 2018 was 19%, compared to 35% for the first half of 2017, due to the lower statutory corporate tax rate in 2018, as well as \$6.3 million of energy tax credits recorded in the first quarter of 2018 for homes closed in 2017 that qualified for the credits. These energy tax credits were extended

by Congress in 2018 for 2017 only, and are expected to reduce the full year 2018 effective tax rate by about 200 basis points.

## **BALANCE SHEET**

- Cash and cash equivalents at June 30, 2018, totaled \$169.4 million, compared to \$170.7 million at December 31, 2017. Real estate assets increased to \$2.87 billion at June 30, 2018, compared to \$2.73 billion at December 31, 2017. Approximately \$191.2 million of the increase related to homes under construction or completed, partially offset by a \$52.5 million decrease in finished home sites and land under development.
- Under the Company's newly authorized \$100 million share repurchase program, repurchases of the Company's shares may be made in the open market, in privately negotiated transactions, or otherwise. The timing and amount of repurchases, if any, will be determined by the Company's management at its discretion and be based on a variety of factors such as the market price of the Company's common stock, corporate and contractual requirements, prevailing market and economic conditions and legal requirements. The share repurchase program may be modified, suspended or discontinued at any time. The Company intends to retire any shares repurchased.
- Meritage ended the second quarter of 2018 with approximately 33,700 total lots owned or under control, compared to approximately 33,500 total lots at June 30, 2017. Approximately 85% of the nearly 2,600 lots added during the second quarter were in communities planned for entry-level product.
- Debt-to-capital ratios were 43.8% at June 30, 2018 and 44.9% at December 31, 2017, with net debt-to-capital ratios of 40.4% and 41.4%, respectively, remaining well within management's target range for this key ratio.
- The Company expanded capacity available under its unsecured revolving credit facility to \$780 million during the second quarter of 2018 and extended the maturity date to July 2022, ending the quarter with no borrowings outstanding under the credit facility.

## **CONFERENCE CALL**

Management will host a conference call to discuss the results at 8:00 a.m. Arizona Time (11:00 a.m. Eastern Time) on Thursday, July 26.

The call will be webcast with an accompanying slideshow available on the "Investor Relations" page of the Company's web site at <http://investors.meritagehomes.com>. Telephone participants may avoid any delays by pre-registering for the call using the following link to receive a special dial-in number and PIN.

Conference Call registration link: <http://dpregrister.com/10121676>

Telephone participants who are unable to pre-register may dial in to 866-226-4948 on the day of the call. International dial-in number is 1-412-902-4125 or 1-855-669-9657 for Canada.

A replay of the call will be available beginning at approximately 1:00 p.m. ET on July 26 and extending through August 9, 2018, on the website noted above or by dialing 877-344-7529, 1-412-317-0088 for international or 1-855-669-9658 for Canada, and referencing conference number 10121676.



**Meritage Homes Corporation and Subsidiaries**  
**Consolidated Income Statements**  
(In thousands, except per share data)  
(Unaudited)

|   | Three Months Ended June 30, |            | Six Months Ended June 30, |              |
|---|-----------------------------|------------|---------------------------|--------------|
|   | 2018                        | 2017       | 2018                      | 2017         |
| <b>Homebuilding:</b>  |                             |            |                           |              |
| Home closing revenue  | \$ 872,383                  | \$ 797,780 | \$ 1,600,915              | \$ 1,458,397 |
| Land closing revenue  | 5,112                       | 4,198      | 19,144                    | 16,353       |
| Total closing revenue   | 877,495                     | 801,978    | 1,620,059                 | 1,474,750    |
| Cost of home closings   | (712,868)                   | (656,870)  | (1,317,070)               | (1,210,219)  |
| Cost of land closings   | (5,799)                     | (4,198)    | (21,041)                  | (13,858)     |
| Total cost of closings  | (718,667)                   | (661,068)  | (1,338,111)               | (1,224,077)  |
| Home closing gross profit   | 159,515                     | 140,910    | 283,845                   | 248,178      |
| Land closing gross (loss)/profit  | (687)                       | —          | (1,897)                   | 2,495        |
| Total closing gross profit  | 158,828                     | 140,910    | 281,948                   | 250,673      |
| <b>Financial Services:</b>  |                             |            |                           |              |
| Revenue   | 3,870                       | 3,649      | 6,918                     | 6,593        |
| Expense   | (1,693)                     | (1,551)    | (3,177)                   | (2,930)      |
| Earnings from financial services unconsolidated entities and other, net | 3,474                       | 3,459      | 6,130                     | 6,184        |
| Financial services profit   | 5,651                       | 5,557      | 9,871                     | 9,847        |
| Commissions and other sales costs                                       | (60,823)                    | (54,701)   | (113,575)                 | (103,021)    |
| General and administrative expenses                                     | (34,205)                    | (29,591)   | (65,098)                  | (59,213)     |
| (Loss)/earnings from other unconsolidated entities, net                 | (156)                       | 570        | (202)                     | 943          |
| Interest expense  | (44)                        | (1,620)    | (180)                     | (2,445)      |
| Other income, net   | 1,934                       | 2,080      | 7,305                     | 3,190        |
| Earnings before income taxes  | 71,185                      | 63,205     | 120,069                   | 99,974       |
| Provision for income taxes  | (17,347)                    | (21,625)   | (22,357)                  | (34,822)     |
| Net earnings  | \$ 53,838                   | \$ 41,580  | \$ 97,712                 | \$ 65,152    |

**Earnings per share:**

|                                     |         |         |         |         |
|-------------------------------------|---------|---------|---------|---------|
| <b>Basic</b>                        |         |         |         |         |
| Earnings per share                  | \$ 1.32 | \$ 1.03 | \$ 2.41 | \$ 1.62 |
| Weighted average shares outstanding | 40,647  | 40,317  | 40,568  | 40,248  |
| <b>Diluted</b>                      |         |         |         |         |
| Earnings per share                  | \$ 1.31 | \$ 0.98 | \$ 2.37 | \$ 1.54 |
| Weighted average shares outstanding | 41,164  | 42,781  | 41,193  | 42,836  |

**Meritage Homes Corporation and Subsidiaries**  
**Consolidated Balance Sheets**  
(In thousands)  
(Unaudited)

|  | June 30, 2018       | December 31, 2017   |
|--|---------------------|---------------------|
| <b>Assets:</b>                                       |                     |                     |
| Cash and cash equivalents                            | \$ 169,426          | \$ 170,746          |
| Other receivables                                    | 78,395              | 79,317              |
| Real estate <sup>(1)</sup>                           | 2,870,047           | 2,731,380           |
| Real estate not owned                                | 38,864              | 38,864              |
| Deposits on real estate under option or contract     | 48,880              | 59,945              |
| Investments in unconsolidated entities               | 16,639              | 17,068              |
| Property and equipment, net                          | 52,122              | 33,631              |
| Deferred tax asset                                   | 36,294              | 35,162              |
| Prepays, other assets and goodwill                   | 84,227              | 85,145              |
| Total assets   | <u>\$ 3,394,894</u> | <u>\$ 3,251,258</u> |
| <b>Liabilities:</b>                                  |                     |                     |
| Accounts payable                                     | \$ 154,819          | \$ 140,516          |
| Accrued liabilities                                  | 173,770             | 181,076             |
| Home sale deposits                                   | 37,130              | 34,059              |
| Liabilities related to real estate not owned         | 34,978              | 34,978              |
| Loans payable and other borrowings                   | 16,552              | 17,354              |
| Senior notes, net                                    | 1,294,705           | 1,266,450           |
| Total liabilities                                    | <u>1,711,954</u>    | <u>1,674,433</u>    |
| <b>Stockholders' Equity:</b>                         |                     |                     |
| Preferred stock                                      | —                   | —                   |
| Common stock   | 406                 | 403                 |
| Additional paid-in capital                           | 593,561             | 584,578             |
| Retained earnings                                    | 1,088,973           | 991,844             |
| Total stockholders' equity                           | <u>1,682,940</u>    | <u>1,576,825</u>    |
| Total liabilities and stockholders' equity           | <u>\$ 3,394,894</u> | <u>\$ 3,251,258</u> |
| <b><sup>(1)</sup> Real estate – Allocated costs:</b> |                     |                     |
| Homes under contract under construction              | \$ 715,373          | \$ 566,474          |
| Unsold homes, completed and under construction       | 562,435             | 516,577             |
| Model homes  | 138,441             | 142,026             |
| Finished home sites and home sites under development | 1,453,798           | 1,506,303           |
| Total real estate                                    | <u>\$ 2,870,047</u> | <u>\$ 2,731,380</u> |

**Supplemental Information and Non-GAAP Financial Disclosures (Dollars in thousands – unaudited):**

|                               | Three Months Ended June 30, |          | Six Months Ended June 30, |          |
|-------------------------------|-----------------------------|----------|---------------------------|----------|
|                               | 2018                        | 2017     | 2018                      | 2017     |
| Depreciation and amortization | \$ 6,742                    | \$ 4,202 | \$ 12,608                 | \$ 7,872 |

**Summary of Capitalized Interest:**

|  |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| Capitalized interest, beginning of period            | \$ 81,828 | \$ 70,885 | \$ 78,564 | \$ 68,196 |
| Interest incurred                                    | 21,374    | 19,280    | 42,243    | 37,175    |
| Interest expensed                                    | (44)      | (1,620)   | (180)     | (2,445)   |
| Interest amortized to cost of home and land closings | (18,715)  | (16,218)  | (36,184)  | (30,599)  |
| Capitalized interest, end of period                  | \$ 84,443 | \$ 72,327 | \$ 84,443 | \$ 72,327 |

|                                    | June 30, 2018                      | December 31, 2017 |
|------------------------------------|------------------------------------|-------------------|
|                                    | Notes payable and other borrowings | \$ 1,311,257      |
| Stockholders' equity               | 1,682,940                          | 1,576,825         |
| Total capital                      | 2,994,197                          | 2,860,629         |
| Debt-to-capital                    | 43.8%                              | 44.9%             |
| Notes payable and other borrowings | \$ 1,311,257                       | \$ 1,283,804      |
| Less: cash and cash equivalents    | \$ (169,426)                       | \$ (170,746)      |
| Net debt                           | 1,141,831                          | 1,113,058         |
| Stockholders' equity               | 1,682,940                          | 1,576,825         |
| Total net capital                  | \$ 2,824,771                       | \$ 2,689,883      |
| Net debt-to-capital                | 40.4%                              | 41.4%             |

**Meritage Homes Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
(In thousands)  
(Unaudited)

|   | <b>Six Months Ended June 30,</b> |                   |
|---|----------------------------------|-------------------|
|   | <b>2018</b>                      | <b>2017</b>       |
| <b>Cash flows from operating activities:</b>                                    |                                  |                   |
| Net earnings  | \$ 97,712                        | \$ 65,152         |
| Adjustments to reconcile net earnings to net cash used in operating activities: |                                  |                   |
| Depreciation and amortization   | 12,608                           | 7,872             |
| Stock-based compensation  | 8,976                            | 5,785             |
| Equity in earnings from unconsolidated entities                                 | (5,978)                          | (7,127)           |
| Distribution of earnings from unconsolidated entities                           | 6,834                            | 6,712             |
| Other   | 2,407                            | 10                |
| Changes in assets and liabilities:  |                                  |                   |
| Increase in real estate   | (155,809)                        | (211,384)         |
| Decrease in deposits on real estate under option or contract                    | 11,093                           | 9,308             |
| Decrease/(increase) in other receivables, prepaids and other assets             | 1,634                            | (9,428)           |
| Increase/(decrease) in accounts payable and accrued liabilities                 | 6,997                            | (5,497)           |
| Increase in home sale deposits  | 3,071                            | 7,849             |
| Net cash used in operating activities   | (10,455)                         | (130,748)         |
| <b>Cash flows from investing activities:</b>                                    |                                  |                   |
| Investments in unconsolidated entities  | (417)                            | (408)             |
| Distributions of capital from unconsolidated entities                           | —                                | 1,250             |
| Purchases of property and equipment   | (15,726)                         | (8,322)           |
| Proceeds from sales of property and equipment                                   | 92                               | 86                |
| Maturities/sales of investments and securities                                  | 1,065                            | 1,258             |
| Payments to purchase investments and securities                                 | (1,065)                          | (1,258)           |
| Net cash used in investing activities   | (16,051)                         | (7,394)           |
| <b>Cash flows from financing activities:</b>                                    |                                  |                   |
| Repayment of Credit Facility, net   | —                                | (15,000)          |
| Repayment of loans payable and other borrowings                                 | (2,499)                          | (5,725)           |
| Repayment of senior notes and senior convertible notes                          | (175,000)                        | (52,098)          |
| Proceeds from issuance of senior notes  | 206,000                          | 300,000           |
| Payment of debt issuance costs  | (3,315)                          | (3,998)           |
| Net cash provided by financing activities                                       | 25,186                           | 223,179           |
| <b>Net (decrease)/increase in cash and cash equivalents</b>                     | <b>(1,320)</b>                   | <b>85,037</b>     |
| <b>Beginning cash and cash equivalents</b>                                      | <b>170,746</b>                   | <b>131,702</b>    |
| <b>Ending cash and cash equivalents</b>   | <b>\$ 169,426</b>                | <b>\$ 216,739</b> |

**Meritage Homes Corporation and Subsidiaries**  
**Operating Data**  
(Dollars in thousands)  
(Unaudited)

|                       | Three Months Ended June 30, |                   |              |                   |
|-----------------------|-----------------------------|-------------------|--------------|-------------------|
|                       | 2018                        |                   | 2017         |                   |
|                       | Homes                       | Value             | Homes        | Value             |
| <b>Homes Closed:</b>  |                             |                   |              |                   |
| Arizona               | 366                         | \$ 118,272        | 419          | \$ 141,015        |
| California            | 206                         | 142,019           | 231          | 140,270           |
| Colorado              | 162                         | 89,421            | 154          | 88,289            |
| <b>West Region</b>    | 734                         | 349,712           | 804          | 369,574           |
| Texas                 | 741                         | 259,344           | 610          | 225,679           |
| <b>Central Region</b> | 741                         | 259,344           | 610          | 225,679           |
| Florida               | 252                         | 110,467           | 187          | 82,448            |
| Georgia               | 104                         | 34,835            | 73           | 25,366            |
| North Carolina        | 195                         | 77,075            | 132          | 59,560            |
| South Carolina        | 76                          | 26,885            | 70           | 23,866            |
| Tennessee             | 37                          | 14,065            | 30           | 11,287            |
| <b>East Region</b>    | 664                         | 263,327           | 492          | 202,527           |
| <b>Total</b>          | <b>2,139</b>                | <b>\$ 872,383</b> | <b>1,906</b> | <b>\$ 797,780</b> |
| <b>Homes Ordered:</b> |                             |                   |              |                   |
| Arizona               | 416                         | \$ 135,717        | 397          | \$ 129,870        |
| California            | 190                         | 131,699           | 274          | 162,597           |
| Colorado              | 166                         | 89,818            | 133          | 76,978            |
| <b>West Region</b>    | 772                         | 357,234           | 804          | 369,445           |
| Texas                 | 766                         | 277,556           | 714          | 254,642           |
| <b>Central Region</b> | 766                         | 277,556           | 714          | 254,642           |
| Florida               | 320                         | 136,534           | 283          | 120,951           |
| Georgia               | 109                         | 41,964            | 99           | 32,865            |
| North Carolina        | 143                         | 54,704            | 143          | 61,375            |
| South Carolina        | 88                          | 30,652            | 66           | 22,840            |
| Tennessee             | 52                          | 19,352            | 44           | 16,600            |
| <b>East Region</b>    | 712                         | 283,206           | 635          | 254,631           |
| <b>Total</b>          | <b>2,250</b>                | <b>\$ 917,996</b> | <b>2,153</b> | <b>\$ 878,718</b> |

## Six Months Ended June 30,

|                       | 2018  |              | 2017  |              |
|-----------------------|-------|--------------|-------|--------------|
|                       | Homes | Value        | Homes | Value        |
| <b>Homes Closed:</b>  |       |              |       |              |
| Arizona               | 641   | \$ 209,268   | 715   | \$ 241,565   |
| California            | 437   | 301,410      | 441   | 272,364      |
| Colorado              | 256   | 143,807      | 282   | 155,649      |
| <b>West Region</b>    | 1,334 | 654,485      | 1,438 | 669,578      |
| Texas                 | 1,283 | 451,089      | 1,105 | 400,388      |
| <b>Central Region</b> | 1,283 | 451,089      | 1,105 | 400,388      |
| Florida               | 512   | 223,254      | 333   | 148,022      |
| Georgia               | 177   | 59,808       | 128   | 45,841       |
| North Carolina        | 323   | 127,748      | 263   | 116,467      |
| South Carolina        | 142   | 49,006       | 143   | 49,921       |
| Tennessee             | 93    | 35,525       | 77    | 28,180       |
| <b>East Region</b>    | 1,247 | 495,341      | 944   | 388,431      |
| Total                 | 3,864 | \$ 1,600,915 | 3,487 | \$ 1,458,397 |
| <b>Homes Ordered:</b> |       |              |       |              |
| Arizona               | 875   | \$ 288,878   | 800   | \$ 263,702   |
| California            | 409   | 292,097      | 602   | 356,355      |
| Colorado              | 341   | 186,913      | 276   | 159,073      |
| <b>West Region</b>    | 1,625 | 767,888      | 1,678 | 779,130      |
| Texas                 | 1,575 | 557,059      | 1,407 | 506,415      |
| <b>Central Region</b> | 1,575 | 557,059      | 1,407 | 506,415      |
| Florida               | 583   | 249,204      | 522   | 222,511      |
| Georgia               | 257   | 92,834       | 168   | 55,267       |
| North Carolina        | 300   | 116,189      | 293   | 127,707      |
| South Carolina        | 168   | 59,326       | 138   | 48,378       |
| Tennessee             | 100   | 38,292       | 82    | 32,013       |
| <b>East Region</b>    | 1,408 | 555,845      | 1,203 | 485,876      |
| Total                 | 4,608 | \$ 1,880,792 | 4,288 | \$ 1,771,421 |
| <b>Order Backlog:</b> |       |              |       |              |
| Arizona               | 560   | \$ 199,508   | 529   | \$ 183,480   |
| California            | 290   | 213,761      | 392   | 237,629      |
| Colorado              | 284   | 158,019      | 267   | 157,508      |
| <b>West Region</b>    | 1,134 | 571,288      | 1,188 | 578,617      |
| Texas                 | 1,312 | 489,106      | 1,233 | 460,761      |
| <b>Central Region</b> | 1,312 | 489,106      | 1,233 | 460,761      |
| Florida               | 517   | 222,653      | 442   | 190,943      |
| Georgia               | 231   | 83,505       | 131   | 42,789       |
| North Carolina        | 220   | 85,273       | 223   | 98,492       |
| South Carolina        | 125   | 45,805       | 111   | 39,093       |
| Tennessee             | 80    | 31,126       | 100   | 38,087       |
| <b>East Region</b>    | 1,173 | 468,362      | 1,007 | 409,404      |
| Total                 | 3,619 | \$ 1,528,756 | 3,428 | \$ 1,448,782 |



**Meritage Homes Corporation and Subsidiaries**  
**Operating Data**  
**(Unaudited)**

|                            | <b>Three Months Ended June 30,</b> |         |             |         |
|----------------------------|------------------------------------|---------|-------------|---------|
|                            | <b>2018</b>                        |         | <b>2017</b> |         |
|                            | Ending                             | Average | Ending      | Average |
| <b>Active Communities:</b> |                                    |         |             |         |
| Arizona                    | 40                                 | 38.5    | 39          | 40.5    |
| California                 | 15                                 | 15.0    | 26          | 27.5    |
| Colorado                   | 19                                 | 18.0    | 10          | 10.0    |
| <b>West Region</b>         | 74                                 | 71.5    | 75          | 78.0    |
| Texas                      | 90                                 | 93.5    | 92          | 88.5    |
| <b>Central Region</b>      | 90                                 | 93.5    | 92          | 88.5    |
| Florida                    | 30                                 | 29.0    | 30          | 31.0    |
| Georgia                    | 20                                 | 20.5    | 19          | 18.0    |
| North Carolina             | 20                                 | 20.0    | 20          | 19.0    |
| South Carolina             | 11                                 | 11.5    | 14          | 14.5    |
| Tennessee                  | 8                                  | 7.0     | 7           | 7.5     |
| <b>East Region</b>         | 89                                 | 88.0    | 90          | 90.0    |
| <b>Total</b>               | 253                                | 253.0   | 257         | 256.5   |

|                            | <b>Six Months Ended June 30,</b> |         |             |         |
|----------------------------|----------------------------------|---------|-------------|---------|
|                            | <b>2018</b>                      |         | <b>2017</b> |         |
|                            | Ending                           | Average | Ending      | Average |
| <b>Active Communities:</b> |                                  |         |             |         |
| Arizona                    | 40                               | 39.0    | 39          | 40.5    |
| California                 | 15                               | 17.5    | 26          | 27.0    |
| Colorado                   | 19                               | 15.0    | 10          | 10.0    |
| <b>West Region</b>         | 74                               | 71.5    | 75          | 77.5    |
| Texas                      | 90                               | 91.0    | 92          | 86.0    |
| <b>Central Region</b>      | 90                               | 91.0    | 92          | 86.0    |
| Florida                    | 30                               | 29.0    | 30          | 28.5    |
| Georgia                    | 20                               | 19.5    | 19          | 18.0    |
| North Carolina             | 20                               | 18.5    | 20          | 18.5    |
| South Carolina             | 11                               | 12.0    | 14          | 14.5    |
| Tennessee                  | 8                                | 7.0     | 7           | 7.0     |
| <b>East Region</b>         | 89                               | 86.0    | 90          | 86.5    |
| <b>Total</b>               | 253                              | 248.5   | 257         | 250.0   |



## About Meritage Homes Corporation

Meritage Homes is the seventh-largest public homebuilder in the United States, based on homes closed in 2017. Meritage builds and sells single-family homes for entry-level, move-up, and active adult buyers in markets including California, Texas, Arizona, Colorado, Florida, North Carolina, South Carolina, Tennessee and Georgia.

The Company has designed and built over 110,000 homes in its 32-year history, and has a reputation for its distinctive style, quality construction, and positive customer experience. Meritage is the industry leader in energy-efficient homebuilding and has received the U.S. Environmental Protection Agency's ENERGY STAR Partner of the Year for Sustained Excellence Award every year since 2013 for innovation and industry leadership in energy efficient homebuilding.

For more information, visit [www.meritagehomes.com](http://www.meritagehomes.com).

The information included in this press release contains 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 intentions to repurchase 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. 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; 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 first quarter ended March 31, 2018 under the caption "Risk Factors," which can be found on our website at [www.investors.meritagehomes.com](http://www.investors.meritagehomes.com).