



Setting the standard
for energy-efficient homes®

FOURTH QUARTER 2021 ANALYST CONFERENCE CALL

JANUARY 27, 2022

**LIFE.
BUILT.
BETTER.®**

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; projected 2021 home closings, home closing revenue, home closing gross margins, effective tax rate and diluted earnings per share; 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; trends in construction costs, supply chain and labor constraints and cycle times; 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; 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, 2020 and subsequent quarterly reports on Forms 10-Q under the caption "Risk Factors," which can be found on our website at <https://investors.meritagehomes.com>.

MANAGEMENT REPRESENTATIVES



Steven J. Hilton – Executive Chairman

Phillippe Lord – Chief Executive Officer

Hilla Sferruzza – EVP & Chief Financial Officer

Emily Tadano – VP Investor Relations

4Q21 MILESTONES

Delivered a new mortgage-free home to a deserving veteran and his family in Florida

Issued our inaugural ESG report

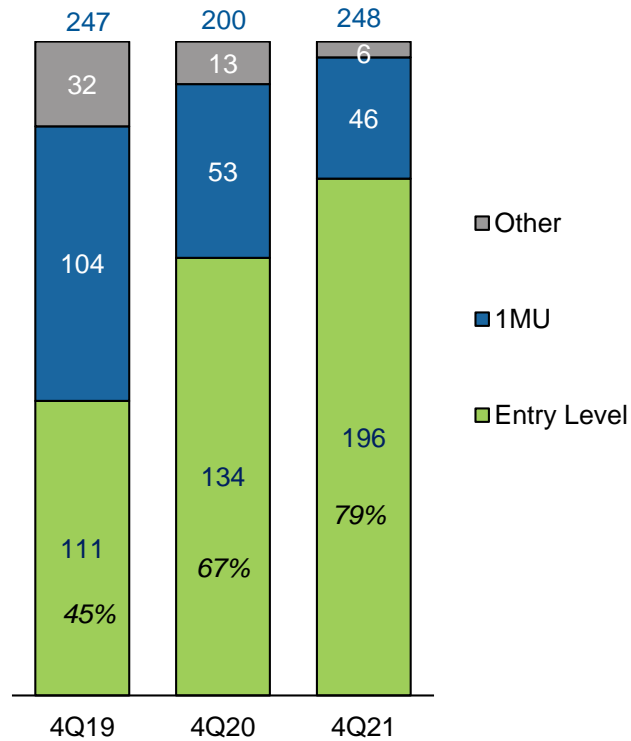
Start with Heart, donated to various nonprofit organizations during the holiday season



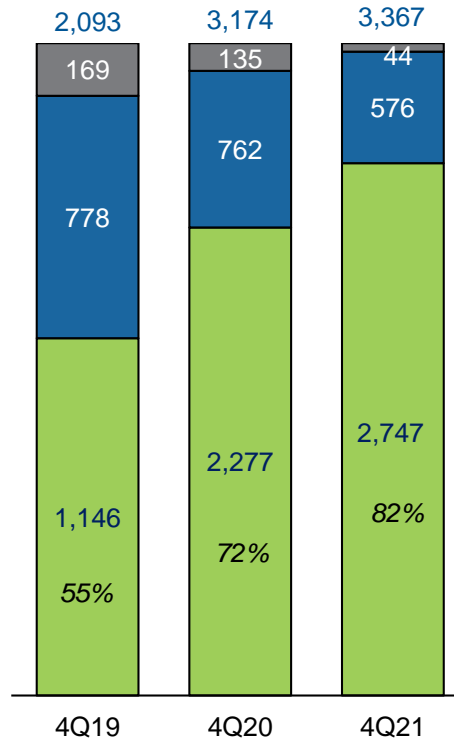
Joined more than 2,100 other companies by signing the CEO Action for Diversity & Inclusion pledge

SOLID PERFORMANCE IN BOTH ENTRY-LEVEL & FIRST MOVE UP

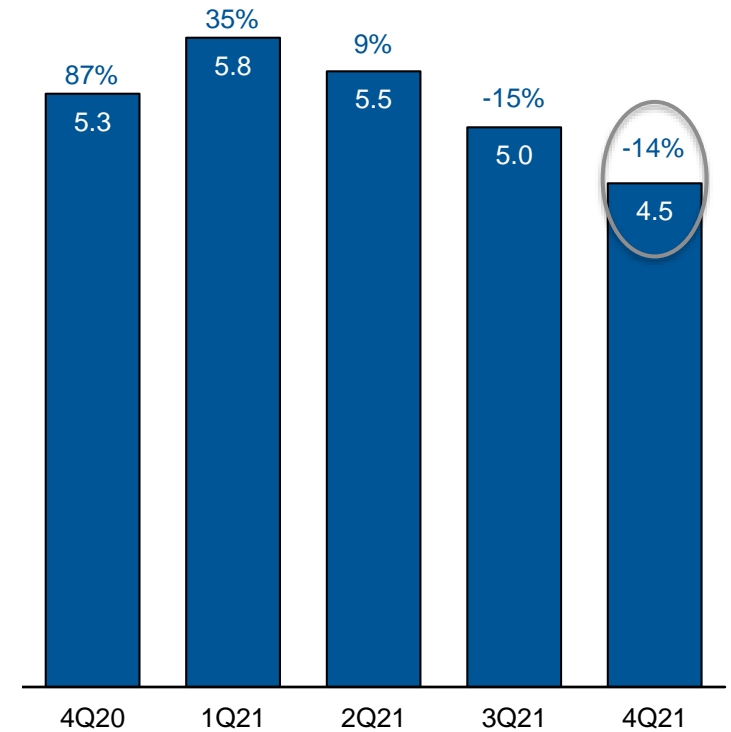
Average community count by product type



Orders by product type



Absorptions per month & Y/Y%

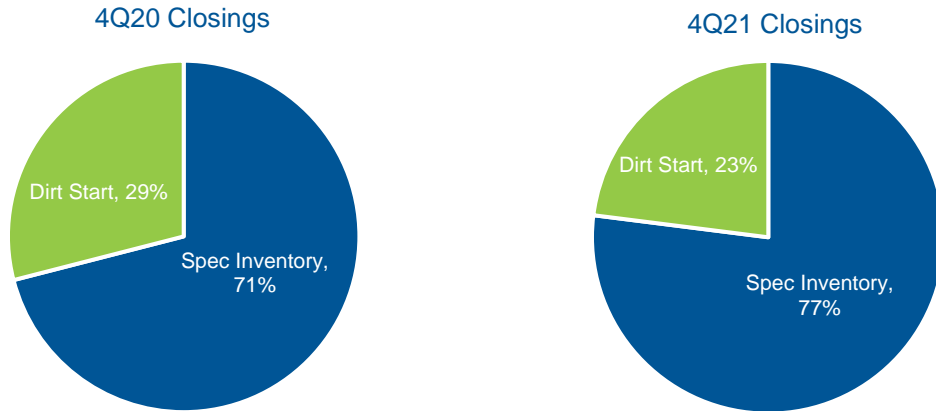


HIGHER COMMUNITY COUNT & ASP ON ORDERS OFFSET METERED ORDERS PACE

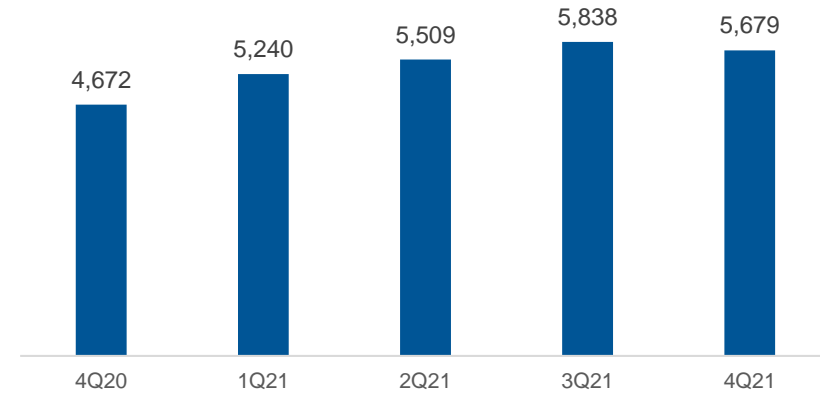
STATES & REGIONS Y/Y (%) changes 4Q21 vs 4Q20											
	AZ	CA	CO	West	Central (TX)	FL	GA	NC	SC	TN	East
Average Active Communities	38.5	20.0	16.5	75.0	70.5	39.5	13.5	26.0	12.5	10.5	102.0
	13%	11%	50%	19%	17%	22%	50%	27%	108%	31%	34%
Entry-level % Average Communities	71%	98%	55%	75%	81%	82%	70%	83%	84%	86%	81%
Absorption per month	4.8	4.0	3.9	4.4	5.3	4.2	4.0	4.4	3.4	3.6	4.1
	1%	-22%	-39%	-14%	-5%	-8%	-27%	-26%	-44%	-21%	-21%
Orders	559	242	193	994	1,127	500	161	345	126	114	1,246
	15%	-14%	-8%	2%	11%	12%	10%	-6%	17%	4%	6%
ASP on Orders	23%	4%	18%	11%	20%	9%	17%	14%	-1%	15%	11%
Order Value	41%	-10%	9%	13%	33%	22%	28%	6%	15%	19%	17%

FOCUSED ON SPECS, BUT SUPPLY CHALLENGES LIMIT STARTS

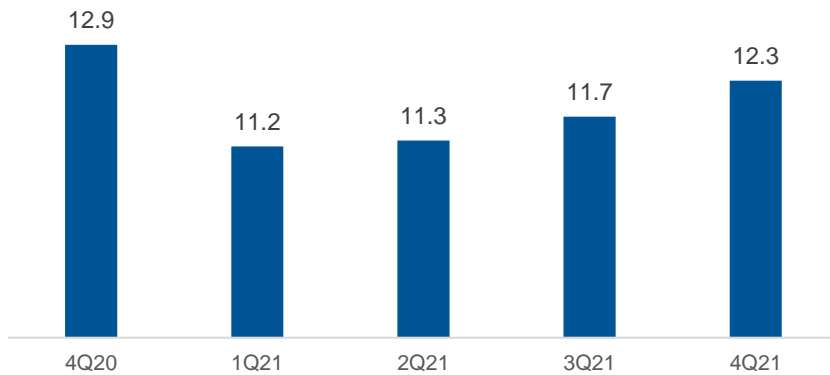
Home Closings



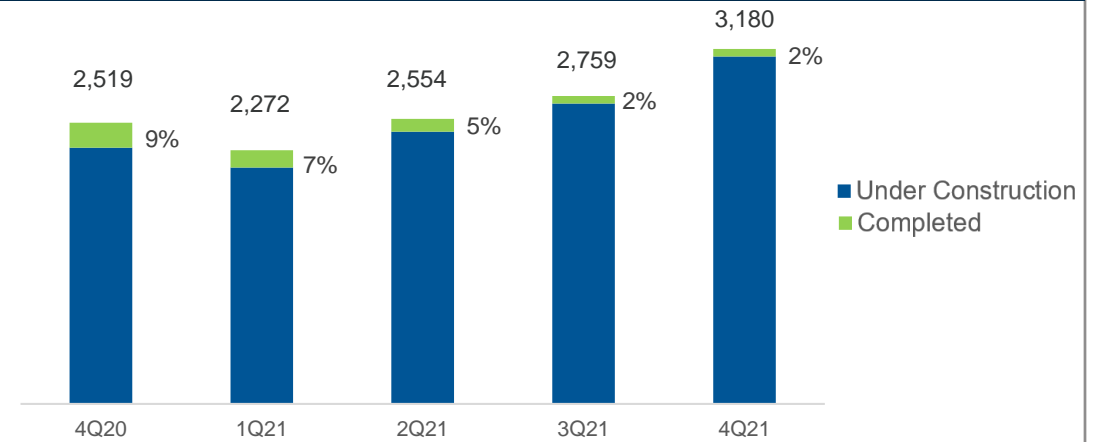
Ending Backlog Units



Average Specs Per Community



Average Specs Per Community



4Q21 IS A QUARTER OF RECORDS

(\$ Millions except EPS & ASP)	4Q21	4Q20	%Chg	FY2021	FY2020	%Chg
Home closings	3,526	3,744	-6%	12,801	11,834	+8%
ASP (closings)	\$425K	\$376K	+13%	\$398K	\$377K	+6%
Home closing revenue	\$1,498.8	\$1,409.2	+6%	\$5,094.9	\$4,464.4	+14%
Home closing gross profit	\$434.7	\$337.8	+29%	\$1,418.4	\$980.4	+45%
Home closing gross margin	29.0%	24.0%	+500 bps	27.8%	22.0%	+580 bps
SG&A expenses ¹	\$128.0	\$131.0	-2%	\$466.9	\$446.9	+4%
% of home closing revenue	8.5%	9.3%	(80) bps	9.2%	10.0%	(80) bps
Earnings before taxes	\$311.5	\$195.4	+59%	\$954.8	\$533.6	+79%
Tax rate	23.8%	21.9%	+190 bps	22.8%	20.6%	+220 bps
Net earnings ²	\$237.5	\$152.5	+56%	\$737.4	\$423.5	+74%
Diluted EPS	\$6.25	\$3.97	+57%	\$19.29	\$11.00	+75%

4Q21 HIGHLIGHTS:

- Multiple company records set in 4Q21
 - Best fourth quarter of sales orders
 - Second highest quarterly home closings
 - Highest quarterly home closing revenue
 - Highest home closing gross profit
 - Highest diluted EPS
- Lowest quarterly SG&A as a percentage of home closing revenue

(1) 4Q21 one-time items totaling \$5M included payments to our general counsel who retired in Dec. '21 and a change in the Company's retirement vesting eligibility for equity awards.

(2) Land impairments totaled \$2.0M in 4Q21 and \$20.3M in 4Q20. FY21 includes \$18.2M charge for early extinguishment of debt; FY20 includes \$24.9M in total impairments.

STRONG BALANCE SHEET PROVIDES FLEXIBILITY

Net Debt-to-Capital Reconciliation (\$ Millions)		
(non-GAAP reconciliation)	Dec 31, 2021	Dec 31, 2020
Notes payable & other borrowings	\$1,160	\$1,020
Stockholders' equity	\$3,044	\$2,348
Total capital	\$4,204	\$3,368
Debt-to-capital	27.6%	30.3%
Less: cash & cash equivalents	(\$618)	(\$746)
Net debt	\$542	\$274
Total net capital	\$3,586	\$2,622
Net debt-to-capital	15.1%	10.5%
Book value/share	\$81.53	\$62.59

Ample liquidity at December 31, 2021 given

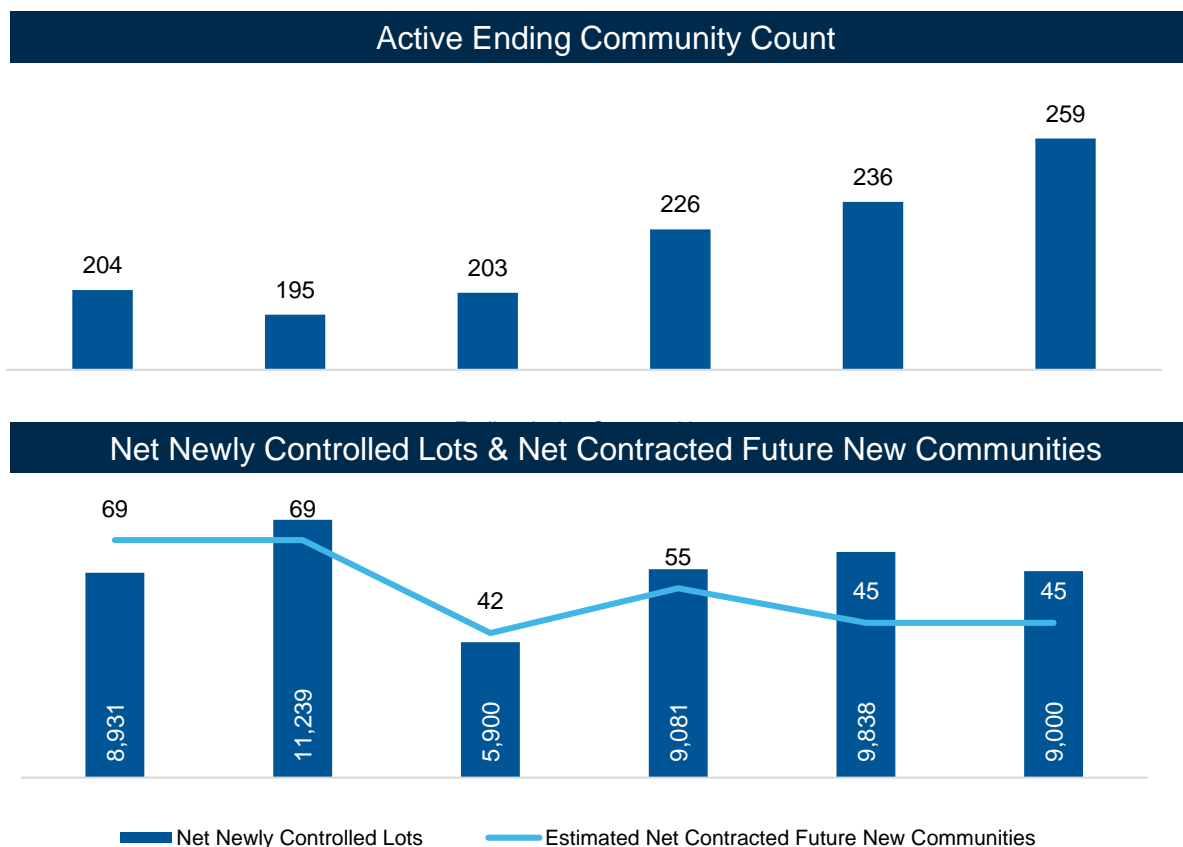
- \$618M of cash
- Nothing drawn under \$780M credit facility
- Continued low net debt to capital

Capital usage in 2021:

- \$956M increase in inventory
- Repurchased nearly 640,000 shares for \$61.0M

LAND & DEVELOPMENT INVESTMENT

Real Estate Assets	4Q21	4Q20
Land & development spending	\$507M	\$506M
As of period ended Dec-31:		
Total lots controlled	75,049	55,502
Supply of lots (years)	5.9*	4.7
- Owned	65%	59%
- Optioned	35%	41%



Meritage had 259 active communities at December 31, 2021, a 33% increase from 195 at December 31, 2020

* 5.0 years with forward looking 2022 closing guidance

GUIDANCE

FULL YEAR 2022

- 14,500-15,500 home closings
- \$6.1-6.5 billion home closing revenue
- Home closing gross margin around 27.75%
- Effective tax rate of approximately 25.0%
- Diluted EPS \$23.15-24.65
- Community count growth of 15-20%

1Q 2022

- 2,800-3,000 home closings
- \$1.2-1.3 billion home closing revenue
- Home closing gross margin of 28.25-28.50%
- Effective tax rate of approximately 25.0%
- Diluted EPS \$4.45-4.85

POSITIONED FOR GROWTH

Well-positioned with entry-level & first move-up

100% spec building for entry-level communities

Healthy land position

Flexible balance sheet

Strong execution





MERITAGE'S ESG EFFORTS

MERITAGE: SETTING THE STANDARD IN ENERGY EFFICIENCY

2021 SUSTAINABILITY AWARDS



BUILDING DOUBLE-CERTIFIED NEW HOMES



SUSTAINABILITY ACHIEVEMENTS

Average HERS Index Score of 56 compared to 100 for a typical new home¹

Built more than 87,000 ENERGY STAR® certified new homes since 2009 with the impact equivalent to²:

\$227

million reduction in homeowner utility bills

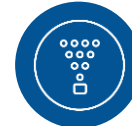
2.7+

billion pounds of carbon dioxide eliminated

1.8 BILLION

kilowatt hours of electricity saved

ENERGY EFFICIENT FEATURES



Spray Foam Insulation



Multispeed HVAC



Sealed Insulated Ducts & Conditioned Attics



Low-E Windows



WaterSense certified water fixtures

¹ For homes delivered in 2020; source is RESNET; the lower the HERS Index Score, the more energy-efficient.

² RESNET data; internal calculations were based on [EPA assumptions](#)

OUR COMMITMENT TO EMPLOYEES & DE&I INITIATIVES

INVESTMENT IN OUR EMPLOYEES LEADS TO

MOST RECENT EMPLOYEE ENGAGEMENT SURVEY RESULTS:¹

98%

of our employees participated
in the survey

91.5%

overall Employee Engagement
Index score

94%

of our employees are proud
to work for Meritage



**4.5 OUT OF 5
AVERAGE MERITAGE
EMPLOYEE RATING ON
GLASSDOOR²**

COMMITMENT TO DIVERSITY, EQUITY & INCLUSION (DE&I)

Developed a DE&I strategic roadmap with a dedicated full-time leader to implement the strategy

Formed both executive and employee DE&I counsels

Conducted company-wide training focused on unconscious bias in the workplace

Partnerships with various nonprofit organizations to support underrepresented groups in education, recruitment and representation in the homebuilding industry

(1) Conducted in December 2019

(2) For full year 2021

COMMITMENT TO THE COMMUNITIES IN WHICH WE BUILD

Founded in 2014, Meritage Cares Foundation supports children, families and military veterans in the communities which Meritage does business.



RECENT PHILANTHROPY



GOVERNANCE BUILT ON INTEGRITY, FAIRNESS & TRANSPARENCY

Established the Environmental, Social & Sustainability board committee to guide its ESG mission



Nine of eleven board of directors are independent



Board diversity: 18 percent gender diversity, 9 percent racial diversity



Access Meritage's [2020 ESG Report](#) and Meritage's [2020 metrics under SASB, GRI and UN SDGs](#)

