



Investor Presentation

December 2014



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This presentation contains certain non-GAAP financial information. A reconciliation of the non-GAAP financial information to the GAAP financial measure that management believes to be most directly comparable is included in the Appendix at the end of this presentation.

Today's Presenters



Eric Lipar

*Chairman and
Chief Executive Officer*

- Co-founder of LGI Homes who has led the land acquisition, development and sale of over 8,000 homes since the company's inception
- Has been in residential land development business since the mid-1990s
- Currently serves on Residential Neighborhood Development Council for the Urban Land Institute

Charles Merdian, CPA

Chief Financial Officer

- CFO since June 2010 and Controller from 2004 through 2010
- Certified Public Accountant with 15 years of experience in residential real estate and homebuilding finance
- Previously with The Woodlands Operating Company, Williamson-Dickie Manufacturing Co. and Coopers & Lybrand L.L.P

One of the Nation's Fastest Growing Homebuilders



Founded in 2003, LGI Homes (NASDAQ: LGIH) has delivered over 8,000 homes

Focus on entry level homebuyers

Profitable every year since inception

Never taken an inventory impairment

Proven ability to expand into new markets

Focused on growth:

- 34 active communities in 11 markets across 7 states
 - 55% increase YoY in active communities
- Own and control ~22,000 lots
 - ~98% increase YoY in owned and controlled lots
- LTM revenue of \$352 million and closings of 2,200 homes
 - 36% increase YoY in quarterly home sales revenues
 - 24% increase YoY in quarterly home closings

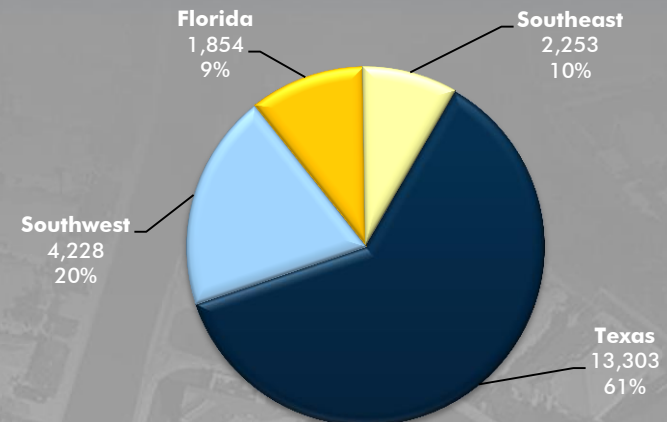
Note: Growth metrics calculated using 9/30/13 pro forma figures, adjusted for LGI/GTIS Joint Ventures not consolidated prior to the IPO

Source: Company SEC filings as of 9/30/14

Attractive Markets with Favorable Growth Characteristics



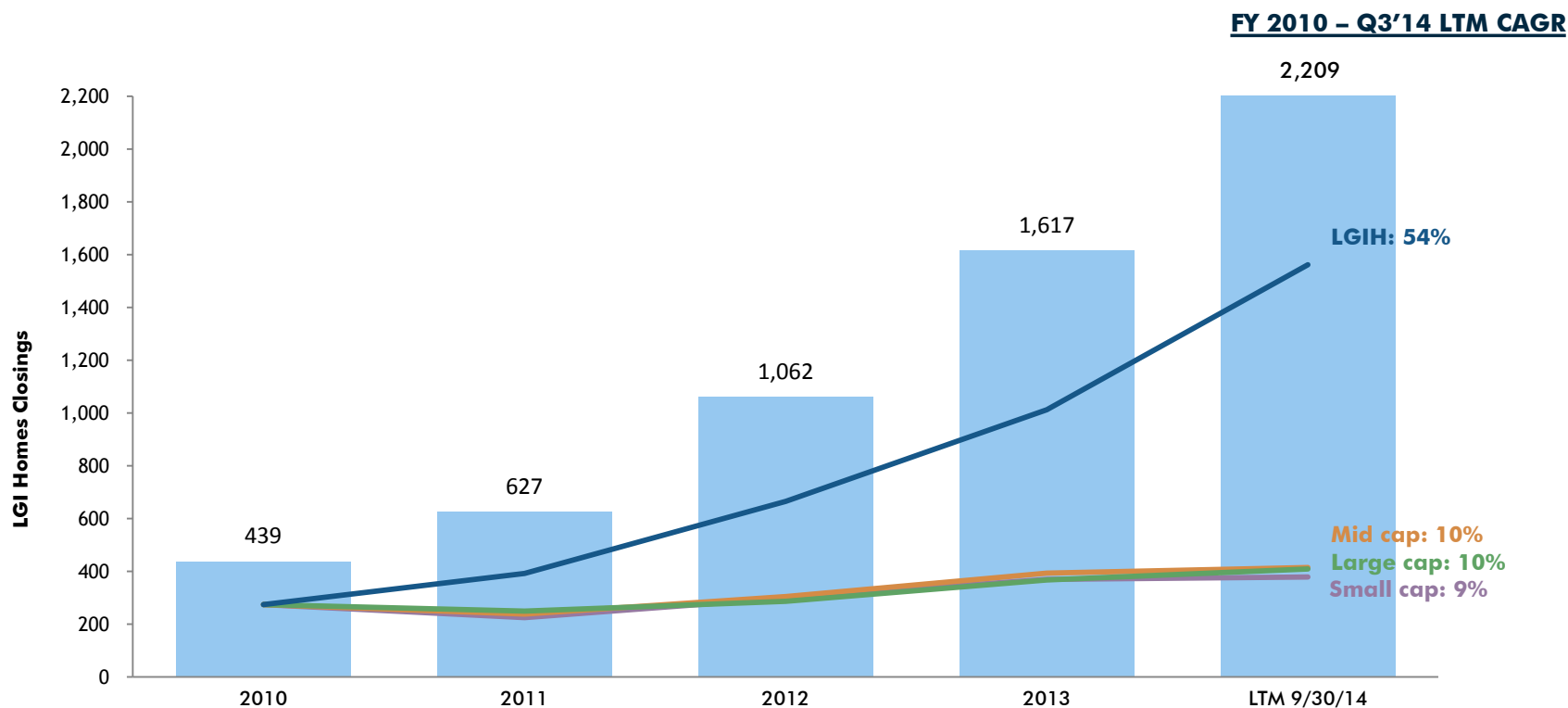
Holdings by Division: Owned and Controlled Lots as of September 30, 2014



Superior Growth...



Average Annual Home Closings 2010 – 2014 YTD



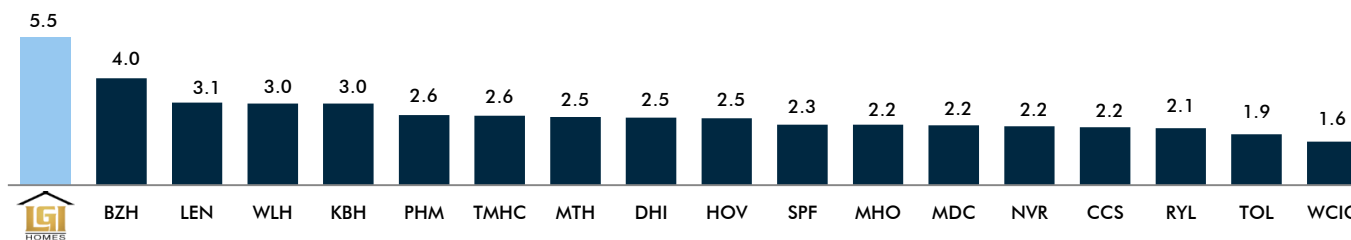
Note: Small cap peers include MHO, BZH, HOV, and WLH; Mid cap peers include MTH, SPF, RYL, KBH, and MDC; Large cap peers include TOL, DHI, LEN, NVR, PHM, and TMHC; Excludes CCS and WCIC due to lack of sufficient public disclosure to calculate the metric; LGI home closings calculated using pro forma figures, adjusted for LGI/GTIS Joint Ventures not consolidated prior to the IPO

Source: SNL Financial

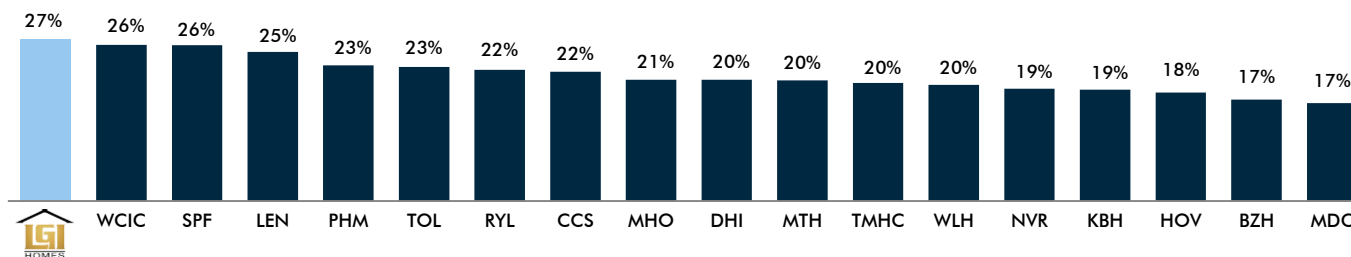
...While Maintaining Industry Leading Financial Performance



**MRQ
Absorption
(deliveries/
community/
month)¹**



**MRQ
homebuilder
gross margin**



Source: Most recent public homebuilder peer SEC filings

¹ Based on reported active communities, may not be comparable

Unique and Proven Operating Model...



We have demonstrated the ability to profitably take our model to new markets.



Differentiated Sales & Marketing Approach



- Unique & highly successful marketing system proven to convert renters into new homeowners
- Weekly distribution of approximately 300,000 direct mailings to renters within a 25-mile radius of our active communities
- Minimal reliance on realtors
- 3-5 Sales Representatives and one Sales Manager at each office
- Open 360 days a year 8:30am - 8:00pm
- Onsite independent mortgage brokers assist customers with financing
- Move-in ready inventory



"I can't thank LGI Homes enough for giving me the opportunity to own my first home! I couldn't be happier with the home I chose."

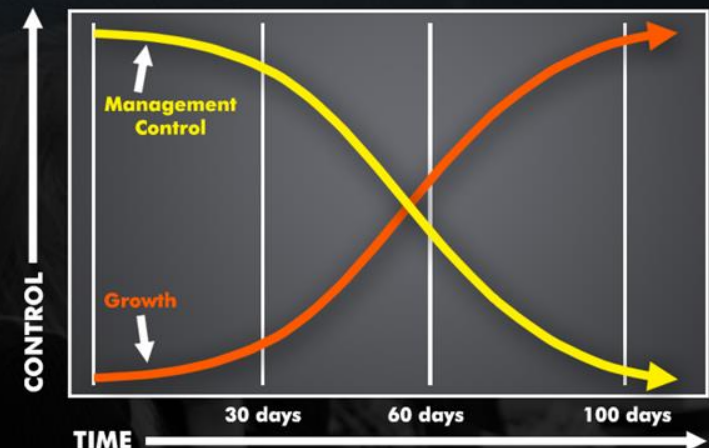
Commitment to Effective Training



- Comprehensive 100-day introductory training program
 - 30 days of in-depth, in-house education about our time-proven selling strategies
 - 70 days of hands-on training
- Weekly national sales call and training sessions held in each sales office
- Monthly regional training events for sales and construction
- Quarterly corporate training events for sales managers, construction managers and the executive team
- Annual company-wide conference that leverages best practices across the organization



Overview of 100 Day Training Process



Superior Construction Process Resulting in High Inventory Turnover

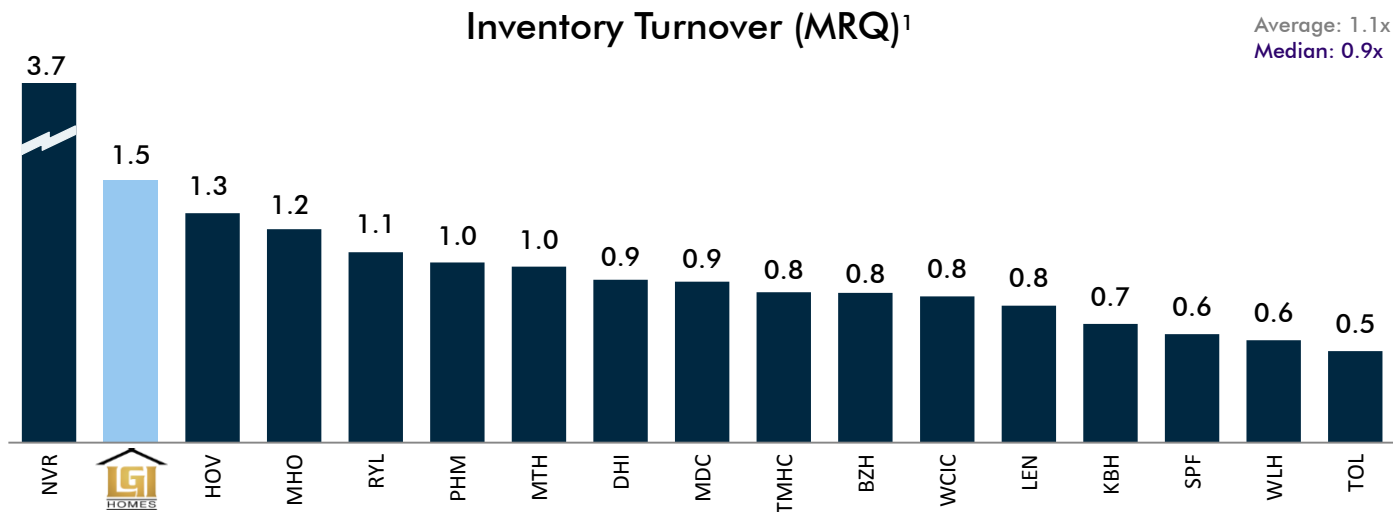


- Shorter and consistent build times

- By eliminating model homes and customized options, we simplify our construction and purchasing processes, enabling us to achieve consistent and shorter build times

- High inventory turnover

- 1.5x LTM as of 09/30/14, significantly higher than the 1.1x average of our public homebuilder peers



Note: NVR is not drawn to scale

Source: Public homebuilder peer SEC filings; calculated as LTM cost of sales / average owned inventory

¹ Excludes CCS due to lack of sufficient public disclosure to calculate the metric

Flexible & Value-Oriented Land Acquisition Strategy



- We pursue a flexible land acquisition strategy of purchasing or optioning finished lots, at attractive prices, or purchasing raw land for residential development
 - Demonstrable expertise in converting raw land into residential communities given our history as a successful land developer
- We target land that is away from city centers, but still close to major thoroughfares, retail districts and centers of business
 - Less competition when acquiring land leads to more attractive cost basis
 - Allows us to provide our potential homebuyers with homes at more affordable prices in locations with access to retail and employment centers
- Prior to land acquisition, we employ a comprehensive test marketing strategy to ensure consumer demand meets our requirements
- Ability to adapt to changing market conditions
 - We leverage our land development expertise where finished lots are scarce or expensive



Multiple Avenues for Continued Growth

Organic growth

- Expansion in existing markets
 - Favorable demographic and economic trends
 - Value oriented land acquisitions with proximity to major thoroughfares, retail and business centers
- Selectively expand into new markets
 - Target markets with favorable supply and demand dynamics
 - Markets with large and growing rental populations



Product expansion

- Increase product offerings with home deliveries at various price points to cater to local demand
- Customize sales and marketing efforts and allow expansion of target buyer group



Corporate acquisitions

- Ability to add scale through the acquisition of appropriately positioned homebuilders
- Immediate growth opportunity
- Acquired builder adopts LGI's proven operating model and shares best practices



Expanding into Higher Price Points in Existing Markets to Capitalize on Demand



Great Lakes series



TERRATA HOMES



Financial Highlights



3Q 2014 Earnings Highlights



LGI Homes continues to deliver on growth

Closings

- 24% increase YoY in quarterly home closings
- 53% increase YoY in YTD closings

Active selling communities

- 34 active communities in 11 markets across 7 states
- 55% increase YoY in active communities

Owned and controlled lots

- ~98% increase YoY

Home sales revenue

- 36% increase YoY in quarterly home sales revenue
- 68% increase YoY in YTD home sales revenue

Average sales price

- Reached new high at ~\$166,000 for the quarter
- 9% increase YoY in quarterly average sales price

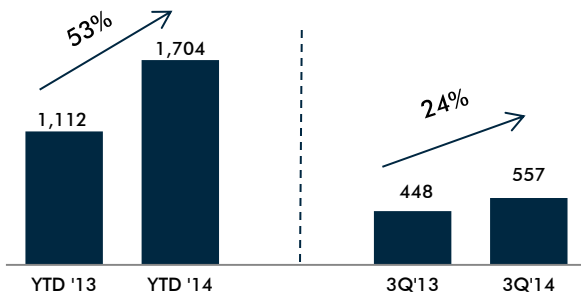
Attractive and consistent adjusted gross margins

- 27.9% YTD'14 compared to 27.9% YTD'13

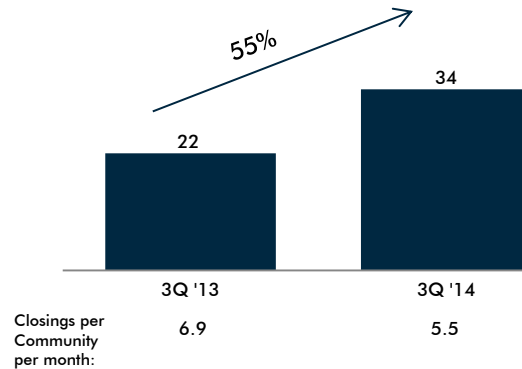
Note: Growth metrics calculated using 9/30/13 pro forma figures, adjusted for LGI/GTIS Joint Ventures not consolidated prior to the IPO
Source: Company SEC filings as of 9/30/14

Significant Operating Momentum

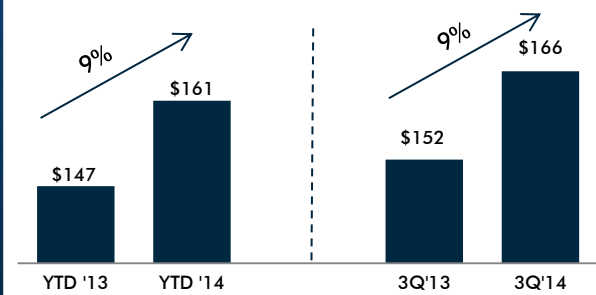
Closings



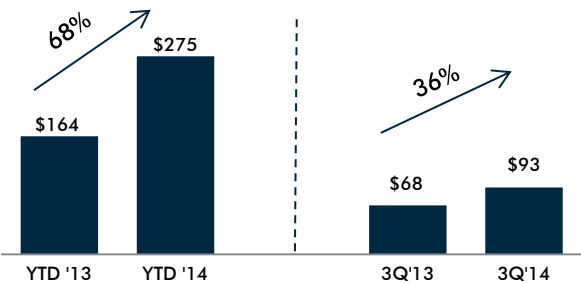
Active Selling Communities



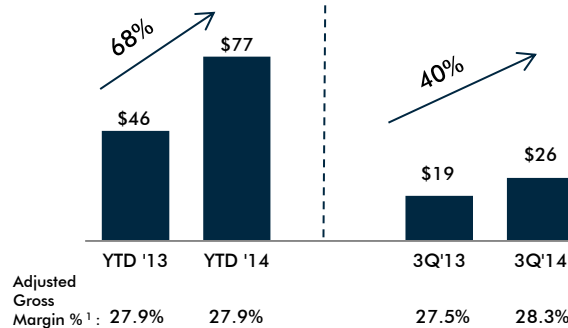
Average Sales Price (\$000s)



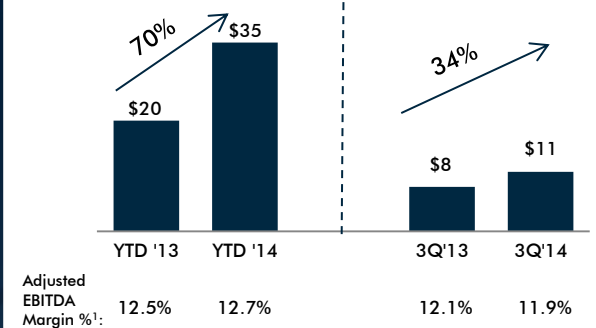
Total Revenue (\$ millions)



Adjusted Gross Margin (\$ millions)



Adjusted EBITDA (\$ millions)



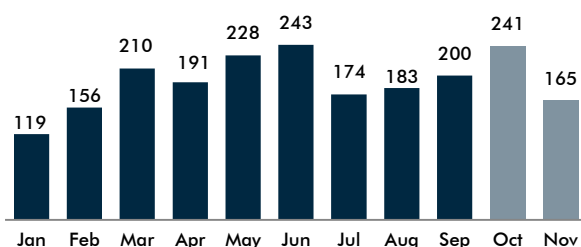
Note: All 2013 metrics are pro forma figures, adjusted for the LGI/GTIS Joint Ventures not consolidated prior to the IPO; see appendix for a reconciliation of non-GAAP measures

¹ Calculated as a percentage of home sales revenues

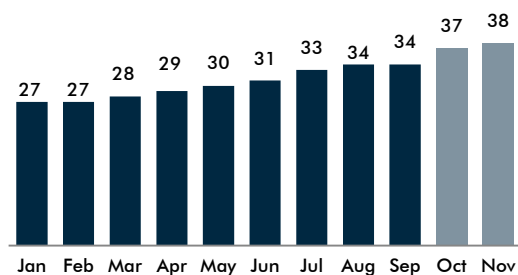
2014 Trends



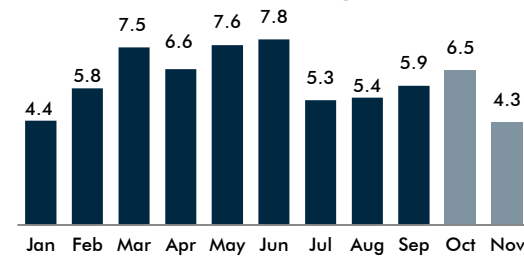
Closings



Active Selling Communities



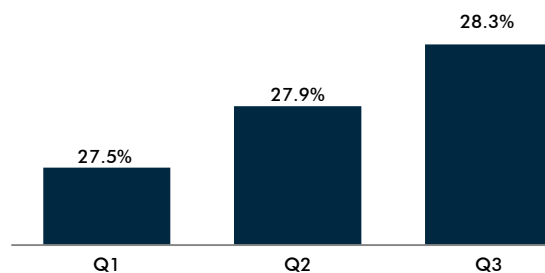
Average Closings per Community



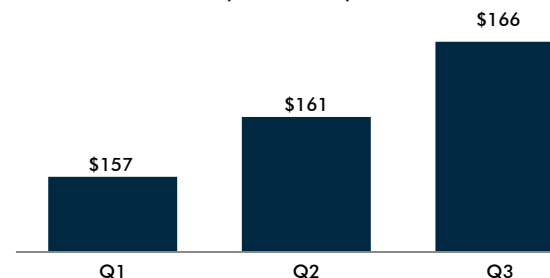
Total Revenue (\$ millions)



Adjusted Gross Margin %¹



Average Sales Price (\$ in 000s)



See appendix for a reconciliation of non-GAAP measures

¹ Calculated as a percentage of home sales revenues

Growth-Oriented Capital Structure



The Company has significant liquidity to opportunistically fund its growth initiatives.

- Pro forma net debt to net book capitalization of ~44% and total debt to total book capitalization of ~59% as of Sept 30, 2014¹
- Pro forma cash of \$113mm¹
- \$175mm revolving credit facility recently upsized to \$200mm

Pro Forma Capitalization (\$ millions)

(\$ in millions)	As of 9/30/2014	Convertible notes offering adjustment	Pro forma
Cash and cash equivalents	\$46	\$65 ²	\$113
\$200mm senior secured credit facility maturing 2017 ³	\$160		\$160
New convertible notes due 2019 ⁴	-	85	85
Total debt	\$160	85	\$245
Total book equity ¹	\$186	(17)	\$169
Total book capitalization	\$347		\$415
<u>Credit statistics</u>			
LTM Adjusted EBITDA ⁵	\$43		\$43
Inventory + cash	\$338	\$65	\$403
Total debt / Total book capitalization	46%		59%
Net debt / Net book capitalization	38%		44%
Total debt / LTM Adjusted EBITDA	3.7x		5.7x
Net debt / LTM Adjusted EBITDA	2.7x		3.1x
Inventory + cash / Total debt	2.1x		1.6x

¹ These metrics give effect to the use of \$16.5 million of the net proceeds of the recent convertible notes offering to repurchase shares of our common stock from some of the purchasers of the convertible notes

² Reflects net proceeds of the recent convertible notes offering, net of offering costs, selling discounts and repurchased shares

³ Outstanding borrowings mature depending on asset category through 2017

⁴ Aggregate principal amount does not reflect bifurcation related to GAAP accounting

⁵ See appendix for reconciliation of Adjusted EBITDA, a non-GAAP financial measure



Appendix





Adjusted Gross Margin Reconciliation

(\$ in thousands)	3 months ended		9 months ended	
	September 30, 2013	September 30, 2014	September 30, 2013	September 30, 2014
Home sales revenue	\$67,997	\$92,516	\$163,966	\$274,848
Cost of home sales	49,429	67,256	118,856	201,661
Gross margin	\$18,568	\$25,260	\$45,110	\$73,187
Capitalized interest charged to cost of sales	114	473	700	1,147
Purchase accounting adjustment ¹	-	434	-	2,448
Adjusted gross margin	\$18,682	\$26,167	\$45,810	\$76,782
Gross margin % ²	27.3%	27.3%	27.5%	26.6%
Adjusted gross margin % ²	27.5%	28.3%	27.9%	27.9%

Note: All 2013 metrics are pro forma figures, adjusted for the LGI/GTIS Joint Ventures not consolidated prior to the IPO

¹ Adjustment results from the application of purchase accounting in connection with the GTIS Acquisition and represents the amount of the fair value step-up adjustment to real estate inventory and lot option contracts sold during the three and nine months ended 9/30/14

² Calculated as a percentage of home sales revenue



Adjusted EBITDA Margin Reconciliation

(\$ in thousands)	3 months ended		9 months ended		LTM
	September 30, 2013	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2014
Net income	\$7,787	\$7,046	\$19,010	\$20,677	\$23,330
Interest expense	41	-	47	-	4
Income taxes	209	3,488	440	10,828	11,648
Depreciation and amortization ¹	129	171	384	471	660
Capitalized interest charges to cost of sales	114	473	700	1,147	1,551
Purchase accounting adjustment	-	434	-	2,448	6,221
Other income, net	(49)	(628)	(98)	(663)	(663)
Adjusted EBITDA	\$8,231	\$10,984	\$20,483	\$34,908	\$42,751
Adjusted EBITDA margin % ²	12.1%	11.9%	12.5%	12.7%	13.1%

Note: All 2013 metrics present and LTM'14 metrics include pro forma figures, adjusted for the LGI/GTIS Joint Ventures not consolidated prior to the IPO

¹ Depreciation and amortization expenses includes amortization related to the marketing intangible asset

² Calculated as a percentage of home sales revenue



Adjusted Gross Margin Reconciliation

(\$ in thousands)	3 months ended	
	March 31, 2014	June 30, 2014
Home sales revenue	\$75,919	\$106,412
Cost of home sales	56,389	\$78,016
Gross margin	\$19,530	\$28,396
Capitalized interest charged to cost of sales	277	396
Purchase accounting adjustment ¹	1,091	923
Adjusted gross margin	\$20,898	\$29,715
Gross margin % ²	25.7%	26.7%
Adjusted gross margin % ²	27.5%	27.9%

¹ Adjustment results from the application of purchase accounting in connection with the GTIS Acquisition and represents the amount of the fair value step-up adjustment to real estate inventory and lot option contracts sold during the three months ended 3/31/14 and 6/30/14

² Calculated as a percentage of home sales revenue



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