



INVESTOR PRESENTATION

SEPTEMBER 2020

CAUTIONARY STATEMENT

Forward-Looking Statements

This presentation includes statements concerning our expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are not historical facts. These statements are “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those expressed or implied by these statements. You can generally identify our forward-looking statements by the words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “objective,” “plan,” “potential,” “predict,” “projection,” “should,” “will” or other similar words. The statements in this presentation that are not historical statements, including statements regarding LGI Homes, Inc.’s (“LGI Homes”) future expectations, beliefs, plans, objectives, financial conditions, assumptions or future events or performance, are forward-looking statements within the meaning of the federal securities laws. LGI Homes has based its forward-looking statements on its management’s beliefs and assumptions based on information available to its management at the time the statements are made. LGI Homes cautions you that assumptions, beliefs, expectations, intentions and projections about future events may and often do vary materially from actual results. Therefore, LGI Homes cannot assure you that actual results will not differ materially from those expressed or implied by its forward-looking statements. Please read LGI Homes’ most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q filed thereafter and other filings with the Securities and Exchange Commission for a discussion of some of the factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement. LGI Homes expressly disclaims any intent, obligation or undertaking to update or revise any forward-looking statements to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

Use of Non-GAAP Financial Measures

In addition to the financial statements presented in accordance with U.S. generally accepted accounting principles (“GAAP”), LGI Homes uses certain non-GAAP financial measures, including “adjusted gross margin.” Adjusted gross margin is a non-GAAP financial measure used by management as a supplemental measure in evaluating LGI Homes’ operating performance. LGI Homes defines adjusted gross margin as gross margin less capitalized interest and adjustments resulting from the application of purchase accounting included in the cost of sales. Other companies may not calculate adjusted gross margin or other non-GAAP financial measures in the same manner as LGI Homes and therefore such information may not be directly comparable to those measures of LGI Homes’ performance. A reconciliation of adjusted gross margin to gross margin, the GAAP financial measure that management believes to be most directly comparable, is included in the Appendix at the end of this presentation. References to LTM, or last 12 months, in this presentation are to the 12 months ended June 30, 2020.



COMPANY HIGHLIGHTS

Founded in 2003, LGI Homes is one of the nation's **fastest growing** homebuilders. Currently recognized as the 10th largest residential builder in America based on units closed, LGI Homes' unique business model is focused on offering entry-level homebuyers quality homes at affordable prices through a well-established sales and marketing approach, a culture of customer service excellence, and a highly efficient construction process.

FOCUS ON PERFORMANCE

LGI HOMES AT A GLANCE

LAST 12 MONTHS

\$2.0 BILLION REVENUE

8,358 HOME CLOSINGS

6.5 AVERAGE ABSORPTIONS

23.9% GROSS MARGIN ⁽¹⁾ ⁽²⁾

25.9% ADJUSTED GROSS MARGIN ⁽²⁾ ⁽³⁾

25.9% RETURN ON EQUITY

34 MARKETS IN **18** STATES ⁽⁴⁾

44,307 OWNED & CONTROLLED LOTS ⁽⁴⁾

40,000+ HOMES CLOSED SINCE FOUNDING

1) Gross margin is defined as home sales revenues less cost of sales

2) Calculated as a percentage of home sales revenues

3) Adjusted gross margin is defined as gross margin adjusted for capitalized interest and adjustments resulting from the application of purchase accounting included in cost of sales. See the Appendix for a reconciliation of adjusted gross margin to gross margin

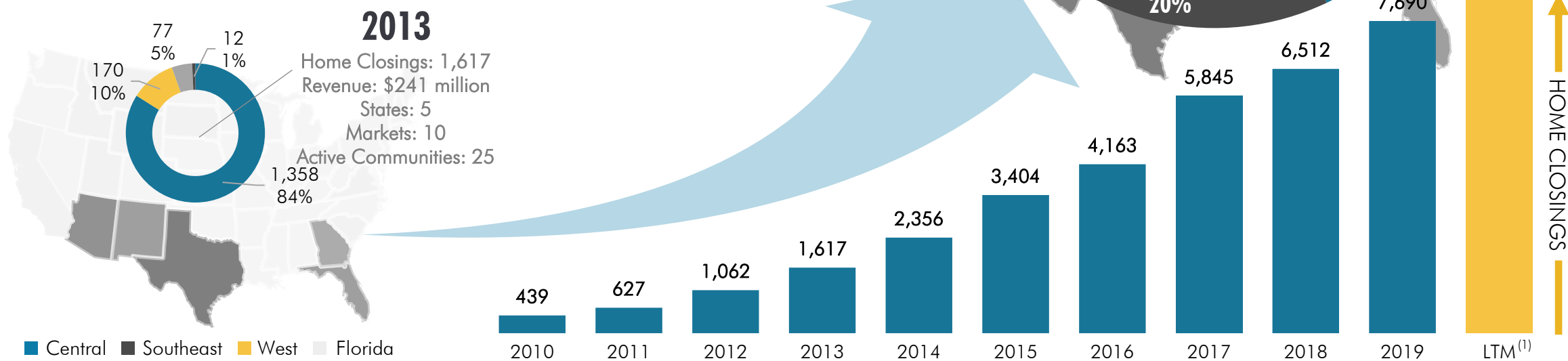
4) As of June 30, 2020

FOCUS ON GROWTH

BUILDING OUR BUSINESS

LGI Homes’ unique operating model has driven rapid growth. Between 2013 and 2019, we grew our home closings 376% and our revenue 663% (a compounded annual growth rate of over 40%) while expanding from 5 to 18 states and 10 to 31 markets.

Since our initial public offering in 2013, we have significantly diversified our business geographically. In 2013, our Central division represented 84% of our home closings compared to just 43% in 2019.



Note: 2010 – 2013 home closings are pro forma figures and include home closings for the LGI/GTIS Joint Ventures not consolidated prior to LGI Homes’ IPO in 2013
1) LTM period as of June 30, 2020

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Affordable Alternative to Renting

Target Customer: Renters and First Time Homebuyers



Move-In Ready Inventory

100% Spec Homes – All upgrades included

Attractive, outlying suburban communities that are conveniently located near retail districts and business centers



Professionally Trained Sales Representatives

Information Centers are generally staffed by 2 to 5 trained sales professionals and are open approximately 12 hours per day, 359 days per year



Marketing Excellence

Unique and highly successful marketing system proven to convert renters into new homeowners

Direct to consumer model limits reliance on realtors



Superior Homebuilding & Land Acquisitions Strategy

Flexible land acquisition strategy of purchasing or optioning finished lots and raw land for development



FOCUS ON OUR UNIQUE BUSINESS MODEL

THE LGI DIFFERENCE

We utilize a well-established sales and marketing approach, a culture of customer service excellence, a disciplined land acquisition and development strategy and a highly efficient home construction process.

Standard Processes & Procedures

...

LGI Homes is a systems-based company with an “LGI Way” for everything we do. Our focus on systems and procedures provides employees with the tools they need to be successful and allows for our processes to be replicated in every market where we operate.

Manuals

...

Manuals are the backbone to our systematic approach. Most roles at LGI Homes have a comprehensive manual, outlining the specific instructions and the “LGI Way” for the daily operations required. This allows for clear expectations, ongoing training, and duplicable roles that we can take to new markets.

Comprehensive Training

...

We are focused on providing our people with world-class training and continuous development. Every employee experiences 100 days of training where they dive into our LGI Homes culture and learn the ins and outs of the “LGI Way”. Our rigorous training program provides the tools needed for our people to succeed.



FOCUS ON CONSISTENCY

A SYSTEMS-BASED COMPANY

FOCUS ON PEOPLE

Hire the Best

LGI Homes has a proven record of identifying and attracting the best talent and providing those individuals with world-class training and continuous development. Our culture is focused on our Company's shared success along with recognizing and rewarding individual excellence.

Commitment to Recruiting, Training and Development

- ▶ We directly invest in our new employees through an intensive 100-day introductory training program that includes in-person training at our headquarters personally led by LGI Homes' CEO and COO, and additional role-specific training at employees' local divisions.
- ▶ Monthly goal setting is an integral part of our culture that creates an atmosphere of personal achievement that is aligned with our Company's shared expectations of excellence and growth.
- ▶ As a result of our people-first culture, we are regularly recognized locally and nationally as one of the best companies to work for.

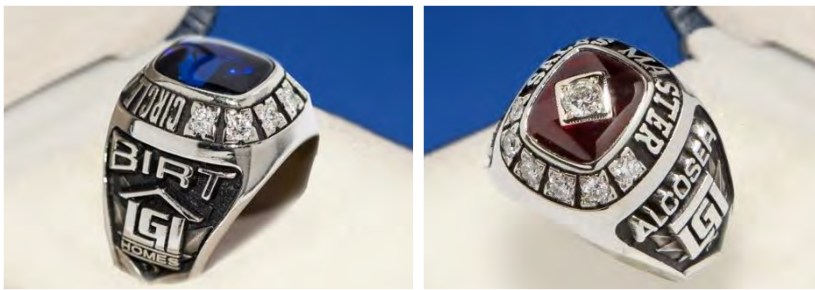
Florida Trend's 2020 **BEST**
COMPANIES
TO WORK FOR IN FLORIDA

15th Anniversary
Best Companies
to Work for in
Texas
2020

azcentral.
TOP COMPANIES
TO WORK FOR
IN ARIZONA 2020

Recognizing and Rewarding Excellence

- ▶ LGI Homes offers all employees attractive health benefits, a 401(k) plan with Company matching, an employee stock purchase plan, paid vacation and personal time off, new home purchase discounts and annual bonuses.
- ▶ Additionally, LGI Homes' top performers are recognized with Company organized events, loyalty rings, and employee photos on the NASDAQ MarketSite display in Times Square.



INVENTORY MANAGEMENT



Vertical Construction

We maintain a target of 4 to 6 months of expected home closings in vertical construction at any one time.



Raw Land, Land Under Development & Finished Lots

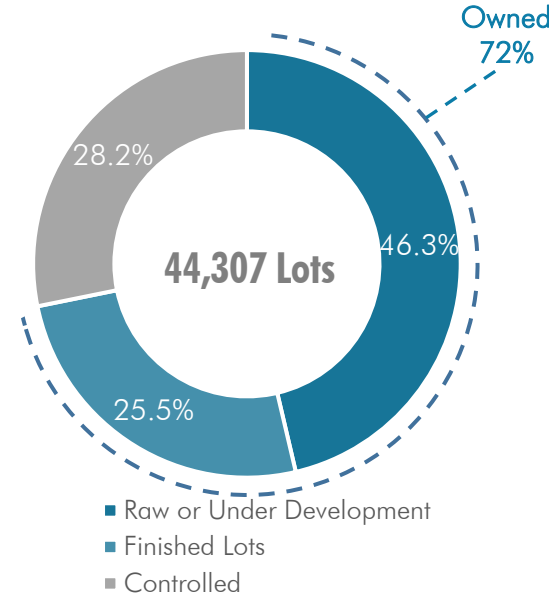
We expect to maintain a 3 to 5 year forward supply of owned lots in various stages of development at any one time. Years supply of inventory as of June 30, 2020 was 5.3 years based on LTM home closings of 8,358.



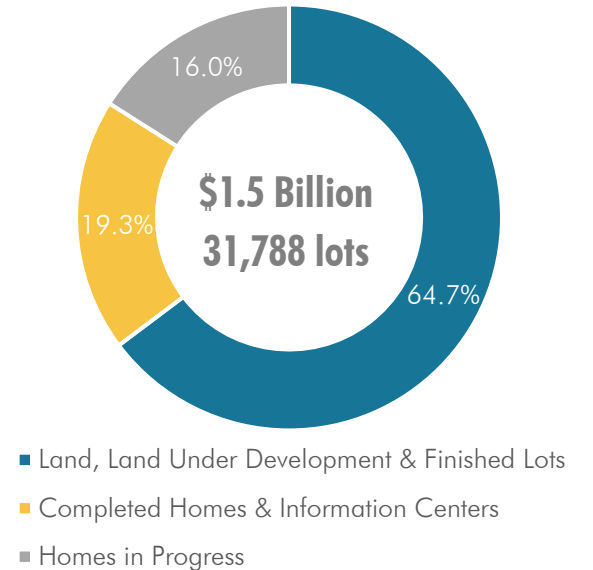
Owned & Controlled

As of June 30, 2020, we had 44,307 owned and controlled lots. Approximately 72%, or 31,788 lots, were owned and total investment in land and vertical construction was approximately \$1.5 billion.

Total Lot Inventory (Units)



Real Estate Inventory (Value)



Real Estate Inventory by Reportable Segment (as of 6/30/20)

	LTM Home Closings	Owned Lots	Controlled Lots	Total Lots
Central	3,326	15,506	4,295	19,801
Southeast	1,964	9,700	4,583	14,283
Northwest	940	2,097	953	3,050
West	1,101	1,987	1,592	3,579
Florida	1,027	2,498	1,096	3,594
Total	8,358	31,788	12,519	44,307

Full-Time CM On Site

A highly trained, full-time Construction Manager on each site builds according to our manual and walks each home multiple times per day to ensure consistency and quality.

Even Flow Production

Consistent and efficient year-round work that will increase as sales increase in each project.

Set Building

By starting and building sets of 3 to 4 homes simultaneously on adjacent home sites, we optimize our pace of construction.

We Pay On Time, Every Time

We highly value our Trade Partners and pay them by direct deposit every Friday.

4-6 Plans Per Community

4-6 plans per community allows for consistency and standard components in order to maintain an average home completion time of approximately 75 to 100 days.

Clean Job Sites

A commitment to cleanliness promoting safety, efficiency, and higher quality construction.

Zero Options and No Changes

By standardizing and including all the features and finishes entry-level buyers desire, we eliminate customization and can build 100% to Spec.

Advanced Scheduling System

Real-time updates and guaranteed schedules ensure efficient subcontractor progress.



FOCUS ON QUALITY AND EFFICIENCY

HomeBUILDING EXCELLENCE

Building 100% spec homes eliminates options and potential changes, allowing for efficient build times of 75 to 100 calendar days. Our commitment to jobsite cleanliness promotes safety, efficiency, and results in higher quality, move-in ready homes for first time homebuyers. Beyond creating efficiencies, our efficient construction process generates significant loyalty from our trade partners who value our structure and the dependability of workflow it creates.



FOCUS ON CONTINUED GROWTH

BECOME A TOP 5 BUILDER

In 2018 and 2019, LGI Homes was ranked 10th among the largest public and private homebuilders on *Builder Magazine's* Builder 100 list.

We plan to double the size of our business through a combination of deepening our positions in existing markets, growing our wholesale operations in line with total closings and pursuing selected M&A opportunities where they match our business objectives.



Organic Growth

Expand in existing and recently entered markets, as well as selective expansion into new markets.



LGI LIVING

Our wholesale business, LGI Living, opportunistically sells units to single-family rental investors at similar operating margins. We closed 583 homes (7.6%) on a wholesale basis in 2019.

SINCE OUR IPO IN 2013:

13
NEW
STATES ⁽¹⁾

24
NEW
MARKETS ⁽¹⁾

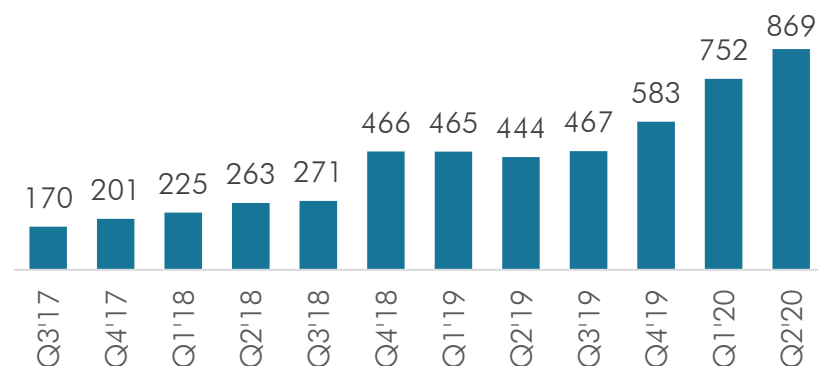
4.7x
MORE
COMMUNITIES ⁽¹⁾

376%
HOME CLOSINGS
GROWTH ⁽²⁾

663%
REVENUE
GROWTH ⁽²⁾

% of Last 12 Months Total Closings

3.3% 3.4% 3.6% 4.0% 4.2% 7.2% 7.2% 6.7% 6.6% 7.6% 9.1% 10.4%



■ Last 12 Months LGI Living Units



Highly Selective Acquisition Strategy

Acquisition targets are builders primarily focused on entry-level homes and land acquisitions that will add accretive value.

ACQUIRED IN 2018:



ACQUIRED IN 2014:



¹⁾ Based on the period ended June 30, 2020

²⁾ Growth metrics are for informational purposes only and are based on full year 2019 financial metrics and 2013 financial metrics pro forma for the GTIS Acquisition



2019
SUPPORTED OVER 70
CHARITIES NATIONWIDE

8,000
HOURS VOLUNTEERED

\$500,000
TOTAL 2019 CHARITABLE CONTRIBUTION



FOCUS ON HELPING
BUILDING BETTER COMMUNITIES

The LGI Giving initiative was created for LGI Homes employees to have a larger impact on the communities they serve through volunteerism and financial contributions.

Through this initiative, the Company has contributed over \$1,500,000 in corporate non-profit sponsorships and donated over 20,000 employee service hours since 2016.



Financial Results

Second Quarter 2020 Results

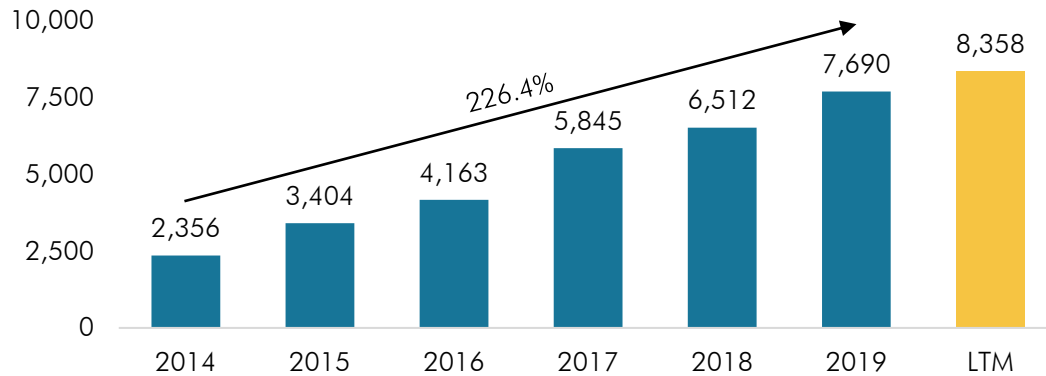
- ▶ **Home Closings: 2,005, +3.1%**
- ▶ **Home Sales Revenues: \$481.6 Million, +4.3%; Consensus: \$464.6 Million**
- ▶ **Average Sales Price: \$240,200, +1.1%**
- ▶ **Active Communities: 117 ending and 116 average during the quarter**
- ▶ **Gross Margin: 24.5%, +40 basis points**
- ▶ **Adjusted Gross Margin: 26.6%, +30 basis points**
- ▶ **Pre-Tax Net Income: \$68.6 Million, +13.3%**
- ▶ **Net Income: \$55.6 Million, +20.8%**
- ▶ **Basic EPS: \$2.22; Diluted EPS: \$2.21; Consensus: \$1.57**

Note: Metrics compared to the second quarter of 2019; Consensus figures based on analyst estimates at the time earnings were announced

STRONG OPERATING RESULTS

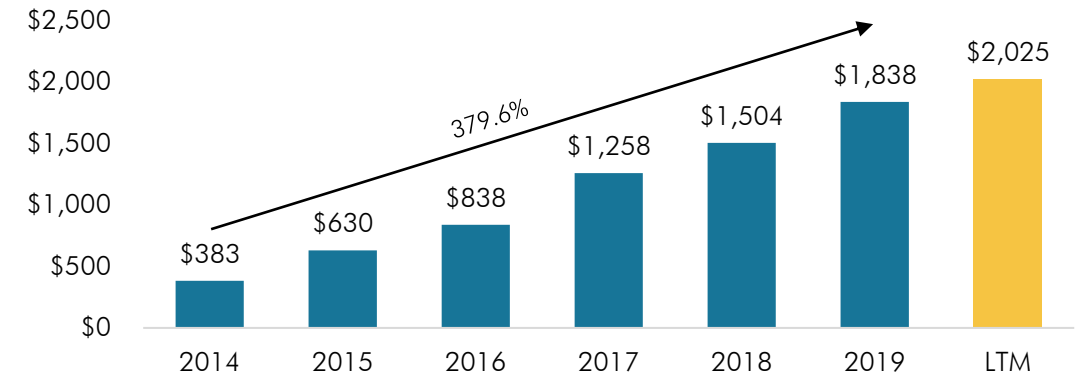
LGI HOMES HAS GENERATED STRONG OPERATING RESULTS AND SIGNIFICANT GROWTH

Home Closings (Units) ⁽¹⁾



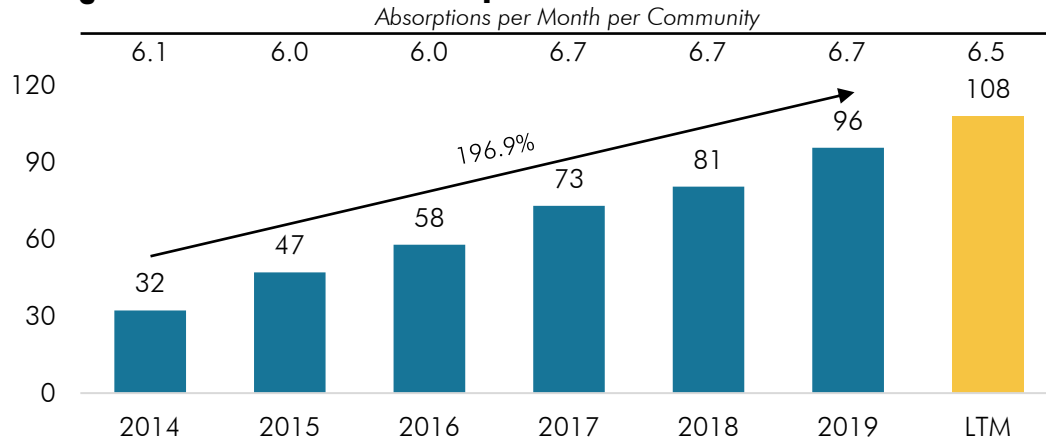
Since 2014, LGI has increased home closings at a compound annual growth rate of 26.7%...

Revenue (\$ millions) ⁽¹⁾

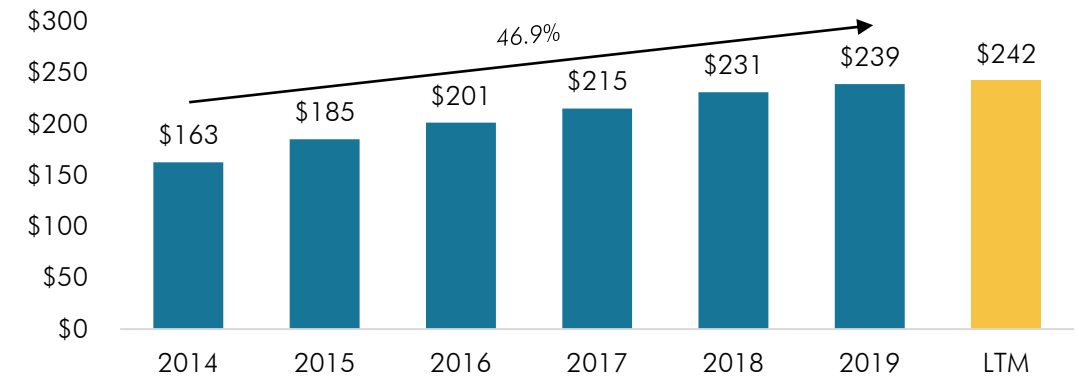


...and increased revenue at a compound annual growth rate of 36.8%

Average Communities and Absorptions ⁽¹⁾



Average Sales Price (\$ thousands) ⁽¹⁾



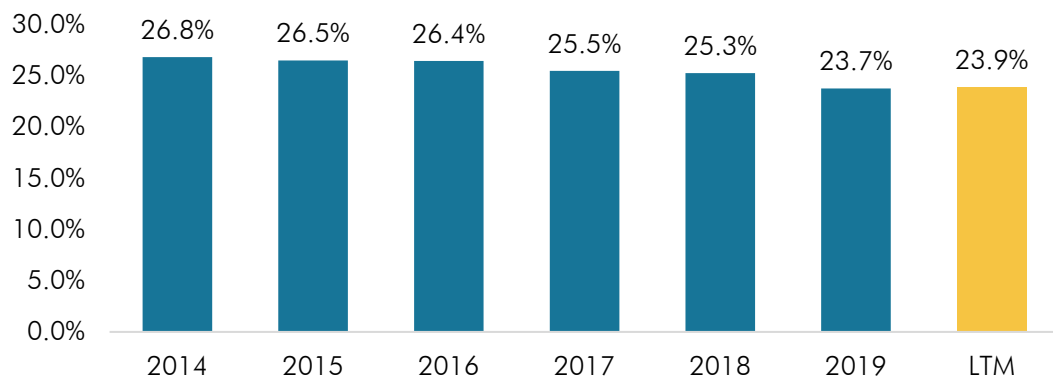
Note: LTM as of June 30, 2020

1) 2014 growth metrics are for informational purposes only and are based on 2013 financial metrics pro forma for the GTIS Acquisition

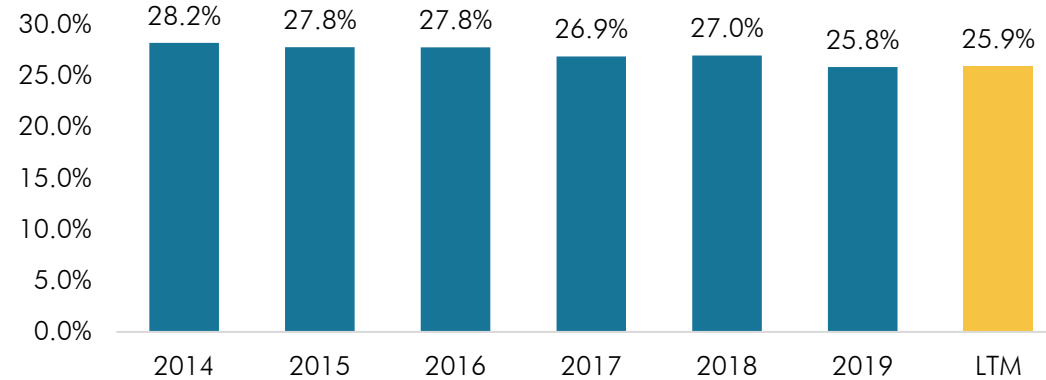
LEADING MARGINS & PROFITABILITY

ALONG WITH RAPID GROWTH, LGI HOMES HAS CONSISTENTLY GENERATED INDUSTRY-LEADING MARGINS & PROFITABILITY

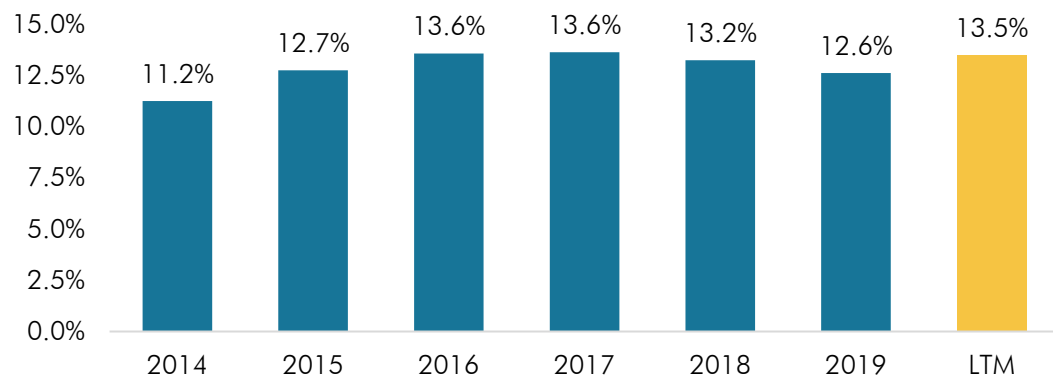
Gross Margin Percentage ⁽¹⁾ ⁽²⁾



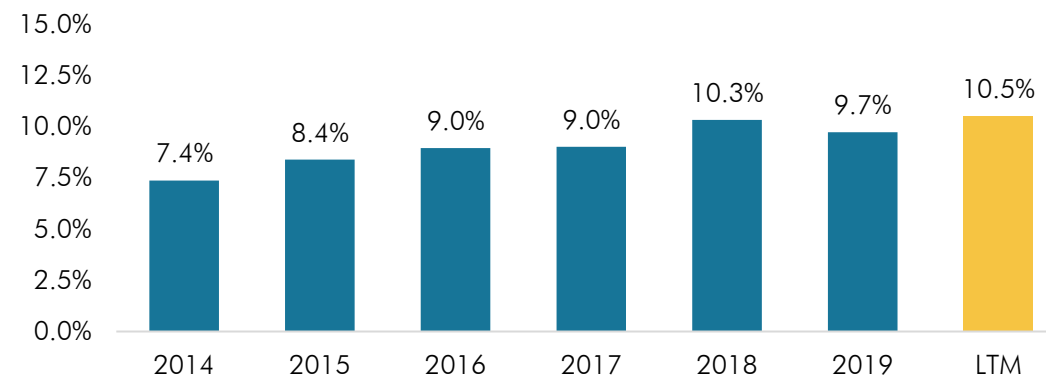
Adjusted Gross Margin Percentage ⁽²⁾ ⁽³⁾



Pre-Tax Net Income Percentage ⁽¹⁾



Net Income Percentage ⁽¹⁾



Note: LTM as of June 30, 2020

1) Gross margin is defined as home sales revenues less cost of sales

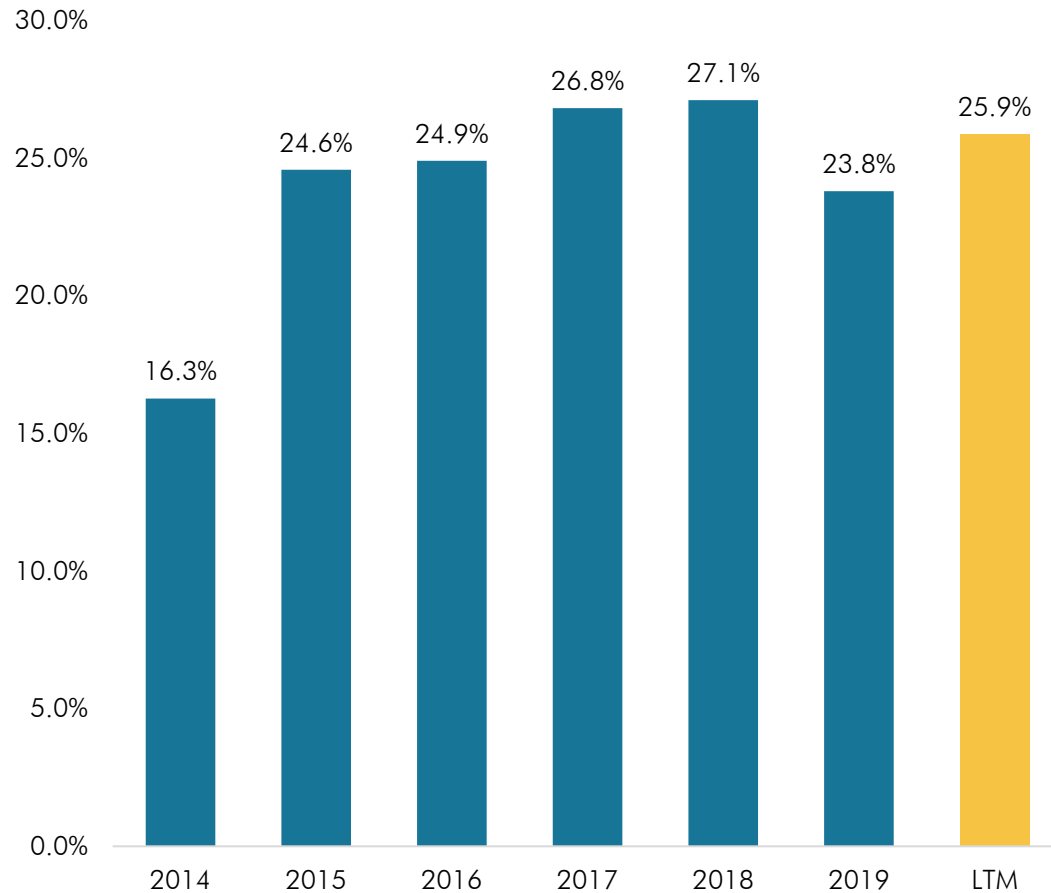
2) Calculated as a percentage of home sales revenues

3) Adjusted gross margin is defined as gross margin adjusted for capitalized interest and adjustments resulting from the application of purchase accounting included in cost of sales. See the Appendix for a reconciliation of adjusted gross margin to gross margin

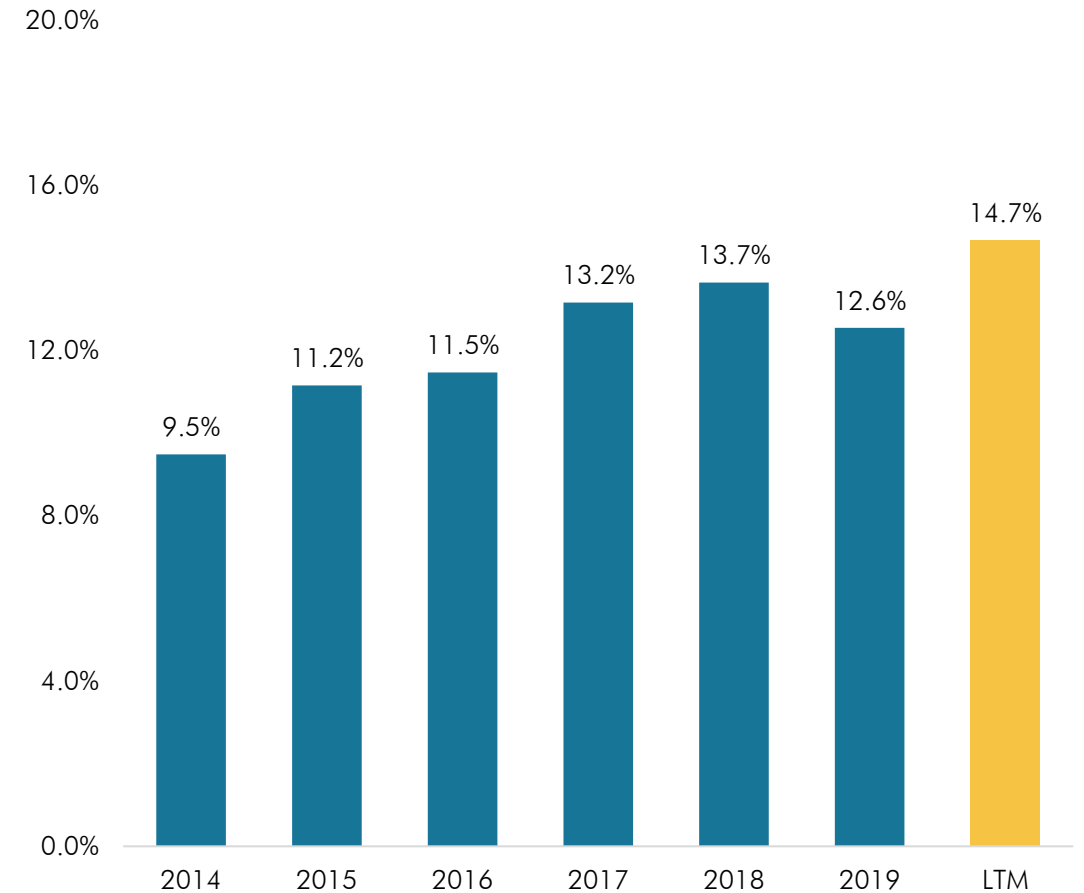
SUPERIOR RETURNS ON CAPITAL

OUR FOCUS ON PROFITABILITY AND OUR CAPITAL STRUCTURE HAS DRIVEN STRONG RETURNS FOR INVESTORS

Return on Equity ⁽¹⁾



Return on Total Capital ⁽²⁾



Note: LTM as of June 30, 2020

1) Calculated as the last twelve months of Net Income as a percentage of the average book value of Total Equity over the same period

2) Calculated as the last twelve months of Net Income as a percentage of the average book values of Debt and Total Equity over the same period

CONDENSED BALANCE SHEET

SIGNIFICANT LIQUIDITY AND ACCESS TO CAPITAL TO OPPORTUNISTICALLY FUND OUR GROWTH INITIATIVES

(\$ in thousands)	December 31, 2017	December 31, 2018	December 31, 2019	June 30, 2020
ASSETS				
Cash and Cash Equivalents	\$ 67,571	\$ 46,624	\$ 38,345	\$ 49,102
Accounts Receivable	44,706	42,836	56,390	58,230
Real Estate Inventory	918,933	1,228,256	1,499,624	1,458,258
Goodwill	12,018	12,018	12,018	12,018
Other Assets	36,664	65,739	59,738	58,767
Total Assets	<u>\$ 1,079,892</u>	<u>\$ 1,395,473</u>	<u>\$ 1,666,115</u>	<u>\$ 1,636,375</u>
LIABILITIES				
Accounts Payable and Other Liabilities	\$ 114,851	\$ 85,796	\$ 130,363	\$ 129,612
Notes Payable	475,195	653,734	690,559	587,981
Total Liabilities	<u>590,046</u>	<u>739,530</u>	<u>820,922</u>	<u>717,593</u>
EQUITY				
Common Stock	228	237	264	267
Additional Paid-In Capital	229,680	241,988	252,603	259,061
Retained Earnings	276,488	431,774	610,382	708,845
Treasury Stock, at Cost	(16,550)	(18,056)	(18,056)	(49,391)
Total Equity	<u>489,846</u>	<u>655,943</u>	<u>845,193</u>	<u>918,782</u>
Total Liabilities and Equity	<u>\$ 1,079,892</u>	<u>\$ 1,395,473</u>	<u>\$ 1,666,115</u>	<u>\$ 1,636,375</u>
Gross Debt to Capitalization ⁽¹⁾	49.2%	49.9%	45.0%	39.0%
Net Debt to Capitalization ⁽²⁾	45.4%	48.1%	43.6%	37.0%

\$49M in Cash ⁽³⁾

\$332M in Liquidity ⁽³⁾

**Net debt to cap of
37.0% ⁽³⁾**

**\$300M Senior Notes
mature in 2026**

1) Calculated as notes payable as a percentage of the sum of notes payable and total equity.

2) Calculated as notes payable less cash and cash equivalents ("net debt") as a percentage of the sum of net debt and total equity.

3) As of June 30, 2020



Appendix

HISTORICAL SECOND QUARTER OPERATING RESULTS

LGI HOMES HAS GENERATED STRONG SECOND QUARTER RESULTS THROUGHOUT ITS HISTORY

	2014	2015	2016	2017	2018	2019	2020
Home Closings	662	853	1,128	1,511	1,815	1,944	2,005
Average Active Communities	30.0	44.3	55.7	71.3	78.0	93.0	116.0
Avg. Monthly Absorption Rate	7.4	6.4	6.8	7.1	7.8	7.0	5.8
Average Sales Price	\$160,744	\$186,197	\$197,450	\$214,545	\$231,321	\$237,567	\$240,200
Home Sales Revenues (\$M)	\$106.4	\$158.8	\$222.7	\$324.2	\$419.8	\$461.8	\$481.6
Gross Margin %	26.7%	26.8%	26.5%	26.6%	26.1%	24.1%	24.5%
Adjusted Gross Margin %	27.9%	28.2%	27.8%	28.0%	27.7%	26.3%	26.6%
SGA %	13.6%	13.4%	12.7%	11.7%	11.3%	11.4%	10.4%
Pre-Tax Net Income %	13.1%	13.4%	14.1%	15.0%	14.9%	13.1%	14.2%
Effective Tax Rate %	35.0%	34.2%	34.2%	33.8%	24.0%	23.9%	18.9%
Net Income (\$M)	\$9.0	\$14.0	\$20.7	\$32.2	\$47.6	\$46.1	\$55.6
Net Income %	8.5%	8.8%	9.3%	9.9%	11.3%	10.0%	11.5%
Basic Earnings per Share	\$0.44	\$0.70	\$1.01	\$1.49	\$2.11	\$2.01	\$2.22
Diluted Earnings per Share	\$0.43	\$0.66	\$0.96	\$1.39	\$1.90	\$1.82	\$2.21

Note: Highlighted bold values represent most favorable metrics for periods shown

ANNUAL OPERATING RESULTS

DEMONSTRATED HISTORY OF OUTPERFORMANCE EVERY YEAR

	2014	2015	2016	2017	2018	2019	LTM
Home Closings	2,356	3,404	4,163	5,845	6,512	7,690	8,358
Average Active Communities	32.3	47.1	57.9	73.1	80.6	95.7	107.6
Avg. Monthly Absorption Rate	6.1	6.0	6.0	6.7	6.7	6.7	6.5
Average Sales Price	\$162,677	\$185,146	\$201,374	\$215,220	\$231,020	\$239,032	\$242,290
Home Sales Revenues (\$M)	\$383.3	\$630.2	\$838.3	\$1,258.0	\$1,504.4	\$1,838.2	\$2,025.0
Gross Margin %	26.8%	26.5%	26.4%	25.5%	25.3%	23.7%	23.9%
Adjusted Gross Margin %	28.2%	27.8%	27.8%	26.9%	27.0%	25.8%	25.9%
SGA %	15.8%	13.8%	13.1%	12.0%	12.0%	11.4%	10.6%
Pre-Tax Net Income %	11.2%	12.7%	13.6%	13.6%	13.2%	12.6%	13.5%
Effective Tax Rate %	34.5%	34.2%	34.0%	33.9%	22.0%	23.0%	22.1%
Net Income (\$M)	\$28.2	\$52.8	\$75.0	\$113.3	\$155.3	\$178.6	\$212.7
Net Income %	7.4%	8.4%	9.0%	9.0%	10.3%	9.7%	10.5%
Basic Earnings per Share	\$1.37	\$2.65	\$3.61	\$5.24	\$6.89	\$7.70	\$8.75 ⁽¹⁾
Diluted Earnings per Share	\$1.33	\$2.44	\$3.41	\$4.73	\$6.24	\$7.02	\$8.34 ⁽¹⁾

Note: Highlighted bold values represent most favorable metrics for periods shown excluding the LTM period ended June 30, 2020

1) Calculated as sum of the prior four quarters as reported

RECONCILIATION OF ADJUSTED GROSS MARGIN (NON-GAAP)

12 MONTHS ENDED DECEMBER 31 & LAST TWELVE MONTHS ENDED JUNE 30, 2020

(\$ in thousands)	2014	2015	2016	2017	2018	2019	LTM
Home Sales Revenues	\$383,268	\$630,236	\$838,320	\$1,257,960	\$1,504,400	\$1,838,154	\$2,025,059
Cost of Home Sales	280,481	463,304	616,707	937,540	1,124,484	\$1,401,675	\$1,541,658
Gross Margin	\$102,787	\$166,932	\$221,613	\$320,420	\$379,916	\$436,479	\$483,401
Capitalized Interest Charged to Cost of Sales	1,704	6,057	10,680	17,400	24,311	35,230	38,461
Purchase Accounting Adjustment ⁽¹⁾	3,620	2,131	485	246	1,408	3,324	3,613
Adjusted Gross Margin (Non-GAAP)	\$108,111	\$175,120	\$232,778	\$338,066	\$405,635	\$475,033	\$525,475
Gross Margin % ⁽²⁾	26.8%	26.5%	26.4%	25.5%	25.3%	23.7%	23.9%
Adjusted Gross Margin % ⁽²⁾	28.2%	27.8%	27.8%	26.9%	27.0%	25.8%	25.9%

- 1) Adjustments result from the application of purchase accounting related to prior acquisitions and represent the amount of the fair value step-up adjustments for real estate inventory included in cost of sales
2) Calculated as a percentage of home sales revenues



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