Beazer Homes USA, Inc
Q3 2017 Earnings Presentation

Las Vegas – Dorado Skies

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Forward Looking Statements

This Quarterly Report on Form 10-Q (Form 10-Q) contains forward-looking statements. These forward-looking statements represent our expectations or beliefs concerning future results, and it is possible that the results described in this Form 10-Q will not be achieved. These forward-looking statements can generally be identified by the use of statements that include words such as “estimate,” “project,” “believe,” “expect,” “anticipate,” “intend,” “plan,” “foresee,” “likely,” “will,” “goal,” “target” or other similar words or phrases. All forward-looking statements are based upon information available to us on the date of this Form 10-Q. These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of our control, that could cause actual results to differ materially from the results discussed in the forward-looking statements, including, among other things, the matters discussed in this Form 10-Q in the section captioned “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Additional information about factors that could lead to material changes in performance is contained in Part I, Item 1A— Risk Factors of our Annual Report on Form 10-K for the fiscal year ended September 30, 2016, as well as Item 1A of this Form 10-Q. These factors are not intended to be an all-inclusive list of risks and uncertainties that may affect the operations, performance, development and results of our business, but instead are the risks that we currently perceive as potentially being material. Such factors may include: (i) economic changes nationally or in local markets, changes in consumer confidence, declines in employment levels, inflation or increases in the quantity and decreases in the price of new homes and resale homes on the market; (ii) the cyclical nature of the homebuilding industry and a potential deterioration in homebuilding industry conditions; (iii) factors affecting margins, such as decreased land values underlying land option agreements, increased land development costs on communities under development or delays or difficulties in implementing initiatives to reduce our production and overhead cost structure; (iv) the availability and cost of land and the risks associated with the future value of our inventory, such as additional asset impairment charges or writedowns; (v) estimates related to homes to be delivered in the future (backlog) are imprecise, as they are subject to various cancellation risks that cannot be fully controlled; (vi) shortages of or increased prices for labor, land or raw materials used in housing production, and the level of quality and craftsmanship provided by our subcontractors; (vii) a substantial increase in mortgage interest rates, increased disruption in the availability of mortgage financing, a change in tax laws regarding the deductibility of mortgage interest for tax purposes or an increased number of foreclosures; (viii) our cost of and ability to access capital, due to factors such as limitations in the capital markets or adverse credit market conditions, and otherwise meet our ongoing liquidity needs, including the impact of any downgrades of our credit ratings or reductions in our tangible net worth or liquidity levels; (ix) our ability to reduce our outstanding indebtedness and to comply with covenants in our debt agreements or satisfy such obligations through repayment or refinancing;(x) increased competition or delays in reacting to changing consumer preferences in home design;(xi) continuing severe weather conditions or other related events that could result in delays in land development or home construction, increase our costs or decrease demand in the impacted areas; (xii) estimates related to the potential recoverability of our deferred tax assets, and a potential reduction in corporate tax rates that could reduce the usefulness of our existing deferred tax assets; (xiii) potential delays or increased costs in obtaining necessary permits as a result of changes to, or complying with, laws, regulations or governmental policies, and possible penalties for failure to comply with such laws, regulations or governmental policies, including those related to the environment; (xiv) the results of litigation or government proceedings and fulfillment of any related obligations; (xv) the impact of construction defect and home warranty claims, including water intrusion issues in Florida; (xvi) the cost and availability of insurance and surety bonds, as well as the sufficiency of these instruments to cover potential losses incurred; (xvii) the performance of our unconsolidated entities and our unconsolidated entity partners; (xviii) the impact of information technology failures or data security breaches; (xix) terrorist acts, natural disasters, acts of war or other factors over which the Company has little or no control; or (xx) the impact on homebuilding in key markets of governmental regulations limiting the availability of water. Any forward-looking statement speaks only as of the date on which such statement is made and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time-to-time, and it is not possible for management to predict all such factors.

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Introduction

Allan Merrill -	President & Chief Executive Officer
Bob Salomon -	EVP & Chief Financial Officer
David Goldberg -	Vice President, Treasurer

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3rd Quarter Highlights

- HB Revenue	↑
- Gross Margin	↑
- Adjusted EBITDA	↑
- Sales Pace	↑
- Net Income	↑
- Earnings Per Share	↑

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Six Levers for EPS Growth

- **Average Selling Price**
  - ASP of $340.6 thousand, up 3% YoY
- **Sales Pace**
  - 3.4 sales per community per month, up 14% YoY
- **Gross Margin**
  - 21.3%, up 60 basis points YoY
- **SG&A Leverage**
  - 12.4% of Total Revenue, down 20 basis points YoY
- **Lower Interest Expense %**
  - Interest expense as % of total revenue down 40 bps YoY

About 80% YoY EPS growth on a comparable basis

- **Community Count**
  - Reducing LHFFD, increasing land banking and option contracts

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Gatherings at Lake Nona in Orlando

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3rd Quarter Results

- **New Home Orders**
  - Absorption rate of 3.4 SCM
  - 1,595 net new orders, up 7% YoY
- **Average Selling Price (ASP in $000's)**
  - ASP of $340.6, up 3% YoY
  - 6/30 Backlog ASP of $351.8
- **Closings**
  - Backlog conversion ratio of 62%
  - 1,387 Closings
- **Community Count**
  - Average 155, ending 154
- **Homebuilding Revenue**
  - $472 million, up 5% YoY
- **Gross Margin***
  - 21.3%, up 60 basis points YoY
- **SG&A as % of Total Revenue**
  - 12.4%, down 20 basis points YoY
- **Adjusted EBITDA****
  - $44.3 million, up 16%
- **Profitability**
  - Net income of $7.1 million, up about 85% when excluding one-time expenses and recoveries
  - EPS of $0.22, up about 80% when excluding one-time expenses and recoveries

*Excludes impairments, abandonments, interest included in cost
**Details are included on the "Adjusted EBITDA Reconciliation" slide in the appendix

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"2B-10" Plan Ranges vs. LTM Results

		"2B-10" Plan Ranges	Q3 FY17 LTM Results
Revenue	Sales / Community/ Month	2.8 - 3.2	2.9
	Average Selling Price ("ASP")	$340k - $350k	$337.8k
	Average Community Count	170 - 175	157
	Total Revenue	$2.0 billion	$1.9 billion
Margin	HB Gross Margin %*	21% - 22%	20.9%
	SG&A (% of Total Revenue)**	11% - 12%	12.3%
	Adjusted EBITDA***	$200 million	$168 million

"2B-10" is a multi-year plan to reach $2 billion in Revenue and 10% EBITDA Margin

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*Excludes impairments, abandonments, interest included in cost of sales and certain warranty items
**SG&A excludes a $2.7 million write-off of a legacy investment in a development site in Q1 FY17
***Details are included on the "Adjusted EBITDA Reconciliation" slide in the appendix

4th Quarter Expectations

- **New Home Orders**
  - Relatively flat YoY
- **Closings**
  - Backlog conversion in the high 70% range
- **Average Sales Price (ASP)**
  - High $340k's, up significantly YoY
- **Gross Margin**
  - Flat to up 10 bps YoY
- **SG&A**
  - SG&A as % of Total Revenue should be down slightly YoY
- **Land Sale Revenue**
  - Flat sequentially
- **Land Spend**
  - Cash land spend around $125 million, up substantially YoY

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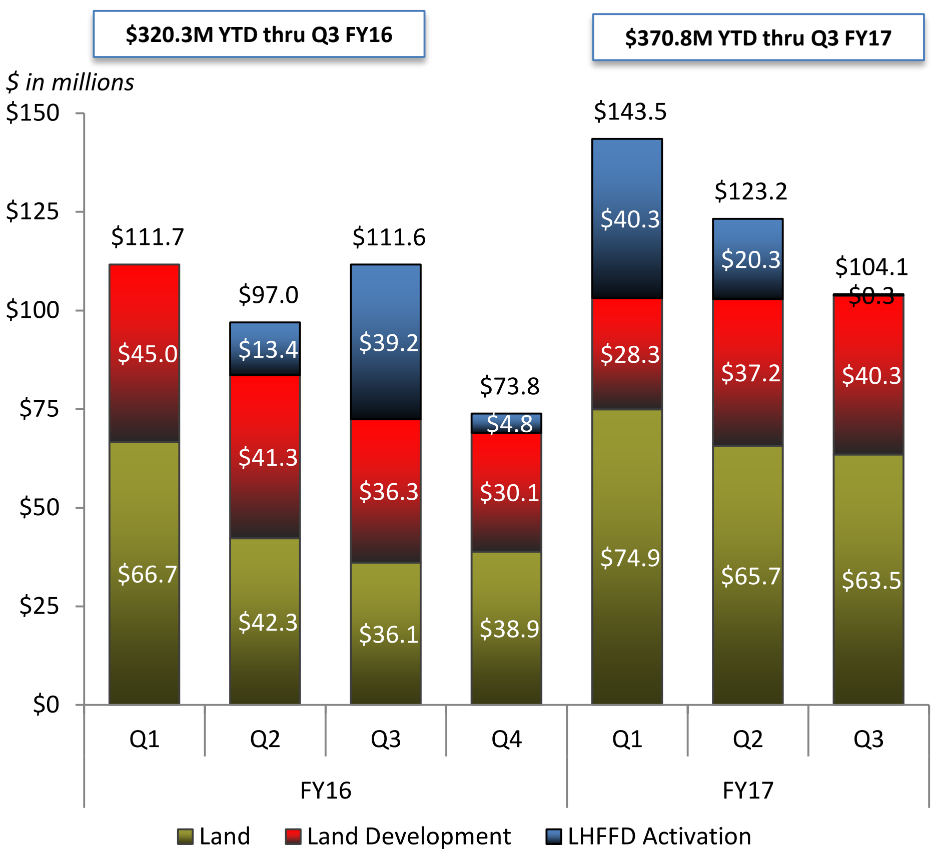
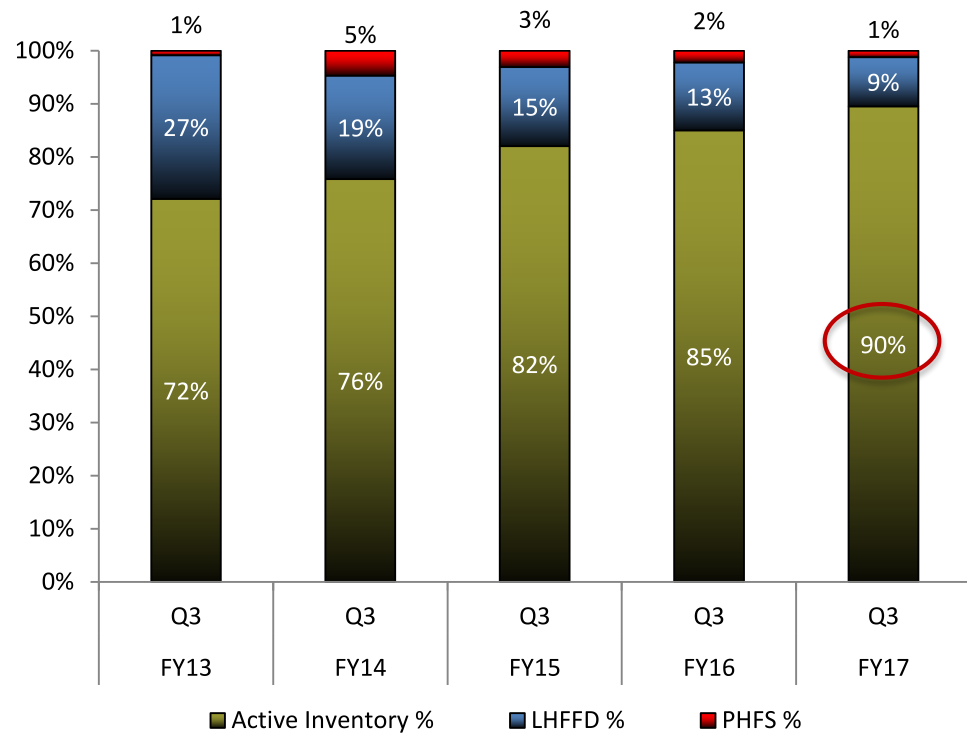
Achieving Growth with Increased Capital Efficiency

At June 30, 2017:
22,481 total controlled lots
19,768 active lots

Quarterly Land Spend



Total Inventory Dollars



Option Lots as % of Active Lots				
Q3 FY13	**Q3 FY14**	**Q3 FY15**	**Q3 FY16**	**Q3 FY17**
27%	**27%**	**28%**	**31%**	**31%**

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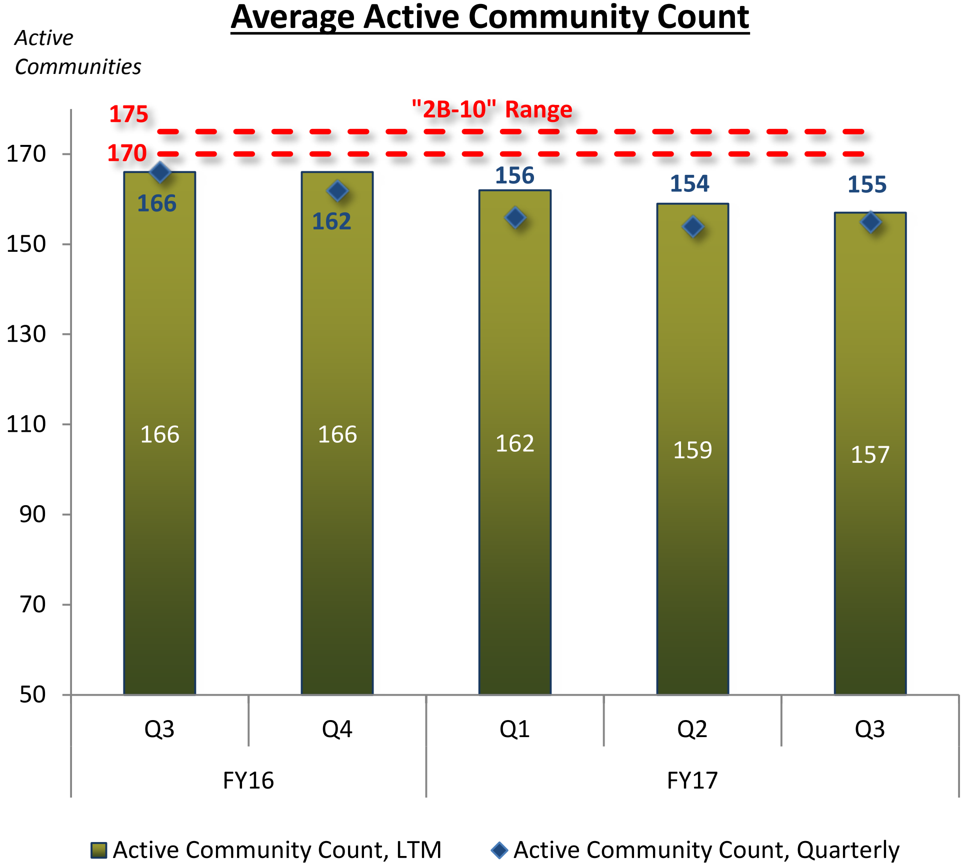
Community Count

Average Active Community Count



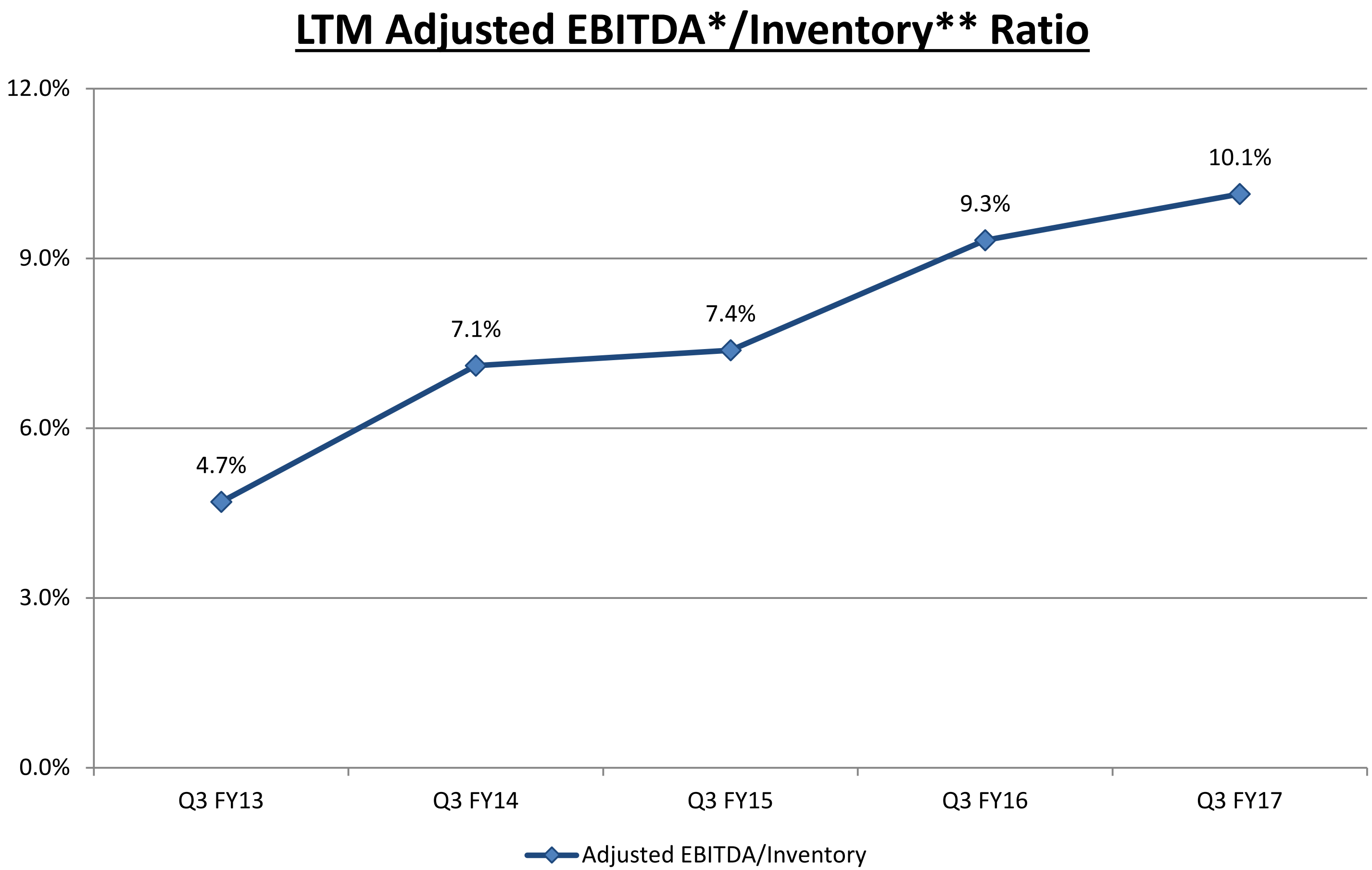
Community Count Activity

Active Communities at 6/30/2017	**154**
Communities Opening in Next 6 Months	**43**
Communities Approved But Not Yet Closed	**33**
Near-Term Closeouts (next 6 months)	**41**

The information above is as of 6/30/2017

Note: An active community has achieved at least 2 initial sales and has at least 2 unsold units remaining

Improving Capital Efficiency



*Adjusted EBITDA excludes the impact of certain warranty items (net of expected insurance recoveries), a litigation settlement recorded in discontinued operations and the write off of a legacy investment in a development site (LTM Adjusted EBITDA was: FY13 $59.8M, FY14 $113.3M, FY15 $134.4M, FY16 $161.4M, FY17 $167.9M)

**Inventory is Total Inventory at the end of each quarter (Total Inventory was: FY13 $1,273M, FY14 $1,596M, FY15 $1,822M, FY16 $1,732M, FY17 $1,656M)

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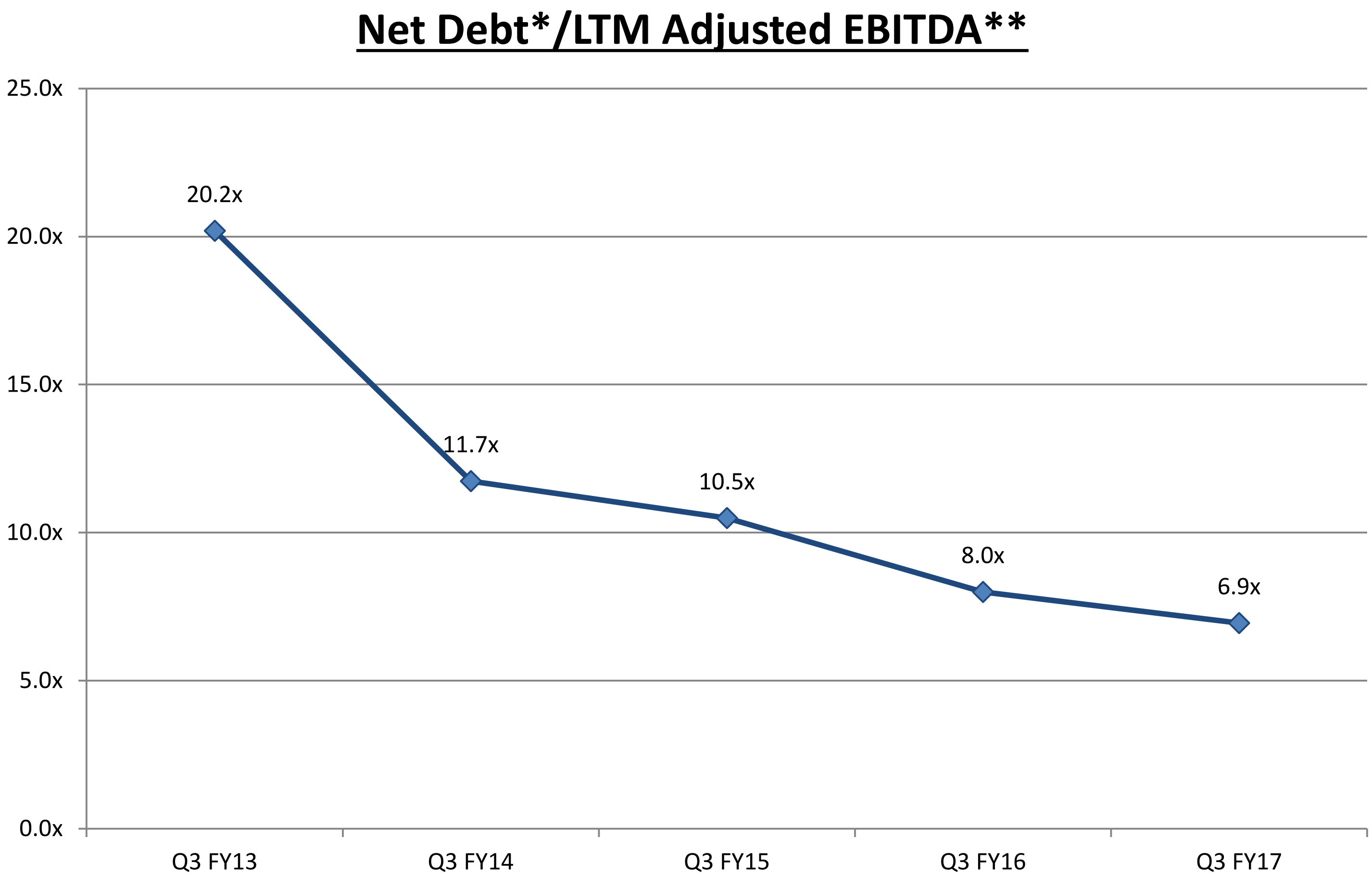
Net Debt/LTM Adjusted EBITDA



*Net Debt is Total Debt minus Unrestricted Cash (Net Debt was: FY13 $1,207M, FY14 $1,331M, FY15 $1,410M, FY16 $1,291M, FY17 $1,166M)

**Adjusted EBITDA excludes the impact of certain warranty items (net of expected insurance recoveries), a litigation settlement recorded in discontinued operations and the write off of a legacy investment in a development site (LTM Adjusted EBITDA was: FY13 $59.8M, FY14 $113.3M, FY15 $134.4M, FY16 $161.4M, FY17 $167.9M)

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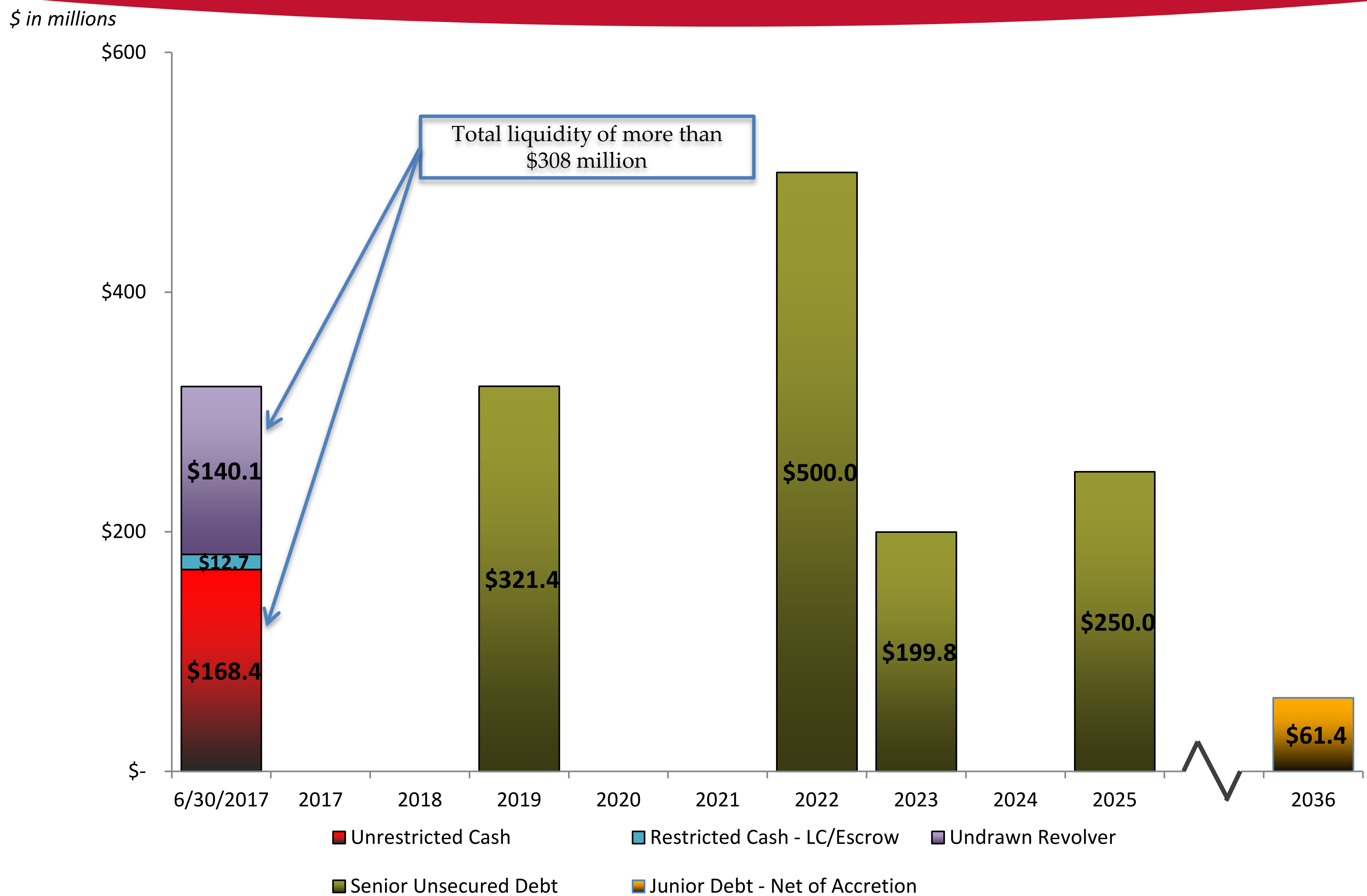
Maturity Schedule as of 6/30/2017



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Notes:
-There is an additional $13.9 million of secured divisional debt on the balance sheet with various maturity dates
-Years are calendar years

The Path for Earnings Growth

- Average Selling Price
- Sales Pace
- Gross Margin
- SG&A Leverage
- Interest Expense as % of Top Line
- Community Count

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Appendices

Q3 Results

$ in millions, except ASP

	Q3 FY16		Q3 FY17		Δ	
Profitability						
Total Revenue	$	459.9	$	478.6		4.1%
Adjusted EBITDA*	$	38.3	$	44.3	$	6.0
Net Income/Loss (Cont Ops)	$	6.1	$	7.1	$	1.0
Unit Activity						
Orders		1,490		1,595		7.0%
Closings		1,364		1,387		1.7%
Average Sales Price ($000's)	$	330.6	$	340.6		3.0%
Cancellation Rate		19.6%		16.9%		(270 bps)
Active Community Count, Avg**		166		154		(7.6)%
Sales/Community/Month		3.0		3.4		14.2%
Margins						
HB Gross Margin***		20.7%		21.3%		60 bps
SG&A (% of Total Revenue)		12.6%		12.4%		(20 bps)
Balance Sheet						
Unrestricted Cash	$	127.2	$	168.4	$	41.2
Land & Development Spending	$	72.6	$	103.8	$	31.2

Note: Variances are calculated using un-rounded numbers
*Details are included on the "Adjusted EBITDA Reconciliation" slide in the appendix
**Active Community Count was 168 at 6/30/2016 and 154 at 6/30/2017
***Excludes impairments, abandonments, interest included in cost of sales and certain warranty items

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Backlog Detail

		Q3 FY16		Q3 FY17
Quarter Ending Backlog (units)		2,426		2,444
Quarter Ending Backlog ($ in millions)	$	814.6	$	859.9
ASP in Backlog ($ in thousands)	$	335.8	$	351.8
Quarter Beg. Backlog		2,300		2,236
Scheduled to Close in Future Qtrs.		(1,057)		(1,064)
Backlog Scheduled to Close in the Qtr.		1,243		1,172
Backlog Activity:				
Cancellations		(104)		(82)
Pushed to Future Quarters		(126)		(86)
Close Date Brought Forward		95		103
Sold & Closed During the Qtr		256		280
Total Closings in the Quarter		1,364		1,387
Backlog Conversion Rate		**59.3%**		**62.0%**
Closings as % of BL Scheduled to Close in the Qtr.		**109.7%**		**118.3%**

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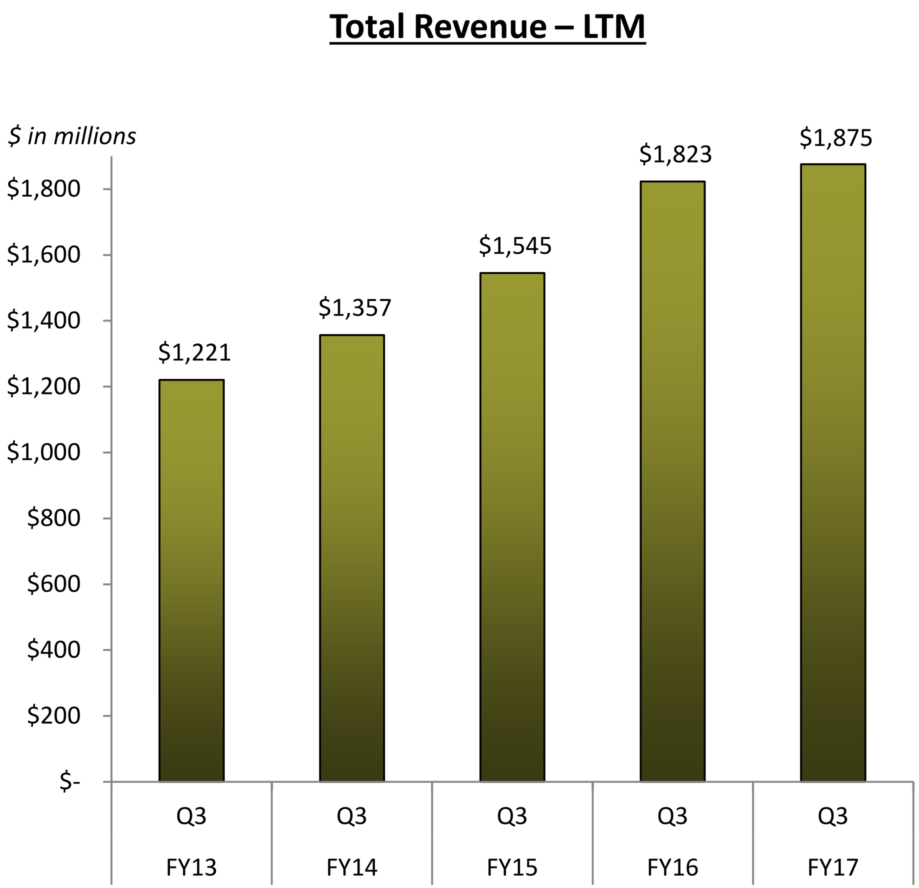
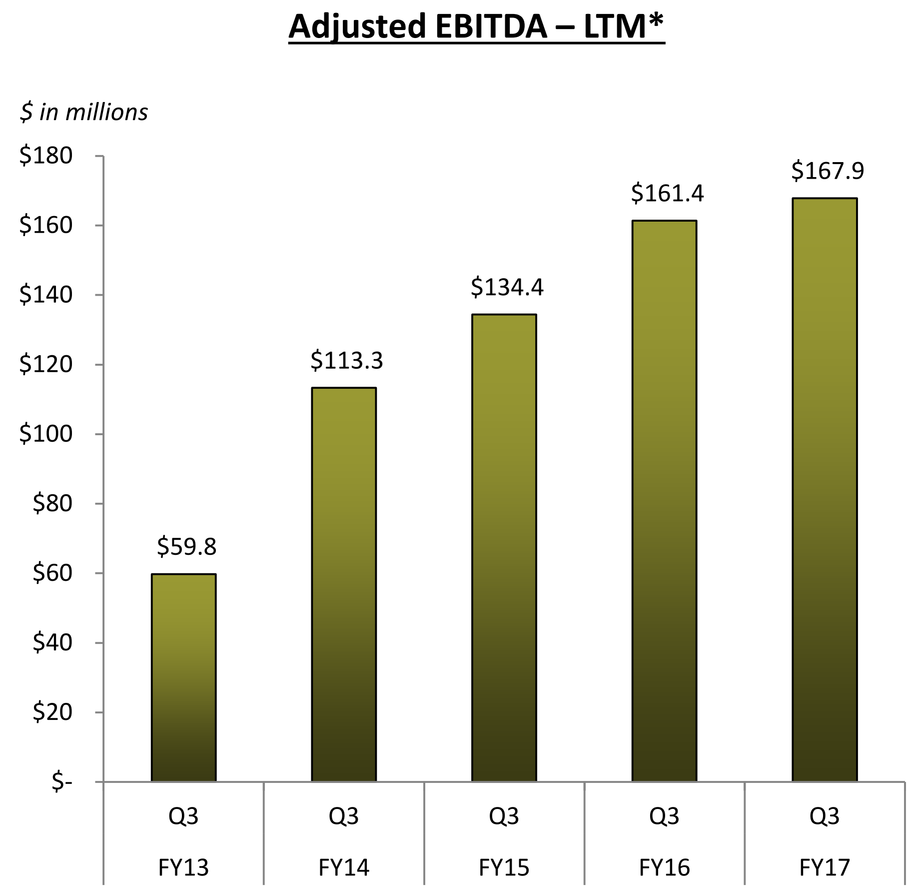
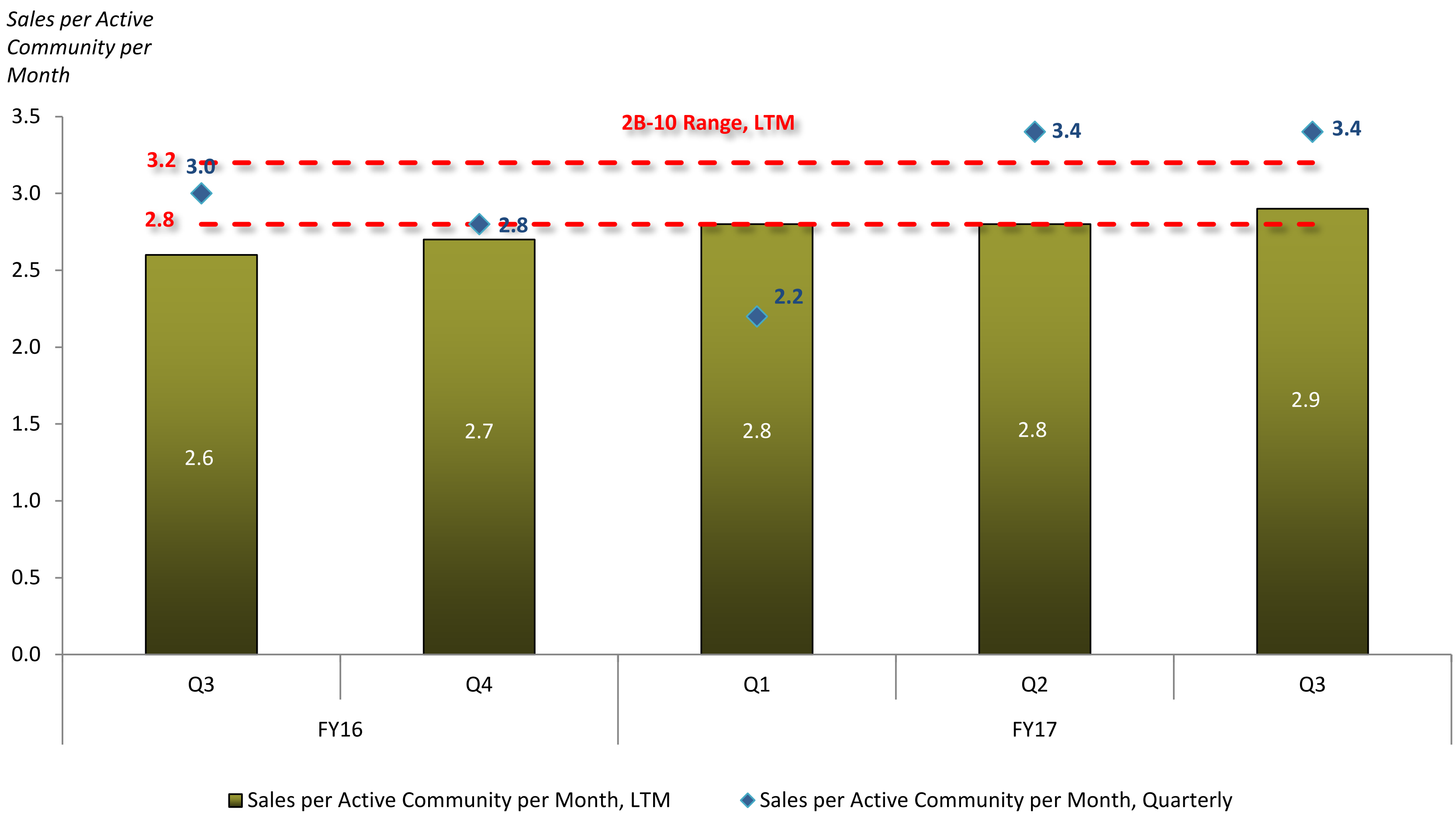
Increases in LTM Revenue and EBITDA





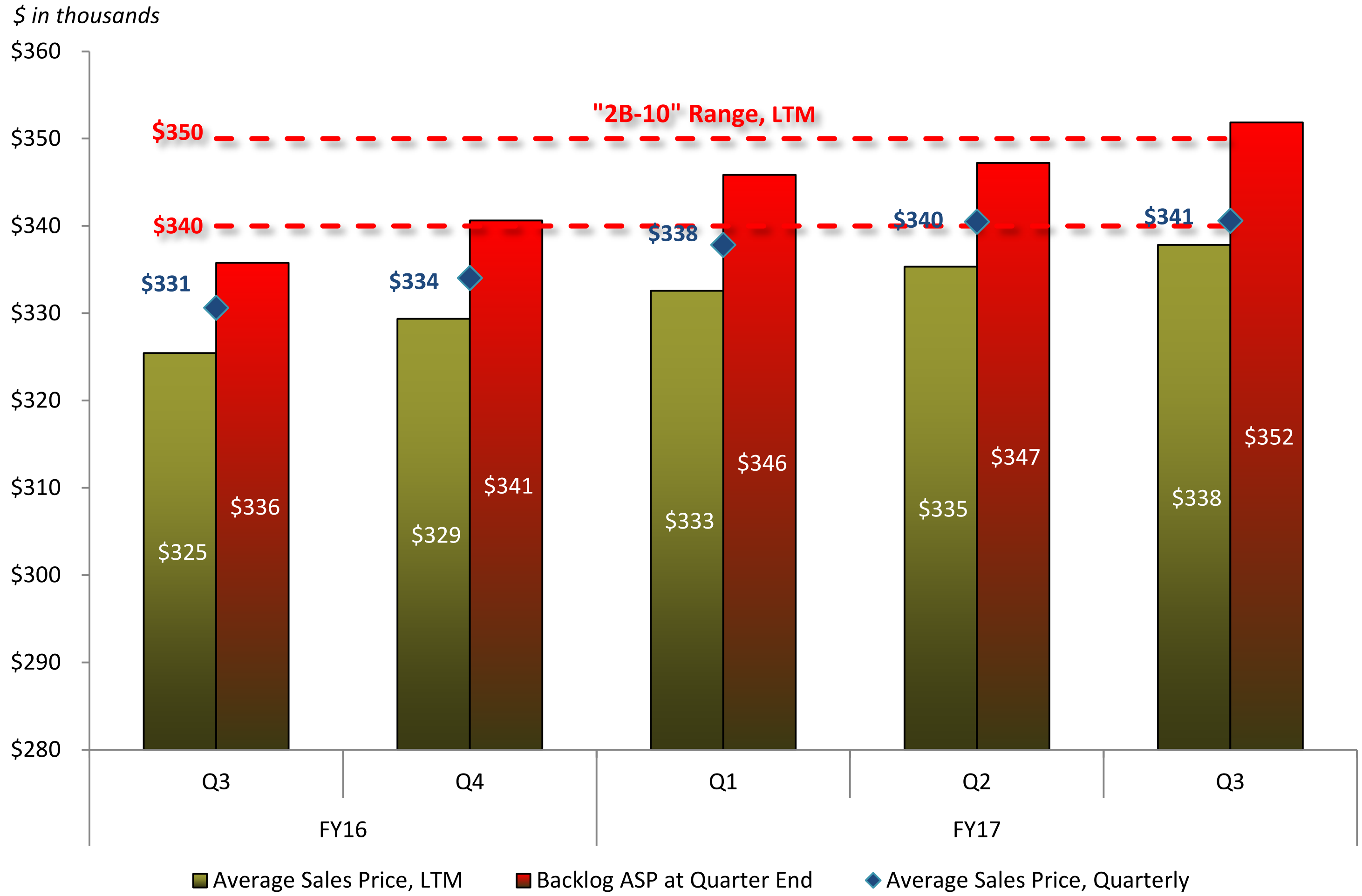
*Adjusted EBITDA excludes the impact of certain warranty items (net of expected insurance recoveries), a litigation settlement recorded in discontinued operations, and the write off of a legacy investment in a development site

Sales Pace within "2B-10" Target Range



Note: An active community has achieved at least 2 initial sales and has at least 2 unsold units remaining

Backlog ASP Suggests Further Growth



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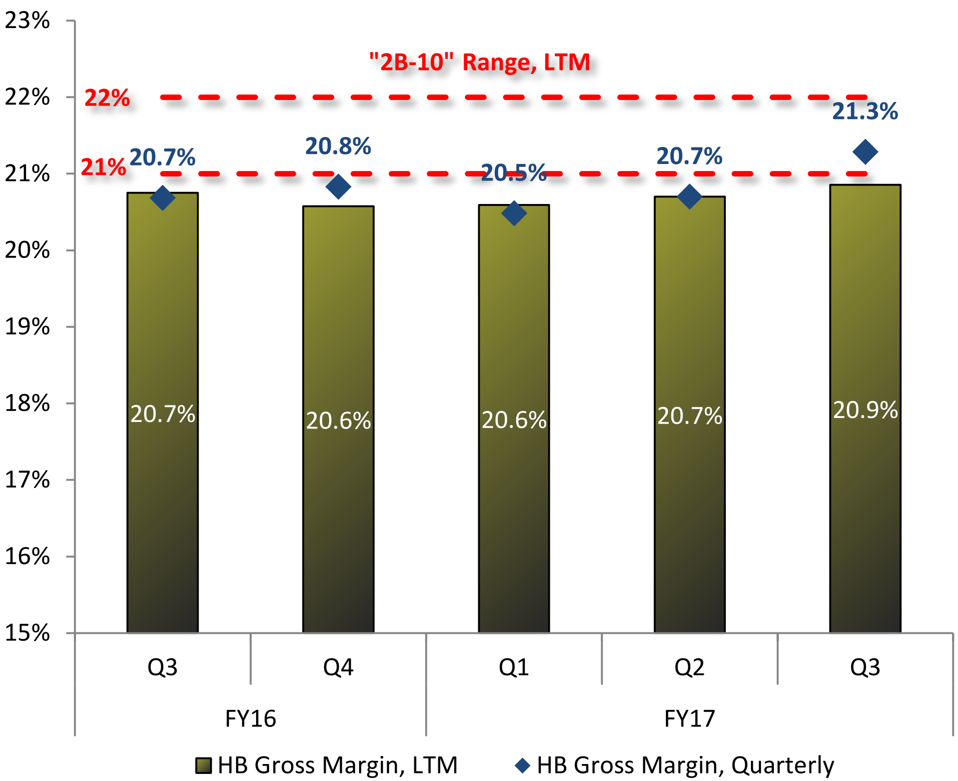
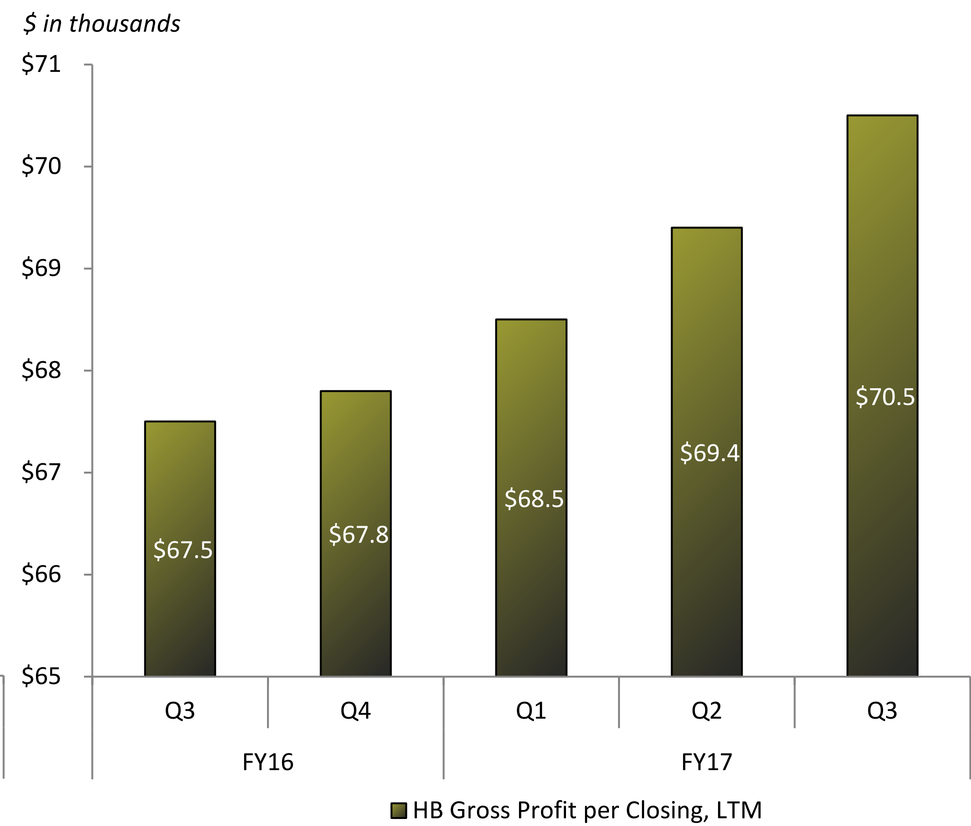
2B 10

Gross Margin Approaching "2B-10" Range

Homebuilding Gross Margin*

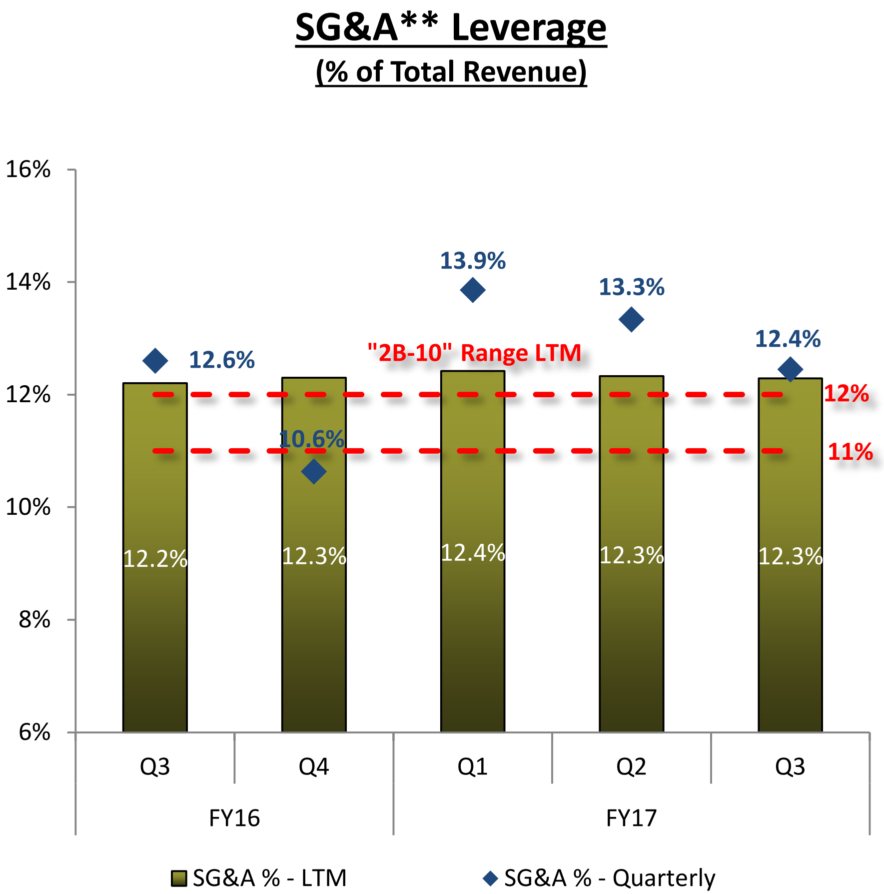


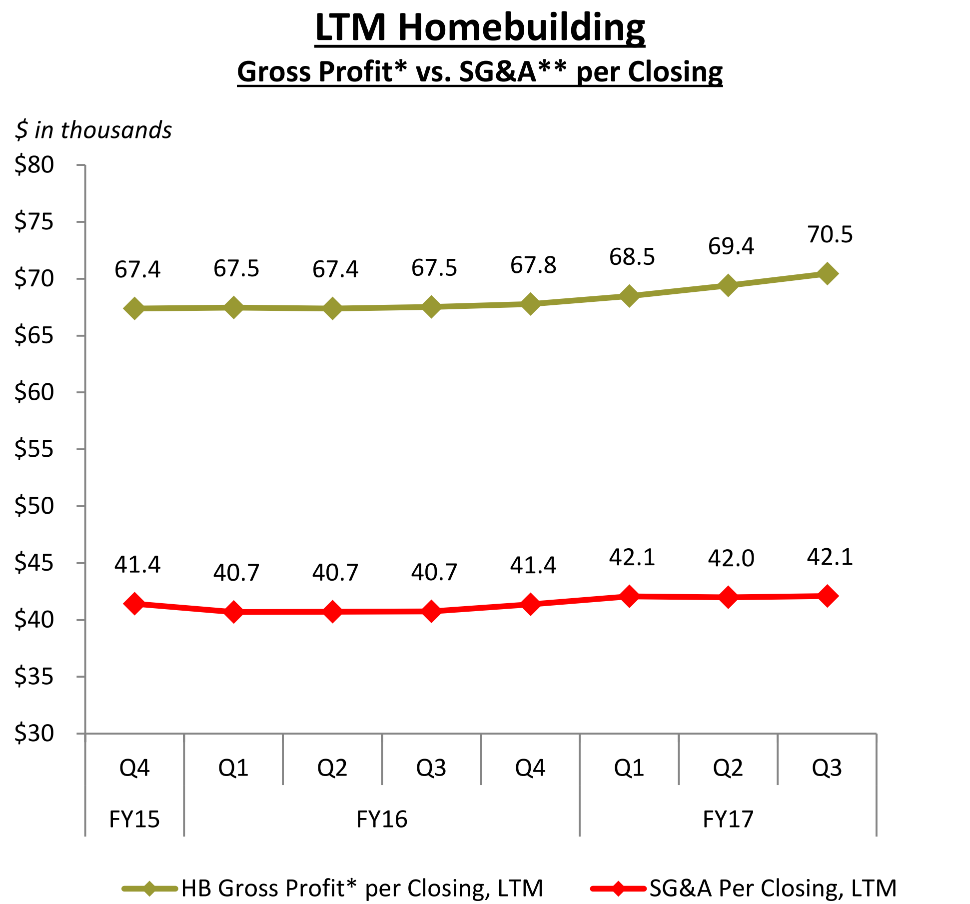
Homebuilding Gross Profit Dollars Per Closing*



*Excludes impairments, abandonments and interest included in cost of sales as well as certain warranty items

SG&A Leverage as Revenue Grows





*Excludes impairments, abandonments, interest included in cost of sales and certain warranty items

** Q1 FY17 SG&A excludes a $2.7 million write-off of a legacy investment in a development site

Capital Efficiency Strategies: Impact on Margin

Fiscal Year 2017				
Capital Strategy	**Rationale**	**Margin Impact**	**% of Revenue**	**Total Impact**
Former LHFFD Assets	Cash generation Incremental EBITDA	~ 800 bps	~ 5%	~ 40 bps
Land Banking Transactions	Incremental EBITDA Higher IRR on investments	~ 400 bps	~ 15%	~ 60 bps
				~ 100 bps

Fiscal Year 2017 impact similar to Fiscal Year 2016

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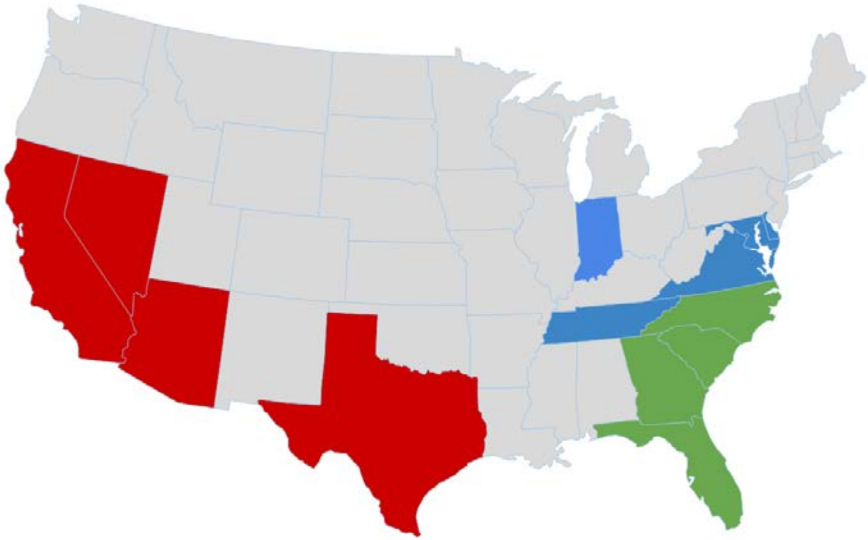
Geographic Mix Impacts Year-Over-Year Q3 ASP

	Q3 FY16 ASP	Q3 FY16 Closings	Q3 FY17 ASP	Q3 FY17 Closings	Change in ASP ($)	Change in ASP (%)	Change in Mix
West	$326K	45.5%	$333K	45.0%	$7K	2.1%	-0.5%
East	$365K	27.3%	$375K	24.9%	$10K	2.7%	-2.4%
SE	$304K	27.2%	$323K	30.1%	$19K	6.3%	2.9%



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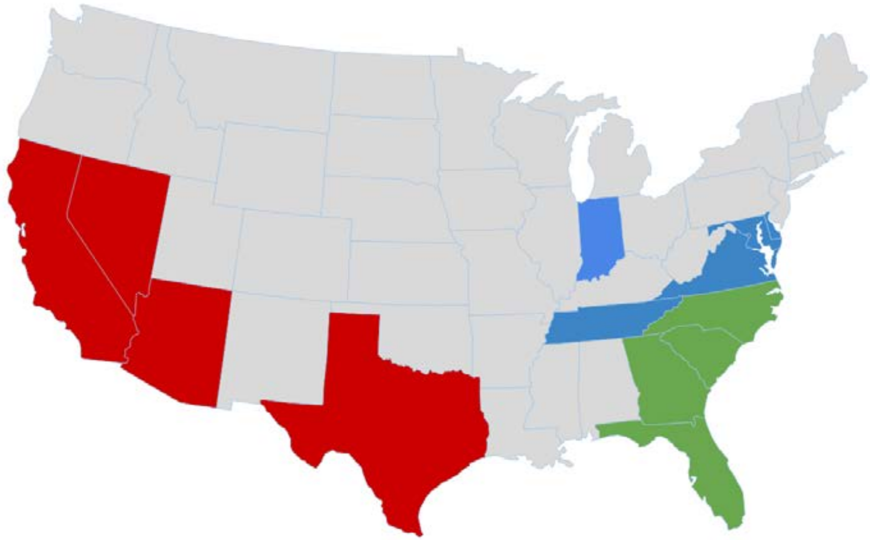
Note: Variances are calculated using un-rounded numbers

Geographic Mix Impacts Year-Over-Year Q3 Margin

	Q3 FY16 GM%	Q3 FY16 Closings	Q3 FY17 GM%	Q3 FY17 Closings	Change in GM%	Change in Mix
West	22.8%	45.5%	22.4%	45.0%	(40)bps	-0.5%
East	18.5%	27.3%	20.5%	24.9%	200bps	-2.4%
SE	18.7%	27.2%	20.3%	30.1%	160bps	2.9%



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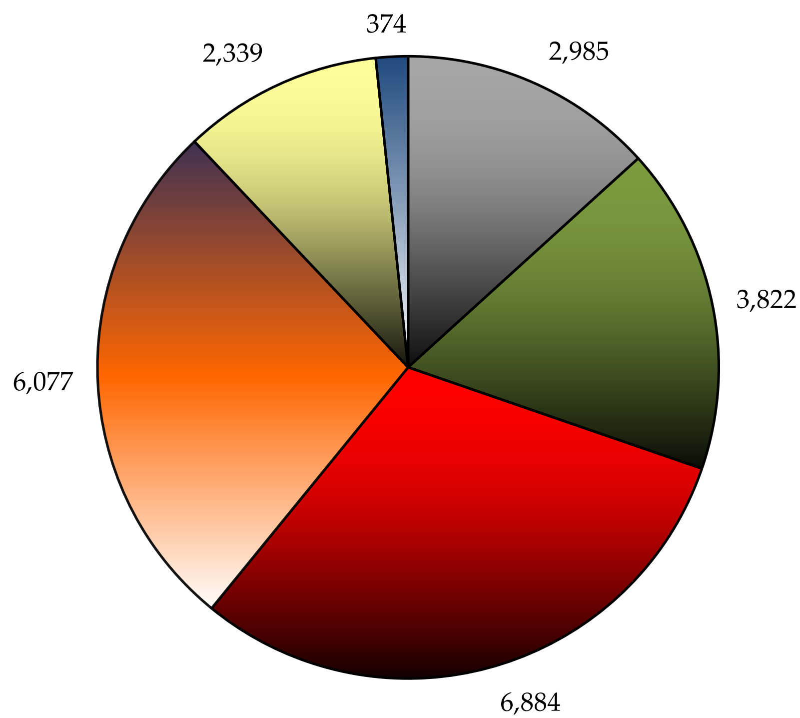
Note: Segment gross margin excludes required capitalization of indirects, impairments, interest included in cost of sales, and certain Florida warranty items

Land Position

Lot Position at June 30, 2017

22,481 total controlled lots
19,768 active lots



Immediate Availability – 30%
- Homes Under Construction
- Finished Lots

Near-Term Availability – 58%
- Owned Land Under Development
- Lots Under Option

Long-Term and Non-Strategic Assets – 12%
- Land Held for Future Development
- Property Held for Sale

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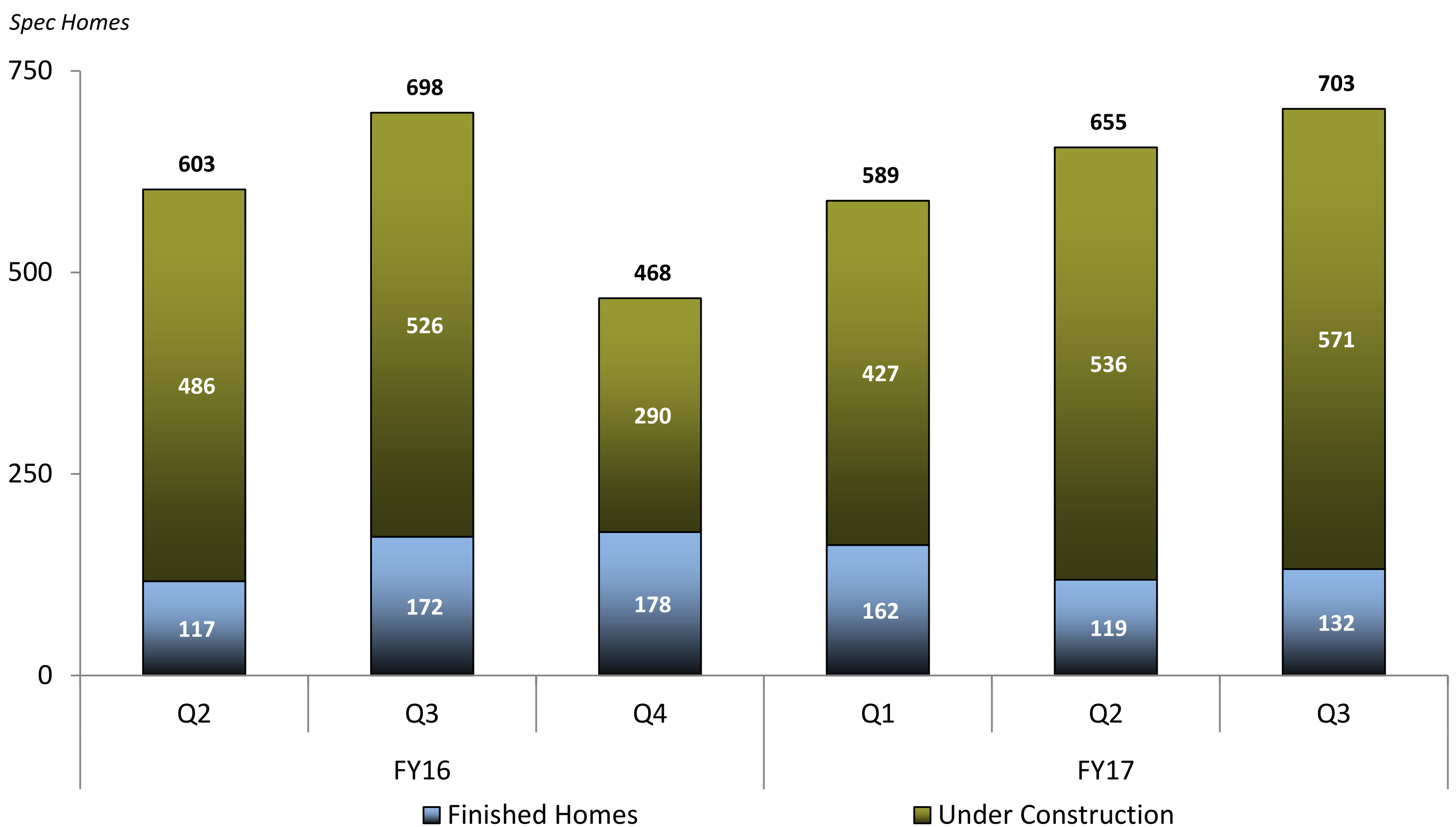
Available Specs



Note: Spec count as of each quarter-end

Debt Structure

(In thousands)	Maturity Date	Call Date	Call Price	June 30, 2017	September 30, 2016
5.750% Senior Notes	June 2019	3/15/2019	100.000	321,393	321,393
7.500% Senior Notes	September 2021			-	198,000
8.750% Senior Notes	March 2022	3/15/2019	104.375	500,000	500,000
7.250% Senior Notes	February 2023	2/1/2018	103.625	199,834	199,834
6.750% Senior Notes	March 2025	3/15/2020	105.063	250,000	-
Unamortized debt premiums (discounts)				3,606	2,362
Unamortized debt issuance costs				(15,575)	(14,063)
Total Senior Notes, net				**1,259,258**	**1,207,526**
Term Loan	March 2018			-	52,669
Junior Subordinated Notes	July 2036			61,420	59,870
Other Secured Notes payable	Various Dates			13,945	11,813
Total debt				**$ 1,334,623**	**$ 1,331,878**

Notes:

Term Loan net of unamortized discount of $880 and unamortized debt issuance costs of $1,451

Junior Subordinated Notes net of unamortized accretion of $39,353 and $40,903, respectively

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Adjusted EBITDA Reconciliation

	Three Months Ended June 30,			LTM Ended June 30,		
	2017	**2016**	**17 vs 16**	**2017**	**2016**	**17 vs 16**
Net income (loss)	$ 7,123	$ 5,782	$ 1,341	$ (2,695)	$ 361,802	$ (364,497)
Expense (benefit) from income taxes	5,740	5,168	572	13,083	(323,387)	336,470
Interest amortized to home construction and land sales expenses, capitalized interest impaired and interest expense not qualified for capitalization	24,829	26,499	(1,670)	103,928	101,161	2,767
Depreciation and amortization and stock-based compensation amortization	6,117	5,444	673	22,945	21,586	1,359
Inventory impairments and abandonments	470	11,291	(10,821)	936	17,248	(16,312)
Loss on debt extinguishment	-	(429)	429	26,956	2,110	24,846
Adjusted EBITDA	**$ 44,279**	**$ 53,755**	**$ (9,476)**	**$ 165,153**	**$ 180,520**	**$ (15,367)**
Unexpected warranty costs related to Florida stucco issues (net of expected insurance recoveries)	-	-	-	-	(3,612)	3,612
Additional insurance recoveries from third-party insurer	-	(15,500)	15,500	-	(15,500)	15,500
Write-off of deposit on legacy land investment	-	-	-	2,700	-	2,700
Adjusted EBITDA excluding unexpected warranty costs (net of recoveries), additional insurance recoveries and write-off of deposit	**$ 44,279**	**$ 38,255**	**$ 6,024**	**$ 167,853**	**$ 161,408**	**$ 6,445**

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Deferred Tax Assets

($ in millions)	June 30, 2016	June 30, 2017
Deferred Tax Assets	$ 382.5	$ 378.6
Valuation Allowance	(57.7)	(66.3)
Net Deferred Tax Assets	$ 324.8	$ 312.4

As of June 30, 2017, our valuation allowance of $66.3 million related to our deferred tax assets remains consistent with the determinations we made during the period ended September 30, 2016. See Form 10-K for additional detail.

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