Beazer Homes USA, Inc.
Q1 2020 Earnings Presentation

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Forward Looking Statements

This press release contains forward-looking statements. These forward-looking statements represent our expectations or beliefs concerning future events, and it is possible that the results described in this press release will not be achieved. 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: (i) the cyclical nature of the homebuilding industry and a potential deterioration in homebuilding industry conditions; (ii) economic changes nationally or in local markets, changes in consumer confidence, wage levels, declines in employment levels, inflation or increases in the quantity and decreases in the price of new homes and resale homes on the market; (iii) 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; (iv) the availability and cost of land and the risks associated with the future value of our inventory, such as asset impairment charges we took on select California assets during the second quarter of fiscal 2019; (v) factors affecting margins, such as decreased land values underlying land option agreements, increased land development costs in communities under development or delays or difficulties in implementing initiatives to reduce our production and overhead cost structure; (vi) 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; (vii) increases in mortgage interest rates, increased disruption in the availability of mortgage financing, changes in tax laws or otherwise regarding the deductibility of mortgage interest expenses and real estate taxes or an increased number of foreclosures; (viii) our allocation of capital and the cost of and ability to access capital, due to factors such as limitations in the capital markets or adverse credit market conditions, and ability to otherwise meet our ongoing liquidity needs, including the impact of any downgrades of our credit ratings or reduction in our 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) our ability to continue to execute and complete our capital allocation plans, including our share and debt repurchase programs; (xi) increased competition or delays in reacting to changing consumer preferences in home design; (xii) natural disasters 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; (xiii) the potential recoverability of our deferred tax assets; (xiv) 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; (xv) the results of litigation or government proceedings and fulfillment of any related obligations; (xvi) the impact of construction defect and home warranty claims; (xvii) the cost and availability of insurance and surety bonds, as well as the sufficiency of these instruments to cover potential losses incurred; (xviii) the impact of information technology failures, cybersecurity issues 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, including any statement expressing confidence regarding future outcomes, 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 to predict all such factors.

Introduction

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

1st Quarter Highlights

New Home Orders Up	✓
Community Count Up	✓
Backlog Up	✓
Sales / Community / Month Up	✓

Goals for FY20

Balanced Growth:

Target double-digit ROA by growing EBITDA faster than revenue, from a more efficient and less leveraged balance sheet

Growing EBITDA

- Gross margin expansion
- Overhead leverage

Balance Sheet Efficiency

- Former LHFFD contributing earnings
- Shorter duration communities
- More land options

Reduce Leverage

- > $50 million reduction in FY20
- Target debt below $1 billion

2020 GOALS:

> 10% EBITDA Growth

> 10% ROA

Net Debt / EBITDA: < 5x

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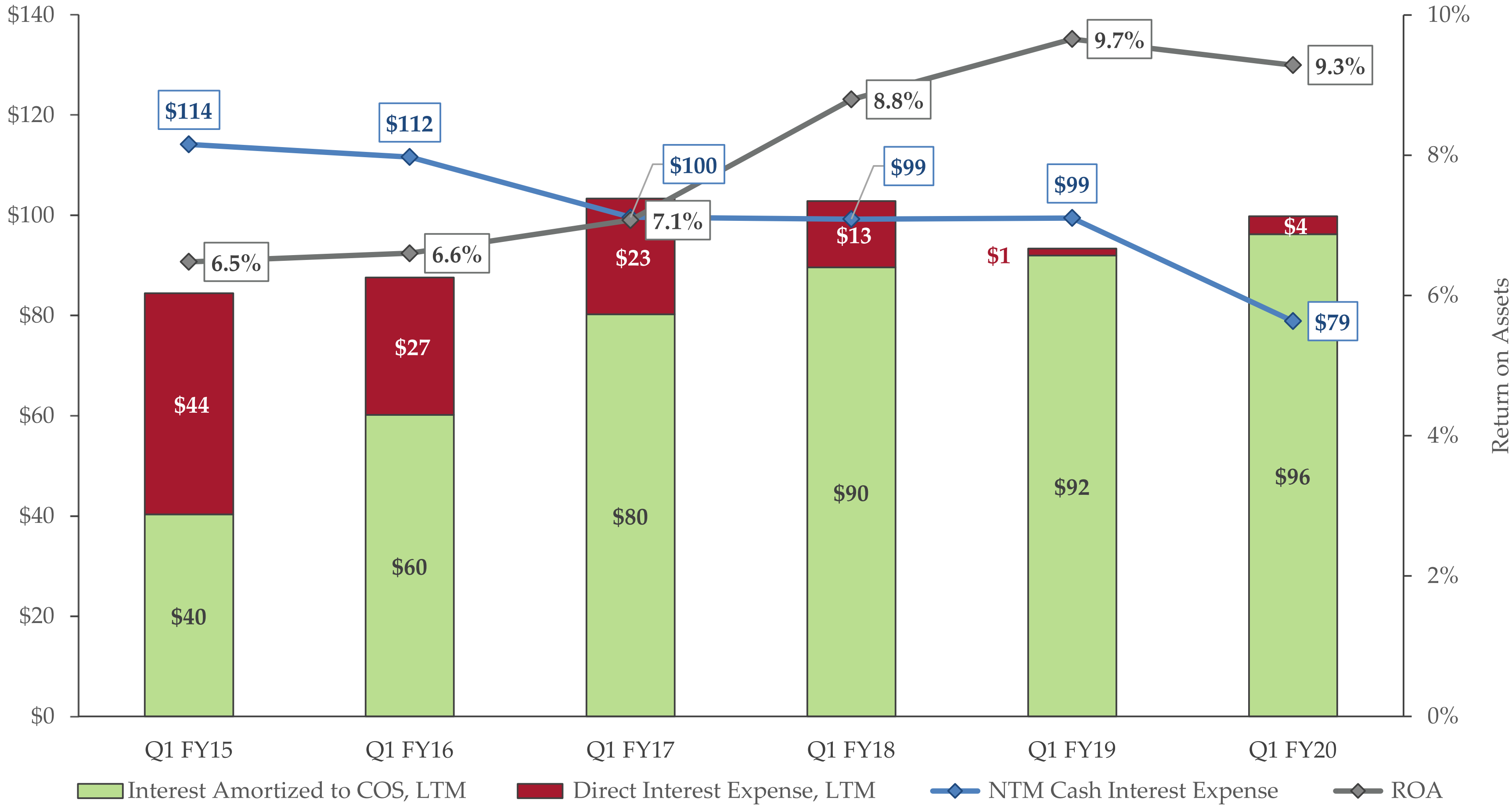
1st Quarter Results

Results	Q1 FY20	YoY Change
New Home Orders	1,251	28.2%
Sales Pace	2.5	21.8%
Average Community Count	168	5.2%
Homebuilding Revenue ($M)	$417.4	4.1%
Average Selling Price ($k)	$375.4	1.4%
Closings	1,112	2.7%
Backlog Conversion	65.1%	(130 bps)
HB Gross Margin %*	19.8%	10 bps
SG&A as % of Total Revenue	13.3%	(20 bps)
Adjusted EBITDA** ($M)	$29.4	9.4%
Net Income - Cont. Ops. ($M)	$2.8	N/A

*Excludes impairments, abandonments, and interest amortized to cost of sales
**Details are included on the "Adjusted EBITDA Reconciliation" slide in the appendix

Total GAAP Interest Expense vs. Cash Interest Expense

$ in millions



Notes:
- ROA is LTM Adjusted EBITDA/Total Assets at end of period
- NTM Cash Interest Expense is expected cash interest due for the following 12-month period assuming principal balances and interest rates remain fixed at their end of period position
- Reflects revolver usage in the year

2nd Quarter Expectations

Metric	Q2 FY20
New Home Orders	Up modestly YoY
HB Gross Margin %	Up 20+ bps YoY
Backlog Conversion	~ 70%
Average Selling Price ($k)	High $370's
SG&A Expense (% of Total Rev.)	Roughly flat YoY
GAAP Interest Expense	~ $23M
Income Tax Rate	~ 26%
Cash Land Spend	Around $135M

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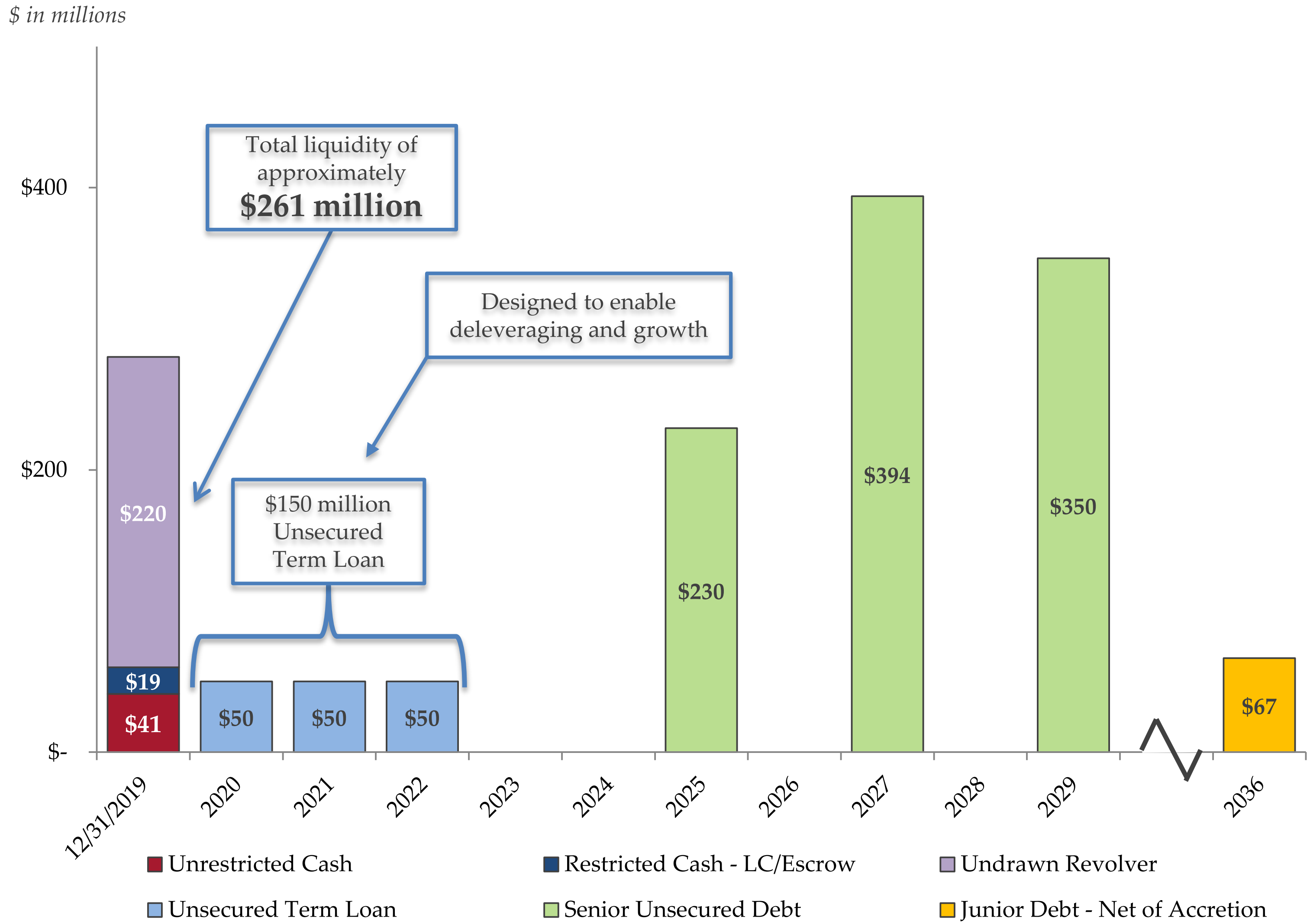
Well Structured Maturity Schedule

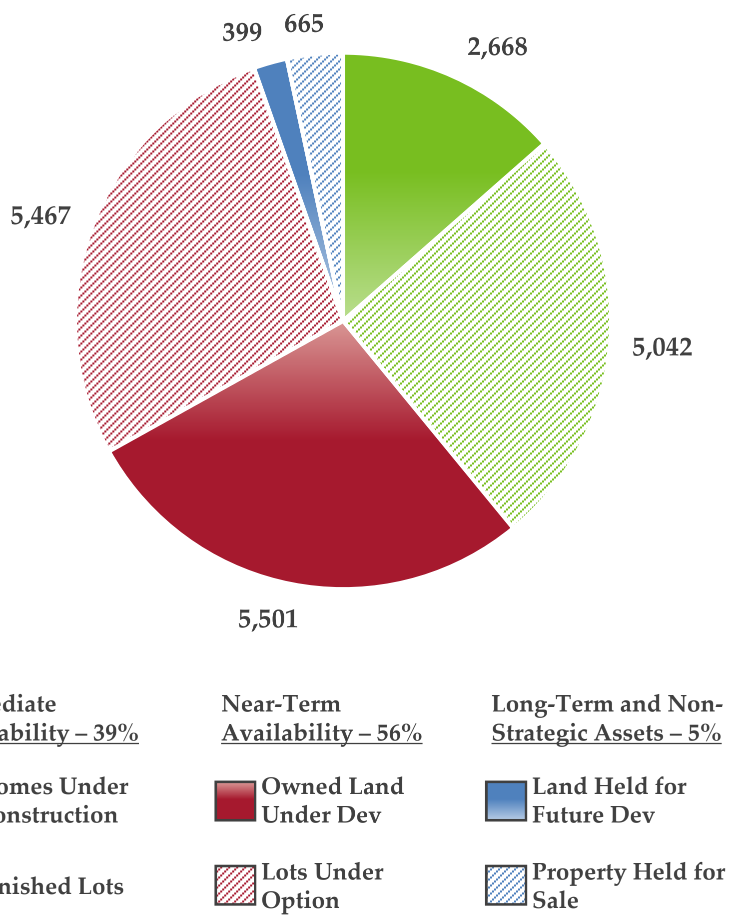


Notes:
- Years are calendar years

Lot Position Enables Future Growth

19,742 total controlled lots
18,678 active lots

Lot Position at December 31, 2019



Community Count Activity

Active Communities at 12/31/2019	**166**
Opening in Next ~6 Months	+ 33
Under Development (excluding any communities opening in N6M)	+ 14
Approved But Not Yet Closed (excluding any communities opening in N6M)	+ 36
Closing in Next ~12 Months	(55 - 75)

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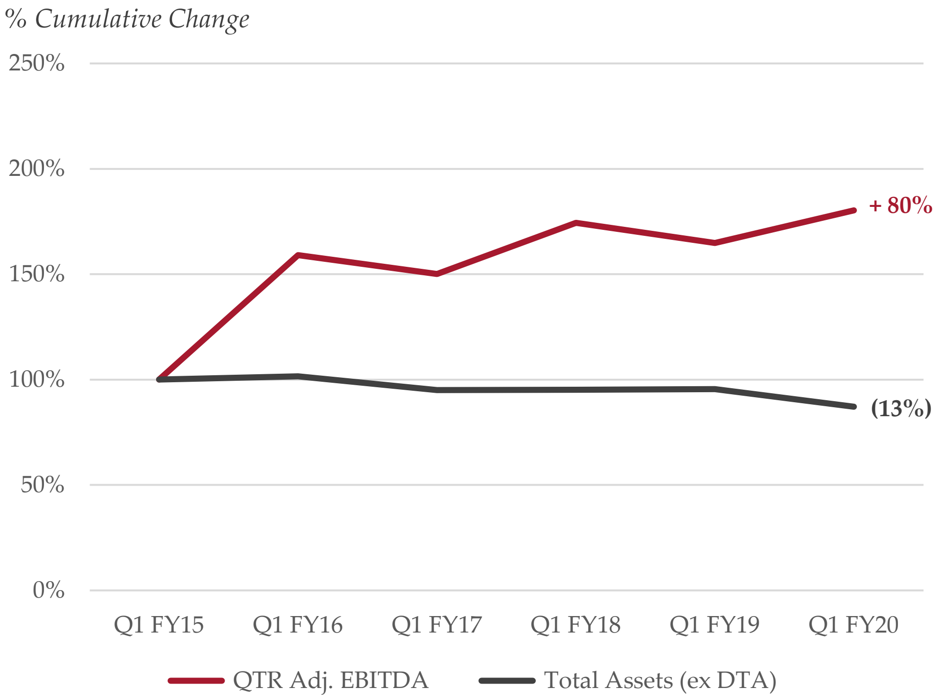
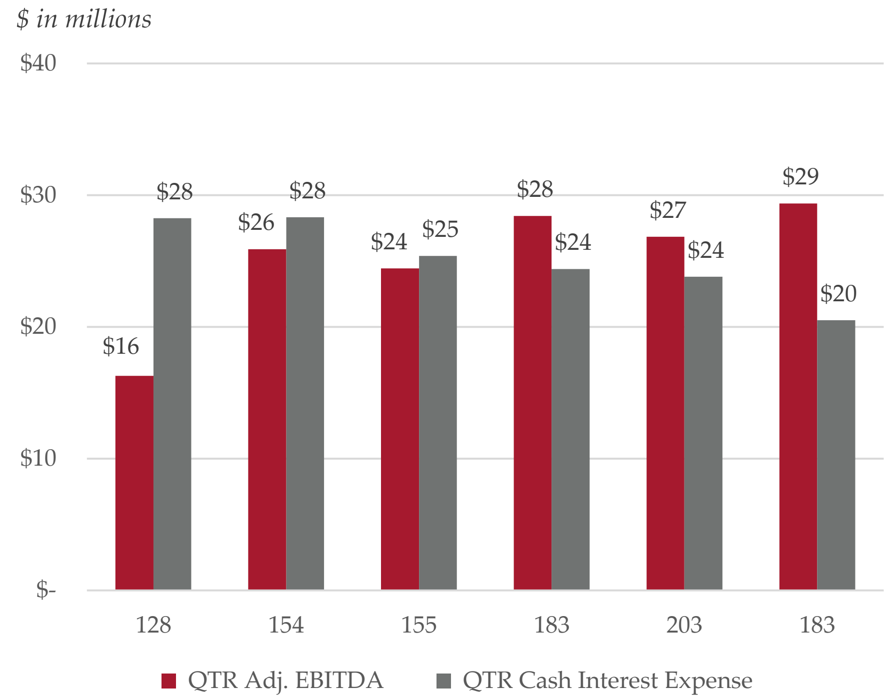
Balance Sheet Efficiency & Deleveraging

Adj. EBITDA* vs. Total Assets**



Adj. EBITDA* vs. Cash Interest



*Details are included on the "Adjusted EBITDA Reconciliation" slide in the appendix
**Total Assets is calculated excluding the Deferred Income Tax Asset

Goals for FY20

Balanced Growth:

Target double-digit ROA by growing EBITDA faster than revenue, improving balance sheet efficiency and lowering leverage

Growing EBITDA	Balance Sheet Efficiency	Reduce Leverage
> 10% EBITDA Growth	> 10% ROA	Net Debt / EBITDA: < 5x

Appendix

Q1 Results

$ in millions, except ASP

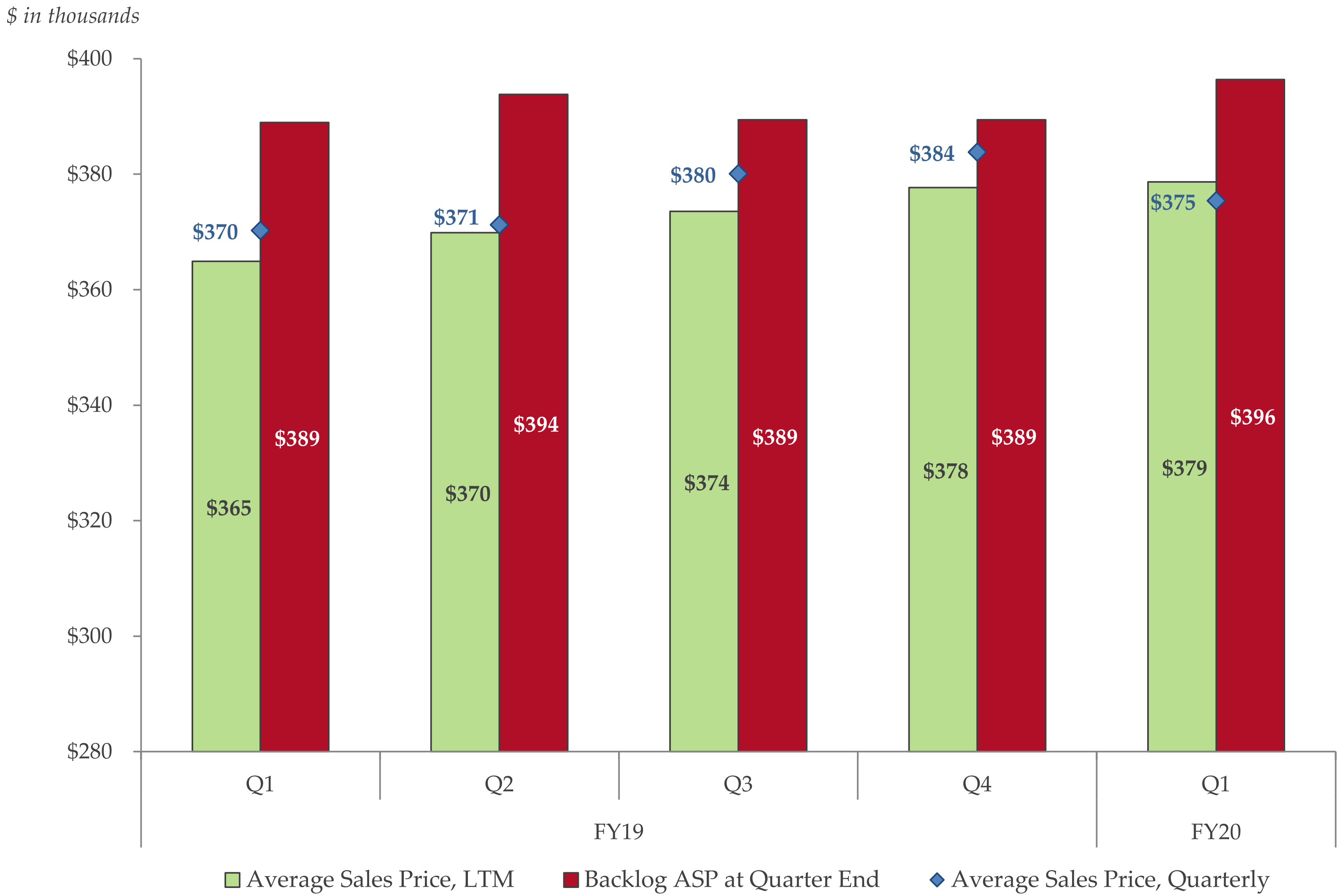
		Q1 FY19		Q1 FY20		Δ
Profitability						
Total Revenue	$	402.0	$	417.8		3.9%
Adjusted EBITDA*	$	26.8	$	29.4	$	2.5
Net Income/Loss (Cont. Ops.)	$	7.3	$	2.8	$	(4.5)
Unit Activity						
Orders		976		1,251		28.2%
Closings		1,083		1,112		2.7%
Average Sales Price ($000's)	$	370.3	$	375.4		1.4%
Cancellation Rate		19.8%		14.9%		(490 bps)
Active Community Count, Avg**		160		168		5.2%
Sales/Community/Month		2.0		2.5		21.8%
Margins						
HB Gross Margin***		19.7%		19.8%		10 bps
SG&A (% of Total Revenue)		13.5%		13.3%		(20 bps)
Balance Sheet						
Unrestricted Cash	$	84.4	$	41.3	$	(43.1)
Land & Development Spending	$	121.0	$	145.9	$	25.0

Note: Variances are calculated using un-rounded numbers
*Details are included on the “Adjusted EBITDA Reconciliation” slide in the appendix
**Active Community Count was 162 at 12/30/2018 and 166 at 12/30/2019
***Excludes impairments, abandonments, and interest amortized to cost of sales

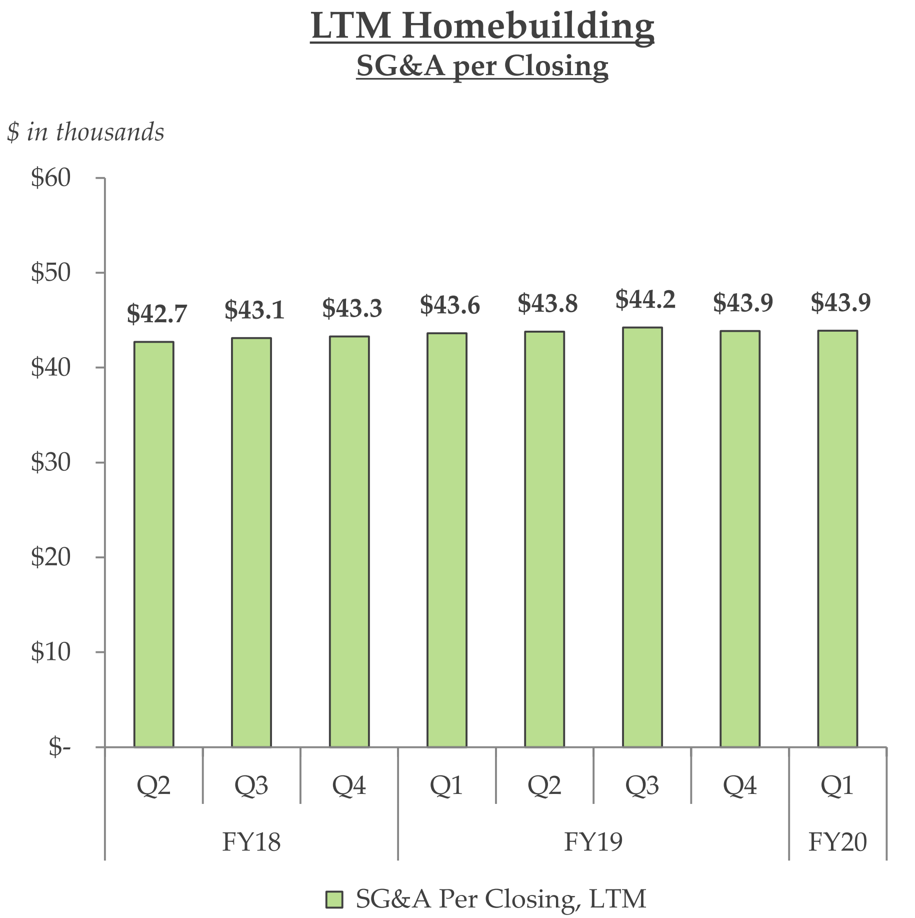
Backlog Detail

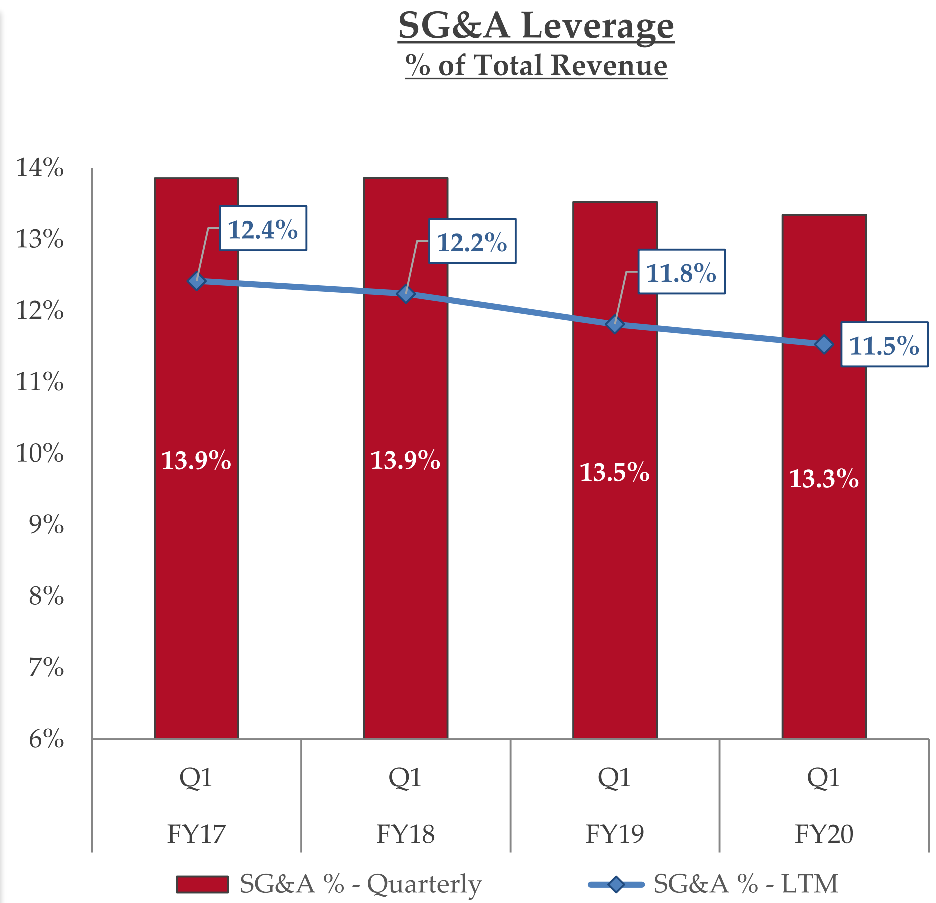
		Q1 FY19		Q1 FY20
Quarter Ending Backlog (units)		1,525		1,847
Quarter Ending Backlog ($ in millions)	$	593.1	$	732.1
ASP in Backlog ($ in thousands)	$	388.9	$	396.4
Quarter Beg. Backlog		1,632		1,708
Scheduled to Close in Future Qtrs.		(686)		(732)
Backlog Scheduled to Close in the Qtr.		946		976
Backlog Activity:				
Cancellations		(80)		(69)
Pushed to Future Quarters		(91)		(95)
Close Date Brought Forward		42		42
Sold & Closed During the Qtr		266		258
Total Closings in the Quarter		1,083		1,112
Backlog Conversion Rate		**66.4%**		**65.1%**

Backlog ASP Reflects Focus on Affordability



Stable Per House SG&A = Improving Leverage





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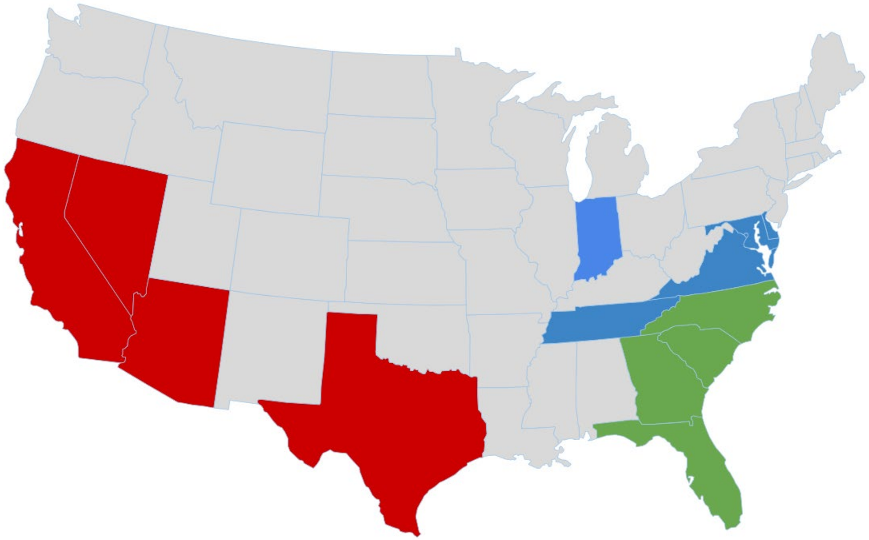
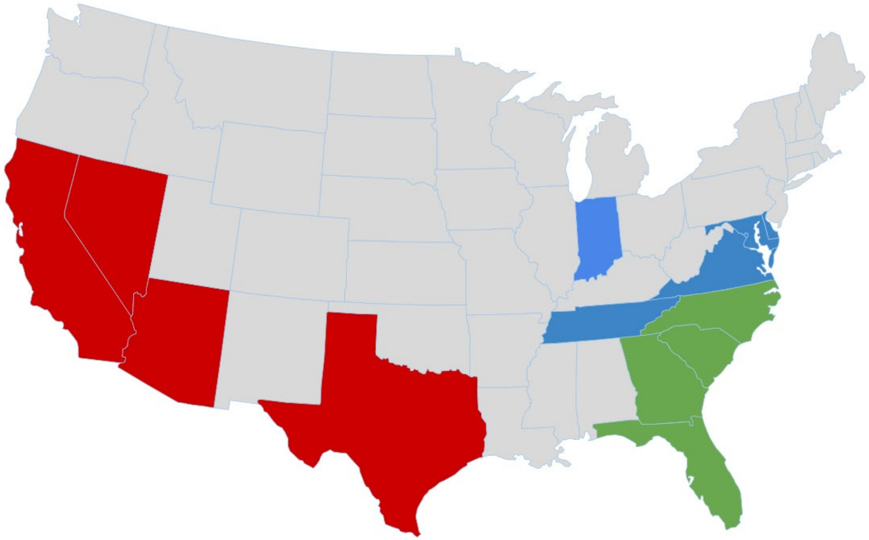
Geographic Mix Impacts Q1 ASP

	Q1 FY19 ASP	Q1 FY20 ASP	Change in ASP ($)	Change in ASP (%)	Q1 FY19 Closings	Q1 FY20 Closings	Change in Mix
West	$348k	$367k	$19k	5.4%	55.5%	62.4%	6.9%
East	$467k	$404k	$-63k	-13.4%	17.4%	17.3%	-0.1%
SE	$355k	$378k	$23k	6.5%	27.1%	20.3%	-6.8%



Geographic Mix Impacts Q1 Margin

	Q1 FY19 GM%	Q1 FY20 GM%	Change in GM%	Q1 FY19 Closings	Q1 FY20 Closings	Change in Mix
West	21.0%	20.5%	(50) bps	55.5%	62.4%	6.9%
East	16.4%	17.9%	150 bps	17.4%	17.3%	-0.1%
SE	14.3%*	15.8%	150 bps	27.1%	20.3%	-6.8%



Note: Segment gross margin excludes required capitalization of indirects, impairments and interest amortized to cost of sales
*Includes impact of purchase accounting from Venture Homes acquisition

Adjusted EBITDA Reconciliation

($ in thousands)	Three Months Ended December 30, 2019	2018	Variance	LTM Ended December 30, 2019	2018	Variance
Net income (loss)	$ 2,746	$ 7,311	$ (4,565)	$ (84,085)	$ 92,883	$ (176,968)
(Benefit) expense from income taxes	(228)	(3,924)	3,696	(33,549)	(17,530)	(16,019)
Interest amortized to home construction and land sales expenses, capitalized interest impaired	19,669	17,438	2,231	111,172	94,075	17,097
Interest expense not qualified for capitalization	1,442	242	1,200	4,309	2,132	2,177
EBIT	**23,629**	**21,067**	**2,562**	**(2,153)**	**171,560**	**(173,713)**
Depreciation and amortization and stock-based compensation amortization	5,738	4,884	854	26,139	23,832	2,307
EBITDA	**29,367**	**25,951**	**3,416**	**23,986**	**195,392**	**(171,406)**
Loss on debt extinguishment, net	-	-	-	24,920	1,935	22,985
Inventory impairments and abandonments	-	892	(892)	133,819	5,430	128,389
Joint venture impairment and abandonment charges	-	-	-	-	341	(341)
Adjusted EBITDA	**$ 29,367**	**$ 26,843**	**$ 2,524**	**$ 182,725**	**$ 203,098**	**$ (20,373)**

ROA Tailwind As Non-Active Assets Are Monetized

$ in millions		12/31/19
Unrestricted & Restricted Cash	$	60.0
Working Capital*		31.5
PPE & Investments**		54.9
Active Inventory		1,506.1
Former LHFFD - Non-Revenue Generating		28.2
LHFFD & PHFS		40.0
Deferred Tax Assets		247.4
Total Assets	$	1,968.1

$1.7B of Total Assets are revenue generating

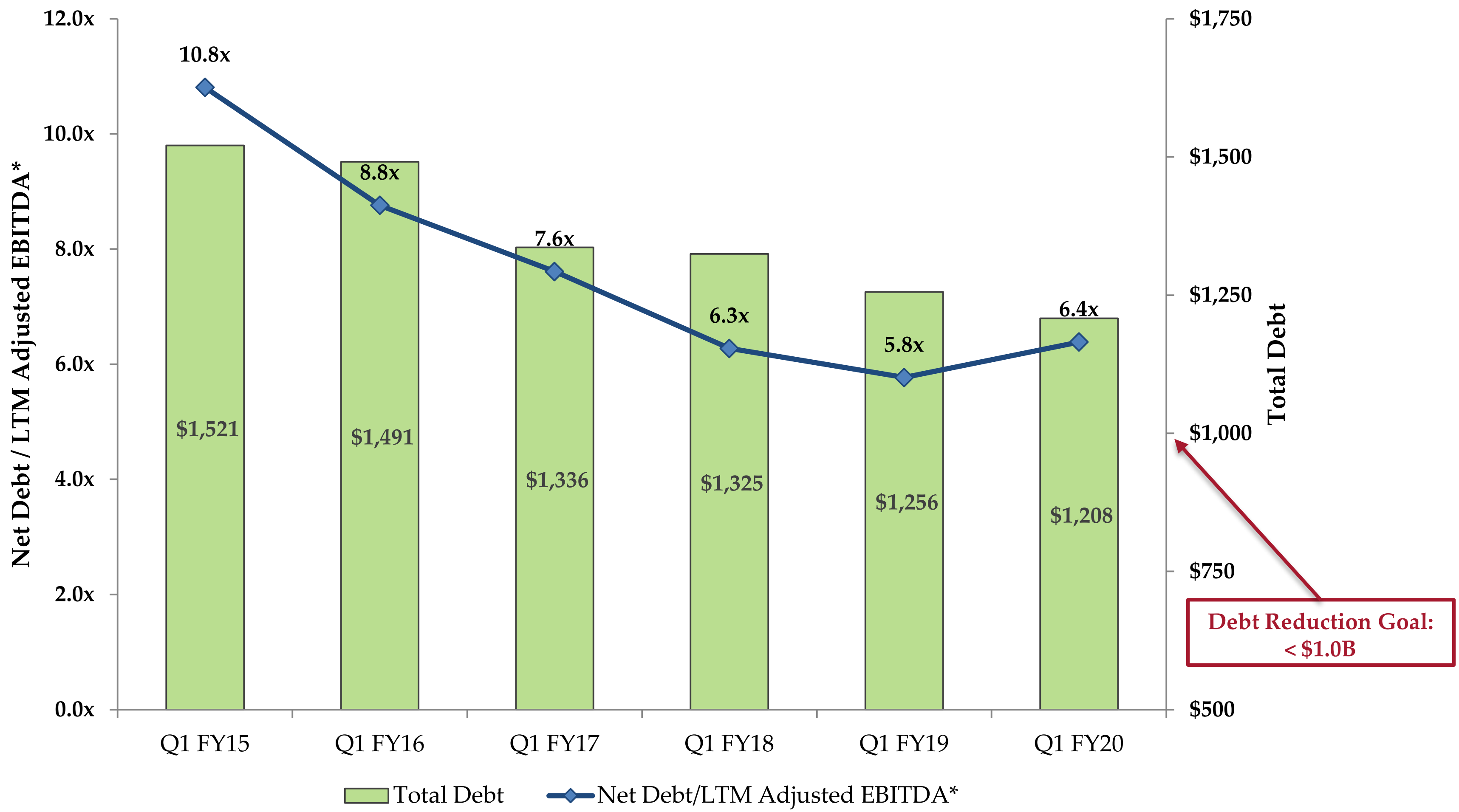
$316M of Total Assets are non-revenue generating

Virtually all expected to be revenue-generating within 12 months

Note: Totals may not foot due to rounding
* Includes income tax receivable
** Includes goodwill and operating lease right-of-use assets

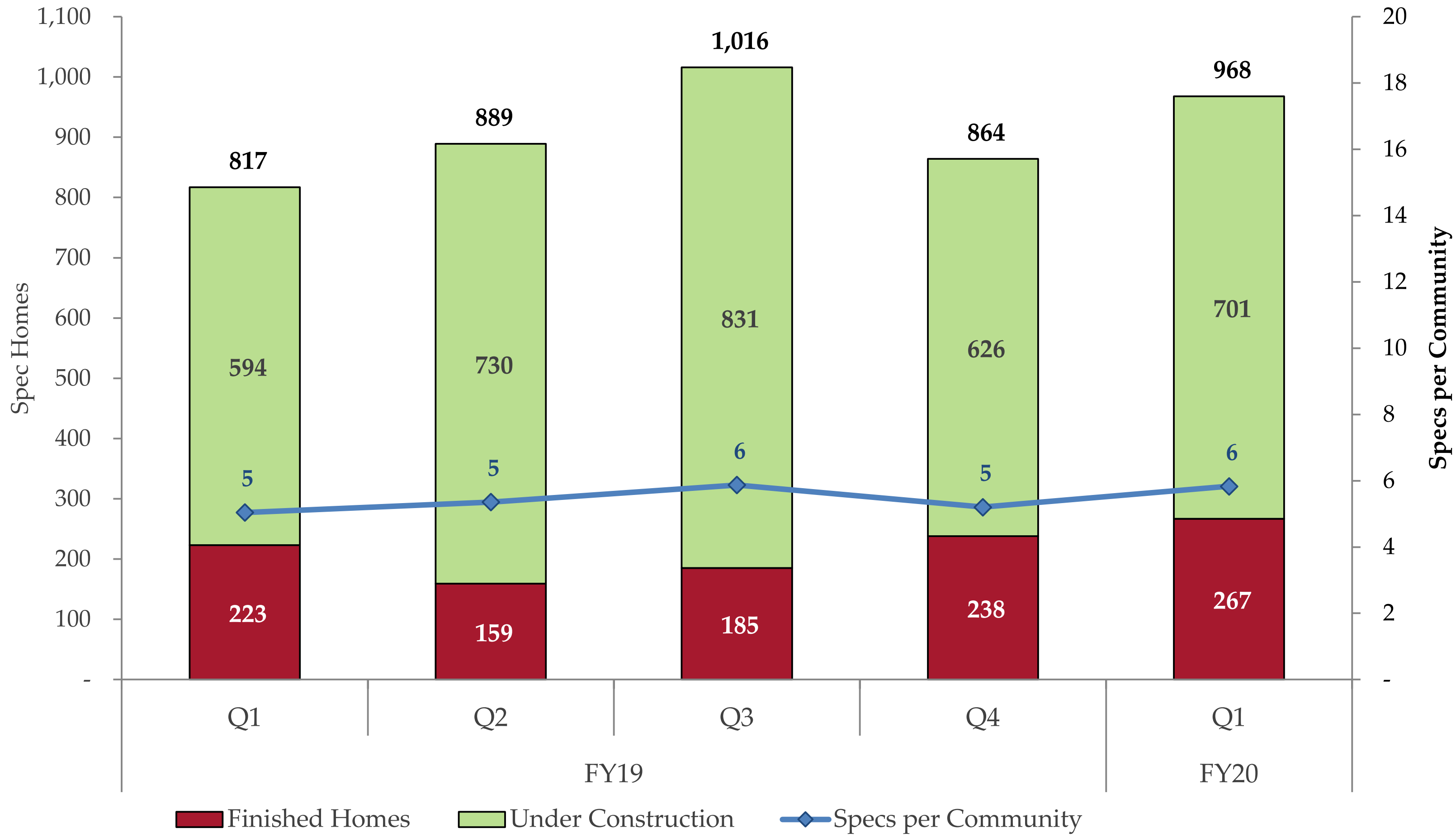
Goal: Debt Below $1 Billion

$ in millions



*Details are included on the "Adjusted EBITDA Reconciliation" slide in the appendix.

Specs Per Community Relatively Flat Year-Over-Year



Note: Spec count as of each quarter-end, includes Gatherings

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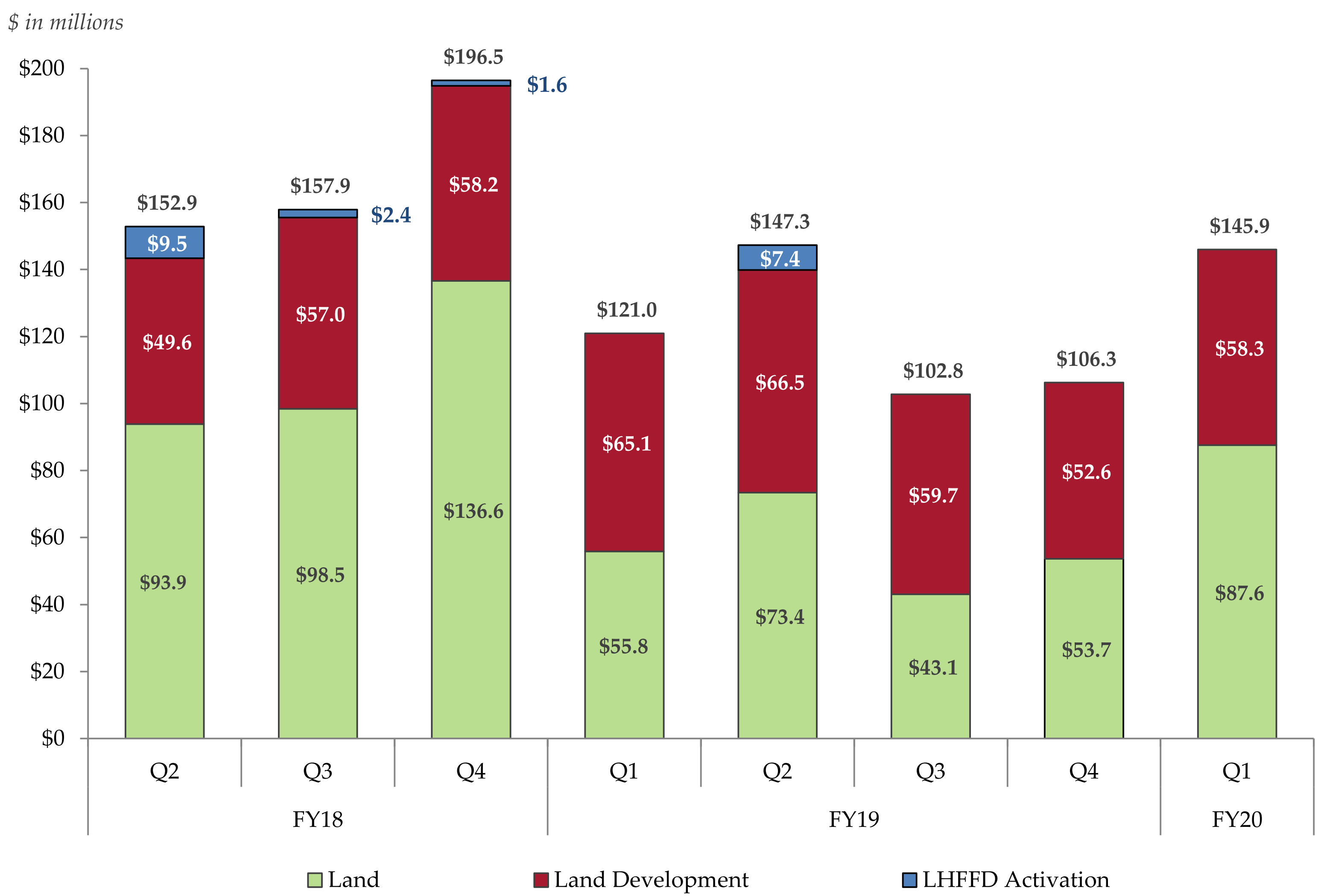
Quarterly Land Spend



Note: Totals may not foot due to rounding

Deferred Tax Assets - Summary

($ in millions)	**Dec 31, 2018**	**Dec 31, 2019**
Deferred Tax Assets	$ 252.2	$ 285.9
Valuation Allowance	(34.2)	(38.5)
Net Deferred Tax Assets	$ 218.0	$ 247.4

As of December 31, 2019, our remaining valuation allowance of $38.5 million related to various state deferred tax assets remains consistent with the determinations we made during the period ended September 30, 2019. See Form 10-Q for additional detail.