Beazer Homes USA, Inc.
Q4 2018 Earnings Presentation

Gatherings at Lake Nona
Orlando, FL

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Forward Looking Statements

This Annual Report on Form 10-K (Form 10-K) 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-K 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 as of the date they are made. These forward-looking statements involve 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-K 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 this Form 10-K. 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) 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, declines in employment or wage 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) 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; (v) the availability and cost of land and the risks associated with the future value of our inventory, such as additional asset impairment charges or write-downs; (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, continued 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 otherwise meet our ongoing liquidity needs, including the impact of any downgrades of our credit ratings 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) natural disasters and 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) the potential recoverability of our 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 impact of information technology failures, cybersecurity issues or data security breaches; (xviii) terrorist acts, natural disasters, acts of war or other factors over which the Company has little or no control; or (xix) 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 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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Fiscal 2018 Highlights

Key Objectives	Status
"2B-10" Plan	✔
3-Year, $250 Million Debt Reduction Plan	✔
Closings in First New Gatherings Community Outside Mid-Atlantic	✔
Two Acquisitions Integrated	✔

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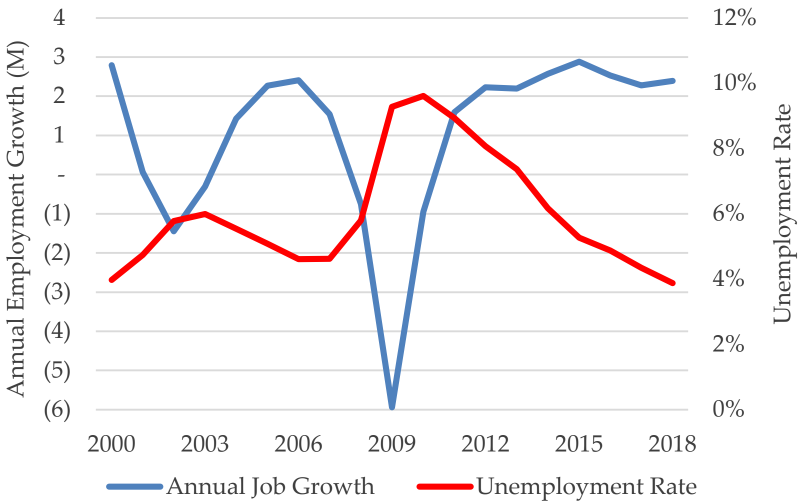
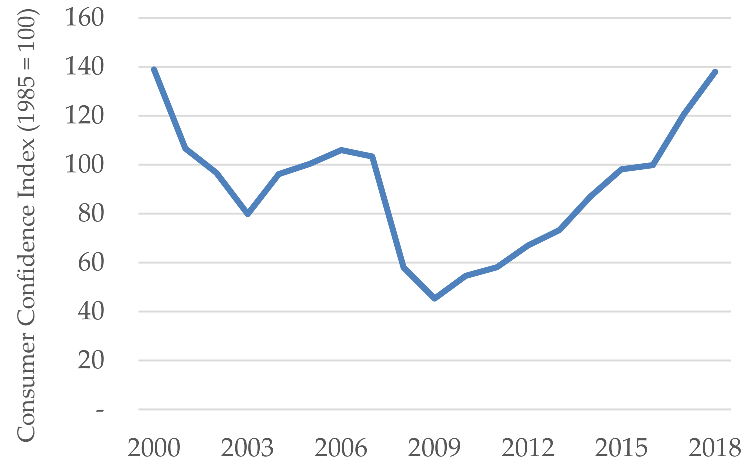
Positive Macroeconomic Environment

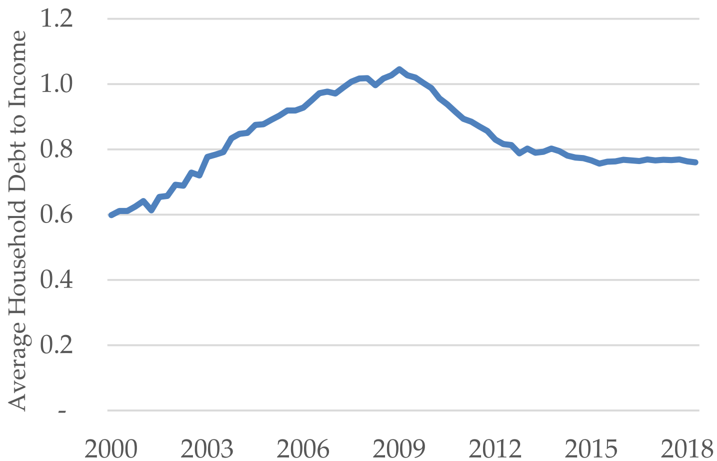
Employment



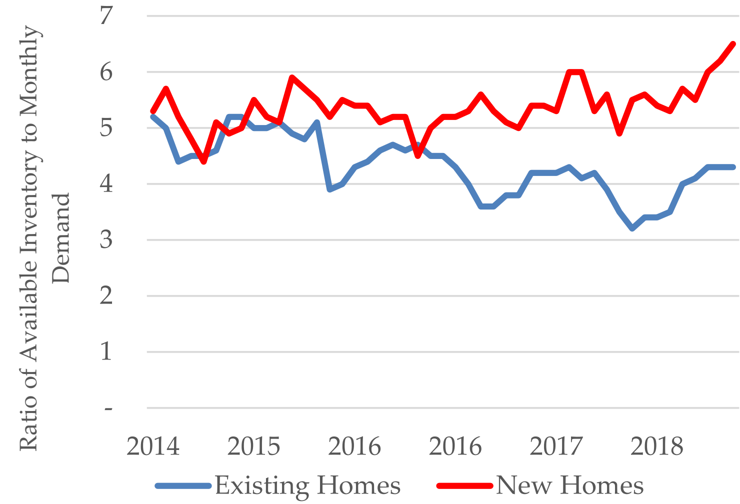
Consumer Confidence Index



Household Debt to Income



Housing Inventory



Sources, clockwise from top left: Bureau of Labor Statistics, The Conference Board, US Census Bureau/Moody's Analytics/National Association of Realtors, Bureau of Economic Statistics

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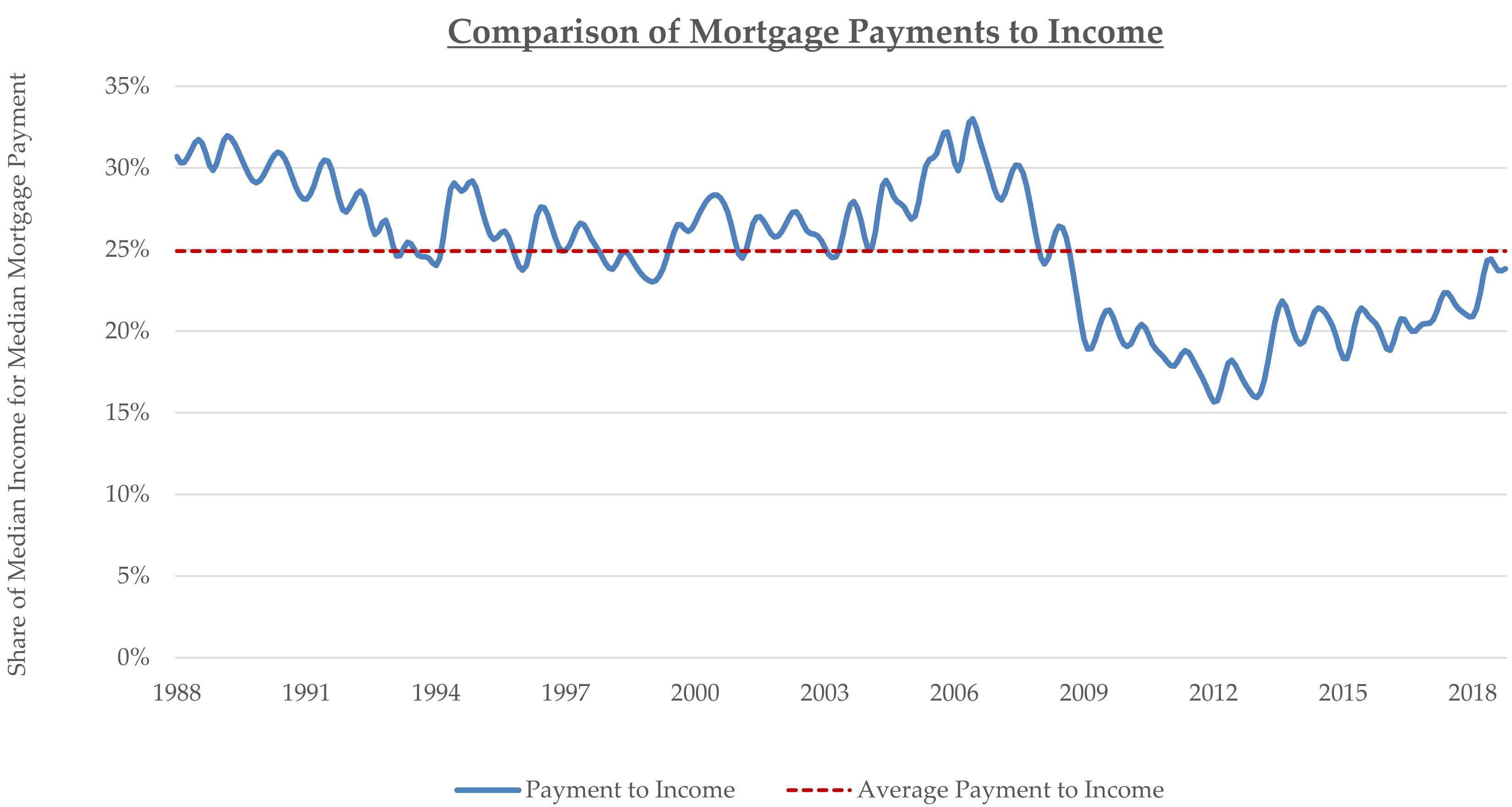
Mortgage Payments "Normalizing"



For each period, chart uses the median:

- Home price (with 10% down payment)
- 30-year fixed mortgage rate
- Household income

Source: US Census Bureau

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Capital Allocation and Profitability Expectations for Fiscal 2019

- Priorities for Capital Allocation
  - Share repurchases
    - Board has approved $50 million share repurchase program
    - Allocated $16.5 million to ASR program
  - Debt repurchases
    - Matching value of total share repurchases
  - Land spend
    - Up to as much as spent in FY18 if warranted by market conditions

- Profitability Expectations
  - EBITDA growth, driven by:
    - Larger community count
    - Higher ASP
  - EPS above $2.00
    - Inclusive of $16.5 million ASR
    - Authorization for additional share repurchases up to an aggregate $50 million provides upside potential

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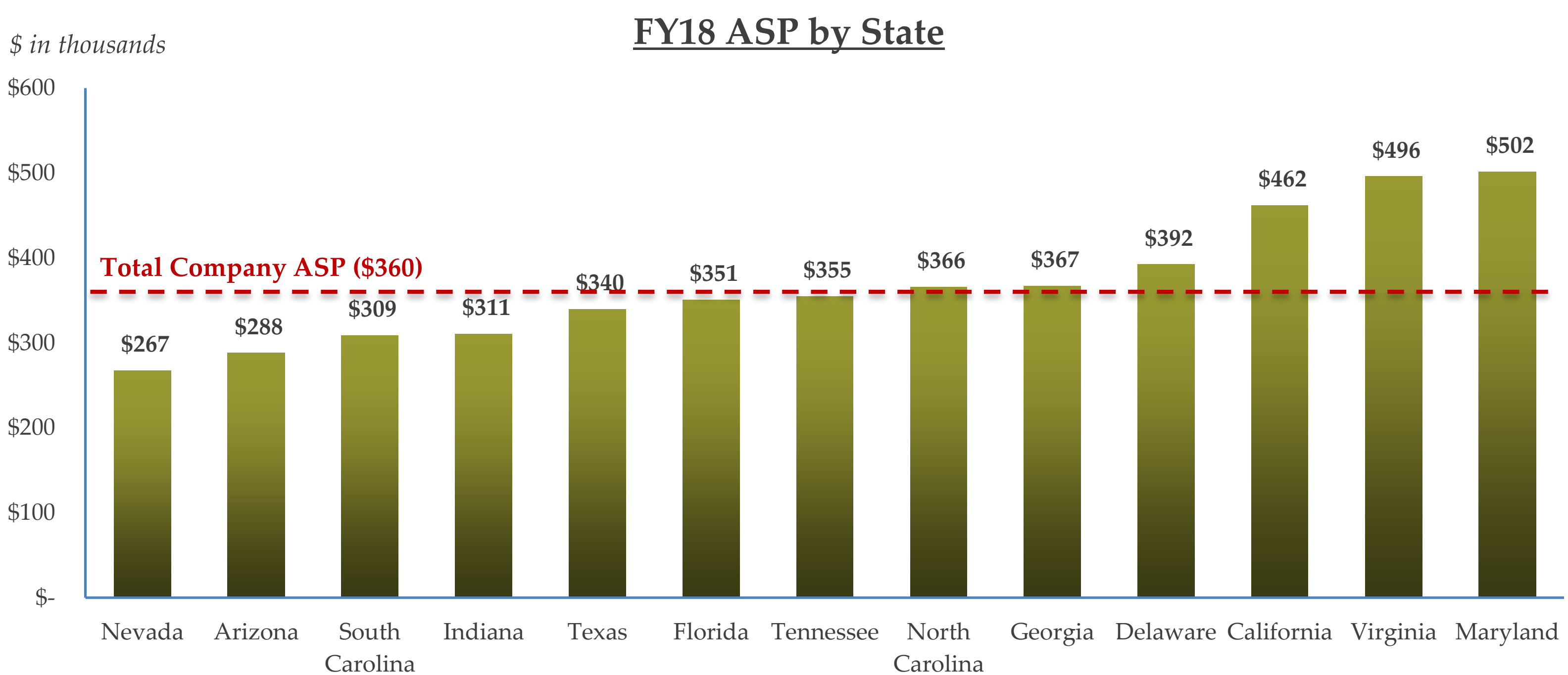
What Makes Beazer Different

Affordable ASPs

Mortgage Choice

Gatherings



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4th Quarter Results

Results	Q4 FY 2018	YoY Change
New Home Orders	1,305	(0.8%)
Sales Pace	2.7	(5.4%)
Average Selling Price ($k)	$372.6	+6.6%
Backlog ASP ($k)	$384.8	+7.2%
Closings	2,044	+7.4%
Backlog Conversion	86.2%	830 bps
Average Community Count	162	+8
Homebuilding Revenue ($M)	$761.5	+14.4%
HB Gross Margin %*	21.6%	(40) bps
SG&A as % of Total Revenue	10.1%	(40) bps
Adjusted EBITDA** ($M)	$90.1	+17.2%
Net Income - Cont. Ops. ($M)	$60.5	+79.5%

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

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"2B-10" Plan Results

		"2B-10" Plan Ranges	FY18 Results
Revenue	Sales / Community / Month	2.8 - 3.2	3.0
	Average Selling Price ("ASP")	$340k - $350k	$360.2k
	Average Community Count	170 - 175	156
	Total Revenue	**$2.0 billion**	**$2.1 billion**
Margin	HB Gross Margin %*	21% - 22%	21.2%
	SG&A (% of Total Revenue)	11% - 12%	11.8%
	Adjusted EBITDA**	**$200 million**	**$204.7 million**

"2B-10" is a multi-year plan to reach $2 billion in Revenue and $200 million of EBITDA

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

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1st Quarter Expectations

Metric	Q1 FY19 vs Prior Year
New Home Orders	Flat
Community Count	Up
Closings	Up Slightly
Backlog Conversion	Higher
Average Selling Price	Low $370s
HB Gross Margin %	Approx. 20%
SG&A % of Total Revenue	Down
Adjusted EBITDA	Up Slightly
Tax Rate	About 24%
Cash Land Spend	Flat

Note: Tax Rate excludes potential tax credits

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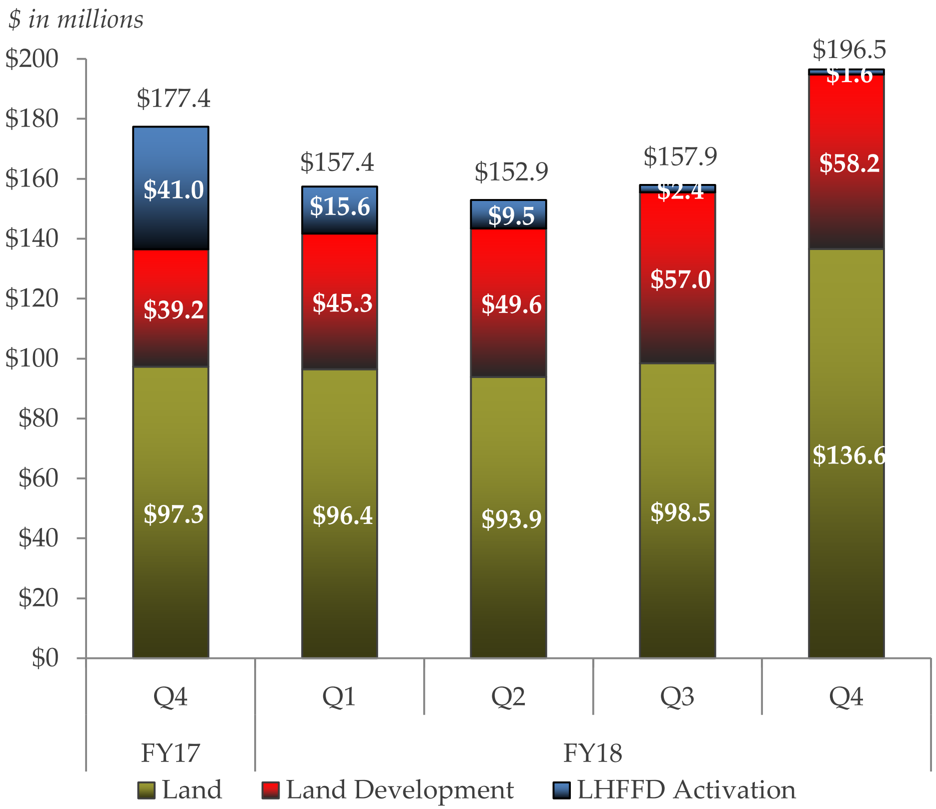
Land Spend & Lot Position

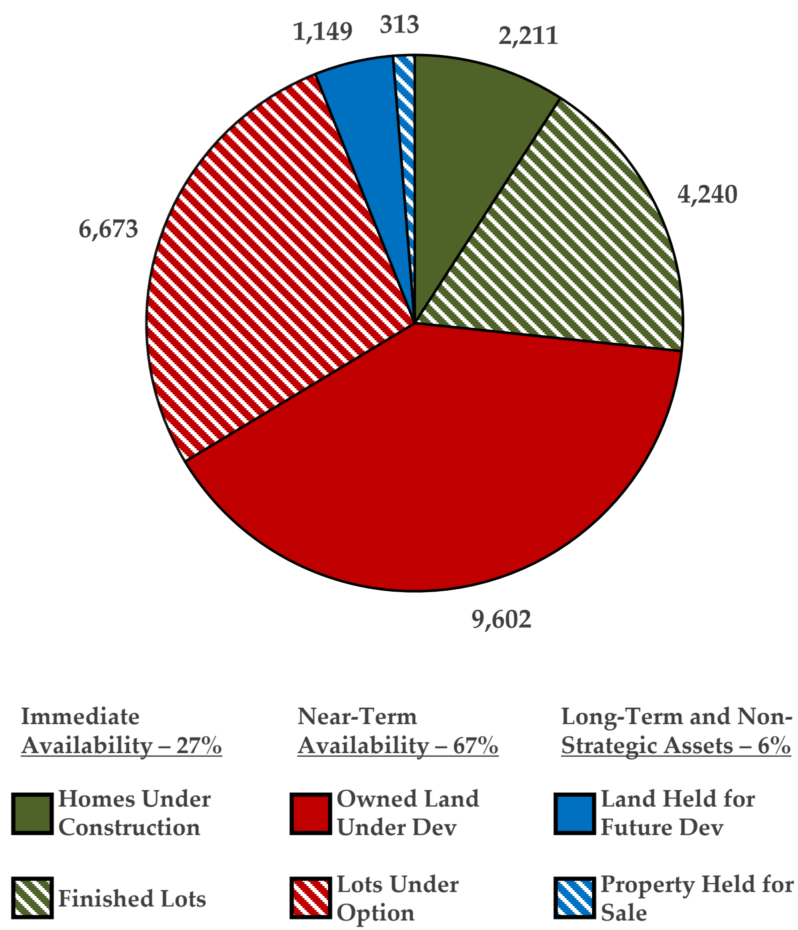
Quarterly Land Spend



Option Lots as % of Active Lots				
Q4 FY14	Q4 FY15	Q4 FY16	Q4 FY17	Q4 FY18
28%	27%	33%	28%	29%

24,188 total controlled lots
22,726 active lots

Lot Position at September 30, 2018



Note: Totals may not foot due to rounding

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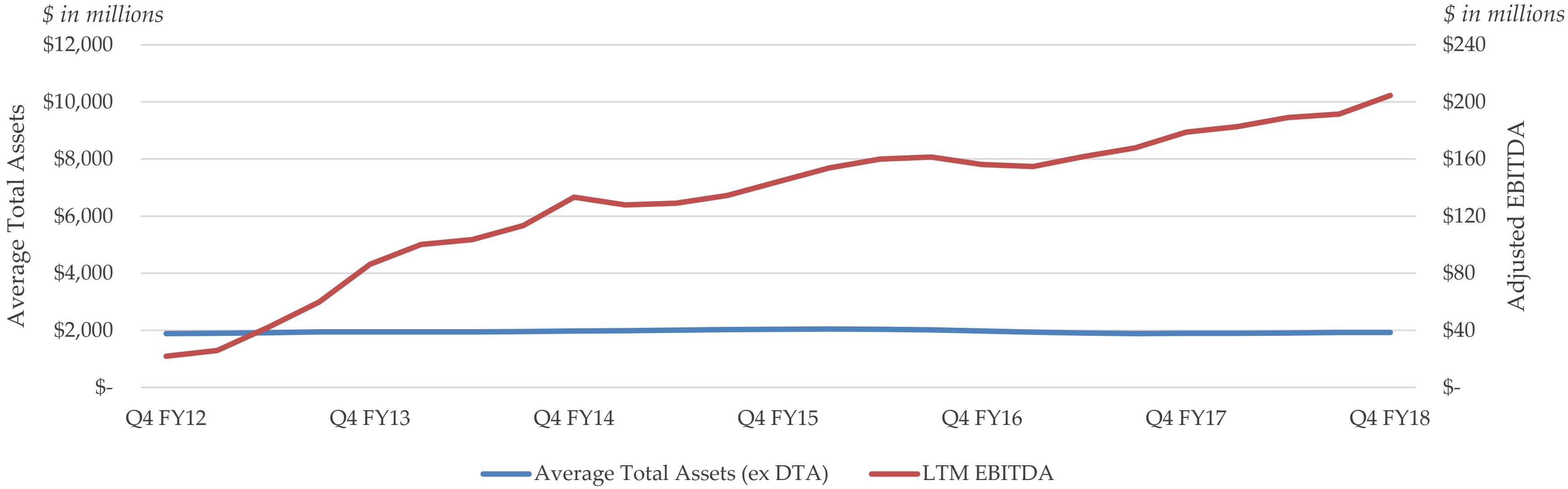
Driving ROA Through Increased Capital Efficiency



$ in millions		09/30/18
Unrestricted & Restricted Cash	$	153.2
Working Capital		34.0
PPE & Investments		34.6
Active Inventory		1,398.5
Former LHFFD - Under Development		202.9
LHFFD & PHFS		91.0
Deferred Tax Assets		214.0
Total Assets	$	2,128.1

$1.6B of total assets are "active"

$507.9M of total assets are "inactive"

$204.7 million of LTM EBITDA equates to a return on active assets of 12.6%

Note: Totals may not foot due to rounding

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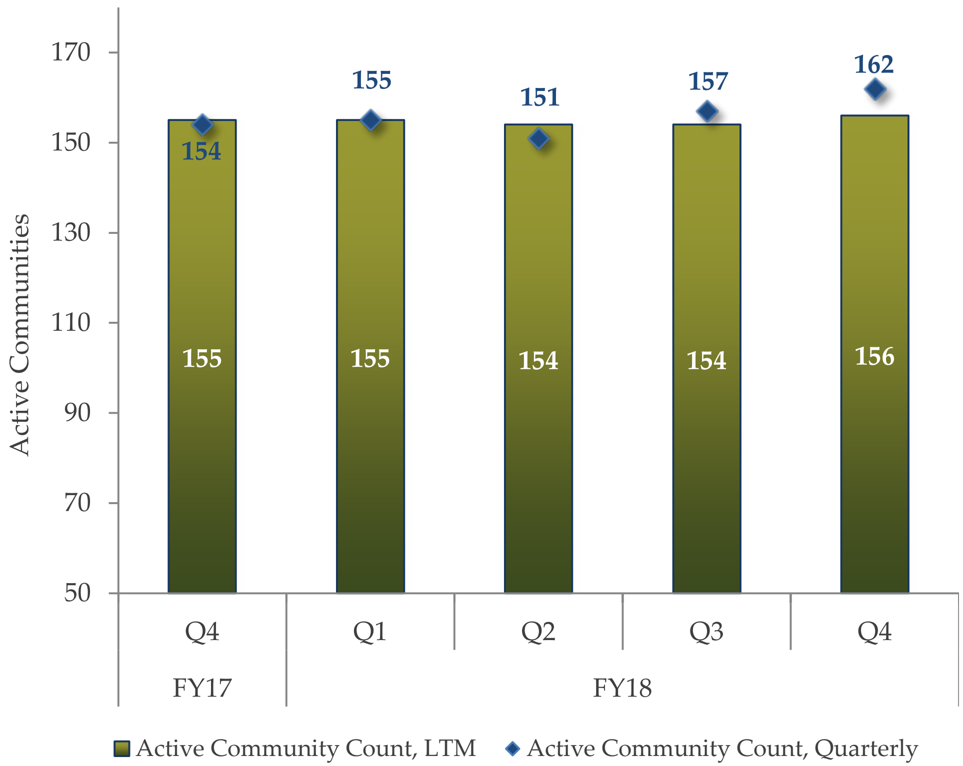
Community Count Above 170 by 2019 FYE

Average Active Community Count



Community Count Activity

Active Communities at 9/30/2018	160
Opening in Next ~6 Months	+ 50
Under Development (excluding any communities opening in N6M)	+ 43
Approved But Not Yet Closed (excluding any communities opening in N6M)	+ 12
Closing in Next ~6 Months	(35)

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

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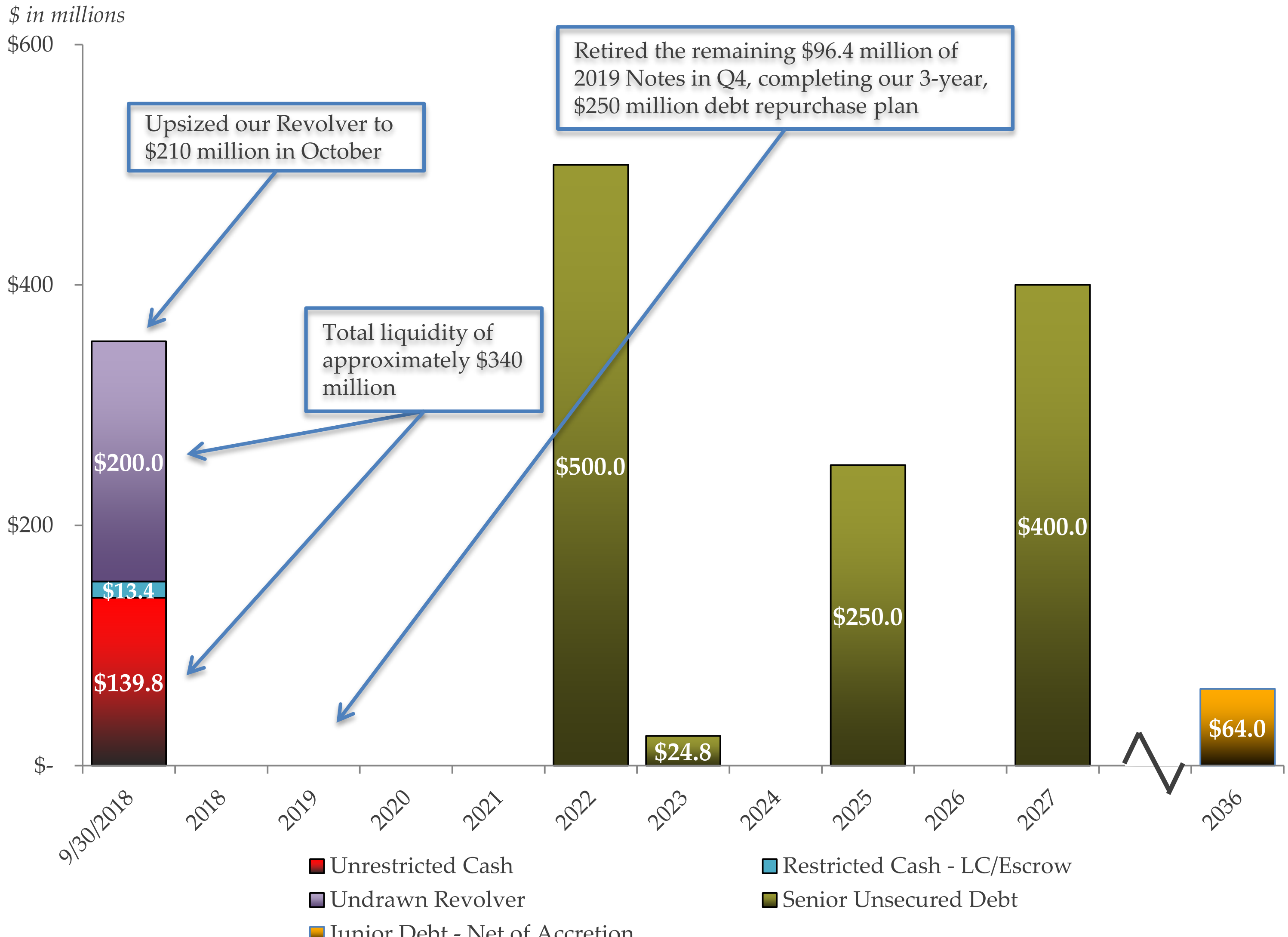
Maturity Schedule – 9/30/2018



Notes:

-There is an additional $4.1 million of secured divisional debt on the balance sheet with various maturity dates

-Years are calendar years

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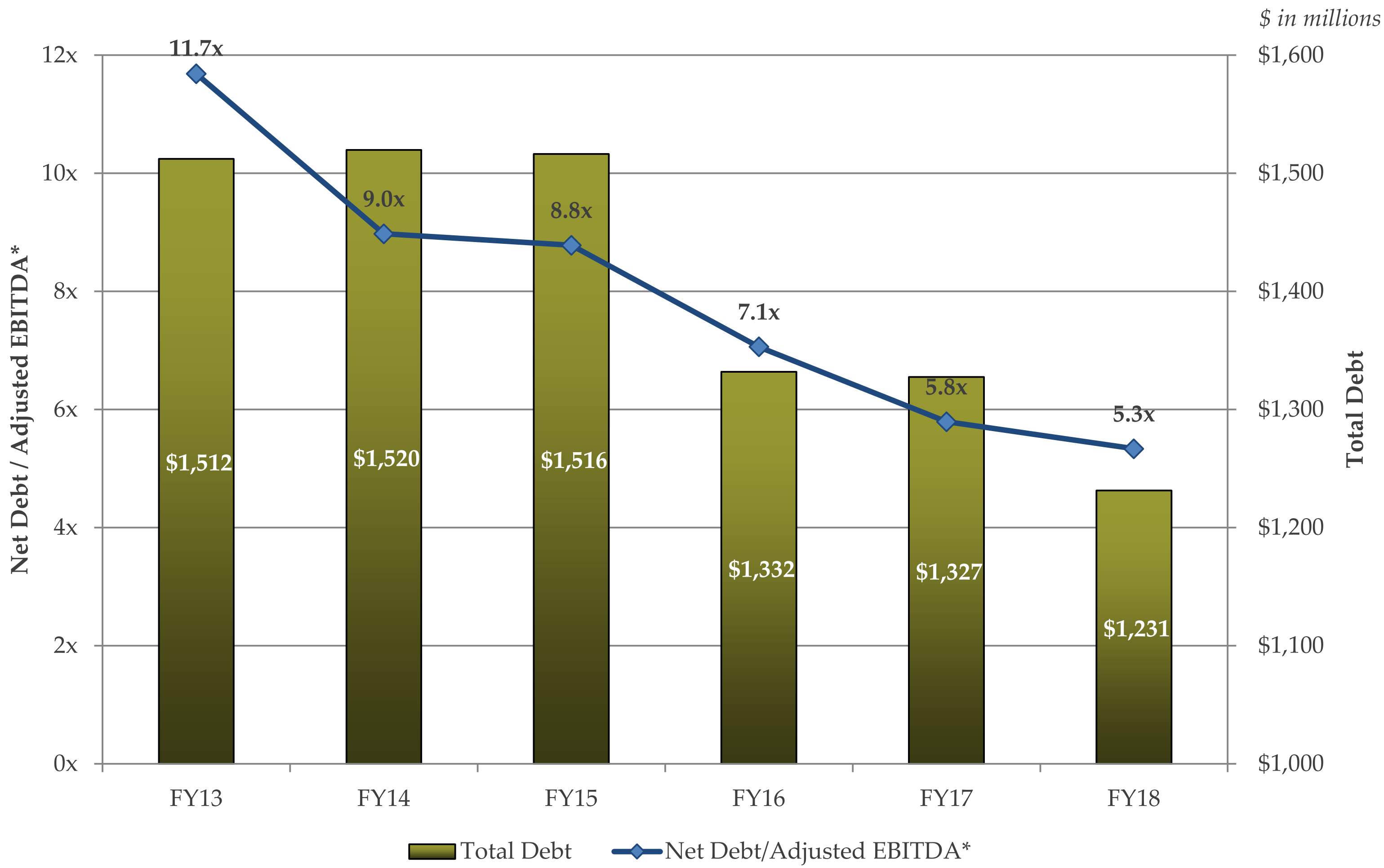
Improving Leverage



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

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Focus for Fiscal 2019

Operational Priorities

- First-time and active adult buyers
- Mortgage Choice
- Gatherings

Financial Priorities

- Drive toward double-digit ROA
  - Capital allocation strategy
  - Larger active community count
  - Higher average selling prices

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Appendix

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Q4 Results

$ in millions, except ASP

		FY17 Q4		FY18 Q4		Δ
Profitability						
Total Revenue	$	673.0	$	767.9		14.1%
Adjusted EBITDA*	$	76.9	$	90.1	$	13.2
Net Income/Loss (Cont. Ops.)	$	33.7	$	60.5	$	26.8
Unit Activity						
Orders		1,315		1,305		(0.8)%
Closings		1,904		2,044		7.4%
Average Sales Price ($000's)	$	349.5	$	372.6		6.6%
Cancellation Rate		20.6%		21.5%		90 bps
Active Community Count, Avg**		154		162		5.0%
Sales/Community/Month		2.8		2.7		(5.4)%
Margins						
HB Gross Margin***		22.0%		21.6%		(40 bps)
SG&A (% of Total Revenue)		10.5%		10.1%		(40 bps)
Balance Sheet						
Unrestricted Cash	$	292.1	$	139.8	$	(152.3)
Land & Development Spending	$	136.4	$	194.8	$	58.4

Note: Variances are calculated using un-rounded numbers
*Details are included on the "Adjusted EBITDA Reconciliation" slide in the appendix
**Active Community Count was 155 at 9/30/2017 and 160 at 9/30/2018
***Excludes impairments, abandonments, and interest included in cost of sales

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FY18 Results

$ in millions, except ASP

		FY17		FY18		Δ
Profitability						
Total Revenue	$	1,916.3	$	2,107.1		10.0%
Adjusted EBITDA*	$	178.8	$	204.7	$	25.9
Net Income/Loss (Cont. Ops.)	$	32.0	$	(45.0)	$	(77.0)
Unit Activity						
Orders		5,464		5,544		1.5%
Closings		5,525		5,767		4.4%
Average Sales Price ($000's)	$	343.1	$	360.2		5.0%
Cancellation Rate		18.5%		18.3%		(20 bps)
Active Community Count, Avg**		155		156		1.0%
Sales/Community/Month		2.9		3.0		0.4%
Margins						
HB Gross Margin***		21.2%		21.2%		0 bps
SG&A (% of Total Revenue)		12.4%		11.8%		(60 bps)
Balance Sheet						
Unrestricted Cash	$	292.1	$	139.8	$	(152.3)
Land & Development Spending	$	446.4	$	635.5	$	189.1

Note: Variances are calculated using un-rounded numbers
*Details are included on the "Adjusted EBITDA Reconciliation" slide in the appendix
**Active Community Count was 155 at 9/30/2017 and 160 at 9/30/2018
***Excludes impairments, abandonments, and interest included in cost of sales

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Backlog Detail

		Q4 FY17		Q4 FY18
Quarter Ending Backlog (units)		1,855		1,632
Quarter Ending Backlog ($ in millions)	$	665.8	$	628.0
ASP in Backlog ($ in thousands)	$	358.9	$	384.8
Quarter Beg. Backlog		2,444		2,371
Scheduled to Close in Future Qtrs.		(676)		(755)
Backlog Scheduled to Close in the Qtr.		1,768		1,616
Backlog Activity:				
Cancellations		(125)		(158)
Pushed to Future Quarters		(170)		(96)
Close Date Brought Forward		66		122
Sold & Closed During the Qtr		365		560
Total Closings in the Quarter		1,904		2,044
Backlog Conversion Rate		**77.9%**		**86.2%**

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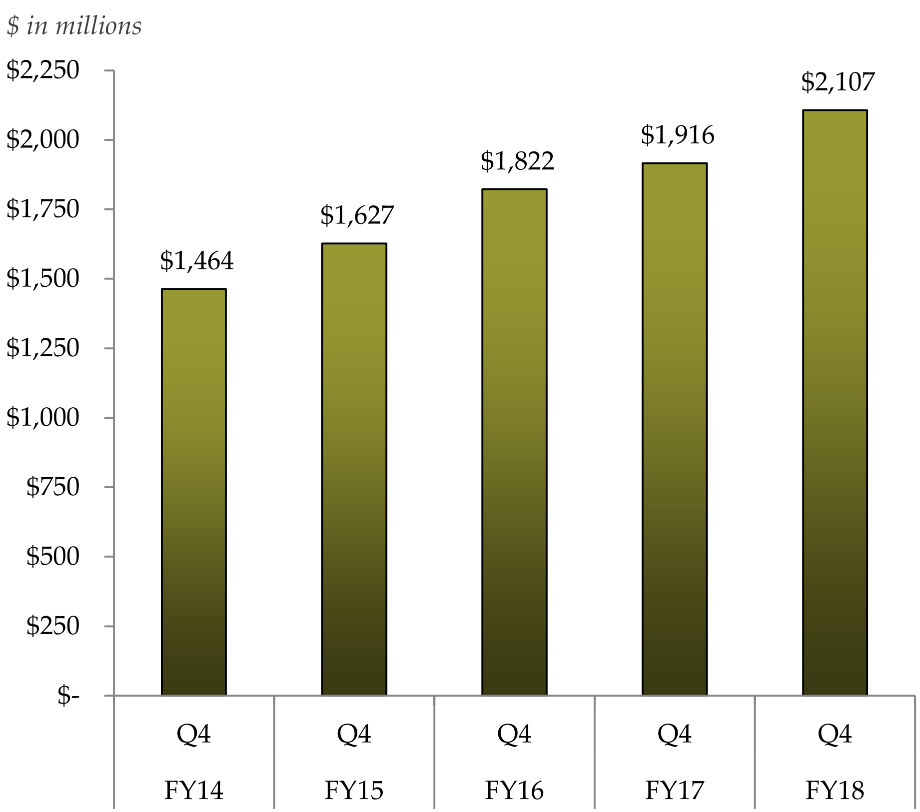
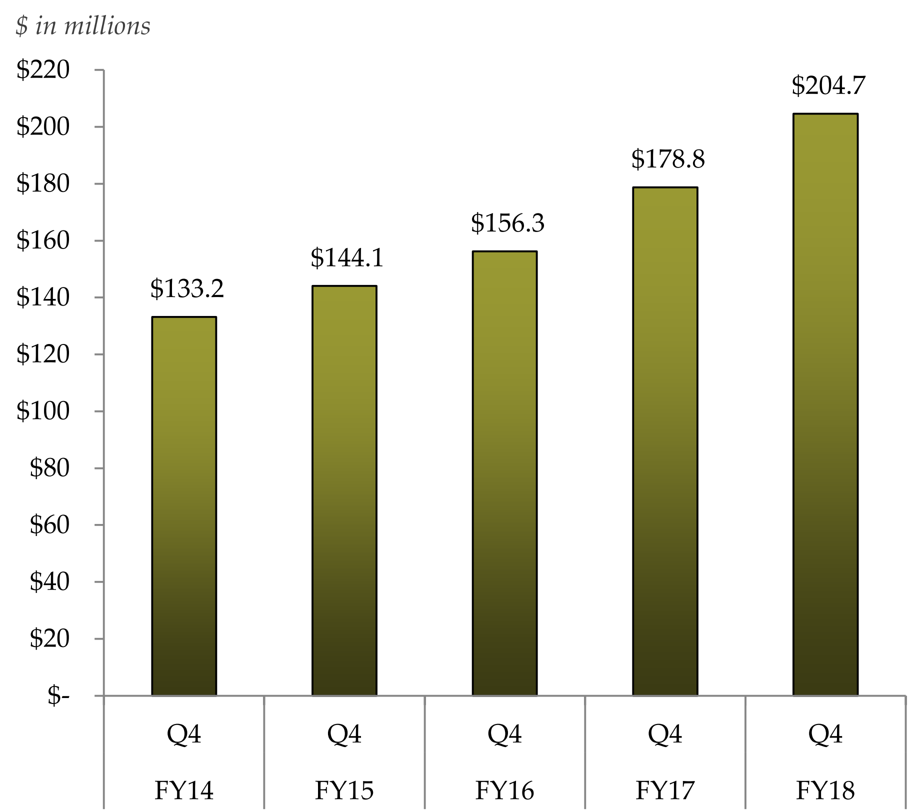
Increases in LTM Revenue and EBITDA

Total Revenue* – LTM



Adjusted EBITDA – LTM**



*Total Revenue is for Continuing Operations
**Details are included on the "Adjusted EBITDA Reconciliation" slide in the appendix

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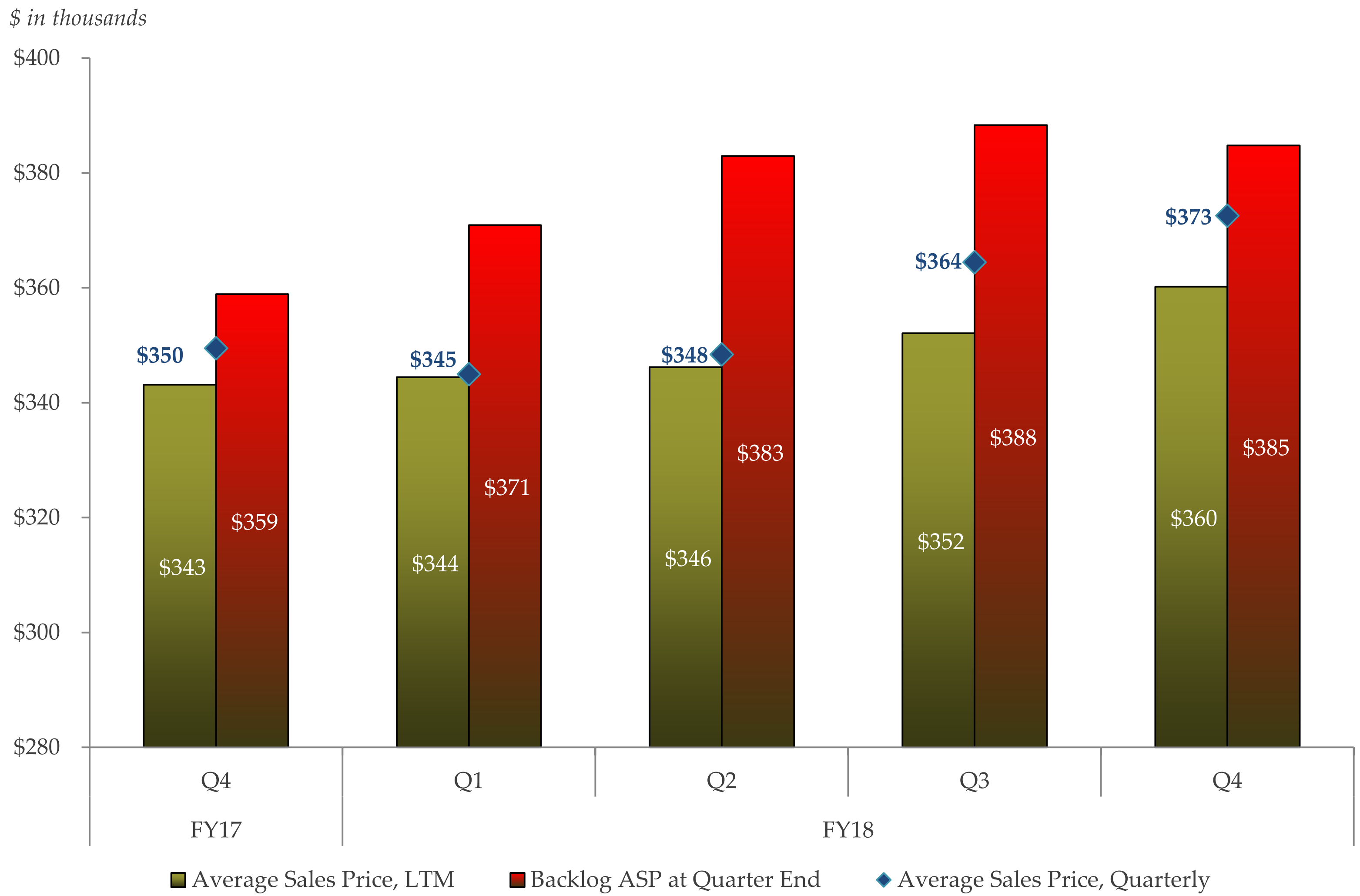
Backlog ASP Suggests Further Growth



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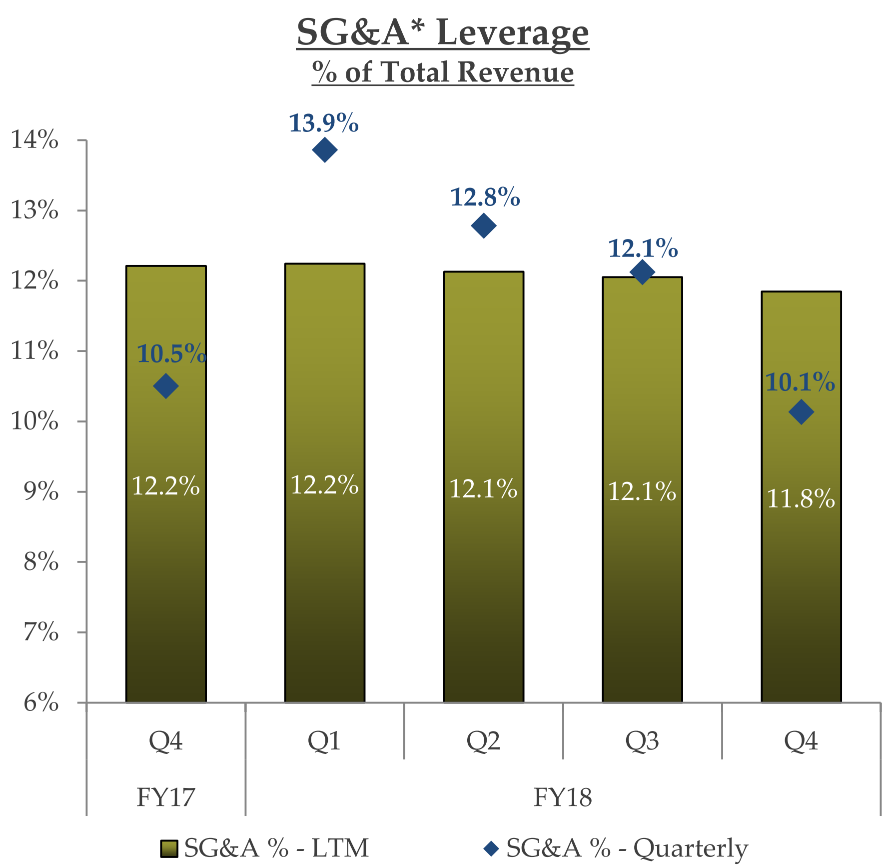
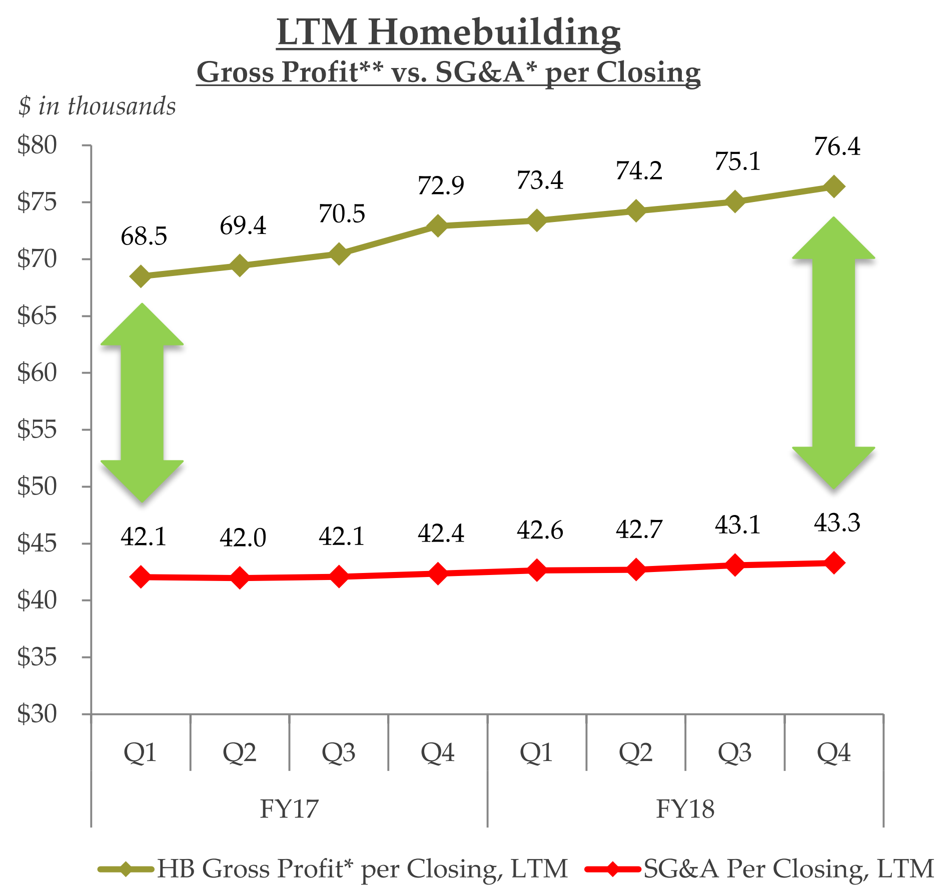
SG&A Leverage as Revenue Grows





* Q1 FY17 SG&A excludes a $2.7 million write-off of a legacy investment in a development site
** Excludes impairments, abandonments, interest included in cost of sales and certain warranty items

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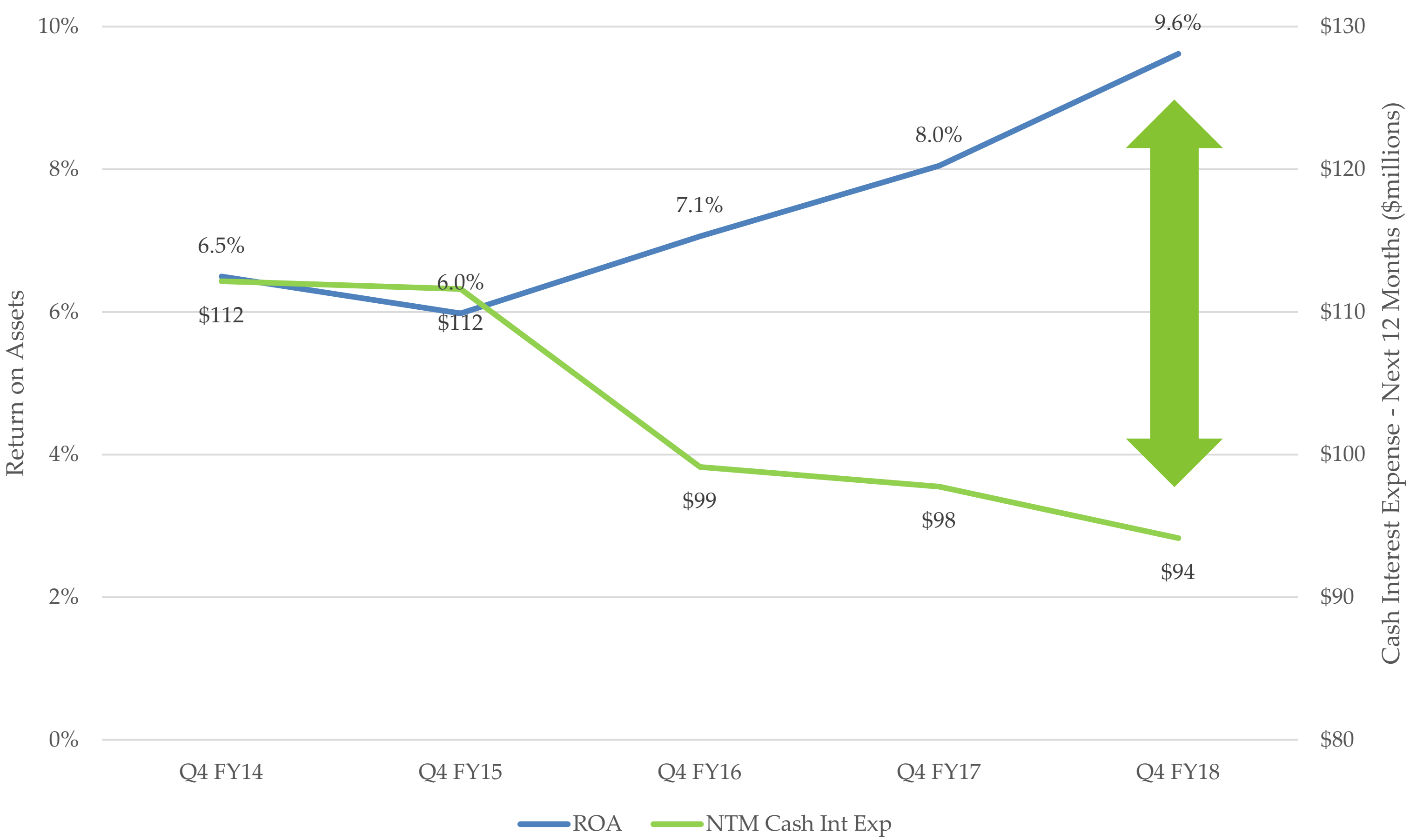
Push Toward 10+ ROA with Declining Cost of Capital



Notes

- ROA is LTM Adjusted EBITDA/Total Assets at end of period
- NTM Cash Interest Expense is expected cash interest due for following 12-month period as of the end of each period

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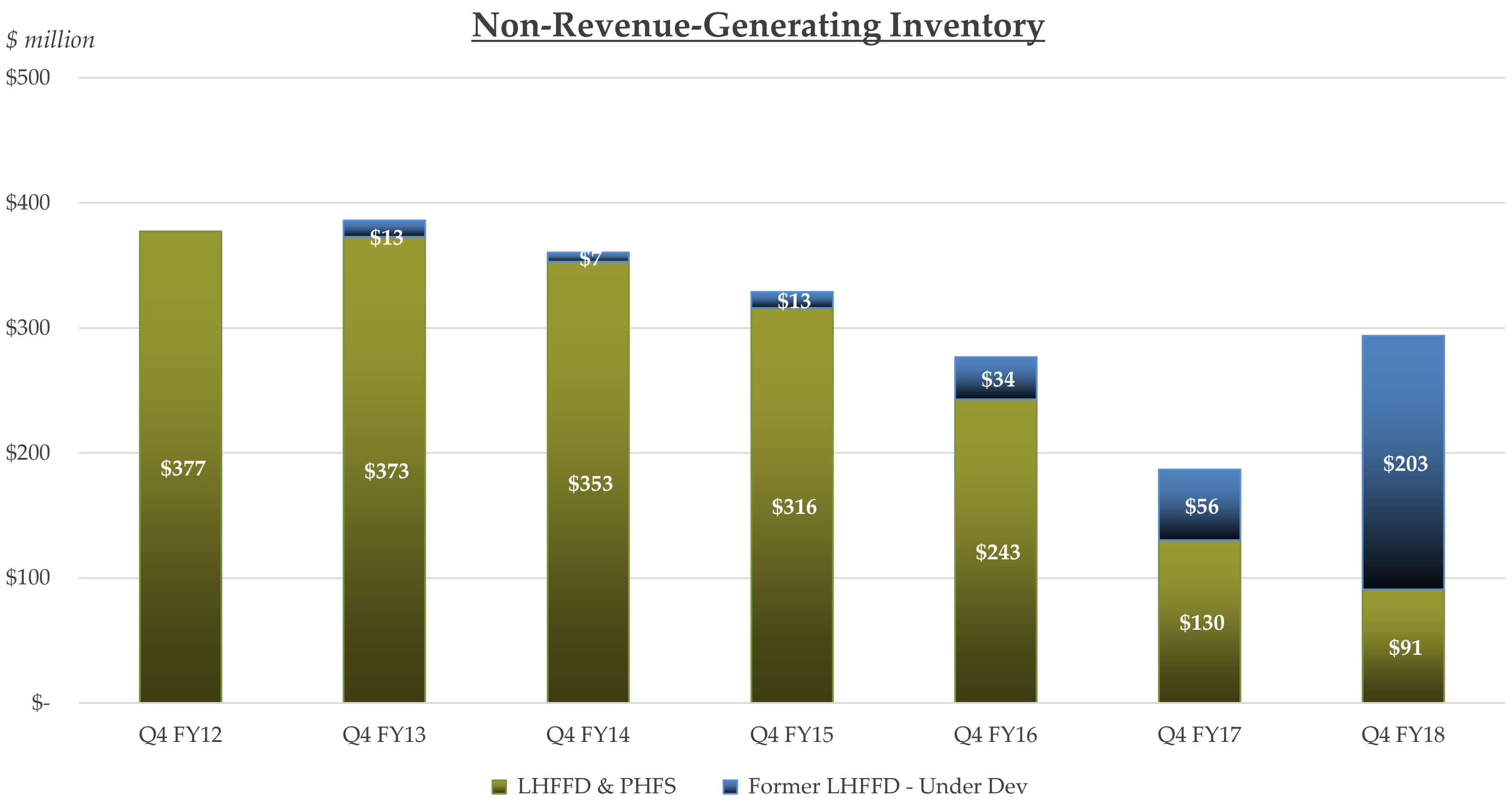
Improvements in Capital Efficiency



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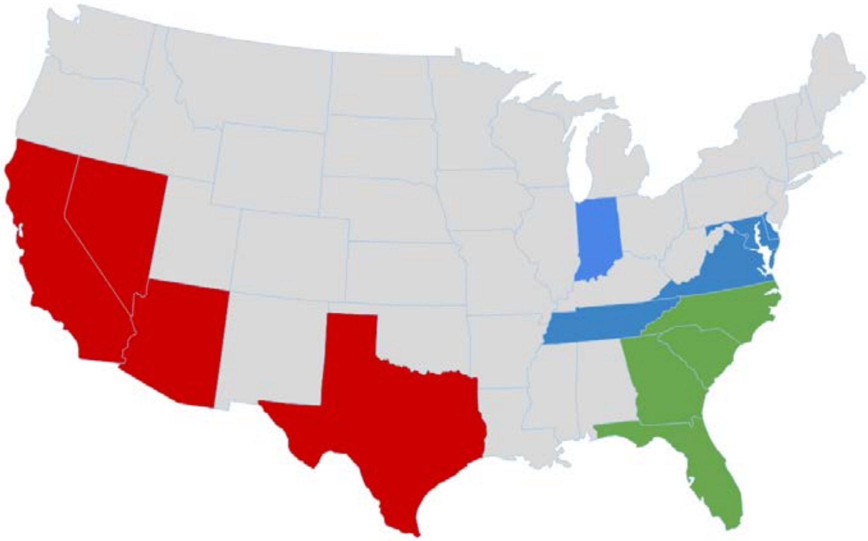
Geographic Mix Impacts Q4 ASP

	Q4 FY17 ASP	Q4 FY18 ASP	Change in ASP ($)	Change in ASP (%)	Q4 FY17 Closings	Q4 FY18 Closings	Change in Mix
West	$344k	$351k	$7k	2.0%	43.7%	49.7%	6.0%
East	$393k	$460k	$67k	17.2%	28.0%	20.5%	-7.5%
SE	$315k	$348k	$33k	10.5%	28.3%	29.8%	1.5%



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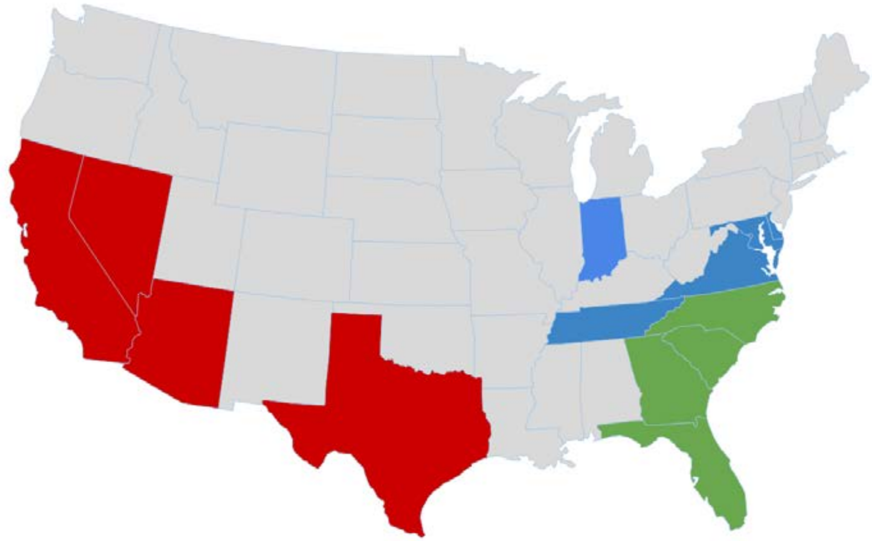
Geographic Mix Impacts Q4 Margin

	Q4 FY17 GM%	Q4 FY18 GM%	Change in GM%	Q4 FY17 Closings	Q4 FY18 Closings	Change in Mix
West	22.9%	23.9%	100bps	43.7%	49.7%	6.0%
East	22.7%	21.5%	(120)bps	28.0%	20.5%	-7.5%
SE	21.5%	19.6%	(190)bps	28.3%	29.8%	1.5%



Notes:
-Segment gross margin excludes required capitalization of indirects, impairments and interest included in cost of sales
-Q4 FY18 gross margin for the Southeast includes the purchase price accounting impact from the Venture Homes acquisition

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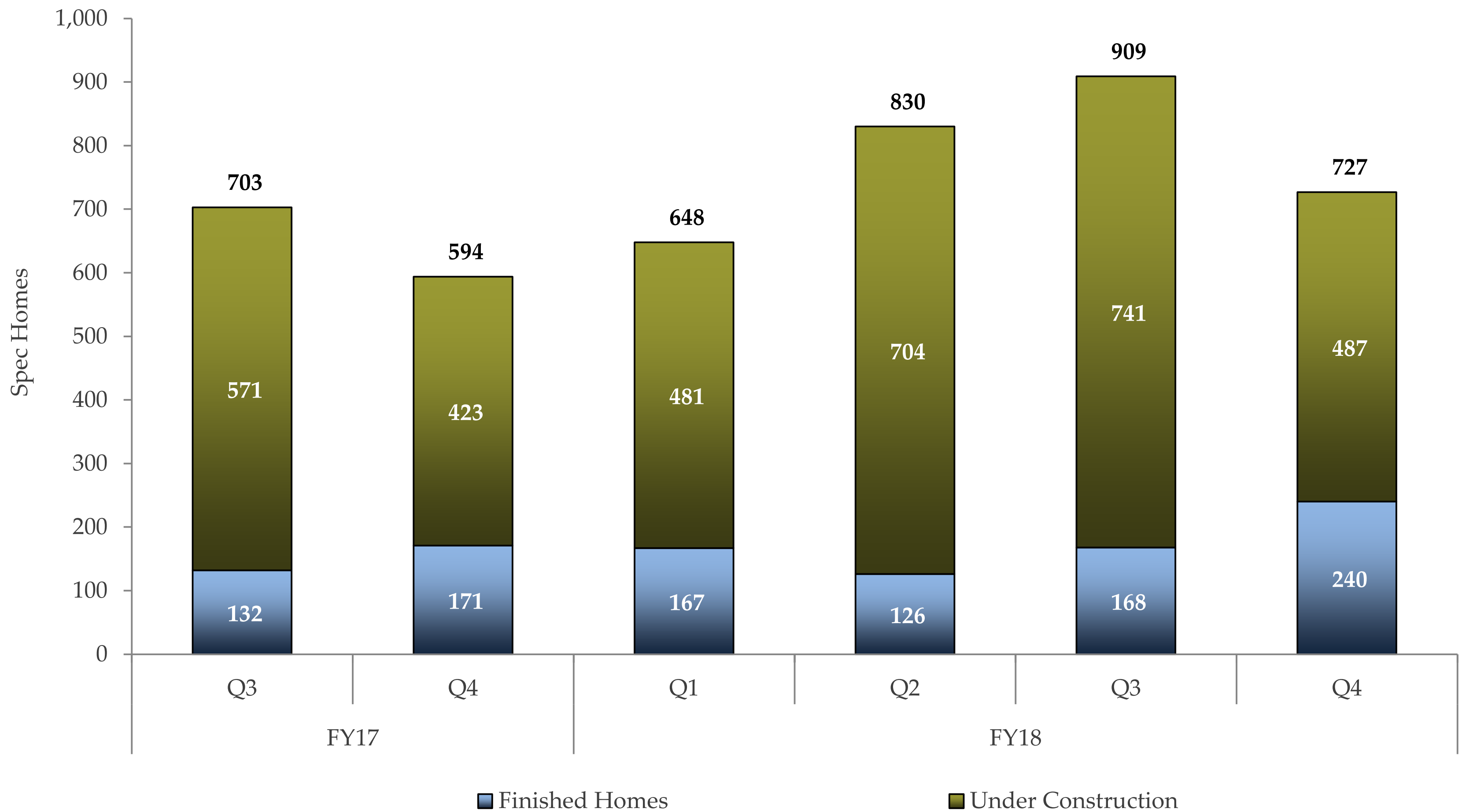
Available Specs



Note: Spec count as of each quarter-end

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Debt Structure

($ in thousands)	**Maturity Date**	**Next Call**	**Call Price**	**Sept 30, 2017**	**Sept 30, 2018**
5.750% Senior Notes	June 2019			$ 321,393	$ -
8.750% Senior Notes	March 2022	3/15/2019	104.375	500,000	500,000
7.250% Senior Notes	February 2023	2/1/2019	102.417	199,834	24,834
6.750% Senior Notes	March 2025	3/15/2020	105.063	250,000	250,000
5.875% Senior Notes	October 2027	10/15/2022	102.938	-	400,000
Unamortized debt premiums				3,413	2,640
Unamortized debt issuance costs				(14,800)	(14,336)
Total Senior Notes, net				**1,259,840**	**1,163,138**
Junior Subordinated Notes	July 2036			61,937	64,003
Other Secured Notes payable	Various Dates			5,635	4,113
Total debt, net				**$ 1,327,412**	**$ 1,231,254**

Notes:

Junior Subordinated Notes net of unamortized accretion of $38,873 and $36,770, respectively

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Adjusted EBITDA Reconciliation

	Three Months Ended Sept 30,			Fiscal Year Ended Sept 30,		
($ in thousands)	**2017**	**2018**	**Variance**	**2017**	**2018**	**Variance**
Net income (loss)	$ 33,654	$ 60,605	$ 26,951	$ 31,813	$ (45,375)	$ (77,188)
Expense (benefit) from income taxes	3,953	(18,860)	(22,813)	2,621	94,373	91,752
Interest amortized to home construction and land sales expenses, capitalized interest impaired	31,462	32,750	1,288	88,820	91,331	2,511
Interest expense not qualified for capitalization	3,404	35	(3,369)	15,636	5,325	(10,311)
EBIT	**72,473**	**74,530**	**2,057**	**138,890**	**145,654**	**6,764**
Depreciation and amortization and stock-based compensation amortization	5,702	7,144	1,442	22,173	24,065	1,892
EBITDA	**78,175**	**81,674**	**3,499**	**161,063**	**169,719**	**8,656**
(Gain) loss on debt extinguishment	(2,933)	1,935	4,868	12,630	27,839	15,209
Inventory impairments and abandonments	1,637	6,152	4,515	2,389	6,770	4,381
Joint venture impairment and abandonment charges	-	341	341	-	341	341
Write-off of deposit on legacy land investment	-	-	-	2,700	-	(2,700)
Adjusted EBITDA	**$ 76,879**	**$ 90,102**	**$ 13,223**	**$178,782**	**$204,669**	**$ 25,887**

Deferred Tax Assets - Summary

($ in millions)	Sep 30, 2017		Sep 30, 2018	
Deferred Tax Assets	$	373.1	$	248.2
Valuation Allowance		(65.2)		(34.2)
Net Deferred Tax Assets	$	307.9	$	214.0

As of September 30, 2018, our remaining valuation allowance of $34.2 million related to various state deferred tax assets remains consistent with the determinations we made as a result of our tax restructuring in prior periods. The current quarter includes the release of valuation allowance on all remaining federal and a portion of our state deferred tax assets that we have determined are more likely than not to be realized. See Form 10-K for additional detail.

Note: Totals may not foot due to rounding

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