Beazer Homes USA, Inc.
Q1 2019 Earnings Presentation

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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 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-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, 2018, as well as Part II, 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) 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 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 in 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 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) 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; (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.

Introduction

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

1st Quarter Highlights

Continued Execution of Balanced Growth Strategy
• Homebuilding Revenue +9% YoY
• Improved Overhead Leverage
• Adjusted EBITDA of $27 Million
• Earnings Per Share of $0.23
• Share Repurchases of $16.5 Million

Extraordinary Value at an Affordable Price

Refining Product Offerings
Providing Choice Plans at No Additional Cost
Demonstrating the Value of Energy Star Certified Homes
Extending Mortgage Choice Platform

Update on Capital Allocation Priorities

- **Land Spend –** Likely to be at the low end of $500-$600 million range
- **Share Repurchases –** $23 million in total repurchases to date. Expect additional buybacks this fiscal year
- **Debt Repurchases –** Debt retirement to exceed dollar value of share repurchases
- **$2.00 Profitability Target**
  - More challenging to achieve after Q1, but some reasons for optimism:
    - Lower mortgage rates
    - Less capital volatility
    - Job and wage growth
    - Constrained supply of housing
    - Community count growth

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1st Quarter Results

Results	Q1 FY 2019	YoY Change
New Home Orders	976	(12.1%)
Sales Pace	2.0	(14.6%)
Average Selling Price ($k)	$370.3	+7.3%
Backlog ASP ($k)	$388.9	+4.9%
Closings	1,083	+1.6%
Backlog Conversion	66.4%	+890 bps
Average Community Count	160	+5
Homebuilding Revenue ($M)	$401.0	+9.0%
HB Gross Margin %*	19.7%	(120) bps
SG&A as % of Total Revenue	13.5%	(40) bps
Adjusted EBITDA** ($M)	$26.8	(5.5%)
Net Income - Cont. Ops. ($M)	$7.3	N/A

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

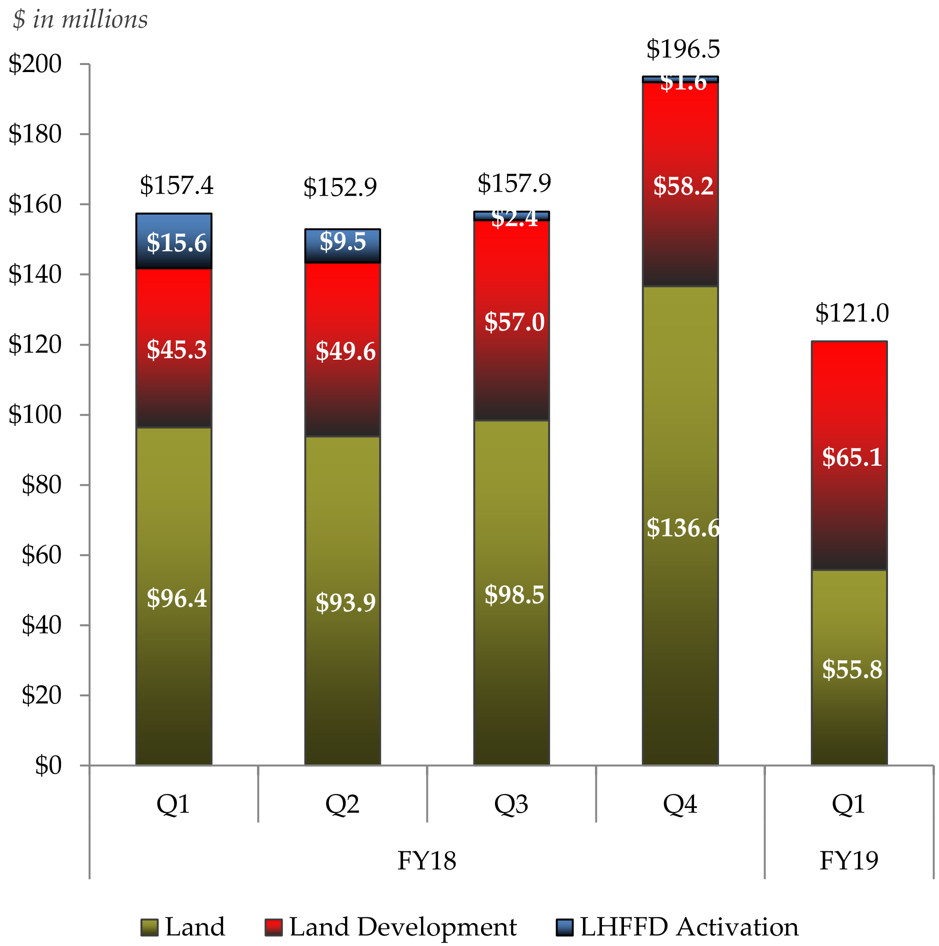
2nd Quarter Expectations

Metric	Q2 FY19 vs Prior Year
New Home Orders*	Down 5% - 10%
Community Count	Up 5% - 10%
Average Selling Price	Approx. $370k
Backlog Conversion	Low 70% Range
HB Gross Margin %	± 19.5%
SG&A Expense	Down in $
Adjusted EBITDA	Below Last Year
Cash Land Spend	Relatively Flat

*Estimate based on expected community count growth, assuming decline in sales pace is consistent with Q1

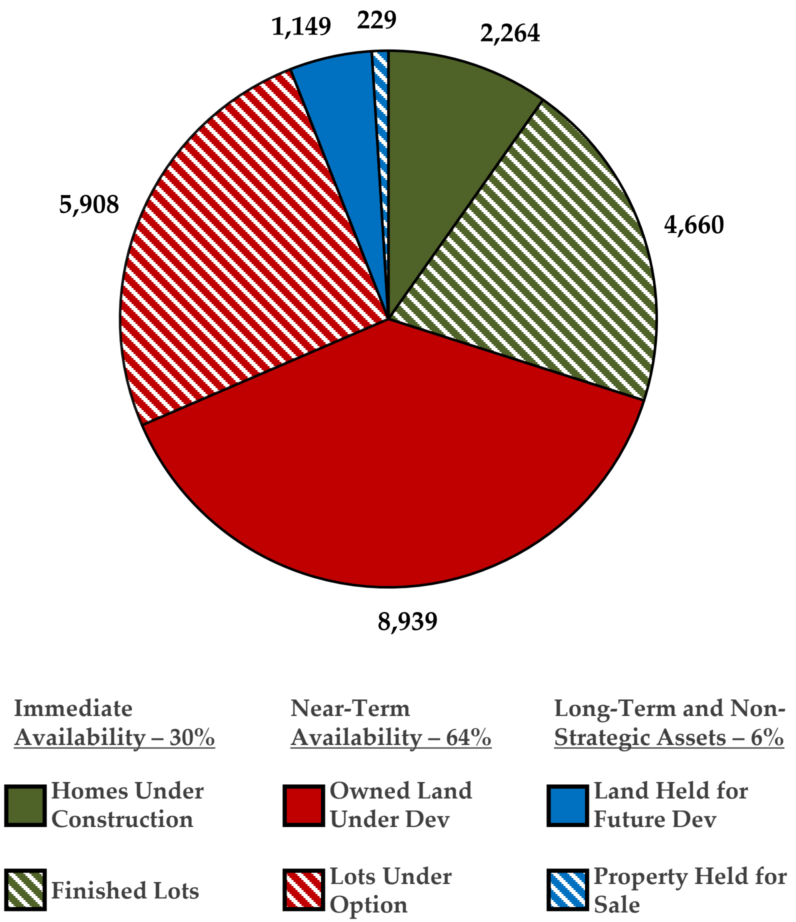
Land Spend & Lot Position

Quarterly Land Spend



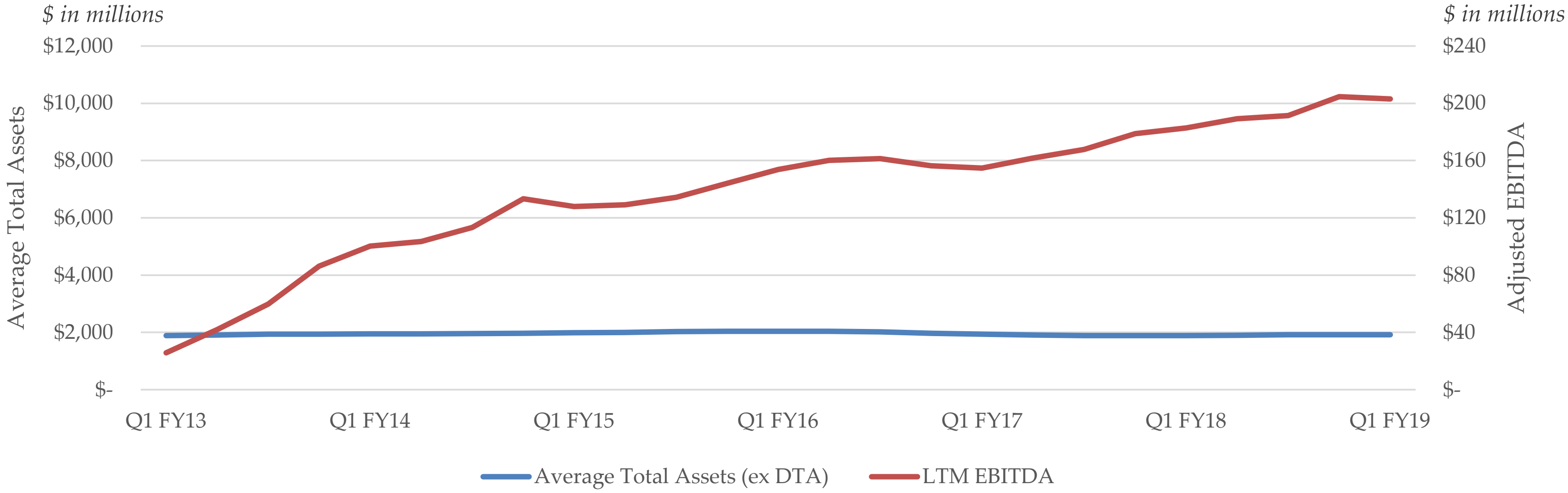
23,149 total controlled lots
21,771 active lots

Lot Position at December 31, 2018



Note: Totals may not foot due to rounding

Driving ROA Through Increased Capital Efficiency



$ in millions		12/31/18
Unrestricted & Restricted Cash	$	97.0
Working Capital		27.5
PPE & Investments		38.7
Active Inventory		1,423.4
Former LHFFD - Under Development		208.5
LHFFD & PHFS		90.2
Deferred Tax Assets		218.0
Total Assets	$	2,103.4

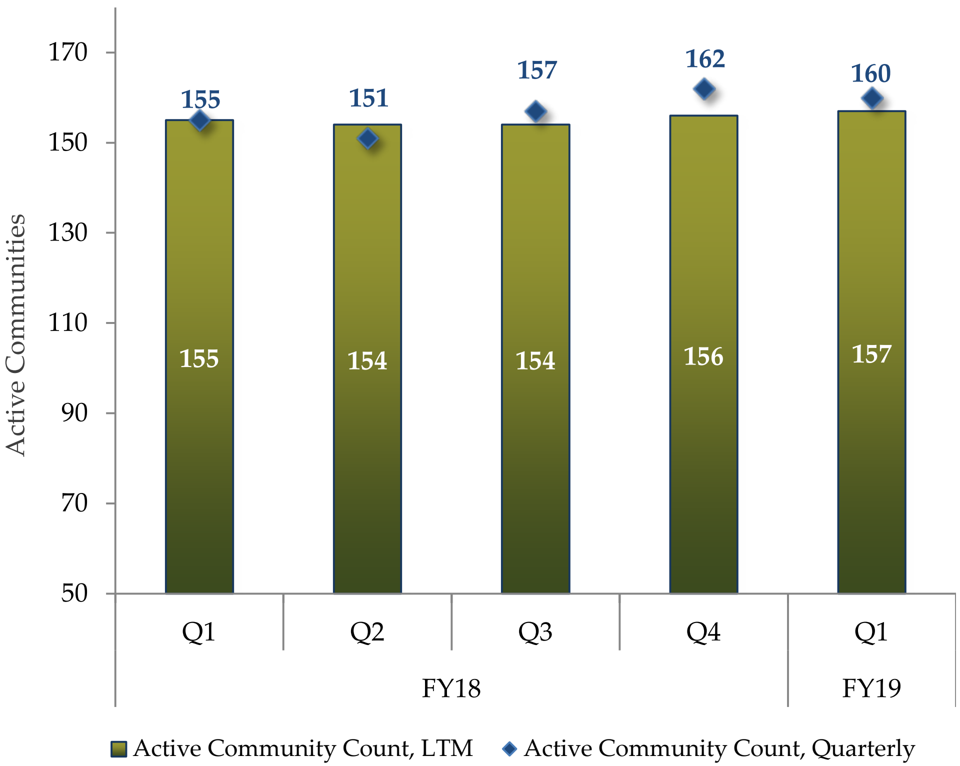
$1.6B of Total Assets are "active"

$516.7M of Total Assets are "inactive"

Note: Totals may not foot due to rounding

Community Count Above 170 by 2019 FYE

Average Active Community Count

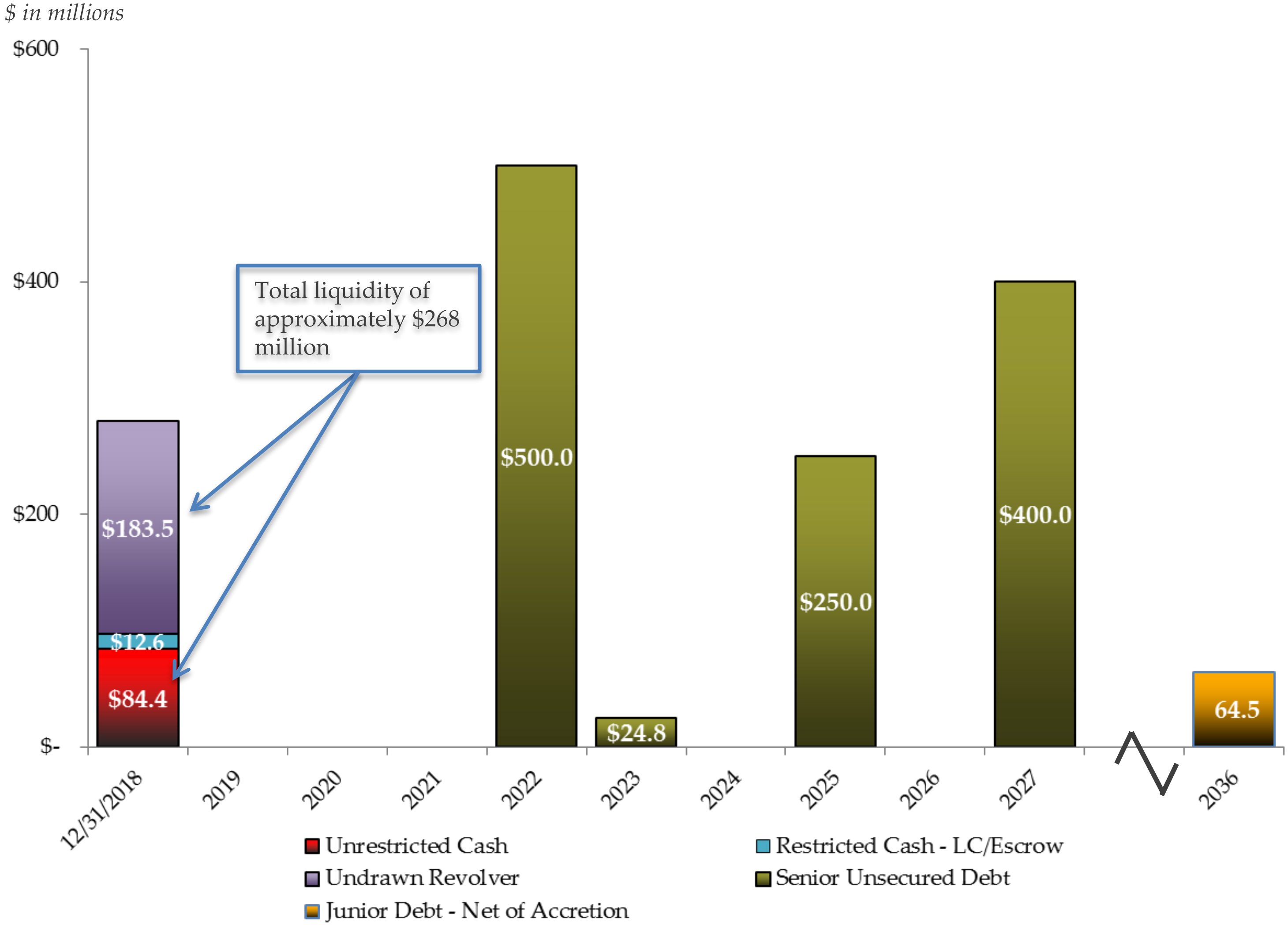


Community Count Activity

Active Communities at 12/31/2018	162
Opening in Next ~6 Months	+ 54
Under Development (excluding any communities opening in N6M)	+ 27
Approved But Not Yet Closed (excluding any communities opening in N6M)	+ 38
Closing in Next ~6 Months	(41)

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

Maturity Schedule – 12/31/2018

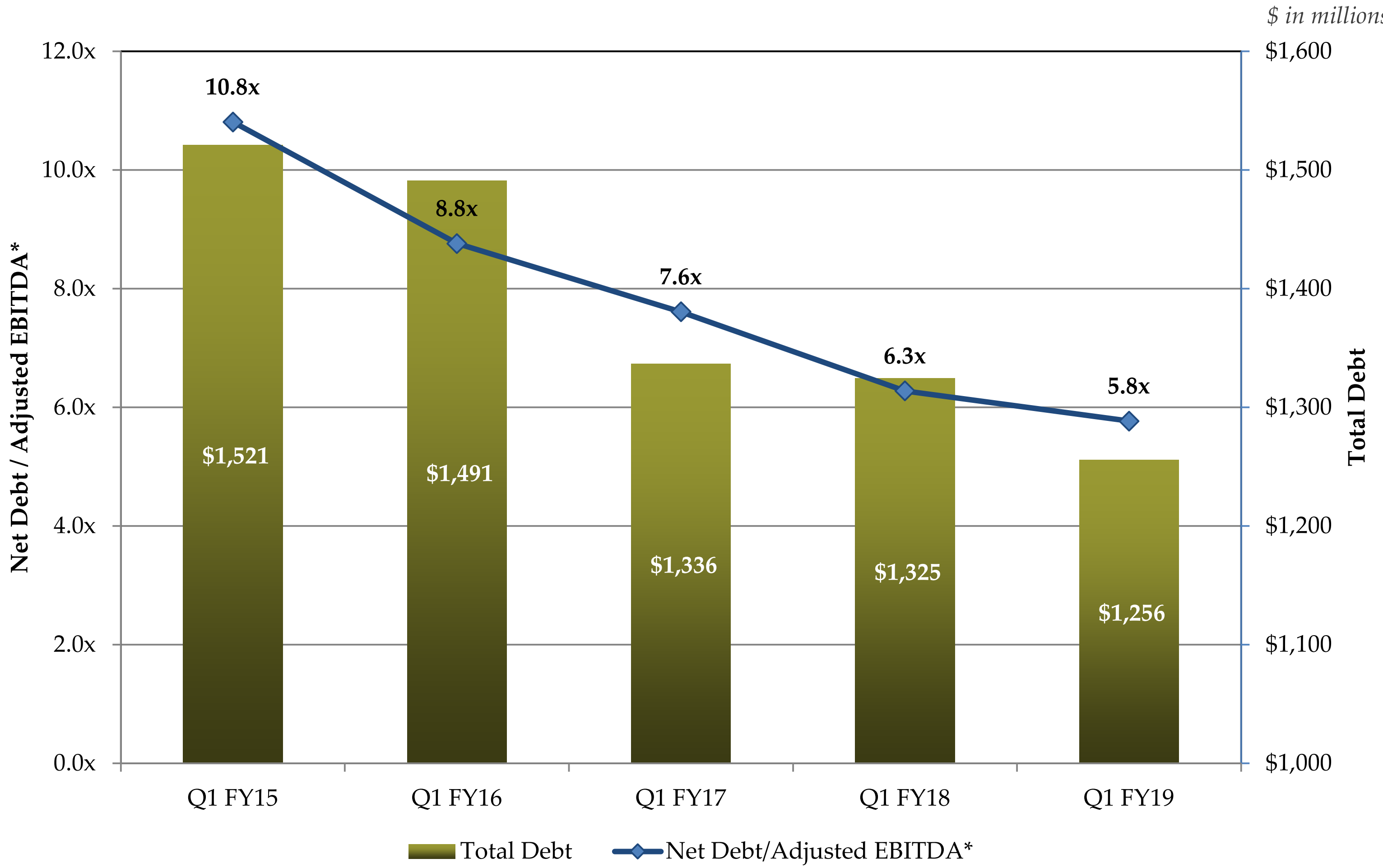


Notes:

-There is an additional $2.6 million of secured divisional debt on the balance sheet with various maturity dates

-Years are calendar years

Improving Leverage



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

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Focus for Fiscal 2019

Delivering EVAP

- Simplifying product offering
- Building energy efficient homes
- Extending Mortgage Choice platform

Capital Allocation

- Tightening underwriting standards
- Repurchasing stock at a significant discount to book value
- Increasing scale of debt reduction

Appendix

Q1 Results

$ in millions, except ASP

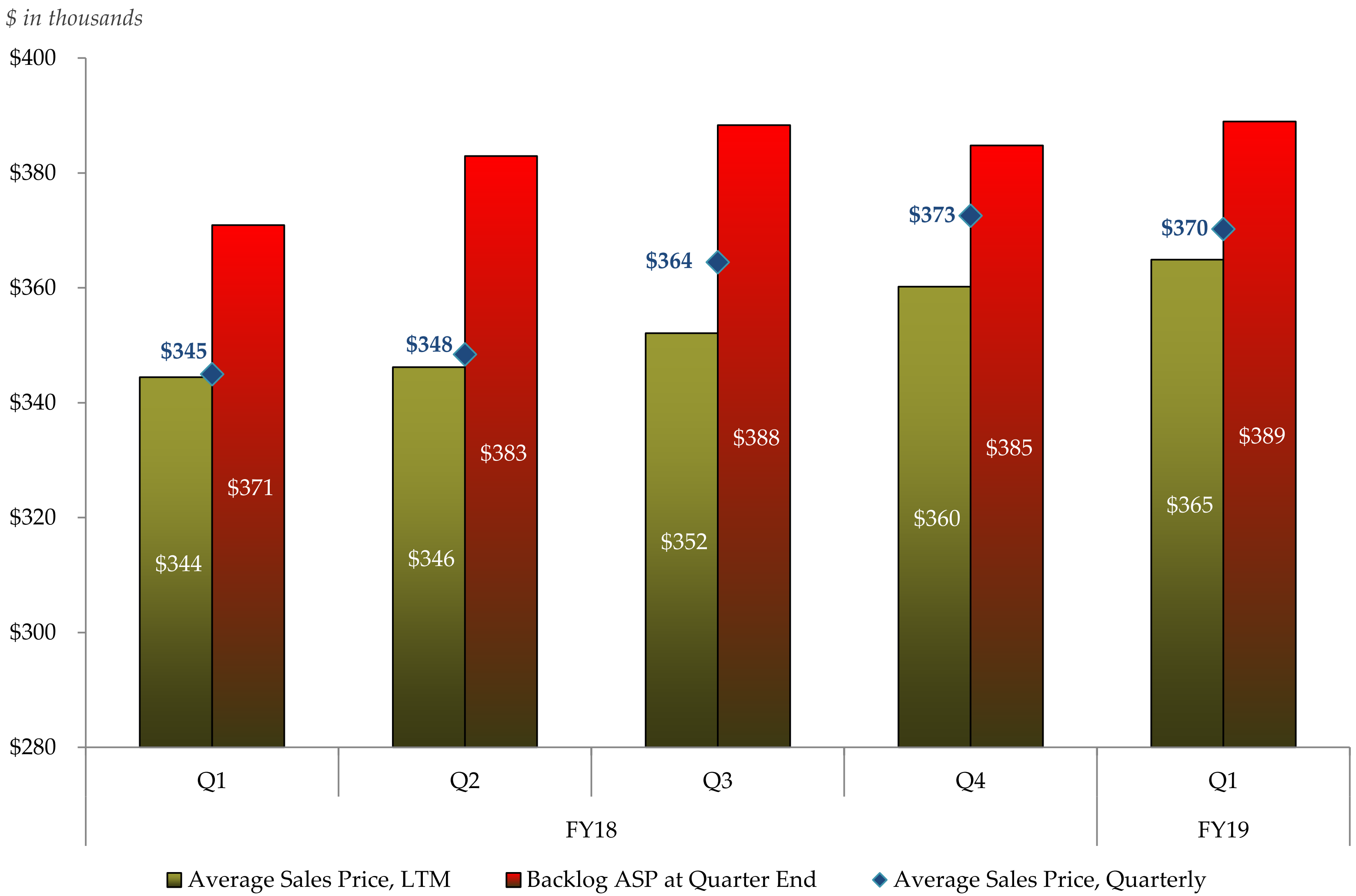
	FY18 Q1	FY19 Q1	Δ
Profitability			
Total Revenue	$ 372.5	$ 402.0	7.9%
Adjusted EBITDA*	$ 28.4	$ 26.8	$ (1.6)
Net Income/Loss (Cont. Ops.)	$ (130.6)	$ 7.3	$ 137.9
Unit Activity			
Orders	1,110	976	(12.1)%
Closings	1,066	1,083	1.6%
Average Sales Price ($000's)	$ 345.0	$ 370.3	7.3%
Cancellation Rate	18.9%	19.8%	90 bps
Active Community Count, Avg**	155	160	3.0%
Sales/Community/Month	2.4	2.0	(14.6)%
Margins			
HB Gross Margin***	20.9%	19.7%	(120 bps)
SG&A (% of Total Revenue)	13.9%	13.5%	(40 bps)
Balance Sheet			
Unrestricted Cash	$ 177.8	$ 84.4	$ (93.4)
Land & Development Spending	$ 141.7	$ 121.0	$ (20.8)

Note: Variances are calculated using un-rounded numbers
*Details are included on the "Adjusted EBITDA Reconciliation" slide in the appendix
**Active Community Count was 156 at 12/31/2017 and 162 at 12/31/2018
***Excludes impairments, abandonments, and interest included in cost of sales

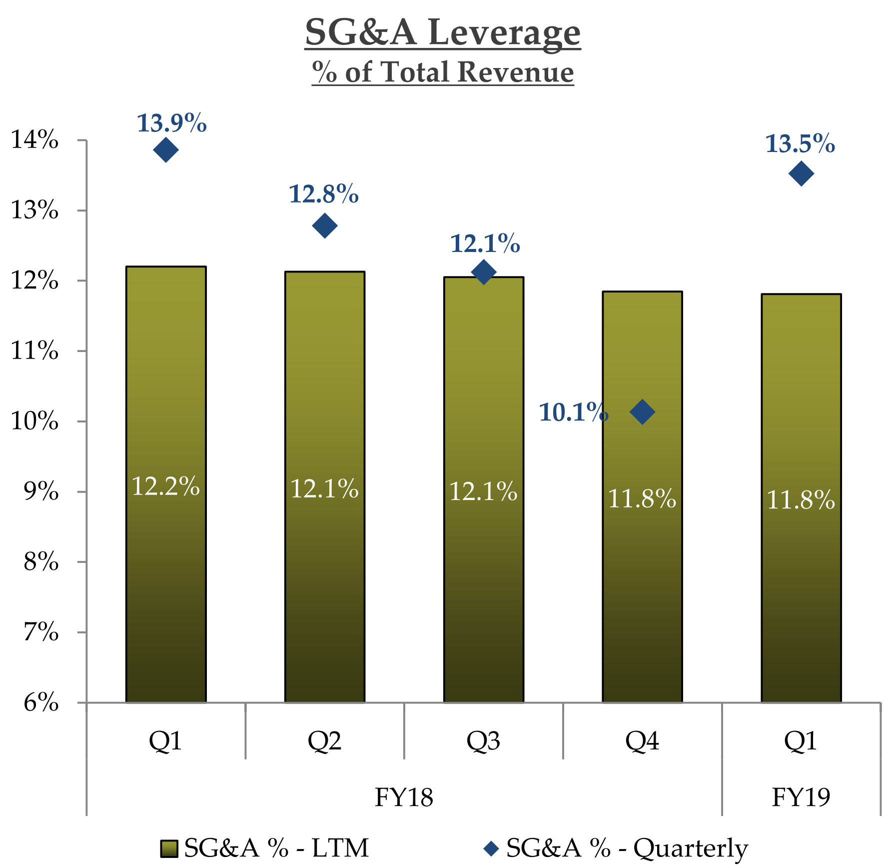
Backlog Detail

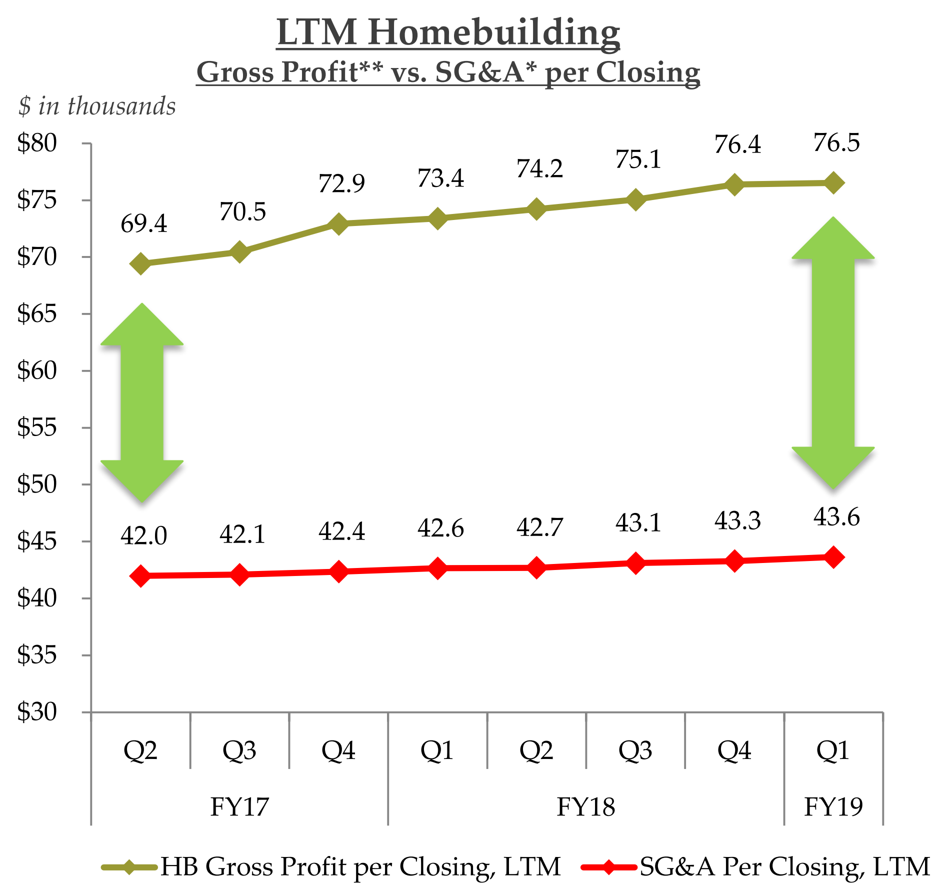
	Q1 FY18	Q1 FY19
Quarter Ending Backlog (units)	1,899	1,525
Quarter Ending Backlog ($ in millions)	$ 704.4	$ 593.1
ASP in Backlog ($ in thousands)	$ 370.9	$ 388.9
Quarter Beg. Backlog	1,855	1,632
Scheduled to Close in Future Qtrs.	(870)	(686)
Backlog Scheduled to Close in the Qtr.	985	946
Backlog Activity:		
Cancellations	(90)	(80)
Pushed to Future Quarters	(116)	(91)
Close Date Brought Forward	61	42
Sold & Closed During the Qtr	226	266
Total Closings in the Quarter	1,066	1,083
Backlog Conversion Rate	**57.5%**	**66.4%**

Backlog ASP Stabilizing



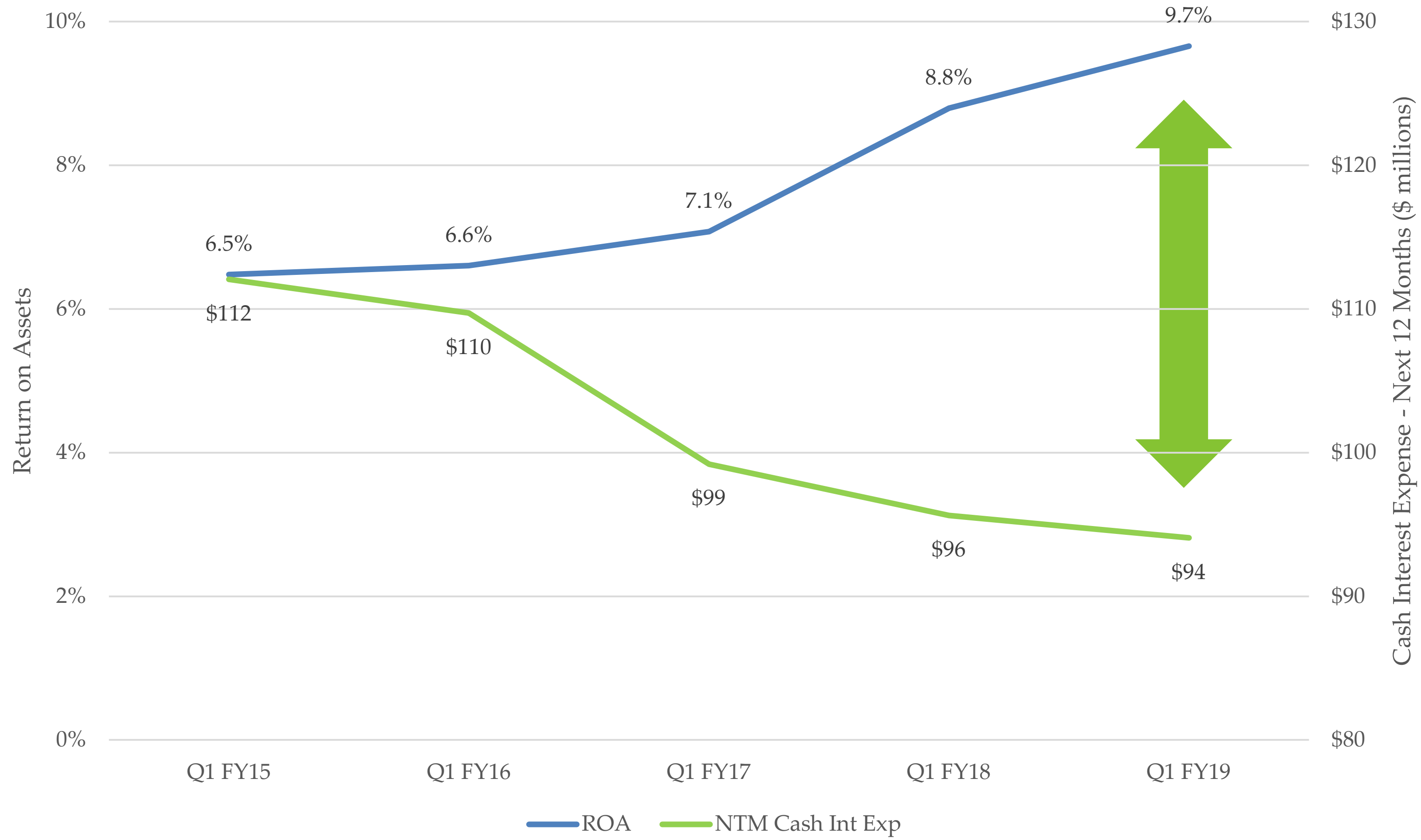
SG&A Leverage as Revenue Grows





* 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

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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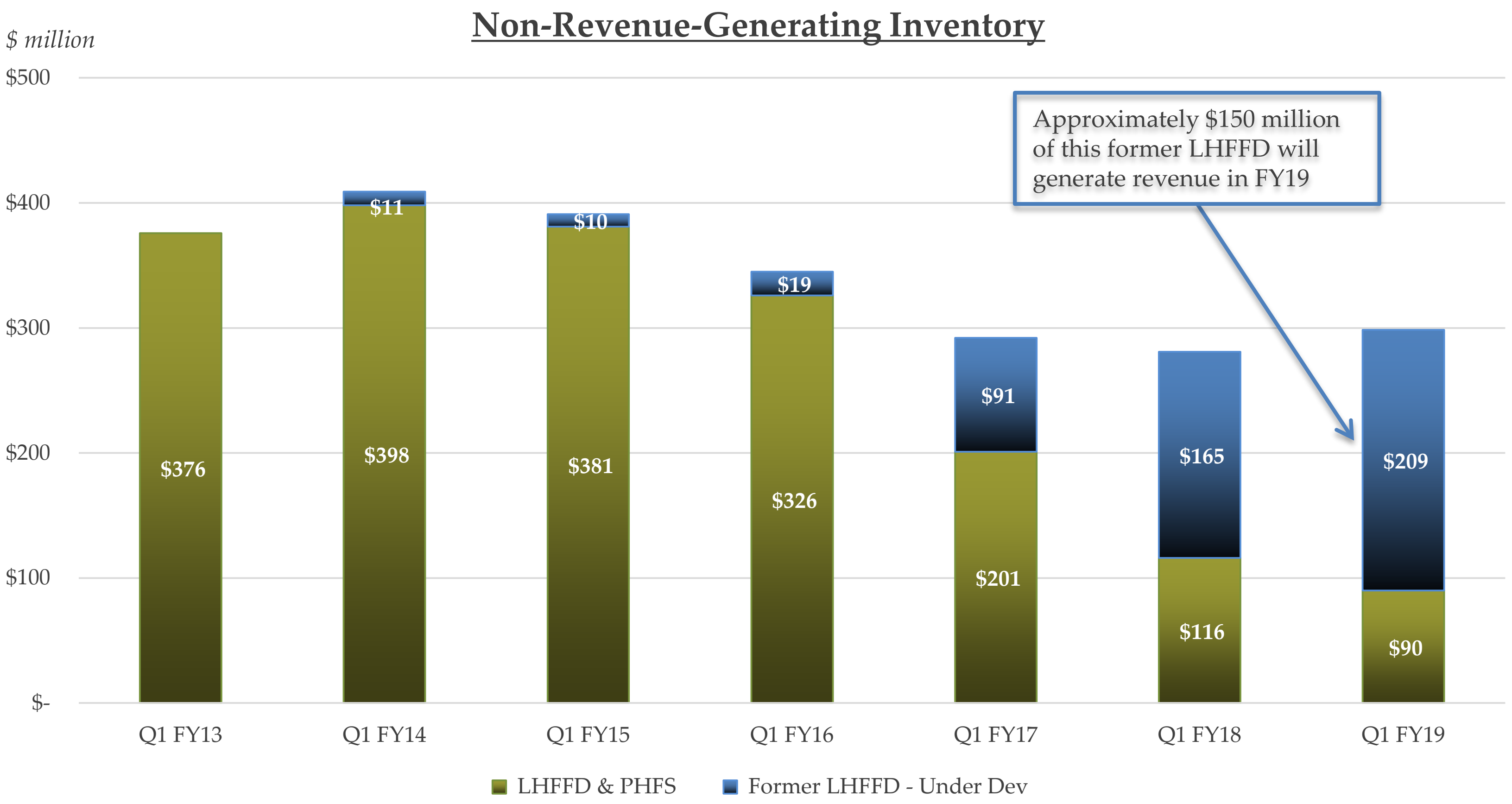
Improvements in Capital Efficiency



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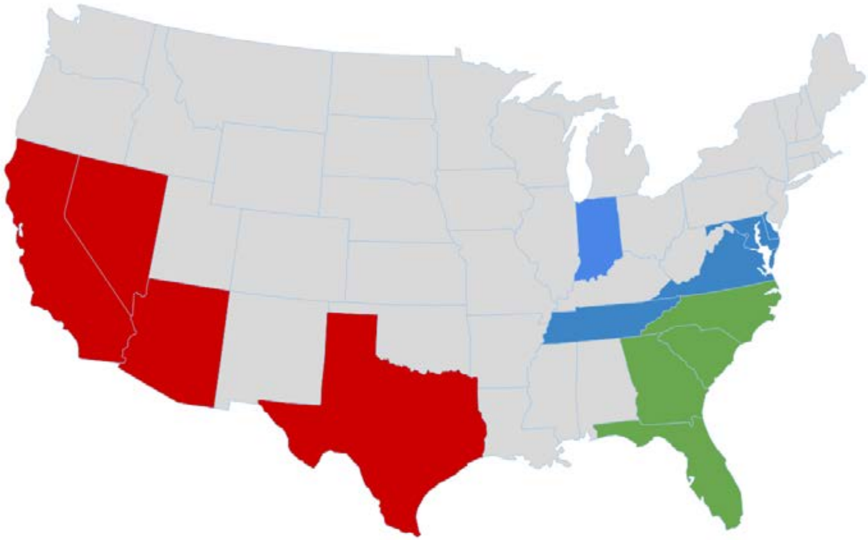
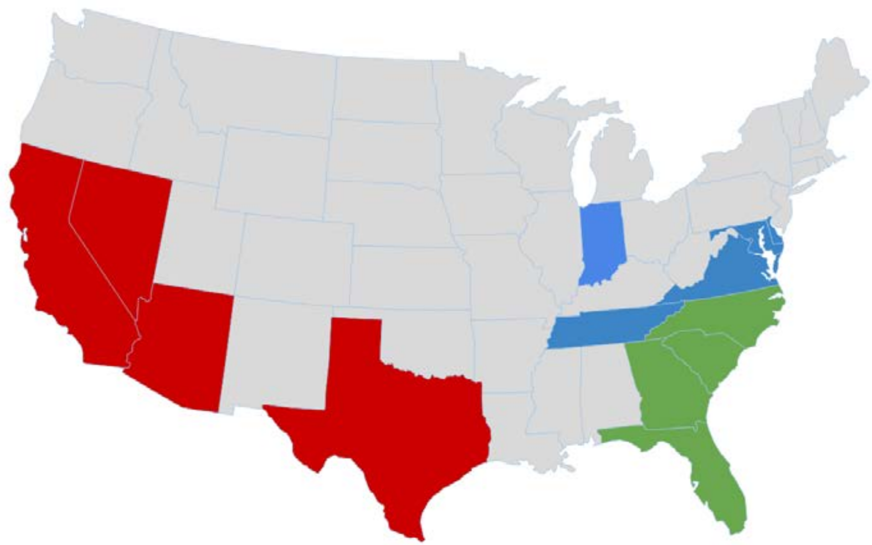
Geographic Mix Impacts Q1 ASP

	Q1 FY18 ASP	Q1 FY19 ASP	Change in ASP ($)	Change in ASP (%)	Q1 FY18 Closings	Q1 FY19 Closings	Change in Mix
West	$336k	$348k	$12k	3.6%	49.3%	55.5%	6.2%
East	$381k	$467k	$86k	22.6%	21.1%	17.4%	-3.7%
SE	$335k	$355k	$20k	5.9%	29.5%	27.1%	-2.4%



Geographic Mix Impacts Q1 Margin

	Q1 FY18 GM%	Q1 FY19 GM%	Change in GM%	Q1 FY18 Closings	Q1 FY19 Closings	Change in Mix
West	21.6%	21.0%	(60)bps	49.3%	55.5%	6.2%
East	19.2%	16.4%	(280)bps	21.1%	17.4%	-3.7%
SE	17.6%	14.3%*	(330)bps	29.5%	27.1%	-2.4%

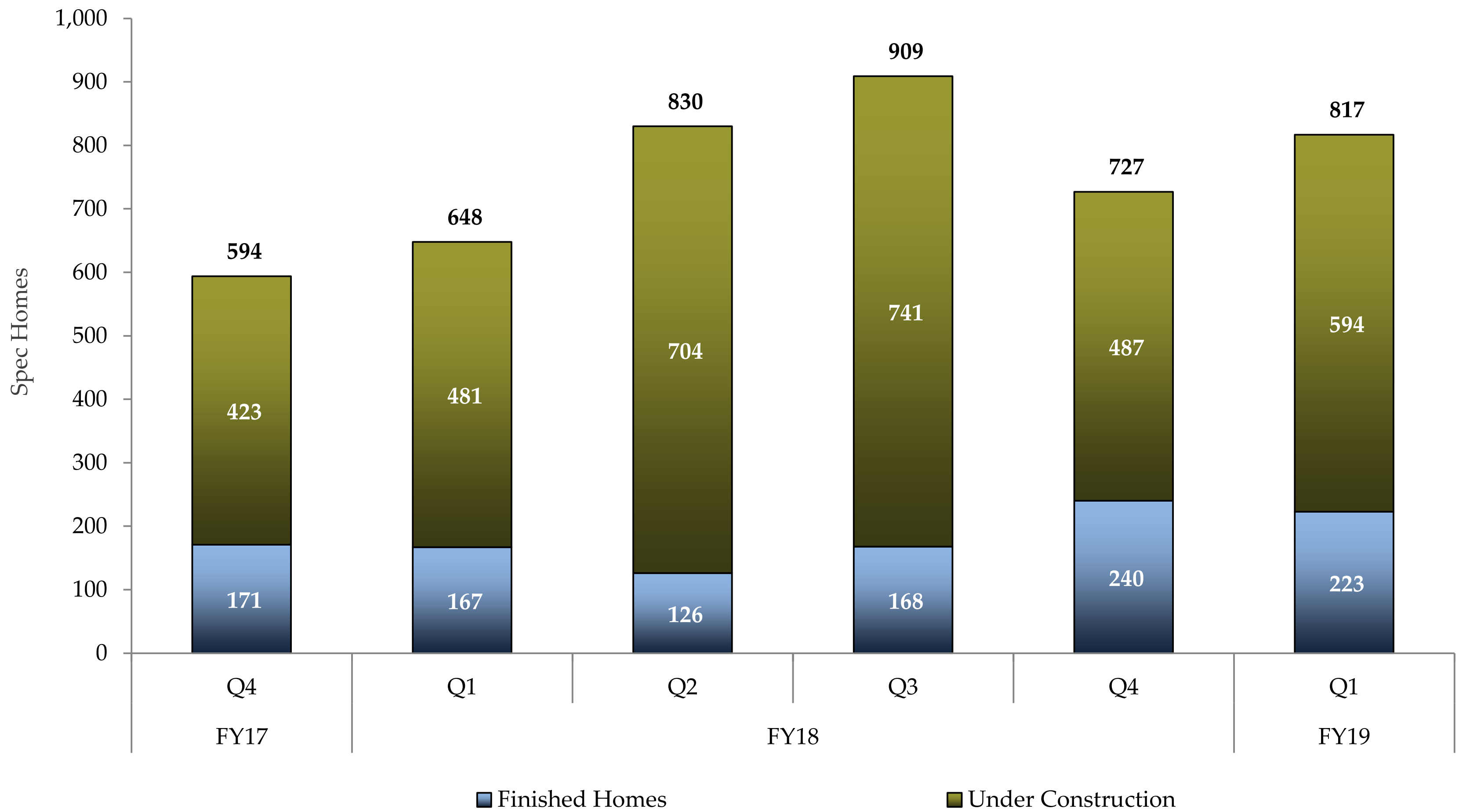


Notes:

-Segment gross margin excludes required capitalization of indirects, impairments and interest included in cost of sales

*Includes impact of purchase accounting from Venture Homes acquisition

Available Specs



Note: Spec count as of each quarter-end

Adjusted EBITDA Reconciliation

($ in thousands)	Three Months Ended Dec 31, 2017	Three Months Ended Dec 31, 2018	Three Months Ended Dec 31, Variance	LTM Ended Dec 31, 2017	LTM Ended Dec 31, 2018	LTM Ended Dec 31, Variance
Net income (loss)	$ (130,947)	$ 7,311	$ 138,258	$ (97,705)	$ 92,883	$ 190,588
Expense (benefit) from income taxes	107,979	(3,924)	(111,903)	113,179	(17,530)	(130,709)
Interest amortized to home construction and land sales expenses, capitalized interest impaired	16,476	17,438	962	89,652	92,293	2,641
Interest expense not qualified for capitalization	3,435	242	(3,193)	13,819	2,132	(11,687)
EBIT	**(3,057)**	**21,067**	**24,124**	**118,945**	**169,778**	**50,833**
Depreciation and amortization and stock-based compensation amortization	5,117	4,884	(233)	22,431	23,832	1,401
EBITDA	**2,060**	**25,951**	**23,891**	**141,376**	**193,610**	**52,234**
(Gain) loss on debt extinguishment	25,904	-	(25,904)	38,534	1,935	(36,599)
Inventory impairments and abandonments	450	892	442	2,839	7,212	4,373
Joint venture impairment and abandonment charges	-	-	-	-	341	341
Adjusted EBITDA	**$ 28,414**	**$ 26,843**	**$ (1,571)**	**$ 182,749**	**$ 203,098**	**$ 20,349**

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Deferred Tax Assets - Summary

($ in millions)	**Dec 31, 2017**	**Dec 31, 2018**
Deferred Tax Assets	$ 254.8	$ 252.2
Valuation Allowance	(54.7)	(34.2)
Net Deferred Tax Assets	$ 200.1	$ 218.0

As of December 31, 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. See Form 10-Q for additional detail.

Note: Totals may not foot due to rounding