Beazer Homes USA, Inc
Q1 2018 Earnings Presentation

Mission Lane
Oceanside, CA

BEAZER HOMES

Forward Looking Statements

This presentation contains certain statements that may be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent our expectations or beliefs concerning future results, and it is possible that the results described 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 presentation. 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 our Form 10-Q for the period ended December 31, 2017 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, 2017. 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) 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; (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) a substantial increase in mortgage interest rates, increased disruption in the availability of mortgage financing, the recent change in tax laws regarding the deductibility of mortgage interest for tax purposes or an increased number of foreclosures; (viii) government actions, policies, programs and regulations directed at or affecting the housing market (including the Tax Cuts and Jobs Act, the Dodd-Frank Act and the tax benefits associated with purchasing and owning a home); (ix) changes in existing tax laws or enacted corporate income tax rates, including pursuant to the Tax Cuts and Jobs Act; (x) 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; (xi) our ability to reduce our outstanding indebtedness and to comply with covenants in our debt agreements or satisfy such obligations through repayment or refinancing; (xii) increased competition or delays in reacting to changing consumer preferences in home design; (xiii) 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; (xiv) estimates related to the potential recoverability of our deferred tax assets; (xv) 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; (xvi) the results of litigation or government proceedings and fulfillment of any related obligations; (xvii) the impact of construction defect and home warranty claims, including water intrusion issues in Florida; (xviii) the cost and availability of insurance and surety bonds, as well as the sufficiency of these instruments to cover potential losses incurred; (xix) the performance of our unconsolidated entities and our unconsolidated entity partners; (xx) the impact of information technology failures or data security breaches; (xxi) terrorist acts, natural disasters, acts of war or other factors over which the Company has little or no control; or (xxii) 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.

Introduction

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

Strong Start to Fiscal 2018

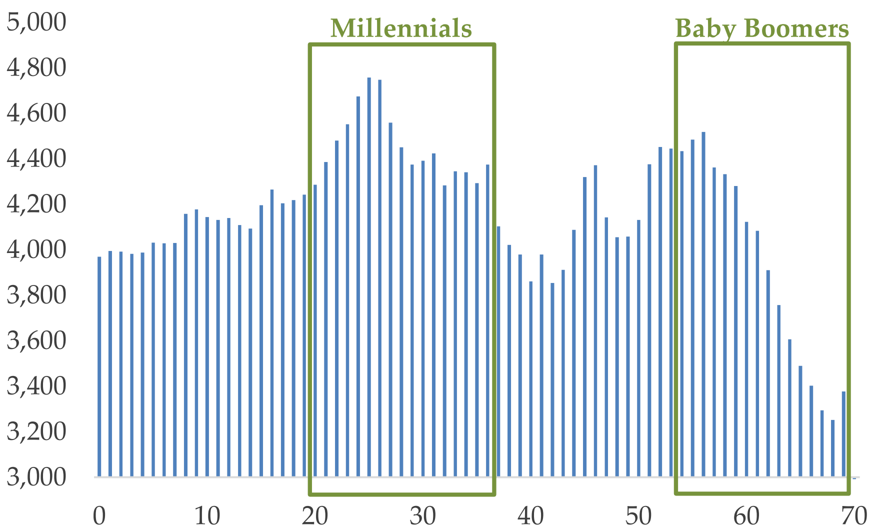
Results	Q1 FY 2018	YoY Change
Homebuilding Revenue ($M)	$367.8	+9.4%
HB Gross Margin %*	20.9%	+40 bps
Adjusted EBITDA** ($M)	$28.4	+16.2%
Sales Pace	2.4	+10.9%
Land Spend ($M)	$141.7	+37.3%

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

Emphasizing Value and Affordability

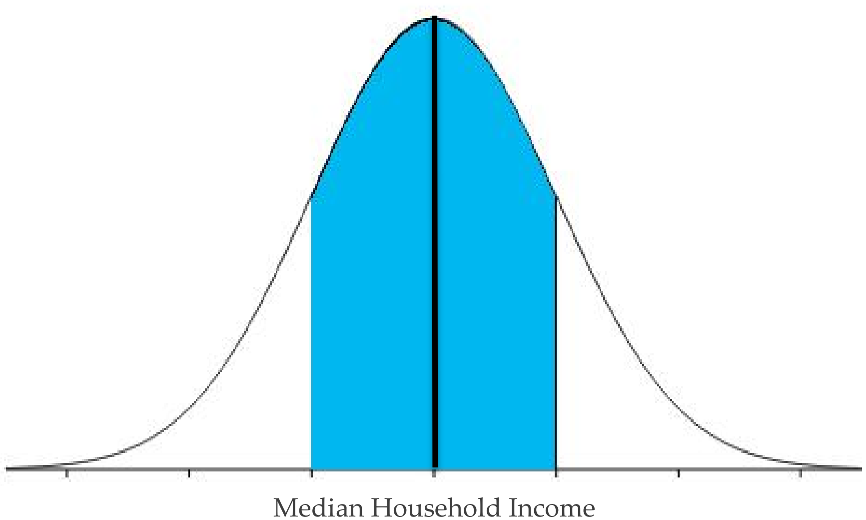
- Focus on serving Millennials and Baby Boomers
- Delivering Extraordinary Value at an Affordable Price
  - Desirable locations
  - Choices (Choice Plans & Mortgage Choice)
  - Energy Efficient homes

Population by Age Cohort (thousands)

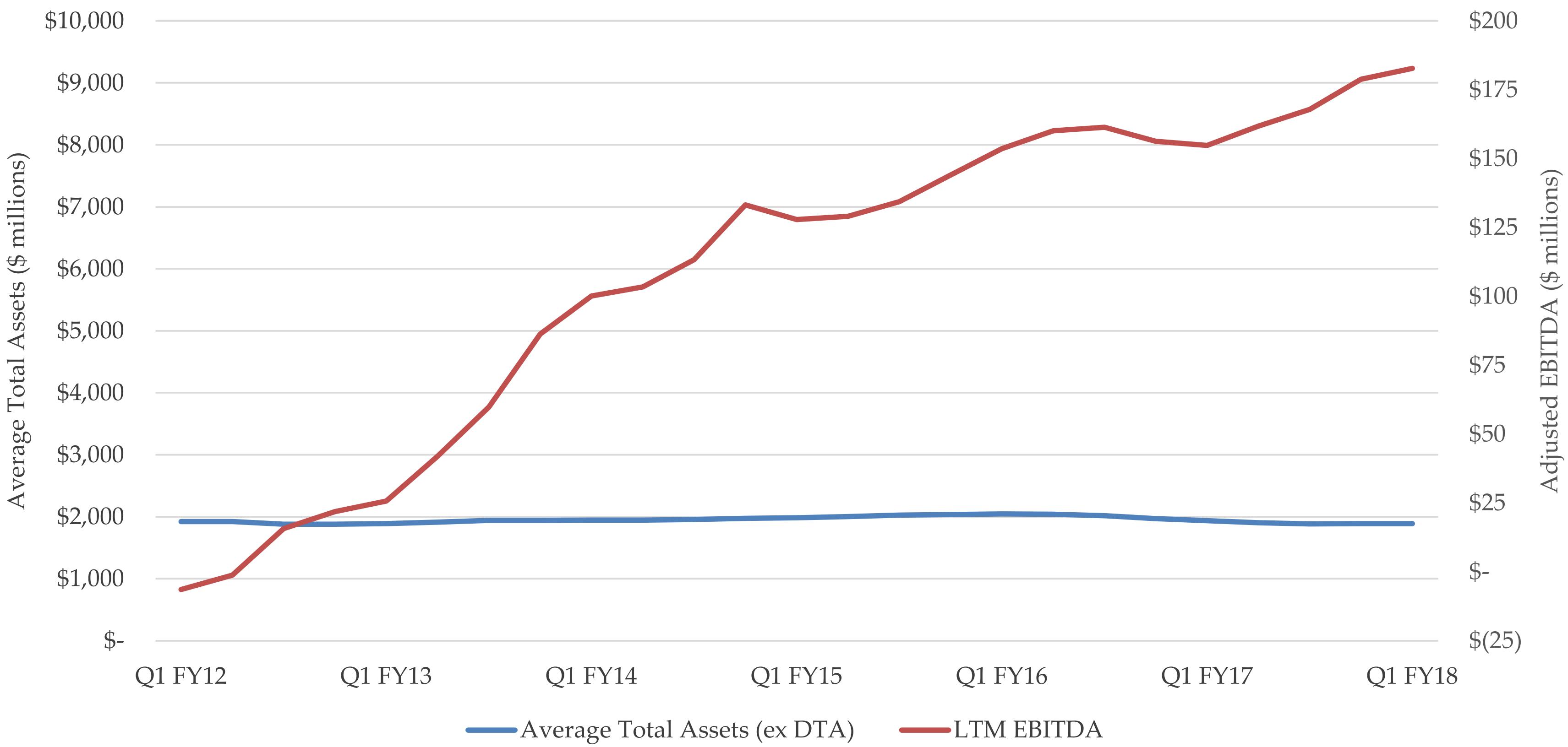


Source: Moody's Analytics

Targeted Buyers Within Income Distribution

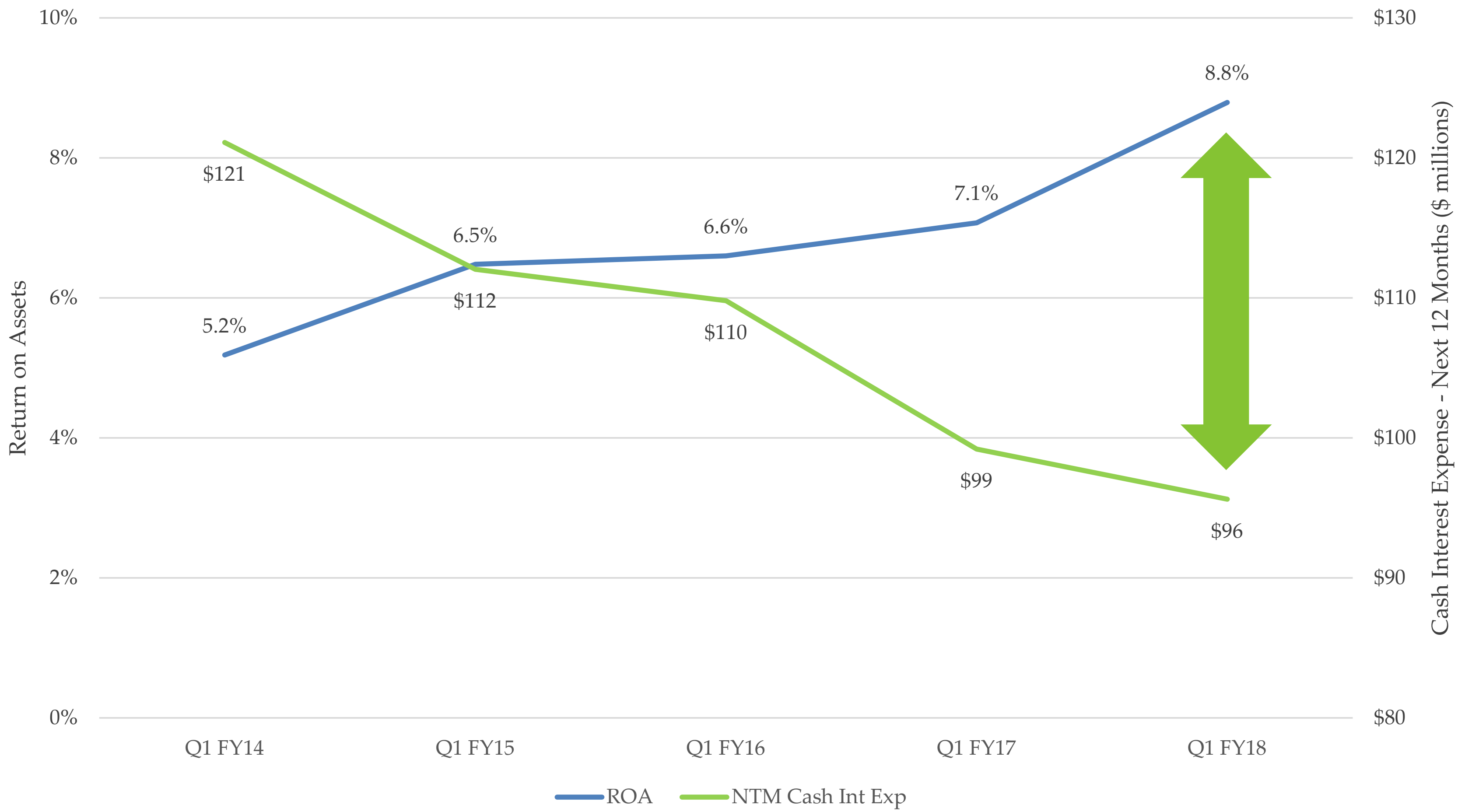


Average Total Assets vs. LTM EBITDA*



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

Push Toward 10+ ROA with Declining Cost of Capital



Notes

- ROA is LTM Adjusted EBITDA/Total Assets at end of period
- NTM Cash Int Exp is cash interest due for following 12-month period assuming principal balances and interest rates remain fixed at their end of period position

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1st Quarter Results

Results	Q1 FY 2018	YoY Change
New Home Orders	1,110	+10.4%
Sales Pace	2.4	+10.9%
Average Selling Price ($K)	$345.0	+2.1%
Backlog ASP ($K)	$370.9	+7.2%
Closings	1,066	+7.1%
Backlog Conversion	57.5%	+560 bps
Average Community Count	155	(1)
Homebuilding Revenue ($M)	$367.8	+9.4%
HB Gross Margin %*	20.9%	+40 bps
SG&A as % of Total Revenue**	13.9%	--
Adjusted EBITDA*** ($M)	$28.4	+16.2%
Net Loss - Cont. Ops. ($M)	$130.6	NA

*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

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

		"2B-10" Plan Ranges	Q1 FY18 LTM Results
Revenue	Sales / Community/ Month	2.8 - 3.2	3.0
	Average Selling Price ("ASP")	$340k - $350k	$344.4k
	Average Community Count	170 - 175	155
	Total Revenue	$2.0 billion	$1.9 billion
Margin	HB Gross Margin %*	21% - 22%	21.3%
	SG&A (% of Total Revenue)	11% - 12%	12.2%
	Adjusted EBITDA**	$200 million	$182.7million

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

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

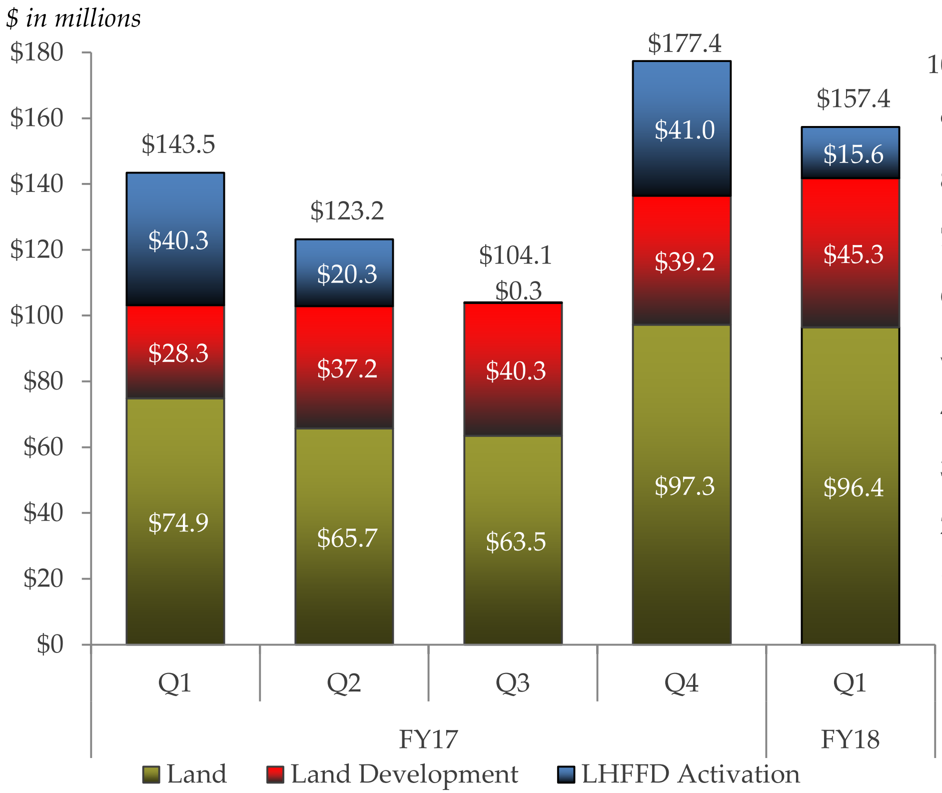
2nd Quarter Expectations

Metric	Q2 FY18 vs Prior Year
New Home Orders	Flat to Up Slightly
Community Count	Relatively Flat
Closings	Up
Backlog Conversion	Mid to High 60% Range
Average Selling Price	Mid to High $340k's
HB Gross Margin %	Relatively Flat
SG&A % of Total Revenue	Down
Land Sale Revenue	Relatively Flat
Adjusted EBITDA	Up
Land Spend	Up

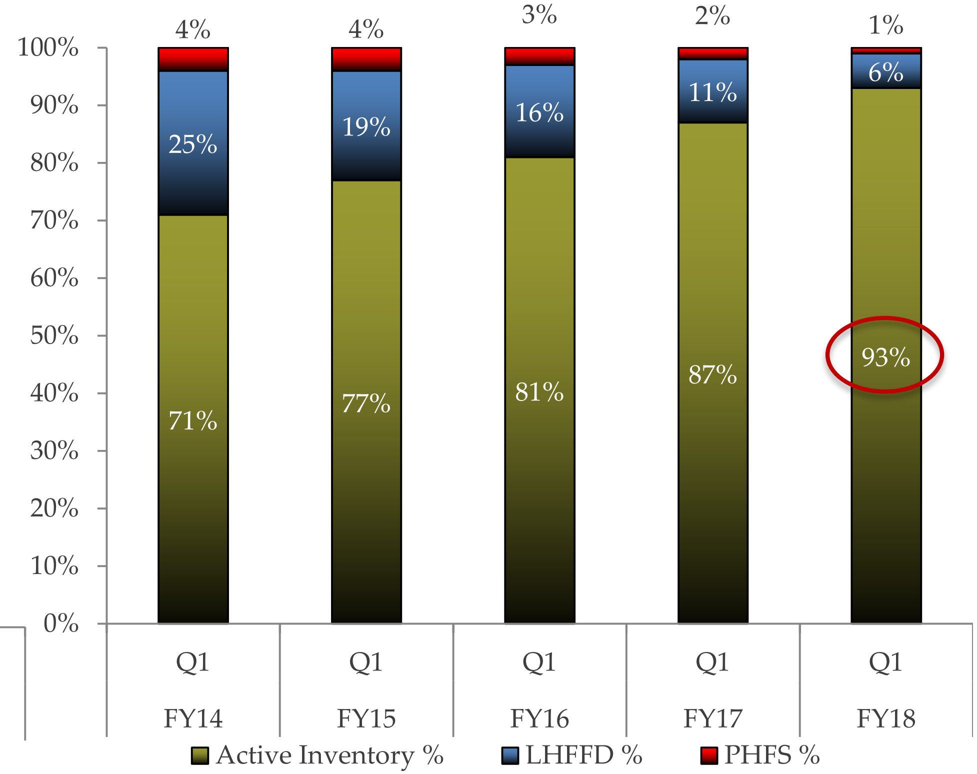
Increasing Land Spend & Capital Efficiency

At December 31, 2017:
22,324 total controlled lots
20,383 active lots

Quarterly Land Spend



Total Inventory Dollars

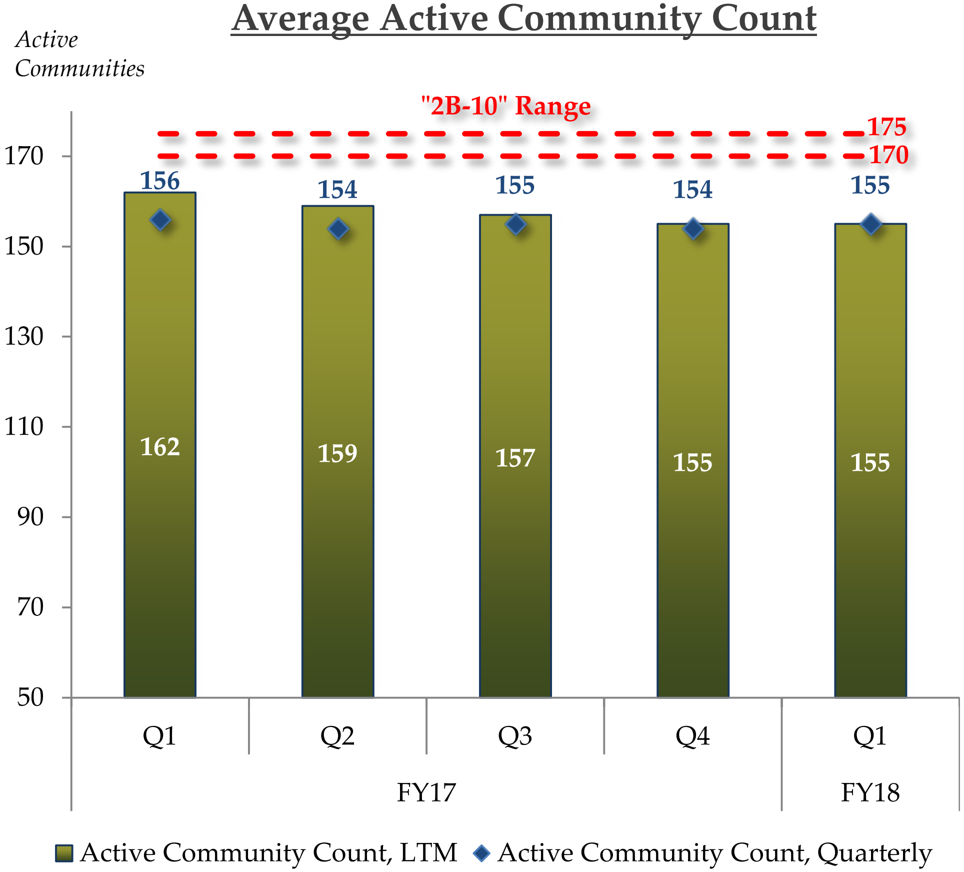


Option Lots as % of Active Lots				
Q1 FY14	**Q1 FY15**	**Q1 FY16**	**Q1 FY17**	**Q1 FY18**
28%	**26%**	**29%**	**30%**	**26%**

Note: Totals may not foot due to rounding

Community Count

Average Active Community Count



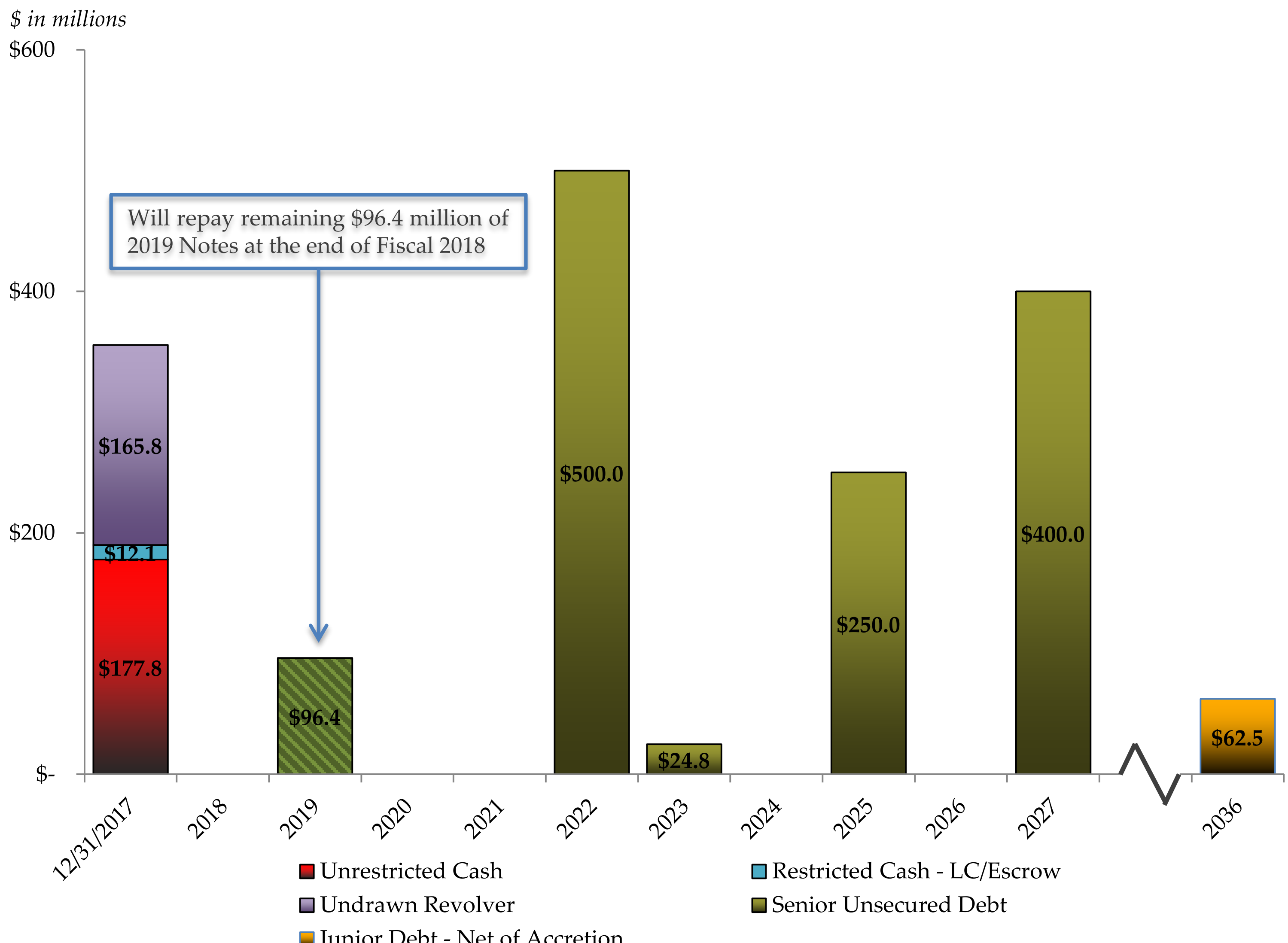
Community Count Activity

Active Communities at 12/31/2017	**156**
Closing in Next 6 Months	- 35
Opening in Next 6 Months	+ 35
Under Development (excluding former LHFFD & opening in N6M)	+ 20
Former LHFFD Not Yet Activated (excluding opening in N6M)	+ 14
Approved But Not Yet Closed (excluding opening in N6M)	+ 26

The information above is as of 12/31/2017

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

Maturity Schedule – 12/31/2017

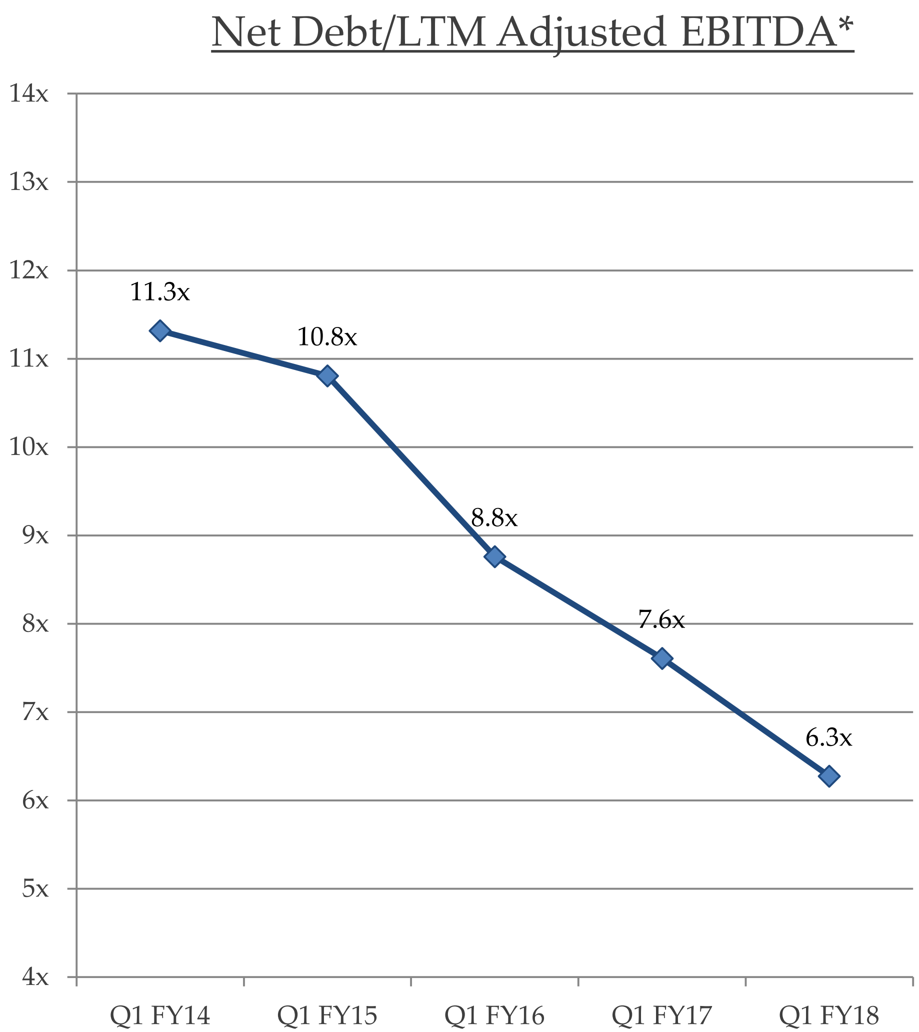


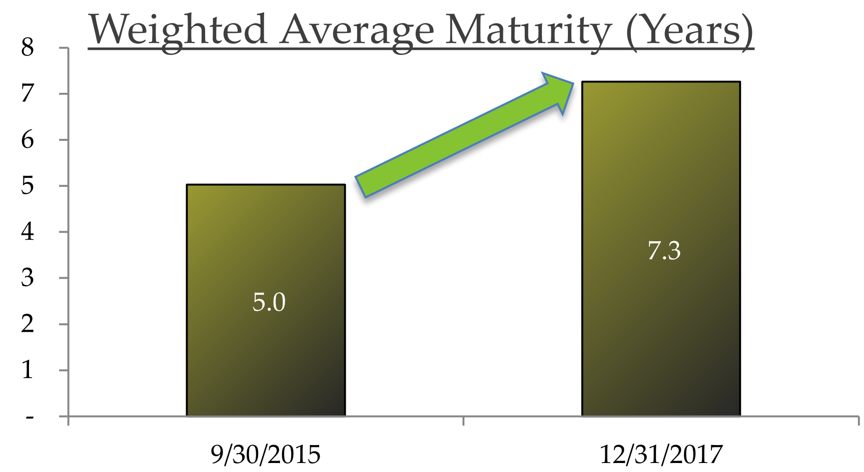
Notes:

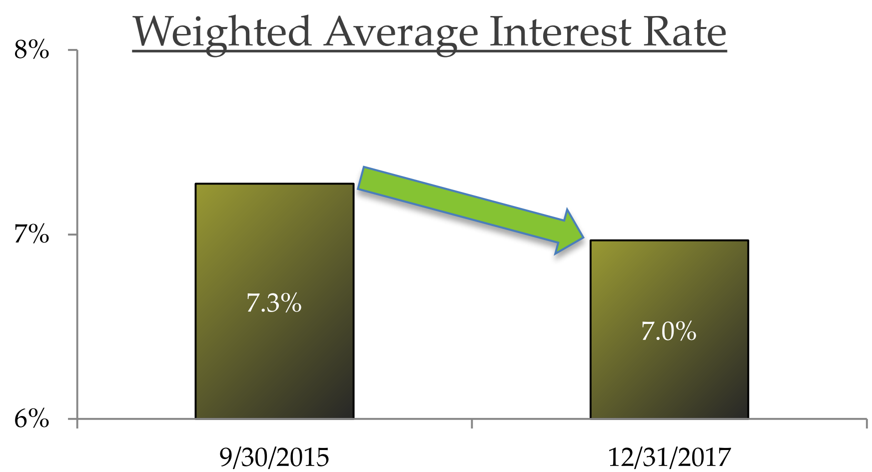
-There is an additional $4.2 million of secured divisional debt on the balance sheet with various maturity dates

-Years are calendar years

Leverage and Capital Structure Improvements







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

Focus for Fiscal 2018

- Balanced Growth =
  Earnings Growth + Capital Efficiency

- Push to achieve 2B-10

- Drive toward double-digit ROA

Appendices

Q1 Results

$ in millions, except ASP

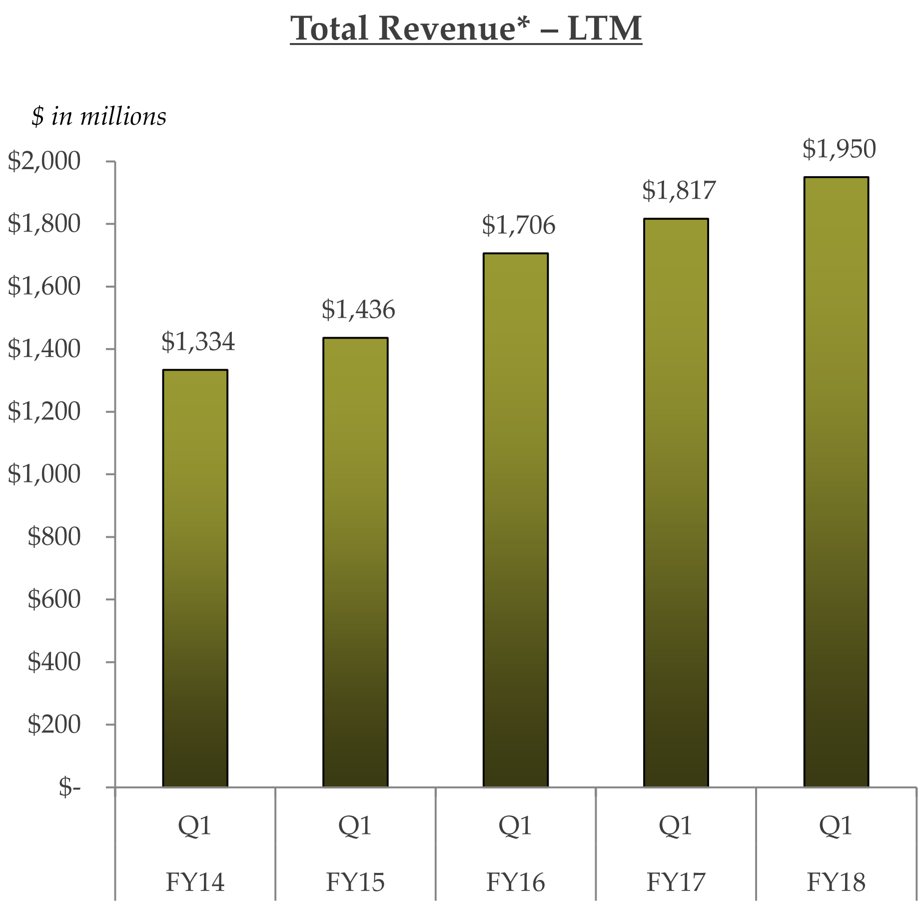
	FY17 Q1	FY18 Q1	Δ
Profitability			
Total Revenue	$ 339.2	$ 372.5	9.8%
Adjusted EBITDA*	$ 24.4	$ 28.4	$ 4.0
Net Income/Loss (Cont. Ops.)	$ (1.4)	$ (130.6)	$ (129.2)
Unit Activity			
Orders	1,005	1,110	10.4%
Closings	995	1,066	7.1%
Average Sales Price ($000's)	$ 337.8	$ 345.0	2.1%
Cancellation Rate	21.2%	18.9%	(230 bps)
Active Community Count, Avg**	156	155	(0.4)%
Sales/Community/Month	2.2	2.4	10.9%
Margins			
HB Gross Margin***	20.5%	20.9%	40 bps
SG&A (% of Total Revenue)****	13.9%	13.9%	0 bps
Balance Sheet			
Unrestricted Cash	$ 158.6	$ 177.8	$ 19.2
Land & Development Spending	$ 103.2	$ 141.7	$ 38.5

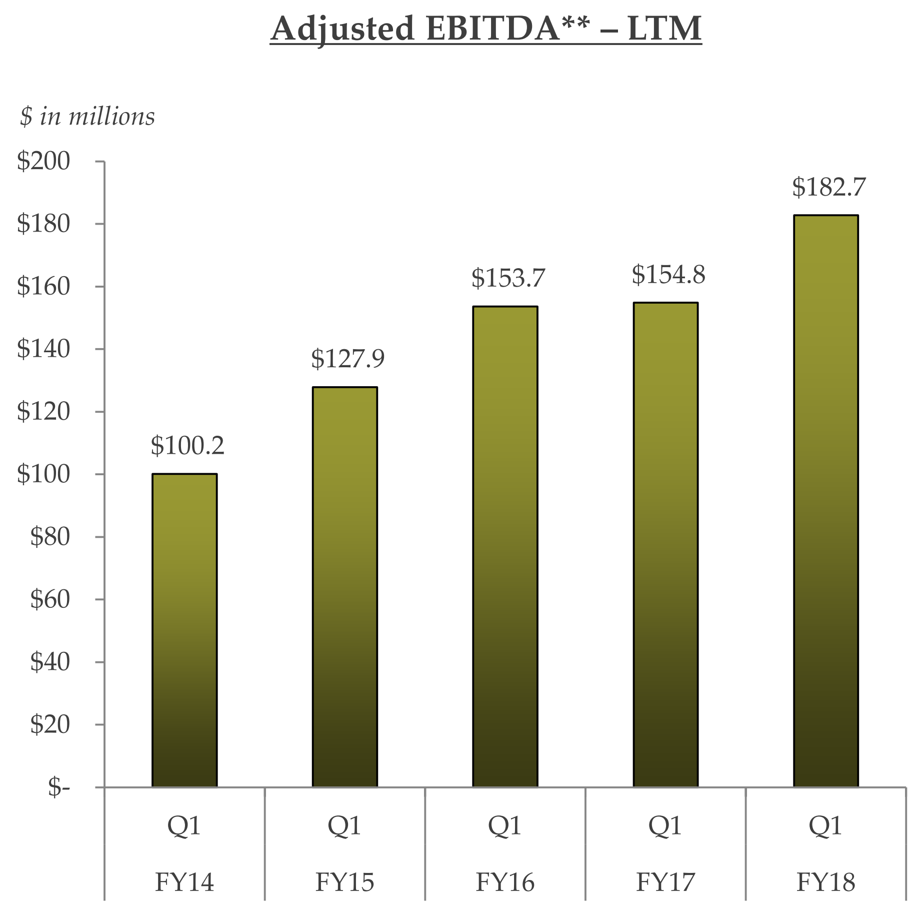
Note: Variances are calculated using un-rounded numbers
*Details are included on the "Adjusted EBITDA Reconciliation" slide in the appendix
**Active Community Count was 154 at 12/31/2016 and 156 at 12/31/2017
***Excludes impairments, abandonments, interest included in cost of sales and certain warranty items
**** Q1 FY17 SG&A excludes a $2.7 million write-off of a legacy investment in a development site

Backlog Detail

	Q1 FY17	Q1 FY18
Quarter Ending Backlog (units)	1,926	1,899
Quarter Ending Backlog ($ in millions)	$ 666.1	$ 704.4
ASP in Backlog ($ in thousands)	$ 345.8	$ 370.9
Quarter Beg. Backlog	1,916	1,855
Scheduled to Close in Future Qtrs.	(933)	(870)
Backlog Scheduled to Close in the Qtr.	983	985
Backlog Activity:		
Cancellations	(92)	(90)
Pushed to Future Quarters	(142)	(116)
Close Date Brought Forward	66	61
Sold & Closed During the Qtr	180	226
Total Closings in the Quarter	995	1,066
Backlog Conversion Rate	**51.9%**	**57.5%**

Increases in LTM Revenue and EBITDA





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

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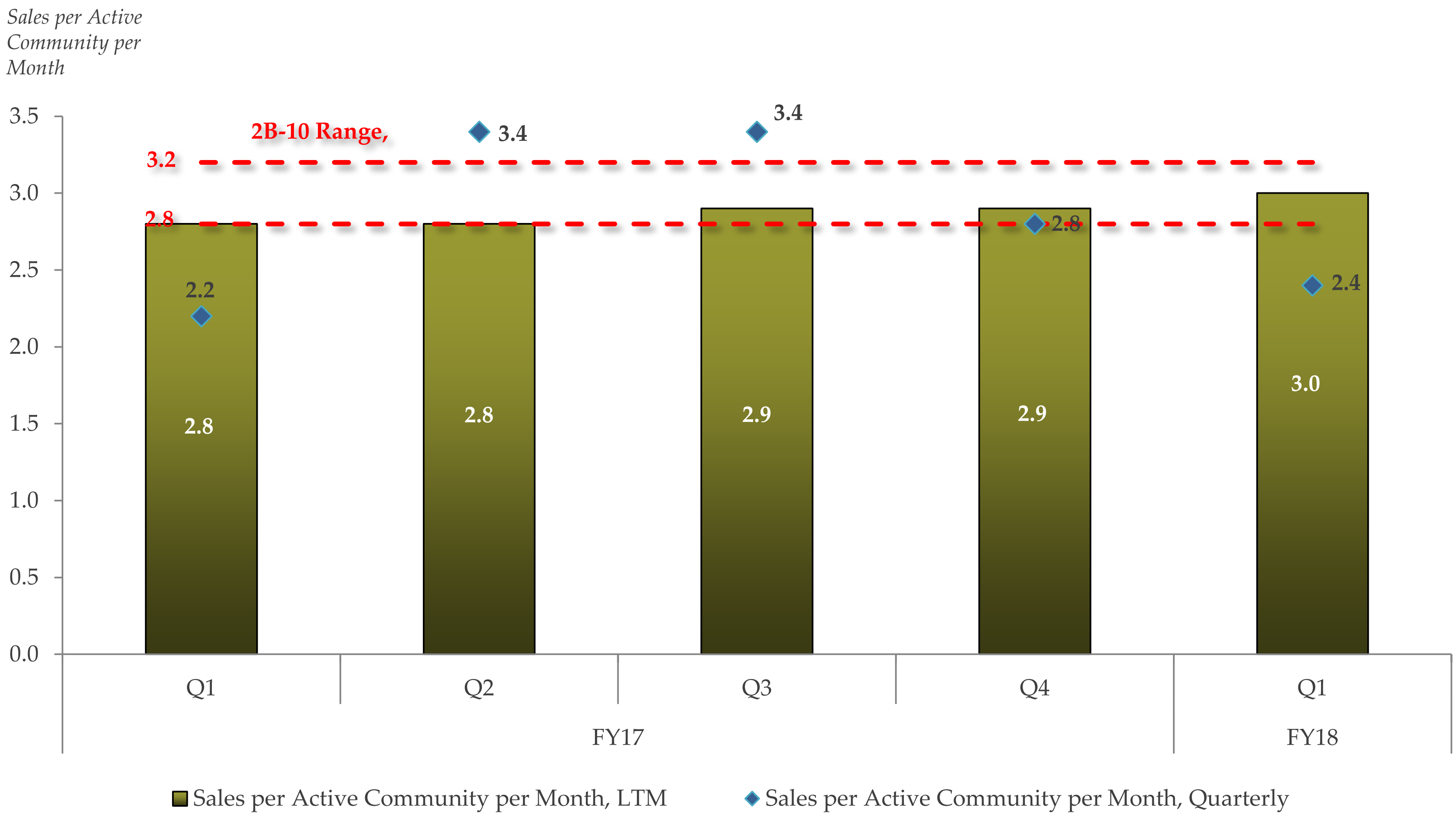
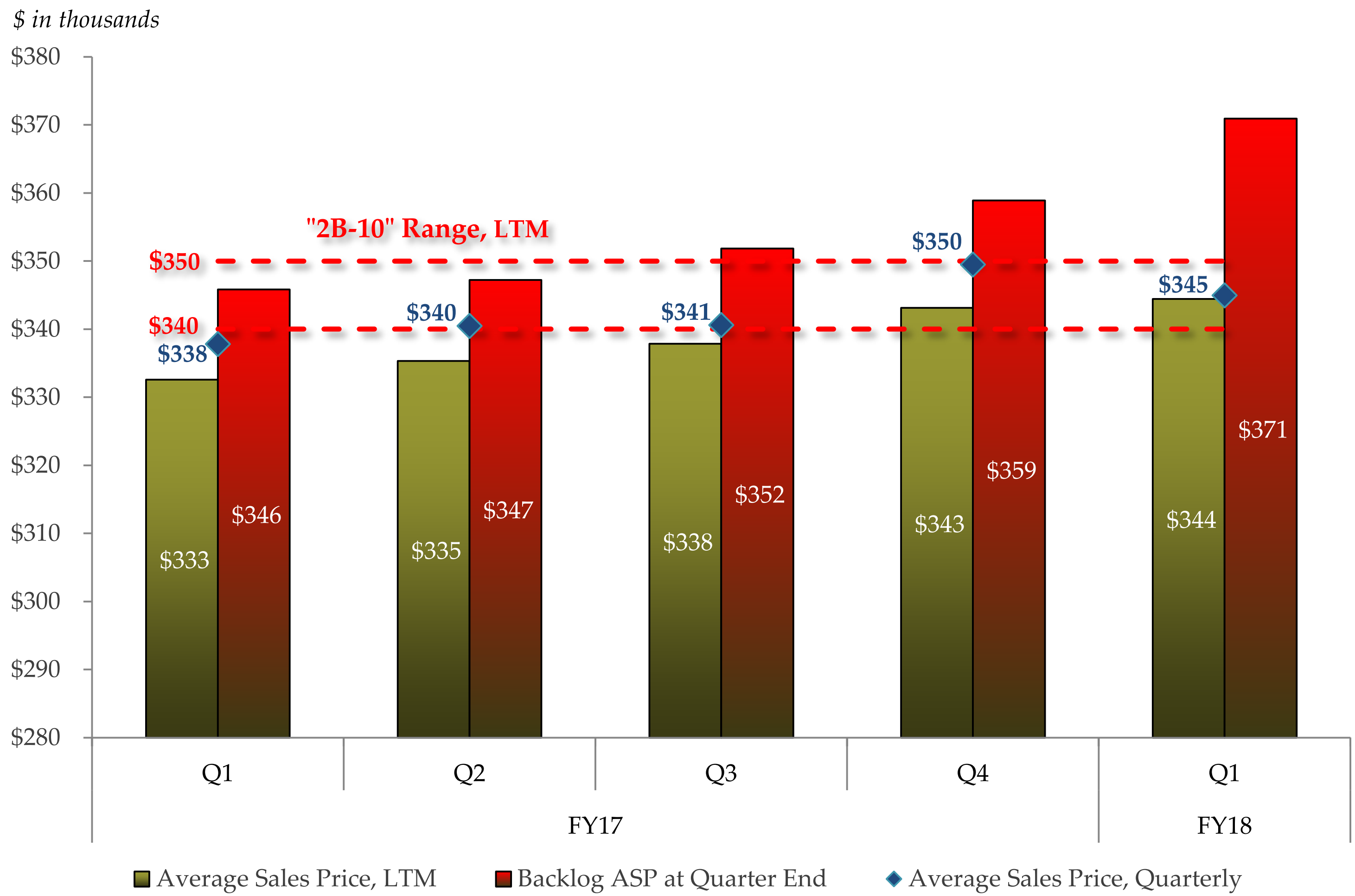
Sales Pace Within "2B-10" Target Range

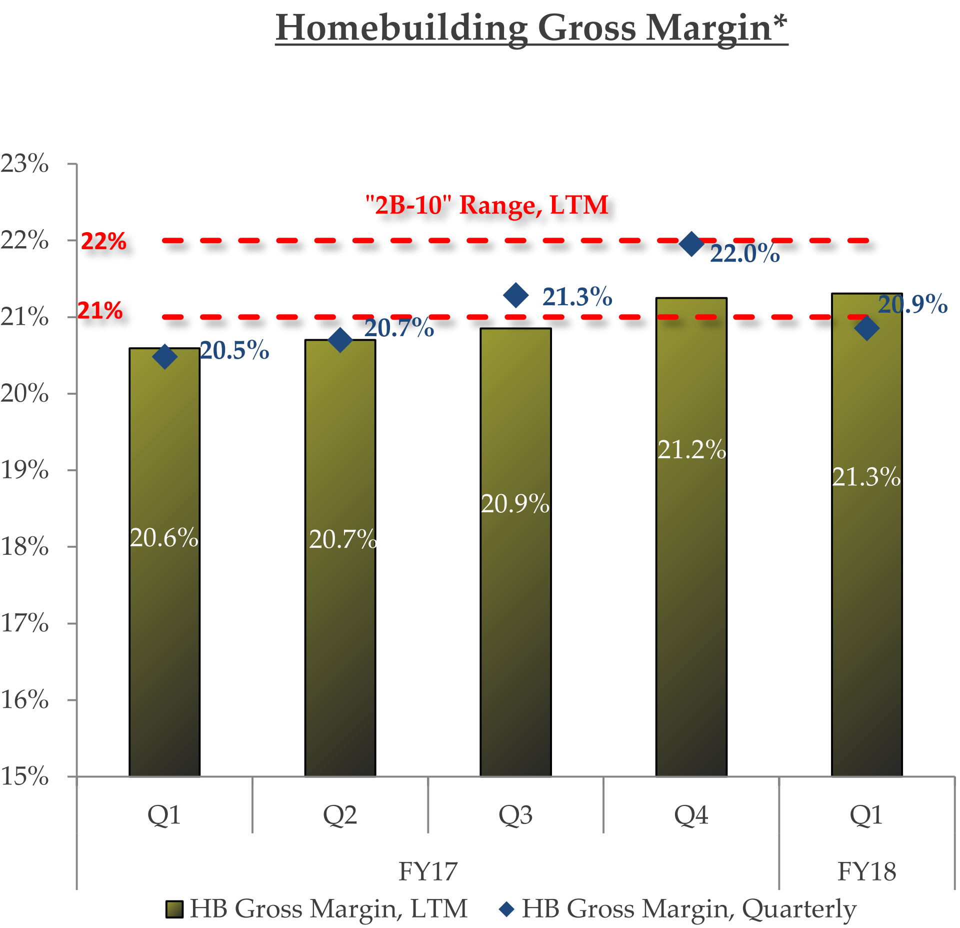


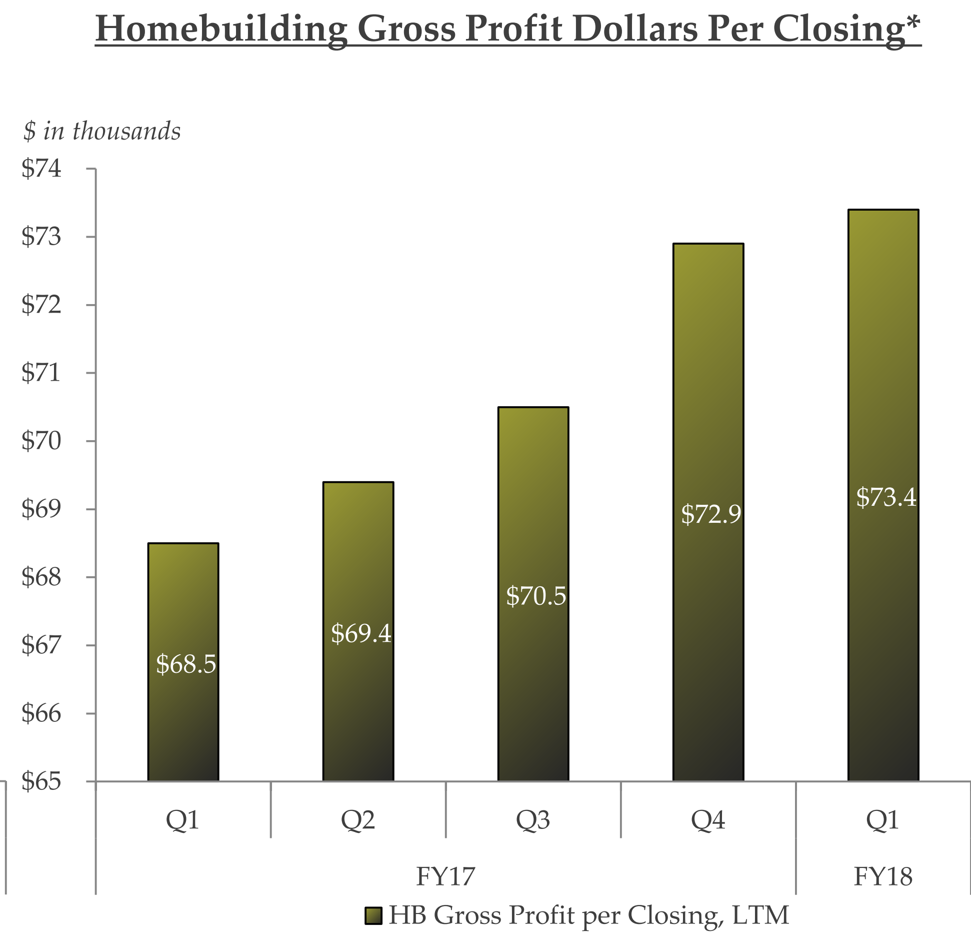
Note: An active community has achieved at least 2 initial sales and has at least 2 unsold units remaining

Backlog ASP Suggests Further Growth



Gross Margin Within "2B-10" Range





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

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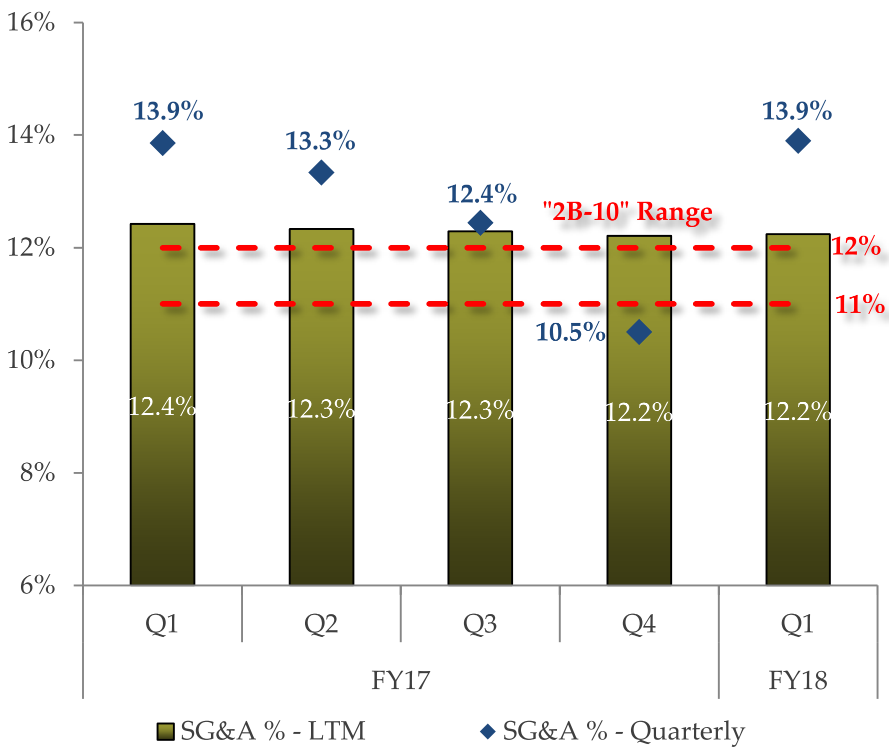
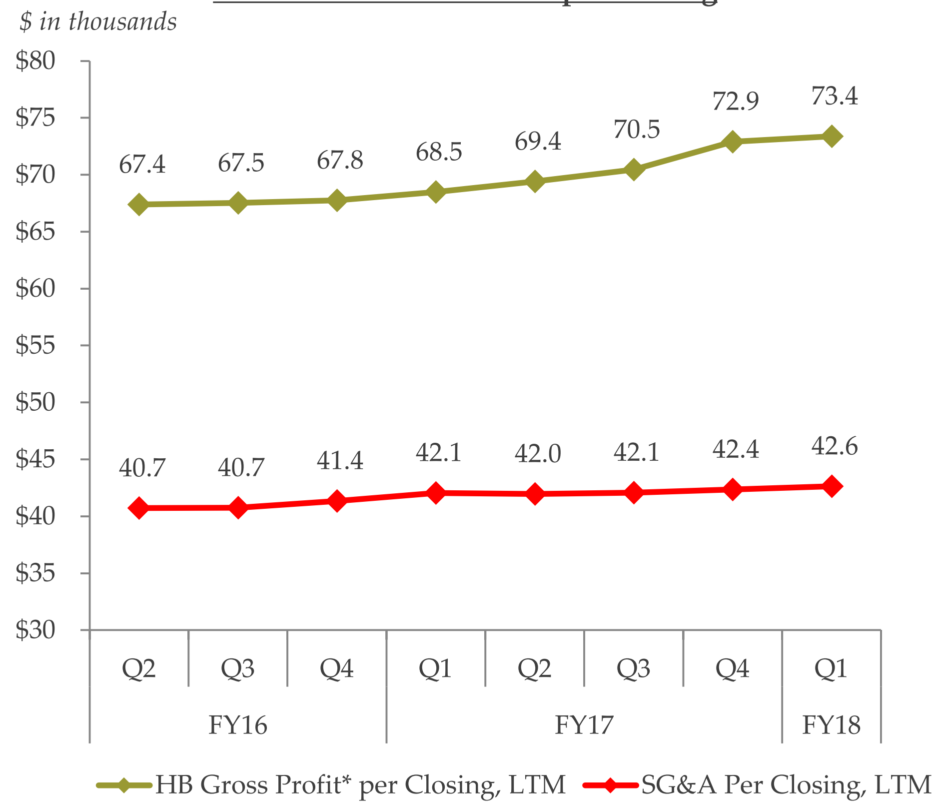
SG&A Leverage as Revenue Grows

SG&A Leverage**
(% of Total Revenue)



LTM Homebuilding
Gross Profit* vs. SG&A per Closing**



*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

Driving ROA Through Increased Capital Efficiency

Total Assets as of 12/31/2017 *$ in millions*		Assets
Unrestricted & Restricted Cash	$	189.9
Working Capital		38.2
PPE & Investments		23.0
Active Inventory		1,302.9
Former LHFFD - Under Development		207.4
Current LHFFD & PHFS		116.4
Deferred Tax Assets		200.1
Total Assets	$	2,078.0

$323.8M

25% of Total Assets

Nearly $325 million of our inventory will transition into revenue-generating assets

DTA will be monetized over time

Notes:
"Active Inventory" plus "Former LHFFD – Under Development" combined make up the 93% of Total Inventory currently active on Slide 11

Capital Efficiency Strategies: LHFFD Impact on Margin

Fiscal Year 2018				
Capital Strategy	**Rationale**	**Gross Margin Impact**	**% of Revenue**	**Total Margin Impact**
Former LHFFD Assets	• Cash generation • Drive higher ROA • Incremental EBITDA	~ 500 bps	~ 8%	~ 40 bps
Slightly lower total margin impact in FY18 compared to FY17				

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Capital Efficiency Strategies: Land Banking & ROA

- Margin impact related to the cost of using land bank financing is normally ~400bps, or ~20% of the gross margin

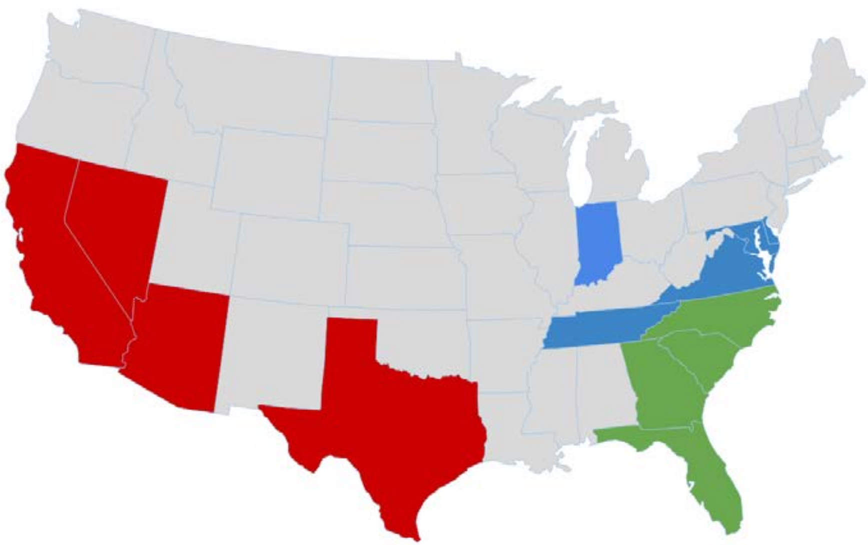
- Turnover benefit is typically 2x

- As a result, land banking is significantly ROA accretive

- For FY18, our % of closings from land banking will be up versus the prior year. However, based on our current portfolio of land banked deals, we do not expect a material impact on total company margin

Geographic Mix Impacts Year-Over-Year Q1 ASP

	Q1 FY17 ASP	Q1 FY18 ASP	Change in ASP ($)	Change in ASP (%)	Q1 FY17 Closings	Q1 FY18 Closings	Change in Mix
West	$337K	$336K	$-1K	-0.3%	51.3%	49.3%	-2.0%
East	$374K	$381K	$7K	1.7%	21.8%	21.1%	-0.7%
SE	$310K	$335K	$25K	8.0%	26.9%	29.5%	2.6%



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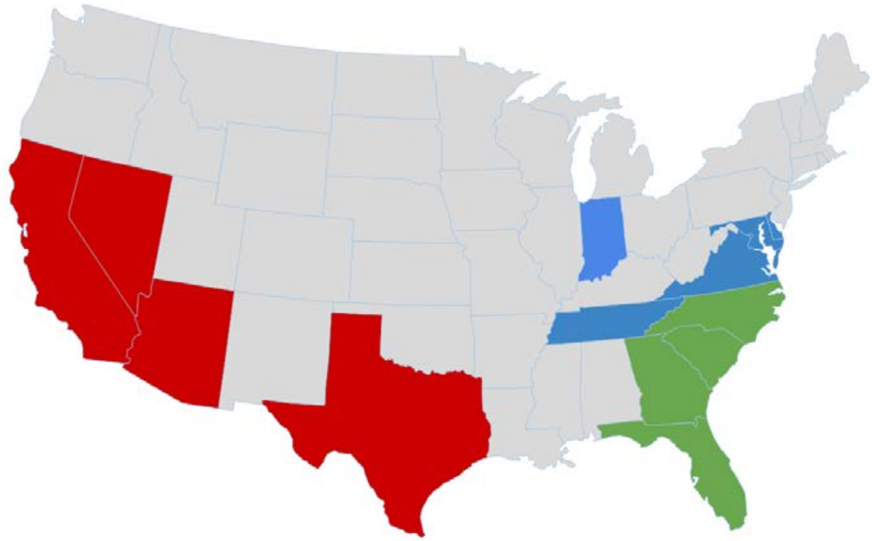
Geographic Mix Impacts Year-Over-Year Q1 Margin

	Q1 FY17 GM%	Q1 FY18 GM%	Change in GM%	Q1 FY17 Closings	Q1 FY18 Closings	Change in Mix
West	21.4%	21.6%	20bps	51.3%	49.3%	-2.0%
East	16.5%	19.2%	270bps	21.8%	21.1%	-0.7%
SE	17.5%	17.6%	10bps	26.9%	29.5%	2.6%

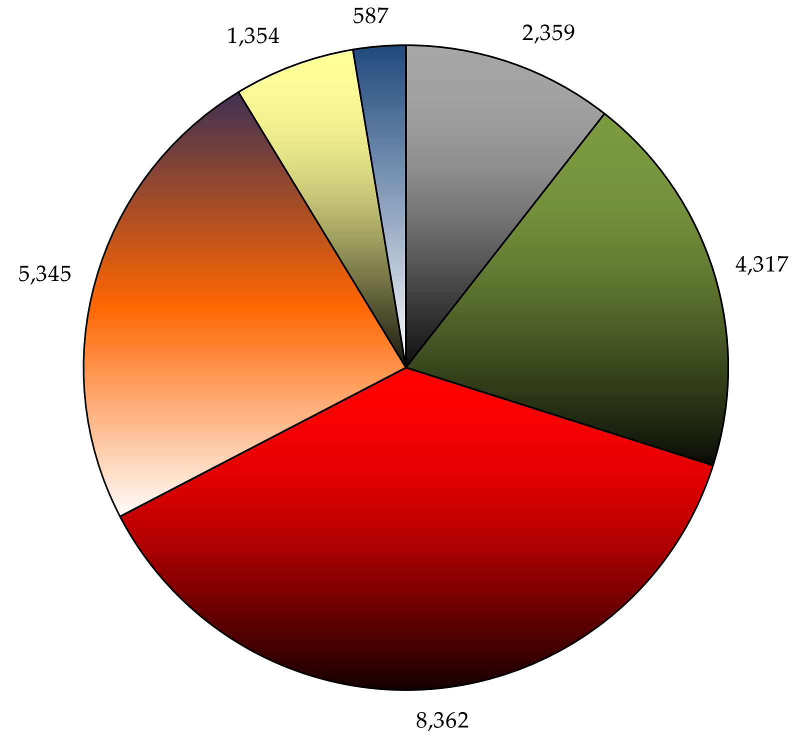


Note: Segment gross margin excludes required capitalization of indirects, impairments and interest included in cost of sales

Land Position

Lot Position at December 31, 2017

22,324 total controlled lots
20,383 active lots



Immediate Availability – 30%	Near-Term Availability – 61%	Long-Term and Non-Strategic Assets – 9%
Homes Under Construction	Owned Land Under Development	Land Held for Future Development
Finished Lots	Lots Under Option	Property Held for Sale

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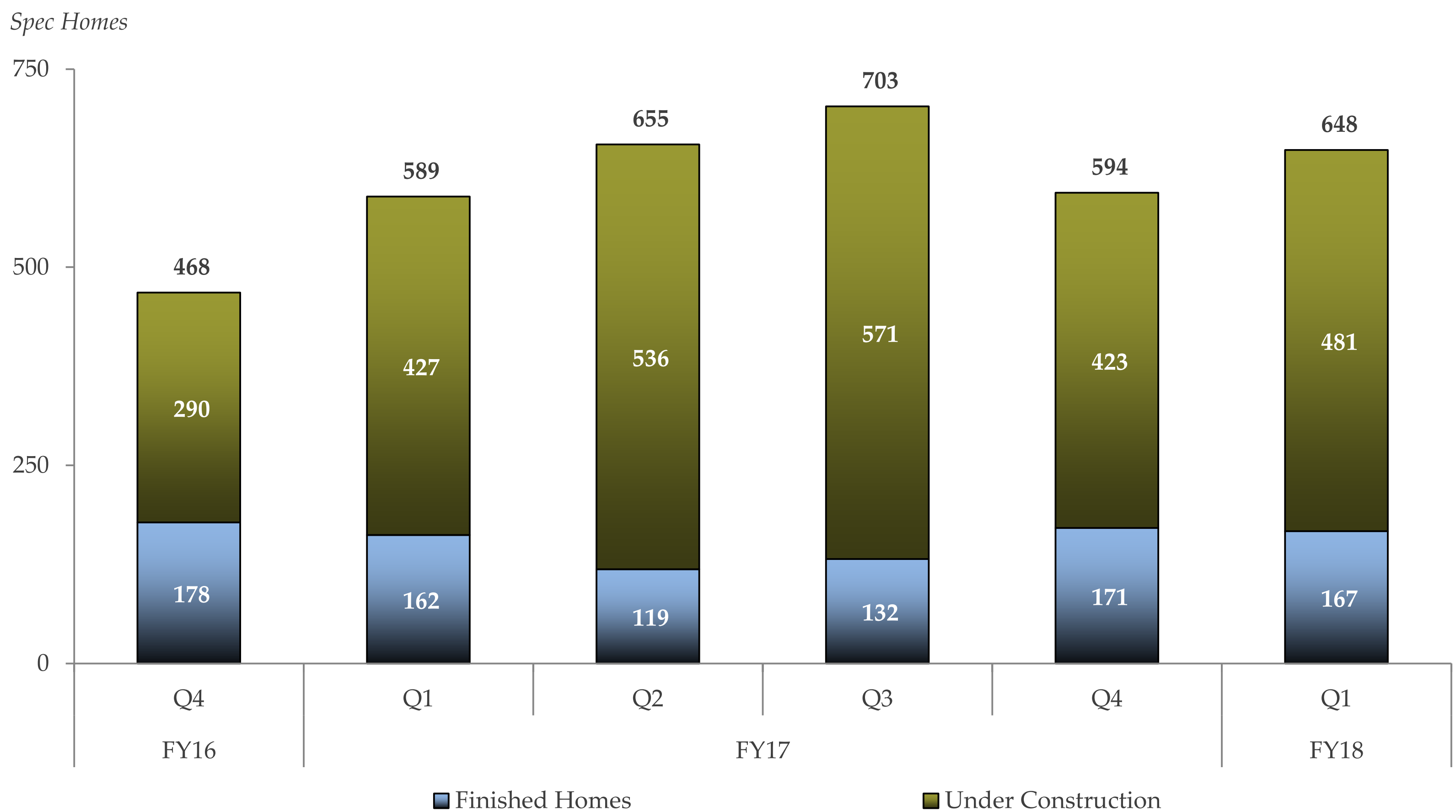
Available Specs



Note: Spec count as of each quarter-end

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Debt Structure

(In thousands)	**Maturity Date**	**Next Call**	**Call Price**	**Dec 31, 2016**	**Dec 31, 2017**
5.750% Senior Notes	June 2019	3/15/2019	100.000	321,393	96,393
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	24,834
6.750% Senior Notes	March 2025	3/15/2020	105.063	-	250,000
5.875% Senior Notes	October 2027	10/15/2022	102.938	-	400,000
Unamortized debt premium, net				2,260	3,220
Unamortized debt issuance costs				(13,314)	(16,545)
Total Senior Notes, net				**1,208,173**	**1,257,902**
Term Loan	March 2018			53,080	-
Junior Subordinated Notes	July 2036			60,387	62,453
Other Secured Notes payable	Various Dates			14,843	4,154
Total debt				**$ 1,336,483**	**$ 1,324,509**

Notes:

Term Loan net of unamortized discount of $725 and unamortized debt issuance costs of $1,195

Junior Subordinated Notes net of unamortized accretion of $40,387 and $38,320 respectively

Adjusted EBITDA Reconciliation

$ in thousands	Three Months Ended December 31,			LTM Ended December 31,		
	2016	**2017**	**Variance**	**2016**	**2017**	**Variance**
Net (loss) income	$ (1,429)	$ (130,947)	$ (129,518)	$ 2,265	$ (97,705)	$ (99,970)
Expense (benefit) from income taxes	(2,579)	107,979	110,558	13,139	113,179	100,040
Interest amortized to home construction and land sales expenses and capitalized interest impaired	15,644	16,476	832	81,315	89,652	8,337
Interest expense not qualified for capitalization	5,252	3,435	(1,817)	23,208	13,819	(9,389)
EBIT	**16,888**	**(3,057)**	**(19,945)**	**119,927**	**118,945**	**(982)**
Depreciation and amortization and stock-based compensation amortization	4,859	5,117	258	21,864	22,431	567
EBITDA	**21,747**	**2,060**	**(19,687)**	**141,791**	**141,376**	**(415)**
Loss on debt extinguishment	-	25,904	25,904	12,595	38,534	25,939
Inventory impairments and abandonments	-	450	450	13,216	2,839	(10,377)
Additional insurance recoveries from third-party insurer	-	-	-	(15,500)	-	15,500
Write-off of deposit on legacy land investment	2,700		(2,700)	2,700		(2,700)
Adjusted EBITDA	**$ 24,447**	**$ 28,414**	**$ 3,967**	**$ 154,802**	**$ 182,749**	**$ 27,947**

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Deferred Tax Assets - Summary

($ in millions)	December 31, 2016	December 31, 2017
Deferred Tax Assets	$ 378.9	$ 254.8
Valuation Allowance	(66.3)	(54.7)
Net Deferred Tax Assets	$ 312.7	$ 200.1

Note: Totals may not foot due to rounding

As of December 31, 2017, our valuation allowance of $54.7 million related to our deferred tax assets remains consistent with the determinations we made during the period ended September 30, 2017. The reductions in our deferred tax assets and valuation allowance during the quarter ended December 31, 2017 were driven by the reduced Federal corporate tax rate of 21% as a result of the Tax Cuts and Jobs Act being enacted into law in December. See Form 10-Q for additional detail.

Deferred Tax Assets – Impact of Tax Rate Change

Application of Reduction in Federal tax rate:

Valued at current federal rate		Valued at current state rates		Tax Credits	
Federal Book/Tax Differences and NOLs $310.4 million	Federal NOL VA ($28.9) million	State Tax Attributes	State Tax Attributes VA	Federal Tax Credits	Federal Tax Credits VA
(124.2)	11.6	Not impacted by changes in federal tax rate			

Net Reduction of $112.6 million