Beazer Homes USA, Inc
Q4 2017 Earnings Presentation

Enclave at Chadwick Lakes
Atlanta, GA

BEAZER HOMES

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 describe 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) 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 write-downs; (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, 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) 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.

BEAZER HOMES

Introduction

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

BEAZER HOMES

FY17: Significant Growth in Profitability

Results	FY 2017	YoY Change
Homebuilding Revenue	$1,895.9	6.2%
Adjusted EBITDA*	$178.8	14.4%
Net Debt/LTM EBITDA*	5.8x	(1.3x)

Six Levers for EPS Growth	FY 2017	YoY Change
Average Selling Price ($k)	$343.1	4.2%
Average Community Count	155	(6.7%)
Sales Pace	2.94	10.5%
HB Gross Margin %**	21.2%	60 bps
SG&A % of Total Revenue***	12.2%	(10 bps)
Interest % of Total Revenue	5.4%	(30 bps)

BEAZER HOMES

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

FY18: EPS Growth and Targeting “2B-10”

Six Levers for EPS Growth

- ASP
- Community Count
- Sales Pace
- Gross Margin
- SG&A Leverage
- Lower Interest Expense %

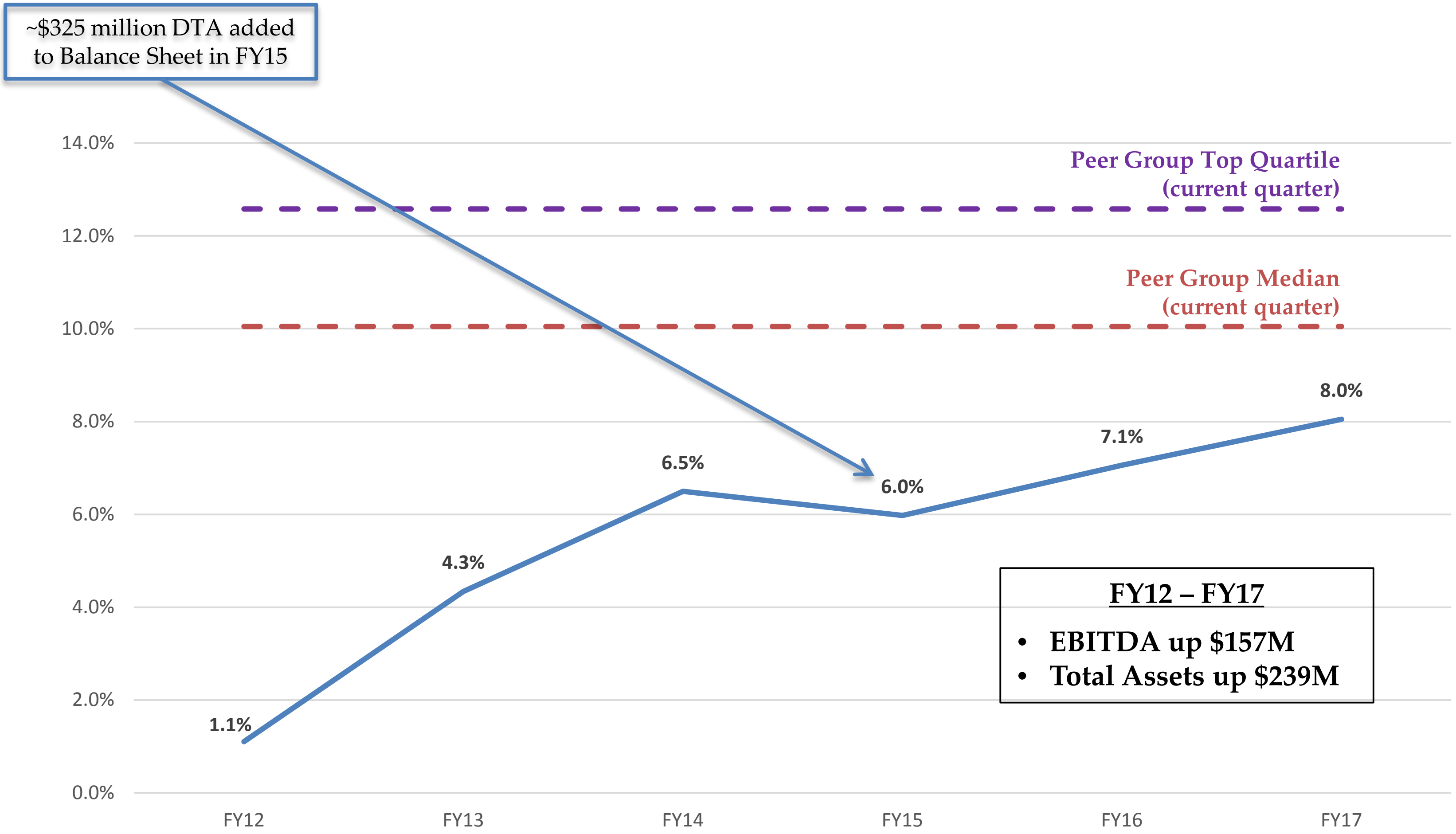
BEAZER HOMES

FY18: Key Investment Themes

- Accelerate acquisition of Gatherings sites
- Traditional community acquisitions will continue to focus on delivering "Extraordinary Value at an Affordable Price"
- Increased land development spend, including formerly LHFFD assets

Note: LHFFD is Land Held For Future Development

FY18 and Beyond: Improving Return on Assets



FY12 – FY17

- **EBITDA up $157M**
- **Total Assets up $239M**

BEAZER HOMES

Notes

- ROA is LTM Adjusted EBITDA/Total Assets at end of period
- Details are included on the "Adjusted EBITDA Reconciliation" slide in the appendix
- Peer data provided by Credit Suisse

4th Quarter Results

- **New Home Orders**
  - Absorption rate of 2.85 S/C/M
  - 1,315 net new orders, down 2% YoY (hurricane impacted)
- **Average Selling Price (ASP in $000's)**
  - ASP of $349.5, up 5% YoY
  - 9/30 Backlog ASP of $358.9
- **Closings**
  - Backlog conversion ratio of 78%
  - 1,904 Closings
- **Community Count**
  - Average 154, ending 155
- **Homebuilding Revenue**
  - $665 million, up 7% YoY
- **Gross Margin***
  - 22.0%, up 120 basis points YoY
- **SG&A as % of Total Revenue**
  - 10.5%, down 10 basis points YoY
- **Adjusted EBITDA****
  - $76.9 million, up 17%
- **Profitability**
  - Net income of $33.7 million
  - EPS of $1.03

*Excludes impairments, abandonments, interest included in cost of sales and certain warranty items. Approximately 70 bps of Q4 FY17 Gross Margin were the result of one-time pickups, including warranty recoveries
**Details are included on the "Adjusted EBITDA Reconciliation" slide in the appendix

BEAZER HOMES

“2B-10” Plan Ranges vs. LTM Results

		"2B-10" Plan Ranges	FY16 Results	FY17 Results
Revenue	Sales / Community/ Month	2.8 - 3.2	2.7	2.9
	Average Selling Price ("ASP")	$340k - $350k	$329.4k	$343.1k
	Average Community Count	170 - 175	166	155
	Total Revenue	$2.0 billion	$1.8 billion	$1.9 billion
Margin	HB Gross Margin %*	21% - 22%	20.6%	21.2%
	SG&A (% of Total Revenue)**	11% - 12%	12.3%	12.2%
	Adjusted EBITDA***	$200 million	$156.3 million	$178.8 million

12 month EBITDA growth of 14.4%

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

BEAZER HOMES

*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

1st Quarter Expectations

- **New Home Orders**
  - Up modestly YoY
- **Closings**
  - Backlog conversion in the mid 50% range
- **Average Sales Price (ASP)**
  - High $340k's, up significantly YoY
- **Gross Margin**
  - Up YoY, for fifth consecutive quarter
- **SG&A**
  - SG&A as % of Total Revenue flat to down YoY
- **Land Sale Revenue**
  - Flat YoY
- **Land Spend**
  - Cash land spend up substantially YoY

BEAZER HOMES

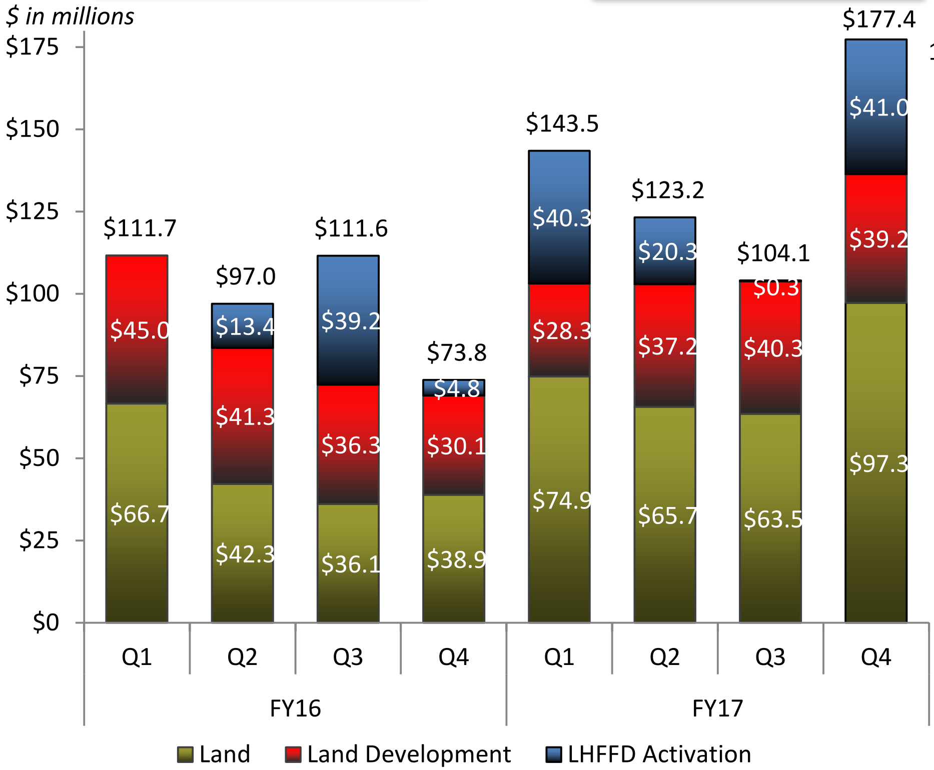
Increasing Land Spend & Capital Efficiency

At September 30, 2017:
21,507 total controlled lots
19,727 active lots

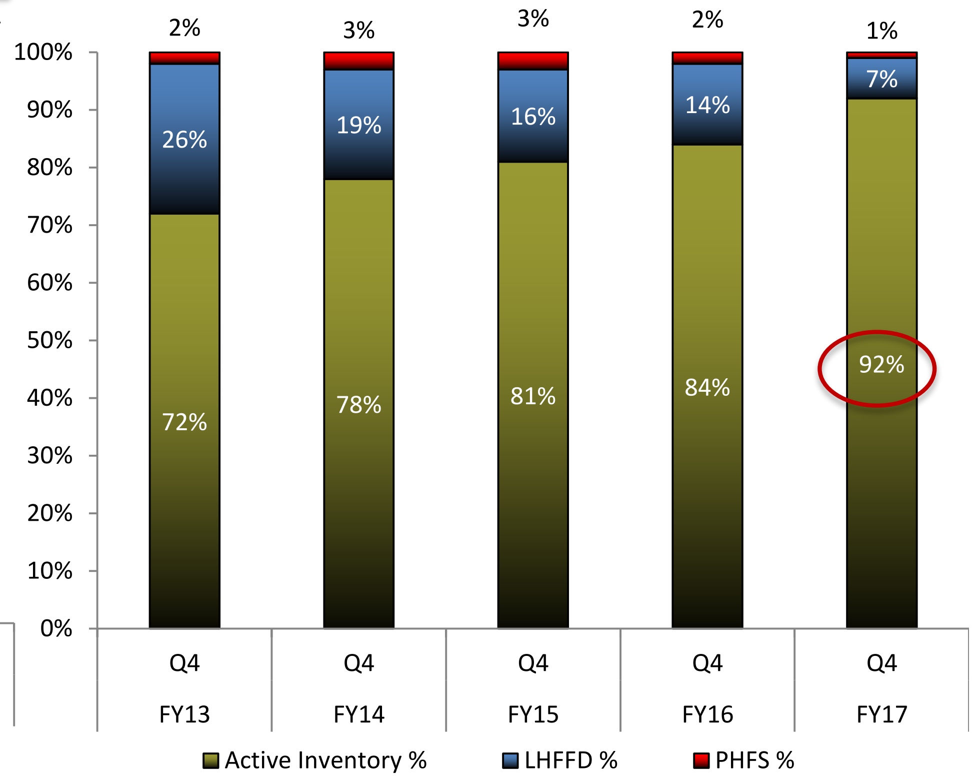
Quarterly Land Spend

$394.1M Fiscal Year 2016

$548.2M Fiscal Year 2017



Total Inventory Dollars



Option Lots as % of Active Lots				
Q4 FY13	**Q4 FY14**	**Q4 FY15**	**Q4 FY16**	**Q4 FY17**
27%	**28%**	**27%**	**33%**	**28%**

BEAZER HOMES

Driving ROA Through Increased Capital Efficiency

Total Assets as of 9/30/2017 *$ in millions*		Assets
Unrestricted & Restricted Cash	$	304.6
Working Capital		44.1
PPE & Investments		21.6
Active Inventory		1,248.4
Former LHFFD - Under Development		164.0
Current LHFFD & PHFS		130.3
Deferred Tax Assets		307.9
Total Assets	$	2,221.0

27% of Total Assets

$294.3M

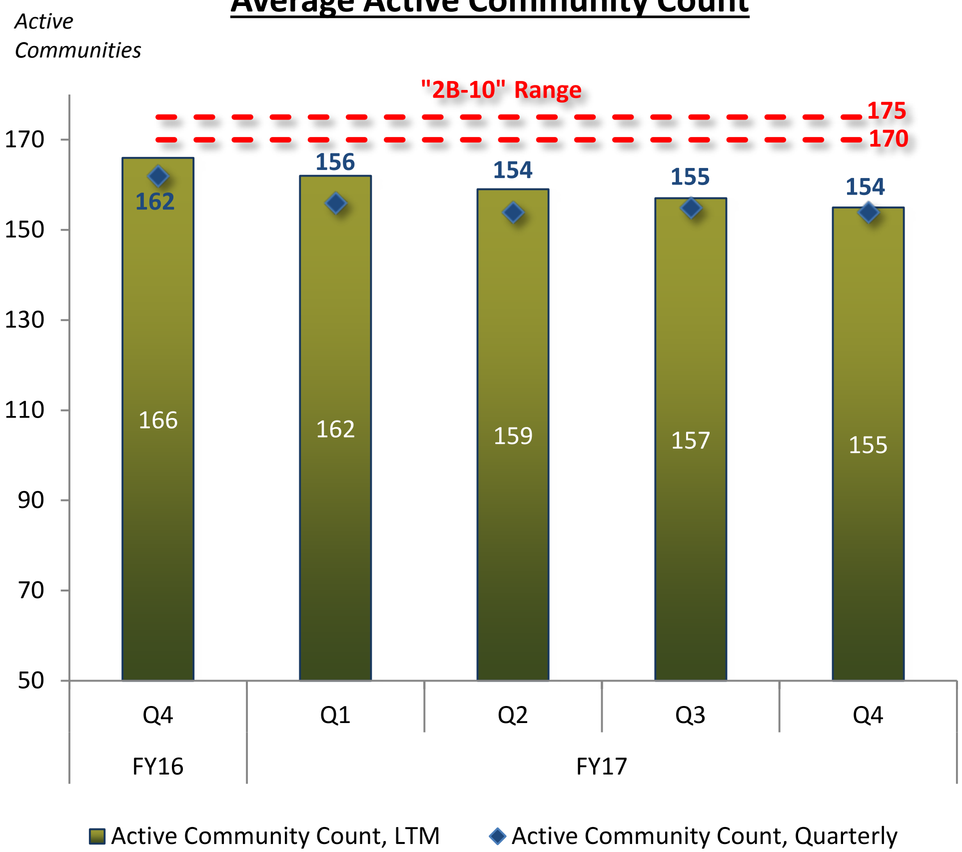
Nearly $300 million of our inventory will transition into revenue-generating assets

DTA will be monetized over time

Notes:
"Active Inventory" plus "Former LHFFD – Under Development" combined make up the 92% of Total Inventory currently active on Slide 11

Community Count

Average Active Community Count



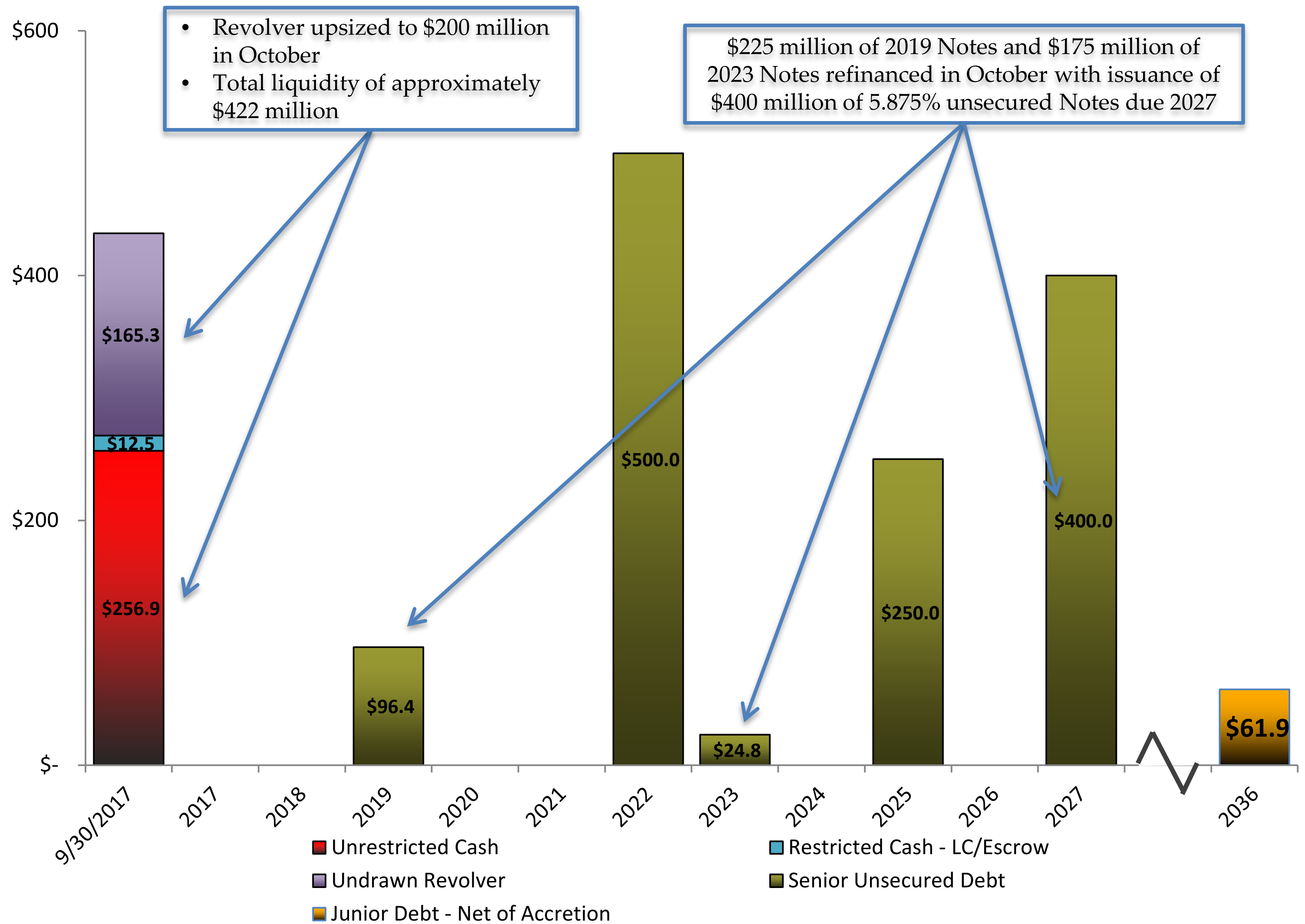
Community Count Activity

Active Communities at 9/30/2017	**155**
Near-Term Closeouts	**37**
Communities Opening (excluding former LHFFD)	**28**
Former LHFFD Communities Not Yet Open	**16**
Communities Approved But Not Yet Closed	**33**

The information above is as of 9/30/2017

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

Maturity Schedule – Following Refinancing Transaction

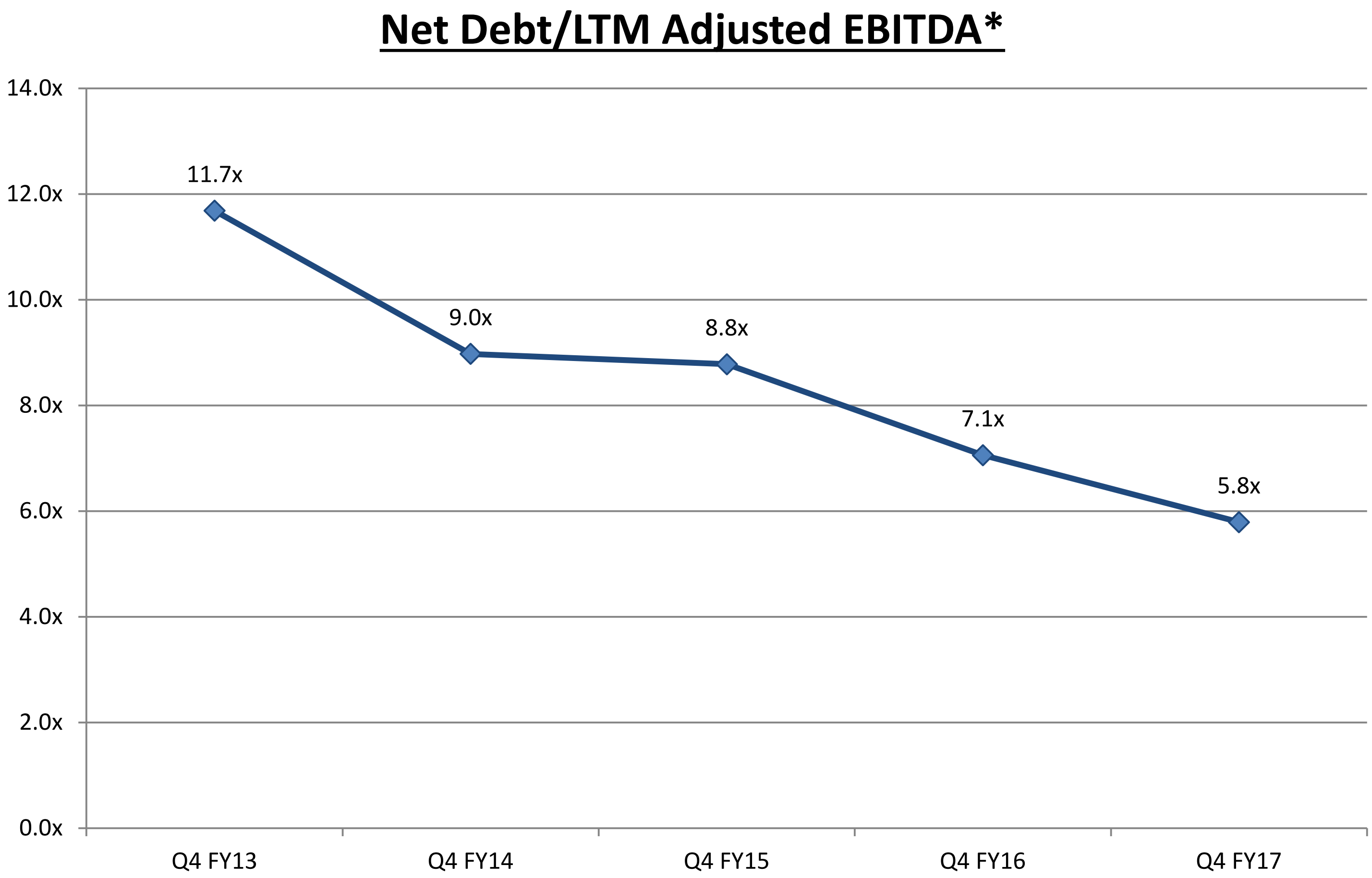


Notes:

-There is an additional $5.6 million of secured divisional debt on the balance sheet with various maturity dates

-Years are calendar years

Net Debt/LTM Adjusted EBITDA



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

The Path for Higher ROA & Earnings Growth

- Balanced Growth =
  Earnings Growth + Capital Efficiency

- Push to achieve "2B-10"

- Drive toward double-digit ROA

BEAZER HOMES

Appendices

Q4 Results

$ in millions, except ASP

	Q4 FY16	Q4 FY17	Δ
Profitability			
Total Revenue	$ 632.1	$ 673.0	6.5%
Adjusted EBITDA*	$ 65.9	$ 76.9	$ 10.9
Net Income/Loss (Cont. Ops.)	$ (0.8)	$ 33.7	$ 34.5
Unit Activity			
Orders	1,346	1,315	(2.3)%
Closings	1,856	1,904	2.6%
Average Sales Price ($000's)	$ 334.0	$ 349.5	4.6%
Cancellation Rate	20.4%	20.6%	20 bps
Active Community Count, Avg**	162	154	(4.9)%
Sales/Community/Month	2.8	2.8	2.8%
Margins			
HB Gross Margin***	20.8%	22.0%	120 bps
SG&A (% of Total Revenue)	10.6%	10.5%	(10 bps)
Balance Sheet			
Unrestricted Cash	$ 228.9	$ 292.1	$ 63.2
Land & Development Spending	$ 69.0	$ 136.4	$ 67.4

Note: Variances are calculated using un-rounded numbers
*Details are included on the "Adjusted EBITDA Reconciliation" slide in the appendix
**Active Community Count was 161 at 9/30/2016 and 155 at 9/30/2017
***Excludes impairments, abandonments, interest included in cost of sales and certain warranty items

BEAZER HOMES

FY17 Results

$ in millions, except ASP

		FY16		FY17		Δ
Profitability						
Total Revenue	$	1,822.1	$	1,916.3		5.2%
Adjusted EBITDA*	$	156.3	$	178.8	$	22.5
Net Income/Loss (Cont. Ops.)	$	5.2	$	32.0	$	26.7
Unit Activity						
Orders		5,297		5,464		3.2%
Closings		5,419		5,525		2.0%
Average Sales Price ($000's)	$	329.4	$	343.1		4.2%
Cancellation Rate		20.4%		18.5%		(190 bps)
Active Community Count, Avg**		166		155		(6.7)%
Sales/Community/Month		2.7		2.9		10.4%
Margins						
HB Gross Margin***		20.6%		21.2%		60 bps
SG&A (% of Total Revenue)		12.3%		12.4%		10 bps
Balance Sheet						
Unrestricted Cash	$	228.9	$	292.1	$	63.2
Land & Development Spending	$	336.9	$	446.4	$	109.5

Note: Variances are calculated using un-rounded numbers
*Details are included on the "Adjusted EBITDA Reconciliation" slide in the appendix
**Active Community Count was 161 at 9/30/2016 and 155 at 9/30/2017
***Excludes impairments, abandonments, interest included in cost of sales and certain warranty items

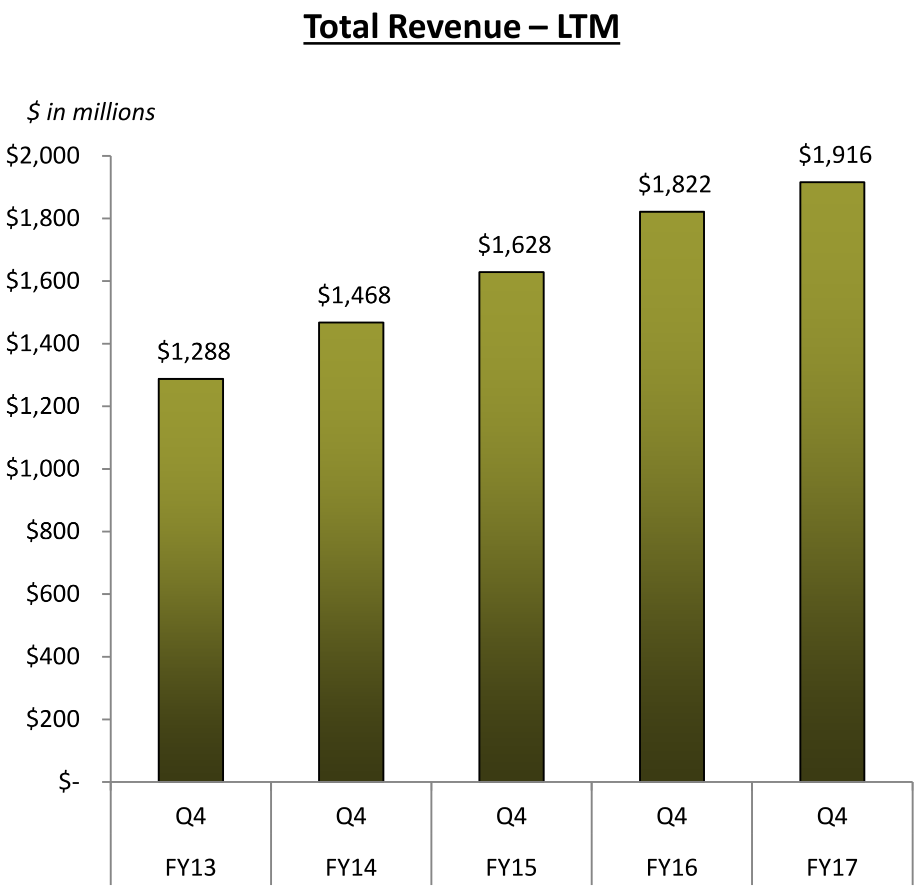
BEAZER HOMES

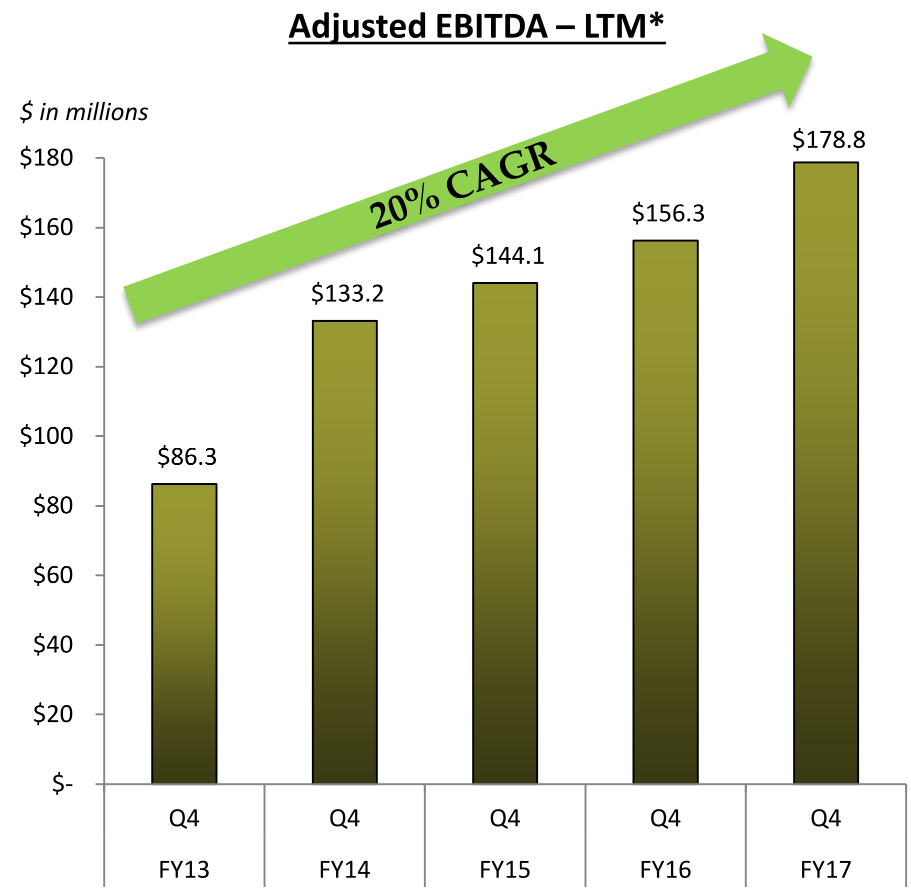
Backlog Detail

		Q4 FY16		Q4 FY17
Quarter Ending Backlog (units)		1,916		1,855
Quarter Ending Backlog ($ in millions)	$	652.7	$	665.8
ASP in Backlog ($ in thousands)	$	340.6	$	358.9
Quarter Beg. Backlog		2,426		2,444
Scheduled to Close in Future Qtrs.		(746)		(676)
Backlog Scheduled to Close in the Qtr.		1,680		1,768
Backlog Activity:				
Cancellations		(128)		(125)
Pushed to Future Quarters		(154)		(170)
Close Date Brought Forward		66		66
Sold & Closed During the Qtr		392		365
Total Closings in the Quarter		1,856		1,904
Backlog Conversion Rate		**76.5%**		**77.9%**
Closings as % of BL Scheduled to Close in the Qtr.		**110.5%**		**107.7%**

BEAZER HOMES

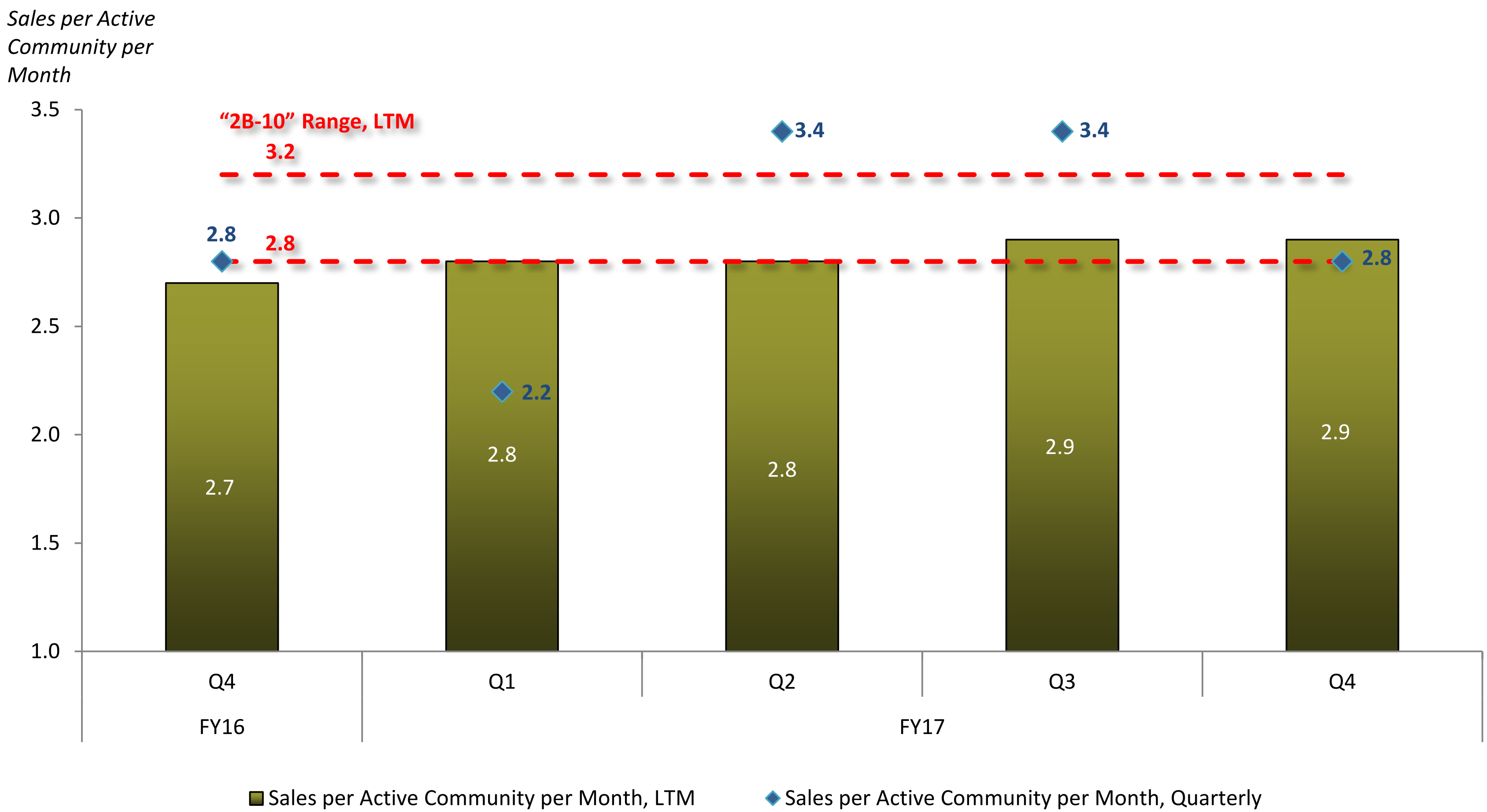
Increases in LTM Revenue and EBITDA





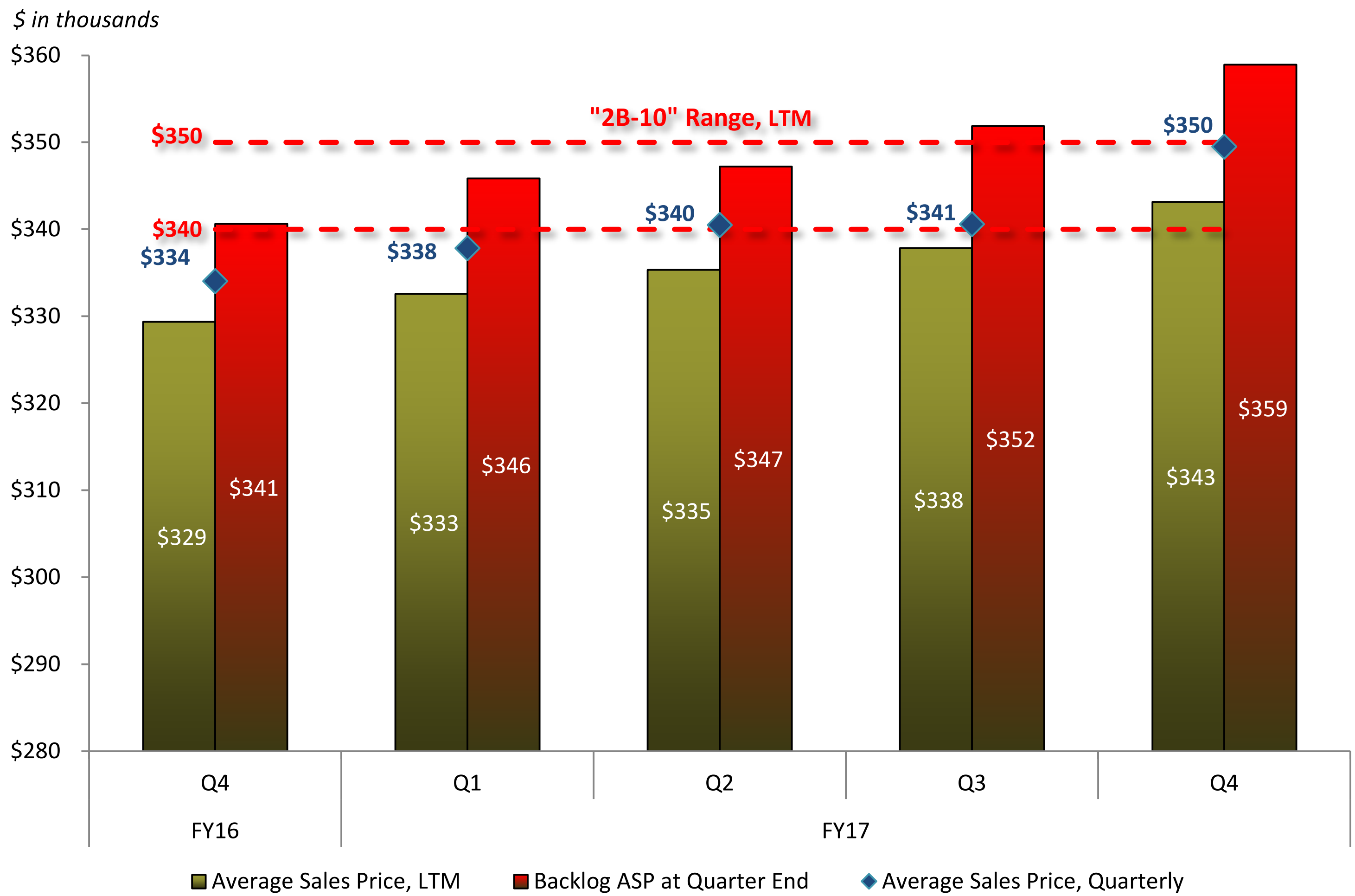
*Adjusted EBITDA excludes the impact of certain warranty items (net of expected insurance recoveries), a litigation settlement recorded in discontinued operations, and the write off of a legacy investment in a development site

Sales Pace Within "2B-10" Target Range



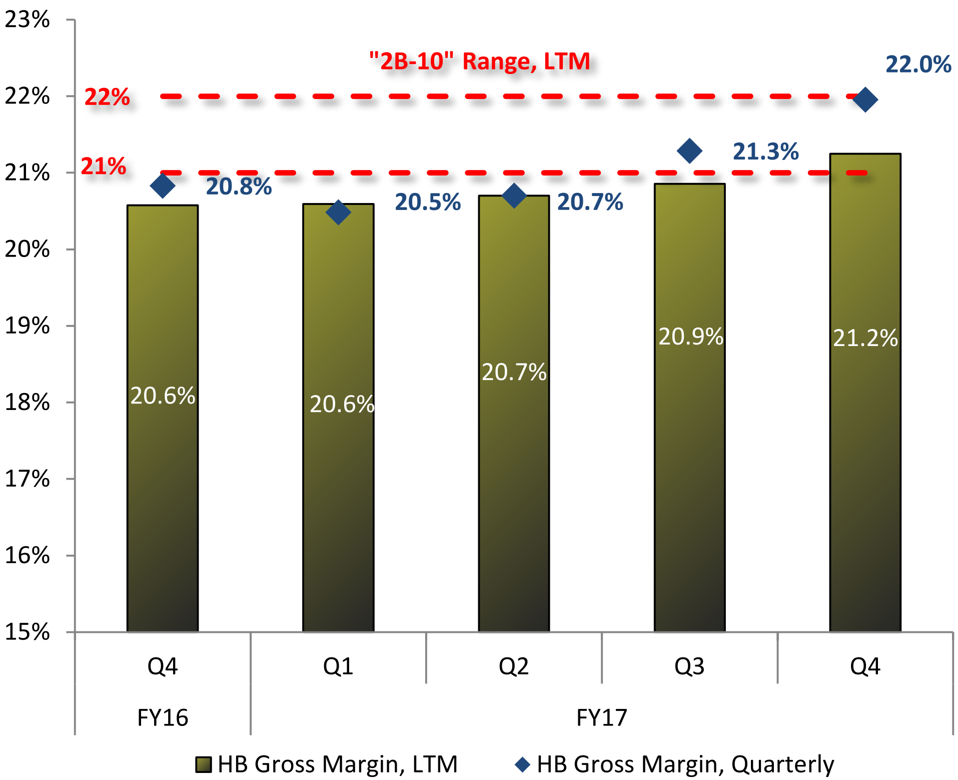
Note: An active community has achieved at least 2 initial sales and has at least 2 unsold units remaining

Backlog ASP Suggests Further Growth

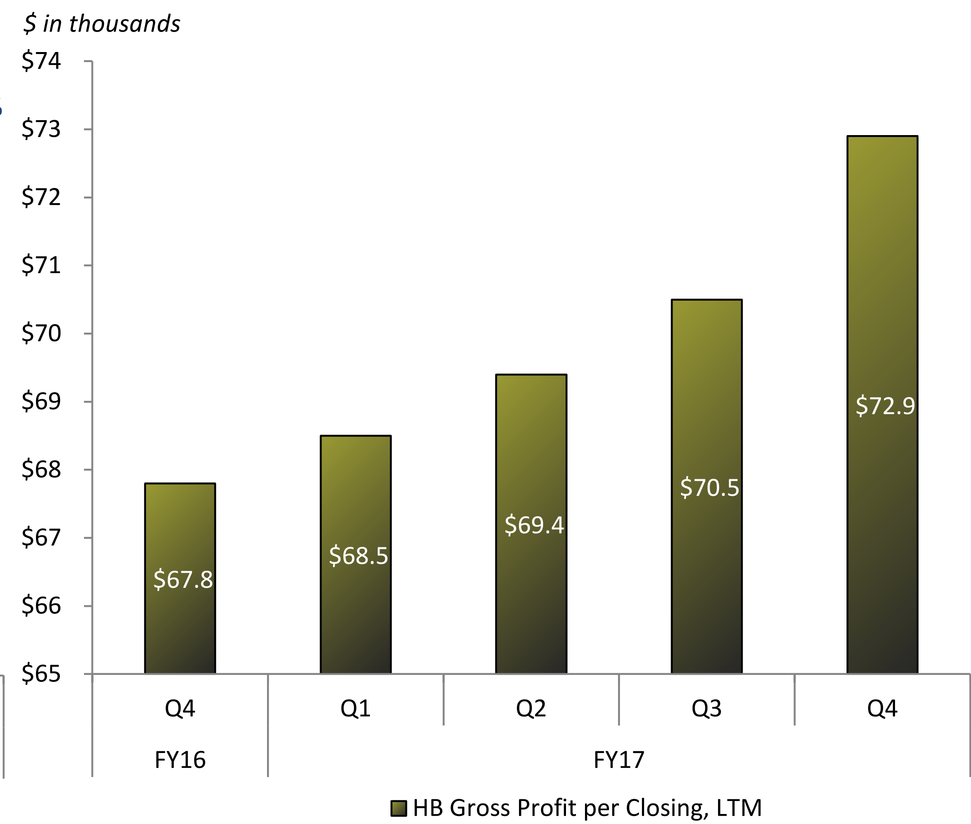


Gross Margin Within "2B-10" Range

Homebuilding Gross Margin*



Homebuilding Gross Profit Dollars Per Closing*

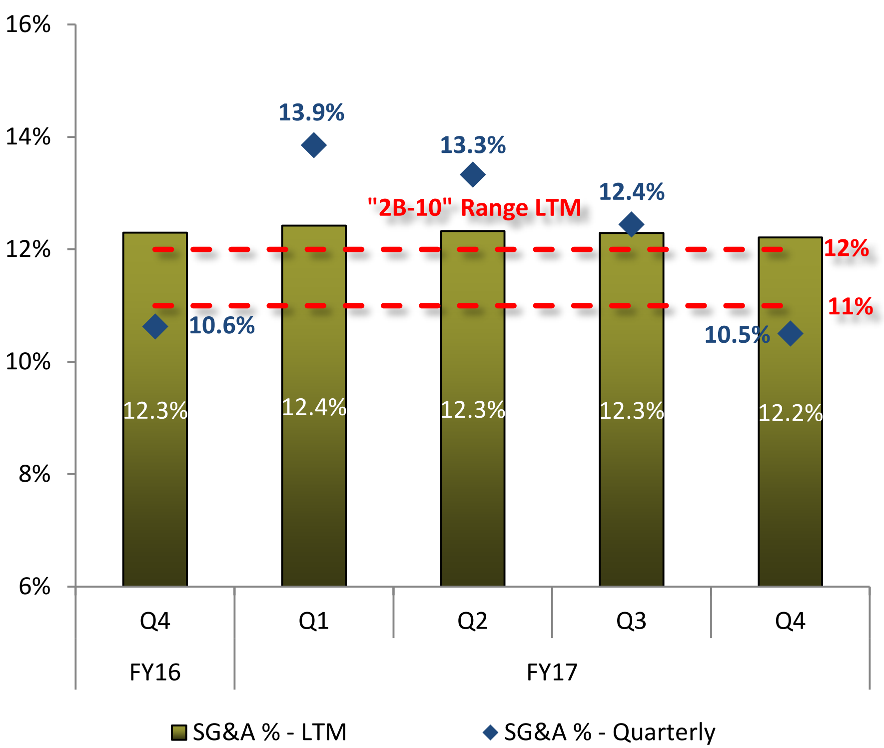


BEAZER HOMES

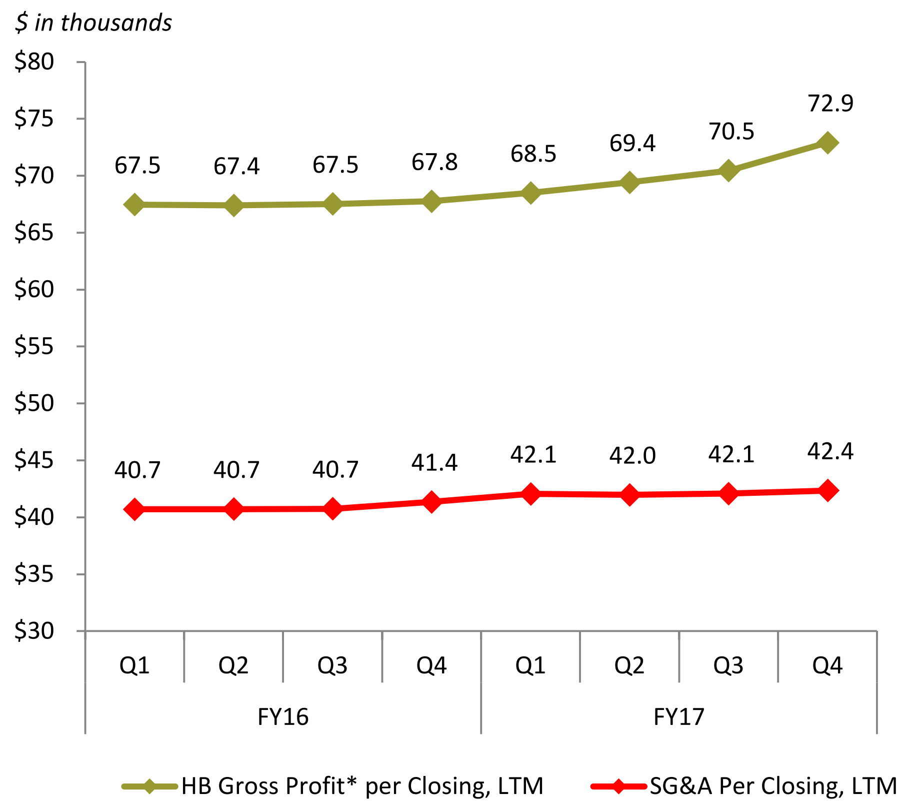
*Excludes impairments, abandonments and interest included in cost of sales as well as certain warranty items

SG&A Leverage as Revenue Grows

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



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



BEAZER HOMES

*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

2B 10

Capital Efficiency Strategies: LHFFD Impact on Margin

Fiscal Year 2017				
Capital Strategy	**Rationale**	**Gross Margin Impact**	**% of Revenue**	**Total Margin Impact**
Former LHFFD Assets	• Cash generation • Drive higher ROA • Incremental EBITDA	~ 700 bps	~ 7%	~ 50 bps
No significant change in total margin impact in FY18				

BEAZER HOMES

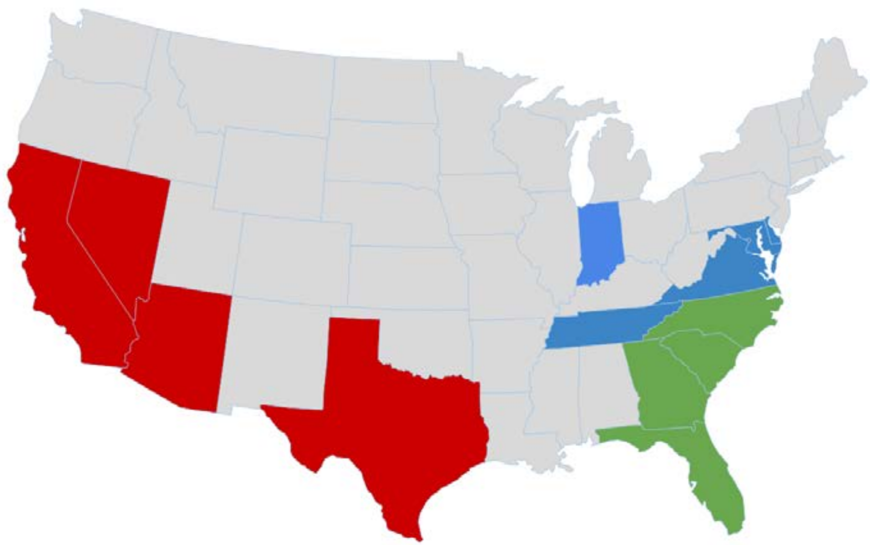
Capital Efficiency Strategies: Land Banking & ROA

- The Gross Margin impact related to the cost of using land bank financing is typically ~400bps, or ~20% of the Gross Margin
- Revenue/Capital turnover benefit is typically 2x, or 100%
- As a result, land banking is significantly ROA accretive
- For FY18, our % of closings from land banking will be up versus the prior year
  - Based on our current portfolio of land banked deals, we do not expect a material impact on the Company's Gross Margin relative to current levels

BEAZER HOMES

Geographic Mix Impacts Year-Over-Year Q4 ASP

	Q4 FY16 ASP	Q4 FY16 Closings	Q4 FY17 ASP	Q4 FY17 Closings	Change in ASP ($)	Change in ASP (%)	Change in Mix
West	$335K	45.4%	$344K	43.7%	$9K	2.8%	-1.7%
East	$371K	25.1%	$393K	28.0%	$22K	5.9%	2.9%
SE	$301K	29.5%	$315K	28.3%	$14K	4.4%	-1.2%

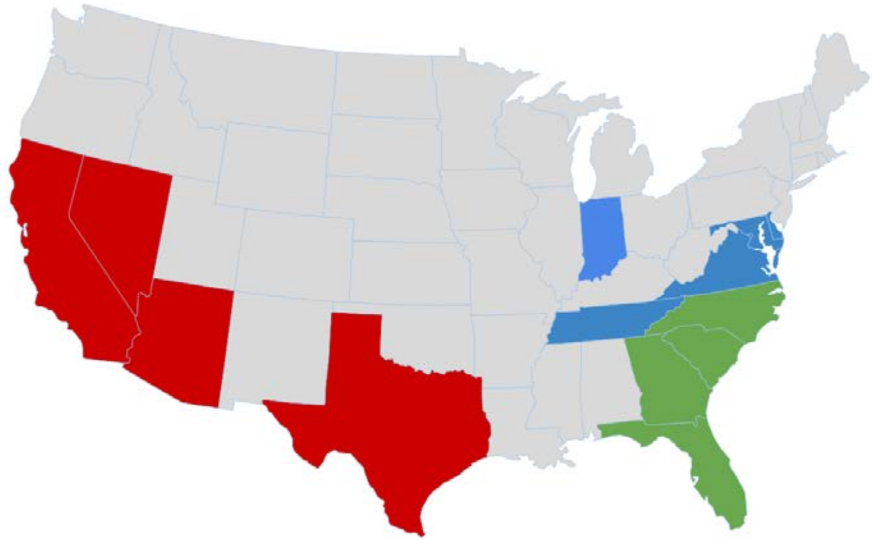


BEAZER HOMES

Note: Variances are calculated using un-rounded numbers

Geographic Mix Impacts Year-Over-Year Q4 Margin

	Q4 FY16 GM%	Q4 FY16 Closings	Q4 FY17 GM%	Q4 FY17 Closings	Change in GM%	Change in Mix
West	21.9%	45.4%	22.9%	43.7%	100bps	-1.7%
East	21.7%	25.1%	22.7%	28.0%	100bps	2.9%
SE	20.6%	29.5%	21.5%	28.3%	90bps	-1.2%

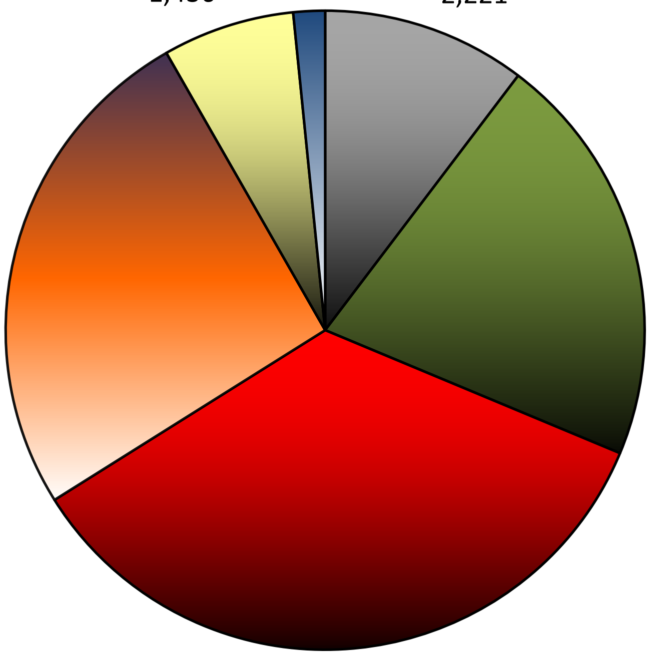


Note: Segment Gross Margin excludes required capitalization of indirects, impairments, interest included in cost of sales, and certain Florida warranty items

Land Position

Lot Position at September 30, 2017

21,507 total controlled lots
19,727 active lots



Immediate Availability – 32%

- Homes Under Construction
- Finished Lots

Near-Term Availability – 60%

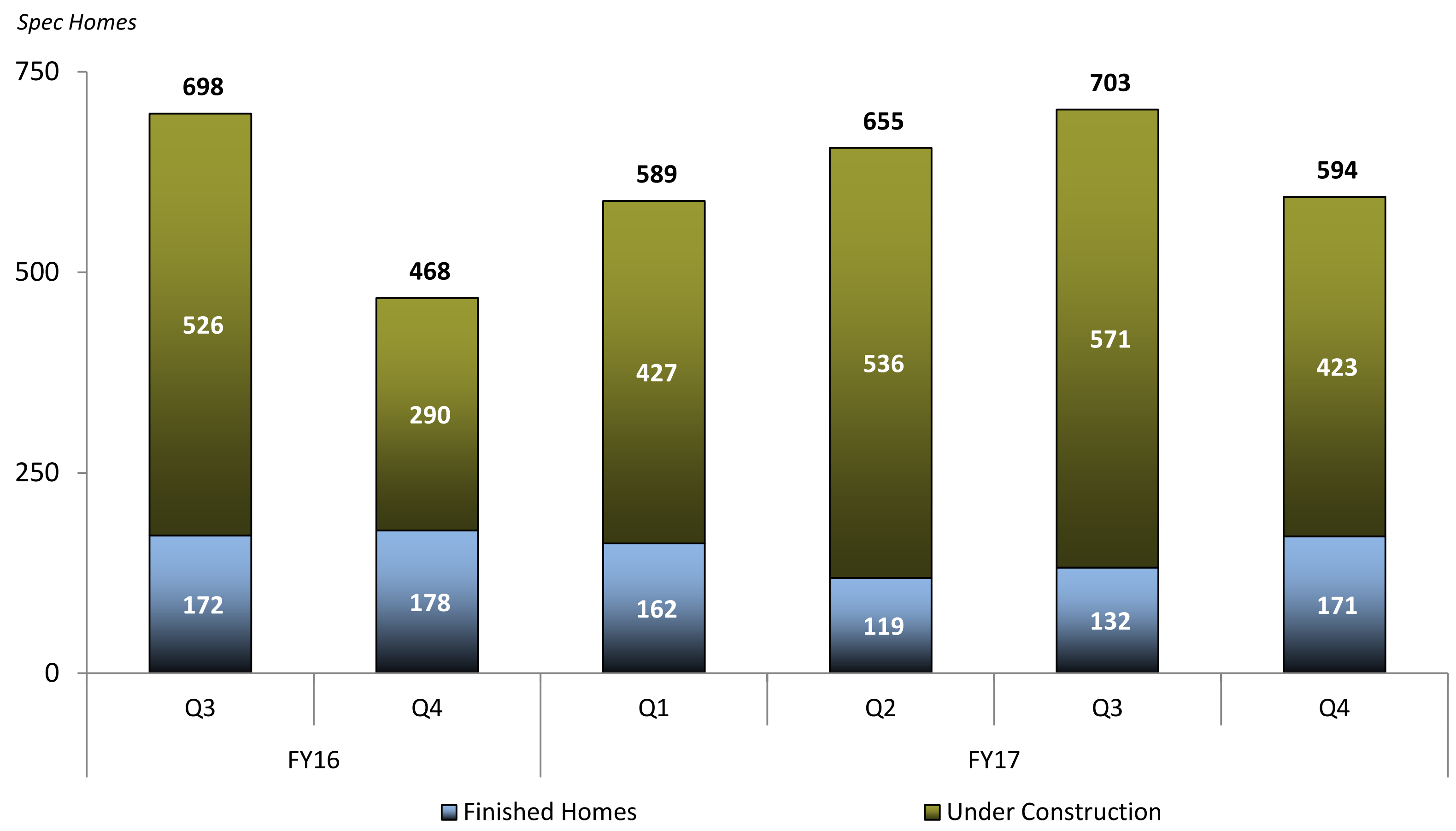
- Owned Land Under Development
- Lots Under Option

Long-Term and Non-Strategic Assets – 8%

- Land Held for Future Development
- Property Held for Sale

BEAZER HOMES

Available Specs



Note: Spec count as of each quarter-end

Debt Structure

(In thousands)	Maturity Date	Next Call	Call Price	Sep 30, 2016	Sep 30, 2017	Oct 10, 2017
5.750% Senior Notes	June 2019	3/15/2019	100.000	321,393	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	500,000
7.250% Senior Notes	February 2023	2/1/2018	103.625	199,834	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 (discounts)				2,362	3,413	3,413
Unamortized debt issuance costs				(14,063)	(14,800)	(14,800)
Total Senior Notes, net				**1,207,526**	**1,259,840**	**1,259,840**
Term Loan	March 2018			52,669	-	-
Junior Subordinated Notes	July 2036			59,870	61,937	61,937
Other Secured Notes payable	Various Dates			11,813	5,635	5,635
Total debt				**$ 1,331,878**	**$ 1,327,412**	**$ 1,327,412**

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 $38,837, $40,903 and $40,903 respectively

BEAZER HOMES

Adjusted EBITDA Reconciliation

	Three Months Ended September 30,			LTM Ended September 30,		
	2016	**2017**	**Variance**	**2016**	**2017**	**Variance**
Net income (loss)	$ (854)	$ 33,654	$ 34,508	$ 4,693	$ 31,813	$ 27,120
Expense (benefit) from income taxes	14,415	3,953	(10,462)	16,224	2,621	(13,603)
Interest amortized to home construction and land sales expenses, capitalized interest impaired	28,421	31,462	3,041	79,322	88,820	9,498
Interest expense not qualified for capitalization	5,917	3,404	(2,513)	25,388	15,636	(9,752)
EBIT	**47,899**	**72,473**	**24,574**	**125,627**	**138,890**	**13,263**
Depreciation and amortization and stock-based compensation amortization	6,474	5,702	(772)	21,752	22,173	421
EBITDA	**54,373**	**78,175**	**23,802**	**147,379**	**161,063**	**13,684**
Loss on debt extinguishment	11,393	(2,933)	(14,326)	13,423	12,630	(793)
Inventory impairments and abandonments	184	1,637	1,453	14,572	2,389	(12,183)
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
Write-off of deposit on legacy land investment	-	-	-	-	2,700	2,700
Adjusted EBITDA	**$ 65,950**	**$ 76,879**	**$ 10,929**	**$ 156,262**	**$ 178,782**	**$ 22,520**

BEAZER HOMES

Deferred Tax Assets

($ in millions)	Sep 30, 2016	Sep 30, 2017
Deferred Tax Assets	$ 376.3	$ 373.1
Valuation Allowance	(66.3)	(65.2)
Net Deferred Tax Assets	$ 310.0	$ 307.9

As of September 30, 2017, our valuation allowance of $65.2 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.

BEAZER HOMES