



## **Beazer Homes Third Quarter Earnings Increase 60% Per Share; Orders Rise 24%, Backlog Up 41% to Record 2,726 Homes**

July 29, 1998

Atlanta, Georgia, July 29, 1998 - Beazer Homes USA, Inc. (NYSE: BZH) today announced results for the quarter ended June 30, 1998, the third quarter of its 1998 fiscal year.

Earnings were \$.64 per share (diluted) for the quarter ended June 30, 1998, up 60% from \$.40 in the year earlier quarter ended June 30, 1997. During the quarter ended June 30, 1998, the Company closed 1,497 homes and had total revenues of \$234.8 million, increases of 14% and 10%, respectively, compared to the prior year's June quarter.

Ian McCarthy, President and Chief Executive Officer of Beazer Homes, said, "We are pleased to report a significantly higher increase in earnings than in revenues for the quarter ended June 30, 1998. This results from the continued strong improvement in our profitability during the quarter. During the quarter our gross profit margin, before amortization of previously capitalized interest, was 17.2%, 200 basis points above the 15.2% gross profit margin in the year earlier quarter and the fifth consecutive quarter showing sequential improvement in gross margin."

The Company also reported that it had 1,983 new orders for the quarter ended June 30, 1998, a 24% increase over the year earlier quarter. Its backlog of homes sold but not yet closed at June 30, 1998 was 2,726 homes (up 41% from June 30, 1997) with a sales value of \$439 million (up 50%), both Company records.

Mr. McCarthy said, "New orders were especially strong in California, Phoenix and Florida. In California, new orders were up 39%, and gross margins continue to improve dramatically. In Phoenix, new orders were up 30%, reflecting the continued strength of that market. In Florida, new orders were up 123%, reflecting both growth in our existing operations and the success of our Orlando operation, acquired in November 1997."

Mr. McCarthy continued, "Our record backlog of 2,726 homes gives us great confidence in the prospect for future increases in earnings. At June 30, 1998 our backlog was up 41% in units and 50% in dollars, compared to June 30, 1997. The average price of homes in backlog increased 6.5% to \$161,000 from \$151,200. The increase of the average price of homes in backlog reflects both price increases that we are experiencing in many markets and the growth of our California operations, which have a higher average price than our overall average. At June 30, 1998, our backlog in California is up over 100% compared to June 30, 1997."

Mr. McCarthy also said, "Based upon both the current level of backlog and a continuing strong order trend, we expect our backlog to be up more than 50% as we enter our 1999 fiscal year. In addition, we expect the gross margin on homes in backlog to continue to improve over the gross margin reported this past quarter."

David S. Weiss, Executive Vice President and Chief Financial Officer of Beazer Homes, said, "During the quarter ended June 30, 1998, our earnings before interest and taxes (EBIT) for the quarter were 6.0% of revenues, the short-term target that we had set for the second half of fiscal 1998. Based upon the continuing improvement in our profitability and the growth in our backlog, we expect to significantly exceed this target in the last quarter of fiscal 1998. In addition, we are optimistic about our prospects for exceeding it for the full year in fiscal 1999."

Mr. McCarthy concluded, "With the strength of this past quarter, our results for the last twelve months in number of homes closed (6,038), total revenues (\$928 million), EBIT (\$48 million) and diluted earnings per share (\$2.15) all set new company records. The current strength of our backlog gives us confidence that we will pass all of these records for the full 1998 fiscal year and, absent significant adverse economic changes, in 1999."

Beazer Homes USA, Inc., based in Atlanta, Georgia, is one of the country's ten largest single family homebuilders, with operations in Arizona, California, Florida, Georgia, Nevada, North Carolina, South Carolina, Tennessee and Texas.

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