



## **Beazer Homes Announces Earnings Per Share of \$1.15 For Quarter Ended June 30, 1999; Up 80% Over Prior Year**

July 28, 1999

ATLANTA, July 28 /PRNewswire/ -- Beazer Homes USA, Inc. (NYSE: BZH) ([www.beazer.com](http://www.beazer.com)) today announced results for the quarter ended June 30, 1999, the third quarter of its 1999 fiscal year. Highlights of the quarter, compared to the same quarter of the prior year, are as follows:

- \* Diluted EPS: \$1.15 (up 80% vs. \$.64 in prior year)
- \* Home closings: 1,961 (up 31%)
- \* Total revenues: \$370 million (up 58%)
- \* Earnings before interest, taxes, depreciation and amortization (EBITDA) \$24.5 million (up 66%)
- \* Pretax margin 4.5% (up 60 basis points)
- \* Net income: \$10.3 million (up 82%)
- \* New orders: 2,134 (up 8%)
- \* Record dollar backlog: \$613 million (up 40%)

### **Earnings Increase Reflect Continuing Improvement in Margins**

Ian McCarthy, President and Chief Executive Officer of Beazer Homes, said, "We are pleased to report, for the sixth consecutive quarter, an increase in earnings that is higher than the increase in our home closings. During the quarter ended June 30, 1999 our earnings per share increased by 80%, to \$1.15 a share, on a 31% increase in home closings. This increase was driven by a 60 basis point improvement in our pretax margin. As we have discussed in past quarters, we believe that this improvement reflects principally the success of our profitability improvement initiatives, as well as a very strong homebuilding environment."

### **Positive Order Trend Accelerating**

The Company also reported that it had 2,134 new orders for the quarter ended June 30, 1999, an 8% increase over the year earlier June quarter. The Company's backlog of homes sold but not yet closed at June 30, 1999 was 3,295 homes (up 21%) with a sales value of \$613 million (up 40%), both Company records.

Mr. McCarthy commented, "The 8% increase in our new orders during the June quarter is double the 4% increase that we reported in the March quarter. This acceleration in our new order trend results both from the continued healthy homebuilding environment and the success of our individual subdivisions. We expect this acceleration to continue in the September quarter, as a result of both the continuing strong market and an easier comparison in the September 1998 quarter than in the June 1998 quarter. New orders in the September 1998 quarter were up only 11% compared to a 24% increase in the June 1998 quarter."

### **Beazer Strengthens Its Presence On the Internet**

On June 22, 1999, Beazer Homes announced an agreement with NewHomeNetwork.com, the most trafficked national new home web site, to add all of its 250 communities to the site. Commencing in August 1999, Beazer's communities and homes will be featured with detailed descriptions and enhanced visual information, including virtual tours (featuring 360-degree interior and exterior images) and links to Beazer's own web site [beazer.com](http://beazer.com).

Mr. McCarthy said, "We are extremely pleased to be the first national homebuilder to form an alliance with NewHomeNetwork.com, the number one destination for new home shoppers on the internet. Our affiliation with NewHomeNetwork.com is just part of our commitment to the internet. Our own web site at [www.beazer.com](http://www.beazer.com), is already one of the top-rated homebuilder internet sites and we will soon announce significant upgrades to our site."

Mr. McCarthy continued, "We recognize that the internet is fundamentally changing the ways we can reach out to and communicate with homebuyers. Beazer Homes intends [beazer.com](http://beazer.com) to be at the forefront of this rapid evolution and the destination of choice for the new home internet shopper."

### **Completion of Conversion of Preferred Stock**

During the quarter ended June 30, 1999, the Company completed the redemption and conversion of its preferred stock. Holders of 99.9% of the original two million shares of preferred stock had converted their shares to common stock, with only 2,164 shares being redeemed for cash.

David Weiss, Executive Vice President and Chief Financial Officer of Beazer Homes, said, "We are extremely pleased that the holders of substantially all of our preferred stock have converted their shares to common stock. This conversion removes an overhang on our common stock, simplifies our capital structure and eliminates a \$4 million annual cash dividend."

Mr. Weiss added, "We end our third fiscal quarter in a very strong financial position, with only \$62 million drawn on our \$200 million revolving credit facility and our debt to total capitalization ratio at 56%, down from \$75 million and 58%, respectively, at March 31, 1999. We expect that borrowings at September 30, the end of our fiscal year, will be reduced further and that our debt to total capitalization will approximate 50%."

### **Plan For The Next Five Years**

Mr. McCarthy said, "Earlier this year we introduced our plan "Beazer Homes: The Next Five Years." As part of this plan we projected that we would earn \$4.00 in fiscal 1999, the beginning point of our five year plan. We also disclosed that our target was to more than double EPS to \$9.00 per share over the next five years. With the strong increase in earnings in our June quarter, we now believe that we can beat our original estimate for fiscal 1999. Further, our improving profitability, strong backlog and accelerating new order trend give us confidence in a further increase in fiscal 2000. The homebuilding market remains strong, we continue to enhance our performance and we have the financial resources and flexibility to continue to take advantage of opportunities."

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, Maryland, Nevada, New Jersey, North Carolina, South Carolina, Tennessee, Texas and Virginia.

Note: Certain statements in this Press Release are "forward-looking statements" within the meaning of the Private Securities Litigation Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. Such risks, uncertainties and other factors include, but are not limited to, changes in general economic conditions, fluctuations in interest rates, increases in raw materials and labor costs, levels of competition and other factors described in the Company's Annual Report for the year ended September 30, 1998.

BEAZER HOMES USA, INC.  
CONSOLIDATED OPERATING AND FINANCIAL DATA  
(Dollars in thousands, except per share amounts)

Financial Data:

	Quarter Ended		Nine Months Ended	
	June 30,		June 30,	
	1999	1998	1999	1998

INCOME STATEMENT

Revenues	\$370,431	\$234,811	\$939,885	\$611,760
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Costs and expenses:

Home construction and land sales	306,424	194,380	779,632	510,173
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Interest	6,472	4,914	17,769	12,232
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Selling, general and administrative expense	40,571	26,703	104,689	71,597
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Operating income	16,964	8,814	37,796	17,758
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Other income (expense)	(294)	252	(364)	453
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Income before income

taxes	16,670	9,066	37,432	18,211
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Income taxes	6,418	3,445	14,410	6,965
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Net income	\$10,252	\$5,621	\$23,022	\$11,246
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Dividends and other

payments to preferred shareholders	\$36	\$1,000	\$3,343	\$3,000
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Net income to common shareholders:

Basic	\$10,216	\$4,621	\$19,679	\$8,246
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Diluted	\$10,252	\$5,621	\$23,022	\$11,246
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Net income per share:

Basic	\$1.23	\$0.79	\$2.85	\$1.41
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Diluted	\$1.15	\$0.64	\$2.58	\$1.29
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Weighted average shares

outstanding, in thousands:

Basic	8,285	5,886	6,908	5,857
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Diluted	8,919	8,772	8,922	8,737
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Interest incurred	\$6,962	\$5,525	\$19,981	\$15,440
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Depreciation and amortization	\$1,388	\$774	\$3,449	\$2,118
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SELECTED BALANCE SHEET DATA      June 30,  
1999

Cash	\$---
Inventory	563,059

Total assets	622,594
Total debt	277,000
Stockholders' equity	219,766

BEAZER HOMES USA, INC.  
CONSOLIDATED OPERATING AND FINANCIAL DATA (Continued)  
(Dollars in thousands)

Operating Data:

	Quarter Ended June 30,	Nine Months Ended June 30,		
SELECTED OPERATING DATA	1999	1998	1999	1998
Closings:				
Southeast region	796	608	2,039	1,584
Southwest region	734	750	2,054	1,882
Central region	163	139	427	442
Mid-Atlantic region	268	---	638	---
Total closings	1,961	1,497	5,158	3,908
New orders, net of cancellations (A):				
Southeast region	880	767	2,435	2,125
Southwest region	778	971	2,254	2,602
Central region	147	245	355	619
Mid-Atlantic region	329	---	797	---
Total new orders	2,134	1,983	5,841	5,346
Backlog at end of period	3,295	2,726		
Dollar value of backlog at end of period	\$612,552	\$438,996		
Active subdivisions:				
Southeast region	112	119		
Southwest region	68	62		
Central region	28	33		
Mid-Atlantic region	42	---		
Total active subdivisions	250	214		

	Quarter Ended June 30,	Nine Months Ended June 30,		
SUPPLEMENTAL FINANCIAL DATA:	1999	1998	1999	1998

Revenues

Home sales	\$365,481	\$231,654	\$930,158	\$598,756
Land and lot sales	3,553	1,961	4,555	10,524
Mortgage origination revenue	3,467	2,168	10,192	4,883
Intercompany elimination - mortgage	(2,070)	(972)	(5,020)	(2,403)
Total revenues	\$370,431	\$234,811	\$939,885	\$611,760
Cost of home construction and land sales				
Home sales	\$305,521	\$193,427	\$780,874	\$502,431
Land and lot sales	2,973	1,925	3,778	10,145
Intercompany elimination - mortgage	(2,070)	(972)	(5,020)	(2,403)
Total costs of home construction and land sales	\$306,424	\$194,380	\$779,632	\$510,173
Selling, general and administrative				
Homebuilding operations	\$38,437	\$25,562	\$98,728	\$68,928

Mortgage origination				
operations	2,134	1,141	5,961	2,669
Total selling, general				
and administrative	\$40,571	\$26,703	\$104,689	\$71,597

(A) New orders for the nine months ended June 30, 1999 and 1998 do not include 555 and 96, respectively, homes in backlog acquired in business acquisitions.

SOURCE Beazer Homes USA, Inc.