



Beazer Homes Announces Record June Quarter Earnings, New Orders and Backlog

July 25, 2000

ATLANTA, July 25 /PRNewswire/ -- Beazer Homes USA, Inc. (NYSE: BZH) (www.beazer.com) today announced results for the quarter ended June 30, 2000, the third quarter of its 2000 fiscal year. Highlights of the quarter, compared to the same period of the prior year, are as follows:

- Diluted EPS: \$1.26 (up 10% vs. \$1.15 in prior year's June quarter)
- Home closings: 1,979 (up 1%); total revenues \$390 million (up 5%)
- Gross profit margin, before interest: 18.1% (up 80 basis points)
- Operating income: \$20.9 million (up 23%)
- Operating income margin: 5.4% (up 80 basis points)
- Other expense includes \$3.3 million pre-tax charge (\$.24 per share, after-tax) for wind down of Premier Communities
- Net income: \$10.6 million (up 3%)
- New orders: 2,190 (up 3%), a June quarter record
- Backlog: 3,453 homes (up 5%), sales value \$679 million (up 11%), both all-time Company records

Record Third Quarter Earnings, New Orders and Backlog

Ian McCarthy, President and Chief Executive Officer of Beazer Homes, said, "We are pleased to announce record earnings for the quarter ended June 30, 2000. We are also extremely pleased to report that our sales and our backlog continue to increase, setting new Company records and demonstrating the growth that we expect to continue into fiscal 2001."

Mr. McCarthy continued, "A major driver of our increased earnings during the quarter was an improved gross profit margin. Gross profit, before interest, was 18.1% of revenues, up 80 basis points from last year's June quarter. This improved profit margin results, in part, from significant increases we have had in revenues from options chosen by homebuyers through our design centers. Profit margins on options are approximately double that of our base homebuilding business."

Mr. McCarthy also said, "During the June quarter our new orders increased by 3%, even though we entered the quarter with a lower number of active subdivisions than at the beginning of last year's June quarter and ended the quarter with our subdivision count up only 1% over June 30, 1999. We now have an all-time record 3,453 homes in backlog, with a record dollar value of \$679 million, up 11% over last year. Clearly our business is still very strong."

Earnings Include \$3.3 Million (\$.24 per share) Charge For Wind-Down of

Premier Communities

Earnings for the June 2000 quarter include a \$3.3 million pre-tax charge (\$.24 per share, after tax) for the expected costs of winding down Premier Communities, the Company's joint venture in affordable housing.

Mr. McCarthy said, "While we continue to believe in the prospects for affordable housing in the United States, our joint venture has not progressed as originally projected. As a result, the partners of the joint venture have decided to discontinue the venture. The venture has shut down its Houston operations and is in the process of winding down its operations in El Paso. In connection with this, we have included in other expense a charge of \$3.3 million to reflect our share of the expected future costs of winding down the venture. We currently do not expect to record further charges relating to the winding down of the venture in the future."

Strong Land Position

David S. Weiss, Executive Vice President and Chief Financial Officer of Beazer Homes, said, "With our backlog hitting new records and developed land becoming an increasingly scarce resource, it is extremely important that we have a strong land bank. I am pleased to report that we currently control the best supply of land that we have ever had. Currently we control approximately 27,000 lots, 46% owned and 54% under option. This represents a 3.5 year supply based on the last twelve months' closings. We have obtained this land position over the past few years at very attractive prices, relative to today's value. Based on this land position, and the profit on homes in our backlog, we believe that our book value of \$30.13 per share significantly understates the fair value of our net assets."

Mr. Weiss also said, "During the June quarter we realized \$2.1 million of profit on \$7.1 million of land sales. This profit indicates the magnitude of the unrealized gain on much of the land carried on our books. Most of the land sold during the quarter is in areas where smaller tracts of developed lots are in short supply and we have used our buying power to control a large supply at an attractive price. In these cases, we will sell land to other builders, retaining a sufficient supply for our own operations. We intend to continue to periodically sell land where it makes strategic and economic sense."

Mr. Weiss concluded, "Even with our improved land holdings, we continue to maintain a very strong financial position. At 56%, our debt to total capitalization is at the same level that it was a year ago. We expect that level to come down in September as we close our fiscal year."

Beazer, Industry Leader in E-Commerce, Expects Continued Growth in 2001 Mr. McCarthy said, "During the June quarter we announced progress on a number of aspects of our e-commerce initiative, "Clicks and Sticks". We signed a national marketing agreement with Homebuilder.com. We became the first national builder to sign up for the BuildNet E-Building Exchange and we signed an agreement with BuildNet (www.buildnet.com) to jointly develop an internet-enabled version of their sales office automation system, True Sell. We also retained Cambridge Technology Partners to help us develop the prototype of MyBeazerHome.com, which we expect to unveil by the end of this calendar year. These initiatives demonstrate our intention to be the leader in revolutionizing the way the homebuilding industry embraces e-commerce."

Mr. McCarthy concluded, "Fiscal 2000 is shaping up to be another record year for Beazer Homes. Earnings per share of \$4.70 for the last twelve months already exceeds last fiscal year's EPS by 13%. With our current higher level of backlog, we expect our fourth fiscal quarter to add to this increase. In addition, our increasing order trend, strong land bank and increased backlog all give us good confidence about the prospects for continued increased earnings in fiscal 2001."

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 the costs of winding down Premier Communities, 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, 1999.

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

FINANCIAL DATA

	Quarter Ended June 30,		Nine Months Ended June 30,	
	2000	1999	2000	1999
INCOME STATEMENT				
Revenues	\$389,557	\$370,431	\$1,031,263	\$939,885
Costs and expenses:				
Home construction				
and land sales	318,912	306,424	850,385	779,632
Interest	7,252	6,472	18,847	17,769
Selling, general				
and administrative				
expense	42,450	40,571	112,911	104,689
Operating income	20,943	16,964	49,120	37,795
Other expense	(3,608)	(294)	(4,994)	(364)
Income before				
income taxes	17,335	16,670	44,126	37,431
Income taxes	6,761	6,418	17,209	14,410
Net income	\$10,574	\$10,252	\$26,917	\$23,021
Dividends and other				
payments to preferred				
shareholders	\$---	\$36	\$---	\$3,343
Net income to				
common shareholders:				
Basic	\$10,574	\$10,216	\$26,917	\$19,678
Diluted	\$10,574	\$10,252	\$26,917	\$23,021
Net income per share:				
Basic	\$1.31	\$1.23	\$3.24	\$2.85
Diluted	\$1.26	\$1.15	\$3.12	\$2.58

Weighted average
shares outstanding,
in thousands:

Basic	8,088	8,285	8,310	6,908
Diluted	8,412	8,919	8,622	8,922

Interest incurred	\$8,316	\$6,962	\$22,606	\$19,981
Depreciation and amortization	\$1,666	\$1,388	\$5,159	\$3,449

SELECTED BALANCE SHEET DATA

	June 30, 2000	1999
Inventory	\$669,787	\$563,059
Total assets	725,969	622,594
Total debt	325,000	277,000
Shareholders' equity	253,414	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	2000	1999	2000	1999	
Closings:					
Southeast region	763	796	1,978	2,039	
Southwest region	752	734	2,143	2,054	
Central region	153	163	404	427	
Mid-Atlantic region	311	268	814	638	
Total closings	1,979	1,961	5,339	5,158	
New orders, net of cancellations:					
Southeast region	705	880	2,232	2,435	
Southwest region	939	778	2,540	2,254	
Central region	241	147	529	355	
Mid-Atlantic region	305	329	933	797	
Total new orders	2,190	2,134	6,234	5,841(A)	
Backlog at end of period	3,453	3,295			
Dollar value of backlog at end of period	\$678,836	\$612,552			
Active subdivisions:					
Southeast region	115	112			
Southwest region	74	68			
Central region	24	28			
Mid-Atlantic region	39	42			
Total active subdivisions	252	250			

SUPPLEMENTAL FINANCIAL DATA:

	Quarter Ended June 30,		Nine Months Ended June 30,		
	2000	1999	2000	1999	
Revenues					
Home sales	\$379,624	\$365,481	\$1,008,820	\$930,521	
Land and lot sales	7,146	3,553	15,602	4,555	
Mortgage origination revenue	4,551	3,467	11,285	9,829	
Intercompany elimination - mortgage	(1,764)	(2,070)	(4,444)	(5,020)	
Total revenues	\$389,557	\$370,431	\$1,031,263	\$939,885	
Cost of home construction and land sales					

Home sales	\$315,642	\$305,521	\$842,829	\$780,874
Land and lot sales	5,034	2,973	12,000	3,778
Intercompany elimination - mortgage	(1,764)	(2,070)	(4,444)	(5,020)
Total costs of home construction and land sales	\$318,912	\$306,424	\$850,385	\$779,632
Selling, general and administrative Homebuilding operations	\$39,760	\$38,437	\$105,936	\$98,728
Mortgage origination operations	2,690	2,134	6,975	5,961
Total selling, general and administrative	\$42,450	\$40,571	\$112,911	\$104,689

(A) New orders for the nine months ended June 30, 1999 do not include

555 homes in backlog acquired in a business acquisition. SOURCE Beazer Homes USA, Inc.

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