



Beazer Homes Announces Record Third Quarter EPS Before Extraordinary Item Of \$2.15, Up 71%; Targets Achieving Five-Year Goal for 2004 of \$9.00 Per Share in 2002

July 23, 2001

ATLANTA, Jul 23, 2001 /PRNewswire/ -- Beazer Homes USA, Inc. (NYSE: BZH) (www.beazer.com) today announced results for the quarter ended June 30, 2001, the third quarter of its 2001 fiscal year. Highlights of the quarter, compared to the same period of the prior year, are as follows:

- * Diluted EPS Before Extraordinary Item: \$2.15 (up 71% vs. \$1.26 in prior year)
- * Diluted EPS: \$2.07 (up 64%), includes extraordinary loss of \$.08 per share for early extinguishment of debt
- * Home closings: 2,276 (up 15%); total revenues \$449 million (up 15%)
- * Record gross margin, before interest, on home sales: 19.3% (up 240 basis points)
- * Earnings before interest, taxes, depreciation and amortization (EBITDA), before extraordinary item: \$43.4 million (up 65%)
- * EBITDA Margin: 9.7% (up 300 basis points)
- * Net income before extraordinary item: \$19.9 million (up 88%)
- * Record June quarter new orders: 2,873 (up 31%)
- * All-time record backlog: 4,636 homes (up 34%), sales value \$892 million (up 31%)

Record Earnings For June Quarter

Ian J. McCarthy, President and Chief Executive Officer of Beazer Homes, said, "We are extremely pleased to announce record third fiscal quarter earnings before extraordinary item of \$2.15 per share for June 2001, a 71% increase over last year. This increase reflects a dramatic improvement in our operating profit margin, driven by a significant increase in gross margin on home sales. The gross margin, before interest, on home sales for the quarter was an all-time record 19.3%, up 240 basis points over June 2000."

Mr. McCarthy continued, "The increase in our gross margin for the quarter reflects continued strong demand for our homes, especially in the first-time buyer segment. As a result of this strong demand, we have continued to increase prices in most of our markets."

Mr. McCarthy also said, "Net income of \$2.07 per share for the quarter includes an extraordinary loss of \$.08 per share related to the early extinguishment of our \$115 million 9% Senior Notes due in 2004. During the quarter we repaid these senior notes and issued \$200 million of 8 5/8% Senior Notes due in 2011."

Increased New Orders and Record Backlog Demonstrate Continued Strong

Demand

Mr. McCarthy said, "During the June quarter we had 2,873 new orders for homes, a 31% increase over the June 2000 quarter and a third fiscal quarter record. At June 30, 2001, we had 4,636 homes in backlog (up 34%) with a sales value of \$892 million (up 31%), both all-time Company records. As with our margin improvement, these records demonstrate the continued strength in demand that we are experiencing for our homes, especially in the first-time buyer segment."

Mr. McCarthy continued, "New orders and backlog for the June quarter do not include our recently announced acquisition of Sanford Homes in Denver. On June 29th, we announced that we have signed a definitive agreement to purchase Sanford Homes, one of the largest private builders in the metropolitan Denver area. The acquisition is expected to close in early August. We are extremely excited about our entry into Denver, one of the country's largest and fastest-growing markets. We expect Sanford to add significantly to our growth in the future."

Beazer Strengthens Financial Position and Receives Upgrade From Moody's

David S. Weiss, Executive Vice President and Chief Financial Officer, said, "During the June quarter we substantially strengthened our financial position with the issuance of our new 8 5/8% Senior Notes due in 2011 and the repayment of our 9% Senior Notes due in 2004. We were able to refinance a significant portion of our capital structure with a longer maturity at a lower interest rate."

Mr. Weiss also said, "The addition of our new Senior Notes follows the completion earlier in this fiscal year of a \$90 million four-year term loan. With these two debt issuances, we have extended the average maturity of our debt from five years at September 30, 2000 to eight years currently. In addition, we had no borrowings outstanding under our \$250 million revolving credit facility at June 30, 2001. We believe that our current capital structure puts us in an extremely strong financial position and gives us significant financial flexibility to achieve the continued growth that we see going forward."

Mr. Weiss added, "At June 30, 2001, our ratio of debt to total capitalization was 54%, an improvement from the 56% level at June 30, 2000. We expect our debt to total capitalization level to improve further by the end of our September fiscal year, even after closing our pending acquisition of Sanford Homes."

Mr. Weiss concluded, "Moody's Investors Service announced last week that they have upgraded our Senior Notes from Ba3 to Ba2. This is our second upgrade from Moody's in two years. We are extremely proud that Moody's has recognized our superior financial performance and strengthening financial position. We intend to continue to manage our balance sheet and financial position conservatively, to maintain financial flexibility and warrant further upgrades."

Beazer Targets Achieving Five-Year Goal Two Years Early

Mr. McCarthy stated, "After the record June quarter, our earnings for the last twelve months are now \$7.53 per share. This figure exceeds the high end of the range that we previously indicated we expected to achieve in fiscal 2001. Our record backlog at June 30 gives us increased confidence in our ability to continue to report increased earnings in the fourth quarter of fiscal 2001 compared to the fourth quarter of fiscal 2000. As a result, we are now increasing our expectation for fiscal 2001 earnings to the range of \$7.75 to \$8.00 per share." Mr. McCarthy also said, "We expect to end our September 2001 fiscal year with a record level of year-end backlog from our existing operations. Once closed, our acquisition of Sanford Homes will add to that year-end backlog and is expected to add over \$.30 per share to earnings in fiscal 2002. In addition, we expect continued growth in new orders to come from accelerating market share gains by Beazer and other top- ten homebuilders, as well as strong demographic trends in both our existing markets and our newly acquired Denver operation. As a result of these factors, we are now very optimistic about our ability to report continued growth in earnings in fiscal 2002."

Mr. McCarthy concluded, "Two years ago, in April 1999, we announced a five-year plan to more than double our earnings to \$9.00 per share by fiscal 2004. Our revenue growth and improved profitability since then have resulted in earnings growth well ahead of the targets set at that time. Our record backlog gives us a strong indication that this trend will continue. As a result, we now target achieving our five-year goal two years early, with EPS of \$9.00 per share in fiscal 2002."

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, Pennsylvania, South Carolina, Tennessee, Texas and Virginia. Beazer Homes also provides mortgage origination, title and insurance services to its homebuyers.

Note: Certain statements in this Press Release are "forward-looking statements" within the meaning of the Private Securities Litigation Reform 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, 2000.

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,	
	2001	2000	2001	2000
INCOME STATEMENT				
Revenues	\$448,825	\$389,557	\$1,188,172	\$1,031,263
Costs and expenses:				
Home construction and land				
sales	357,071	318,912	948,764	850,385
Interest	8,651	7,252	22,715	18,847
Selling, general and				
administrative expense	51,218	42,450	132,742	112,911
Operating income	31,885	20,943	83,951	49,120
Other income/(expense)	780	(3,608)	909	(4,994)
Income before income taxes and				
extraordinary item	32,665	17,335	84,860	44,126
Income taxes	12,740	6,761	33,096	17,209
Net income before				
extraordinary item	19,925	10,574	51,764	26,917
Extraordinary item-loss on				
early extinguishment of				
debt (net of taxes of \$469)	733	---	733	---
Net income	\$19,192	\$10,574	\$51,031	\$26,917

Basic:

Net income per share before				
extraordinary item	\$2.43	\$1.31	\$6.35	\$3.24
Extraordinary item	(0.09)	---	(0.09)	---
Net income per common share	\$2.34	\$1.31	\$6.26	\$3.24

Diluted:

Net income per share before				
extraordinary item	\$2.15	\$1.26	\$5.67	\$3.12
Extraordinary item	(0.08)	---	(0.08)	---
Net income per common share	\$2.07	\$1.26	\$5.59	\$3.12

Weighted average shares
outstanding, in thousands:

Basic	8,195	8,088	8,149	8,310
Diluted	9,250	8,412	9,124	8,622

Interest incurred	\$10,306	\$8,316	\$26,578	\$22,606
Depreciation and amortization	\$2,043	\$1,666	\$6,171	\$5,159

SELECTED BALANCE SHEET DATA June 30,
2001 2000

Inventory	\$785,234	\$669,787
Total assets	872,362	725,969
Total debt	386,809	325,000
Shareholders' equity	323,070	253,414

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		2001	2000	2001	2000
Closings:					
Southeast region	951	763	2,231	1,978	
Southwest region	806	752	2,323	2,143	
Central region	253	153	561	404	
Mid-Atlantic region	266	311	877	814	
Total closings	2,276	1,979	5,992	5,339	
New orders, net of cancellations:					
Southeast region	1,006	705	2,914	2,232	
Southwest region	1,204	939	2,943	2,540	
Central region	288	241	737	529	
Mid-Atlantic region	375	305	1,105	933	
Total new orders	2,873	2,190	7,699	6,234	
Backlog at end of period	4,636	3,453			
Dollar value of backlog at end of period	\$891,898	\$678,836			
Active subdivisions:					
Southeast region	130	115			
Southwest region	73	74			
Central region	32	24			
Mid-Atlantic region	41	39			
Total active subdivisions	276	252			

	Quarter Ended June 30,	Nine Months Ended June 30,			
SUPPLEMENTAL FINANCIAL DATA:		2001	2000	2001	2000

Revenues

Home sales	\$440,866	\$379,624	\$1,161,042	\$1,008,820
Land and lot sales	3,528	7,146	15,476	15,602
Mortgage origination revenue	6,522	4,551	17,300	11,285
Intercompany elimination - mortgage	(2,091)	(1,764)	(5,646)	(4,444)
Total revenues	\$448,825	\$389,557	\$1,188,172	\$1,031,263
Cost of home construction and land sales				
Home sales	\$355,861	\$315,642	\$942,320	\$842,829
Land and lot sales	3,301	5,034	12,090	12,000
Intercompany elimination -				

mortgage	(2,091)	(1,764)	(5,646)	(4,444)
Total costs of home				
construction and land sales	\$357,071	\$318,912	\$948,764	\$850,385
Selling, general and				
administrative				
Homebuilding operations	\$47,636	\$39,760	\$123,082	\$105,936
Mortgage origination				
operations	3,582	2,690	9,660	6,975
Total selling, general and				
administrative	\$51,218	\$42,450	\$132,742	\$112,911

MAKE YOUR OPINION COUNT - Click Here
<http://tbutton.prnewswire.com/prn/11690X14075362>

SOURCE Beazer Homes USA, Inc.

CONTACT:

David S. Weiss, Executive Vice President and Chief Financial Officer
 Beazer Homes USA, Inc.
 +1-404-250-3420, or dweiss@beazer.com