



Beazer Homes Reports First Quarter Fiscal 2010 Results

February 5, 2010

ATLANTA, Feb 05, 2010 (BUSINESS WIRE) -- Beazer Homes USA, Inc. (NYSE: BZH) (www.beazer.com) today announced its financial results for the fiscal quarter ended December 31, 2009. Summary results of the quarter from continuing operations are as follows:

Quarter Ended December 31, 2009

- Income from continuing operations of \$44.5 million, or \$1.09 per diluted share, including non-cash pre-tax charges of \$8.8 million for inventory impairments. The results also include a benefit from income taxes of \$2.24 per diluted share from continuing operations, as further described below. For the first quarter of the prior fiscal year, the Company reported a loss from continuing operations of \$79.2 million, or \$2.05 per share.
- Total revenue: \$218.8 million, compared to \$218.2 million in the first quarter of the prior year.
- Home closings from continuing operations: 961 homes, an increase year-over-year of 8.0%.
- New orders from continuing operations: 728 homes, an increase year-over-year of 36.6%.
- Cancellation rate improved to 26.9% in the first quarter compared to 46.1% in the first quarter of the prior year.
- Gross profit margin of 8.8% (12.9% without impairments and abandonments), compared to 5.6% (11.3% without impairments and abandonments) in the first quarter of the prior year.
- During the quarter, the Worker, Homeownership and Business Assistance Act of 2009 was enacted allowing the Company to carry back a portion of our fiscal 2009 federal tax losses. We filed an application for a federal income tax refund of approximately \$101 million as a result of this legislation. We recorded a related income tax benefit of approximately \$101 million in the quarter, of which approximately \$94 million is included in net income from continuing operations.

As of December 31, 2009

- Total cash and cash equivalents: \$480.5 million, including restricted cash of \$47.7 million.
- Stockholders' equity: \$247.3 million.
- Backlog: 960 homes with a sales value of \$232.3 million compared to 961 homes with a sales value of \$226.5 million as of December 31, 2008.

Ian J. McCarthy, President and Chief Executive Officer, said, "During our first fiscal quarter, we were encouraged by the improvement in our new home sales. While it is premature to signal the beginning of a sustainable recovery in the housing market, we are seeing indications that historically high levels of home affordability, home price stability, low mortgage interest rates and home buyer tax credits may be beginning to balance out prospective home buyers' concerns about falling home prices, foreclosures, and risk of job loss in most of our markets." Mr. McCarthy continued, "We are also pleased with the progress we made in improving our balance sheet, both during and after the end of the quarter. The increase in equity and reduction in debt better position us to fully participate in the eventual housing recovery."

Results for the Quarter Ended December 31, 2009

Homebuilding revenues from continuing operations declined 1.5% in the first quarter, due to an 8.8% decline in average sales prices offset partially by an 8.0% increase in the number of homes closed compared to the same period of the prior year. Net new home orders from continuing operations increased 36.6% compared to the first quarter of last year, driven by a 41.1% increase in new orders in the West segment. The cancellation rate for the first quarter improved to 26.9%, compared to 46.1% a year ago.

Overall, margins continued to be impacted by a challenging homebuilding environment, impacting both closing volumes and pricing, and by non-cash pre-tax charges for inventory impairments and lot option abandonments of \$8.8 million for the quarter ended December 31, 2009. Compared to the first quarter of the prior year, however, gross profit margin improved to 8.8% (12.9% without impairments and abandonments), compared to 5.6% (11.3% without impairments and abandonments) in the first quarter of the prior year.

The Company controlled 29,784 lots at December 31, 2009 (83% owned and 17% controlled under options), including 738 owned lots in discontinued operations. This reflects a reduction of 18.7% from the level at December 31, 2008 and 2.8% from the level at September 30, 2009.

As of December 31, 2009, unsold finished homes totaled 291, a decline of approximately 42.1% from the level a year ago.

Liquidity and Liability Management Initiatives

At December 31, 2009, the Company had cash and cash equivalents of \$480.5 million, including restricted cash of \$47.7 million to collateralize outstanding letters of credit.

As previously reported, on January 12, 2010, the Company closed its concurrent public offerings of 22,425,000 shares of its common stock and \$57.5 million mandatory convertible notes, a portion of the proceeds from which were used to repay our outstanding 2011 Senior Notes at par. Net proceeds

of these transactions, after the debt repayment were approximately \$24 million. In addition, on January 15, 2010, we completed a partial exchange of \$75 million of our outstanding Junior Subordinated Notes. We expect to record a gain related to this transaction between \$54 million and \$61 million during our second fiscal quarter of fiscal 2010. These initiatives would have increased our stockholders' equity from approximately \$247 million to approximately \$397 million on a pro forma basis as of December 31, 2009. Our tangible net worth (stockholders' equity less certain intangible assets as defined in our senior note indentures) would also increase, on a pro forma basis by approximately \$150 million to approximately \$339 million at December 31, 2009. We believe presentation of our tangible net worth on a pro forma basis is important as certain of our debt instruments include covenants linked to tangible net worth.

Conference Call

The Company will hold a conference call today, February 5, 2010, at 10:00 am ET to discuss these results and take questions. Interested parties may listen to the conference call and view the Company's slide presentation over the internet by going to the "Investor Relations" section of the Company's website at www.beazer.com. To access the conference call by telephone, listeners should dial 877-601-3546 or 212-547-0388. To be admitted to the call, verbally supply the passcode "BZH". A replay of the call will be available shortly after the conclusion of the live call. To directly access the replay, dial 866-423-4776 or 203-369-0842 and enter the passcode "3740" (available until 5:00 pm ET on November 17, 2009), or visit www.beazer.com. A replay of the webcast will be available at www.beazer.com for approximately 30 days.

Beazer Homes USA, Inc., headquartered in Atlanta, is one of the country's ten largest single-family homebuilders with continuing operations in Arizona, California, Delaware, Florida, Georgia, Indiana, Maryland, Nevada, New Jersey, New Mexico, North Carolina, Pennsylvania, South Carolina, Tennessee, Texas, and Virginia. Beazer Homes is listed on the New York Stock Exchange under the ticker symbol "BZH."

Forward Looking Statements

This presentation contains forward-looking statements. These forward-looking statements represent our expectations or beliefs concerning future events, and it is possible that the results described in this press release will not be achieved. These forward-looking statements are subject to 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, (i) the final outcome of various lawsuits, as well as the results of any government proceedings and fulfillment of the obligations in the Deferred Prosecution Agreement and other settlement agreements and consent orders with governmental authorities; (ii) additional asset impairment charges or writedowns; (iii) economic changes nationally or in local markets, including changes in consumer confidence, volatility of mortgage interest rates, availability of mortgage financing and inflation; (iv) continued or increased downturn in the homebuilding industry; (v) estimates related to homes to be delivered in the future (backlog) are imprecise as they are subject to various cancellation risks which cannot be fully controlled, (vi) our cost of and ability to access capital and otherwise meet our ongoing liquidity needs including the impact of any further downgrades of our credit ratings or reductions in our tangible net worth; (vii) potential inability to comply with covenants in our debt agreements or satisfy such obligations through repayment or refinancing; (viii) increased competition or delays in reacting to changing consumer preference in home design; (ix) shortages of or increased prices for labor, land or raw materials used in housing production; (x) factors affecting margins such as decreased land values underlying land option agreements, increased land development costs on projects under development or delays or difficulties in implementing initiatives to reduce production and overhead cost structure; (xi) the performance of our joint ventures and our joint venture partners; (xii) the impact of construction defect and home warranty claims including those related to possible installation of drywall imported from China; (xiii) the cost and availability of insurance and surety bonds; (xiv) delays in land development or home construction resulting from adverse weather conditions; (xv) potential delays or increased costs in obtaining necessary governmental permits and possible penalties for failure to comply with laws, regulations and governmental policies; (xvi) effects of changes in accounting policies, standards, guidelines or principles; or (xvii) terrorist acts, acts of war and other factors over which the Company has little or no control.

Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by law, we do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. New factors emerge from time to time and it is not possible for management to predict all such factors.

-Tables Follow-

BEAZER HOMES USA, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

	Three Months Ended	
	December 31,	
	2009	2008
Total revenue	\$ 218,784	\$ 218,169
Home construction and land sales expenses	190,636	193,518
Inventory impairments and option contract abandonments	8,827	12,390
Gross profit	19,321	12,261
Selling, general and administrative expenses	45,809	53,940
Depreciation and amortization	3,424	3,638
Goodwill impairment	-	16,143
Operating loss	(29,912)	(61,460)
Equity in loss of unconsolidated joint ventures	(43)	(1,407)
Other expense, net	(19,531)	(18,185)
Loss from continuing operations before income taxes	(49,486)	(81,052)
Benefit from income taxes	(94,021)	(1,893)
Income (loss) from continuing operations	44,535	(79,159)
Income (loss) from discontinued operations, net of tax	3,464	(1,116)
Net income (loss)	\$ 47,999	\$ (80,275)

Weighted average number of shares:

Basic	38,827	38,593
Diluted	41,939	38,593

Earnings (loss) per share:

Basic earnings (loss) per share from continuing operations	\$ 1.15	\$ (2.05)
Basic earnings (loss) per share from discontinued operations	\$ 0.09	\$ (0.03)
Basic earnings (loss) per share	\$ 1.24	\$ (2.08)
Diluted earnings (loss) per share from continuing operations	\$ 1.09	\$ (2.05)
Diluted earnings (loss) per share from discontinued operations	\$ 0.08	\$ (0.03)
Diluted earnings (loss) per share	\$ 1.17	\$ (2.08)

Interest Data:

Three Months Ended

December 31,

2009 2008

Capitalized interest in inventory, beginning of period	\$ 38,338	\$ 45,977
Interest incurred	33,180	33,921
Capitalized interest impaired	(632)	(537)
Interest expense not qualified for capitalization		
and included as other expense	(20,532)	(21,237)

Capitalized interest amortized to house

construction and land sales expenses	(11,384)	(12,693)
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Capitalized interest in inventory, end of period	\$ 38,970	\$ 45,431
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BEAZER HOMES USA, INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share amounts)

CONSOLIDATED BALANCE SHEETS

December 31, September 30,
2009 2009

ASSETS

Cash and cash equivalents	\$ 432,725	\$ 507,339
Restricted cash	47,736	49,461
Accounts receivable (net of allowance of \$5,091 and \$7,545, respectively)	29,534	28,405
Income tax receivable	108,886	9,922
Inventory		
Owned inventory	1,229,163	1,265,441
Consolidated inventory not owned	62,079	53,015
Total inventory	1,291,242	1,318,456
Investments in unconsolidated joint ventures	31,968	30,124
Deferred tax assets	7,645	7,520
Property, plant and equipment, net	23,933	25,939
Other assets	50,649	52,244
Total assets	\$ 2,024,318	\$ 2,029,410

LIABILITIES AND STOCKHOLDERS' EQUITY

Trade accounts payable	\$ 44,595	\$ 70,285
Other liabilities	196,894	227,315
Obligations related to consolidated inventory not owned	34,535	26,356
Senior Notes (net of discounts of \$26,362 and \$27,257, respectively)	1,363,797	1,362,902
Junior subordinated notes	103,093	103,093
Other secured notes payable	11,998	12,543
Model home financing obligations	22,077	30,361
Total liabilities	1,776,989	1,832,855

Stockholders' equity:

Preferred stock (par value \$.01 per share, 5,000,000 shares authorized, no shares issued)	-	-
Common stock (par value \$0.001 per share, 80,000,000 shares authorized, 43,206,610 and 43,150,472 issued and 39,819,273 and 39,793,316 outstanding, respectively)	43	43
Paid-in capital	570,928	568,019
Accumulated deficit	(139,539)	(187,538)
Treasury stock, at cost (3,387,337 and 3,357,156 shares, respectively)	(184,103)	(183,969)

Total stockholders' equity	247,329	196,555
Total liabilities and stockholders' equity	\$ 2,024,318	\$ 2,029,410

Inventory Breakdown

Homes under construction	\$ 217,719	\$ 219,724
Development projects in progress	472,576	487,457
Land held for future development	410,559	417,834
Land held for sale	37,856	42,470
Capitalized interest	38,970	38,338
Model homes	51,483	59,618
Consolidated inventory not owned	62,079	53,015
	\$ 1,291,242	\$ 1,318,456

BEAZER HOMES USA, INC.

CONSOLIDATED OPERATING AND FINANCIAL DATA - CONTINUING OPERATIONS

(Dollars in millions)

OPERATING DATA

	Quarter Ended December 31,	
SELECTED OPERATING DATA	2009	2008
Closings:		
West region	406	439
East region	388	271
Southeast region	167	180
Total closings	961	890
New orders, net of cancellations:		
West region	357	253
East region	274	201
Southeast region	97	79
Total new orders	728	533
Backlog units at end of period:		
West region	396	341
East region	467	415
Southeast region	97	205
Total backlog units	960	961
Dollar value of backlog at end of period	\$ 232.3	\$ 226.5

BEAZER HOMES USA, INC.

CONSOLIDATED OPERATING AND FINANCIAL DATA - CONTINUING OPERATIONS

(Dollars in thousands)

	Quarter Ended December 31,	
SUPPLEMENTAL FINANCIAL DATA	2009	2008
Revenues		
Homebuilding operations	\$ 213,924	\$ 217,131
Land and lot sales	4,480	550
Financial Services	380	488
Total revenues	\$ 218,784	\$ 218,169
Gross profit (loss)		
Homebuilding operations	\$ 18,171	11,783
Land and lot sales	770	(10)
Financial Services	380	488
Total gross profit	\$ 19,321	\$ 12,261
Selling, general and administrative		
Homebuilding operations	\$ 45,620	\$ 53,448
Financial Services	189	492
Total selling, general and administrative	\$ 45,809	\$ 53,940

SELECTED SEGMENT INFORMATION

Revenue:

West region	\$ 87,880	\$ 103,417
East region	97,732	73,191
Southeast region	32,792	41,073
Financial services	380	488

Total revenue	\$ 218,784	\$ 218,169	
Operating income (loss)			
West region	\$ 2,951	\$ (6,246)
East region	5,291	(3,424)
Southeast region	(451) (1,945)
Financial services	190	(12)
Segment operating income (loss)	7,981	(11,627)
Corporate and unallocated	(37,893) (49,833)
Total operating loss	\$ (29,912) \$ (61,460)

SOURCE: Beazer Homes USA, Inc.

Beazer Homes USA, Inc.
Jeffrey S. Hoza, 770-829-3700
Vice President, Treasurer
jhoza@beazer.com