



BEAZER HOMES

Beazer Homes Announces Record Results For Both Quarter and Year Ended September 30, 1998; EPS For the Year Up 131% to \$2.66 Per Share

November 4, 1998

Atlanta, Georgia, November 4, 1998 - Beazer Homes USA, Inc. (NYSE: BZH) today announced results for the quarter and year ended September 30, 1998.

Highlights of the results for the fourth quarter of fiscal 1998, compared to the same quarter of the prior year, are as follows:

- Home closings: 2,205 (up 4%)
- Total revenues: \$366 million (up 15%)
- Gross margin, before interest: 17.7% (up 190 basis points)
- EPS: \$1.37 (up 57%)
- New orders: 1,536 (up 11%)
- Backlog: 2,057 homes, sales value \$347 million (up 73% and 82%, respectively)

For the year ended September 30, 1998, the Company closed 6,113 homes, up 6% from the prior year and had revenues of \$977 million, up 15%. Earnings for the 1998 fiscal year were \$2.66 per share (diluted), up 131% from \$1.15 in 1997. During the prior year, Beazer recorded a \$6.3 million charge to writedown certain inventory; earnings per share for fiscal 1998 were up 56% from fiscal 1997 earnings (\$1.70) excluding the charge.

Ian McCarthy, President and Chief Executive Officer of Beazer Homes, said, "We are extremely pleased to report record results for the year ended September 30, 1998, our fifth fiscal year as a public company. This year's results reflect profitability improvements that we began two years ago. Our mortgage origination operations, design centers and Value Created incentive plan were all major contributors to our record results for the year, along with a strong economic environment."

Mr. McCarthy continued, "Our record quarterly results also demonstrate the success of these initiatives. Our gross margin before interest has now increased for six consecutive quarters, improving 340 basis points during that period, from 14.3% in March 1997 to 17.7% in the current quarter. We expect to see further improvement in our gross margin in future quarters."

The Company also reported that it had 1,536 new orders for the quarter ended September 30, 1998, an 11% increase over the year earlier quarter. The backlog of homes sold but not yet closed at September 30, 1998 was 2,057 homes (up 73% from September 30, 1997) with a sales value of \$347 million (up 82%), both Company records. New orders of 6,882 homes for the year ended September 30, 1998 were up 24% over the prior year.

Mr. McCarthy said, "Our record backlog at September 30, 1998 demonstrates that we have re-ignited the growth that characterized our first years as a public company. That growth will be significantly accelerated by the acquisition of the US homebuilding operations of Trafalgar House that we announced earlier this week. This acquisition will expand our operations to the Mid-Atlantic region and make us the fourth largest builder in the metropolitan Washington DC area (Maryland and Virginia combined)."

David Weiss, Executive Vice President and Chief Financial Officer of Beazer Homes, said, "At September 30, 1998, we were in the strongest financial position that we have been in since going public, with a net debt to total capitalization of 43%, no borrowings outstanding under our \$200 million revolving credit facility and \$68 million cash on hand. This strong financial position allowed us to take advantage of the opportunity to expand our operations to the Mid-Atlantic through the acquisition of certain homebuilding operations of Trafalgar House. After adjusting for this pending \$100 million acquisition, our debt to total capitalization at September 30, 1998 would still be a strong 55%."

Mr. Weiss continued, "We are also proud to have announced an amendment and extension of our revolving credit facility earlier this week. The amended facility, which continues to be led by the new Bank One (as successor to First Chicago NBD), extends the maturity of our current facility by 18 months to November 2002 and gives us more financial flexibility. We will use this new facility to fund the Trafalgar House acquisition and we appreciate the confidence in us expressed by our banks through the new facility."

Mr. McCarthy concluded, "We are extremely pleased with our record results in fiscal 1998 and the strong position in which we enter fiscal 1999. Our dramatically increased backlog, improving margins and expansion through acquisition make us very optimistic about our prospects in the coming year. Absent significant future adverse economic changes, we expect to report record earnings in fiscal 1999 that surpass the record levels that we reported in 1998."

Beazer Homes USA, Inc., based in Atlanta, Georgia, is one of the country's ten largest single family homebuilders, currently with operations in Arizona, California, Florida, Georgia, Nevada, North Carolina, South Carolina, Tennessee and Texas, and after its pending acquisition, in Virginia, Maryland and New Jersey.