



BEAZER HOMES

Beazer Homes Reports Second Quarter Earnings of \$.44 Per Share

April 29, 1998

Atlanta, Georgia, April 29, 1998 - Beazer Homes USA, Inc. (NYSE: BZH) today announced results for the quarter ended March 31, 1998, the second quarter of its 1998 fiscal year.

Earnings were \$.44 per share for the quarter ended March 31, 1998 compared to a loss of \$.55 per share in the year earlier quarter ended March 31, 1997. Results in the prior year included a \$.61 loss per share from a writedown of inventory. Earnings per share excluding the writedown in the March 1997 quarter would have been income of \$.06 per share. During the quarter ended March 31, 1998, the Company closed 1,373 homes and had revenues of \$221.3 million, increases of 11.9% and 24.5%, respectively, compared to the prior year's March quarter.

Ian McCarthy, President and Chief Executive Officer of Beazer Homes, said, "We are extremely pleased with our performance during the quarter. Perhaps the most important aspect of our results is the demonstration that our profitability improvement initiatives have taken hold. During the quarter our gross profit margin, before amortization of previously capitalized interest, was 16.3%, a full 200 basis points above the 14.3% gross profit margin in the year earlier quarter and the fourth consecutive quarter showing sequential improvement in gross margin. In addition, based upon the homes that we currently have in backlog, as well as price increases that we are now getting in a number of our markets, especially California, we expect our gross profit margin to improve further during the second half of fiscal 1998."

The Company also reported that it had 2,277 new orders for the quarter ended March 31, 1998, a 48% increase over the year earlier quarter, and a Company record for quarterly new orders. Its backlog of homes sold but not yet closed at March 31, 1998 was 2,240 homes (up 35% from March 31, 1997) with a sales value of \$350.4 million (up 40%), also both Company records.

Mr. McCarthy said, "New orders were up significantly in all of our regions. We believe that these increases reflect both the current strength of the homebuilding market as well as our increased investment in our current operations. At March 31, 1998 our number of active subdivisions was up 9%, from 196 at March 31, 1997 to 214 at March 31, 1998. The fact that our new orders increased more significantly than our active subdivision count indicates higher sales velocity in many of our new communities."

Mr. McCarthy continued, "The increase in new orders was broad based, with all states reporting double digit percentage increases. Arizona, California, Florida, North Carolina and Tennessee all experienced over 50% improvements. As a result of our increased commitment to our current markets, we expect new orders for the Company during the second half of fiscal 1998 to continue to be above fiscal 1997."

David S. Weiss, Executive Vice President and Chief Financial Officer of Beazer Homes, said, "During the quarter our earnings before interest and taxes (EBIT) was 4.7% of revenues, compared to 3.1% (before writedown) in the comparable quarter of the prior year. This improvement reflects the effect of our profitability improvement initiatives and is consistent with our goal of improving our EBIT margin to over 6%. Based upon expected further improvements in gross margin, as well as the leverage on our selling, general and administrative expenses that will result when we deliver the increased number of homes currently in backlog, we believe that we can achieve this goal for the second half of fiscal 1998."

Mr. Weiss continued, "We improved our capital structure during the March quarter by completing a \$100 million offering of 8 7/8% Senior Notes, due 2008. We used the proceeds of this offering to repay short-term borrowings under our revolving credit facility."

Mr. McCarthy concluded, "Based upon the increase in our backlog and the improvements that we are seeing in our margins, we are extremely optimistic about the second half of fiscal 1998 and our future beyond that. We believe that we are now well positioned to report record earnings in fiscal 1998 and, absent significant adverse economic changes, continued improvements in fiscal 1999 and beyond."

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, Nevada, North Carolina, South Carolina, Tennessee and Texas.

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