



BEAZER HOMES

Beazer Homes Reports Fiscal 1998 First Quarter Earnings

January 27, 1998

Atlanta, Georgia, January 27, 1998 - Beazer Homes USA, Inc. (NYSE: BZH) today announced results for the quarter ended December 31, 1997, the first quarter of its 1998 fiscal year.

Earnings, calculated on a basis consistent with that expected to be used for the full 1998 fiscal year, were \$.21 per share for the quarter ended December 31, 1997 compared to \$.30 for the comparable period in the prior year. Both of these calculations include the assumed conversion of the Company's Series A Convertible Preferred Stock, which conversion is anti-dilutive in the first fiscal quarter and is therefore not included in the Company's reported basic or diluted earnings per share calculations.

Diluted earnings per share as reported pursuant to Financial Accounting Standard No. 128, "Earnings Per Share" ("SFAS 128"), were \$.14 and \$.26 for the quarters ended December 31, 1997 and 1996, respectively. Prior year figures have been restated to reflect the Company's adoption of SFAS 128 during the quarter.

Ian McCarthy, President and Chief Executive Officer of Beazer Homes, said, "Our earnings for the quarter ended December 31, 1997 declined relative to the prior year, principally as a result of fewer homes closed during the quarter. The reduction in home closings reflects the reduced backlog that we had at the beginning of the quarter. We are very pleased to report, however, an increase in our gross profit margin, before amortization of previously capitalized interest, during the quarter compared both to the same quarter in the prior year and the immediately preceding quarter. During the quarter, our gross profit margin, before interest, was 16.2%, compared to 16.0% in the prior year and 15.6% in the immediately preceding quarter. This is the third consecutive quarter in which we have reported sequential improvement in gross profit margin, reflecting the progress that we have made with our profitability improvement initiatives."

The Company also reported that it had 1,086 new orders for the quarter, a 5% increase over the prior year. The Company had 1,336 homes in backlog at December 31, 1997, a 1% decline from December 31, 1996, while the sales value of homes in backlog increased by 7% from \$198.3 million to \$212.7 million.

Mr. McCarthy said, "We are pleased to report an improvement in new orders during the quarter - an improvement that has accelerated during the month of January. This reflects both the current favorable interest rate environment as well as a 25% increase in our active subdivisions at December 31, 1997, compared to the prior year. As a result, we expect new orders for the quarter ending March 31, 1998 and the remainder of the year to significantly exceed the prior year."

David S. Weiss, Executive Vice President and Chief Financial Officer of Beazer Homes, said, "During the quarter ended December 31, 1997 our selling, general and administrative expenses increased. This reflects increased marketing costs from the expanded number of active subdivisions that we had compared to the prior year. We expect that as these new subdivisions produce higher levels of orders and home closings over the year, our SG&A will decrease as a percentage of revenues."

Mr. Weiss continued, "During the quarter our inventory and debt levels rose, both relative to the prior year and the immediately preceding quarter, principally as a result of our higher subdivision count. These increases reflect both increased investment in our current operations as well as the effect of the \$16.7 million purchase of Calton Homes' Orlando operations that we completed during the quarter."

Mr. McCarthy concluded, "With economic conditions as strong as they are, we have made a significant commitment to our current operations in the form of new subdivisions and increased inventory levels. Many of these new subdivisions will be having grand openings during the traditionally strong late winter and spring selling season. With this commitment, barring unforeseen adverse economic changes, we expect to report a significantly improved order trend and improved earnings during the remainder of fiscal 1998, compared to fiscal 1997."

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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