



BEAZER HOMES

Beazer Homes Announces Record First Quarter EPS of \$.85, Up 60% Over Prior Year; New Orders Up 12

January 25, 2000

ATLANTA, Jan. 25 /PRNewswire/ -- Beazer Homes USA, Inc. (NYSE: BZH) (www.beazer.com) today announced results for the quarter ended December 31, 1999, the first quarter of its 2000 fiscal year. Highlights of the quarter, compared to the same period of the prior year, are as follows:

- * Diluted EPS: \$.85 (up 60% vs. \$.53 in prior year's December quarter)
- * Home closings: 1,611 (up 15%); total revenues \$309 million (up 28%)
- * Earnings before interest, taxes, depreciation and amortization (EBITDA) \$19.6 million (up 44%)
- * EBITDA Margin: 6.4% (up 80 basis points)
- * Net income: \$7.5 million (up 61%)
- * New orders: 1,505 (up 12%)
- * Dollar Backlog: \$472 million (up 1%)

Record First Quarter Results

Ian McCarthy, President and Chief Executive Officer of Beazer Homes, said, "We are extremely pleased to report record results for the first quarter of our 2000 fiscal year. Closings, net income, new orders and dollar backlog were all December quarter Company records."

Mr. McCarthy continued, "Our earnings per share were up 60% on a 15% increase in homes closed, reflecting both a higher average sales price and our improved profit margin. We are particularly proud of the 80 basis point improvement in our EBITDA margin, driven by a 60 basis point reduction in selling, general and administrative expenses as a percentage of revenues during the quarter. This improvement demonstrates the operating efficiency gains that we have achieved over the past year. We expect to report reductions in SG&A as a percentage of revenues throughout fiscal 2000."

Record December Quarter New Orders, Despite Delays in Opening New Subdivisions

Mr. McCarthy also said, "We are pleased to report a 12% increase in new orders during the quarter despite a decline in our number of active subdivisions at December 31. New orders of 1,505 homes represent a December quarter Company record. The increase in new orders reflects the continued strength of the homebuilding market in many of the areas we serve, especially California, Texas and the Mid-Atlantic. The US homebuilding market remains strong despite recent increases in interest rates. This strength reflects the positive impact of demographics, particularly population growth driven by immigration, that we believe will continue to fuel the homebuilding market over the coming decade."

Mr. McCarthy continued, "The decrease in our number of active subdivisions at December 31, 1999 resulted from delays in opening new subdivisions. These delays have been caused by the lengthening time needed to get permits and approvals in many areas. During the March 2000 quarter, however, we anticipate opening a number of new subdivisions just in time for the traditional home selling season and we expect our subdivision count to increase during the quarter ending March 31, 2000."

Beazer Buys Back Shares At A Discount To Book Value

The Company also announced that it has repurchased 182,150 shares of its common stock at an average price of \$18.89 per share. These repurchases were made pursuant to the Company's plan, that it announced in November 1999, to repurchase up to 500,000 shares of its common stock.

David S. Weiss, Executive Vice President and Chief Financial Officer of Beazer Homes, said, "Our repurchases of common stock during the quarter were made at a 30% discount to book value of \$27.12 per share at December 31, 1999 and at 4.2 times our last twelve months' earnings of \$4.47 per share. At these levels, we believe that our stock is significantly undervalued and represents an excellent investment opportunity."

Mr. Weiss also said, "Even with the repurchases of our common stock, we continue to maintain one of the strongest balance sheets in the homebuilding industry. We have reduced our debt by \$11 million and our debt to total capitalization ratio from 58% to 53%, since last year's December quarter."

Our Future In Black And White

Mr. McCarthy said, "In our recently issued 1999 Annual Report, 'Our Future In Black and White', we describe our optimism for the future of both Beazer Homes and the homebuilding industry. The US homebuilding market continues to drive forward, fueled by a healthy economy and strong demographics. We expect the number of US households to continue to increase dramatically over the coming decade. With our strong position in the

growth markets of the US and our aggressive e-business initiatives, led by beazer.com, we believe that we are uniquely qualified to take advantage of that growth."

Mr. McCarthy concluded, "Americans' number one dream continues to be 'Own my own home' and Beazer is well positioned to make the home-owning dream of these millions come true."

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, South Carolina, Tennessee, Texas and Virginia.

Note: Certain statements in this Press Release are "forward-looking statements" within the meaning of the Private Securities Litigation 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, 1999.

BEAZER HOMES USA, INC.
 CONSOLIDATED OPERATING AND FINANCIAL DATA
 (Dollars in thousands, except per share amounts)

FINANCIAL DATA

	Quarter Ended December 31,	
	1999	1998
INCOME STATEMENT		
Revenues	\$308,745	\$242,110
Costs and expenses:		
Home construction and land sales	255,748	201,167
Interest	5,523	5,035
Selling, general and administrative expense	34,273	28,246
Operating income	13,201	7,662
Other income (expense)	(878)	(48)
Income before income taxes	12,323	7,614
Income taxes	4,806	2,931
Net income	\$7,517	\$4,683
Dividends and other payments to preferred shareholders	\$---	\$1,000
Net income to common shareholders:		
Basic	\$7,517	\$3,683
Diluted	\$7,517	\$4,683
Net income per share:		
Basic	\$0.88	\$0.62
Diluted	\$0.85	\$0.53
Weighted average shares outstanding, in thousands:		
Basic	8,530	5,896
Diluted	8,825	8,868
Interest incurred	\$6,631	\$5,939
Depreciation and amortization	\$1,763	\$1,008

SELECTED BALANCE SHEET DATA

	December 31,	
	1999	1998
Inventory	\$575,700	\$540,233
Total assets	628,075	589,405
Total debt	273,500	285,000
Stockholders' equity	239,375	203,129

CONSOLIDATED OPERATING AND FINANCIAL DATA (Continued)
(Dollars in thousands)

OPERATING DATA

SELECTED OPERATING DATA	1999	Quarter Ended December 31, 1998
Closings:		
Southeast region	551	535
Southwest region	685	595
Central region	122	136
Mid-Atlantic region	253	130
Total closings	1,611	1,396
New orders, net of cancellations (A):		
Southeast region	537	597
Southwest region	620	610
Central region	88	78
Mid-Atlantic region	260	64
Total new orders	1,505	1,349
Backlog at end of period	2,452	2,565
Dollar value of backlog at end of period	\$471,856	\$468,780
Active subdivisions:		
Southeast region	111	113
Southwest region	59	61
Central region	30	30
Mid-Atlantic region	42	46
Total active subdivisions	242	250

SUPPLEMENTAL FINANCIAL DATA:	1999	Quarter Ended December 31, 1998
Revenues		
Home sales	\$303,584	\$239,797
Land and lot sales	3,305	639
Mortgage origination revenue	3,107	2,536
Intercompany elimination		
- mortgage	(1,251)	(862)
Total revenues	\$308,745	\$242,110
Cost of home construction and land sales		
Home sales	\$253,849	\$201,575
Land and lot sales	3,150	454
Intercompany elimination		
- mortgage	(1,251)	(862)
Total costs of home construction and land sales	\$255,748	\$201,167
Selling, general and administrative		
Homebuilding operations	\$32,117	\$26,512
Mortgage origination operations	2,156	1,734
Total selling, general and administrative	\$34,273	\$28,246

(A) New orders for the quarter ended December 31, 1998 does not include 555 homes in backlog acquired in a business acquisition.

SOURCE Beazer Homes USA, Inc.

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