



# BEAZER HOMES

## Beazer Homes Announces Record EPS of \$5.05 for 2000 Fiscal Year, up 22%; Record Year End Dollar Backlog of \$576 Million, Up 20

November 2, 2000

ATLANTA, Nov. 2 /PRNewswire/ -- Beazer Homes USA, Inc. (NYSE: BZH; www.beazer.com) today announced results for the year and quarter ended September 30, 2000. Highlights of the year and quarter, compared to the same periods of the prior year, are as follows:

Year Ended September 30, 2000

- Diluted EPS: \$5.05 (up 22% vs. \$4.15 in prior year)
- \* Home closings: 7,857 (up 4%); total revenues \$1,528 million (up 10%)
- \* Earnings before interest, taxes, depreciation and amortization (EBITDA): \$106.0 million (up 16%)
- \* Net income: \$43.6 million (up 18%)
- \* New orders: 8,228 (up 9%)
- \* Backlog: 2,929 homes (up 15%), sales value \$576 million (up 20%)

Quarter Ended September 30, 2000

- Diluted EPS: \$1.94 (up 24% vs. \$1.57 in prior year's September quarter)
- Home closings: 2,518 (up 4%); total revenues \$497 million (up 9%)
- Earnings before interest, taxes, depreciation and amortization (EBITDA): \$37.9 million (up 15%)
- Net income: \$16.7 million (up 20%)
- New orders: 1,994 (up 18%)

Record Earnings For September 2000 Quarter and Year

Ian McCarthy, President and Chief Executive Officer of Beazer Homes, said, "We close another record year at Beazer Homes with an extremely strong fourth quarter and considerable forward momentum for the coming year. For both the quarter and year ended September 30, 2000, home closings, revenues, net income and earnings per share all set new company records. In addition, our record annual new orders contributed to an increase in our dollar backlog, up 20% to \$576 million, another fiscal year end company record."

Mr. McCarthy continued, "One of the major drivers of our record quarterly and annual earnings is our dramatically improved gross margin. Our gross margin, before amortization of capitalized interest, of 17.8% for the year ended September 30, 2000 and 18.3% for the quarter, both represent record gross margins for the respective periods. Three years ago we embarked upon a number of initiatives to dramatically improve our margins. We started opening design centers, commenced mortgage operations and implemented an incentive plan based on Value Created, a variation of Economic Value Added. These initiatives have contributed to the 240 basis point improvement in gross margin that we have experienced since 1997."

Mr. McCarthy added, "Our margins also benefited from our continued ability to raise prices throughout fiscal 2000. This trend continued through the September quarter and based on the margins in our record backlog, we expect our gross margin percentage in fiscal 2001 to exceed the annual record set in 2000."

Mr. McCarthy also said, "We have seen new order increases accelerate during fiscal 2000. The 18% increase in new orders for the September quarter was the highest quarterly increase that we have achieved since 1998. New orders for the quarter were up in all four of our regions and were particularly strong in California, Nevada and Texas. Our overall increase in new orders is significantly higher than the 6% increase in our number of active subdivisions at the end of the quarter and is based upon fully comparable figures, with no acquisitions during the periods involved."

Mr. McCarthy said, "We believe that our positive order comparison is beginning to reflect two major trends that will continue to benefit large public homebuilders and especially Beazer. The first is a gain in market share from smaller private builders, who are less well capitalized and whose access to capital is becoming increasingly constrained. The second is the benefit of technology, especially the internet, which is both contributing to a gain in market share for national builders and to improved profitability. We expect both of these trends to accelerate over the coming years."

David S. Weiss, Executive Vice President and Chief Financial Officer, commented, "Fiscal 2000 was another year in which we achieved dramatic growth while still maintaining our balance sheet strength and conservative financial policies. We ended the year with a debt to total capitalization of 49% and interest coverage (EBITDA divided by interest incurred) of 3.4 times."

Mr. Weiss continued, "The maintenance of our debt to total capitalization below 50% is particularly noteworthy given our stock repurchases during the year. We took advantage of the extreme undervaluation of our stock by repurchasing 500,000 shares at an average price of \$18.38 per share, a 41% discount to our year end book value of \$31.35 per share."

Mr. Weiss concluded, "Conservative financial management continues to be a core part of our strategy at Beazer Homes. We believe that the maintenance of a strong balance sheet is critical to achieving our growth objectives and to taking advantage of opportunities that may arise. The bond rating agencies have recognized our consistent financial management and strong performance. During fiscal 2000, Standard & Poor's upgraded our bonds and Moody's Investors Service placed us on positive outlook for another upgrade, following their previous upgrade in April 1999. We intend to continue to manage our financial position prudently to warrant further upgrades from both agencies."

#### Further Earnings Growth Expected in 2001

Mr. McCarthy said, "We enter fiscal 2001 with optimism about the prospects for further increases in earnings. Our number of active subdivisions is currently up 6% over the same period last year. We expect to maintain this percentage increase in our number of active subdivisions throughout fiscal 2001 and target achieving at least the same increase in home closings. The average price of homes closed is likely to decline slightly as we expand our presence in the first time buyer and first move up markets."

Mr. McCarthy continued, "Based on the factors that I have described, we target achieving earnings for fiscal 2001 of between \$5.75 and \$6.00 per share, a 14% to 19% increase over fiscal 2000. Combined with our 22% increase in EPS in fiscal 2000, this would put us ahead of the benchmarks in the five year plan that we introduced in fiscal 1999, when we set a target of \$9.00 per share for earnings by fiscal 2004."

Mr. McCarthy concluded, "We are cautiously optimistic about the probability of achieving our targets for fiscal 2001. We understand that short-term volatility in financial markets, interest rates, the national economy and other factors could make the achievement of our targets more challenging; however, our strong backlog going into the year gives us a good running start. We also believe that over the long term, positive demographic trends, such as continued population growth and household formation fueled by immigration, will continue to drive our business. These demographic trends, as well as the further efficiencies that we expect to gain through our aggressive E-commerce initiatives, will help us achieve our short-term and long-term targets."

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, Pennsylvania, 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 Reform 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		Year Ended	
	September 30,		September 30,	
	2000	1999	2000	1999
<b>INCOME STATEMENT</b>				
Revenues	\$496,602	\$454,189	\$1,527,865	\$1,394,074
Costs and expenses:				
Home construction and land sales	405,533	373,810	1,255,918	1,153,442
Interest	8,857	7,700	27,704	25,469
Selling, general and administrative expense	55,709	48,674	168,620	153,363
Operating income	26,503	24,005	75,623	61,800
Other income/(expense)	856	(893)	(4,138)	(1,256)
Income before income taxes	27,359	23,112	71,485	60,544
Income taxes	10,670	9,201	27,879	23,610
Net income	\$16,689	\$13,911	\$43,606	\$36,934
Dividends and other payments to preferred				

shareholders	\$---	\$---	\$---	\$3,343
Net income to common shareholders:				
Basic	\$16,689	\$13,911	\$43,606	\$33,591
Diluted	\$16,689	\$13,911	\$43,606	\$36,934
Net income per share:				
Basic	\$2.06	\$1.63	\$5.28	\$4.59
Diluted	\$1.94	\$1.57	\$5.05	\$4.15
Weighted average shares outstanding, in thousands:				
Basic	8,088	8,541	8,254	7,320
Diluted	8,614	8,862	8,630	8,895
Interest incurred	\$8,292	\$6,893	\$30,898	\$26,874
Depreciation and amortization	\$1,693	\$2,059	\$6,852	\$5,508
SELECTED BALANCE SHEET DATA		September 30,		
		2000	1999	
Inventory		\$629,663	\$532,559	
Total assets		698,879	594,568	
Total debt		255,000	215,000	
Shareholders' equity		270,538	234,662	

BEAZER HOMES USA, INC.  
CONSOLIDATED OPERATING AND FINANCIAL DATA (Continued)  
(Dollars in thousands)

OPERATING DATA

SELECTED OPERATING DATA	Quarter Ended		Year Ended	
	September 30,	September 30,	September 30,	September 30,
	2000	1999	2000	1999
Closings:				
Southeast region	1,038	1,069	3,016	3,108
Southwest region	887	803	3,030	2,857
Central region	238	170	642	597
Mid-Atlantic region	355	389	1,169	1,027
Total closings	2,518	2,431	7,857	7,589
New orders, net of cancellations:				
Southeast region	660	606	2,892	3,041
Southwest region	853	646	3,393	2,900
Central region	166	130	695	485
Mid-Atlantic region	315	312	1,248	1,109
Total new orders	1,994	1,694	8,228	7,535(A)
Backlog at end of period	2,929	2,558		
Dollar value of backlog at end of period	\$576,493	\$481,514		
Active subdivisions:				
Southeast region	118	111		
Southwest region	68	63		
Central region	28	26		
Mid-Atlantic region	41	41		
Total active subdivisions	255	241		

Quarter Ended

12 Months Ended

	September 30,		September 30,	
	2000	1999	2000	1999
SUPPLEMENTAL FINANCIAL DATA:				
Revenues				
Home sales	\$489,376	\$446,036	\$1,498,196	\$1,376,557
Land and lot sales	3,415	5,998	19,017	10,553
Mortgage origination revenue	6,386	3,742	17,671	13,059
Intercompany elimination - mortgage	(2,575)	(1,587)	(7,019)	(6,095)
Total revenues	\$496,602	\$454,189	\$1,527,865	\$1,394,074
Cost of home construction and land sales				
Home sales	\$405,270	\$371,098	\$1,248,099	\$1,151,460
Land and lot sales	2,838	4,299	14,838	8,077
Intercompany elimination - mortgage	(2,575)	(1,587)	(7,019)	(6,095)
Total costs of home construction and land sales	\$405,533	\$373,810	\$1,255,918	\$1,153,442
Selling, general and administrative				
Homebuilding operations	\$52,159	\$46,473	\$157,794	\$145,201
Mortgage origination operations	3,550	2,201	10,826	8,162
Total selling, general and administrative	\$55,709	\$48,674	\$168,620	\$153,363

(A) New orders for the twelve months ended September 30, 1999 do not include 555 homes in backlog acquired in a business acquisition. SOURCE Beazer Homes USA, Inc.

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