



BEAZER HOMES

Beazer Homes Announces Record First Quarter EPS of \$1.61, Up 89%; Dollar Backlog of \$573 Million, Up 21%

January 23, 2001

ATLANTA, Jan. 23 /PRNewswire/ -- Beazer Homes USA, Inc. (NYSE: BZH) (www.beazer.com) today announced results for the quarter ended December 31, 2000, the first quarter of its 2001 fiscal year. Highlights of the quarter, compared to the same period of the prior year, are as follows:

- Diluted EPS: \$1.61 (up 89% vs. \$0.85 in prior year)
- * Home closings: 1,842 (up 14%); total revenues \$365 million (up 18%)
- * Earnings before interest, taxes, depreciation and amortization (EBITDA) \$32.6 million (up 66%)
- * EBITDA Margin: 8.9% (up 250 basis points)
- * Net Income: \$14.3 million (up 91%)
- * New orders: 1,798 (up 19%)
- * Backlog: 2,885 homes (up 18%), dollar value \$573 million (up 21%)

Record Earnings for December Quarter

Ian J. McCarthy, President and Chief Executive Officer of Beazer Homes, said, "We are extremely pleased to kick off fiscal 2001 with a record-breaking quarter. Our earnings of \$1.61 per diluted share are up 89% over last year's first fiscal quarter and represent a strong record for earnings in a December quarter. With this strong performance, earnings are now \$5.81 per share for the last twelve months."

Mr. McCarthy continued, "Net income for the quarter increased more than our home closings and revenues, driven by a 250 basis point improvement in our EBITDA margin, relative to the same quarter of the prior year. This margin improvement reflects an improved gross profit margin, resulting from our continued ability to raise prices and reduce costs. Selling, general and administrative expenses declined as a percentage of revenues during the quarter, reflecting the increased efficiencies that we have gained with our technology initiatives."

Strong New Orders and Backlog Indicate Continued Increased Earnings

Mr. McCarthy continued, "In addition to being a strong quarter for earnings, the December quarter also produced very strong growth in orders and backlog, excellent indicators of continued earnings increases in the future. New orders were up 19%, while our number of active subdivisions was up only 6%. Backlog was up 18% in units and 21% in dollar value. Both new orders and dollar backlog were up in all four of our regions."

Mr. McCarthy also said, "Our strong new orders during the December quarter benefited from the reduction of mortgage interest rates, a factor that we expect to continue to contribute to order strength during the current March quarter. We believe, however, that the strength of our new orders also reflects three other major factors, each of which we expect to remain significant contributors to order strength for the longer term. These factors are 1) strong population growth, especially in the markets which we serve, 2) gains in market share by large, public homebuilders, and 3) the benefits of the internet, which increasing numbers of homebuyers are actively using in their home purchase process."

Mr. McCarthy added, "We believe that these three factors will continue to benefit the larger public homebuilders for the remainder of fiscal 2001. The impact will be especially significant to Beazer, as a result of our strong and growing presence in the first-time buyer segment of the market and our leadership position in using technology to grow our business and improve efficiency."

Beazer Closes \$75 Million Term Loan and Maintains Strong Financial

Position

David S. Weiss, Executive Vice President and Chief Financial Officer, said, "During the quarter ended December 31, 2000, we closed a new \$75 million four-year term loan with a group of banks, led by Bank One. Interest on the term loan varies based upon LIBOR (plus a spread), however, we have effectively fixed the rate at a maximum of 7.55% for the term of the loan by hedging it with an interest rate swap agreement. This term loan helps provide us with increased liquidity and financial flexibility to take advantage of opportunities in the currently attractive homebuilding environment. The proceeds of the term loan were used to refinance borrowings under our \$250 million revolving credit facility."

Mr. Weiss continued, "Even with the new borrowings under the term loan, we were able to reduce our leverage at December 31, 2000, relative to the same date of the prior year. Our ratio of debt to total capitalization decreased from 53% to 52%. In addition, our interest coverage (EBITDA divided by interest incurred) increased from 3.0 times to 4.3 times for the December quarter. The maintenance of a conservative balance sheet and a strong financial position remains a critical part of our operating strategy at Beazer, even as we continue to substantially grow our business. We expect our leverage to reduce further by the end of fiscal 2001 and our interest coverage to increase throughout the year."

Outlook

Mr. McCarthy stated, "We are extremely optimistic about the remainder of fiscal 2001. We understand that uncertainties surrounding the economy may reduce this optimism in the future. At this time, however, our improving margins, growing order trend and strong backlog give us a strong indication of further increases in earnings for the remainder of the fiscal year. As a result, we believe that our earnings per share for fiscal 2001 are likely to be in the \$6.25 to \$6.50 range, up 24% to 29% over fiscal 2000 and an increase to our previously forecast range of \$5.75 to \$6.00."

Mr. McCarthy concluded, "We further believe that the factors we discussed earlier -- positive demographics, gains in market share by larger public homebuilders and the benefits of the internet -- will allow us to continue to report increased earnings in fiscal 2002 and beyond. We are currently ahead of targets that we set in our five year plan, introduced in fiscal 1999, when we established a target of \$9.00 for EPS by fiscal 2004."

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. Beazer Homes also provides mortgage origination, title and insurance services to its homebuyers.

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, 2000.

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

	Quarter Ended December 31,	
	2000	1999
FINANCIAL DATA		
INCOME STATEMENT		
Revenues	\$ 365,050	\$ 308,745
Costs and expenses:		
Home construction and land sales	294,964	255,748
Interest	6,998	5,523
Selling, general and administrative expense	40,096	34,273
Operating income	22,992	13,201
Other income/(expense)	504	(878)
Income before income taxes	23,496	12,323
Income taxes	9,164	4,806
Net income	\$ 14,332	\$ 7,517
Net income to common shareholders:		
Basic	\$ 14,332	\$ 7,517
Diluted	\$ 14,332	\$ 7,517
Net income per share:		
Basic	\$ 1.77	\$ 0.88
Diluted	\$ 1.61	\$ 0.85
Weighted average shares outstanding, in thousands:		
Basic	8,102	8,530
Diluted	8,917	8,825
Interest incurred	\$ 7,653	\$ 6,631
Depreciation and amortization	\$ 2,084	\$ 1,763

December 31,

	2000	1999
SELECTED BALANCE SHEET DATA		
Inventory	\$ 668,368	\$ 575,700
Total assets	729,692	628,075
Total debt	310,383	273,500
Shareholders' equity	285,250	239,375

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

	Quarter Ended December 31,	
	2000	1999
SELECTED OPERATING DATA		
Closings:		
Southeast region	575	551
Southwest region	766	685
Central region	160	122
Mid-Atlantic region	341	253
Total closings	1,842	1,611
New orders, net of cancellations:		
Southeast region	637	537
Southwest region	704	620
Central region	144	88
Mid-Atlantic region	313	260
Total new orders	1,798	1,505
Backlog at end of period	2,885	2,452
Dollar value of backlog at end of period	\$ 572,573	\$ 471,856
Active subdivisions:		
Southeast region	122	111
Southwest region	68	59
Central region	29	30
Mid-Atlantic region	37	42
Total active subdivisions	256	242

	Quarter Ended December 31,	
	2000	1999
SUPPLEMENTAL FINANCIAL DATA:		
Revenues		
Home sales	\$ 361,119	\$ 303,584
Land and lot sales	330	3,305
Mortgage origination revenue	5,320	3,107
Intercompany elimination - mortgage	(1,719)	(1,251)
Total revenues	\$ 365,050	\$ 308,745
Cost of home construction and land sales		
Home sales	\$ 296,420	\$ 253,849
Land and lot sales	263	3,150
Intercompany elimination - mortgage	(1,719)	(1,251)
Total costs of home construction and land sales	\$ 294,964	\$ 255,748
Selling, general and administrative		
Homebuilding operations	\$ 37,117	\$ 32,117
Mortgage origination operations	2,979	2,156
Total selling, general and administrative	\$ 40,096	\$ 34,273

SOURCE Beazer Homes USA, Inc.

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