



# BEAZER HOMES

## **Beazer Homes Announces Record Fourth Quarter EPS of \$2.56, Up 32%, and Fiscal 2001 EPS of \$8.18, Up 62%; Record Year-End Backlog Up 36%**

November 6, 2001

ATLANTA, Nov 6, 2001 /PRNewswire via COMTEX/ -- Beazer Homes USA, Inc. (NYSE: BZH) ([www.beazer.com](http://www.beazer.com)) today announced results for the quarter and year ended September 30, 2001. Highlights of the quarter and year, compared to the same periods of the prior year, are as follows:

### Quarter Ended September 30, 2001

- \* Record Diluted EPS: \$2.56 (up 32% vs. \$1.94 in prior year)
- \* Home closings: 3,067 (up 22%); total revenues \$617 million (up 24%)
- \* Gross margin, before interest: 19.7% (up 140 basis points)
- \* Earnings before interest, taxes, depreciation and amortization (EBITDA): \$52.7 million (up 39%)
- \* Net income: \$23.8 million (up 43%)
- \* Record September quarter new orders: 2,340 (up 17%)

### Year Ended September 30, 2001

- \* Record Diluted EPS: \$8.18 (up 62% vs. \$5.05 in prior year)
- \* Home closings: 9,059 (up 15%); total revenues \$1.8 billion (up 18%)
- \* Record gross margin, before interest: 20.0% (up 220 basis points)
- \* Earnings before interest, taxes, depreciation and amortization (EBITDA), before extraordinary item: \$166.4 million (up 57%)
- \* EBITDA Margin: 9.2% (up 230 basis points)
- \* Net income: \$74.9 million (up 72%)
- \* Record new orders: 10,039 (up 22%)

### Record Year-End Backlog

- \* Record year-end backlog: 3,977 homes (up 36%), sales value \$776 million (up 35%)

## **Record Earnings For September Quarter and Fiscal Year**

Ian J. McCarthy, President and Chief Executive Officer of Beazer Homes, said, "We are extremely pleased to announce a record end to a record-breaking year. Earnings per share of \$2.56 for the 2001 fourth fiscal quarter were up 32% from the fourth quarter of fiscal 2000 and represent an all-time quarterly record for Beazer. EPS for the full year was \$8.18, up 62% over fiscal 2000 and also an all-time Company record. The record earnings for both the quarter and the full year reflect significant increases in our operating profit margin over the prior year."

## **Record New Orders and Year-End Backlog**

Mr. McCarthy said, "Perhaps more important than our record financial performance during fiscal 2001 were the record-breaking increases that we achieved in new orders and backlog. During fiscal 2001 we had 10,039 new orders for homes, a 22% increase over fiscal 2000, and we ended the year with a 17% increase in new orders in the fourth quarter. We believe that our industry-leading increases in new orders are driven by our commitment to the first-time buyer segment of the market. We have always believed that this is the largest and most stable segment of the homebuilding market, while still being its most under-served. Home sales in this segment of the market are also being driven by the current historically low level of mortgage interest rates. Most of our new community openings during fiscal 2001 targeted this segment of the market and we expect the same to be true for communities we will be opening in 2002."

Mr. McCarthy also said, "We enter fiscal 2002 with a record level of year-end backlog, 3,977 homes, up 36% over the level with which we entered fiscal 2001. Yesterday, we reported that new orders in October were up 33% over October 2000. We believe that our commitment to the affordable segment of the housing market fuels that increase and will continue to drive our order activity in fiscal 2002."

## **Gross Profit Margin In Fiscal 2001 Sets New Record**

David S. Weiss, Executive Vice President and Chief Financial Officer, said, "During fiscal 2001, we increased our gross profit margin percentage (before interest) by 220 basis points to 20.0%, setting an all-time annual record for the Company. This improved gross profit margin reflects both a strong housing market during fiscal 2001, as well as the fruition of profit improvement initiatives that we have implemented over the past three years."

Mr. Weiss continued, "Our gross margin, before interest, in the September 2001 quarter was 19.7%, up 140 basis points over September 2000. This increase was negatively affected by a \$3.7 million reduction in gross profit recorded during the September 2001 quarter for purchase accounting adjustments relating to our August 1, 2001 acquisition of Sanford Homes. Excluding the impact of this purchase accounting adjustment, our gross profit margin for the quarter ended September 30, 2001, would have been 20.3%, up 200 basis points over the September 2000 quarter."

Mr. Weiss also said, "We anticipate that our reported gross profit for the quarter ending December 31, 2001, will be negatively impacted by a similar amount as the September 2001 quarter for Sanford purchase accounting adjustments, while the impact of such adjustments on the remainder of fiscal 2002 is not expected to be significant. These purchase accounting adjustments were anticipated in our previously announced estimate of accretion from our Sanford Homes acquisition of \$.30 per share for fiscal 2002. We continue to believe that Sanford will add this level of earnings to our EPS for the coming year."

#### Beazer Ends Fiscal Year In Strong Financial Position

Mr. Weiss stated, "During fiscal 2001, we strengthened our financial position at Beazer and improved our credit statistics. During the September 2001 quarter, we extended the maturity on our \$250 million revolving credit facility from November 2002 to September 2004. Earlier in the year we completed a \$100 million four-year term loan and refinanced our \$115 million of 9% Senior Notes due in 2004 with \$200 million of 8 5/8% Senior Notes due in 2011. Through these transactions, we have been able to extend the average maturity of our debt outstanding from five years to eight years."

Mr. Weiss continued, "Our interest coverage ratio (earnings before interest, taxes, depreciation and amortization divided by interest incurred) increased from 3.4 times in fiscal 2000 to 4.6 times in fiscal 2001. We ended fiscal 2001 with a debt to total capitalization ratio of 53%, with no borrowings outstanding under our \$250 million revolving credit facility and with \$42 million of cash on hand."

Mr. Weiss concluded, "In these increasingly uncertain economic times, we recognize the importance of maintaining a conservative financial position and preserving financial flexibility. The actions we have taken during fiscal 2001 combined with our strong financial performance demonstrate our commitment to these goals. We are proud to note that the rating agencies have recognized this commitment. During the September 2001 quarter, Moody's upgraded the rating of our senior notes and Standard & Poor's revised our outlook to 'positive' from 'stable.' We intend to continue to manage our financial position to warrant further upgrades in the future."

#### Beazer Continues to Target EPS of \$9.00 Per Share in Fiscal 2002

Mr. McCarthy said, "Like others, we were shocked by the tragic events of September 11th and their aftermath. We understand that these events have created a period of great uncertainty for the U.S. economy and housing market. New orders declined during the weeks immediately following September 11th, however, we are encouraged by the sharp rebound in our new orders since September."

Mr. McCarthy continued, "We believe that over the long-term, the same positive demographic and macroeconomic factors that have produced dramatic increases in our profits in fiscal 2001 will continue to drive our business. The most significant of these factors are the massive increase in the U.S. population over the past decade accompanied by severe constraints on the supply of housing. At the same time, the homebuilding industry is becoming more complex, consolidated and profitable than ever before. As part of this process, large public homebuilders continue to gain market share, improve efficiency and increase profitability."

Mr. McCarthy concluded, "Our record level of backlog gives us good visibility for increased earnings through the first half of fiscal 2002. In addition, the rebound in new orders since September gives us optimism in the prospects for increased earnings for the full fiscal year 2002. In July, we announced that we targeted achieving earnings of \$9.00 per share in fiscal 2002, two years earlier than our former five-year target of 2004 for this level of earnings. Based on our record level of backlog and our current new order activity, we continue to target earning \$9.00 per share in fiscal 2002. We recognize, however, that achievement of this target could be negatively impacted by further material adverse events."

Beazer Homes USA, Inc., based in Atlanta, Georgia, is one of the country's ten largest single-family homebuilders with operations in Arizona, California, Colorado, 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.

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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.

-- Table Follows --

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,	
2001	2000	2001	2000

#### INCOME STATEMENT

Revenues	\$617,005	\$496,602	\$1,805,177	\$1,527,865
Costs and expenses:				
Home construction and land sales	495,451	405,533	1,444,215	1,255,918
Interest	10,520	8,857	33,235	27,704
Selling, general and administrative expense	72,756	55,709	205,498	168,620
Operating income	38,278	26,503	122,229	75,623
Other income/(expense)	812	856	1,721	(4,138)
Income before income taxes and extraordinary item	39,090	27,359	123,950	71,485
Income taxes	15,245	10,670	48,341	27,879
Net income before extraordinary item	23,845	16,689	75,609	43,606
Extraordinary item-loss on early extinguishment of debt (net of taxes of \$469)	---	---	(733)	---
Net income	\$23,845	\$16,689	\$74,876	\$43,606

Basic:

Net income per share before extraordinary item	\$2.90	\$2.06	\$9.28	\$5.28
Extraordinary item	---	---	(0.09)	---
Net income per common share	\$2.90	\$2.06	\$9.19	\$5.28

Diluted:

Net income per share before extraordinary item	\$2.56	\$1.94	\$8.26	\$5.05
Extraordinary item	---	---	(0.08)	---
Net income per common share	\$2.56	\$1.94	\$8.18	\$5.05

Weighted average shares

outstanding, in thousands:

Basic	8,224	8,088	8,145	8,254
Diluted	9,313	8,614	9,156	8,630

Interest incurred	\$9,247	\$8,292	\$35,825	\$30,897
Depreciation and amortization	\$3,082	\$1,693	\$9,253	\$6,852

SELECTED BALANCE SHEET DATA

September 30,

	2001	2000
Cash	\$41,678	\$---
Inventory	844,737	629,663
Total assets	995,289	696,228
Total debt	395,238	252,349
Shareholders' equity	351,195	270,538

BEAZER HOMES USA, INC.

CONSOLIDATED OPERATING AND FINANCIAL DATA (Continued)

(Dollars in thousands)

OPERATING DATA

	Quarter Ended		Year Ended	
	September 30,		September 30,	
SELECTED OPERATING DATA	2001	2000	2001	2000
Closings:				
Southeast region	1,183	1,038	3,414	3,016
West region	1,089	887	3,412	3,030
Central region	336	238	897	642
Mid-Atlantic region	459	355	1,336	1,169

Total closings	3,067	2,518	9,059	7,857
New orders, net of cancellations:				
Southeast region	856	660	3,770	2,892
West region	867	853	3,810	3,393
Central region	285	166	1,022	695
Mid-Atlantic region	332	315	1,437	1,248
Total new orders	2,340	1,994	10,039	8,228
Backlog at end of period	3,977	2,929		
Dollar value of backlog at end of period	\$775,612	\$576,493		
Active subdivisions:				
Southeast region	124	118		
West region	86	68		
Central region	31	28		
Mid-Atlantic region	40	41		
Total active subdivisions	281	255		

	Quarter Ended		Year Ended	
	September 30,		September 30,	
SUPPLEMENTAL FINANCIAL DATA:	2001	2000	2001	2000

Revenues				
Home sales	\$608,027	\$489,376	\$1,769,069	\$1,498,196
Land and lot sales	2,541	3,415	18,017	19,017
Mortgage origination revenue	9,272	6,386	26,572	17,671
Intercompany elimination - mortgage	(2,835)	(2,575)	(8,481)	(7,019)
Total revenues	\$617,005	\$496,602	\$1,805,177	\$1,527,865
Cost of home construction and land sales				
Home sales	\$495,781	\$405,270	\$1,438,101	\$1,248,099
Land and lot sales	2,505	2,838	14,595	14,838
Intercompany elimination - mortgage	(2,835)	(2,575)	(8,481)	(7,019)
Total costs of home construction and land sales	\$495,451	\$405,533	\$1,444,215	\$1,255,918
Selling, general and administrative				
Homebuilding operations	\$67,469	\$52,159	\$190,551	\$157,794
Mortgage origination operations	5,287	3,550	14,947	10,826
Total selling, general and administrative	\$72,756	\$55,709	\$205,498	\$168,620

SOURCE Beazer Homes USA, Inc.

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