



# BEAZER HOMES

## Beazer Homes Announces Record First Fiscal Quarter EPS of \$2.75, Up 11

January 23, 2003

ATLANTA, Jan. 23 /PRNewswire-FirstCall/ -- Beazer Homes USA, Inc. (NYSE: BZH) ([www.beazer.com](http://www.beazer.com)) today announced results for the quarter ended December 31, 2002, the first quarter of its 2003 fiscal year. Highlights of the quarter, compared to the same quarter of the prior year, are as follows:

- Record Diluted EPS: \$2.75 (up 11% vs. \$2.47 in prior year)
- Home closings: 3,482 (up 47%)
- Total revenues \$700 million (up 43%)
- Earnings before interest, taxes, depreciation and amortization (EBITDA): \$75.7 million (up 59%)
- Gross margin (before interest): 21.2% (up 130 basis points)
- EBITDA Margin: 10.8% (up 110 basis points)
- Net income: \$36.9 million (up 59%)
- Debt to total capitalization: 47% (down from 53%)
- Net debt to total capitalization: 44% (down from 53%)
- New orders: 3,141 homes (up 25%)
- Backlog: 6,178 homes (up 50%), sales value \$1.2 billion (up 52%)

### Record Earnings for First Quarter of Fiscal 2003

Ian J. McCarthy, President and Chief Executive Officer of Beazer Homes, said, "We are extremely pleased to announce record December quarter EPS of \$2.75 and net income of \$37 million for the first quarter of our 2003 fiscal year. Net income increased 59% over the first quarter of fiscal 2002 while revenues were up 43%. Once again, we reported a greater increase in net income than revenues as our gross margin hit an all-time company record. Gross margin before interest was 21.2%, up 130 basis points from December 2001."

Mr. McCarthy continued, "The increase in our gross margin for the quarter reflects the continuing strong housing environment, as well as our ability to control costs and build more efficiently. Initiatives to control our building costs, through increased use of national purchasing contracts and more efficient product design, have been and continue to be a major emphasis at Beazer and are beginning to yield significant benefits that we believe will accelerate in the coming years."

### Record First Quarter New Orders and Backlog

Mr. McCarthy also said, "New orders were up 25% during the quarter ended December 31, 2002, and at the end of the quarter our backlog was up 50% in units and 52% in dollar value. New orders and backlog in the December 2002 quarter include Crossmann Communities, which we acquired in April 2002. Crossmann's operations have been fully integrated with Beazer's, including merging operations where there was geographic overlap."

### Strong Financial Position

David S. Weiss, Executive Vice President and Chief Financial Officer, said, "We ended the December 2002 quarter with one of our strongest balance sheets ever. Our ratio of debt to total capitalization improved from 53% to 47% relative to the December quarter of the prior year. In addition, we ended the quarter with \$80 million of cash on hand and no borrowings outstanding under our revolving credit facility, making our net debt to total capitalization 44%. Our significant cash balance is particularly notable given that this is the end of a seasonally slow quarter when we typically use cash and borrow under our revolving credit facility. At the end of last year's December quarter, for instance, we had no cash on hand and had outstanding borrowings of \$34 million under our revolver. This performance demonstrates how we have both grown the business and generated positive cash flow from operations over the past year."

Mr. Weiss also said, "Our current conservative financial position gives us the financial flexibility to adapt to changes in the homebuilding or general economic environment. It also gives us the ability to opportunistically shift between growth in our existing business and expansion through acquisition as we see appropriate. Given the current environment, we believe that growth in our existing business will be the more dominant factor as we open new communities in our current operations."

Beazer To Discontinue Reporting of Monthly New Orders

The Company also announced that, consistent with the practice of most other publicly-traded homebuilders, it will discontinue reporting new orders on a monthly basis. It will continue to report quarterly new orders soon after the end of each quarter.

Beazer Reiterates Target EPS of \$12.25 Per Share for Fiscal 2003 Mr. McCarthy said, "As described in our recently issued Annual Report for 2002, we believe that there are a number of strong positive indicators of future growth for both Beazer and the overall US homebuilding industry. Over the past six years, net income for the top ten US homebuilders has increased consistently and dramatically, with a compound annual growth rate of well over 40%, in an environment where housing starts have averaged an annual increase of 2%. Our own performance during the December quarter, with net income up 59%, demonstrates the continuation of that trend. Three significant factors indicate that this trend should continue in the coming years: strong population growth fueled by immigration; a constrained supply of housing; and a dramatically consolidating industry."

Mr. McCarthy concluded, "Our performance during the December quarter, with earnings of \$2.75 per share, gives us a strong start for fiscal 2003. With this performance we reiterate our EPS target of \$12.25 for the full fiscal year, which represents a 14% increase over fiscal 2002. This target is based on 16,500 home closings with an average price in the low \$190,000 range. It also assumes that the margin achieved in the December quarter, which was significantly higher than last year's gross margin, is sustained through the remainder of this fiscal year. We recognize that these targets are subject to economic fluctuations in the current uncertain macroeconomic environment, however we enter this year's spring selling season confident in our ability to take advantage of opportunities and adapt to economic changes."

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, Delaware, Florida, Georgia, Indiana, Kentucky, Maryland, Mississippi, Nevada, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Texas and Virginia. Beazer Homes also provides mortgage origination and title services to its homebuyers.

**Contact:** David S. Weiss  
 Executive Vice President and  
 Chief Financial Officer  
 (404) 250-3420  
 dweiss@beazer.com

**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, 2002.

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

FINANCIAL DATA

	Quarter Ended December 31,	
	2002	2001
<b>INCOME STATEMENT</b>		
Revenues	\$700,160	\$489,717
Costs and expenses:		
Home construction and land sales	551,817	392,305
Interest	11,900	7,762
Selling, general and administrative expense	77,377	52,552
Operating income	59,066	37,098
Other income	1,959	854
Income before income taxes	61,025	37,952
Income taxes	24,105	14,802
Net income	\$36,920	\$23,150
Net income per common share:		
Basic	\$2.88	\$2.76
Diluted	\$2.75	\$2.47

Weighted average shares outstanding, in thousands:		
Basic	12,811	8,402
Diluted	13,424	9,363
Interest incurred	\$16,582	\$8,143
Depreciation and amortization	\$2,731	\$1,967

SELECTED BALANCE SHEET DATA	December 31,	
	2002	2001
Cash	\$80,830	\$---
Inventory	1,418,280	918,509
Total assets	1,889,507	1,005,338
Total debt	739,417	429,379
Shareholders' equity	837,516	375,361

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

OPERATING DATA

	Quarter Ended December 31,	
SELECTED OPERATING DATA	2002	2001
Closings:		
Southeast region	1,093	788
West region	1,040	984
Central region	266	235
Mid-Atlantic region	295	358
Midwest region	788	---
Total closings	3,482	2,365
New orders, net of cancellations:		
Southeast region	1,015	953
West region	939	973
Central region	232	232
Mid-Atlantic region	452	352
Midwest region	503	---
Total new orders	3,141	2,510
Backlog at end of period	6,178	4,122
Dollar value of backlog at end of period	\$1,234,479	\$814,684
Active subdivisions:		
Southeast region	179	133
West region	84	81
Central region	31	32
Mid-Atlantic region	39	41
Midwest region	135	---
Total active subdivisions	468	287

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

Quarter Ended  
December 31,

SUPPLEMENTAL FINANCIAL DATA:	2002	2001
Revenues		
Home sales	\$688,770	\$482,036
Land and lot sales	2,495	2,624
Mortgage origination revenue	12,484	7,509
Intercompany elimination - mortgage	(3,589)	(2,452)
Total revenues	\$700,160	\$489,717
Cost of home construction and land sales		
Home sales	\$553,464	\$393,181
Land and lot sales	1,942	1,576
Intercompany elimination - mortgage	(3,589)	(2,452)
Total costs of home construction and land sales	\$551,817	\$392,305
Selling, general and administrative		
Homebuilding operations	\$70,516	\$48,360
Mortgage origination operations	6,861	4,192
Total selling, general and administrative	\$77,377	\$52,552

SOURCE Beazer Homes USA, Inc.

/CONTACT: David S. Weiss, Executive Vice President and Chief Financial Officer of Beazer Homes USA, Inc., +1-404-250-3420, or [dweiss@beazer.com](mailto:dweiss@beazer.com) /