



# BEAZER HOMES

## Beazer Homes Reports Fiscal Second Quarter Results with Record Backlog And Raises Outlook for Fiscal 2005

April 28, 2005

ATLANTA--(BUSINESS WIRE)--April 28, 2005--Beazer Homes USA, Inc. (NYSE: BZH) ([www.beazer.com](http://www.beazer.com)) today announced results for the quarter ended March 31, 2005. Summary results for the quarter are as follows:

Quarter Ended March 31, 2005

- Total revenues: \$976.2 million (up 11.4%)
- Reported net loss of (\$84.3) million, or (\$2.09) per share, which includes a non-cash goodwill impairment charge of (\$130.2) million, or (\$3.22) per share, and charges associated with the class action settlement for Trinity Homes of (\$45.0) million, or (\$0.69) per share. The Company preliminarily announced estimates for both of these charges on March 29, 2005 of approximately \$131.0 million and \$40.0 million, respectively.
- Home closings: 3,602 (down 2.2%)
- New orders: 5,239 (up 4.1%)
- Backlog at 3/31/05: 10,064 homes (up 18.8%), sales value \$2.9 billion (up 42.3%)

### March Quarter Results

"Our March quarter revenues increased 11%, and new orders were up 4%, both indicating continued strength and favorable conditions in the housing industry and Beazer Homes' strong market position," said president and chief executive officer, Ian J. McCarthy. "While our results this quarter were adversely impacted by the goodwill impairment charge and additional charges related to Trinity Homes, the fundamentals of our business continue to be robust and we remain committed to achieving profitable growth by leveraging our size, scale and geographic reach through our national brand."

"Beazer Homes' backlog now stands at an all-time record level of 10,064 homes with a sales value of \$2.9 billion, up 19% and 42%, respectively, from the backlog homes and sales value at March 31, 2004. This sizeable backlog increase provides the basis for strong performance in the second half of fiscal 2005 and provides us with a high degree of confidence in raising our outlook for the year," added McCarthy.

The growth in new home orders for the quarter resulted from increases in the Company's Southeast, Central, West and Mid-Atlantic regions. Order growth in these regions was partially offset by decreased orders in the Midwest region and the Charlotte market.

Total home closings of 3,602 were down 2% from the prior year, as weather related closing delays in the Southeast and West regions have shifted a significant portion of the year's expected results to the second half of the fiscal year. Increased closings in several markets across the country this quarter were more than offset by these delays and continued weak performance in the Midwest and Charlotte.

Results for the second quarter include \$45.0 million in charges associated with the settlement agreement between the parties in the previously disclosed class action suit related to construction defect claims from water intrusion against Trinity Homes LLC ("Trinity") and Beazer Homes Investment Corp., Trinity's parent. The Company preliminarily announced an estimate for these charges of approximately \$40.0 million on March 29, 2005. The charges taken this quarter to adjust recorded liabilities are the Company's best estimate of the ultimate liability for this matter at the present time.

### Goodwill Impairment Charge

As previously announced on March 29, 2005, the Company and its Board of Directors concluded that substantially all of the goodwill allocated to certain underperforming operations in Indiana, Ohio, Kentucky, and Charlotte, North Carolina, which was recorded upon the acquisition of Crossmann Communities in April 2002, was impaired. The Company recently conducted impairment testing of goodwill in accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets, and results for the second quarter of fiscal 2005 reflect a non-cash goodwill impairment charge of \$130.2 million. This non-cash impairment charge does not impact the Company's ability to generate cash flow in the

future or its compliance with its debt covenants. In addition, this charge is not tax deductible.

While the Company remains committed to the Indiana, Ohio, Kentucky and Charlotte, North Carolina markets, they presently suffer from weaker than anticipated local economies, particularly in the Midwest markets, and severe price competition, particularly at entry level price points. The Company has put in place several strategies to broaden its target price points and to reduce its investment in and exposure to the entry level segment in these markets.

The Company's financial position remained strong during the March quarter with net debt to total capitalization standing at 48.2%.

#### Fiscal 2005 EPS Outlook

"Record backlog coupled with expectations of continued strength in the housing market and our continued execution on our strategic initiatives give us confidence in our future growth opportunities," said McCarthy. "As such, we are raising our outlook for earnings per share from a range of \$6.67 - \$7.00 to a range of \$7.00 - \$7.25 in fiscal 2005 before the goodwill impairment charge recorded this quarter but taking into account the charges associated with the class action settlement for Trinity Homes." Although closing delays in the Southeast and West regions have shifted a significant portion of the year's expected results to the second half of the fiscal year, performance to date, coupled with extremely strong backlog, gives the Company a high degree of confidence in its near term performance. While the Midwest and Charlotte, NC markets are weaker than originally anticipated, strength in the Company's other major markets is currently expected to more than offset any shortfall in operating contribution from the Midwest and Charlotte.

#### Conference Call

The Company will hold a conference call today, April 28, 2005, at 11:00 AM ET to discuss the results and take questions. You may listen to the conference call and view the Company's slide presentation over the internet by going to the "Investor Relations" section of the Company's website at [www.beazer.com](http://www.beazer.com). To access the conference call by telephone, listeners should dial 800-369-1904. To be admitted to the call, verbally supply the passcode "BZH". A replay of the call will be available shortly after the conclusion of the live call. To directly access the replay, dial 866-497-7585 (available until midnight on May 5, 2005), or visit [www.beazer.com](http://www.beazer.com).

Beazer Homes USA, Inc., headquartered in Atlanta 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, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Virginia and West Virginia. Beazer Homes also provides mortgage origination and title services to its homebuyers.

#### Forward-Looking Statements

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, potential liability as a result of construction defect, product liability and warranty claims, the possibility that the Company's improvement plan for the Midwest and strategies to broaden target price points and lessen dependence on the entry-level segment in certain markets will not achieve desired results, and other factors described in the Company's Form S-3/A filed with the Securities and Exchange Commission on August 17, 2004 and Annual Report on Form 10-K for the year ended September 30, 2004.

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

#### FINANCIAL DATA

|   | Quarter Ended |           | Six Months Ended |             |
|---|---------------|-----------|------------------|-------------|
|   | March 31,     |           | March 31,        |             |
|   | 2005          | 2004      | 2005             | 2004        |
| <b>INCOME STATEMENT</b>                           |               |           |                  |             |
| Revenues  | \$976,248     | \$876,581 | \$1,888,075      | \$1,686,689 |
| Costs and expenses:                               |               |           |                  |             |
| Home construction and land sales                  | 796,057       | 699,020   | 1,492,412        | 1,343,969   |
| Selling, general and administrative expense       | 108,070       | 99,717    | 212,664          | 189,224     |
| Goodwill impairment charge                        | 130,235       | -         | 130,235          | -           |
| Operating income (loss)                           | (58,114)      | 77,844    | 52,764           | 153,496     |
| Equity in income of unconsolidated joint ventures | 301           | 378       | 199              | 935         |
| Other income                                      | 1,436         | 1,872     | 4,000            | 3,017       |

|                                      |            |          |            |          |
|--------------------------------------|------------|----------|------------|----------|
| Income (loss) before<br>income taxes | (56,377)   | 80,094   | 56,963     | 157,448  |
| Income taxes                         | 27,967     | 31,236   | 71,603     | 61,404   |
| Net income (loss)                    | \$(84,344) | \$48,858 | \$(14,640) | \$96,044 |

|  |          |        |          |        |
|--|----------|--------|----------|--------|
| Net income (loss) per<br>common share: |          |        |          |        |
| Basic                                  | \$(2.09) | \$1.22 | \$(0.36) | \$2.41 |
| Diluted                                | \$(2.09) | \$1.17 | \$(0.36) | \$2.31 |

|   |        |        |        |        |
|---|--------|--------|--------|--------|
| Weighted average shares<br>outstanding, in thousands: |        |        |        |        |
| Basic   | 40,409 | 39,993 | 40,352 | 39,918 |
| Diluted   | 40,409 | 41,595 | 40,352 | 41,538 |

|  |          |          |          |          |
|--|----------|----------|----------|----------|
| Interest incurred                      | \$21,082 | \$18,532 | \$41,471 | \$35,403 |
| Interest amortized to<br>cost of sales | \$17,353 | \$15,187 | \$33,312 | \$28,874 |
| Depreciation and<br>amortization       | \$5,143  | \$4,021  | \$9,635  | \$8,035  |

SELECTED BALANCE SHEET DATA

|                      |           |           |
|----------------------|-----------|-----------|
|                      | March 31, |           |
|                      | 2005      | 2004      |
| Cash                 | \$15,930  | \$89,559  |
| Inventory            | 2,715,191 | 2,273,855 |
| Total assets         | 3,131,149 | 2,764,900 |
| Total debt           | 1,150,790 | 948,979   |
| Shareholders' equity | 1,219,659 | 1,094,032 |

BEAZER HOMES USA, INC.

CONSOLIDATED OPERATING AND FINANCIAL DATA (Continued)

(Dollars in thousands)

OPERATING DATA

|                                      |               |       |                  |       |
|--------------------------------------|---------------|-------|------------------|-------|
|                                      | Quarter Ended |       | Six Months Ended |       |
|                                      | March 31,     |       | March 31,        |       |
| SELECTED OPERATING<br>DATA           | 2005          | 2004  | 2005             | 2004  |
| Closings:                            |               |       |                  |       |
| Southeast region                     | 1,196         | 1,197 | 2,435            | 2,454 |
| West region                          | 1,358         | 1,404 | 2,550            | 2,618 |
| Central region                       | 267           | 208   | 457              | 448   |
| Mid-Atlantic region                  | 366           | 367   | 736              | 685   |
| Midwest region                       | 415           | 508   | 998              | 1,087 |
| Total closings                       | 3,602         | 3,684 | 7,176            | 7,292 |
| New orders, net of<br>cancellations: |               |       |                  |       |
| Southeast region                     | 1,701         | 1,636 | 2,892            | 2,679 |
| West region                          | 1,927         | 1,885 | 3,256            | 3,339 |
| Central region                       | 406           | 351   | 643              | 536   |
| Mid-Atlantic region                  | 561           | 403   | 1,068            | 719   |

|  |             |             |       |       |
|--|-------------|-------------|-------|-------|
| Midwest region                                 | 644         | 757         | 925   | 1,063 |
|  | -----       | -----       | ----- | ----- |
| Total new orders                               | 5,239       | 5,032       | 8,784 | 8,336 |
|  | =====       | =====       | ===== | ===== |
| Backlog units at end<br>of period:             |             |             |       |       |
| Southeast region                               | 3,086       | 2,546       |       |       |
| West region                                    | 3,846       | 3,008       |       |       |
| Central region                                 | 615         | 484         |       |       |
| Mid-Atlantic region                            | 1,379       | 1,151       |       |       |
| Midwest region                                 | 1,138       | 1,281       |       |       |
|  | -----       | -----       |       |       |
| Total backlog units                            | 10,064      | 8,470       |       |       |
|  | =====       | =====       |       |       |
| Dollar value of<br>backlog at end of<br>period | \$2,898,247 | \$2,036,493 |       |       |
|  | =====       | =====       |       |       |
| Active subdivisions:                           |             |             |       |       |
| Southeast region                               | 166         | 184         |       |       |
| West region                                    | 101         | 98          |       |       |
| Central region                                 | 51          | 44          |       |       |
| Mid-Atlantic region                            | 58          | 51          |       |       |
| Midwest region                                 | 130         | 131         |       |       |
|  | -----       | -----       |       |       |
| Total active<br>subdivisions                   | 506         | 508         |       |       |
|  | =====       | =====       |       |       |

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

|   | Quarter Ended<br>March 31, |           | Six Months Ended<br>March 31, |             |
|---|----------------------------|-----------|-------------------------------|-------------|
| SUPPLEMENTAL FINANCIAL<br>DATA:                       | 2005                       | 2004      | 2005                          | 2004        |
|   | -----                      | -----     | -----                         | -----       |
| Revenues  |                            |           |                               |             |
| Home sales  | \$960,538                  | \$853,638 | \$1,863,412                   | \$1,646,935 |
| Land and lot sales                                    | 7,763                      | 13,831    | 8,978                         | 21,566      |
| Mortgage origination<br>revenue                       | 11,310                     | 12,294    | 22,164                        | 24,440      |
| Intercompany<br>elimination -<br>mortgage             | (3,363)                    | (3,182)   | (6,479)                       | (6,252)     |
|   | -----                      | -----     | -----                         | -----       |
| Total revenues  | \$976,248                  | \$876,581 | \$1,888,075                   | \$1,686,689 |
|   | =====                      | =====     | =====                         | =====       |
| Cost of home<br>construction and land<br>sales        |                            |           |                               |             |
| Home sales  | \$794,455                  | \$690,210 | \$1,492,754                   | \$1,330,327 |
| Land and lot sales                                    | 4,965                      | 11,992    | 6,137                         | 19,894      |
| Intercompany<br>elimination -<br>mortgage             | (3,363)                    | (3,182)   | (6,479)                       | (6,252)     |
|   | -----                      | -----     | -----                         | -----       |
| Total costs of home<br>construction and land<br>sales | \$796,057                  | \$699,020 | \$1,492,412                   | \$1,343,969 |
|   | =====                      | =====     | =====                         | =====       |

|   |           |          |           |           |
|---|-----------|----------|-----------|-----------|
| Selling, general and administrative       |           |          |           |           |
| Homebuilding operations                   | \$99,436  | \$91,994 | \$196,249 | \$174,107 |
| Mortgage origination operations           | 8,634     | 7,723    | 16,415    | 15,117    |
|   | -----     | -----    | -----     | -----     |
| Total selling, general and administrative | \$108,070 | \$99,717 | \$212,664 | \$189,224 |
|   | =====     | =====    | =====     | =====     |

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SOURCE: Beazer Homes USA, Inc.