

BEAZER HOMES USA INC
Form 10-Q
May 01, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2014
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-12822

BEAZER HOMES USA, INC.
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization) 1000 Abernathy Road, Suite 260, Atlanta, Georgia (Address of principal executive offices)	58-2086934 (I.R.S. employer Identification no.) 30328 (Zip Code)
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(770) 829-3700
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check One):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

Class

Outstanding at April 30, 2014

Common Stock, \$0.001 par value

26,721,886

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References to “we,” “us,” “our,” “Beazer”, “Beazer Homes” and the “Company” in this quarterly report on Form 10-Q refer to Beazer Homes USA, Inc.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. These forward-looking statements represent our expectations or beliefs concerning future events, and it is possible that the results described in this quarterly report will not be achieved. These forward-looking statements can generally be identified by the use of statements that include words such as “estimate,” “project,” “believe,” “expect,” “anticipate,” “intend,” “plan,” “foresee,” “like,” “goal,” “target” or other similar words or phrases. All forward-looking statements are based upon information available to us on the date of this quarterly report.

These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of our control, that could cause actual results to differ materially from the results discussed in the forward-looking statements, including, among other things, the matters discussed in this quarterly report in the section captioned “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Additional information about factors that could lead to material changes in performance is contained in Part I, Item 1A— Risk Factors of our Annual Report on Form 10-K for the fiscal year ended September 30, 2013. These factors are not intended to be an all-encompassing list of risks and uncertainties that may affect the operations, performance, development and results of our business, but instead are the risks that we currently perceive as potentially being material. Such factors may include:

- the availability and cost of land and the risks associated with the future value of our inventory such as additional asset impairment charges or writedowns;
- economic changes nationally or in local markets, including changes in consumer confidence, declines in employment levels, inflation and increases in the quantity and decreases in the price of new homes and resale homes in the market;
- the cyclical nature of the homebuilding industry and a potential deterioration in homebuilding industry conditions;
- estimates related to homes to be delivered in the future (backlog) are imprecise as they are subject to various cancellation risks which cannot be fully controlled;
- shortages of or increased prices for labor, land or raw materials used in housing production;
- our cost of and ability to access capital and otherwise meet our ongoing liquidity needs including the impact of any downgrades of our credit ratings or reductions in our tangible net worth or liquidity levels;
- our ability to comply with covenants in our debt agreements or satisfy such obligations through repayment or refinancing;
- a substantial increase in mortgage interest rates, increased disruption in the availability of mortgage financing, a change in tax laws regarding the deductibility of mortgage interest, or an increased number of foreclosures;
- increased competition or delays in reacting to changing consumer preference in home design;
- factors affecting margins such as decreased land values underlying land option agreements, increased land development costs on communities under development or delays or difficulties in implementing initiatives to reduce production and overhead cost structure;
- estimates related to the potential recoverability of our deferred tax assets;
- potential delays or increased costs in obtaining necessary permits as a result of changes to, or complying with, laws, regulations, or governmental policies and possible penalties for failure to comply with such laws, regulations and governmental policies;
- the results of litigation or government proceedings and fulfillment of the obligations in the Deferred Prosecution Agreement and consent orders with governmental authorities and other settlement agreements;
- the impact of construction defect and home warranty claims;
- the cost and availability of insurance and surety bonds;
- the performance of our unconsolidated entities and our unconsolidated entity partners;
- delays in land development or home construction resulting from adverse weather conditions;
- the impact of information technology failures or data security breaches;
- effects of changes in accounting policies, standards, guidelines or principles; or

terrorist acts, acts of war and other factors over which the Company has little or no control.

Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all such factors.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

BEAZER HOMES USA, INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

	March 31, 2014	September 30, 2013
ASSETS		
Cash and cash equivalents	\$299,620	\$504,459
Restricted cash	50,765	48,978
Accounts receivable (net of allowance of \$1,278 and \$1,651, respectively)	28,911	22,342
Income tax receivable	2,813	2,813
Inventory		
Owned inventory	1,480,360	1,304,694
Land not owned under option agreements	7,751	9,124
Total inventory	1,488,111	1,313,818
Investments in unconsolidated entities	36,547	44,997
Deferred tax assets, net	5,407	5,253
Property, plant and equipment, net	18,142	17,000
Other assets	21,068	27,129
Total assets	\$1,951,384	\$1,986,789
LIABILITIES AND STOCKHOLDERS' EQUITY		
Trade accounts payable	\$71,891	\$83,800
Other liabilities	133,675	145,623
Obligations related to land not owned under option agreements	3,147	4,633
Total debt (net of discounts of \$4,780 and \$5,160 respectively)	1,511,873	1,512,183
Total liabilities	1,720,586	1,746,239
Stockholders' equity:		
Preferred stock (par value \$.01 per share, 5,000,000 shares authorized, no shares issued)	—	—
Common stock (par value \$0.001 per share, 63,000,000 shares authorized, 26,721,886 and 25,245,945 issued and outstanding, respectively)	27	25
Paid-in capital	849,520	846,165
Accumulated deficit	(618,749) (605,640
Total stockholders' equity	230,798	240,550
Total liabilities and stockholders' equity	\$1,951,384	\$1,986,789

See Notes to Unaudited Condensed Consolidated Financial Statements.

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BEAZER HOMES USA, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	March 31,		March 31,	
	2014	2013	2014	2013
Total revenue	\$270,021	\$287,902	\$563,191	\$534,804
Home construction and land sales expenses	216,969	241,992	455,438	452,606
Inventory impairments and option contract abandonments	880	2,025	911	2,229
Gross profit	52,172	43,885	106,842	79,969
Commissions	11,096	11,686	22,917	22,328
General and administrative expenses	32,628	28,795	61,038	55,123
Depreciation and amortization	2,831	3,093	5,738	5,808
Operating income (loss)	5,617	311	17,149	(3,290)
Equity in (loss) income of unconsolidated entities	(17)	68	302	104
Loss on extinguishment of debt	(153)	(3,638)	(153)	(3,638)
Other expense, net	(13,727)	(16,195)	(29,484)	(31,822)
Loss from continuing operations before income taxes	(8,280)	(19,454)	(12,186)	(38,646)
Benefit from income taxes	(56)	(343)	(14)	(596)
Loss from continuing operations	(8,224)	(19,111)		