Hovnanian Enterprises, Inc.

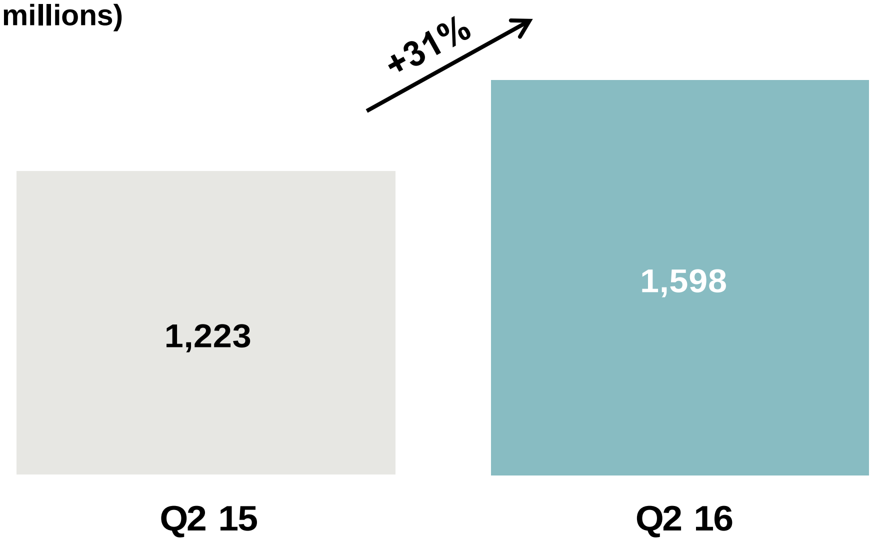
Review of Financial Results | Second Quarter Fiscal 2016

Note: All statements in this presentation that are not historical facts should be considered as “Forward-Looking Statements” within the meaning of the “Safe Harbor” provisions 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, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such forward-looking statements include but are not limited to statements related to the Company’s goals and expectations with respect to its financial results for the current or future financial periods, including total revenues and adjusted pretax profits. Although we believe that our plans, intentions and expectations reflected in, or suggested by, such forward-looking statements are reasonable, we can give no assurance that such plans, intentions or expectations will be achieved. By their nature, forward-looking statements: (i) speak only as of the date they are made, (ii) are not guarantees of future performance or results and (iii) are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Therefore, actual results could differ materially and adversely from those forward-looking statements as a result of a variety of factors. Such risks, uncertainties and other factors include, but are not limited to, (1) changes in general and local economic, industry and business conditions and impacts of the sustained homebuilding downturn; (2) adverse weather and other environmental conditions and natural disasters; (3) levels of indebtedness and restrictions on the Company’s operations and activities imposed by the agreements governing the Company’s outstanding indebtedness; (4) the Company's sources of liquidity; (5) changes in credit ratings; (6) changes in market conditions and seasonality of the Company’s business; (7) the availability and cost of suitable land and improved lots; (8) shortages in, and price fluctuations of, raw materials and labor; (9) regional and local economic factors, including dependency on certain sectors of the economy, and employment levels affecting home prices and sales activity in the markets where the Company builds homes; (10) fluctuations in interest rates and the availability of mortgage financing; (11) changes in tax laws affecting the after-tax costs of owning a home; (12) operations through joint ventures with third parties; (13) government regulation, including regulations concerning development of land, the home building, sales and customer financing processes, tax laws and the environment; (14) product liability litigation, warranty claims and claims made by mortgage investors; (15) levels of competition; (16) availability and terms of financing to the Company; (17) successful identification and integration of acquisitions; (18) significant influence of the Company’s controlling stockholders; (19) availability of net operating loss carryforwards; (20) utility shortages and outages or rate fluctuations; (21) geopolitical risks, terrorist acts and other acts of war; (22) increases in cancellations of agreements of sale; (23) loss of key management personnel or failure to attract qualified personnel; (24) information technology failures and data security breaches; (25) legal claims brought against us and not resolved in our favor; and (26) certain risks, uncertainties and other factors described in detail in the Company’s Annual Report on Form 10-K for the fiscal year ended October 31, 2015 and subsequent filings with the Securities and Exchange Commission. Except as otherwise required by applicable securities laws, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

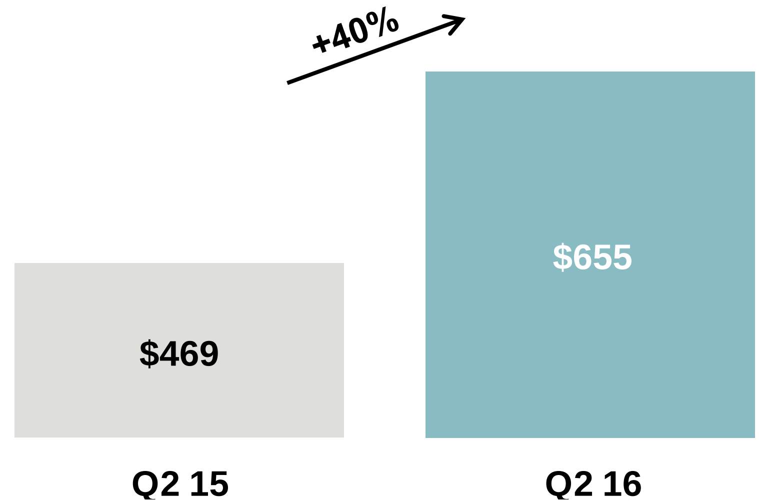
Operating Results

Consolidated Deliveries

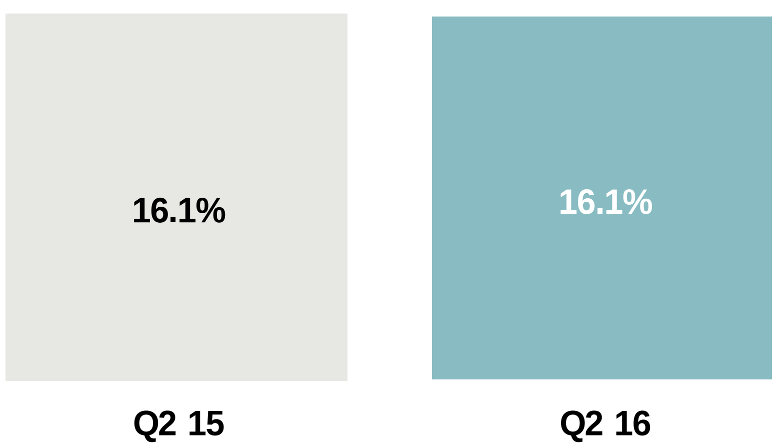
($ in millions)



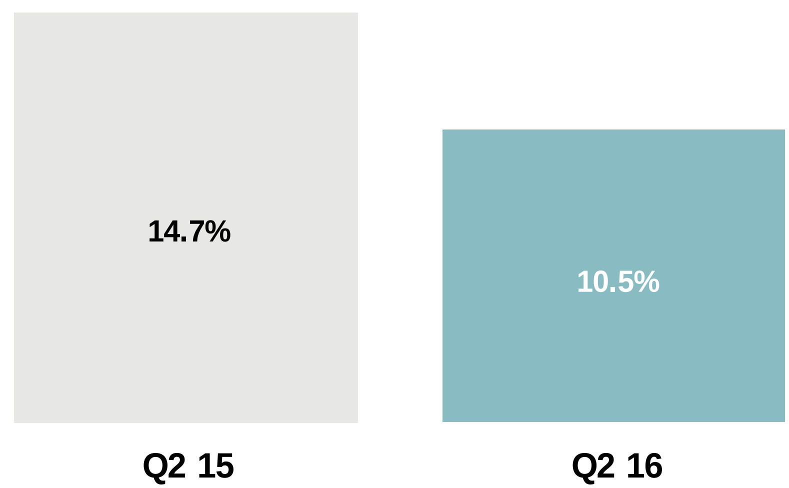
Total Revenues



Homebuilding Gross Margin



Total SG&A as a % of Total Revenues

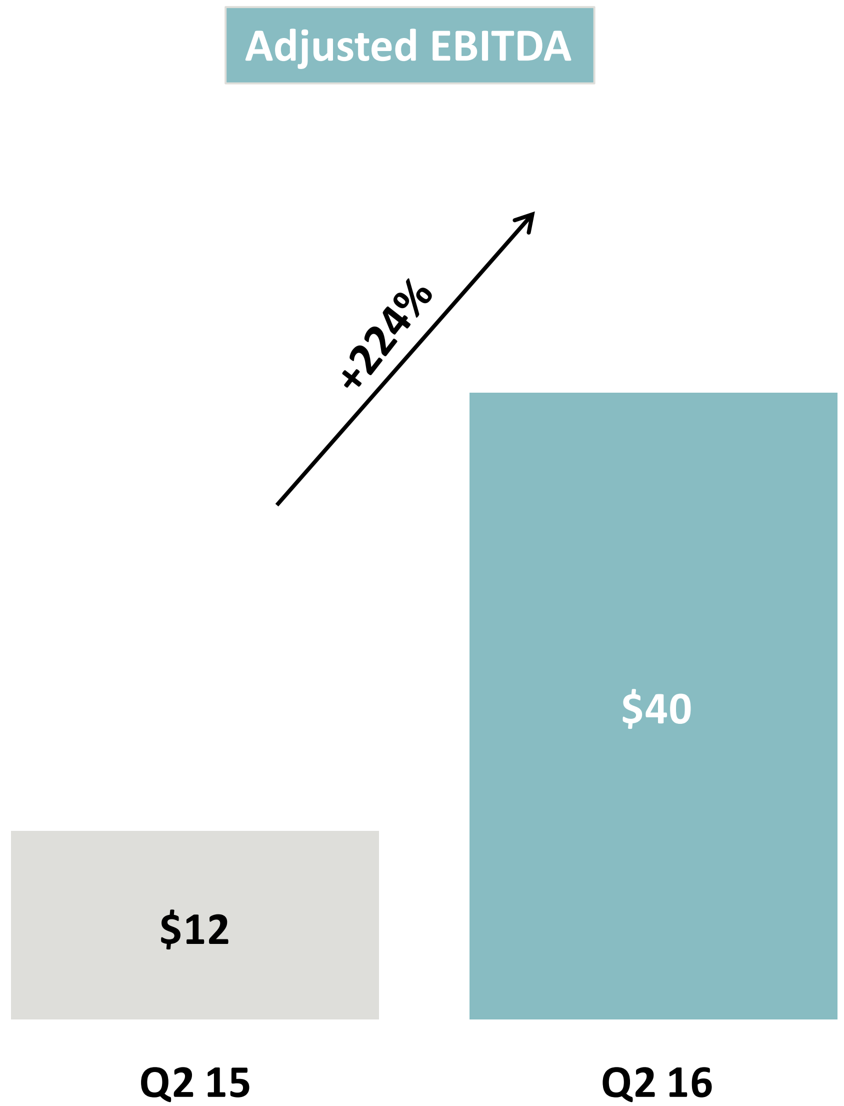


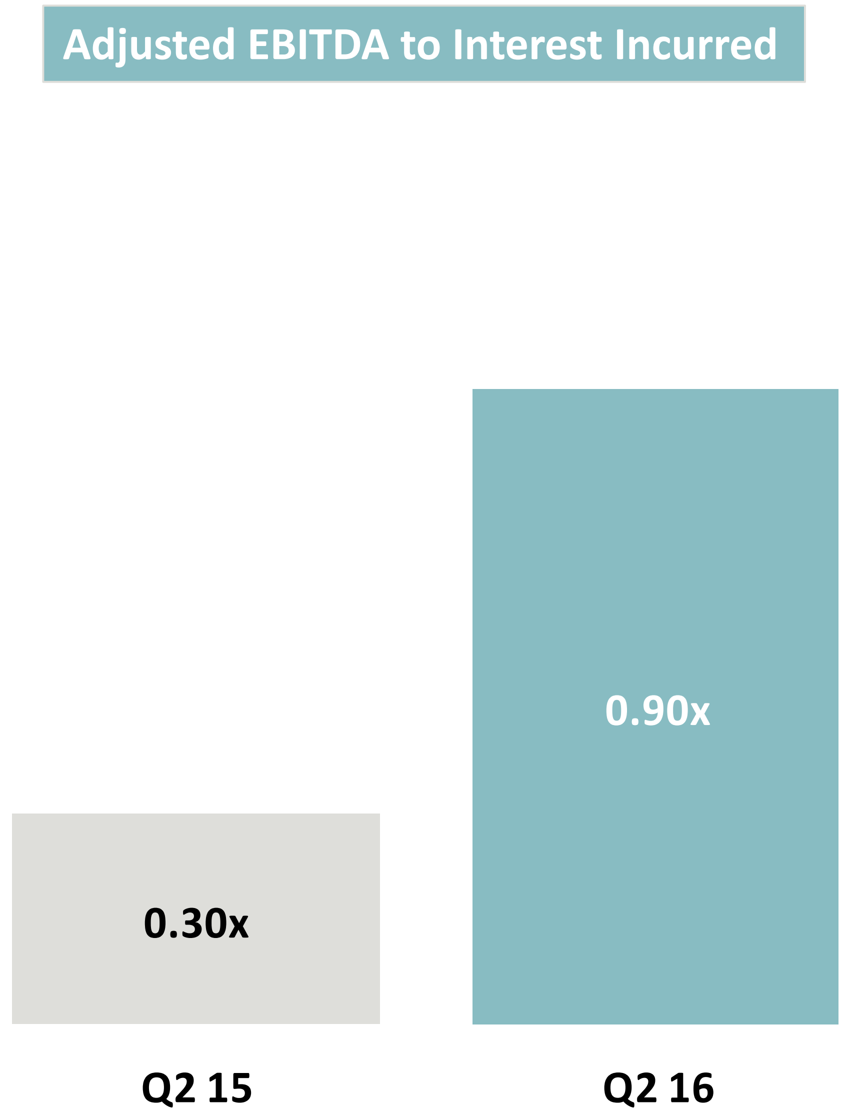
Note: Excluding unconsolidated joint ventures.

Note: Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs.

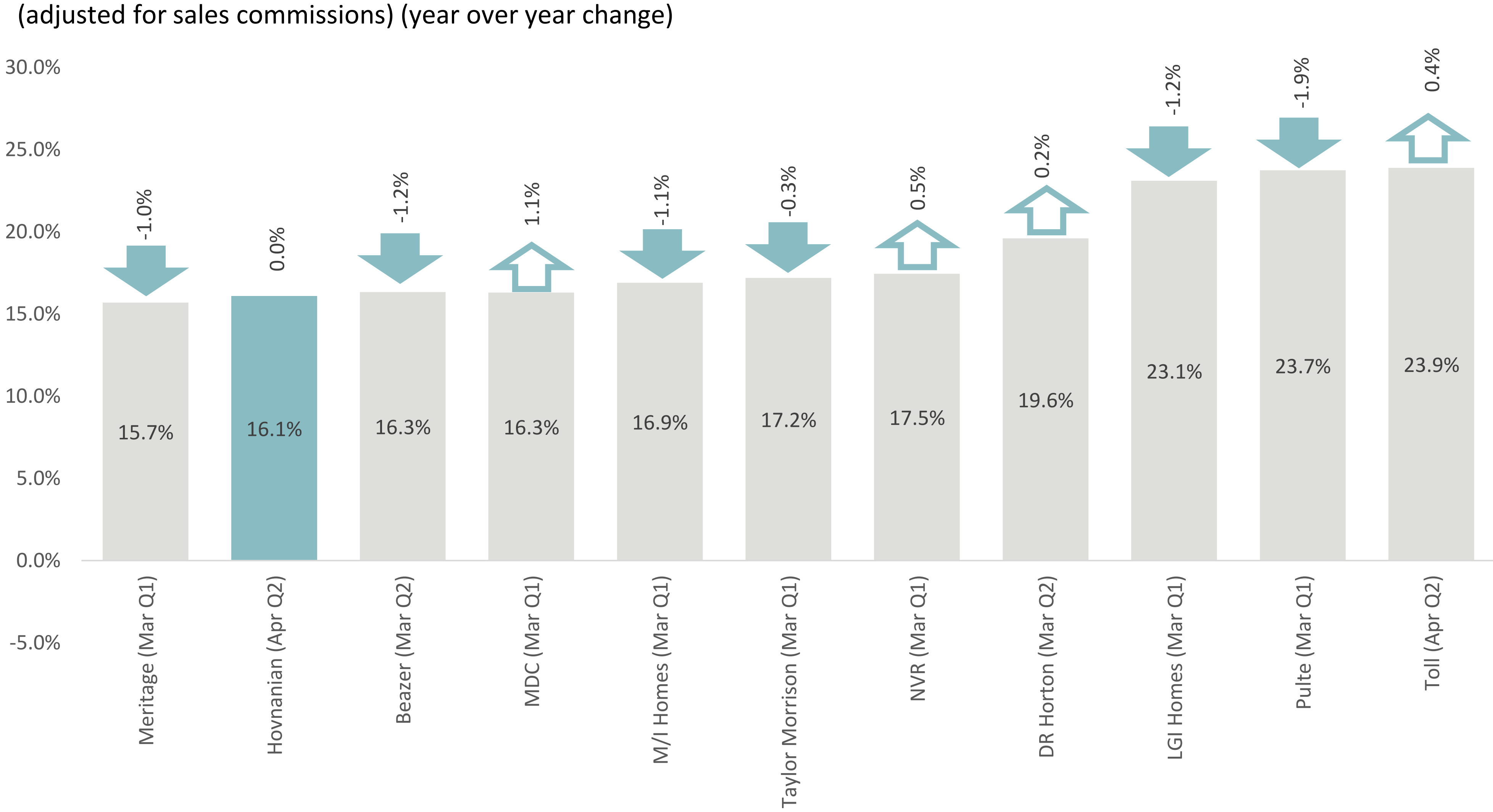
EBITDA Improvements

($ in millions)





Adjusted Gross Margin Percentage, Most Recent Quarter



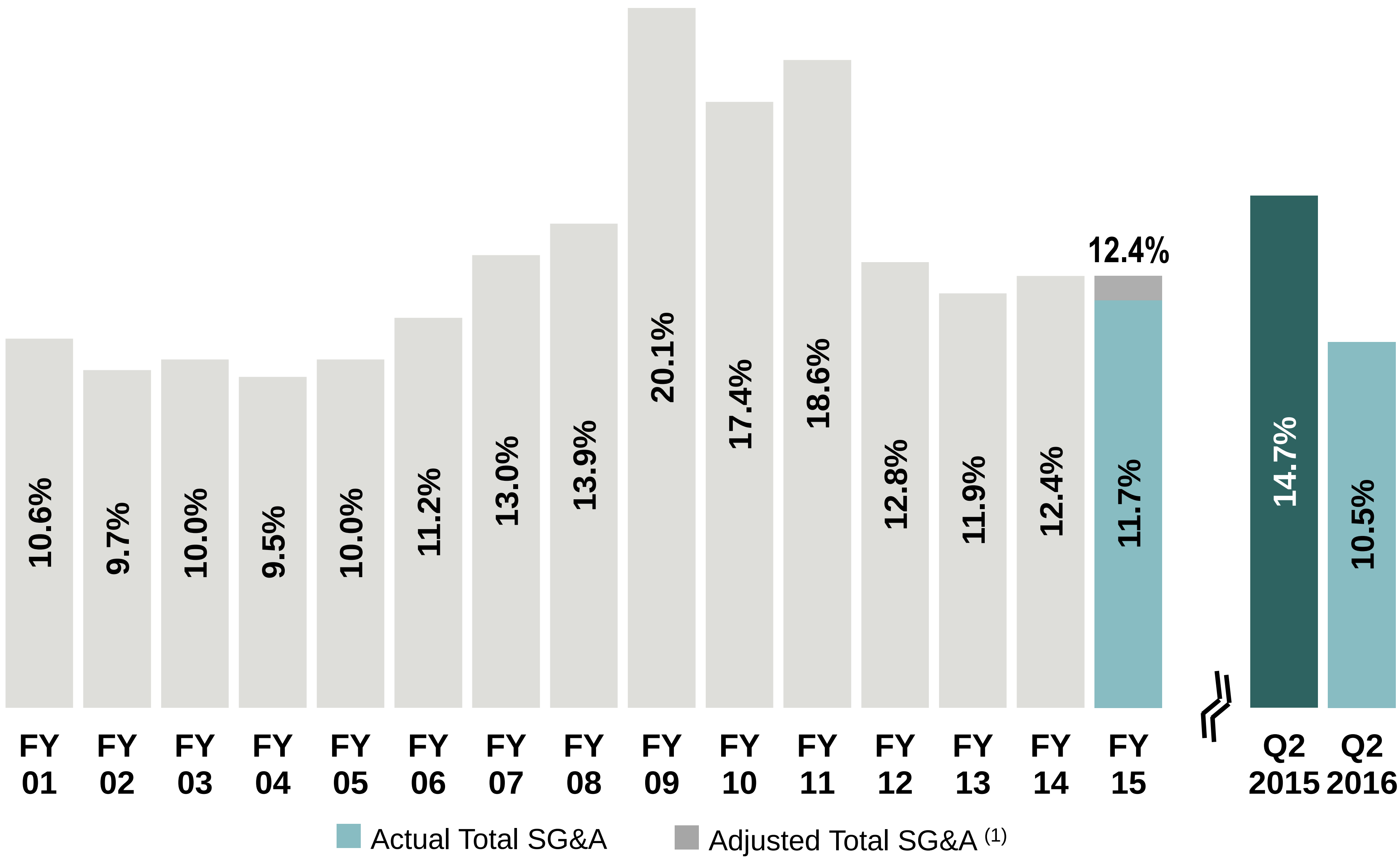
Note: Hovnanian sales commission was 3.6% in the most recent quarter. Reduced LGI Homes, MDC, Meritage, M/I Homes and Taylor Morrison publicly reported results by full 3.6% because all of their sales commissions are reported in SG&A. Reduced DR Horton and Toll publicly reported results by 1.8% because only some of their sales commissions were reported in SG&A. Beazer reports commission separately and is reduced by 3.9%.

Source: Company SEC filings and press releases as of 06/02/16.

Note: Excluding interest and impairments.

Hovnanian Enterprises, Inc.

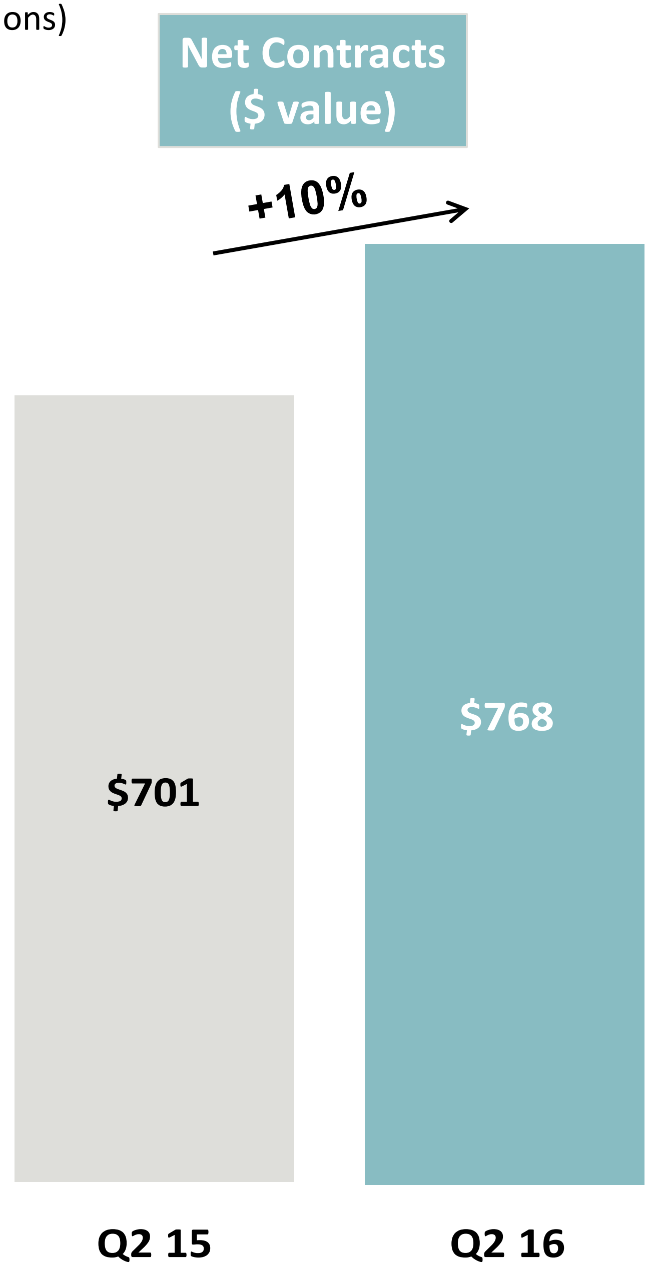
Total SG&A as a Percentage of Total Revenues

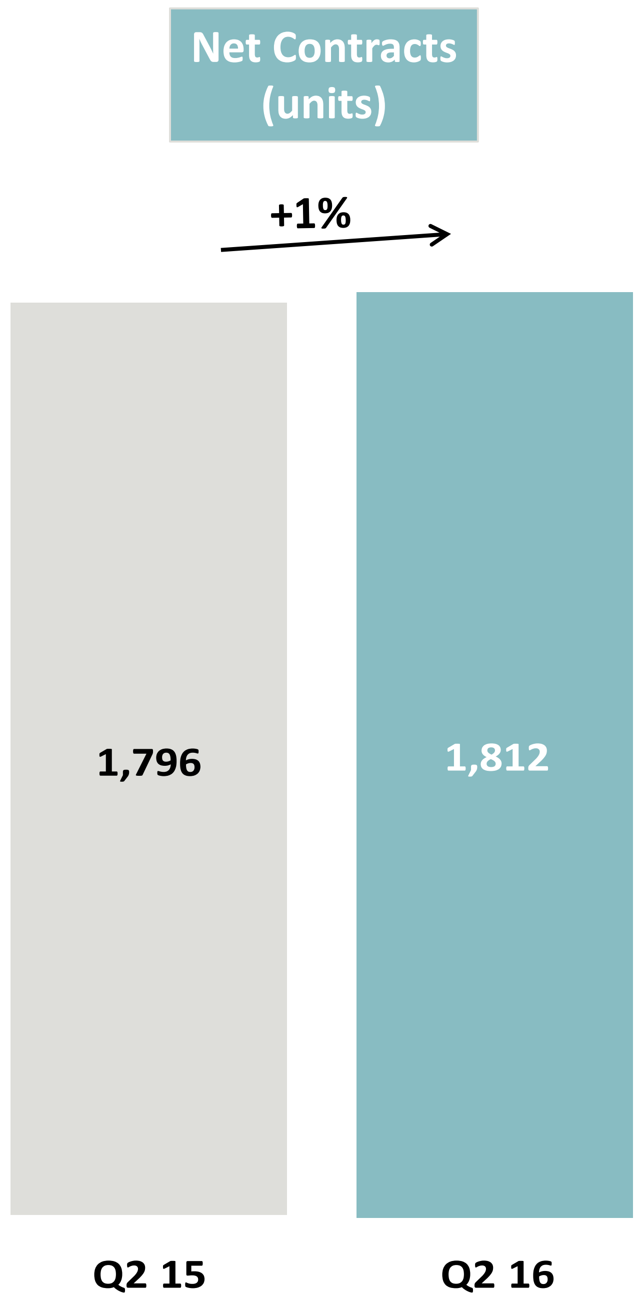


(1) Includes $15.2 million of benefit due to a substantial reduction in our construction defect reserve based on our annual actuarial study.
Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs.

Solid Net Contract Growth

($ in millions)

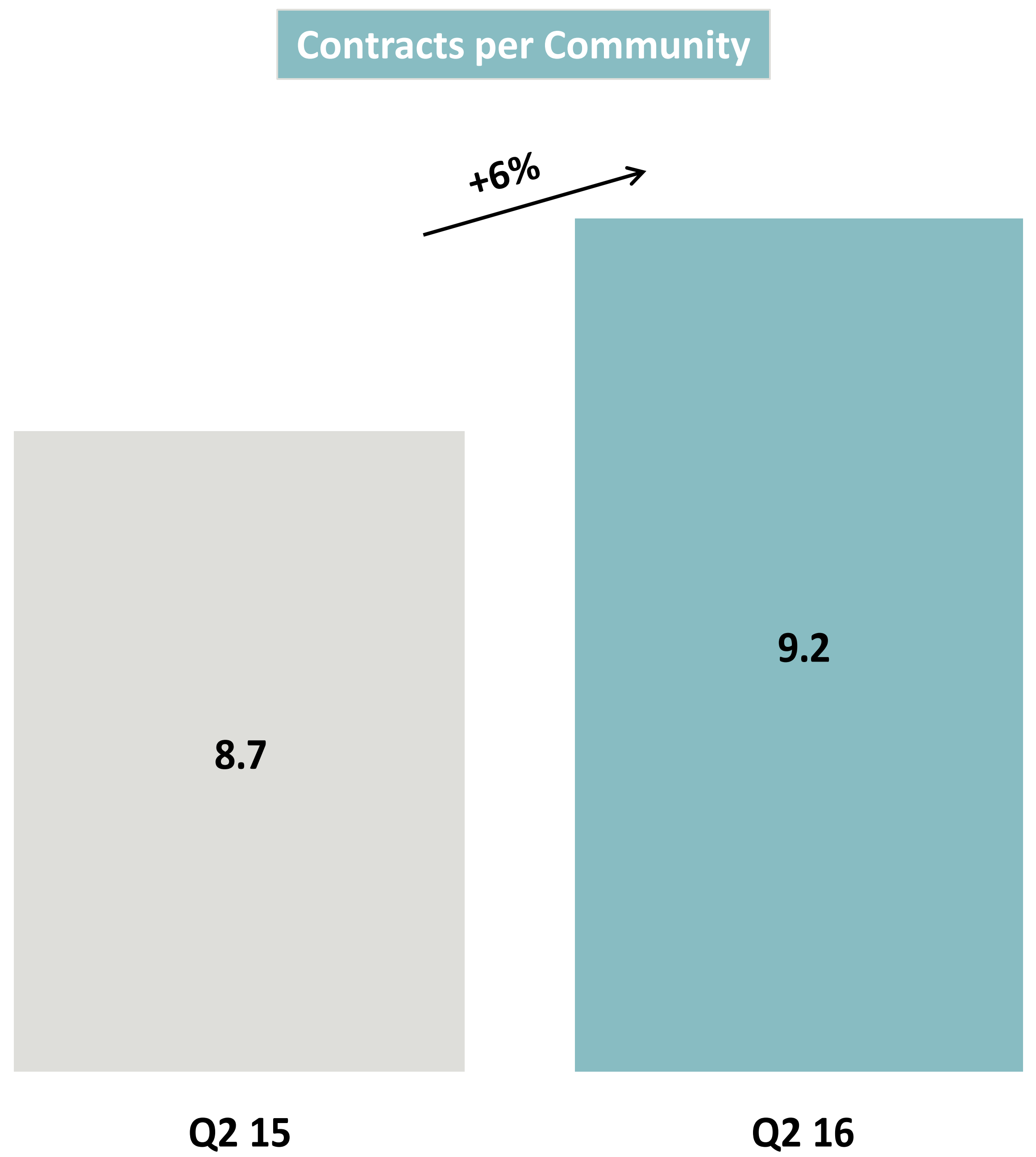




Note: Excluding unconsolidated joint ventures.

Growth in Sales Pace Per Community

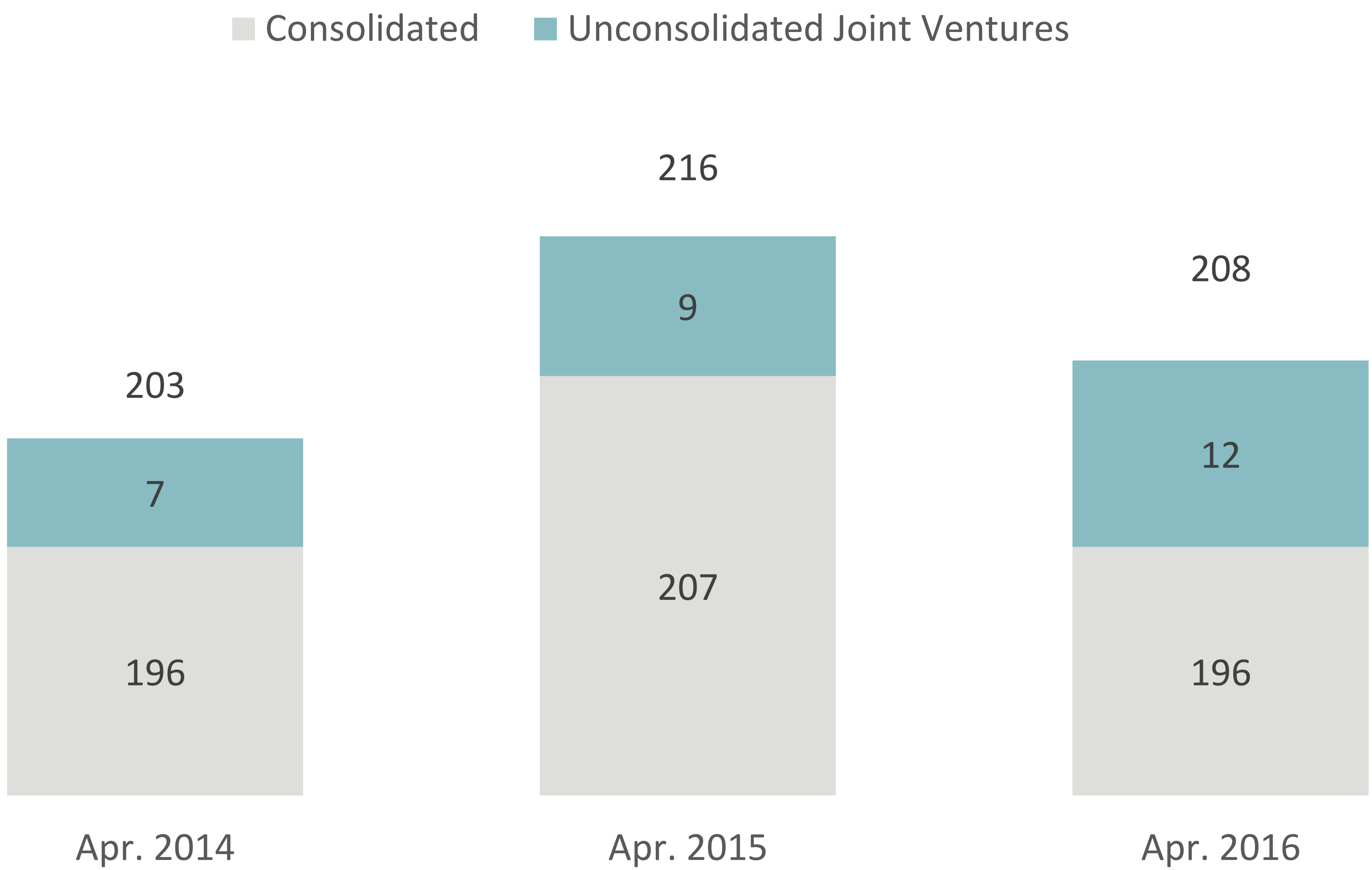
($ in millions)



Note: Excluding unconsolidated joint ventures.

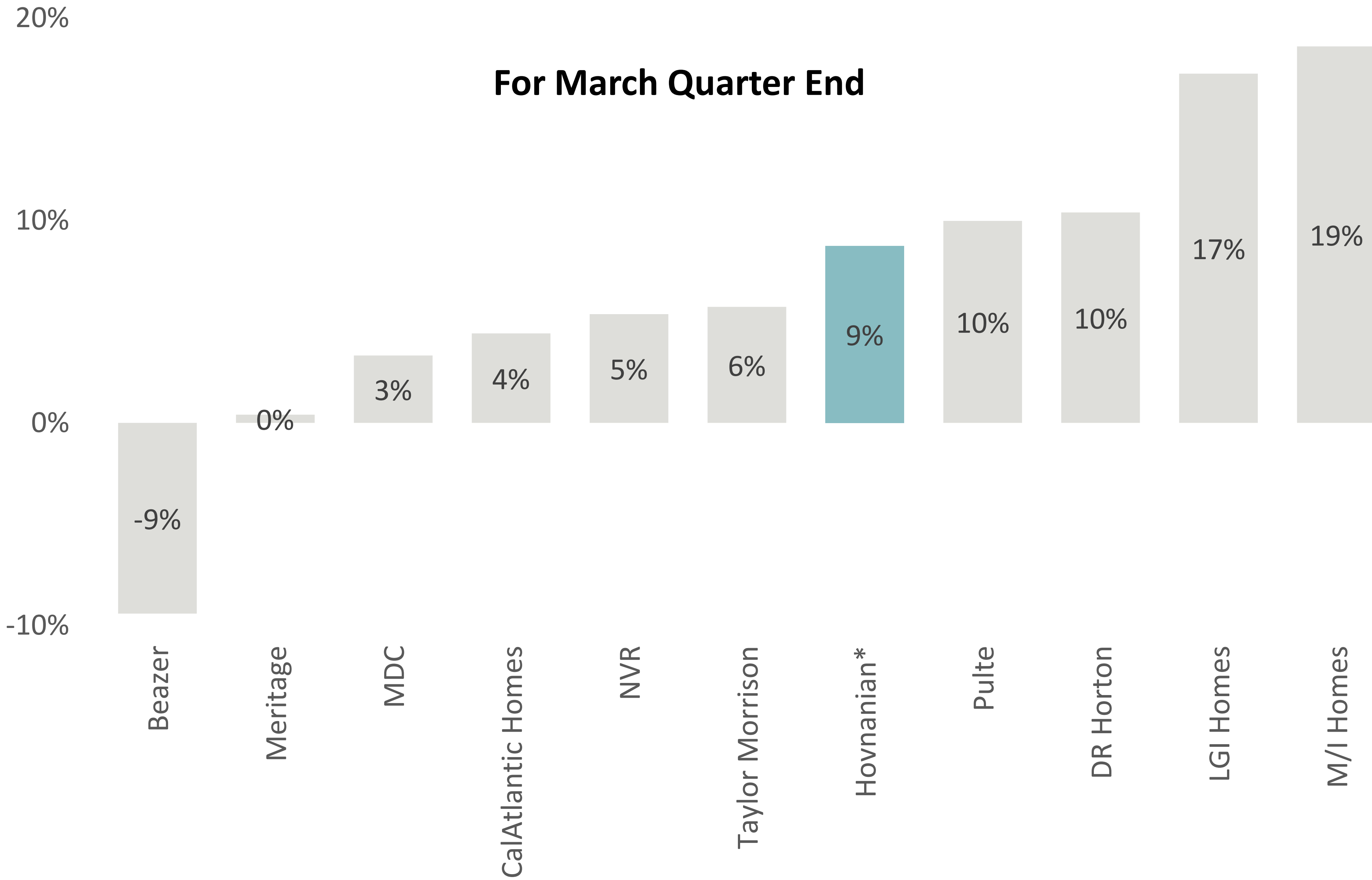
Active Selling Communities

In the trailing twelve months, we opened 87 communities and closed out 98 communities.



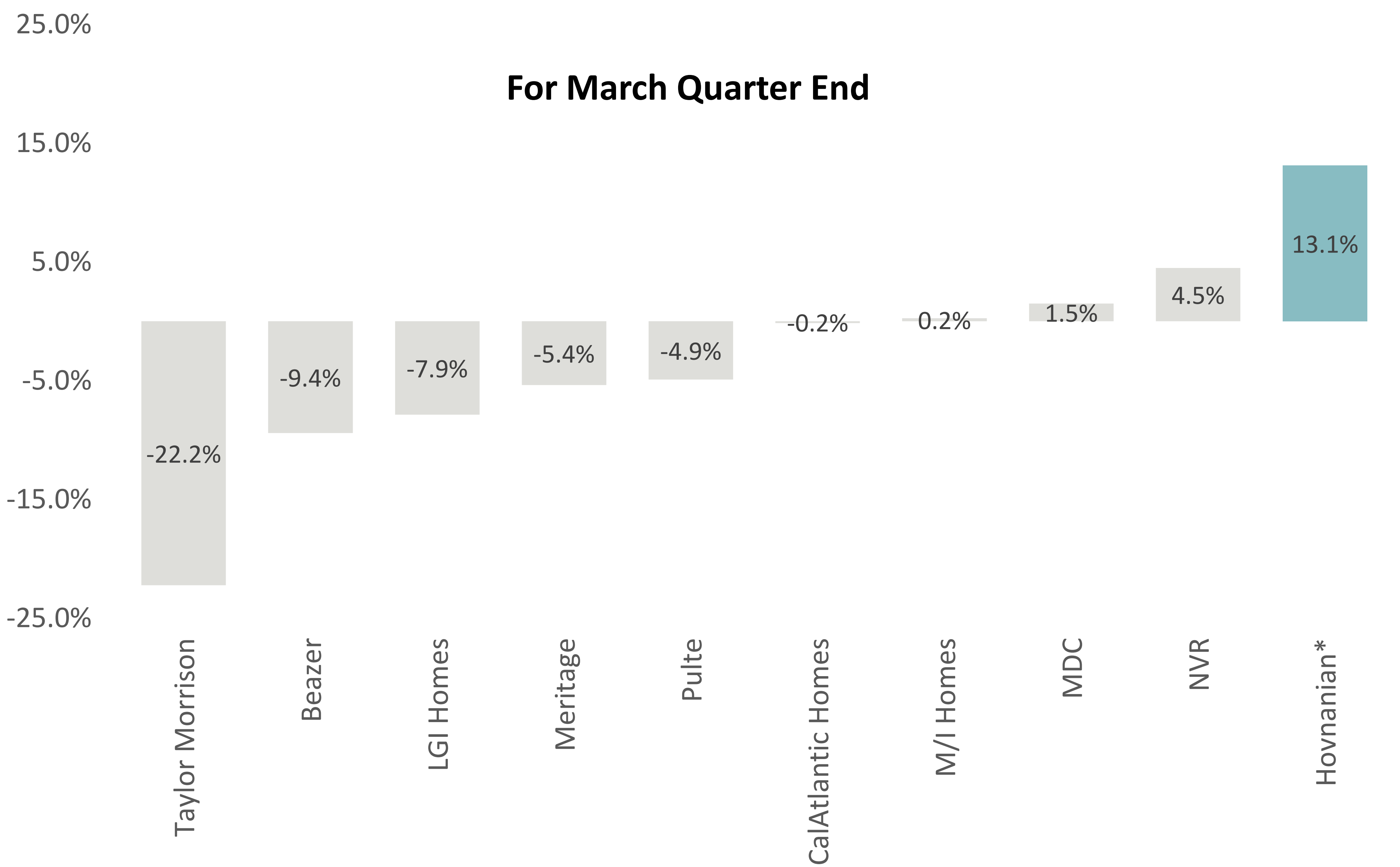
Active selling communities are open for sale communities with 10 or more home sites available.

Year – Over – Year Change in Net Contracts



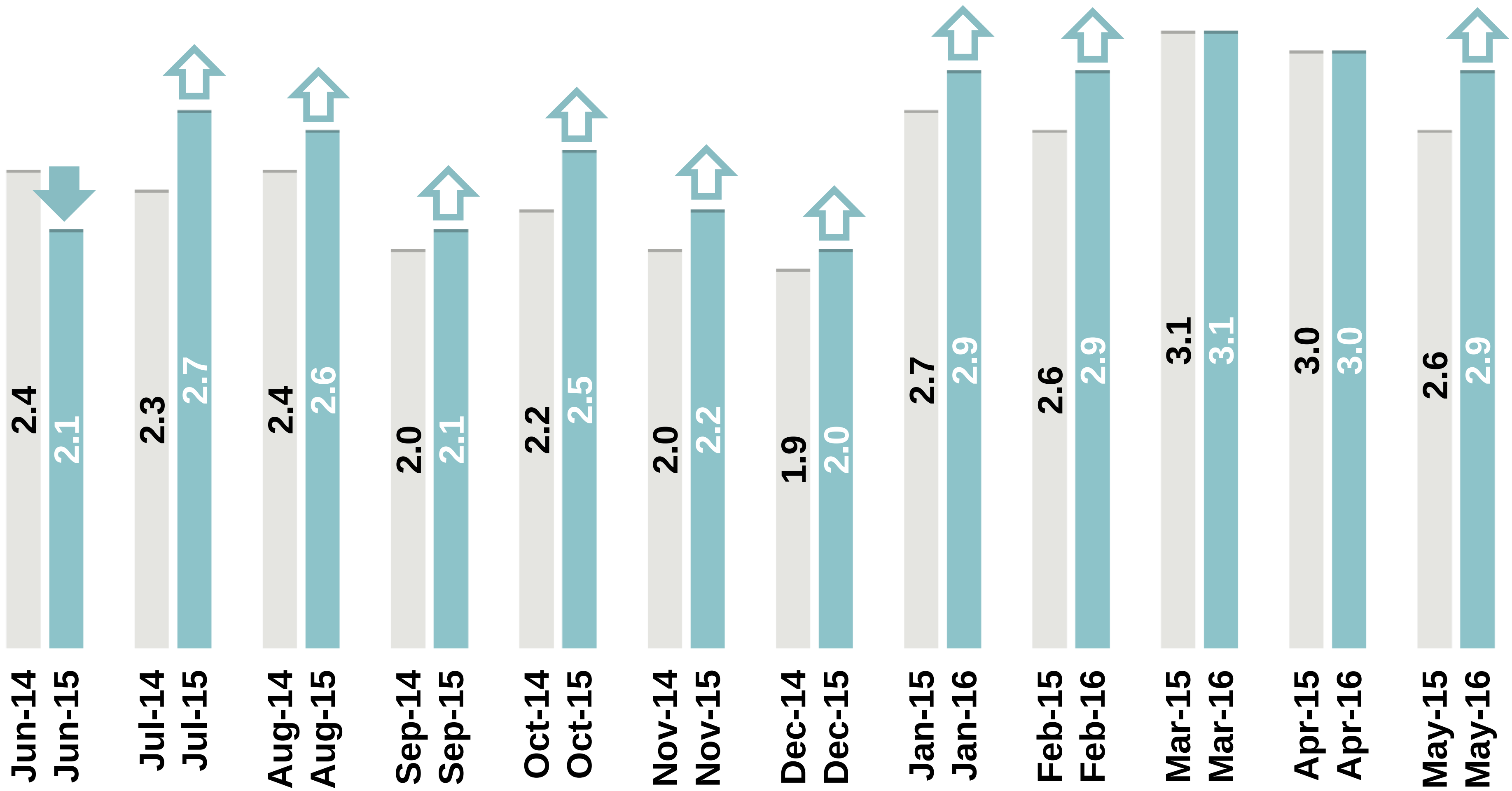
** Hovnanian is shown as if quarter ended March 30, 2016*
Excludes unconsolidated joint ventures.

Year – Over – Year Change in Net Contracts Per Community



** Hovnanian is shown as if quarter ended March 30, 2016*
Excludes unconsolidated joint ventures.

Number of Monthly Net Contracts Per Active Selling Community, Excludes Unconsolidated Joint Ventures

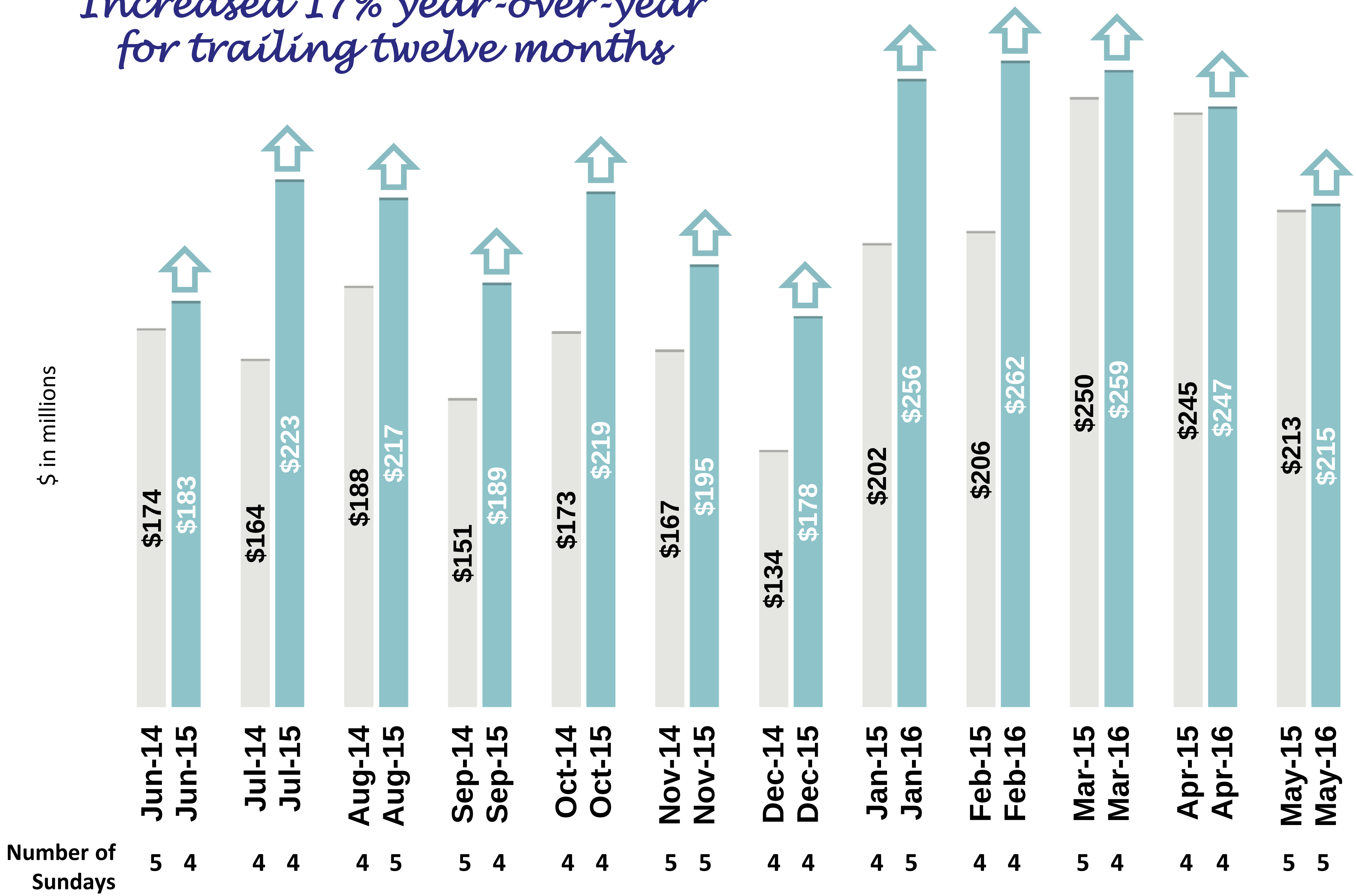


Number of Sundays	5	4	4	4	5	5	4	4	4	4	5	5	4	4	4	5	4	4	5	5	4	4	5	5
	Jun-14	Jun-15	Jul-14	Jul-15	Aug-14	Aug-15	Sep-14	Sep-15	Oct-14	Oct-15	Nov-14	Nov-15	Dec-14	Dec-15	Jan-15	Jan-16	Feb-15	Feb-16	Mar-15	Mar-16	Apr-15	Apr-16	May-15	May-16
Monthly Net Contracts	466	442	445	562	460	531	402	460	439	544	408	477	380	426	531	628	539	600	634	625	623	587	529	512

Excludes unconsolidated joint ventures.

Dollar Amount of Net Contracts Per Month, Excludes Unconsolidated Joint Ventures

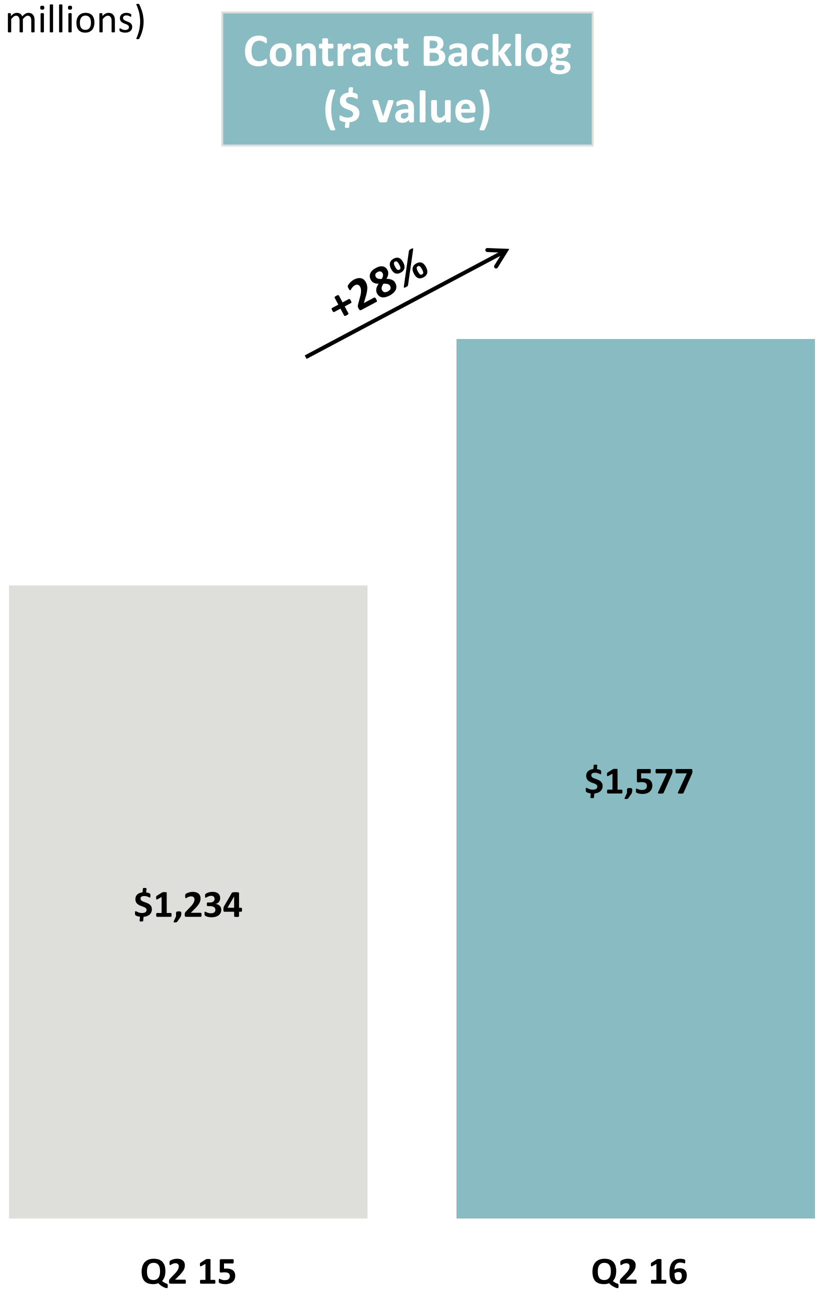
Increased 17% year-over-year for trailing twelve months

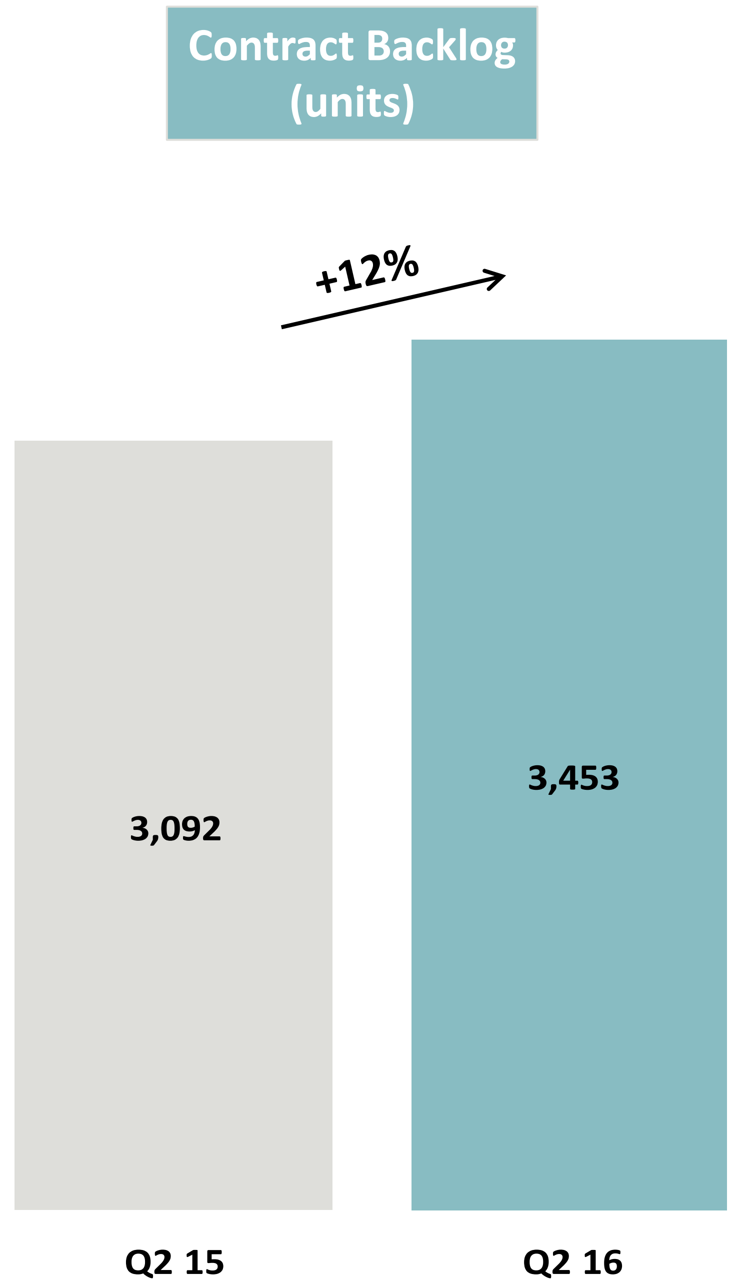


Excludes unconsolidated joint ventures.

Strength in Backlog Suggests Further Revenue Growth

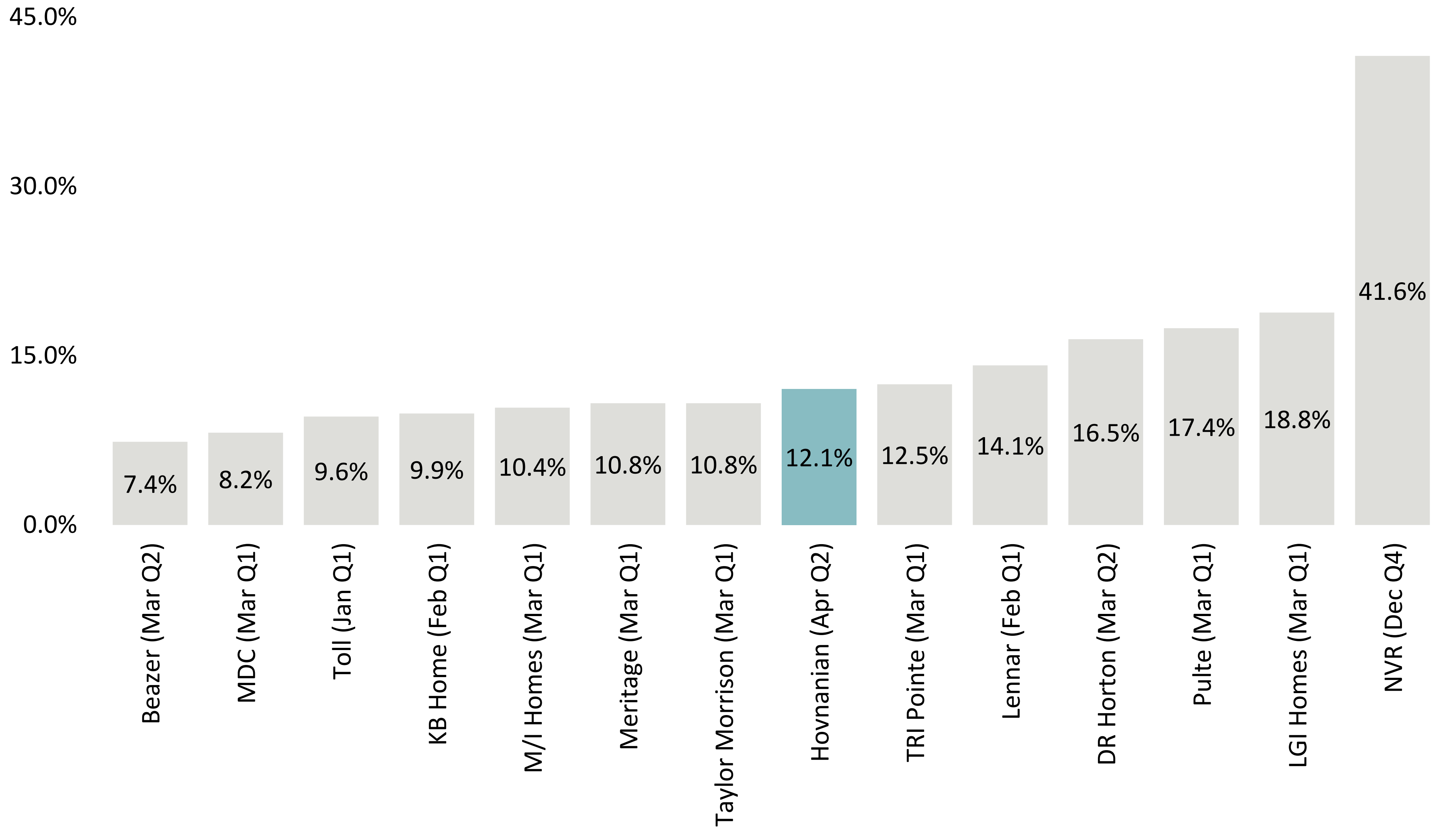
($ in millions)





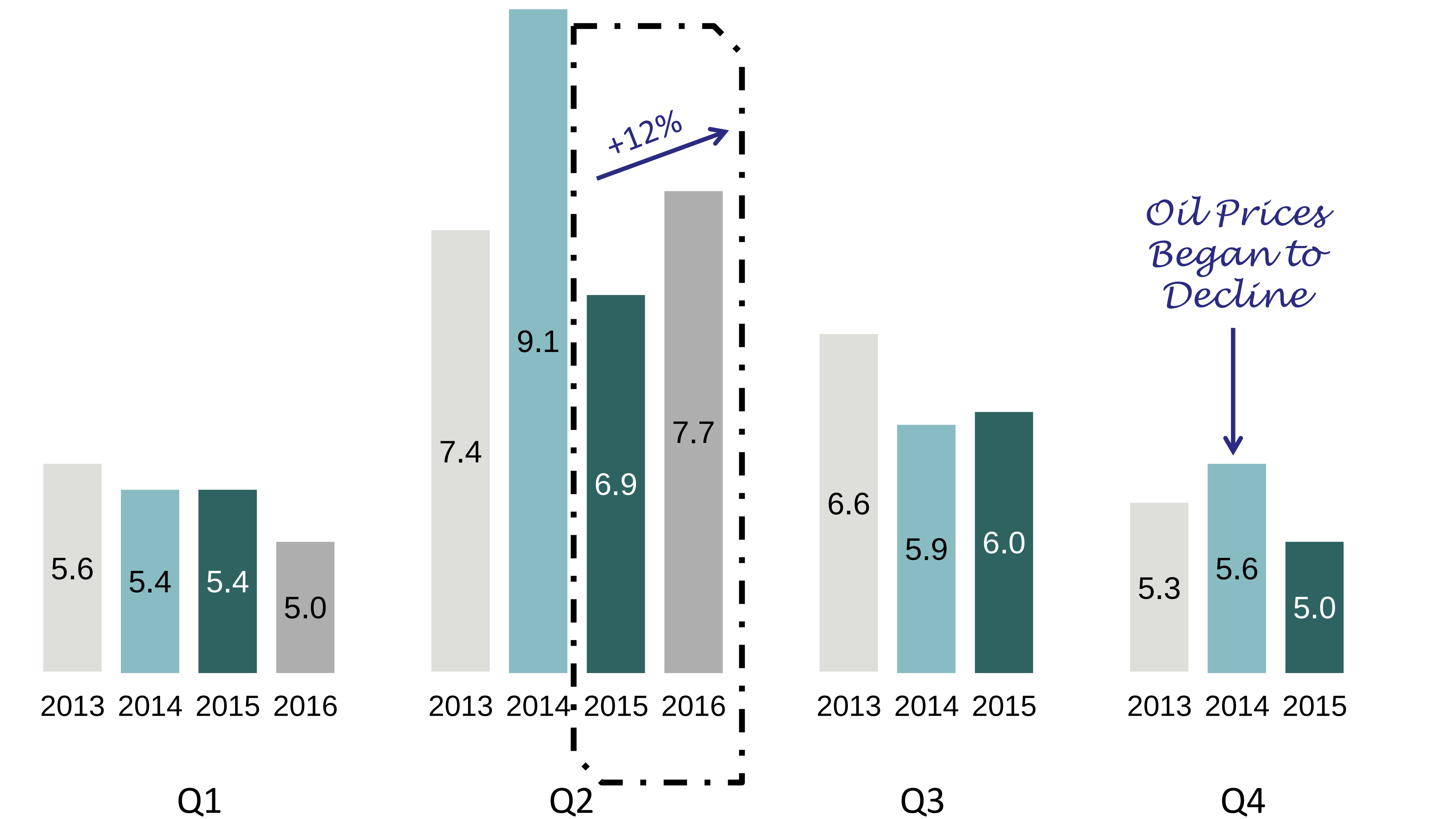
Note: Including unconsolidated joint ventures.

Homebuilding EBIT to Inventory, Trailing Twelve Months



Note: Defined as LTM Homebuilding EBIT before land-related charges divided by five quarter average inventory, excluding capitalized interest and inventory not owned.
Source: Company SEC filings and press releases as of 06/02/16.

Houston Quarterly Net Contracts per Community



Land Positions by Geographic Segment

April 30, 2016

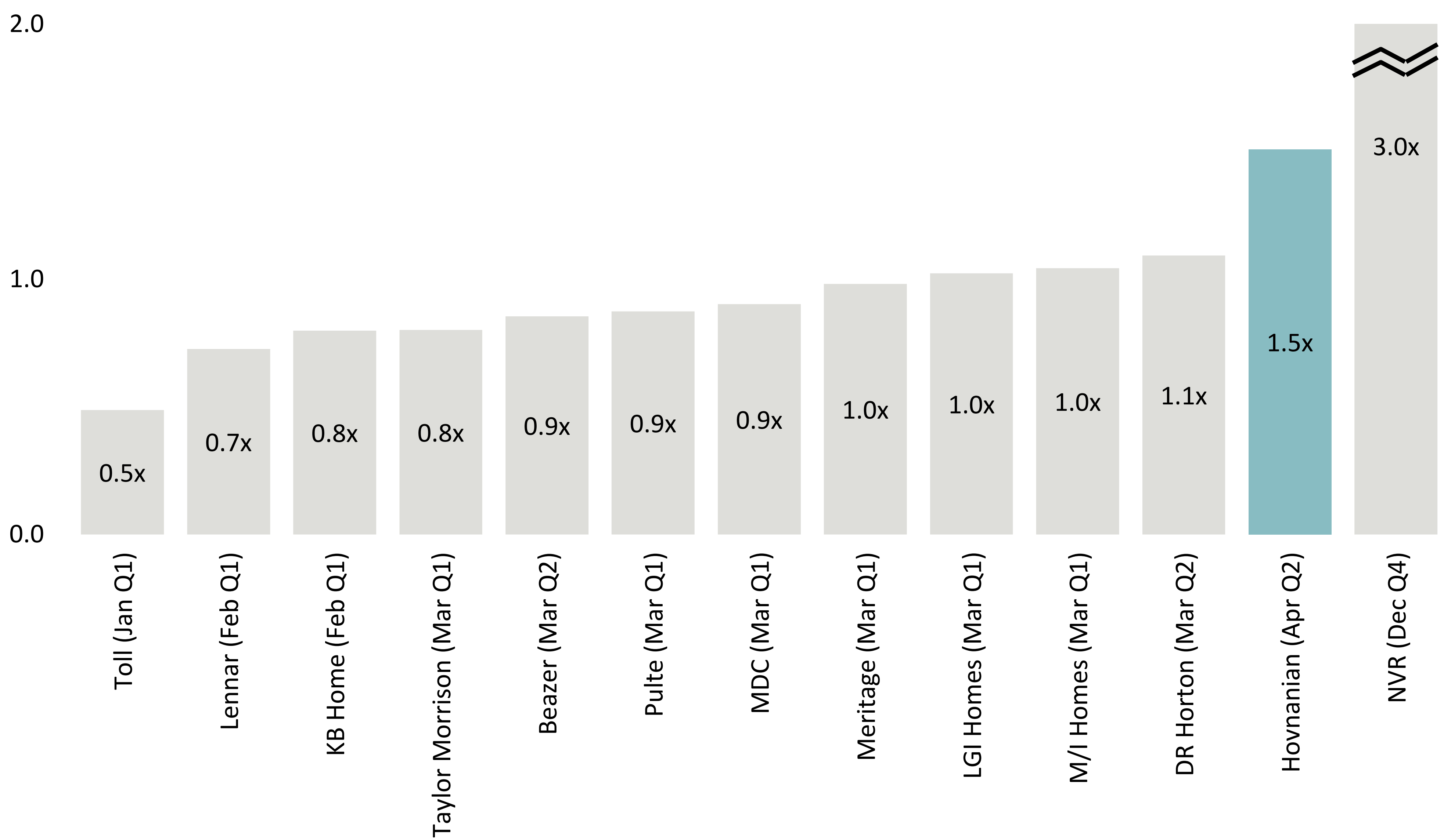
 # Lots

Segment	Owned: Excluding Mothballed Lots	Owned: Mothballed Lots	Optioned	Total
Northeast	1,203	577	4,119	5,899
Mid-Atlantic	2,120	280	2,326	4,726
Midwest	2,342	108	2,084	4,534
Southeast	1,612	358	3,150	5,120
Southwest	2,123	0	3,658	5,781
West	1,740	3,635	272	5,647
Total	11,140	4,958	15,609	31,707

- *Option deposits as of April 30, 2016 were $67 million*
- *$29 million invested in pre-development expenses as of April 30, 2016*
- *95% of options are newly identified lots*
- *Excluding mothballed lots, 83% of owned and optioned lots are newly identified lots*

Excluding unconsolidated joint ventures.
Newly identified lots are lots controlled after January 31, 2009.

Inventory Turns (COGS), Trailing Twelve Months

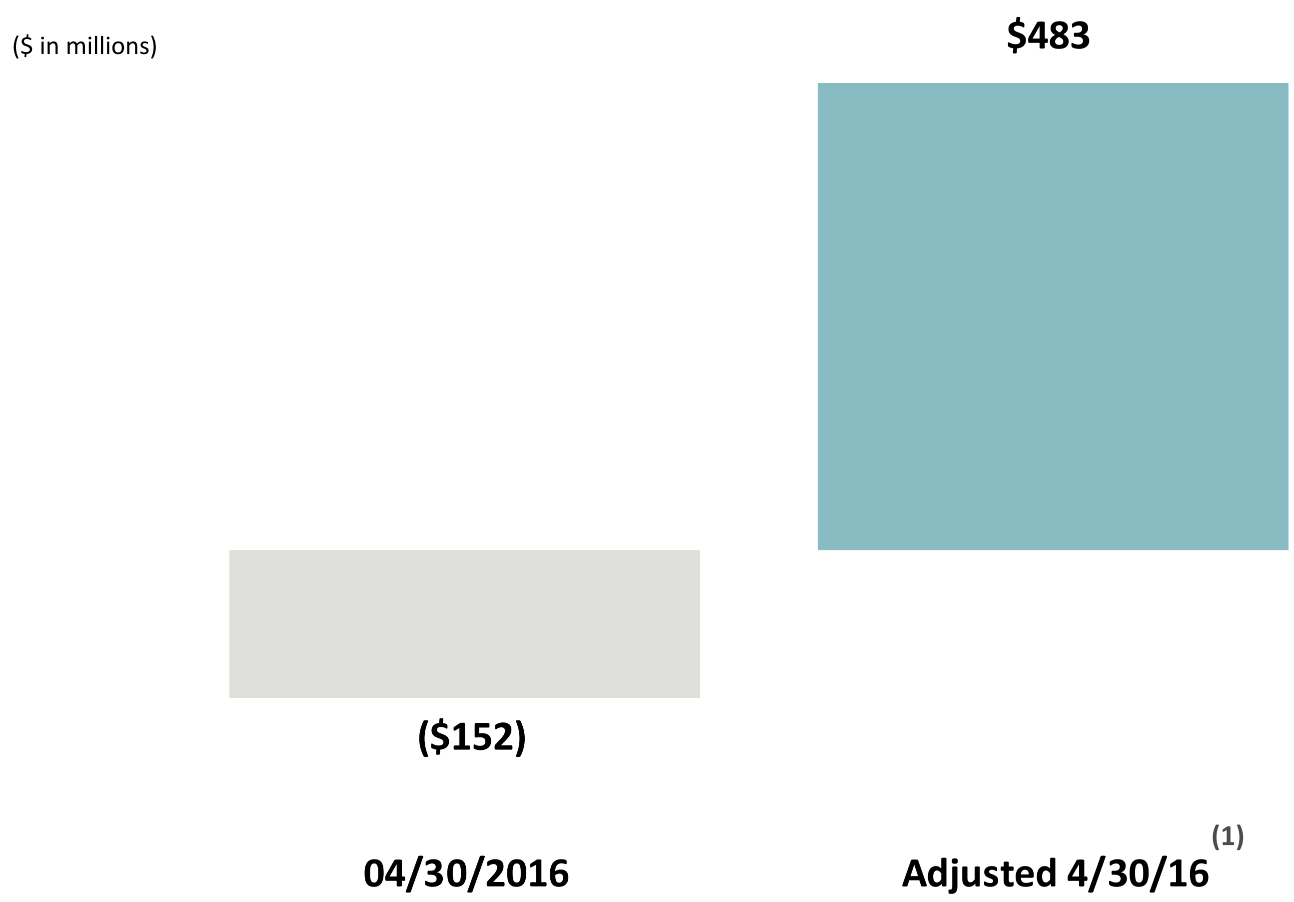


Inventory turns derived by dividing cost of sales, excluding capitalized interest, by the first quarter average homebuilding inventory, excluding inventory not owned and capitalized interest.

Source: Company SEC filings and press releases as of 06/02/16.

Adjusted Hovnanian Stockholders' Equity

- *Deferred tax asset will shield approximately $2 billion of future pretax earnings from federal income taxes which will help accelerate repairing our balance sheet*



As of June 1, 2016, stock was trading at 41% discount to adjusted book value (2)

Note: Reversed $285 million of valuation allowance in the 2014 fourth quarter.

(1) Total Hovnanian Stockholders' Deficit of $(152) million with $635 million valuation allowance added back to Stockholders' Equity. The $635 million valuation allowance consisted of a $441 million federal valuation allowance and a $194 million state valuation allowance.

(2) Based on closing price of $1.93 on June 1, 2016.

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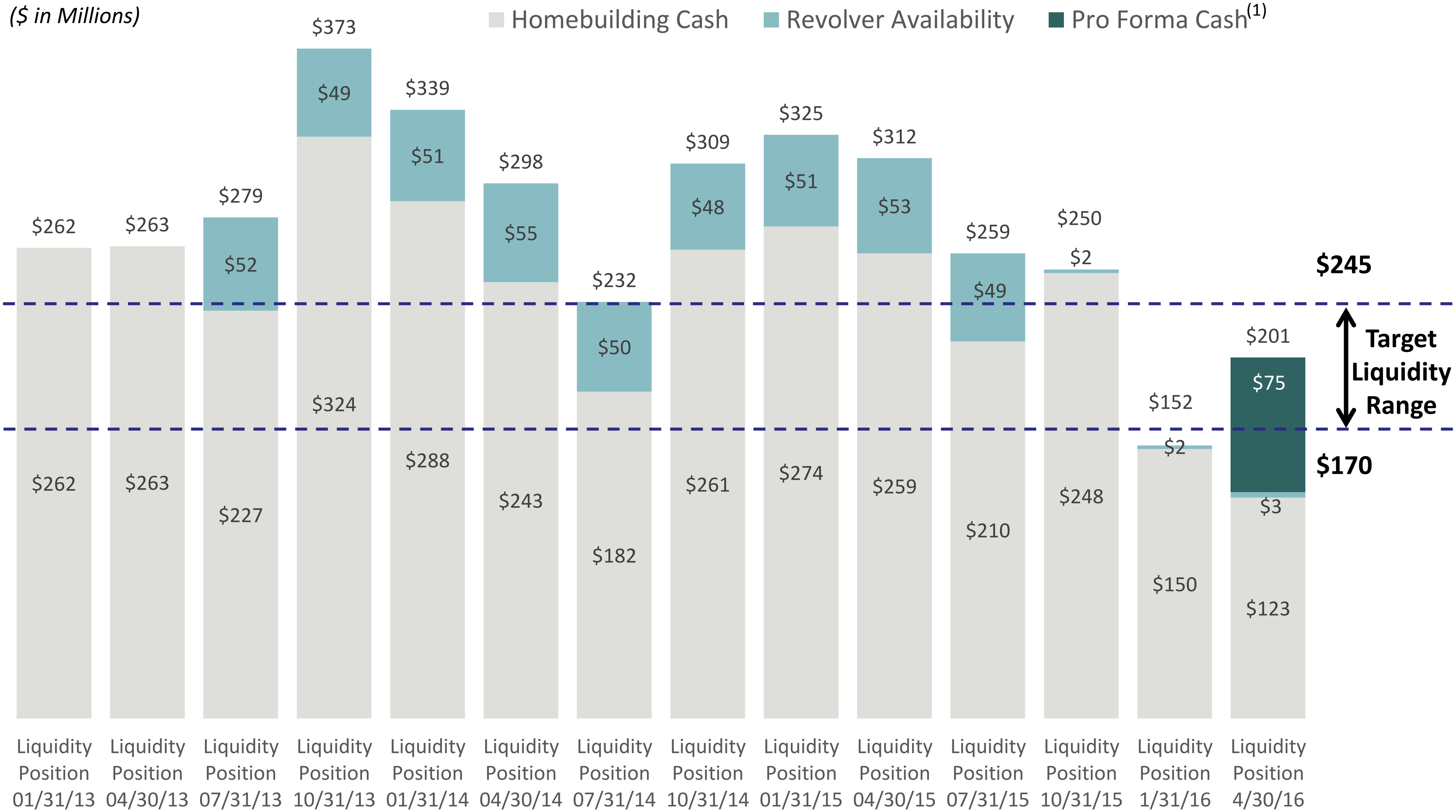
Liquidity Position and Target

We are comfortable operating at the lower end of the range

($ in Millions)

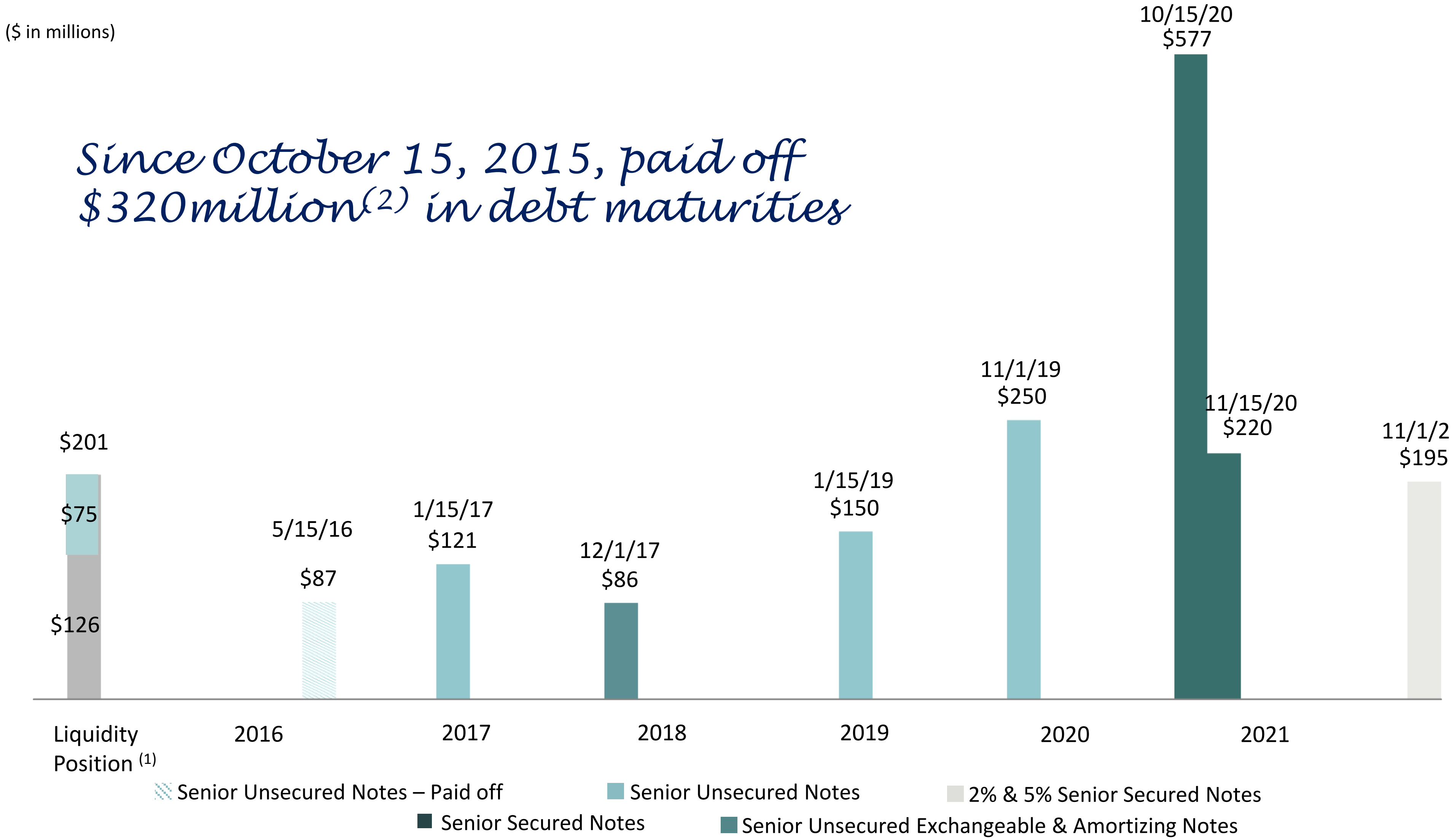


Note: Liquidity position includes homebuilding cash and cash equivalents (which includes unrestricted cash and restricted cash to collateralize letters of credit) and revolving credit facility availability.

(1) Pro Forma Cash of $75 million from joint venture and land sale subsequent to end of second quarter 2016.

Debt Maturity Profile

Pro Forma April 30, 2016 *($ in millions)*



Note: Shown on a calendar year basis, at face value.

[1] Liquidity position is $123 million of homebuilding cash (including unrestricted cash and restricted cash collateralizing letters of credit), and $3 million of availability under revolving credit facility as of April 30, 2016, as well as Pro Forma Cash of $75 million from joint venture and land sale subsequent to end of second quarter 2016.

[2] Includes $87 million of debt that matured on May 15, 2016.

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Full Year Guidance for 2016

	FY 2016
Total Revenues ($ billions)	$2.7 to $2.9
Gross Margin	16.0% to 17.0%
Total SG&A as percentage of Total Revenues	9.8% to 10.2%
Adjusted EBITDA	$200 to $225
Adjusted Pre Tax Profit(1) ($ millions)	$25 to $50

(1) Excluding land related charges, gains or losses on extinguishment of debt and other non-recurring items such as legal settlements.

Hovnanian Enterprises, Inc.®

Appendix

Coverage for 7.25% 1st Lien Notes and 9.125% 2nd Lien Note Due 2020

($ in Thousands)

	Jan. 31, 2016	April 30, 2016
Cash and cash equivalents	$112,600	$106,400
Mortgaged Inventory	$628,400	$685,100
Pledged equity value of subsidiaries without inventory liens(1)	$96,300	$100,000
Total Collateral for 7.25% 1st Lien and 9.125% 2nd Lien Notes due 2020	**$837,300**	**$891,500**
Plus equity value of subsidiaries with non recourse loans(2)	$167,800	$149,300
Total Adjusted Collateral for 7.25% 1st Lien and 9.125% 2nd Lien Notes due 2020	**$1,005,100**	**$1,040,800**
Principal for 7.25% 1st Lien and 9.125% 2nd Lien Notes due 2020	$797,000	$797,000
Adjusted Collateral Ratio	**1.26X**	**1.31X**
Assets in Excess of 7.25% 1st Lien and 9.125% 2nd Lien Notes due 2020	$208,100	$243,800

(1) Represents book value of inventory owned by guarantor subsidiaries for which mortgages are either not yet filed or not required to be filed.
(2) Represents book value of inventory owned by guarantor subsidiaries less outstanding payable amount of non-recourse loans.

Coverage for 2% and 5% 1st Lien Notes Due 2021

($ in Thousands)	Jan. 31, 2016	April 30, 2016
Cash and cash equivalents	$37,000	$16,500
Mortgaged Inventory	$167,300	$153,900
Pledged equity value of subsidiaries without inventory liens(1)	$100	$13,800
Total Collateral for 2% and 5% First Lien Notes due 2021	**$204,400**	**$184,200**
Plus equity value of subsidiaries with non recourse loans(2)	$31,700	$56,500
Total Adjusted Collateral for 2% and 5% First Lien Notes due 2021	**$236,100**	**$240,700**
Principal for 2% and 5% First Lien Notes due 2021	$195,000	$195,000
Adjusted Collateral Ratio	**1.21X**	**1.23X**
Total Adjusted Collateral for 2% and 5% First Lien Notes due 2021	**$236,100**	**$240,700**
Plus equity interests in joint ventures(3)	$64,700	$66,300
Total Assets Available for 2% and 5% First Lien Notes due 2021	**$300,800**	**$307,000**
Principal for 2% and 5% First Lien Notes due 2021	$195,000	$195,000
Asset Coverage Ratio	**1.54X**	**1.57X**
Assets in Excess of 2% and 5% First Lien Notes due 2021	$105,800	$112,000

(1) Represents book value of inventory owned by guarantor subsidiaries for which mortgages are either not yet filed or not required to be filed.
(2) Represents book value of inventory owned by guarantor subsidiaries less outstanding payable amount of non-recourse loans.
(3) Represents equity in joint ventures owned by guarantor subsidiaries, either directly or indirectly through ownership of joint venture holding companies; this equity is not pledged to secure, and is not collateral for, the Notes.

Assets Available to All Unsecured Notes

($ in Thousands)

	Jan. 31, 2016	April 30, 2016
Total Assets	$2,552,740	$2,518,627
less Income Tax Receivables	($287,388)	($294,069)
less Inventory Not Owned	($338,067)	($312,841)
less Financial Services Assets	($193,458)	($160,712)
Assets Available to All Notes	**$1,733,827**	**$1,751,005**
less non-recourse mortgages	($128,668)	($125,076)
less principal for 2% and 5% First Lien Notes due 2021	($195,000)	($195,000)
less principal for 7.25% 1st Lien and 9.125% 2nd Lien Notes due 2020	($797,000)	($797,000)
Assets available to All Unsecured Notes	**$613,159**	**$633,929**

Second Quarter Results

- *Strong contract backlog coupled with positive sales trends bodes well for expected revenue and profitability growth during 2016*

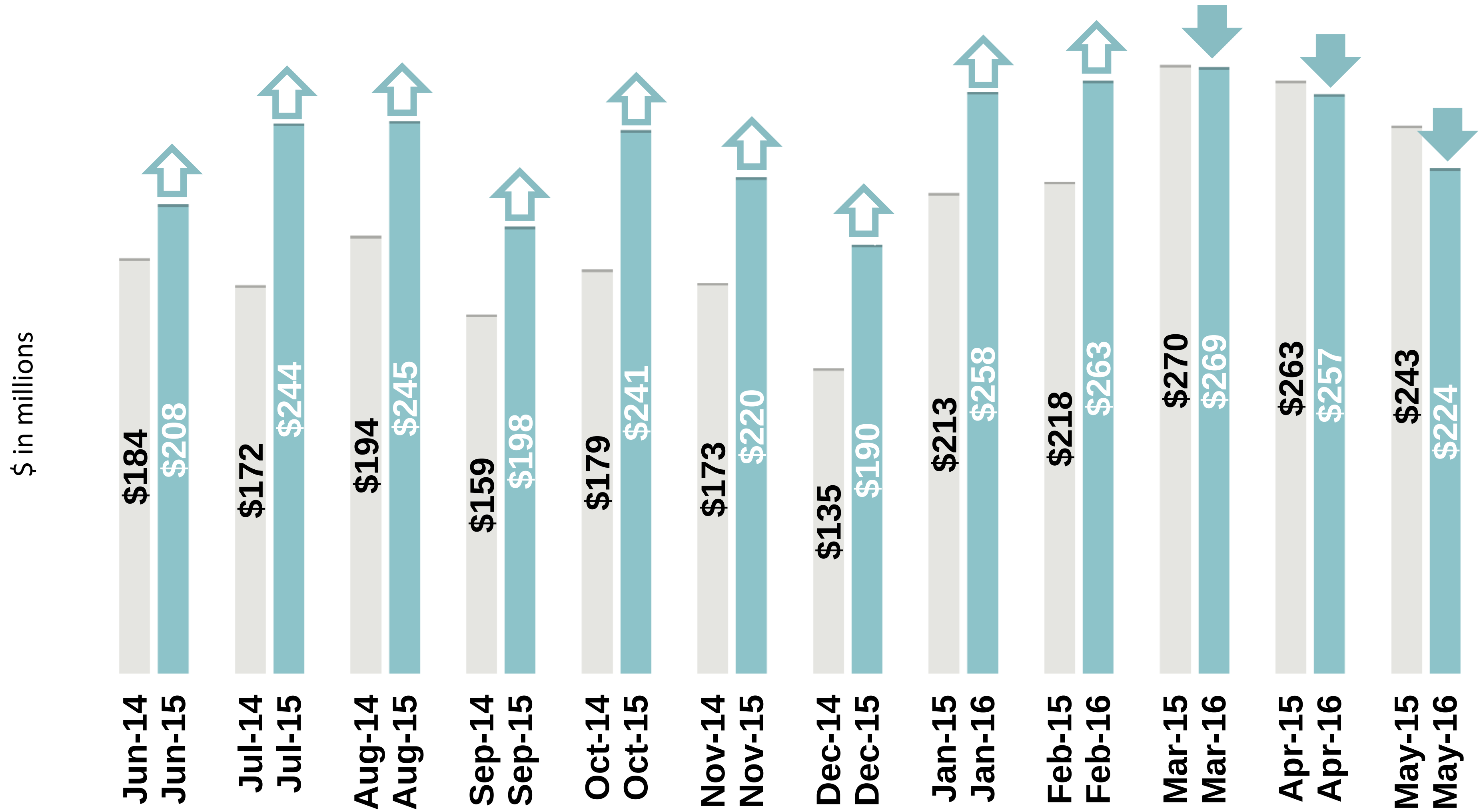
($ in millions)

	2016	2015	% Change	
Forwarding-looking indicators				
1) Net Contracts ($ value)[1]	$768	$701	10%	✓
2) Net Contracts (units)[1]	1,812	1,796	1%	✓
3) Communities[1]	196	207	-5%	
4) Contracts per Community[1]	9.2	8.7	6%	✓
5) Backlog ($ value)[1]	$1,430	$1,171	22%	✓
6) Backlog (units)[1]	3,228	2,972	9%	✓
Backward-looking indicators				
7) Deliveries[1]	1,598	1,223	31%	
8) Total Revenues	$655	$469	40%	
9) Homebuilding Gross Margin	16.1%	16.1%	N/C	
10) Total SG&A as a Percentage of Total Revenues	10.5%	14.7%	-420 bps	
11) Adjusted Pre-Tax Loss[2]	($8)	($25)	-	

(1) Excludes unconsolidated joint ventures.
(2) Excluding land related charges.

Dollar Amount of Net Contracts Per Month, Includes Unconsolidated Joint Ventures

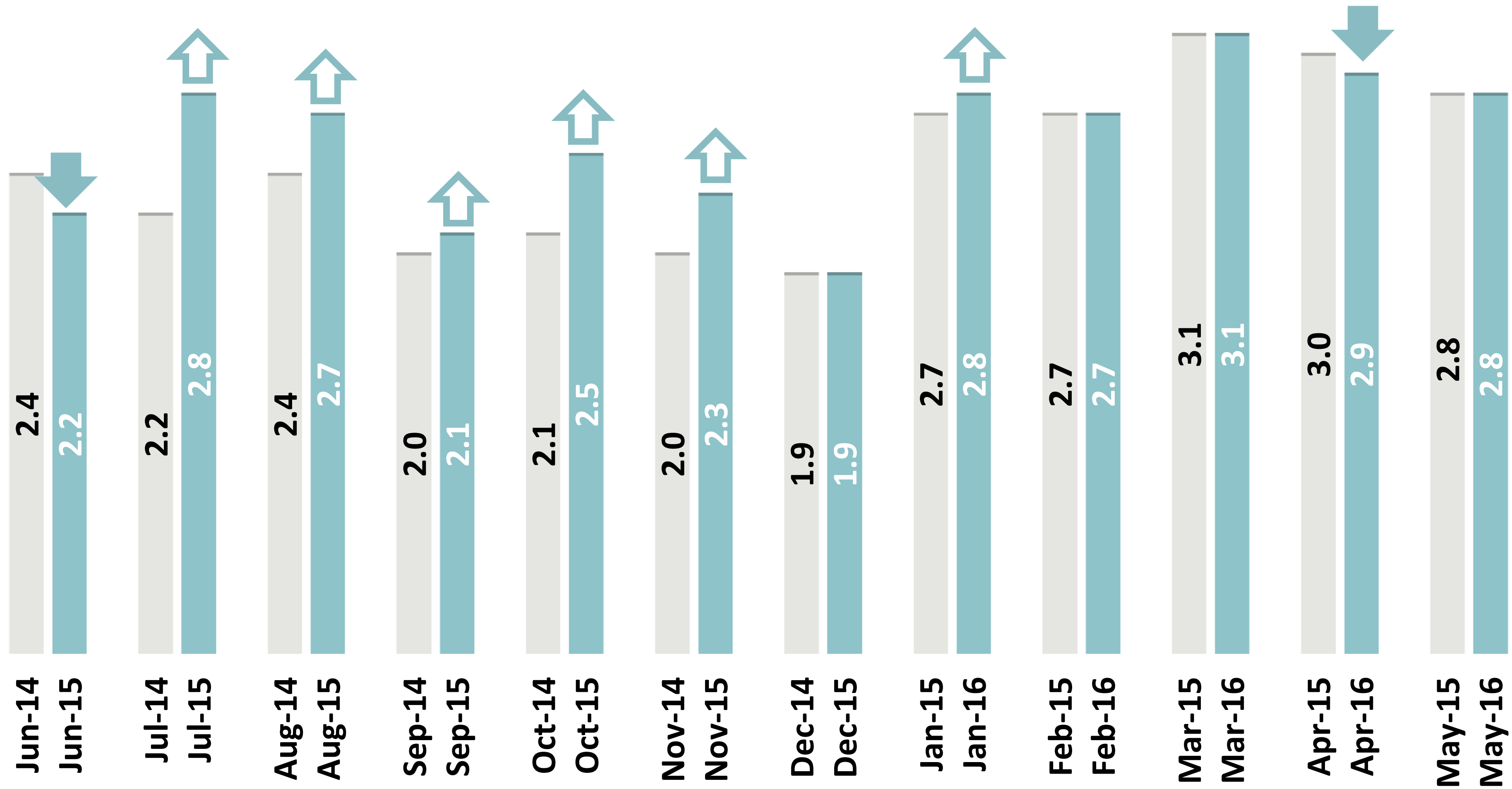
Increased 17% year-over-year for trailing twelve months



Number of Sundays	5	4	4	4	5	5	4	4	4	4	5	5	4	4	4	5	4	4	5	4	4	4	5	5

Includes unconsolidated joint ventures.

Number of Monthly Net Contracts Per Active Selling Community, Includes Unconsolidated Joint Ventures

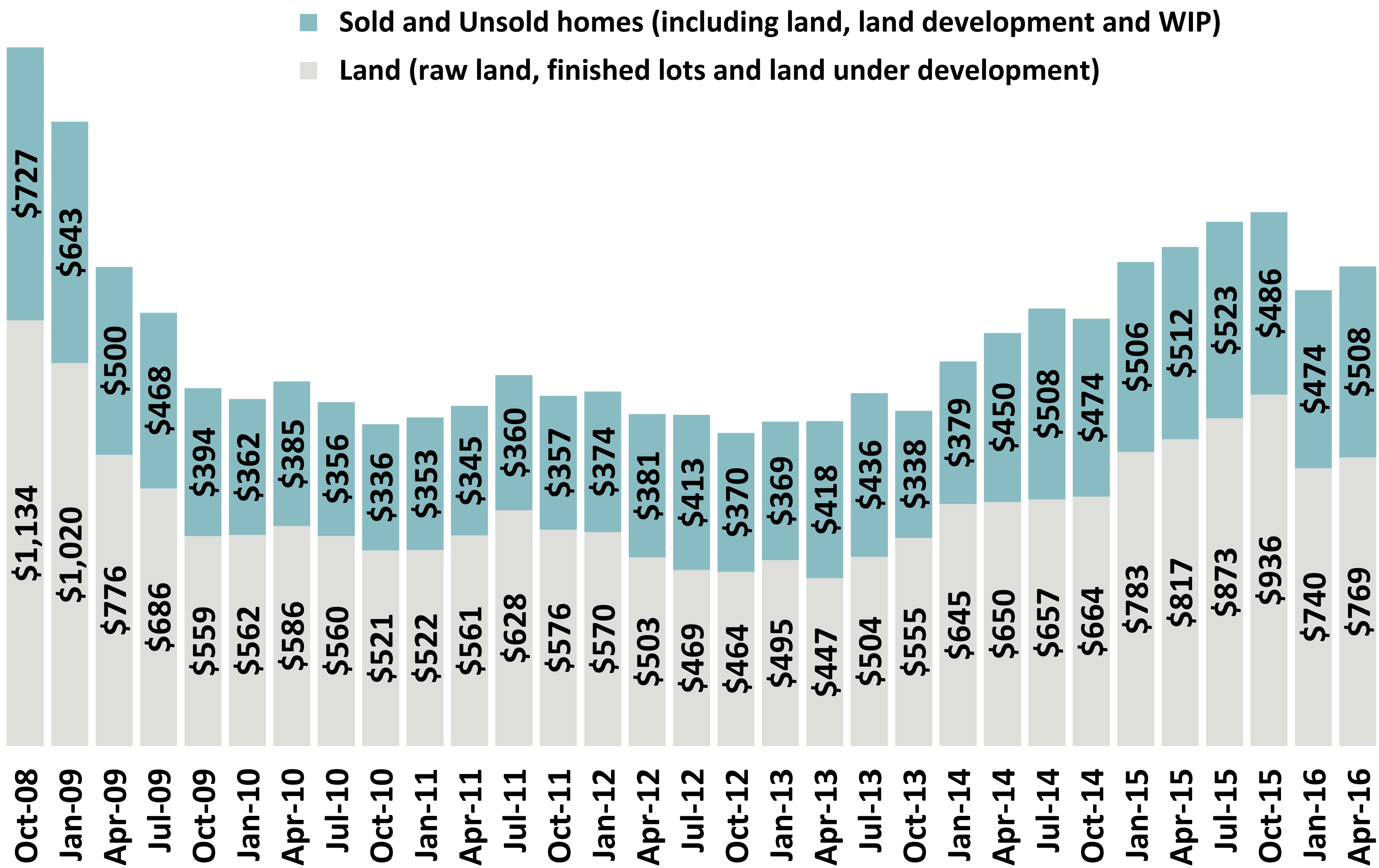


	Jun-14	Jun-15	Jul-14	Jul-15	Aug-14	Aug-15	Sep-14	Sep-15	Oct-14	Oct-15	Nov-14	Nov-15	Dec-14	Dec-15	Jan-15	Jan-16	Feb-15	Feb-16	Mar-15	Mar-16	Apr-15	Apr-16	May-15	May-16
Number of Sundays	5	4	4	4	5	5	4	4	4	4	5	5	4	4	4	5	4	4	5	4	4	4	5	5
Monthly Net Contracts	489	480	461	595	483	573	419	475	448	581	422	517	390	446	554	629	570	603	672	648	652	611	583	532

Includes unconsolidated joint ventures.

Inventory Breakdown

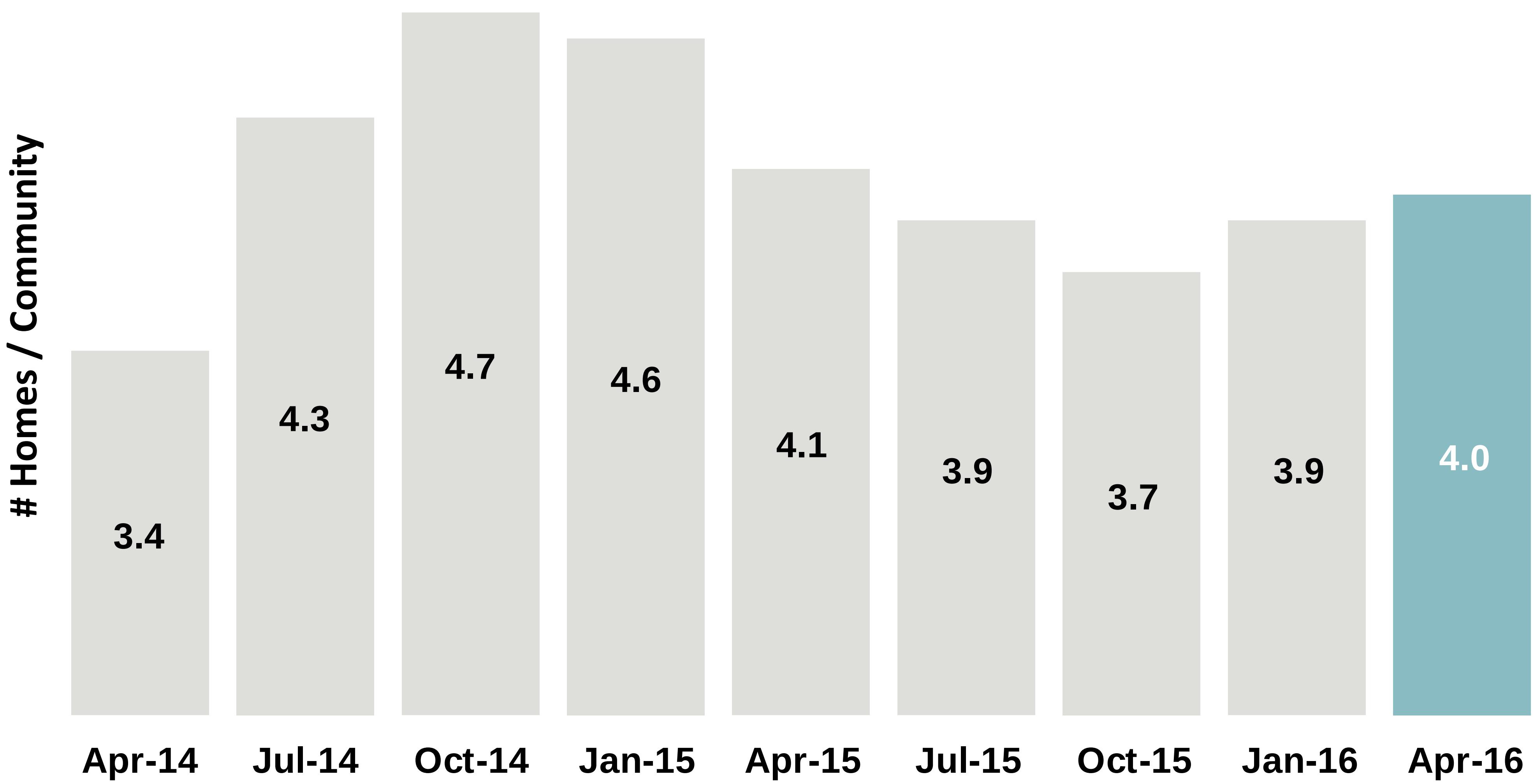
$ in Millions



Excluding Inventory Not Owned, on-your-lot construction, assets outside the US and option deposits and pre-development costs.

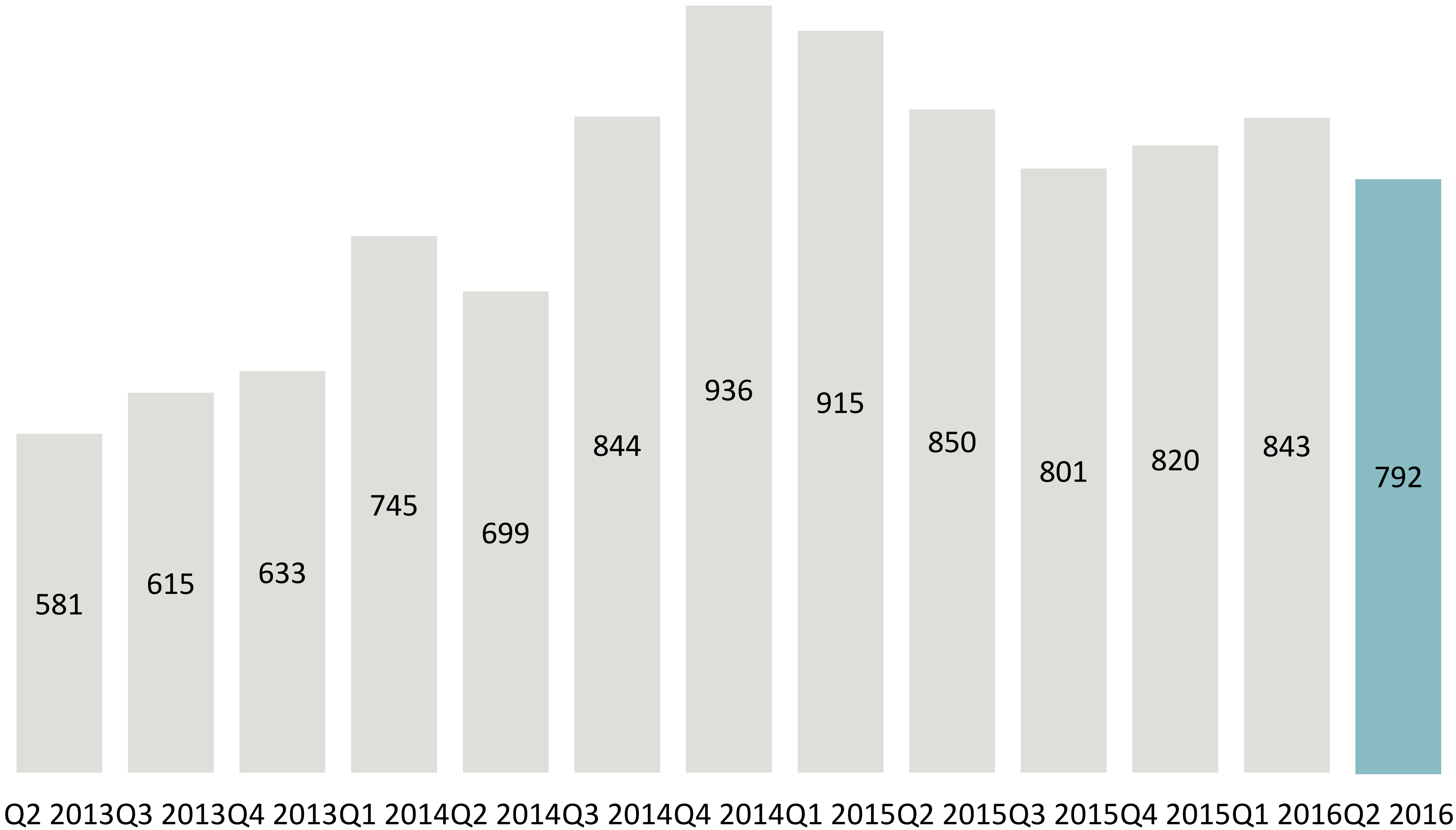
Spec Homes per Community

- *792 spec homes at 04/30/16, excluding models*
- *4.6 average spec homes per community since 1997*



Excluding unconsolidated joint ventures and models.

Started Unsold Homes



Excluding unconsolidated joint ventures and models, in active and substantially complete communities.

Land Positions by Geographic Segment

April 30, 2016

Segment	TTM Deliveries	Years Supply – Owned – Excluding Mothballed Lots	Years Supply – Owned – Mothballed Lots	Years Supply – Optioned	Years Supply – Total	Investment in Land (raw land, finished lots and lots under development) ($ in millions)
Northeast	473	2.5	1.2	8.7	12.5	$195
Mid-Atlantic	899	2.4	0.3	2.6	5.3	$108
Midwest	1,050	2.2	0.1	2.0	4.3	$70
Southeast	668	2.4	0.5	4.7	7.7	$114
Southwest	2,537	0.8	0.0	1.4	2.3	$129
West	528	3.3	6.9	0.5	10.7	$153
Total	6,155	1.8	0.8	2.5	5.2	$769

Excluding unconsolidated joint ventures.

Mothballed Lots

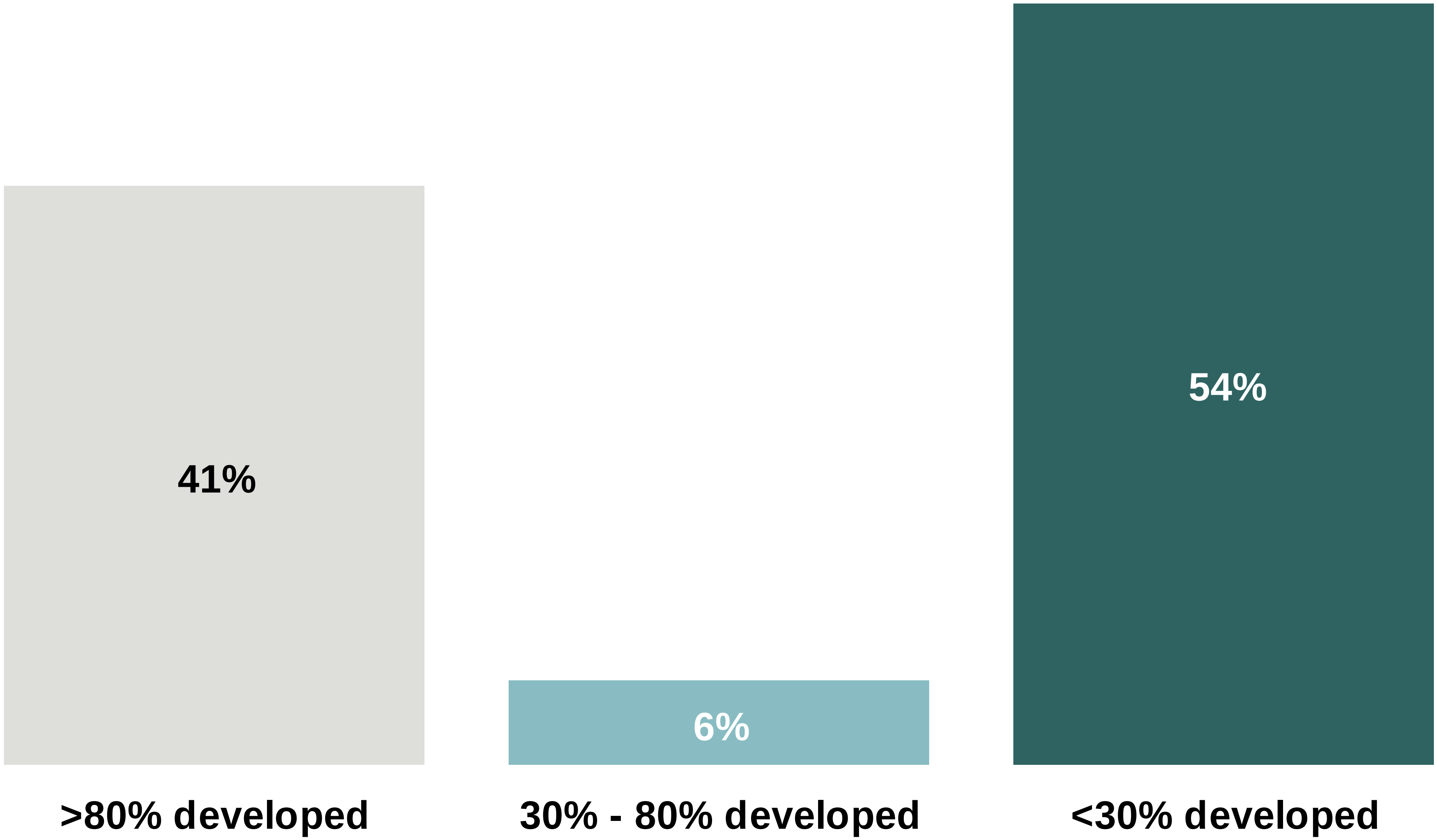
As of April 30, 2016

	# of Lots
Northeast (NJ, PA)	577
Mid-Atlantic (DE, MD, VA, WV)	280
Midwest (IL, MN, OH)	108
Southeast (FL, GA, NC, SC)	358
Southwest (AZ, TX)	0
West (CA)	3,635
Total	4,958

- *In 29 communities with a book value of $76 million net of impairment balance of $297 million*
- *Unmothballed approximately 5,100 lots in 84 communities since January 31, 2009*

Owned Lots % Development Costs Spent

As of April 30, 2016



Excluding unconsolidated joint ventures.

Hovnanian Houston Operations

Houston Exposure as of April 30, 2016

	Houston as a % of Company Total
TTM Home Sale Revenues	16%
Homebuilding Inventory	10%

Houston Lot Position as of April 30, 2016

		Months Supply	
	Houston # Lots	Houston	Company Average[1]
Owned Lots	1,292	12	24
Optioned Lots	1,469	14	35
Total Lots	2,761	26	59

Option Deposit

- Houston $3,000 per lot vs. Company Average $4,000 per lot

[1] *Excluding Houston and Mothballed lots*

Hovnanian Enterprises, Inc.®