Hovnanian Enterprises, Inc.

Review of Financial Results | Second Quarter Fiscal 2017

Hovnanian Enterprises, Inc.

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 future financial periods. 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, 2016 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.

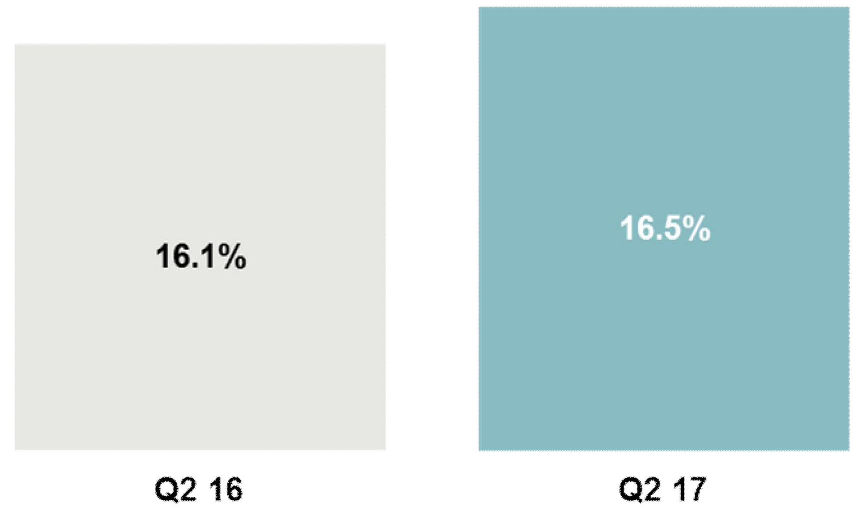
Hovnanian Enterprises, Inc.

Second Quarter Operating Results

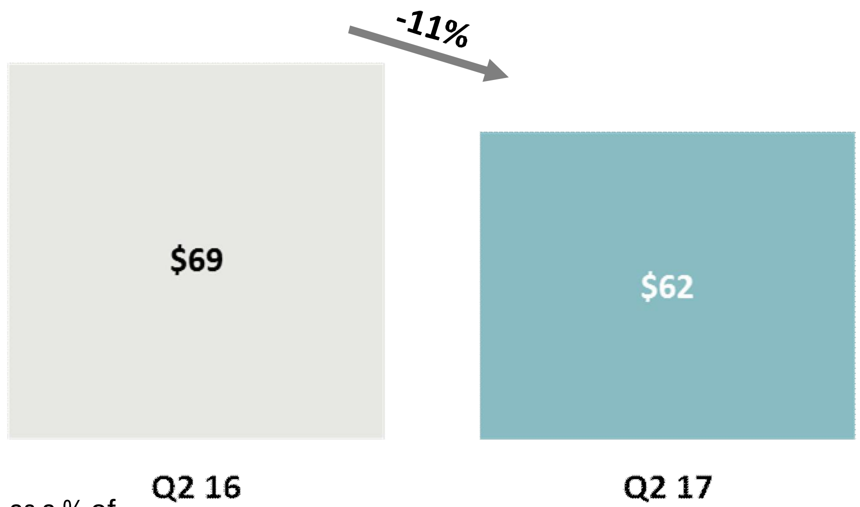
Total Revenues

($ in millions)

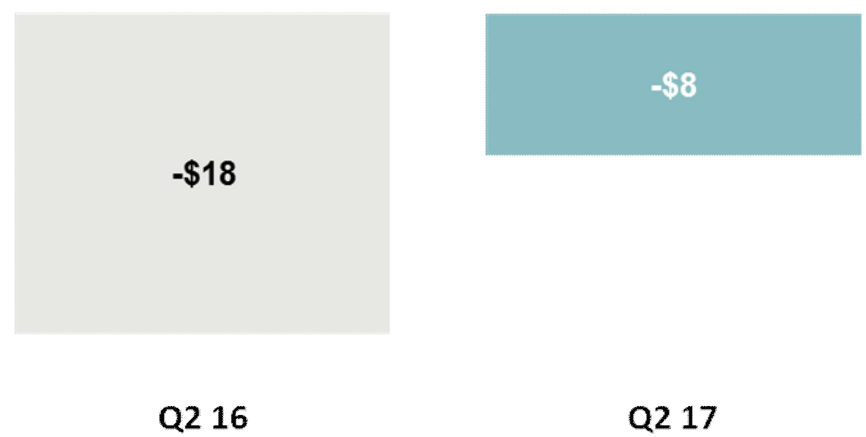
Homebuilding Gross Margin



Total SG&A



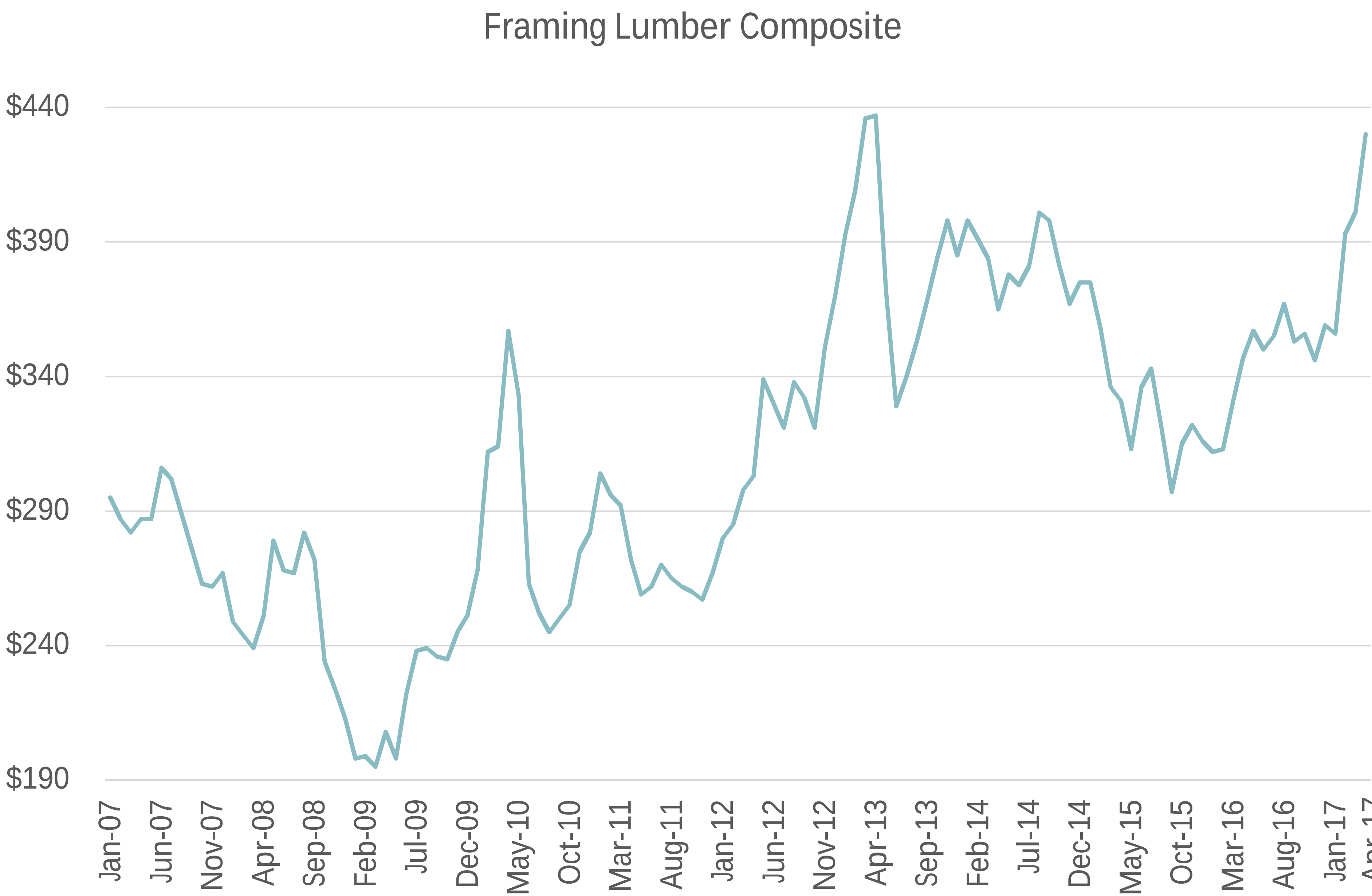
Income (Loss) Before Income Taxes



	Q2 16	Q2 17
Total SG&A as a % of Total Revenue	10.5%	10.5%

Note: Excluding unconsolidated joint ventures.
Note: Homebuilding gross margin percentage is before interest expense and land charges included in cost of sales
Note: Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs.

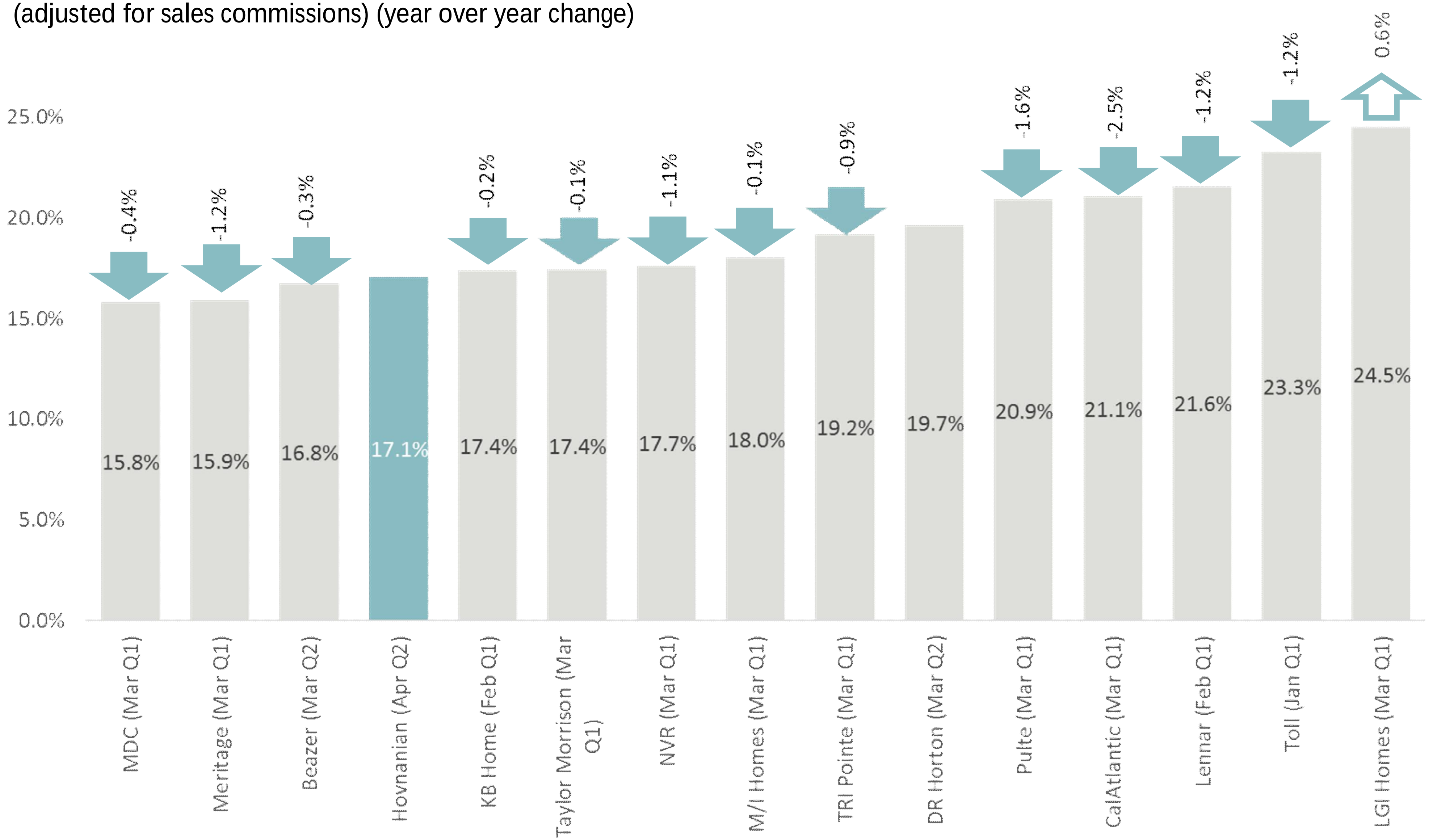
Volatile Lumber Prices



Source: Random Lengths

Adjusted Gross Margin Percentage, Trailing Twelve Months

(adjusted for sales commissions) (year over year change)

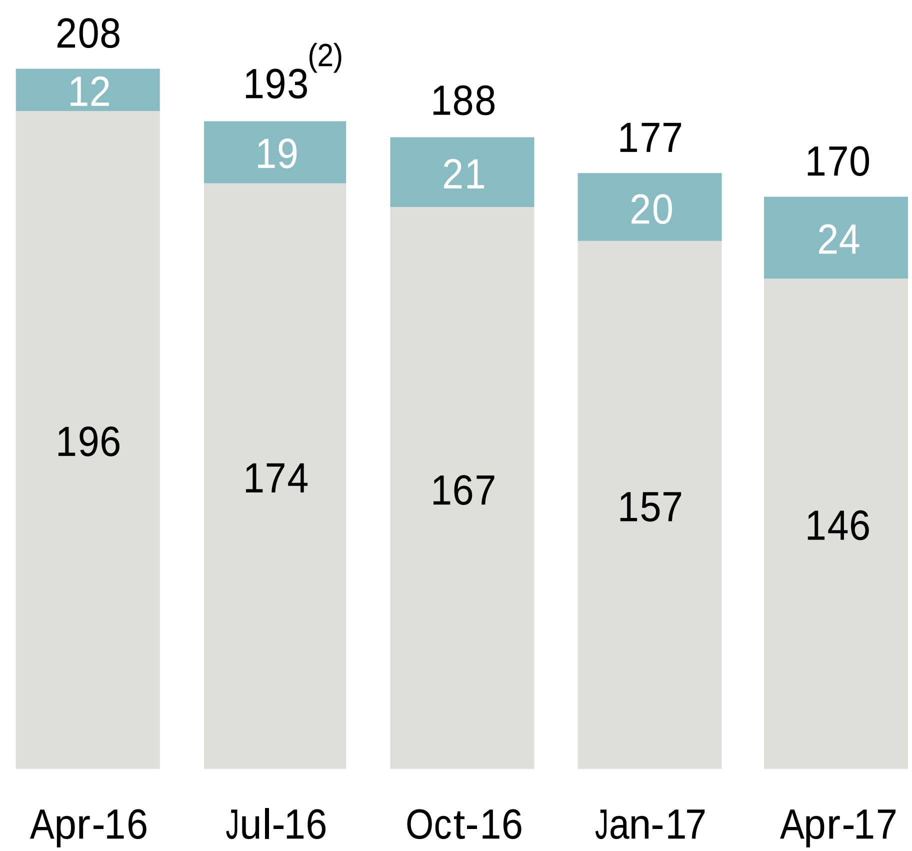


Note: Hovnanian sales commission was 3.5% in the most recent quarter. Reduced Cal Atlantic, KB Home, Lennar, LGI Homes, MDC, Meritage, M/I Homes, Pulte, Taylor Morrison and Tri Pointe publicly reported results by full 3.5% because all of their sales commissions are reported in SG&A. Reduced DR Horton 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 4.0%.
Source: Company SEC filings and press releases as of 06/02/17.
Note: Excluding interest and impairments.

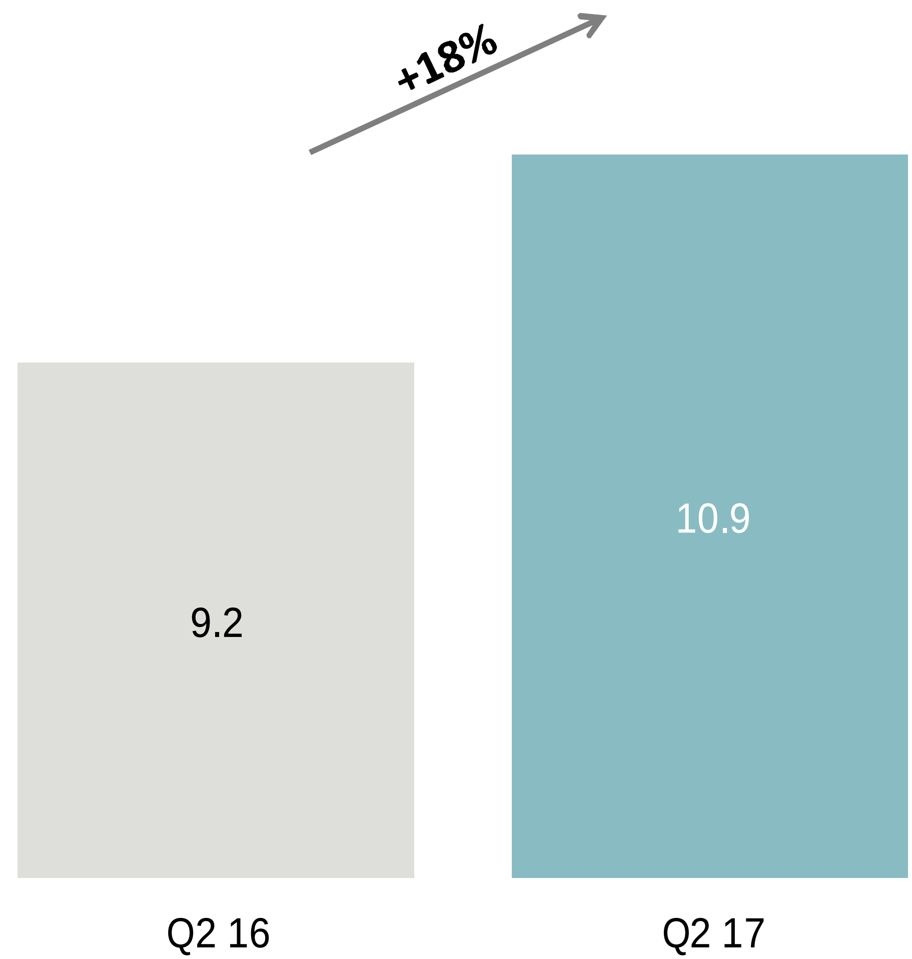
Active Selling Communities

Unconsolidated Joint Ventures | Consolidated[1]

In the trailing twelve months, we opened 57 communities and closed out 107 communities.



Net Contracts per Community



[1] In the trailing twelve months five communities were transferred to a joint venture.

[2] Third quarter 2016 active selling communities impacted by sale of ten communities in Minneapolis, MN and Raleigh, NC.

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

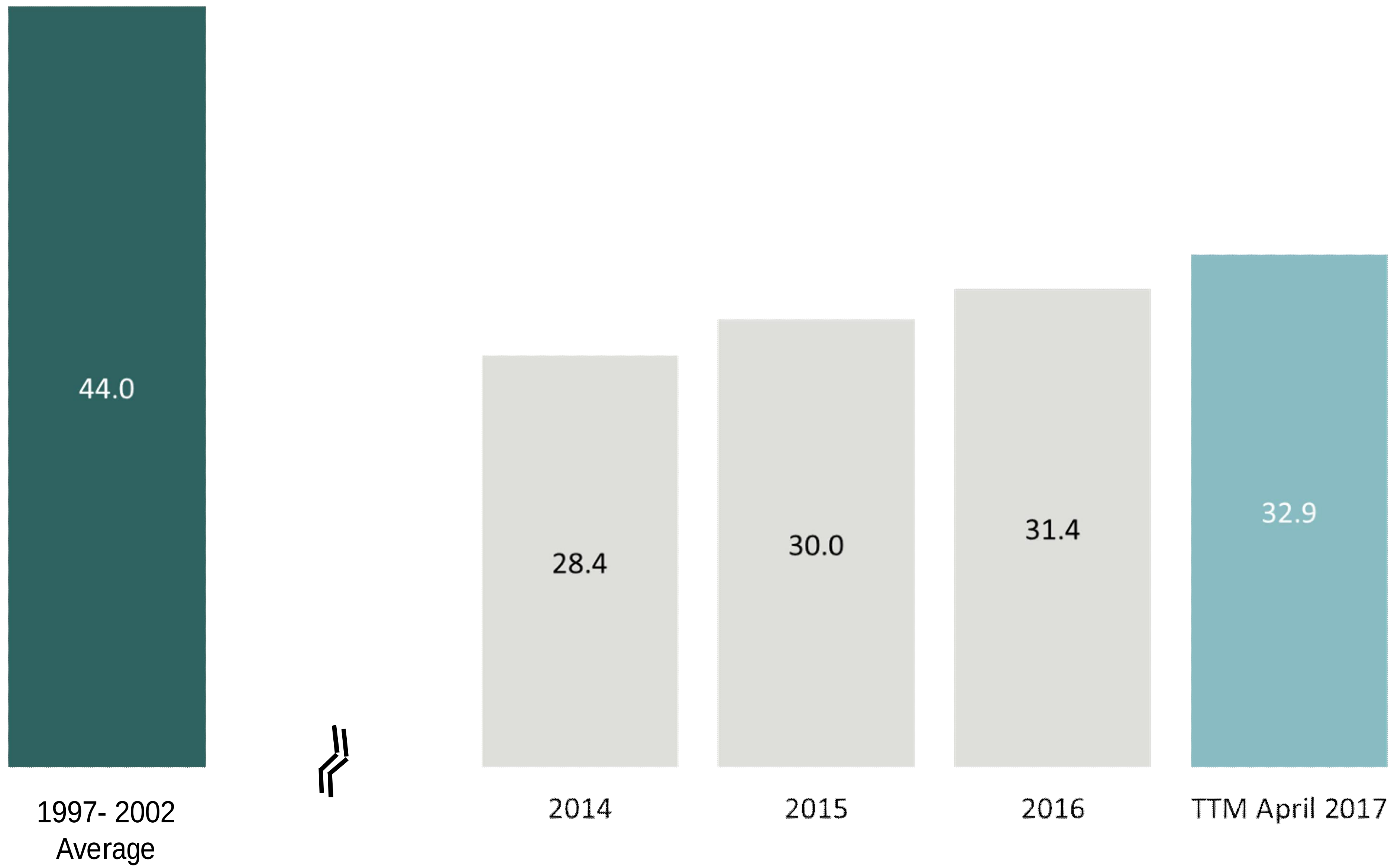
Hovnanian Enterprises, Inc.

Consolidated Net Contracts per Community

Segments	4/30/2017	4/30/2016	% Change
Northeast	16.5	15.8	4.4%
Mid-Atlantic	7.8	7.7	1.3%
Midwest	10.9	7.4	47.3%
Southeast	8.3	6.8	22.1%
Southwest	10.7	9.9	8.1%
West	19.3	13.7	40.9%
Total	10.9	9.2	18.5%

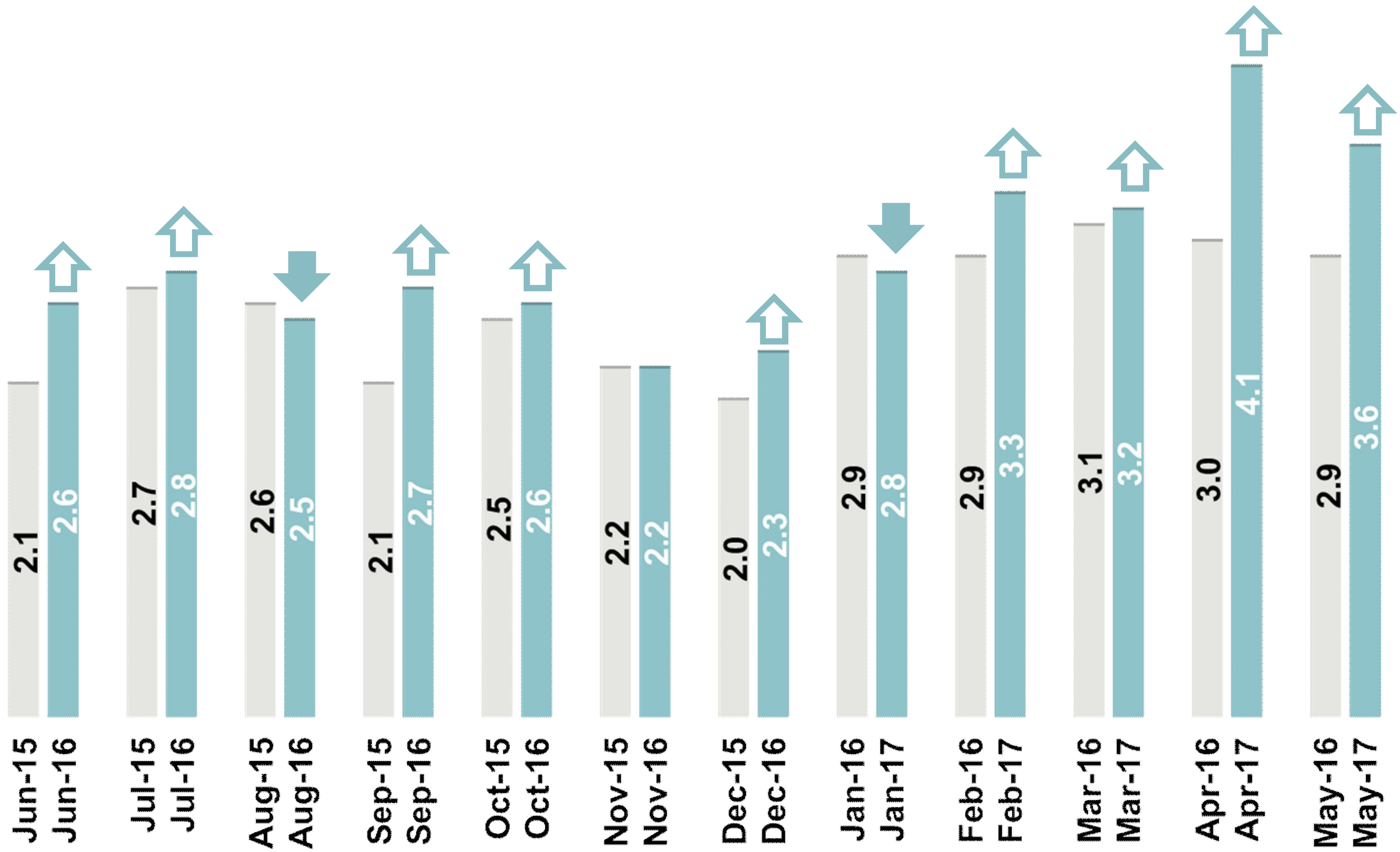
Note: Excluding unconsolidated joint ventures.

Annual Net Contracts Per Active Selling Community



Note: Annual Net Contracts per Active Selling Community calculated based on a five quarter average of active selling communities, excluding unconsolidated joint ventures.

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

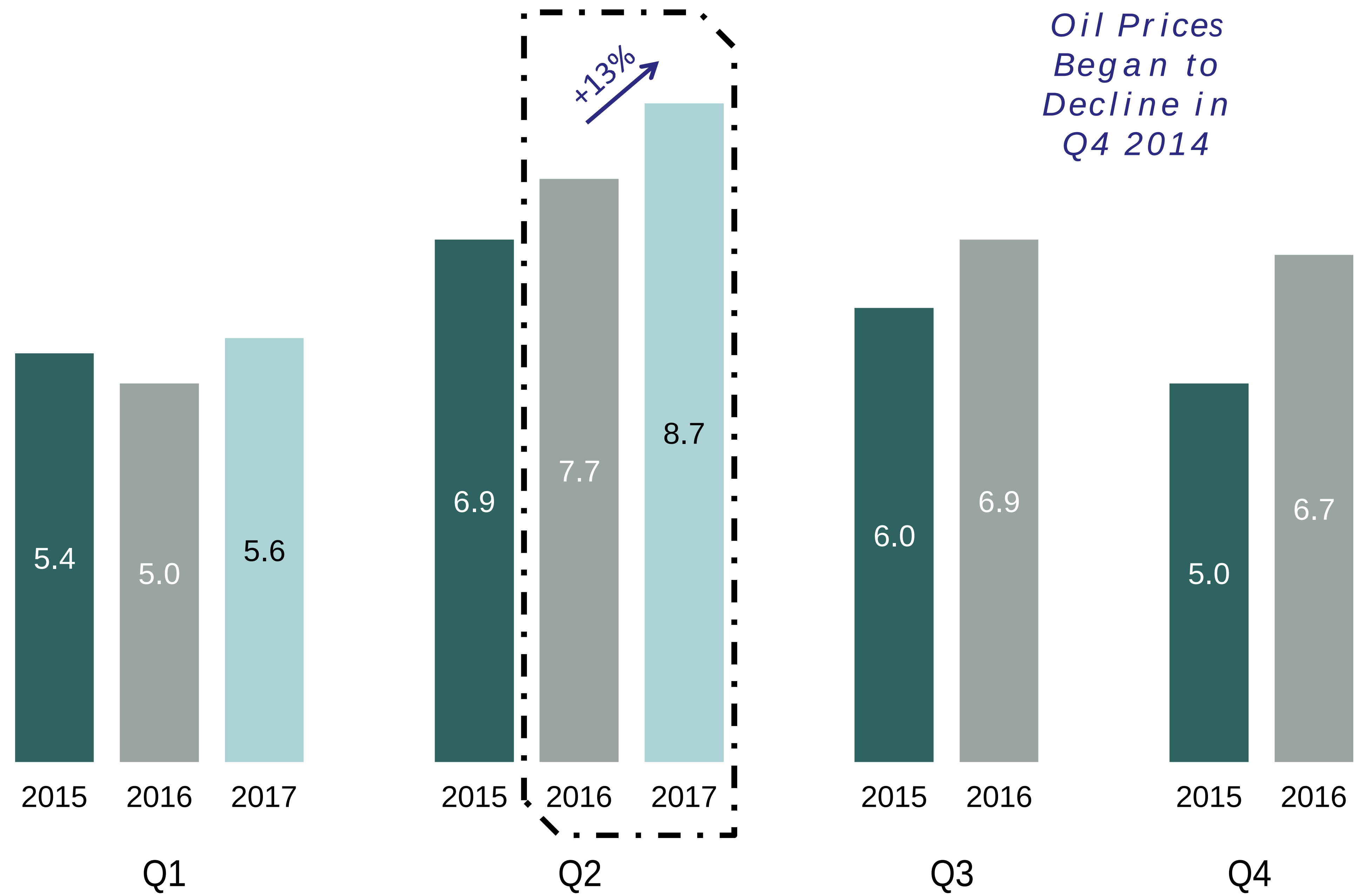


Number of Sundays	4	4	4	5	5	4	4	4	4	5	5	4	4	4	5	5	4	4	4	4	4	5	5	4
	Jun-15	Jun-16	Jul-15	Jul-16	Aug-15	Aug-16	Sep-15	Sep-16	Oct-15	Oct-16	Nov-15	Nov-16	Dec-15	Dec-16	Jan-16	Jan-17	Feb-16	Feb-17	Mar-16	Mar-17	Apr-16	Apr-17	May-16	May-17
Monthly Net Contracts	442	463	562	492	531	423	460	449	544	427	477	351	426	377	628	445	600	523	625	472	587	595	512	509

Note: Excludes unconsolidated joint ventures.

Houston Quarterly Net Contracts per Community

Number of net contracts increased 4% in Q2 2017



Land Positions by Geographic Segment

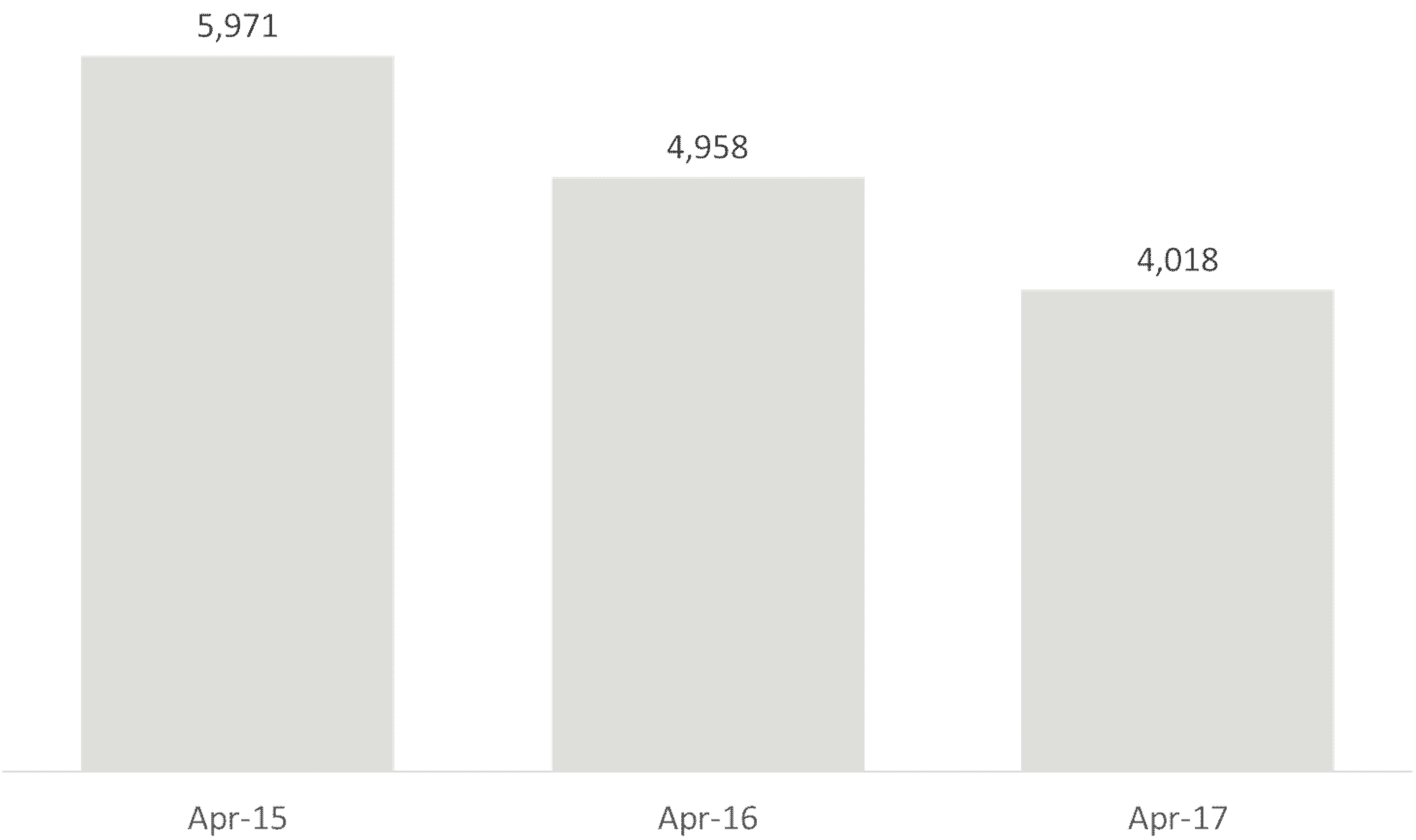
	April 30, 2017			
	Owned			
Segment	Excluding Mothballed Lots	Mothballed Lots	Optioned Lots	Total Lots
Northeast	719	408	3,212	4,339
Mid-Atlantic	1,934	280	2,201	4,415
Midwest	1,612	127	2,043	3,782
Southeast	1,300	0	1,558	2,858
Southwest	1,720	0	3,986	5,706
West	1,501	3,203	299	5,003
Consolidated Total	8,786	4,018	13,299	26,103
Unconsolidated Total	4,393	0	1,015	5,408
Grand Total	13,179	4,018	14,314	31,511

- *Option deposits as of April 30, 2017 were $53 million*
- *$8 million invested in pre-development expenses as of April 30, 2017*

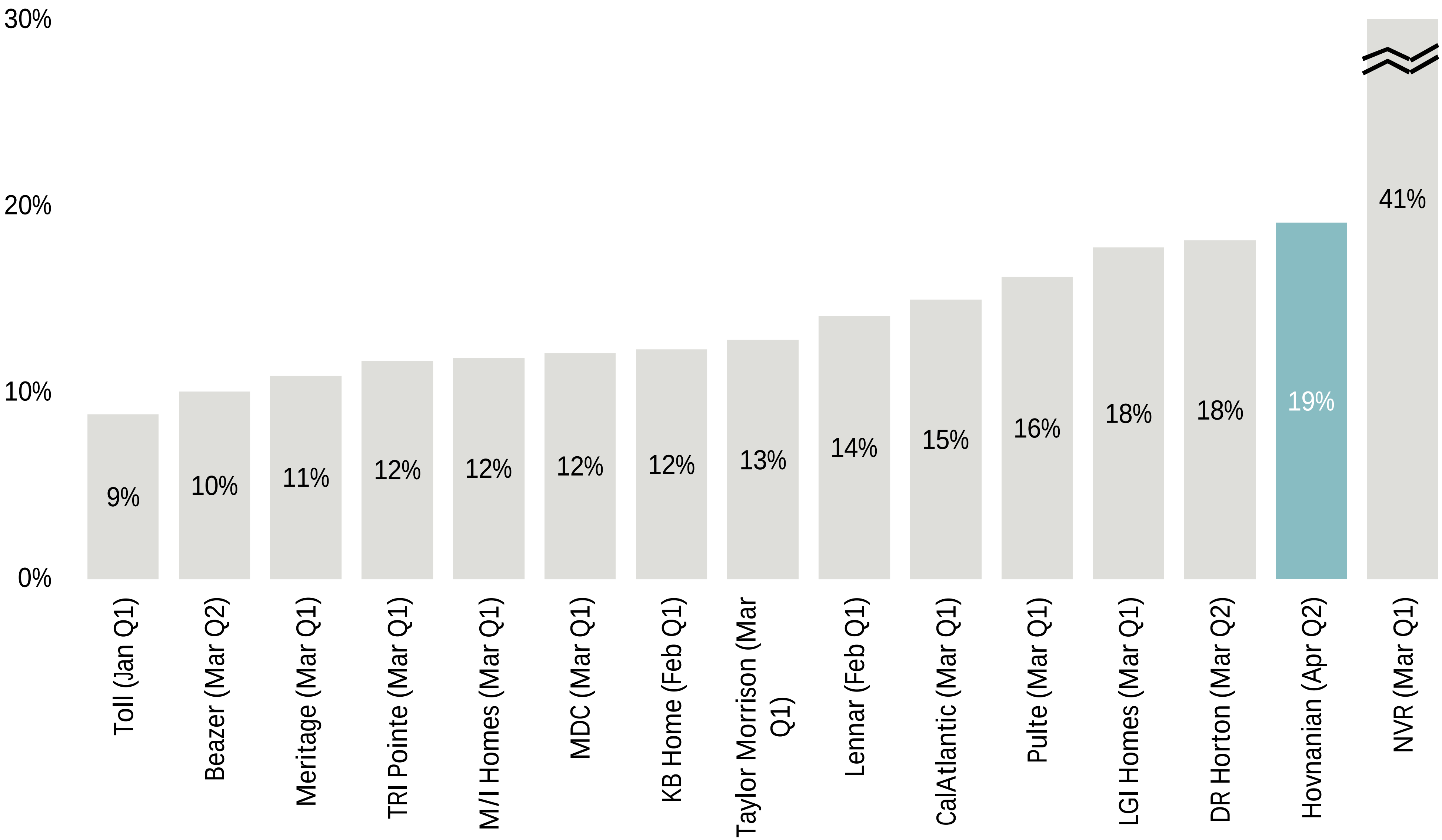
Note: Excluding unconsolidated joint ventures.
Note: Option deposits and pre-development expenses refers to consolidated optioned lots.

Mothballed Lots

- *Reduced mothballed lots by 1,953 since April 2015*



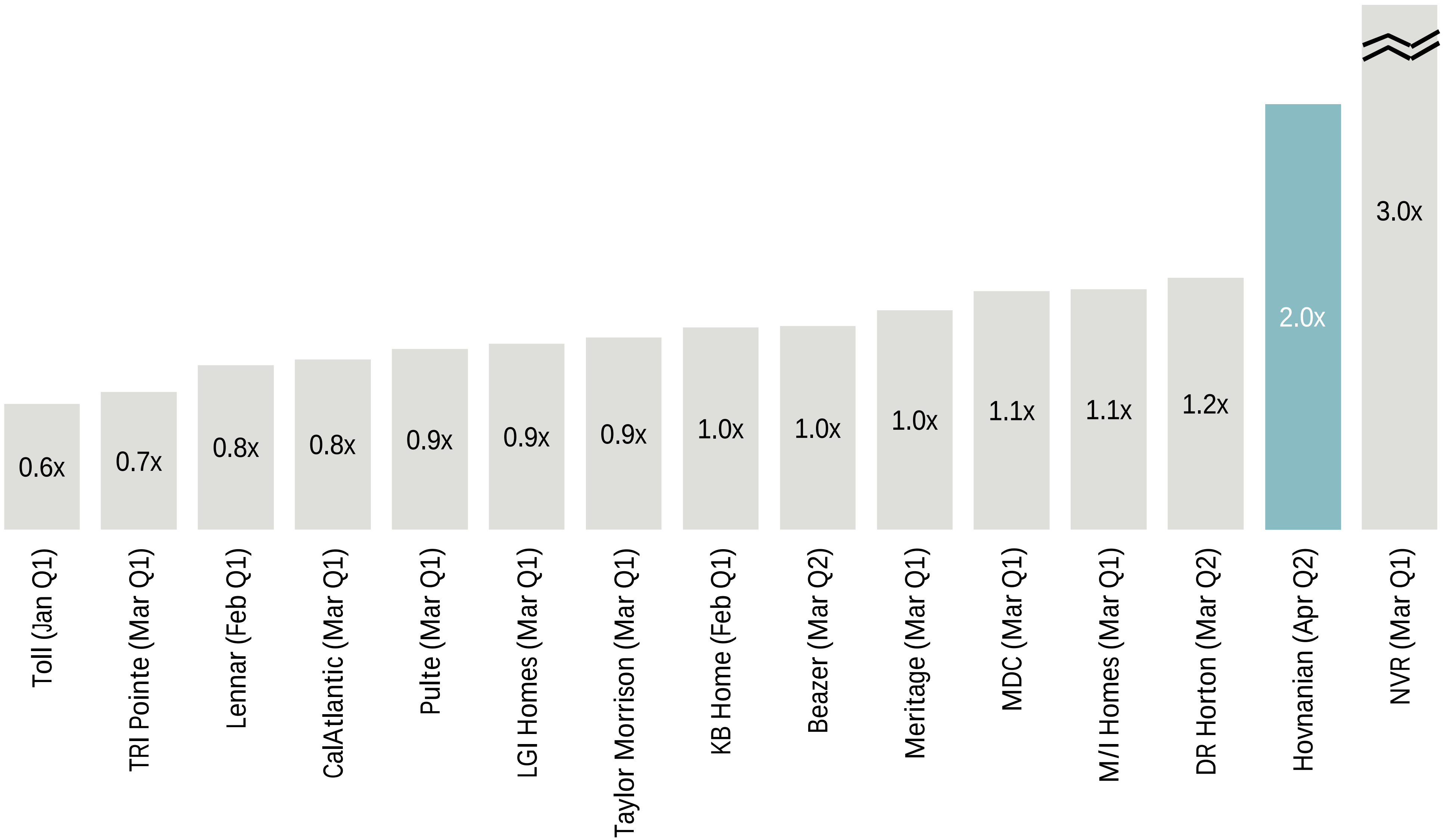
Adjusted Homebuilding EBIT to Inventory, Last Twelve Months



Note: Defined as LTM 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 06/02/17.

Hovnanian Enterprises, Inc.

Inventory Turns (COGS), Last Twelve Months

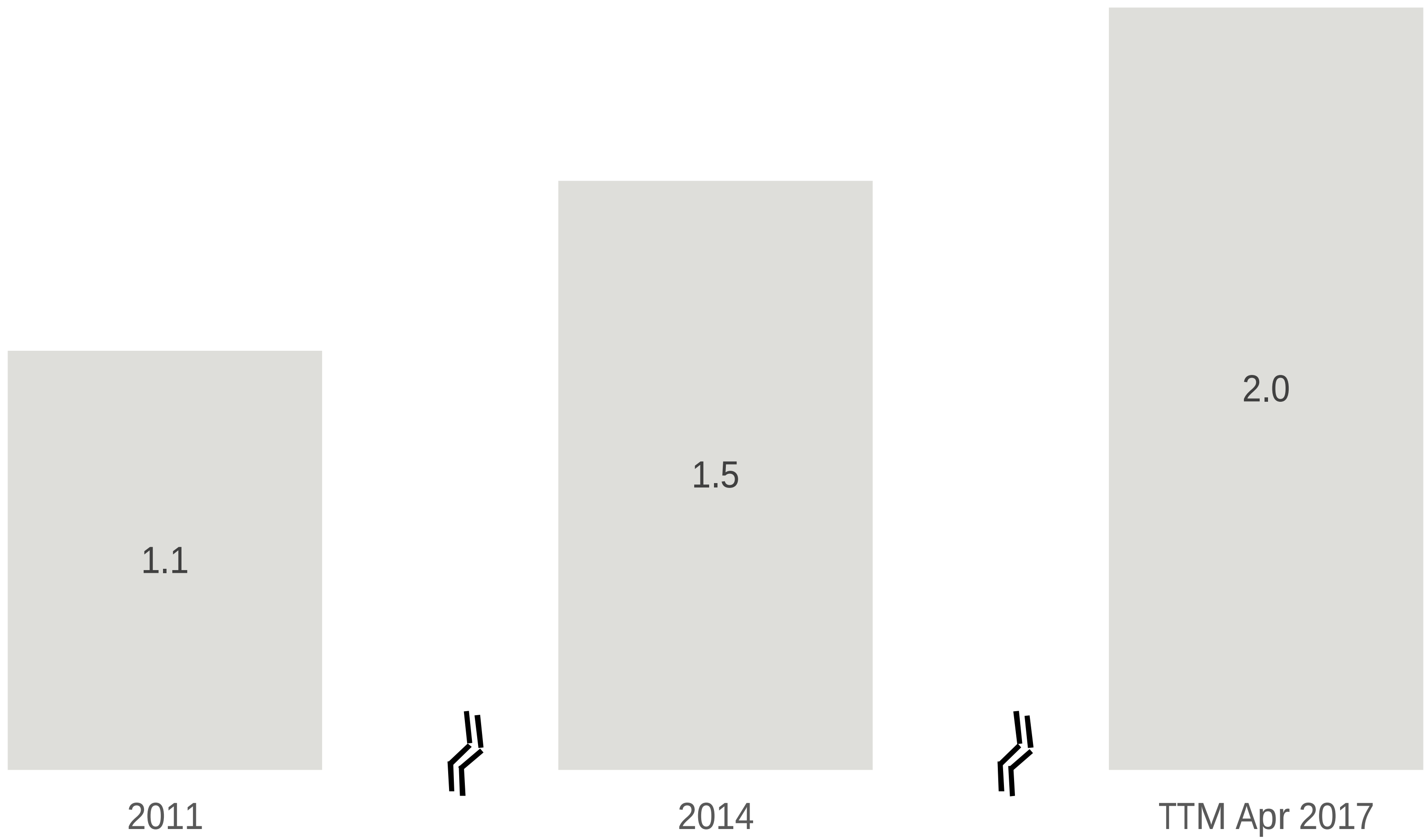


Note: Inventory turns derived by dividing cost of sales, excluding capitalized interest, by a five quarter average homebuilding inventory, excluding inventory not owned and capitalized interest.

Source: Company SEC filings and press releases as of 06/02/17.

Inventory Turnover Trends

Continuing to make improvements.



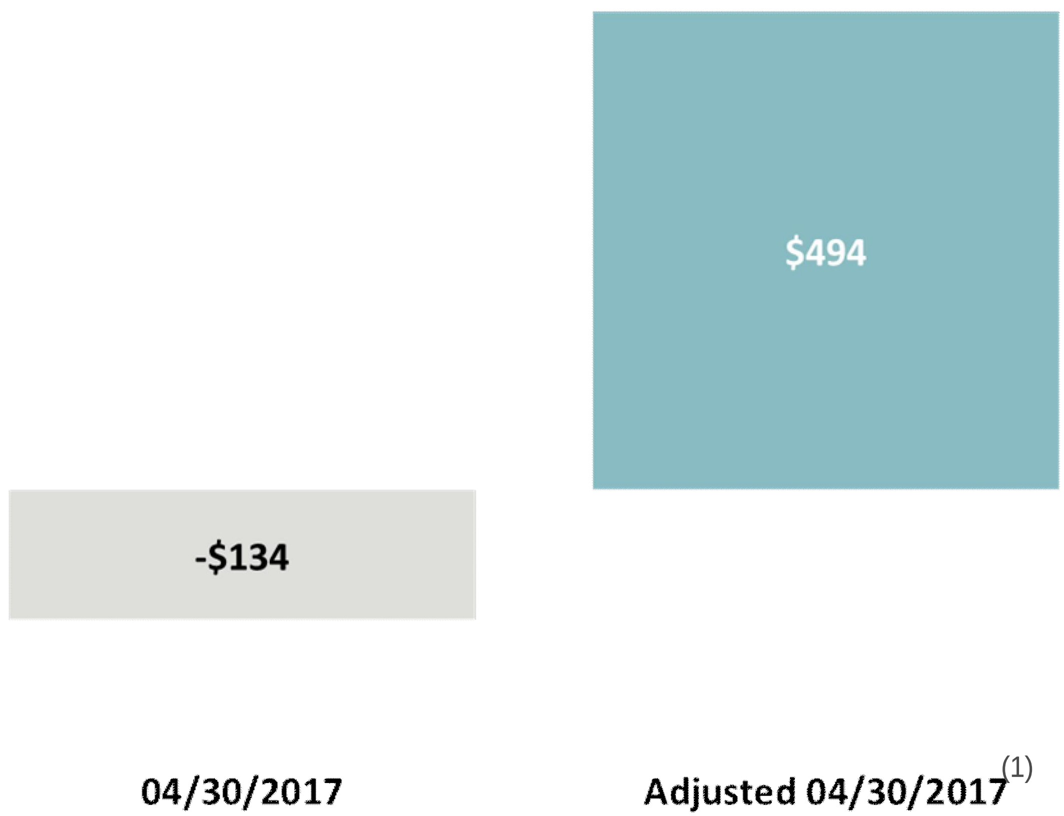
Note: Inventory turns derived by dividing cost of sales by the five quarter average homebuilding inventory, excluding capitalized interest and inventory not owned.

Hovnanian Enterprises, Inc.

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*

($ in millions)



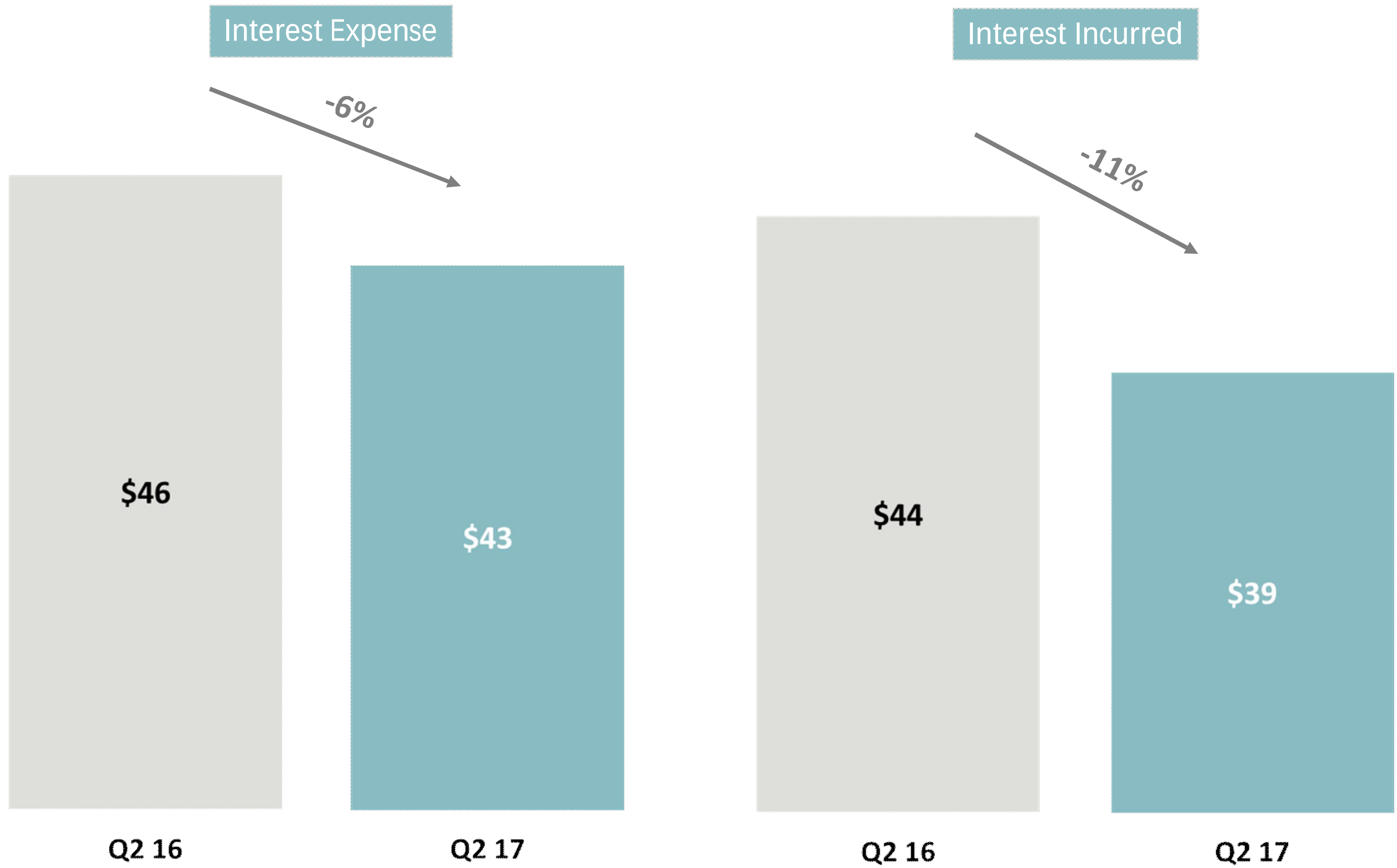
As of June 1, 2017, HOV was trading at 25% discount to adjusted book value [2]

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

(1) Total Hovnanian Stockholders' Deficit of $(134) million with $628 million valuation allowance added back to Stockholders' Equity. The $628 million valuation allowance consisted of a $438 million federal valuation allowance and a $190 million state valuation allowance.

(2) Based on closing price of $2.51 on June 1, 2017.

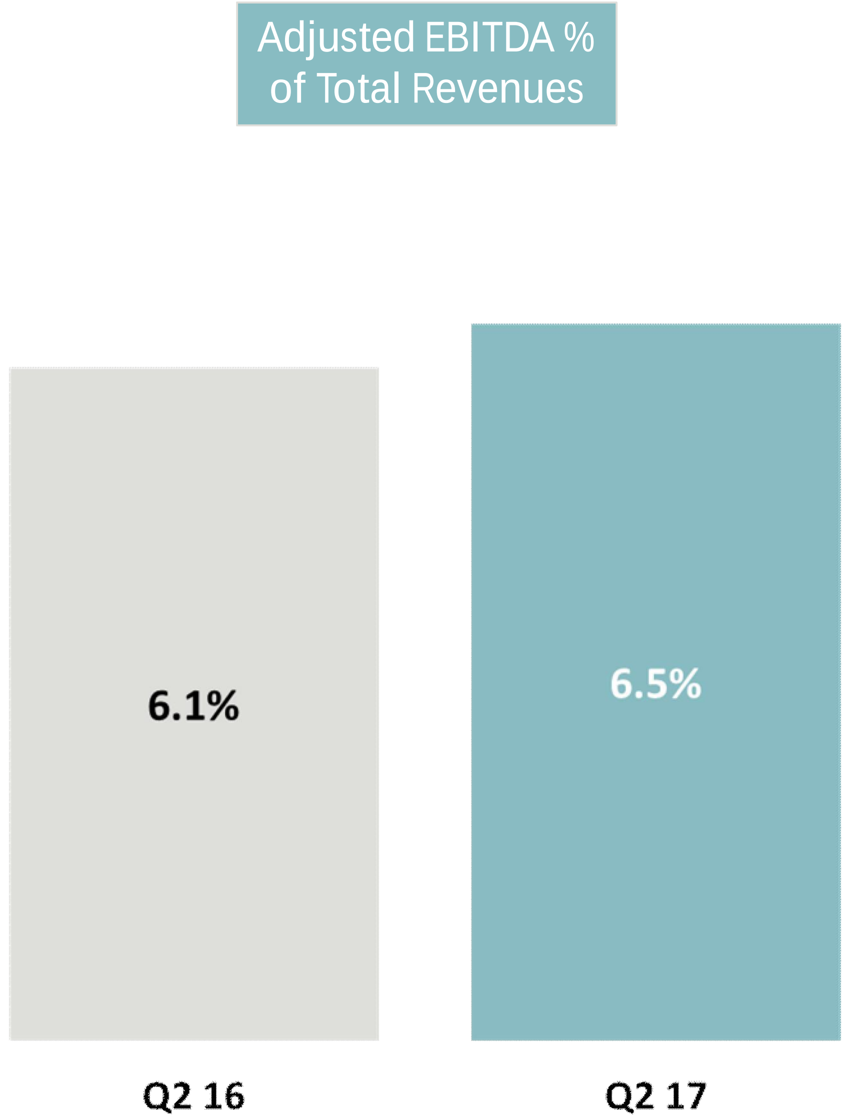
Reduction in Interest Expense and Interest Incurred

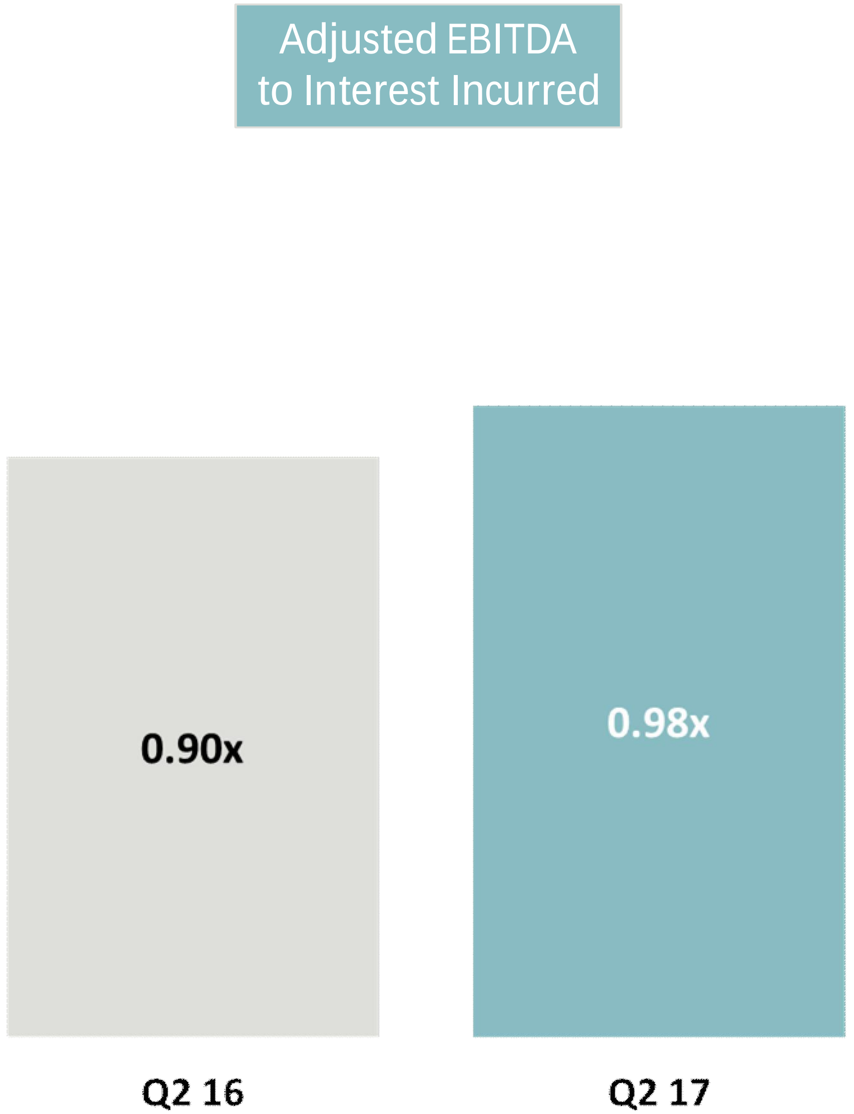


Hovnanian Enterprises, Inc.

EBITDA Improvements

($ in millions)

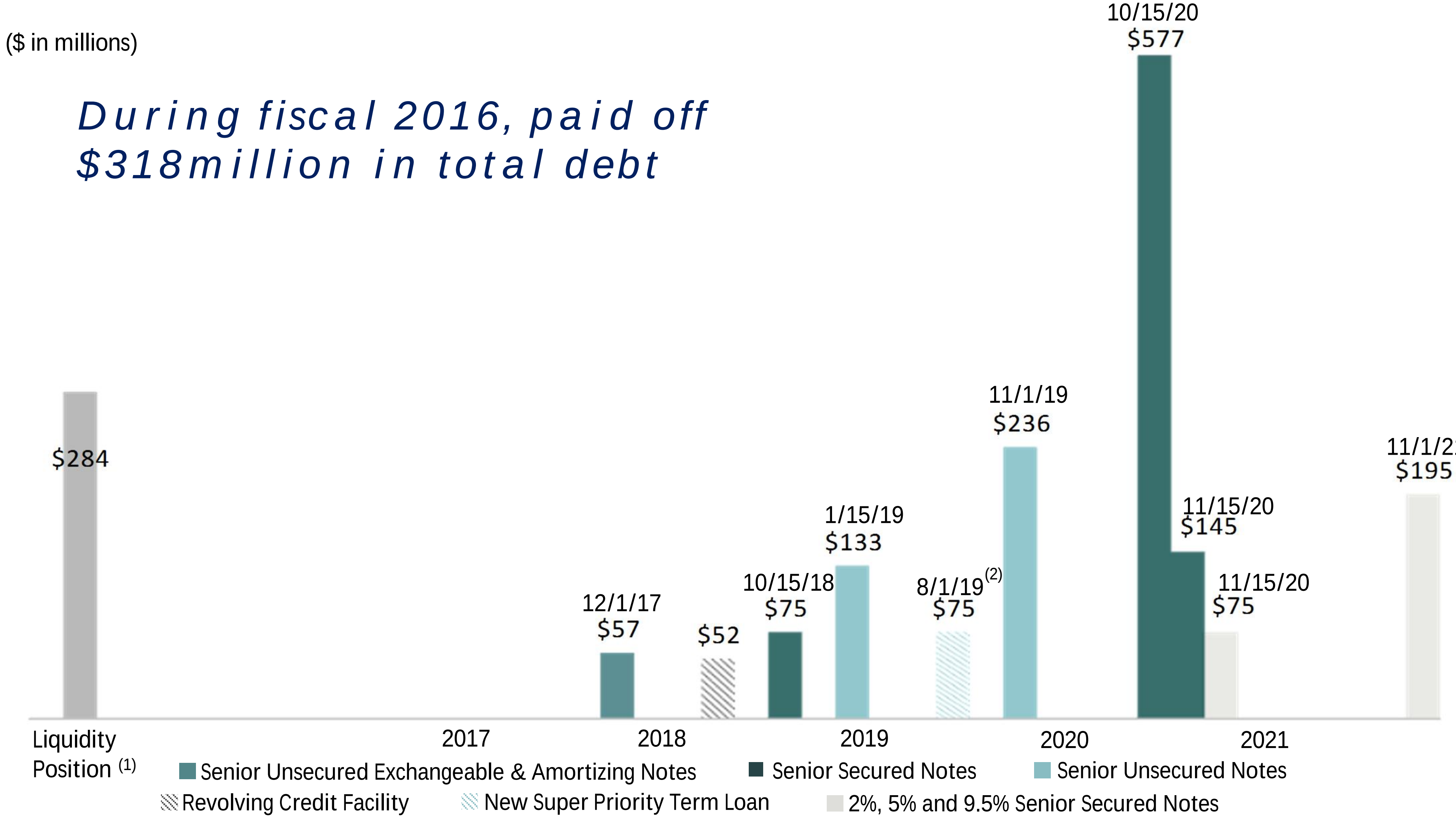




Hovnanian Enterprises, Inc.

Debt Maturity Profile

April 30, 2017 *($ in millions)*



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

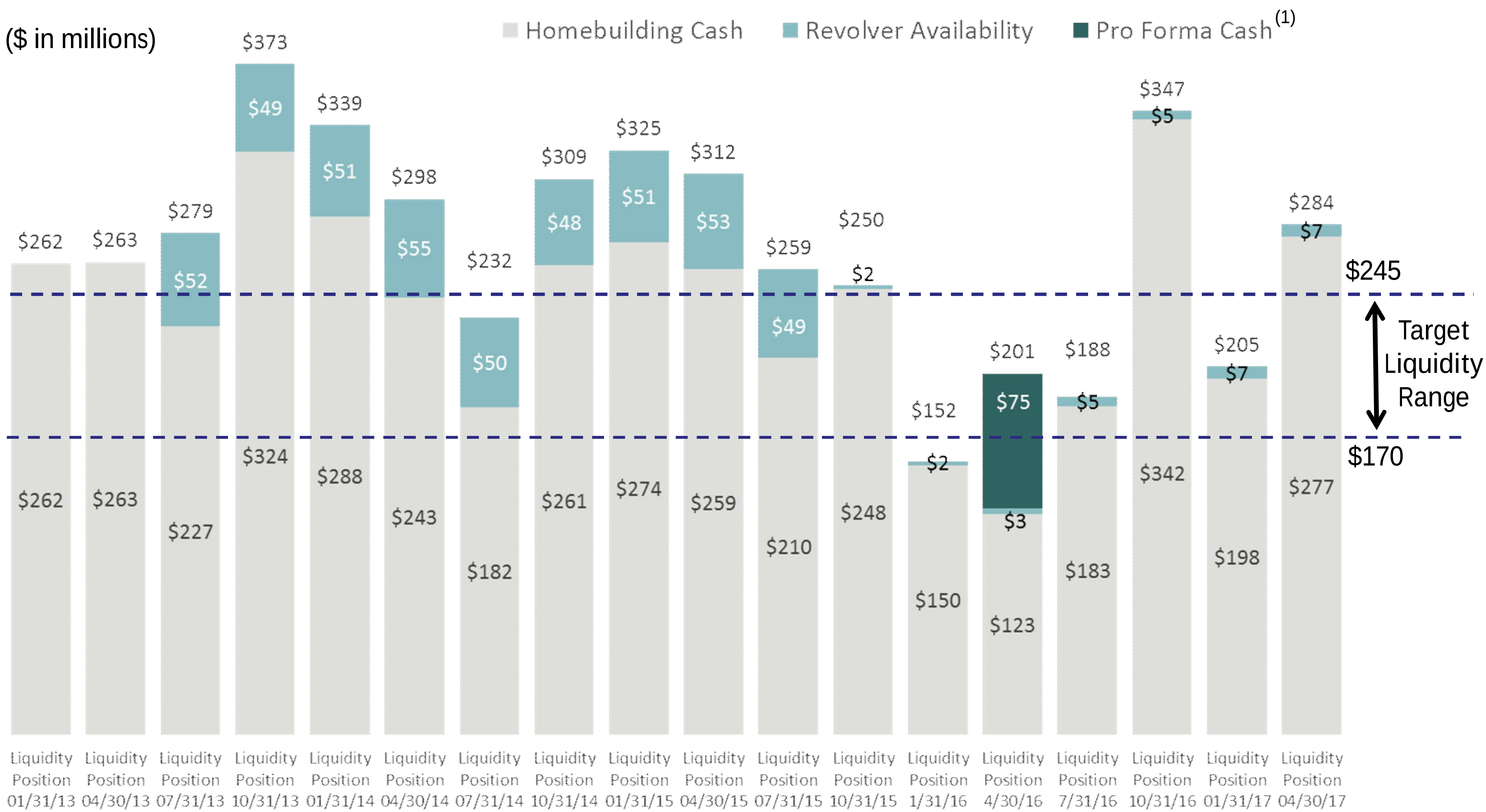
[1] Liquidity position is $277 million of homebuilding cash (including unrestricted cash and restricted cash collateralizing letters of credit), and $7 million of availability under revolving credit facility as of April 30, 2017.

[2] Provided that if any of K. Hovnanian's 7.0% Notes due January 15, 2019 remain outstanding on October 15, 2018 or if any refinancing indebtedness with respect to the 7.0% Notes has a maturity date prior to January 15, 2021, the maturity date of the Term Loan Facility will be October 15, 2018.

Hovnanian Enterprises, Inc.

- Additional land banking
  - Newly identified communities
  - Land we already own
- More joint ventures
- Increase use of non-recourse project specific loans
- Additional model sale leasebacks

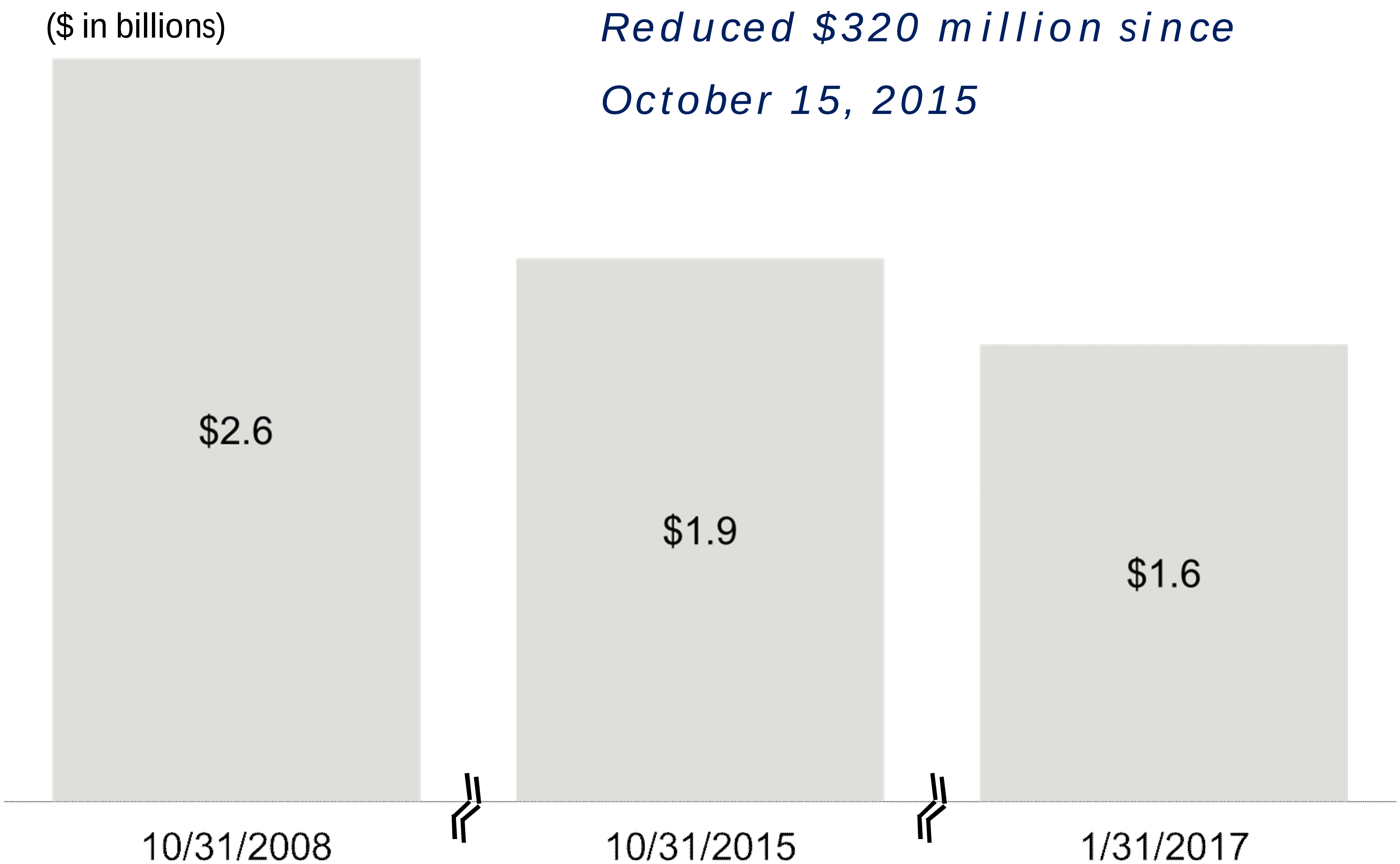
Liquidity Position and Target



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.

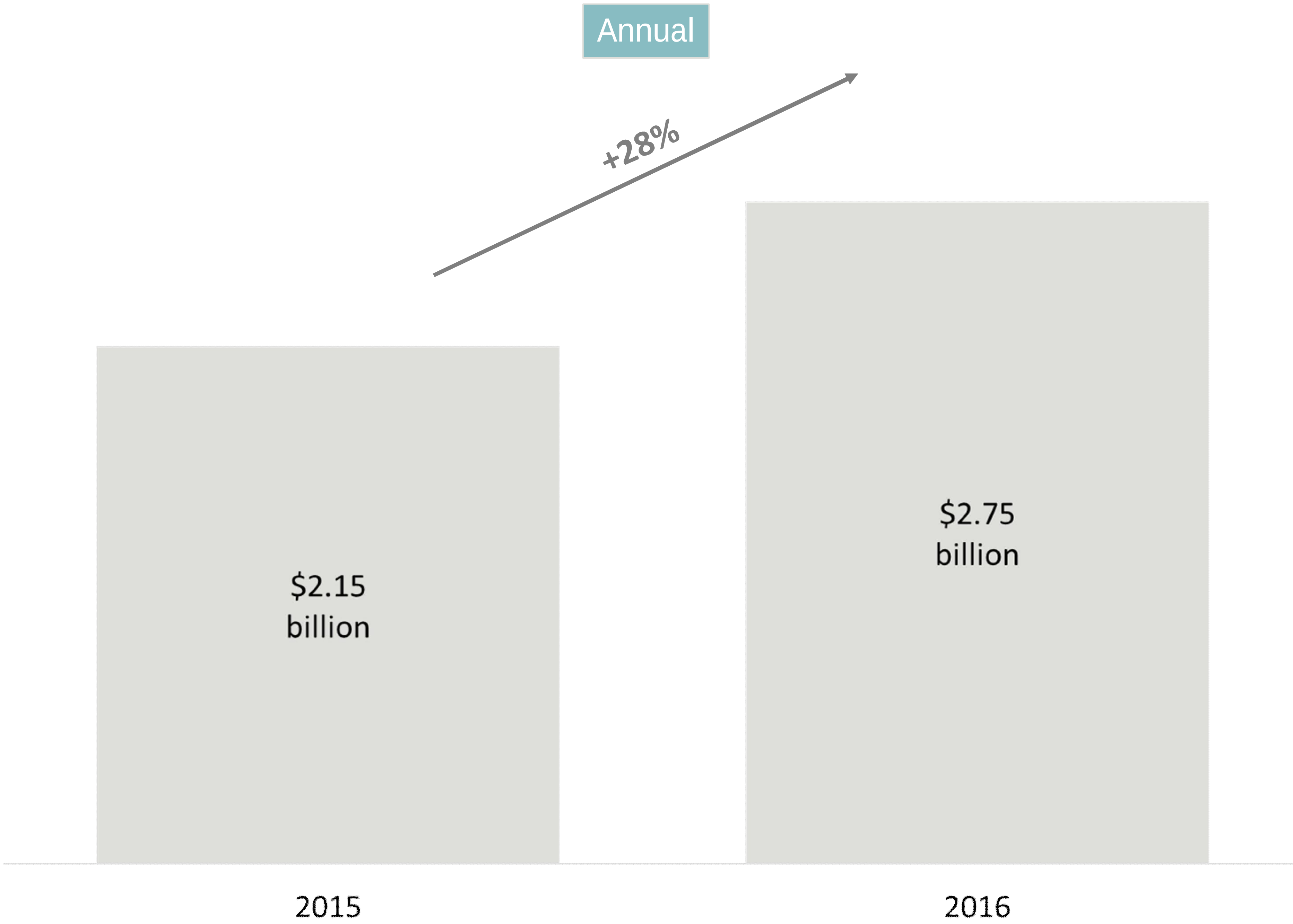
Reducing Debt



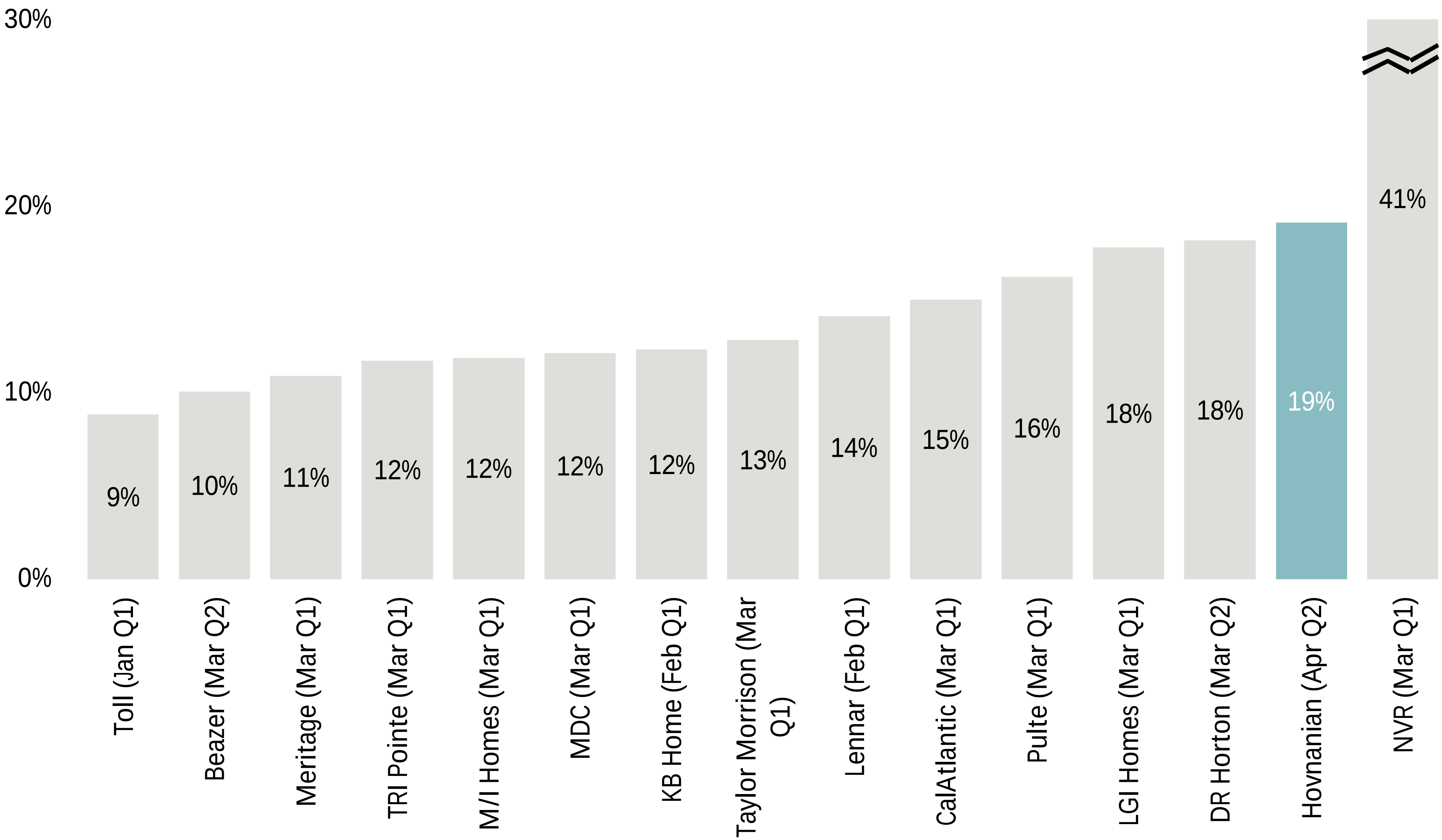
Note: Includes accrued interest.

Hovnanian Enterprises, Inc.

Total Revenues



Adjusted Homebuilding EBIT to Inventory, Last Twelve Months



Note: Defined as LTM 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 06/02/17.

Hovnanian Enterprises®, Inc.

Hovnanian Enterprises, Inc.

Appendix

Hovnanian Enterprises, Inc.

Coverage for New Super Priority Term Loan and 10.0% Lien Notes Due 2018, 7.25% 1st Lien Notes and 9.125% 2nd Lien Note Due 2020

($ in Thousands)	January 31, 2017	April 30, 2017
Cash and cash equivalents	$140,100	$190,400
Mortgaged Inventory	$587,800	$564,300
Pledged equity value of subsidiaries without inventory liens(1)	$121,100	$85,500
Total Collateral	$849,000	$840,200
Plus equity value of subsidiaries with non-recourse loans(2)	$108,400	$117,700
Total Adjusted Collateral	$957,400	$957,900
Total principal amount of secured debt	$872,000	$872,000
Adjusted Collateral Ratio	1.10x	1.10x
Assets in excess of total principal amount of secured debt	$85,400	$85,900

(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.

Hovnanian Enterprises, Inc.

Coverage for New 9.5% 1st Lien Notes Due 2020 and 2% and 5% 1st Lien Notes Due 2021

($ in Thousands)	January 31, 2017	April 30, 2017
Cash and cash equivalents	$57,400	$86,300
Mortgaged Inventory	$140,000	$146,500
Pledged equity value of subsidiaries without inventory liens[(1)]	$14,700	$6,000
Total Collateral	$212,100	$238,800
Plus equity value of subsidiaries with non-recourse loans[(2)]	$12,500	$7,300
Total Adjusted Collateral	$224,600	$246,100
Total principal amount of secured debt	$270,000	$270,000
Adjusted Collateral Ratio	0.83x	0.91x
Total Adjusted Collateral	$224,600	$246,100
Plus equity interests in joint ventures[(3)]	$97,100	$89,900
Total Assets Available for secured debt	$321,700	$336,000
Total principal amount of secured debt	$270,000	$270,000
Asset Coverage Ratio	1.19x	1.24x
Assets in Excess of total principal amount of secured debt	$51,700	$66,000

(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.

Hovnanian Enterprises, Inc.

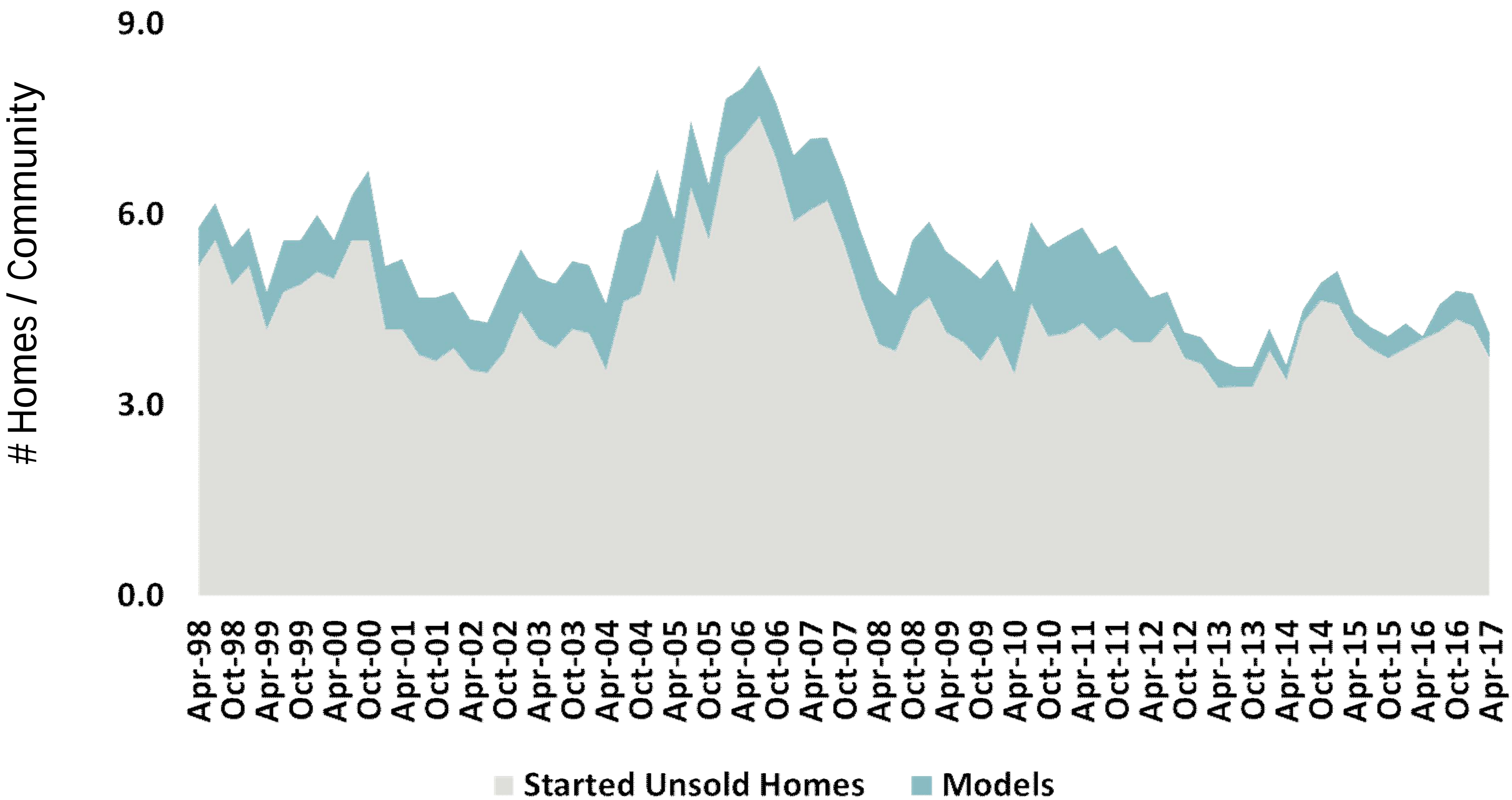
Assets Available to All Unsecured Debt

($ in Thousands)	January 31, 2017	April 30, 2017
Total Assets	$2,145,300	$2,133,600
less Income Tax Receivables	($283,300)	($284,500)
less Inventory Not Owned	($171,600)	($154,600)
less Financial Services Assets	($113,200)	($119,500)
Assets Available to All Notes	$1,577,200	$1,575,000
less non-recourse mortgages	($73,500)	($66,400)
less principal for new 9.5% 1st Lien Notes due 2020 and 2% and 5% 1st Lien Notes due 2021	($270,000)	($270,000)
less principal for new Super Priority Term Loan due 2018 and 10.0% 2nd Lien Notes due 2018, 7.25% 1st Lien and 9.125% 2nd Lien Notes due 2020	($872,000)	($872,000)
Assets available to All Unsecured Notes	$361,700	$366,600

Hovnanian Enterprises, Inc.

Unsold Homes per Community

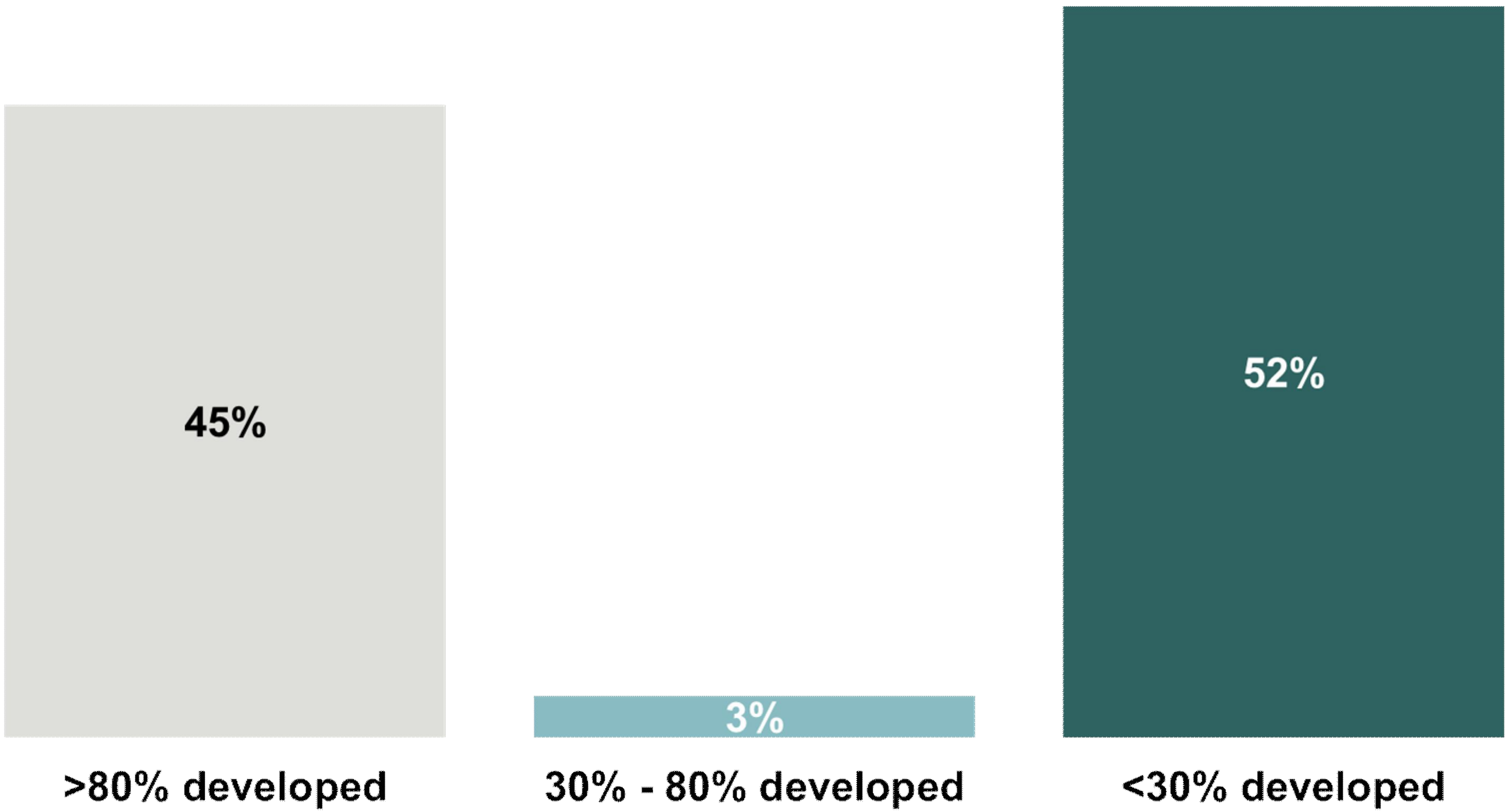
- *544 started unsold homes at 04/30/17, excluding models*
- *4.6 average started unsold homes per community since 1997*
- *As of April 30, 2017, 3.7 started unsold homes per community*



Note: Excluding unconsolidated joint ventures.

Owned Lots % Development Costs Spent

As of April 30, 2017



Note: Excluding unconsolidated joint ventures.

Hovnanian Houston Operations

- Houston Exposure as of April 30, 2017

	Houston as a % of Company Total
TTM Home Sale Revenues	16%
Homebuilding Inventory	11%

- Houston Lot Position as of April 30, 2017

	Houston # Lots	Months Supply Houston	Months Supply Company Average[1]
Owned Lots	811	7	20
Optioned Lots	1,904	17	29
Total Lots	2,715	24	49

- Option Deposit
  - Houston $2,000 per lot vs. Company Average $4,000 per lot

[1] *Excluding Houston and Mothballed lots*

Hovnanian Enterprises®, Inc.