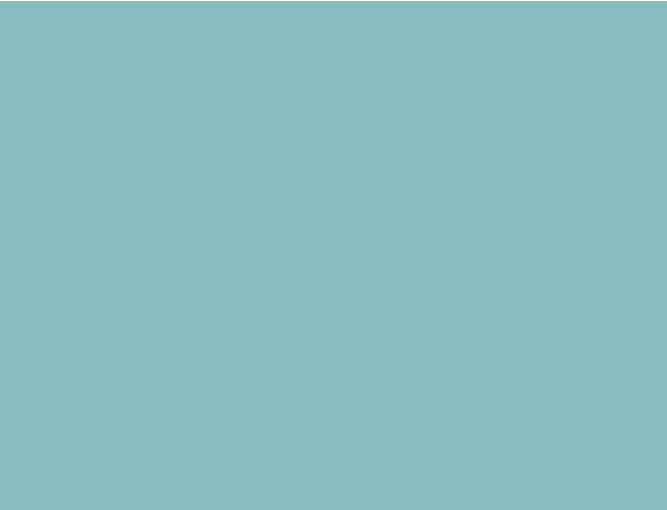
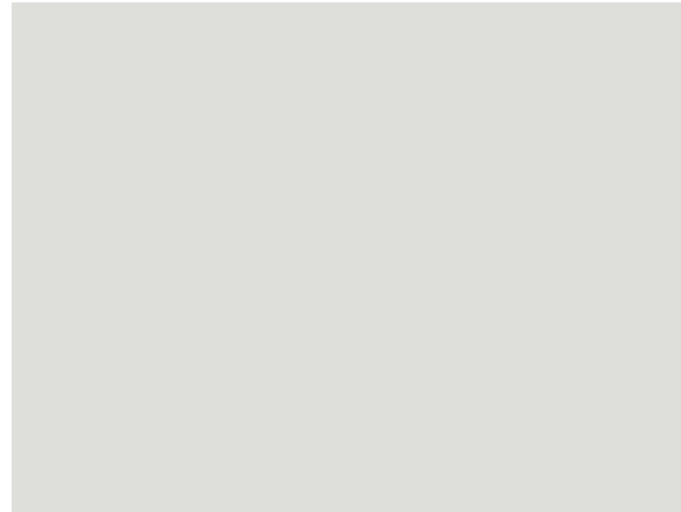


Hovnanian Enterprises, Inc.

Review of Financial Results | Fourth Quarter Fiscal 2016

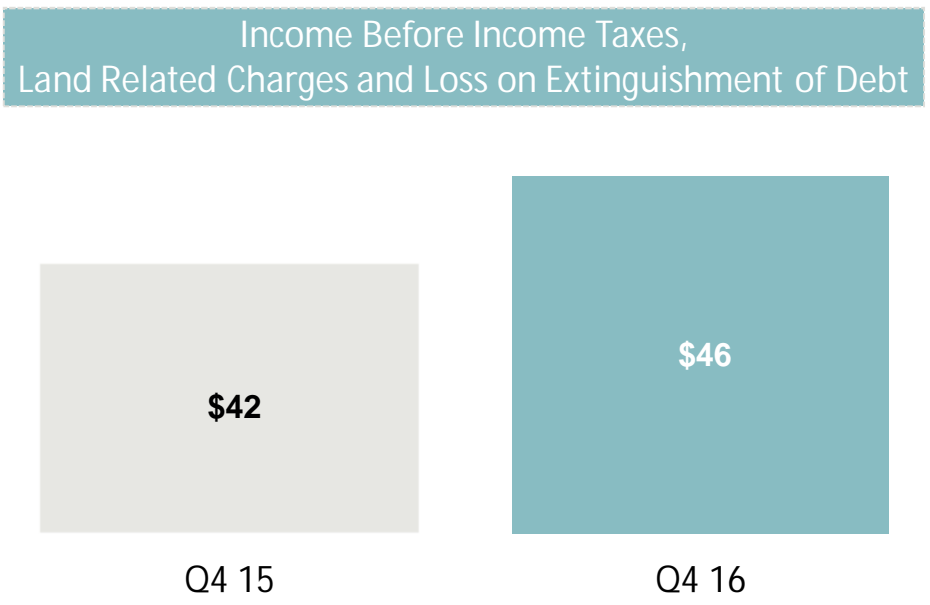
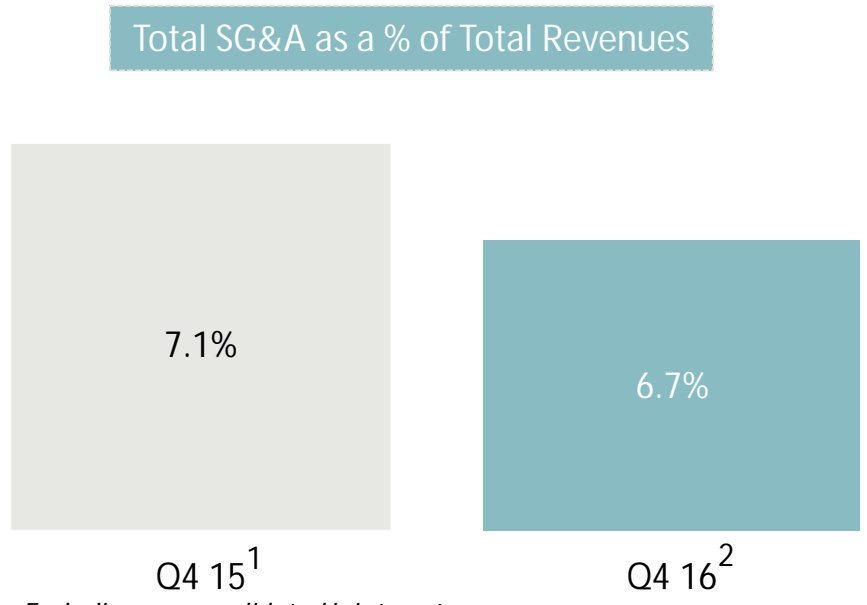
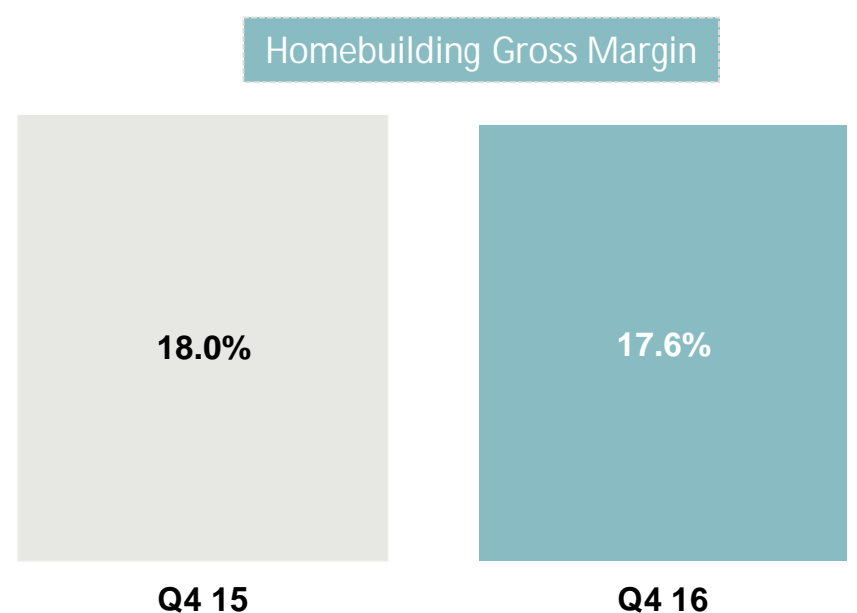
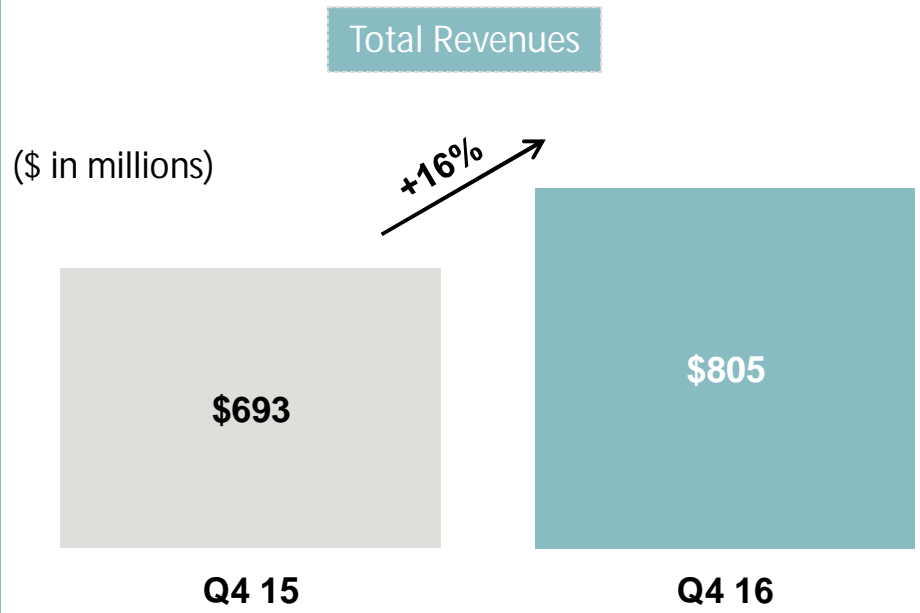


Note: All statements in this presentation that are not historical facts should be considered as “Forward-Looking Statements” within the meaning of the “Safe Harbor” provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other 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 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.

2016 Full Year Guidance Compared to Actual Results

	FY 2016 Guidance	FY 2016 Actual
Total Revenues (\$ billions)	\$2.7 to \$2.9	\$2.8
Gross Margin	16.0% to 17.0%	16.9%
Total SG&A as percentage of Total Revenues	9.0% to 10.0%	9.2%
Adjusted EBITDA	\$200 to \$225	\$231
Adjusted Pre Tax Profit ⁽¹⁾ (\$ millions)	\$25 to \$35	\$39

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



Note: Excluding unconsolidated joint ventures.

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

(1) Includes \$15.2 million of benefit due to a substantial reduction in our construction defect reserve based on our annual actuarial study.

(2) Includes \$9.2 million of benefit due to a substantial reduction in our construction defect reserve based on our annual actuarial study.

Fourth Quarter & Full Year EBITDA Improvements

(\$ in millions)

Adjusted EBITDA

Fourth Quarter

Adjusted EBITDA
to Interest Incurred

+14%



Q4 15

Q4 16

Q4 15

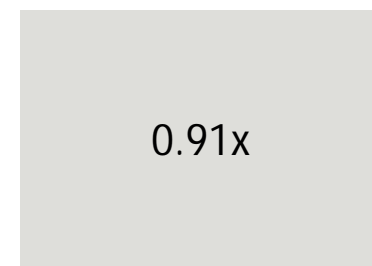
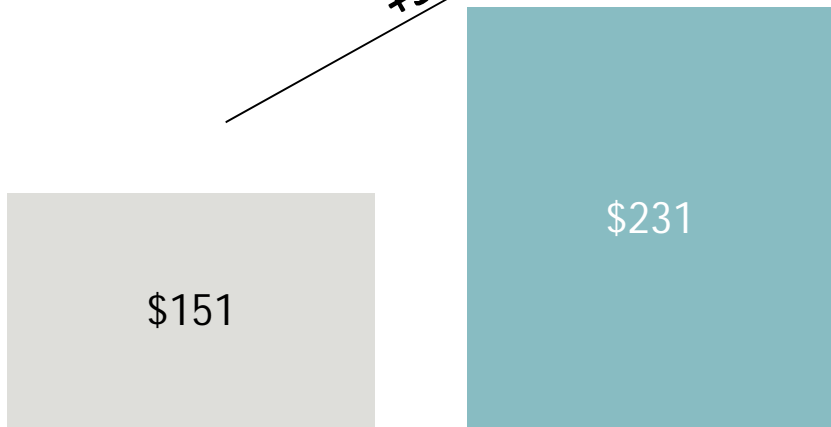
Q4 16

Adjusted EBITDA

Full Year

Adjusted EBITDA
to Interest Incurred

+54%



YTD 2015

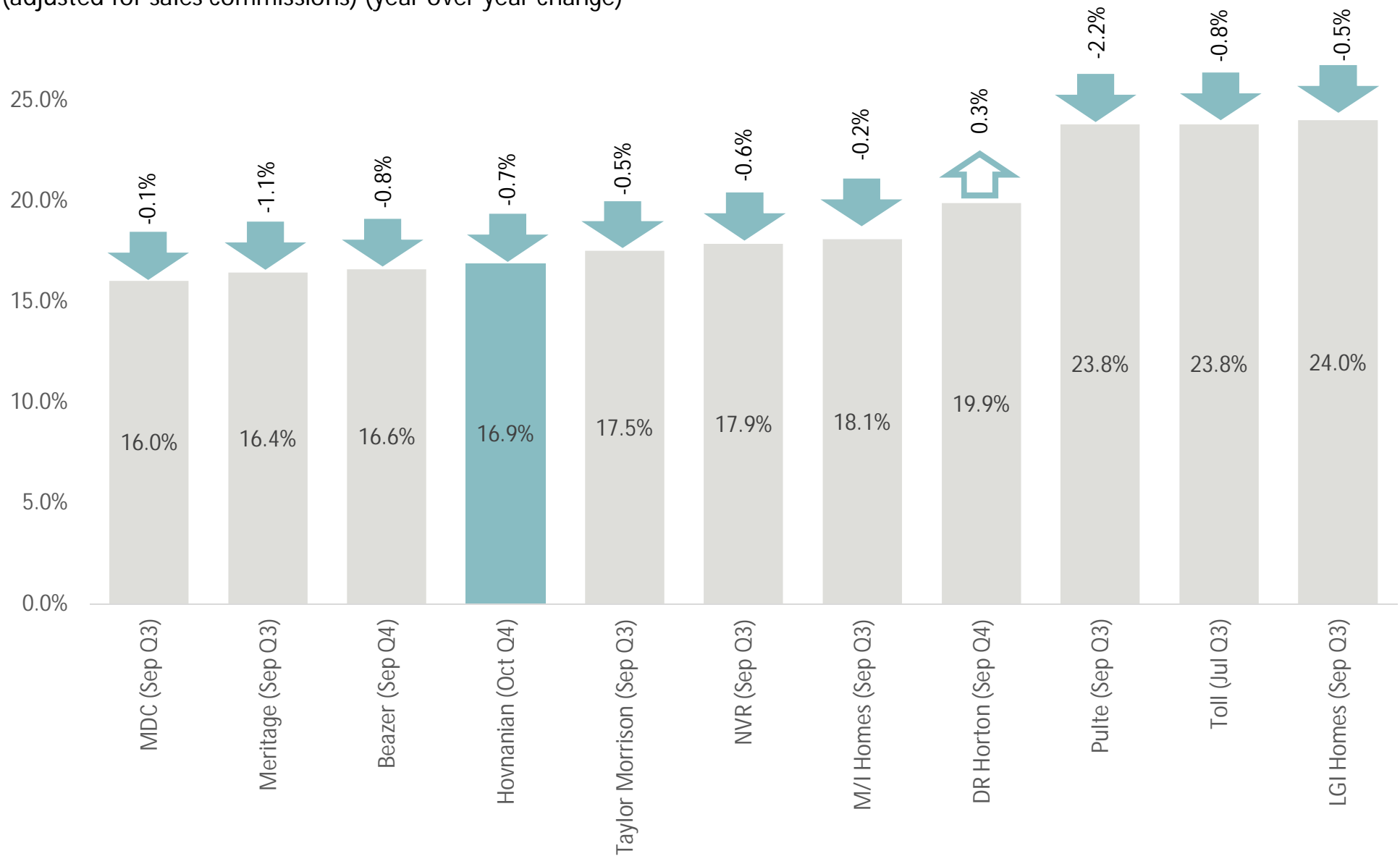
YTD 2016

YTD 2015

YTD 2016

Adjusted Gross Margin Percentage, Trailing Twelve Months

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

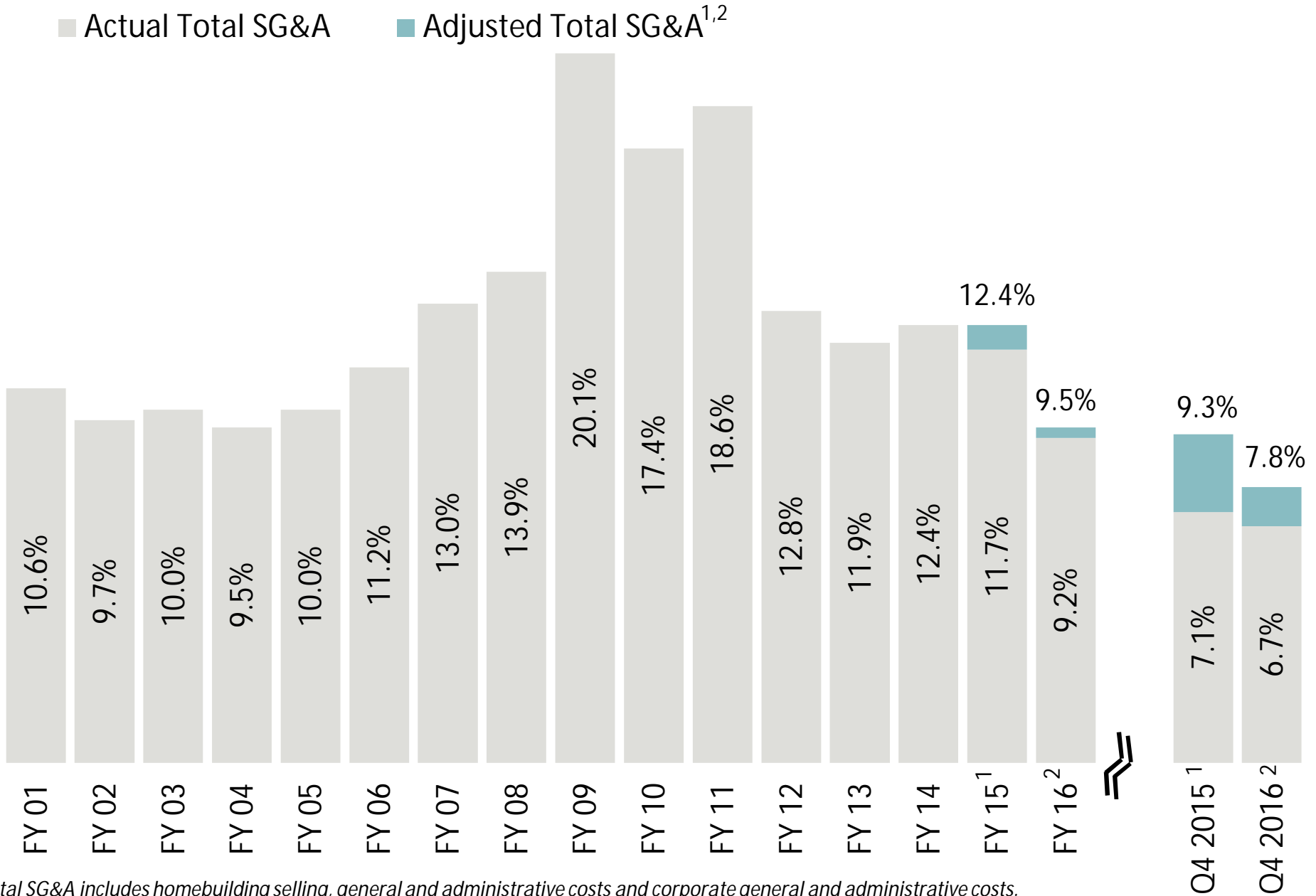


Note: Hovnanian sales commission was 3.5% in the most recent quarter. Reduced LGI Homes, MDC, Meritage, M/I Homes and Taylor Morrison publicly reported results by full 3.5% because all of their sales commissions are reported in SG&A. Reduced DR Horton and Toll publicly reported results by 1.8% because only some of their sales commissions were reported in SG&A. Beazer reports commission separately and is reduced by 3.9%.

Source: Company SEC filings and press releases as of 12/08/16.

Note: Excluding interest and impairments.

Total SG&A as a Percentage of Total Revenues

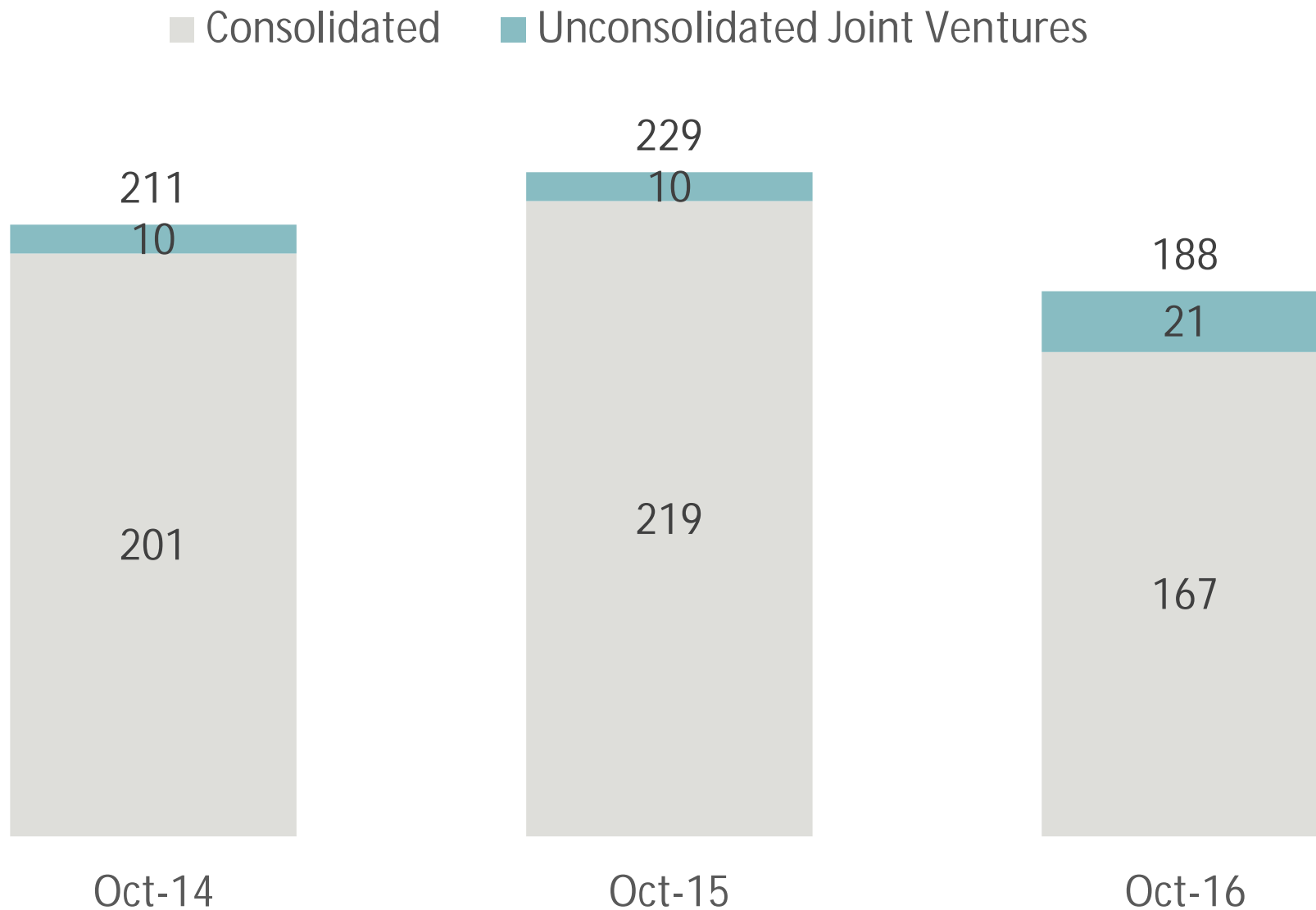


Note: Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs.

(1) 2015 excludes \$15.2 million of benefit due to a substantial reduction in our construction defect reserve based on our annual actuarial study.

(2) 2016 excludes \$9.2 million of benefit due to a substantial reduction in our construction defect reserve based on our annual actuarial study.

In the trailing twelve months, we opened 70 communities and closed out 122 communities.

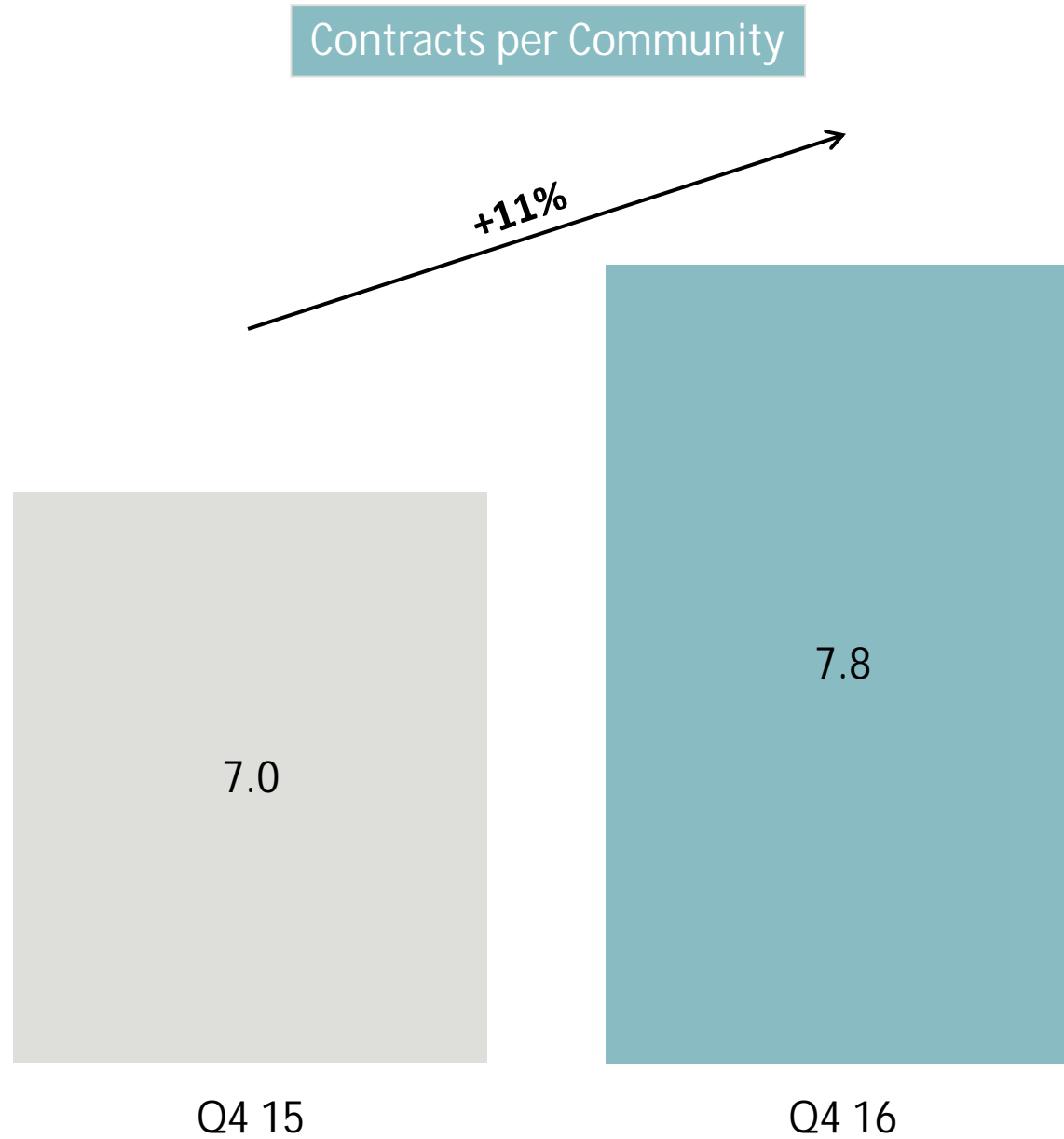


Note: Fourth quarter 2016 active selling communities impacted by sale of ten communities in Minneapolis, MN and Raleigh, NC.

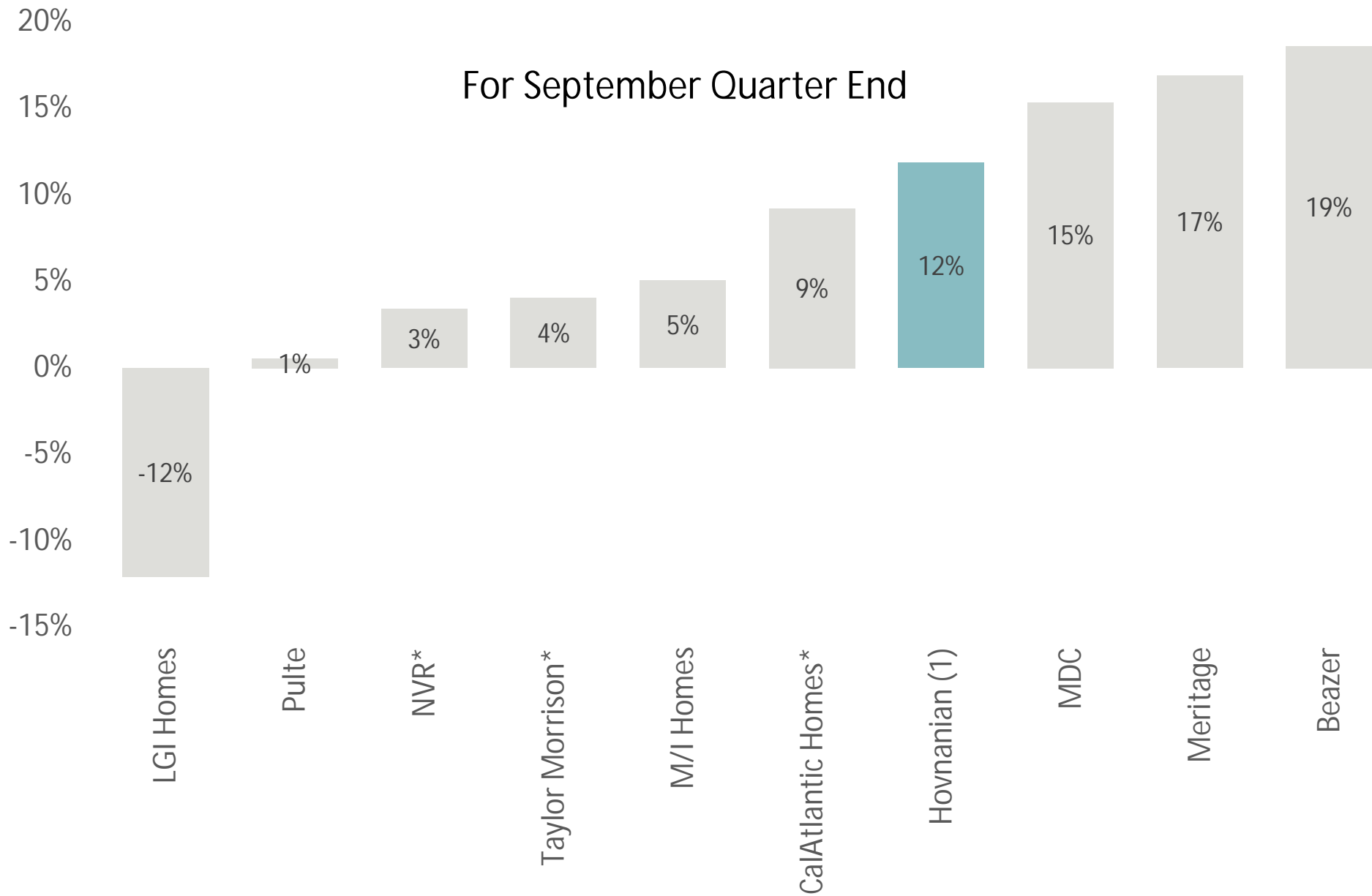
Note: Active selling communities are open for sale communities with 10 or more home sites available.

Solid Growth in Sales Pace Per Community

(\$ in millions)



Note: Excluding unconsolidated joint ventures.

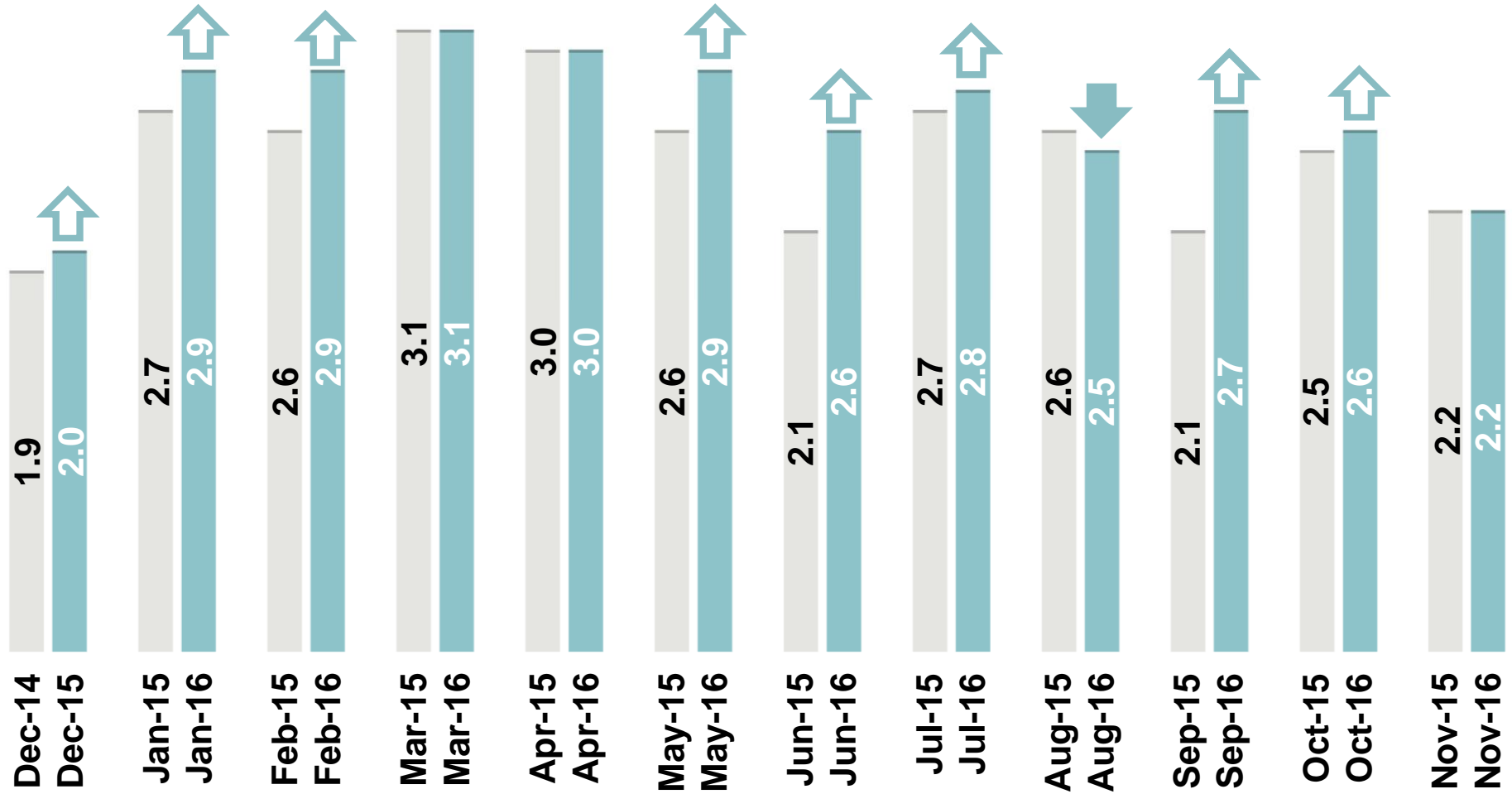


(1) Hovnanian is shown as if quarter ended September 30, 2016

*Average community count

Note: Excludes unconsolidated joint ventures.

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



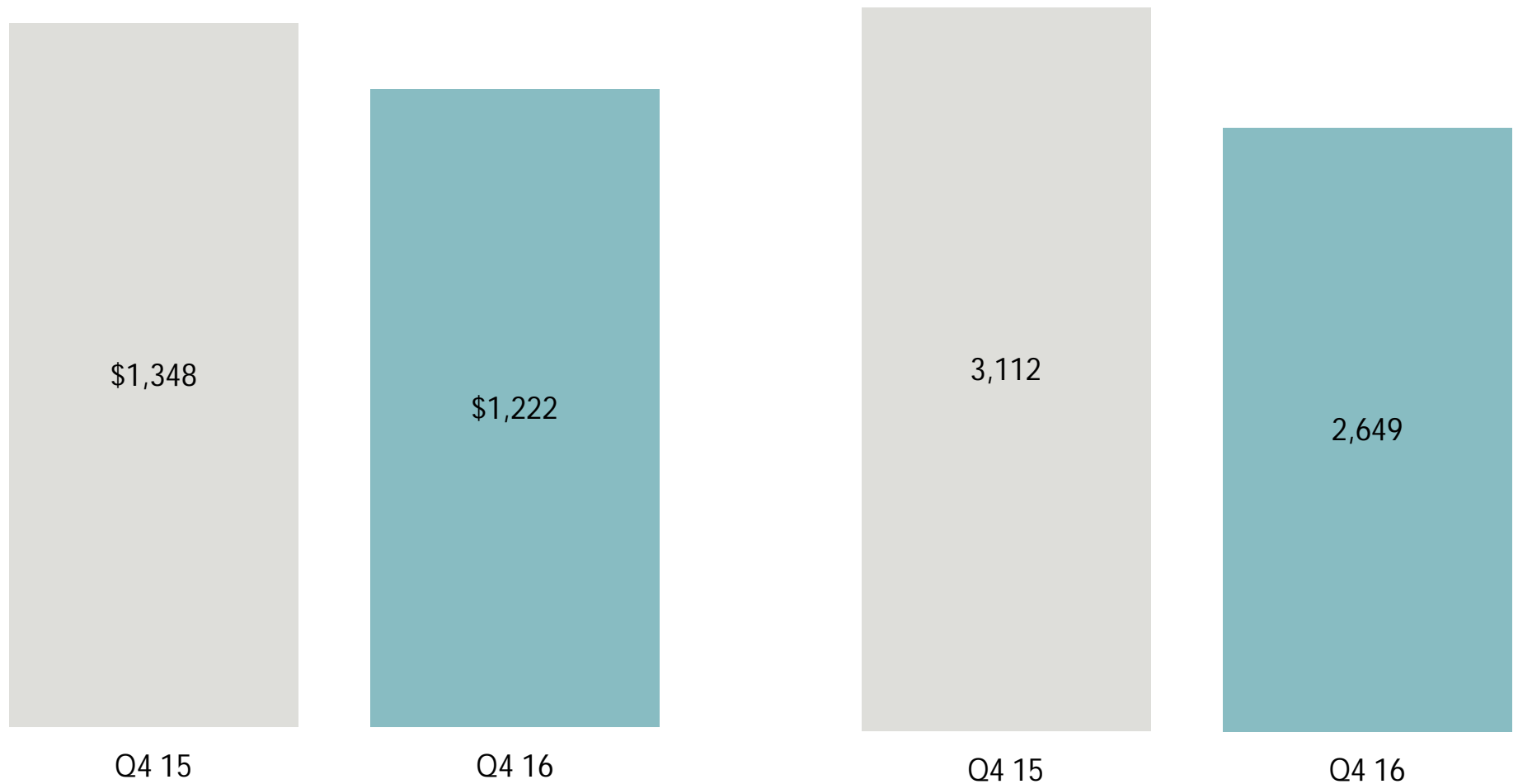
Number of Sundays	4	4	4	5	4	4	5	4	4	4	4	5	5	4	4	4	4	5	4	5	4			
	Dec-14	Dec-15	Jan-15	Jan-16	Feb-15	Feb-16	Mar-15	Mar-16	Apr-15	Apr-16	May-15	May-16	Jun-15	Jun-16	Jul-15	Jul-16	Aug-15	Aug-16	Sep-15	Sep-16	Oct-15	Oct-16	Nov-15	Nov-16
Monthly Net Contracts	380	426	531	628	539	600	634	625	623	587	529	512	442	463	562	492	531	423	460	449	544	427	477	351

Note: Excludes unconsolidated joint ventures.

(\$ in millions)

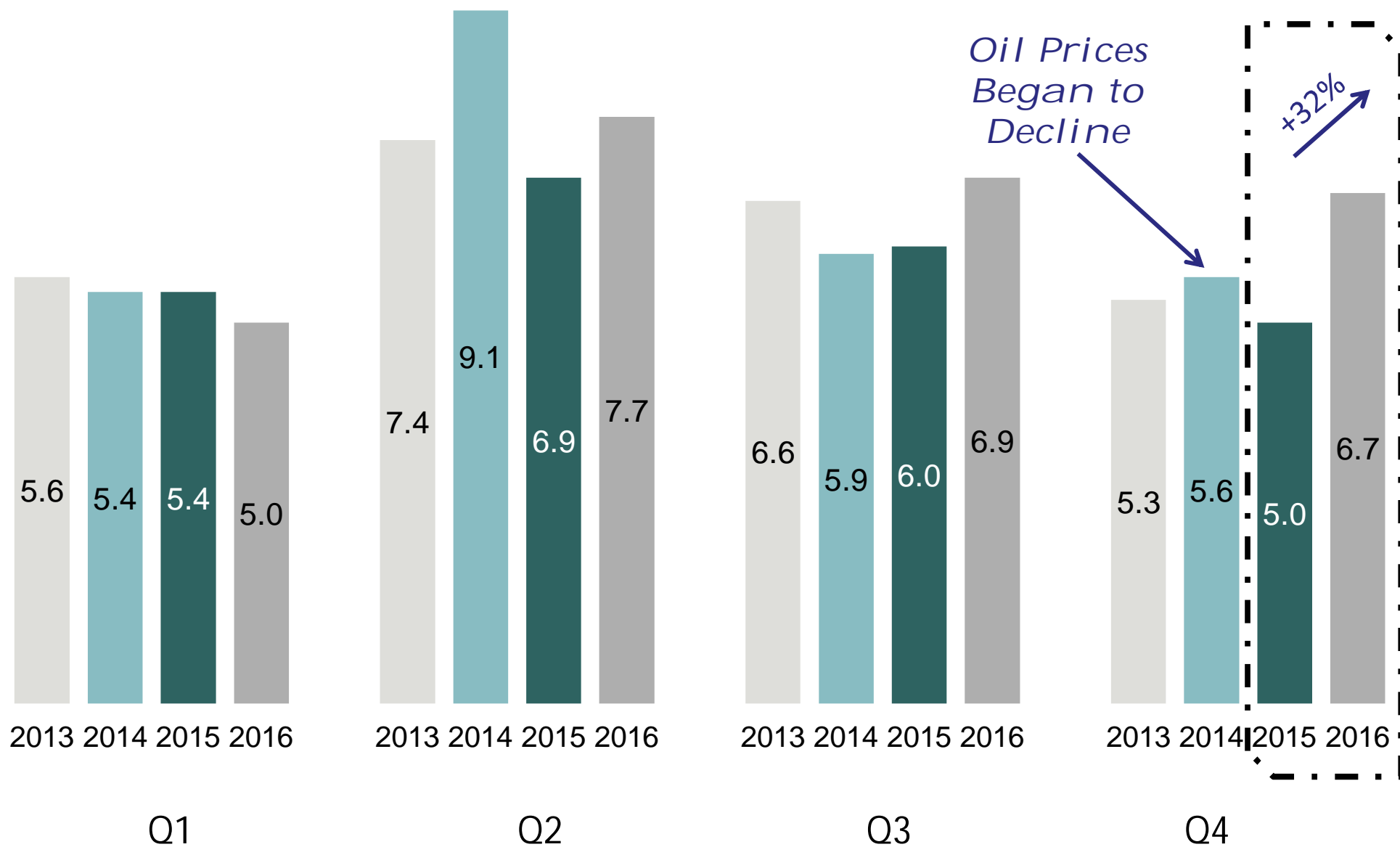
Contract Backlog
(\$ value)

Contract Backlog
(units)



Note: Including unconsolidated joint ventures.

Number of net contracts increased 19% in Q4 2016



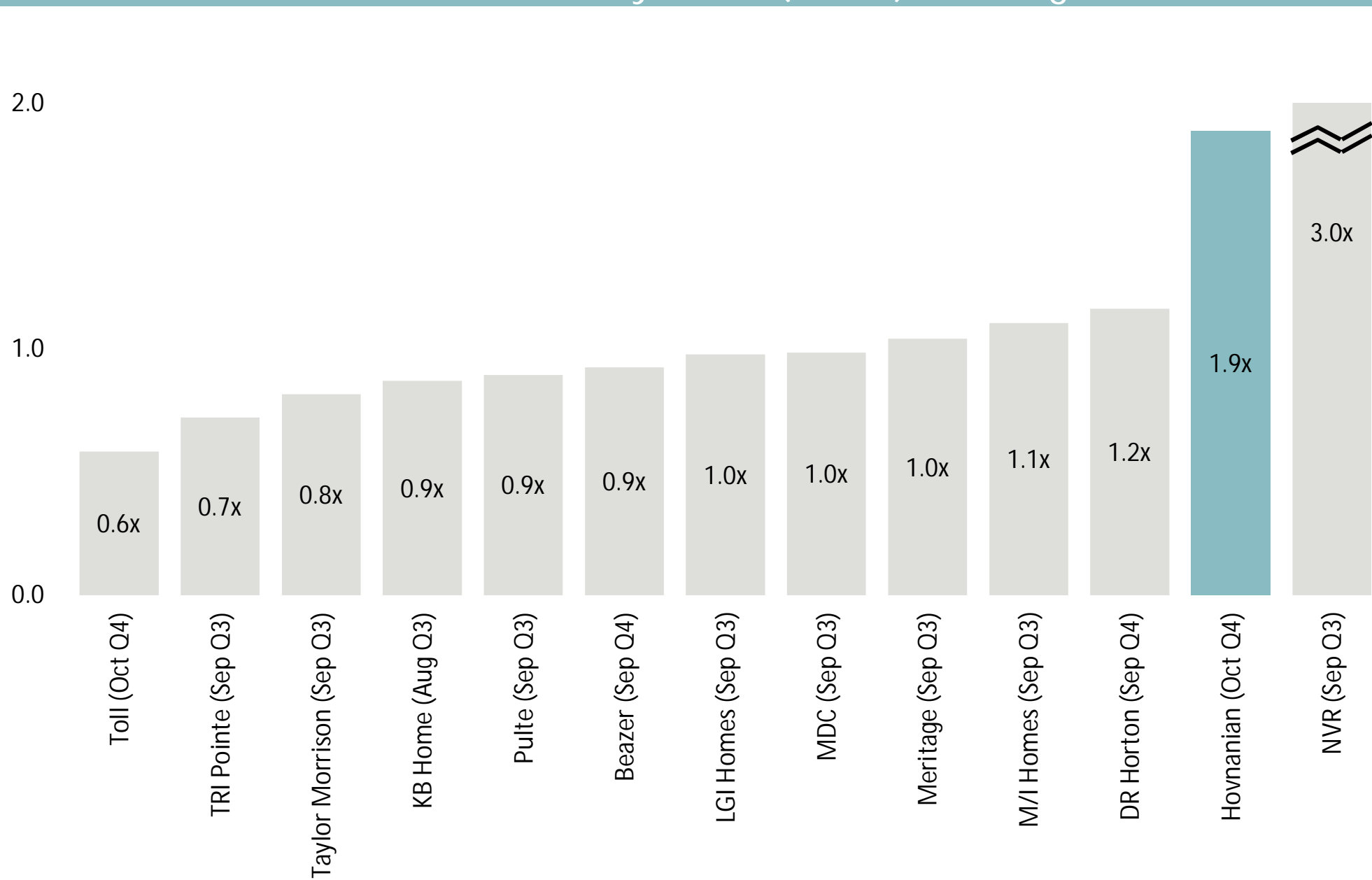
Land Positions by Geographic Segment

Segment	<u>October 31, 2016</u>			
	# Lots			
	Owned		Optioned	Total
Excluding Mothballed Lots	Mothballed Lots			
Northeast	795	577	3,490	4,862
Mid-Atlantic	1,910	280	1,999	4,189
Midwest	1,744	127	2,075	3,946
Southeast	1,164	295	2,025	3,484
Southwest	1,540	0	3,112	4,652
West	1,475	3,635	407	5,517
Total	8,628	4,914	13,108	26,650

- *Option deposits as of October 31, 2016 were \$62 million*
- *\$9 million invested in pre-development expenses as of October 31, 2016*

Note: Excluding unconsolidated joint ventures.

Inventory Turns (COGS), Trailing Twelve Months

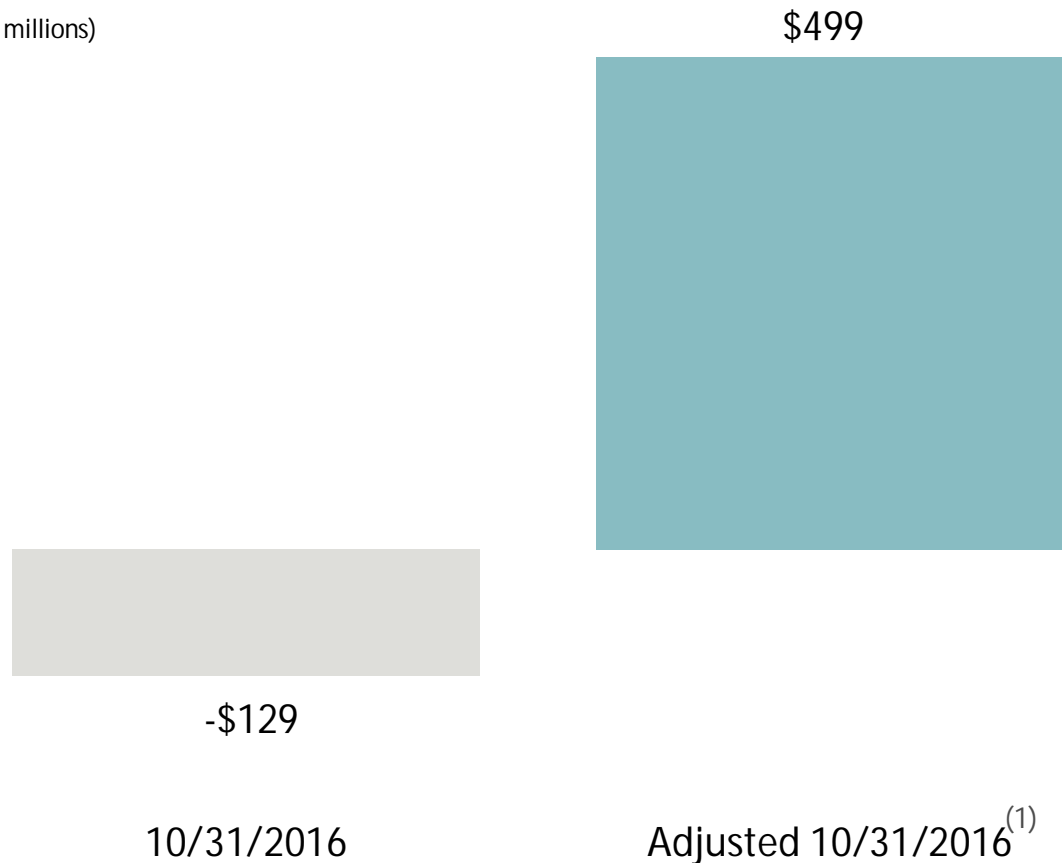


Note: Inventory turns derived by dividing cost of sales, excluding capitalized interest, by a five quarter average homebuilding inventory, excluding inventory not owned and capitalized interest.

Source: Company SEC filings and press releases as of 12/08/16.

- *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)



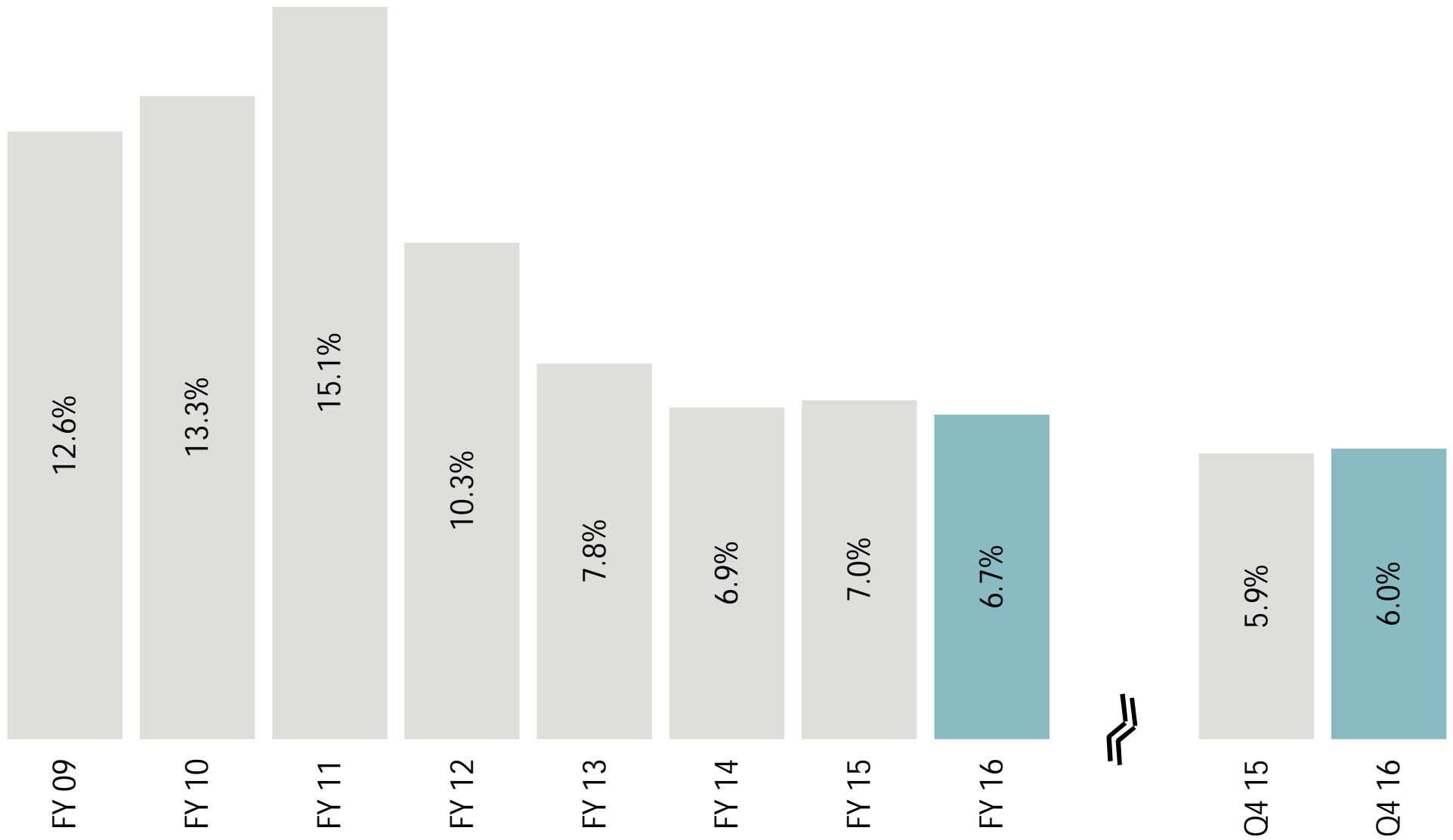
As of December 7, 2016, HOV was trading at 28% discount to adjusted book value ⁽²⁾

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

(1) Total Hovnanian Stockholders' Deficit of \$(129) 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 \$2.44 on December 7, 2016.

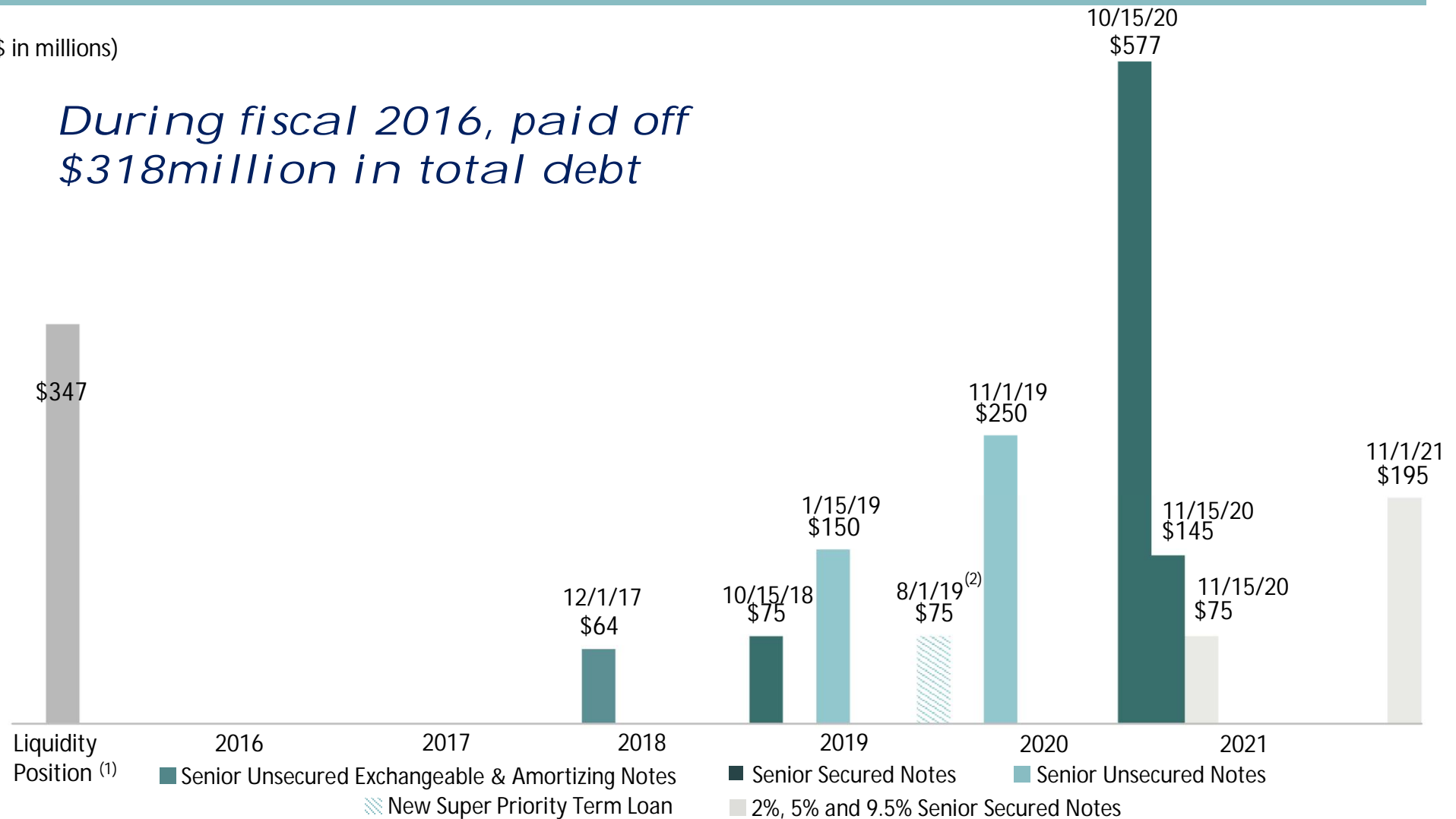
Total Interest as a Percentage of Total Revenues



October 31, 2016 (\$ in millions)

(\$ in millions)

During fiscal 2016, paid off \$318 million in total debt

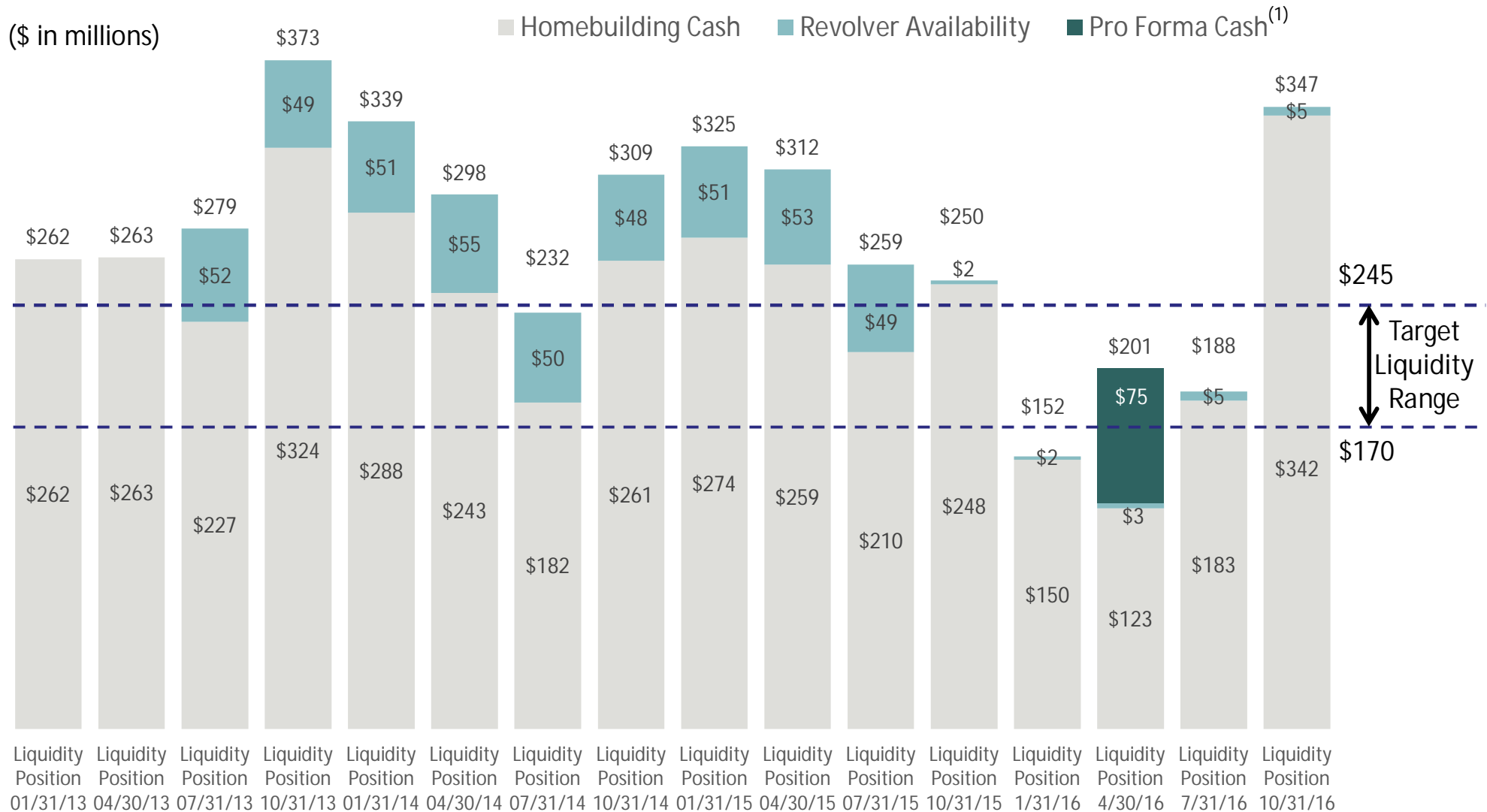


Note: Shown on a calendar year basis, at face value.

¹ Liquidity position is \$342 million of homebuilding cash (including unrestricted cash and restricted cash collateralizing letters of credit), and \$5 million of availability under revolving credit facility as of October 31, 2016.

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.

We are comfortable operating at the lower end of the range



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.

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Appendix

(\$ in Thousands)	<u>July 31, 2016</u>	<u>October 31, 2016</u>
Cash and cash equivalents	\$122,700	\$262,800
Mortgaged Inventory	\$640,000	\$561,700
Pledged equity value of subsidiaries without inventory liens ⁽¹⁾	\$82,600	\$105,500
Total Collateral	\$845,300	\$930,000
Plus equity value of subsidiaries with non-recourse loans ⁽²⁾	\$122,200	\$99,400
Total Adjusted Collateral	\$967,500	\$1,029,400
Total principal amount of secured debt	\$797,000	\$872,000
Adjusted Collateral Ratio	1.21x	1.18x
Assets in excess of total principal amount of secured debt	\$170,500	\$157,400

(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.

(\$ in Thousands)	<u>July 31, 2016</u>	<u>October 31, 2016</u>
Cash and cash equivalents	\$60,500	\$78,700
Mortgaged Inventory	\$146,400	\$128,500
Pledged equity value of subsidiaries without inventory liens ⁽¹⁾	\$1,000	\$6,600
Total Collateral	\$207,900	\$213,800
Plus equity value of subsidiaries with non-recourse loans ⁽²⁾	\$29,400	\$18,900
Total Adjusted Collateral	\$237,300	\$232,700
Total principal amount of secured debt	\$195,000	\$270,000
Adjusted Collateral Ratio	1.22x	0.86x
Total Adjusted Collateral	\$237,300	\$232,700
Plus equity interests in joint ventures ⁽³⁾	\$80,700	\$88,400
Total Assets Available for secured debt	\$318,000	\$321,100
Total principal amount of secured debt	\$195,000	\$270,000
Asset Coverage Ratio	1.63x	1.19x
Assets in Excess of total principal amount of secured debt	\$123,000	\$51,100

(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.

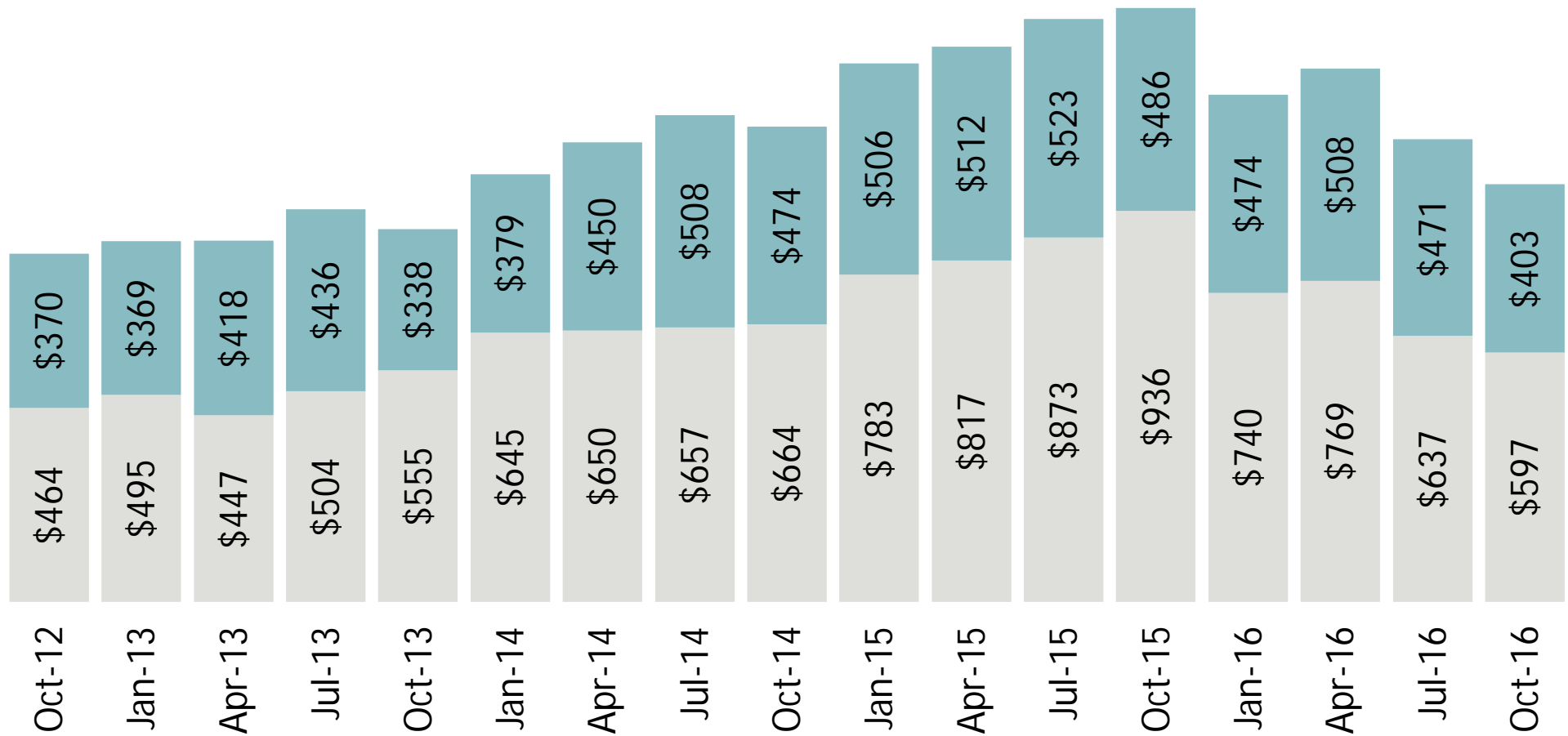
Assets Available to All Unsecured Debt

(\$ in Thousands)

	<u>July 31, 2016</u>	<u>October 31, 2016</u>
Total Assets	\$2,388,800	\$2,379,400
less Income Tax Receivables	(\$293,400)	(\$283,600)
less Inventory Not Owned	(\$280,700)	(\$208,700)
less Financial Services Assets	(\$165,900)	(\$197,200)
Assets Available to All Notes	\$1,648,800	\$1,689,900
less non-recourse mortgages	(\$91,300)	(\$83,500)
less principal for new 9.5% 1 st Lien Notes due 2020 and 2% and 5% 1 st Lien Notes due 2021	(\$195,000)	(\$270,000)
less principal for new Super Priority Term Loan due 2018 and 10.0% 2 nd Lien Notes due 2018, 7.25% 1 st Lien and 9.125% 2 nd Lien Notes due 2020	(\$797,000)	(\$872,000)
Assets available to All Unsecured Notes	\$565,500	\$464,400

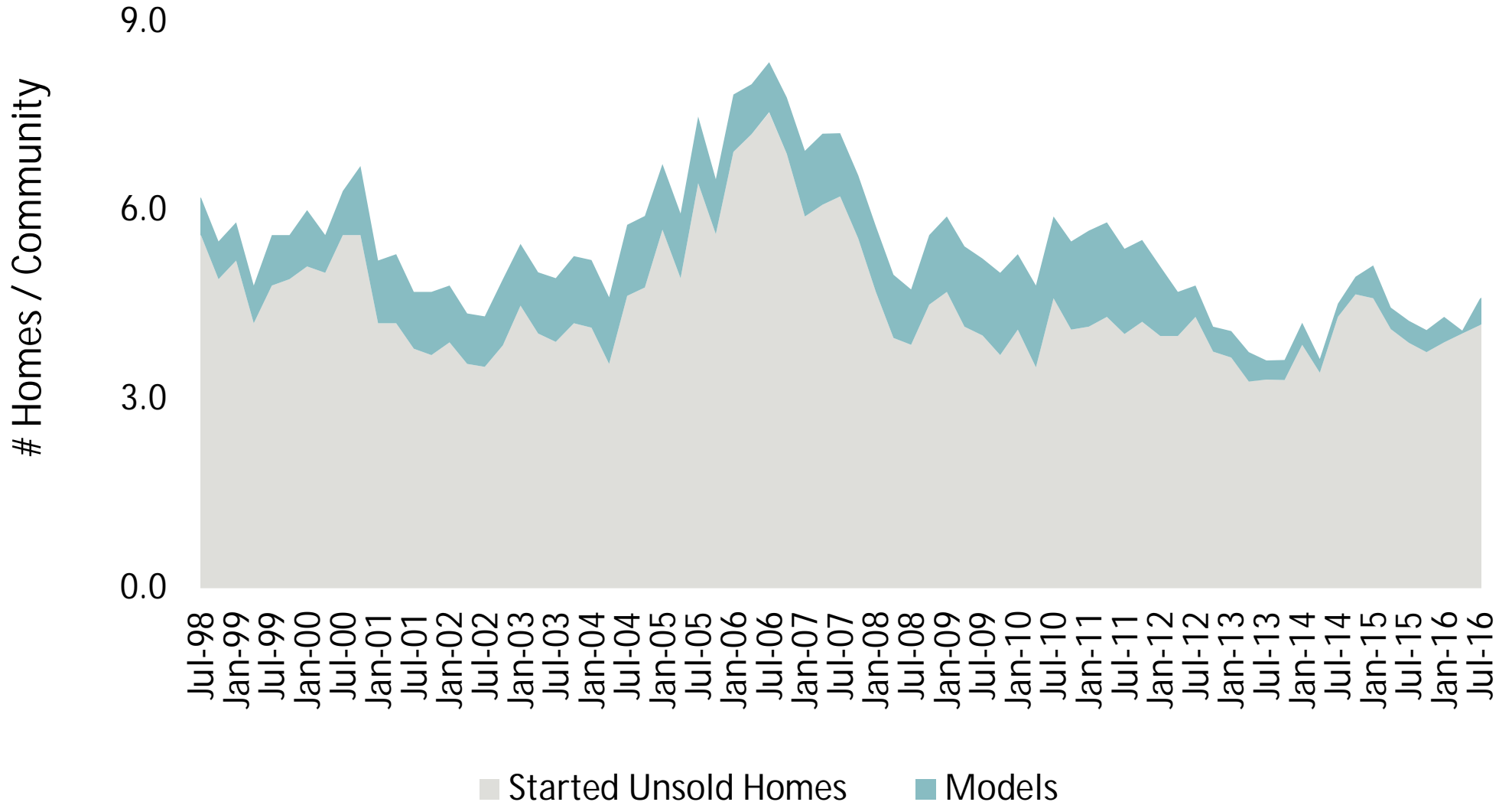
\$ in millions

- Sold and Unsold homes (including land, land development and WIP)
- Land (raw land, finished lots and land under development)



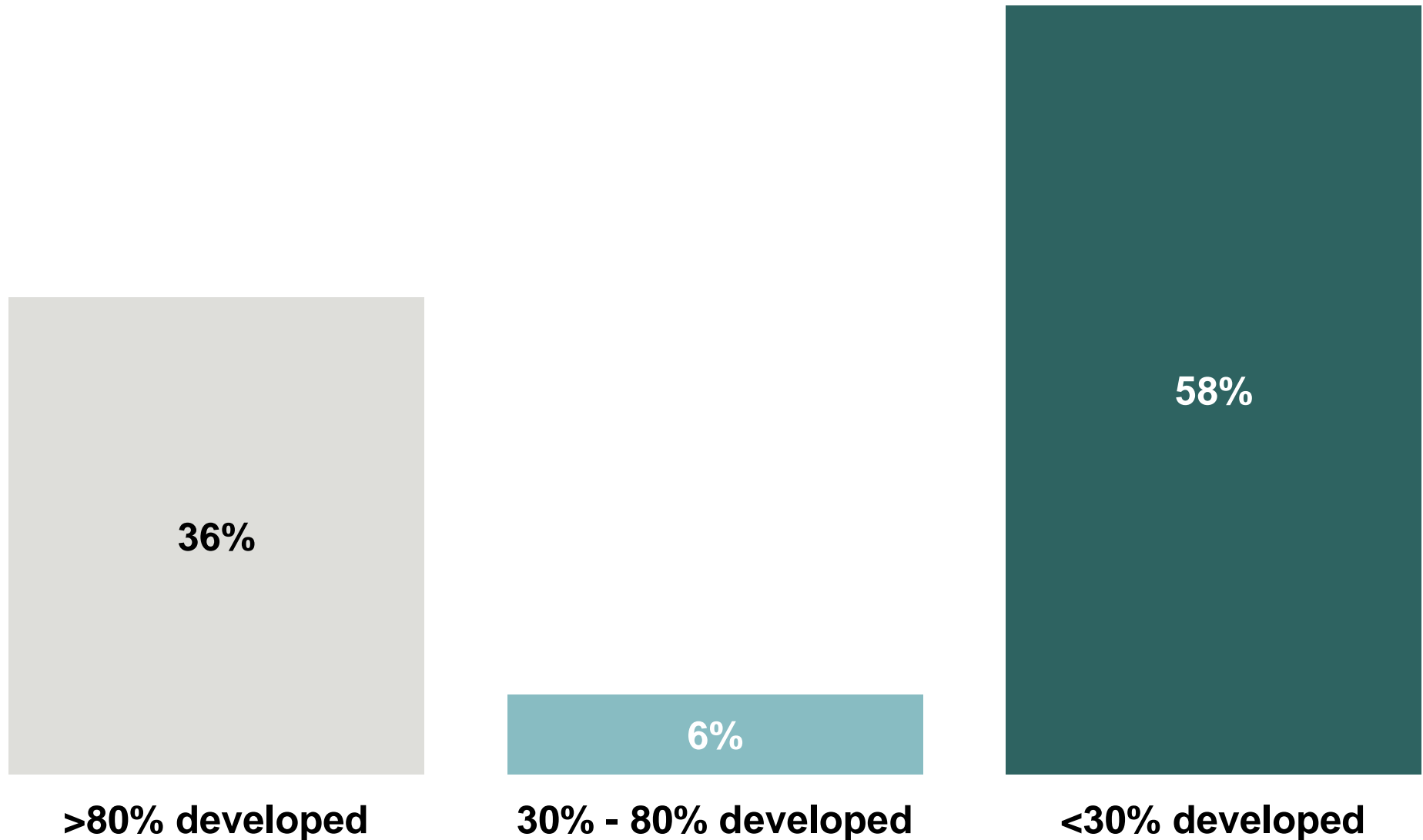
Note: Excluding Inventory Not Owned, on-your-lot construction, assets outside the US and option deposits and pre-development costs.

- 727 started unsold homes at 10/31/16, excluding models
- 4.6 average started unsold homes per community since 1997
- As of October 31, 2016, 4.3 started unsold homes per community



Note: Excluding unconsolidated joint ventures.

As of October 31, 2016



Note: Excluding unconsolidated joint ventures.

○ Houston Exposure as of October 31, 2016

Houston as a % of Company Total

TTM Home Sale Revenues	16%
Homebuilding Inventory	11%

○ Houston Lot Position as of October 31, 2016

Months Supply

	Houston # Lots	Houston	Company Average ⁽¹⁾
Owned Lots	967	8	18
Optioned Lots	1,135	10	28
Total Lots	2,102	18	46

○ Option Deposit

- Houston \$3,000 per lot vs. Company Average \$5,000 per lot

⁽¹⁾ Excluding Houston and Mothballed lots

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