Hovnanian Enterprises, Inc.

Review of Financial Results | First 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.

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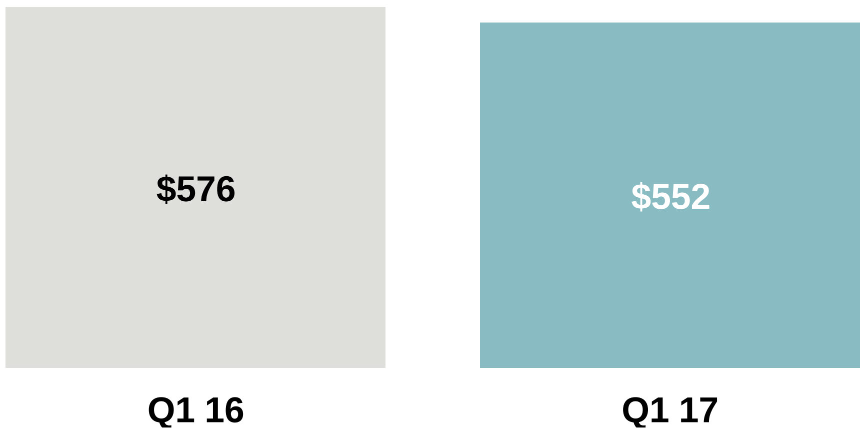
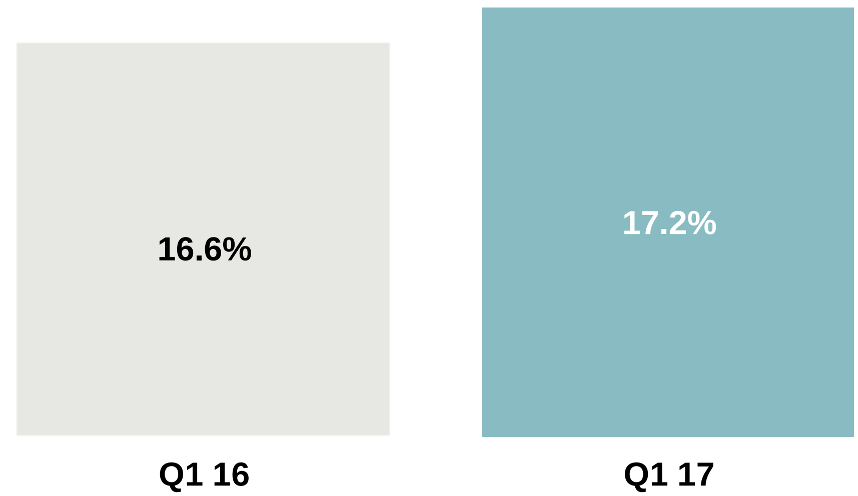
First Quarter Operating Results

Total Revenues

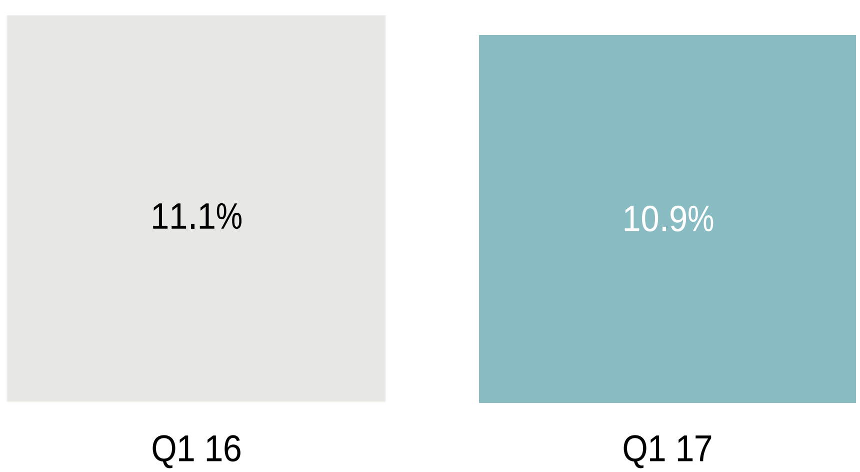
($ in millions)



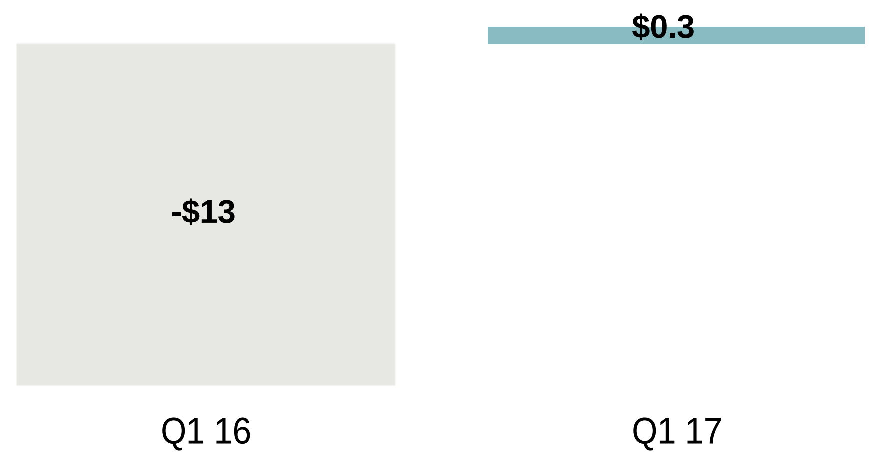
Homebuilding Gross Margin



Total SG&A as a % of Total Revenues



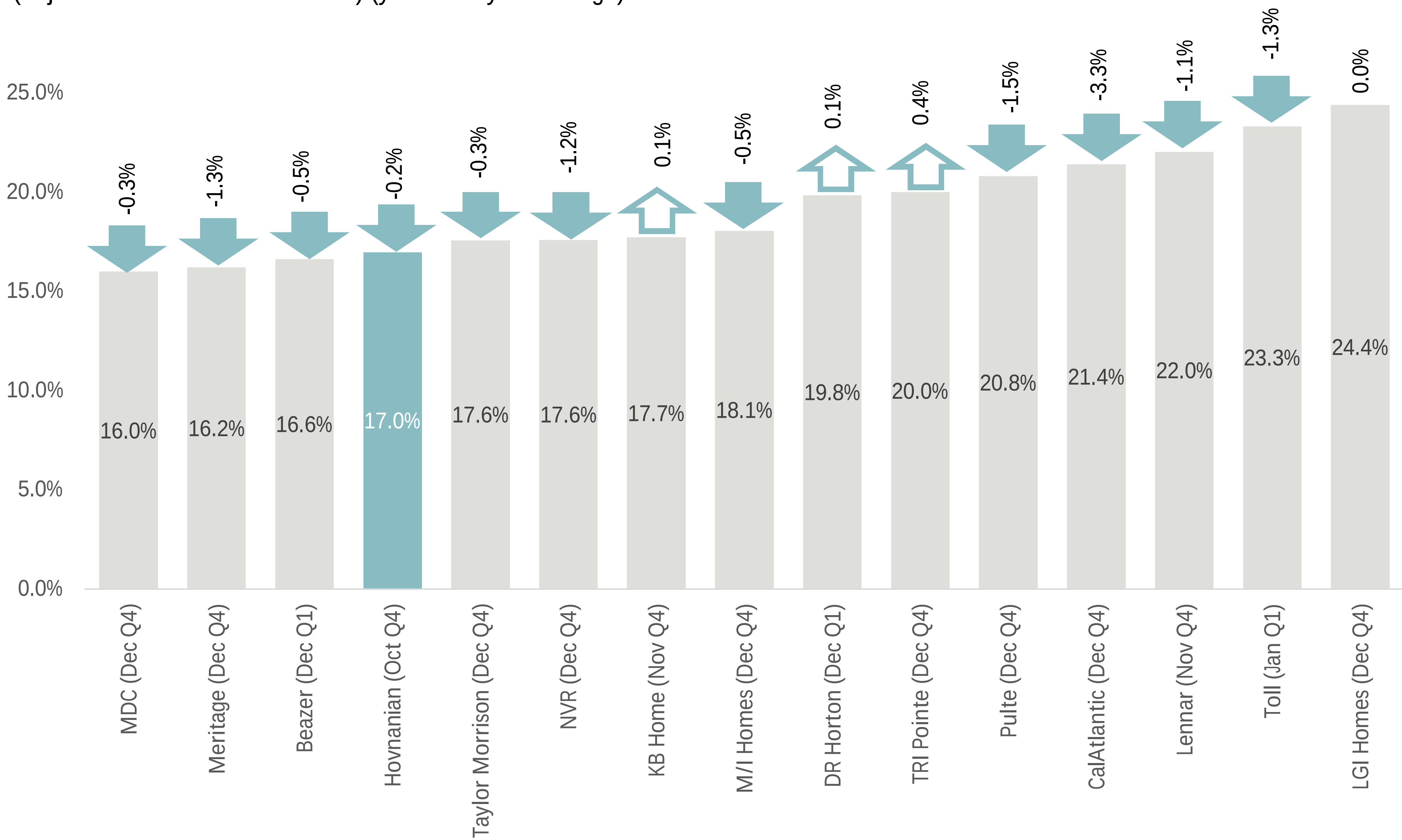
Income (Loss) Before Income Taxes



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

Adjusted Gross Margin Percentage, Trailing Twelve Months

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



Note: Hovnanian sales commission was 3.4% 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 3.4% because all of their sales commissions are reported in SG&A. Reduced DR Horton and Toll publicly reported results by 1.7% 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 03/08/17.
Note: Excluding interest and impairments.

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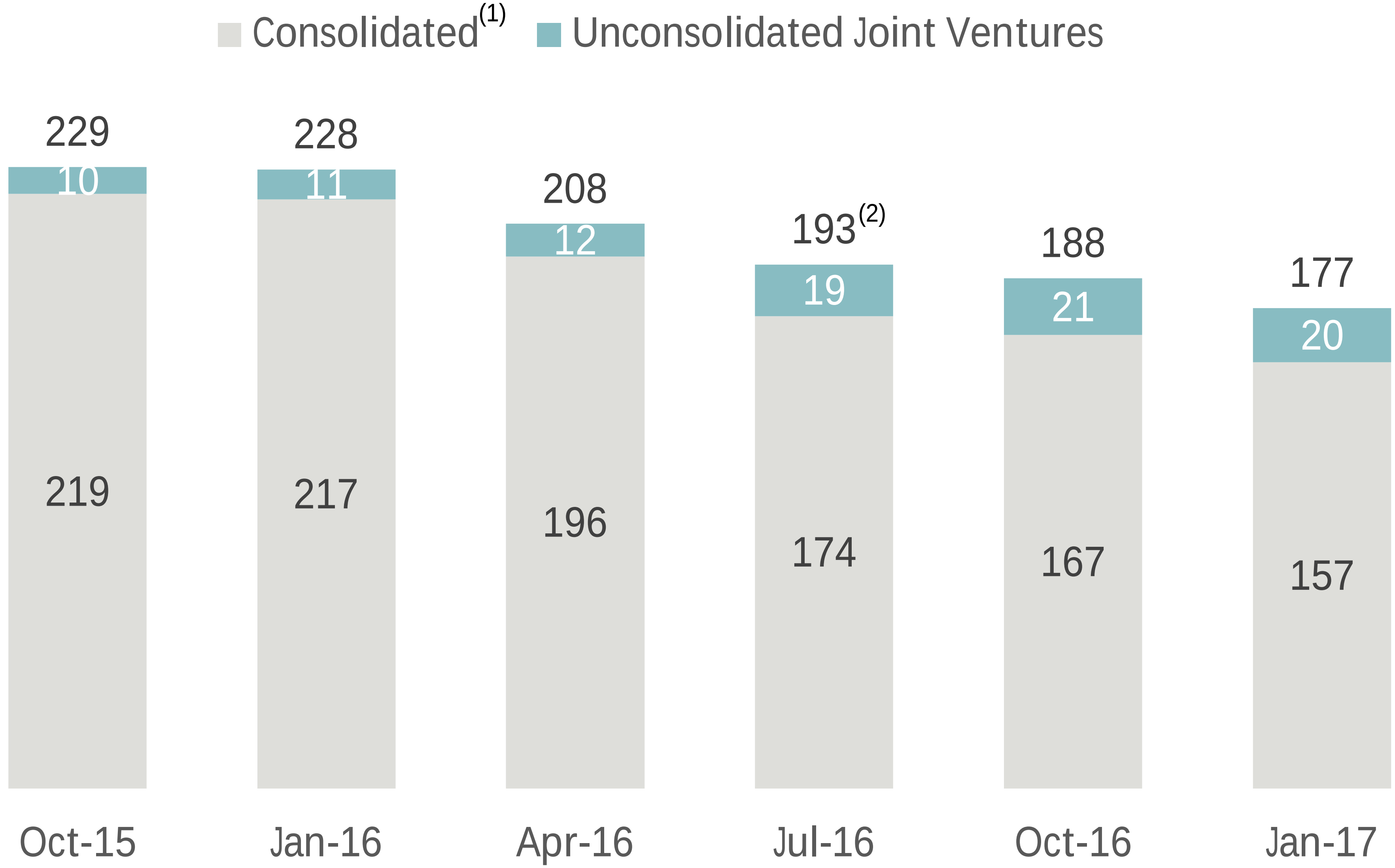
Active Selling Communities

In the trailing twelve months, we opened 59 communities and closed out 119 communities.



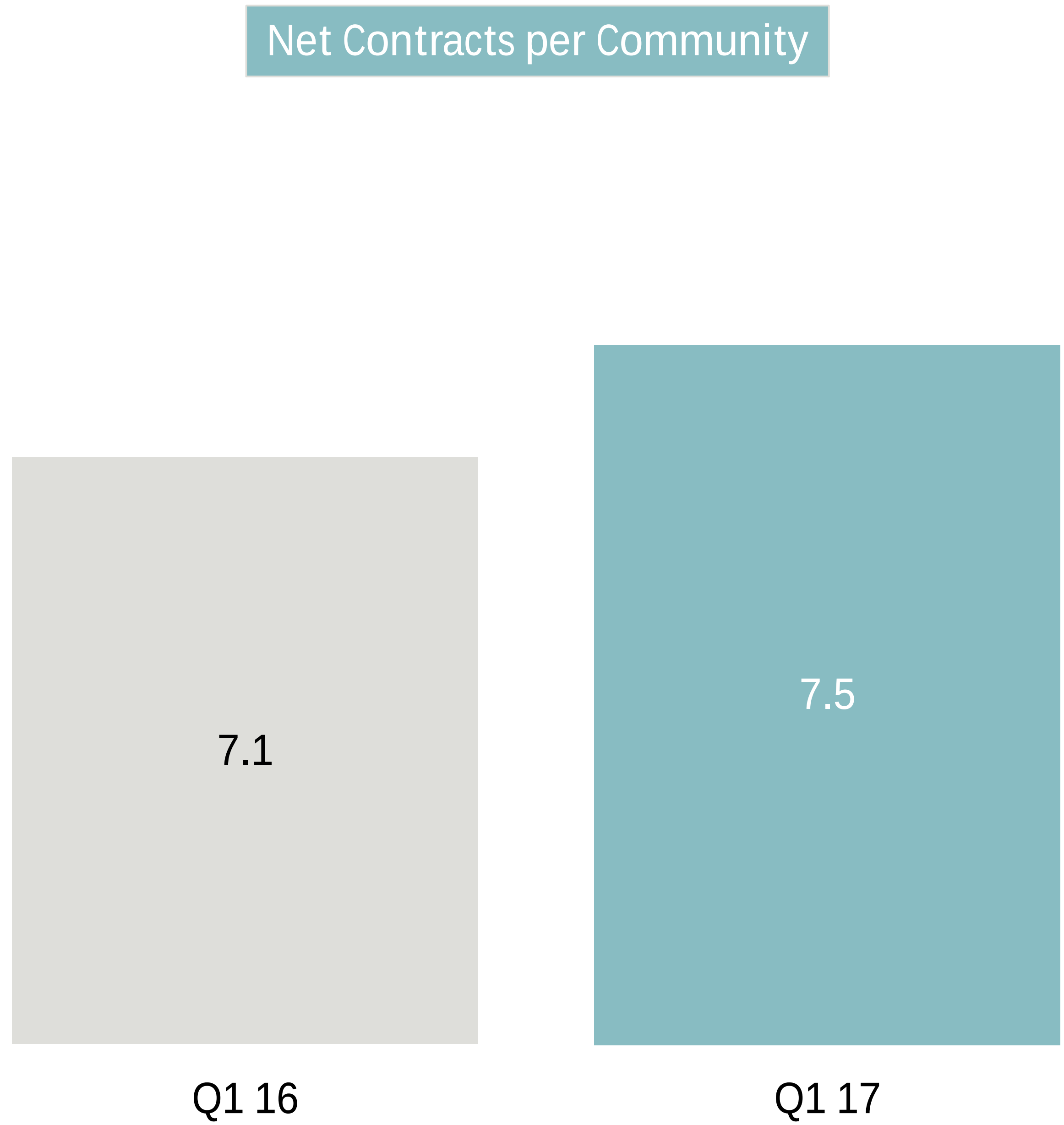
(1) In the trailing twelve months five communities were transferred to a joint venture.

(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.

Solid Growth in Sales Pace Per Community

($ in millions)



Note: Excluding unconsolidated joint ventures.

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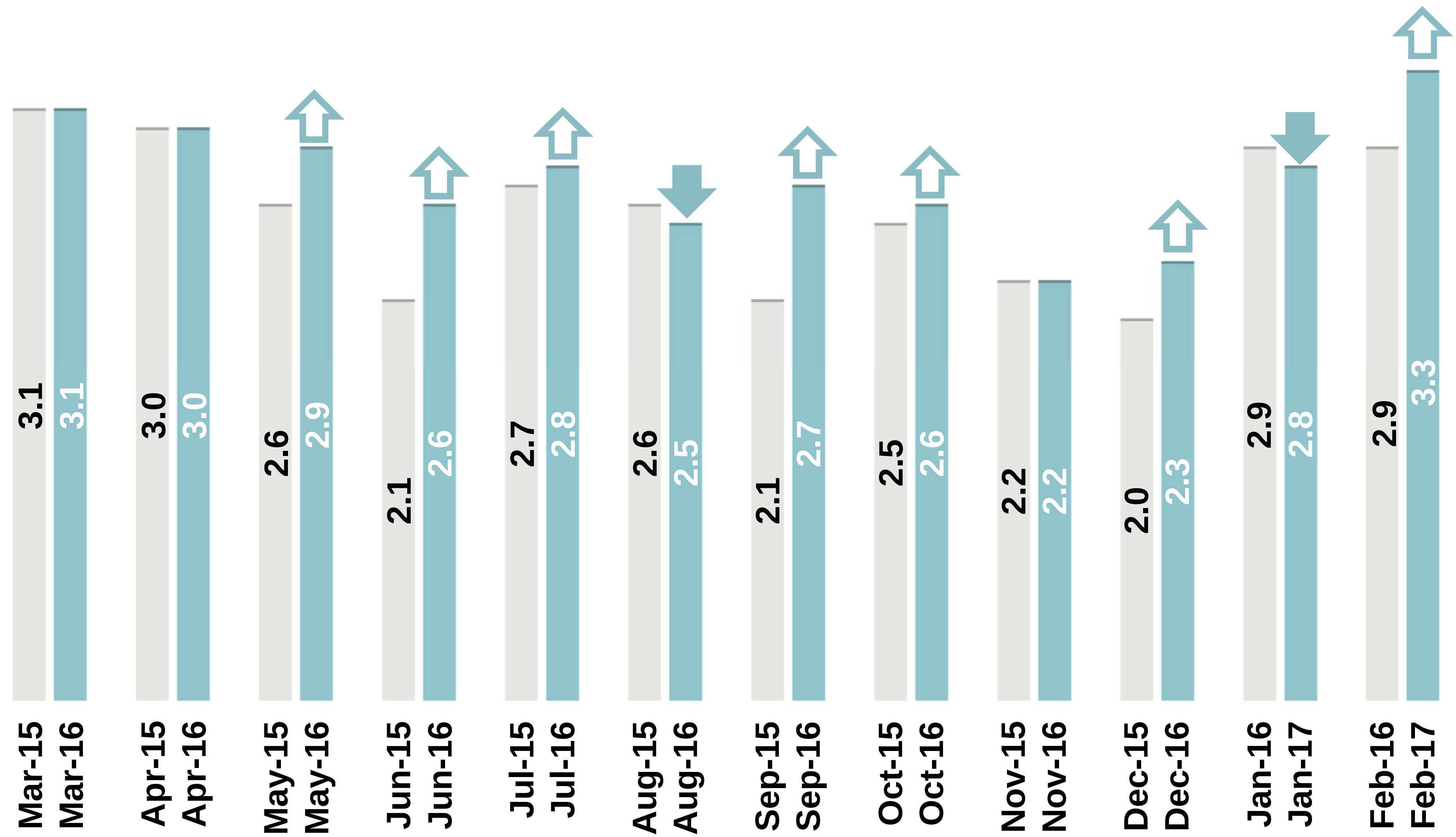
Number of Monthly Net Contracts Per Active Selling Community, Excludes Unconsolidated Joint Ventures



Number of Sundays	5	4	4	4	5	5	4	4	4	5	5	4	4	4	4	5	5	4	4	4	5	5	4	4
	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	Dec-15	Dec-16	Jan-16	Jan-17	Feb-16	Feb-17
Monthly Net Contracts	634	625	623	587	529	512	442	463	562	492	531	423	460	449	544	427	477	351	426	377	628	445	600	523

Note: Excludes unconsolidated joint ventures.

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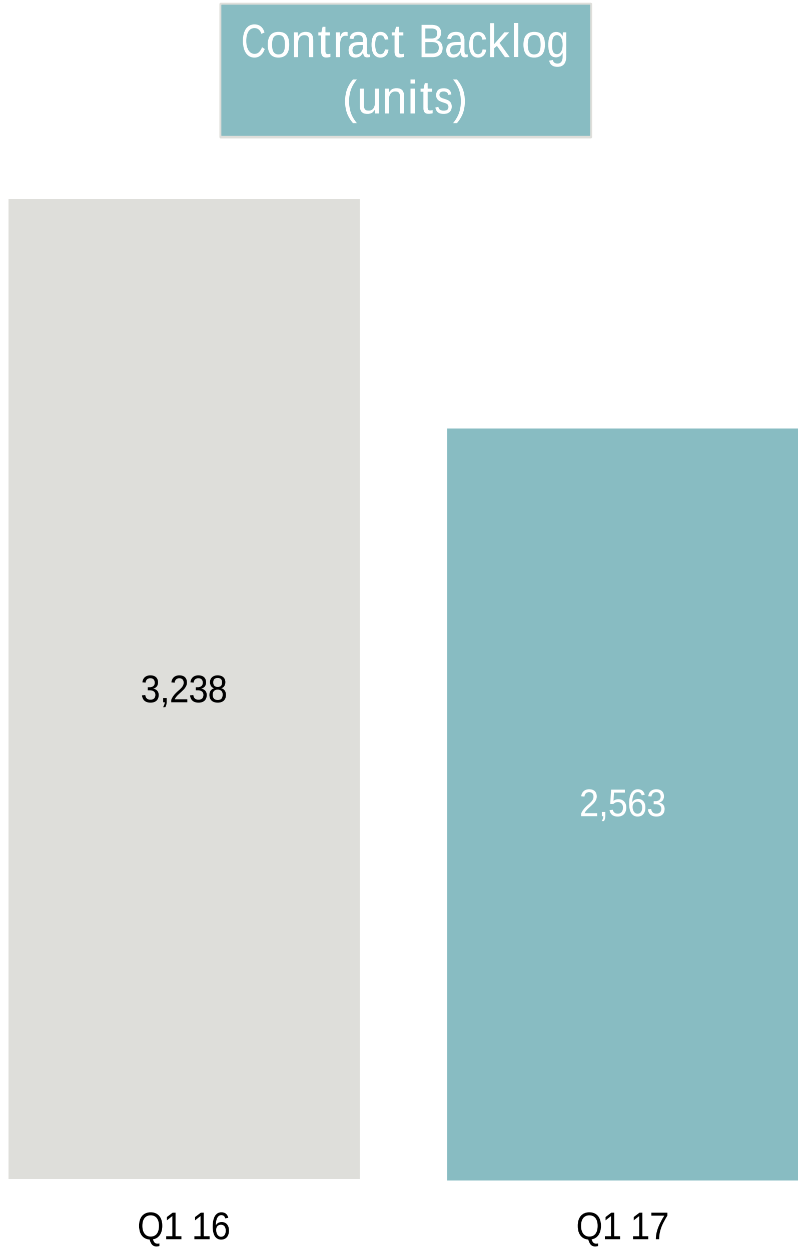
Contract Backlog

($ in millions)



Note: Including unconsolidated joint ventures.

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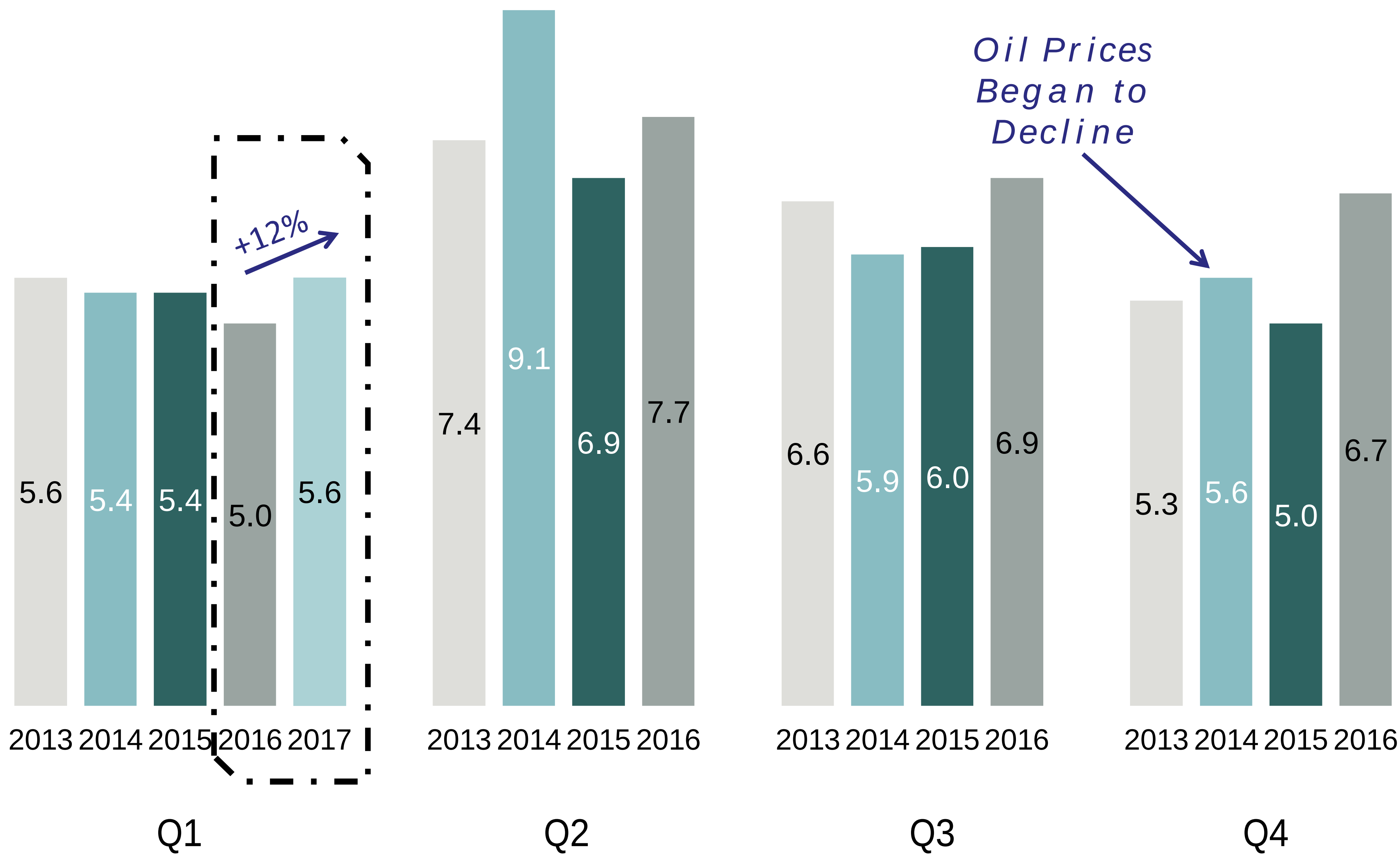
Houston Quarterly Net Contracts per Community

Number of net contracts increased 2% in Q1 2017



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Land Positions by Geographic Segment

January 31, 2017

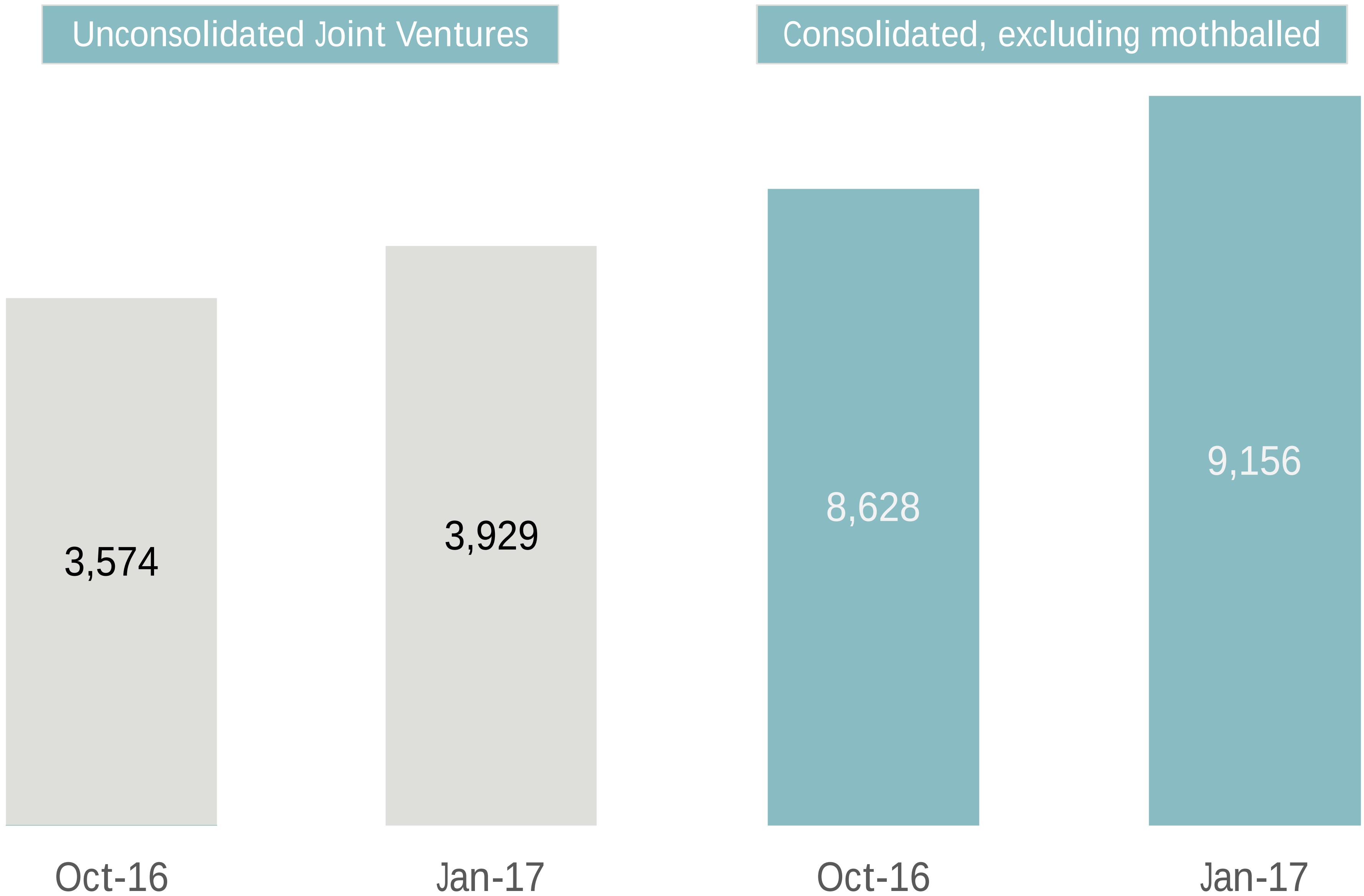
Segment	Owned: Excluding Mothballed Lots	Owned: Mothballed Lots	Optioned Lots	Total Lots
Northeast	789	408	2,985	4,182
Mid-Atlantic	1,943	280	2,175	4,398
Midwest	1,669	127	2,301	4,097
Southeast	1,344	295	1,593	3,232
Southwest	1,917	0	3,416	5,333
West	1,494	3,353	145	4,992
Consolidated Total	9,156	4,463	12,615	26,234
Unconsolidated Total	3,929	0	1,015	4,944
Grand Total	13,085	4,463	13,630	31,178

- *Option deposits as of January 31, 2017 were $53 million*
- *$11 million invested in pre-development expenses as of January 31, 2017*

Note: Excluding unconsolidated joint ventures.

Owned Lots

Increases due to the $190 million spent on land and land development in Q1 2017, which was more than we spent in any quarter last year.



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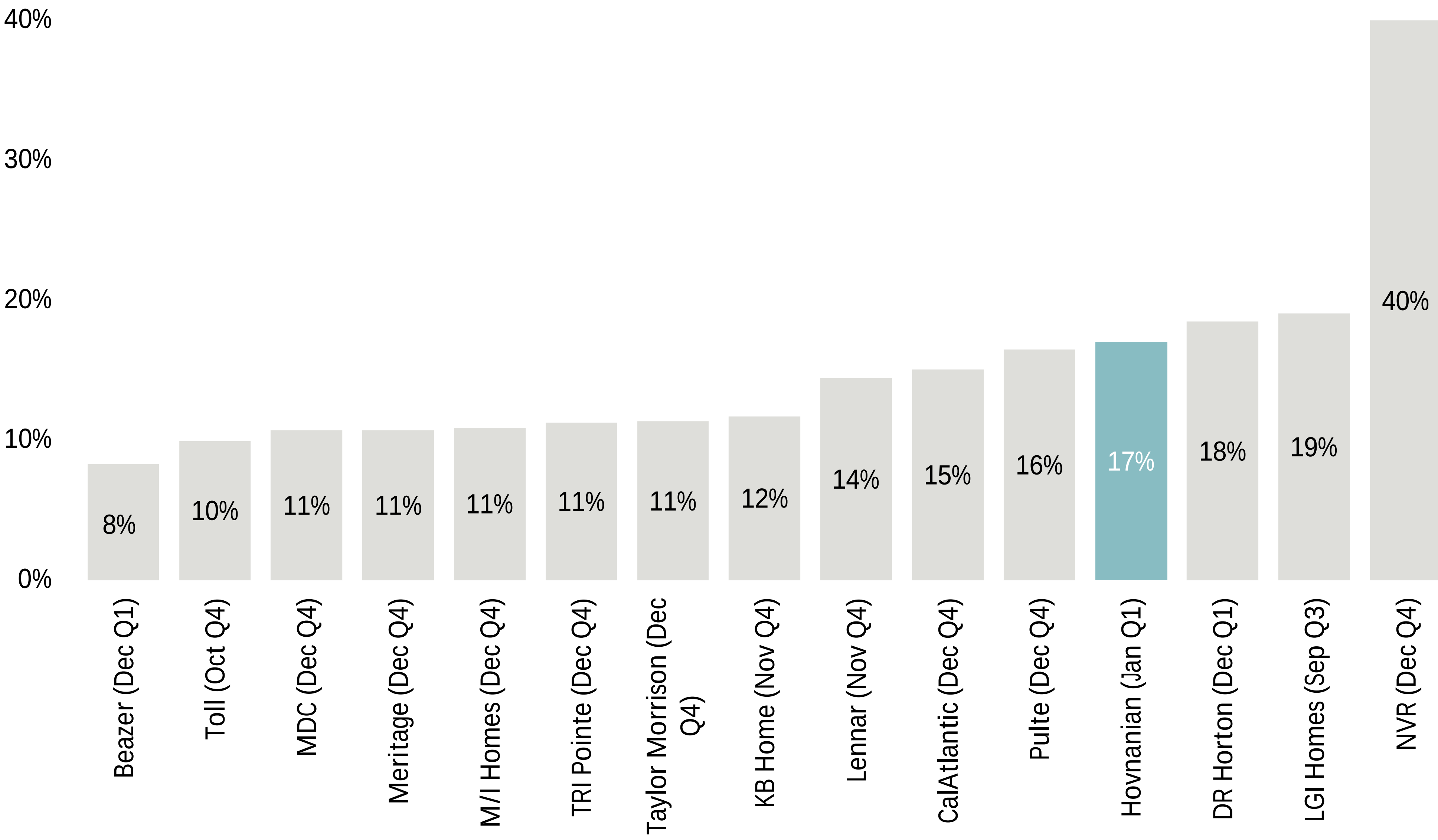
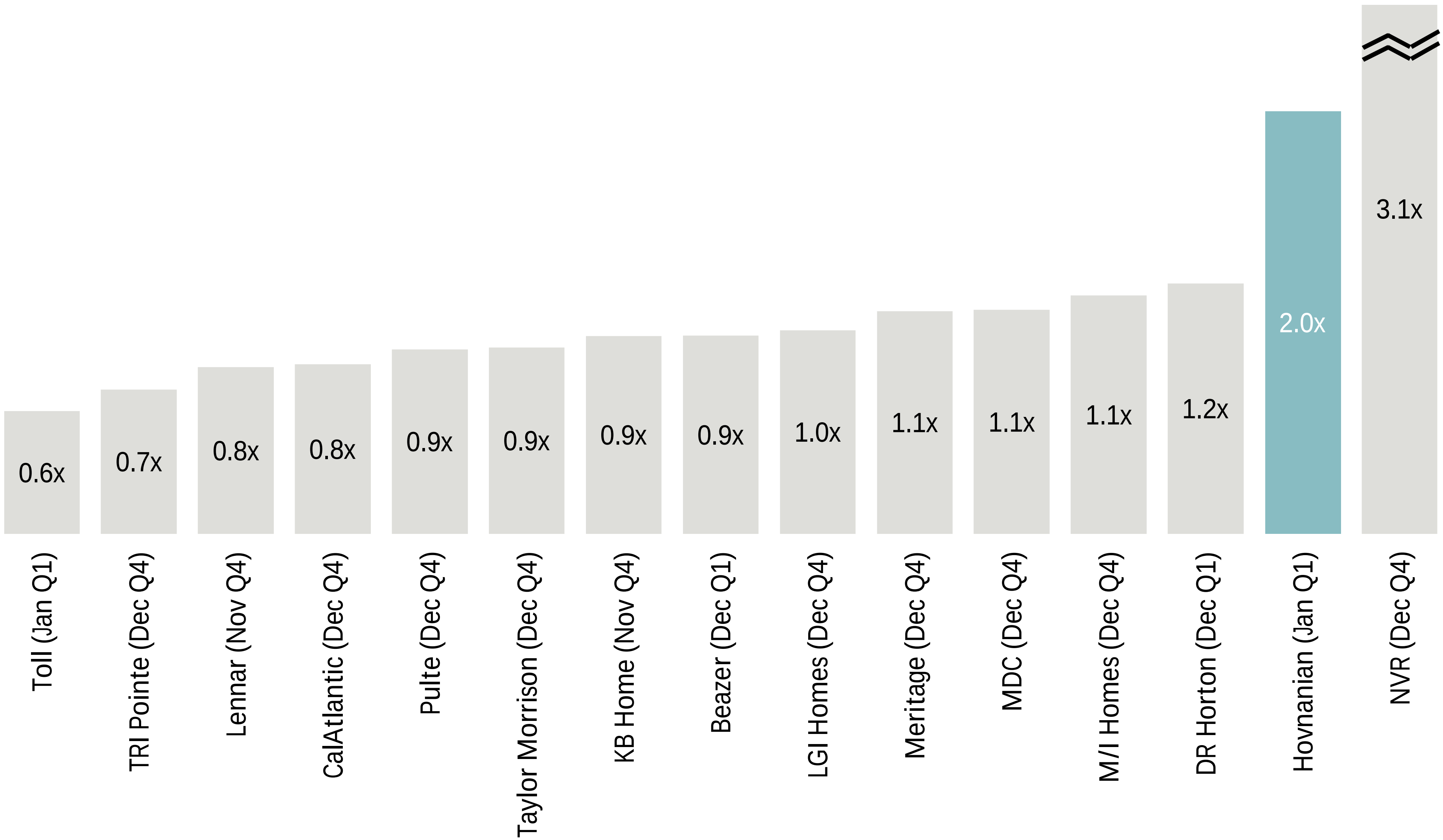
Homebuilding EBIT to Inventory, Trailing Twelve Months



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 03/08/17.

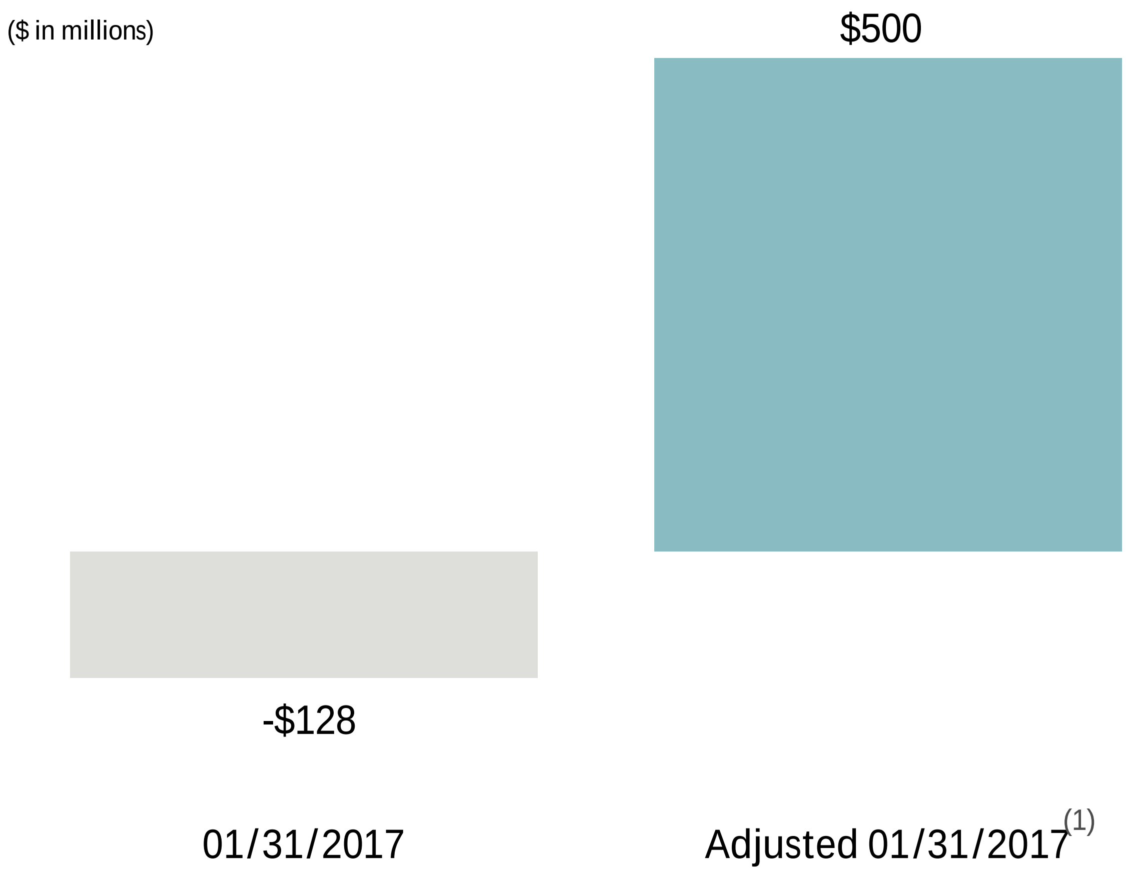
Inventory Turns (COGS), Trailing Twelve Months



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 03/08/17.

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 March 7, 2017, HOV was trading at 29% discount to adjusted book value [2]

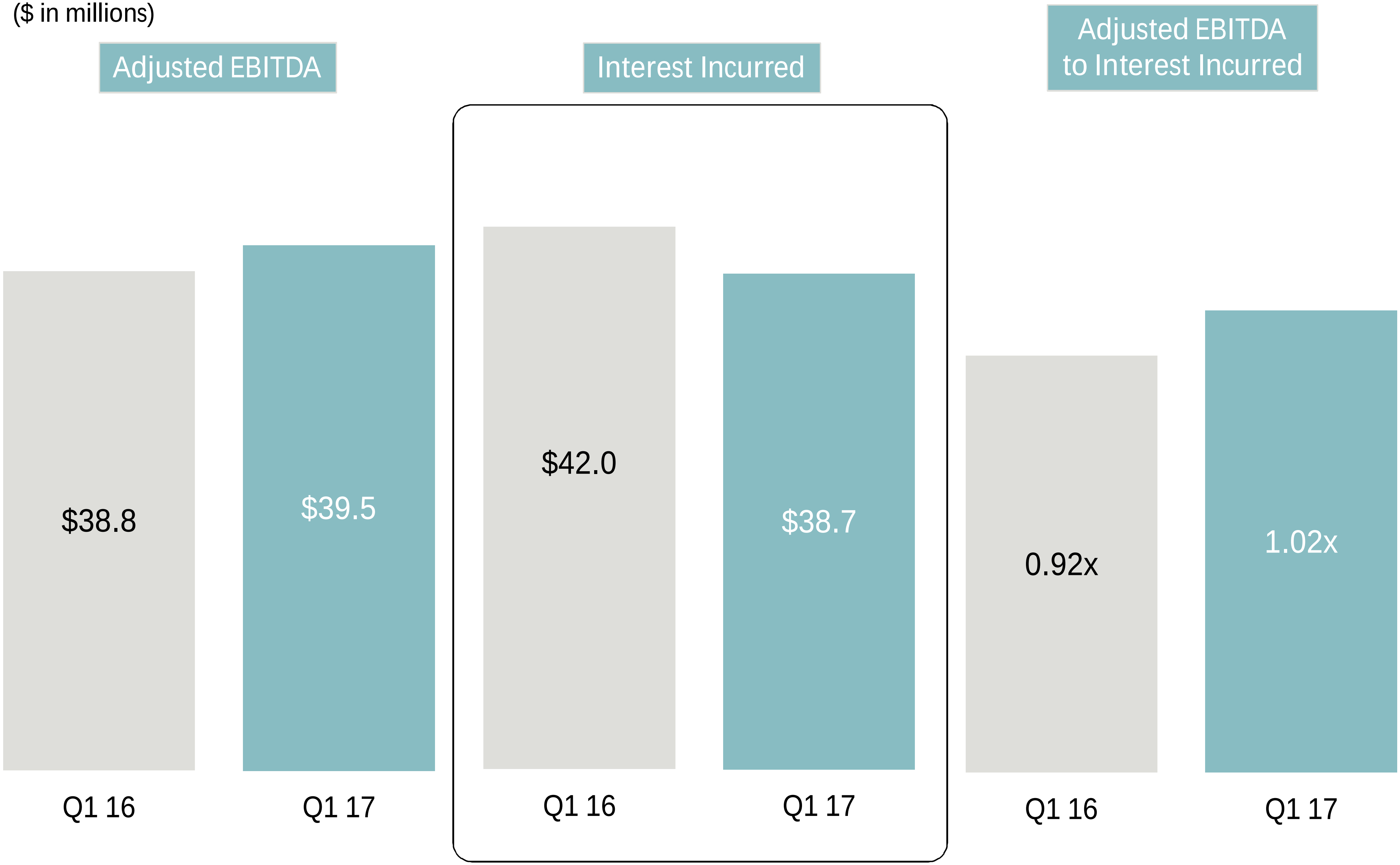
Note: Reversed $285 million of valuation allowance in the 2014 fourth quarter.

(1) Total Hovnanian Stockholders' Deficit of $(128) 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.

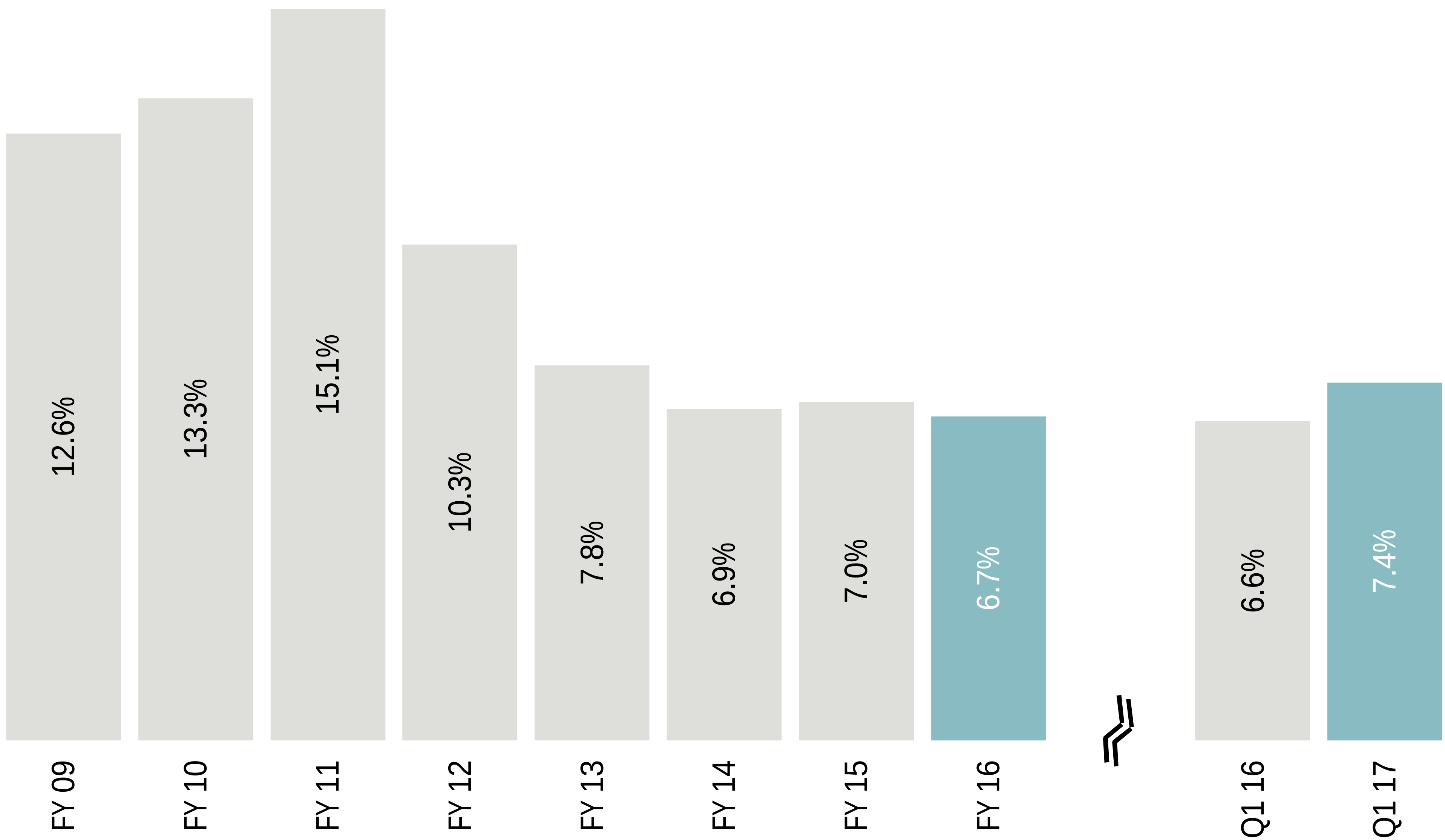
(2) Based on closing price of $2.42 on March 7, 2017.

EBITDA Improvements

($ in millions)

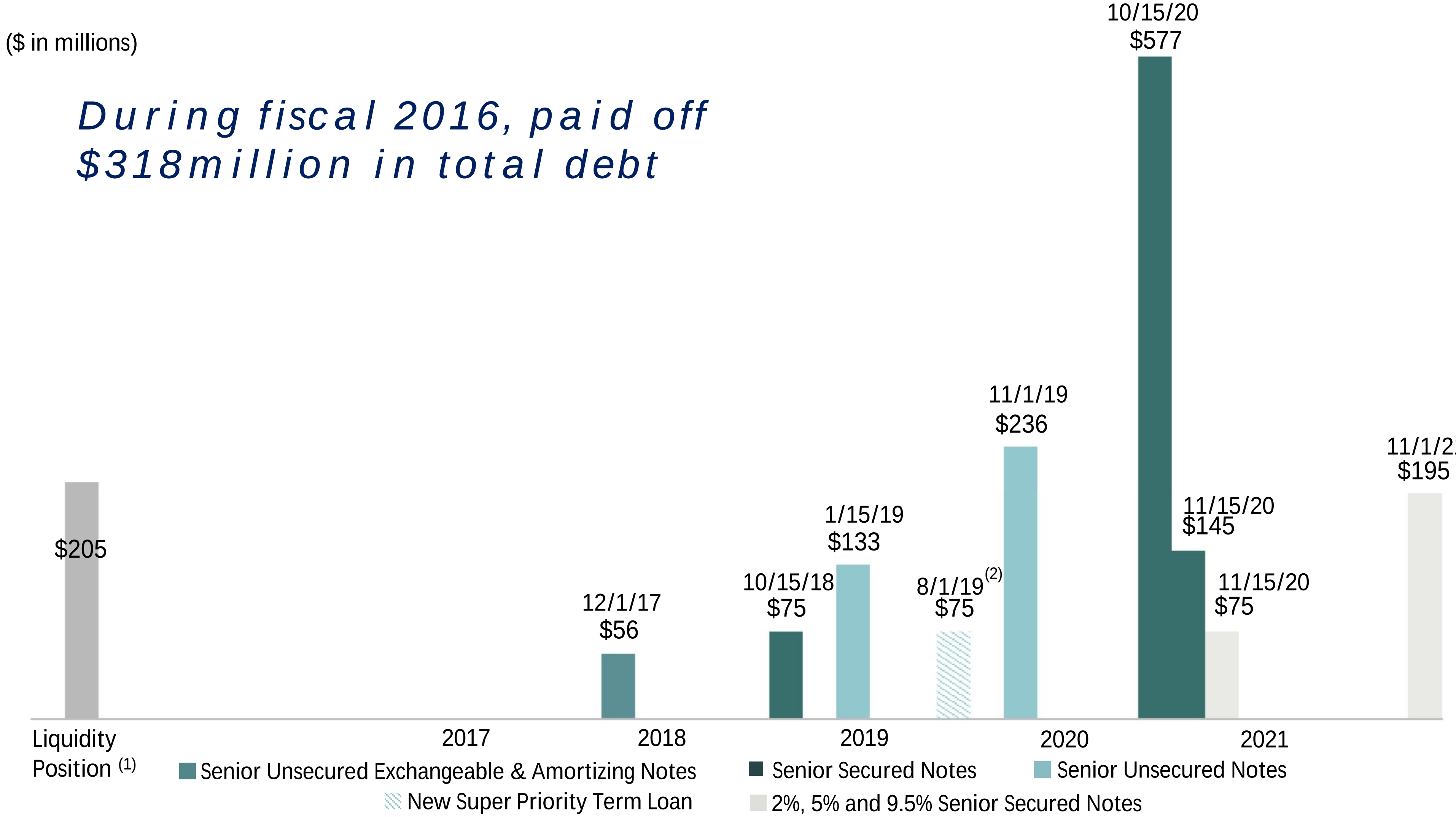


Total Interest Expense as a Percentage of Total Revenues



Debt Maturity Profile

January 31, 2017 *($ in millions)*



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

[1] Liquidity position is $198 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 January 31, 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.

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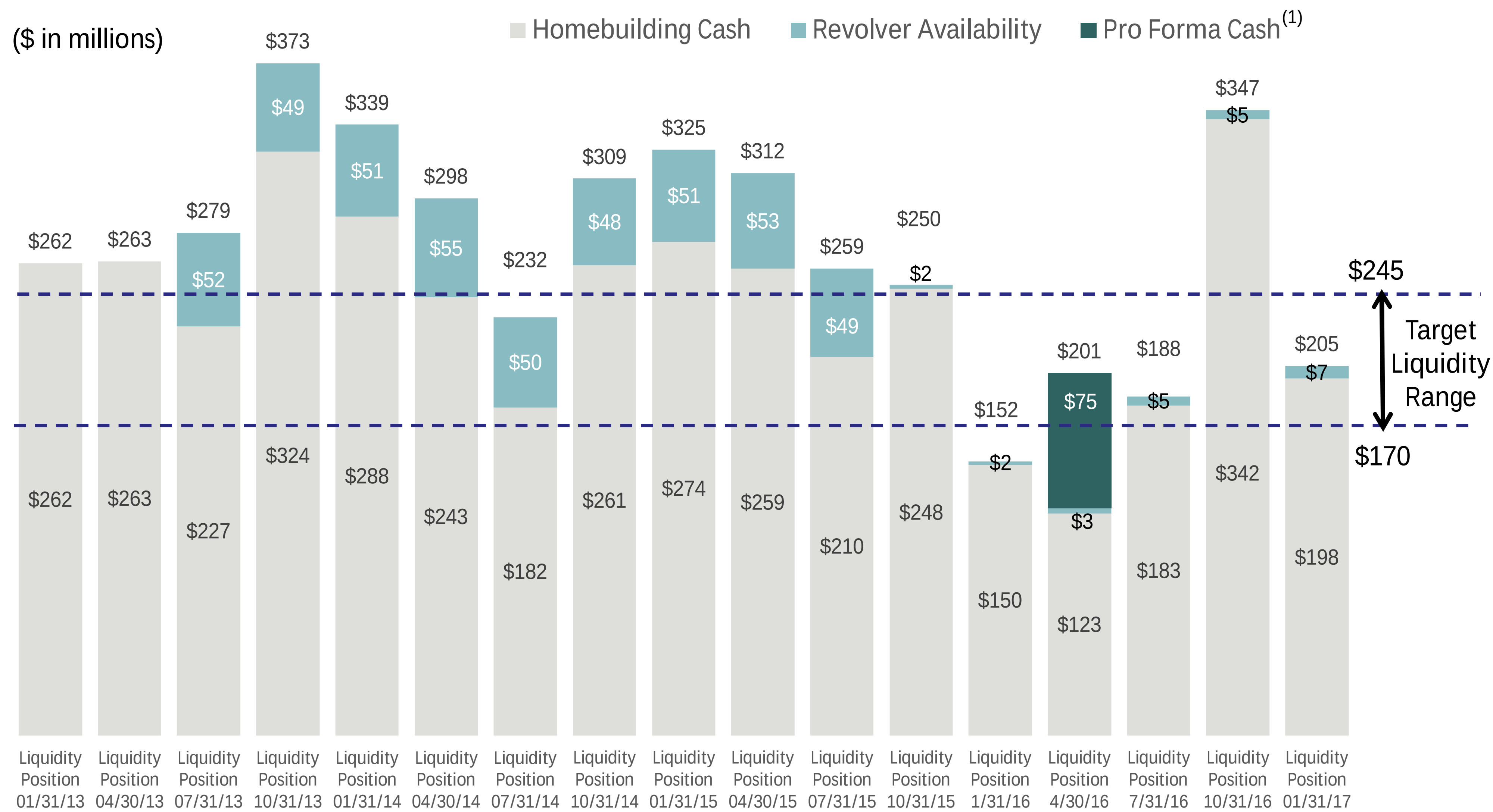
Liquidity Position and Target



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.

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Appendix

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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)	October 31, 2016	January 31, 2017
Cash and cash equivalents	$262,800	$140,100
Mortgaged Inventory	$561,700	$587,800
Pledged equity value of subsidiaries without inventory liens(1)	$105,500	$121,100
Total Collateral	$930,000	$849,000
Plus equity value of subsidiaries with non-recourse loans(2)	$99,400	$108,400
Total Adjusted Collateral	$1,029,400	$957,400
Total principal amount of secured debt	$872,000	$872,000
Adjusted Collateral Ratio	1.18x	1.10x
Assets in excess of total principal amount of secured debt	$157,400	$85,400

(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.

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

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($ in Thousands)

	October 31, 2016	January 31, 2017
Cash and cash equivalents	$78,700	$57,400
Mortgaged Inventory	$128,500	$140,000
Pledged equity value of subsidiaries without inventory liens(1)	$6,600	$14,700
Total Collateral	$213,800	$212,100
Plus equity value of subsidiaries with non-recourse loans(2)	$18,900	$12,500
Total Adjusted Collateral	$232,700	$224,600
Total principal amount of secured debt	$270,000	$270,000
Adjusted Collateral Ratio	0.86x	0.83x
Total Adjusted Collateral	$232,700	$224,600
Plus equity interests in joint ventures(3)	$88,400	$97,100
Total Assets Available for secured debt	$321,100	$321,700
Total principal amount of secured debt	$270,000	$270,000
Asset Coverage Ratio	1.19x	1.19x
Assets in Excess of total principal amount of secured debt	$51,100	$51,700

(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.

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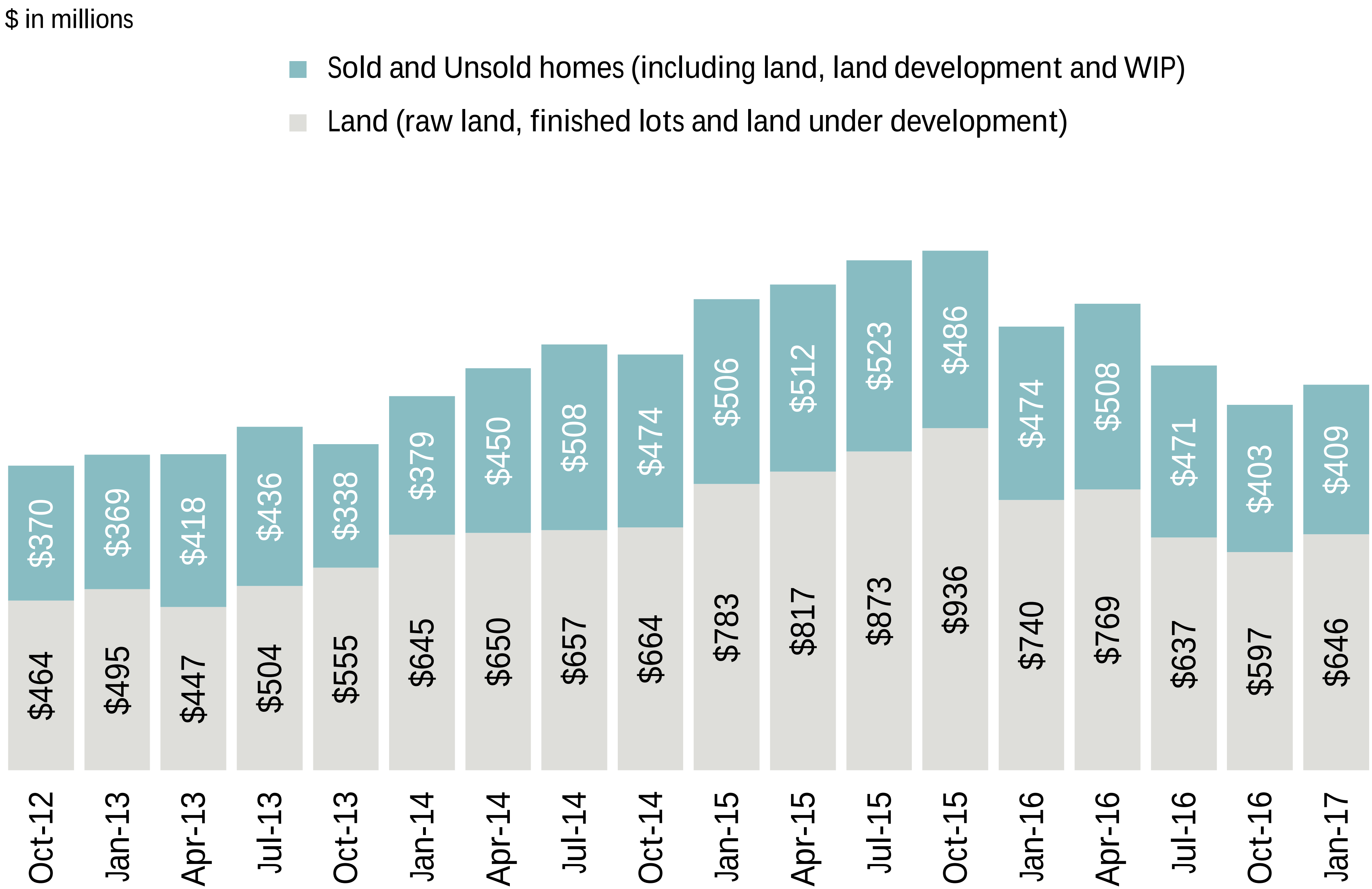
Assets Available to All Unsecured Debt

($ in Thousands)

	October 31, 2016	January 31, 2017
Total Assets	$2,379,400	$2,145,300
less Income Tax Receivables	($283,600)	($283,300)
less Inventory Not Owned	($208,700)	($171,600)
less Financial Services Assets	($197,200)	($113,200)
Assets Available to All Notes	$1,689,900	$1,577,200
less non-recourse mortgages	($83,500)	($73,500)
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	$464,400	$361,700

Inventory Breakdown



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

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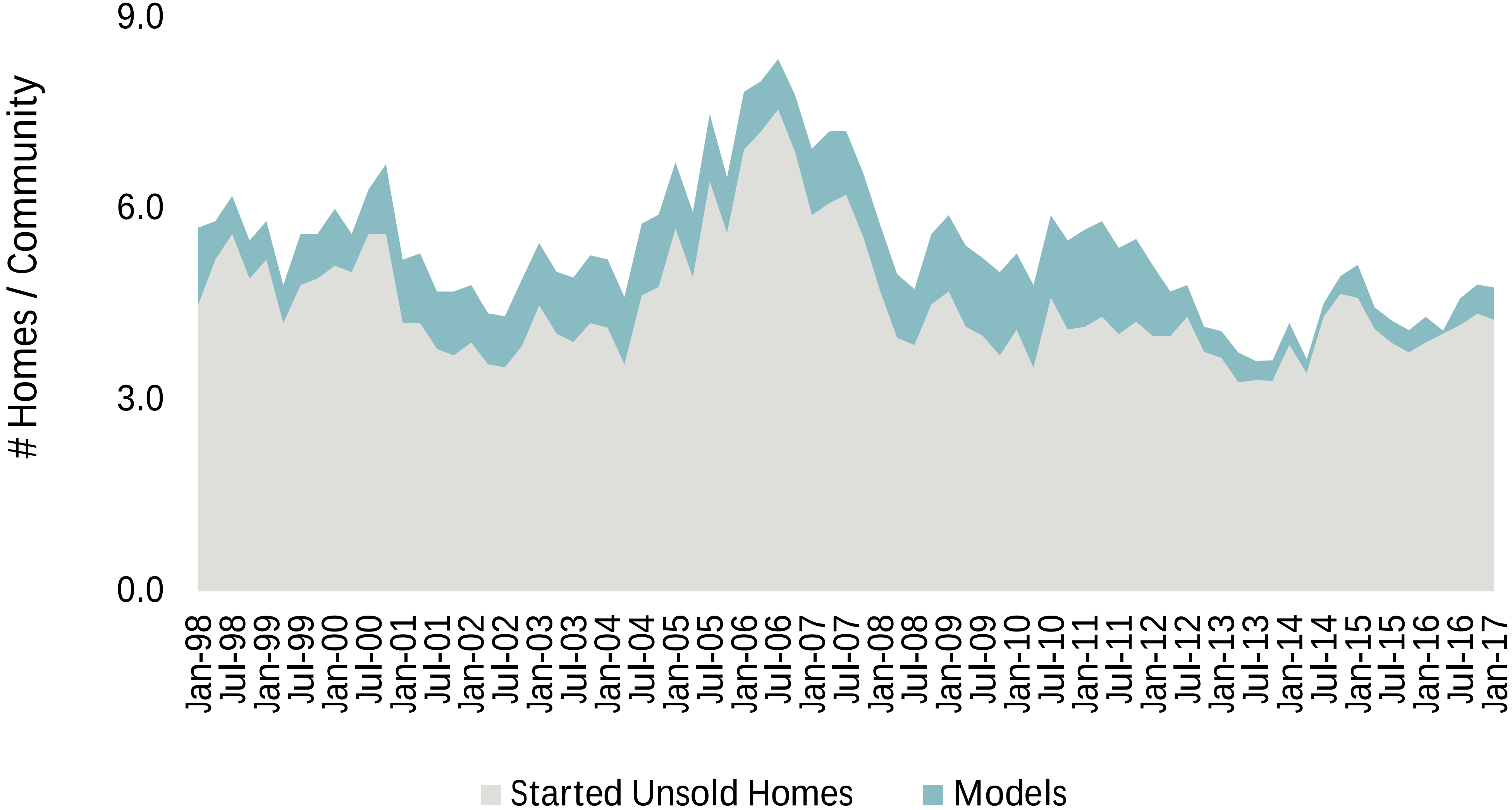
Unsold Homes per Community

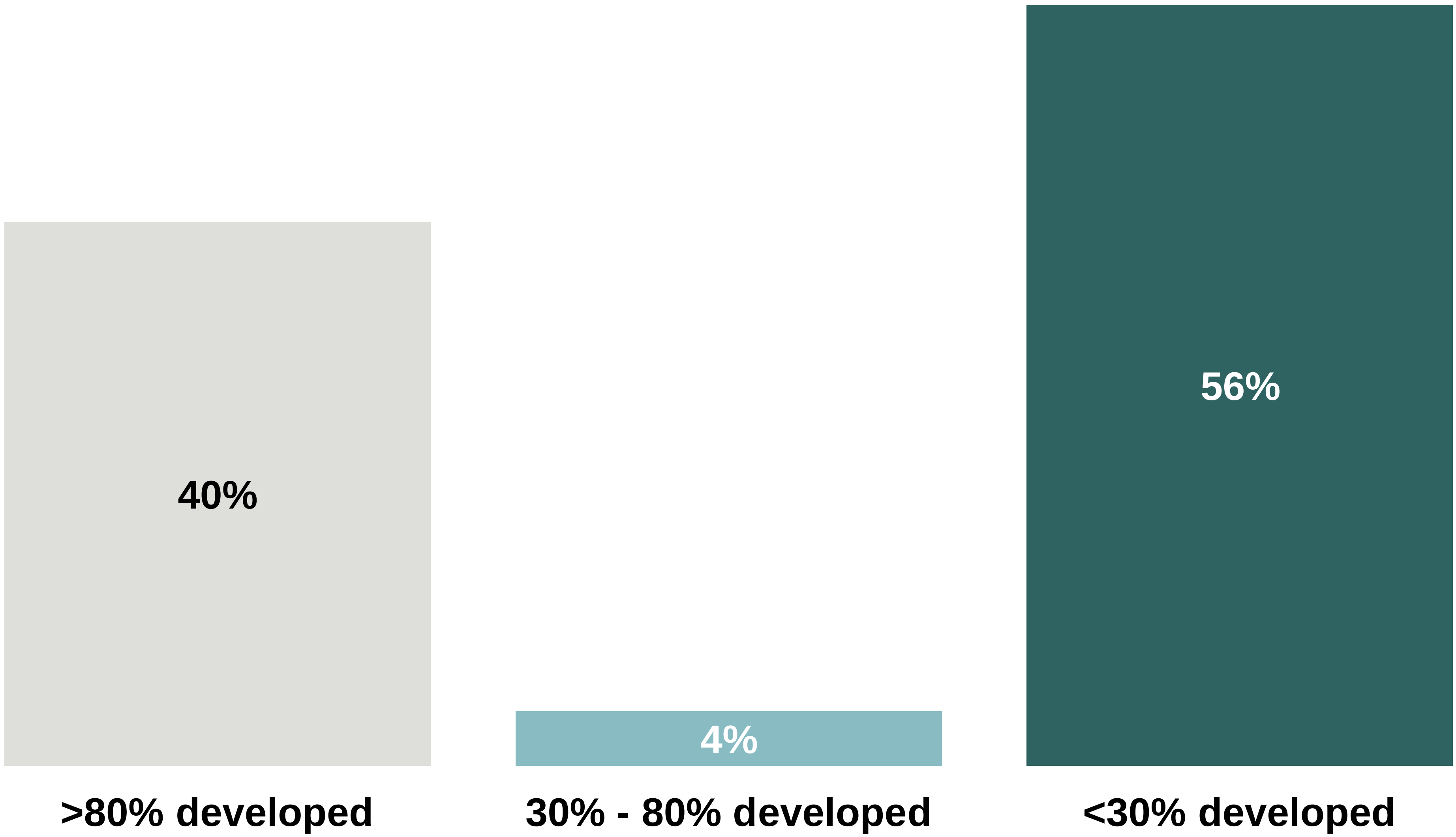
- 668 started unsold homes at 01/31/17, excluding models
- 4.6 average started unsold homes per community since 1997
- As of January 31, 2017, 4.3 started unsold homes per community



Note: Excluding unconsolidated joint ventures.

Owned Lots % Development Costs Spent

As of January 31, 2017



Note: Excluding unconsolidated joint ventures.

- Houston Exposure as of January 31, 2017

	Houston as a % of Company Total
TTM Home Sale Revenues	17%
Homebuilding Inventory	11%

- Houston Lot Position as of January 31, 2017

	Houston # Lots	Months Supply Houston	Months Supply Company Average[1]
Owned Lots	928	8	20
Optioned Lots	1,447	12	27
Total Lots	2,375	20	47

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

[1] *Excluding Houston and Mothballed lots*

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Consolidated Net Contracts per Community, Excluding Unconsolidated Joint Ventures

Excludes Unconsolidated Joint Ventures

Segments	1/31/2017	1/31/2016	% Change
Northeast	16.6	7.7	115.6%
Mid-Atlantic	6.8	7.2	-5.6%
Midwest	7.6	7.1	7.0%
South East	5.4	6.1	-11.5%
SouthWest	6.9	6.5	6.2%
West	10.8	10.5	2.9%
Total	7.5	7.1	5.6%

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Consolidated Net Contracts per Community, Including Unconsolidated Joint Ventures

Includes Unconsolidated Joint Ventures

Segments	1/31/2017	1/31/2016	% Change
Northeast	13.5	6.2	117.7%
Mid-Atlantic	6.7	7.4	-9.5%
Midwest	7.4	7.1	4.2%
SouthEast	5.3	5.8	-8.6%
SouthWest	7.0	6.5	7.7%
West	10.6	10.2	3.9%
Total	7.4	7.0	5.7%

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