Hovnanian Enterprises, Inc.

Review of Financial Results | First Quarter Fiscal 2018

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 a 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, 2017 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.

NON-GAAP FINANCIAL MEASURES:

Consolidated earnings before interest expense and income taxes ("EBIT") and before depreciation and amortization ("EBITDA") and before inventory impairment loss and land option write-offs and gain on extinguishment of debt ("Adjusted EBITDA") are not U.S. generally accepted accounting principles (GAAP) financial measures. The most directly comparable GAAP financial measure is net (loss). The reconciliation for historical periods of EBIT, EBITDA and Adjusted EBITDA to net loss is presented in a table attached to this earnings release.

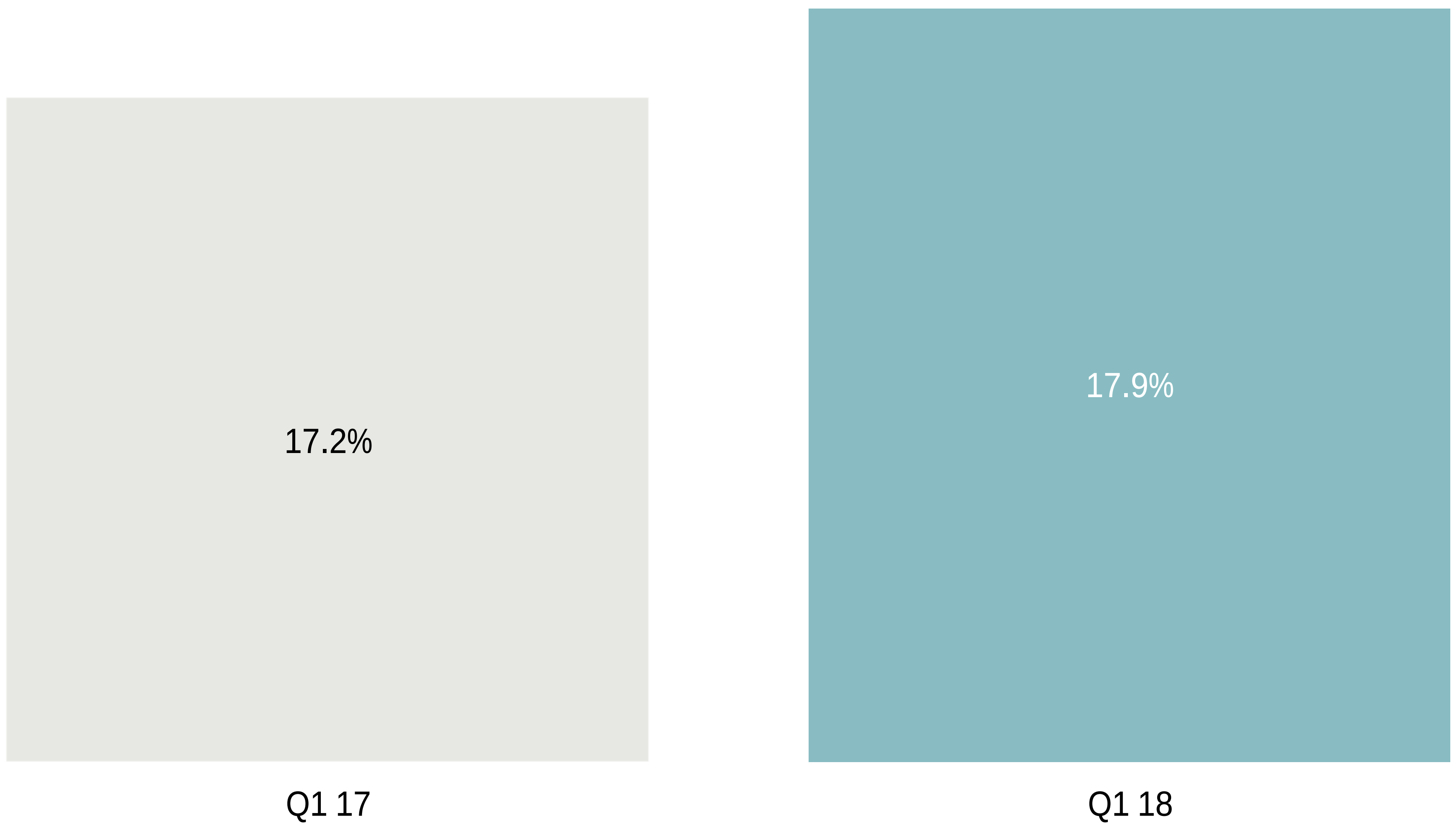
Homebuilding gross margin, before costs of sales interest expense and land charges, and homebuilding gross margin percentage, before costs of sales interest expense and land charges, are non-GAAP financial measures. The most directly comparable GAAP financial measures are homebuilding gross margin and homebuilding gross margin percentage, respectively. The reconciliation for historical periods of homebuilding gross margin, before costs of sales interest expense and land charges, and homebuilding gross margin percentage, before costs of sales interest expense and land charges, to homebuilding gross margin and homebuilding gross margin percentage, respectively, is presented in a table attached to this earnings release.

(Loss) Before Income Taxes Excluding Land-Related Charges, Joint Venture Write-Downs and Gain on Extinguishment of Debt is a non-GAAP financial measure. The most directly comparable GAAP financial measure is (Loss) Income Before Income Taxes. The reconciliation for historical periods of (Loss) Before Income Taxes Excluding Land-Related Charges, Joint Venture Write-Downs and Gain on Extinguishment of Debt to (Loss) Income Before Income Taxes is presented in a table attached to this earnings release.

Adjusted Homebuilding EBIT to Inventory is defined as Adjusted Homebuilding EBIT for the last 12 months divided by the last five quarter average inventory, excluding inventory not owned and capitalized interest. Adjusted Homebuilding EBIT is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net loss. The calculation of Adjusted Homebuilding EBIT to Inventory and the reconciliation for historical periods of Adjusted Homebuilding EBIT to net loss is presented in a table attached to this presentation.

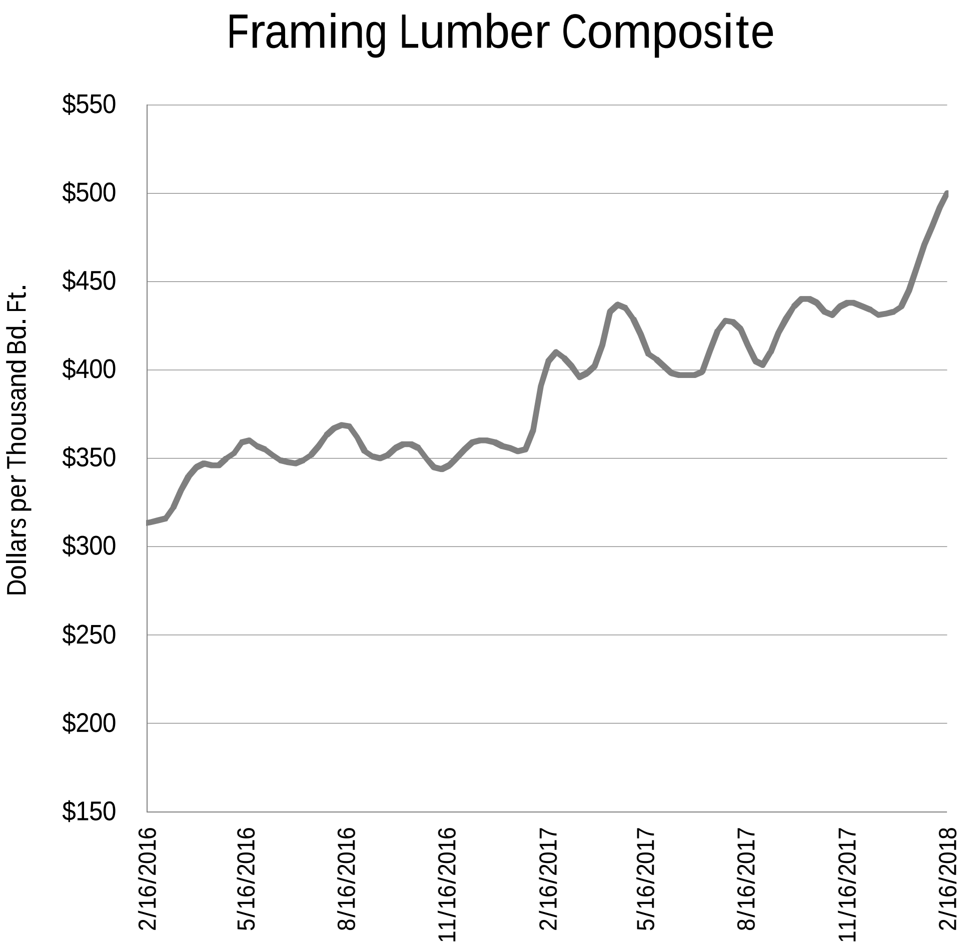
Total liquidity is comprised of $278.2 million of cash and cash equivalents, $2.7 million of restricted cash required to collateralize letters of credit and $11.1 million of availability under the unsecured revolving credit facility as of January 31, 2018.

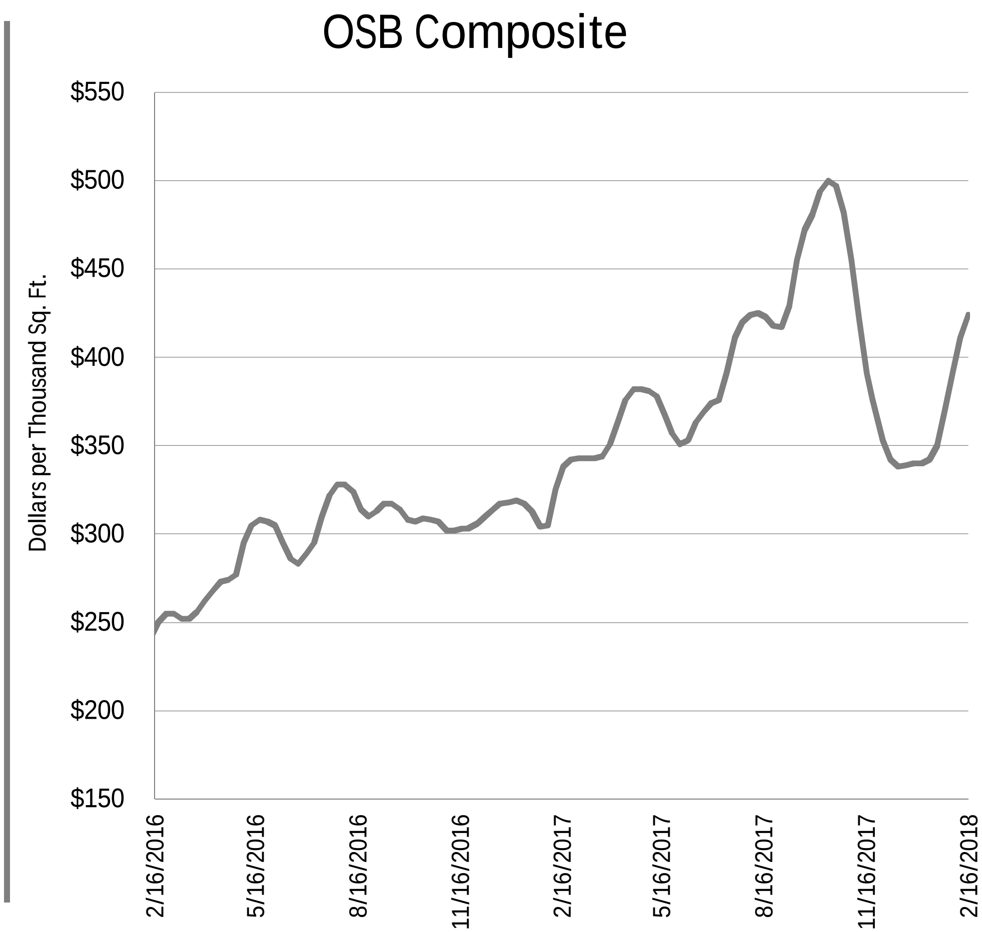
Adjusted Homebuilding Gross Margin



Note: Adjusted homebuilding gross margin percentage is before cost of sales interest expense and land charges. Please see appendix for reconciliation.

Rising Material Costs





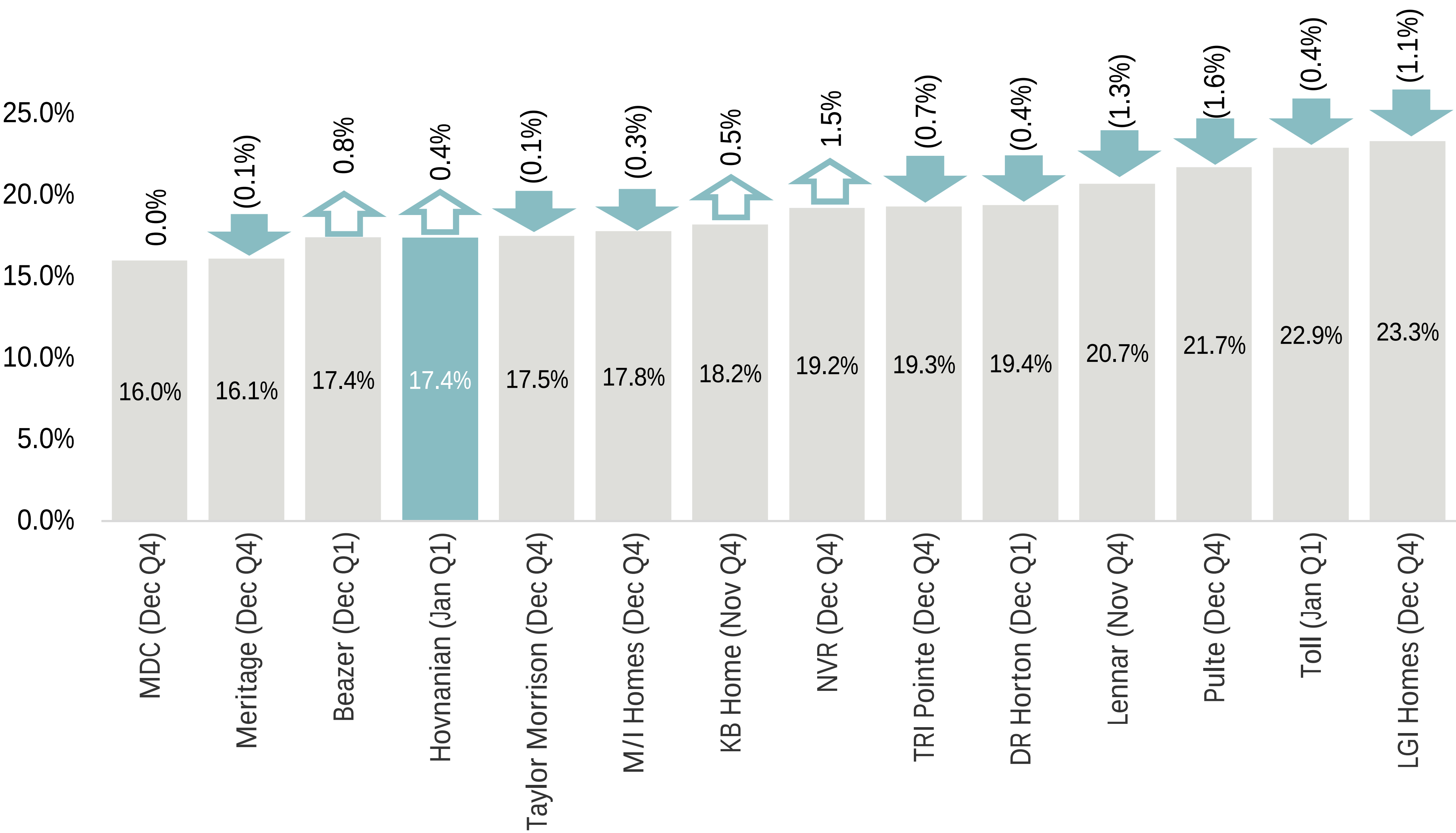
02/19/16	02/17/17	02/16/18
$314	$405	$500

02/19/16	02/17/17	02/16/18
$250	$338	$424

Source: Random Lengths (RL)

Adjusted Gross Margin Percentage, Last Twelve Months

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



Note: Hovnanian sales commission was 3.6% in the most recent quarter. Reduced KB Home, Lennar, LGI Homes, MDC, Meritage, M/I Homes, Pulte, Taylor Morrison and Tri Pointe 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%.

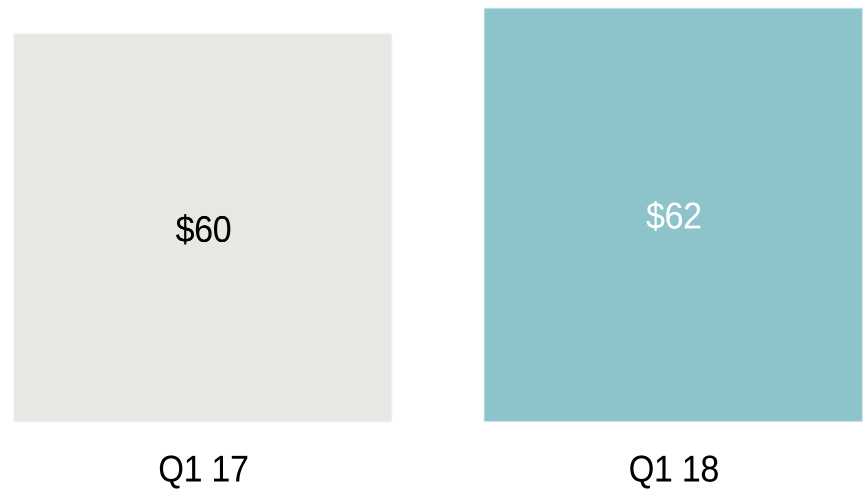
Source: Company SEC filings and press releases as of 03/08/18.

Note: Excluding interest and impairments.

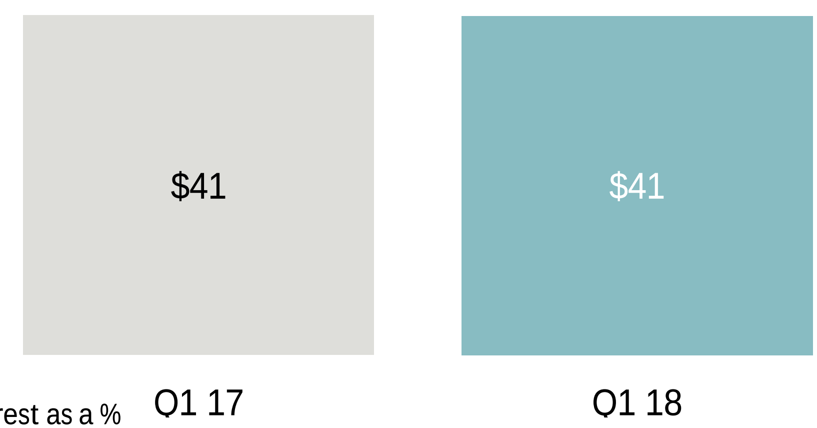
First Quarter Operating Results

($ in millions)

Total SG&A[1]

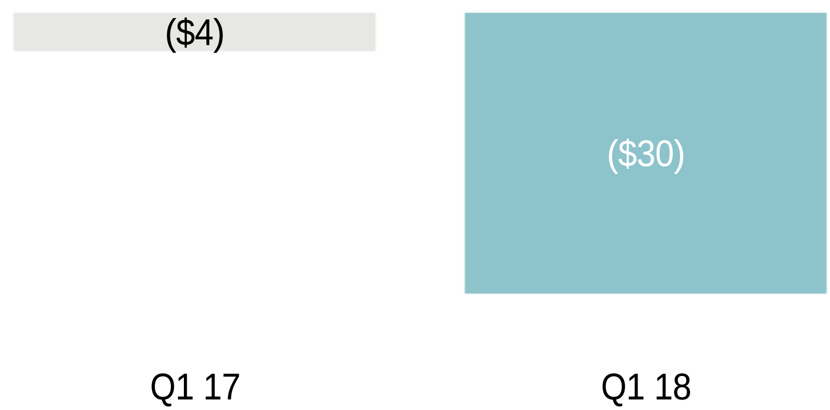


Total Interest Expense



	Q1 17	Q1 18
Total Interest as a % of Total Revenue	7.4%	9.9%

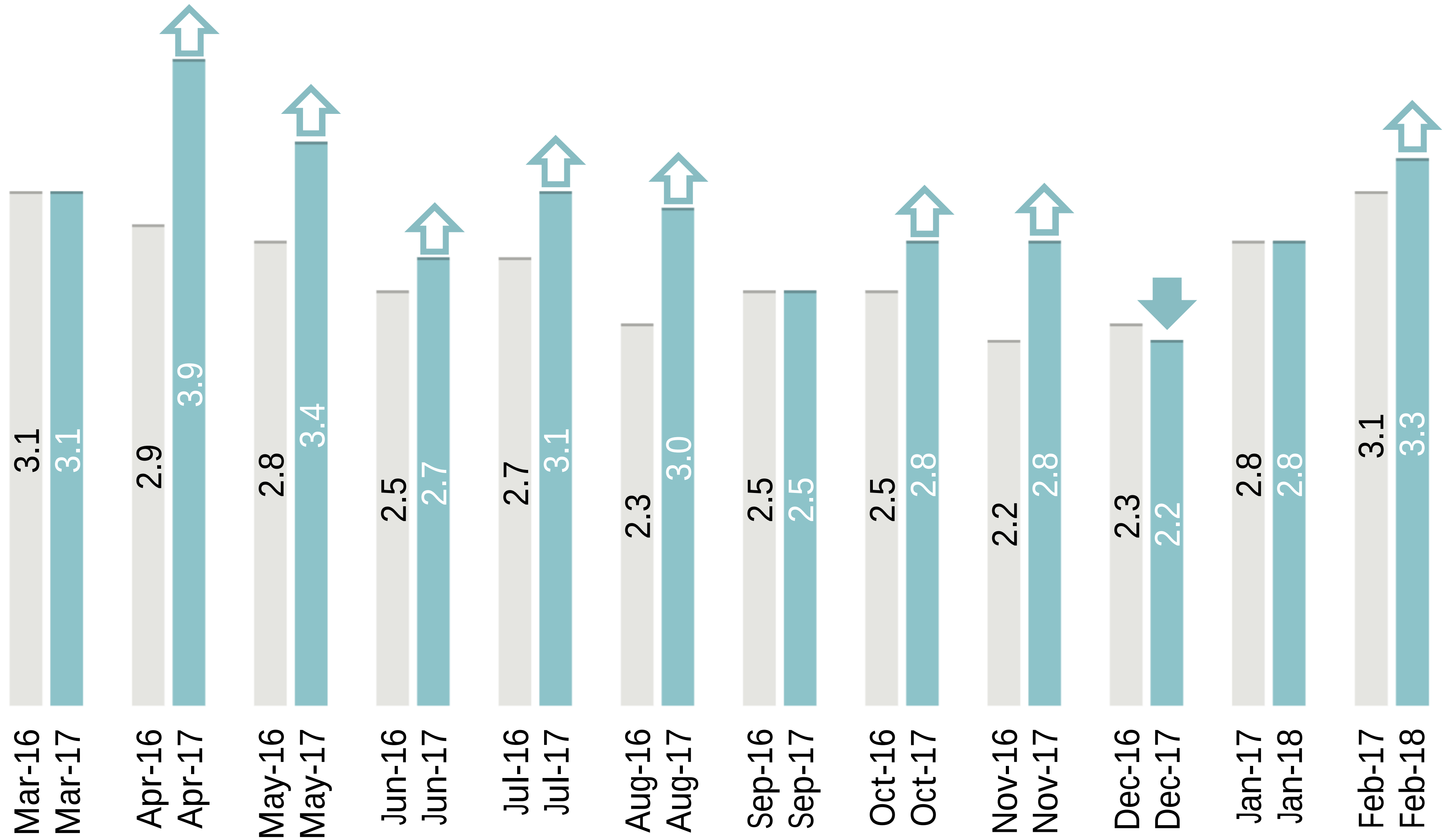
Adjusted (Loss) Before Income Taxes[2]



(1) Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs.
(2) Adjusted (Loss) Before Income Taxes excludes land-related charges, joint venture write-downs and gain on extinguishment of debt.

Hovnanian Enterprises, Inc.

Number of Monthly Contracts Per Community, Includes Joint Ventures

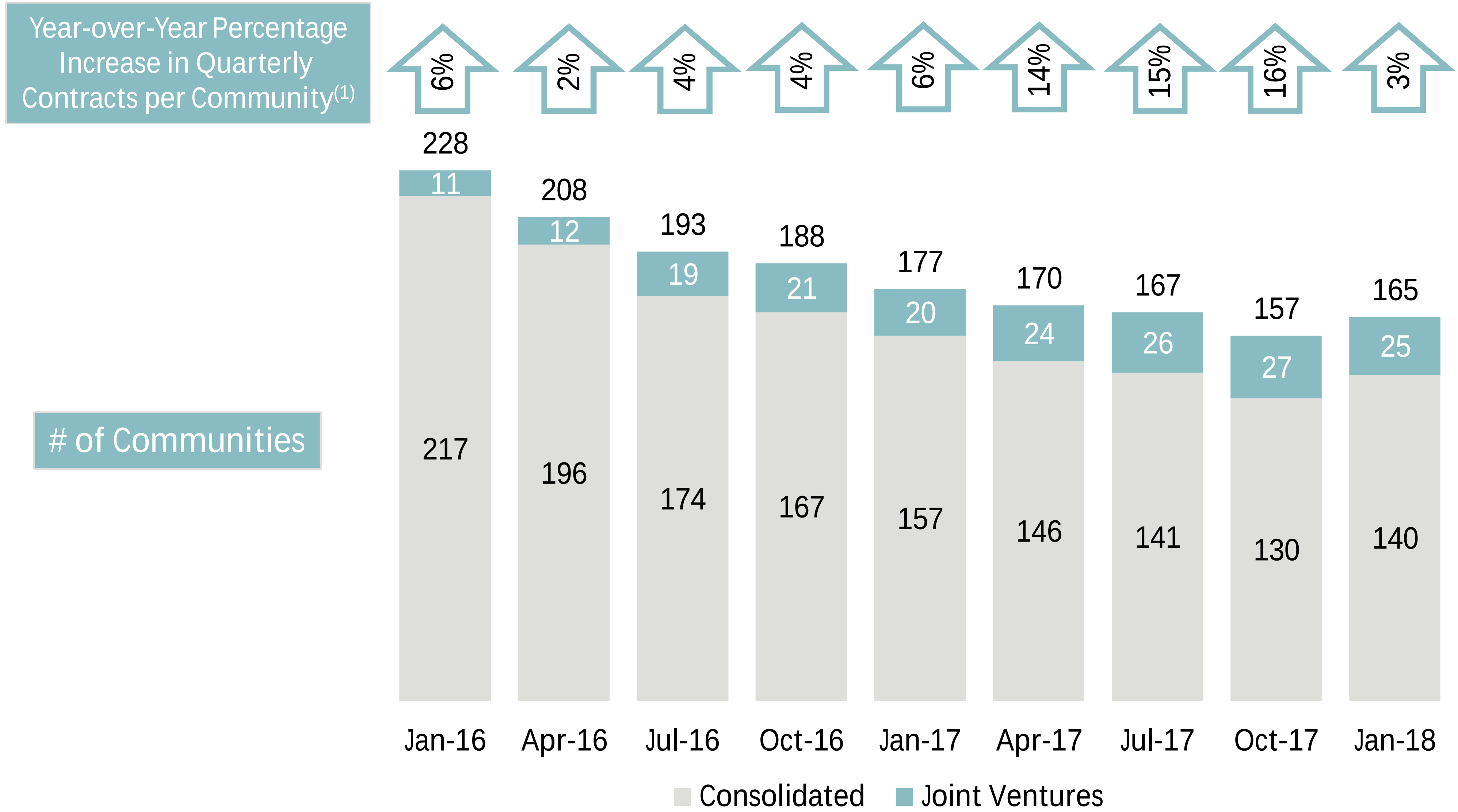


Number of Sundays	4	4	4	5	5	4	4	4	5	5	4	4	4	4	5	5	4	4	4	5	5	4	4	4
	Mar-16	Mar-17	Apr-16	Apr-17	May-16	May-17	Jun-16	Jun-17	Jul-16	Jul-17	Aug-16	Aug-17	Sep-16	Sep-17	Oct-16	Oct-17	Nov-16	Nov-17	Dec-16	Dec-17	Jan-17	Jan-18	Feb-17	Feb-18
Monthly contracts	648	531	611	655	532	567	490	444	515	522	444	492	475	408	470	444	400	443	415	348	497	459	562	528

Note: Includes joint ventures.

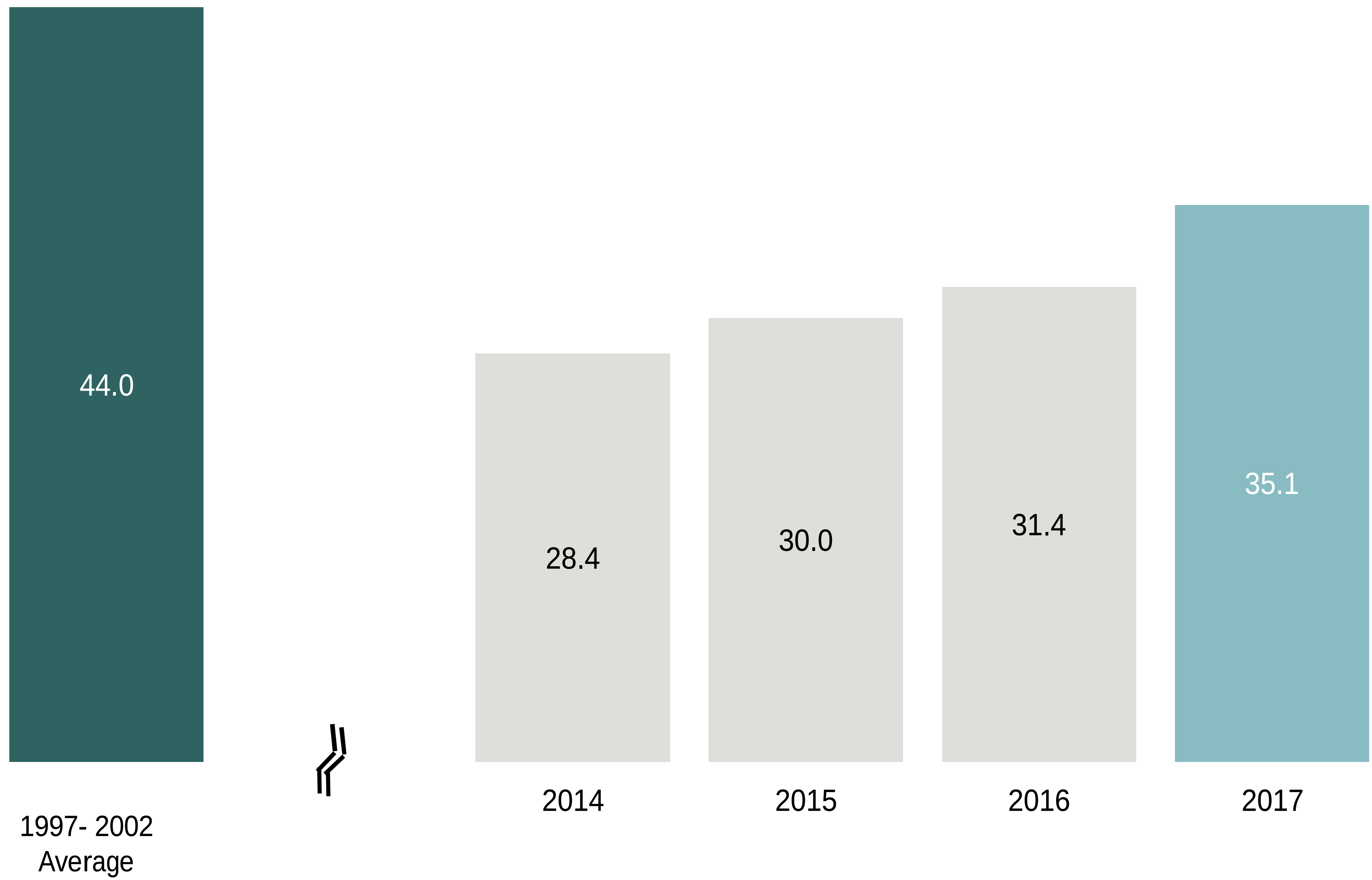
Hovnanian Enterprises, Inc.

Communities & Growth in Contracts per Community



(1) Includes unconsolidated joint ventures.
Note: Communities are open for sale communities with 10 or more home sites available.
Note: In the trailing twelve months, we opened 63 consolidated communities, purchased 2 communities from joint ventures and closed out 82 consolidated communities.

Annual Contracts Per Community



Note: Annual Contracts per Community calculated based on a five quarter average of communities, excluding joint ventures.

Hovnanian Enterprises, Inc.

Increases in Optioned and Purchased Lots

	Q1 2017	Q1 2018
Net New Option Lots	1,724	2,598

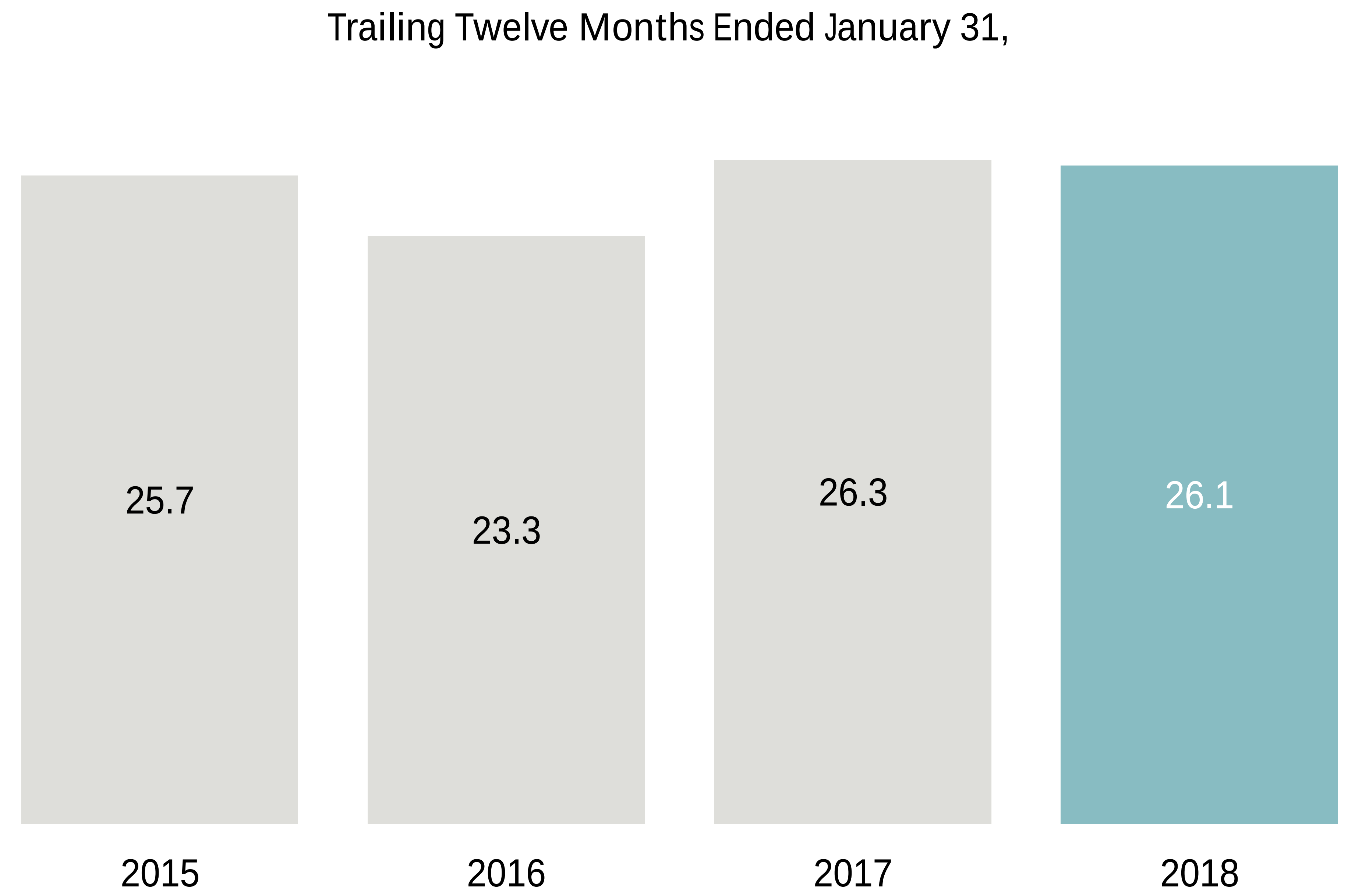
An increase of 51%

	Q1 2017	Q1 2018
Total Lots Purchased	2,233	2,421

An increase of 8%

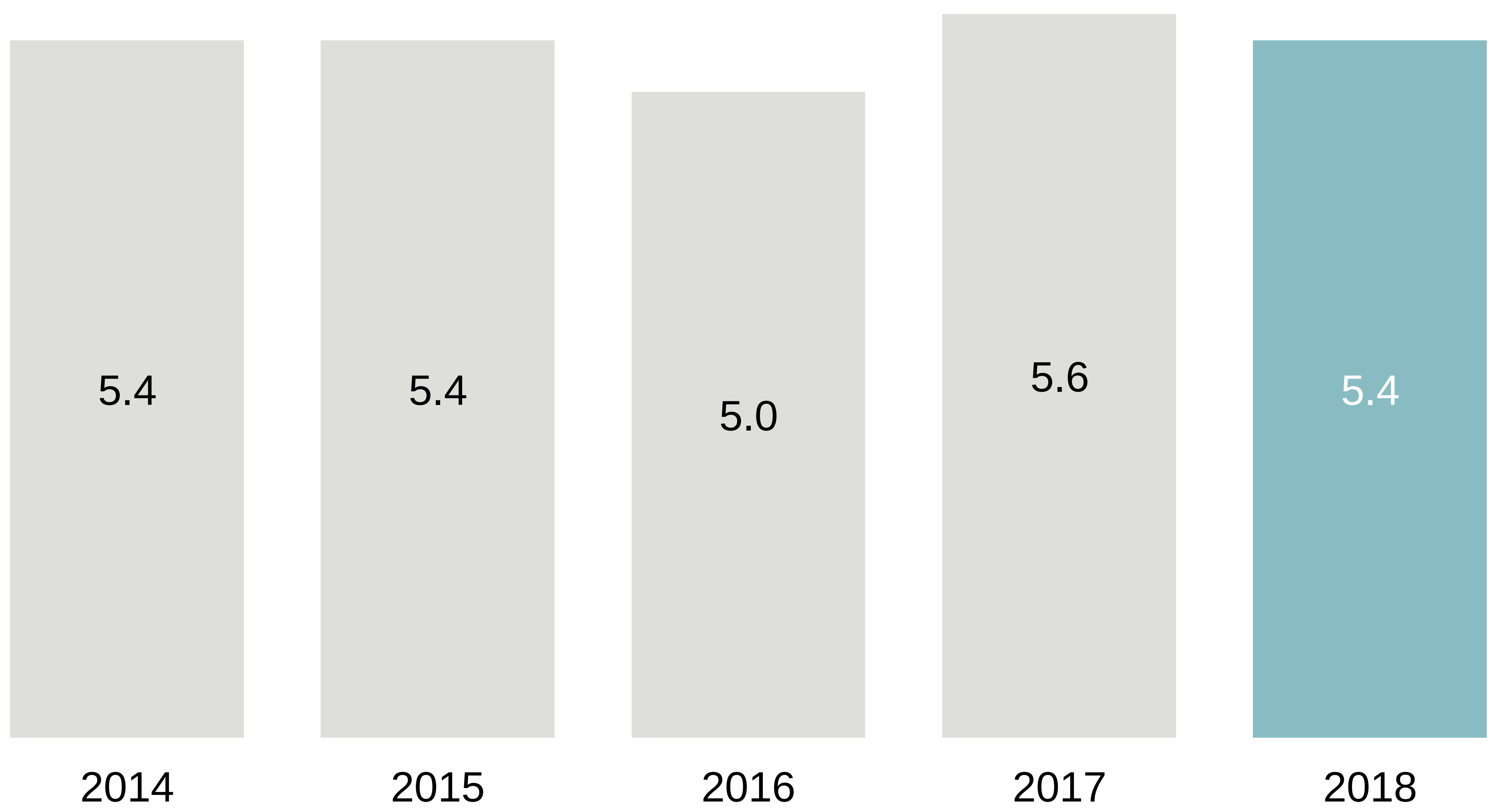
Note: Including joint ventures.

Houston Contracts Per Community

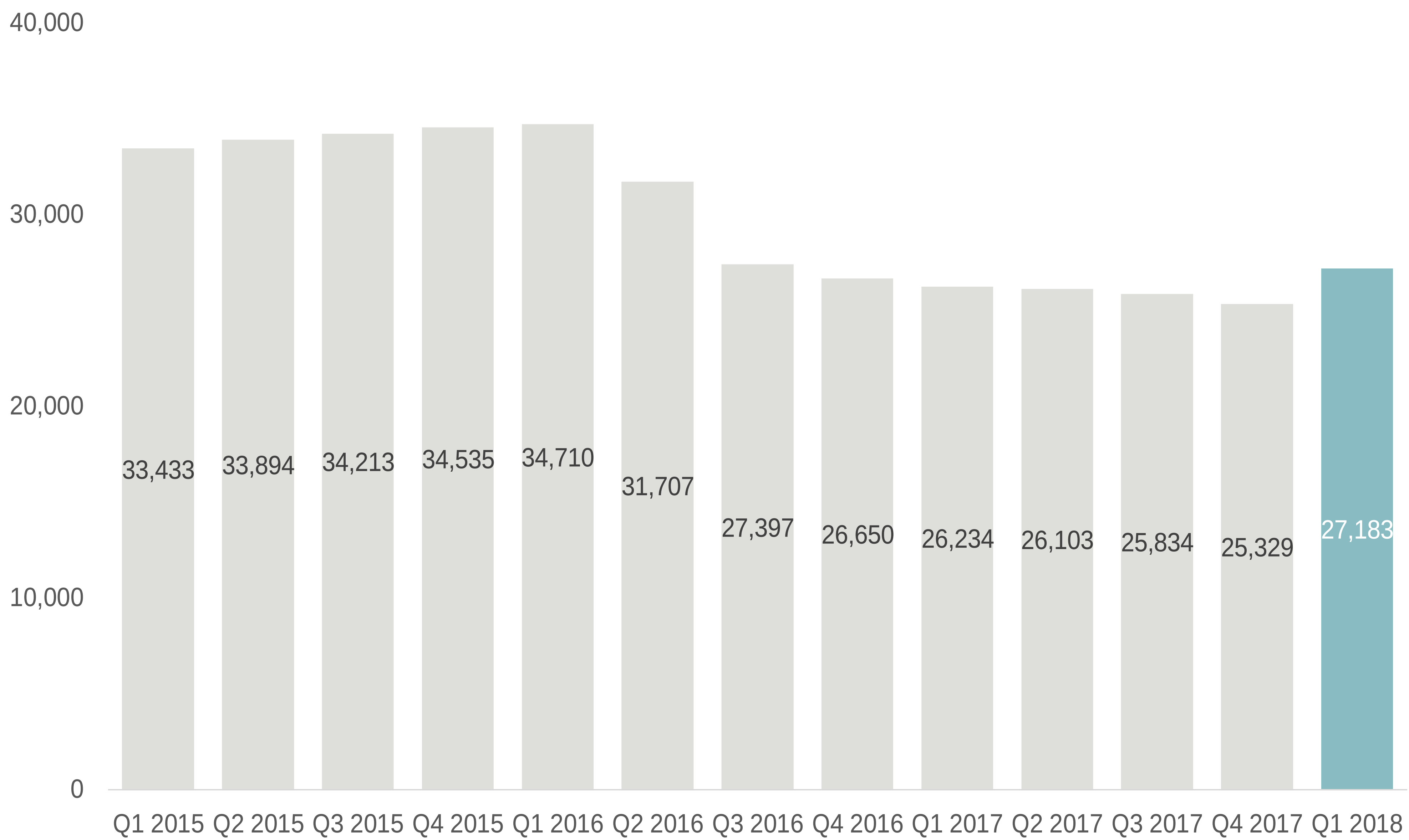


Note: TTM contracts per community calculated based on a five quarter average of communities.

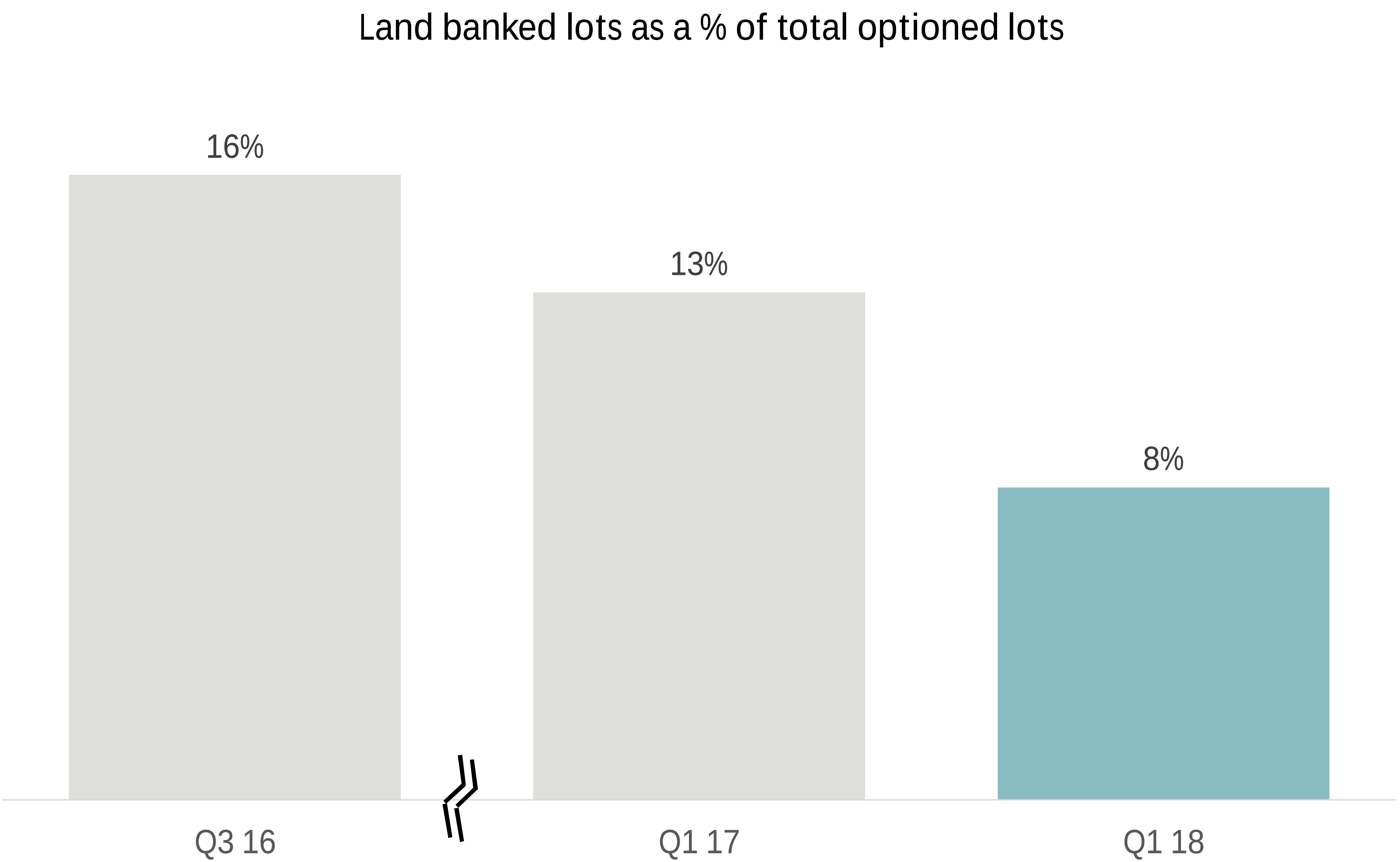
Houston First Quarter Contracts Per Community



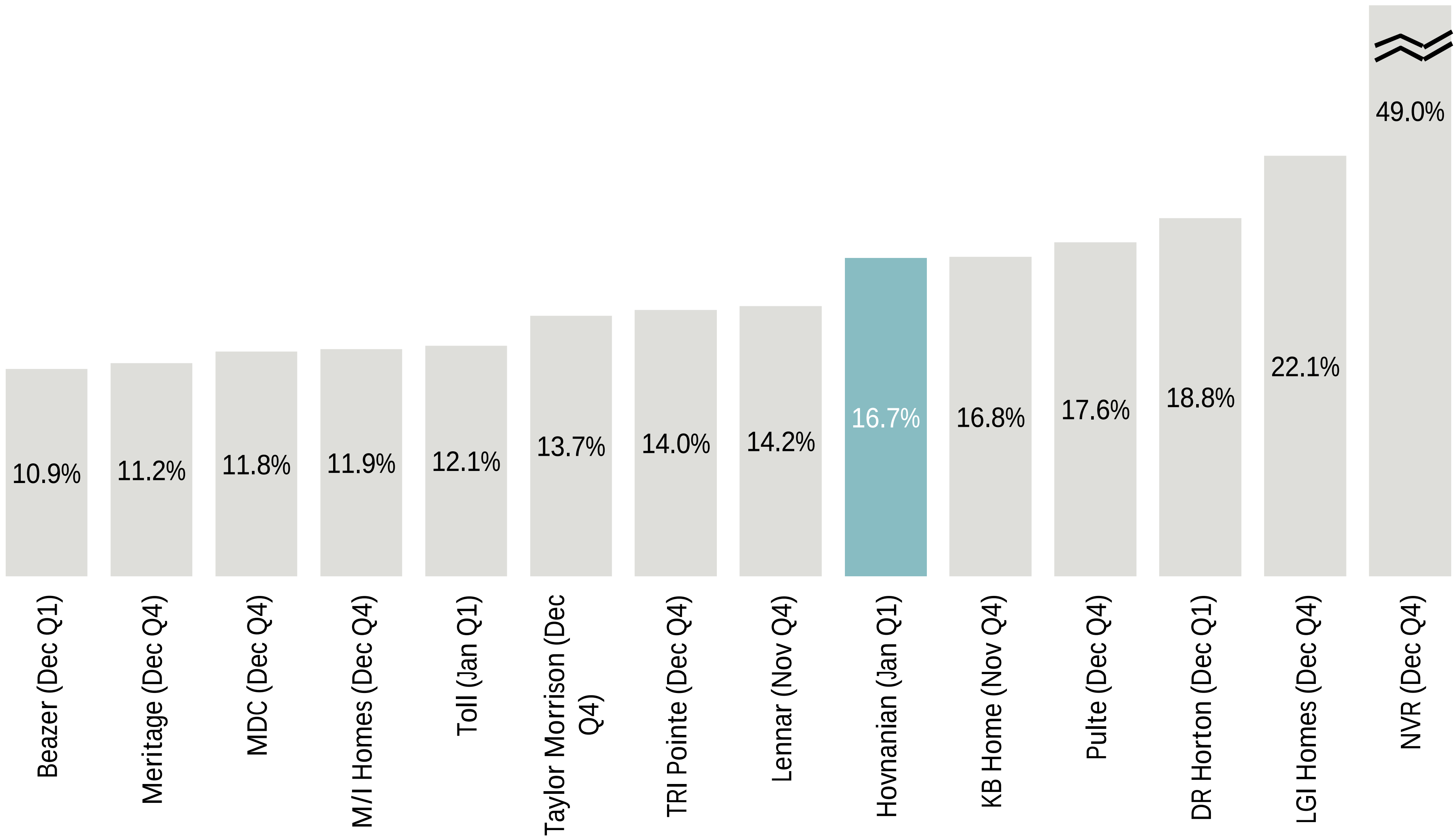
Consolidated Lots Controlled



Decreases in Land Banked Lots



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 03/08/18.

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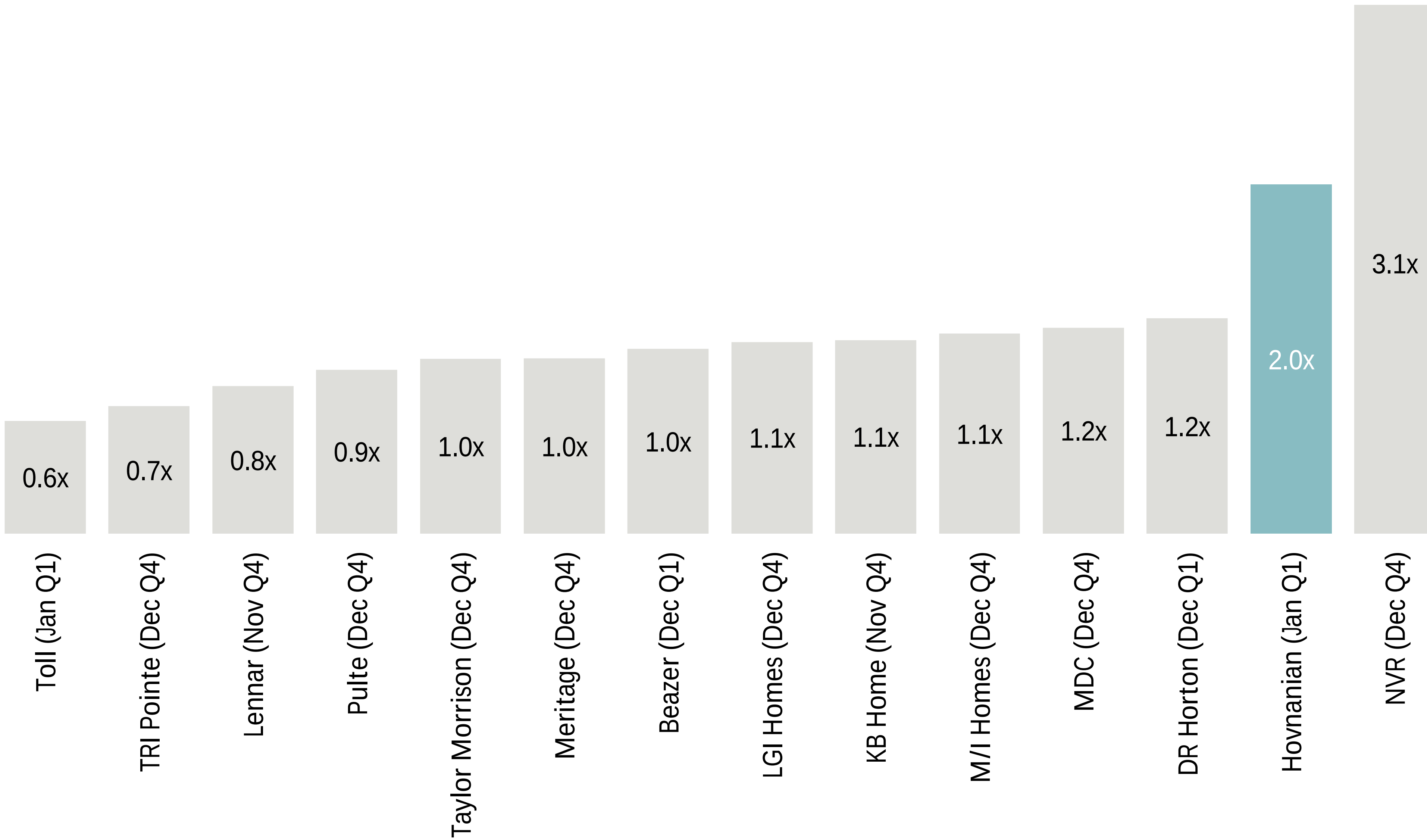
Inventory Turns (COGS), Last Twelve Months

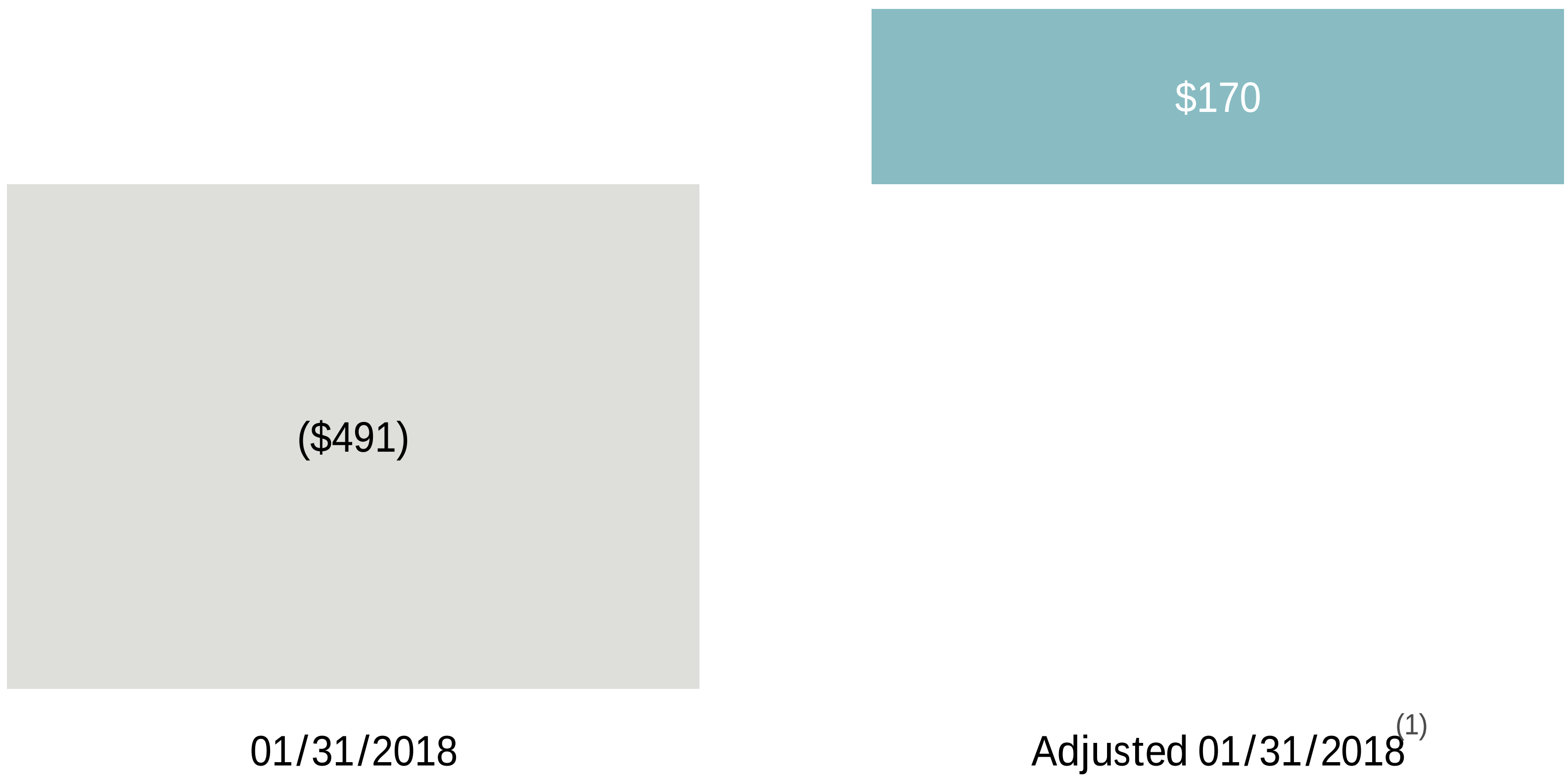


Note: Inventory turns derived by dividing cost of sales, excluding capitalized interest, by the five quarter average homebuilding inventory, excluding inventory not owned and capitalized interest.
Source: Company SEC filings and press releases as of 03/08/18.

Adjusted Hovnanian Stockholders' Equity

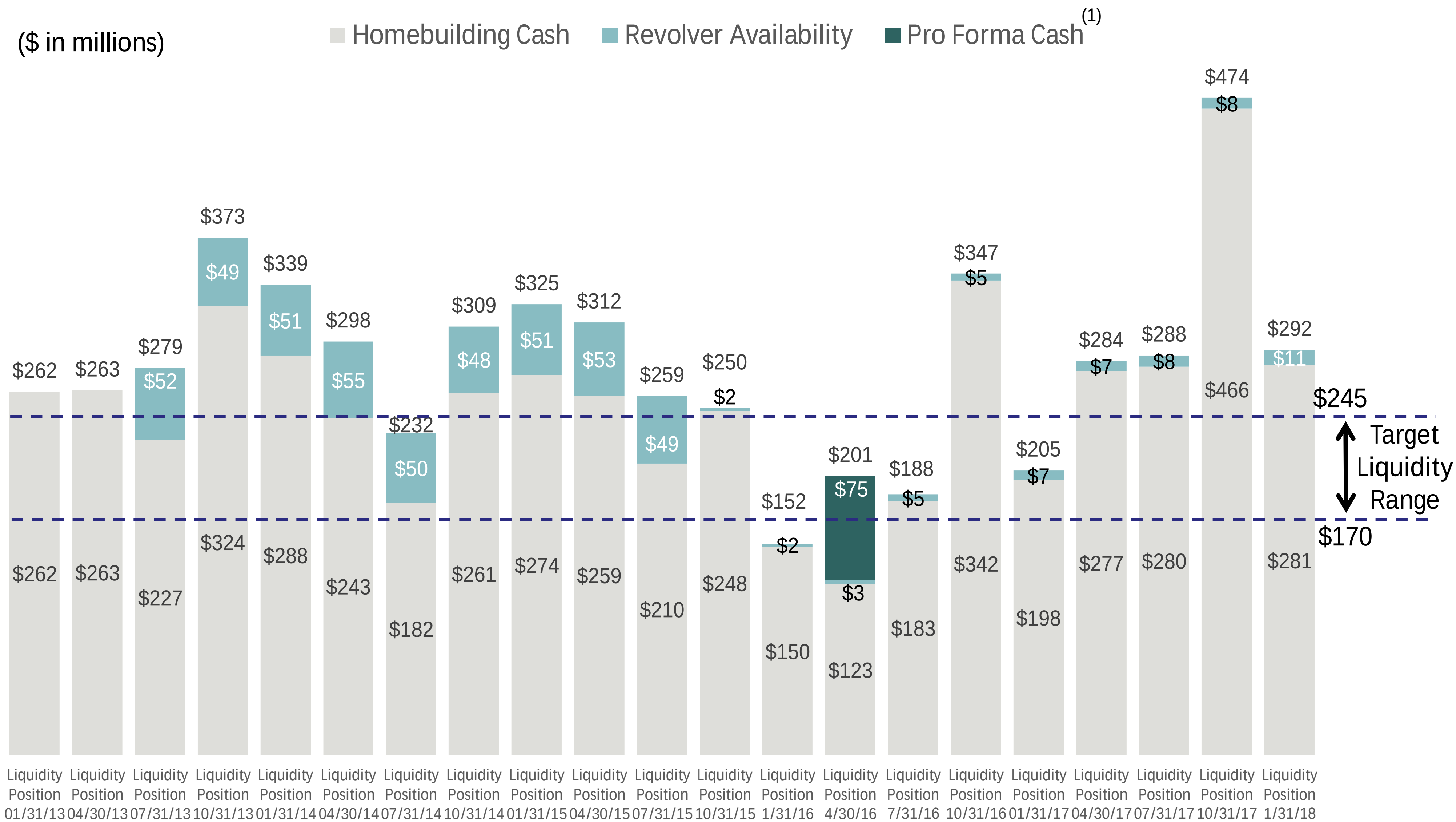
- *Deferred tax asset will shield approximately $2.1 billion of future pretax earnings from federal income taxes which will help accelerate repairing our balance sheet*

($ in millions)



(1) Total Hovnanian Stockholders' Deficit of $(491) million with $661 million valuation allowance added back to Stockholders' Equity. The $661 million valuation allowance consisted of a $440 million federal valuation allowance and a $221 million state valuation allowance.

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.

Recent Financing Transactions

- Refinanced $133 million 7.0% senior notes due 2019, with a 5% unsecured term loan maturing in 2027 from GSO Capital Partners LP and certain funds managed or advised by it (collectively, the "GSO Entities")

- Accepted $170 million of 8.0% senior notes due 2019 tendered in an exchange offer for the issuance of
  - $91 million of 13.5% senior notes due 2026
  - $90 million of 5.0% senior notes due 2040
  - $27 million of cash for the purchase of $26 million of the tendered 8% senior notes
  - An additional 5.0% unsecured term loan commitment from GSO Entities will be used to refinance $66 million of 8% senior notes

- Commitment for 4.5 year $125 million senior secured revolver/term loan from GSO Entities
  - Anticipate first draw in September 2018 to repay $75 million super priority secured term loan
  - Provides $50 million of incremental liquidity

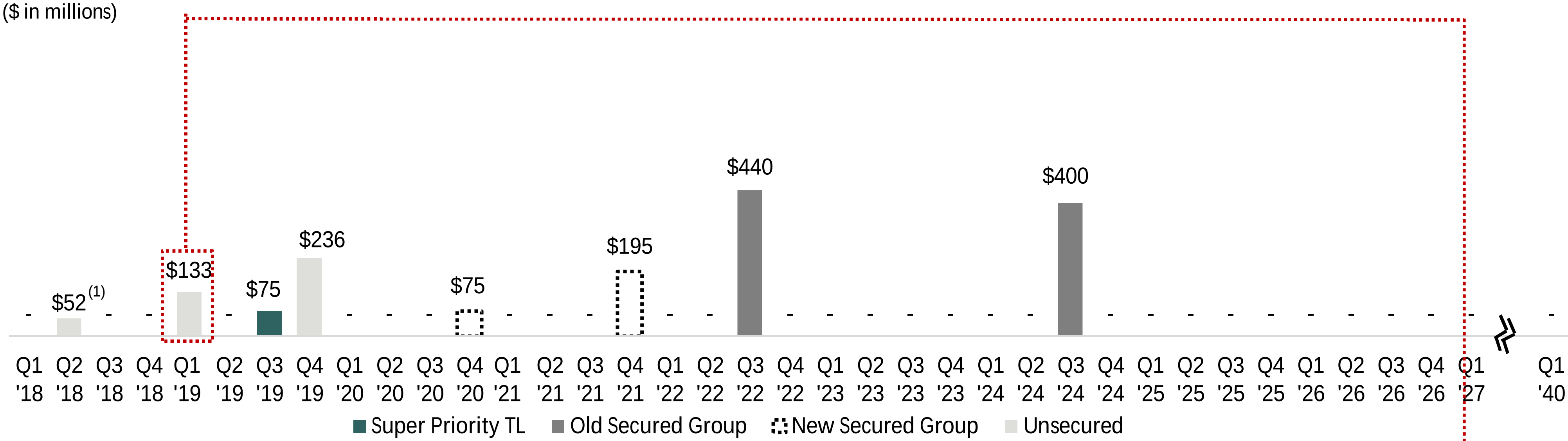
- Commitment from GSO Entities to purchase at approximately then current yield $25 million additional 10.5% senior secured notes due 2024
  - Closes in January 2019
  - Provides $25 million additional liquidity

- Received consent from 10.5% senior secured note holders to remove restrictions on repurchases or acquisitions of unsecured 2019 debt
  - Use of cash for repayment
  - Open market purchases
  - Refinancings

Pre and Pro Forma Maturity Profile - Refinance 7% Notes

As of January 31, 2018

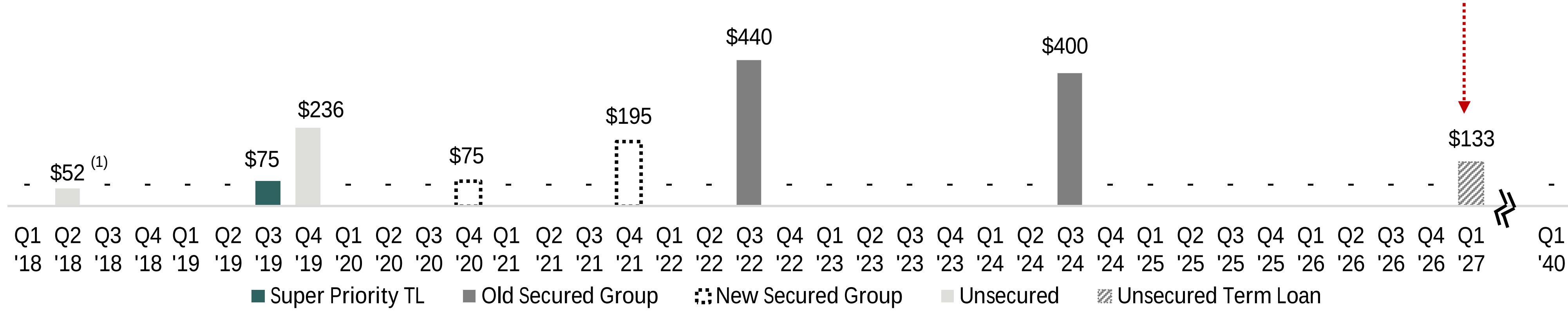
($ in millions)



Pro Forma

February 2018

($ in millions)



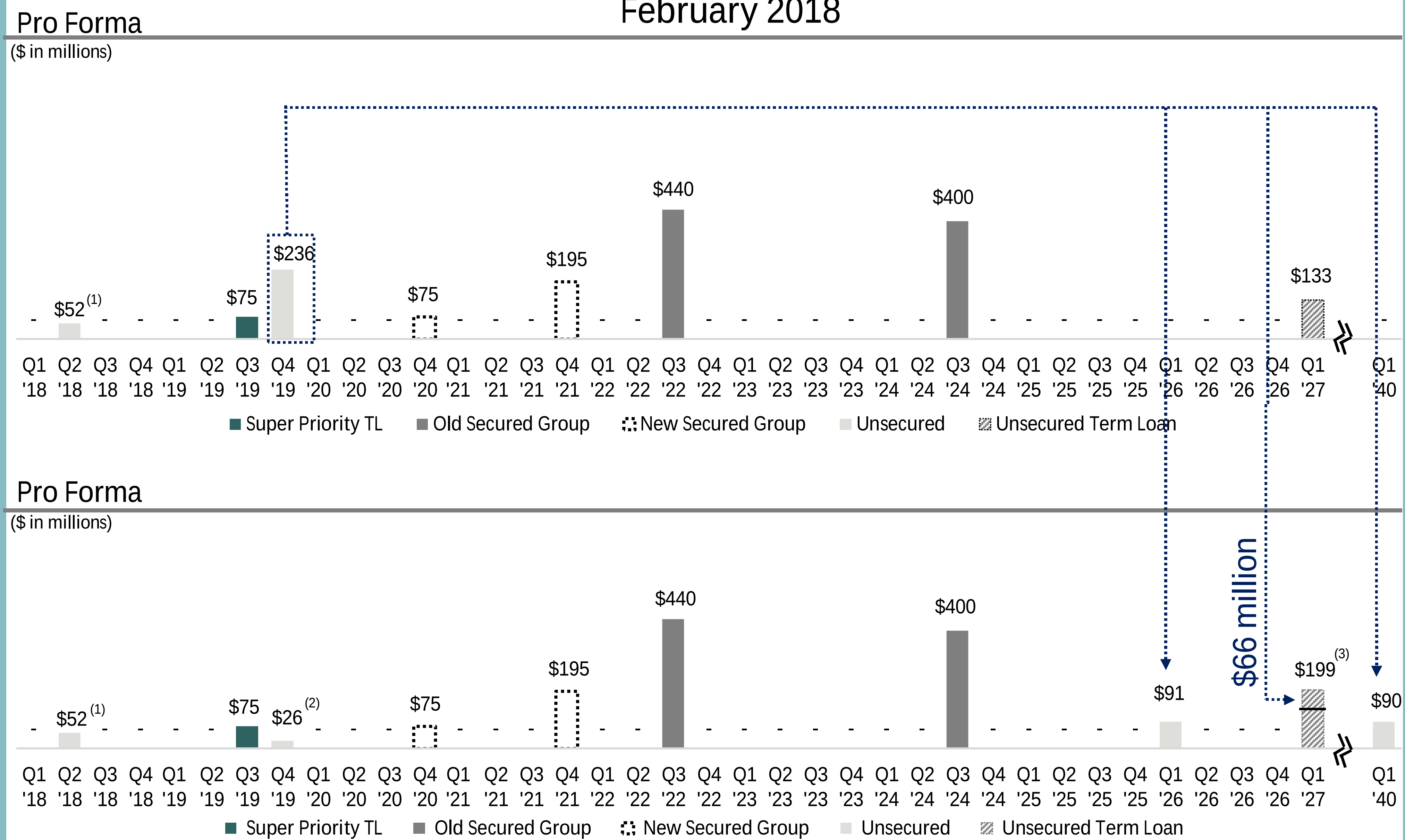
Note: Shown on a calendar year basis, at face value.

Note: Excludes non-recourse mortgages.

[1] Partially matures in June 2018 with balance maturing in September 2018.

Pro Forma Maturity Profile - Exchange 8% Notes

February 2018

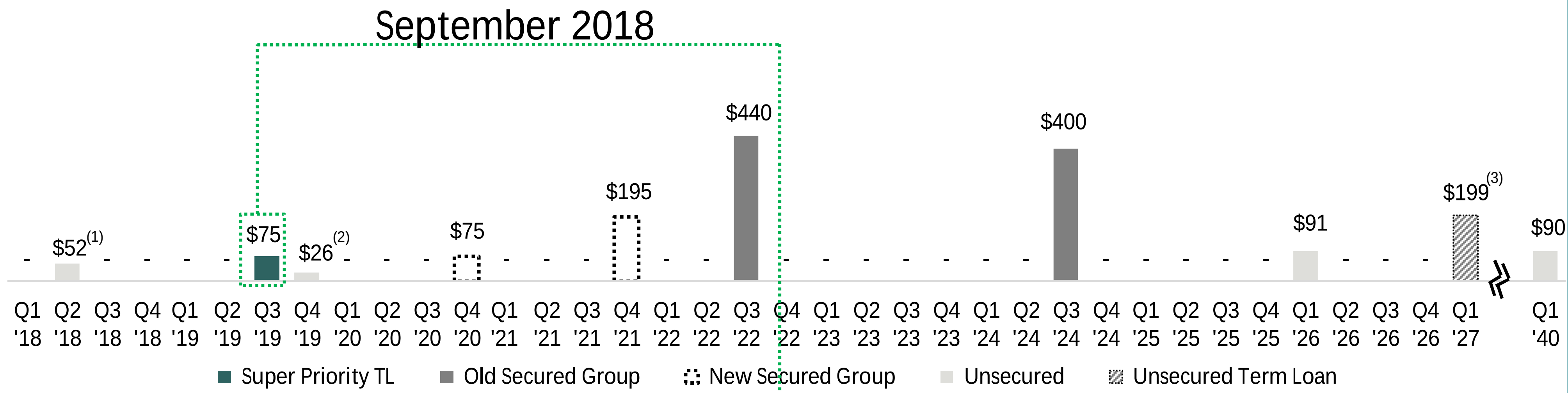


Note: Shown on a calendar year basis, at face value.
Note: Excludes non-recourse mortgages.
[1] Partially matures in June 2018 with balance maturing in September 2018.
[2] $26 million of 8.0% senior notes held by wholly owned subsidiary.
[3] $66 million use of 5.0% additional term loan commitment to refinance certain remaining 8.0% senior notes.

Pro Forma Maturity Profile - Refinance Term Loan

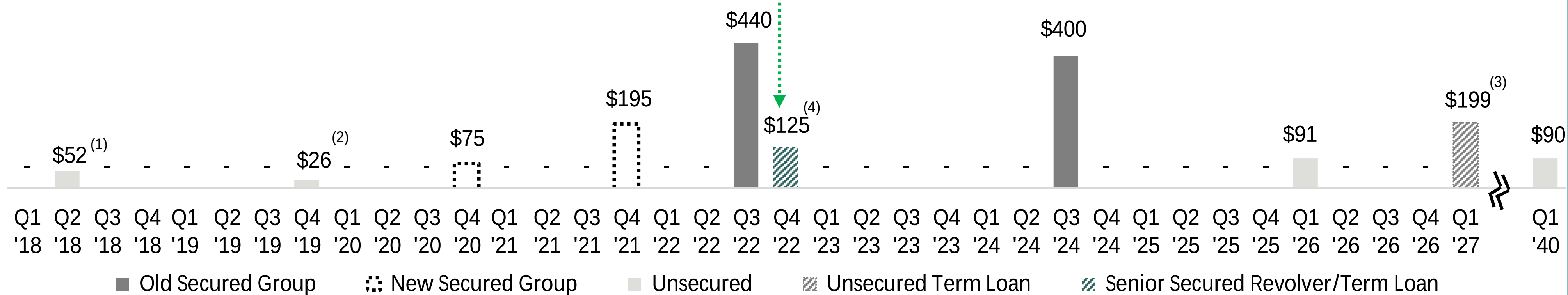
Pro Forma

($ in millions)



Pro Forma

($ in millions)



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

Note: Excludes non-recourse mortgages.

[1] Partially matures in June 2018 with balance maturing in September 2018.

[2] $26 million of 8.0% senior notes held by wholly owned subsidiary.

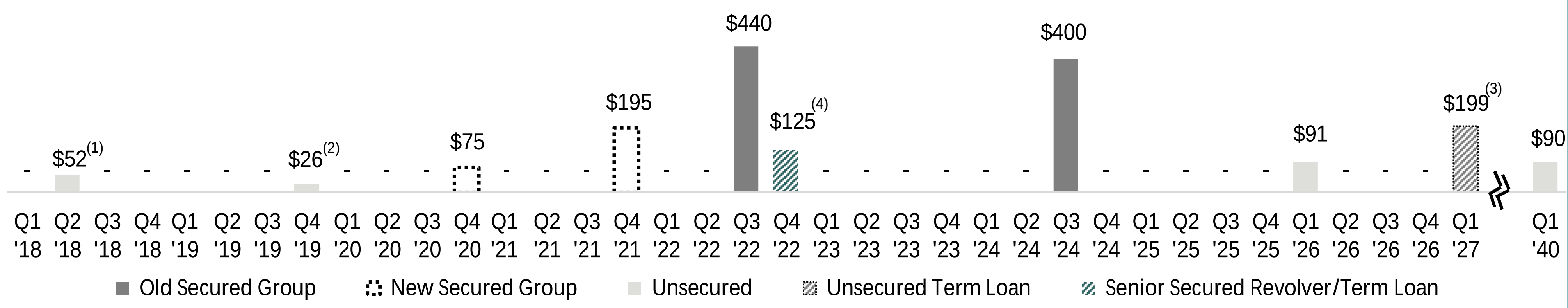
[3] $66 million use of 5.0% additional term loan commitment to refinance certain remaining 8.0% senior notes.

[4] Becomes a term loan in December 2019 with final maturity in December 2022.

Pro Forma Maturity Profile - $25 Million Tack On

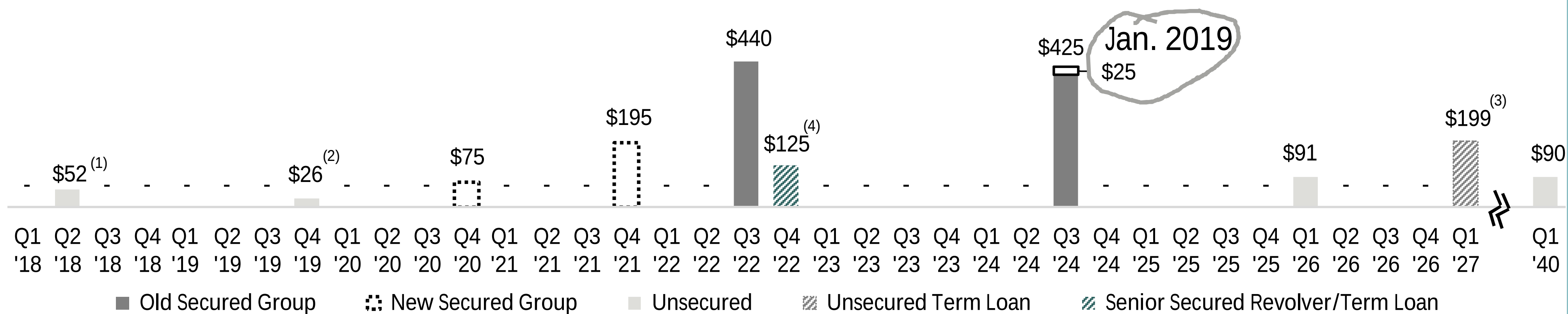
Pro Forma

($ in millions)



Pro Forma

($ in millions)



Note: Shown on a calendar year basis, at face value.
Note: Excludes non-recourse mortgages.
[1] Partially matures in June 2018 with balance maturing in September 2018.
[2] $26 million of 8.0% senior notes held by wholly owned subsidiary.
[3] $66 million use of 5.0% additional term loan commitment to refinance certain remaining 8.0% senior notes.
[4] Becomes a term loan in December 2019 with final maturity in December 2022.

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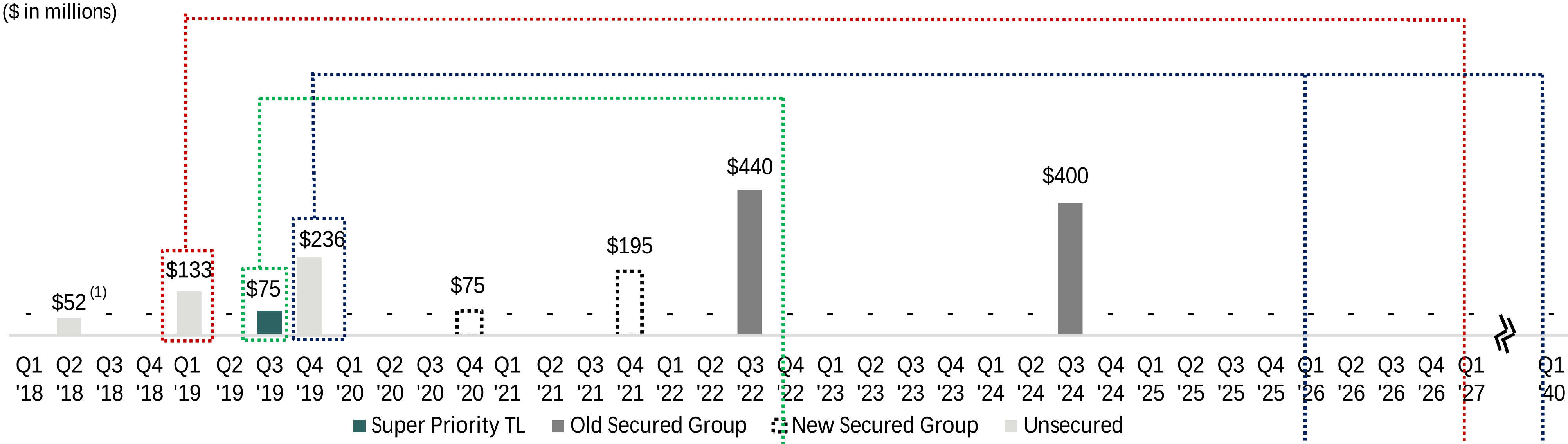
Appendix

Pre and Pro Forma Maturity Profile

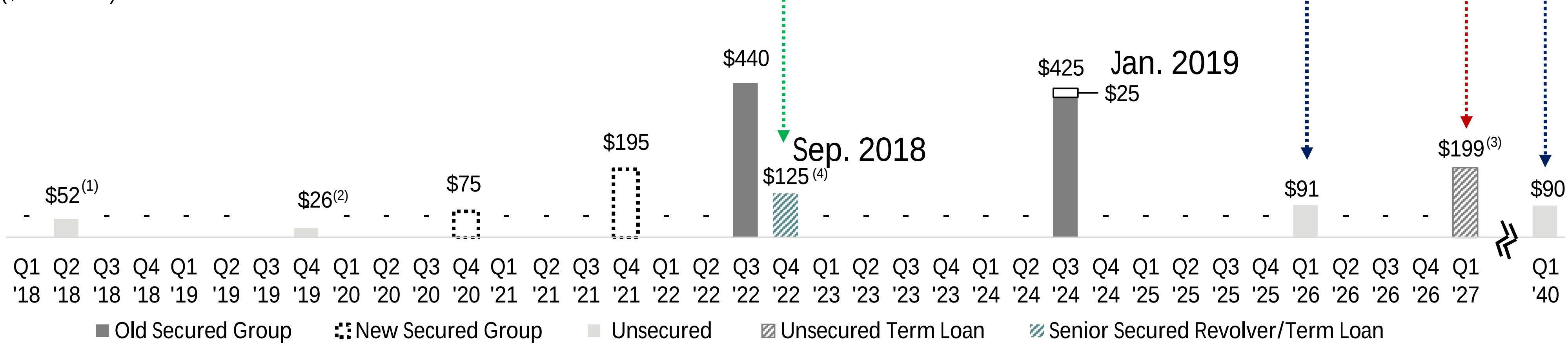
As of January 31, 2018

($ in millions)



Pro Forma for Refinancing of 7% and 8% Senior Unsecured Notes, Senior Secured Revolver/Term Loan in September 2018 and $25M Tack On in January 2019

($ in millions)



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

Note: Excludes non-recourse mortgages.

[1] Partially matures in June 2018 with balance maturing in September 2018.

[2] $26 million of 8.0% senior notes held by wholly owned subsidiary.

[3] $66 million use of 5.0% additional term loan commitment to refinance certain remaining 8.0% senior notes.

[4] Becomes a term loan in December 2019 with final maturity in December 2022.

Hovnanian Enterprises, Inc.

Coverage for Super Priority Term Loan, 10.0% Secured Notes Due 2022 and 10.5% Secured Notes Due 2024[(1)]

($ in Thousands)	October 31, 2017	January 31, 2018
Cash and cash equivalents	$381,100	$198,100
Mortgaged Inventory	$419,900	$454,800
Pledged equity value of subsidiaries without inventory liens[(2)]	$113,700	$115,300
Total Collateral	$914,700	$768,200
Plus equity value of subsidiaries with non-recourse loans[(3)]	$81,900	$98,000
Total Adjusted Collateral	$996,600	$866,200
Total principal amount of secured debt	$915,000	$915,000
Adjusted Collateral Ratio	1.09x	0.95x
Assets in excess of total principal amount of secured debt	$81,600	$(48,800)

(1) The 10.0% Secured Notes due 2022 and 10.5% Secured Notes due 2024 were issued on July 27, 2017. Control agreements over certain cash and cash equivalents accounts and mortgages over inventory are not currently in place but will be entered into in accordance with the terms of the indenture and security documents governing such Notes.

(2) Represents book value of inventory owned by guarantor subsidiaries for which mortgages are either not yet filed or not required to be filed.

(3) Represents book value of inventory owned by guarantor subsidiaries less outstanding payable amount of non-recourse loans.

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

($ in Thousands)	October 31, 2017	January 31, 2018
Cash and cash equivalents	$84,300	$82,800
Mortgaged Inventory	$128,900	$140,300
Pledged equity value of subsidiaries without inventory liens(1)	$2,300	$14,100
Total Collateral	$215,500	$237,200
Plus equity value of subsidiaries with non-recourse loans(2)	$10,300	$8,900
Total Adjusted Collateral	$225,800	$246,100
Total principal amount of secured debt	$270,000	$270,000
Adjusted Collateral Ratio	0.84x	0.91x
Total Adjusted Collateral	$225,800	$246,100
Plus equity interests in joint ventures(3)	$88,200	$65,400
Total Assets Available for secured debt	$314,000	$311,500
Total principal amount of secured debt	$270,000	$270,000
Asset Coverage Ratio	1.16x	1.15x
Assets in Excess of total principal amount of secured debt	$44,000	$41,500

(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.

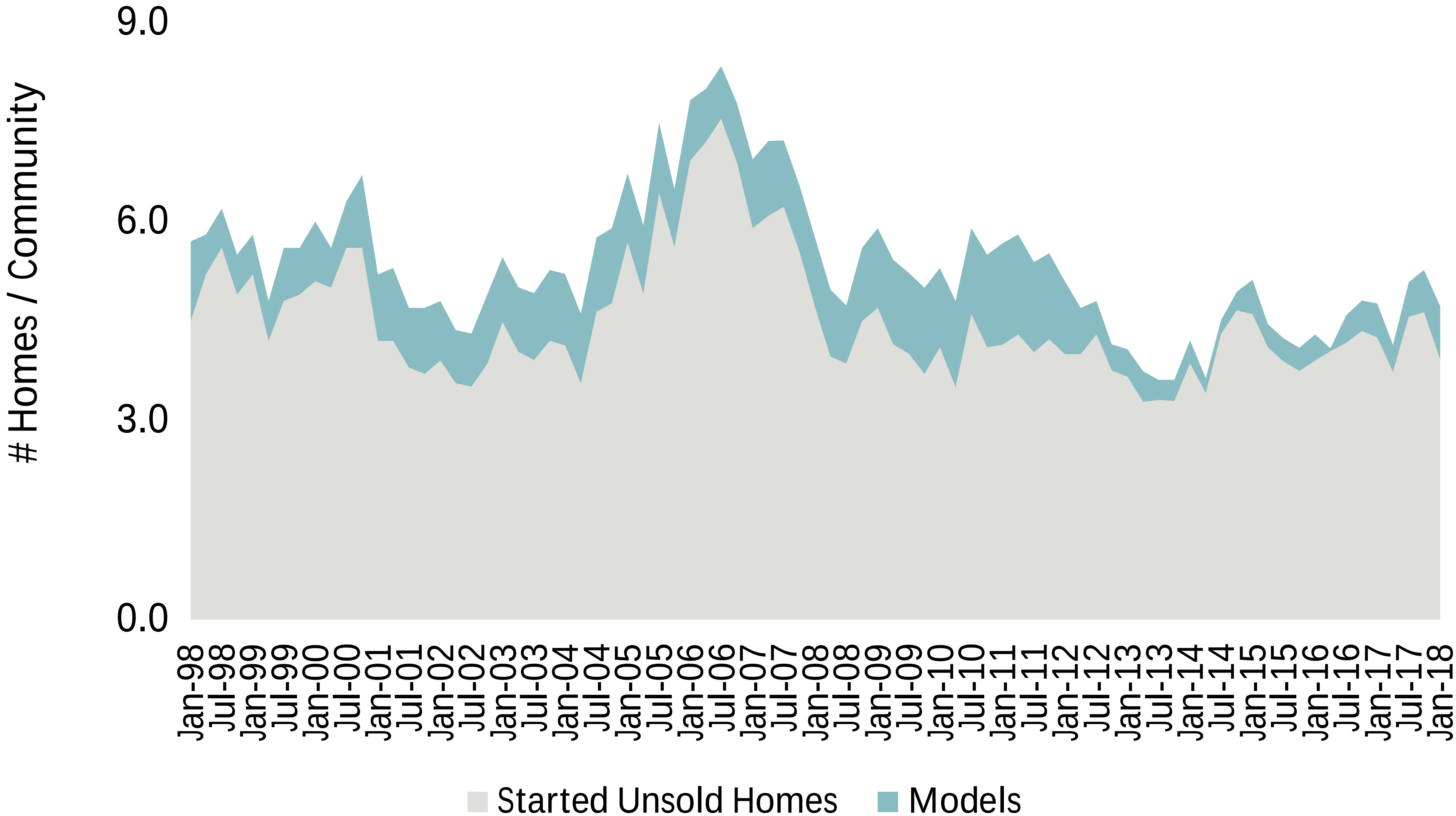
Hovnanian Enterprises, Inc.

Assets Available to All Unsecured Debt

($ in Thousands)	October 31, 2017	January 31, 2018
Total Assets	$1,900,900	$1,645,900
less Inventory Not Owned	$(124,800)	$(93,900)
less Financial Services Assets	$(162,100)	$(101,900)
Assets Available to All Notes	$1,614,000	$1,450,100
less non-recourse mortgages	$(64,500)	$(64,500)
less principal for 9.5% 1st Lien Notes due 2020 and 2% and 5% 1st Lien Notes due 2021	$(270,000)	$(270,000)
less principal for Super Priority Term Loan due 2018, 10.0% Secured Notes due 2022 and 10.5% Secured Notes due 2024	$(915,000)	$(915,000)
Assets available to All Unsecured Notes	$364,500	$200,600

Unsold Homes per Community

- *549 started unsold homes at 01/31/18, excluding models*
- *4.6 average started unsold homes per community since 1997*
- *As of January 31, 2018, 3.9 started unsold homes per community*



Note: Excluding joint ventures.

Land Positions by Geographic Segment

January 31, 2018

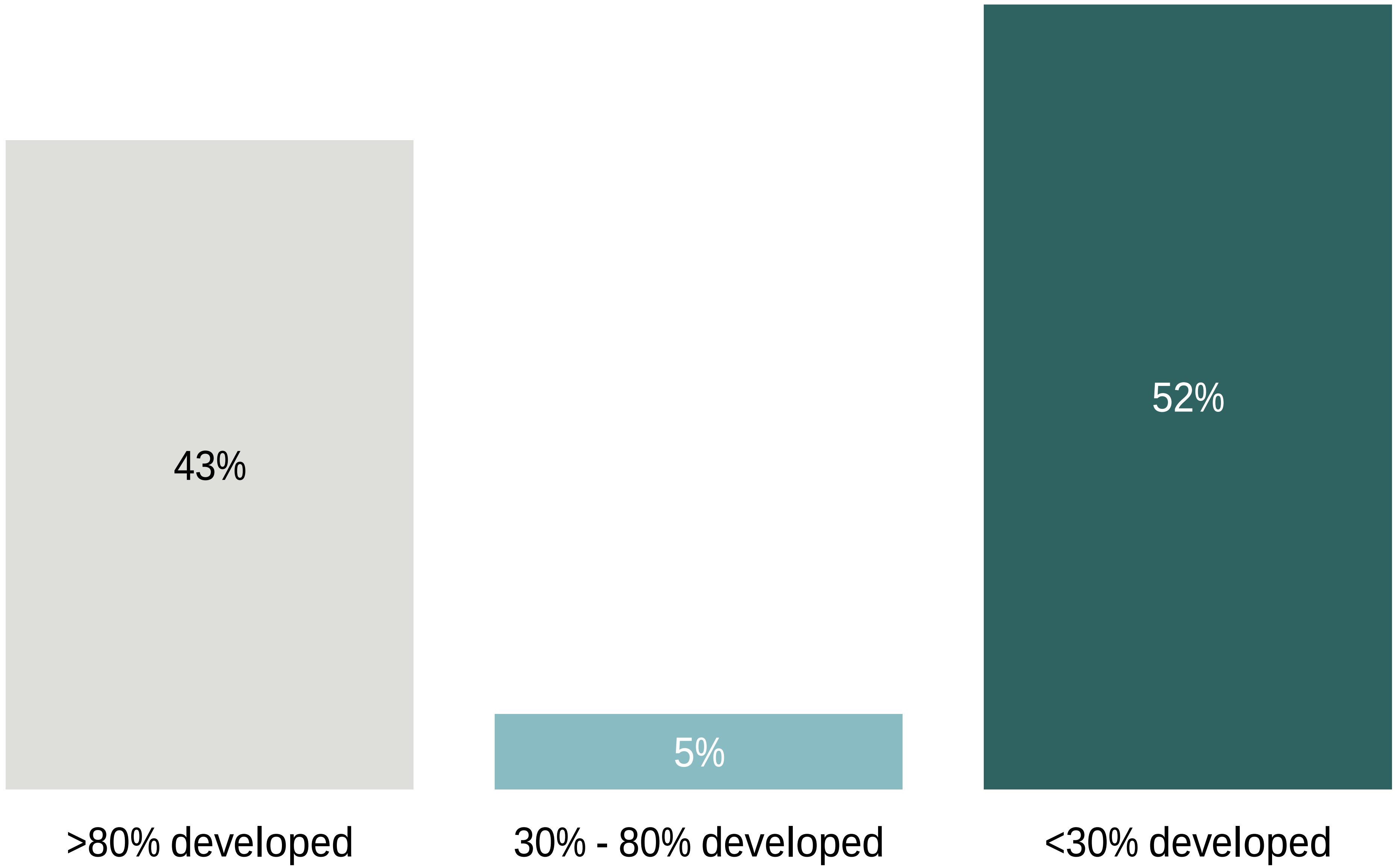
Segment	Owned: Excluding Mothballed Lots	Owned: Mothballed Lots	Optioned Lots	Total Lots
Northeast	634	252	3,734	4,620
Mid-Atlantic	1,969	280	2,014	4,263
Midwest	1,475	127	1,834	3,436
Southeast	1,615	-	2,029	3,644
Southwest	2,205	-	3,987	6,192
West	1,531	2,835	662	5,028
Consolidated Total	9,429	3,494	14,260	27,183
Joint Ventures	3,016	-	1,149	4,165

- *Option deposits as of January 31, 2018 were $56 million*
- *$7 million invested in pre-development expenses as of January 31, 2018*

Note: Option deposits and pre-development expenses refers to consolidated optioned lots.

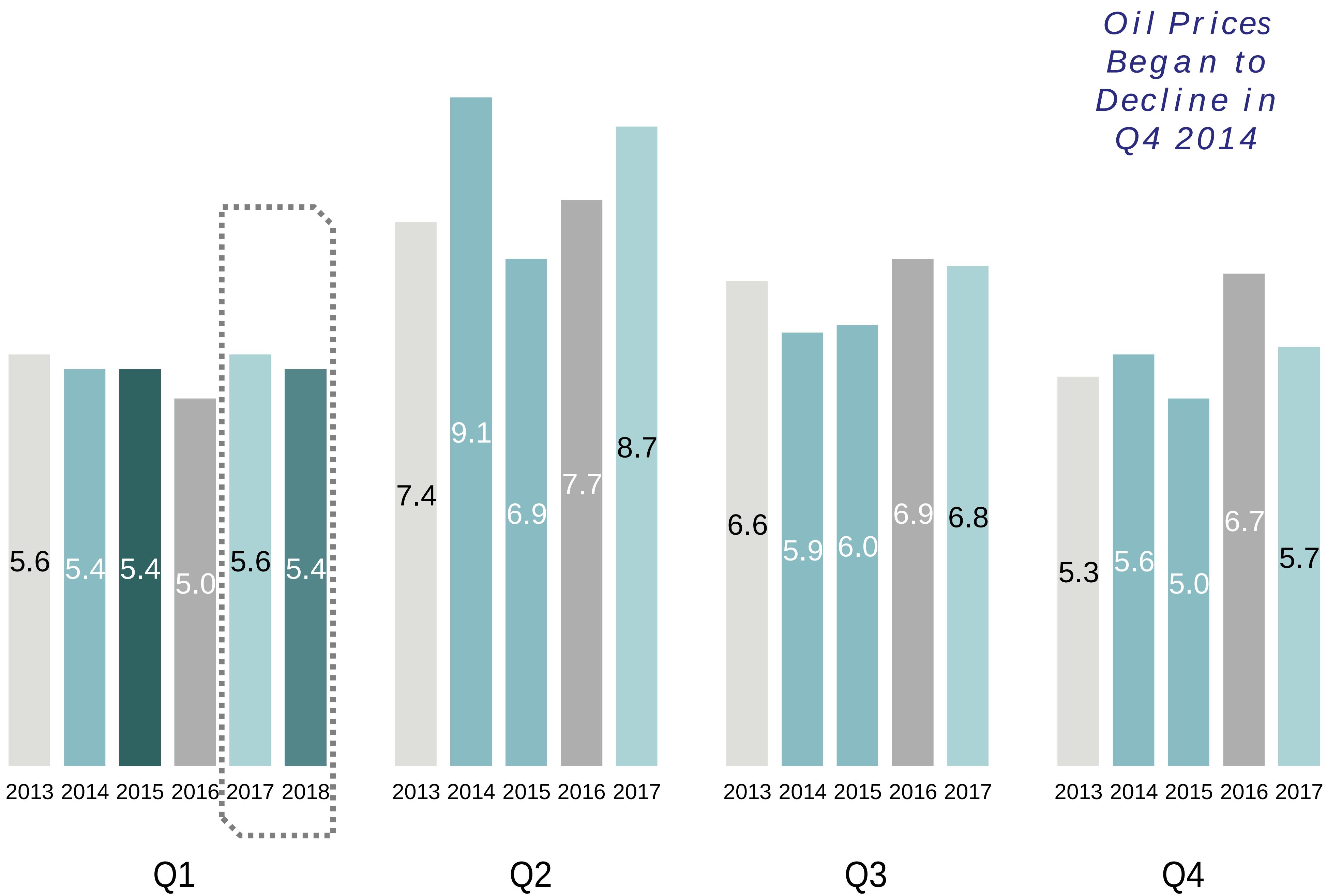
Owned Lots % Development Costs Spent

As of January 31, 2018



Note: Excluding joint ventures.

Houston Quarterly Contracts per Community



- Houston Exposure as of January 31, 2018

	Houston as a % of Company Total
TTM Home Sale Revenues	15%
Homebuilding Inventory	14%

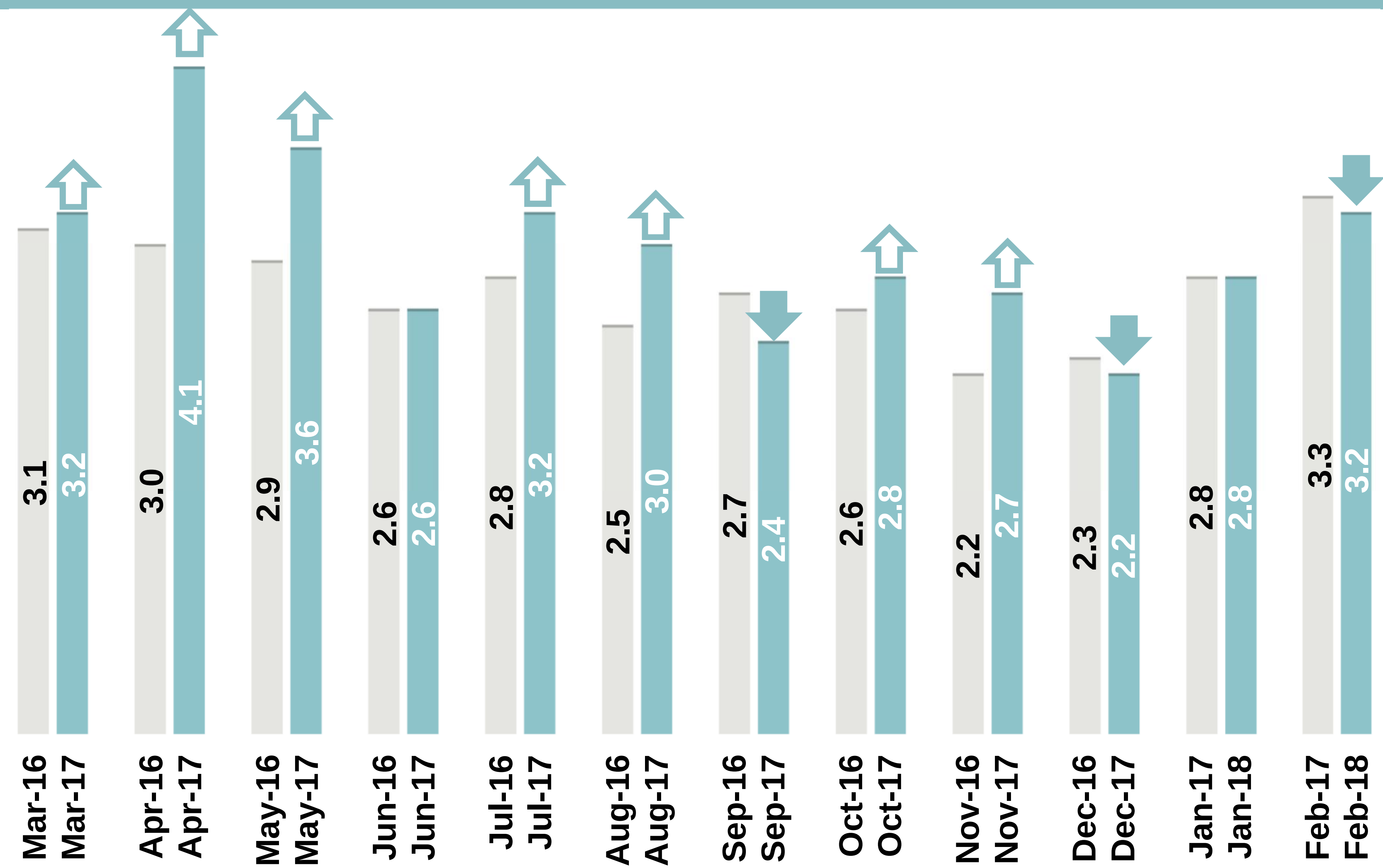
- Houston Lot Position as of January 31, 2018

	Houston # Lots	Months Supply	
		Houston	Company Average[1]
Owned Lots	1,271	13	23
Optioned Lots	1,803	19	36
Total Lots	3,074	32	59

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

[1] *Excluding Houston and Mothballed lots*

Number of Monthly contracts Per Community, Excludes Joint Ventures



Number of Sundays	4	4	4	5	5	4	4	4	5	5	4	4	4	4	5	5	4	4	4	5	5	4	4	4
	Mar-16	Mar-17	Apr-16	Apr-17	May-16	May-17	Jun-16	Jun-17	Jul-16	Jul-17	Aug-16	Aug-17	Sep-16	Sep-17	Oct-16	Oct-17	Nov-16	Nov-17	Dec-16	Dec-17	Jan-17	Jan-18	Feb-17	Feb-18
Monthly contracts	625	472	587	595	512	509	463	364	492	448	423	423	449	326	427	363	351	352	377	288	445	387	523	430

Note: Excludes joint ventures.

Reconciliation of (Loss) Before Income Taxes Excluding Land-Related Charges, Joint Venture Write-Downs and Gain on Extinguishment of Debt to (Loss) Income Before Income Taxes

Hovnanian Enterprises, Inc.
January 31, 2018
Reconciliation of (Loss) Before Income Taxes Excluding Land-Related Charges, Joint Venture Write-Downs and Gain on Extinguishment of Debt to (Loss) Income Before Income Taxes
(Dollars in Thousands)

	Three Months Ended January 31,	
	2018	2017
	(Unaudited)	
(Loss) Income Before Income Taxes	$(30,471)	$323
Inventory Impairment Loss and Land Option Write-Offs	414	3,184
Unconsolidated Joint Venture Write Downs	660	-
Gain on Extinguishment of Debt	-	7,646
(Loss) Before Income Taxes Excluding Land-Related Charges, Joint Venture Write-Downs and Gain on Extinguishment of Debt (a)	$(29,397)	$(4,139)

(a) (Loss) Before Income Taxes Excluding Land-Related Charges, Joint Venture Write-Downs and Gain on Extinguishment of Debt is a non-GAAP financial measure. The most directly comparable GAAP financial measure is (Loss) Income Before Income Taxes.

Hovnanian Enterprises, Inc.

Gross Margin

Hovnanian Enterprises, Inc.
January 31, 2018
Gross Margin
(Dollars in Thousands)

	Homebuilding Gross Margin Three Months Ended January 31,	
	2018	2017
	(Unaudited)	
Sale of Homes	$401,577	$531,415
Cost of Sales, Excluding Interest Expense (a)	329,527	439,917
Homebuilding Gross Margin, Before Cost of Sales Interest Expense and Land Charges (b)	72,050	91,498
Cost of Sales Interest Expense, Excluding Land Sales Interest Expense	12,292	16,574
Homebuilding Gross Margin, After Cost of Sales Interest Expense, Before Land Charges (b)	59,758	74,924
Land Charges	414	3,184
Homebuilding Gross Margin	$59,344	$71,740
Gross Margin Percentage	14.8%	13.5%
Gross Margin Percentage, Before Cost of Sales Interest Expense and Land Charges (b)	17.9%	17.2%
Gross Margin Percentage, After Cost of Sales Interest Expense, Before Land Charges (b)	14.9%	14.1%

	Land Sales Gross Margin Three Months Ended January 31,	
	2018	2017
	(Unaudited)	
Land and Lot Sales	$ -	$7,001
Cost of Sales, Excluding Interest and Land Charges (a)	-	5,110
Land and Lot Sales Gross Margin, Excluding Interest and Land Charges	-	1,891
Land and Lot Sales Interest	-	1,748
Land and Lot Sales Gross Margin, Including Interest and Excluding Land Charges	$ -	$143

(a) Does not include cost associated with walking away from land options or inventory impairment losses which are recorded as Inventory impairment loss and land option write-offs in the Condensed Consolidated Statements of Operations.

(b) Homebuilding Gross Margin, Before Cost of Sales Interest Expense and Land Charges, and Homebuilding Gross Margin Percentage, before Cost of Sales Interest Expense and Land Charges, are non-GAAP financial measures. The most directly comparable GAAP financial measures are Homebuilding Gross Margin and Homebuilding Gross Margin Percentage, respectively.

Hovnanian Enterprises, Inc.

Reconciliation of Adjusted Homebuilding EBIT to Inventory

Hovnanian Enterprises, Inc.
January 31, 2018
Reconciliation of Adjusted Homebuilding EBIT to Inventory
(Dollars in Thousands)
(Unaudited)

		For the Three Months Ended			
	LTM(a)	1/31/2018	10/31/2017	7/31/2017	4/30/2017
Homebuilding:					
Net Loss (Income)	$(362,859)	$(30,809)	$11,841	$(337,209)	$(6,682)
Income Tax Benefit (Provision)	286,821	338	464	287,036	(1,017)
Interest Expense	186,314	41,423	59,327	42,930	42,634
EBIT (b)	110,276	10,952	71,632	(7,243)	34,935
Financial Services Revenue	(56,782)	(10,888)	(16,407)	(14,993)	(14,494)
Financial Services Expense	33,832	8,341	9,264	8,867	7,360
Homebuilding EBIT (b)	87,326	8,405	64,489	(13,369)	27,801
Inventory Impairment Loss and Land Option Write-offs	15,043	414	8,479	4,197	1,953
Other Operations	321	390	52	(26)	(95)
Loss (Gain) on Extinguishment of Debt	42,500	-	-	42,258	242
Loss (Income) from Unconsolidated Joint Ventures	10,557	5,176	(3,062)	3,881	4,562
Adjusted Homebuilding EBIT (b)	$155,747	$14,385	$69,958	$36,941	$34,463

		As of				
		1/31/2018	10/31/2017	7/31/2017	4/30/2017	1/31/2017
Total Inventories		$1,053,514	$1,009,827	$1,188,849	$1,209,212	$1,293,426
Consolidated Inventory Not Owned		93,875	124,784	138,529	154,620	171,572
Capitalized Interest		70,793	71,051	87,119	90,960	94,438
	Five Quarter Average					
Inventories less Consolidated Inventory Not Owned and Capitalized Interest	$931,417	$888,846	$813,992	$963,201	$963,632	$1,027,416
Adjusted Homebuilding EBIT to Inventory	16.722%					

(a) Represents the aggregation of each of the prior four fiscal quarters.
(b) EBIT, Homebuilding EBIT and Adjusted Homebuilding EBIT are non-GAAP financial measures. The most directly comparable GAAP financial measure is net (income) loss.

Hovnanian Enterprises, Inc.

Inventory Turnover

Calculation of Inventory Turnover[1]						
						TTM
		For the Quarter Ended				Ended
(Dollars in Thousands)		4/30/2017	7/31/2017	10/31/2017	1/31/2018	1/31/2018
Cost of Sales, Excluding Interest		$475,440	$478,886	$562,451	$329,527	$1,846,304
	As of					
	1/31/2017	4/30/2017	7/31/2017	10/31/2017	1/31/2018	
Total Inventories	$1,293,426	$1,209,212	$1,188,849	$1,009,827	$1,053,514	Five
Consolidated Inventory Not Owned	171,572	154,620	138,529	124,784	93,875	Quarter
Capitalized Interest	94,438	90,960	87,119	71,051	70,793	Average
Inventories less Consolidated Inventory Not Owned and Capitalized Interest	$1,027,416	$963,632	$963,201	$813,992	$888,846	$931,417
Inventory Turnover						2x

[1] Derived by dividing cost of sales, excluding cost of sales interest, by the five quarter average inventory, excluding inventory not owned and capitalized interest. The Company's calculation of Inventory Turnover may be different than the calculation used by other companies and, therefore, comparability may be affected.

Hovnanian Enterprises®, Inc.