Hovnanian Enterprises, Inc.

Deutsche Bank Leveraged Finance Conference

Forward-Looking Statements

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 and statements regarding demand for homes, mortgage rates, inflation, supply chain issues, customer incentives and underlying factors. 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 significant homebuilding downturn; (2) shortages in, and price fluctuations of, raw materials and labor, including due to geopolitical events, changes in trade policies, including the imposition of tariffs and duties on homebuilding materials and products and related trade disputes with and retaliatory measures taken by other countries; (3) fluctuations in interest rates and the availability of mortgage financing, including as a result of bank sector instability; (4) adverse weather and other environmental conditions and natural disasters; (5) the seasonality of the Company's business; (6) the availability and cost of suitable land and improved lots and sufficient liquidity to invest in such land and lots; (7) reliance on, and the performance of, subcontractors; (8) 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; (9) increases in cancellations of agreements of sale; (10) increases in inflation; (11) changes in tax laws affecting the after-tax costs of owning a home; (12) legal claims brought against us and not resolved in our favor, such as product liability litigation, warranty claims and claims made by mortgage investors; (13) levels of competition; (14) utility shortages and outages or rate fluctuations; (15) information technology failures and data security breaches; (16) negative publicity; (17) high leverage and restrictions on the Company's operations and activities imposed by the agreements governing the Company's outstanding indebtedness; (18) availability and terms of financing to the Company; (19) the Company's sources of liquidity; (20) changes in credit ratings; (21) government regulation, including regulations concerning development of land, the home building, sales and customer financing processes, tax laws and the environment; (22) operations through unconsolidated joint ventures with third parties; (23) significant influence of the Company's controlling stockholders; (24) availability of net operating loss carryforwards; (25) loss of key management personnel or failure to attract qualified personnel; 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, 2022 and the Company's Quarterly Reports on Form 10-Q for the quarterly periods during fiscal 2023 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 impairments and land option write-offs and loss on extinguishment of debt, net (“Adjusted EBITDA”) are not U.S. generally accepted accounting principles (“GAAP”) financial measures. The most directly comparable GAAP financial measure is net income. The reconciliation for historical periods of EBIT, EBITDA and Adjusted EBITDA to net income is presented in a table attached to this earnings release.

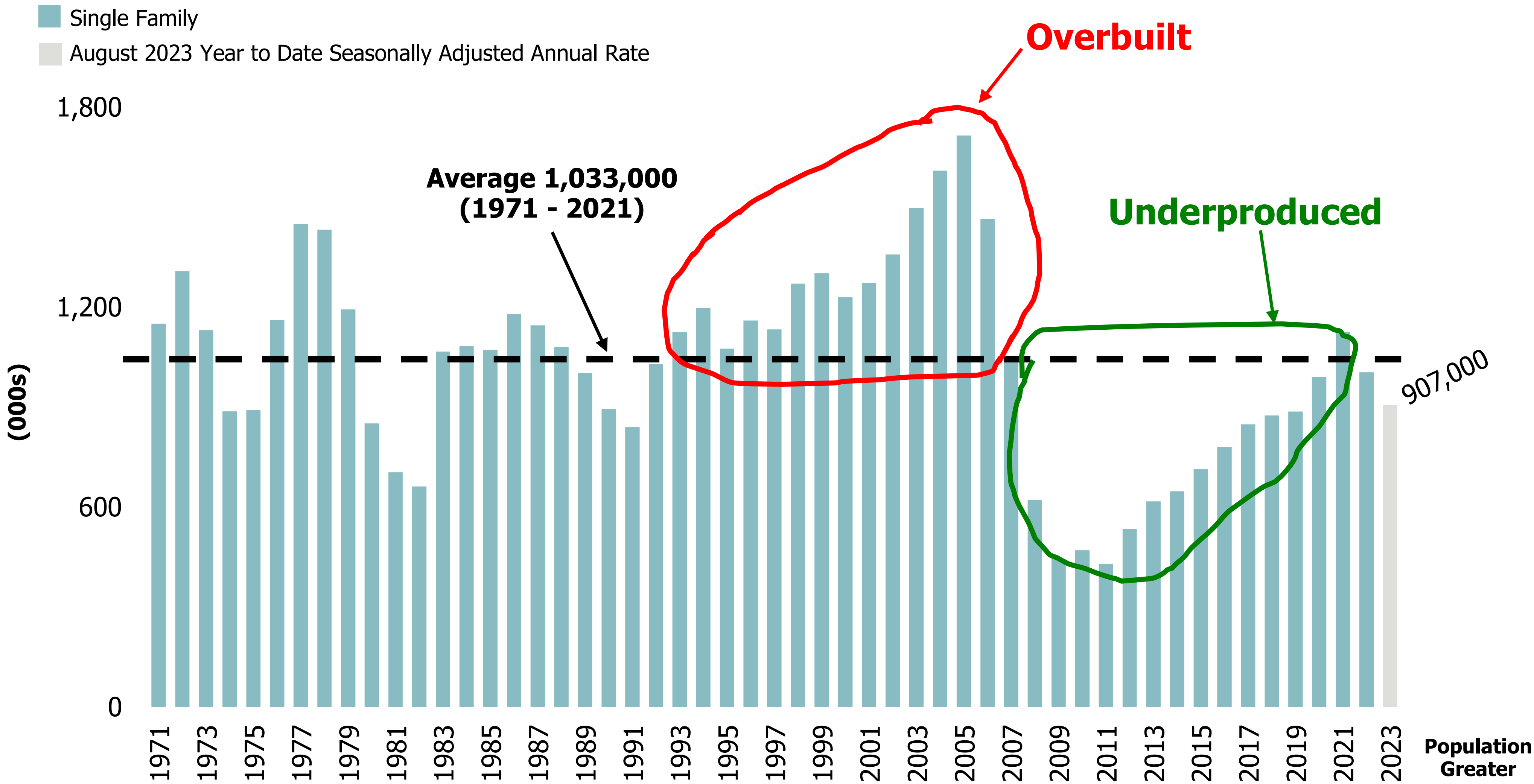
Homebuilding gross margin, before cost of sales interest expense and land charges, and homebuilding gross margin percentage, before cost of sales interest expense and land charges, are non-GAAP financial measures. The most directly comparable GAAP financial measures are homebuilding gross margin and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

Adjusted income before income taxes, which is defined as income before income taxes excluding land-related charges and loss on extinguishment of debt, net is a non-GAAP financial measure. The most directly comparable GAAP financial measure is income before income taxes. The reconciliation for historical periods of adjusted income before income taxes to income before income taxes is presented in a table attached to this earnings release.

Total liquidity is comprised of $325.2 million of cash and cash equivalents, $5.3 million of restricted cash required to collateralize letters of credit and $125.0 million availability under the senior secured revolving credit facility as of July 31, 2023.

US Housing Market

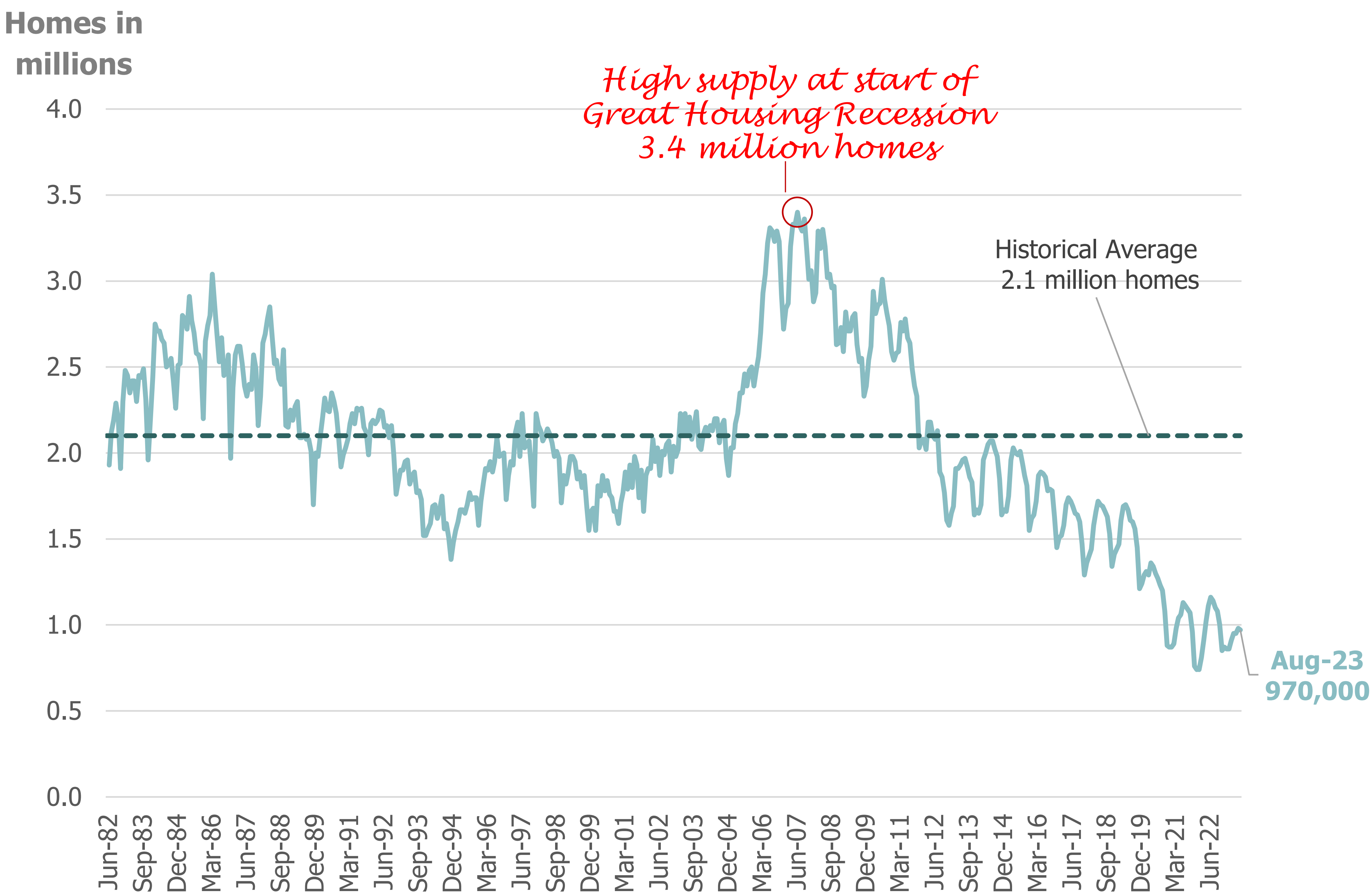
Single Family Housing Starts



US Population	1970	1980	1990	2000	2010	2020
In millions	**203.2**	**226.5**	**248.7**	**281.4**	**308.7**	**331.4**

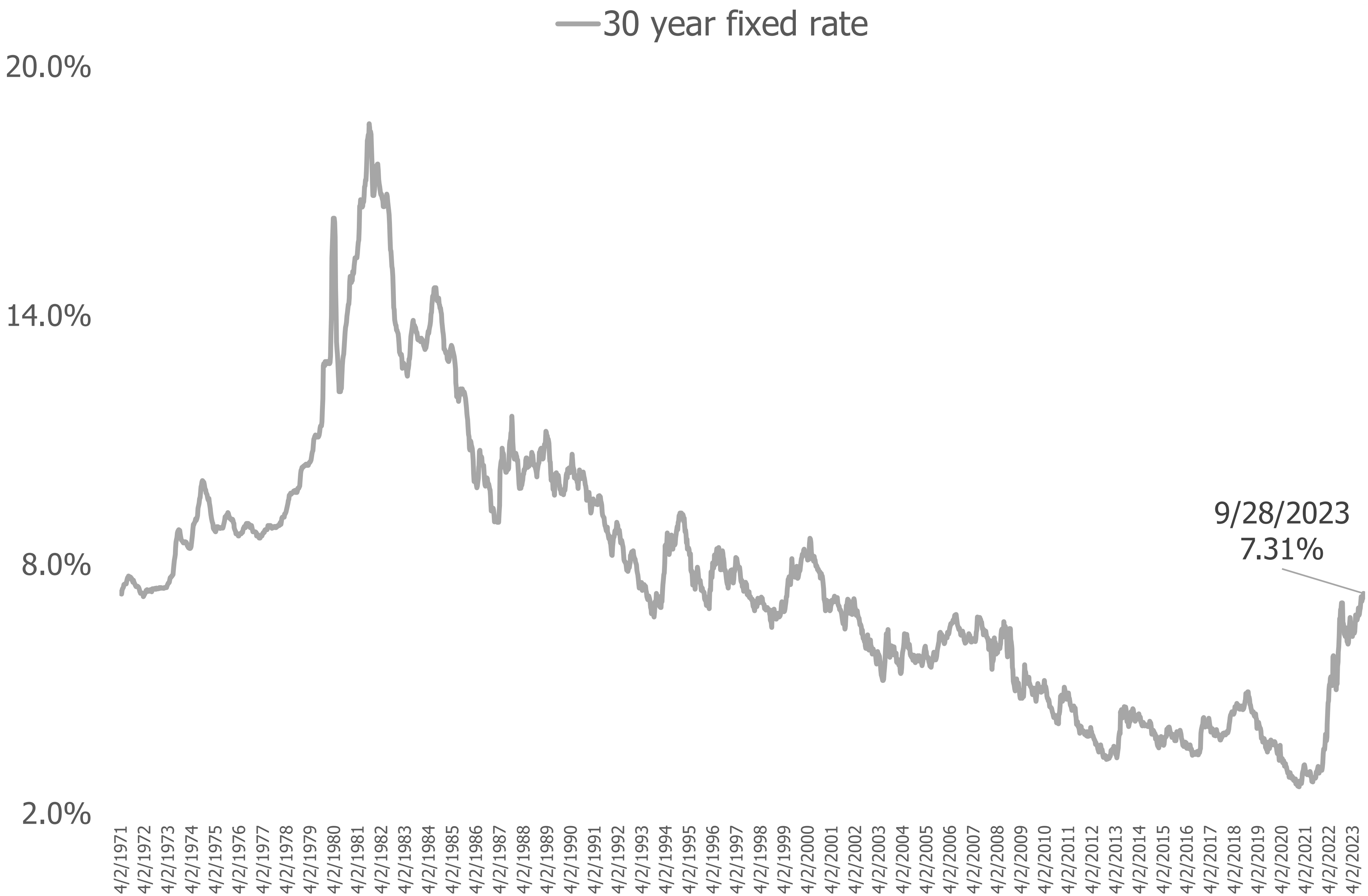
Source: U.S. Census Bureau.

Historically Low Supply of Existing Homes for Sale



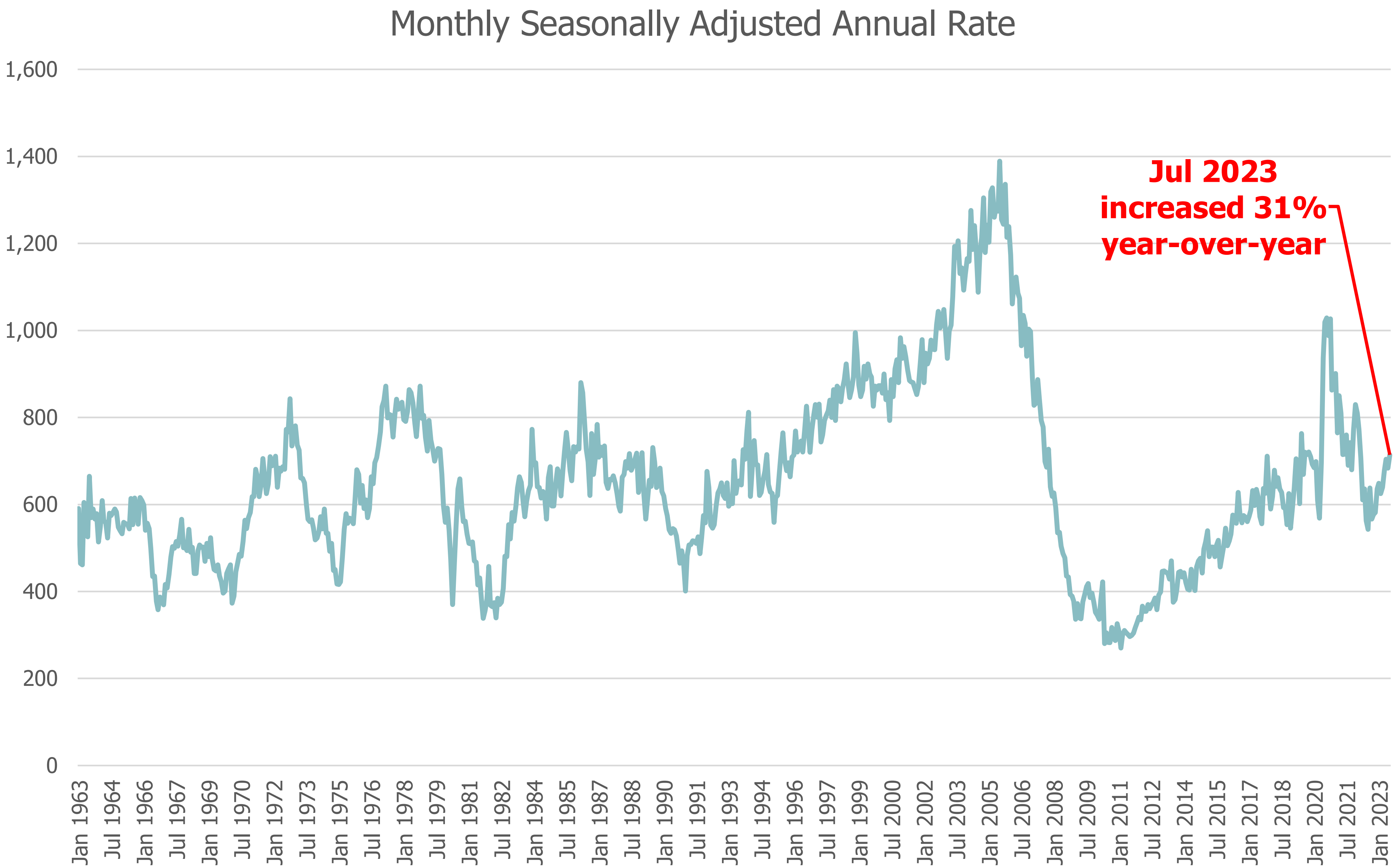
Source: National Association of Realtors.

Mortgage Rates – Long Term Perspective



Source: Freddie Mac.

New Homes Sold



Source: US Census Bureau

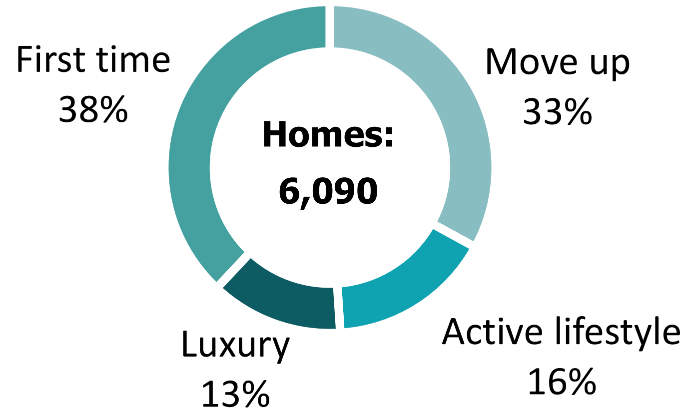
Recent operating and financial performance

Hovnanian Enterprises at a Glance

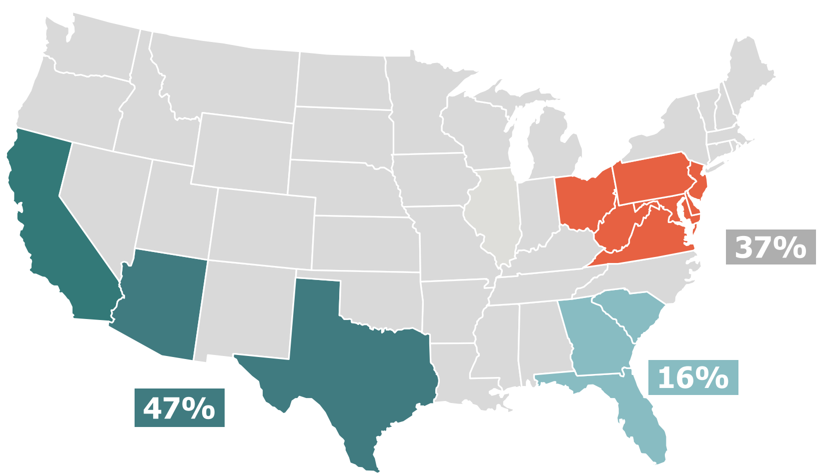
- Among the top 20 homebuilders in the United States in both homebuilding revenues and home deliveries[(2)]

- Markets and builds homes across the product and buyer spectrum, with a first-time and move-up focus

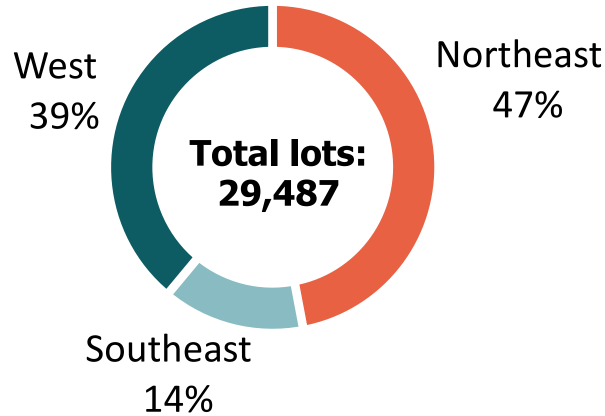
Home deliveries by product[(1)]
(Year ended October 31, 2022)



Homebuilding revenues by region
(TTM ended July 31, 2023)



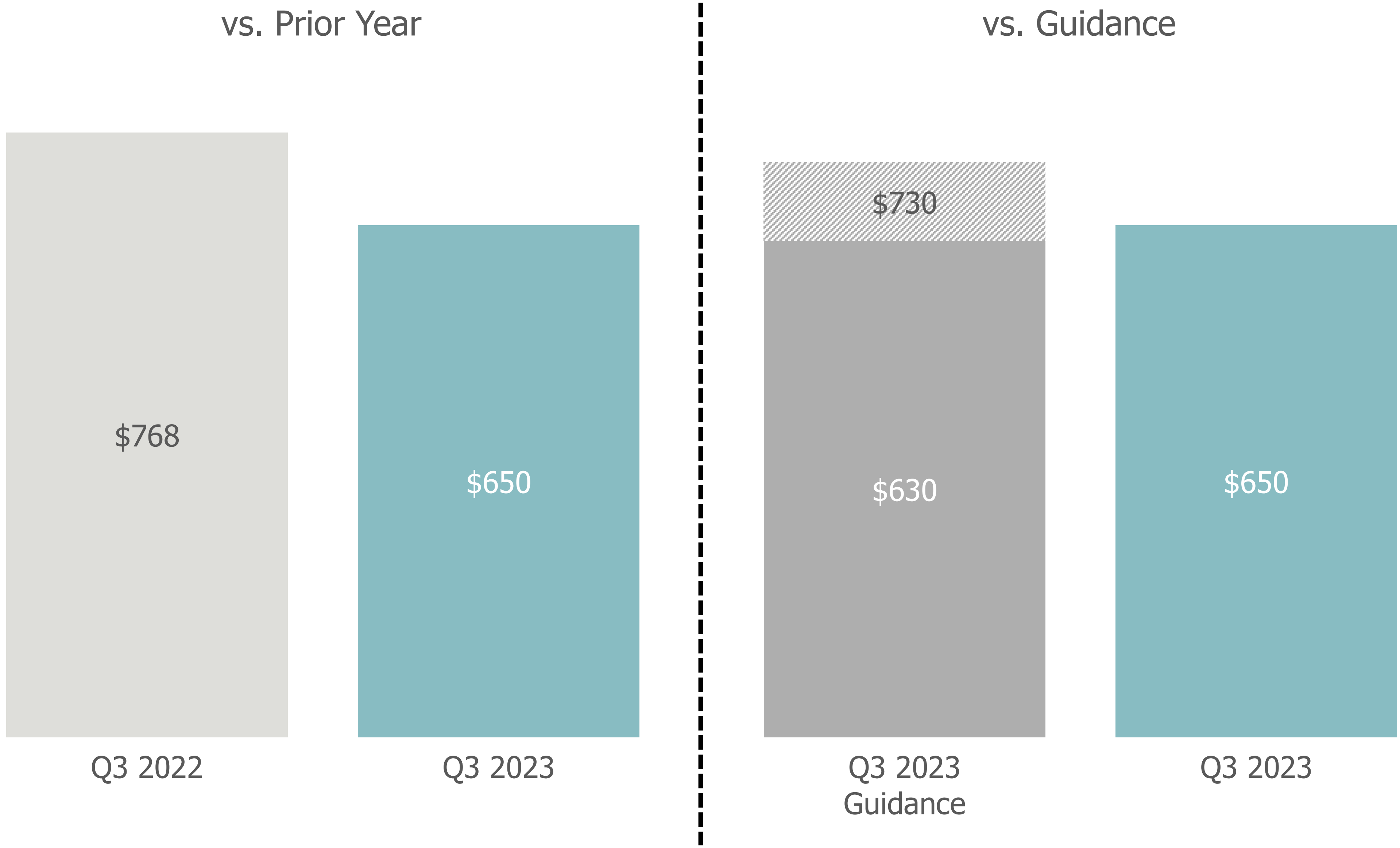
Lots controlled by region
(As of July 31, 2023)



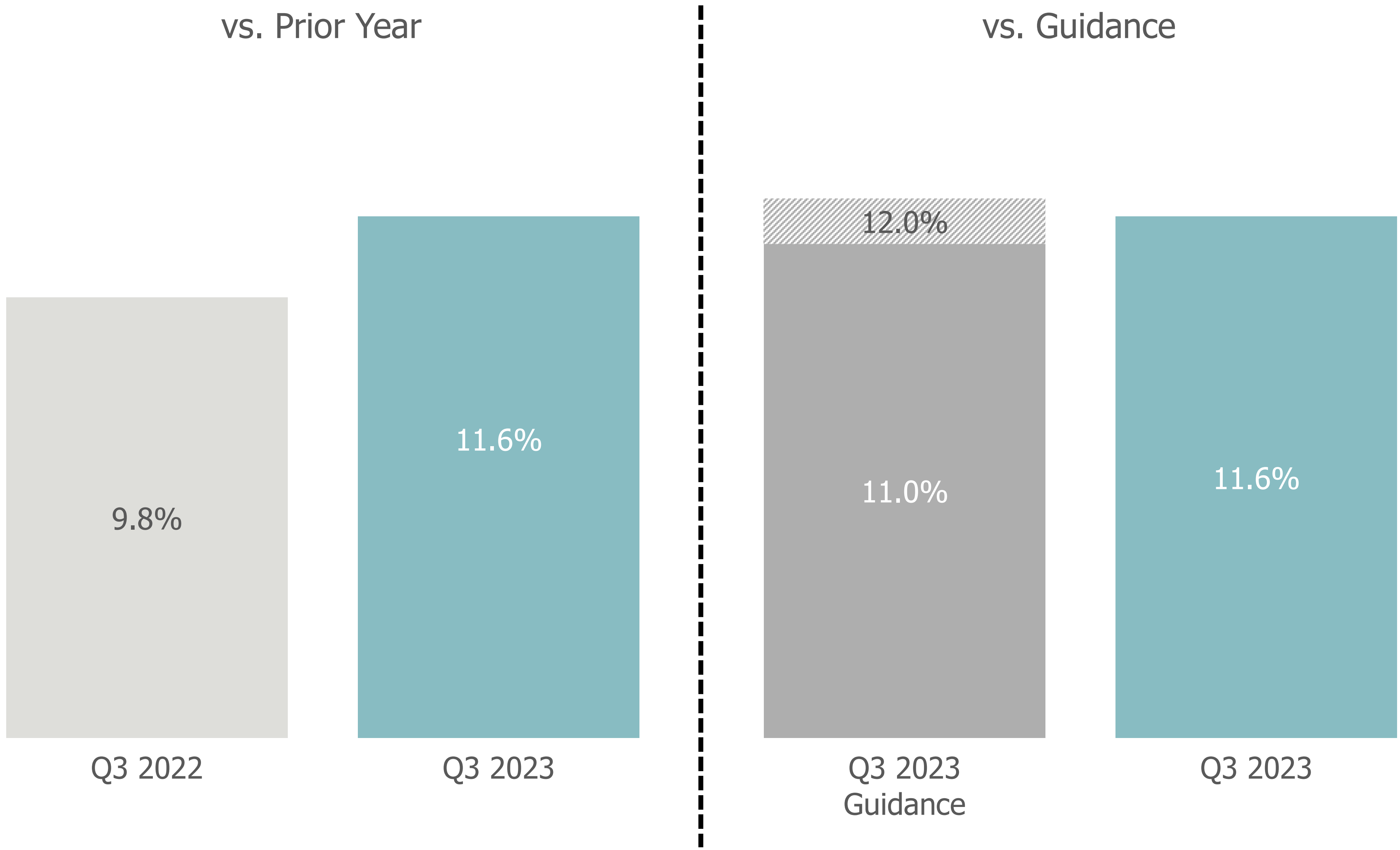
(1) Includes unconsolidated joint ventures deliveries.
(2) Company SEC filings and press release of 08/30/2023.

Total Revenues

($ in millions, unless specified otherwise)

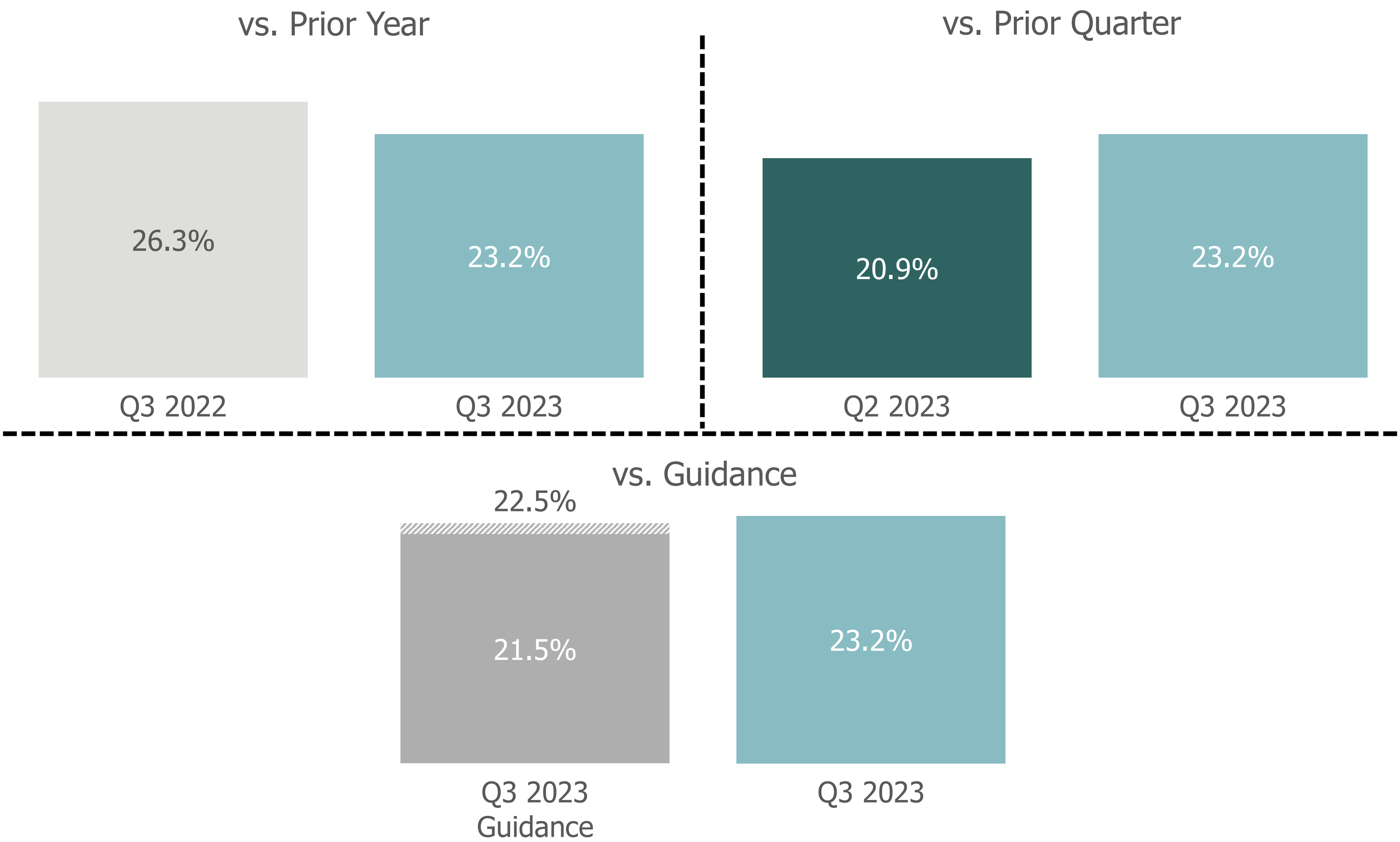


Total SG&A Ratio(1),(2)



(1) Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs. Ratio calculated as a percentage of total revenues.
(2) SG&A expense in the third quarter of 2023 included $2.4 million of incremental expense due to the phantom stock awards, which is solely related to our common stock price increasing from $73.77 at the end of the second quarter to $106.62 at the end of the third quarter. SG&A expense in the third quarter of 2022 included $0.3 million of incremental expense due to the phantom stock awards, which is solely related to our common stock price increasing from $46.02 at the end of the second quarter to $48.51 at the end of the third quarter.

Adjusted Homebuilding Gross Margin

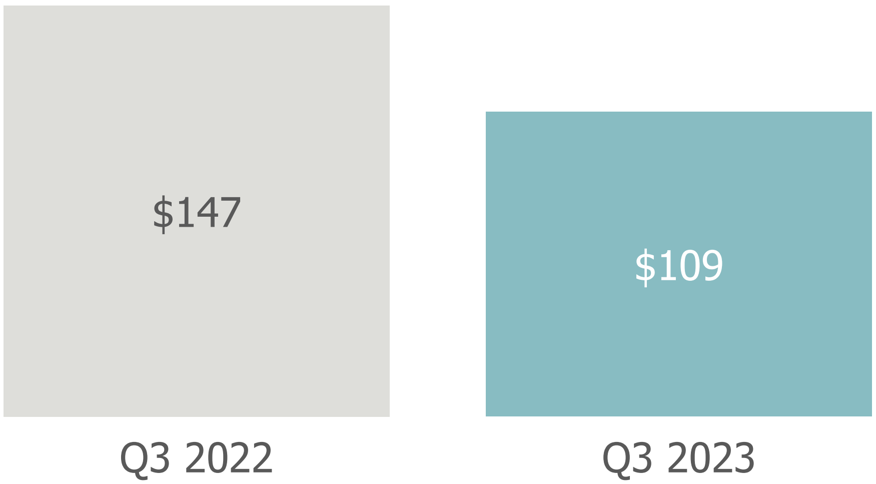


Note: Adjusted homebuilding gross margin percentage is before cost of sales interest expense and land charges and is a non-GAAP financial measure. See appendix for a reconciliation to the most directly comparable GAAP measure.

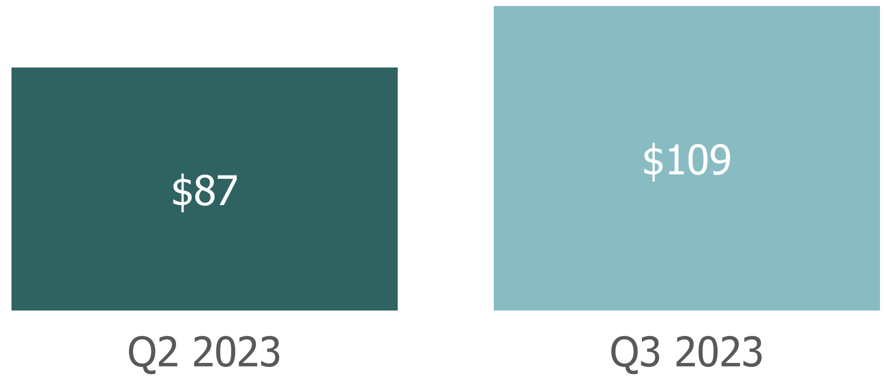
Adjusted EBITDA

($ in millions, unless specified otherwise)

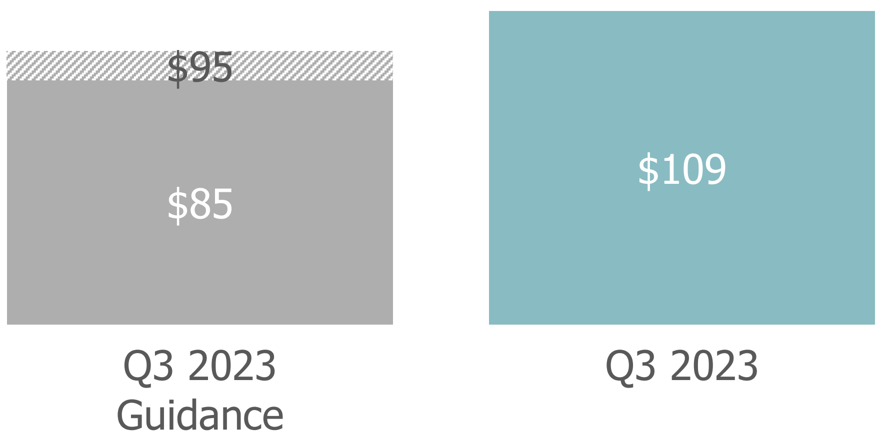
vs. Prior Year



vs. Prior Quarter



vs. Guidance

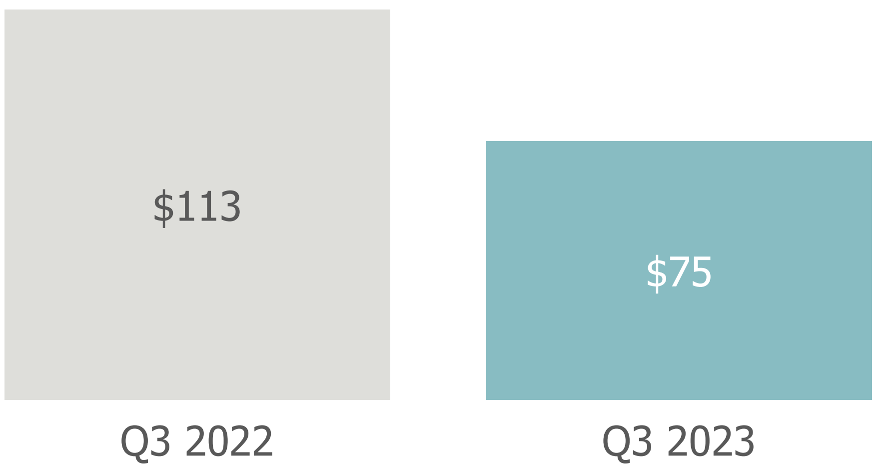


Note: Adjusted EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income. Adjusted EBITDA represents earnings before interest expense, income taxes, depreciation, amortization, land-related charges and loss on extinguishment of debt, net. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

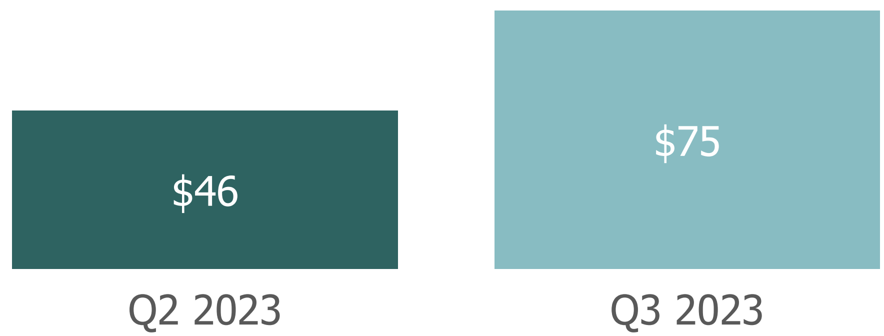
Adjusted Income Before Income Taxes

($ in millions)

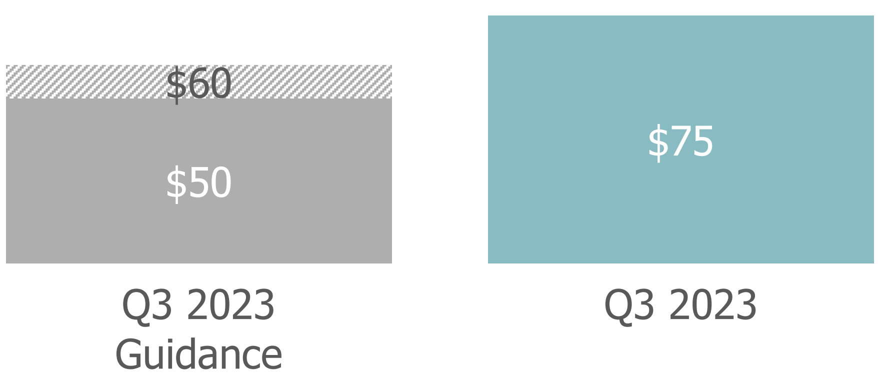
vs. Prior Year



vs. Prior Quarter

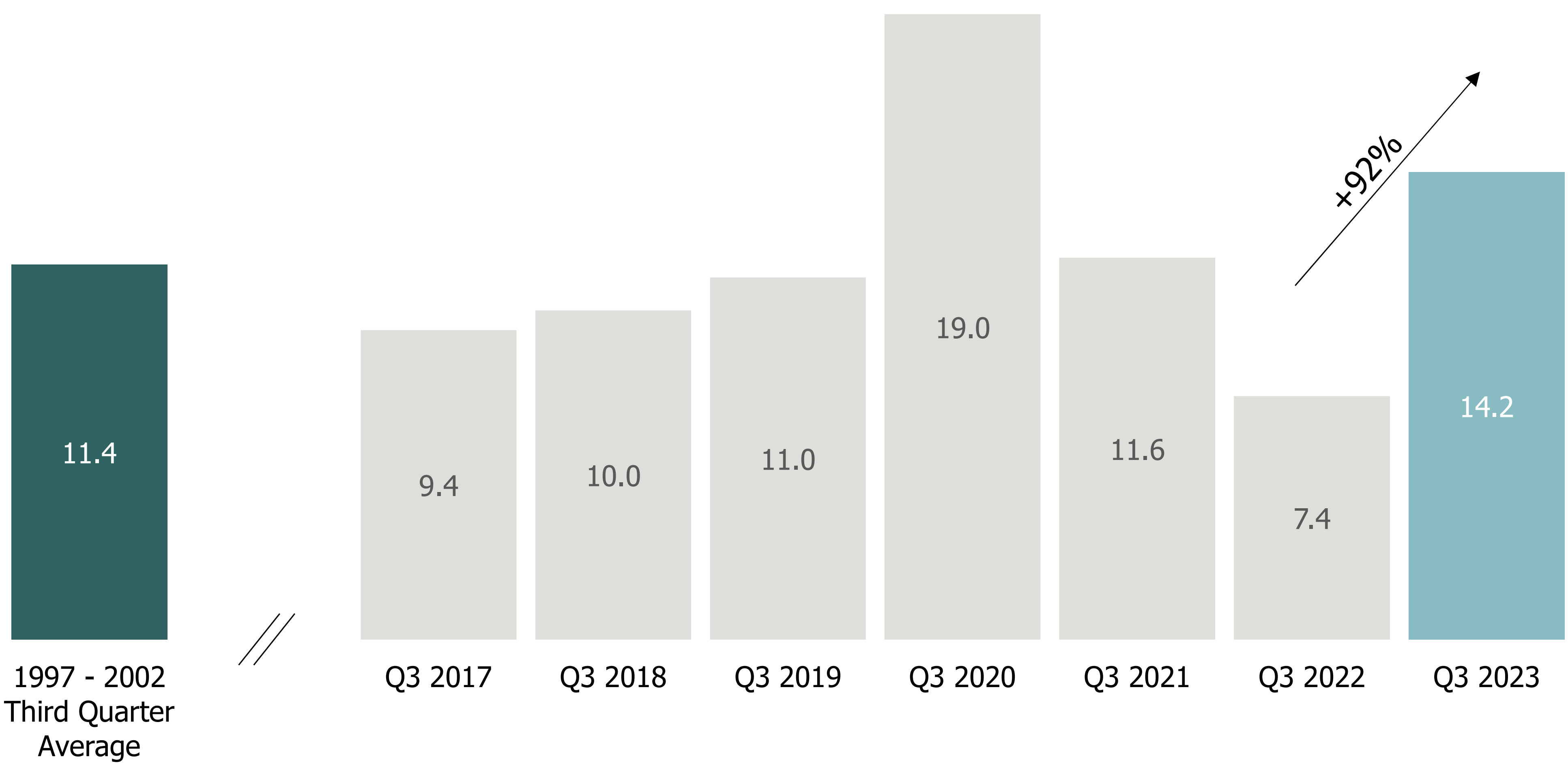


vs. Guidance



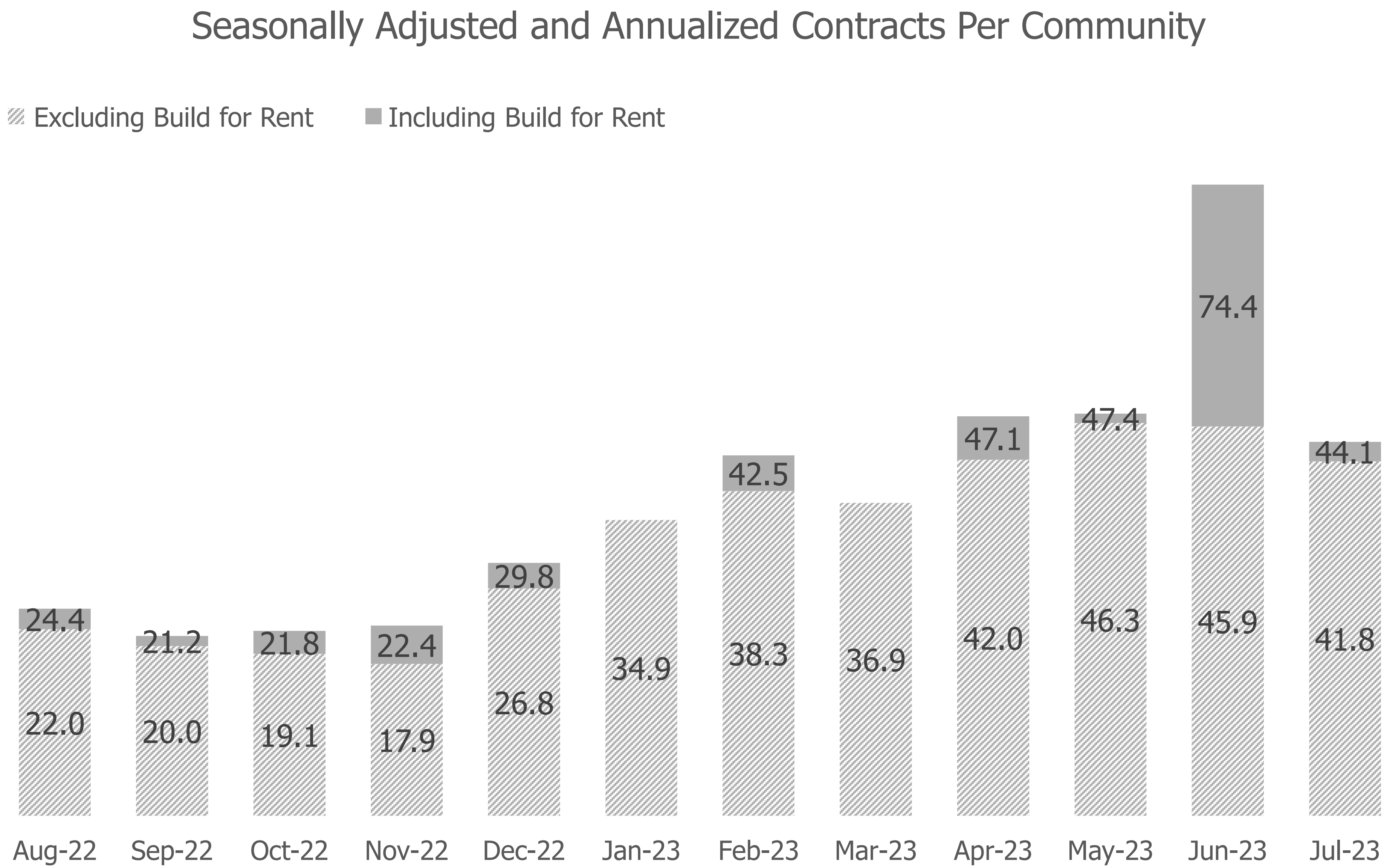
Note: Adjusted Income Before Income Taxes excludes land-related charges and loss on extinguishment of debt, net. See appendix for a reconciliation to the most directly comparable GAAP measure.

Quarterly Contracts Per Community



Note: Excludes unconsolidated joint ventures.

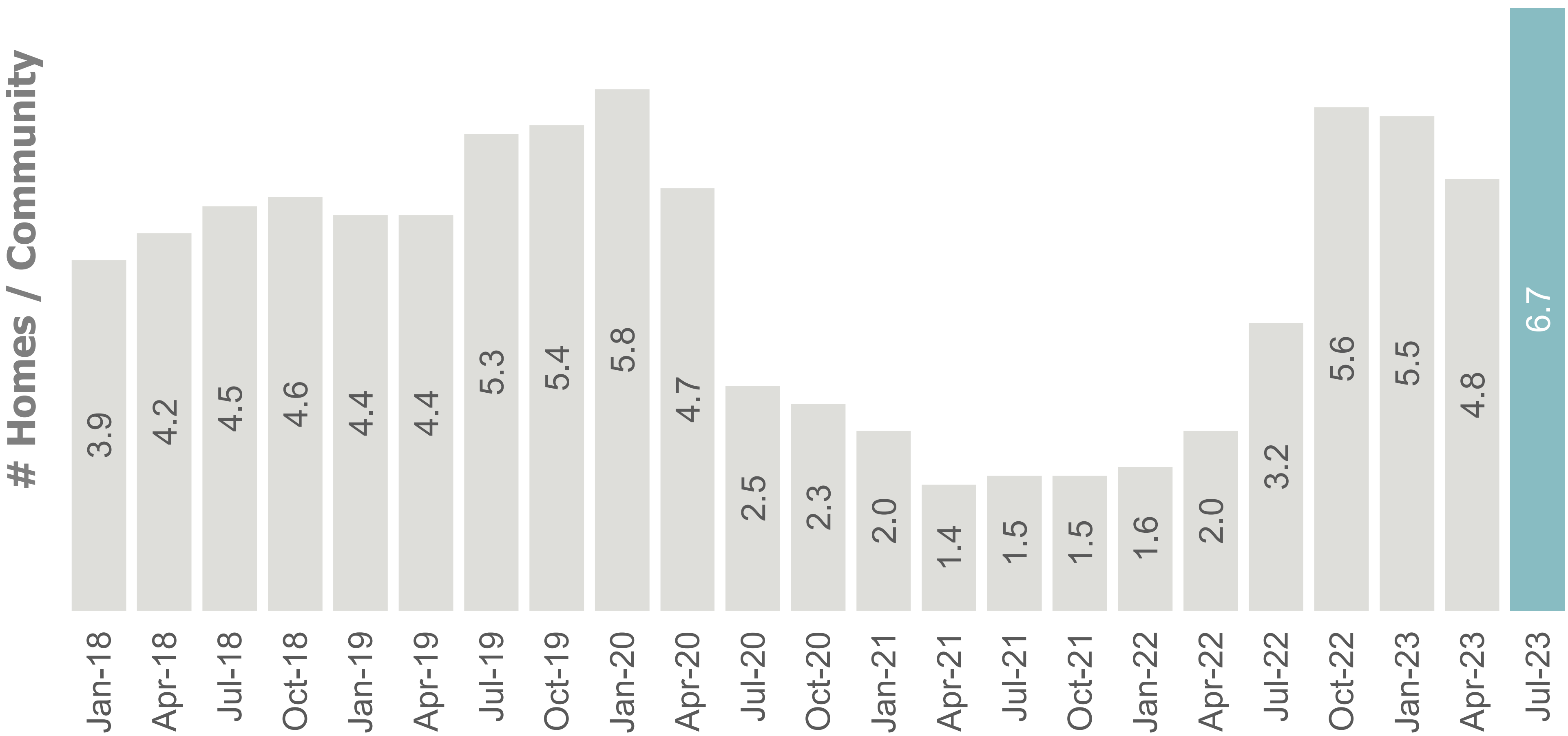
Recent Upturn in Sales Pace



Note: Excludes unconsolidated joint ventures.

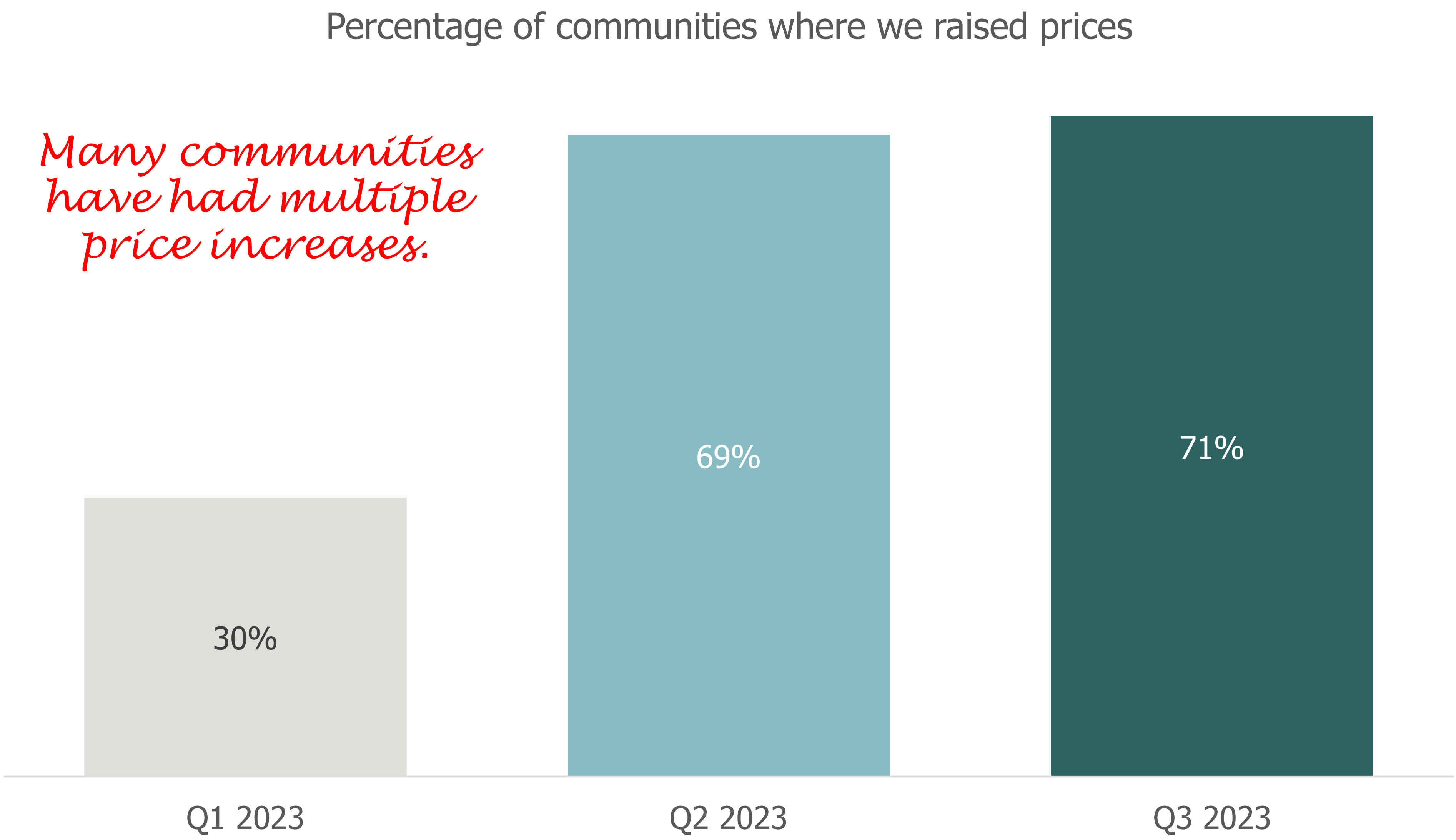
Quick Move In Homes (QMIs) Per Community

- *681 QMIs at 07/31/23, excluding models*
- *4.4 average QMIs per community since 1997*
- *100 finished QMIs at 07/31/23*



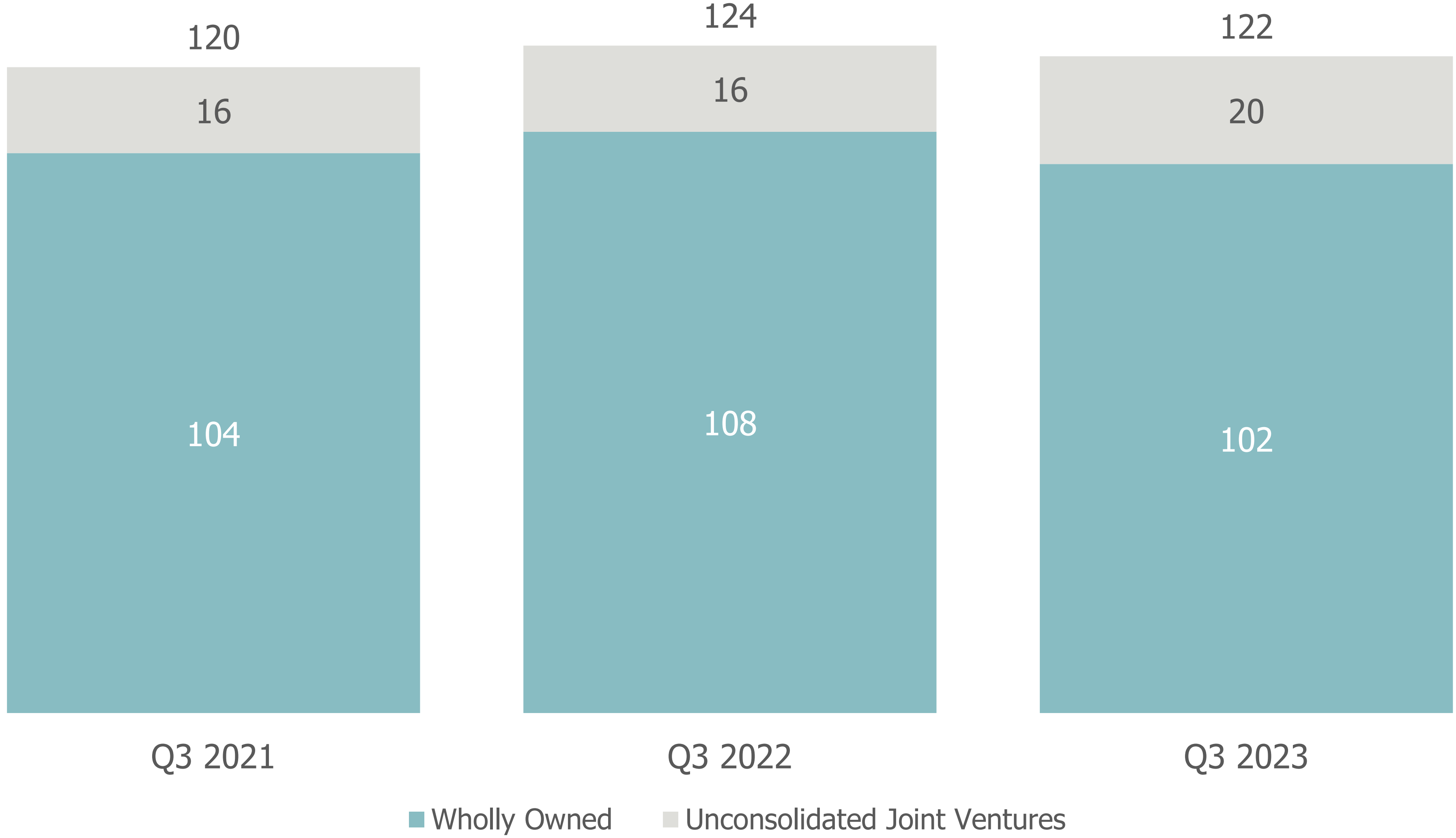
Note: Excluding unconsolidated joint ventures and models.

Raising Home Prices in Many of Our Communities



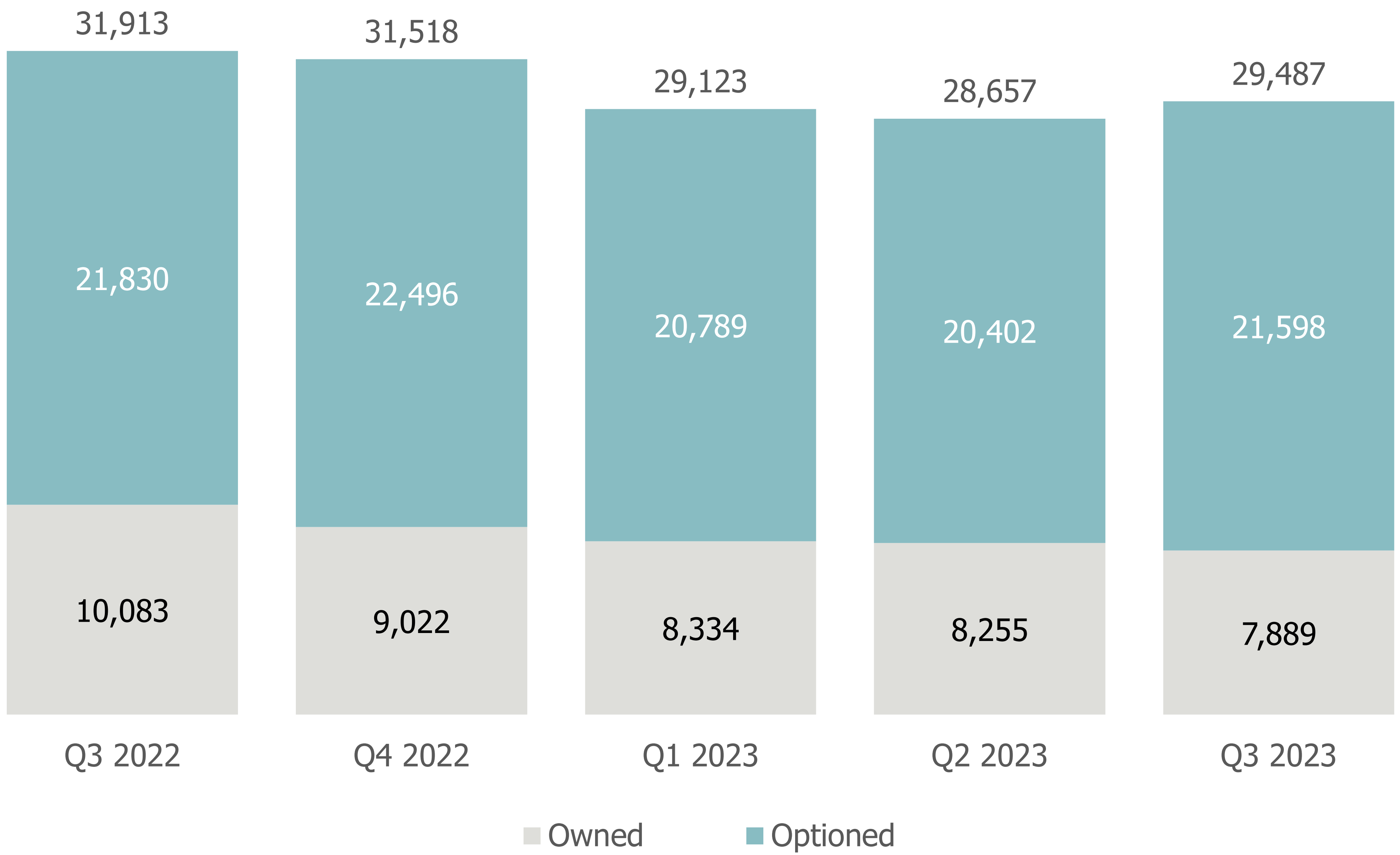
Community Count

Community count expected to grow in Q4 2023 and further in fiscal 2024.



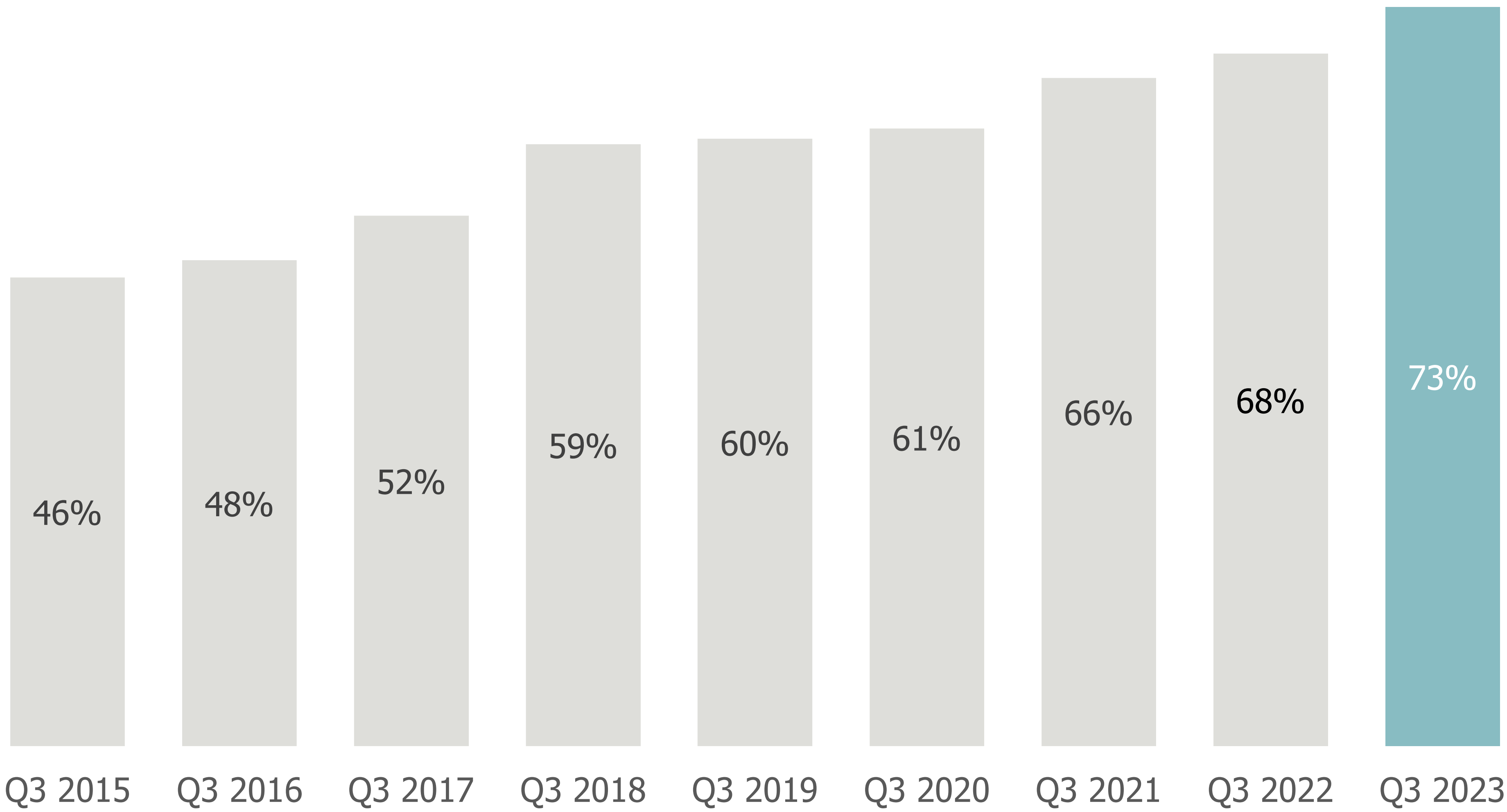
Note: Excludes our multi-community unconsolidated joint venture in the Kingdom of Saudi Arabia.

Lots Controlled



Note: Excludes unconsolidated joint ventures.

Percentage of Optioned Lots



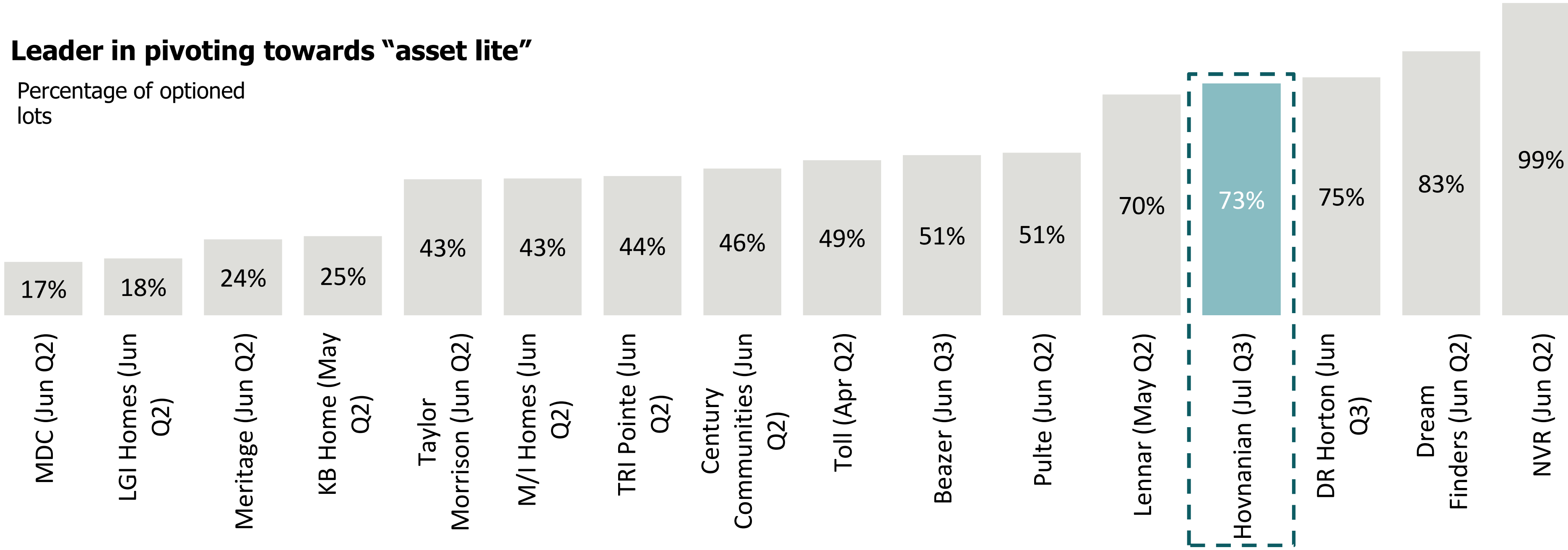
Note: Excludes unconsolidated joint ventures.

Rapid inventory turns drive improved performance

Hovnanian Enterprises, Inc.

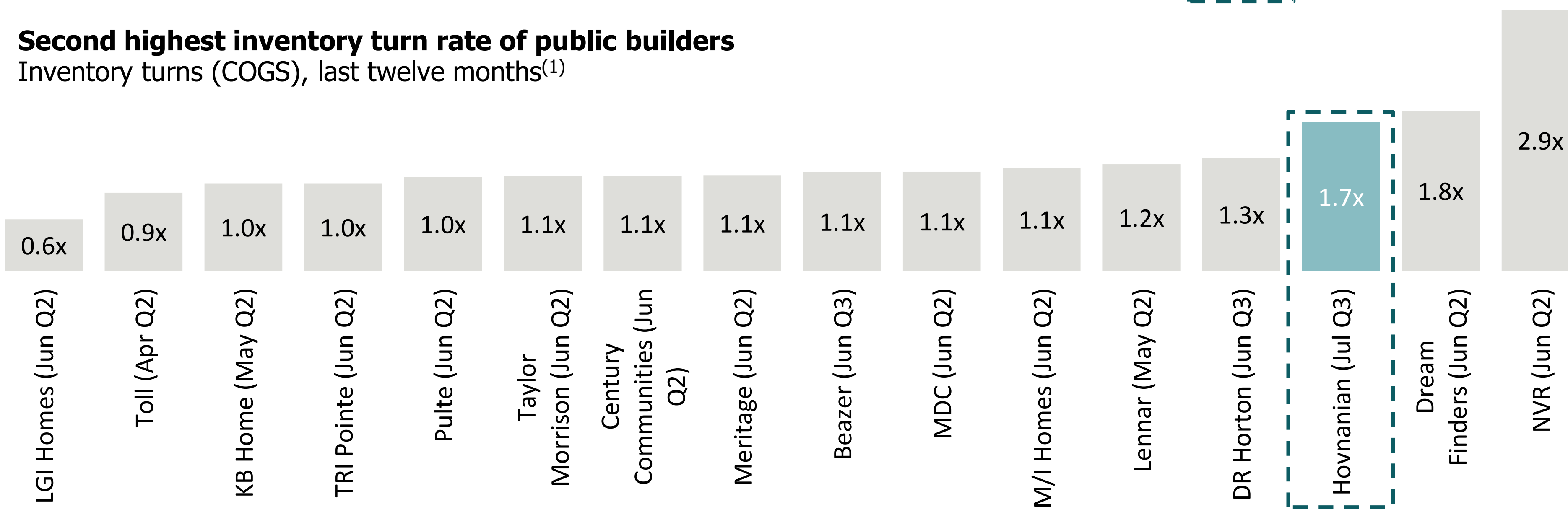
Leader in pivoting towards "asset lite"

Percentage of optioned lots



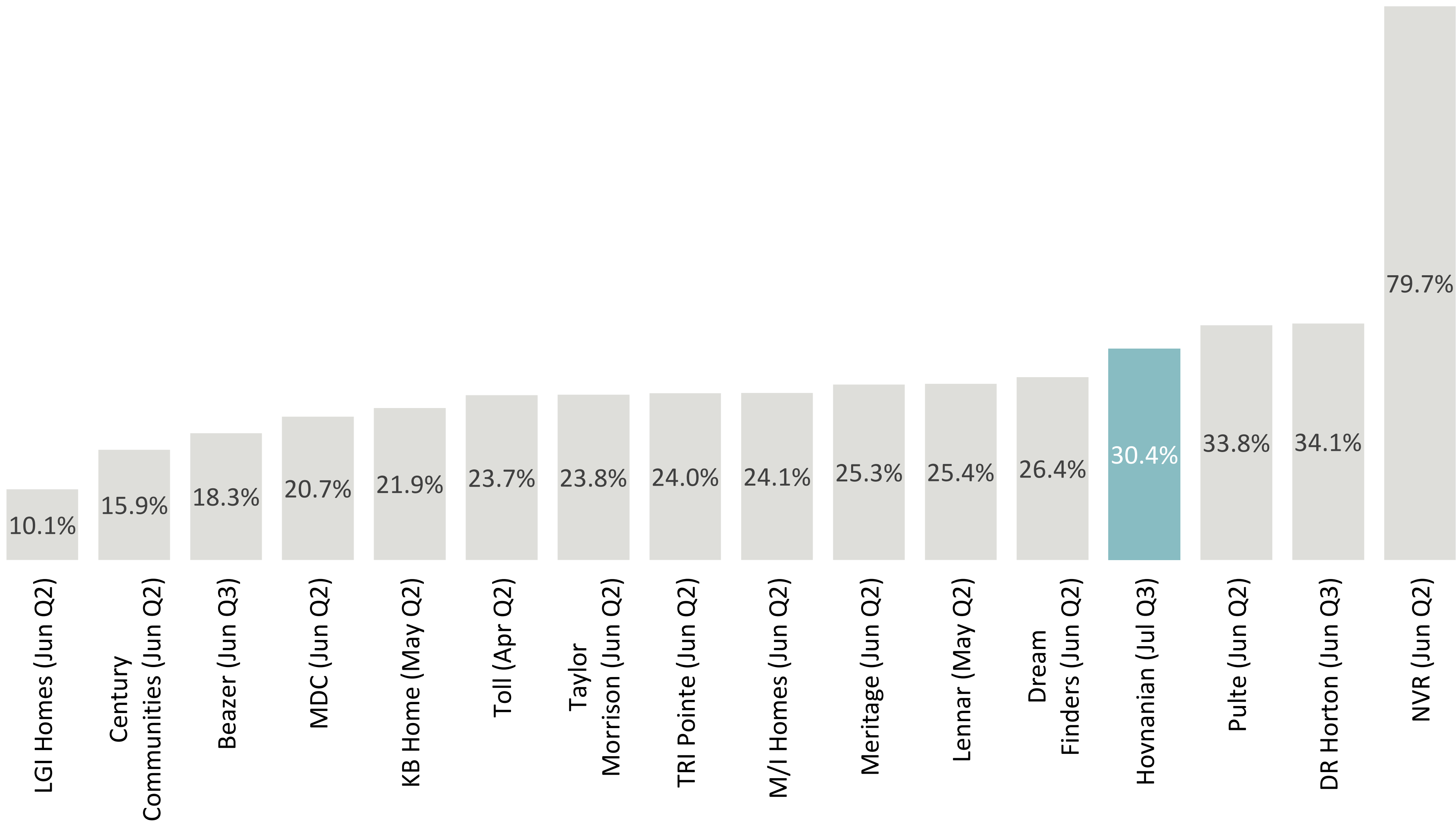
Second highest inventory turn rate of public builders

Inventory turns (COGS), last twelve months(1)



Source: Company SEC filings and press releases as of 08/30/2023.
(1) 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.

Consolidated EBIT ROI, Last Twelve Months



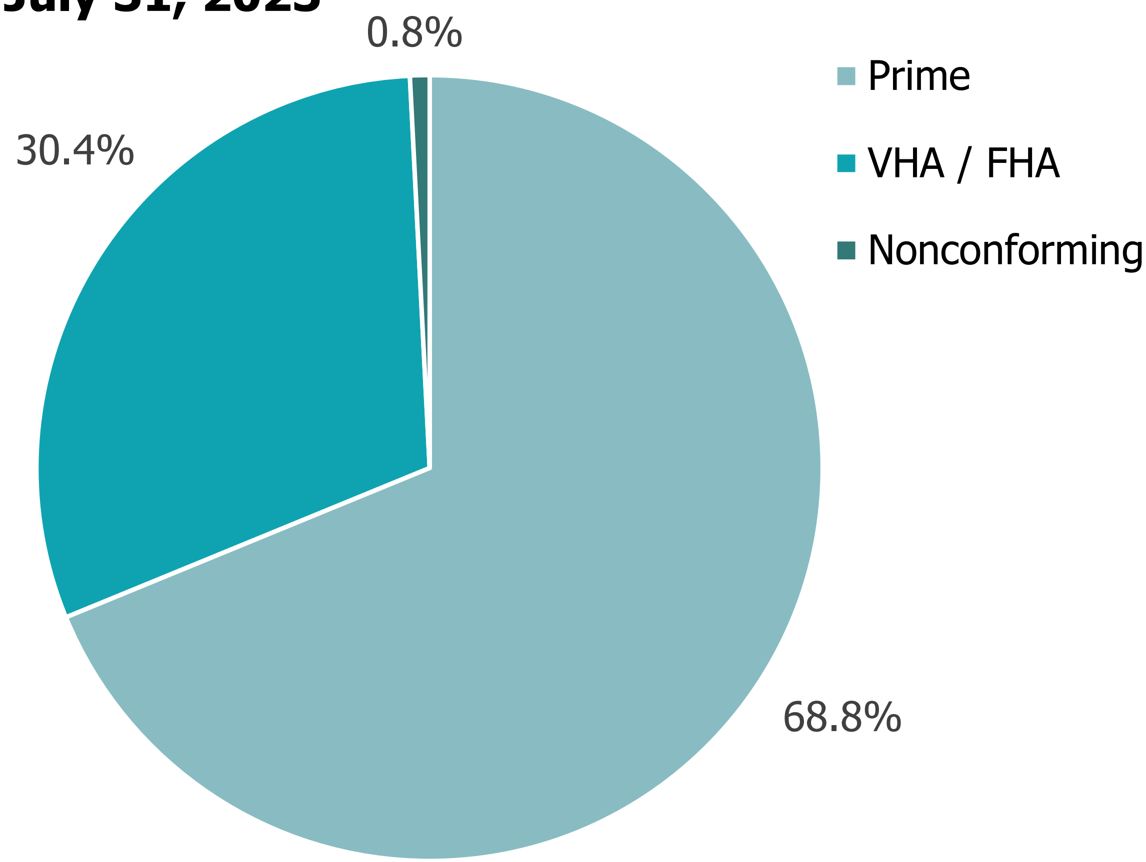
Source: Company SEC filings and press releases as of 08/30/2023.
Note: Defined as LTM Total Company EBIT before land-related charges and gain (loss) on extinguishment of debt divided by five quarter average inventory, excluding capitalized interest and liabilities from inventory not owned and includes goodwill definite life intangibles assets.

Profitable financial services business

Financial services overview

- Complements HOV's homebuilding operations
- Allows ability for interest rate buy-down programs for homebuilder customers
- Provides mortgage originations in every state in which Hovnanian operates and title services in most states
- $59mm LTM revenues
- $19mm LTM operating income
- 32% LTM operating margin

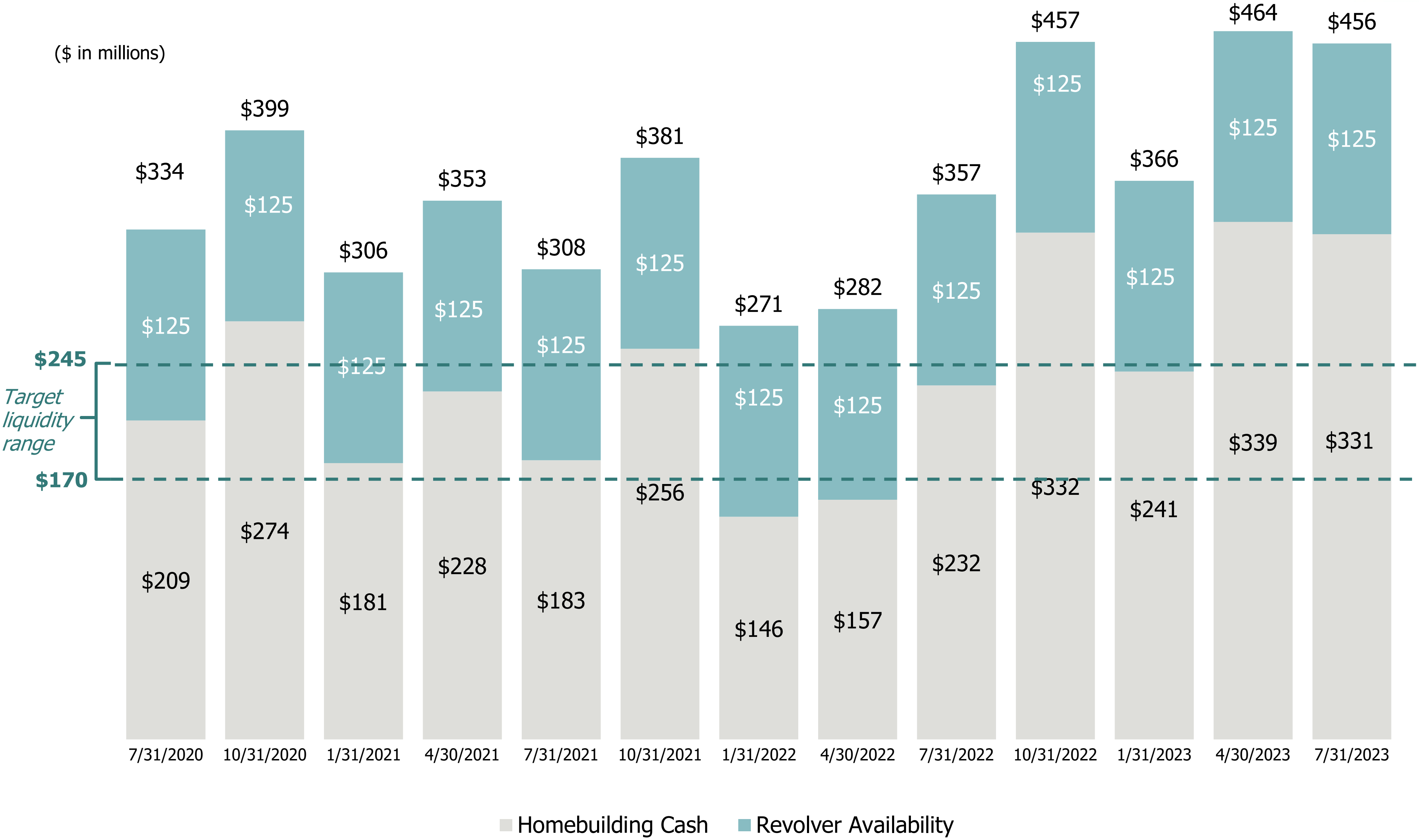
Origination portfolio nine months ended July 31, 2023



Note: Last twelve months (LTM) through July 31, 2023.

Liquidity and balance sheet management

Liquidity Position and Target



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

Debt Maturity Profile

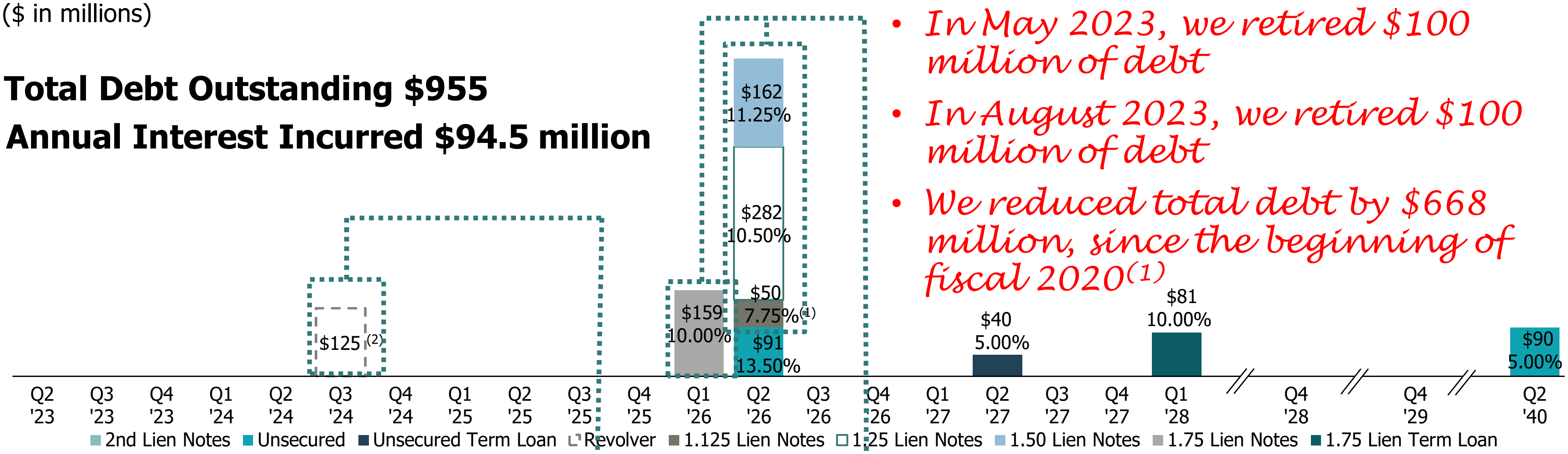
As of July 31, 2023 (Pro forma for August 2023 Redemption)

($ in millions)

Total Debt Outstanding $955

Annual Interest Incurred $94.5 million

- *In May 2023, we retired $100 million of debt*
- *In August 2023, we retired $100 million of debt*
- *We reduced total debt by $668 million, since the beginning of fiscal 2020*(1)

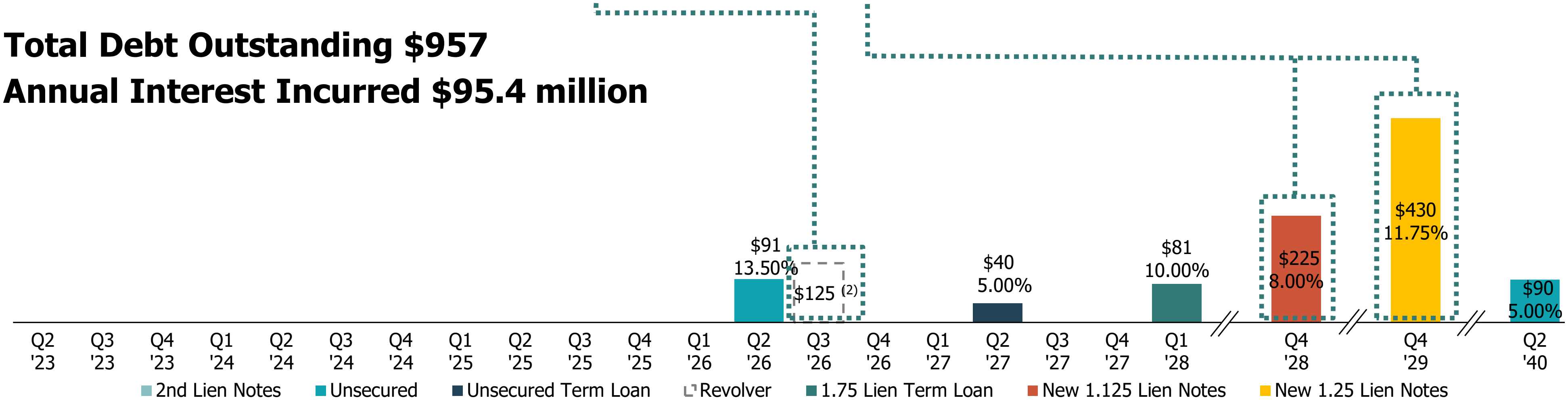


Pro forma for Refinancing

($ in millions)

Total Debt Outstanding $957

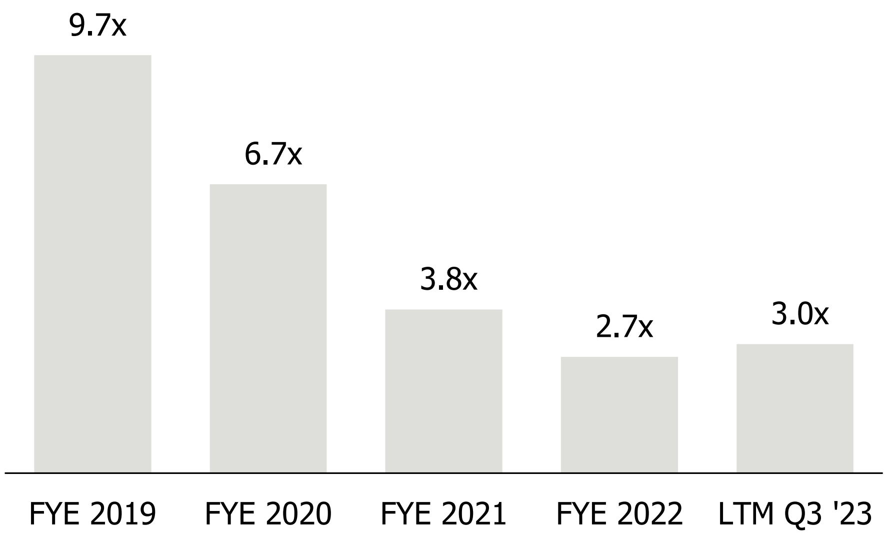
Annual Interest Incurred $95.4 million



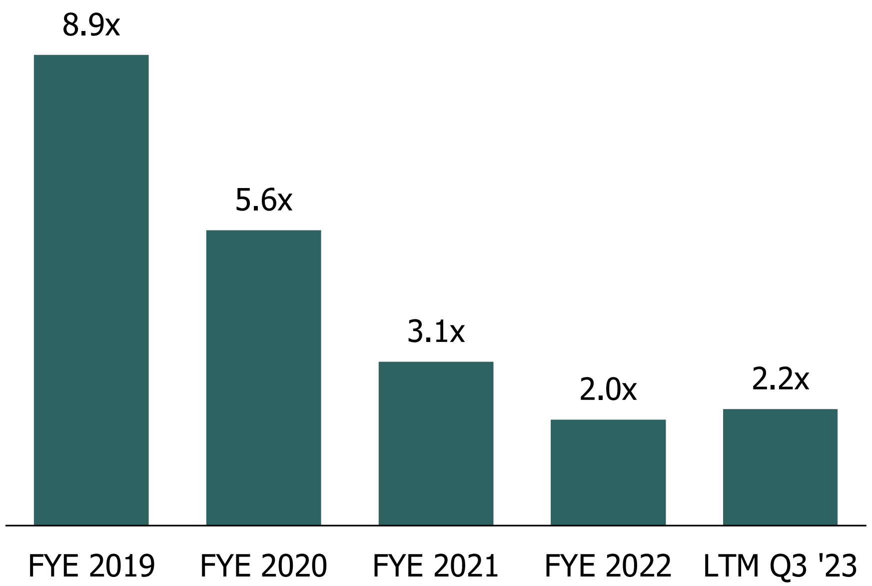
Note: Shown on a fiscal year basis, at face value.
Excludes non-recourse mortgages.
(1) Includes $100 million reduction due to August redemption.
(2) $0 balance as of July 31, 2023.

Credit Metrics

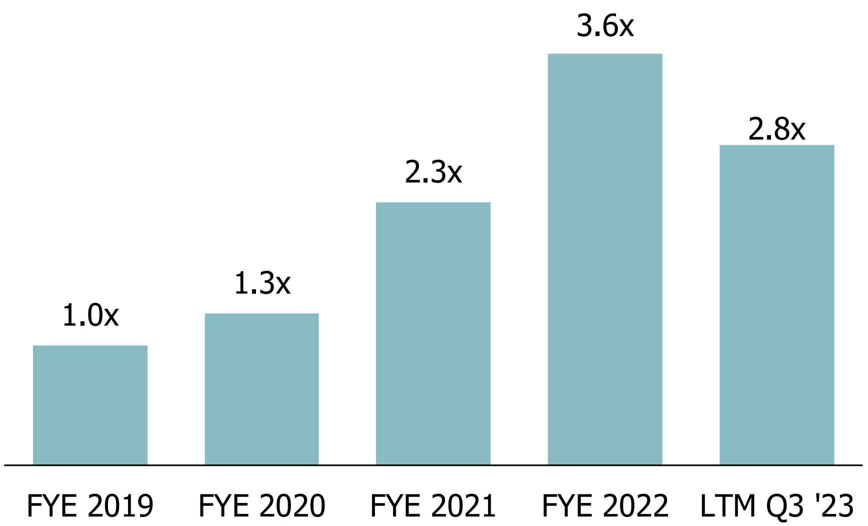
Total debt (incl. mortgages) / Adjusted EBITDA



Net Debt (incl. mortgages)/ Adjusted EBITDA

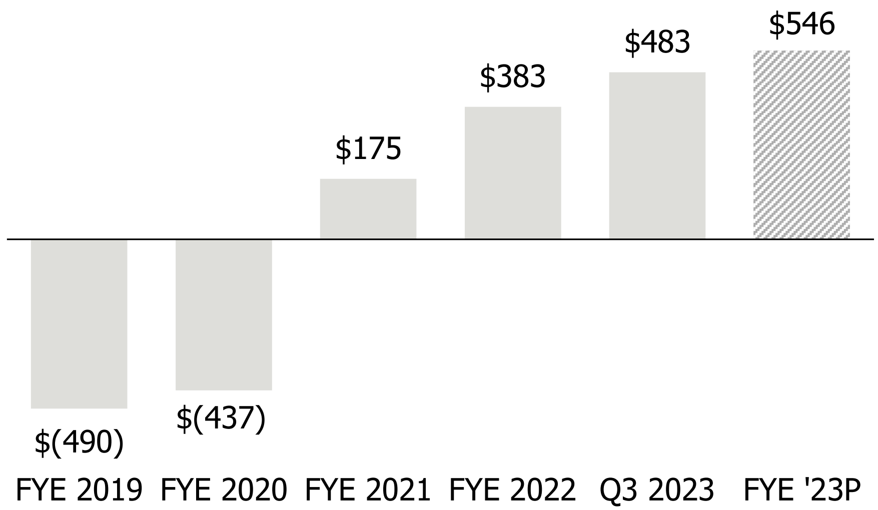


Adjusted EBITDA / Interest Incurred

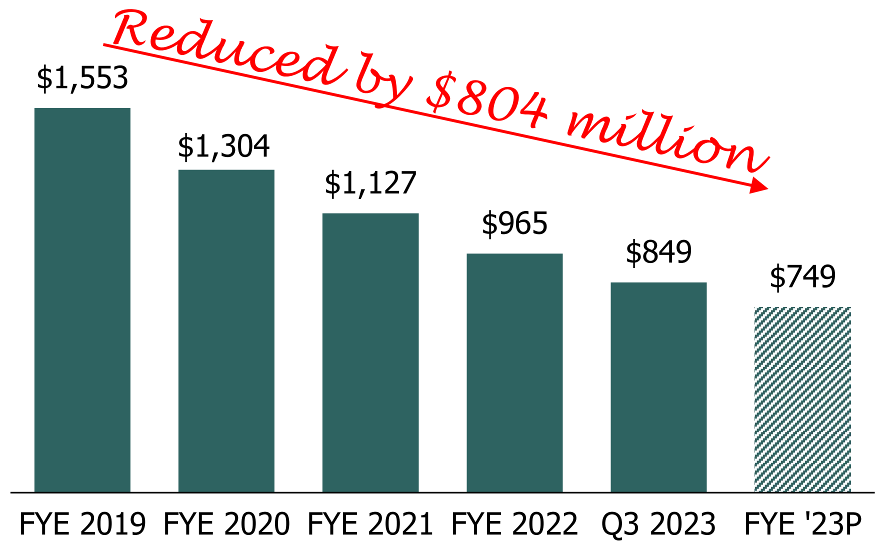


Balance Sheet Metrics

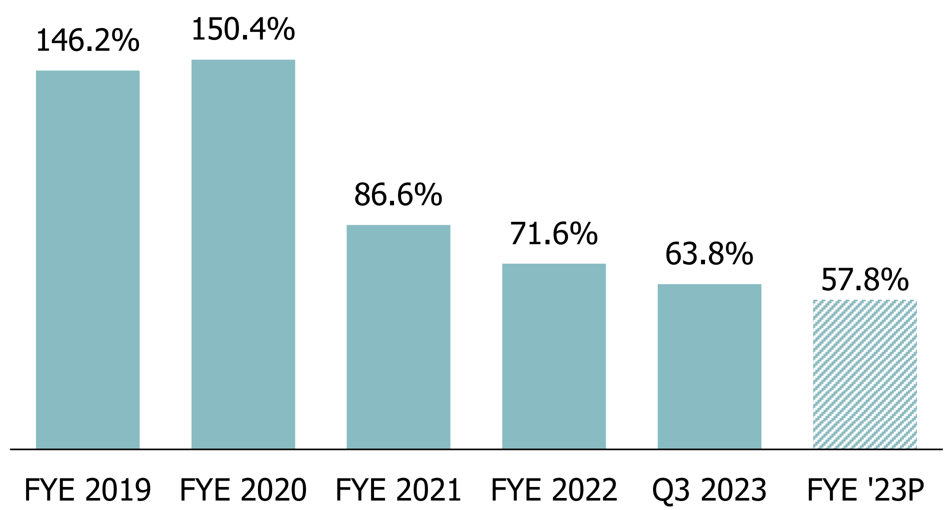
Equity value (book)
($ in millions)



Net debt



Net debt to net capitalization
Goal: Mid 30% level



Note: For purposes of the FYE 2022 projection calculations on this slide:
- *midpoint of adjusted income before income taxes guidance for full year 2023 and 21% effective tax rate, less preferred dividend, to get incremental increase to equity value for FYE 2023 and*
- *cash and non-recourse mortgage balances are assumed to be equal to July 31, 2023 actuals*
- *public debt balance includes $100 million reduction due to August redemption*

Guidance

Guidance for Fiscal 2023

($ in millions)

	Prior Guidance FY 2023[1]	New Guidance FY 2023[1]
Total Revenues	$2,500 - $2,650	$2,600 - $2,700
Adjusted Homebuilding Gross Margin[2]	21.0% - 22.5%	22.0% - 23.0%
Total SG&A as Percentage of Total Revenues[3]	11.0% - 12.5%	11.0% - 12.0%
Adjusted EBITDA[4]	$320 - $340	$350 - $370
Adjusted Income Before Income Taxes[5]	$180 - $200	$215 - $235
Diluted EPS	$17 - $20	$21 - $24
Book Value Per Share	$57 - $60	$66 - $68

(1) The Company cannot provide a reconciliation between its non-GAAP projections and the most directly comparable GAAP measures without unreasonable efforts because it is unable to predict with reasonable certainty the ultimate outcome of certain significant items required for the reconciliation. These items include, but are not limited to, land-related charges, inventory impairments and land option write-offs and loss (gain) on extinguishment of debt, net. These items are uncertain, depend on various factors and could have a material impact on GAAP reported results.
(2) Adjusted homebuilding gross margin percentage is before cost of sales interest expense and land charges and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.
(3) Total SG&A includes homebuilding selling, general and administrative costs and corporate general and administrative costs. Ratio calculated as a percentage of total revenues. The SG&A guidance assumes that the stock remains at $106.62, which was the price at the end of the third quarter of fiscal year 2023.
(4) Adjusted EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income. Adjusted EBITDA represents earnings before interest expense, income taxes, depreciation, amortization, land-related charges and loss (gain) on extinguishment of debt, net. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.
(5) Adjusted Income Before Income Taxes excludes land-related charges, joint venture write-downs and loss (gain) on extinguishment of debt, net and is a non-GAAP financial measure. See appendix for a reconciliation of the historic measure to the most directly comparable GAAP measure.

Appendix

Phantom Stock Impact

($ in millions, except stock prices)

	Stock Price at end of quarter	Reported Total SG&A	Reported Total SG&A Ratio	Incremental Phantom Stock Benefit (Expense)	Total SG&A Adjusted for Phantom Stock	Total SG&A Ratio Adjusted for Phantom Stock
Q1 2021	$51.16	-	-	-	-	-
Q2 2021	$132.59	$82.6	11.7%	$(17.5)	$65.1	9.3%
Q3 2021	$104.39	$60.3	8.7%	$6.7	$67.0	9.7%
Q4 2021	$84.26	$70.0	8.6%	$5.3	$75.3	9.2%
Q1 2022	$96.88	$72.2	12.8%	$(5.7)	$66.5	11.8%
Q2 2022	$46.02	$68.2	9.7%	$6.0	$74.2	10.6%
Q3 2022	$48.51	$74.9	9.8%	$(0.3)	$74.6	9.7%
Q4 2022	$40.33	$80.9	9.1%	$1.0	$81.9	9.2%
Q1 2023	$57.88	$73.4	14.2%	$(1.4)	$72.1	14.0%
Q2 2023	$73.77	$75.5	10.7%	$(1.1)	$74.4	10.6%
Q3 2023	$106.62	$75.1	11.6%	$(2.4)	$72.7	11.2%

- *In 2019 and 2023, we granted phantom stock awards in lieu of actual equity under our long-term incentive plans ("LTIP").*
- *This was done in the best interest of shareholders to avoid dilution concerns associated with our low stock prices at the time of grants.*
- *Expense related to the phantom stock varies depending upon our common stock price at quarter end, is a non-cash expense until paid and is reflected in our total SG&A expenses.*

Land Position

Segment	Active lots	Mothballed lots	Optioned lots	Total lots
	July 31, 2023 Owned			
Northeast	1, 779	6	12,026	13,811
Southeast	1,479	–	2,552	4,031
West	4,235	390	7,020	11,645
Consolidated total	7,493	396	21,598	29,487
Unconsolidated joint ventures[1]	2,391	–	589	2,980
Grand total	**9,884**	**396**	**22,187**	**32,467**

- Reactivated ~9,300 lots in 110 communities since January 31, 2009
- As of July 31, 2023, mothballed lots in 2 communities with a book value of $1 million net of impairment balance of $20 million

5.9 years of lot supply[2]

(1) Excludes our multi-community unconsolidated joint venture in the Kingdom of Saudi Arabia.
(2) Represents total lots controlled (owned + optioned) / LTM unit closings.

Reconciliation of income before income taxes excluding land-related charges and loss on extinguishment of debt, net to income before income taxes

Hovnanian Enterprises, Inc.
July 31, 2023

Reconciliation of income before income taxes excluding land-related charges and loss on extinguishment of debt, net to income before income taxes
(In thousands)

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
Income before income taxes	$ 70,390	$ 111,927	$ 134,560	$ 228,273
Inventory impairments and land option write-offs	308	1,173	922	1,837
Loss on extinguishment of debt, net	4,082	-	4,082	6,795
Income before income taxes excluding land-related charges and loss on extinguishment of debt, net (1)	$ 74,780	$ 113,100	$ 139,564	$ 236,905

(1) Income before income taxes excluding land-related charges and loss on extinguishment of debt, net is a non-GAAP financial measure. The most directly comparable GAAP financial measure is income before income taxes.

Reconciliation of Gross Margin

Hovnanian Enterprises, Inc.

Hovnanian Enterprises, Inc.
July 31, 2023
Gross margin
(In thousands)

	Homebuilding Gross Margin Three Months Ended July 31,		Homebuilding Gross Margin Nine Months Ended July 31,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
Sale of homes	$ 630,371	$ 736,654	$ 1,800,724	$ 1,973,843
Cost of sales, excluding interest expense and land charges (1)	483,990	543,064	1,405,712	1,474,403
Homebuilding gross margin, before cost of sales interest expense and land charges (2)	146,381	193,590	395,012	499,440
Cost of sales interest expense, excluding land sales interest expense	19,271	22,453	54,793	57,855
Homebuilding gross margin, after cost of sales interest expense, before land charges (2)	127,110	171,137	340,219	441,585
Land charges	308	1,173	922	1,837
Homebuilding gross margin	$ 126,802	$ 169,964	$ 339,297	$ 439,748
Homebuilding gross margin percentage	20.1%	23.1%	18.8%	22.3%
Homebuilding gross margin percentage, before cost of sales interest expense and land charges (2)	23.2%	26.3%	21.9%	25.3%
Homebuilding gross margin percentage, after cost of sales interest expense, before land charges (2)	20.2%	23.2%	18.9%	22.4%

	Land Sales Gross Margin Three Months Ended July 31,		Land Sales Gross Margin Nine Months Ended July 31,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
Land and lot sales	$ 429	$ 15,788	$ 16,042	$ 16,187
Cost of sales, excluding interest (1)	-	5,512	9,940	5,772
Land and lot sales gross margin, excluding interest and land charges	429	10,276	6,102	10,415
Land and lot sales interest expense	1	-	926	21
Land and lot sales gross margin, including interest	$ 428	$ 10,276	$ 5,176	$ 10,394

(1) 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.
(2) 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.

Reconciliation of Adjusted EBITDA to Net Income

Hovnanian Enterprises, Inc.

Hovnanian Enterprises, Inc.				
July 31, 2023				
Reconciliation of adjusted EBITDA to net income				
(In thousands)				
	Three Months Ended July 31,		Nine Months Ended July 31,	
	2023	2022	2023	2022
	(Unaudited)		(Unaudited)	
Net income	$ 55,764	$ 82,614	$ 108,626	$ 169,857
Income tax provision	14,626	29,313	25,934	58,416
Interest expense	32,774	32,077	98,815	93,318
EBIT (1)	103,164	144,004	233,375	321,591
Depreciation and amortization	1,299	1,520	7,223	4,009
EBITDA (2)	104,463	145,524	240,598	325,600
Inventory impairments and land option write-offs	308	1,173	922	1,837
Loss on extinguishment of debt, net	4,082	-	4,082	6,795
Adjusted EBITDA (3)	$ 108,853	$ 146,697	$ 245,602	$ 334,232
Interest incurred	$ 34,214	$ 32,644	$ 103,662	$ 99,299
Adjusted EBITDA to interest incurred	3.18	4.49	2.37	3.37

(1) EBIT is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income. EBIT represents earnings before interest expense and income taxes.

(2) EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income. EBITDA represents earnings before interest expense, income taxes, depreciation and amortization.

(3) Adjusted EBITDA is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net income. Adjusted EBITDA represents earnings before interest expense, income taxes, depreciation, amortization and inventory impairments and land option write-offs and loss on extinguishment of debt, net.

Reconciliation of Inventory Turnover

Hovnanian Enterprises, Inc.

Hovnanian Enterprises, Inc.						
July 31, 2023						
Calculation of Inventory Turnover[1]						
						TTM
		For the quarter ended				**ended**
(Dollars in thousands)		10/31/2022	1/31/2023	4/30/2023	7/31/2023	**7/31/2023**
Cost of sales, excluding interest		$656,888	$391,040	$540,622	$483,990	$2,072,540
	As of					
	7/31/2022	10/31/2022	1/31/2023	4/30/2023	7/31/2023	
Total inventories	$1,585,281	$1,519,184	$1,507,038	$1,484,992	$1,411,260	**Five**
Less liabilities from inventory not owned, net of debt issuance costs	178,454	202,492	209,579	200,299	145,979	**Quarter**
Less capitalized interest	64,140	59,600	60,795	60,274	55,274	**Average**
Inventories less consolidated inventory not owned and capitalized interest plus liabilities from inventory not owned	$1,342,687	$1,257,092	$1,236,664	$1,224,419	$1,210,007	$1,254,174
Inventory turnover						1.7x

(1) Derived by dividing cost of sales, excluding cost of sales interest, by the five-quarter average inventory, excluding liabilities from 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.

Reconciliation of Consolidated EBIT ROI

Hovnanian Enterprises, Inc.						
July 31, 2023						
Calculation of Consolidated Adjusted EBIT ROI						
						TTM
		For the quarter ended				**ended**
(Dollars in thousands)		10/31/2022	1/31/2023	4/30/2023	7/31/2023	**7/31/2023**
Consolidated EBIT		$130,745	$48,162	$82,049	$103,164	$364,120
Impairments and walk away		$12,239	$477	$137	$308	$13,161
(Loss) gain on extinguishment of debt		$0	$0	$0	$4,082	$4,082
Adjusted EBIT		$142,984	$48,639	$82,186	$107,554	$381,363
	As of					
	7/31/2022	10/31/2022	1/31/2023	4/30/2023	7/31/2023	
Total inventories	$1,585,281	$1,519,184	$1,507,038	$1,484,992	$1,411,260	**Five**
Less liabilities from inventory not owned, net of debt issuance costs	178,454	202,492	209,579	200,299	145,979	**Quarter**
Less capitalized interest	64,140	59,600	60,795	60,274	55,274	**Average**
Inventories less consolidated inventory not owned and capitalized interest plus liabilities from inventory not owned	$1,342,687	$1,257,092	$1,236,664	$1,224,419	$1,210,007	$1,254,174
Inventory turnover						30.4%

Hovnanian Enterprises®, Inc.