Investor Presentation

May 16, 2019

Forward-Looking Statements

Items in this presentation, and statements by KB Home management in relation to this presentation or otherwise, may be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current (at the time made) expectations and projections about future events and are subject to risks, uncertainties, and assumptions about our operations, economic and market factors, and the homebuilding industry, among other things. These statements are not guarantees of future performance. We do not have a specific policy or intent of updating or revising forward-looking statements. Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors. The most important risk factors that could cause our actual performance and future events and actions to differ materially from such forward-looking statements include, but are not limited to the following: general economic, employment and business conditions; population growth, household formations and demographic trends; conditions in the capital, credit and financial markets; our ability to access external financing sources and raise capital through the issuance of common stock, debt or other securities, and/or project financing, on favorable terms; the execution of any share repurchases pursuant to our board of directors’ authorization; material and trade costs and availability; changes in interest rates; our debt level, including our ratio of debt to capital, and our ability to adjust our debt level and maturity schedule; our compliance with the terms of our revolving credit facility; volatility in the market price of our common stock; weak or declining consumer confidence, either generally or specifically with respect to purchasing homes; competition from other sellers of new and resale homes; weather events, significant natural disasters and other climate and environmental factors; any failure of lawmakers to agree on a budget or appropriation legislation to fund the federal government’s operations, and financial markets’ and businesses’ reactions to that failure; government actions, policies, programs and regulations directed at or affecting the housing market (including the TCJA, the Dodd-Frank Act, tax benefits associated with purchasing and owning a home, and the standards, fees and size limits applicable to the purchase or insuring of mortgage loans by government-sponsored enterprises and government agencies), the homebuilding industry, or construction activities; changes in existing tax laws or enacted corporate income tax rates, including those resulting from regulatory guidance and interpretations issued with respect to the TCJA; changes in U.S. 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; the availability and cost of land in desirable areas and our ability to timely develop acquired land parcels and open new home communities; our warranty claims experience with respect to homes previously delivered and actual warranty costs incurred; costs and/or charges arising from regulatory compliance requirements or from legal, arbitral or regulatory proceedings, investigations, claims or settlements, including unfavorable outcomes in any such matters resulting in actual or potential monetary damage awards, penalties, fines or other direct or indirect payments, or injunctions, consent decrees or other voluntary or involuntary restrictions or adjustments to our business operations or practices that are beyond our current expectations and/or accruals; our ability to use/realize the net deferred tax assets we have generated; our ability to successfully implement our current and planned strategies and initiatives related to our product, geographic and market positioning, gaining share and scale in our served markets and in entering into new markets; our operational and investment concentration in markets in California; consumer interest in our new home communities and products, particularly from first-time homebuyers and higher-income consumers; our ability to generate orders and convert our backlog of orders to home deliveries and revenues, particularly in key markets in California; our ability to successfully implement our Returns-Focused Growth Plan and achieve the associated revenue, margin, profitability, cash flow, community reactivation, land sales, business growth, asset efficiency, return on invested capital, return on equity, net debt to capital ratio and other financial and operational targets and objectives; income tax expense volatility associated with stock-based compensation; the ability of our homebuyers to obtain residential mortgage loans and mortgage banking services; the performance of mortgage lenders to our homebuyers; the performance of KBHS Home Loans, LLC, our mortgage banking joint venture with Stearns Lending, LLC; information technology failures and data security breaches; and other events outside of our control. Please see our periodic reports and other filings with the Securities and Exchange Commission for a further discussion of these and other risks and uncertainties applicable to our business.

KB2020 – Our Core Business Strategy

Solid Foundation Supporting Strategy

Customer

- Continue targeting first-time and first move-up buyers (~75% of our annual deliveries for the last 10+ years)
- Offer products that are affordably priced for the median household income of the submarket
- Offer a distinctive 'customer-first' experience, building relationships with customers and providing a high level of satisfaction from sale to delivery

Land

- Invest in land positions within prime growth submarkets that provide a 1-2 year supply of land/lots per community
- Committed to growing primarily in existing geographic footprint – potential for significant upside
- Focus on individual assets generally offering 50-200 lots

Product

- Design products to maximize value to the customer
- Leverage product series across regions/divisions
- Create a base product with a standardized set of functions and features at a competitive price per square foot
- Provide choice, enabling the customer to select lot, floor plan and elevation, then leverage the KB Home Design Studio for interior personalization

Operations

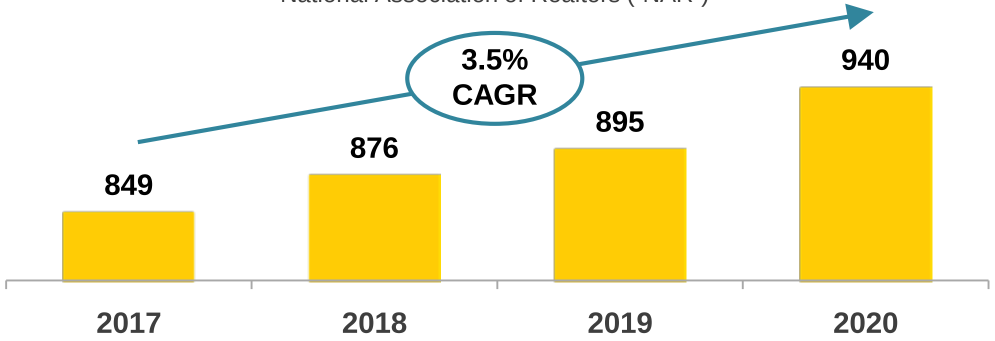
- Drive efficient, low-cost production through disciplined and scalable operations using a built-to-order (BTO) model
- Significant advantages of BTO:
  - Provides efficiencies in managing to an even-flow production process
  - Reinforces our preferred position with subcontractors
  - Minimizes speculative inventory and margin variability
  - Provides greater predictability on deliveries

Well Positioned to Benefit from Continued Strength in Housing Fundamentals

- Favorable economic environment
  - Continued GDP growth
  - Strong job creation and lowest unemployment level in almost two decades
  - Wage growth
  - Inflation below 20-year average
- Interest rate environment
  - The Federal Reserve's wait-and-see approach to interest rate hikes in 2019 is positive for the housing market
- Positive outlook for household formation
- Pent-up demand for affordable homes due to relatively constrained supply

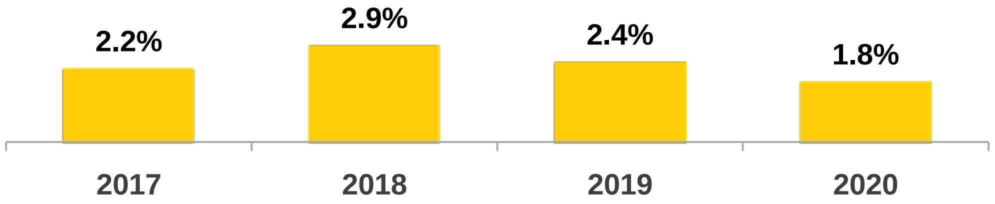
2017 – 2020 Single Family Housing Starts Forecast

Median of Fannie Mae, Mortgage Bankers Association ("MBA") and National Association of Realtors ("NAR")



	2017	2018	2019	2020	CAGR
Fannie Mae	849	876	889	938	3.4%
% growth	*8.6%*	*3.2%*	*1.5%*	*5.5%*	
MBA	849	876	895	940	3.5%
% growth	*8.6%*	*3.2%*	*2.2%*	*5.0%*	
NAR	849	876	910	1,010	6.0%
% growth	*8.6%*	*3.2%*	*3.9%*	*11.0%*	
Median	**849**	**876**	**895**	**940**	**3.5%**
% growth	***8.6%***	***3.2%***	***2.2%***	***5.0%***	

2017 – 2020 U.S. GDP Growth Forecast



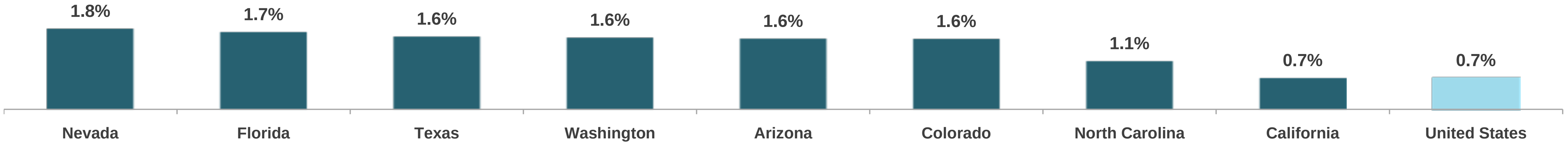
Source: Fannie Mae, Mortgage Bankers Association, National Association of Realtors, U.S. Bureau of Labor Statistics, FactSet

Focused on Attractive Markets with a Favorable Growth Outlook

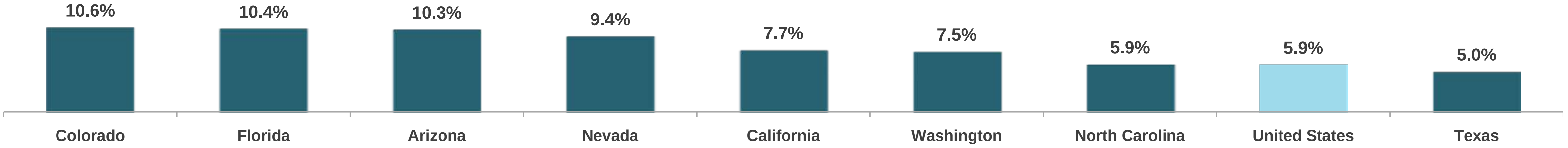
Demographic Trends Ahead of U.S. Average in Almost Every KBH Market

Active KB Home Markets

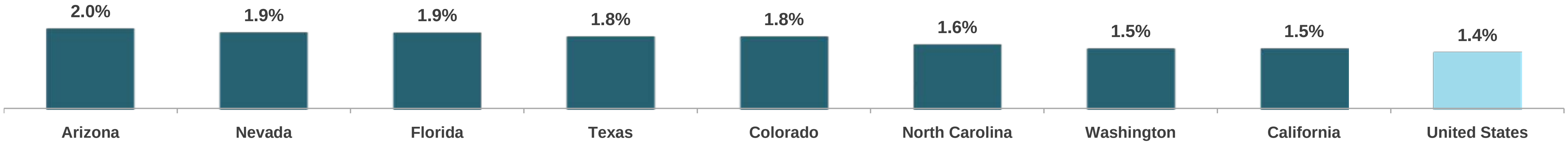
2013 – 2018 Annual Population CAGR*



2013 – 2018 Building Permit CAGR**



2018 – 2023 Projected Job Growth in KB Markets

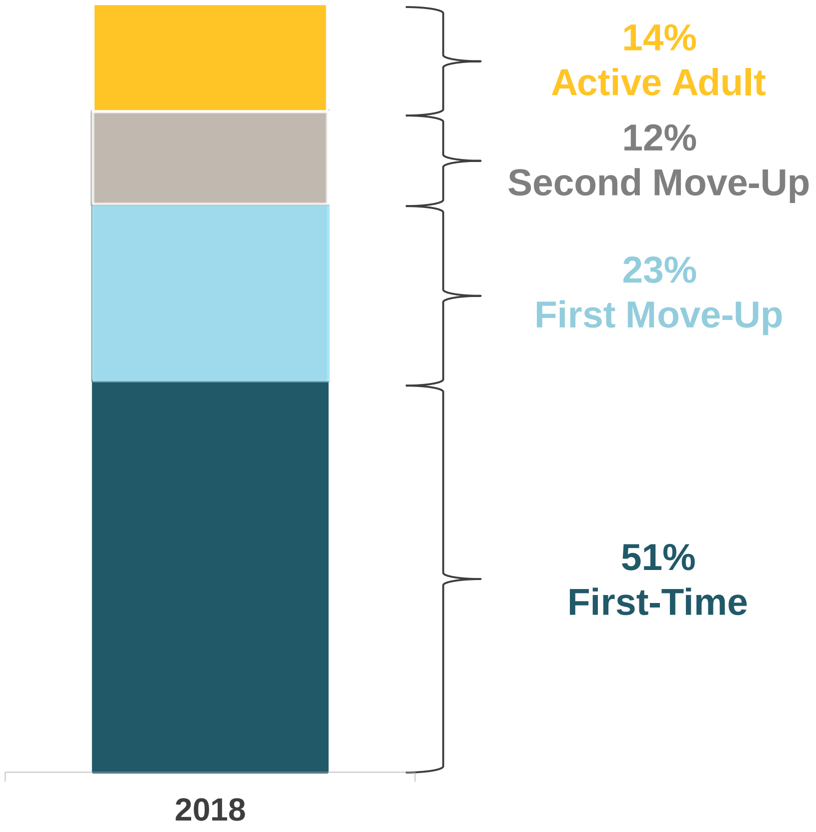


* Represents annual U.S. Census Bureau population estimates as of July 1
** Not seasonally adjusted
Source: U.S. Census Bureau, Woods & Poole Economics, Inc. Woods & Poole does not guarantee the accuracy of these projections. The use of these projections and the conclusion(s) drawn from them are solely the responsibility of the user(s)

Built-to-Order Model Moves with Market Demand

Committed to Long-Term Buyer Segments and Offering Products that Meet Demand

Core first-time and first move-up buyers accounted for ~75% of our 2018 deliveries



We implemented targeted product refinements beginning in 2018 to address homebuyers' affordability concerns

- Expanding plans available in our communities to include smaller square footage options with comparable room count and livability
- Lowering specification levels for our standard features within many of our communities, utilizing our Design Studios to showcase both standard and optional items
- Maintaining attractive array of high-frequency products with standardized functions and features that maximize value for customers
- KB Home's customer-centric Built-to-Order approach enables the Company to effectively adapt to evolving buyer preferences and needs

Returns-Focused Growth Plan

Growing Our Business While Increasing Returns

Execute KB2020 – Our Core Business Strategy
- Increase scale, expand market share primarily in existing footprint
- Improve profitability per unit and operating income margin

Monetize Deferred Tax Asset
- Accelerate utilization of DTA as pretax income continues to grow

Improve Asset Efficiency
- Improve absorption per community
- Improve inventory turns
- Continue reactivating communities
- Sell non-core assets
- Deploy excess cash

Original Three-Year 2019 Targets
- Accelerate earnings through revenue growth to over $5 billion and expand operating income margin* to 8% to 9%
- ROIC in excess of 10%
- ROE of 10% to 15%
- Net debt to capital ratio of 40% to 50%; target lowered to 35% to 45% in November 2018

* Defined as homebuilding operating income margin, excluding inventory-related charges

Significant Progress Over Past Three Years

($ in millions except EPS and BVPS)

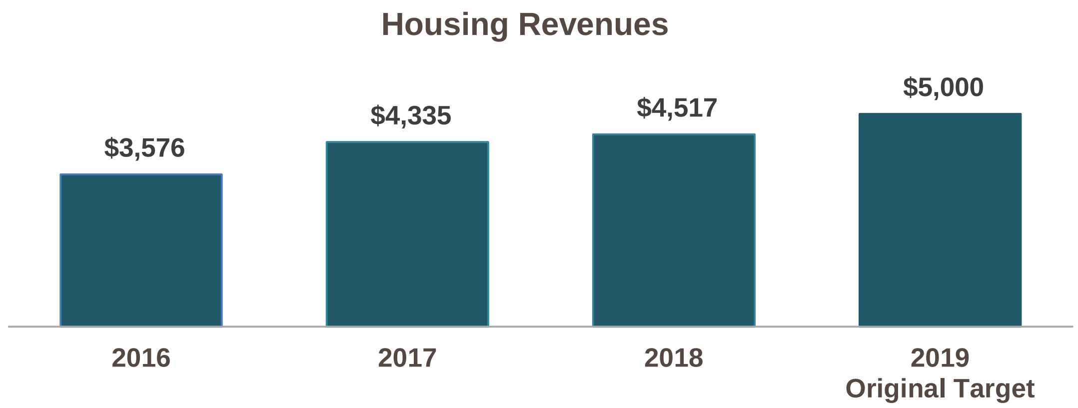
	2016		LTM Q1 2019	Improvement
Average Selling Price	$363,800	→	$395,600	9%
Deliveries	9,829	→	11,246	14%
Housing Revenues	$3,576	→	$4,449	24%
HB Operating Income	$152	→	$333	119%
Pretax Income	$149	→	$356	139%
Diluted EPS	$1.12	→	$2.71	142%
Stockholders' Equity	$1,723	→	$2,129	24%
Book Value per Share	$20.25	→	$24.43	21%
Net Debt to Capital*	54.3%	→	44.3%	10 pps

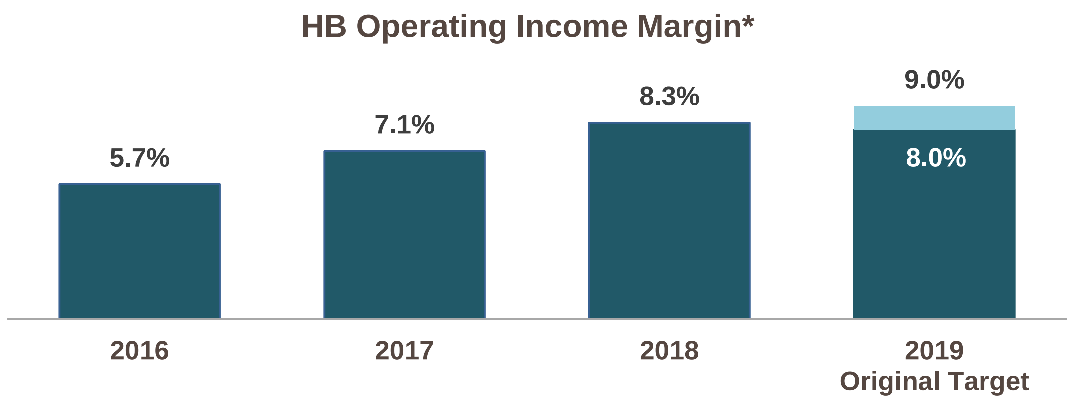
* See Appendix: Reconciliation of Non-GAAP Financial Measures

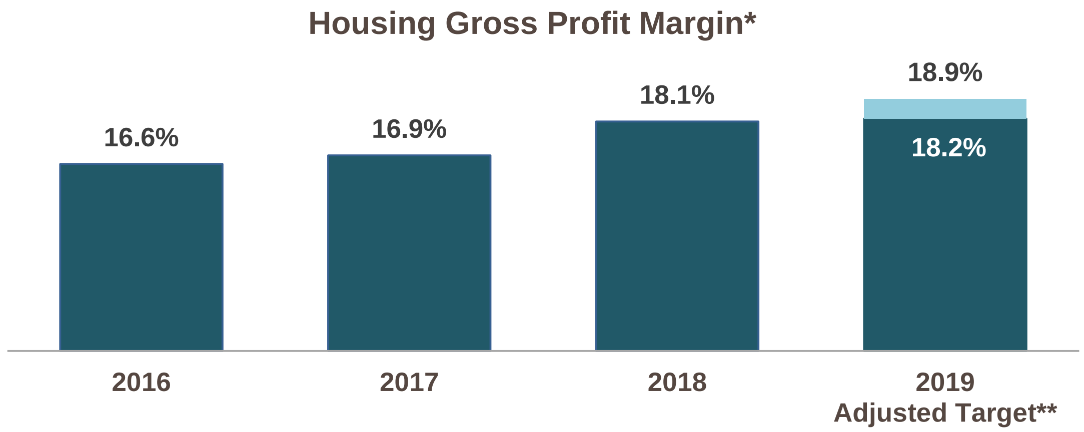
Key Profitability Metrics

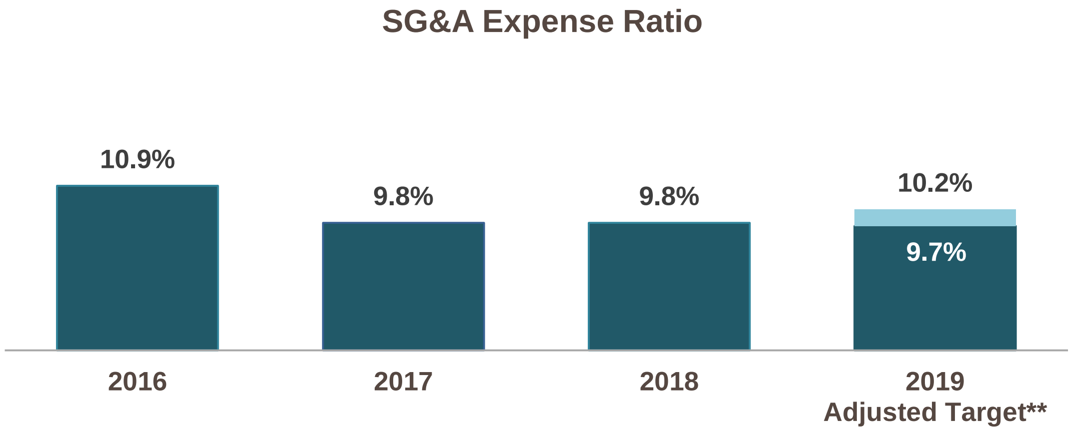
($ in millions)

Progress Toward Achievement of Returns-Focused Growth Plan Targets



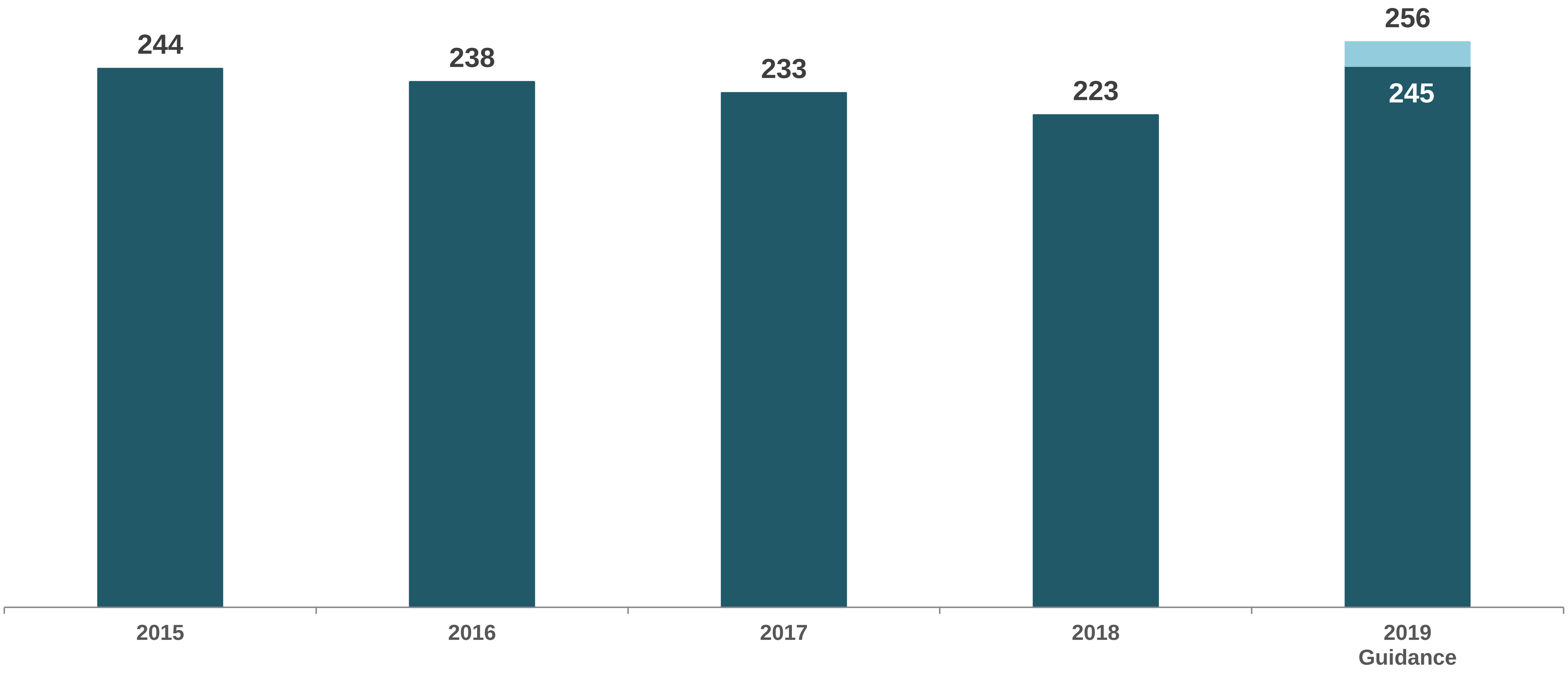






* See Appendix: Reconciliation of Non-GAAP Financial Measures
** Adjusted for 70 basis point estimated impact of ASC 606 implementation

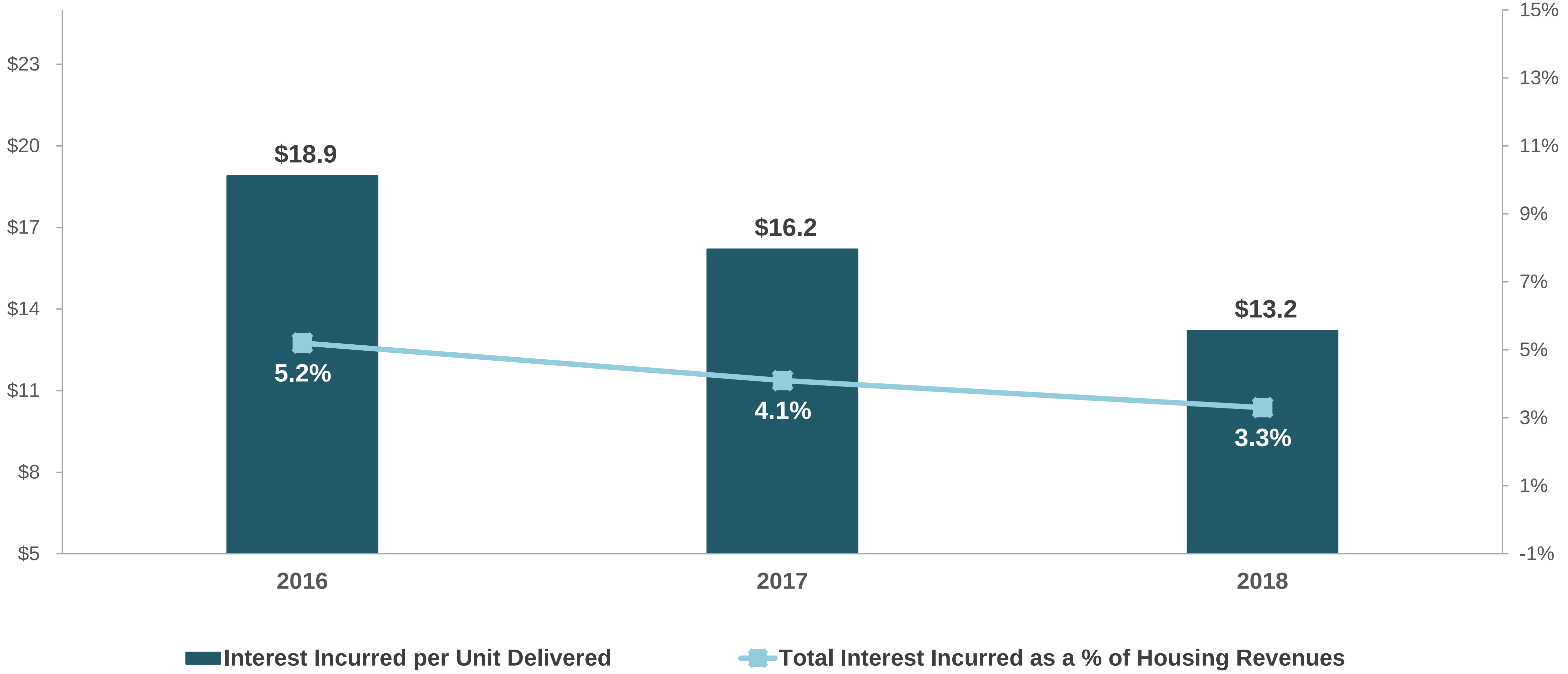
Average Community Count



YOY Change:	2015	2016	2017	2018	2019 Guidance
	+22%	-2%	-2%	-4%	+10% to +15%

Reducing Interest Incurred per Unit Delivered

($ in thousands)

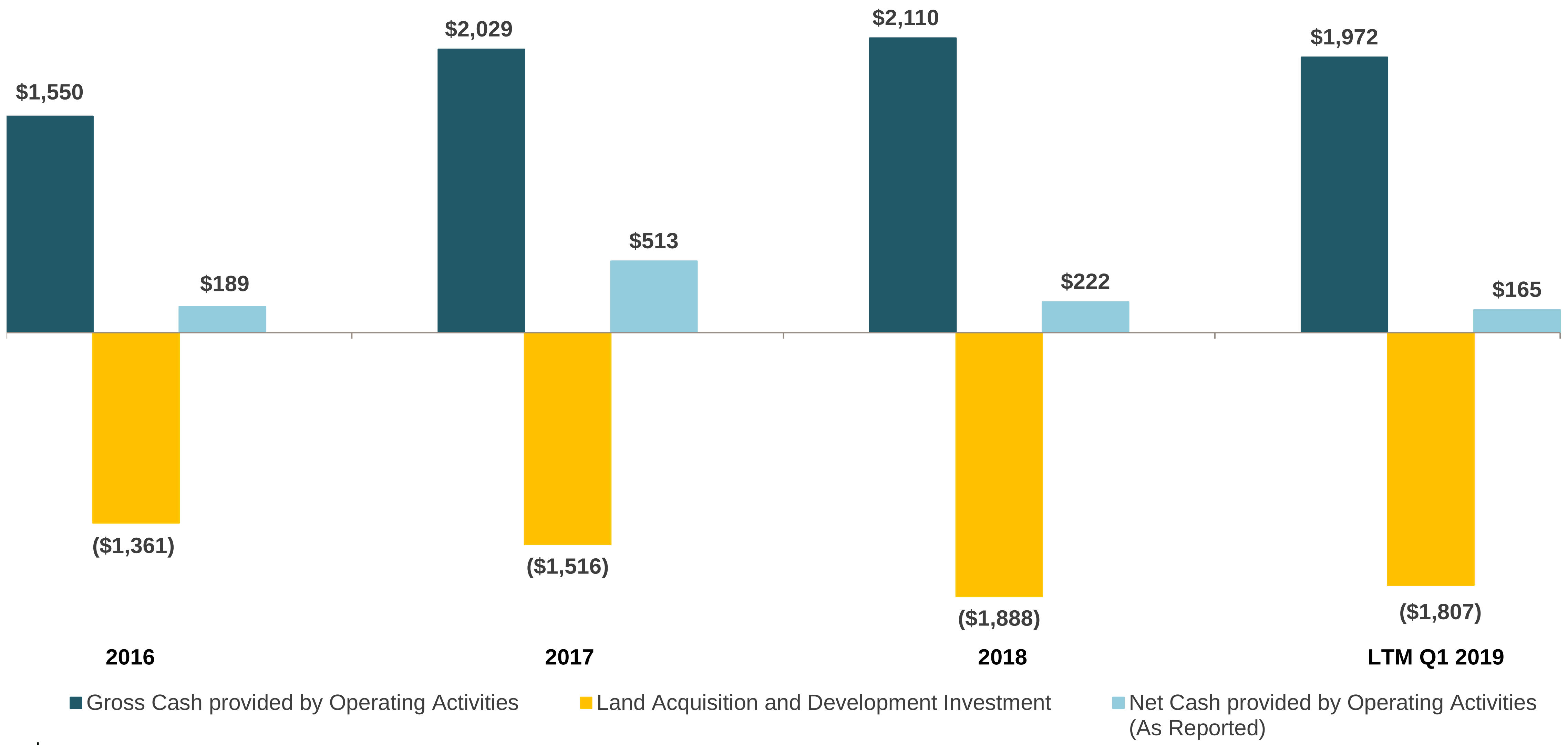


Widening Spread Between Inventory and Total Debt

($ in millions)

Generating Significant Levels of Gross Operating Cash Flow

($ in millions)



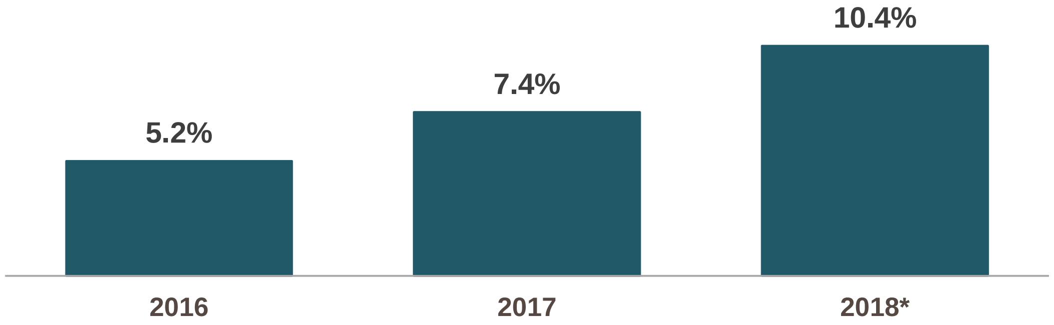
Return Metrics: ROIC & ROE

($ in billions)

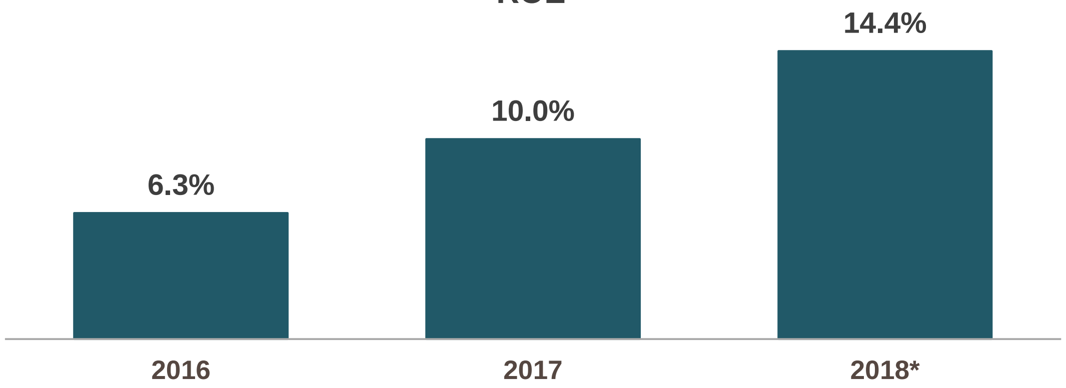
Average Invested Capital

Average Stockholders' Equity

ROIC



ROE



* Tax rates used exclude the impact of the 2018 TCJA adjustment
See Appendix: ROIC and ROE Calculation Detail

Improving Our Capital Structure

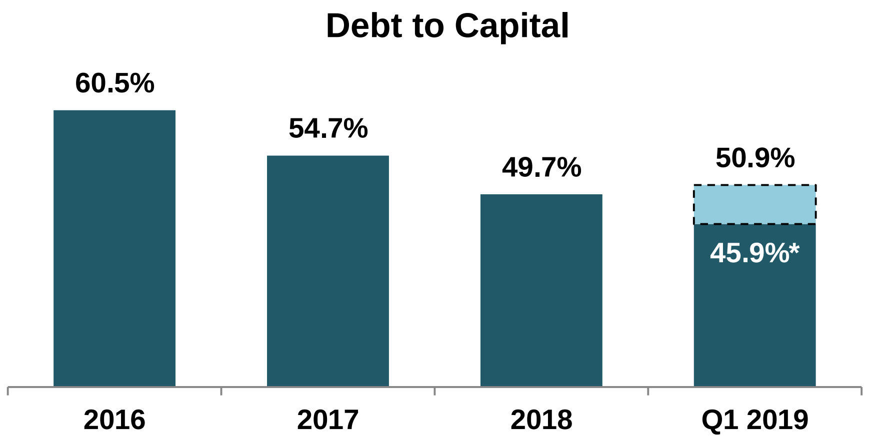
Recent Accomplishments

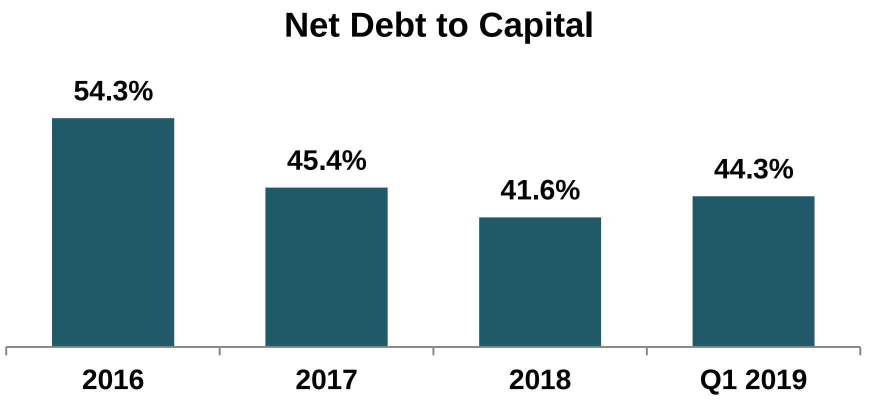
Repaid $230 million
1.375% Convertible Senior Notes at maturity on February 1, 2019

Completed $400 million offering
$300 million of 6.875% Senior Notes due 2027 and an additional $100 million of existing 7.625% Senior Notes due 2023

Maintained leverage ratio
within recently lowered 2019 target range of 35% to 45%

Completed optional early redemption of $400 million
4.75% Senior Notes due 2019 on March 8, 2019



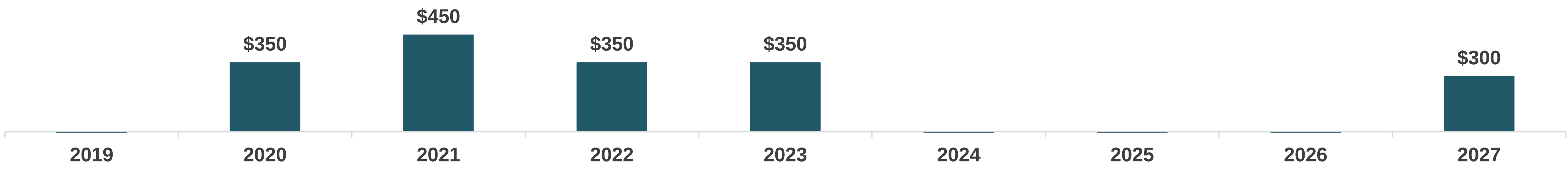


* Proforma for March 8, 2019 redemption of $400 million 4.75% Senior Notes due 2019
See Appendix: Reconciliation of Non-GAAP Financial Measures

Liquidity and Debt Maturity Profile

- Total liquidity at Feb. 28, 2019 was $979 million, including $512 million in unrestricted cash and $467 million in availability on our revolving credit facility
  – We have a $500 million unsecured revolving credit facility, with a $250 million letter of credit sublimit. The credit facility, which matures in July 2021, contains an accordion feature under which the borrowing availability can be increased to $600 million, subject to additional lender commitments.
- On Feb. 1, 2019, we repaid the entire $230 million in aggregate principal amount of our 1.375% Convertible Senior Notes due 2019 at their maturity
- On Feb. 20, 2019, we completed concurrent offerings of $300 million in aggregate principal amount of 6.875% Senior Notes due 2027 and an additional $100 million in aggregate principal amount of our existing series of 7.625% Senior Notes due 2023
- On Mar. 8, 2019, the net proceeds from the offerings were used to optionally redeem all $400 million in aggregate principal amount of our outstanding 4.75% Senior Notes due on May 15, 2019

Senior Notes Maturity Profile
Pro Forma for Q2 2019 Debt Redemption
(in millions)



The Sustainable Difference

Dedication to Sustainable Homebuilding Leads to Lower Cost of Homeownership

Over
600,000
Homes Delivered

$730 Million
Utility Bill Savings
4.5 Billion
Pounds Less CO_2 Emissions

15,000+
WaterSense and WaterSmart Homes
0.6 Million
WaterSense Products

128,000+
ENERGY STAR Homes

7,750+
Solar Homes

88,000+
Enhanced Air Filters

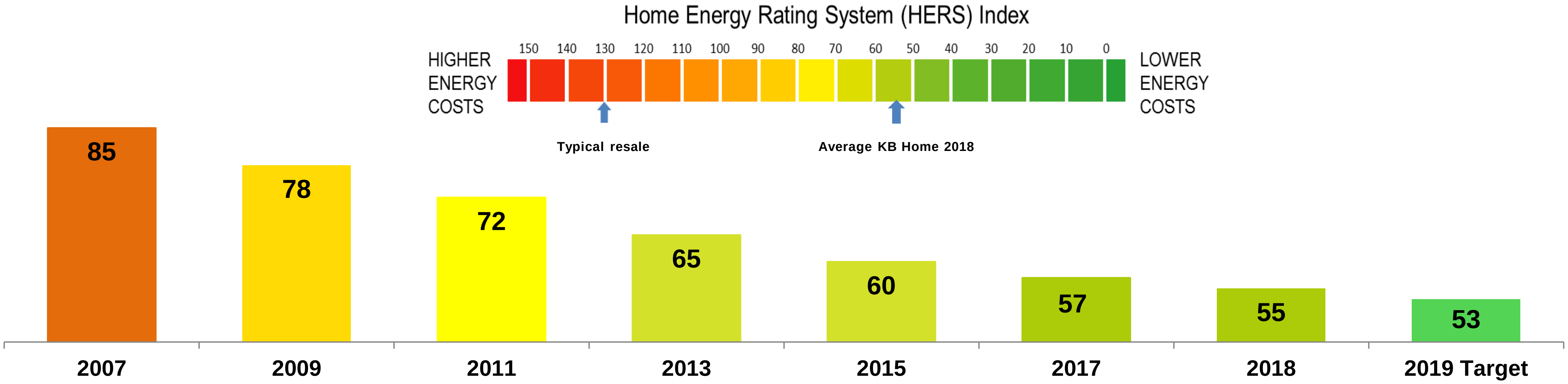
1.4 Billion
Gallons of Water Conserved Annually

40,000+
Smart Thermostats

ENERGY STAR AWARD 2019
PARTNER OF THE YEAR
Sustained Excellence

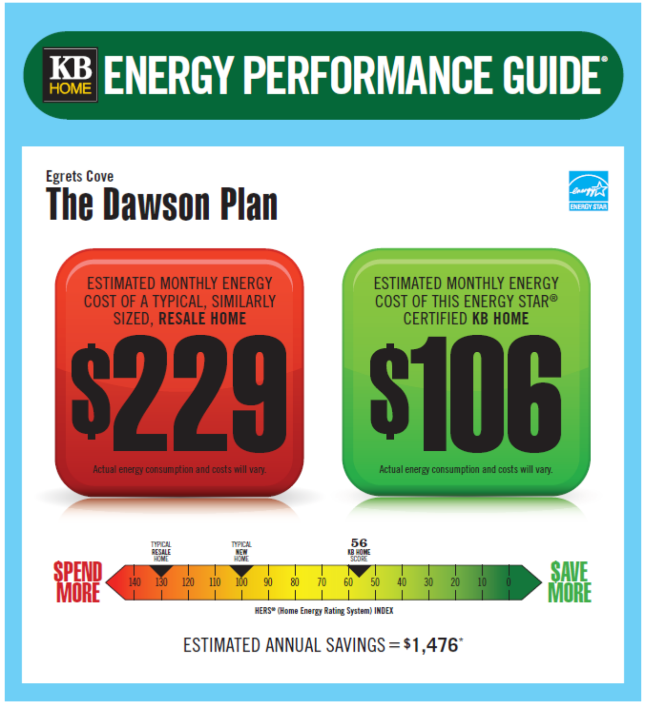
MARKET LEADER AWARD 2018
CERTIFIED HOMES

EPA WaterSense
2018 EXCELLENCE AWARD



KB Home Average HERS Score

KB Home Energy Performance Guide®



- Similar to an MPG sticker on new cars
- The KB Home EPG® provides:
  - Estimated monthly energy costs for every new KB home
  - Information on the home's relative energy efficiency compared to a typical new or resale home, reflecting a lower monthly cost of homeownership

Appendix

Reconciliation of Non-GAAP Financial Measures

($ in thousands)

Ratio of Total Debt to Capital	2016	2017	2018	Q1 2019
Notes payable	$ 2,640,149	$ 2,324,845	$ 2,060,263	$2,203,589
Stockholders' equity	1,723,145	1,926,311	2,087,500	2,218,497
Total capital	$ 4,363,294	$ 4,251,156	$ 4,147,763	$4,332,086
Ratio of total debt to capital	60.5%	54.7%	49.7%	50.9%

Ratio of Net Debt to Capital	2016	2017	2018	Q1 2019
Notes payable	$ 2,640,149	$ 2,324,845	$ 2,060,263	$2,203,589
Less: Cash and cash equivalents and restricted cash	(592,086)	(720,630)	(574,359)	(511,690)
Net debt	2,048,063	1,604,215	1,485,904	1,691,899
Stockholders' equity	1,723,145	1,926,311	2,087,500	2,128,497
Total capital	$ 3,771,208	$ 3,530,526	$ 3,573,404	$3,820,396
Ratio of net debt to capital	54.3%	45.4%	41.6%	44.3%

The Company believes these non-GAAP financial measures, which assist management in making certain strategic decisions, are relevant and useful to investors in understanding its operations and in providing meaningful period-to-period comparisons, and may be helpful in comparing the Company with other homebuilding companies to the extent they provide similar information.

Reconciliation of Non-GAAP Financial Measures (Continued)

Housing Gross Profit Margin	2016	2017	2018
Housing Gross Profit Margin – As Reported	16.2%	16.3%	17.5%
Housing inventory-related charges	0.4	0.6	0.6
Housing gross profit margin excluding inventory-related charges	16.6	16.9	18.1
Amortization of previously capitalized interest	4.5	5.0	4.4
Housing Gross Profit Margin – As Adjusted	21.1%	21.8%	22.5%

Homebuilding Operating Income Margin	2016	2017	2018
Homebuilding Operating Income Margin - As Reported	4.3%	6.5%	7.6%
Homebuilding inventory-related charges	1.4	0.6	0.7
Homebuilding operating income margin excluding inventory-related charges	5.7%	7.1%	8.3%

The Company believes these non-GAAP financial measures, which assist management in making certain strategic decisions, are relevant and useful to investors in understanding its operations and in providing meaningful period-to-period comparisons, and may be helpful in comparing the Company with other homebuilding companies to the extent they provide similar information.

ROIC Calculation Detail

($ in thousands)

Net Operating Profit After Tax	2016	2017	2018
Pretax income	$ 149,315	$ 289,995	$ 367,965
Add: Net interest (income)/expense	5,371	5,067	(3,514)
Add: Interest amortization in construction and land costs	161,285	215,396	202,760
Net operating profit (EBIT)	315,971	510,458	567,211
Income tax expense (a)	(92,500)	(192,500)	(130,500)
Net Operating Profit After Tax	$ 223,471	$ 317,958	$ 436,711

Average Invested Capital (Book Value)	2016	2017	2018
Notes payable – 5 point average	$ 2,627,689	$ 2,496,389	$ 2,232,331
Stockholders' equity – 5 point average	1,669,731	1,799,849	1,959,425
Average invested capital	$ 4,297,420	$ 4,296,238	$ 4,191,756
Return on Invested Capital	**5.2%**	**7.4%**	**10.4%**

(a) Income tax expense for 2018 assumed an adjusted effective tax rate of 23%, which excluded the non-cash charge of $112.5 million related to the TCJA enacted in December 2017

ROE Calculation Detail

($ in thousands)

Net Income	2016	2017	2018
Pretax income	$ 149,315	$ 289,995	$ 367,965
Income tax expense (a)	(43,700)	(109,400)	(85,100)
Net income	$ 105,615	$ 180,595	$ 282,865
Stockholders' equity – 5 point average	$ 1,669,731	$ 1,799,849	$ 1,959,425
Return on equity	**6.3%**	**10.0%**	**14.4%**

(a) Income tax expense for 2018 excluded the non-cash charge of $112.5 million related to the TCJA, which was enacted in December 2017.

Deferred Tax Asset Value and Protection

- At February 28, 2019, KB Home had net deferred tax assets (DTA) of approximately $433 million

- To support the realization of the DTA, KB Home has undertaken a number of steps to avoid experiencing an “ownership change” under federal tax laws

- The primary protection is a Rights Agreement approved by stockholders in 2009 and in 2018. The Rights Agreement provides authority for the distribution of dilutive stock purchase rights in connection with an acquisition of 4.9% or more of KB Home’s outstanding common stock.

- At February 28, 2019, there were 87.1 million shares of common stock outstanding