J.P. Morgan Homebuilding and Building Products Conference

May 15, 2018

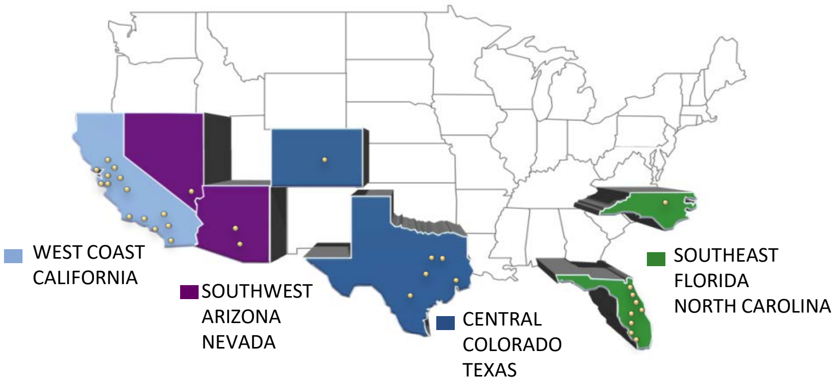
Forward-Looking Statements

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; material and trade costs and availability; changes in interest rates; our debt level, including our ratio of debt to capital, and our ability to lower and/or otherwise 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; government actions, policies, programs and regulations directed at or affecting the housing market (including the Tax Cuts and Jobs Act (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; the availability and cost of land in desirable areas; 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; 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.

KB Home (NYSE: KBH) – A Differentiated Story

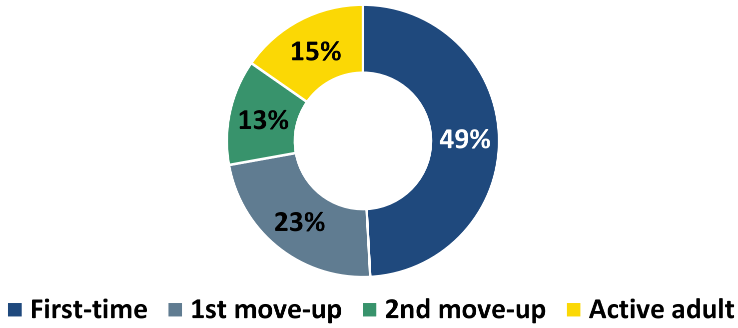
Well positioned in the right markets with the right products and an operating model that appeals to customers. We have a strategy and roadmap to achieve our mid-term targets.

DIVERSIFIED – Existing geographic footprint offers potential for substantially larger scale. Markets selected for their long-term economic and demographic growth potential.



Core Business Strategy – KB2020
Achieve Top 5 Position in Each of our Served Markets

TARGETED – Focused on first-time buyers, the largest demand segment, which accounted for about 50% of our deliveries over the past 5 years. Multiple drivers supporting favorable supply/demand dynamics.



Q1 2018 Buyer Profile

KB Home (NYSE: KBH) – A Differentiated Story

UNIQUE – With a Built-to-Order (BTO) model, we sell and build the home the customer values. BTO provides flexibility to move with demand, which drives absorption. With a large backlog of sold homes, we can manage starts to achieve even-flow production at the community level, driving efficiencies in overhead and cost to build.

COMPELLING – Business strategy and roadmap in place to achieve returns-focused growth. Poised to build on momentum of growing revenues, profitability and returns. Strong operating cash flow supports both increasing land investment to drive future growth and debt reduction to achieve mid-term leverage target.

Returns-Focused Growth Plan

Growing Our Business While Increasing Returns

Execute KB2020 – Our Core Business Strategy

- Increase scale, primarily by expanding market share in existing footprint
- Improve homebuilding operating income margin and profitability per unit

Monetize Deferred Tax Asset

- Accelerate utilization of DTA as pretax income continues to grow

Improve Asset Efficiency

- Manage communities to optimal absorption pace
- Improve inventory turns
- Continue reactivating communities
- Sell non-core assets
- Deploy excess cash

Key Three-Year 2019 Targets

- Accelerate earnings through housing revenue growth to $5+ billion and expansion of homebuilding operating income margin to 8% – 9%*
- ROIC in excess of 10%
- ROE of 10% to 15%
- Net debt to capital ratio of 40% to 50%

* Excludes inventory-related charges

KB2020 – Our Core Business Strategy

Customer

Operations

Achieve a Top 5 position
in each of our served markets by
building communities that offer a
compelling combination of
affordability, choice and personalization

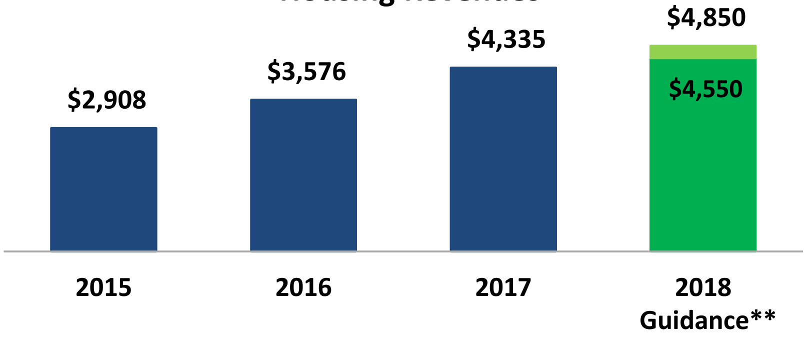
Land

Product

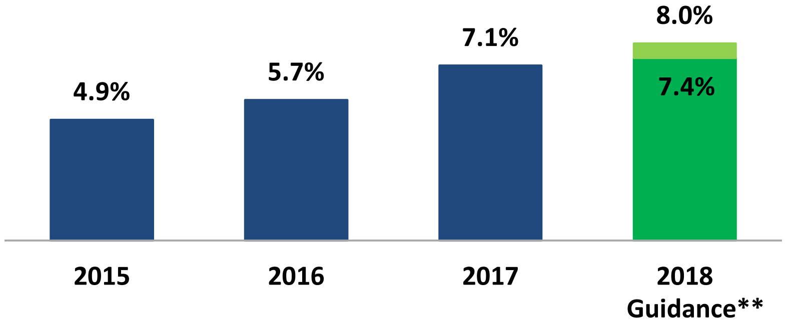
Significant Growth in Key Performance Metrics

($ in millions)

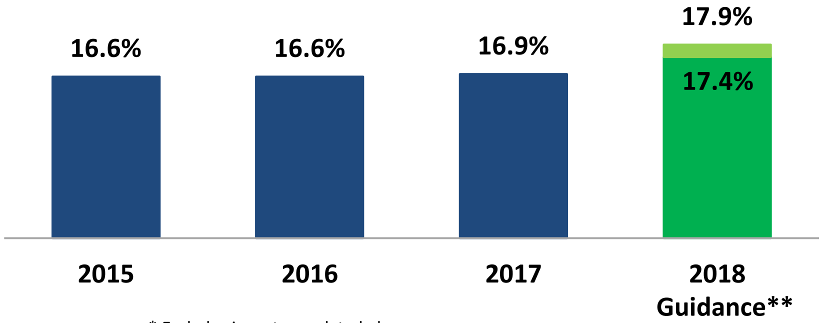
Housing Revenues



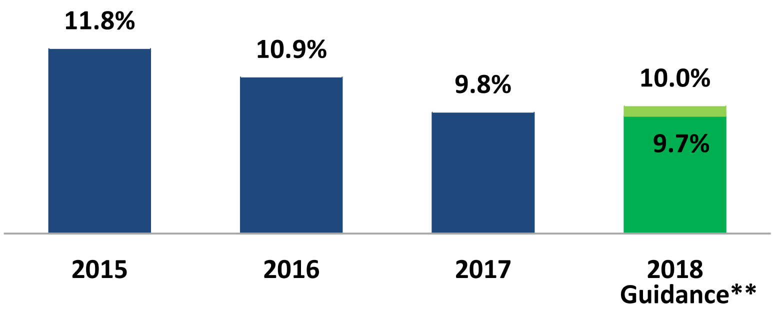
Homebuilding Operating Income Margin*



Housing Gross Profit Margin*

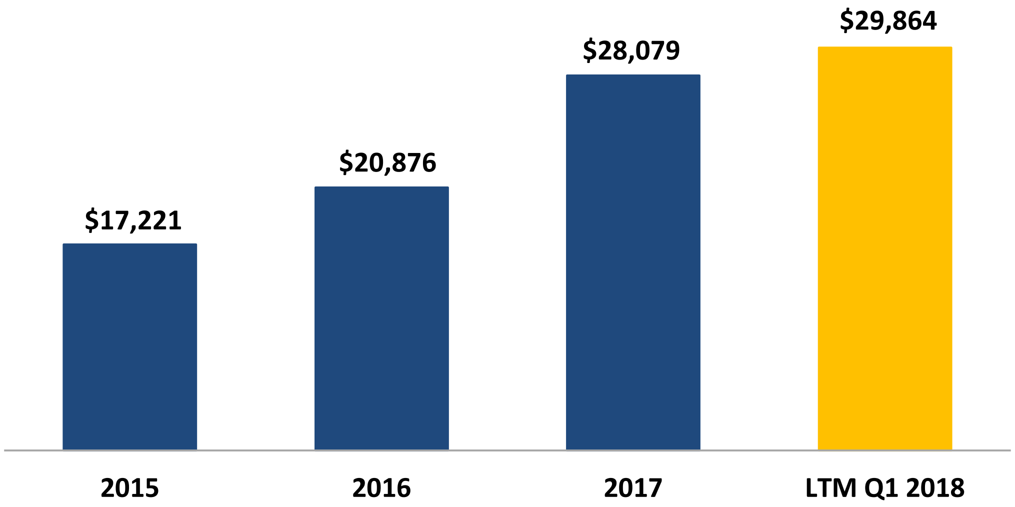


SG&A Expense Ratio



* Excludes inventory-related charges
** Based on full-year 2018 guidance
See Appendix: Reconciliation of Non-GAAP Financial Measures

Driving Higher Profitability per Unit

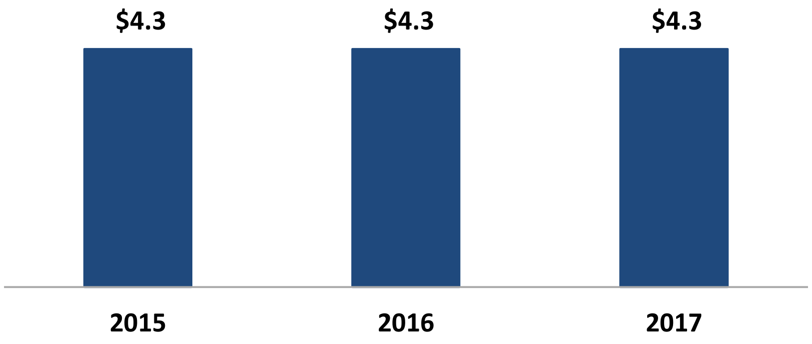


Profitability per unit is defined as adjusted housing operating income per home delivered. Excludes inventory-related charges.
See Appendix: Reconciliation of Non-GAAP Financial Measures

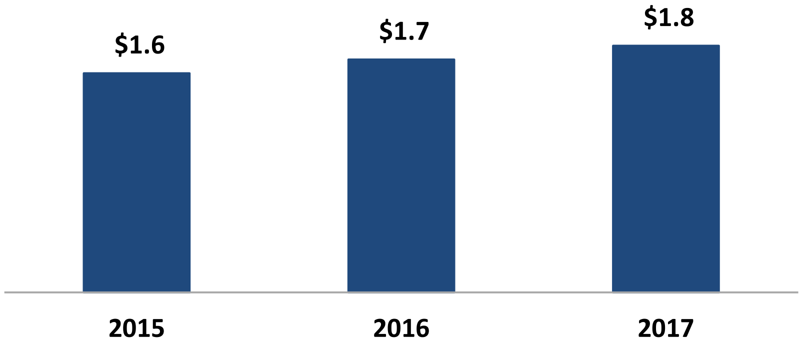
Multi-Year Improvement in Returns

($ in billions)

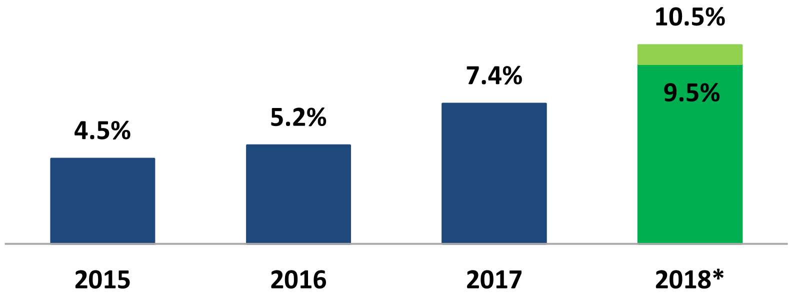
Average Invested Capital



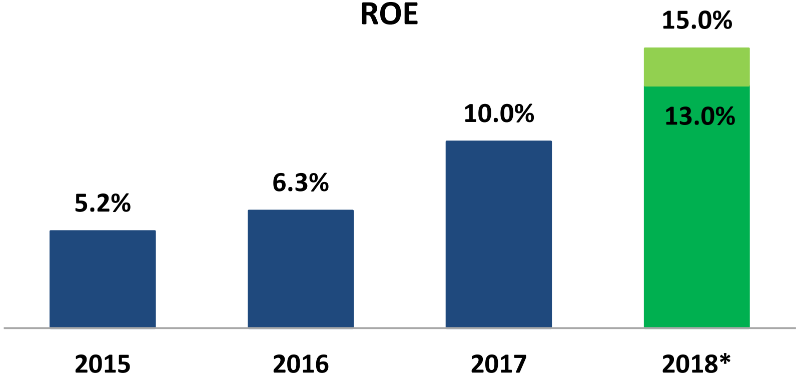
Average Stockholders' Equity



ROIC



ROE

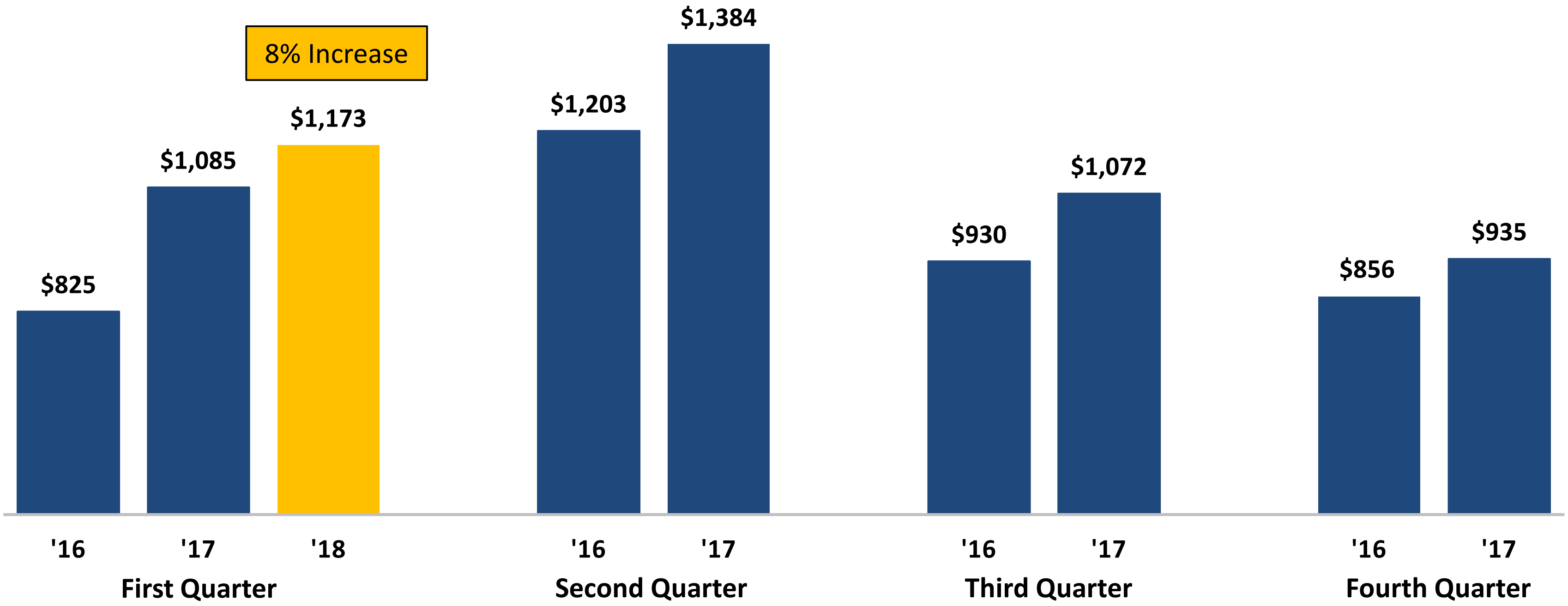


* Calculated based on full-year 2018 guidance
See Appendix for 2015-2017 ROIC and ROE calculations

Consistent Growth in Net Order Value

($ in millions)

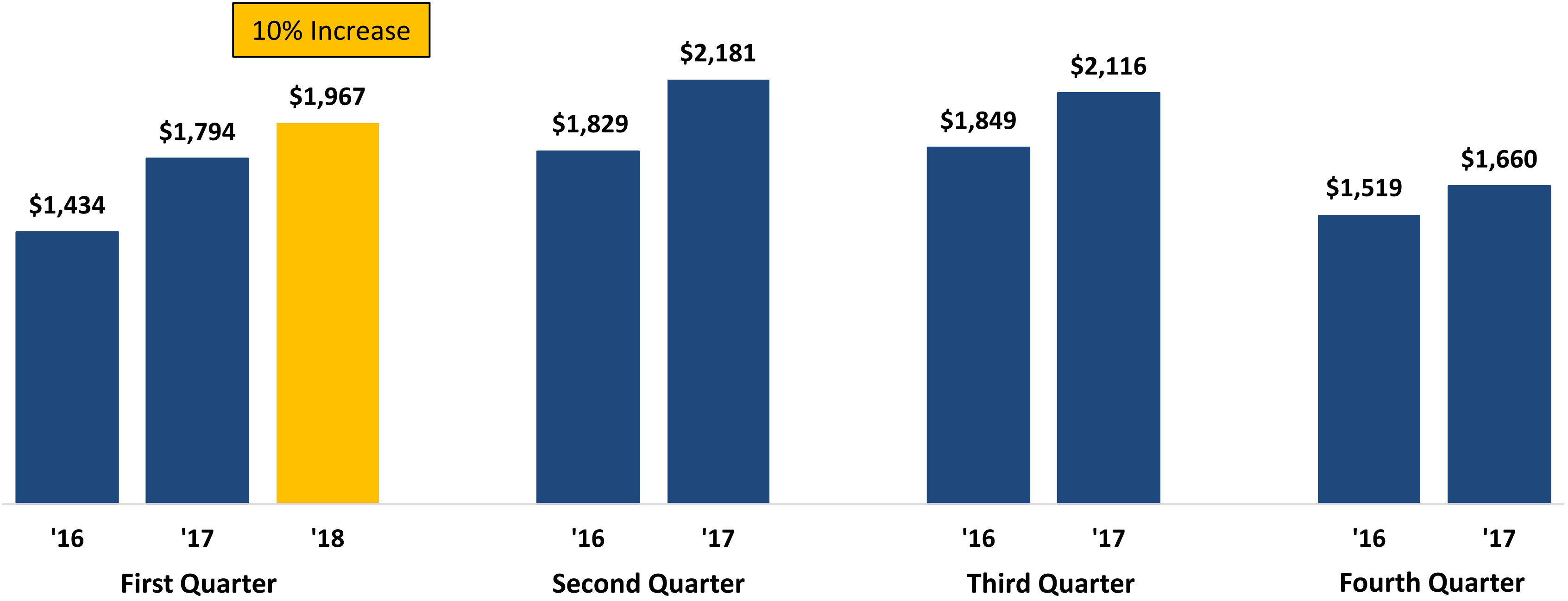
24 Consecutive Quarters of Year-over-Year Increases



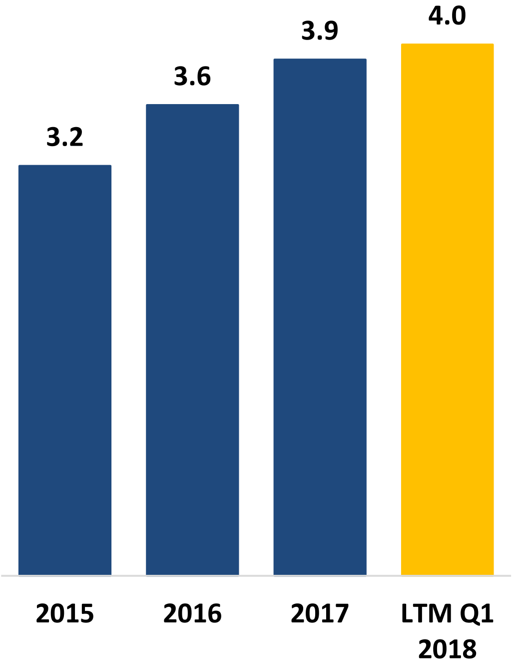
Building Our Backlog

($ in millions)

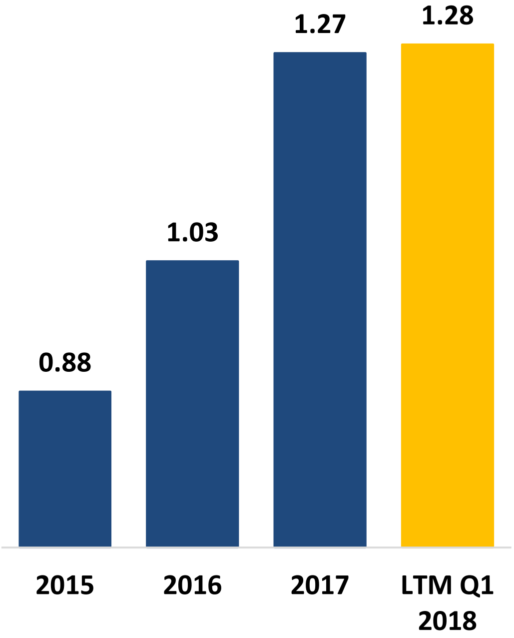
Backlog Supports Future Revenue Growth



Increasing Inventory Turns Contributing to Higher Returns



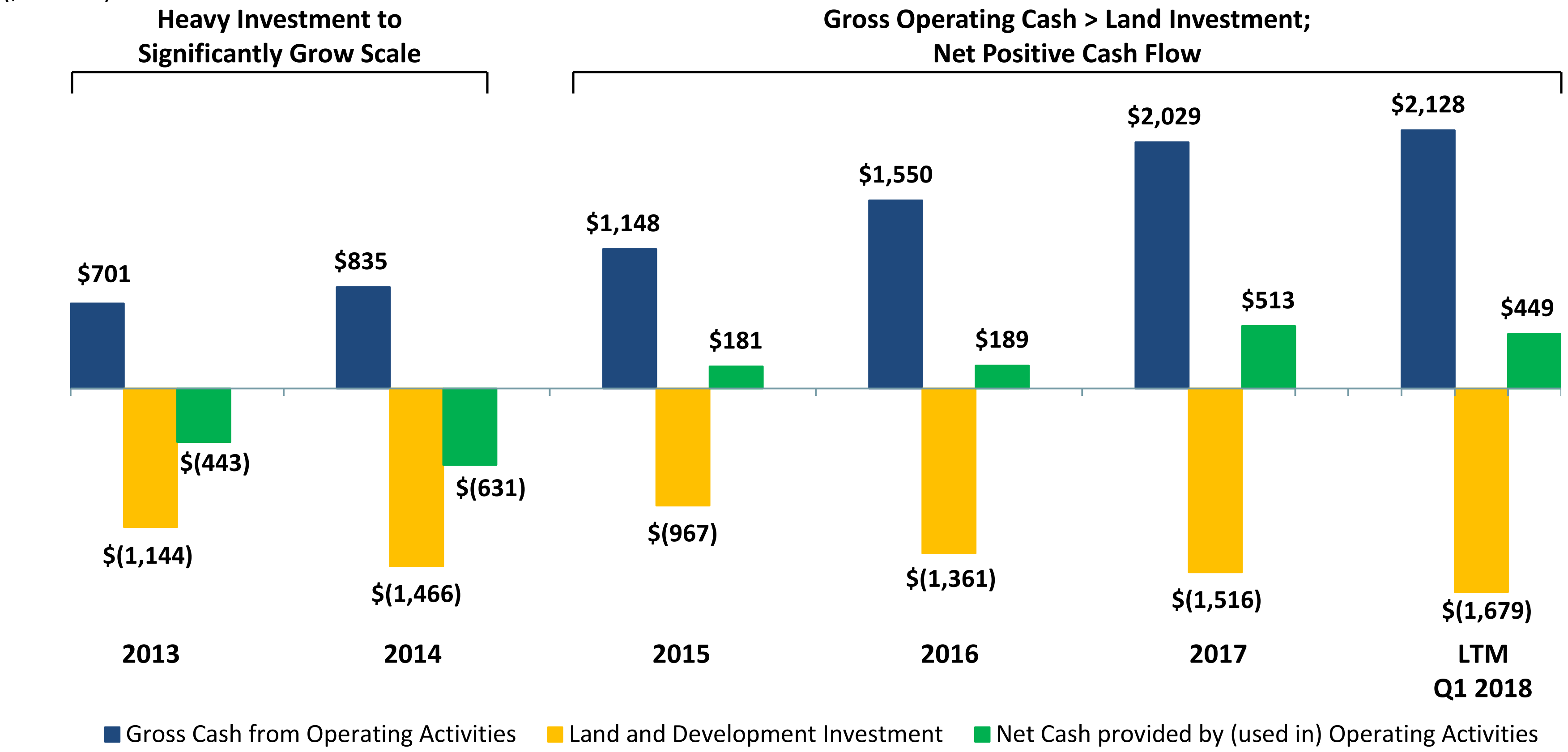
Net Orders per Community per Month



Inventory Turns

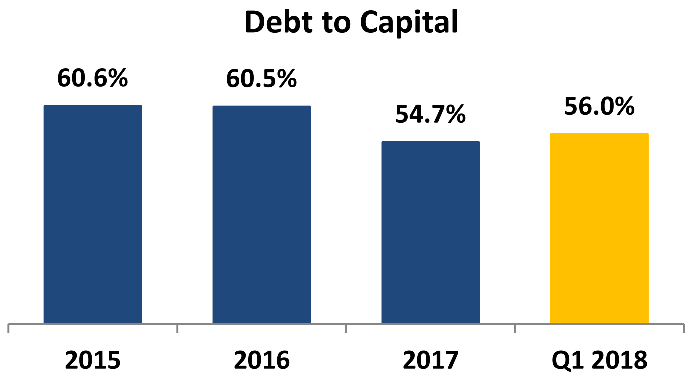
Generating Significant Levels of Operating Cash

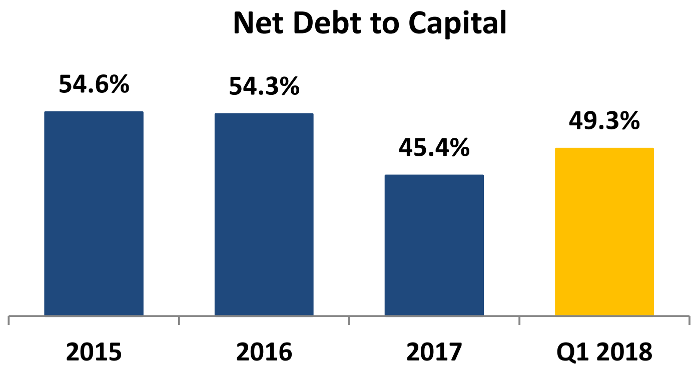
($ in millions)



Improving Our Capital Structure

Recent Accomplishments	Near-Term Opportunities
Retired $265 million of 9.1% Senior Notes	**$300 million** 7.25% Senior Notes Due June 2018 – plan to retire with existing cash
Reduced leverage ratio to within 2019 target range	**$230 million** Convertible Senior Notes $27.37 conversion price per share Due February 2019 Conversion would reduce debt and increase equity with no impact to diluted share count
Upsized unsecured revolving credit facility to $500 million and extended maturity to 2021	

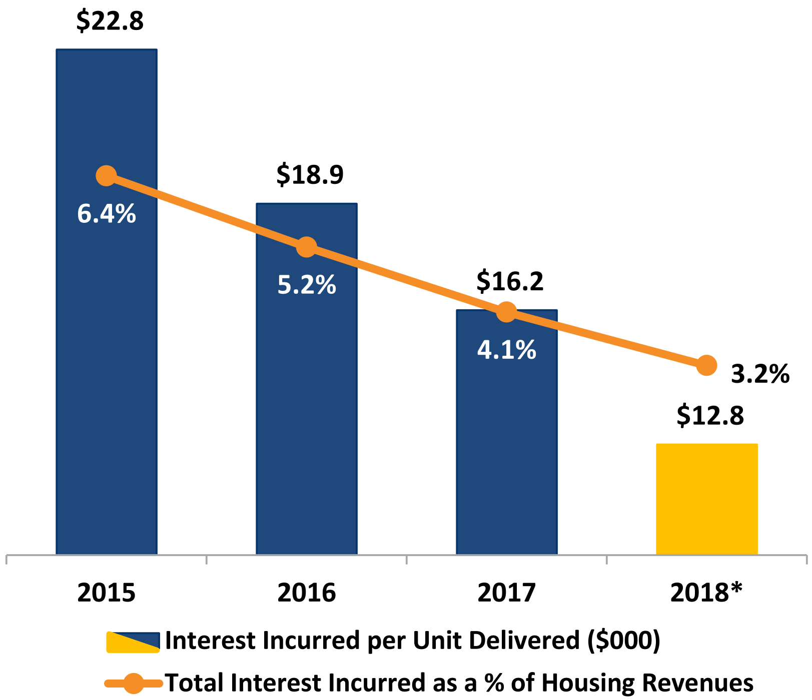




See Appendix: Reconciliation of Non-GAAP Financial Measures

Debt Reduction Will Meaningfully Benefit Future Gross Margin

Original Target	Repayment of Senior Notes	Reduction in Annual Interest Incurred
$250 million over 3 years	**$265 million** 9.1% Notes 2017 Maturity	**$24 million** 9.1% Notes
	$300 million 7.25% Notes 2018 Maturity	**$22 million** 7.25% Notes



*2018 based on pro forma interest incurred and mid-point of full-year 2018 housing revenue guidance, and implied deliveries

Continued Performance on Returns-Focused Growth Plan

- Market conditions remain strong where we operate. Healthy demand driven by job growth, higher consumer confidence, increasing household formation and demand from millennials. Supply remains at or near record low levels.

- Growing our top line while expanding operating margin and improving asset efficiency are producing meaningful improvements in returns

- Generating significant cash flow, fueling our ability to continue investing in land and reducing our debt balance

- Delivering solid performance on Returns-Focused Growth Plan and on-track to achieve 2019 targets

Roadmap to Increase Stockholder Value

Increase Scale	Enhance Profitability	Strengthen Cash Flow	Achieve 2019 Targets
Grow community count, optimize ASPs and absorptions	Drive higher profitability per unit	Generate higher cash flow from operations	ROIC in excess of 10%, ROE of 10% to 15%
Deliver 10% to 15% housing revenue growth	Expand homebuilding operating income margin	Accelerate use of DTA, improve asset efficiency, deploy excess cash	Net debt to capital of 40% to 50%

Appendix

Reconciliation of Non-GAAP Financial Measures

($ in thousands, except per home delivered)

Housing Operating Income Per Home Delivered

	2015	2016	2017	LTM Q1 2018
Homes delivered	8,196	9,829	10,909	10,908
Housing revenues	$ 2,908,236	$ 3,575,548	$ 4,335,205	$ 4,390,798
Housing construction and land costs	(2,433,683)	(2,997,073)	(3,627,732)	(3,662,025)
Housing inventory-related charges	9,591	16,152	25,232	26,209
Adjusted housing construction and land costs	(2,424,092)	(2,980,921)	(3,602,500)	(3,635,816)
Housing gross profits excluding inventory-related charges	484,144	594,627	732,705	754,982
Selling, general and administrative expenses	(342,998)	(389,441)	(426,394)	(429,229)
Adjusted housing operating income	$ 141,146	$ 205,186	$ 306,311	$ 325,753
Adjusted housing operating income per home delivered excluding inventory-related charges	$ 17,221	$ 20,876	$ 28,079	$ 29,864

Housing Gross Profit Margin

	2015	2016	2017
Housing Gross Profit Margin - As Reported	16.3 %	16.2 %	16.3 %
Housing inventory-related charges	0.3	0.5	0.6
Housing gross profit margin excluding inventory-related charges	16.6 %	16.6 %	16.9 %

Homebuilding Operating Income Margin

	2015	2016	2017
Homebuilding Operating Income Margin - As Reported	4.6 %	4.3 %	6.5 %
Homebuilding inventory-related charges	0.3	1.4	0.6
Homebuilding operating income margin excluding inventory-related charges	4.9 %	5.7 %	7.1 %

The Company believes these non-GAAP financial measures, which assist management in making certain 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	2015	2016	2017
Pretax income	$ 127,043	$ 149,315	$ 289,995
Add: Net interest expense	21,398	5,371	5,067
Add: Interest amortization in construction and land costs	143,255	161,285	215,396
Net operating profit (EBIT)	291,696	315,971	510,458
Income tax expense	(97,400)	(92,500)	(192,500)
Net operating profit after tax	$ 194,296	$ 223,471	$ 317,958

Average Invested Capital (Book Value)			
Notes payable – 5 point average	$ 2,669,421	$ 2,627,689	$ 2,496,389
Stockholders' equity – 5 point average	1,629,475	1,669,731	1,799,849
Average invested capital	$ 4,298,896	$ 4,297,420	$ 4,296,238

Return on Invested Capital	**4.5%**	**5.2%**	**7.4%**

ROE Calculation

($ in thousands)

Net Income	2015	2016	2017
Pretax income	$ 127,043	$ 149,315	$ 289,995
Income tax expense	(42,400)	(43,700)	(109,400)
Net income	$ 84,643	$ 105,615	$ 180,595
Stockholders' equity – 5 point average	$ 1,629,475	$ 1,669,731	$ 1,799,849
Return on Equity	**5.2%**	**6.3%**	**10.0%**

Reconciliation of Non-GAAP Financial Measures

($ in thousands)

	2015	2016	2017	Q1 2018
Debt to Capital				
Notes payable	$ 2,601,754	$ 2,640,149	$ 2,324,845	$ 2,359,570
Stockholders' equity	1,690,834	1,723,145	1,926,311	1,852,722
Total capital	$ 4,292,588	$ 4,363,294	$ 4,251,156	$ 4,212,292
Ratio of debt to capital	60.6%	60.5%	54.7%	56.0%
Net Debt to Capital				
Notes payable	$ 2,601,754	$ 2,640,149	$ 2,324,845	$ 2,359,570
Less: Cash and cash equivalents and restricted cash	(568,386)	(592,086)	(720,630)	(560,255)
Net debt	2,033,368	2,048,063	1,604,215	1,799,315
Stockholders' equity	1,690,834	1,723,145	1,926,311	1,852,722
Total capital	$ 3,724,202	$ 3,771,208	$ 3,530,526	$ 3,652,037
Ratio of net debt to capital	54.6%	54.3%	45.4%	49.3%

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