Investor Presentation

Second Quarter 2021

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 securities repurchases pursuant to our board of directors’ authorization; material and trade costs and availability, particularly lumber; consumer and producer price inflation; 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; home selling prices, including our homes’ selling prices, increasing at a faster rate than consumer incomes; 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 any such failure; government actions, policies, programs and regulations directed at or affecting the housing market (including the Coronavirus Aid, Relief, and Economic Security Act, relief provisions for outstanding mortgage loans and any extensions or broadening thereof, the 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 thereto; 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 adoption of new or amended financial accounting standards and the guidance and/or interpretations with respect thereto; 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 business strategies and achieve any associated financial and operational targets and objectives, including those discussed in this presentation or in any of our other public filings, presentations or disclosures; 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, our mortgage banking joint venture with Stearns Ventures, LLC; information technology failures and data security breaches; an epidemic or pandemic (such as the outbreak and worldwide spread of COVID-19), and the control response measures that international, federal, state and local governments, agencies, law enforcement and/or health authorities implement to address it, which may (as with COVID-19) precipitate or exacerbate one or more of the above-mentioned and/or other risks, and significantly disrupt or prevent us from operating our business in the ordinary course for an extended period; widespread protests and civil unrest, whether due to political events, efforts to institute law enforcement and other social and political reforms, and the impacts of implementing or failing to implement any such reforms, or otherwise; 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.

Built-to-Order Model Is a Key Differentiator

Advantages of Built-to-Order ("BTO")

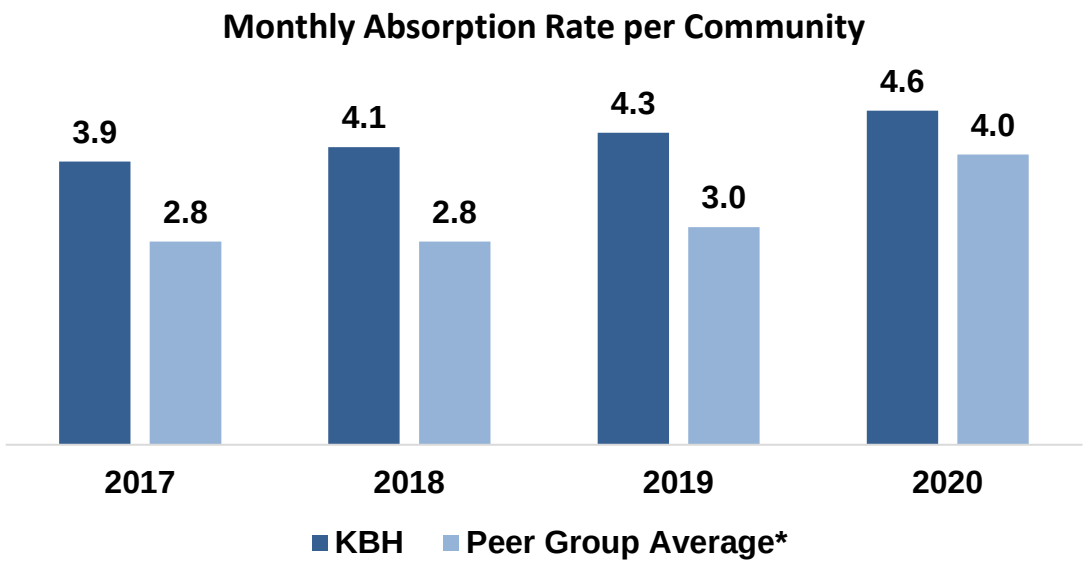
Mitigates Risk
Aligns business to demand, as we build to our sales pace, not to a targeted delivery goal, which minimizes speculative inventory and margin variability associated with carrying a large number of finished, but unsold, homes in inventory

Operationally Efficient
Working from a large backlog of sold homes, we can manage starts to achieve even-flow production at the community level, generating efficiencies in overhead and cost to build

Higher Visibility
Even-flow production reinforces our preferred position with subcontractors and provides greater predictability on deliveries

Margin Enhancer
Opportunities for incremental revenue as well as margin enhancement through lot premiums, structural options and design studio upgrades

Drives Absorption
Selling and building the home the customer values helps drive absorption and customer satisfaction

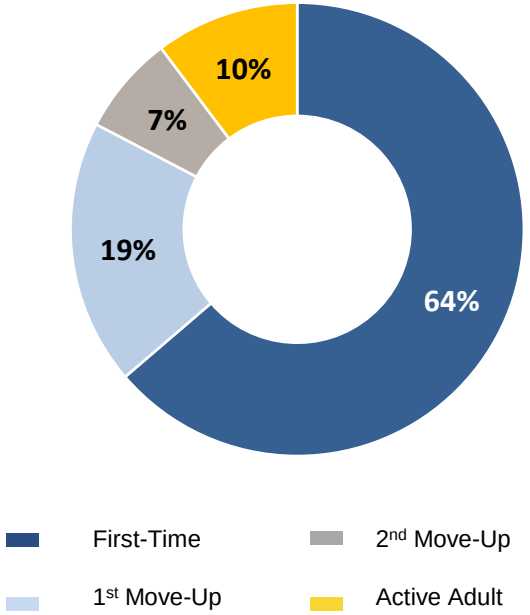


* Includes DHI, LEN, MDC, MTH, NVR, PHM, TMHC, TOL, TPH. Source: Wells Fargo, Zelman & Associates.

Built-to-Order Model Attracts Largest Demand Segments of Market

A Leader in the First-Time Buyer Segment While Drawing a Mix of Buyers to Our Communities

Q2 2021 Buyer Profile
(Based on Homes Delivered)



Invest in land positions within **prime growth** submarkets

Position our product to target the **median household income** in each submarket

BTO **enhances value** through **choice** of lot, square footage, floor plan and elevation, and then the ability to **personalize** in our Design Studios

While we primarily target the first-time buyer, our model also appeals to move-up buyers and empty nesters who can make a different set of choices in the same community

Dedicating to Providing World Class Customer Service

- KB Home's personalized, customer-centric Built-to-Order business model enables us to develop long-term relationships with our customers
- Our community teams partner with customers through each major step of their purchase of a KB home: sale – mortgage – studio – construction – closing – post closing
- Customers recognize the value of our partnership. Recent customer surveys conducted by independent, third-party sources such as TrustBuilder® and ConsumerAffairs have given KB Home exceptional customer satisfaction ratings.

REAL HOMEOWNERS
TRUSTBUILDER®
HONEST REVIEWS
powered by NEWHOMESOURCE

4.6 out of 5 stars
in all areas

4272 Reviews - 277 Communities

Quality	4.5
Trustworthiness	4.6
Value	4.6
Responsiveness	4.6

5 ★	(3192)
4 ★	(607)
3 ★	(252)
2 ★	(131)
1 ★	(90)

TrustBuilder® data as of June 17, 2021.

Second Quarter 2021

Growth-Oriented Geographic Footprint

Principal Markets

- West Coast: California, Washington
- Southwest: Arizona, Nevada
- Central: Colorado, Texas
- Southwest: Florida, North Carolina

Q2 2021 Mix

	West Coast	Southwest	Central	Southeast
Homebuilding Revenues	44%	18%	27%	11%
Deliveries	29%	20%	35%	16%
Avg. Selling Price	$622K	$361K	$317K	$294K
Net Order Value	46%	18%	23%	13%
Backlog Value	40%	18%	29%	13%

Second Quarter 2021 Highlights

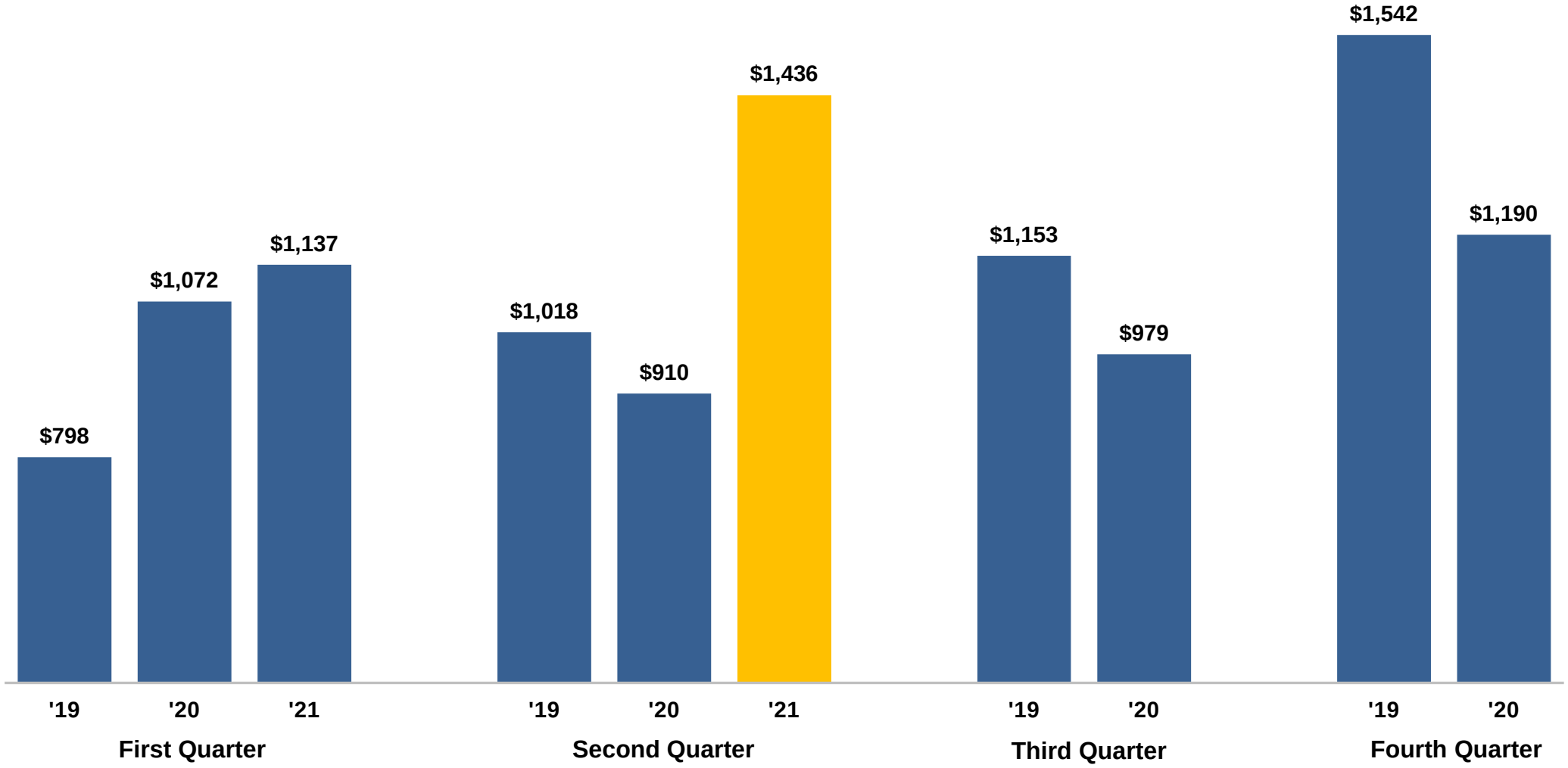
(all comparisons on a year-over-year basis)

- Revenues totaled $1.44 billion
- Homebuilding operating income grew 216% to $162.9 million
  - Homebuilding operating income margin increased 560 basis points to 11.3%. Excluding inventory-related charges in both periods and severance charges in the prior-year period, homebuilding operating income margin improved to 11.4% from 6.9%.
  - Housing gross profit margin expanded 320 basis points to 21.4%. Excluding inventory-related charges, housing gross profit margin increased 280 basis points to 21.5%
  - Selling, general and administrative expenses as a percentage of housing revenues decreased to 10.1% from 12.6%. Excluding severance charges, the selling, general and administrative expense ratio in the prior-year quarter was 11.8%.
- Net income and diluted earnings per share increased 176% to $143.4 million and 173% to $1.50, respectively
- Net orders increased 145% to 4,300 and net order value increased $1.35 billion, or 196%, to $2.04 billion
- Total liquidity was $1.40 billion, which included $787.6 million of available capacity under our revolver
  - Subsequent to quarter-end, we completed the issuance of $390.0 million of 4.00% senior notes due 2031, and used a portion of the net proceeds to purchase $269.8 million of our outstanding $450.0 million of 7.00% senior notes due December 15, 2021. We expect to recognize a charge of approximately $5.0 million for the early extinguishment of debt in the 2021 third quarter. We intend to redeem the remainder of the 7.00% senior notes at par value on September 15, 2021.
- The ratio of debt to capital improved 190 basis points from November 30, 2020 to 37.7%
- Stockholders' equity increased 16% to $2.89 billion, and book value per share increased by $3.82, or 14%, to $31.33

	Q2 2021	Q2 2020	% Change
Housing Revenues	**$1.44 billion**	**$910.0 million**	**58%**
Deliveries	**3,504**	**2,499**	**40%**
Average Selling Price	**$409,800**	**$364,100**	**13%**
Net Orders	**4,300**	**1,758**	**145%**
Net Order Value	**$2.04 billion**	**$688.4 million**	**196%**
Backlog Homes	**10,034**	**5,080**	**98%**
Backlog Value	**$4.29 billion**	**$1.90 billion**	**126%**
Ending Community Count	**200**	**244**	**-18%**
Average Community Count	**205**	**247**	**-17%**
Absorption (net orders per community, per month)	**7.0**	**2.4**	**192%**

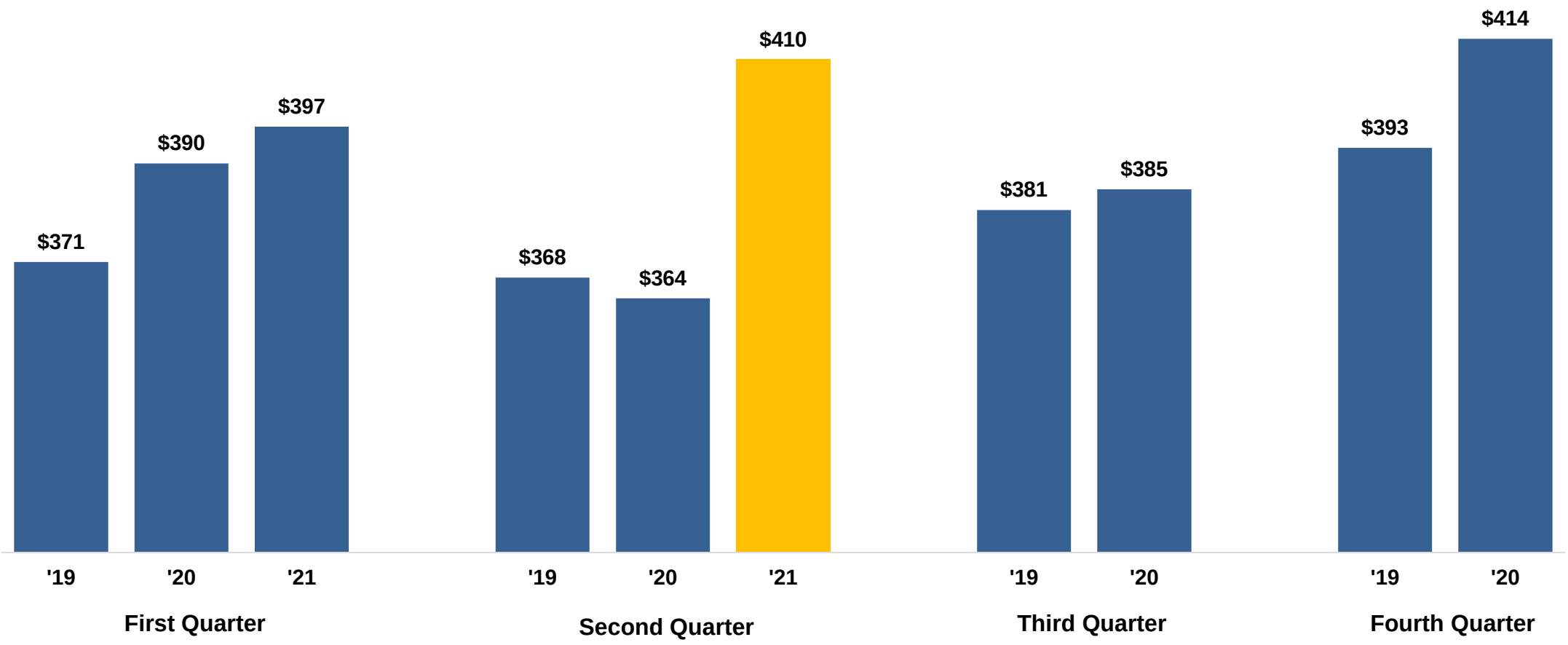
Housing Revenues

($ in millions)

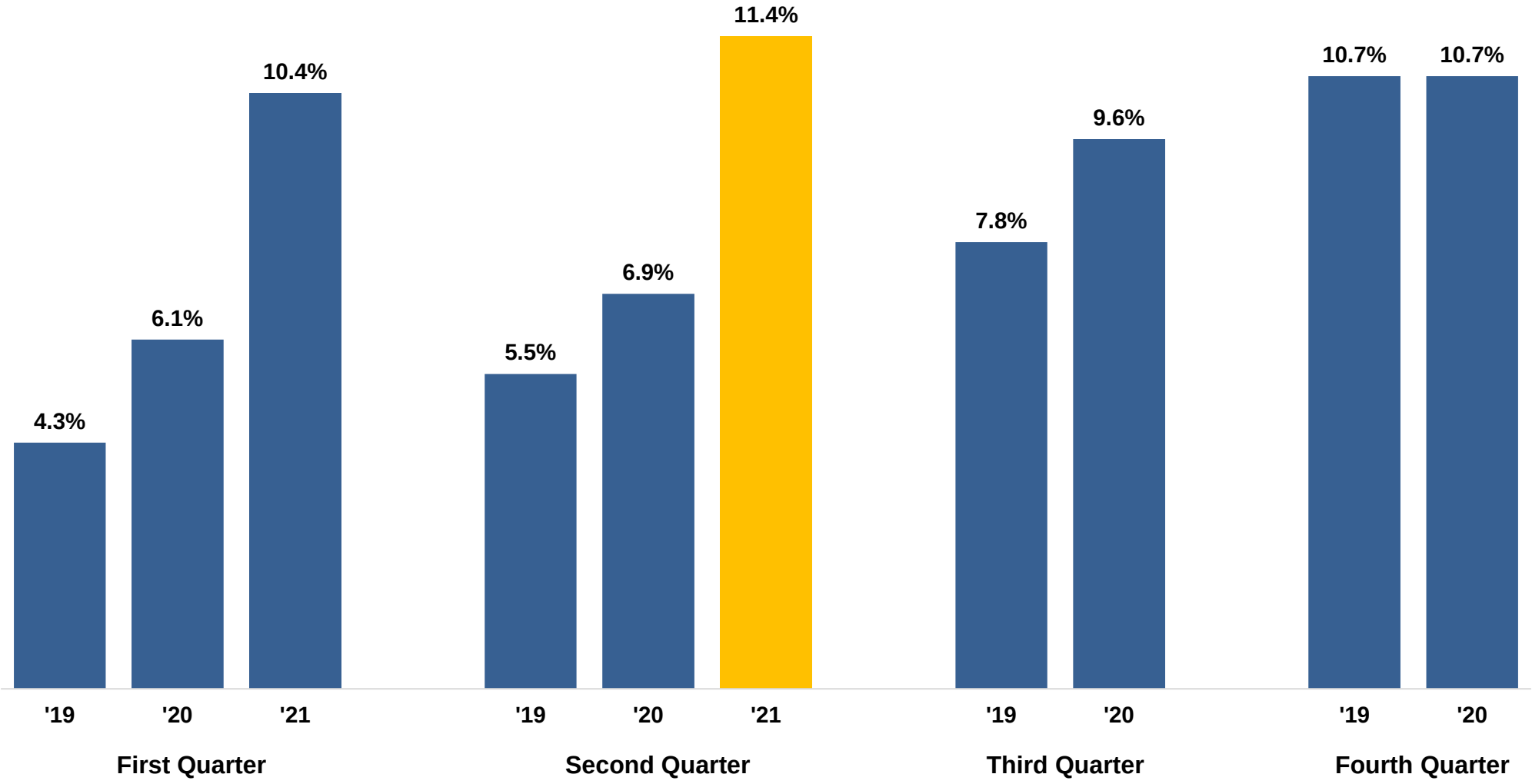


Average Selling Price

($ in thousands)

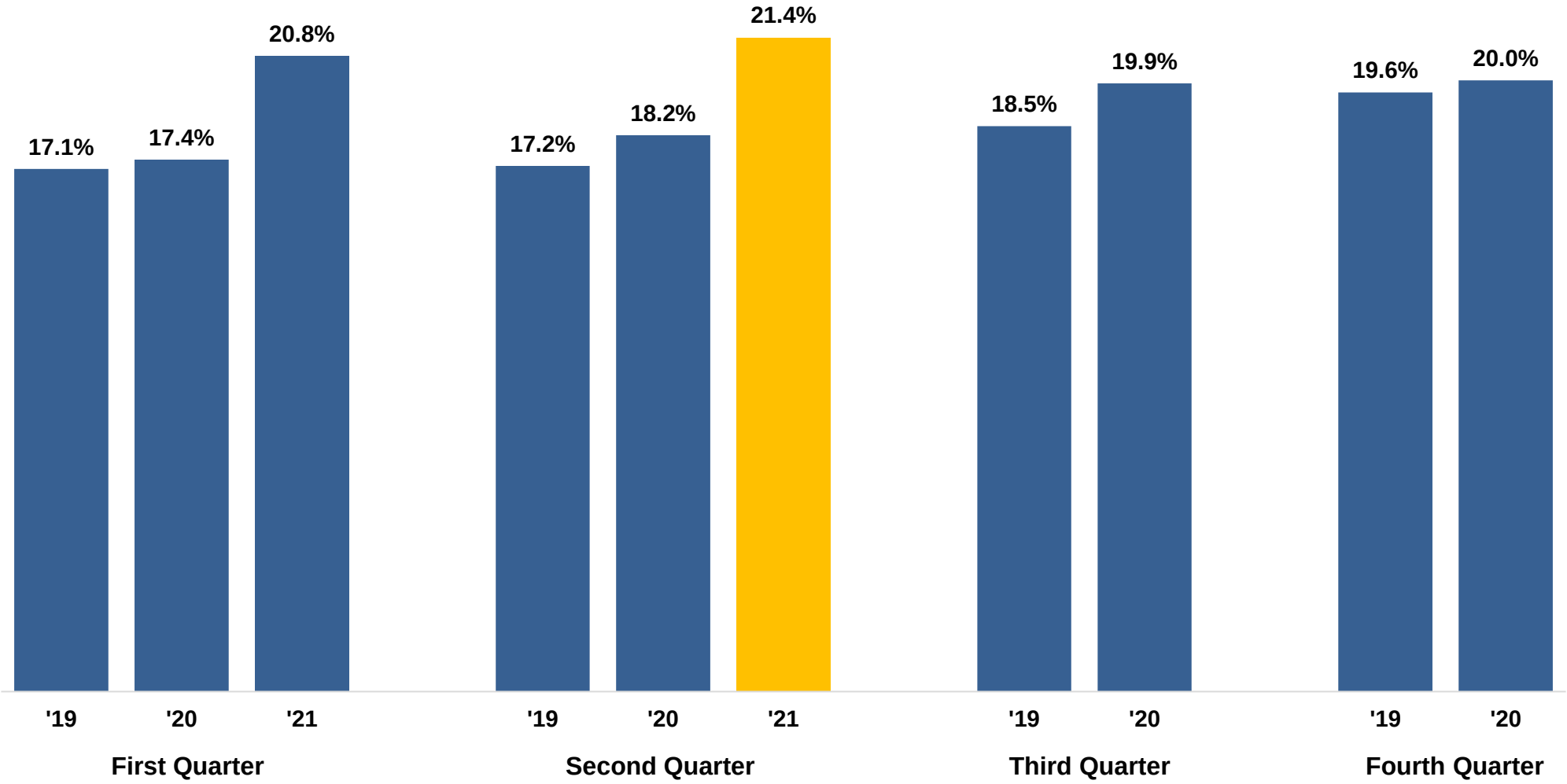


Homebuilding Operating Income Margin*

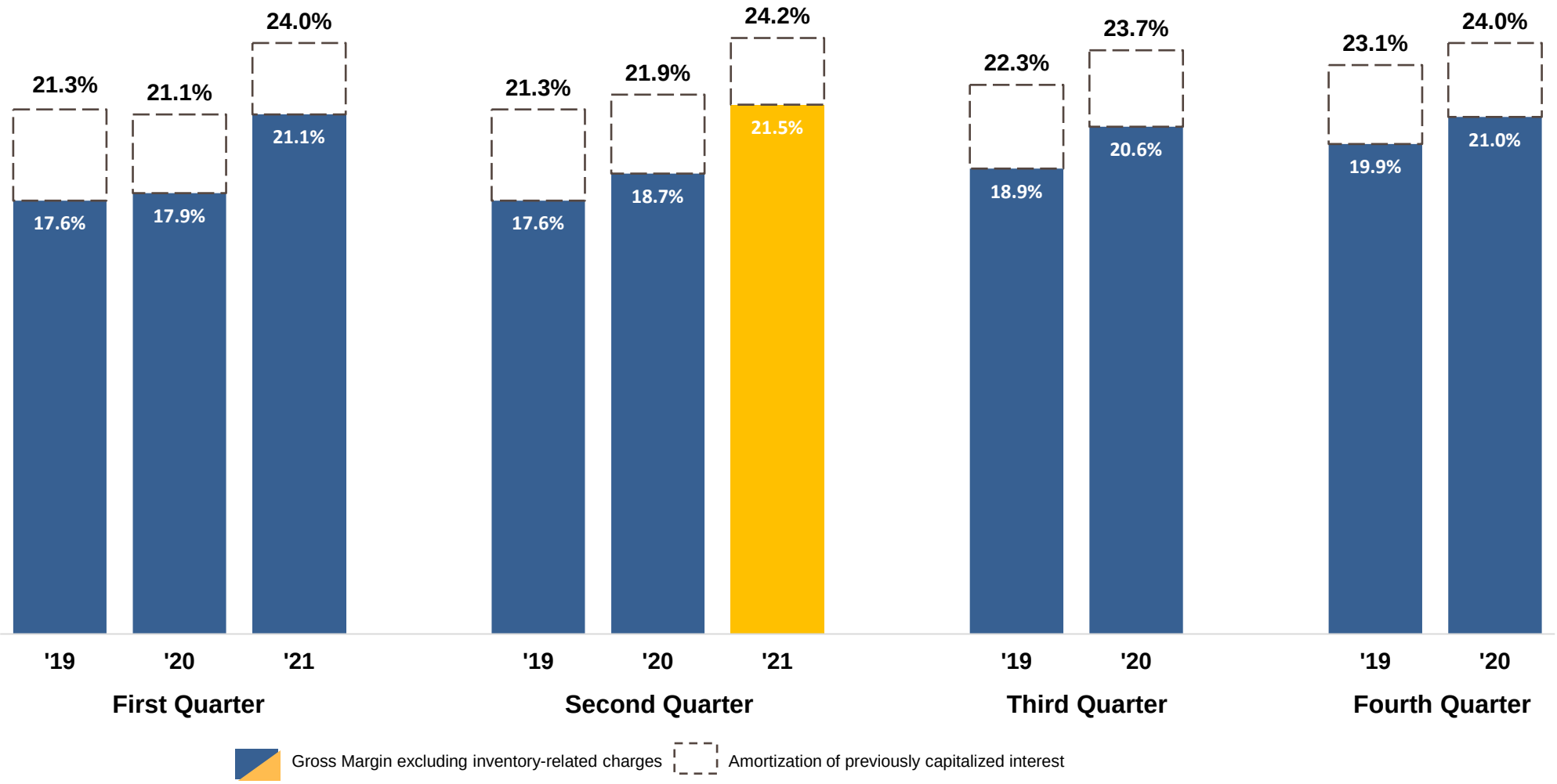


*Excludes inventory-related charges and Q2 2020 severance charges. See Appendix: Reconciliation of Non-GAAP Financial Measures.

Housing Gross Profit Margin – Reported

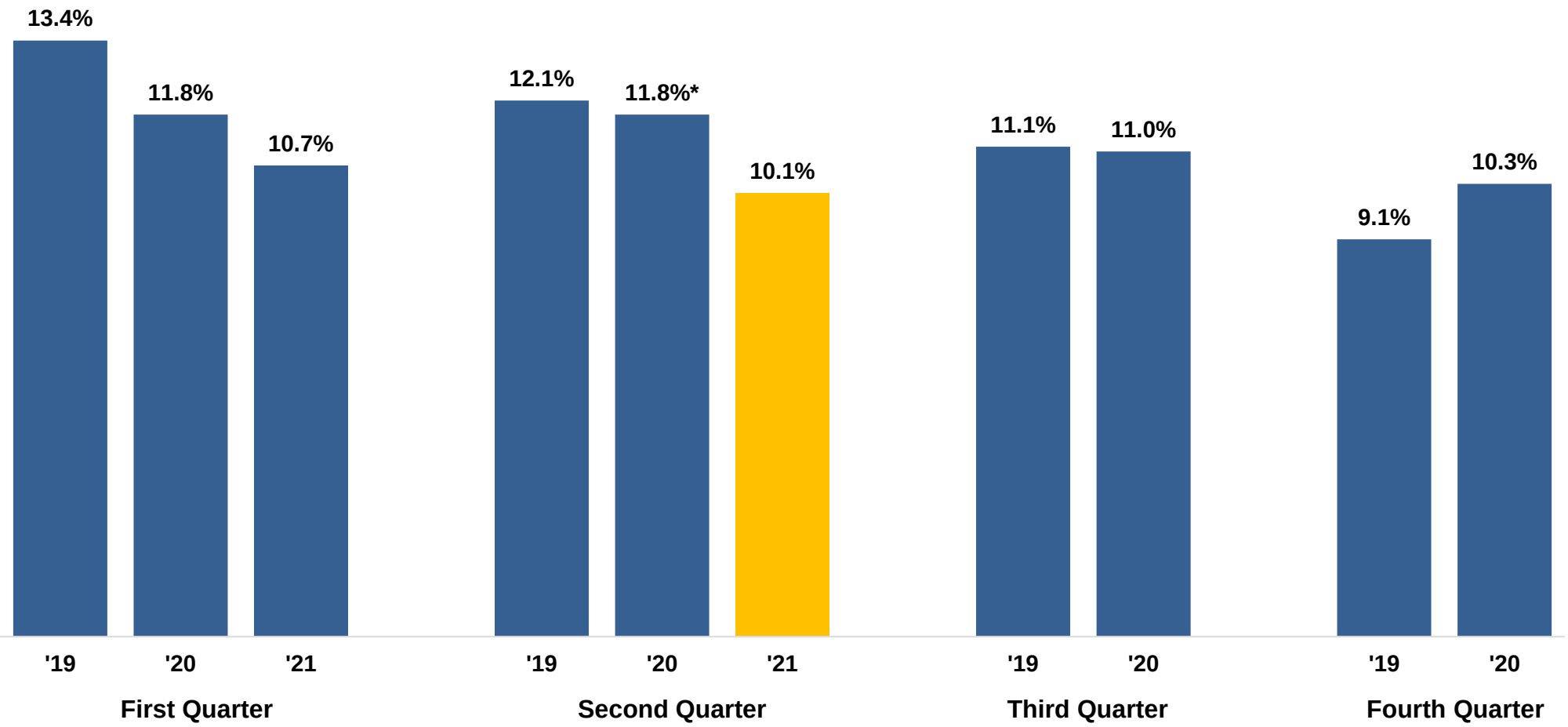


Housing Gross Profit Margin – Adjusted*



*Excludes inventory-related charges and amortization of previously capitalized interest. See Appendix: Reconciliation of Non-GAAP Financial Measures.

SG&A Expense Ratio



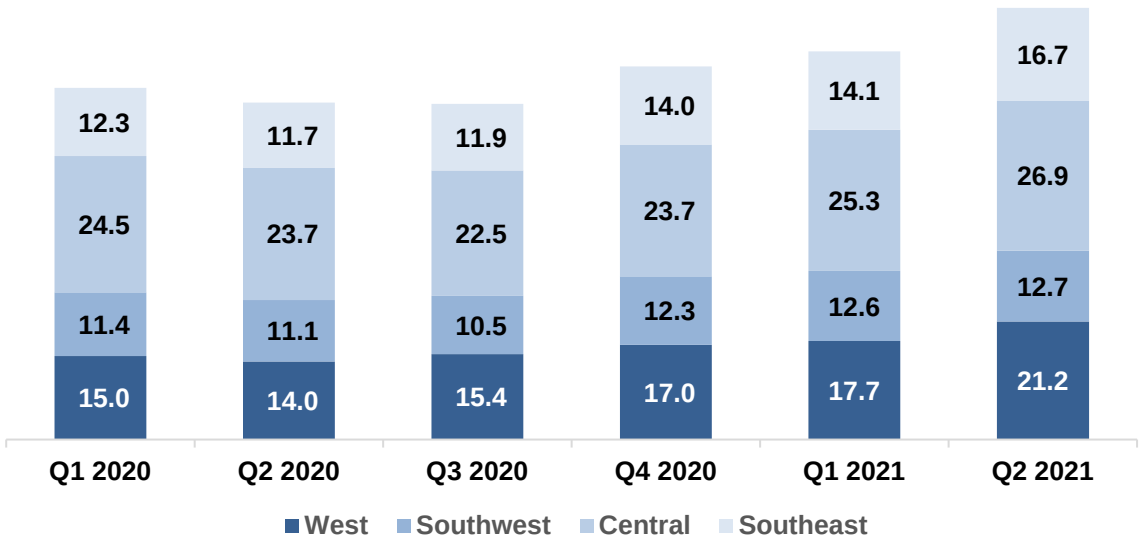
*Excludes $6.7 million of severance charges.

Balanced Land Portfolio

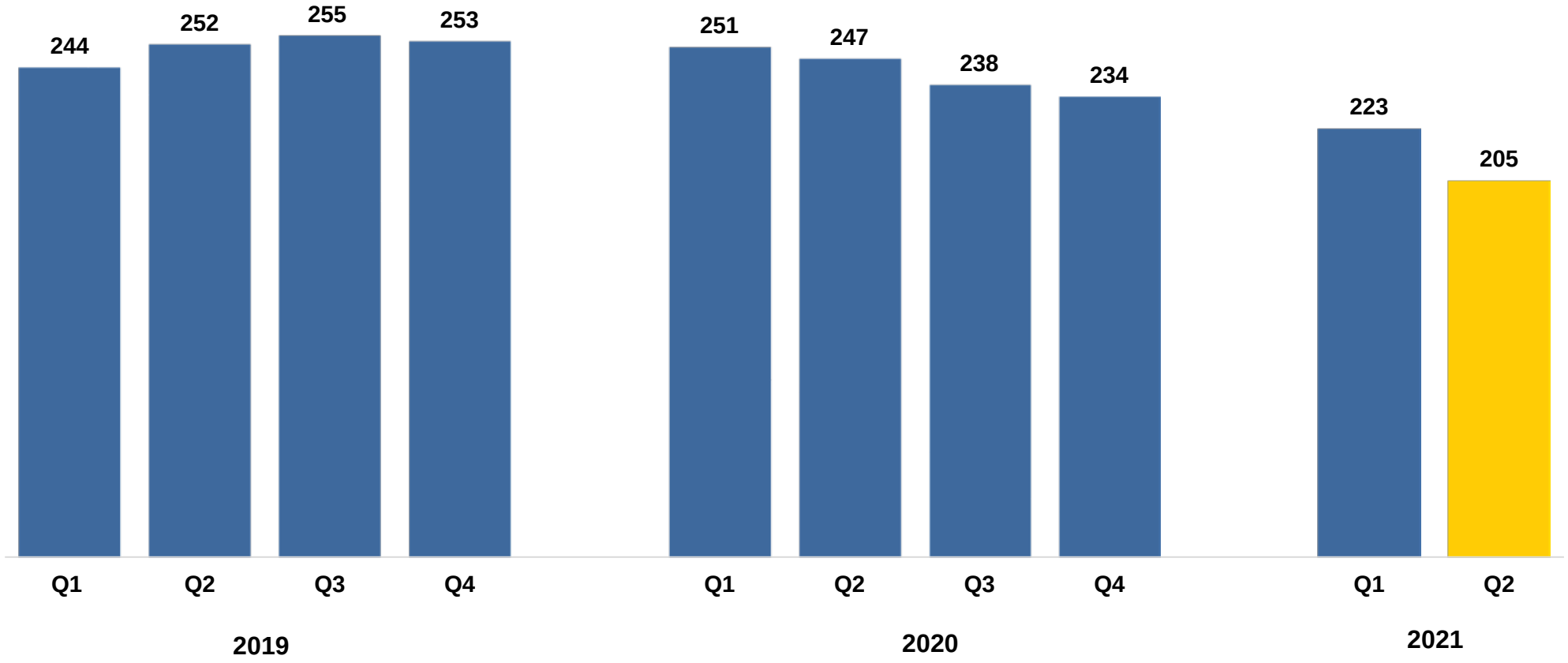
Q2 2021 Highlights

- Total inventory was $4.27 billion
- Total lots owned or controlled were 77,458
  - Owned lots represented a supply of approx. 3.6 years based on homes delivered in the trailing 12 months
  - Owned / optioned split was 55% / 45%
- We own or control all of the lots that we need for our anticipated volume growth in 2022 and are currently investing for deliveries in 2023 and beyond

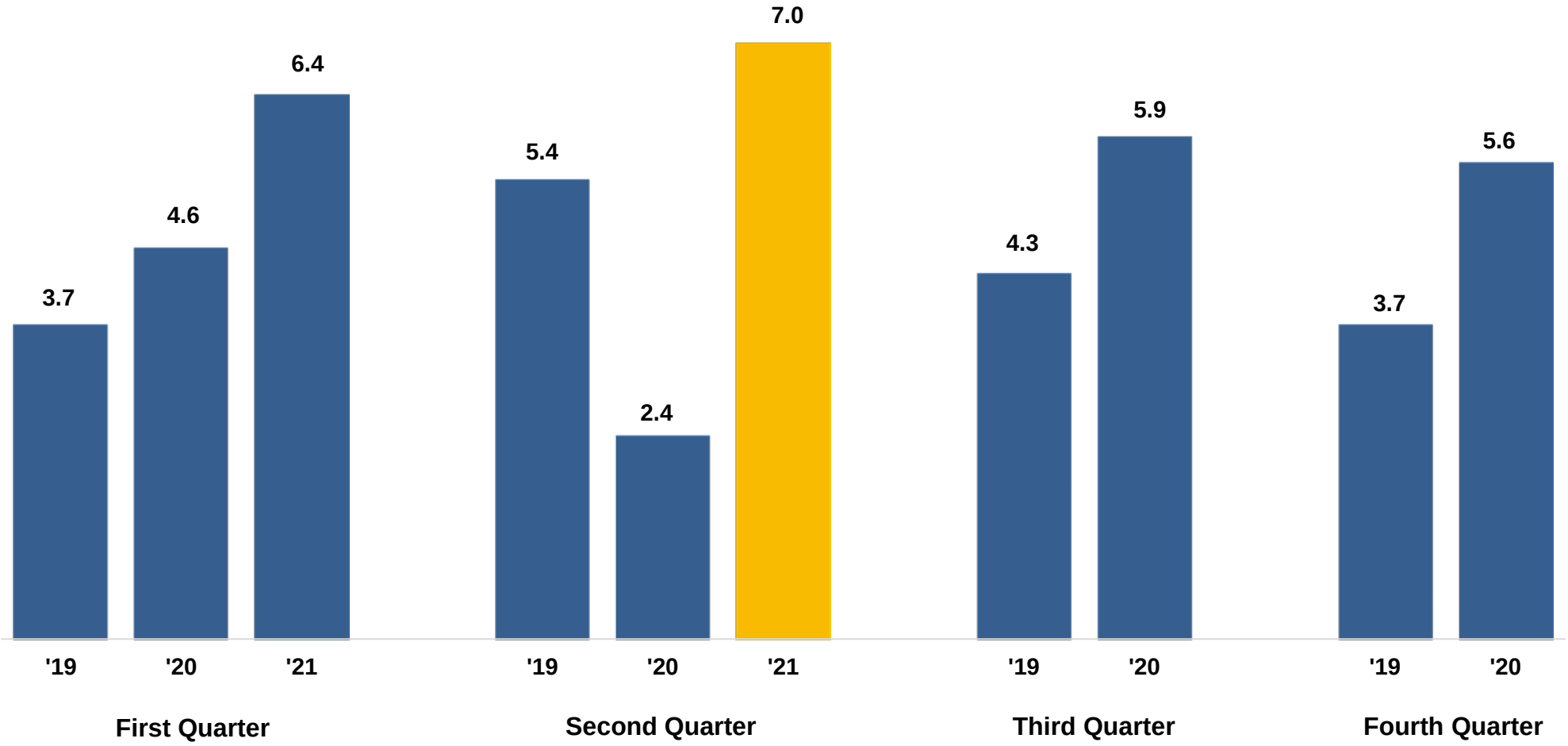
Lots by Region (in 000's)



Average Community Count

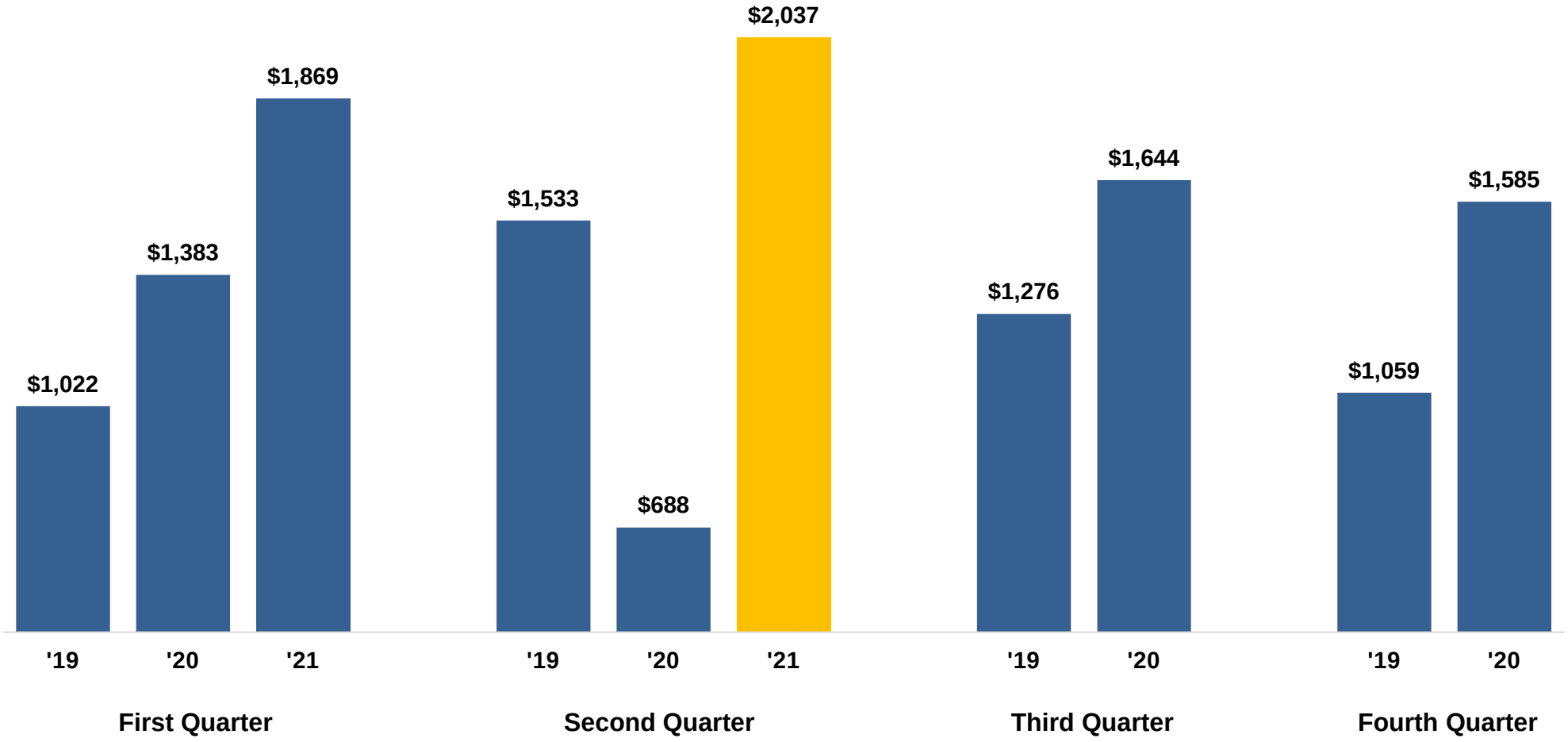


Net Orders per Community per Month



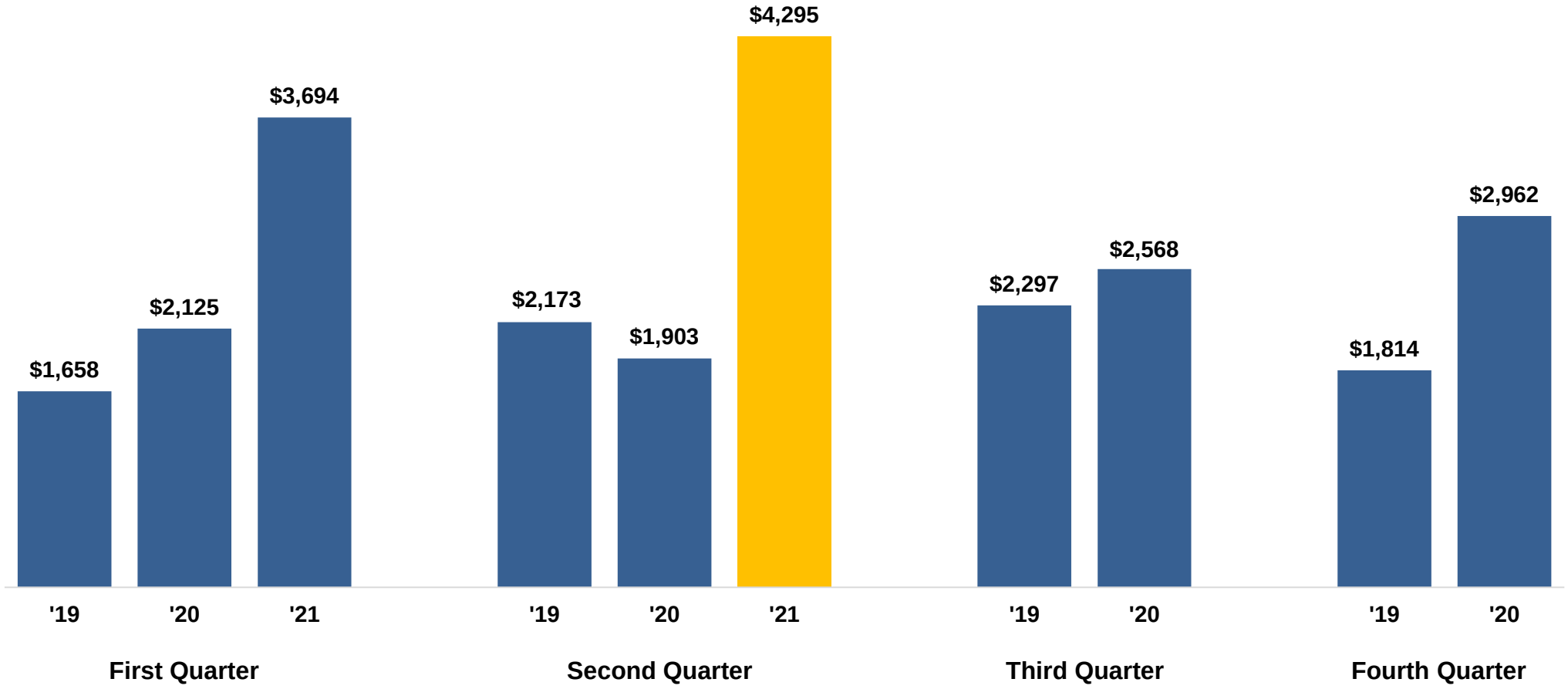
Net Order Value

($ in millions)



Backlog Value

($ in millions)



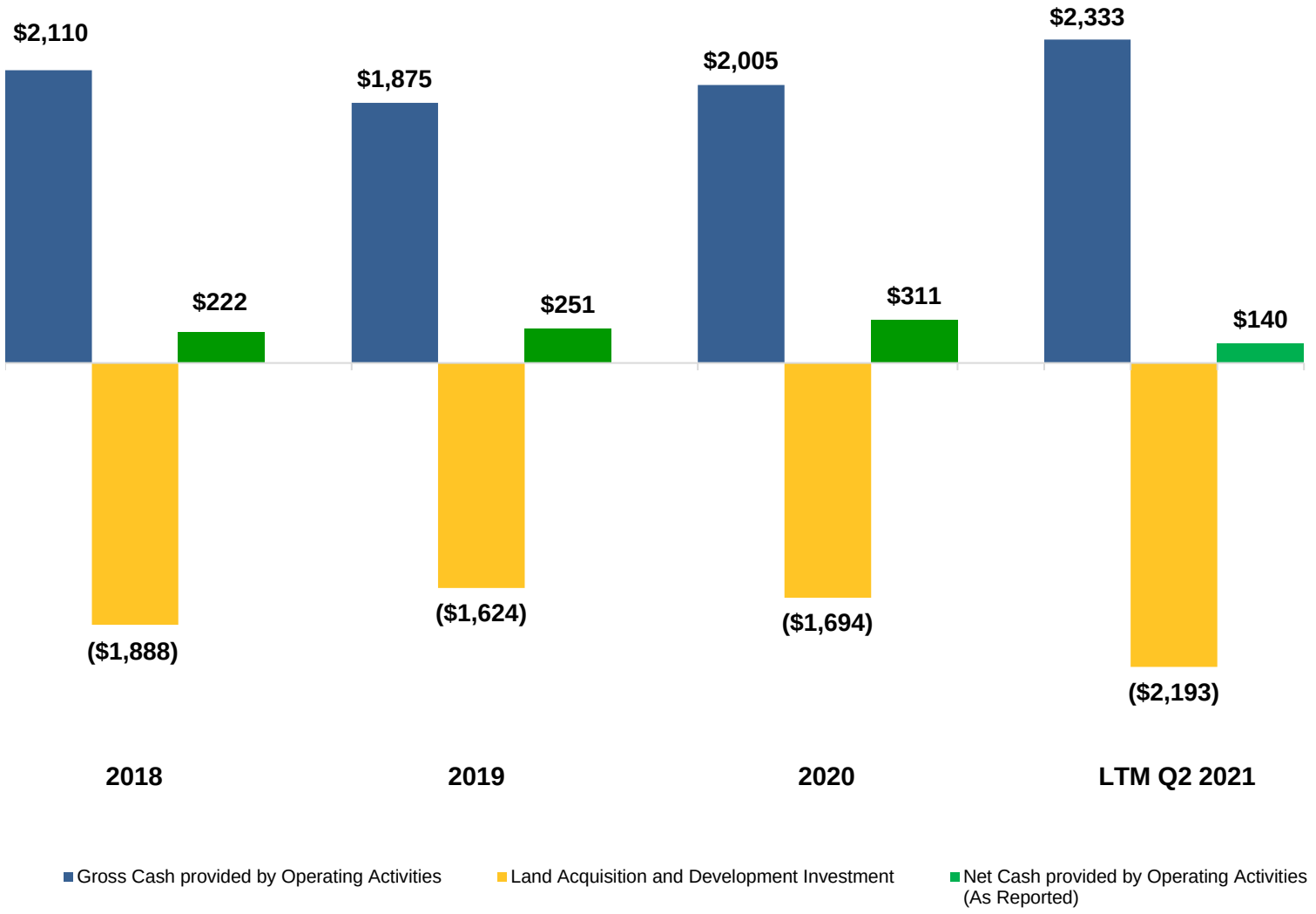
Generating Significant Gross Operating Cash Flow

($ in millions)

Highlights

From 2018 through 2020,

- We generated nearly $6 billion in gross operating cash flow
- Approximately 87% of this cash flow was reinvested in our future growth through land acquisition and development spend that met our underwriting criteria
- We returned approximately $102 million in cash to stockholders through dividends and share repurchases



Healthy Capital Structure

Highlights

Leverage

- We improved our debt-to-capital ratio by 190 basis points relative to year-end 2020
- From 2018 through 2020, we have repaid approximately $580 million in senior notes

Liquidity

- Total liquidity, including cash and revolver availability, was $1.40 billion at Q2 2021
- We have had no borrowings under our unsecured revolving credit facility in fiscal 2020 or year-to-date in fiscal 2021

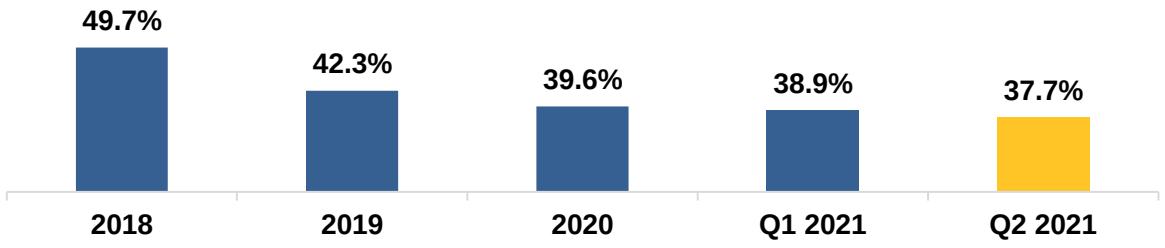
Credit Rating

- In May 2021, Moody's Investors Service upgraded our corporate credit rating to Ba2 from Ba3
- In Jan 2020, S&P Global Ratings upgraded our corporate credit rating to BB from BB-

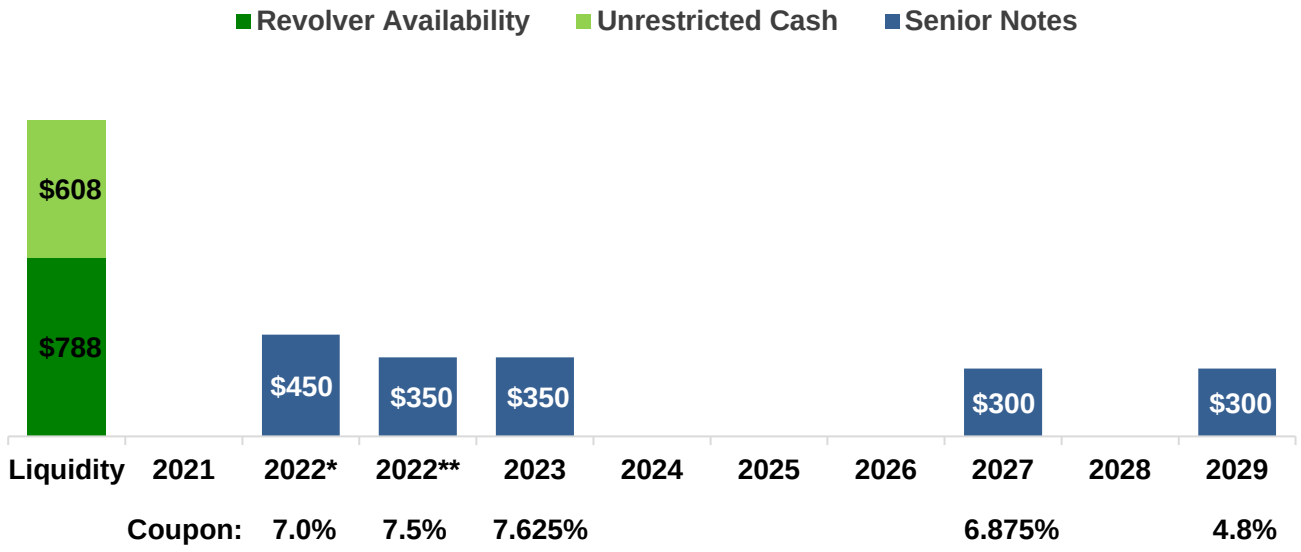
Recent Transactions Subsequent to May 31, 2021

- We issued $390.0 million of 4.00% senior notes due 2031
  - Used a portion of the net proceeds to purchase $269.8 million of our outstanding $450.0 million of 7.00% senior notes due December 15, 2021
- In the 2021 third quarter, we expect to recognize a charge of approximately $5.0 million for the early extinguishment of debt
- We intend to redeem the remainder of the 7.00% senior notes at par value on September 15, 2021

Debt-to-Capital Ratio



Liquidity and Debt Maturity Summary at 5/31/21 ($ in millions)



* Matures 12/15/21 (fiscal year 2022) ** Matures 9/15/22

The ESG Difference

Leadership in Sustainable Homebuilding

150,000+
Total U.S. EPA ENERGY STAR™ Certified New Homes

11,000+
Total Solar Homes

17,000+
Total U.S. EPA WaterSense™ & Water Smart Homes

Approx. $800 Million*
Cumulative Utility Bill Savings

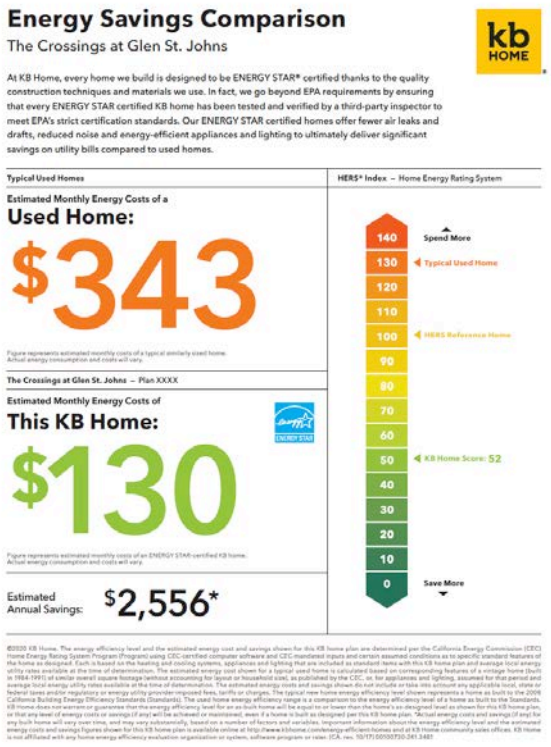
Approx. 1.6 Billion Gallons*
Water Conserved Annually

Approx. 5.6 Billion Pounds*
Fewer CO_2 Emissions

ENERGY STAR AWARD 2021
PARTNER OF THE YEAR
Sustained Excellence

MARKET LEADER AWARD 2020
CERTIFIED HOMES

EPA WaterSense 2020 SUSTAINED EXCELLENCE


Energy Savings Comparison
The Crossings at Glen St. Johns

At KB Home, every home we build is designed to be ENERGY STAR® certified thanks to the quality construction techniques and materials we use. In fact, we go beyond EPA requirements by ensuring that every ENERGY STAR certified KB home has been tested and verified by a third-party inspector to meet EPA's strict certification standards. Our ENERGY STAR certified homes offer fewer air leaks and drafts, reduced noise and energy-efficient appliances and lighting to ultimately deliver significant savings on utility bills compared to used homes.

Typical Used Homes

Estimated Monthly Energy Costs of a Used Home: $343

Figure represents estimated monthly costs of a typical similarly sized home. Actual energy consumption and costs will vary.

The Crossings at Glen St. Johns – Plan XXXX

Estimated Monthly Energy Costs of This KB Home: $130

Figure represents estimated monthly costs of an ENERGY STAR-certified KB home. Actual energy consumption and costs will vary.

Estimated Annual Savings: $2,556*

HERS® Index – Home Energy Rating System

140 Spend More
130 Typical Used Home
120
110
100 HERS Reference Home
90
80
70
60
50 KB Home Score: 52
40
30
20
10
0 Save More

©2020 KB Home. The energy efficiency level and the estimated energy cost and savings shown for this KB home plan are determined per the California Energy Commission (CEC) Home Energy Rating System Program (Program) using CEC-certified computer software and CEC-mandated inputs and certain assumed conditions as to specific standard features of the home as designed. Each is based on the heating and cooling systems, appliances and lighting that are included as standard items with this KB home plan and average local energy utility rates available at the time of determination. The estimated energy cost shown for a typical used home is calculated based on corresponding features of a vintage home (built in 1984-1991) of similar overall square footage (without accounting for layout or household size), as published by the CEC, or for appliances and lighting, assumed for that period and average local energy utility rates available at the time of determination. The estimated energy costs and savings shown do not include or take into account any applicable local, state or federal taxes and/or regulatory or energy utility provider-imposed fees, tariffs or charges. The typical new home energy efficiency level shown represents a home as built to the 2008 California Building Energy Efficiency Standards (Standards). The used home energy efficiency range is a comparison to the energy efficiency level of a home as built to the Standards. KB Home does not warrant or guarantee that the energy efficiency level for an as-built home will be equal to or lower than the home's as designed level as shown for this KB home plan, or that any level of energy costs or savings (if any) will be achieved or maintained, even if a home is built as designed per this KB home plan. *Actual energy costs and savings (if any) for any built home will vary over time, and may vary substantially, based on a number of factors and variables. Important information about the energy efficiency level and the estimated energy costs and savings figures shown for this KB home plan is available online at http://www.kbhome.com/energy-efficient-homes and at KB Home community sales offices. KB Home is not affiliated with any home energy efficiency evaluation organization or system, software program or rater. (CA. rev. 10/17) 0000000-245-3481

Energy Savings Comparison
Our proprietary tool demonstrating the lower total cost of homeownership possible with a KB home**

KB Home provides this comparison for every floor plan at each of our communities

* Estimated
** Lower cost of homeownership is relative to a typical new or resale home.

Giving Back to Our Communities

kbcares

Robust Corporate Governance

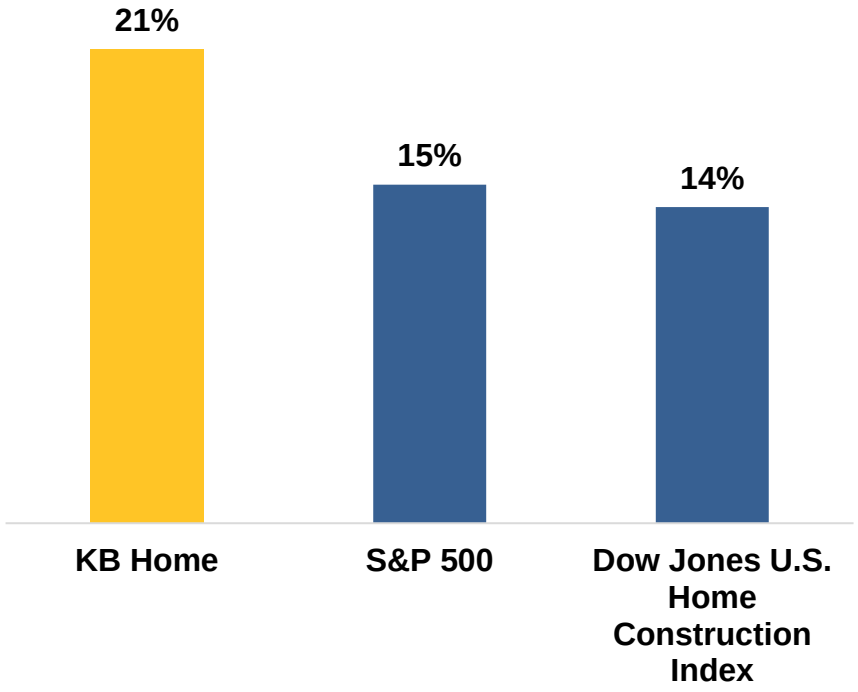
Governance Practices: A Snapshot

Independent
- Eleven of our twelve directors are independent
- Independent directors lead all Board committees

Accountable
- Directors are elected annually under a majority voting standard
- In 2021, our directors received an average of 96% support
- Directors and senior executives are subject to strong stock ownership requirements
- Executive officers are subject to a robust incentive compensation claw-back policy

Aligned
- We have one class of outstanding voting securities that allows each holder one vote for each share held
- No supermajority voting requirements
- In 2021, our Say-on-Pay proposal received 85% support

Five-Year Annualized Total Stockholder Return (2016-2020)



Summary

KB Home – A Compelling Story

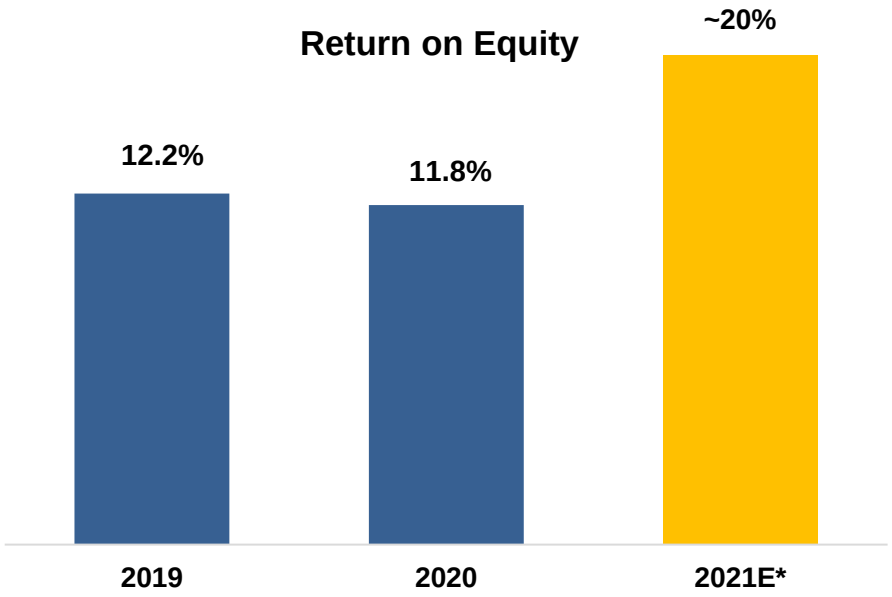
Key Takeaways

Well positioned
Existing geographic footprint offers potential for substantially larger scale in markets selected for their long-term economic and demographic growth potential

Compelling
Focused on first-time buyers while appealing to move-up buyers and empty nesters, thereby targeting the largest homebuyer demand segments

Advantages of BTO
Sell and build the home the customer values, which helps drive absorption. With a large backlog of sold homes, we can manage starts to achieve even-flow production at the community level, generating efficiencies in overhead and cost to build, and we have greater predictability on deliveries.

Demonstrated leadership in sustainability
With an industry-leading over 150,000 ENERGY STAR homes delivered, we are committed to helping our buyers lower the cost of homeownership. Our ENERGY STAR homes are up to 20% more efficient than standard new homes built to code.



*Reflects the guidance we provided on our Q2 2021 earnings conference call on June 23, 2021. See Appendix: ROE Calculation Detail.

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Appendix

ROE Calculation Detail

($ in thousands)

	2019	2020
Pretax income	$ 348,175	$ 364,043
Income tax expense	(79,400)	(67,800)
Net income	$ 268,775	$ 296,243
Average stockholders' equity (a)	$ 2,211,312	$ 2,509,531
Return on equity	**12.2%**	**11.8%**

(a) Average stockholders' equity for the trailing five quarters.

Reconciliation of Non-GAAP Financial Measures

	2019				2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Housing Gross Profit Margin										
Housing Gross Profit Margin - As Reported	17.1%	17.2%	18.5%	19.6%	17.4%	18.2%	19.9%	20.0%	20.8%	21.4%
Housing inventory-related charges	0.5	0.4	0.4	0.3	0.5	0.5	0.7	1.0	0.3	0.1
Housing gross profit margin excluding inventory-related charges	17.6	17.6	18.9	19.9	17.9	18.7	20.6	21.0	21.1	21.5
Amortization of previously capitalized interest	3.7	3.7	3.4	3.2	3.2	3.2	3.1	3.0	2.9	2.7
Housing Gross Profit Margin - As Adjusted	21.3%	21.3%	22.3%	23.1%	21.1%	21.9%	23.7%	24.0%	24.0%	24.2%
Homebuilding Operating Income Margin										
Homebuilding Operating Income Margin - As Reported	3.9%	5.1%	7.4%	10.5%	5.6%	5.7%	8.9%	9.7%	10.0%	11.3%
Homebuilding inventory-related charges	0.4	0.4	0.4	0.2	0.5	1.2*	0.7	1.0	0.4	0.1
Homebuilding operating income margin excluding inventory-related charges	4.3%	5.5%	7.8%	10.7%	6.1%	6.9%	9.6%	10.7%	10.4%	11.4%

*In addition to inventory-related charges, percentage includes impact from $6.7 million of severance charges.

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.

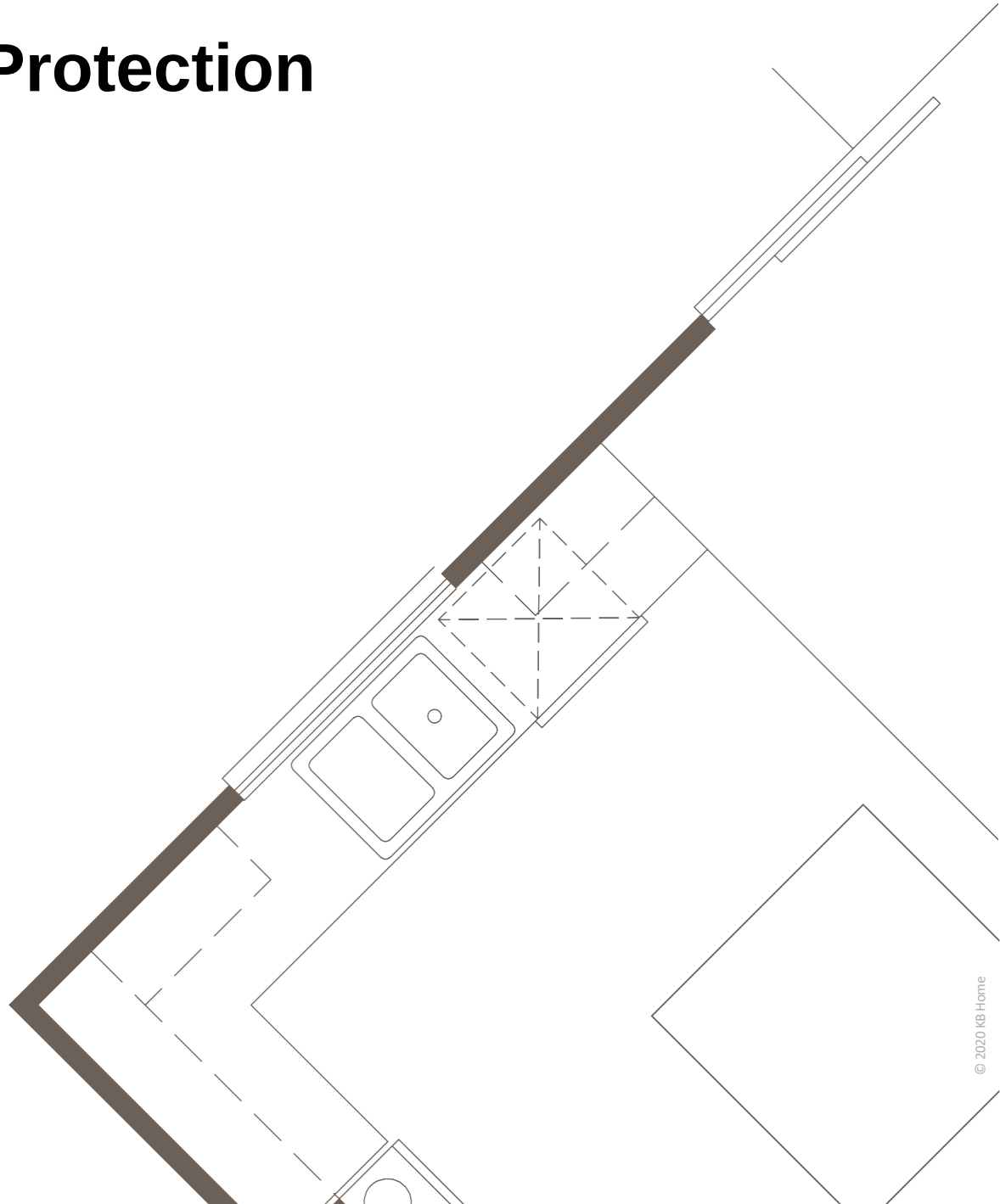
Deferred Tax Asset Value and Protection

- At May 31, 2021, KB Home had net deferred tax assets (DTA) of approximately $199 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, 2018 and 2021 (which extended the latest expiration to Apr. 30, 2024). 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 May 31, 2021, there were 92.1 million shares of common stock outstanding



Thank you for your interest in KB Home.
For further information,
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