

KB Home (KBH)

\$58.06 (Stock Price as of 01/05/2026)

Price Target (6-12 Months): **\$48.00**

Long Term: 6-12 Months

Zacks Recommendation: Underperform

(Since: 12/23/25)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

5-Strong Sell

Zacks Style Scores:

VGM: F

Value: D

Growth: F

Momentum: F

Summary

KB Home's fourth-quarter fiscal 2025 adjusted earnings and total revenues topped the Zacks Consensus Estimate by 7.3% and 2.8%, respectively, but declined year over year by 24.1% and 15.5%. The quarterly performance was adversely hit by ongoing low consumer confidence, affordability concerns and a still-high mortgage rate scenario. The cancellation rate during the quarter rose to 18%, up from 17% in the prior year, indicating fragile buyer confidence, with absorption rates moderating to three net orders per community per month compared with 3.5 last year. Owing to the challenging economic and geopolitical environment, KB Home unveiled a weak first-quarter and fiscal 2026 outlook. Moreover, elevated construction costs, wage inflation and land costs are denting its margins. Shares of KB Home have underperformed the industry in the past year.

Price, Consensus & Surprise⁽¹⁾



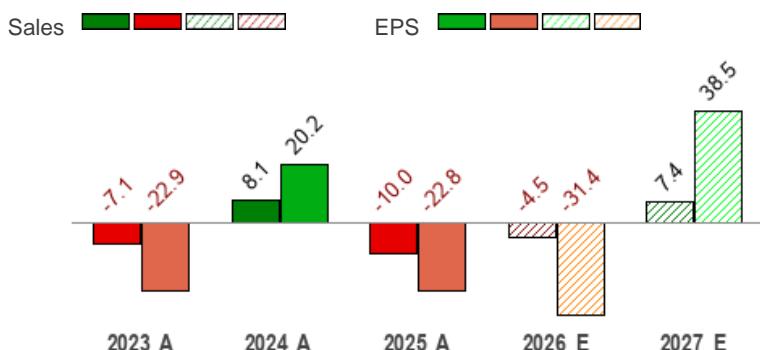
Data Overview

52 Week High-Low	\$72.44 - \$48.90
20 Day Average Volume (sh)	1,424,771
Market Cap	\$3.8 B
YTD Price Change	2.9%
Beta	1.43
Dividend / Div Yld	\$1.00 / 1.7%
Industry	Building Products - Home Builders
Zacks Industry Rank	Bottom 5% (233 out of 244)

Last EPS Surprise	7.3%
Last Sales Surprise	2.8%
EPS F1 Est- 4 week change	-35.6%
Expected Report Date	03/23/2026
Earnings ESP	0.0%

P/E TTM	8.9
P/E F1	13.0
PEG F1	-5.1
P/S TTM	0.6

Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Sales Estimates (millions of \$)⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2027	1,197 E	1,542 E	1,783 E	1,874 E	6,396 E
2026	1,146 E	1,446 E	1,629 E	1,735 E	5,957 E
2025	1,392 A	1,530 A	1,620 A	1,694 A	6,236 A

EPS Estimates⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2027	1.00 E	1.33 E	1.68 E	2.19 E	6.19 E
2026	0.57 E	0.87 E	1.26 E	1.77 E	4.47 E
2025	1.49 A	1.50 A	1.61 A	1.92 A	6.52 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 01/05/2026.

(2) The report's text, the analyst-provided estimates, and the price target are as of 12/31/2025.

Overview

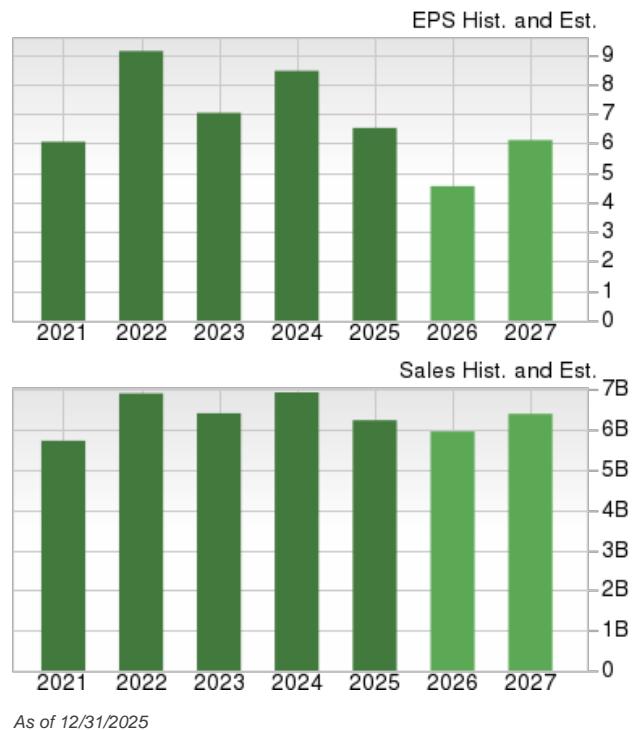
Based in Los Angeles, CA, KB Home is a well-known homebuilder in the United States and one of the largest in the state. The company's revenues are generated from Homebuilding (accounting for 99.6% of fiscal 2025 total revenues) and Financial Services (0.4%) operations.

The company's Homebuilding operations include building and designing homes that cater to first-time, move-up and active adult homebuyers on acquired or developed lands. KB Home also builds attached and detached single-family homes, townhomes and condominiums.

There are four main reportable segments within the homebuilding reporting segment based on geographical presence: West Coast (comprising Washington, California and Idaho), Southwest (comprising Arizona and Nevada), Central (comprising Colorado and Texas) and Southeast (including Florida and North Carolina). KB Home's Financial Services operations offer mortgage banking, title and insurance services to homebuyers. This segment earns revenues mainly from insurance commissions and the provision of title services.

KB Home ended fiscal 2025 with \$228.6 million of homebuilding cash and cash equivalents, down from \$598 million reported at the end of fiscal 2024. Yet, the company had enough total liquidity of \$1.43 billion, including \$1.2 billion of available capacity under its revolving credit facility, with no cash borrowings outstanding.

In fiscal 2025, the company repurchased approximately 9.4 million shares of its outstanding common stock for \$538.5 million (or \$57.37 per share). As of Nov. 30, 2025, it had \$900 million remaining under the repurchase authorization.



As of 12/31/2025



As of 01/05/2026

Reasons To Sell:

▼ **Uncertain Market Conditions:** KB Home is still experiencing softness after a slower start to the 2025 spring selling season, reflecting lower consumer confidence due to macroeconomic and geopolitical uncertainties. Homebuyers are taking longer to finalize purchases, impacting net sales. Even though mortgage rates eased modestly by the end of fiscal 2025, overall affordability remains constrained, limiting buyers' purchasing power. The cancellation rate rose to 18%, up from 17% in the prior year, indicating fragile buyer confidence. Management acknowledged that demand remains below internal sales goals, with absorption rates moderating to three net orders per community per month compared with 3.5 last year. In fiscal 2025, net orders declined 11.4% year over year to 11,596 units, with order value down 17% to \$5.37 billion from \$6.47 billion.

▼ **Tepid Fiscal 2026 Expectations:** The company continues to navigate affordability concerns and shifting market conditions as consumer confidence declines. Given the softer selling environment, the company has unveiled a laid-back first quarter and fiscal 2026 outlook. For the first quarter of fiscal 2026, KB Home expects housing revenues to be in the \$1.05-\$1.15 billion band, down from \$1.39 billion reported in the year-ago period. Home deliveries are expected to be in the range of 2,300-2,500 homes, down from 2,770 homes delivered in the year-ago period. For fiscal 2026, this homebuilder is expecting deliveries to be in the range of 11,000-12,500 homes, with housing revenues in the range of \$5.1-\$6.1 billion. This compares unfavorably with home deliveries of 12,902 units and housing revenues worth \$6.21 billion in fiscal 2025. For fiscal 2026, our model expects home deliveries to decline year over year by 3.4% to 12,460 units, with housing revenues projected to be down 4.5% to \$5.93 billion.

▼ **Cyclical Nature of Business:** The housing industry is cyclical and affected by consumer confidence levels, prevailing economic conditions and interest rates. The federal government's actions related to economic stimulus, taxation and borrowing limits could affect consumer confidence and spending levels, which could hurt both the economy and the housing market.

Currently, the U.S. housing industry remains challenging owing to uncertain interest rates, ongoing inflation, and weak consumer sentiment. The Fed began to increase rates in early 2022 to counter the high ongoing inflation scenario in the market, and it started moving toward the 2% target. On Dec. 10, 2025, the Federal Reserve lowered interest rates by 0.25 percentage points for the third time this year, setting the benchmark range at 3.5-3.75%. Policymakers signaled one more cut for 2026, though the vote showed a divided view on the path ahead. For the U.S. housing market, the update offers limited support, as Chair Jerome Powell noted that a small rate move is unlikely to ease conditions. Low supply, pandemic-era mortgage rates and affordability pressures continue to hold back demand, with the average 30-year mortgage rate still above 6%.

▼ **High Costs & Expenses:** KB Home has been facing a high-cost environment for quite some time now. An increase in construction costs, wage inflation and land costs is denting the margins of the company. In fiscal 2025, KB Home's adjusted housing gross margin and adjusted homebuilding operating margin declined 200 basis points (bps) to 19.1% and 240 bps to 8.7%, respectively, year over year. This was primarily driven by price reductions and other homebuyer concessions, higher relative land costs, geographic mix and reduced operating leverage.

For the first quarter of fiscal 2026, KB Home expects adjusted housing gross profit margin to be between 15.4% and 16%, down from 20.2% reported in the year-ago period. For fiscal 2026, we expect the adjusted housing gross profit margin to contract year over year by 260 bps to 16.5%. Moreover, selling, general and administrative (SG&A) expenses (as a percentage of housing revenues) are expected to be in the range of 12.2-12.8%, up from 11% reported in the year-ago period. Our model projects SG&A expenses (as a percentage of housing revenues) to expand year over year by 70 bps to 11.1% in fiscal 2026.

▼ **Supply Constraints:** Several years of production deficits during the housing downturn limited the supply of both rental and new homes in the country. At present, a shortage of buildable lots, skilled labor and available capital for smaller builders is limiting home production, thereby lowering the inventory of homes, both new and existing.

Limited capital for land and land development has left entitled lands in short supply, while growing demand has driven land prices higher. The labor market is tightened with the limited availability of labor, which is arresting the rapid growth in housing production. If the supply picture does not improve, prices could go up, affecting affordability.

Cyclical business nature, higher construction, land and labor costs, and supply-related limitations are headwinds.

Risks⁽²⁾ (to the Underperform recommendation)

- **Initiatives to Drive Growth:** KB Home is advancing several initiatives to support sustainable growth and strengthen its competitive position, focusing on operational efficiency, disciplined land investment, and cost optimization, while improving customer satisfaction through greater affordability, transparency, and personalization. Since 2016, the company has followed a Returns-Focused Growth Plan aimed at increasing revenue, expanding homebuilding operating margins, improving returns on invested capital and equity, and optimizing leverage. The plan centers on executing its core strategy, enhancing asset efficiency, and monetizing deferred tax assets.

As of the fourth quarter of fiscal 2025, the company had 271 active communities, up 5% year over year and 4.2% sequentially. KB Home aims to open between 35 and 40 new communities in the first quarter of fiscal 2026, with the expectation of reaching peak sales during the spring selling season. Moreover, during the fiscal fourth quarter, the company was able to improve its build times by nearly 20% compared to last year and achieved the target of 120 days of build time on built-to-order homes. Notably, in November 2025, home building in several divisions averaged fewer than 100 days. Management is also implementing cost-saving initiatives through national purchasing, value engineering and studio simplification. As a result, in the fourth quarter of fiscal 2025, KB Home achieved a 4% sequential and 6% year-over-year reduction in direct home-start costs. The company continues to focus on delivering strong value amid buyer sensitivity to interest rates and monthly payments, adjusting prices community by community to spur demand and accelerate sales. For fiscal 2026, our model expects net new orders to increase year over year by 8.4% to 12,574 units, with order value projected to be up 9.3% to \$5.87 billion.

- **Built-to-Order Approach Gives Competitive Advantage:** KB Home's Built-to-Order (BTO) model allows buyers to personalize key aspects of their homes through in-house community teams, delivering a highly customer-centric experience. By starting construction only after a purchase agreement is signed, KB Home reduces inventory risk, improves construction efficiency, and gains greater visibility into deliveries, while also maintaining low production costs and a competitive edge.

As the company stated before, it is focused on returning its BTO homes to a higher percentage of its total deliveries from 57% in the fourth quarter of fiscal 2025 to its historical 70% or higher. The homebuilding company started seeing a favorable shift toward more BTO home sales during November 2025, which has continued into December. As KB Home has inventory homes available for the quicker move-in date homebuyers, the margins generated from selling BTO homes will allow it to realize greater value from the communities. Well-positioned for fiscal 2026, KB Home is encouragingly aligning its house starts with the BTO home sales, with 1,827 homes seen in the fourth quarter of fiscal 2025. The approach supports strong customer satisfaction—KB Home ranks #1 nationally on TrustBuilder and posted a record 96% AvidCX score—and delivers higher profitability, with BTO homes generating 250–500 basis points more gross margin than inventory homes. Shorter cycles improve asset turnover, reduce costs, and enhance customer appeal, as reflected in sequential and year-over-year direct construction cost declines of about 4% and 6%, respectively, in the fourth quarter of fiscal 2025. The model also supports diverse buyer segments, including first-time, move-up, and empty-nester buyers, while positioning the company for improved inventory turnover, lower mortgage concession costs, and a more efficient sales process.

- **Land Acquisition Strategy:** KB Home continues to invest heavily in land acquisition and development, primarily in high-quality locations, to support community count and revenue growth while strengthening its balance sheet. This strategy has helped reduce debt, and management expects the combination of higher active inventory and lower interest expense to lift future gross margins and returns. This selective land investment approach is substantiated by KB Home's purchase contract cancellation of approximately 3,500 lots, representing about 20 communities, in the fourth quarter of fiscal 2025, as they did not meet its underwriting criteria. As of November 2025, the company's lot pipeline is healthy enough to meet its current growth projections, and it will continue to add lots when opportunities meet its expectations.

In fiscal 2025, KB Home undertook land and land development investments worth \$2.61 billion, with \$665.3 million worth of land-related investments made in the fourth quarter. As of Nov. 30, 2025, the company owned or controlled 64,612 lots, with about 57% being owned and 43% being under contract, providing a flexible and well-balanced land pipeline. This land base is concentrated in markets with strong long-term economic and demographic trends. Operating in 49 markets across nine states, including California, Texas, Florida and North Carolina, KB Home is well-positioned to mitigate regional slowdowns while capturing long-term volume growth opportunities.

- **Sufficient Liquidity & Shareholder Value:** KB Home ended fiscal 2025 with \$228.6 million of homebuilding cash and cash equivalents, down from \$598 million reported at the end of fiscal 2024. Yet, the company had enough total liquidity of \$1.43 billion, including \$1.2 billion of available capacity under its revolving credit facility, with no cash borrowings outstanding.

Coming to the company's approach toward maintaining shareholder value. In fiscal 2025, KBH repurchased approximately 9.4 million shares of its outstanding common stock for \$538.5 million (or \$57.37 per share). As of Nov. 30, 2025, the company had \$900 million remaining under the repurchase authorization, after its board of directors increased the authorization to up to \$1 billion in October 2025. Moreover, the book value per share of \$61.75 increased 10% year over year. KB Home believes that its ongoing focus on accelerating profitable growth and expanding its returns by leveraging its larger scale, strong community portfolio, and compelling BTO business model positions it well for expanding its book value per share and enhancing long-term stockholder value.

Last Earnings Report

KB Home Q4 Earnings & Revenues Beat Estimates, Both Decline Y/Y

KB Home reported fourth-quarter fiscal 2025 results. The quarter's earnings and total revenues surpassed the Zacks Consensus Estimate but decreased on a year-over-year basis.

KB Home's quarterly performance remained under pressure amid a challenging economic and geopolitical environment, with low consumer confidence, affordability concerns and a still-high mortgage rate continuing to constrain demand. In response to these macro headwinds, management has adopted a measured outlook for the first quarter and full fiscal year 2026, underpinned by management's confidence in its operating strategy and value-driven, transparent build-to-order model.

FY Quarter Ending	11/30/2025
Earnings Reporting Date	Dec 18, 2025
Sales Surprise	2.80%
EPS Surprise	7.26%
Quarterly EPS	1.92
Annual EPS (TTM)	6.52

However, KB Home is focused on sustaining high customer satisfaction, expanding its build-to-order mix, shortening construction cycle times and further reducing direct costs, while maintaining disciplined pacing and pricing to optimize returns. Supported by a strong balance sheet, solid cash flow and ongoing shareholder returns, the company is positioned for margin recovery and long-term growth, with 35 to 40 new community openings expected to enhance margins through a predominantly build-to-order mix.

Q4 Earnings & Revenue Discussion

The company reported adjusted earnings per share (EPS) of \$1.92, beating the Zacks Consensus Estimate of \$1.79 by 7.3%. In the year-ago quarter, it reported an adjusted EPS of \$2.53.

Total revenues of \$1.69 billion also surpassed the consensus mark of \$1.65 billion by 2.8% but decreased 15.5% year over year.

Segmental Details

Homebuilding: The segment's revenues of \$1.686 billion declined 15.4% from the prior-year quarter's level of \$1.993 billion. The number of homes delivered was 3,619 units, down 9% from the year-ago period's level of 3,978 units. The average selling price (ASP) decreased 7.1% from a year ago to \$465,600.

Net orders declined 10.2% from the prior year to 2,414 units. The value of net orders was also down to \$1.1 billion from the year-ago quarter's value of \$1.32 billion. Absorption or monthly net orders per community decreased to 3 from 3.5 year over year. The cancellation rate, as a percentage of gross orders, was 18% compared with 17% in the year-ago period.

The quarter-end backlog totaled 3,128 homes, down from the year-ago figure of 4,434 homes. Further, potential housing revenues from the backlog declined 37.5% from the prior-year period to \$1.4 billion. The average community count was up year over year by 5% to 268, and the ending community count was up 5% to 271.

Within homebuilding, the housing gross margin (excluding inventory-related charges) contracted 310 basis points (bps) year over year to 17.8%. The contraction was primarily driven by pricing reductions, higher relative land costs and an unfavorable geographic mix, partially. In the quarter, selling, general and administrative expenses (SG&A), as a percentage of housing revenues, expanded 60 bps to 10%.

Homebuilding operating margin (excluding inventory-related charges) was 7.8%, down from 11.5%. We expected the operating margin to be 8.3% for the reported quarter.

Financial Services: The segment's revenues declined 26.9% year over year to \$8.7 million. The pre-tax income was \$10.6 million, down 19.1% from a year ago. The downturn reflected reduced equity income from the mortgage banking joint venture, partly offset by increased insurance commission revenues.

FY25 Highlights

KB Home's total revenues during fiscal 2025 were \$6.24 billion, down from \$6.93 billion reported in fiscal 2024. Homebuilding revenues decreased to \$6.21 billion from \$6.9 billion reported a year ago, while EPS declined year over year to \$6.15 from \$8.45.

KB Home delivered 12,902 homes during the same period, which was down year over year from 14,169 homes reported last year. The average selling price edged down slightly to \$481,400 from \$486,900.

Financial Position

KB Home had homebuilding cash and cash equivalents of \$228.6 million as of Nov. 30, 2025, down from \$598 million reported at the end of fiscal 2024. The company had a total liquidity of \$1.43 billion, including \$1.2 billion of available capacity under its revolving credit facility, with no cash borrowings outstanding. As of the end of the fourth-quarter fiscal 2025, the debt-to-capital was 30.3%, up from 29.4% at the end of fiscal 2024.

In fiscal 2025, KBH repurchased approximately 9.4 million shares of its outstanding common stock for \$538.5 million (or \$57.37 per share). As of Nov. 30, 2025, it had \$900 million remaining under the repurchase authorization.

KB Home Unveils Q1 FY26 Guidance

For the first quarter of fiscal 2026, the company is expecting housing revenues to be in the \$1.05-\$1.15 billion band, down from \$1.39 billion

reported in the year-ago period. It expects deliveries to be in the range of 2,300-2,500 homes compared with 2,770 homes delivered in the year-ago period.

Assuming no inventory-related charges, the housing gross profit margin is expected to be between 15.4% and 16%, down from 20.2% reported in the year-ago period. SG&A expenses, as a percentage of housing revenues, are expected to be in the range of 12.2% to 12.8%, compared with 11% reported in the year-ago period. KBH projects an effective tax rate of approximately 19%.

FY26 Guidance

For fiscal 2026, KB Home is expecting deliveries to be in the range of 11,000 to 12,500 homes. The company is expecting housing revenues to be in the range of \$5.1-\$6.1 billion.

Valuation

KB Home's shares are up 2.8% in the past six months, but down 13.4% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 1.3%, but the Zacks Construction sector is up 6.4% in the past six months. Over the past year, the Zacks sub-industry has been down 10.9%, but the sector is up 3.8%.

The S&P 500 index is up 14.2% past six months and 19.7% in the past year.

The stock is currently trading at 10.25X forward 12-month earnings, which compares to 11.75X for the Zacks sub-industry, 19.55X for the Zacks sector, and 23.35X for the S&P 500 index.

Over the past five years, the stock has traded as high as 10.35X and as low as 2.44X, with a 5-year median of 7.57X. Our Underperform recommendation indicates that the stock will perform worse than the market. Our \$48 price target reflects 8.63X forward 12-month earnings.

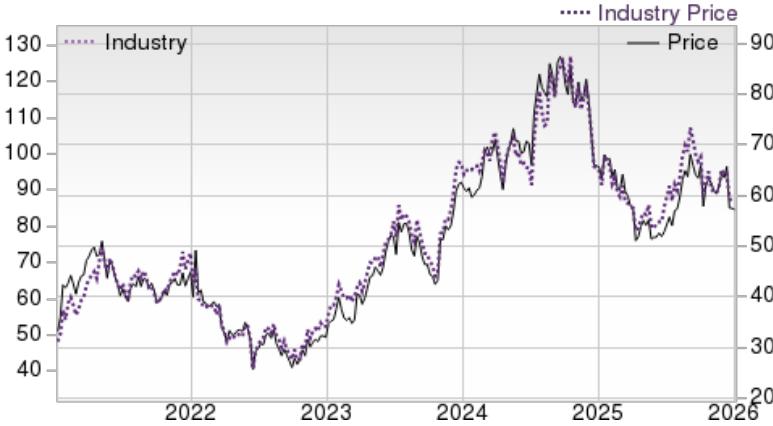
The table below shows the summary valuation data for KBH.

Valuation Multiples - KBH					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	10.25	11.75	19.55	23.35
	5-Year High	10.35	12.64	19.66	23.8
	5-Year Low	2.44	4.2	9.02	15.74
	5-Year Median	7.57	9.16	15.35	21.23
P/B TTM	Current	0.95	1.29	4.84	8.57
	5-Year High	1.71	1.95	5.4	9.13
	5-Year Low	0.63	0.86	2.95	6.57
	5-Year Median	1.11	1.41	4.39	8.04
P/S F12M	Current	0.63	0.94	2.76	5.29
	5-Year High	0.92	1.45	3.08	5.49
	5-Year Low	0.29	0.59	1.55	3.82
	5-Year Median	0.61	1.04	2.25	5.04

As of 12/30/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Bottom 5% (233 out of 244)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Century Communities,...(CCS)	Neutral	3
Dream Finders Homes,...(DFH)	Neutral	3
D.R. Horton, Inc. (DHI)	Neutral	4
M/I Homes, Inc. (MHO)	Neutral	3
PulteGroup, Inc. (PHM)	Neutral	3
Taylor Morrison Home...(TMHC)	Neutral	3
Tri Pointe Homes Inc...(TPH)	Neutral	3
Meritage Homes Corp...(MTH)	Underperform	4

Industry Comparison⁽¹⁾ Industry: Building Products - Home Builders

	KBH	X Industry	S&P 500	MHO	MTH	TMHC
Zacks Recommendation (Long Term)	Underperform		-	-	Neutral	Underperform
Zacks Rank (Short Term)	5		-	-	3	4
VGM Score	F	-	-	D	D	B
Market Cap	3.76 B	3.06 B	39.40 B	3.35 B	4.71 B	5.76 B
# of Analysts	5	3	22	2	10	4
Dividend Yield	1.72%	0.00%	1.39%	0.00%	2.57%	0.00%
Value Score	D	-	-	A	B	A
Cash/Price	0.06	0.12	0.04	0.22	0.16	0.06
EV/EBITDA	3.93	5.65	14.79	4.89	5.65	6.32
PEG Ratio	-4.95	1.73	2.04	NA	NA	NA
Price/Book (P/B)	0.96	1.15	3.38	1.06	0.89	0.93
Price/Cash Flow (P/CF)	6.12	6.68	15.41	6.10	5.96	6.18
P/E (F1)	12.68	12.28	18.79	8.57	9.64	8.62
Price/Sales (P/S)	0.60	0.75	3.12	0.75	0.78	0.69
Earnings Yield	7.18%	8.14%	5.32%	11.67%	10.38%	11.60%
Debt/Equity	0.00	0.21	0.57	0.29	0.35	0.35
Cash Flow (\$/share)	9.49	9.09	8.98	20.99	11.22	9.54
Growth Score	F	-	-	F	F	D
Hist. EPS Growth (3-5 yrs)	NA%	9.65%	8.24%	13.86%	10.45%	22.22%
Proj. EPS Growth (F1/F0)	-31.44%	-1.10%	9.18%	-16.59%	-68.70%	-5.56%
Curr. Cash Flow Growth	10.45%	7.30%	7.00%	20.65%	6.29%	12.53%
Hist. Cash Flow Growth (3-5 yrs)	18.29%	17.07%	7.49%	31.55%	23.95%	22.38%
Current Ratio	2.25	4.20	1.19	7.15	1.95	7.02
Debt/Capital	0.00%	17.11%	38.14%	22.76%	25.70%	26.12%
Net Margin	6.88%	6.88%	12.77%	10.56%	8.96%	10.16%
Return on Equity	11.40%	11.40%	17.03%	15.72%	10.37%	15.23%
Sales/Assets	0.90	0.91	0.53	0.96	0.80	0.89
Proj. Sales Growth (F1/F0)	-4.50%	0.00%	5.29%	-1.60%	-7.20%	-2.40%
Momentum Score	F	-	-	C	C	C
Daily Price Chg	1.73%	0.52%	0.64%	0.13%	0.97%	0.20%
1 Week Price Chg	-0.42%	-0.65%	-0.05%	-0.88%	-0.85%	-1.49%
4 Week Price Chg	-6.94%	-3.90%	0.81%	-2.28%	-5.34%	-3.57%
12 Week Price Chg	0.05%	-1.02%	3.72%	-1.33%	0.12%	-2.72%
52 Week Price Chg	-10.77%	-7.37%	15.51%	-1.70%	-11.02%	-2.95%
20 Day Average Volume	1,424,771	195,466	2,399,304	175,375	679,817	938,345
(F1) EPS Est 1 week change	-16.60%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-35.63%	0.00%	0.00%	0.00%	-0.04%	0.00%
(F1) EPS Est 12 week change	-36.12%	-11.48%	0.44%	-11.52%	-11.48%	-12.75%
(Q1) EPS Est Mthly Chg	-52.61%	0.00%	0.00%	0.00%	0.00%	0.00%

Analyst Earnings Model⁽²⁾

KB Home (KBH)

In \$MM, except per share data

FY Ends November 30th	2023A	2024A	2025A				FY Nov-25	2026E				2027E	2028E		
	FY Nov-23	FY Nov-24	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	FY Nov-26	FY Nov-27		
	28-Feb-25	31-May-25	31-Aug-25	30-Nov-25	Nov-25	28-Feb-26	31-May-26	31-Aug-26	30-Nov-26	Nov-26	Nov-27	Nov-28			
Income Statement															
Total Revenue	\$6,410.6	\$6,930.1	\$1,391.8	\$1,529.6	\$1,620.5	\$1,694.4	\$6,236.2	\$1,145.9	\$1,446.2	\$1,629.3	\$1,735.4	\$5,956.7	\$6,395.8	\$6,794.4	
Depreciation & Amortization	\$39.8	\$40.8	\$9.7	\$10.1	\$10.3	\$10.8	\$40.9	\$7.5	\$9.4	\$9.9	\$10.2	\$37.0	\$37.4	\$37.3	
Pre-Tax Income, Adjusted	\$771.3	\$850.9	\$139.4	\$142.4	\$143.2	\$129.2	\$554.2	\$45.4	\$74.4	\$104.6	\$143.0	\$367.4	\$468.2	\$520.6	
Pre-Tax Income, GAAP	\$181.1	\$195.9	\$29.8	\$34.5	\$33.4	\$27.7	\$125.4	\$8.6	\$19.4	\$27.2	\$37.2	\$92.3	\$121.7	\$135.3	
Income Tax, Adjusted								21.4%	24.2%	23.3%	21.4%	19.0%	26.0%	26.0%	
Income Tax, GAAP												24.5%	34.3%	83.7%	
Tax Rate, Adjusted	23.5%	23.0%	21.4%	24.2%	23.3%	21.4%	22.6%					25.1%	26.0%	26.0%	
Tax Rate, GAAP								19.0%	26.0%	26.0%	26.0%	26.0%	25.2%	23.5%	23.5%
Net Income, Adjusted	\$590.2	\$655.0	\$109.6	\$107.9	\$109.8	\$101.5	\$428.8	\$32.0	\$49.6	\$69.6	\$97.7	\$249.0	\$329.0	\$367.1	
Net Income, GAAP	\$0.4	\$0.5	\$0.1	\$0.1	\$0.1			\$0.1	\$0.1	\$0.1	\$0.1	\$0.5	\$0.5	\$0.5	
Distributed Earnings Allocated to Participating Securities	\$3.9	\$4.3	\$0.6	\$0.6	\$0.6			\$0.6	\$0.6	\$0.6	\$0.6	\$2.5	\$2.5	\$2.5	
Undistributed Earnings Allocated to Participating Securities	\$3.7	\$4.2	\$0.6	\$0.6	\$0.6			\$0.6	\$0.6	\$0.6	\$0.6	\$2.5	\$2.5	\$2.5	
Undistributed Earnings Reallocated to Participating Securities															
Basic Shares Outstanding	80.8	74.8	71.5	70.0	66.4	63.7	67.9	62.3	60.9	59.5	58.1	60.2	54.6	49.0	
Diluted Shares Outstanding	83.4	77.0	73.0	71.2	67.7	65.0	69.3	63.6	62.2	60.8	59.4	61.5	55.9	50.3	
Basic EPS	\$7.25	\$8.70	\$1.52	\$1.53	\$1.64	\$1.58	\$6.28	\$0.50	\$0.80	\$1.16	\$1.67	\$4.13	\$6.02	\$7.48	
Diluted EPS, GAAP	\$7.03	\$8.45	\$1.49	\$1.50	\$1.61	\$1.55	\$6.15	\$0.49	\$0.79	\$1.13	\$1.63	\$4.04	\$5.88	\$7.29	
Diluted EPS, Adjusted								\$1.92	\$0.57	\$0.87	\$1.26	\$1.77	\$4.47	\$6.19	\$7.65
Dividend per Share	\$0.70	\$0.95	\$0.25	\$0.25	\$0.25	\$0.25	\$1.00	\$0.25	\$0.30	\$0.30	\$0.30	\$1.15	\$1.35	\$1.40	
Homebuilding															
Housing Revenue	\$6,370.4	\$6,898.7	\$1,387.0	\$1,524.7	\$1,614.0	\$1,684.8	\$6,210.6	\$1,140.9	\$1,441.0	\$1,622.6	\$1,725.6	\$5,930.2	\$6,368.2	\$6,765.9	
Land Revenue	\$10.7	\$3.6	\$0.0	\$0.0	\$0.5	\$0.9	\$1.3	\$0.2	\$0.4	\$0.5	\$0.5	\$1.6	\$1.8	\$1.8	
Total Homebuilding Revenue	\$6,381.1	\$6,902.2	\$1,387.0	\$1,524.7	\$1,614.5	\$1,685.7	\$6,211.9	\$1,141.2	\$1,441.4	\$1,623.1	\$1,726.1	\$5,931.7	\$6,370.0	\$6,767.7	
Gross Profit	\$1,350.8	\$1,450.8	\$279.6	\$294.7	\$293.3	\$285.6	\$1,153.2	\$174.3	\$227.0	\$260.0	\$284.2	\$945.5	\$1,047.4	\$1,125.1	
Pre-Tax Income	\$731.8	\$802.0	\$131.8	\$134.2	\$134.5	\$118.6	\$519.2	\$32.4	\$59.4	\$85.5	\$121.1	\$298.5	\$395.2	\$444.3	
Financial Services															
Total Financial Services Revenue	\$29.5	\$27.8	\$4.7	\$4.9	\$6.0	\$8.7	\$24.3	\$4.7	\$4.8	\$6.2	\$9.3	\$25.0	\$25.8	\$26.7	
Pre-Tax Income	\$39.5	\$48.9	\$7.5	\$8.2	\$8.7	\$10.6	\$35.0	\$7.1	\$7.6	\$8.6	\$10.9	\$34.2	\$34.9	\$35.6	

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

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As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Value Score	D
Growth Score	F
Momentum Score	F
VGM Score	F

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