



KB Home (KBH)

Earning Report Outlook

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Summary

KB Home is one of the largest and most recognized homebuilding companies in the United States. With a rich history dating back to 1957, KB Home has established itself as a leader in the industry, specializing in the design, construction, and sale of single-family and multifamily new homes.

Headquartered in Los Angeles, California, KB Home operates in various markets across the country, including California, Texas, Florida, Colorado, and more. The company's mission is to create sustainable, quality homes that meet the diverse needs and preferences of homebuyers.

KB Home's approach to homebuilding is centered around customer satisfaction and choice. The company offers a unique build-to-order model, allowing buyers to customize their homes according to their preferences. This personalized approach enables homeowners to have a hand in the design process, selecting from a range of options for features such as floor plans, finishes, and appliances.

One of the key factors that set KB Home apart is its commitment to sustainability and energy efficiency. The company incorporates various eco-friendly features and practices into its homes, aiming to reduce environmental impact and provide homeowners with energy-efficient living spaces. KB Home is an ENERGY STAR® partner and has received numerous awards for its green building initiatives.

In addition to its focus on sustainability, KB Home prioritizes innovation in its home designs. The company aims to stay ahead of emerging trends and technologies, integrating smart home features and connectivity options that enhance the overall living experience. This includes features such as smart thermostats, advanced security systems, and home automation capabilities.

KB Home serves a wide range of customers, including first-time buyers, move-up buyers, and active adults looking for retirement communities. The company's diverse portfolio of home designs caters to different lifestyles and budgets, offering options that range from affordable starter homes to luxurious residences.

To ensure a seamless homebuying experience, KB Home provides comprehensive customer support throughout the entire process. From the initial consultation to post-purchase services, the company's dedicated team of professionals assists buyers at every stage. This

commitment to customer service has earned KB Home a strong reputation and a high level of customer satisfaction.

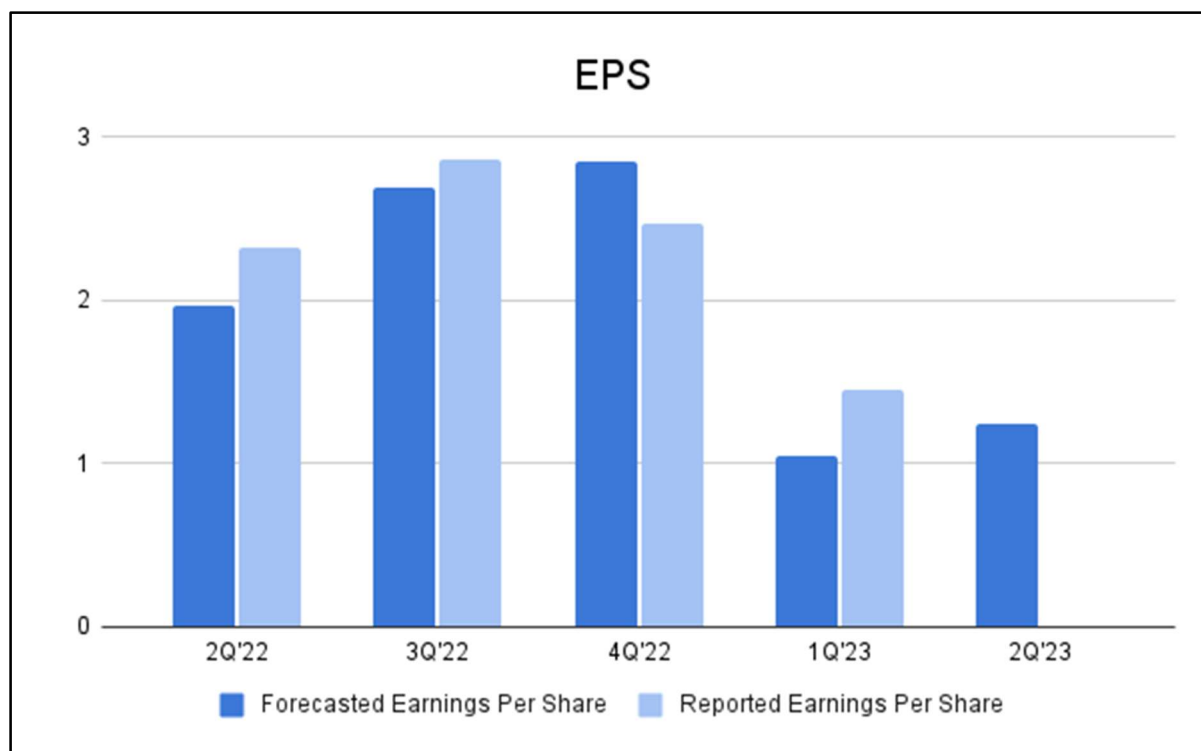
Beyond its core business of homebuilding, KB Home actively engages in community outreach and social responsibility initiatives. The company supports various charitable organizations and partners with community stakeholders to address local needs and foster positive change. KB Home's commitment to giving back is reflected in its efforts to promote affordable housing, education, and environmental conservation.

As a publicly traded company, KB Home operates with a focus on financial strength and stability. The company's performance is closely tied to the broader housing market and economic conditions. KB Home's robust business strategy, combined with its strong brand recognition, allows it to adapt to changing market dynamics and maintain a competitive position within the industry.

In conclusion, KB Home is a prominent homebuilding company with a long-standing history in the United States. With its customer-centric approach, commitment to sustainability, and emphasis on innovation, KB Home has solidified its position as a leader in the industry. Through its personalized homebuilding process, the company continues to provide quality homes that meet the diverse needs and preferences of homebuyers across the country.

Analysis

Fundamental



The table above displays earnings per share (EPS) for the past 4 earnings reports starting from the second financial quarter of 2022. Three of the past four EPS reports have been able to go beyond analyst predictions with only the fourth quarter of 2022 falling short. While the EPS for the most recent financial quarter has already dipped down 1.02 points, KB Home expects a further drop in EPS due to net orders falling in the second quarter of 2023 due to the banking crisis that was taking place along with falling mortgage rates and decreasing interest rates that the federal government is placing.

KB Home stock has seen a gain of 57.27% year-to-date (YTD) along with the current price being the YTD high due to better than expected Q1 earnings report despite net orders declining by 49% from the same time last year along with a 36% home order cancellation rate compared to 11% the same time last year. The Q1 report, which beat estimates by 36%, has been the catalyst that has allowed the company to be able to record such success with their assets' value.

From a technical standpoint of the company and its stock, it has already shown what could happen when a poor earnings report and slow movements in the housing market can do to the stock's price. In February there was a drop of 14.65% in the value of the assets which is due to missed EPS predictions along with a drop in net orders and a rise in order cancellations year over year. To further add to this, the Relative Strength Index (RSI) indicator can show the volatility of an asset during a set period, with above 70 points being an overabundance of trading and below 30 being a low level of trading. Currently, the RSI is sitting at the 75.28 level which shows an inflated level of trading before the upcoming earnings report, furthermore, the RSI and stock value have a close relationship observed within the past few months which shows that stock price is currently being driven by volatility. Support levels are observed at the 42.75 dollar price point along with a resistance level at the 51 dollar price point.

Income statements show great results such as a consistent rise in profit margin, net income, and revenue on the annual level but a steep drop over the last 2 financial quarters. Balance sheets also show a drop in debt to assets while the total number of assets continues to rise with liabilities staying at a consistent level. Cash flow shows a rise in operating and financing costs while investing is staying at a consistent level on the annual level and quarterly levels.

Technical

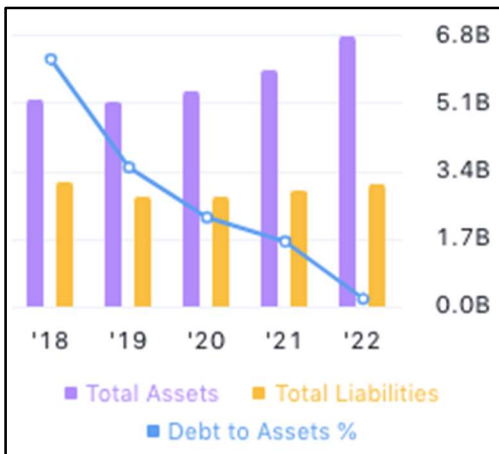




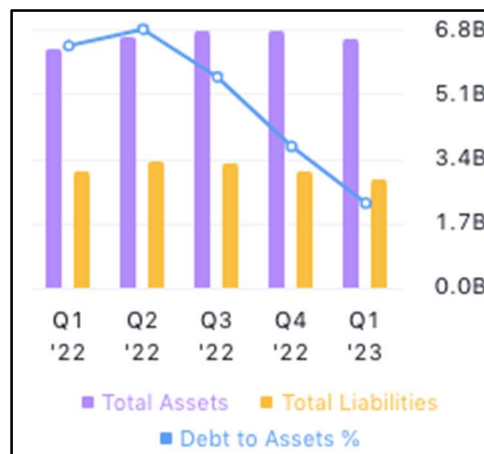
Income Statements (Annual)



Income Statements (Quarterly)



Balance Sheets (Annual)



Balance Sheets (Quarterly)



Cash Flow (Annual)



Cash Flow (Quarterly)

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