

# KAUFMAN BROAD

PRESS RELEASE – FOR IMMEDIATE RELEASE

## **FIRST-QUARTER 2009 RESULTS**

[UNAUDITED AND NOT APPROVED BY THE BOARD OF DIRECTORS]

- **First-quarter 2009 impacted by the:**
    - **Sharp decline in fourth-quarter 2008 orders**
    - **Marketing strategy to sell homes scheduled for near-term delivery**
  - **30% reduction in operating expenses**
  - **Improvement in orders since February 2009**
  - **Strategy focused on generating cash flow from operating activities and developing projects at satisfactory margin level**
- (Paris - April 8, 2009) — Kaufman & Broad S.A. today announced financial results for the first quarter of fiscal 2009, which ended on February 28.

Commenting on these results, Guy Nafilyan, Chairman and Chief Executive Officer, said: "Our first-quarter results were affected by the considerable market slowdown in fourth-quarter 2008 which resulted in a significant decline in orders and in measures taken by Kaufman & Broad to quickly sell housing inventory that was either immediately available or scheduled for near-term delivery. These developments will continue to have an impact throughout 2009. Moreover, the measures taken in fiscal 2008 will lead to a 30% decrease in operating expenses. Supported by government measures and lower interest rates, the new housing market has shown positive signs since mid-February and new programs are selling at a satisfactory pace. For full-year 2009, Kaufman & Broad has two priority objectives: to sell programs launched before 2008 as quickly as possible in order to generate solid cash flow from operating activities, while also developing new programs with gross margin of 18% to 20%."

<b>(in € millions)</b>	<b>Q1 2009</b>	<b>Q1 2008</b>	<b>% change</b>
Net revenues	<b>179.3</b>	271.6	-34.0%
Net housing revenues	<b>175.5</b>	257.1	-31.7%
Gross profit	<b>31.0</b>	58.9	-47.3%
<i>Gross margin</i>	<b>17.3%</b>	21.7%	-4.4 pts
Current operating profit	<b>7.1</b>	24.9	-71.3%
Income (loss) attributable to shareholders	<b>(2.7)</b>	6.3	na

◆ **First quarter 2009 impacted by the sharp market decline late 2008 and marketing measures**

- Net revenues declined in the first three months of fiscal 2009 to €179.3 million, from €271.6 million in the prior-year period.
- Housing revenues totaled €175.5 million and represented 98% of the total. Revenues from apartments amounted to €156.7 million, or 89.3% of housing revenues, while revenues from single-family homes, which totaled €18.8 million, accounted for the remaining 10.7%. Revenues were adversely affected by buyers' problems in obtaining bridge loans. Deliveries during the period stood at 1,098 equivalent home units (EHUs), compared with 1,446 in first-quarter 2008.
- In value, first-quarter housing orders came to €174.2 million including VAT, compared with €309.5 million including VAT in the prior-year period. In volume, orders declined by 26% to 975, from 1,322 in the first three months of fiscal 2008.
- It should be noted that the decline in orders tracked the decline in the commercial offer of housing units which fell by 45% to 4,280 in first-quarter 2009 from 7,806 in the previous-year period.
- Housing orders in the regions outside the Paris area accounted for 61.4% of the total in value compared with 71.3% in the first three months of fiscal 2008.
- **Orders in February were sustained** by lower interest rates and measures by the French government, notably interest-free loans and the Scellier tax incentive scheme.

### ◆ Sharp reduction in operating expenses

- **Gross profit** totaled €31.0 million, compared with €58.9 million in the first three months of fiscal 2008. **Gross margin** stood at 17.3%, 4.4 points lower than in the prior-year period. The decline reflects Kaufman & Broad's marketing strategy which aims to sell inventory and homes scheduled for near-term delivery. This strategy concerns more than 1,000 housing units, of which 564 ordered by SNI Group (a Caisse des Dépôts subsidiary) in fourth-quarter 2008 as part of the plan of the French government.

The decline in margin was partially offset by the effects of strategic measures taken by Kaufman & Broad in 2008 to optimize operations. In addition to abandoning unprofitable projects, renegotiating land cost and redefining programs, building costs have also been optimised with the deployment of a nationwide purchasing strategy.

- **Current operating profit** amounted to €7.1 million, while **current operating margin** stood at 4.0%. Operating expenses were reduced by nearly 30%, reflecting the initial impact of the reorganisation plan introduced in fourth-quarter 2008.
- The **cost of net financial debt** amounted to €9.9 million, **stable compared with** first-quarter 2008.
- Kaufman & Broad reported a **loss attributable to shareholders** of €2.7 million, compared with income of €6.3 million in the prior-year period. The loss was due mainly to the decline in gross profit, bearing in mind that a large portion of operating expenses are recognised on a straight-line basis over the entire year.
- At end-February 2009, net financial debt totaled €475 million, compared with €422 million one year earlier, reflecting the increase in working capital requirement which rose from €385 million at November 30, 2008 to €414.5 million at February 28, 2009. As of that date, the Company had €120 million of undrawn banking facilities at its disposal.

### ◆ Outlook for 2009

- Housing backlog came to €838.7 million (excluding VAT) at February 28, 2009, versus €1,198.8 million one year earlier, a decline of 30% in value and 20.4% in volume. It represented 12.9 months of business, a 0.3-month increase over first-quarter 2008 (12.6 months).

- At February 28, 2009, Kaufman & Broad S.A. had 244 housing programs on the market, of which 61 in Ile de France and 183 in the other regions, representing a total of 4,280 units for sale.
- In the second quarter, 20 programs are scheduled for launch: 8 in Ile-de-France, representing 443 EHUs and 12 in the other regions, representing 423 EHUs.

#### ◆ **Annual Meeting of April 9, 2009**

As announced last January 26, shareholders at the Annual General Meeting on April 9 will be asked to approve the payment of a dividend for 2008 equal to the total of interim dividends already paid, or €1.51 per share.

According to the terms of the protocol agreement between Kaufman & Broad and its bankers, no dividends will be paid for fiscal 2009, 2010 and 2011.

#### **Company profile**

*For 40 years, Kaufman & Broad has been designing, building and selling single-family homes and apartments, as well as office properties on behalf of third parties. Its size, profitability and strong brand name have made Kaufman & Broad one of France's leading developers and builders of homes.*

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# KAUFMAN & BROAD S.A.

## Estimated Statements of Income\*

\*Unaudited and not approved by the Board of Directors (in € thousands)

	<b>Q1 2009</b>	<b>Q1 2008</b>
<b>Revenues</b>	<b>179,331</b>	<b>271,637</b>
Cost of sales	(148,303)	(212,759)
<b>Gross profit</b>	<b>31,028</b>	<b>58,878</b>
Selling expenses	(5,968)	(7,943)
General & administrative expenses	(13,950)	(18,229)
Other current operating income and expenses	(3,964)	(7,761)
<b>Current operating profit</b>	<b>7,146</b>	<b>24,945</b>
Other non-recurring income and expenses	(1,334)	-
<b>Operating profit</b>	<b>5,812</b>	<b>24,945</b>
Cost of net financial debt	(9,903)	(9,927)
Income taxes	1,411	(1,913)
Share of income from equity affiliates and joint ventures	136	370
<b>Net income (loss) from fully consolidated companies</b>	<b>(2,544)</b>	<b>13,475</b>
Of which minority interests	137	7,207
<b>Income (loss) attributable to shareholders</b>	<b>(2,681)</b>	<b>6,268</b>

# KAUFMAN & BROAD S.A.

## Estimated Balance Sheet\*

\*Unaudited and not approved by the Board of Directors (in € thousands)

<b>ASSETS</b>	<b>28 Feb. 09</b>	<b>30 Nov. 08</b>
Goodwill	68,511	68,511
Intangible assets	80,985	81,202
Tangible assets	7,394	7,271
Investments in equity affiliates and joint ventures	36,020	35,069
Other non-current assets	928	1,049
Deferred tax assets	14,855	0
<b>Non-current assets</b>	<b>208,693</b>	<b>193,102</b>
Inventories	502,164	519,521
Accounts receivable	255,670	296,257
Other receivables	145,173	187,352
Cash and cash equivalents	72,359	107,705
Prepaid expenses	2,526	2,187
<b>Current assets</b>	<b>977,892</b>	<b>1,113,022</b>
<b>TOTAL ASSETS</b>	<b>1,186,585</b>	<b>1,306,124</b>
<b>EQUITY AND LIABILITIES</b>	<b>28 Feb. 09</b>	<b>30 Nov. 08</b>
Issued capital	5,793	5,793
Additional paid-in capital, reserves and other	128,056	157,603
Income attributable to shareholders	(2,681)	8,174
Interim dividend	0	(32,385)
Treasury shares	(29,479)	(29,719)
Shareholders' equity	101,689	109,466
Minority interests	21,252	15,749
<b>Total equity</b>	<b>122,941</b>	<b>125,215</b>
Provisions	17,024	20,725
Long-term borrowings	546,297	529,830
Deferred tax liabilities	0	1,704
<b>Non-current liabilities</b>	<b>563,321</b>	<b>552,259</b>
Short-term borrowings	9,250	7,860
Trade payables	451,721	552,648
Other payables	36,433	65,811
Deferred income	2,919	2,331
<b>Current liabilities</b>	<b>500,323</b>	<b>628,650</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,186,585</b>	<b>1,306,124</b>

# KAUFMAN & BROAD S.A.

## Additional Information

	<b>Single-Family Homes</b>		
	<b>Q1 2009</b>	<b>Q1 2008</b>	<b>Q1 2007</b>
Net orders (in units)	<b>67</b>	172	254
Net orders (in € thousands, including VAT)	<b>18,903</b>	67,838	69,385
Backlog (in € thousands, excluding VAT)	<b>96,980</b>	144,782	156,167
Backlog (in months of business)	<b>9.2</b>	9.9	7.7
Deliveries (in EHUs)	<b>89</b>	122	238

	<b>Apartments</b>		
	<b>Q1 2009</b>	<b>Q1 2008</b>	<b>Q1 2007</b>
Net orders (in units)	<b>908</b>	1,150	1,679
Net orders (in € thousands, including VAT)	<b>155,350</b>	241,637	329,821
Backlog (in € thousands, excluding VAT)	<b>741,686</b>	1,054,062	1,101,649
Backlog (in months of business)	<b>13.4</b>	12.9	12.3
Deliveries (in EHUs)	<b>1,009</b>	1,324	1,281

	<b>Commercial Property</b>		
	<b>Q1 2009</b>	<b>Q1 2008</b>	<b>Q1 2007</b>
Net orders (in sq.m)	-	-	-
Net orders (in € thousands, including VAT)	-	-	1,492
Backlog (in € thousands, excluding VAT)	<b>6,045</b>	15,991	25,547