

# KAUFMAN BROAD

PRESS RELEASE

## 2009 NINE-MONTH RESULTS (UNAUDITED)

- **Positive Third-Quarter Sales Performance**
  - **Orders up 23% in value despite a 58% decline in properties available for sale**
  - **Rate of sales up of units launched in 2007 almost doubled**
  - **Take-up rate of 21.3% for units launched in 2009**
  
- **Improved Third-Quarter Financial Results**
  - **Gross margin up to 14.7% from 12.9% in the first half**
  - **Net income of €0.6 million**
  - **Sharp decrease in net financial debt**
  
- **Good progress made in rebuilding the land bank**

(Paris - September 30, 2009) - Kaufman & Broad SA today announced its financial results for the first nine months of fiscal 2009 which ended on August 31.

Commenting on the Group's performance and outlook, Guy Nafilyan, Chairman and Chief Executive Officer, said: *"The strategy deployed in late 2008 and stepped-up in first-half 2009 is clearly having a positive impact. First, housing units launched in 2007 are selling at a satisfactory pace based on prices aligned with market conditions. Second, the take-up rate for new programs (excluding block sales) that benefit from French government support initiatives and which respect the brand's values and generate gross margins in line with our operating criteria is particularly high, at more than 21%.*

*The fact that orders rose 23% in value in the third quarter, at a time when our properties available for sale declined by nearly 60%, confirms that we are offering the right products at the right prices in a still fragile market that is supported, to a great extent, by the French government support initiatives such as the doubling of the loan amount with zero interest, the Pass Foncier scheme and most of all, tax breaks under the Scellier Act. The upturn in orders was even more pronounced in September 2009 with the monthly total more than double that recorded in September 2008—admittedly, a weak month.*

*Our increased gross margin and the small profit in the third quarter reflect the positive effects of this strategy which we will pursue with the utmost determination throughout 2009 to ensure that we are well prepared for the property market's recovery."*

## Consolidated Financial Highlights

	Q3 2009	Q3 2008	% <i>Change</i>	9 months 2009	9 months 2008	% <i>Change</i>
<b>(in € millions)</b>						
<b>Net revenues</b>	<b>243.0</b>	275.3	<b>-11.7%</b>	<b>660.2</b>	861.3	<b>-23.3 %</b>
Net housing revenues	<b>239.3</b>	264.7	<b>-9.6%</b>	<b>648.9</b>	821.7	<b>-21.0 %</b>
Gross profit	<b>35.8</b>	52.7	<b>-32.1%</b>	<b>89.5</b>	169.0	<b>-47.1 %</b>
<i>Gross margin</i>	<b>14.7%</b>	19.2%	<b>-4.5 pts</b>	<b>13.6%</b>	19.6%	<b>-6.0 pts</b>
Current operating profit	<b>11.9</b>	30.1	<b>n/m</b>	<b>12.2</b>	77.2	<b>n/m</b>
Non-recurring expenses	<b>(0.7)</b>	(23.5)	<b>n/m</b>	<b>(24.2)</b>	(23.5)	<b>n/m</b>
<b>Income (loss) attributable to shareholders</b>	<b>0.6</b>	(3.0)	<b>n/m</b>	<b>(26.9)</b>	8.6	<b>n/m</b>
<b>Net debt at end of period</b>	<b>376.7</b>	<b>433.4</b>	<b>-13.1%</b>	<b>376.7</b>	<b>433.4</b>	<b>-13.1 %</b>

### ◆ **Positive movement in net revenues in the third quarter**

**Consolidated net revenues** for the first nine months of fiscal 2009 amounted to €660.2 million compared with €861.3 million for the prior-year period, representing a decrease of 23.3%. In the third quarter alone, consolidated net revenues came to €243 million, down 11.7% from €275.3 million in the prior-year period.

**Housing revenues** totaled €648.9 million, versus €821.7 million in the first nine months of 2008, and represented 98.3% of the consolidated total. Ile de France accounted for 31.8% of housing revenues with the other regions accounting for the remaining 68.2%. Housing revenues for the third quarter came to €239.3 million compared with €264.7 million in third-quarter 2008.

Sales of **apartments** dropped 22.2% to €561.4 million and represented 86.5% of total housing revenues. Sales of **single-family homes** declined 12.5% to €87.5 million, or 13.5% of the total.

Showroom revenues totaled €3.7 million and commercial property revenues came to €2.1 million.

During the first nine months of the year 3,914 equivalent housing units (EHUs) were delivered versus 4,651 in the same period of 2008.

### ◆ **Orders up 23 % in value in the third quarter**

In **value**, third-quarter housing orders rose by 23% to €236.6 million including VAT from €192.3 million including VAT in third-quarter 2008. Over the nine months, order value stood at €671.4 million.

A total of 1,119 orders were booked during the third quarter, a decrease of 0.8% **in volume** compared with the 1,128 recorded in the year-earlier period. The discrepancy between the increase in value and decrease in volume can be mainly explained by an order booked in 2008 for a student housing residence in the Paris area comprising 208 small units. The resulting basis of comparison was much higher in terms of volume than of value.

The rate of cancellations (excluding abandoned projects) returned to more normal levels in the third quarter, at 21%.

Housing orders in the **regions outside the Paris area** accounted for 60.7% of the total in value compared with 63% in the first nine months of fiscal 2008.

## ◆ Improved financial results in the third quarter

**Gross profit** for the first nine months came to €89.5 million and represented 13.6% of revenues. In the third quarter alone, gross margin increased to 14.7% from 12.9% at the end of the first half.

**Current operating profit** amounted to €12.2 million in the first nine months and €11.9 million in the third quarter. **Current operating margin** stood at 1.8% in the first nine months and 4.9% in the third quarter.

**Net finance costs** amounted to €29.5 million versus €30.9 million in the first nine months of fiscal 2008.

The **loss attributable to shareholders** in the first nine months came to €26.9 million compared with net income attributable to shareholders of €8.6 million in the prior-year period. The result became positive in the third quarter with income attributable to shareholders of €0.6 million.

**Cash flow from operating activities** in the first nine months came to €102.7 million, compared with €87.2 million in the prior-year period. The improvement primarily reflects a €98.5 million decline in **working capital requirement** over the first nine months. At August 31, 2009, WCR represented 27.3% of revenues, compared with 31.5% at August 31, 2008 and 32.8% at November 30, 2008.

**Net debt** totaled €376.7 million down sharply from end-2008 thanks to faster sales of units launched in 2007 and a good take-up rate for new programs.

## ◆ Good progress made in rebuilding the land bank

Kaufman & Broad continued to actively rebuild the land bank mainly for single-family homes and apartments intended for first-home buyers and investors. In the first nine months of 2009 the company signed purchase options representing 4,850 housing units, of which more than 1,670 located in Ile de France and nearly 3,180 in other regions, thus raising the number of housing units represented by the land bank to 11,850 at August 31, 2009.

In the first nine months of the year, Kaufman & Broad developed 30 new programs representing an estimated total of 1,600 housing units. Three quarters of our commercial offer consisted of units designed for first-time buyers and buy-to-let investors benefiting from French government support initiatives, such as Pass Foncier aided acquisition, the doubling of the loan amount with zero interest, 5.5% VAT and tax breaks under the Scellier Act.

At August 31, 2009, housing backlog stood at €784.5 million (excluding VAT), down 23.7% from the year-earlier period and represent 11.8 months of housing business.

At the period-end, 147 housing programs were **on the market**, of which 38 in Ile de France and 109 in the other regions, representing a total of 2,139 units for sale.

In the fourth quarter, Kaufman & Broad will develop 19 new programs (8 in Ile de France and 11 in other regions) representing an estimated total of 730 housing units.

#### ◆ **Change in issued capital**

Following the cancellation of 692,516 shares pursuant to the authorization granted by shareholders at the Annual Extraordinary Shareholders' Meeting of April 11, 2008 the issued capital of Kaufman & Broad S.A. now totals €5,612,011.08 divided into 21,584,658 shares with a par value of €0.26.

*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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*Certain matters discussed in this press release are forward-looking statements, which may be affected by known or unknown risk factors that are difficult for KBSA to foresee or control, and which could cause actual events and results to differ materially from those expressed, implied or otherwise forecast by the company. These risk factors include those described in the "Risk Factors" section of the Registration Document filed with the Autorité de Marchés Financiers on March 31, 2009.*

# KAUFMAN & BROAD S.A.

## Estimated Statement of Income\* for the Nine Months Ended August 31, 2009 (in € thousands)

\*Unaudited and not approved by the Board of Directors

	<b>Nine months to August 31, 2009</b>	<b>Nine months to August 31, 2008</b>
<b>Revenues</b>	<b>660,204</b>	<b>861,287</b>
Cost of sales	(570,726)	(692,298)
<b>Gross profit</b>	<b>89,478</b>	<b>168,989</b>
Selling expenses	(18,033)	(23,957)
General & administrative expenses	(42,668)	(45,989)
Other current operating income and expenses	(16,626)	(21,835)
<b>Current operating profit</b>	<b>12,151</b>	<b>77,208</b>
Other non-recurring income and expenses	(24,235)	(23,467)
<b>Operating profit (loss)</b>	<b>(12,084)</b>	<b>53,741</b>
Finance costs, net	(29,478)	(30,906)
Income taxes	18,878	(2,336)
Share of income from equity affiliates	421	2,149
<b>Net income (loss) from fully consolidated companies</b>	<b>(22,263)</b>	<b>22,648</b>
Of which minority interests	4,644	14,011
<b>Of which income (loss) attributable to shareholders</b>	<b>(26,907)</b>	<b>8,637</b>
<b>Earnings (loss) per share (€)</b>	<b>(1.25)</b>	<b>0.39</b>

# KAUFMAN & BROAD S.A.

## Estimated Balance Sheet\* (in € thousands)

\*Unaudited and not approved by the Board of Directors

<b>ASSETS</b>	<b>August 31, 2009</b>	<b>November 30, 2008</b>
Goodwill	68,511	68,511
Intangible assets	82,016	81,202
Tangible assets	6,417	7,271
Investments in equity affiliates and joint ventures	37,891	35,069
Other non-current assets	864	1,049
Deferred tax assets	36,926	-
<b>Non-current assets</b>	<b>232,625</b>	<b>193,102</b>
Inventories	368,379	519,521
Accounts receivable	225,134	296,257
Other receivables	141,455	184,742
Cash and cash equivalents	96,330	107,705
Prepaid expenses	1,951	2,187
<b>Current assets</b>	<b>833,249</b>	<b>1,110,412</b>
<b>TOTAL ASSETS</b>	<b>1,065,874</b>	<b>1,303,514</b>
<b>EQUITY AND LIABILITIES</b>	<b>August 31, 2009</b>	<b>November 30, 2008</b>
Issued capital	5,612	5,793
Additional paid-in capital, reserves and other	111,812	155,891
Income attributable to shareholders	(26,907)	8,174
Interim dividend	-	(32,385)
Treasury shares	(10,755)	(29,719)
Shareholders' equity	79,762	107,754
Minority interests	5,270	15,749
<b>Total equity (1)</b>	<b>85,032</b>	<b>123,503</b>
Provisions	25,451	20,725
Long-term borrowings	480,663	529,830
Deferred tax liabilities	-	806
<b>Non-current liabilities</b>	<b>506,114</b>	<b>551,361</b>
Short-term borrowings	1,063	7,860
Trade payables	391,595	552,648
Other payables	79,710	65,811
Deferred income	2,360	2,331
<b>Current liabilities</b>	<b>474,728</b>	<b>628,650</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,065,874</b>	<b>1,303,514</b>

(1) Following an adjustment to opening equity at December 1, 2007, equity at November 30, 2008 was reduced by €1.7 million by adjusting "Other receivables" and "Deferred tax liabilities".

# KAUFMAN & BROAD S.A.

## Additional Information

	<b>Single-Family Homes</b>		
	<b>9 months 2009</b>	<b>9 months 2008</b>	<b>9 months 2007</b>
Net orders (in units)	<b>416</b>	<b>520</b>	649
Net orders (in € thousands, including VAT)	<b>111,886</b>	<b>159,002</b>	175,142
Backlog (in € thousands, excluding VAT)	<b>105,278</b>	<b>138,866</b>	134,825
Backlog (in months of business)	<b>9.9</b>	<b>7.8</b>	6.1
Deliveries (in EHUs)	<b>364</b>	<b>452</b>	700

	<b>Apartments</b>		
	<b>9 months 2009</b>	<b>9 months 2008</b>	<b>9 months 2007</b>
Net orders (in units)	<b>3,001</b>	<b>3,222</b>	5,498
Net orders (in € thousands, including VAT)	<b>559,532</b>	<b>628,038</b>	1,094,196
Backlog (in € thousands, excluding VAT)	<b>679,175</b>	<b>889,626</b>	1,143,256
Backlog (in months of business)	<b>12.0</b>	<b>13.2</b>	11.3
Deliveries (in EHUs)	<b>3,550</b>	<b>4,199</b>	4,365

	<b>Commercial Property</b>		
	<b>9 months 2009</b>	<b>9 months 2008</b>	<b>9 months 2007</b>
Net orders (in € thousands, including VAT)	<b>0</b>	<b>69,368</b>	<b>20,240</b>
Backlog (in € thousands, excluding VAT)	<b>4,413</b>	<b>63,055</b>	<b>26,301</b>



# KAUFMAN & BROAD S.A.

## Additional Information

	<b>Single-Family Homes</b>		
	<b>Q3 2009</b>	<b>Q3 2008</b>	<b>Q3 2007</b>
Net orders (in units)	<b>154</b>	<b>177</b>	152
Net orders (in € thousands, including VAT)	<b>43,542</b>	<b>41,901</b>	45,033
Deliveries (in EHUs)	<b>144</b>	<b>125</b>	210

	<b>Apartments</b>		
	<b>Q3 2009</b>	<b>Q3 2008</b>	<b>Q3 2007</b>
Net orders (in units)	<b>965</b>	<b>951</b>	1,851
Net orders (in € thousands, including VAT)	<b>193,077</b>	<b>150,401</b>	380,337
Deliveries (in EHUs)	<b>1,215</b>	<b>1,427</b>	1,480

	<b>Commercial Property</b>		
	<b>Q3 2009</b>	<b>Q3 2008</b>	<b>Q3 2007</b>
Net orders (in € thousands, including VAT)	-	-	688