

KAUFMAN BROAD

PRESS RELEASE

FISCAL 2009 RESULTS (UNAUDITED)

2009: Adjusting to Market Conditions

- **Bold measures to adjust operations and financing**
 - Redefining the sales offering and rebuilding the land portfolio
 - Lowering prices for homes launched in 2007
 - Writing down certain plots of land and discontinuing projects
 - Unwinding swaps

- **Positive impact of these measures beginning in second-half 2009**
 - Sharp rise in order value (up 67% in H2 and 129% in Q4)
 - High take-up rate of around 22% for homes launched in 2009
 - Strong improvement in working capital requirement (down 48%) and cash flow from operating activities (up 81%)
 - Significant reduction in net debt (down 36%)

2010: Good Prospects for a Return to Net Profit

(Paris - January 22, 2010) — Kaufman & Broad S.A. today announced financial results for the year ended November 30, 2009, as well as for the fourth quarter of fiscal 2009.

Commenting on the Group's performance and outlook, Guy Nafilyan, Chairman and Chief Executive Officer, said: *"The fourth quarter confirmed the improvement noted in the third quarter, reflecting the positive impact of our adjustment strategy launched in late 2008 and diligently pursued throughout 2009.*

"From an operational standpoint, we reduced prices on homes designed in 2007, adjusted new products to market conditions and refocused our operations on large cities in France. As part of our financing strategy, in November 2009 we responded proactively to new conditions in financial markets by unwinding the swap contracts. Excluding these non-recurring items, Kaufman & Broad's bottom line for the full year would have been close to breakeven.

"The Group's sales performance and financial structure in the second half were bolstered by these adjustments. Order value more than doubled in the fourth quarter and increased by nearly 70% in the second half as a whole. This trend has continued since the beginning of fiscal 2010. The take-up rate is particularly high for new programs with products that benefit from French government

support initiatives, adhere to the brand's values and generate gross margins in line with our operating criteria. The sales offering is now perfectly adapted in terms of products and prices to a market that is still supported by the doubling of the loan amount eligible for zero interest, the Pass Foncier financing solution and, most of all, the tax incentives available through the Scellier Act.

"The sharp reduction in working capital requirement helped to generate a large amount of cash that was used to substantially pay down debt.

"Provided that market conditions remain the same, the combined impact of our strong sales performance in second-half 2009, the ongoing development of new highly profitable programs and the favorable effects of adjustments made in our operating and financial cost structure throughout the year will be amply reflected in our second-half 2010 financial statements and have improved the outlook for a return to net profit for the year."

Consolidated Financial Highlights

(in € millions)	Q4 2009	Q4 2008	% change	Fiscal 2009	Fiscal 2008	% change
Net revenues	274.7	303.8	-9.6%	934.9	1,165.1	-19.8%
Net housing revenues	269.8	296.6	-9.0%	918.7	1,118.3	-17.8%
Gross profit	37.8	42.5	-11.1%	127.3	211.5	-39.8%
Gross margin	13.8%	14%	-0.2 pts	13.6%	18.2%	-4.6 pts
Current operating profit	12.9	11.3	+13.7%	25.0	88.5	-71.8%
Non-recurring expenses	1.2	(0.9)	nm	(23.1)	(24.4)	nm
Other financial expense	(5.0)	-	nm	(5.0)	-	nm
Income (loss) attributable to shareholders	(2.8)	(0.5)	nm	(29.8)	8.2	nm
Cash flow from operating activities	114.9	32.7	nm	217.6	120.0	+81.4%
Net debt at end of period (in €m)	268.5	421.9	-36.4%	268.5	421.9	-36.4%

◆ 2009 Strategy: Bold Measures to Adjust to Market Conditions

Throughout 2009, Kaufman & Broad diligently pursued the adjustment strategy launched in late 2008.

Part of this strategy consisted of selling the housing units designed in 2007 as quickly as possible in order to generate cash, pay down debt and avoid holding unsold inventory. To this end, it was decided in second-quarter 2009 to assertively lower the selling prices of these units and write down a certain number of still undeveloped plots of land. This decision weighed on revenues, as the Kaufman & Broad sales offering declined by 53% to 2,322 units at November 30, 2009, from 4,923 one year earlier.

The second component of the strategy consisted of rebuilding the land bank, which had been scaled down due to project cancellations. The aim was to develop new programs with products that benefit from French government support initiatives, adhere to the brand's values and generate gross margins in line with operating criteria.

At the same time, operations were refocused on France's major cities, particularly on Greater Paris, which is the most buoyant market.

Lastly, efforts to reduce overheads were pursued.

◆ Revenues: Relative Improvement in the Fourth Quarter

Consolidated net revenues declined by 19.8% to €934.9 million in fiscal 2009, from €1,165.1 million in the previous year. In the fourth quarter alone, they totaled €274.7 million, down 9.6% from €303.8 million in the prior-year period.

Housing revenues contracted by 17.8% to €918.7 million, representing 98% of the consolidated total. Ile-de-France accounted for 31% of housing revenues, with the other regions accounting for the remaining 69%. For the fourth quarter, housing revenues amounted to €269.8 million, compared with €296.6 million in the last three months of fiscal 2008.

Sales of **apartments** declined 18.4% to €788.2 million and represented 85.8% of total Housing revenues, while sales of **single-family homes** declined 14.7% to €130.4 million.

Showroom revenues totaled €5 million.

During the year, 5,500 equivalent housing units (EHUs) were delivered, versus 6,398 in 2008.

◆ Orders: Sharp Improvement in Order Value in the Second Half

In value, fourth-quarter housing orders more than doubled, increasing 128.7% to €315.0 million including VAT, from €137.8 million including VAT in the prior-year period, even though the sales offering declined by 66%. The take-up rate for new programs was 22%. For the full year, orders were up 6.7% in value to €986.4 million including VAT, for a sales offering that contracted by 53%.

A total of 1,382 orders were booked during the fourth quarter, an increase of 20.2% **in volume** compared with the 1,150 recorded in the year-earlier period. For the full year, 4,799 orders were booked, a decrease of 1.9% from the 4,892 recorded in fiscal 2008.

The cancellation rate stood at 24% for the full year, confirming the return to normal levels noted in the third quarter.

Housing orders in the **regions** outside the Paris area accounted for 60.3% of the total in value compared with 63.3% in fiscal 2008.

At November 30, 2009, more than 80% of Kaufman & Broad's offering in volume was available to first-time buyers or buy-to-let investors.

◆ **FINANCIAL HIGHLIGHTS: Very Sharp Improvement in Working Capital Requirement and Cash Flow from Operating Activities, and Significant Decline in Net Debt**

For the full year, **gross profit** totaled €127.3 million, a decline of nearly 40%, due in part to the first-half price cuts for programs already on the market. Gross margin for the year amounted to 13.6% of revenues compared with 18.2% in 2008. For the second half of 2009, it stood at 14.2%, compared with 12.9% in the first half.

Current operating profit totaled €25.0 million for the full year and €12.9 million in the fourth quarter alone. For the full year, operating expenses were 17% lower, in line with the decline in revenues.

Other non-recurring income and expenses represented a net €23.1 million expense, reflecting mainly the write-down of several plots of land for €6.1 million, provisions set aside for losses on co-developed programs and losses on discontinued programs.

The **cost of net debt** amounted to €38.8 million, versus €41.2 million in 2008.

Other financial income and expense represented a net expense of €5.0 million, reflecting the adjustments in interest rate swap contracts as part of the project to adapt Kaufman & Broad's financing to new conditions in the financial markets. The total also includes amortization of syndicated loan arrangement fees.

The loss attributable to shareholders came to €29.8 million for the year, compared with income of €8.2 million in 2008.

Cash flow from operating activities represented €217.6 million compared with €120 million in 2008. The improvement was due mainly to the sharp reduction in **working capital requirement**, which declined by €182.1 million, or 47.7%. Working capital requirement stood at 21.4% of revenues at November 30, 2009, compared with 31.2% at August 31, 2009 and 32.8% at November 30, 2008.

Net debt amounted to €268.5 million at November 30, 2009, sharply lower than one year earlier when it stood at €421.9 million. The decline resulted from faster sales of units designed in 2007 and a good take-up rate for new programs.

◆ 2010: Good Prospects for a Return to Net Profit

Kaufman & Broad is continuing to actively rebuild its land bank, mainly for single-family homes and apartments intended for first-time buyers and investors. During the year, Kaufman & Broad signed purchase options for plots representing 8,277 housing units, of which 2,522 in Ile-de-France and 5,755 in other regions, raising the land portfolio to a number of 12,000 potential units at November 30, 2009.

Housing backlog at November 30, 2009 amounted to €753.4 million (excluding VAT), down 12.7% from one year earlier. It represented 13.3 months of housing business.

At November 30, 2009, Kaufman & Broad had 155 housing programs **on the market**, of which 64 in Ile-de-France and 91 in the other regions, representing a total of 2,322 units.

In first-quarter 2010, a total of 20 new programs will be developed (8 in Ile-de-France and 12 in other regions) for an estimated total of 1,385 housing units (323 in Ile-de-France and 1,062 in other regions). For the full year, Kaufman & Broad plans to develop 114 new programs representing 8,029 units, compared with 63 programs representing 4,049 units in 2009.

In line with its strategic refocusing, Kaufman & Broad plans to sell its minority stake in Seniors Santé within the next twelve months.

Provided that market conditions remain the same, the combined impact of the strong sales performance in second-half 2009, the ongoing development of new highly profitable programs and the favorable effects of adjustments made in the operating and financial cost structure throughout the year have improved the outlook for a return to net profit in 2010.

The financial statements will be submitted for approval to the Board of Directors on February 18, 2010.

For more than 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 Kaufman & Broad SA 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.

Consolidated Statements of Income* (in € thousands)

*Unaudited and not approved by the Board of Directors

	Fiscal 2009	Fiscal 2008
Revenues	934,909	1,165,106
Cost of sales	(807,619)	(953,593)
Gross profit	127,290	211,513
Selling expenses	(23,644)	(31,063)
General & administrative expenses	(54,768)	(63,721)
Other current operating income and expenses	(23,849)	(28,186)
Current operating profit	25,029	88,543
Non-recurring expenses	(23,068)	(24,374)
Operating profit	1,961	64,169
Finance costs, net	(38,753)	(41,217)
Other financial expense	(5,024)	0
Income taxes	20,751	(610)
Share of profits and losses of associates and joint ventures	(262)	2,422
Net income (loss) from fully consolidated companies	(21,327)	24,764
Of which minority interests	8,485	16,590
Of which income (loss) attributable to shareholders	(29,812)	8,174
Earnings (loss) per share (€)	(1.40)	0.38

KAUFMAN & BROAD S.A.
Consolidated Balance Sheet* (in € thousands)

*Unaudited and not approved by the Board of Directors

ASSETS	Nov. 30, 2009	Nov. 30, 2008
Goodwill	68,511	68,511
Intangible assets	81,988	81,202
Tangible assets	5,930	7,271
Associates and joint ventures	4,270	35,069
Other non-current assets	861	1,049
Deferred tax assets	952	-
Non-current assets	162,512	193,102
Inventories	295,741	519,521
Accounts receivable	203,770	296,257
Other receivables	182,923	184,742
Cash and cash equivalents	123,157	107,705
Prepaid expenses	1,378	2,187
Current assets	806,969	1,110,412
Assets held for sale	30,292	
TOTAL ASSETS	999,773	1,303,514
EQUITY AND LIABILITIES	Nov. 30, 2009	Nov. 30, 2008
Issued capital	5,612	5,793
Additional paid-in capital, reserves and other	114,764	155,891
Income (loss) attributable to shareholders	(29,812)	8,174
Interim dividend	-	(32,385)
Treasury shares	(8,121)	(29,719)
Shareholders' equity	82,443	107,754
Minority interests	6,526	15,749
Total equity (1)	88,969	123,503
Provisions	26,498	20,725
Long-term borrowings	344,879	529,830
Deferred tax liabilities	-	806
Non-current liabilities	371,377	551,361
Short-term borrowings	55,410	7,860
Trade payables	398,790	552,648
Other payables	83,260	65,811
Deferred income	1,967	2,331
Current liabilities	539,427	628,650
TOTAL EQUITY AND LIABILITIES	999,773	1,303,514

(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 SA
Additional Information

	Single-Family Homes		
	2009	2008	2007
Net orders (in units)	573	677	803
Net orders (in € thousands, including VAT)	162,563	162,567	222,171
Backlog (in € thousands, excluding VAT)	102,987	99,515	111,703
Backlog (in months of business)	12.6	9.7	8.1
Deliveries (in EHUs)	536	683	968

	Apartments		
	2009	2008	2007
Net orders (in units)	4,226	4,215	7,353
Net orders (in € thousands, including VAT)	823,830	762,254	1,452,891
Backlog (in € thousands, excluding VAT)	650,405	763,035	1,077,958
Backlog (in months of business)	13.4	13.6	13.8
Deliveries (in EHUs)	4,964	5,715	6,515

	Commercial Property		
	2009	2008	2007
Net orders (in € thousands, including VAT)	-	684	20,240
Backlog (in € thousands, excluding VAT)	1,771	4,771	19,741

KAUFMAN & BROAD SA
Additional Information

	Single-Family Homes		
	Q4 2009	Q4 2008	Q4 2007
Net orders (in units)	157	157	154
Net orders (in € thousands, including VAT)	50,677	3,565	47,029
Deliveries (in EHUs)	172	231	268

	Apartments		
	Q4 2009	Q4 2008	Q4 2007
Net orders (in units)	1,225	993	1,855
Net orders (in € thousands, including VAT)	264,298	134,215	358,696
Deliveries (in EHUs)	1,411	1,515	2,150

	Commercial Property		
	Q4 2009	Q4 2008	Q4 2007
Net orders (in € thousands, including VAT)	-	(68,684)	-