

KAUFMAN BROAD

PRESS RELEASE

FIRST-QUARTER 2010 RESULTS

[UNAUDITED AND NOT APPROVED BY THE BOARD OF DIRECTORS]

- **Sharp increase in sales in first-quarter 2010:**
 - Housing orders up 53.4% in value
 - Very high take-up rate for new programs
- **Significant improvement in financial indicators**
 - Gross margin of 17%, versus 13.6% in fiscal 2009
 - Working capital requirement reduced to 20%, from 39% in first-quarter 2009
 - Net debt reduced by €200 million compared with first-quarter 2009
- **Land bank up a solid 32% compared with first-quarter 2009**
- **Net profit for 2010 confirmed**

(Paris - April 15, 2010) — Kaufman & Broad S.A. today announced financial results for the first quarter of fiscal 2010, which ended on February 28.

Consolidated Financial Highlights

| (in € millions) | Q1 2010 | Q1 2009 | % change |
|--|----------------|----------------|-----------------|
| Net revenues | 195.4 | 179.3 | +8.9% |
| Net housing revenues | 191.8 | 175.5 | +9.3% |
| Gross profit | 33.2 | 31.0 | +6.9% |
| <i>Gross margin</i> | 17.0% | 17.3% | -0.3 pts |
| Current operating profit | 10.5 | 7.1 | +46.6% |
| Income (loss) attributable to shareholders | 1.4 | (2.7) | N/M |

"Thanks to the strategy deployed in late 2008 and pursued throughout 2009, our first-quarter 2010 results confirm the improvement in sales and various financial indicators noted in second-half 2009," said Guy Nafilyan, Chairman and Chief Executive Officer of Kaufman & Broad S.A.

"The new programs launched over the past 12 months are selling at a good pace, with a take-up rate of around 20%, and generating gross margins in line with the Company's

operating criteria. This trend continued in March, when order value rose by 86% compared with March 2009.

"During the first quarter, KAUFMAN & BROAD continued to actively replenish the land bank, which currently stands at more than 14,000 housing units representing around two years of business. These transactions were carried out under satisfactory terms.

"Against this backdrop, KAUFMAN & BROAD is confirming its target of an operating profit for 2010, provided that market conditions remain the same."

◆ **Orders rise sharply in volume and value in the first quarter**

Net **revenues** rose approximately 9% in the first three months of fiscal 2010 to €195.4 million.

Housing revenues increased by 9.3% to €191.8 million and represented 98.2% of the total. Ile-de-France accounted for 33.9% of revenues, a rise of 3.5 points compared with first-quarter 2009.

Revenues from apartments amounted to €161.1 million, or 84% of housing revenue, while revenues from single-family homes increased by 63.1% to €30.7 million. Deliveries during the period stood at 1,104 equivalent housing units (EHUs), compared with 1,098 in first-quarter 2009.

Housing **order value** was up 53.4% to €267.2 million (including VAT). In **volume**, housing orders rose by 24.8% – to 1,217 units, from 975 in the first three months of fiscal 2009 – despite an approximately 50% decline in the sales offering to 2,234 units in first-quarter 2010, compared with 4,280 units in the prior-year period. Orders from second-time buyers also rose sharply, accounting in march 2010 for around 20% of value, compared with 10% march 2009.

Housing orders in the Ile-de-France represented 48.3% of the total in value, compared with 38.6% in the first three months of fiscal 2009. This significant rise in orders in Ile-de-France is in line with Kaufman & Broad's strategic goal of increasing its market share in the Greater Paris region.

◆ **Solid 3.4-point improvement in gross margin compared with 2009**

Gross profit totaled €33.2 million, up 6.9% over the first three months of fiscal 2009, while **gross margin**, at 17.0%, was 3.4 points higher than for full-year 2009 (13.6%).

Current operating profit rose by 46.6% to €10.5 million. It benefited from a €1.2 million reduction in operating expenses that was due to initiatives pursued

throughout 2009 and continued in 2010. Operating expenses represented 11.6% of revenue for the period, compared with 13.3% in first-quarter 2009.

Current operating margin stood at 5.4%, versus 4% in the prior-year period.

Finance costs, net amounted to €8.8 million. The 11.5% improvement, which represented €1.1 million year on year, was due to the decline in average net debt and to lower interest rates. Since December 1, 2009, Kaufman & Broad has applied the amendment to IAS 23 concerning the capitalization of borrowing costs.

Kaufman & Broad reported a **profit attributable to shareholders** of €1.4 million, compared with a loss of €2.7 million in the prior-year period.

◆ **Reduced debt and firm control of working capital requirement**

At February 28, 2010, **cash and cash equivalents** stood at €115.3 million and working capital requirement at €193 million, or 20.3% of revenue, versus 39% one year earlier.

Net debt amounted to €274.3 million at February 28, 2010, virtually unchanged from November 30, 2009 and more than €200 million lower than at February 28, 2009. This sharp decline resulted from faster sales of units designed in 2007 and a very solid take-up rate for new programs.

◆ **Good business outlook confirmed**

Kaufman & Broad continued to actively rebuild the land bank. In the first quarter, purchase options were signed representing 2,908 housing units, increasing the land bank to over 14,000 units, or around two years of business.

Housing **backlog** amounted to €800.3 million (excluding VAT) at February 28, 2010, versus €753.4 million at November 30, 2009, a 6.2% increase.

At February 28, 2010, Kaufman & Broad S.A. had 140 housing programs on the market, of which 26 in Ile de France and 114 in the other regions. This compares with 244 at the end of first-quarter 2009. For the full year, the Company plans to launch 116 new programs, representing around 8,500 housing units, versus 63 programs in 2009.

In all, 34 **programs** are scheduled for launch in the second quarter (compared with 20 in second-quarter 2009), representing more than 2,000 housing units. Eight of the programs (508 units) are in Ile-de-France and 26 programs (1,504 units) are in the other regions.

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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KAUFMAN & BROAD S.A.

Statements of Income* (in € thousands)

February 28, 2010

*Unaudited and not approved by the Board of Directors

| | Q1 2010 (*) | Q1 2009 |
|--|----------------|----------------|
| Revenues | 195,360 | 179,331 |
| Cost of sales | (162,197) | (148,303) |
| Gross profit | 33,163 | 31,028 |
| Selling expenses | (5,394) | (5,968) |
| General & administrative expenses | (13,155) | (13,950) |
| Technical expenses | (3,572) | (3,947) |
| Other operating income and expenses | (568) | (17) |
| Current operating profit | 10,474 | 7,146 |
| non-recurring operating income and expenses | 490 | (1,334) |
| Operating profit | 10,964 | 5,812 |
| Finance costs, net | (8,764) | (9,903) |
| Income taxes | (807) | 1,411 |
| Share of profits and losses of associates and joint ventures | 118 | 136 |
| Net income (loss) from fully consolidated companies | 1,511 | (2,544) |
| Of which minority interests | 122 | 137 |
| Of which Income (loss) attributable to shareholders | 1,389 | (2,681) |

(*) Since December 1, 2009, Kaufman & Broad has applied the amendment to IAS 23 concerning the capitalization of borrowing costs.

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

*Unaudited and not approved by the Board of Directors

| ASSETS | Feb. 28, 2010 | Nov.30, 2009 |
|--|----------------------|----------------------|
| Goodwill | 68,511 | 68,511 |
| Intangible assets | 81,732 | 81,988 |
| Tangible assets | 6,114 | 5,930 |
| Associates and joint ventures | 3,743 | 4,270 |
| Other non-current assets | 916 | 861 |
| Deferred tax assets | 791 | 952 |
| Non-current assets | 161,807 | 162,512 |
| Inventories | 260,095 | 295,741 |
| Accounts receivable | 162,857 | 203,770 |
| Other receivables | 182,001 | 182,923 |
| Cash and cash equivalents | 115,305 | 123,157 |
| Prepaid expenses | 934 | 1,378 |
| Current assets | 721,192 | 806,969 |
| Assets held for sale | 31,431 | 30,292 |
| TOTAL ASSETS | 914,430 | 999,773 |
| | | |
| EQUITY AND LIABILITIES | Feb. 28, 2010 | Nov. 30, 2009 |
| Issued capital | 5,612 | 5,612 |
| Additional paid-in capital, reserves and other | 76,604 | 106,643 |
| Income (loss) attributable to shareholders | 1,389 | (29,812) |
| Shareholders' equity | 83,605 | 82,443 |
| Minority interests | 3,794 | 6,526 |
| Total equity | 87,399 | 88,969 |
| Provisions | 24,650 | 26,498 |
| Long-term borrowings | 349,433 | 344,879 |
| Non-current liabilities | 374,083 | 371,377 |
| Short-term borrowings | 40,131 | 55,410 |
| Trade payables | 342,056 | 398,790 |
| Other payables | 68,921 | 83,260 |
| Deferred income | 1,840 | 1,967 |
| Current liabilities | 452,948 | 539,427 |
| TOTAL EQUITY AND LIABILITIES | 914,430 | 999,773 |

KAUFMAN & BROAD S.A.

Additional Information

| | Single-Family Homes | | |
|---|----------------------------|----------------|----------------|
| | Q1 2010 | Q1 2009 | Q1 2008 |
| Net orders (in units) | 144 | 67 | 172 |
| Net orders (in € thousands, including VAT) | 37,755 | 18,903 | 67,838 |
| Backlog (in € thousands, excluding VAT) | 101,389 | 96,980 | 144,782 |
| Backlog (in months of business) | 12.3 | 9.2 | 9.9 |
| Deliveries (in EHUs) | 124 | 89 | 122 |

| | Apartments | | |
|---|-------------------|----------------|----------------|
| | Q1 2010 | Q1 2009 | Q1 2008 |
| Net orders (in units) | 1,073 | 908 | 1,150 |
| Net orders (in € thousands, including VAT) | 229,493 | 155,350 | 241,637 |
| Backlog (in € thousands, excluding VAT) | 698,894 | 741,686 | 1,054,062 |
| Backlog (in months of business) | 13.0 | 13.4 | 12.9 |
| Deliveries (in EHUs) | 980 | 1,009 | 1,324 |

| | Commercial Property | | |
|---|----------------------------|----------------|----------------|
| | Q1 2010 | Q1 2009 | Q1 2008 |
| Net orders (in sq.m) | - | - | - |
| Net orders (in € thousands, including VAT) | - | - | - |
| Backlog (in € thousands, excluding VAT) | 605 | 6,045 | 15,991 |