

KAUFMAN BROAD

PRESS RELEASE - FOR IMMEDIATE RELEASE

2010 NINE-MONTH RESULTS

(*UNAUDITED AND NOT APPROVED BY THE BOARD OF DIRECTORS)

- **Sales continue to rise in third-quarter 2010:**
 - Housing orders up 52.9% in value
 - New program take-up rate of over 63%
- **Further significant improvement in financial indicators**
 - Gross margin at 17.3 %, up 2.6 points over third-quarter 2009
 - Working capital requirement at 14.2% of revenues, vs. 27.3% at August 31, 2009
 - Sharp reduction in net debt
- **Land bank up a solid 41.6% in one year**
- **Good outlook confirmed**
 - Return to a net profit in 2010
 - Sharp improvement in 2011, thanks to more than €1 billion in backlog

(PARIS - September 30, 2010) - Kaufman & Broad SA today announced its financial results for the first nine months of fiscal 2010, which ended on August 31.

Commenting on the Group's performance and outlook, Guy Nafilyan, Chairman and Chief Executive Officer, said: *"Our third-quarter 2010 results are in line with the positive momentum noted in the first half. This performance confirms the validity of our strategy, implemented in late 2008, of refocusing our sales offering on more compact, cost-effective products that are more closely aligned with demand from first-time buyers and investors."*

In terms of our financial results, gross margin improved while working capital requirement and net debt were once again considerably reduced.

Moreover, Kaufman & Broad continued to actively rebuild its land bank on satisfactory terms. Today, it totals more than 16,000 lots, or 41.6% more than one year ago, and represents over two years of business.

Against this backdrop, and in comparable market conditions, Kaufman & Broad is confirming a return to net profit for fiscal 2010, which will nonetheless continue to feel the impact of the last few years. In addition, the outlook for 2011 is substantially improved."

Consolidated Financial Highlights

(in € millions)	Q3 2010	Q3 2009	% change	9 months 2010	9 months 2009	% change
Net revenues	218.9	243.0	-9.9%	604.6	660.2	-8.4%
Net housing revenues	215.1	239.3	-10.1%	593.1	648.9	-8.6%
Gross profit	37.9	35.8	+5.9%	103.8	89.5	+16.0%
<i>Gross margin</i>	17.3%	14.7%	+2.6 pts	17.2%	13.6%	+3.6 pts
Current operating profit	14.2	11.9	+19.3%	33.6	12.2	nm
Income (loss) attributable to shareholders	2.3	0.6	nm	4.7	(26.9)	nm

◆ Third-quarter orders up 52.9 % in value

Consolidated net revenues for the first nine months of fiscal 2010 amounted to €604.6 million compared with €660.2 million for the prior-year period, a decline of 8.4%. In the third quarter alone, consolidated net revenues came to €218.9 million, down 9.9% from €243 million in the prior-year period.

The decline was due to the fact that under the percentage of completion accounting method, new programs, which have a very high take-up rate, will not have most of their impact on revenues until 2011.

Sales of **Apartments** dropped 11.8% to €495.7 million and represented 83.6% of total housing revenues. Sales of **Single-family homes** rose 12.2% to €97.3 million, or 16.4% of the total. **Showroom** revenues came to €3.5 million and **Commercial property** revenues totaled €1.9 million.

During the first nine months of the year, 3,467 equivalent housing units (EHUs) were delivered, versus 3,914 in the same period of 2009.

In the third quarter alone, housing orders rose by 52.9% **in value** to €361.8 million (including VAT), from €236.6 million in the prior-year period, and by 54.8% **in volume** to 1,732 units, compared with 1,119 units in third-quarter 2009. This sharp improvement is all the more noteworthy given that the number of Kaufman & Broad homes on the market is still small.

Nine-month housing orders rose by 54.4% in **value**, to €1,036.8 million (including VAT) from €671.4 million in the previous-year period, and by 46.2% in **volume** to 4,997 units.

Orders in the Paris area represented 38.9% of the housing total in value compared with 39.3% for the first nine months of 2009.

The take-up rate stood at 22%, over 10 points higher than for the same period in 2009. More than 63% of the total was for programs launched in the third quarter.

◆ Nine-month gross margin up 3.6 points

Gross profit for the first nine months of 2010 came to €103.8 million while gross margin stood at 17.2% of revenues compared with 13.6% in the prior-year period. For the third quarter alone, gross margin came to 17.3%, versus 14.7% in third-quarter 2009.

This significant improvement in gross margin reflects the growing importance of new programs that generate margins in line with the Company's profitability criteria.

Current operating profit amounted to €33.6 million for the first nine months of the year, versus €12.2 million in the previous-year period. In the third quarter alone, it totaled €14.2 million, a 19.3% period-on-period increase.

Current operating margin stood at 5.6% in the first nine months and 6.5% in the third quarter. The 3.8 point improvement over the first nine months of 2009 was due to the increase in gross profit and tight management of operating expenses.

Finance costs, net amounted to €25.3 million for the first nine months of 2010, versus €29.5 million in the previous-year period.

This more than 14% fall reflects the decline in net debt as well as lower interest rates. Since December 1, 2009, Kaufman & Broad has applied the amendment to IAS 23 concerning the capitalization of borrowing costs, which will have its initial impact in fourth-quarter 2010.

Income attributable to shareholders came to €4.7 million for the first nine months of 2010, compared with a loss of €26.9 million in the prior-year period. In the third quarter alone, income attributable to shareholders amounted to €2.3 million.

◆ Continuing to pay down debt and a reduction in working capital requirement

Cash flow from operating activities for the first nine months totaled €108.3 million compared with €102.7 million for the prior-year period.

At August 31, 2010, **cash and cash equivalents** amounted to €193.8 million versus €123.2 million at November 30, 2009.

Working capital requirement came to €124.9 million and represented 14.2% of revenues, a significant decline compared with August 31, 2009 when it stood at 27.3% of revenues.

Net debt totaled €199.6 million, a decline of €69.0 compared with November 30, 2009 and €177.1 million compared with August 31, 2009. This very substantial improvement resulted from faster sales of units designed in 2007 and a very solid take-up rate for new programs.

◆ Solid increase in the land bank and backlog

Kaufman & Broad continued to actively rebuild the land bank, primarily for single-family homes and apartments intended for first-home buyers and buy-to-let investors.

In the first nine months of 2010, Kaufman & Broad signed purchase options representing 8,467 housing units, of which more than 2,705 in the Paris area and nearly 5,762 in other regions, thereby raising the number of housing units represented by the land bank to 16,048 at August 31, 2010.

In the first three quarters of the year, Kaufman & Broad developed 75 new programs representing an estimated total of 5,718 housing units. Three-quarters of the Company's properties on the market are intended for first-home buyers and buy-to-let investors.

Housing backlog at August 31, 2010 totaled €1,044.5 million (excluding VAT), a 33.1% increase from one year earlier. It represents 14.5 months of housing sales based on revenues over the past 12 months.

At the period-end, 160 housing programs were **on the market**, of which 34 in the Paris area and 126 in the other regions, representing a total of 2,518 units for sale.

In the fourth quarter, Kaufman & Broad will start 37 **new programs** (13 in the Paris area and 24 in the other regions), representing an estimated total of 1,966 housing units.

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 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, 2010.

KAUFMAN & BROAD S.A.

Statement of Income – 9 months 2010 (in € thousands)

(*Unaudited and not approved by the Board of Directors)

	Nine months to August 31, 2010	Nine months to August 31, 2009
Revenues	604,624	660,204
Cost of sales	(500,825)	(570,726)
Gross profit	103,799	89,478
Selling expenses	(15,940)	(18,033)
General & administrative expenses	(41,505)	(42,668)
Technical expenses	(10,184)	(11,236)
Other current operating income and expenses	(2,556)	(5,390)
Current operating profit	33,614	12,151
Other non-recurring income and expenses	3,532	(24,235)
Operating profit	37,146	-12,084
Finance costs, net	(25,276)	(29,478)
Income taxes	(883)	18,878
Share of income from equity affiliates and joint ventures	918	421
Income (losses) from assets held for sale	(1,000)	-
Net income (loss) from fully consolidated companies	10,905	(22,263)
Of which minority interests	6,248	4,644
Of which income (loss) attributable to shareholders	4,657	(26,907)
Earnings (loss) per share (€)	0.22	(1.25)

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BALANCE SHEET

(in € thousands)

(*Unaudited and not approved by the Board of Directors)

ASSETS	August 31, 2010	Nov. 30, 2009
Goodwill	68,511	68,511
Intangible assets	81,731	81,988
Tangible assets	6,284	5,930
Investments in equity affiliates and joint ventures	4,708	4,270
Other non-current assets	1,379	861
Deferred tax assets	383	952
Non-current assets	162,996	162,512
Inventories	233,917	295,741
Accounts receivable	145,902	203,770
Other receivables	133,670	182,923
Cash and cash equivalents	193,824	123,157
Prepaid expenses	943	1,378
Current assets	708,256	806,969
Assets held for sale	29,545	30,292
TOTAL ASSETS	900,797	999,773
EQUITY AND LIABILITIES	August 31, 2010	Nov. 30, 2009
Issued capital	5,612	5,612
Additional paid-in capital, reserves and other	79,712	106,643
Income (loss) attributable to shareholders	4,657	(29,812)
Shareholders' equity	89,981	82,443
Minority interests	6,315	6,526
Total equity	96,296	88,969
Provisions	21,597	26,498
Long-term borrowings	352,643	344,879
Deferred tax liabilities	0	0
Non-current liabilities	374,240	371,377
Short-term borrowings	40,755	55,410
Trade payables	317,382	398,790
Other payables	69,913	83,260
Deferred income	2,211	1,967
Current liabilities	430,261	539,427
TOTAL EQUITY AND LIABILITIES	900,797	999,773

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Additional Information

	Single-Family Homes		
	9 months 2010	9 months 2009	9 months 2008
Net orders (in units)	264	416	520
Net orders (in € thousands, including VAT)	80,498	111,886	159,002
Backlog (in € thousands, excluding VAT)	75,057	105,278	138,866
Backlog (in months of business)*	6.4	9.0	10.3
Deliveries (in EHUs)	393	361	452

	Apartments		
	9 months 2010	9 months 2009	9 months 2008
Net orders (in units)	4,733	3,001	3,222
Net orders (in € thousands, including VAT)	956,269	559,532	628,038
Backlog (in € thousands, excluding VAT)	969,401	679,175	889,626
Backlog (in months of business)*	16.1	10.1	9.8
Deliveries (in EHUs)	3,074	3,553	4,199

	Commercial Property		
	9 months 2010	9 months 2009	9 months 2008
Net orders (in € thousands, including VAT)	-	-	69,368
Backlog (in € thousands, excluding VAT)	-	4,413	63,055

*Based on revenues over the past 12 months.

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Additional Information

	Single-Family Homes		
	Q3 2010	Q3 2009	Q3 2008
Net orders (in units)	60	154	177
Net orders (in € thousands, including VAT)	19,459	43,542	41,901
Deliveries (in EHUs)	136	144	125

	Apartments		
	Q3 2010	Q3 2009	Q3 2008
Net orders (in units)	1,672	965	951
Net orders (in € thousands, including VAT)	342,302	193,077	150,401
Deliveries (in EHUs)	1,128	1,215	1,427

	Commercial Property		
	Q3 2010	Q3 2009	Q3 2008
Net orders (in € thousands, including VAT)	-	-	-