

KAUFMAN BROAD

PRESS RELEASE – FOR IMMEDIATE RELEASE

2010 ANNUAL RESULTS

Unaudited and not approved by the Board of Directors

2010: very buoyant sales and improved earnings

- **Very strong turnaround in sales**
 - **Housing orders: up 41.3% in value**
 - **New program take-up rate: 35%**
- **Sharp improvement in financial indicators**
 - **Gross margin: 17.5% (up 3.9 points)**
 - **Attributable net income €18.1m, of which €13.4m in the fourth quarter**
 - **Lower net debt (down 21% vs. 2009)**
- **Surge in property portfolio (2.2 years of activity)**
- **Sharp increase in Housing backlog: +35%**

2011: promising outlook

- **Revenue growth of some 10%**
- **More than 100% increase in attributable net income**

PARIS, January 21, 2011 - Kaufman & Broad SA today announces its financial results for 2010 (from December 1, 2009 to November 30, 2010), and its fourth quarter results (from September 1, 2010 to November 30, 2010).

Commenting on the results and outlook, Guy Nafilyan, Chairman and Chief Executive Officer of Kaufman & Broad, said: *"We are happy with 2010, which confirms the strength of the strategy introduced in 2008. It has resulted this year in boosted sales, positive earnings and to the restructuring of a high quality property portfolio.*

In terms of sales activities, the new program average monthly take-up rate was extremely high of some 35% throughout the year. The margins on these programs are in line with the company's general practice of around 20%. All financial indicators are sharply up, as confirmed by the steep decline in net debt.

The outlook for 2011 is promising and we expect revenue growth of some 10% subject to identical market conditions. Attributable net income, on the other hand, is expected to surge by over 100%, boosted by improvement in the gross margin rate, tight control of operating costs and interest expense."

Key consolidated data

(€ million)	Q4 2010	Q4 2009	% Change	Fiscal 2010	Fiscal 2009	% Change
Net revenues	331.1	274.7	+20.5%	935.7	934.9	+0.1%
Gross margin	59.6	37.8	+57.7%	163.4	127.3	+28.4%
<i>Gross margin rate</i>	18.0%	13.8%	+4.2 pts	17.5%	13.6%	+3.9 pts
Current operating expenses	26.5	24.9	+6.4%	96.7	102.3	-5.4%
<i>% of revenues</i>	8.0%	9.1%	-1.1 pts	10.3%	10.9%	-0.6 pt
Current operating profit	33.1	12.9	+156.8%	66.7	25.0	+166.4%
<i>Current operating margin</i>	10.0%	4.7%	+5.3 pts	7.1%	2.7%	+4.4 pts
Attributable net income	13.4	(2.9)	nm	18.1	(29.8)	nm

◆ **20.5% increase in fourth quarter revenues**

Total 2010 net revenues amounted to €935.7 million (excluding VAT), which is stable in relation to 2009 revenues. In the fourth quarter alone, net revenues came in at €331.1 million, up 20.5% over 2009 fourth quarter revenues.

Housing revenues amounted to €918 million and accounted for 98.1% of total revenues. In the fourth quarter, Housing revenues came in at €324.9 million, up 20.4% over 2009. Ile-de-France (Paris region) accounted for 36.1% of the Housing activity and 63.9% for the other Regions.

Apartments revenues amounted to €791.9 million and accounted for 86.3% of total Housing activity. **Single-family Homes in Communities** revenues came in at €126.0 million. During 2010, 5,394 equivalent housing units (EHUs) were delivered compared to 5,500 EHUs in 2009.

Showroom revenues were €5.9 million, up 18.1% over 2009.

◆ **Increase in orders throughout the year: up 41.3% in value and up 38.6% in volume**

Over the full year, orders in **value** totaled €1,393.7 million (including VAT), up 41.3% over 2009, for a commercial offer that was down nearly 11%. New program average monthly take-up rate was 35%. The average price of ordered housing units increased by 2% in 2010 from €205,541 to €209,553 (including VAT).

In fourth quarter 2010, housing orders in value rose 13.3% over fourth quarter 2009 from €315.0 million (including VAT) to €357.0 million (including VAT).

In 2010, 6,651 housing orders **in volume** were recorded, up 38.6% from 4,799 orders in 2009. In fourth quarter 2010, housing orders increased by 19.7% over fourth quarter 2009 from 1,382 to 1,654 orders.

As of November 30, 2010, nearly 85% of housing units on offer consist of units for 1st time buyers and investors, who can benefit from governmental financial support.

◆ **Continued deleveraging and working capital reduction**

Over the full year, **gross profit totaled** €163.4 million, up 28.4%. Stated as a percentage of revenues, it amounted to 17.5%, up 3.9 points over 2009, and 18.0% in fourth quarter 2010, compared to 13.8% in fourth quarter 2009.

Current operating profit for the year was €66.7 million, and €33.1 million for the fourth quarter alone. Current operating expenses amounted to €96.7 million, or 10.3% of revenues, compared to €102.3 million in 2009, or 10.9% of revenues, down 5.4% for the full year.

Other non-recurring income and expenses amounted to €4.1 million income in 2010, compared to €23.1 million net expense in 2009.

The **cost of net financial debt** amounted to €29.7 million down from €38.8 million in 2009 reflecting the steep reduction in net debt. It includes a non-recurring €11.1 million expense, deferment of the balance of interest rate swaps cancelled in 2009.

Attributable net income came to €18.1 million compared to a loss of €29.8 million in 2009.

Cash flow from operating activities came in at €92.4 million for 2010, boosted by a sharp net increase in cash flow before cost of financial debt and tax, which surged from €13.3 million in 2009 to €70.1 million in 2010. At November 30, 2010, **working capital** represented 18.8% of revenues, compared to 21.4% at November 30, 2009.

Net financial debt stood at €211.7 million, representing a sharp reduction compared to November 30, 2009 when it was €268.5 million. This reduction arose due to faster sales of housing units built in 2007 and due to the popularity and buoyant sales of new programs. The debt reduction was also the result of the 2010 sale of Kaufman & Broad S.A.'s entire investment in Seniors Santé.

◆ **Sharp increase in backlog**

The Group actively continued to restructure and renew the **property portfolio**. For example, during the year, Kaufman & Broad signed purchase commitments for land representing 12,552 housing units, which raised the group's property portfolio to 14,123 housing units, including 4,251 in Ile-de-France and 9,872 in the other Regions, representing 2.2 years of activity.

At November 30, 2010, the **Housing Backlog** stood at €1,016.9 million (excluding VAT), up 35.0% compared to November 30, 2009, and representing 13.3 months of Housing activity.

At November 30, 2010, Kaufman & Broad had 127 **housing programs being marketed** of which 22 in Ile-de-France and 105 in the other Regions, representing 2,410 housing units, including 1,937 available for sale.

During first quarter 2011, Kaufman & Broad will develop 27 **new programs** (6 in Ile-de-France and 21 in the other Regions) amounting to a total of 1,971 housing units. Throughout the year, Kaufman & Broad plans to develop 163 new programs amounting to nearly 9,900 housing units.

The financial statements for the year will be approved by the Board of Directors on February 17, 2011.

Glossary

Take-up rate: It represents the number of orders in related to the average commercial offer for the period.

Property portfolio: This represents all real estate for which a deed or commitment to sell has been signed.

Orders: measured in volume and in value, orders reflect the group's commercial activity. Orders are recognized in revenue based on the time necessary for the "conversion" of an order into a signed and notarized deed, which is the point at which income is generated.

EHU: EHU (Equivalent Housing Units delivered) directly reflect sales. The number of 'EHU' is a function of multiplying (i) the number of housing units of a given program for which the notarized sales deeds have been signed, by (ii) the ratio between the group's property expenses and construction expenses incurred on the said program and the total expense budget for said program.

Commercial offer: this represents the total inventory of properties available for sale as of the date in question, i.e. all unordered housing units as of this date.

Gross margin: this equals revenues less cost of sales; cost of sales specifically comprises the price of land, related property costs and construction costs.

Backlog: The backlog is a summary at any given moment, which enables a forecast of future revenues for the coming months.

For more than 40 years, the Kaufman & Broad Group has designed, developed and sold single-family homes in communities, apartments and offices on behalf of third parties. Kaufman & Broad is a leading French property builder and developer in view of its size, earnings and power of its brand.

Contacts

Chief Financial Officer

Bruno Coche

+33 1 41 43 44 73 – bcoche@ketb.com

Press Relations

Jérôme Goer / Thérésa Vu

+33 1 40 71 32 84

Website: www.ketb.com

This document contains forward-looking information. This information is liable to be affected by known or unknown factors that KBSA cannot easily control or forecast, which may render the results materially different from those stated, implied or projected by the company. These risks specifically include those listed under the heading 'Risk Factors' in the Reference Document filed with the AMF on March 31, 2010.

KAUFMAN & BROAD S.A.

Consolidated income statement* (in € thousands)

*Unaudited and not approved by the Board of Directors

	Nov. 30, 2010	Nov. 30, 2009
Revenues	935,702	934,909
Cost of sales	(772,289)	(807,619)
Gross margin	163,413	127,290
Selling expenses	(22,651)	(23,644)
Administrative expenses	(57,519)	(54,768)
Technical expenses	(14,370)	(14,984)
Other operating income and expenses	(2,186)	(8,865)
Current operating profit	66,687	25,029
Other non-recurring expenses	4,130	(23,068)
Operating income	70,817	1,961
Cost of net financial debt	(29,729)	(38,753)
Other financial expenses	(374)	(5,024)
Income tax (expenses) / income	(8,045)	20,751
Share of income (loss) of equity affiliates and joint ventures	633	288
Income/loss from assets held for sale	-	(550)
Earnings of discontinued activities	(1,000)	-
Income (loss) attributable to shareholders	32,302	(21,327)
Minority interests	14,239	8,485
Attributable net income	18,063	(29,812)
Earnings (loss) per share (€)	0.84	(1.40)

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

*Unaudited and not approved by the Board of Directors

ASSETS	Nov. 30, 2010	Nov. 30, 2010
Goodwill	68,511	68,511
Intangible Assets	82,310	81,988
Property, Plant and Equipment	5,988	5,930
Equity Affiliates and Joint Ventures	5,359	4,270
Other non-current financial assets	12,678	861
Deferred taxes	0	952
Non-current assets	174,846	162,512
Inventories	246,146	295,741
Accounts receivables	203,325	203,770
Other receivables	199,515	182,923
Cash and cash equivalents	140,430	123,157
Prepaid expenses	718	1,378
Current assets	790,134	806,969
Assets classified as held for sale	0	30,292
TOTAL ASSETS	964,980	999,773
EQUITY AND LIABILITIES	Nov. 30, 2010	Nov. 30, 2010
Capital stock	5,612	5,612
Additional paid-in capital	80,094	106,643
Attributable net income	18,063	(29,812)
Attributable shareholders' equity	103,769	82,443
Minority interests	11,785	6,526
Shareholders' equity	115,554	88,969
Provisions for liabilities and charges	20,961	26,498
Borrowings and other non-recurrent financial liabilities (> 1 year)	351,549	344,879
Deferred taxes	8,857	-
Non-current liabilities	381,367	371,377
Other current financial liabilities (< 1 year)	567	55,410
Trade payables	377,292	398,790
Other payables	88,939	83,260
Deferred income	1,261	1,967
Current liabilities	468,059	539,427
TOTAL EQUITY AND LIABILITIES	964,980	999,773

KAUFMAN & BROAD SA
Additional Information

	Single-family Homes in Communities		
	2010	2009	2008
Net orders (in units)	334	573	677
Net orders (in € thousands, including VAT)	101,832	162,563	162,567
Backlog (in € thousands, excluding VAT)	62,132	102,987	99,515
Backlog (in months of business)*	5.9	9.5	7.8
Deliveries (in EHUs)	508	536	683

	Apartments		
	2010	2009	2008
Net orders (in units)	6,317	4,226	4,215
Net orders (in € thousands, including VAT)	1,291,906	823,830	762,254
Backlog (in € thousands, excluding VAT)	954,768	650,405	763,035
Backlog (in months of business)*	14.5	9.9	9.5
Deliveries (in EHUs)	4,886	4,964	5,715

	Commercial Property		
	2010	2009	2008
Net orders (in € thousands, including VAT)	3,165	-	684
Backlog (in € thousands, excluding VAT)*	1,469	1,771	4,771

* based on revenues over the past 12 months

KAUFMAN & BROAD SA
Additional Information

	Single-family Homes in Communities		
	Q4 2010	Q4 2009	Q4 2008
Net orders (in units)	45	157	157
Net orders (in € thousands, including VAT)	15,531	50,677	3,565
Deliveries (in EHUs)	115	172	231

	Apartments		
	Q4 2010	Q4 2009	Q4 2008
Net orders (in units)	1,609	1,225	993
Net orders (in € thousands, including VAT)	341,440	264,298	134,215
Deliveries (in EHUs)	1,812	1,414	1,515

	Commercial Property		
	Q4 2010	Q4 2009	Q4 2008
Net orders (in € thousands, including VAT)	3,165	-	(68,684)