KAUFMAN & BROAD

PRESS RELEASE – FOR IMMEDIATE RELEASE

FIRST QUARTER 2011 RESULTS

[UNAUDITED AND NOT APPROVED BY THE BOARD OF DIRECTORS]

- **Positive growth in activity**
  - **Housing revenues: up 20%**
- **Continued improvement of financial indicators**
  - **Gross margin: 19% (up 2 points)**
  - **Current operating margin: 7.7% (up 2.3 points)**
  - **Net financial debt: €111.5m**
- **Good visibility for future business**
  - **Property portfolio: nearly 16,500 housing units**
  - **Housing backlog: up 25.6%**
- **Outlook confirmed for 2011**
  - **Increase in revenues of around 10%**
  - **Surge in attributable net income by over 100%**

Paris, April 14, 2011 - Kaufman & Broad S.A. today announced results for the first quarter of 2011 (December 1, 2010 – February 28, 2011).

Key consolidated data

(€ million)	**Q1 2011**	**Q1 2010**	**Change**
Revenues (excluding VAT)	**232.9**	195.4	+19.2%
Gross margin	**44.2**	33.2	+33.3%
Gross margin rate	***19.0%***	*17.0%*	*+2.0 pts*
Current operating profit	**17.9**	10.5	+71.0%
Current operating margin	*7.7%*	*5.4%*	*+2.3 pts*
Attributable net income	**7.3**	1.4	nm

"*Our first quarter results continue the upward trend observed during 2010,*" said Guy Nafilyan, Chairman and Chief Executive Officer of Kaufman & Broad S.A. "*Sales continue to improve, with a take-up rate for new programs of almost 20%.*
Financial indicators are improving in terms of gross margin, current operating margin, as well as net financial debt.

We continue to actively replenish the property portfolio, which currently stands at almost 16,500 housing units, representing more than two years of business. The housing backlog increased by more than 25% and stands at over €1 billion.

2011 has started well and, provided that market conditions remain the same, confirms that we can expect revenues to increase by around 10%. 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."

◆ Good rise in housing revenues: up 20%

Revenues for first quarter 2011 amounted to €232.9 million (excluding VAT), an increase of 19.2% over first quarter 2010. They have been favorably impacted by the numerous deeds of sale signed under the 25% non-LCB Scellier incentives.

Housing revenues increased by 20.0% to €230.0 million and represented 98.8% of the total. Île-de-France accounted for 35.5% of Housing revenues.

Revenues from **Apartments** increased 31.4% to €211.6 million, or 92.0% of Housing revenues. Revenues for **Single-family homes in communities** amounted to €18.4 million, compared with €30.7 million in first quarter 2010. Deliveries during first quarter 2011 stood at 1,365 equivalent housing units (EHUs), versus 1,104 in first quarter 2010.

◆ 18% rise in total orders

Total orders were up 18.0% in **value**, from €271.3 million (including VAT) in first quarter 2010 to €320.2 million (including VAT) in first quarter 2011.

Housing order value rose by 3.4% to €276.4 million (including VAT). In **volume**, orders were up 3.9% (1,264 orders versus 1,217 in first quarter 2010). It should be noted that **the sales offering** during first quarter 2011 remained weak and was comparable to that of first quarter 2010 (2,295 housing units for sale in first quarter 2011 compared with 2,234 in first quarter 2010).

As a result of France's "interest-free loan program," orders from first-time buyers in first quarter 2011 rose to 27% in value, compared with 13% in first quarter 2010.

New programs launched during first quarter 2011 had a monthly average **take-up rate** of 20%, which was still extremely high.

Office properties order value amounted to €41.9 million (including VAT).

◆ Improvement in gross margin and current operating margin, continued decline in net financial debt

Gross margin amounted to €44.2 million, up 33.3% compared with first quarter 2010, while **gross margin** rose 2 points to 19.0%.

Current operating profit increased 71.0% to €17.9 million, a stronger increase than that of gross profit due to the tight grip on operating expenses, which increased by just €3.6 million. Operating expenses represented 11.3% of revenues for first quarter 2011, compared with 11.6% in first quarter 2010.

Current operating margin rose by 2.3 points to stand at 7.7%, versus 5.4% in first quarter 2010.

Cost of net financial debt amounted to €5.1 million. This marked improvement over first quarter 2010, which represented €8.8 million, was due to the reduction in net financial debt.

Attributable net income was €7.3 million, compared with €1.4 million in first quarter 2010.

At February 28, 2011, cash and cash equivalents stood at €241.9 million, up more than €100 million compared with November 30, 2010. This significant improvement was largely due to the sharp drop in **working capital requirement**, which decreased from €176 million at November 30, 2010 to €88.4 million at February 28, 2011. Working capital requirement was 9.1% of twelve-month rolling revenues versus 18.8% at the end of November 2010 and 20.3% at the end of February 2010.

Net financial debt amounted to €111.5 million at February 28, 2011, down more than €100 million compared with November 30, 2010 and €162.7 million compared with February 28, 2010.

◆ Good activity outlook confirmed

Kaufman & Broad continued to actively rebuild the property portfolio. In first quarter 2011, purchase commitments for land were signed representing 3,317 housing units, increasing the property portfolio to 16,480 housing units, or 2.3 years of activity.

Housing backlog amounted to €1,005.5 million (excluding VAT) at February 28, 2011, versus €800.3 million (excluding VAT) at February 28, 2010, a 25.6% increase.

At February 28, 2011, Kaufman & Broad had 131 housing programs being marketed, of which 17 in Île-de-France and 114 in the other Regions. This compares with 140 at the end of first quarter 2010. For the full year 2011, Kaufman & Broad plans to launch 163 new programs, representing close to 9,900 housing units, versus 101 programs in 2010, or 6,996 housing units.

In all, 52 **programs are scheduled for launch** in the second quarter (compared with 28 in second quarter 2010), representing more than 2,800 housing units (15 of the programs or 980 housing units are in Île-de-France and 37 programs or 1,829 housing units are in the other Regions).

◆ **Next publication:** First half 2011 results on July 8, 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 any commitment (such as a purchase option, etc.) has been signed.

Orders: Measured in volume (Units) 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. In addition, for apartment programs including mixed buildings (apartments/business premises/commercial premises/office space) all surface areas are converted to equivalent housing units.

Units: Units are used to define the number of housing units or equivalent housing units (for mixed programs) of any given program. The number of equivalent housing units is determined by comparing the surface area by type (business premises/retail space/offices) with the previously obtained average surface area of housing units.

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 corresponds to revenues less the cost of sales. Cost of sales consists of the price of land parcels, the 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, Kaufman & Broad 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.

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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 under number D.11-0207 on March 31, 2011.

KAUFMAN & BROAD S.A.

Consolidated income statement* (in € thousands)
At February 28, 2011
*Unaudited and not approved by the Board of Directors

	Q1 2011	Q1 2010
Revenues	**232,945**	**195,360**
Cost of sales	(188,754)	(162,197)
Gross margin	**44,191**	**33,163**
Selling expenses	(5,902)	(5,394)
Administrative expenses	(15,064)	(13,155)
Technical expenses and customer services	(3,808)	(3,572)
Other income and other expenses	(1,504)	(568)
Current operating profit	**17,913**	**10,474**
Other non-recurring income and expenses	369	490
Operating income	**18,282**	**10,964**
Cost of net financial debt	(5,110)	(8,764)
Income tax (expenses) / income	(2,123)	(807)
Share of income (loss) of equity affiliates and joint ventures	609	118
Income (loss) of attributable to shareholders	**11,658**	**1,511**
Minority interests	4,398	122
Attributable net income	**7,260**	**1,389**

Kaufman & Broad S.A.

Consolidated balance sheet* (in € thousands)

*Unaudited and not approved by the Board of Directors

ASSETS	Feb. 28, 2011	Nov. 30, 2010
Goodwill	68,511	68,511
Intangible Assets	83,096	82,310
Property, Plant and Equipment	6,081	5,988
Equity Affiliates and Joint Ventures	6,139	5,359
Other non-current financial assets	14,610	12,678
Non-current assets	**178,437**	**174,846**
Inventories	179,073	246,146
Accounts receivable	193,508	203,325
Other receivables	158,882	199,515
Cash and cash equivalents	241,879	140,430
Prepaid expenses	362	718
Current assets	**773,704**	**790,134**
TOTAL ASSETS	**952,141**	**964,980**
EQUITY AND LIABILITIES	**Feb. 28, 2011**	**Nov. 30, 2010**
Capital stock	5,612	5,612
Additional paid-in capital	101,864	80,094
Attributable net income	7,260	18,063
Attributable shareholders' equity	114,736	103,769
Minority interests	13,514	11,785
Shareholders' equity	**128,250**	**115,554**
Provisions	20,044	20,961
Borrowings and other non-current financial liabilities (> 1 year)	349,311	351,549
Deferred tax	13,428	8,857
Non-current liabilities	**382,783**	**381,367**
Other current financial liabilities (< 1 year)	4,116	567
Accounts payable	358,329	377,292
Other payables	77,541	88,939
Deferred income	1,122	1,261
Current liabilities	**441,108**	**468,059**
TOTAL EQUITY AND LIABILITIES	**952,141**	**964,980**

KAUFMAN & BROAD S.A.

Additional information

	Single-family homes in communities		
	Q1 2011	**Q1 2010**	**Q1 2009**
Net orders (in units)	**9**	144	67
Net orders (in € thousands, including VAT)	**4,125**	37,755	18,903
Backlog (in € thousands, excluding VAT)	**49,918**	101,389	96,980
Backlog (in months of business)*	**5.3**	8.6	8.0
Deliveries (in EHUs)	**76**	124	89

	Apartments		
	Q1 2011	**Q1 2010**	**Q1 2009**
Net orders (in units)	**1,255**	1,073	908
Net orders (in € thousands, including VAT)	**272,243**	229,493	155,350
Backlog (in € thousands, excluding VAT)	**955,590**	698,894	741,686
Backlog (in months of business)*	**13.6**	10.6	10.0
Deliveries (in EHUs)	**1,289**	980	1,009

	Commercial property		
	Q1 2011	**Q1 2010**	**Q1 2009**
Net orders (in sq. m)	**11,489**	-	-
Net orders (in € thousands, including VAT)	**41,910**	-	-
Backlog (in € thousands, excluding VAT)	**35,926**	605	6,045

** Based on revenues over the past 12 months rolling*