

FIRST-HALF 2011 RESULTS

(APPROVED BY THE BOARD OF DIRECTORS)

- **Solid growth in business**
 - ✓ Significant revenue growth: up 17.8%
 - ✓ Total orders up in value: up 7.3%
- **Continued improvement in financial indicators**
 - ✓ Gross margin rate: 19.2% (up 2.1 points)
 - ✓ Current operating margin: 7.2% (up 2.2 points)
 - ✓ Net financial debt: €67.7 million (down €153 million vs. May 31, 2010)
- **Excellent visibility on future business**
 - ✓ Property portfolio: 18,103 housing units (up 28% vs. November 30, 2010)
 - ✓ Housing backlog in value: up 20.5%
- **Outlook for 2011 confirmed**
 - ✓ Revenue growth of around 10%
 - ✓ Attributable net income has more than doubled
- **New growth drivers**
 - ✓ Senior Homes-Services
 - ✓ Commercial Property

Paris, July 8, 2011 – Kaufman & Broad S.A. is today publishing its results for the first-half of 2011 (from December 1, 2010 to May 31, 2011).

Key consolidated data

| <i>(in € million)</i> | H1 2011 | H1 2010 | Change |
|---------------------------------|----------------|----------------|---------------|
| Net revenues (excluding VAT) | 454.4 | 385.7 | +17.8 % |
| Gross margin | 87.2 | 65.9 | +32.3 % |
| <i>Gross margin rate</i> | 19.2% | 17.1 % | +2.1 pts |
| Current operating profit | 32.7 | 19.4 | +68.0 % |
| <i>Current operating margin</i> | 7.2% | 5.0% | +2.2 pts |
| Attributable net income | 13.7 | 2.3 | nm |

Commenting on these results, Guy Nafilyan, Chairman and Chief Executive Officer of Kaufman & Broad S.A., confirmed that: *"Our first-half results are very satisfactory, in terms of both business and finances. They have been achieved in a context marked by the still limited commercial offer and steady demand. Housing orders in value are stable compared*

with the first quarter of 2011, remaining at a high level. The increase in orders recorded under the "Prêt à Taux Zéro +" has offset the contraction in orders under the Scellier system. The average monthly take-up rate for operations launched during the second quarter of 2011 was 25%.

All the financial indicators show significant improvement, from the gross margin rate to the current operating margin and net financial debt.

The replacement of the property portfolio continues to move forward under favourable conditions. Today, it stands at almost 18,100 housing units, representing almost three years of business. The housing backlog is up by over 20% to €1.15 billion.

The outlook for 2011 is positive, making it possible to confirm, based on identical market conditions, revenue growth of around 10%. Moreover, attributable net income is expected to more than double, under the impact of the improvement in the gross margin rate, as well as tight control over operating costs and interest expenses.

In addition, Kaufman & Broad has decided to expand its selection of products in order to develop a new line of Single Family Homes in Communities and offer innovative housing solutions for seniors and students. Kaufman & Broad also intends to energized its Commercial Property business".

➤ **Significant increase in comprehensive revenues: +17.8%**

Net revenues climbed 17.8% over the first-half of fiscal 2011 to €454.4 million (excluding VAT), from €385.7 million (excluding VAT) for the first-half of 2010.

Housing revenues total €437.0 million, up 15.6% to represent 96.2% of comprehensive revenues. Île-de-France accounted for 36.9% of Housing revenues.

The **Apartments** segment recorded €402.0 million in revenues, an increase of 28.2%, representing 92.0% of Housing revenues. Revenues for **Single Family Homes in Communities** totaled €35.0 million, compared with €64.3 million for the first-half of 2010. In the first-half of 2011, 2,568 housing units (EHU) were delivered, compared with 2,203 units (EHU) during the same period of the previous year, an increase of 16.6%.

Showroom revenues amounted to €2.3 million, while the **Commercial Property** segment recorded €12.1 million in revenues, generated primarily on a transaction for a space with a net surface area of 8,470 sq.m in Marseille.

➤ **Increase in total orders in value: + 7.3%**

Total orders in value are up 7.3%, rising from €681.8 million (including VAT) in the first-half of 2010 to €731.3 million (including VAT) for the first-half of 2011.

In the first half of 2011, housing orders were stable compared with the orders recorded in the first six months of fiscal 2010, coming in at a very high level.

The significant increase in orders from first-time buyers was confirmed over the first-half of the year, offsetting for the contraction in orders recorded under the Scellier system.

In the second quarter of 2011, **housing orders in value** increased 0.4% to €409.6 million (including VAT), compared with €407.8 million (including VAT). In **volume**, they represent 2,030 orders, versus 2,048 for the second quarter of 2010. They compare favourably with the very high level recorded during the second quarter of 2010, when orders came in 55% higher than the second quarter of 2009.

The average monthly **take-up rate** for new operations launched during the second quarter of 2011 was 25%.

Office orders in value came to €41.7 million (including VAT).

The **commercial offer** represented 2,968 units for sale at the end of the first-half of 2011, compared with 2,154 units at the end of the first-half of 2010.

➤ **Increase in the gross margin rate and current operating margin, continued reduction in net financial debt**

The **gross margin** was €87.2 million, an increase of 32.3% over the first-half of 2010, while the **gross margin rate** is up 2.1 points to 19.2%. In the second quarter, it was 19.4%. This clear improvement reflects the growing importance of the programs launched since the end of 2009.

It is important to note that, as of the second-half of 2011, revenues will include only programs launched since the end of 2009 with gross margin rates in line with Kaufman & Broad's profitability criteria.

The **current operating profit** is up 68.0% to €32.7 million. This growth is greater than the increase in the gross margin, reflecting the effective control over operating costs, which increased by only 17.4% (€8.1 million) compared with the same period in 2010. Thus, they represented 12.0% of revenues for the first-half of 2011.

The **current operating margin** is up 2.2 points to 7.2%, versus 5.0% for the first-half of 2010.

The **cost of net financial debt** improved significantly from €17.1 million for the first-half of 2010 to €7.3 million, reflecting the reduction in net financial debt.

Attributable net income amounted to €13.7 million, compared with €2.3 million for the first-half of 2010.

Net financial debt totaled €67.7 million at May 31, 2011, down almost €144 million from November 30, 2010, and €153 million from May 31, 2010. This significant improvement was primarily generated by the significant reduction in **working capital requirement**, which fell from €176 million at November 30, 2010 to €46.4 million at May 31, 2011. Working capital requirement represent 4.6% of twelve-month rolling revenues, compared with 15.6% at May 31, 2010.

At May 31, 2011, **cash and cash equivalents** were €283.3 million, an increase of almost €143 million from November 30, 2010.

➤ **Solid business outlook confirmed**

The group has actively continued to develop the **property portfolio**. At the end of the first-half of 2011, it represented 18,103 housing units, up 28% over November 30, 2010, with the potential revenues corresponding to almost three years of business.

The **Housing backlog** came to €1,144.6 million (excluding VAT) at May 31, 2011, up 20.5% from €949.9 million (excluding VAT) recorded at May 31, 2010.

As of May 31, 2011, Kaufman & Broad had 168 housing programs on the market (versus 161 for the first-half of 2010), including 33 in Île-de-France and 135 in the other Regions.

During the next quarter, 29 **programs are scheduled to be launched** (versus 23 launches for the third quarter of 2010), representing more than 1,758 housing units (10 launches in Île-de-France, with 832 housing units, and 19 launches in the other Regions, with 926 housing units).

➤ **New growth drivers**

After adapting its commercial offer to market conditions, redeveloping its property portfolio and re-establishing its financial balances, Kaufman and Broad has embarked on new developments to meet market needs, notably by renewing the product line of **Single Family Homes in Communities**, offering innovative products for **seniors** and **students**, and relaunching its business in the **Commercial Property** market.

- **Next regular publication:** 2011 third-quarter results on September 30, 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.

Since 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.

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Kaufman & Broad S.A.

Consolidated income statement *

(in € thousands)

At May 31, 2011

* (approved by the Board of Directors)

| | First-half 2011 | First-half 2010 |
|--|--------------------|--------------------|
| Revenues | 454,437 | 385,676 |
| Cost of sales | (367,241) | (319,776) |
| Gross margin | 87,196 | 65,900 |
| Selling expenses | (12,815) | (10,832) |
| Administrative expenses | (30,319) | (27,177) |
| Technical expenses and customer services | (7,831) | (7,102) |
| Other income and expenses | (3,580) | (1,354) |
| Current operating profit | 32,651 | 19,435 |
| Other non-current income and expenses | 269 | 3,206 |
| Operating income | 32,920 | 22,641 |
| Cost of net financial debt | (7,264) | (17,055) |
| Income tax (expenses)/income | (6,659) | (378) |
| Share of income (loss) of equity affiliates and joint ventures | 649 | 562 |
| Income (loss) from assets held for sale | - | (1,000) |
| Income (loss) of attributable to shareholders | 19,646 | 4,770 |
| Minority interest | 5,992 | 2,446 |
| Attributable net income | 13,654 | 2,324 |
| Earnings per share (€) | 0.63 | 0.11 |

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Consolidated balance sheet *

(in € thousands)

* (approved by the Board of Directors)

| ASSETS | May 31, 2011 | Nov. 30, 2010 |
|--|----------------|----------------|
| Goodwill | 68,511 | 68,511 |
| Intangible assets | 83,078 | 82,310 |
| Property, plant and equipment | 6,855 | 5,988 |
| Equity affiliates and joint ventures | 6,037 | 5,359 |
| Other non-current financial assets | 8,567 | 12,678 |
| Non-current assets | 173,048 | 174,846 |
| Inventories | 179,603 | 246,146 |
| Accounts receivables | 183,737 | 203,325 |
| Other receivables | 156,114 | 199,515 |
| Cash and cash equivalents | 283,262 | 140,430 |
| Prepaid expenses | 489 | 718 |
| Current assets | 803,205 | 790,134 |
| TOTAL ASSETS | 976,253 | 964,980 |
| | | |
| LIABILITIES | May 31, 2011 | Nov. 30, 2010 |
| Capital stock | 5,612 | 5,612 |
| Additional paid-in capital | 98,312 | 80,094 |
| Attributable net income | 13,654 | 18,063 |
| Attributable shareholders' equity | 117,578 | 103,769 |
| Minority interests | 6,410 | 11,785 |
| Shareholders' equity | 123,988 | 115,554 |
| Provisions | 19,433 | 20,961 |
| Borrowings and other non-current financial liabilities (> 1 year) | 349,750 | 351,549 |
| Deferred tax liabilities | 19,415 | 8,857 |
| Non-current liabilities | 388,598 | 381,367 |
| Other current financial liabilities (< 1 year) | 1,255 | 567 |
| Accounts payables | 374,854 | 377,292 |
| Other payables | 86,373 | 88,939 |
| Deferred income | 1,185 | 1,261 |
| Current liabilities | 463,667 | 468,059 |
| TOTAL EQUITY AND LIABILITIES | 976,253 | 964,980 |

Kaufman & Broad S.A.

Additional Information
(year to May 31)

| | Single family homes in communities | | |
|--|------------------------------------|---------|---------|
| | H1 2011 | H1 2010 | H1 2009 |
| Net orders (in units) | 12 | 204 | 262 |
| Net orders (in € thousands, including VAT) | 5,616 | 61,039 | 68,344 |
| Backlog,(in € thousands, excluding VAT) | 34,483 | 91,578 | 88,067 |
| Backlog (in months of business)* | 4.3 | 7.6 | 8.4 |
| Deliveries (in EHUs) | 143 | 257 | 220 |

| | Apartments | | |
|--|------------|---------|---------|
| | H1 2011 | H1 2010 | H1 2009 |
| Net orders (in units) | 3,282 | 3,061 | 2,036 |
| Net orders (in € thousands, including VAT) | 680,310 | 613,968 | 366,455 |
| Backlog (in € thousands, excluding VAT) | 1,110,116 | 858,296 | 581,645 |
| Backlog (in months of business)* | 15.1 | 13.9 | 8.4 |
| Deliveries (in EHUs) | 2,425 | 1,946 | 2,335 |

| | Commercial property | | |
|--|---------------------|---------|---------|
| | H1 2011 | H1 2010 | H1 2009 |
| Net orders (in sq.m) | - | - | - |
| Net orders (in € thousands, including VAT) | 41,660 | - | - |
| Backlog (in € thousands, excluding VAT) | 23,745 | - | 3,326 |

* based on revenues over the past 12 months rolling

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Additional information
(quarterly)

| | Single family homes in communities | | |
|--|---|----------------|----------------|
| | Q2 2011 | Q2 2010 | Q2 2009 |
| Net orders (in units) | 3 | 60 | 195 |
| Net orders (in € thousands, including VAT) | 1,491 | 23,283 | 49,441 |
| Deliveries (in EHUs) | 67 | 133 | 131 |

| | Apartments | | |
|--|-------------------|----------------|----------------|
| | Q2 2011 | Q2 2010 | Q2 2009 |
| Net orders (in units) | 2,027 | 1,988 | 1,128 |
| Net orders (in € thousands, including VAT) | 408,067 | 384,475 | 211,105 |
| Deliveries (in EHUs) | 1,136 | 966 | 1,326 |

| | Commercial property | | |
|--|----------------------------|----------------|----------------|
| | Q2 2011 | Q2 2010 | Q2 2009 |
| Net orders (in sq.m) | - | - | - |
| Net orders (in € thousands, including VAT) | nm | - | - |