

## 2011 ANNUAL RESULTS

(NOT APPROVED BY THE BOARD OF DIRECTORS AND UNAUDITED)

### 2011: Initial targets exceeded

- **Good operating performance**
  - ✓ Revenues : +11.6%
  - ✓ Total orders in value : +4.5% at €1.5bn (including VAT)
- **Strong growth in financial indicators**
  - ✓ Gross margin rate : 19.4% (+1.9 points)
  - ✓ Attributable net income : €47.5m vs €18.1m in 2010
  - ✓ Net financial debt : €163.7m (down 22.6% vs 2010)
- **Good outlook for future business**
  - ✓ Property portfolio : almost 17,000 housing units (+20.5% vs Nov. 30, 2010)
  - ✓ Total backlog in value : +17.7%

### 2012: Continued financial performance in an uncertain economy

**Paris, January 19, 2012** - Kaufman & Broad S.A. today announced its results for the 2011 fiscal year (from December 1, 2010 to November 30, 2011) and fourth quarter 2011 (September 1 to November 30, 2011).

#### KEY CONSOLIDATED DATA

(€ million)	4 <sup>th</sup> quarter 2011	4 <sup>th</sup> quarter 2010	Change	Fiscal 2011	Fiscal 2010	Change
Revenues (excluding VAT)	<b>365.3</b>	331.1	+10.3%	<b>1,044.3</b>	935.7	+11.6%
Gross margin	<b>71.6</b>	59.6	+20.2%	<b>202.8</b>	163.4	+24.1%
Gross margin rate	<b>19.6%</b>	18.0%	+1.6 pts	<b>19.4%</b>	17.5%	+1.9 pts
Current operating profit	<b>38.4</b>	33.1	+16.2%	<b>89.1</b>	66.7	+33.6%
Current operating margin	<b>10.5%</b>	10.0%	+0.5 pts	<b>8.5%</b>	7.1%	+1.4 pts
Attributable net income	<b>19.7</b>	13.4	+47.3%	<b>47.5</b>	18.1	+163.0%

Commenting on these results, Guy Nafilyan, Chairman and Chief Executive Officer of Kaufman & Broad S.A., said: *"Despite a high comparison base, our results for the 2011 fiscal year reflect solid sales in a market that overall was down 18% for the first nine months of the year. Block sales and orders generated by the "Zero-Interest-Plus Loan" offset the decline in orders from the "Scellier" incentive, while the take-up rate of new programs remained steady.*

*The financial results reflect an upward trend, with a significant increase in gross margin rate, operating margin and attributable net income, and a continued decline in net debt.*

*The renewal of the property portfolio continues positively. Today, the portfolio comprises 17,000 housing units, representing more than three years of business. Total backlog in value rose almost 18% to €1.2 billion.*

*In an uncertain economy, where housing demand nevertheless continues to outstrip supply, Kaufman & Broad's strategy is to focus more on first-time buyers, who benefit from the "Zero-Interest-Plus Loan" program. In this context, Kaufman & Broad will launch a new affordable housing concept. In addition, Kaufman & Broad will develop new avenues for growth such as assisted living for seniors, student housing and commercial property.*

*The soundness of Kaufman & Broad's fundamentals means the company is well positioned to look to 2012 with confidence, whether this will involve adapting to market changes or seizing new opportunities for growth.*

*Accordingly, the group expects to maintain its financial performance in 2012, with business impacted in the first half of the year by a noticeable decrease in new program starts and the French electoral prospects, and with a second half that should see more robust sales."*

### ➤ **Increase in revenues of 11.6% in one year**

**Total revenues** for the 2011 fiscal year rose 11.6% to €1,044.3 million (excluding VAT), versus €935.7 million (excluding VAT) in 2010.

Revenues for the **Apartments** segment amounted to €925.3 million, up 16.8% over 2010, and accounted for 94.1% of total Housing revenues. Revenues for the **Single-family Homes in Communities** segment came in at €58.1 million. **Showroom** revenues stood at €4.3 million and those for **Commercial Property** at €48.9 million.

In the fourth quarter only, total revenues stood at €365.3 million (excluding VAT), up 10.3% over the prior-year fourth quarter. Île-de-France accounted for 37.1% of Housing business and the Regions, 62.9%.

In 2011, 5,653 equivalent housing units (EHUs) were delivered, versus 5,394 in 2010, an increase of 4.8%.

➤ **Good results for orders in value in a tighter market**

For the entire year, total orders **in value** stood at €1,469.8 million (including VAT), up 4.5% over 2010. Housing orders **in value** were relatively stable, down 2.6%, at €1,356.9 million (including VAT). **In volume**, 6,408 orders were booked, compared with 6,651 orders in 2010.

In the fourth quarter of 2011 total orders **in value** rose 14.3% from €362.2 million (including VAT) to €413.8 million (including VAT). This increase was due to strong sales in Commercial Property, with orders of €65.0 million (including VAT). Housing orders **in value** were relatively stable, down 2.7%, at €347.5 million (including VAT).

Orders in Île-de-France over the entire year accounted for 39.8% of total housing order in value, compared with 37.7% in 2010.

➤ **Gross margin up 24.1%**

**Gross margin** was up 24.1% at €202.8 million for the entire year, representing 19.4% of revenues and a 1.9-point increase over 2010. In the fourth quarter of 2011, gross margin rate was 19.6%, versus 18.0% for the same period in 2010.

**Recurring operating income** came in at €89.1 million for the year, compared with €66.7 million in 2010, an increase of 33.6%. In the fourth quarter of 2011 only, it stood at €38.4 million, up 16.2% over the fourth quarter of 2010.

**Current operating expenses** amounted to €113.7 million (10.9% of revenues), compared with €96.7 million in 2010 (10.3% of revenues).

**Current operating margin** was 8.5% in 2011 and 10.5% for the fourth quarter only. This improvement over 2010 (up 1.4 points) was due to the increase in gross margin and tighter control of operating expenses.

The **cost of net financial debt** stood at €11.5 million, versus €29.7 million in 2010. This year-on-year decrease of more than half was due to the reduction in average net financial debt and the drop in interest rates.

The "**Other financial income**" item, which amounted to €6.9 million, benefited from Kaufman & Broad's early redemption, last August, of a portion of its long-term debt and the cancellation of some of its revolving credit commitments.

**Attributable net income** amounted to €47.5 million, compared with €18.1 million in 2010. In the fourth quarter of 2011 net income was €19.7 million, versus €13.4 million in the fourth quarter of 2010.

➤ **Continued debt reduction**

Cash flow from operating activities in 2011 was €70.6 million, compared with €92.4 million in 2010. This was due to the substantial improvement in cash flow before borrowing costs and taxes, which rose year-on-year from €70.1 million to €99.9 million.

At November 30, 2011, **cash flow** amounted to €138.9 million, versus €140.4 million at November 30, 2010.

**Working capital** stood at €205.3 million and accounted for 19.7% of revenues at November 30, 2011, compared with 18.8% at end of November 2010.

**Net financial debt** came in at €163.7 million, down €47.9 million or 22.6% against November 30, 2010.

➤ **Noticeable increase in the property portfolio and backlog**

During the fiscal year, Kaufman & Broad signed purchase commitments for land representing 12,058 housing units and taking the company's property portfolio to 17,023 housing units. Of these, 5,808 are located in Île-de-France and 11,215 in the Regions and represent more than three years of business.

At November 30, 2011, **total backlog** amounted to €1,205.3 million (excluding VAT), up 17.7% over November 30, 2010. **Housing backlog** was €1,160.4 million (excluding VAT), up 14.1%. Based on a 12-month rolling period, this represents more than 14 months of business.

At November 30, 2011 Kaufman & Broad had 168 housing programs **on the market**, of which 41 were in Île-de-France and 127 in the Regions for a total of 3,067 housing units for sale.

During the first quarter of 2012, Kaufman & Broad will develop 17 new programs (5 in Île-de-France and 12 in the Regions) for a total of 1,016 housing units. In 2012, the group plans to develop 107 new programs representing almost 6,800 housing units.

The financial statements for the fiscal year will be approved by the Board of Directors on February 16, 2012.

➤ **Next regular publication:** results for the first quarter of 2012 on April 19, 2012.

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## 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 been designing, building and selling 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 "Risk Factors" in the Registration Document filed with the AMF under number D.11-0207 on March 31, 2011.

## Kaufman & Broad S.A.

### Consolidated income statement \*

(in € thousands)

\* Not approved by the Board of Directors and unaudited

	Fiscal 2011	Fiscal 2010
<b>Revenues</b>	<b>1,044,255</b>	<b>935,702</b>
Cost of sales	(841,459)	(772,289)
<b>Gross margin</b>	<b>202,796</b>	<b>163,413</b>
Selling expenses	(27,375)	(22,651)
Administrative expenses	(62,086)	(57,519)
Technical expenses and customer services	(15,634)	(14,370)
Other income and other expenses	(8,632)	(2,186)
<b>Current operating profit</b>	<b>89,069</b>	<b>66,687</b>
Other non-current income and expenses	782	4,130
<b>Operating income</b>	<b>89,851</b>	<b>70,817</b>
Cost of net financial debt	(11,522)	(29,729)
Other financial income / (expenses)	6,915	(374)
Income tax (expenses) / income	(28,709)	(8,045)
Share of income (loss) of equity affiliates and joint ventures	955	633
Income (loss) from assets held for sale	-	<b>(1,000)</b>
<b>Income (loss) attributable to shareholders</b>	<b>57,490</b>	<b>32,302</b>
Minority interests	9,977	14,239
<b>Attributable net income</b>	<b>47,513</b>	<b>18,063</b>
<b>Earnings per share (€)</b>	<b>2.20</b>	<b>0.84</b>

**Kaufman & Broad S.A.**  
**Consolidated balance sheet \***

(in € thousands)

\* Not approved by the Board of Directors and unaudited

<b>ASSETS</b>	<b>Nov. 30, 2010</b>	<b>Nov. 30, 2010</b>
Goodwill	68,511	68,511
Intangible Assets	83,010	82,310
Property, Plant and Equipment	5,883	5,988
Equity Affiliates and Joint Ventures	3,473	5,359
Other non-current financial assets	2,551	12,678
<b>Non-current assets</b>	<b>163,428</b>	<b>174,846</b>
Inventories	235,566	246,146
Accounts receivable	305,673	203,325
Other receivables	189,766	199,515
Cash and cash equivalents	138,878	140,430
Prepaid expenses	805	718
<b>Current assets</b>	<b>870,678</b>	<b>790,134</b>
<b>TOTAL ASSETS</b>	<b>1,034,106</b>	<b>964,980</b>

<b>EQUITY AND LIABILITIES</b>	<b>Nov. 30, 2010</b>	<b>Nov. 30, 2010</b>
Capital stock	5,612	5,612
Additional paid-in capital	95,251	80,094
Attributable net income	47,513	18,063
Attributable shareholders' equity	148,376	103,769
Minority interests	8,470	11,785
<b>Shareholders' equity</b>	<b>156,846</b>	<b>115,554</b>
Provisions	24,424	20,961
Borrowings and other non-current financial liabilities (> 1 year)	283,284	351,549
Deferred tax liabilities	35,205	8,857
<b>Non-current liabilities</b>	<b>342,913</b>	<b>381,367</b>
Other current financial liabilities (< 1 year)	19,337	567
Accounts payable	409,668	377,292
Other payables	103,985	88,939
Deferred income	1,357	1,261
<b>Current liabilities</b>	<b>534,347</b>	<b>468,059</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,034,106</b>	<b>964,980</b>

## Kaufman & Broad S.A.

Additional information  
(Total at November 30)

	<b>Single-family homes in communities</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Net orders (in units)	<b>91</b>	334	573
Net orders (in € thousands, including VAT)	<b>30,148</b>	101,832	162,563
Backlog (in € thousands, excluding VAT)	<b>30,350</b>	62,132	102,987
Backlog (in months of business)	<b>6.3</b>	5.9	9.5
Deliveries (in EHUs)	<b>239</b>	508	536

	<b>Apartments</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Net orders (in units)	<b>6,317</b>	6,317	4,226
Net orders (in € thousands, including VAT)	<b>1,326,735</b>	1,291,906	823,830
Backlog (in € thousands, excluding VAT)	<b>1,130,031</b>	954,768	650,405
Backlog (in months of business)	<b>14.7</b>	14.5	9.9
Deliveries (in EHUs)	<b>5,414</b>	4,886	4,964

	<b>Commercial property</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Net orders (in sq. m)	-	-	-
Net orders (in € thousands, including VAT)	<b>106,652</b>	3,165	-
Backlog (in € thousands, excluding VAT)	<b>41,016</b>	1,469	1,771



## Kaufman & Broad S.A.

Additional information  
(Quarterly)

	Single-family homes in communities		
	Q4 2011	Q4 2010	Q4 2009
Net orders (in units)	26	70	157
Net orders (in € thousands, including VAT)	7,244	21,334	50,677
Deliveries (in EHUs)	47	115	172

	Apartments		
	Q4 2011	Q4 2010	Q4 2009
Net orders (in units)	1,522	1,584	1,225
Net orders (in € thousands, including VAT)	340,212	335,637	264,298
Deliveries (in EHUs)	1,764	1,812	1,414

	Commercial property		
	Q4 2011	Q4 2010	Q4 2009
Net orders (in sq. m)	-	-	-
Net orders (in € thousands, including VAT)	64,992	3,165	-