

FIRST-HALF 2012 RESULTS

APPROVED BY THE BOARD OF DIRECTORS

- **Commercial activity impacted by the cyclical lag in new programs launched**
 - ✓ First-half Housing revenues: +1.7% (+13.2% in the 2nd quarter)
 - ✓ Housing orders in volume: -24.2%, against the backdrop of lagging numbers of new housing programs launched (-38.7%)
 - ✓ Average take-up rate for new programs in the 2nd quarter nearly 30%
- **Financial indicators pointing in the right direction, noticeable drop in net debt**
 - ✓ Gross margin rate: good level maintained (19.3%)
 - ✓ Attributable net income: €19.3 million (+41.5% vs. H1 2011)
 - ✓ Net financial debt: €33.6 million (down €130.2 million from Nov. 30, 2011)
- **Good business outlook going forward**
 - ✓ Property portfolio - Housing: 16,700 housing units, almost 3 years of business
 - ✓ Property portfolio - Office space: 32,115 sq.m in net surface area at the end of June
 - ✓ Housing backlog in value: €1.1 billion, almosts 14 months of business
- **Outlook for 2012 confirmed**

Paris, July 19, 2012 – Kaufman & Broad S.A. today announced its results for the first-half of 2012 (from December 1, 2011 to May 31, 2012).

Key consolidated data

<i>(in € million)</i>	H1 2012	H1 2011	Change
Revenues (excluding VAT)	456.0	454.4	+0.3%
Gross margin	87.8	87.2	+0.7%
Gross margin rate	19.3%	19.2%	+0.1 pt
Current operating profit	31.2	32.7	-4.5%
Current operating margin	6.8%	7.2%	-0.4 pt
Attributable net income	19.3	13.7	+41.5%

Commenting on these results, Guy Nafilyan, Chairman and CEO of Kaufman & Broad S.A., noted as follows:

"As we announced when the 2011 year-end results were published, the first-half of the 2012 fiscal year was impacted, in terms of commercial activity, by uncertainty over the outcome of French national elections as well as by the lagging number of new housing programs in a market that has slipped down. Thus, the first-half of 2012 saw the launching of 2,862 new housing units, as against 4,671 in the first-half of 2011, i.e., a drop of nearly 39%.

Nevertheless, in June of 2012, with new housing programs launched resuming a pace comparable to 2011, the volume of orders was up 7.2%.

In terms of revenues, the good performance in the 2nd quarter (+13.2% in Housing) more than made up for a first quarter (-8.6%) penalized by bad weather conditions leading to job site interruptions.

Financial indicators remain solid, both with regard to gross margin rate stabilizing at good level, attributable net income progressing significantly, and a noticeable decline in net financial debt.

The renewal of the Housing property portfolio is continuing in a positive manner. At the moment, it represents nearly 3 years of business.

The Office property portfolio represents 32,115 sq.m in net surface area as of the end of June 2012.

The Housing backlog in value has stabilized at a high level, in excess of €1.1 billion.

In a continuing difficult environment, 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, and develop new avenues for growth such as assisted living for seniors, student housing, affordable housing and commercial property.

Against this background, Kaufman & Broad's expectation is that it will have a financial performance in 2012 comparable to that of 2011".

➤ **Increase in Housing revenues: +1.7% in the first-half, +13.2% in the 2nd quarter**

Revenues in the first-half of 2012 came to €456.0 million (excluding VAT), as against €454.4 million in the first-half of 2011.

Housing revenues came in at €444.5 million over the first-half, up 1.7%. This represents 97.5% of total revenues. Île-de-France contributed 44.0% of Housing revenues. In the 2nd quarter alone, it was up 13.2%, from €207.0 million to €234.3 million.

Revenues from **Apartments** were €434.2 million over the first-half, a rise of 8.0%. Revenues from **Single-family homes in communities** were €10.4 million, compared to €35.0 million in the first-half of 2011.

2,427 equivalent housing units (EHUs) were delivered during the first-half of 2012, as against 2,568 EHUs during the same period in 2011.

Showroom revenues came to €2.8 million, while **Commercial property** reported revenues of €7.9 million.

➤ **Slowdown in housing orders tied to a noticeable drop in new housing programs launch and increased selectivity in new operations**

Housing orders in value shrank 27.9%, to €494.6 million (including VAT). In volume, they represent 2,496 orders, compared to 3,294 in the first-half of 2011, i.e., a 24.2% decline. This decline is explained primarily by the cyclical lag in the number of housing programs launched, representing 2,862 housing units in the first-half of 2012 versus 4,671 housing units in the first-half of 2011, i.e., a pullback of 38.7%.

The percentage of orders under the "Scellier" incentive was reduced in favor of first- and second-time buyers. At the end of May 2012, "Scellier" orders represented 23% of the group's orders, as against 30% over the same period in 2011.

During the 2nd quarter of 2012, 1,465 housing units were ordered, for an amount of €288.9 million (including VAT), representing a 42.1% increase in volume and a 40.4% increase in value relative to the first quarter of 2012.

The average monthly take-up rate for new programs launched in the course of the 2nd quarter of 2012 was 29.7%, a level that remains high demonstrating the relevance of Kaufman & Broad's commercial strategy.

Office orders in value represented €13.8 million (including VAT) in the first-half.

The commercial offer at the end of the first-half of 2012 was 3,192 housing units, as against 2,968 at the end of the same period in 2011.

➤ **Noticeable rise in attributable net income: +41.5%**

In the first-half of 2012, **gross margin** was €87.8 million, up 0.7% over the first-half of 2011. **Gross margin rate**, expressed as a percentage of revenues, was 19.3%, a slight increase over the same period in 2011 (19.2%).

Curent operating profit stood at €31.2 million, representing 6.8% of revenues for the first-half of 2012, as against 7.2% in the first-half of 2011.

The **cost of net financial debt** came in at €1.4 million, compared to €7.3 million in the first-half of 2011. This noticeable improvement is explained among other by the reduction in average net financial debt.

Attributable net income amounted to €19.3 million, compared to €13.7 million in the first-half of 2011, i.e., a rise of 41.5%.

➤ **Continued debt reduction**

Net financial debt was €33.6 million at May 31, 2012, down €130.2 million relative to November 30, 2011, and €34.2 million relative to May 31, 2011. This drop can be explained by the group's keeping good tabs on working capital requirement parameters, resulting from the selective policy applied to new program launches since the 4th quarter of 2011.

Working capital requirement stood at €101.1 million at May 31, 2012. This represents 9.7% of revenues over a 12-month rolling period, as against 19.7% as of November 30, 2011 and 4.6 % as of May 31, 2011.

At May 31, 2012, **cash and cash equivalents** stood at €242.0 million, up €41.3 million over May 31, 2011.

➤ **Continued good business outlook going forward**

The **property portfolio – Housing** continues to be actively developed. At the end of the first-half of 2012, it represents 16,733 housing units, i.e., potential revenues corresponding to nearly three years of business.

As for the **property portfolio – Office space**, Kaufman & Broad received two significant bid awards, one in May in Boulogne Billancourt (8,800 sq.m in net surface area), and the other in June in the Seine Rive Gauche mixed development zone (23,315 sq.m in net surface area). These two development projects will allow for the creation of nearly 32,000 sq.m in net surface area, representing possible revenues on the order of €270 million (excluding VAT).

Housing backlog stood at €1,130.4 million (excluding VAT), versus €1,144.6 million (excluding VAT) at May 31, 2011, representing nearly 14 months of business.

At May 31, 2012, Kaufman & Broad had 159 housing programs on the market (compared to 168 in the 1st half of 2011), of which 42 were in Île-de-France and 117 in the Regions.

In the next quarter, there are plans for 24 **new programs**, representing 1,362 housing units (6 new programs in Île-de-France, representing 416 housing units and 18 new programs in the Regions, representing 946 housing units).

➤ **Next regular publication:** 3rd quarter 2012 results, on September 28, 2012.

Glossary

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

Property portfolio: 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. In addition, apartment programs that include mixed-use buildings (apartments/business premises/retail space/offices), all floor space is converted into housing equivalents.

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 calculated as a ratio of the surface area by type (business premises/retail space/offices) to the average surface area of the housing units previously obtained.

EHU: EHUs (Equivalent Housing Units delivered) directly reflect sales. The number of EHUs 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: the total inventory of properties available for sale as of the date in question, i.e. all unordered housing units as of this date (less the programs that have not entered the marketing phase).

Gross margin: corresponds to revenues less 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, the Kaufman & Broad group has designed, developed, had built 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 "Risk Factors" in the Registration Document filed with the AMF under number D.12-0252 on March 30, 2012.

KAUFMAN & BROAD S.A.
Consolidated income statement *
(in € thousands)

* Approved by the Board of Directors

	First-half 2012	First-half 2011
Revenues	456,018	454,437
Cost of sales	(368,211)	(367,241)
Gross margin	87,807	87,196
Selling expenses	(14,091)	(12,815)
Administrative expenses	(31,011)	(30,319)
Technical and customer service expenses	(8,045)	(7,831)
Other income and expenses	(3,470)	(3,580)
Current operating profit	31,190	32,651
Other non-current income and expenses	(16)	269
Operating income	31,174	32,920
Cost of net financial debt	(1,404)	(7,264)
Other income and expenses	850	-
Income tax (expenses)/income	(6,328)	(6,659)
Share of income (loss) of equity affiliates and joint ventures	64	649
Income (loss) attributable to shareholders	24,356	19,646
Minority interest	5,042	5,992
Attributable net income	19,314	13,654
Earnings (loss) per share (€)	0.89	0.63

KAUFMAN & BROAD S.A.
Consolidated balance sheet *

(in € thousands)

* Approved by the Board of Directors

ASSETS	May 31, 2012	Nov. 30, 2011
Goodwill	68,511	68,511
Intangible assets	83,789	83,010
Property, plant and equipment	5,527	5,883
Equity affiliates and joint ventures	3,639	3,473
Other non-current financial assets	2,588	2,551
Non-current assets	164,054	163,428
Inventories	240,805	235,556
Accounts receivables	245,108	305,673
Other receivables	152,110	189,766
Cash and cash equivalents	242,004	138,878
Prepaid expenses	1,261	805
Current assets	881,288	870,678
TOTAL ASSETS	1,045,342	1,034,106

EQUITY AND LIABILITIES	May 31, 2012	Nov. 30, 2011
Capital stock	5,612	5,612
Additional paid-in capital	139,165	95,251
Attributable net income	19,314	47,513
Attributable shareholders' equity	164,091	148,376
Minority interests	8,509	8,470
Shareholders' equity	172,600	156,846
Provisions	22,672	24,424
Loans and other non-current financial liabilities (> 1 year)	274,089	283,284
Deferred tax liabilities	41,164	35,205
Non-current liabilities	337,925	342,913
Other current financial liabilities(< 1 year)	1,467	19,337
Accounts payables	439,808	409,668
Other payables	91,715	103,985
Deferred income	1,827	1,357
Current liabilities	534,817	534,347
TOTAL EQUITY AND LIABILITIES	1,045,342	1,034,106

KAUFMAN & BROAD S.A.

Additional information

(Cumulative to May 31)

	Single-family homes in communities		
	H1 2012	H1 2011	H1 2010
Net orders (in units)	97	12	204
Net orders (in € thousands, including VAT)	23,025	5,616	61,039
Backlog (in € thousands, excluding VAT)	37,768	34,483	91,578
Backlog (in months of business) *	13.5	4.3	7.6
Deliveries (in EHUs)	36	143	257

	Apartments		
	H1 2012	H1 2011	H1 2010
Net orders (in units)	2,399	3,282	3,061
Net orders (in € thousands, including VAT)	471,584	680,310	613,968
Backlog (in € thousands, excluding VAT)	1,092,592	1,110,116	858,296
Backlog (in months of business) *	13.7	15.1	13.9
Deliveries (in EHUs)	2,391	2,425	1,946

	Commercial Property		
	H1 2012	H1 2011	H1 2010
Net orders (in sq.m)	-	-	-
Net orders (in € thousands, including VAT)	13,823	41,660	-
Backlog (in € thousands, excluding VAT)	44,402	23,745	-

* calculated in relation to 12-month rolling revenues

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Additional information
(Quarterly)

	Single-family homes in communities		
	Q2 2012	Q2 2011	Q2 2010
Net orders (in units)	56	3	60
Net orders (in € thousands, including VAT)	14,993	1,491	23,283
Deliveries (in EHUs)	21	67	133

	Apartments		
	Q2 2012	Q2 2011	Q2 2010
Net orders (in units)	1,409	2,207	1,988
Net orders (in € thousands, including VAT)	273,896	408,067	384,475
Deliveries (in EHUs)	1,255	1,136	966

	Commercial property		
	Q2 2012	Q2 2011	Q2 2010
Net orders (in sq.m)	-	-	-
Net orders (in € thousands, including VAT)	13,687	-	-