

Press Release

Paris, April 11, 2014

For immediate release

First Quarter 2014 Results

Results in line with expectations: stabilizing revenues, gross margin on the wane and property portfolio gains

- ◆ **Main financial indicators in line with expectations**
 - ✓ Total revenues: €205.2 million vs. €205.0 million in Q1 2013
 - ✓ Housing revenues: €198.4 million vs. €198.7 million in Q1 2013
 - ✓ Gross margin: €37.8 million vs. €39.3 million in Q1 2013
 - ✓ Attributable net income: €6.3 million vs. €8.3 million in Q1 2013
 - ✓ Housing property portfolio: 18,275 lots vs. 16,434 lots at the end of February 2013

- ◆ **Orders unchanged in volume, up in value**
 - ✓ Housing orders: +0.2% in volume, +12.4% in value
 - ✓ Housing commercial offer: 3,507 housing units vs. 2,888 housing units at the end of February 2013
 - ✓ Housing backlog: €954.6 million vs. €1,058.7 million at the end of February 2013

- ◆ **Stronger financial structure**
 - ✓ Net financial debt: €66.7 million vs. €50.0 million at the end of November 2013
 - ✓ Signature on March 19, 2014 of an agreement for the refinancing of the senior debt in the amount of €200 million and with a five-year maturity

The Kaufman & Broad SA Board of Directors reviewed the results, which were not yet audited, for the first quarter of fiscal year 2014 (December 1, 2013 to February 28, 2014).

Commenting on these results, Nordine Hachemi, Chairman and Chief Executive Officer of Kaufman & Broad, stated: *“Our results for the first quarter, which is the quarter in our fiscal year when performance is typically lowest, are in line with our expectations.*

On the one hand, they reflect the effect of the drop in orders in our Housing business over the past two years. As announced at the end of January, over the entire fiscal year 2014, this trend is expected to materialize in Housing revenues that are substantially comparable to those of 2013 and a Housing gross margin slightly on the wane.

On the other hand, the growing property portfolio and commercial offer are an illustration of the Kaufman & Broad strategy to give a new dimension to its development capacities in both its Housing and Commercial Property businesses. This strategy, which was already implemented in the second half of 2013, will be actively pursued and nurtured by, among other things, increasing the commercial offer by approximately 15% in 2014.

At the same time, the developments with the Housing orders will continue to depend on the time required by the new municipal teams to process permit applications.

Finally, on March 19, Kaufman & Broad successfully refinanced its July 2007 senior debt. A new Senior Facilities Agreement was implemented on March 31 for a total amount of €200 million with a five-year maturity. During this period, Kaufman & Broad's majority shareholder, Financière Gaillon 8 SA, successfully refinanced its entire acquisition debt.

This agreement adds significant strength to Kaufman & Broad's financial structure and benefits the development of its operations."

◆ Sales activities

✓ Housing segment

In the first quarter of 2014, 1,085 housing units were ordered, versus 1,083 in the first quarter of 2013. In value, housing orders totaled €218.1 million (including VAT), up 12.4% compared to the same quarter in 2013. This increase is due to product mix developments, such as the decrease in the share of managed accommodations within housing reservations, and, at the same time, the increase in the average value of single-family homes ordered. Orders in Île-de-France accounted for 40.8% in volume and 41.6% in value of all housing orders, versus 47.6% and 52.8% for the entire first quarter of 2013.

Apartments

In the first quarter of 2014, apartment orders totaled €207.9 million (including VAT) for 1,052 units, an increase of 2.6% in volume and 16.1% in value compared to the first quarter of 2013. Of those orders, 41.1% in volume and 41.3% in value were in Île-de-France, versus 48.7% and 54.4% respectively in the first quarter of 2013. The share of apartments represents 94.9% in value and 96.2% in volume of group orders, versus 92.2% and 94.4% respectively in the first quarter of 2013.

Single-family Homes in Communities

For the entire first quarter of 2014, orders totaled €10.2 million in value (including VAT), compared to €14.9 million (including VAT) in the first quarter of 2013.

Customer-base structure

In the first quarter of 2014, orders from investors were unchanged compared to the first quarter of 2013, at 38% (including 26% under applicable tax incentives). Orders from homebuyers were 39% of which 31% from first-time homebuyers and 8% from second-time homebuyers. Block orders were 23% (27% in the first quarter of 2013).

✓ Commercial Property segment

Kaufman & Broad has applied for two building permits for projects of significant size in Paris representing more than 46,000 sq.m in office space.

In addition, construction work on the 9,300 sq.m "YOU" office building located in the EcoQuartier - Île Seguin - Rives de Seine in Boulogne-Billancourt (Hauts-de-Seine) and purchased before completion (VEFA) by Boursorama for its future headquarters started in December and is progressing on schedule.

✓ Forward indicators of sales activity

At February 28, 2014, total backlog amounted to €1,002.8 million (excluding VAT), down 7.6% compared to February 28, 2013.

Housing backlog totaled €954.6 million (excluding VAT), or nearly twelve months of business.

The Commercial Property backlog remained at a high level, at €47.6 million (excluding VAT).

As of the same date, Kaufman & Broad had 175 housing programs on the market that contain a total of 3,507 housing units, of which 1,149 were in Île-de-France and 2,358 were in the Regions, compared to 157 programs that contained a total of 2,888 housing units at the end of February 2013.

The Housing property portfolio represented 18,275 lots, of which 6,389 were in Île-de-France and 11,886 in the Regions, for potential revenues corresponding to close to three years of business. It was up 11.2% compared to the property portfolio at the end of February 2013, in accordance with the strategy implemented in the second half of 2013.

In the second quarter of 2014, the group plans to launch 31 new programs including 8 launches in Île-de-France representing 607 lots and 23 launches in the Regions representing 1,759 lots.

◆ Financial results

✓ Operating activities

Total revenues remained unchanged compared to the first quarter of 2013 and totaled €205.2 million (excluding VAT).

Housing revenues, which represent 96.7% of total revenues, amounted to €198.4 million (excluding VAT) compared to €198.7 million (excluding VAT) in the first quarter of 2013. Île-de-France contributed 48.5% of it, compared to 41.8% for the same period in 2013.

Apartments business revenues totaled €176.5 million (excluding VAT), down 7.5% compared to the first quarter of 2013. Single-Family Homes in Communities revenues totaled €21.9 million (excluding VAT), versus €8.0 million (excluding VAT) for the same period in 2013.

Commercial Property revenues totaled €5.3 million (excluding VAT), up 16.8% compared to the first quarter of 2013. The other business activities generated revenues of €1.5 million (excluding VAT).

✓ Profitability indicators

The gross margin totaled €37.8 million, compared to €39.3 million as of the first quarter of 2013. The gross margin rate was 18.4%, versus 19.2% for of the same period in 2013.

Current operating expenses totaled €26.5 million (12.9% of revenues), versus €26.0 million in the first quarter of 2013 (12.7% of revenues).

Current operating income totaled €11.3 million, compared to €13.2 million as of the first quarter of 2013. The current operating margin rate was 5.5% compared to 6.5% for the first quarter of 2013. Attributable net income totaled €6.3 million versus €8.3 million in the first quarter of 2013.

✓ Financial structure and liquidity

Net financial debt totaled €66.7 million, up €16.7 million compared to November 30, 2013, when it totaled €50.0 million.

Gearing (the “net financial debt/consolidated equity” ratio) was 34.5% at February 28, 2014, versus 26.6% at November 30, 2013.

Working capital requirements totaled €152.5 million (14.9% of revenues over 12 months rolling), compared to €126.8 million at November 30, 2013 (12.4%).

At February 28, 2014, active cash flow (available cash and investment securities) totaled €152.8 million, compared to €188.3 million at November 30, 2013.

This press release is available from the website www.ketb.com

◆ **Next regular publication dates:**

July 10, 2014: first half 2014 results (after market close)

Contacts

Chief Financial Officer

Bruno Coche

+33 (1) 41 43 44 73

Infos-invest@ketb.com

Press Relations

Delphine Peyrat - Wise Conseil

+33 (6) 38 81 40 00

dpeyratstricker@wiseconseil.com

- ◆ **About Kaufman & Broad** - 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.

Disclaimer - *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.14-0121 on March 6, 2014.*

◆ **Glossary**

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

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.

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

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

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

APPENDICES

◆ Financial data

Key consolidated data

<i>in € thousands</i>	1st quarter 2014	1st quarter 2013
Revenues	205,197	204,988
- of which Housing	198,372	198,718
• of which Île-de-France	96,194	83,150
• of which Regions	102,178	115,568
- of which Commercial Property	5,323	4,556
- of which Other	1,502	1,714
Gross margin	37,777	39,256
Gross margin rate (%)	18.4%	19.2%
Current operating income	11,277	13,224
Current operating margin (%)	5.5%	6.5%
Attributable net income	6,250	8,308
Attributable net income per share (€/share)*	0.29	0.38

* Based on the number of shares composing the capital of Kaufman & Broad .SA, i.e., 21,584,658 shares

Consolidated income statement*

<i>in € thousands</i>	1st quarter 2014	1st quarter 2013
Revenues	205,197	204,988
Cost of sales	-167,420	-165,731
Gross margin	37,777	39,256
Selling expenses	-5,848	-6,567
Administrative expenses	-12,134	-9,711
Technical and customer service expenses	-4,444	-5,520
Development and program expenses	-4,074	-4,234
Current operating income	11,277	13,224
Other non-recurring income and expenses	135	-7
Operating income	11,412	13,217
Cost of net financial debt	236	522
Other income and expenses	-	-
Income tax	-3,274	-3,118
Share of income (loss) of equity affiliates and joint ventures	293	211
Income (loss) attributable to shareholders	8,667	10,832
Minority interests	2,417	2,523
Attributable net income	6,250	8,308

*Unaudited and not approved by the Board of Directors

Consolidated balance sheet*

<i>in € thousands</i>	Feb. 28, 2014	Nov. 30, 2013
ASSETS		
Goodwill	68,511	68,511
Intangible assets	84,942	85,376
Property, plant and equipment	5,187	4,713
Equity affiliates and joint ventures	7,661	8,181
Other non-current financial assets	20,227	20,139
Non-current assets	186,528	186,920
Inventories	324,034	324,963
Accounts receivable	265,261	291,778
Other receivables	139,091	153,404
Cash and cash equivalents	152,826	188,258
Prepaid expenses	1,463	867
Current assets	882,675	959,270
TOTAL ASSETS	1,069,203	1,146,190
EQUITY AND LIABILITIES		
Capital stock	5,612	5,612
Additional paid-in capital	169,408	130,932
Interim dividends	-	-
Attributable net income	6,250	40,847
Attributable shareholders' equity	181,270	177,391
Minority interests	11,885	10,811
Shareholders' equity	193,155	188,202
Non-current provisions	33,291	33,422
Borrowings and other non-current financial liabilities (> 1 year)	-	218,959
Deferred tax liabilities	44,703	40,365
Non-current liabilities	77,994	292,746
Current provisions	1,201	1,724
Other current financial liabilities (< 1 year)	219,503	19,340
Accounts payable	501,690	550,233
Other payables	74,530	92,729
Deferred income	1,130	1,217
Current liabilities	798,054	665,242
TOTAL EQUITY AND LIABILITIES	1,069,203	1,146,190

*Unaudited and not approved by the Board of Directors

◆ Operational data

Housing	1st quarter 2014	1st quarter 2013
Revenues (€ millions, excluding VAT)	198.4	198.7
- of which Apartments	176.5	190.7
- of which Single-Family Homes in Communities	21.9	8.0
Delivered EHUs	1,212	1,117
- of which Apartments	1,135	1,078
- of which Single-Family Homes in Communities	77	39
Net orders (number)	1,085	1,083
- of which Apartments	1,052	1,025
- of which Single-Family Homes in Communities	33	58
- of which Île-de-France	443	515
- of which Regions	642	568
Net orders (€ millions, including VAT)	218.1	194.0
- of which Apartments	207.9	179.1
- of which Single-Family Homes in Communities	10.2	14.9
- of which Île-de-France	90.7	102.4
- of which Regions	127.4	91.6
Commercial offer at period end (number)	3,507	2,888
Backlog end of period		
- In value (€ millions, excluding VAT)	954.6	1,058.7
▪ of which Apartments	873.5	999.8
▪ of which Single-Family Homes in Communities	81.1	58.9
- In months of business	11.8	12.8
Property portfolio end of period		
- Number of lots	18,275	16,434
▪ of which Île-de-France	6,389	5,795
▪ of which Regions	11,886	10,639
Commercial property	1st quarter 2014	1st quarter 2013
Revenues (€ millions, excluding VAT)	5.3	4.6
Net orders (€ millions, including VAT)	0.6	0.2
Backlog end of period (€ millions, excluding VAT)	47.6	26.4