

## Press Release

For immediate release

Paris, July 10<sup>th</sup>, 2014

## 2014 First-Half Results

### ◆ Key sales activity items

- ✓ **Housing orders:**  
+0.2% in volume, +9.0 % in value
- ✓ **New program take-up rate:**  
22.7% vs. 16.5% in H1 2013

### ◆ Key financial items

- ✓ **Revenues:**  
€426.6 million vs. €446.6 million  
in H1 2013
- ✓ **Gross margin**  
€79.7 million vs. €85.6 million  
in H1 2013
- ✓ **Attributable net income:**  
€11.4 million vs. €17.3 million  
in H1 2013
- ✓ **Net financial debt:**  
€44.1 million vs. €50.0 million  
at November 30, 2013

### ◆ Key growth indicators

- ✓ **Housing backlog:**  
€1,007.4 million vs. €965.1 million  
at November 30, 2013
- ✓ **Housing property portfolio:**  
20,166 lots vs. 15,204 lots  
at November 30, 2013

### Ongoing development of the property portfolio and stronger financial structure

The Kaufman & Broad SA Board of Directors has reviewed the results, as yet unaudited, for the first half of fiscal year 2014 (December 1, 2013 to May 31, 2014), and Nordine Hachemi, Chairman and Chief Executive Officer of Kaufman & Broad SA, made the following statement:

*"In the first half of 2014, Kaufman & Broad has continued its strategy of strengthening its property portfolio, which was up 33% compared with end November 2013, despite a still challenging economic environment marked by an electoral context traditionally uncondusive to new project development.*

*The order level was stabilized and the new program take-up rate was satisfactory, confirming our products' good positioning. Meanwhile, the housing backlog has increased since November 30, 2013.*

*Furthermore, Kaufman & Broad continued to reduce its debt, and strengthen its financial structure.*

*With regard to outlook, the measures just announced by the Prime Minister to boost construction in France reflect a genuine determination to curb the market's adverse trends and should have a positive effect in the medium term.*

*That said, a wait-and-see approach related to the delayed implementation of these measures could impact the second half. Apart from that, Kaufman & Broad expects revenues very similar to those of 2013 and a slightly lower gross margin for the fiscal year as a whole."*

## ◆ Sales activity

### ✓ Housing segment

In the first half of 2014, a total of 2,601 housing units were ordered versus 2,595 in the first half of 2013. Housing orders in value totaled €525.2 million (including VAT), up 9.0% versus May 31, 2013. This increase was due to the shift in product-mix.

Furthermore, orders in Île-de-France accounted for 36.9% in volume and 40.9% in value of all housing orders, versus 49.1% and 51.6% for the entire first half of 2013.

The average take-up rate of new programs launched during the first half of 2014 was 22.7%, compared with 16.5% for the first half of 2013.

### Apartments

In the first half of 2014, apartment orders totaled €497.3 million (including VAT) for 2,516 units, an increase of 2.2% in volume and 11.6% in value compared with the first half of 2013. The share of apartments represents 92.6% in value and 96.3% in volume of group orders, versus 90.5% and 94.5% respectively in the first half of 2013.

### Single-Family Homes in Communities

For the entire first half of 2014, orders totaled €27.9 million in value (including VAT), versus €36.0 million (including VAT) in the first half of 2013.

### Customer-base structure

In the first half of 2014, orders from investors were up 3.0 points to 32%. Orders from homebuyers were 43% (30% from first-time homebuyers and 13% from second-time homebuyers). Block orders were 25%.

### ✓ Commercial property segment

Kaufman & Broad applied for three building permits for projects of significant size in Paris representing more than 54,000 sq.m of office space.

Construction work on the 9,000-sq.m “YOU” office building located in the Île Seguin - Rives de Seine EcoDistrict in Boulogne-Billancourt (Hauts-de-Seine) and purchased before completion by Boursorama for its future headquarters started in December and is progressing normally.

In April, Kaufman & Broad signed a pre-completion, 12-year lease with SNI, the real estate subsidiary of the Caisse des Dépôts group, for a 23,000-sq.m office building to house its new headquarters in the Paris Rive Gauche Mixed Development Zone in Paris's 13th arrondissement, close to Gare d'Austerlitz.

### ✓ Forward indicators of sales activity

At May 31, 2014, total backlog stood at €1,057.0 million (excluding VAT), up 3.8% compared with November 30, 2013.

Housing backlog totaled €1,007.4 million (excluding VAT), or nearly 13 months of business.

The Commercial Property backlog remained at a high level, at €49.0 million (excluding VAT).

At May 31, Kaufman & Broad had 170 housing programs on the market for a total of 3,480 housing units, 1,157 of which were in Île-de-France and 2,323 in the Regions.

The Housing property portfolio represented 20,166 lots, 6,900 of which were in Île-de-France and 13,266 in the Regions, for potential revenues corresponding to close to three years of business. It was up more than 30.0% versus the property portfolio at the end of November 2013, in accordance with the strategy implemented in the second half of 2013.

In the third quarter of 2014, the group plans to launch 15 new programs including 5 launches in Île-de-France representing 406 lots and 10 launches in the Regions representing 697 lots.

#### ◆ **Financial results**

##### ✓ **Operating activities**

Total revenues amounted to €426.6 million (excluding VAT) compared with €446.6 million (excluding VAT) in the first half of 2013.

Housing revenues, which represent 96.1% of total revenues, amounted to €410.0 million (excluding VAT) compared with €436.6 million (excluding VAT) in the first half of 2013. Île-de-France's share of those revenues was 48.2%, versus 42.4% for the same period in 2013.

Revenues for the Apartments segment totaled €369.6 million (excluding VAT), down 12.2% compared with the first half of 2013. Revenues generated by the Single-Family Homes in Communities segment totaled €40.4 million (excluding VAT), compared with €15.5 million (excluding VAT) at the end of May 2013.

Commercial Property revenues doubled compared with the first half of 2013, totaling €13.0 million (excluding VAT). The other business activities generated revenues of €3.5 million (excluding VAT).

##### ✓ **Profitability indicators**

Gross margin stood at €79.7 million, compared with €85.6 million for the first half of 2013. This decrease was due in most part to the drop in revenues, with the rest being the result of the strategy of deliberately selling older programs to prevent inventory build-up. The gross margin rate was 18.7% versus 19.2% for the same period in 2013.

Current operating expenses totaled €58.0 million (13.6% of revenues), versus €55.2 million in the first half of 2013 (12.4% of revenues).

Current operating profit totaled €21.7 million, compared with €30.4 million for the first half of 2013. The current operating margin rate was 5.1% compared with 6.8% for the first half of 2013. Attributable net income totaled €11.4 million versus €17.3 million in the first half of 2013.

##### ✓ **Financial structure and liquidity**

Gross financial debt stood at €146.8 million, down more €90.0 million compared with November 30, 2013. Net financial debt totaled €44.1 million, down by almost €6.0 million compared with November 30, 2013.

At May 31, 2014, active cash flow (available cash and investment securities) totaled €102.6 million, compared with €188.3 million at November 30, 2013.

Working capital requirements totaled €146.3 million (14.5% of revenues over 12 months rolling), versus €126.8 million at November 30, 2013 (12.4%).

Gearing (the net financial debt/consolidated equity ratio) was 22.5% at May 31, 2014, versus 26.6% at November 30, 2013.

On March 19, Kaufman & Broad successfully refinanced its July 2007 senior debt. A new Senior Facilities Agreement was established on March 31 for a total amount of €200 million with a five-year maturity. At the same time, Kaufman & Broad's majority shareholder, Financière Gaillon 8 S.A, successfully refinanced its entire acquisition debt.

The Senior Facilities Agreement adds significant strength to Kaufman & Broad's financial structure and will boost the development of its operations.

This press release is available online at [www.ketb.com](http://www.ketb.com)

◆ **Next regular publication dates:**

September 30<sup>th</sup>, 2014: third quarter 2014 results (after market close)

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

**Units:** 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 obtained by multiplying (i) the number of housing units of a given program for which the notarized sales deeds have been signed, by (ii) the ratio of the group's property expenses and construction expenses incurred on such program to the total expense budget for the 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 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>	1 <sup>st</sup> half 2014	1 <sup>st</sup> half 2013
Revenues	426,567	446,555
- of which Housing	410,028	436,613
• of which Île-de France	197,794	185,322
• of which Regions	212,234	251,291
- of which Commercial Property	12,998	6,031
- of which Other	3,542	3,910
Gross margin	79,692	85,584
Gross margin rate (%)	18.7%	19.2%
Current operating income	21,651	30,369
Current operating margin (%)	5.1%	6.8%
Attributable net income	11,398	17,334
Attributable net income per share (€/share) *	0.53	0.80

\* Based on the number of shares comprising the capital of Kaufman & Broad S.A., i.e., 21,584,658 shares

#### Consolidated income statement\*

<i>in € thousands</i>	1 <sup>st</sup> half 2014	1 <sup>st</sup> half 2013
<b>Revenues</b>	<b>426,567</b>	<b>446,555</b>
Cost of sales	(346,875)	(360,971)
<b>Gross margin</b>	<b>79,692</b>	<b>85,584</b>
Selling expenses	(13,141)	(14,439)
Administrative expenses	(25,542)	(22,918)
Technical and customer service expenses	(9,338)	(10,204)
Development and program expenses	(10,020)	(7,656)
<b>Current operating income</b>	<b>21,651</b>	<b>30,369</b>
Other non-recurring income and expenses	135	(9)
<b>Operating income</b>	<b>21,786</b>	<b>30,360</b>
Cost of net financial debt	381	(126)
Other financial income and expenses	-	-
Income tax	(6,140)	(8,195)
Share of income (loss) of equity affiliates and joint ventures	676	373
<b>Income (loss) attributable to shareholders</b>	<b>16,703</b>	<b>22,413</b>
Minority interests	5,305	5,079
<b>Attributable net income</b>	<b>11,398</b>	<b>17,334</b>

\* Approved by the Board of Directors and unaudited

## Consolidated balance sheet\*

in € thousands

May 31, 2014    Nov. 30, 2013

<b>ASSETS</b>		
Goodwill	68,511	68,511
Intangible assets	84,606	85,376
Property, plant and equipment	5,639	4,713
Equity affiliates and joint ventures	7,835	8,181
Other non-current financial assets	9,775	20,139
<b>Non-current assets</b>	<b>176,366</b>	<b>186,920</b>
Inventories	321,146	324,963
Accounts receivable	243,301	291,778
Other receivables	133,509	153,404
Cash and cash equivalents	102,644	188,258
Prepaid expenses	1,201	867
<b>Current assets</b>	<b>801,801</b>	<b>959,270</b>
<b>TOTAL ASSETS</b>	<b>978,167</b>	<b>1,146,190</b>
<b>EQUITY AND LIABILITIES</b>		
Capital stock	5,612	5,612
Additional paid-in capital	166,442	130,932
Attributable net income	11,398	40,847
<b>Attributable shareholders' equity</b>	<b>183,452</b>	<b>177,391</b>
Minority interests	12,491	10,811
<b>Shareholders' equity</b>	<b>195,943</b>	<b>188,202</b>
Non-current provisions	19,987	33,422
Borrowings and other non-current financial liabilities (> 1 year)	140,913	218,959
Deferred tax liabilities	48,250	40,365
<b>Non-current liabilities</b>	<b>209,150</b>	<b>292,746</b>
Current provisions	14,416	1,724
Other current financial liabilities (< 1 year)	5,839	19,340
Accounts payable	474,921	550,233
Other liabilities	76,502	92,729
Deferred income	1,396	1,217
<b>Current liabilities</b>	<b>573,074</b>	<b>665,242</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>978,167</b>	<b>1,146,190</b>

\* Approved by the Board of Directors and unaudited

## ◆ Operational data

<b>Housing</b>	<b>1<sup>st</sup> half 2014</b>	<b>1<sup>st</sup> half 2013</b>
Revenues (€m, excluding VAT)	410.0	436.6
- <i>of which Apartments</i>	369.6	421.1
- <i>of which Single-Family Homes in Communities</i>	40.4	15.5
Deliveries (EHUs)	2,470	2,544
- <i>of which Apartments</i>	2,320	2,469
- <i>of which Single-Family Homes in Communities</i>	150	75
Net orders (number)	2,601	2,595
- <i>of which Apartments</i>	2,516	2,462
- <i>of which Single-Family Homes in Communities</i>	85	133
- <i>of which Île-de France</i>	959	1,274
- <i>of which Regions</i>	1,642	1,321
Net orders (€m, including VAT)	525.2	481.8
- <i>of which Apartments</i>	497.3	445.8
- <i>of which Single-Family Homes in Communities</i>	27.9	36.0
- <i>of which Île-de France</i>	214.9	248.4
- <i>of which Regions</i>	310.3	233.4
Commercial offer at period end (number)	3,480	3,541
Backlog at period end		
- In value (€m, excluding VAT)	1,007.4	1,069.2
▪ <i>of which Apartments</i>	930.6	999.7
▪ <i>of which Single-Family Homes in Communities</i>	76.8	69.5
- In months of business	12.8	12.9
Property portfolio at period end		
- Number of lots	20,166	15,529
▪ <i>of which Île-de France</i>	6,900	6,161
▪ <i>of which Regions</i>	13,266	9,368
<b>Commercial property</b>	<b>1<sup>st</sup> half 2014</b>	<b>1<sup>st</sup> half 2013</b>
Revenues (€m, excluding VAT)	13.0	6.0
Net orders (€m, including VAT)	11.5	11.0
Backlog at period end (€m, excluding VAT)	49.0	33.9