

# 2015 ANNUAL RESULTS

## **2015 results in line with expectations; confirmation of the development momentum which began in 2014**

- **6.6% rise in land stock for Housing**
- **9.0% growth in overall Backlog**
- **17.5% increase in volume of orders for Housing units**
  
- **€6.0 million improvement in gross margin to €202.7 million**
- **Net income jumps 5% to €39.8 million**
- **Financial structure strengthened with net cash of €27.7 million**
  
- **Proposal submitted to the Board of Directors of February 16, 2016 for payment of an interim dividend of €1.85 per share**
  
- **2016 outlook: with an unchanged economic environment, revenue and gross margin in 2016 are expected in marked increase**

## **Plan by Financière Gaillon 8 to initiate the disposal of its equity stake in Kaufman & Broad, with employees and management acquiring a shareholding in the company**

The Board of Directors of Kaufman & Broad SA duly approved the unaudited results for fiscal year 2015 (from December 1, 2014 to November 30, 2015). Commenting on these results, Nordine Hachemi, Chairman and Chief Executive Officer of Kaufman & Broad, stated, in particular:

*"The results for fiscal year 2015 are in line with our expectations. They confirm the soundness of the development strategy introduced in 2014 and which has resulted in two years of growth in property sales and development indicators, in a mixed market.*

*In Housing, the 17.5% rise in orders by volume compared to 2014 confirms the relevance of our price/product positioning. The 9% increase in overall backlog and the 6.6% increase in the land stock demonstrate our ability to grow our commercial offer. The share of private investors' orders by value increased nearly 25% compared to 2014, boosted by a favourable financial and tax environment.*

*In the Commercial property sector, Kaufman & Broad, which launched design studies for the A7A8 project (about 70,000 sq. m) in the Paris Rive Gauche development, is now recognized as a major player. The acquisition of Concerto, at the beginning of the year, marks its entry into a buoyant logistics market and confirmed its status as an all-round real estate developer.*

*Our operating results have been achieved while generating a strong level of profitability. The financial structure continues to grow stronger, mainly thanks to the effective management of our working capital requirement.*

*For the full year 2016, the increase in the volume of the new real estate market is expected to settle at about 5%, fuelled, in particular, by interest rates staying at attractive levels and a stable price environment. Demand, which is still present, will be driven by a favorable tax system which is stable and based on incentives. On one hand, private investors will continue to benefit from the Pinel incentive which showed its effectiveness in 2015 and, on the other hand, the new zero interest rate (PTZ) lending solution will strengthen the creditworthiness of first-time homebuyers, who continue to show very high demand.*

*The company's business should therefore be on an upward trend in 2016 and the financial indicators (revenue and gross margin) are expected to be in marked increase.*

*In this context, a proposal will be made to the Board of Directors meeting on February 16, regarding the payment of an interim dividend of € 1.85 per share.*

*Finally, the announcement by Financière Gaillon of its intention to initiate the disposal of its equity interest in Kaufman & Broad is an additional opportunity to accelerate our growth by increasing the involvement of our teams in the company's equity capital. Indeed, concurrently with this transaction, the employees and management of Kaufman & Broad are expected to raise their stake in the capital of their company to around 5% in the long term.*

*This alignment of interests between the shareholders, with a broaden free float and improved shares liquidity, and the employees on the frontline, driving the performance of Kaufman & Broad, underlines our confidence in the future.*

*The commercial and financial performance over the past few years is witness to our current development dynamic. In the medium term, Kaufman & Broad is expected to confirm this momentum and strengthen its leadership throughout the country by combining what is considered a premium brand with the professional expertise of its teams.”*

## **Sales activity**

### **- Housing segment**

For the whole of the fiscal year 2015, orders for housing totaled 6,901 units, up 17.5% compared to the same period in 2014. In value, they recorded a rise of 7.4% and amounted to €1,211.6 million (including VAT).

In 2015, orders were placed for 6,656 apartments (including 1,281 managed accommodations) for €1,157.0 million (including VAT), representing an increase of 17.0% in volume and 7.2% in value. Orders for Single-family homes in communities totaled 245 units, compared with 184 units over the same period in 2014 (€54.6 million (including VAT) versus €49.0 million (including VAT) in 2014).

## - Breakdown of the customer-base

In 2015, investors' orders increased 23% in volume compared to the same period in 2014, representing 39% of the total (including 35% under the "Pinel" incentive). Orders from homebuyers accounted for 20%, broken down into 15% from first-time homebuyers, and 5% from second-time homebuyers. Block orders totaled 41% versus 34% at end-November 2014.

## - Commercial property segment

For the full year 2015, the Commercial property segment recorded €154.4 million (including VAT) in orders.

Construction works continued on the "YOU" (9,300 sq.m) building in the EcoQuartier - Île Seguin - Rives de Seine, at Boulogne-Billancourt, the "UNITED" (7,500 sq.m) building in Clichy and the "A9B" (22,600 sq.m) building in the Paris Rive Gauche Mixed Development Zone, as it did on the future administration center for the municipality of Saint-Brieuc on the island of La Providence.

The design studies for the "A7A8" program (about 70,000 sq.m) in the Paris Rive Gauche began during the year, after the selection of Kaufman & Broad as winner of SEMAPA's 2014 competition.

In the Logistics segment, 240,000 sq.m of logistics space is currently on the market. Construction works are in progress on the new Petit Bateau logistics platform (43,000 sq.m. in the Aube Logistics Park).

## - Indicators of sales and development activity

At November 30, 2015, the Housing units backlog totaled €1,087.0 million (excluding VAT), i.e. more than 14 months of business. The Commercial property backlog totaled €178.4 million (excluding VAT).

At end-November 2015, Kaufman & Broad had 162 housing programs on the market representing 3,092 housing units.

The land stock for Housing comprises 18,973 lots, i.e. potential revenues equivalent to more than three years of business. It is 6.6% higher than at end-November 2014.

## Financial results

### - Operating activities

Total revenues totaled €1,063.1 million (excluding VAT), down 1.9% compared to 2014.

Revenues from the Housing segment were up 4.1% to €963.3 million (excluding VAT), compared to €925.8 million (excluding VAT) in 2014. This represents 90.6% of the group's revenues.

Revenues from the Apartments business were up 8.1% compared to 2014 to €913.0 million (excluding VAT). Revenues from Single-family home in communities totaled €50.4 million (excluding VAT), versus €81.5 million (excluding VAT) at November 30, 2014.

Revenues from the Commercial property segment totaled €93.9 million (excluding VAT) in 2015, compared to €150.4 million (excluding VAT) over the same period in 2014. Other businesses generated revenues of €5.8 million (excluding VAT).

## - Profitability highlights

The gross margin for 2015 totaled €202.7 million compared to €196.7 million in 2014. The gross margin rate was 19.1%, up by 0.9 percentage points compared to the same period in 2014, when it was 18.2%.

Current operating expenses for the fiscal year amounted to €117.0 million (11.0% of revenues), versus €123.0 million for the same period in 2014 (11.4% of revenues).

Current operating profit totaled €85.7 million, compared to €73.7 million in 2014. The current operating margin rate rose to 8.1% from 6.8% in 2014.

Attributable net income totaled €39.8 million versus €37.9 million in 2014.

## - Financial structure and liquidity

Net cash totaled €27.7 million at November 30, 2015 (€2.1 million at November 30, 2014).

Cash assets (available cash and investment securities) totaled €169.4 million, compared to €150.0 million at November 30, 2014.

The working capital requirement totaled €92.4 million (8.7% of revenues over a rolling 12 months), compared to €108.4 million on November 30, 2014 (10.0% of revenues).

## ◆ Proposed initiation of the sale by Financière Gaillon 8 S.A. of its stake in Kaufman & Broad

Financière Gaillon 8 S.A., the main shareholder of the Company, holding 87.95% of the share capital, has announced its intention to initiate the sale of its stake in Kaufman & Broad, potentially through an offer to the market, which could reduce its stake below 50% of the share capital.

Simultaneously with this contemplated offering, Kaufman & Broad intends to acquire a portion of the shares sold by Financière Gaillon 8 S.A. under and within the limits of its share buyback program, the renewal of which will be proposed at the next shareholders' general meeting<sup>1</sup>. A group of employees and managers of Kaufman & Broad intend to increase their shareholding in the Company, in order to ultimately hold around 5% of the share capital.

In addition, given its net cash position of €169.4 million as at 30 November 2015, Kaufman & Broad will propose to the annual general meeting of shareholders on April 13, 2016 the payment of an exceptional dividend (including an interim dividend of €1.85 per share that will be paid in March 2016). The payment of this dividend would occur prior to the proposed sale.

Finally, Kaufman & Broad intends to refinance its bank debt in connection with this transaction.

An offer to the market would allow Kaufman & Broad to significantly broaden its free float and improve the liquidity of its shares.

Subject to favorable market conditions, the transaction could be completed during the first half of 2016.

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<sup>1</sup> The board of directors of Kaufman & Broad decided on January 26, 2016 to cancel 747,619 of its treasury shares.



This press release is available from the website [www.ketb.com](http://www.ketb.com)

• **Next regular publication date:**

March 29, 2016: Q1- 2016 results (after market close)

April 13, 2016: Annual Shareholders' Meeting

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About Kaufman & Broad - For almost 50 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 measured by its size, earnings and the strength 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 on March 31, 2015 under number D.15-0258.*

*This announcement does not, and shall not, in any circumstances constitute a public offering, nor an offer to sell or to subscribe, nor a solicitation to offer to purchase or to subscribe securities in any jurisdiction.*

*No communication and no information in respect of the sale by Financière Gaillon 8 S.A. of Kaufman & Broad shares may be distributed to the public in any jurisdiction where a registration or approval is required. No steps have been taken in any jurisdiction where such steps would be required. The offer or sale of the Kaufman & Broad shares by Financière Gaillon 8 S.A. may be subject to specific legal or regulatory restrictions in certain jurisdictions. Financière Gaillon 8 S.A., Kaufman & Broad, their shareholders and their affiliates take no responsibility for any violation of any such restrictions by any person.*



## Glossary

**Housing segment:** covers the promotion of Single-family homes in communities (grouped single-family homes), Apartments (which may include mixed apartments / business premises / retail space / office space), and corporate, tourist and student residences.

**Commercial property segment:** includes offices, retail (excluding small areas, building ground floors in particular), hotels and logistics businesses.

**Orders:** measured in volume (Units) and in value, orders reflect the group's sales activity. Orders are recognized as 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:** 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 notarized sales deeds have been signed by (ii) the ratio between the group's property expenses and construction expenses incurred on 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 housing units available for sale at the relevant date, i.e., all unordered housing units at such 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, the related property costs and the construction costs.

**Backlog:** also called an order book, is the summary which enables future revenues for the coming months to be forecast at any given moment.

**Property portfolio:** also known as the land stock, refers to all the land for which all commitments (contract for sale, etc.) have been signed.

## APPENDICES

### • Financial data

#### Key consolidated data

<i>in € thousands</i>	<b>Q4 2015</b>	<b>Fiscal 2015</b>	<b>Q4 2014**</b>	<b>Fiscal 2014**</b>
Revenues	366.8	1,063.1	428.8	1,083.3
• of which Housing	342.9	963.4	297.5	925.8
• of which Commercial property	22.3	93.9	129.1	150.4
• of which Other	1.6	5.8	2.2	7.2
Gross margin	70.5	202.7	72.6	196.7
Gross margin rate (%)	19.2%	19.1%	16.9%	18.2%
Current operating income	38.4	85.7	35.4	73.7
Current operating margin (%)	10.5%	8.1%	8.3%	6.8%
Attributable net income	20.3	39.8	18.8	37.9
Attributable net earnings per share (€/share) *	0.94	1.84	0.87	1.76

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

\*\* Financial statements restated following a change in accounting method: recognition under operating expenses of the marketing costs of sales offices and show areas previously recognized under cost of sales.

#### Consolidated income statement\*

<i>in € thousands</i>	<b>Q4 2015</b>	<b>Fiscal 2015</b>	<b>Q4 2014**</b>	<b>Fiscal 2014**</b>
<b>Revenues</b>	<b>366,816</b>	<b>1,063,098</b>	<b>428,830</b>	<b>1,083,342</b>
Cost of sales	(296,288)	(860,397)	(356,260)	(886,628)
<b>Gross margin</b>	<b>70,527</b>	<b>202,701</b>	<b>72,569</b>	<b>196,714</b>
Selling expenses	(9,785)	(30,652)	(10,933)	(32,467)
General administrative expenses	(11,246)	(50,313)	(15,713)	(53,770)
Technical and customer service expenses	(4,885)	(18,310)	(5,013)	(18,375)
Development and program expenses	(6,248)	(17,740)	(5,467)	(18,437)
<b>Current operating income</b>	<b>38,364</b>	<b>85,685</b>	<b>35,436</b>	<b>73,664</b>
Other non-recurring income and expenses	831	826	(805)	(673)
<b>Operating income</b>	<b>39,195</b>	<b>86,511</b>	<b>34,630</b>	<b>72,991</b>
<b>Cost of net financial debt</b>	<b>(3,115)</b>	<b>(4,470)</b>	<b>(656)</b>	<b>(250)</b>
Other income and expenses	-	-	-	-
Income tax	(10,685)	(24,267)	(13,239)	(25,026)
Share of income (loss) of equity affiliates and joint ventures	17	1,172	1,713	2,612
<b>Income (loss) attributable to shareholders</b>	<b>25,411</b>	<b>58,946</b>	<b>22,448</b>	<b>50,327</b>
Minority interests	5,115	19,167	3,697	12,397
<b>Attributable net income</b>	<b>20,297</b>	<b>39,779</b>	<b>18,751</b>	<b>37,930</b>

\* Not approved by the Board of Directors and not audited.

\*\* Financial statements restated following a change in accounting method: recognition under operating expenses of the marketing costs of sales offices and model areas previously recognized under cost of sales.



## Consolidated balance sheet\*

in € thousands

November 30,  
2015

November 30,  
2014 \*\*

### ASSETS

Goodwill	68,511	68,511
Intangible Assets	86,605	85,075
Property, plant and equipment	4,663	4,323
Equity affiliates and joint ventures	5,513	11,376
<b>Other non-current financial assets</b>	<b>1,247</b>	<b>1,843</b>
<b>Non-current assets</b>	<b>166,539</b>	<b>171,127</b>
Inventories	329,664	320,540
Accounts receivable	331,428	336,561
Other receivables	136,421	176,605
Cash and cash equivalents	169,361	149,993
Prepaid expenses	649	1,437
<b>Current assets</b>	<b>967,523</b>	<b>985,135</b>
<b>TOTAL ASSETS</b>	<b>1,134,062</b>	<b>1,156,262</b>

### EQUITY AND LIABILITIES

Capital stock	5,612	5,612
Additional paid-in capital	167,458	163,412
Attributable net income	39,779	37,930
<b>Attributable shareholders' equity</b>	<b>212,849</b>	<b>206,954</b>
Minority interests	11,068	8,667
<b>Shareholders' equity</b>	<b>223,917</b>	<b>215,621</b>
Non-current provisions	22,334	21,485
Borrowings and other non-current financial liabilities (> 1 year)	127,833	135,815
Deferred tax liabilities	40,268	42,303
<b>Non-current liabilities</b>	<b>190,435</b>	<b>199,603</b>
Current provisions	120	2,168
Other current financial liabilities (< 1 year)	13,840	12,101
Accounts payable	613,791	618,202
Other payables	85,412	95,482
Current tax	5,301	11,376
Deferred income	1,246	1,709
<b>Current liabilities</b>	<b>719,710</b>	<b>741,038</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,134,062</b>	<b>1,156,262</b>

\* Not approved by the Board of Directors and not audited.

\*\* Financial statements restated following a change in accounting method: recognition under operating expenses of the marketing costs of sales offices and show areas previously recognized under cost of sales.

## Operational data

<b>Housing</b>	<b>Q4 2015</b>	<b>Fiscal 2015</b>	<b>Q4 2014</b>	<b>Fiscal 2014</b>
Revenues (€ M, excluding VAT)	342.9	963.4	297.5	925.8
• of which Apartments	331.6	913.0	274.9	844.3
• of which Single-family homes in communities	11.4	50.4	22.7	81.5
Deliveries (EHUs)	2,164	5,961	1,810	5,623
• of which Apartments	2,108	5,748	1,714	5,303
• of which Single-family homes in communities	56	213	96	320
Net orders (number)	2,470	6,901	1,921	5,871
• of which Apartments	2,392	6,656	1,874	5,687
• of which Single-family homes in communities	78	245	47	184
Net orders (€ million, including VAT)	385.5	1,211.6	358.5	1,128.5
• of which Apartments	369.9	1,157.0	351.6	1,079.5
• of which Single-family homes in communities	15.6	54.6	6.9	49.0
Commercial offer at end of period (number)	3,092		3,484	
Backlog at end of period				
• In value (€ million, excluding VAT)	1,087.0		1,015.7	
- of which Apartments	1,039.4		961.6	
- of which Single-family homes in communities	47.5		54.1	
• In months of business	13.5		13.2	
Property reserve at end of period (number)	18,973		17,792	

<b>Commercial property</b>	<b>Q4 2015</b>	<b>Fiscal 2015</b>	<b>Q4 2014</b>	<b>Fiscal 2014</b>
Revenues (€ million, excluding VAT)	22.3	93.9	129.1	150.4
Net orders (€ million, including VAT)	13.4	154.4	283.6	295.1
Backlog at end of period (€ million, excluding VAT)	178.4		145.7	
Net orders (sq. m)	4,454	107,269	23,411	28,763
Property reserve at end of period (sq. m – net surface area)	173,336		112,149	