

Press Release

Paris, 29 March 2016

1ST QUARTER 2016 RESULTS

- ✓ **Solid results confirm development momentum**
- ✓ **Annual objectives confirmed**

◆ Key sales activity elements

✓ Housing orders:

1,512 units: up 27.6% vs. 1,183 units in Q1 2015

✓ Value of ordered units, including Commercial property:

€283.9 million (tax inclusive), i.e. +27.0% vs. €223.5 million in Q1 2015

◆ Financial key figures

✓ Revenues:

€229.7 million vs. €210.9 million in Q1 2015

✓ Gross margin:

€43.7 million vs. €40.1 million in Q1 2015

✓ Adjusted EBIT:

€19.2 million vs. €14.2 million in Q1 2015

✓ Attributable net income:

€6.5 million vs. €6.4 million in Q1 2015

✓ Net cash:

€27.9 million vs. €27.7 million at the end of 2015

◆ Key development indicators

✓ Overall backlog:

€1,285.0 million (up 13.1% vs. in Q1 2015)

Of which Housing units:

€1,126.9 million (up 13.7% vs. in Q1 2015)

✓ Housing portfolio:

21,903 lots (+12.8% vs. end-2015)

- **Revenues and Gross Margin are up by 8.9%**
- **Housing portfolio: +12.8%**
- **Overall backlog: +13.1%**

Today Kaufman & Broad SA are publishing their results for the first quarter of 2016, from 1 December 2015 to 29 February 2016.

Nordine Hachemi, Chairman and Chief Executive Officer of Kaufman & Broad S.A., made the following statement:

“Results of the first quarter confirmed Kaufman & Broad’s development momentum. All of our key business indicators rose, and substantial growth was recorded in land stock, backlog, and orders. These were driven both by new acquisitions and organic performance.

The market is still buoyant due to strong demand from private investors who are taking advantage of the Pinel law. Furthermore, there are encouraging indications that first-time buyers are returning in some major urban areas. Growth of at least 5% over the entire year is conceivable, if the economic environment remains stable.


In line with its development strategy in the Regions, Kaufman & Broad has established a presence in two regional metropolitan areas where the Group had had no previous operations, La Rochelle and Caen.

The Group also bolstered its operations in the Languedoc-Roussillon-Midi-Pyrénées region last January with the acquisition of SMP, an established regional developer in the Southwest of France.

As part of this regional development strategy, Commercial Property signed a contract with EDF in Bordeaux this quarter for the construction of buildings featuring our innovative Concrete/Wood technologies.

Trends observed early on in this fiscal year allow Kaufman & Broad to confirm the outlook for the year previously announced.

Finally, I would like to thank Yves Galland for his contribution to Kaufman & Broad’s growth during his many years on the Board of Directors, and I welcome Yves Gabriel, former Chief Executive Officer at Bouygues Construction, who was co-opted as a director of the company at the last Board of Director’s meeting.”



- ◆ Sales activity

- ✓ Housing segment

Orders in volume for housing units in the first quarter of 2016 amounted to 1,512 units, representing a rise of 27.8% over the first quarter of 2015.

In value, housing unit orders amounted to €284 million, including VAT, an increase of 49.9% in comparison to the same period of 2015, due to the increase in orders in the regions. The acquisitions of SAFAUR and SMP contributed approximately 60% to such increase.

Orders were placed for a total of 1,475 apartments in the first quarter of 2016 in the amount of €273 million, VAT included, representing an increase in volume of 27.4%. Orders for single family homes in communities came in at 37 units, compared to 25 units in the first quarter of 2015, representing €11 million, VAT included, compared with €7.3 million, VAT included, in the first quarter of 2015.

Breakdown of the customer base

Orders in value (excluding VAT) from investors increased 59% over the entire first quarter of 2016. Furthermore, private investors demonstrated sustained interest, with an increase of 27% in first- and second-time home buyers in France and of 44% for the Ile-de-France region alone. This growth is explained by the initial impacts of new measures (especially the zero interest rate (PTZ) lending solution) to support first-time buyers, a group of consumers that grew 50% in value in the Ile-de-France region, compared to 27% throughout the country.

Block sales of units were stable.

- ✓ **Commercial property segment**

Commercial property recorded sales of €21.6 million, including VAT, for the first quarter of 2016.

In February, Kaufman & Broad was awarded a contract by EDF Group for the future EDF South-West headquarters and the Aquitaine Limousin Poitou Charentes Regional Delegation building in Bordeaux. The structure of the project will rely on wood and concrete materials as part of a low-carbon and biosourced building format.

This new project confirms Kaufman & Broad's objective to develop the Group's Commercial property business in the Regions, as well as its innovation strategy.


- ✓ **Indicators of sales and development activity**

At 29 February 2016, the Housing units backlog totalled €1,126.8 million (excluding VAT), i.e. 13.7 months of business. The company's Commercial backlog was €158.1 million (excluding VAT). On the same date, Kaufman & Broad had 189 housing programmes on the market representing 4,126 housing units, versus 170 programmes and 3,728 housing units at end-February 2015.

As an illustration, of the 16 ongoing Commercial programmes, 8 programmes were registered as Commercial property backlog at 29 February 2016 and must be recognised as revenue for €151.1 million.

The property portfolio represents 22,003 lots, an increase of 12.8% compared to the end of November 2015. It represents potential revenues corresponding to four years of business, an increase of 15% over the first quarter of 2016 and 13% compared to the first quarter of 2015.

The Group plans to start 33 new programmes in the second quarter of 2016, including 12 starts in the Ile-de-France region representing 863 lots, and 21 starts in the regions for 1,415 lots.



At the end of February 2016, the principal large Urban / Multi-products projects under review or being installed by Kaufman & Broad represent a total of approximately 170,000 square meters, located in Ile-de-France / *Grande Couronne* (Paris Region) as well as in cities such as Toulouse, Bordeaux, Le Mans and Nantes.

Financial results

✓ **Operating activities**

Total revenues were €229.7 million (excluding VAT), up 8.9% compared to the first quarter of 2015.

Revenues from the Housing segment totalled €206.8 million (excluding VAT), compared to €181.4 million (excluding VAT) in 2015. This corresponds to 90% of the group's revenues.

Revenues from the Apartments business were up 18.9% compared to the first quarter of 2015, amounting to €199.5 million (excluding VAT). Revenues from Single-family home in communities totalled €7.3 million (excluding VAT), versus €13.6 million (excluding VAT) in the first quarter of 2015.

Commercial property revenues fell by €6.4 million in the first quarter of 2015 to €21.6 million (excluding VAT). The other businesses reported revenues stable compared to those of the first quarter of 2015, at €1.3 million (excluding VAT).

✓ **Profitability highlights**

Gross margin amounted to €43.7 million, compared to €40.1 million in the first quarter of 2015. The gross margin rate was 19.0%, identical to that of Q1 2015.

Current operating expenses for the fiscal year amounted to €26.1 million (11.4% of revenues), versus €27.2 million for the first quarter of 2015 (12.9% of revenues).

Current operating profit totalled €17.6 million, compared to €12.9 million in the first quarter of 2015. The current operating margin rate rose to 7.7% from 6.1% in the first quarter of 2015.

The Adjusted EBIT¹ of the group was €19.2 million at 29 February 2016, compared to €14.2 million at 28 February 2015. The Adjusted EBIT margin was 8.3% compared to 6.7% over the first quarter of 2015.

Attributable net income totalled €6.5 million, a slight increase over the Q1 2015 figure of €6.4 million.

✓ **Financial structure and liquidity**

Net cash amounted to €27.9 million at 29 February 2016. Cash assets (available cash and investment securities) totalled €169.9 million, compared to €169.4 million at 30 November 2015.

Working capital requirements totalled €106.1 million (9.8% of revenues over a rolling 12 months), compared to €92.4 million on 30 November 2015 (8.7% of revenues), with the Commercial property business contributing positively to working capital requirements over this period.

¹ Adjusted EBIT is equal to current operating income of €17.6 million, adjusted for capitalized borrowing costs of €1.6 million over the first quarter of 2016, compared to current operating income of €12.9 million, adjusted for capitalized borrowing costs of €1.3 million over the first quarter of 2015



✓ Dividends

On 10 March 2016, Kaufman & Broad paid an interim dividend of €1.85 per share for the fiscal year ended on 30 November 2015, as part of the €3.85 dividend to be proposed to the shareholders at the Annual General Meeting on 15 April 2015. The total amount of this payment is €32.8 million.

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

On 27 January, Financière Gaillon 8 S.A, the principal shareholder of the Company with 91.11%² of the share capital, announced its intention to begin the process of selling off its stake in Kaufman & Broad, via an offer on the market if necessary, which could reduce its stake to below 50% of share capital.

Concomitant to this market transaction, Kaufman & Broad is to purchase a part of the shares sold by Financière Gaillon 8 S.A up to the limit of its share buyback programme, i.e. up to a maximum amount of €50.0 million, the renewal of which shall be proposed at the next Annual General Meeting³.

The shares so purchased by Kaufman & Broad would be allocated in priority to the following purposes: (i) external growth transactions paid in whole or in part in shares and (ii) hedging employees' bonus shares plans.

2016 annual objectives confirmed

The Group confirms that its consolidated revenues growth objective for 2016 is between 7% and 10%, pending confirmations of orders by certain of its customers expected in 2016.

The Group further expects to achieve a gross margin rate of around 19% of consolidated revenues in 2016, with an adjusted EBIT margin rate of around 8.5% of consolidated revenues.

Furthermore, the Group's net debt should amount to around €100 million at 30 November 2016, following refinancing transactions concomitant to the partial sale by Financière Gaillon 8 of its stake, and the buyback by the Company of its own shares in the amount of €50 million during that transaction. The Group also intends to pay a dividend of €1.85 per share in 2017 for fiscal year 2016 (ended on 30 November 2016).

² Shareholding as at 29 February 2016.

³ The board of directors of Kaufman & Broad decided on 26 January 2016 to cancel 747,619 of its treasury shares, the total number of shares of the company being 20,839,037 as of the date hereof, compared to 21,584,658 before such cancellation.

◆ **Next regular publication date:**

15 April 2016: Annual Shareholders' Meeting

12 July 2016: 1st Half 2016 Results (after Market close)

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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:

The objectives presented in this document are based on data, assumptions and estimates considered to be reasonable by the Group on the date this document was prepared. These data and assumptions are subject to change or to modifications because of uncertainties related to the economic, financial, competitive, regulatory, and tax environments, or due to other factors about which the Group may not have had knowledge at the date this document was drafted. Furthermore, the realisation of certain risks described in section 1.2 "Risk Factors" of the reference document submitted on 9 March 2016 to the AMF under registration number D.16-0125 (the Reference Document) could have an impact on the business, financial situation, results, and outlook of the Group, thus undermining the achievement of these objectives. In addition, achieving these objectives is contingent upon the success of the Group's strategy described in Section 2.1.4 "Outlook" of the Reference Document. The Group therefore makes no promises and provides no guarantee with regard to achieving the objectives set out in this document.

This press release does not constitute and may not be considered as constituting a public offer, a sales offer, or an offer to subscribe, nor may it be construed as intending to solicit a purchase or subscription order in any country.

◆ **Glossary**

Orders: measured in volume (Units) and in value, orders reflect the group's sales activity. Orders are recognised as in revenue based on the time necessary for the "conversion" of an order into a signed and notarised 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 programmes) 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.

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 programme for which notarised sales deeds have been signed by (ii) the ratio between the group's property expenses and construction expenses incurred on said programme 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 properties available for sale at the relevant date, i.e., all unordered housing units on such date (less the programmes 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 at any given moment which allows revenues for the coming months to be forecast.

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>	Q1 2016	Q1 2015
Revenues	229,722	210,905
- of which Housing	206,812	181,356
- of which Commercial property	21,643	28,033
- of which Other	1,267	1,517
Gross margin	43,740	40,053
Gross margin rate (%)	19.0%	19.0%
Current operating income	17,596	12,885
Adjusted EBIT **	19 157	14 172
Adjusted EBIT Margin (%)	8,3%	6,7%
Attributable net income	6,465	6,443
Attributable net earnings per share (€/share) *	0.31	0.30

* Based on the number of shares comprising the share capital of Kaufman & Broad S.A. The board of directors of Kaufman & Broad decided on 26 January 2016 to cancel 747,619 of its treasury shares, the total number of shares of the company being 20,839,037 as of the date hereof, compared to 21,584,658 before such cancellation.

** L'Ebit ajusté correspond au résultat opérationnel courant du groupe retraité des coûts d'emprunt « IAS 23 révisée » capitalisés et déstockés dans la marge brute.

Consolidated income statement

<i>in € thousands</i>	Q1 2016	Q1 2015
Revenues	229,722	210,905
Cost of sales	- 185,982	- 170,852
Gross margin	43,740	40,053
Selling expenses	- 6,545	- 5,766
General administrative expenses	- 11,746	- 12,571
Technical and customer service expenses	- 4,598	- 4,398
Development and programme expenses	- 3,255	- 4,433
Current operating income	17,596	12,885
Other non-recurring income and expenses	-	-
Operating income	17,596	12,885
Cost of net financial debt	- 170	-139
Other income and expenses	-	-
Income tax	- 4,530	- 3,093
Share of income (loss) of equity affiliates and joint ventures	- 158	630
Income (loss) attributable to shareholders	12,737	10,283
Minority interests	6,272	3,840
Attributable net income	6,465	6,443

Consolidated balance sheet

in € thousands

**29 February
2016** **30 November
2015**

ASSETS

Goodwill	68,511	68,511
Intangible Assets	86,725	86,605
Property, plant and equipment	5,050	4,663
Equity affiliates and joint ventures	5,663	5,513
Other non-current financial assets	1,466	1,247
Non-current assets	167,495	166,539
Inventories	359,971	329,664
Accounts receivable	236,108	331,428
Other receivables	122,992	136,421
Cash and cash equivalents	176,691	169,361
Prepaid expenses	799	649
Current assets	896,561	967,523
TOTAL ASSETS	1,064,056	1,134,062

EQUITY AND LIABILITIES

Authorised capital stock	5,418	5,612
Additional paid-in capital	206,426	167,458
Attributable net income	6,464	39,779
Attributable shareholders' equity	218,308	212,849
Minority interests	16,139	11,068
Shareholders' equity	234,447	223,917
Non-current provisions	22,119	22,334
Borrowings and other non-current financial liabilities (> 1 year)	127,821	127,833
Deferred tax liabilities	43,972	40,268
Non-current liabilities	193,912	190,435
Current provisions	906	120
Other current financial liabilities (< 1 year)	21,008	13,840
Accounts payable	526,291	613,791
Other payables	79,862	85,412
Current tax	6,327	5,301
Deferred income	1,303	1,246
Current liabilities	635,967	719,710
TOTAL LIABILITIES	1,064,056	1,134,062

◆ Operational data

Housing	1st quarter 2016	1st quarter 2015
Revenues (€ million, excluding VAT)	206.8	181.4
- of which Apartments	199.5	167.8
- of which Single-family homes in communities	7.3	13.6
Deliveries (EHUs)	1,257	1,142
- of which Apartments	1,224	1,090
- of which Single-family homes in communities	33	52
Net orders (number)	1,512	1,183
- of which Apartments	1,475	1,158
- of which Single-family homes in communities	37	25
Net orders (€ million, including VAT)	284	189.4
- of which Apartments	273	182.1
- of which Single-family homes in communities	11	7.3
Commercial offer at period end (number)	4,126	3,728
Backlog at period end		
- In value (€ million, excluding VAT)	1.126.8	991.5
· of which Apartments	1.077.5	947.9
· of which Single-family homes in communities	49.3	43.6
- In months of business	13.2	13.1
Property portfolio at period end	21.904	19.219

Commercial property	1st quarter 2016	1st quarter 2015
Revenues (€ million, excluding VAT)	21.6	28.0
Net orders (€ million, including VAT)	-0.1	34.1
Backlog at period end (€ million, excluding VAT)	158.1	145.0