

## Press Release

Paris, July 12, 2016

# FIRST HALF 2016 RESULTS

- ✓ **Growth indicators remain robust**
- ✓ **Positive full-year outlook confirmed**

### ◆ Key components of sales activity

#### ✓ Housing Orders

Volume: 3,517 housing units (+16.1%)  
Value: €673.5 million including VAT (+21.9%)

#### ✓ Orders by value, including Commercial Property:

€895.1 million including VAT, i.e. up 35.0% vs. €663.3 million in H1 2015

### ◆ Key financial highlights

#### ✓ Revenues:

€574.8 million vs. €465.3 million in H1 2015

#### ✓ Gross margin

€109.0 million vs. €88.2 million in H1 2015

#### ✓ Adjusted EBIT:

€49.4 million vs. €32.5 million in H1 2015

#### ✓ Attributable net income:

€18.1 million vs. €12.0 million in H1 2015

#### ✓ Net financial debt:

€98.5 million vs. net cash of €27.7 million at end 2015

### ◆ Key growth indicators

#### ✓ Total order backlog:

€1,458.5 million (up 15.5% vs. H1 2015)

Of which Housing units:

€1,220.3 million (up 13.6% vs. H1 2015)

#### ✓ Housing land portfolio:

23,122 lots (up 14.3% vs. end 2015)

- **Housing orders by value: up 21.9%**
- **Total order backlog: up 15.5%**
- **Housing units property portfolio: up 14.3%**

Today Kaufman & Broad SA announced its results for the 1<sup>st</sup> half of the 2016 financial year (from 1 December 2015 to 31 May 2016).

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

*“In a new-build property market that is still driven by strong demand from private buyers making use of the Pinel tax incentive, the Group’s key sales and growth indicators rose significantly in the 1st half of the year, whether in terms of orders by volume and by value, land stock reserves or order backlog.*

*The growth in orders from homebuyers, especially first-time buyers, observed in the 1<sup>st</sup> quarter is set to pick up again from September onwards as a number of programs come on stream.*

*Work continues on existing major Commercial Property projects, and is on schedule. Elsewhere, the group was awarded a major office development project in South West France.*

*In accordance with its strategy of strengthening its dominant position in the Regions and extending its national coverage, in June Kaufman & Broad acquired developer Seri Ouest, which covers western France and owns a mix of residential and office programs. This acquisition follows in the wake of those of SMP, a renowned developer in the South West, and SAFAUR in Caen.*

*The new-build market is expected to grow by 10% - 15% over the full year, in a stable economic environment. Against this backdrop, Kaufman & Broad’s revenues are expected to grow by over 10% over the full financial year. The group also confirms its targets of a gross margin rate of around 19% of consolidated revenues, an adjusted EBIT margin rate of around 8.5% and financial net debt that should remain close to the level reached at 31 May 2016.”*



## ◆ Sales activity

### ✓ Housing segment

In the first half of 2016, housing orders by volume amounted to 3,517 housing units, i.e. up 16.1% on the first half of 2015.

In value terms, housing orders were €673.5 million (including VAT), up 21.9% on the same period in 2015 due to a rise in orders in the regions.

During the first half of 2016, 3,409 apartments with a total value of €645.5 million (including VAT) were reserved, or a 16.7% rise by volume. Orders for Single-family homes in communities totaled 108 units, compared to 109 units in the first half of 2015 (€28.0 million (including VAT) vs. €21.4 million (including VAT) in the first half of 2015).

### **Breakdown of the customer-base**

During the first half of 2016, reservations by value (excluding VAT) made by investors rose by 42%. As waited, orders from homebuyers were in light progress.

Block sales rose by 22%.

### ✓ Services segment

In the first half of 2016 the services segment posted revenues of €120.2 million, and orders were taken for €221.6 million (including VAT).

In April the group sold the ORA building (26,000 sq.m, located in Paris' 17th *arrondissement*) off-plan to two French institutional investors in a club deal. During the first half of the year the group also sold two developments off-plan, one in Bordeaux (Bassins à Flots) and the other in Toulouse.

The group's capacity for innovation has once again been rewarded, with Kaufman & Broad being named joint winner of the *Tour en Bois* project at Bordeaux Euratlantique.

The services backlog totaled €238.3 million at end May 2016.

### ✓ Advanced sales and development activity indicators

At May 31, 2016, the Housing units order book totaled €1,220.3 million (excluding VAT), equivalent to 14.6 months of business. The Commercial Property order backlog totaled €238.3 million (excluding VAT). On the same date, Kaufman & Broad had 200 housing programs on the market, corresponding to 4,577 housing units, as compared to 187 programs with 3,924 units at end May 2015.

The property portfolio comprised 23,219 plots, up 14.3% at end November 2015. This corresponds to potential revenues of almost four years' business, up 15% during the first half of 2016 and 13% from a year earlier (since the first half of 2015).

In the second semester of 2016 the group is planning to launch 89 new programs, including 23 in Île-de-France comprising 1,556 lots, and 66 launches in the Regions, comprising 3,632 lots.

At end May 2016, the principal major Urban/Multi-product projects currently being evaluated or implemented by Kaufman & Broad totaled about 170,000 sq.m, located in the greater Île-de-France area, as well as in cities such as Toulouse, Bordeaux, Le Mans and Nantes.



## ◆ Financial results

### ✓ Operating activities

Total revenues totaled €574.8 million (excluding VAT), down 23.5% compared to the first half of 2015.

Housing revenues totaled €451.6 million (excluding VAT), compared to €413.5 million (excluding VAT) in the first half of 2015. They account for 78.6% of the group's revenues.

Revenues from the Apartments business were up 11.4% compared to first half 2015, at €431.0 million (excluding VAT). Revenues from Single-family Homes in communities totaled €20.6 million (excluding VAT), versus €26.7 million (excluding VAT) in the first half of 2015.

Revenues from the services segment rose by €71.6 million from one half to the next, at €120.2 million (excluding VAT) in the first half of 2016. Other activities generated revenues of €3.0 million (excluding VAT).

### ✓ Profitability highlights

Gross margin was €109.0 million, compared to €88.2 million in the first half of 2015. The gross margin rate was 19.0%, identical to that in the first half of 2015.

Current operating expenses amounted to €63.3 million<sup>1</sup> (11.0% of revenues), versus €58.4 million in the first half of 2015 (12.6% of revenues).

Current operating income was €45.6 million, compared to €29.8 million in the first half of 2015. The current operating margin rate was 7.9%, versus 6.4% in the first half of 2015.

The group's adjusted EBIT<sup>2</sup> was €49.4 million in the first half of 2016 (vs. €32.5 million in the first half of 2015). The adjusted EBIT margin was 8.6% (vs. 7.0% in the first half of 2015).

Attributable net income was €18.1 million (vs. €12.0 million in the first half of 2015).

### ✓ Financial structure and liquidity

Net financial debt was €98.5 million at May 31, 2016. Cash assets (available cash and investment securities) totaled €101.0 million, compared to €169.4 million at November 30, 2015.

Working capital requirements were €122.5 million (10.4% of revenues over a rolling 12-month period), compared to €92.4 million at November 30, 2015 (8.7% of revenues).


### ✓ Dividend

On March 10, 2016 Kaufman & Broad paid an interim dividend of €1.85 per share for the financial year ending November 30, 2015, out of the €3.85 per share dividend approved by the General Meeting

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<sup>1</sup> Of which € 1.1 million of Re-IPO cost transaction carried out in the first half of 2016.

<sup>2</sup> Adjusted EBIT corresponds to current operating income of €45.6 million restated for €3.8 million of capitalised borrowing costs in the first half of 2016, versus current operating income of €29.8 million restated for €2.8 million of capitalised borrowing costs in the first half of 2015.



on April 15, 2016. The outstanding balance of this dividend, paid on April 20, 2016, totaled €38.2 million, resulting in a total dividend of €79.6 million.

◆ Governance

The Board of Directors of Kaufman & Broad has taken note of the resignation of Olivier de Vregille from his position as a Director of Kaufman & Broad SA representing PAI partners. In accordance both with the commitments made by PAI partners during the financial markets transaction and with the recommendations of the AFEP-MEDEF Code, the Compensation Committee and the Audit Committee will be chaired by an Independent Director from now on.

◆ **2016 prospects**

For the 2016 financial year the group estimates that its consolidated revenues should grow by over 10%.

The group also confirmed its target gross margin rate of about 19% of consolidated revenues, with an adjusted EBIT margin of about 8.5% of consolidated revenues.

The group's net debt should remain close to the level reached on May 31, 2016.



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

◆ **Next regular publication date:**

September 30, 2016: Q3 - 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 one of France's leading property developers and builders in terms of size, earnings and the strength of its brand.

*Kaufman & Broad's Registration Document filed on March 9, 2016 with the French financial markets authority (Autorité des marchés financiers - AMF) under number D.16-0125 (the 'Registration Document') as well as the revised Registration Document filed with the AMF on April 20, 2016 under number D.16-0125-A01 are available on the AMF website ([www.amf-france.org](http://www.amf-france.org)) and Kaufman & Broad's website ([www.kaufmanbroad.fr](http://www.kaufmanbroad.fr)). They contain a detailed description of Kaufman & Broad's business, results and prospects, as well as associated risk factors. In particular, Kaufman & Broad draws investors' attention to the risk factors described in Chapter 1.2 of the Registration Document, as updated in the revised Registration Document. The occurrence of one of these risks could have a materially detrimental effect on the Kaufman & Broad group's business, assets, financial situation, earnings or prospects, as well as on the price of Kaufman & Broad shares.*

◆ **Glossary**

**Orders:** measured by volume (Units) and by 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 recognized. 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 sale 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 land costs and the construction costs.

**Backlog:** also known as the order book, is a summary at any given moment used for estimating future revenues for the coming months.

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

## APPENDICES

### ◆ Financial data

#### Key consolidated data

<i>in € thousands</i>	<b>H1 2016</b>	<b>H1 2015</b>
Revenues	574,799	465,255
- of which Housing	451,568	413,486
- of which Commercial Property	120,239	48,654
- of which Other	2,992	3,115
Gross margin	108,966	88,175
Gross margin rate (%)	19.0%	19.0%
Current operating income	45,630	29,763
Current operating margin (%)	7.9%	6.4%
Adjusted EBIT**	49,437	32,546
Adjusted EBIT margin (%)	8.6%	7.0%
Attributable net income	18,147	12,005
Attributable net income per share (€/share) *	0.87	0.56

\* Based on the number of shares that comprise the share capital of Kaufman & Broad SA, on January 26, 2016 the Board of Directors of Kaufman & Broad decided to cancel 747,619 treasury shares, reducing the number of the company's shares from 21,584,658 to 20,839,037.

\*\* Adjusted EBIT corresponds to the group's current operating income restated for capitalized 'Revised IAS 23' borrowing costs and deducted from the gross margin.

#### Consolidated profit and loss account

<i>in € thousands</i>	<b>H1 2016</b>	<b>H1 2015</b>
<b>Revenues</b>	<b>574,799</b>	<b>465,255</b>
Cost of sales	(465,833)	(377,080)
<b>Gross margin</b>	<b>108,966</b>	<b>88,175</b>
Selling expenses	(16,098)	(14,567)
General administrative expenses	(27,439)	(26,902)
Technical and customer service expenses	(9,793)	(9,202)
Development and program expenses	(10,006)	(7,741)
<b>Current operating income</b>	<b>45,630</b>	<b>29,762</b>
Other non-recurring income and expenses	-	-
<b>Operating profit</b>	<b>45,630</b>	<b>29,762</b>
Net financing costs	(1,394)	(811)
Other income and expenses	-	-
Income tax	(14,906)	(8,921)
Share of income (loss) of equity affiliates and joint ventures	-121	743
<b>Consolidated net profit</b>	<b>29,209</b>	<b>20,774</b>
Minority interests	11,062	8,769
<b>Attributable net income</b>	<b>18,147</b>	<b>12,005</b>

## Consolidated balance sheet

*in € thousands*

**May 31, 2016**

**Nov 30, 2015**

<b>ASSETS</b>		
Goodwill	68,661	68,511
Intangible Assets	86,502	86,605
Property, plant and equipment	6,034	4,663
Equity affiliates and joint ventures	4,934	5,513
Other non-current financial assets	1,517	1,247
<b>Non-current assets</b>	<b>167,648</b>	<b>166,539</b>
Inventory	354,053	329,664
Accounts receivable	281,819	331,428
Other receivables	128,427	136,421
Cash and cash equivalents	100,960	169,361
Prepaid expenses	1,116	649
<b>Current assets</b>	<b>866,375</b>	<b>967,523</b>
<b>TOTAL ASSETS</b>	<b>1,034,023</b>	<b>1,134,062</b>
<b>LIABILITIES</b>		
Share capital	5,418	5,612
Additional paid-in capital	77,721	167,458
Attributable net income	18,147	39,779
<b>Attributable shareholders' equity</b>	<b>101,286</b>	<b>212,849</b>
Minority interests	14,815	11,068
<b>Equity capital</b>	<b>116,100</b>	<b>223,917</b>
Non-current provisions	22,417	22,334
Borrowings and other non-current financial liabilities (>1 year)	197,249	127,833
Deferred tax liabilities	52,523	40,268
<b>Non-current liabilities</b>	<b>272,189</b>	<b>190,435</b>
Current provisions	664	120
Other current financial liabilities (<1 year)	2,196	13,840
Accounts payable	573,237	613,791
Other payables	65,838	85,412
Current tax	2,389	5,301
Deferred income	1,411	1,246
<b>Current liabilities</b>	<b>645,733</b>	<b>719,710</b>
<b>TOTAL LIABILITIES</b>	<b>1,034 023</b>	<b>1,134,062</b>

## ◆ Operational data

<b>Housing</b>	<b>1st half 2016</b>	<b>1st half 2015</b>
Revenues (€ million, excluding VAT)	451.6	413.5
- of which Apartments	431.0	386.8
- of which Single-family homes in communities	20.6	26.7
Deliveries (EHUs)	2,798	2,537
- of which Apartments	2,709	2,433
- of which Single-family homes in communities	89	104
Net orders (by number)	3,517	3,030
- of which Apartments	3,409	2,921
- of which Single-family homes in communities	108	109
Net orders (€ million, including VAT)	673.5	552.7
- of which Apartments	645.5	531.3
- of which Single-family homes in communities	28.0	21.4
Commercial offer at end of period (by number)	4,577	3,924
Backlog at end of period		
- By value (€ million, excluding VAT)	1,220.3	1,074.5
· of which Apartments	1,177.7	1,032.1
· of which Single-family homes in communities	42.6	42.4
- By months of business	13.5	13.9
Property portfolio at end of period	23,122	20,236

<b>Commercial property</b>	<b>1st half 2016</b>	<b>1st half 2015</b>
Revenues (€ million, excluding VAT)	120.2	48.7
Net orders (€ million, including VAT)	221.6	110.5
Backlog at end of period (€ million, excluding VAT)	238.3	187.9