Press release
Paris, April 12, 2019

KAUFMAN & BROAD

FIRST QUARTER 2019 RESULTS

✓ **Sales and financial results in line with our expectations:**

- **Total orders: + 15.2% to €471.1m**
- **Overall backlog: + 19.8% to €2,245.3m**
- **Housing property portfolio: + 9.8% to 30,900 units**
- **Financing capacity of €453.5m**

♦ **Key sales data (Q1 2019 vs. Q1 2018)**

- **Total orders:**
  €471.1m (+15.2%) incl. VAT
  - Housing: €357.4m (+3.5%) incl.VAT
    1,771 units (-2.9%)
  - Commercial property: €113.8m
- **Take-up period for Housing*:**
  5.5 months vs. 5.6 months (-0.1 months)

♦ **Key financial data (Q1 2019 vs. Q1 2018)**

- **Revenue:**
  €328.1m (stable vs. Feb. 2018)
  Of which housing: €286.0m
  (stable vs. Feb. 2018)
- **Gross margin:**
  €63.4m (19.3% of revenue)
- **Adjusted EBIT:**
  €29.6m (9.0% of revenue)
- **Attributable net income:**
  €13.7m (stable vs. Feb. 2018)
- **Cash net of financial debt:**
  €50.0m (stable vs. end 2018)
- **Financing capacity:** €453.5m
  (€353.4m at end 2018)

♦ **Key growth indicators (Q1 2019 vs. Q1 2018)**

- **Overall backlog:**
  €2,245.3m (+19.8%)
  Of which Housing: €1,975.3m (+17.8%)
- **Housing property portfolio:**
  30,900 units (+9.8%)

Kaufman & Broad SA announced its unaudited results for the first quarter of the 2019 fiscal year (from December 1, 2018 to February 28, 2019).
Nordine Hachemi, Chairman and Chief Executive Officer of Kaufman & Broad, made the following comments:

"Kaufman & Broad's Q1 2019 results are in line with our expectations.
Sales performance was robust, in particular thanks to a 15.2% increase in overall orders in value terms. The increases in the land reserve (+9.8%) and in overall Backlog (+19.8%) confirm our strong long-term growth capacity. In particular, thanks to the 17.8% increase in Housing Backlog, we will be able to continue closely managing our land reserve, which represents more than three years of activity.

In addition, we have kept the take-up period for our projects under six months, proof of our control of costs and our careful attention to prices.

Kaufman & Broad's continued discipline is essential in a new housing market still buoyant thanks to solid demand, but where there should be around 115,000 new housing units in 2019, due to exceedingly high land prices and construction costs and an observed slowdown in building permits.

This discipline also explains our firm handle on working capital requirement and margins, as well as a positive net cash position of around €50m at end February 2019.

In this context, Kaufman & Broad confirms its outlook announced last January for the full-year 2019. Total revenue should be stable compared with 2018: the expected drop in the first half due to the strong Commercial Property activity in the first half of 2018 should be offset by an increase in the second half of 2019. The gross margin ratio is expected to hold at around 19% and the adjusted EBIT ratio should remain above 9%."

*Calculated on the basis of the first 3 months of the financial year

Sales activities

✓ Housing

In Q1 2019, in value terms, housing orders totaled €357.4m including VAT, a 3.5% increase compared with 2018. In volume, 1,771 units were ordered, a -2.9% decrease compared with 2018.

The take-up period for projects was 5.5 months over three months, a 0.1-month improvement compared with 2018 (5.6 months).

Housing supply, with 94% of projects located in high-demand, low-supply areas (A, Abis, and B1), totaled 3,261 units at the end of February 2019 (3,395 units at end February 2018).

Breakdown of the customer base

Orders from first-time buyers accounted for 11% of sales in volume terms, while those from second-time buyers accounted for 5%. Orders from investors accounted for 30% of sales (26% for the Pinel scheme alone), while block sales accounted for 54%, of which more than 42% is managed housing (tourism, student, business, or senior).

✓ Commercial Property

In Q1 2019, the Commercial Property segment recorded net orders of €113.8m including VAT.

Kaufman & Broad is currently marketing or studying around 345,000 sq.m of office space and around 70,000 sq.m of logistics and industrial space.

It is also currently building around 40,000 sq.m in office space and 75,000 sq.m in logistics space.

The Commercial backlog amounted to €270.0m (excluding VAT) at the end of February 2019.

✓ Forward-looking sales and development indicators

The housing backlog amounted to €1,975.3m (excluding VAT) at February 28, 2019, i.e. 18.3 months of business. Kaufman & Broad had 194 home programs on the market at the same date, representing 3,261 housing units, compared with 202 programs representing 3,395 housing units at the end of February 2018.

The housing property portfolio represents 30,900 units, up 9.8 % compared with the end of February 2018, corresponding to potential revenue of more than three years of business.
The group plans to launch 32 new programs in Q2 2019, including 10 in Île-de France (392 units) and 22 programs in the other French regions (1,514 units).

♦ Financial results

✓ Business volumes

Total revenue amounted to €328.1m (excluding VAT), stable compared with 2018.

Housing revenue amounted to €286.0m (excluding VAT), compared with €285.1m (excluding VAT) in 2018. This represents 87.2% of group revenue.

Revenue from the Apartments business was down -1.3% compared with 2018, and amounted to €266.7m (excluding VAT).

Commercial revenue amounted to €41.0m (excluding VAT), compared with €40.7m (excluding VAT) in 2018.

The other businesses generated revenue of €1.1m (excluding VAT), compared with €2.2m in 2018.

✓ Profitability highlights

Gross margin for Q1 2019 amounted to €63.4m, stable compared with 2018. The gross margin ratio was 19.3%, comparable to Q1 2018 (19.3%).

Current operating expenses amounted to €36.5m (11.1% of revenue), compared with €36.0m for 2018 (11.0% of revenue).

Current operating profit amounted to €26.9m, compared with €27.4m in 2018. The current operating margin ratio was 8.2%, compared with 8.3% in 2018.

The group's adjusted EBIT amounted to €29.6m in 2019 (compared with €30.6m in 2018). The adjusted EBIT margin was 9.0% (compared with 9.3% in 2018).

Attributable net income for 2019 was €13.7m, stable compared with February 2018.

✓ Financial structure and liquidity

Net cash amounted to €50.0m at February 28, 2019, stable compared with the end of 2018. Cash assets (available cash and investment securities) amounted to €203.5m, compared with €253.4m at November 30, 2018.

The group's financing capacity was €453.5m (€353.4m at November 30, 2018). It was reinforced by a €250m syndicated credit with an initial maturity of 5 years, which will replace the existing Senior and RCF credits worth €50m and €100m respectively. By using this corporate line of credit, the company can extend the maturity of its financial resources and improve their cost, while becoming more flexible with regard to future needs and opportunities, as a complement to its available cash.

For the first time in the real estate development sector, this facility incorporates a positive incentive linked to several CSR indicators, a testament to the company's concern for the environment.

The working capital requirement amounted to €133.9m (8.6% of revenue), compared with €110.8m at November 30, 2018 (7.1% of revenue), and €133.0m at the end of February 2018 (9.3% of revenue). The tight control over working capital primarily relies on the very short take-up period for the group's programs.

♦ Dividends

At the General Meeting of Shareholders on May 2, 2019, Kaufman & Broad SA's Board of Directors will propose the payment of a dividend of €2.50 per share, an increase of 19% compared with the dividend paid in 2018 for 2017 (€2.10 per share). A proposal will also be made to this Shareholders' Meeting to give Kaufman & Broad's shareholders the option to receive this dividend in cash, in shares, or in cash and shares.

♦ 2019 outlook

Over the 2019 financial year, total revenue should be stable compared with 2018: the expected drop in the first half due to the strong Commercial Property activity in the first half of 2018 should be offset by an increase in the second half. The gross margin ratio is expected to hold at around 19% and the adjusted EBIT ratio should remain above 9%.

This press release is available at www.kaufmanbroad.fr

♦ Next regular publication date:

- ✓ May 2, 2019: Shareholders' Meeting
- ✓ July 10, 2019: H1 2019 results (after market close)

Contacts

Chief Financial Officer
Bruno Coche
01 41 43 44 73
infos-invest@ketb.com

Press Relations
Media relations: Hopscotch Capital: Valerie Sicard
01 58 65 00 77 / k&b@hopscotchcapital.fr
Kaufman & Broad: Emmeline Cacitti
06 72 42 66 24 / ecacitti@ketb.com

About Kaufman & Broad - Kaufman & Broad has been designing, developing, building, and selling single-family homes in communities, apartments, and offices on behalf of third parties for more than 50 years. Kaufman & Broad is one of the leading French developers-builders due to the combination of its size and profitability, and the strength of its brand.

♦ Glossary

Backlog: In the case of sales before completion (VEFA), this covers orders for housing units that have not been delivered, and for which a notarized deed of sale has not yet been signed, and orders for housing units that have not been delivered for which a notarized deed of sale has been signed for the portion not yet recorded in revenue (in the case of a program for which an advance of 30% has been received, 30% of the revenue from a housing unit for which a notarized deal has been signed is recognized as revenue, while 70% is included in the backlog). The backlog is a summary at a given time, which enables the revenue yet to be recognized over the coming months to be estimated, thus supporting the group's forecasts – with the proviso that there is an element of uncertainty in the transformation of the backlog into revenue, particularly for orders that have not yet been signed.

Lease-before-completion (BEFA): a lease-before-completion involves a customer leasing a building before it is built or redeveloped.

Financing capacity: corresponds to cash assets plus lines of credit not yet drawn

Take-up period: The take-up period is the number of months required for the available housing units to be sold, if sales continue at the same rate as in previous months, or the number of housing units (available supply) per quarter divided by the orders for the previous quarter, and divided by three in turn.

Adjusted EBIT: corresponds to income from current operations restated for capitalized "IAS 23 revised" borrowing costs, which are deducted from gross margin.

EHU: The EHUs (Equivalent Housing Units) are a direct reflection of business volumes. 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.

Gross margin: corresponds to revenue less cost of sales. The cost of sales is made up of the price of land and any related costs plus the cost of construction.

Property supply: it is represented by the total inventory of properties available for sale as of the date in question, i.e. all unordered housing units as of this date (minus the programs that have not entered the marketing phase).

Property portfolio: represents all of the land for which any commitment (contract of sale, etc.) has been signed.

Orders: measured in volume (units) and in value terms; 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, in the case of multi-occupancy housing programs that include mixed-use buildings (apartments, business premises, retail space, and offices), all of the floor space is converted into housing unit equivalents.

Take-up rate: The take-up rate represents the percentage of the initial inventory that is sold on a monthly basis for a property program (sales per month divided by the initial inventory), i.e. net monthly orders divided by the ratio between the opening inventory and the closing inventory, divided by two.

Units: Units are the number of housing units or equivalent housing units (for mixed projects) for a given project. The number of equivalent housing units is calculated as a ratio between the surface area by type (business premises, retail space, or offices) and the average surface area of the housing units previously obtained.

Sale-before-completion (VEFA): a sale-before-completion is an agreement by which the vendor transfers its rights to the land and its ownership of the existing buildings to the purchaser immediately. The future structures will become the purchaser's property as they are completed: the purchaser is required to pay the price of these structures as the works progress. The seller retains the powers of the Project Owner until the acceptance of the work.

NOTES

♦ Financial data

Key consolidated data

In € million	Q1 2019	Q1 2018
Revenue	328.1	328.0
· *Of which housing*	286.0	*285.1*
· *Of which Commercial Property*	41.0	*40.7*
· *Of which other*	1.1	2.2
Gross margin	63.4	63.4
Gross margin ratio (%)	*19.3%*	*19.3%*
Current operating income	26.9	27.4
Current operating margin (%)	*8.2%*	*8.3%*
Adjusted EBIT*	29.6	30.6
Adjusted EBIT margin (%)	*9.0%*	*9.3%*
Attributable net income	13.7	13.7
Attributable net earnings per share (€/share)**	0.63	0.65

* *Adjusted EBIT corresponds to current operating profit restated for capitalized "IAS 23 revised" borrowing costs, which are deducted from the gross margin.*

***Based on the number of shares that make up Kaufman & Broad S.A.'s share capital, i.e. 21,073,535 shares at February 28, 2018 and 21,864,074 shares at February 28, 2019*

Consolidated income statement*

€ thousands	Q1 2019	Q1 2018
Revenue	**328,074**	**328,031**
Cost of sales	(264,664)	(264,666)
Gross margin	**63,409**	**63,365**
Sales expenses	(7,597)	(8,617)
Administrative expenses	(15,528)	(14,768)
Technical and customer service expenses	(5,407)	(5,376)
Development and program expenses	(8,017)	(7,218)
Current operating income	**26,861**	**27,386**
Other non-recurring income and expenses	-	-
Operating income	**26,861**	**27,386**
Cost of net financial debt	(1,057)	(1,910)
Other financial income and expense	-	-
Income tax	(8,970)	(7,146)
Share of income (loss) of equity affiliates and joint ventures	960	769
Net income of the consolidated entity	**17,794**	**19,099**
Minority interests	4,048	5,352
Attributable net income	**13,747**	**13,747**

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

Consolidated balance sheet*

€ thousands	February 28, 2019	November 30, 2018
ASSETS		
Goodwill	68,661	68,661
Intangible assets	90,473	90,017
Property, plant and equipment	8,357	8,407
Equity affiliates and joint ventures	6,764	6,185
Other non-current financial assets	1,464	1,826
Deferred tax assets	4,233	4,233
Non-current assets	**179,953**	**179,330**
Inventories	435,327	396,786
Accounts receivable	437,846	406,309
Other receivables	170,559	172,172
Cash and cash equivalents	203,541	253,358
Prepaid expenses	1,437	1,100
Current assets	**1,248,711**	**1,229,726**
TOTAL ASSETS	**1,428,664**	**1,409,056**

	February 28, 2019	November 30, 2018
LIABILITIES		
Share capital	5,685	5,685
Additional paid-in capital	240,172	168,816
Attributable net income	13,747	72,972
Attributable shareholders' equity	**259,603**	**247,473**
Minority interests	16,532	14,282
Shareholders' equity	**276,135**	**261,755**
Non-current provisions	33,769	33,402
Non-current financial liabilities *(maturing in > 1 year)*	148,654	199,652
Deferred tax liability	51,769	42,692
Non-current liabilities	**234,192**	**275,746**
Current provisions	2,193	2,265
Other current financial liabilities *(maturing in < 1 year)*	4,868	3,705
Accounts payable	754,374	705,958
Other payables	155,483	159,199
Prepaid income	1,418	428
Current liabilities	**918,337**	**871,555**
TOTAL LIABILITIES	**1,428,664**	**1,409,056**

*Not approved by the Board of Directors and not audited

♦ Operational data

Housing	Q1 2019	Q1 2018
Revenue (€m, excluding VAT)	286.0	*285.1*
· *Of which apartments*	*266.7*	*270.1*
· *Of which single family homes in communities*	*19.8*	*15.0*
Deliveries (EHUs)	1,473	*1,709*
· *Of which apartments*	1,408	*1,647*
· *Of which single family homes in communities*	65	*62*
Net orders (number)	1,771	*1,824*
· *Of which apartments*	*1,675*	*1,774*
· *Of which single family homes in communities*	96	*50*
Net orders (€ million, including VAT)	357.4	*345.3*
· *Of which apartments*	*325.5*	*328.5*
· *Of which single family homes in communities*	*31.8*	*16.8*
Property supply at the end of the period (in number)	3,261	*3,395*
End-of-period backlog		
· *In value terms (€m, excluding VAT)*	*1,975.3*	*1,677.2*
- *Of which apartments*	*1,846.6*	*1,599.7*
- *Of which single family homes in communities*	*128.6*	*77.5*
· *In months of business*	*18.3*	*16.1*
End-of-period land reserve (number)	30,900	*28,138*

Commercial	Q1 2019	Q1 2018
Revenue (€m, excluding VAT)	41.0	40.7
Net orders (€ million, including VAT)	113.8	63.5
End-of-period backlog (€ million, excluding VAT)	270.0	194.2