

2020 ANNUAL RESULTS

- ✓ **Backlog up 42.7% at €3.6 billion**
- ✓ **A very solid balance sheet with a net cash surplus**
- ✓ **Financing capacity increased to €465 million**
- ✓ **Proposed dividend of €1.85 per share**

◆ Key components of sales activity (2020 vs. 2019)

- **Total orders:**
 - €2,676.3m incl. VAT (+22.9%)
 - Housing: €1,490.8m incl. VAT (-12.8%)
i.e. 6,305 units (-23.3%)
 - Commercial Property: €1,185.5m incl. VAT
- **Take-up period for Housing:**
3.8 months vs. 5.8 months (-2.0 months)

◆ Key financial data (2020 vs. 2019)

- **Overall revenue:** €1,163.1m
Of which Housing: €963.3m
- **Gross margin:** €207.2m
- **Current operating income:** €80.1m
- **Attributable net income:** €40.1m
- **Net cash (excl. IFRS 16 liabilities):** €62.5m
- **Financing capacity:** €465.2m

◆ Key growth indicators (2020 vs. 2019)

- **Overall backlog:** €3,631.1m (+42.7%)
Of which Housing: €2,383.2m (+15.2%)
- **Housing property portfolio:** 35,086 units (+6.0%)

Kaufman & Broad SA has today announced its results for the 2020 financial year (from December 1, 2019 to November 30, 2020). Nordine Hachemi, Chairman and Chief Executive Officer of Kaufman & Broad, made the following comments:

"The results for financial year 2020 exceeded the objectives set back in July and confirm that Kaufman & Broad's growth model is capable of generating profitability and cash, with a year-end net cash surplus of €62.5 million (excluding IFRS 16 liabilities) and financing capacity increased to €465.2 million.

Sales activity in the Housing segment included a growing share of sales to a diverse range of institutional investors from both the public and private spheres. Their orders rose 45% year-on-year and accounted for 67% of total Housing orders by value.

Kaufman & Broad actively pursued its development drive throughout the year in the strategic priority areas it had decided on before the public health crisis struck.

Our development policy geared towards expanding our regional network enabled us to identify potential to develop a total surface area of 600,000 sq.m over the medium term.

Our approach to CSR has been recognized by MSCI ESG Ratings, among others, as it upgraded our overall rating from BBB to A in January 2021. Otherwise, Vigeo continues to qualify our "ESG Overall Score" as "Robust" and Gaïa has increased our rating by two points in 2020. This process will be accelerated in 2021, particularly in the areas of soil waterproofing and the reduction of carbon emissions during the development of industrial and tertiary brownfields.

The portfolio of managed student and senior residences, owned and operated by Kaufman & Broad, will include around ten operations in development in 2021.

As far as the Commercial Property segment is concerned, we obtained the required authorizations for the A7A8 Austerlitz project (already fully let) in late 2020 and hope to receive the clear building permits towards the end of the first half of 2021.

Regarding residential business prospects 2021, Kaufman & Broad has noted that the number of building permits granted has continued to trend downwards since 2019 and we therefore expect order levels to remain flat in 2021.

As announced back in July, revenue could reach between approximately €1.3 billion. In the event that the administrative authorizations for the Austerlitz A7 / A8 project are free of objections in 2021, the turnover could be increased to 1.6 billion euros. In the first case, the EBIT rate would be equivalent to that of 2020; in the second, it will return to a level comparable to that of previous years.

Based on Kaufman & Broad's 2020 results, solid balance sheet and historically large backlog, the Board of Directors will suggest paying out a dividend of €1.85 per share on 2020 earnings when the Shareholders' Meeting is held on May 6, 2021.

All these guidance targets are based on stabilization that the current economic and social situation and that any developments on the public health front do not lead to further work stoppages at the group's construction sites over the course of the year."

◆ Sales activity

✓ Housing

Housing orders in 2020 were 12.8% lower by value than in 2019 and amounted to €1,490.8 million (including VAT). By volume, 6,305 units were ordered, reflecting a 23.3% decrease compared with 2019.

The program take-up period was 3.8 months in 2020, compared with 5.8 months in the previous year, reflecting a decrease of 2.0 months.

Housing supply, with 95% of projects located in high-demand, low-supply areas (A, Abis and B1), totaled 1,999 units at end-2020 (3,990 units at end-2019).

Breakdown of the customer base

Orders from first-time buyers accounted for 6% of sales by value (excluding VAT) in 2020 and were lower than in 2019 (17%). Second-time buyers accounted for 5% of sales, versus 8% in 2019. Orders from investors accounted for 22% of sales (of which 17% under the Pinel incentive scheme alone). Lastly, block sales increased by 45% and their share of total orders increased to 67% by value (including VAT), compared with 40% in 2019.

✓ Commercial Property

The Commercial Property segment recorded net orders of €1,185.5 million (including VAT) in financial year 2020, corresponding to three office complexes, one logistics platform and two property development contracts.

End of November 2020, Kaufman & Broad signed a sale-before-completion agreement for a 42,000 sq.m logistics platform in Beaucaire (Gard) on behalf of a buyer-user. Otherwise, Kaufman & Broad also announced a sale-before-completion agreement with La Caisse de Retraite du Personnel Navigant for a 13,000 sq.m office building in Puteaux (92).

Kaufman & Broad currently has around 136,000 sq.m of office space and around 68,000 sq.m of logistics space under marketing or under study. It is also in the process of building close to 88,000 sq.m of office space and more than 36,000 sq.m of logistics space. Lastly, it has around 110,000 sq.m of office space transactions yet to finalize.

Leading sales and development indicators

The Housing backlog at the end of financial year 2020 amounted to €2,383.2 million (excluding VAT), the equivalent of 2.5 years of business. Kaufman & Broad had 147 housing programs on the market at that same date, representing 1,999 housing units (compared with 191 programs representing 3,990 housing units at the end of 2019).

The Housing property portfolio represents 35,086 units. It was up 6.0% compared with end-2019 and corresponds to more than 4 years of sales activity.

The Commercial Property backlog at the end of 2020 amounted to €1,248.0 million.

◆ Financial results

✓ Business volumes

Total revenue amounted to €1,163.1 million (excluding VAT), down 21.0% compared with 2019.

Housing revenue amounted to €963.3 million (excluding VAT), compared with €1,334.0 million (excluding VAT) in 2019. This represents 82.8% of group revenue. Revenue from the Apartments business reached €877.1 million (excluding VAT), compared with €1,232.4 million (excluding VAT) in 2019. Revenue from the Single-family Homes in Communities business totaled €86.1 million (excluding VAT), versus €101.6 million (excluding VAT) in 2019.

Revenue in the Commercial Property segment amounted to €194.4 million (excluding VAT), compared with €130.4 million in 2019.

✓ Profitability highlights

The gross margin for the 2020 financial year was €207.2 million, compared with €294.3 million in 2019. The gross margin ratio was 17.8%, which is lower than the 20.0% generated in 2019.

Current operating expenses amounted to €127.0 million (10.9% of revenue), compared with €150.9 million in 2019 (10.2% of revenue).

Current operating income reached €80.1 million, versus €143.4 million in 2019. The EBIT rate was 6.9%, compared with 9.7% in 2019.

Consolidated net income amounted to €56.5 million in full-year 2020 (versus €95.5 million in 2019). Non-controlling equity interests totaled €16.4 million, compared with €17.6 million in 2019.

Attributable net income was €40.1 million, versus €77.9 million in 2019.

✓ Financial structure and liquidity

During the public health crisis, Kaufman & Broad did not request deferral or suspension of payment of its tax and social security charges or apply for the government-backed bank loans introduced as one of the measures to support the economy. It did, on the other hand, extend its RCF (revolving credit facility) by one year, bringing its debt maturity to 4.2 years.

After dividend payments and share buybacks as part of a share buyback plan amounting to a cumulative €56 million in financial year 2020, the group's financial debt at November 30, 2020 resulted in a positive net cash position (excluding IFRS 16 liabilities) of €62.5 million, compared with a positive net cash position of €56.0 million at end-November 2019. Cash assets (available cash and investment securities) amounted to €215.2m, versus €208.1m at November 30, 2019. The group's financing capacity was €465.2 million, compared with €458.1 million at end-November 2019.

The group had recorded a sharp increase in its working capital requirement at end-May 2020 as work at most of its construction sites had to be halted or scaled back during the first lockdown; however, as announced back in July, it had returned to normal by the end of the financial year. It thus stood at €122.1 million (10.5% of revenue), compared with €150.1 million at November 30, 2019 (10.2% of revenue). The group's tight control over working capital primarily relies on the very short take-up period for its programs.

As part of the authorization granted at the General Meeting of May 5, 2020, the Board of Directors of January 27, 2021 reduced its capital by canceling 375,000 treasury shares, for a total of value of € 12.5 million, thus bringing the number of shares making up the company's share capital from 22,088,023 to 21,713,023 shares.

◆ Governance

Corporate Social Responsibility (CSR) has become a core principle underlying Kaufman & Broad's activity and the company has thus set up a CSR and Innovation Department reporting directly to the Chairman and Chief Executive Officer. Otherwise a CSR Committee of the Board of Directors has also been newly created.

The CSR Committee's role is to oversee execution of the CSR plan in accordance with the company's strategy. It is worth noting that ESG criteria have formed an integral part of the compensation metrics applicable to Kaufman & Broad's Management since 2018.

◆ Outlook

Regarding Kaufman & Broad's residential commercial prospects for fiscal year 2021, the continued downward trend in the allocation of building permits observed since 2019 leads us to anticipate a level of reservations comparable to that of 2020.

As announced last July, fiscal year 2021 sales are expected to be around 1.3 billion euros. Assuming that the administrative authorizations for Austerlitz's A7 / A8 project are purged in 2021, turnover could be increased to 1.6 billion euros. In the first case, the EBIT rate would be equivalent to that of 2020; in the second, it could return to a level comparable to that of previous years.

All of these prospects are based on a stabilization of the current economic and social situation and an evolution of the health crisis that would not lead to new work stoppages during the year.

This press release is available at www.kaufmanbroad.fr

◆ **Next regular publication date:**

- ✓ April 15, 2021: Q1 2021 results (after market close)
- ✓ May 6, 2021: Shareholders' Meeting

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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 builder-developers due to the combination of its size and profitability, and the strength of its brand.

Certain information included in this press release refers not to historical data but to forward-looking statements. These forward-looking statements are based on estimates, forecasts and assumptions, including assumptions about Kaufman & Broad's current and future strategy and about the economic environment in which Kaufman & Broad operates, which has been significantly affected by the current public health crisis. These forward-looking statements are only valid on the date of this press release. Actual results could differ materially from those expressed or implied by these forward-looking statements. Forward-looking statements and information are not guarantees of future performance and are subject to risks and uncertainties that are difficult to predict and generally beyond the control of Kaufman & Broad. Besides the current public health crisis, these risks and uncertainties include those identified and presented in Chapter 1.2 "Risk factors" of the Kaufman & Broad 2019 Universal Registration Document, which was filed with the French Financial Markets Authority (AMF) on March 31, 2020 under No. D.20-0231; it is available on the Company's website (www.kaufmanbroad.fr) and that of the AMF (www.amf-france.org). This press release includes only summarized information and does not purport to be complete.

◆ Glossary

Backlog: a summary that, at any given moment, makes it possible to estimate revenue for the coming months.

EBIT: corresponds to current operating income, i.e. gross margin less current operating expenses.

EHU: 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.

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

Gross margin: 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.

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

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 to "convert" 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.

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

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 yet entered the marketing phase).

Sale before completion (VEFA): a contract whereby the seller immediately transfers to the buyer its land rights and ownership of existing buildings. The future structures will become the purchaser's property as and when 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 acceptance of the work.

Take-up period: the inventory take-up period is the number of months required for the available housing units to be sold if sales are maintained at the same pace as in previous months, i.e. housing units outstanding (available supply) per quarter divided by the number of orders per quarter ended and with orders in turn divided by three.

Take-up rate: the take-up rate represents the percentage of the initial inventory for a property program that is sold on a monthly basis (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 used to define the number of housing units or equivalent housing units (for mixed programs) in a given program. 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.

NOTES

◆ Financial data

Key consolidated data

€ thousands	Q4 2020	Year 2020	Q4 2019 ⁽¹⁾	Year 2019 ⁽¹⁾
Revenue	505,666	1,163,050	442,476	1,472,154
· Of which Housing	377,562	963,281	413,886	1,334,000
· Of which Commercial Property	126,966	194,372	25,752	130,410
· Of which Other	1,139	5,397	2,838	7,744
Gross margin	85,553	207,176	87,936	294,288
Gross margin ratio (%)	16.9%	17.8%	19.9%	20.0%
Current operating income	49,791	80,134	43,829	143,425
Current operating margin (%)	9.8%	6.9%	9.9%	9.7%
Attributable net income	29,491	40,138	22,551	77,891
Attributable net earnings per share (€/share)**	1.34	1.82	1.02	3.53

⁽¹⁾ Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.
** Based on the number of shares that make up Kaufman & Broad S.A.'s share capital, i.e. 22,088,023 shares.

Consolidated income statement*

€ thousands	Q4 2020	Year 2020	Q4 2019 ⁽¹⁾	Year 2019 ⁽¹⁾
Revenue	505,666	1,163,050	442,476	1,472,154
Cost of sales	-420,112	-955,874	-354,540	-1,177,866
Gross margin	85,553	207,176	87,936	294,288
Selling expenses	-7,673	-21,689	-9,295	-31,031
Administrative expenses	-14,089	-52,808	-18,694	-64,437
Technical and customer service expenses	-4,402	-19,237	-5,440	-22,200
Development and program expenses	-9,598	-33,308	-10,678	-33,196
Current operating income	49,791	80,134	43,829	143,425
Other non-recurring income and expenses	0	0	0	0
Operating income	49,791	80,134	43,829	143,425
Cost of net financial debt	-1,263	-9,697	-4,325	-13,313
Other financial income and expense	0	0	0	0
Income tax	-12,591	-16,247	-12,187	-38,003
Share of income (loss) of equity affiliates and joint ventures	965	2,324	1,047	3,420
Net income of the consolidated entity	36,902	56,514	28,364	95,529
Non-controlling equity interests (P&L)	7,411	16,376	5,813	17,638
Attributable net income	29,491	40,138	22,551	77,891

⁽¹⁾ Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.
*Not approved by the Board of Directors and not audited.

Consolidated balance sheet*

€ thousands	November 30, 2020	November 30, 2019**
ASSETS		
Goodwill	68,661	68,661
Intangible assets	91,060	91,209
Property, plant and equipment	5,977	5,976
Right-of-use assets	20,388	0
Equity affiliates and joint ventures	5,767	5,929
Other non-current financial assets	7,021	1,756
Deferred tax assets	502	4,002
Non-current assets	199,376	177,533
Inventories	378,451	455,976
Accounts receivable	464,977	511,907
Other receivables	183,896	211,501
Cash and cash equivalents	215,192	208,102
Prepaid expenses	515	1,435
Current assets	1,243,031	1,388,921
TOTAL ASSETS	1,442,407	1,566,454
LIABILITIES		
Share capital	5,743	5,743
Additional paid-in capital	220,539	198,526
Attributable net income	40,138	77,891
Attributable shareholders' equity	266,420	282,160
Minority interests	8,998	10,953
Shareholders' equity	275,418	293,113
Non-current provisions	39,883	37,706
Non-current financial liabilities (maturing in > 1 year)	149,008	148,900
IFRS 16 lease obligations (maturing >1 year)	13,368	0
Deferred tax liability	47,006	50,346
Non-current liabilities	249,265	236,952
Current provisions	2,017	2,529
Other current financial liabilities (maturing in < 1 year)	3,656	3,189
IFRS 16 lease obligations (maturing in < 1 year)	6,322	0
Accounts payable	759,985	907,498
Other payables	144,697	123,047
Prepaid income	1,047	126
Current liabilities	917,724	1,036,389
TOTAL LIABILITIES	1,442,407	1,566,454

*Not approved by the Board of Directors and not audited

**Restated to take account of the change in interpretation of IAS 23 regarding the capitalization of financial expenses and the reclassification of the CVAE charge to income tax.

Operational data*

Housing	Q4 2020	Year 2020	Q4 2019	Year 2019
Revenue (€ million, excluding VAT)	377.6	963.3	413.9	1,334.0
· Of which apartments	347.5	877.1	381.7	1,232.4
· Of which single family homes in communities	30.1	86.1	32.2	101.6
Deliveries (EHUs)	2,070	5,174	2,303	7,056
· Of which apartments	1,946	4,816	2,174	6,664
· Of which single family homes in communities	124	358	129	392
Net orders (number)	1,605	6,305	2,596	8,222
· Of which apartments	1,552	5,908	2,502	7,856
· Of which single family homes in communities	53	397	94	366
Net orders (€ million, including VAT)	413.4	1,490.8	562.6	1,709.0
· Of which apartments	402.1	1,378.2	533.7	1,599.6
· Of which single family homes in communities	11.3	112.5	28.9	109.4
End-of-period property supply (in number)	1,999		3,990	
End-of-period backlog				
· In value terms (€ million, excluding VAT)	2,383.2		2,069.3	
- Of which apartments	2,260.2		1,959.6	
- Of which single family homes in communities	122.9		109.8	
· In months of business	29.7		18.4	
End-of-period land reserve (number)	35,086		33,090	
Commercial Property	Q4 2020	Year 2020	Q4 2019	Year 2019
Revenue (€ million, excluding VAT)	127.0	194.4	25.8	130.4
Net orders (€ million, including VAT)	87.2	1,185.5	348.8	467.5
End-of-period backlog (€ million, excluding VAT)	1,248.0		475.6	

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