

Q1 2021 RESULTS

Structural demand for housing still strong in a context of declining building permit allocations

- Overall backlog large and still growing: **+5.0% at €3,572.4 million**
- Housing property portfolio: **36,177 units (+8.2%)**
- Financial structure as solid as ever:
 - a positive net cash position of **€21.4 million (excluding IFRS 16 liabilities)**
 - sizable financing capacity (**€425.1 million**)
- Structurally strong demand from individual buyers and investors for housing and energy-efficient offices

◆ Key sales data (Q1 2021 vs. Q1 2020)

- **Total orders:**
€272.7m incl. VAT vs €1,401.5m incl. VAT
 - Housing: €234.3m incl. VAT vs €326.5m incl. VAT
1,144 units vs 1,482 units
 - Commercial: €38.4m incl. VAT vs €1,075.0m incl. VAT
- **Take-up period for Housing*:**
4.9 months vs. 6.8 months (-1.9 months)

◆ Key financial data (Q1 2021 vs Q1 2020 unless otherwise specified)

- **Revenue:**
€285.9m vs €299.2m
Of which Housing: €247.3m vs €272.2m
- **Gross margin:** €49.4m vs €57.1m
- **EBIT margin**:** 7.7% vs 8.5%
- **Attributable net income:**
€11.8m vs €13.2m
- **Cash position net of financial debt (excl. IFRS 16 liabilities):**
€21.4m vs €62.5m at end-Nov. 2020
- **Financing capacity:**
€425.1m vs €465.2m at end-Nov. 2020

◆ Key growth indicators (end-Feb. 2021 vs end-Feb. 2020)

- **Overall backlog:**
€3,572.4m (+5.0%)
Of which Housing: €2,332.6m (+12.5%)
- **Housing property portfolio:**
36,177 units (+8.2%)

Kaufman & Broad SA has today announced its unaudited results for the first quarter of fiscal year 2021 (from December 1, 2020 to February 28, 2021). Nordine Hachemi, Chairman and Chief Executive Officer of Kaufman & Broad, made the following comments:

"The results for Q1 2021 came out in line with our expectations and confirm that Kaufman & Broad's finances are solid, with a net cash surplus of €21.4 million (excluding IFRS 16 liabilities) at the end of the quarter and financing capacity totaling €425.1 million.

They also reflect Kaufman & Broad's capacity to prepare for the future as the group expanded its land reserve by 8.2% and increased overall backlog by +5.0% and Housing backlog by +12.5% in the Housing segment.

In the short term, the calendar of the upcoming elections over the next twelve months should add its effects to the absence of real measures to combat the downward trend in the allocation of building. In this context, Kaufman & Broad anticipates a level of its reservations in 2021 comparable to that of 2020.

In the medium term, Kaufman & Broad is confident that it will be able to benefit from persistently strong demand from individual buyers and investors alike. The need for housing is as substantial as ever, fueled by structural, demographic, sociological and environmental factors, and the same applies to demand for energy-efficient office buildings.

Kaufman & Broad made active progress on its strategic priorities throughout the first quarter.

The planning policy continued with the development of projects on industrial, tertiary and commercial wastelands, in particular on the Reims, Blagnac and Austerlitz station sites. The success of the sale-before-completion (VEFA) marketing call for tenders launched by Kaufman & Broad - for a portfolio of 500 housing units nationwide - showed just how apt this new development model is.

Similarly, the group is currently stepping up efforts to establish a managed housing portfolio in its capacity as a developer-investor-operator. Its portfolio of managed housing for students and seniors currently consists of about ten managed housing units.

Kaufman & Broad has been informed of an appeal against the Austerlitz renovation project. The 2021 guidance range announced in January and summarized below will therefore be fine-tuned mid-July, once the consequences of the appeal lodged against the project's building permit have been fully assessed.

Revenue for fiscal year 2021 as a whole should come out at around €1.3 billion. If all the administrative authorizations required for the Austerlitz renovation project have been obtained by the end of the appeals process in 2021, this revenue figure could rise to €1.6 billion.

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

** expressed as a percentage, it corresponds to current operating income, ie gross margin less current operating expenses divided by revenue.

In the first scenario, the EBIT margin would be similar to that generated in 2020; in the second, it could return to the levels achieved in previous years.

All these guidance targets are based on the assumption that the current economic, social and the current health situation stabilized.

◆ Sales activity

✓ Housing

Housing orders in value terms totaled €234.3 million (including VAT) in Q1 2021 compared with €326.5 million in Q1 2020. In volume terms, they amounted to 1,144 housing units (1,482 in Q1 2020).

The take-up period for projects was 4.9 months over the three months, i.e. a 1.9-month improvement compared with Q1 2020 (6.8 months).

Property supply, with 97% of housing units located in high-demand, low-supply areas (A, A-bis, and B1), totaled 1,809 units at end-February 2021 (3,315 units at end-February 2020).

Breakdown of the customer base

Housing orders placed by first-time buyers accounted for 9% of sales in value terms (including VAT) compared with 11% in Q1 2020. Second-time buyers accounted for 6% of sales versus 9% in Q1 2020. Orders from investors accounted for 35% of sales (of which 24% under the Pinel incentive scheme alone). Lastly, the share of block sales increased significantly and corresponded to 51% of orders by value (including VAT) compared with 36% in Q1 2020.

✓ Commercial

The Commercial segment recorded net orders of €38.4 million (including VAT) in Q1 2021.

Kaufman & Broad currently has around 130,000 sq.m of office space and around 68,000 sq.m of logistics space under marketing or under study. It also has close to 95,000 sq.m of office space in the process of being built or due to start up in the coming months, along with more than 78,000 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 February 28, 2021 totaled €2,332.6 million (excluding VAT) versus €2,073.2 million (excluding VAT), corresponding to 23.7 months of activity versus 18.6 in Q1 2020. Kaufman & Broad had 140 housing programs on the market at that same date, corresponding to 1,872 housing units (versus 181 programs corresponding to 3,359 housing units at the end of 2020). The Housing property portfolio consists of 36,177 units. It was up 8.2% compared with end-February 2020 and corresponds to more than 5 years of sales activity.

Housing property portfolio represents 96% projects located in high-demand, low-supply areas, for 34,840 housing units at February 28, 2021.

The group plans to launch 18 new programs in Q2 2021, including 11 in Île-de France (709 units) and 7 in other French regions (425 units).

The Commercial backlog at end-February 2021 totaled €1,239.8 million compared with €1,048.1 million (excluding VAT) at end-February 2020.

◆ Financial results

✓ Business volumes

Overall revenue totaled €285.9 million (excluding VAT) compared with €299.2 million in Q1 2020.

Housing revenue amounted to €247.3m (excluding VAT) compared with €272.2 million (excluding VAT) in 2020. This represents 86.5% of group revenue.

Revenue from the Apartments business came to €227.9 million (excluding VAT) versus €245.9 million (excluding VAT) in Q1 2020.

Revenue from the Commercial segment totaled €36.3 million (excluding VAT) compared with €25.2 million (excluding VAT) over the same period in 2020.

The other businesses generated revenue of €2.3 million (excluding VAT) compared with €1.9 million in 2020.

✓ Profitability highlights

The gross margin reached €49.4 million in Q1 2021 compared with €57.1 million over the same period in 2020. The gross margin ratio was 17.3% versus 19.1% in 2020.

Current operating expenses amounted to €27.5 million (9.6% of revenue) versus €31.7 million in Q1 2020 (10.6% of revenue).

Current operating income reached €21.9 million compared with €25.4 million in 2020. The EBIT margin came to 7.7% versus 8.5% in Q1 2020.

Consolidated net income amounted to €14.8 million in Q1 2021 compared with €18.3 million in 2020. Non-controlling interests totaled €3.0 million versus €5.1 million in Q1 2020.

Attributable net income was €11.8 million versus €13.2 million in 2020.

✓ Financial structure and liquidity

The group's financial debt at February 28, 2021 showed a positive net cash position (excluding IFRS 16 liabilities) of €21.4 million compared with a positive net cash position of €62.5 million at end-November 2020. Cash assets (available cash and investment securities) amounted to €175.1m versus €215.2m at November 30, 2020. The group's financing capacity amounted to €425.1 million compared with €465.2 million at end-November 2020.

The working capital requirement was €169.3 million at end-February 2021 (14.7% of revenue) compared with €122.1 million at November 30, 2020 (10.5% of revenue).

◆ Dividends

At the Shareholders' Meeting of May 6, 2021, Kaufman & Broad SA's Board of Directors will propose the payment of a dividend of €1.85 per share.

◆ Governance

The terms of office of Caroline Puechoultres and André Martinez are due to expire, so the upcoming Kaufman & Broad Shareholders' Meeting will be asked to approve the appointment, in replacement of two new directors in the persons of MRS. Annalisa Loustau Elia, Board Member of Legrand and Campari and member of the Supervisory Board of Roche Bobois, as well as of Mr. Michel Giannuzzi, Chairman and CEO of Verallia and Board Member of FM Global.

Kaufman & Broad expresses its thanks to Ms. Puechoultres and Mr. Martinez for their active contributions to the work of the Board of Directors.

◆ 2021 outlook

With respect to the business outlook for Kaufman & Broad's housing segment in 2021, we have 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.

For the whole of 2021 Fiscal year, 2021 revenue should come out at around €1.3 billion. If all the administrative authorizations required for the Austerlitz renovation project have been obtained by the end of the appeals process in 2021, the revenue figure could rise to €1.6 billion. In the first scenario, the EBIT margin would be similar to that generated in 2020; in the second, it could return to the levels achieved in previous years.

All these guidance targets are based on the assumption that the current economic, social and the current health situation are stabilized.

This press release is available at www.kaufmanbroad.fr

◆ Next regular publication date:

- ✓ May 6, 2021: Shareholders' Meeting
- ✓ July 12, 2021: H1 2021 results (after market close)

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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 among France's leading builder-developers due to the combination of its size, its profitability and the strength of its brand.

The Kaufman & Broad Universal Registration Document was filed with the French Financial Markets Authority ("AMF") under No. D.21-039 on March 31, 2021. It is available on the AMF (www.amf-france.org) and Kaufman & Broad (www.kaufmanbroad.fr) websites. It contains a detailed description of Kaufman & Broad's business activities, results and outlook, as well as the associated risk factors. Kaufman & Broad specifically draws attention to the risk factors set out in Chapter 4 of the Universal Registration Document. The occurrence of one or more of these risks might have a material adverse impact on the Kaufman & Broad group's business activities, net assets, financial position, results and outlook, as well as on the price of Kaufman & Broad's shares.

This press release does not amount to, and cannot be construed as amounting to, a public offering, sale offer or subscription offer, or as intended to seek a purchase or subscription order in any country.

◆ Glossary

Backlog (order book): in the case of sales before completion (VEFA), the backlog 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 and for which a notarized deed of sale has been signed for the portion not yet recorded in revenue (in the case of a program that is 30% complete, 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 established at a given time, making it possible to estimate the amount of revenue yet to be recognized over the coming months and thus upholding the group's forecasts – with the proviso that there is an element of uncertainty in the conversion of the backlog into revenue, particularly for orders for which a deed of sale has not yet been signed.

Cash assets: this corresponds to cash and cash equivalents on the assets side of the balance sheet, i.e. all available cash (bank balances and cash on hand), investment securities (short-term investments and term deposits) and order balances.

Cash flow: cash flow after cost of financial debt and taxes is equal to consolidated net income adjusted for the group's share of the income of equity affiliates and joint ventures, the income from discontinued operations, and estimated income and expenses.

CSR (Corporate Social Responsibility): Corporate Social Responsibility (CSR) is the contribution made by businesses to sustainable development issues. For businesses, this strategy consists in taking into account the social and environmental impacts of their activities and adopting best practices, thus helping to better society and protect the environment. CSR makes it possible to combine economic thinking, social responsibility and environmental responsibility (as defined by the French Ministry of Ecology, Sustainable Development and Energy).

Debt (or gearing) ratio: ratio of a company's net debt (or net financial debt) to its consolidated shareholders' equity. It is a measure of the risk to the company's financial structure.

Dividend: the dividend is the share of a company's annual net profit distributed to shareholders. Its amount is proposed by the Board of Directors and is subject to approval at the Shareholders' Meeting. It is payable within a maximum period of nine months after the end of the fiscal year.

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

EBIT margin: expressed as a percentage, it corresponds to current operating income, ie gross margin less current operating expenses divided by revenue.

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.

Free cash flow: free cash flow is equal to cash flow minus net operating investments made during the period.

Gross financial debt or financial debt: gross financial debt consists of long-term and short-term financial liabilities, financial hedging instruments relating to liabilities constituting gross financial debt, and the interest accrued on balance sheet items constituting gross financial debt.

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.

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

Managed housing: managed housing, or serviced housing, refers to a property complex consisting of housing units (homes or apartments) for residential use and offering a minimum number of services such as a reception, the supply of linen, house cleaning and maintenance, and breakfast. There are several different types of housing in this category: student housing including apartment complexes, mostly furnished studios with a kitchenette located in the vicinity of schools and universities and close to public transportation; tourist accommodation located in high-potential tourist areas offering, in addition to the usual services, amenities such as swimming pools, sports fields, sometimes saunas, steam rooms, jacuzzis and children's clubs; corporate housing as an alternative to traditional hotels, including studios (about 80%) and two-room apartments located in city centers or close to major business hubs with convenient access to everything; and lastly, senior residences (including both assisted and non-assisted living facilities for the elderly) designed to prepare for an aging population and housing people aged 55 and over; their customers include both leaseholders and property owners.

Net cash: this corresponds to "negative" net debt or "negative" net financial debt, which means that the company's balance of available cash and financial investments constituting its "cash assets" is greater than the amount of its gross liabilities (or gross financial debt).

Net debt or net financial debt: a company's net debt or net financial debt is the balance between its gross financial liabilities (or gross financial debt) on the one hand, and the available cash and financial investments constituting its "cash assets" on the other. It represents the company's creditor or debtor position with respect to third parties outside the operating cycle.

Orders: measured in volume terms (units) and 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.

Orders (in value): this figure represents the value of the real property as expressed in order contracts signed, including VAT, for a given period. It is net of cancellations recorded during that period.

Property portfolio: this includes land for development (otherwise called the land portfolio), i.e. land for which a deed or promise of sale has been signed, as well as land under review, i.e. land for which a deed or promise of sale has not yet been signed.

Property supply: this refers to 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 sale-before-completion is an agreement whereby the seller transfers its rights to the land and ownership of the existing buildings to the buyer immediately. The future structures will become the buyer's property as and when they are completed: the buyer 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.

Senior loans (lines of credit): banks use senior debt to fund LBO (leveraged buyout) transactions. LBO financing by banks is risky in the bank credit market. It consists of loans repayable by installments and/or, most frequently, "bullet repayment" type loans, but also lines of credit to finance the working capital requirements and growth policies of companies involved in this type of acquisition. Senior debt is debt that enjoys specific guarantees, the repayment of which has priority over other so-called subordinated debt. It is therefore "priority debt".

Take-up period: the inventory take-up period is the number of months required for available housing units to be sold if sales continue 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 a property program's initial inventory 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: 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.

Working Capital Requirement (WCR): WCR results from deferrals of cash flow: inflows and outflows relating to operating expenditures and revenues necessary for the design, production and marketing of real estate projects. WCR can thus be simply expressed as current assets (inventory + accounts receivable + other operating receivables + advances received + deferred income) minus current liabilities (accounts payable + tax and social security liabilities + other operating liabilities + prepaid expenses). The amount of WCR will depend in particular on the length of the operating cycle, the extent and duration of the work-in-process inventory carried, the number of projects initiated, and the payment terms granted by suppliers and delivery schedules granted to customers.

APPENDICES

◆ Financial data

Key consolidated data

<i>In € millions</i>	Q1 2021	Q1 2020
Revenue	285.9	299.2
· Of which Housing	247.3	272.2
· Of which Commercial	36.3	25.2
· Of which Other	2.3	1.9
Gross margin	49.4	57.1
Gross margin ratio (%)	17.3%	19.1%
Current operating income*	21.9	25.4
EBIT margin (%)	7.7%	8.5%
Attributable net income	11.8	13.2
Attributable net income per share (€/share) **	€0.54	€0.60

* 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. 22,088,023 shares at February 28, 2020 and 21,713,023 shares at February 28, 2021 (following the capital decrease corresponding to 375,000 of the Company's treasury shares completed on February 5, 2021).

Consolidated income statement*

<i>In € thousands</i>	Q1 2021	Q1 2020
Revenue	285,915	299,214
Cost of sales	-236,501	-242,116
Gross margin	49,413	57,098
Selling expenses	-3,922	-4,887
Administrative expenses	-10,427	-13,351
Technical and customer service expenses	-5,258	-5,386
Development and program expenses	-7,898	-8,121
Current operating income	21,908	25,354
Other non-recurring income and expenses	-	-
Operating income	21,908	25,354
Cost of net financial debt	-2,229	-2,579
Other financial income and expenses	-	-
Income tax	-5,577	-4,672
Share of income (loss) of equity affiliates and joint ventures	709	190
Net income of the consolidated entity	14,812	18,293
Non-controlling interests	3,010	5,095
Attributable net income	11,802	13,198

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

Consolidated balance sheet*

In € thousands

	February 28, 2021	November 30, 2020
ASSETS		
Goodwill	68,661	68,661
Intangible assets	91,096	91,060
Property, plant and equipment	5,650	5,977
Right-of-use assets	19,919	20,388
Equity affiliates and joint ventures	9,014	5,767
Other non-current financial assets	7,079	7,021
Deferred tax assets	502	502
Non-current assets	201,921	199,376
Inventories	415,172	378,451
Accounts receivable	472,079	464,977
Other receivables	171,075	183,896
Cash and cash equivalents	175,088	215,192
Prepaid expenses	654	515
Current assets	1,234,068	1,243,031
TOTAL ASSETS	1,435,989	1,442,407
	February 28, 2021	November 30, 2020
LIABILITIES		
Share capital	5,645	5,743
Additional paid-in capital	256,779	220,539
Attributable net income	11,803	40,138
Attributable shareholders' equity	274,226	266,420
Non-controlling interests	10,358	8,998
Shareholders' equity	284,584	275,418
Non-current provisions	35,470	39,883
Non-current financial liabilities	149,078	149,008
Long-term financial lease liabilities	12,716	13,368
Deferred tax liabilities	51,748	47,006
Non-current liabilities	249,013	249,265
Current provisions	1,526	2,017
Other current financial liabilities	4,648	3,656
Short-term financial lease liabilities	6,531	6,322
Accounts payable	786,725	759,985
Other payables	102,713	144,697
Prepaid income	249	1,047
Current liabilities	902,392	917,724
TOTAL LIABILITIES	1,435,989	1,442,407

*Not approved by the Board of Directors and not audited

◆ Operating data

Housing	Q1 2021	Q1 2020
Revenue (€ million, excluding VAT)	247.3	272.2
· Of which apartments	227.9	245.9
· Of which single-family homes in communities	19.4	26.3
Deliveries (EHUs)	1,383	1,480
· Of which apartments	1,299	1,372
· Of which single-family homes in communities	84	108
Net orders (number)	1,144	1,482
· Of which apartments	1,138	1,440
· Of which single-family homes in communities	6	42
Net orders (€ million, including VAT)	234.3	326.5
· Of which apartments	231.9	313.9
· Of which single-family homes in communities	2.5	12.6
End-of-period property supply (in number)	1,872	3,359
End-of-period backlog		
· In value terms (€ million, excluding VAT)	2,332.6	2,073.2
- Of which apartments	2,235.6	1,978.2
- Of which single-family homes in communities	97.1	95.0
· In months of business activity	23.7	18.8
End-of-period land reserve (number)	36,177	33,429
Commercial	Q1 2021	Q1 2020
Revenue (€ million, excluding VAT)	36.3	25.2
Net orders (€ million, including VAT)	38.4	1,075.0
End-of-period backlog (€ million, excluding VAT)	1,239.8	1,330.0