

## A SOLID FINANCIAL POSITION IN THE CURRENT CONTEXT OF HEALTH CRISIS

### Q1 2020 RESULTS

#### SUSPENSION OF 2020 OBJECTIVES

- ✓ **Q1 2020 results at 29 February 2020 are characterized by:**
  - **An overall Backlog of €3,403.3m (excl.VAT) (+51.6% vs Q1 2019) and a housing property portfolio up +8.2 % vs Q1 2019 at 33,429 units,**
  - **A gross margin ratio of 19.1% and an EBIT margin of 8.5%,**
  - **No net debt and financing capacity of €412.5 million.**
- ✓ **In light of the current health crisis, the Board of Directors has decided:**
  - **to bring forward the publication of Q1 2020 results,**
  - **to suspend the 2020 objectives previously announced**

#### ◆ **Key sales data (Q1 2020 vs Q1 2019)**

- **Orders**  
Total: €1,401.5M incl. VAT (x 3.0)  
Of which:  
Commercial: €1,075.0M incl. VAT(x 9.5)  
Housing: €326.5M incl. VAT (-8.6%)  
1,482 units (-16.3%)
- **Take-up period<sup>2</sup> for Housing:**  
6.8 months vs. 5.5 months  
(+1.3 months)

#### ◆ **Key financial data (Q1 2020 vs. Q1 2019)**

- **Revenues:**  
Total: €299.2m (-8.8 %)  
Of which Housing: €272,2m (-4.8%)
- **Gross margin:**  
€57.1m (19.1% of revenue)
- **EBIT:**  
€25.4m (8.5 % of revenue)
- **Attributable net income:**  
€13.2m (-8.1%)
- **Net cash <sup>1</sup>:**  
€9.2m (vs. €56.0m at end-2019)
- **Financing capacity:**  
€412.5m (vs €458.1m to end 2019)

#### ◆ **Main growth indicators (Q1 2020 vs Q1 2019)**

Kaufman & Broad SA is today announcing its unaudited results for Q1 2020 (from 1 December 2019 to 29 February 2020). Nordine Hachemi, Chairman and Chief Executive Officer of Kaufman & Broad, made the following comments:

"In the context of the recent developments of the current health crisis and its impact on general economic activity, the board of directors of Kaufman & Broad has decided to anticipate the release of its results for the first quarter of 2020, in order to inform the market of its analysis of the situation as quickly as possible.

Kaufman & Broad fully takes its responsibilities towards its employees, whose safety and health is essential, but also its customers, who are still being provided with Kaufman & Broad's services when possible, and its suppliers, whose ability to get through this crisis is vital in order to resume construction activities as soon as possible.

During these difficult times, the end of which is currently unknown, and beyond continuing to control its costs, working capital requirements and capital expenditures, Kaufman & Broad relies in particular on two fundamental parameters:

- A net debt equal to zero, which provides a very strong financial structure at 29 February 2020 featuring:
  - A high level of available cash of €412.5 million;
  - An average maturity of its gross debt higher than 4 years;
  - Consolidated shareholders' equity of €308.8 million
- Growth indicators allowing Kaufman & Broad to project itself beyond the next coming months:
  - An overall backlog of €3.403 billion and €2.073 billion for the sole Housing activity. The backlog is a summary at a given time, which enables revenue yet to be recognized over the coming months to be estimated thus supporting the group's forecasts – being specified that there is an element of uncertainty in the transformation of the backlog into revenue, particularly for orders that have not yet been signed (i.e. approximately 40% for Housing and 85% for Commercial Property).
  - A Housing property portfolio which reached a record high of 33 429 units as of end of February 2020. The Housing property portfolio

<sup>1</sup> Calculated on the basis of non-IFRS 16 rental debt

<sup>2</sup> Calculated on the basis of the first three months of the financial year

- **Overall backlog:**  
€3,403.3m (+51.6 %)  
Of which Housing: €2,073.2m (+5.0%)
- **Housing property portfolio:**  
33,429 units (+8.2 %)

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

*Regarding the 2020 outlook, in light of the current health crisis, Kaufman & Broad has decided to suspend its annual objectives announced at the end of January this year. Kaufman & Broad will propose new objectives for the 2020 financial year as soon as the conducting of a forecast for the whole financial year will be appropriate in light of the general situation.*

Kaufman & Broad will continue to monitor carefully the developments of the health crisis over the next weeks and will inform the market of its impact on its activities, if necessary"

## Sales activity

### ✓ Housing

In Q1 2020, housing reservations in value terms stood at € 326.5m (incl. VAT), i.e. 8.6% lower than 2019. In volume terms they stood at 1,482 homes, down 16.3% vs. 2019.

The take-up period for projects was 6.8 months over three months, a 1.3 month deterioration compared to 2019 (5.5 months).

Housing supply, with 96% of projects located in high-demand, low-supply areas (A, Abis, and B1), stood at 3,359 homes at end-February 2020 (3,261 at end-February 2019).

### Breakdown of the customer base

Orders from first-time buyers accounted for 9 % of sales in volume terms, while those from second-time buyers accounted for 5 %. Orders from investors represent 49% of sales (36% for the Pinel scheme alone) while block sales accounted for 37%, of which around 30% is managed housing (tourism, student, business, or senior)

### ✓ Commercial property

In Q1 2020, the Commercial Property division recorded net orders of €1,075.0m including VAT (vs. € 113.8m incl. VAT at end February 2019).

Kaufman & Broad is currently marketing or studying around 155,000 m<sup>2</sup> of office space and about 74,500 m<sup>2</sup> of logistics and industrial premises space, as well as 115,000 m<sup>2</sup> for which the deeds of sale are yet to be signed.

Meanwhile, around 73,000 m<sup>2</sup> of office space is under construction as well as 36,000m<sup>2</sup> of logistics space.

### ✓ Leading sales and development indicators

On 29 February 2020, the Housing backlog stood at €2,073.2m (excl. VAT), i.e. 18.6 months of business (vs. €1,975.3m (excl. VAT) for 18.3 months at end February 2019). As the same date, Kaufman and Broad had 181 home programs on the market, representing 3,359 housing units, (194 programs representing 3,261 housing units at the end of February 2019).

The housing property portfolio represents 33,429 units, up 8.2% compared with the end of February 2019, corresponding to potential revenue of around four years of business.

At the end of February 2020, the commercial backlog stood at €1.330.0m excl. VAT.

## ◆ Financial results

### ✓ Business volumes

Total revenue amounted to €299.2m (excl. VAT), down 8.8% vs. 2019.

The impact of building sites interruptions in the Ile-de-France region, during transport strikes is estimated around €15 million (excl. VAT) on Q1 revenue

Housing revenue amounted to €272.2m (excluding VAT). It represents 91.0% of group revenues (vs. €286.0m excl. VAT., i.e. 87.2% in 2019).

Revenue from the Apartments business was down -7.8% compared with 2019, and amounted to €245.9m (excl. VAT).

Commercial revenue amounted to €25.2m (excl. VAT), compared with €41.0m (excl. VAT) in 2019.

The other businesses generated revenue of €1.8m (excl. VAT), compared with €1.1m in 2019.

### ✓ Profitability highlights

Gross margin for Q1 2020 came to €57.1m, down compared to 2019. The gross margin ratio stood at 19.1%, down vs. Q1 2019 (20.2%).

Current operating expenses amounted to €31.7m (10.6% of revenue), compared with €35.6m for 2019 (10.9% of revenue).

Current operating profit came to €25.4m, compared with €30.6m in 2019. The current operating margin ratio was 8.5%, compared with 9.3% in 2019.

Attributable net income for 2020 was €13.2m, down compared to February 2019 by 8.1%.

### ✓ Financial structure and liquidity

Positive net cash stood at €9.2m as of 29 February 2020 (excl. impact of IFRS 16) vs. positive net cash of €56.0m at 30 November 2019. Cash assets (available cash and investment securities) amounted to €162.5m, compared with €208.1m at November 30, 2019.

The group's financing capacity was €412.5m (€458.1m at November 30, 2019).

The working capital requirement amounted to €215.6m (14.9% of revenue), compared with €150.1m at November 30, 2019 (10.3% of revenue). The increase is due to delays incurred on fund calls on transactions in the Ile-de-France region, following transport strikes – excluding this impact, the working capital requirement would have stood in a range of 11% to 13%.

## ◆ 2020 outlook

With respect to the outlook for full-year 2020, in light of the current health crisis, Kaufman & Broad has decided to suspend its annual objectives announced at the end of January. Kaufman & Broad will propose new 2020 objectives as soon as the conducting of a forecast for the whole financial year will be appropriate in light of the general situation.

Kaufman & Broad will continue to monitor carefully the developments of the health crisis over the next weeks and will inform the market of its impact on its activities, if necessary.

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

## ◆ Next regular publication date:

✓ Tuesday, May 5, 2020: 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 est l'un des premiers Développeurs-Constructeurs français par la combinaison de sa taille, de sa rentabilité et de la puissance de sa marque.

### Disclaimer

Certain information included in this press release are not historical facts but are forward-looking statements. These forward-looking statements are based on current beliefs, expectations and assumptions, including, without limitation, assumptions regarding present and future business strategies and the environment in which Kaufman & Broad SA operates, which is significantly affected by the current health crisis. These forward-looking statements speak only as of the date of this press release. Actual results may be materially different from those expressed or implied by these forward-looking statements. Forward-looking statements and statements are not guarantees of future performances and are subject to risks and uncertainties which are difficult to assess and generally outside of the control of Kaufman & Broad. In addition to the current health crisis, these risks and uncertainties include those discussed and identified under Chapter 1.2. "Facteurs de risques" of the 2018 registration document of Kaufman & Broad filed with the Autorité des marchés financiers (AMF) on 29 March 2019, available on the Company's website ([www.kaufmanbroad.fr](http://www.kaufmanbroad.fr)) and the AMF's website ([www.amf-france.org](http://www.amf-france.org)). This press release includes only summary information and does not purport to be comprehensive.

## ◆ 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.

**EBIT:** corresponds to income from current operations income, ie gross margin less current operating expenses.

**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.

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

**Lease-before-completion (BEFA):** a lease-before-completion 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 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.

**Property portfolio:** represents all of the land for which any commitment (contract of 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 entered the marketing phase).

**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.

**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.

**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..

## NOTES

### ◆ Financial data

#### Key consolidated data

€ thousands	Q1 2020	Q1 2019 Restated***
Revenue	299,214	328,074
Of which housing	272,159	286,015
Of which Commercial Property	25,197	41,010
Of which other	1,858	1,049
Gross margin	57,098	66,172
Gross margin ratio (%)	19.1%	2.2%
Current operating income	25,354	30,563
Current operating margin (%)	8.5%	9.3%
Attributable net income	13,198	14,363
Attributable net earnings per share (€/share)**	0.60	0.66

\*\* Based on the number of shares that make up Kaufman & Broad S.A.'s share capital, i.e. 21,864,074 shares at November 30, 2018 and 22,088,023 shares at November 30, 2019

\*\*\* Restatement following the end of the capitalization of financial costs following the change in interpretation of the IAS23 standard and a reclassification of the CVAE expense from the operating expenses item to the income tax item.

#### Consolidated income statement\*

€ thousands	Q1 2020	Q1 2019 Restated***
<b>Revenue</b>	<b>299,214</b>	<b>328,074</b>
Cost of sales	242,116	261,902
<b>Gross margin</b>	<b>57,098</b>	<b>66,172</b>
Sales expenses	-4,887	-7,597
Administrative expenses	-13,351	-14,588
Technical and customer service expenses	-5,386	-5,407
Development and program expenses	-8,121	-8,017
<b>Current operating income</b>	<b>25,354</b>	<b>30,563</b>
Other non-recurring income and expenses	0	0
<b>Operating income</b>	<b>25,354</b>	<b>30,563</b>
Cost of net financial debt	-2,579	-2,878
Other financial income and expense	0	0
Income tax	-4,671	-10,234
Share of income (loss) of equity affiliates and joint ventures	190	964
<b>Net income of the consolidated entity</b>	<b>18,294</b>	<b>18,416</b>
Non-controlling equity interests (P&L)	5,095	4,054
<b>Attributable net income</b>	<b>13,198</b>	<b>14,363</b>

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

\*\*\* Restatement following the end of the capitalization of financial costs following the change in interpretation of the IAS23 standard and a reclassification of the CVAE expense from the operating expenses item to the income tax item.

## Consolidated balance sheet\*

€ thousands

	Feb. 29 <sup>th</sup> , 2020	Nov. 30 <sup>th</sup> , 2019 Restated***
<b>ASSETS</b>		
Goodwill	68,661	68,661
Intangible assets	91,378	91,209
Property, plant and equipment	5,298	5,976
Right of use IFRS 16	20,271	-
Equity affiliates and joint ventures	8,527	5,929
Other non-current financial assets	1,890	1,756
Deferred tax assets	4,002	4,002
<b>Non-current assets</b>	<b>200,028</b>	<b>177,533</b>
Inventories	475,607	455,976
Accounts receivable	502,238	511,907
Other receivables	211,473	211,501
Cash and cash equivalents	162,541	208,102
Prepaid expenses	638	1,435
<b>Current assets</b>	<b>1,352,498</b>	<b>1,388,921</b>
<b>TOTAL ASSETS</b>	<b>1,552,526</b>	<b>1,566,454</b>
	<b>Feb. 29<sup>th</sup>, 2020</b>	<b>Nov. 30<sup>th</sup>, 2019 Restated***</b>
<b>LIABILITIES</b>		
Share capital	5,743	5,743
Additional paid-in capital	276,753	198,527
Attributable net income	13,198	77,890
<b>Attributable shareholders' equity</b>	<b>295,694</b>	<b>282,160</b>
Non-controlling equity interests (balance sheet)	13,072	10,953
<b>Shareholders' equity</b>	<b>308,766</b>	<b>293,113</b>
Non-current provisions	38,715	37,706
Non-current financial liabilities (maturing in > 1 year)	148,979	148,900
IFRS 16 rental debt (maturing in > 1 year)	13,050	-
Deferred tax liability	55,320	50,346
<b>Non-current liabilities</b>	<b>256,063</b>	<b>236,952</b>
Current provisions	2,651	2,529
Other current financial liabilities (maturing in < 1 year)	4,393	3,189
IFRS 16 rental debt (maturing in < 1 year)	6,344	-
Accounts payable	877,865	907,498
Other payables	96,277	123,047
Prepaid income	167	126
<b>Current liabilities</b>	<b>987,697</b>	<b>1,036,389</b>
<b>TOTAL LIABILITIES</b>	<b>1,552,526</b>	<b>1,566,454</b>

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

\*\*\* Restatement following the end of the capitalization of financial costs following the change in interpretation of the IAS23 standard and a reclassification of the CVAE expense from the operating expenses item to the income tax item.

## ◆ Operational data

<b>Housing</b>	<b>Q1 2020</b>	<b>Q1 2019</b>
Revenue (€ million, excluding VAT)	272.2	286.0
· Of which apartments	245.9	266.7
· Of which single family homes in communities	26.3	19.3
Deliveries (EHUs)	1,480	1,473
· Of which apartments	1,372	1,408
· Of which single family homes in communities	108	65
Net orders (number)	1,482	1,771
· Of which apartments	1,440	1,675
· Of which single family homes in communities	42	96
Net orders (€ million, including VAT)	326.5	357.4
· Of which apartments	313.9	325.5
· Of which single family homes in communities	12.6	31.8
Property supply at the end of the period (in number)	3,359	3,261
End-of-period backlog		
· In value terms (€ million, excluding VAT)	2,073.2	1,975.3
- Of which apartments	1,978.2	1,846.6
- Of which single family homes in communities	95.0	128.6
· In months of business	18.6	18.3
End-of-period land reserve (number)	33,429	30,900
<b>Commercial</b>	<b>Q1 2020</b>	<b>Q1 2019</b>
Revenue (€ million, excluding VAT)	25.2	41.0
Net orders (€ million, including VAT)	1,075.0	113.8
End-of-period backlog (€ million, excluding VAT)	1,330.0	270.0