

Press release

Paris, September 30, 2016

RESULTS FOR THE FIRST NINE MONTHS

- ✓ **Maintaining growth momentum in a buoyant market for new housing**
- ✓ **Confirmation of positive guidance for the year**

◆ Key components of sales activity

- ✓ **Orders for housing units**
Volume: 5,228 housing units (+18.0%)
Value: €1,014.5 million, incl. VAT (+22.8%)
- ✓ **Orders by value, including Commercial property:**
€1,266 million incl. VAT, i.e. +30.9% vs. €967.2 million in first 9 months of 2015

◆ Key financial components (In first 9 months of 2016 vs. 9 months 2015)

- ✓ **Revenue:** €835.3 million vs. €696.3 million
- ✓ **Gross margin:** €158.3 million vs. €132.2 million
- ✓ **Adjusted EBIT:** €70.9 million vs. €51.6 million
- ✓ **Attributable net income:** €27.8 million vs. €19.5 million
- ✓ **Net financial debt:** €88.0 million vs. net cash flow of €27.7 million at end 2015

◆ Key growth indicators

- ✓ **Total backlog:** €1,528.1 million (+18.3% vs. August 2015)
Of which Housing: €1,282.9 million (+16.4% vs. August 2015)
- ✓ **Housing property portfolio:** 24,077 units (+15.3% vs. end August 2015)

- **Housing orders by value: +22.8%**
- **Commercial property orders by value : +78.4%**
- **Total backlog: +18.3%**

Today, Kaufman & Broad SA announces its results concerning the first nine months of fiscal year 2016 (from December 1, 2015 to August 31, 2016) that have not been approved by the Board of Directors and not audited.

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

"During the first nine months of the fiscal year, Kaufman & Broad has maintained the strong growth momentum that it initiated three years ago.

Housing orders have risen significantly, both in volume and value, as have Housing property portfolio and backlog.

Commercial property posted a sharp increase on its orders, up €215 million.

Business activity in terms of construction and assembly work remained steady in Île-de-France and the regions.

Against a backdrop of stable purchasing power and prices, low interest rates helped increase the creditworthiness for households. Moreover, private rental investment continues to be driven by an attractive, balanced system. In this economic and fiscal environment, we expect the market to increase by 15 to 20% for 2016 as a whole.

The Kaufman & Broad's positive guidance for the year is confirmed. The growth in revenue should substantially exceed 10%. The group also confirms its targets of a gross mark-up ratio of about 19% on consolidated revenue, an adjusted EBIT mark-up ratio of around 8.5% and net financial debt that should remain near to the level reached at May 31, 2016."



◆ Marketing and sales activity

✓ Housing segment

During the first nine months of 2016, housing orders by volume totaled 5,228 housing units, up 18.0% compared to the same period in 2015.

In value, housing orders totaled €1,014.5 million (incl. VAT), up 22.8% compared to the same period in 2015, due to an increase in orders in the regions.

In the first nine months of 2016, 5,093 apartments were ordered for €979.1 million (incl. VAT), i.e. an increase of 19.4% by volume and 24.4% by value. Orders for single-family homes in communities totaled 135 units, compared to 167 units for the same period in 2015 (€35.4 million (incl. VAT) vs. €39.0 million (incl. VAT) in 2015).

Distribution of customers

During the first nine months of 2016, orders by value (excl. VAT) placed by investors were up 44.1% compared to the same period in 2015. Package sales are up 10.5%.

✓ Commercial property segment

During the first nine months of 2016, the commercial property sector recorded an order volume of €251.3 million.

In July, EDF (SOFILO) awarded Kaufman & Broad with the real-estate development contract for the construction of the new headquarters of its commercial branch for Aquitaine, in Bordeaux (c. 5,000 sq.m). The group has also started construction of the ORA building (approx. 26,000 sq.m) located in the 17th arrondissement of Paris.

Work continues on several other projects, in particular the new headquarters of the SNI group in the 13th arrondissement of Paris (c. 23,000 sq.m), the administrative complex built in Saint Briec for the local municipality (c. 9,000 sq.m), as well as the G5 island in the Bassins à flot district of Bordeaux (c. 4,500 sq.m).

Finally, Kaufman & Broad delivered the new headquarters of Boursorama (c. 9,000 sq.m) in June.

✓ Leading indicators of marketing and sales activity and growth

As at August 31, 2016, the Housing backlog totaled €1,282.9 million (excl. VAT), i.e. almost 15 months of business activity. At the same date, Kaufman & Broad had 208 housing programs on the market, representing 4,739 housing units, compared to 178 programs, for 3,747 housing units, at end of August 2015.

The Housing property portfolio included 24,077 lots, up 15.3% compared to that at end of August 2015. This represents a potential revenue of nearly four years of business.

In the 4th quarter of 2016, the group plans to launch 46 new programs representing close to 3,000 units.

The commercial property backlog totaled €245.0 million at end August 2016.



◆ Financial results

✓ Business activity

Total revenue reached €835.3 million (excl. VAT), up 20.0% compared to the first nine months of 2015.

Housing revenue totaled €692.5 million (excl. VAT), versus €620.4 million (excl. VAT) in the first nine months of 2015. This represents 82.9% of group revenue.

Revenues from Apartments business were up 13.6% to €660.6 million (excl. VAT). Revenue from Single-family homes in communities business totaled €31.9 million (excl. VAT) versus €39.0 million (excl. VAT) in the first nine months of 2015.

Revenues from Commercial property division totaled €137.8 million (excl. VAT), compared to €71.6 million (excl. VAT) in the same period of 2015.

The other activities generated a revenue of €5.0 million (excl. VAT).

✓ Elements of profitability

The gross margin for the first nine months of 2016 totaled €158.3 million, compared to €132.2 million in 2015. The mark-up ratio amounted to 19.0%, remaining stable compared to the same period in 2015.

Current operating expenses for the first nine months totaled €92.5 million¹ (11.1% of revenues), versus €84.9 million for the same period in 2015 (12.2% of revenues).

Current operating income totaled €65.8 million, versus €47.3 million on the first nine months of 2015. The current operating mark-up ratio amounted to 7.9% versus 6.8% for the first nine months of 2015.

Adjusted EBIT² for the group totaled €70.9 million during the first nine months of 2016 (vs. €51.6 million in the same period of 2015). The adjusted EBIT margin totaled 8.5% (vs. 7.4%).

Attributable net income for the first nine months totaled €27.8 million, versus €19.5 million for the first nine months of 2015.

✓ Financial structure and liquidity

As at August 31, net financial debt totaled €88.0 million, compared to a positive net cash flow of €27.7 million at the end of November 2015.

Active cash flow (cash and marketable securities) totaled €112.3 million, compared to €169.4 million at November 30, 2015.

Working capital requirements totaled €121.4 million (10.1% of revenues over 12 consecutive months), versus €92.4 million at November 30, 2015 (8.7% of revenues).

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

² The adjusted EBIT represents the current operating income of €65.8 million adjusted for capitalized borrowing costs of €5.1 million at August 31, 2016 versus a current operating income of €47.3 million adjusted for capitalized borrowing costs of €4.2 million at August 31, 2015.



◆ **Governance**


At its meeting on September 29, 2016, the Board of Directors of Kaufman & Broad SA noted the forthcoming departure of Mr. Joël Monribot, whose term of office will come to an end in April 2017. Kaufman & Broad thank him wholeheartedly for his contribution to the work of the board.

◆ **Guidance for 2016**

For the 2016 fiscal year, the group believes that the increase in its consolidated revenue should be well in excess of 10%.

The group also confirms its objective of a gross margin rate of about 19% of consolidated revenue, for an adjusted EBIT margin rate of about 8.5% of consolidated revenue.

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



This press release is available on the website www.kaufmanbroad.fr

◆ Next periodical reporting date:

- ◆ Second half of January 2017: 2016 annual results (after market close)

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About Kaufman & Broad - For nearly 50 years, Kaufman & Broad has been designing, developing, building and selling single-family homes in communities, apartments, and offices on behalf of third parties. Its size and profitability, combined with its strong brand name, have made Kaufman & Broad one of France's leading developer-homebuilders.

Kaufman & Broad's Registration Document filed on March 9, 2016 with the Autorité des marchés financiers ("AMF", the French Financial Markets Authority) under number D.16-0125 (the "Registration Document") and its update filed on April 20, 2016 with the AMF under number D.16-0125-A01 are available on the websites of the AMF (www.amf-france.org) and of Kaufman & Broad (www.kaufmanbroad.fr). They contain a detailed description of the business activity, results and outlook of Kaufman and Broad, in addition to the associated risk factors. Kaufman & Broad draws attention, in particular, to the risk factors described in Chapter 1.2 of the Registration Document, as updated in the update of the Registration Document. If one or more of these risks should materialize, they could have a significant negative impact on the business activities, assets, financial situation, results or outlook of the Kaufman & Broad group, and on the market price of Kaufman & Broad's shares.

◆ **Glossary**

Orders: measured by volume (in Units) and by value, these reflect the group's marketing and sales activity. Orders are recognized in revenue based on the time necessary for the "conversion" of an order into a signed and notarized deed, at which point income is generated. In addition, in apartment programs that include mixed-use buildings (apartments, business premises, retail space, offices), all the floor space is converted into housing unit 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 determined by comparing the surface area by type (business premises, retail space, offices) to the previously obtained average surface area of housing units.

EHU: EHUs (Equivalent Housing Units delivered) directly reflect sales. The number of EHUs is a function of multiplying (i) the number of housing units in 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.

Take-up rate: represents the number of orders in relation to the average commercial offer for the period.

Commercial offer: represents the total inventory of housing units available for sale on the date in question, namely, all the housing units not ordered at this date (less the programs that have not entered the marketing phase).

Gross margin: corresponds to revenue less the cost of sales. The cost of sales comprises, in particular, the price of the land, the associated property costs and the construction costs.

Adjusted EBIT: corresponds to the current operating income adjusted for the "IAS 23 revised" borrowing costs that have been capitalized and removed in the gross margin.

Backlog: also called the order book, is a summary of orders at any given time that can be used to estimate expected revenues in the coming months.

Property portfolio: comprises all the land for which any commitment (such as a contract for sale, etc.) has been signed.

NOTES

◆ Financial data

Key consolidated data

In thousands of euros

	Q3 9 months 2016		Q3 9 months 2015	
Revenue	260,504	835,304	231,028	696,283
· Of which, Housing	240,960	692,529	206,924	620,410
· Of which, Commercial property	17,527	137,766	22,927	71,580
· Of which, Other	2017	5,009	1,177	4,292
Gross margin	49,372	158,338	43,999	132,174
Gross mark-up ratio (%)	19.0%	19.0%	19.0%	19.0%
Current operating income	20,163	65,793	17,558	47,321
Current operating margin (%)	7.7%	7.9%	7.6%	6.8%
Adjusted EBIT**	21,465	70,902	19,011	51,557
Adjusted EBIT margin (%)	8.2%	8.5%	8.2%	7.4%
Attributable net income	9,609	27,756	7,478	19,483
Attributable net earnings per share (€/share)*	0.46	1.33	0.35	0.90

* At its meeting on January 26, 2016, based on the number of shares which comprise the company's share capital, the Board of Directors of Kaufman & Broad decided to cancel 747,619 treasury shares, reducing the number of company shares from 21,584,658 to 20,839,037

** Adjusted EBIT corresponds to the current operating income of the group adjusted for "IAS 23 revised" borrowing costs which have been capitalized and removed in the gross margin.

Consolidated income statement*

In thousands of euros

	Q3 9 months 2016		Q3 9 months 2015	
Revenues	260,504	835,304	231,028	696,283
Cost of sales	-211,132	-676,966	-187,029	-564,109
Gross margin	49,372	158,338	43,999	132,174
Selling expenses	-7,231	-23,329	-6,300	-20,867
Administrative expenses	-12,643	-40,082	-12,166	-39,068
Technical and customer service expenses	-4,611	-14,404	-4,223	-13,425
Development and program expenses	-4,724	-14,730	-3,751	-11,492
Current operating income	20,163	65,793	17,558	47,321
Other non-recurring income and expenses	-	-	-5	-5
Operating income	20,163	65,793	17,553	47,316
Cost of net financial debt	-1,016	-2,410	-544	-1,355
Other financial expenses and income	-	-	-	-
Income tax	-5,529	-20,435	-4,661	-13,582
Share of income (loss) of equity affiliates and joint ventures	-67	-187	412	1,155
Net income of consolidated companies	13,552	42,761	12,761	33,535
Minority interests	3,943	15,005	5,283	14,052
Attributable net income	9,609	27,756	7,478	19,483

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

Consolidated balance sheet *

In thousands of euros

Aug. 31, 2016

Nov. 30, 2015

ASSETS		
Goodwill	68,661	68,511
Intangible Assets	86,390	86,605
Property, plant and equipment	7,365	4,663
Equity affiliates and joint ventures	3,191	5,513
Other non-current financial assets	1,613	1,247
Non-current assets	167,220	166,539
Inventories	362,818	329,664
Accounts receivable	295,875	331,428
Other receivables	148,349	136,421
Cash and cash equivalents	112,337	169,361
Prepaid expenses	1,301	649
Current assets	920,680	967,523
TOTAL ASSETS	1,087,899	1,134,062
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LIABILITIES		
Authorized capital	5,418	5,612
Premiums, reserves and other	75,124	167,458
Attributable net income	27,756	39,779
Attributable shareholders' equity	108,297	212,849
Minority interests	11,848	11,068
Shareholders' equity	120,145	223,917
Non-current provisions	22,563	22,334
Borrowings and other non-current financial liabilities (> 1 year)	197,438	127,833
Deferred tax liability	57,258	40,268
Non-current liabilities	277,260	190,435
Current provisions	664	120
Other non-current financial liabilities (< 1 year)	2,906	13,840
Accounts payable	598,390	613,791
Other payables	81,710	85,412
Current tax situation	2,389	5,301
Deferred income	4,436	1,246
Current liabilities	690,495	719,710
TOTAL LIABILITIES	1,087,899	1,134,062

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

◆ Operational data

Housing	Q3 9 months 2016 2016		Q3 9 months 2015 2015	
Revenue (€ millions, excl. VAT)	241.0	692.5	206.9	620.4
· <i>Of which, Apartments</i>	229.7	660.6	194.6	581.4
· <i>Of which, single-family homes in communities</i>	11.3	31.9	12.3	39.0
Deliveries (EHUs)	1,446	4,244	1,260	3,797
· <i>Of which, Apartments</i>	1,396	4,105	1,207	3,640
· <i>Of which, single-family homes in communities</i>	50	139	53	157
Net orders (in number)	1,711	5,228	1,401	4,431
· <i>Of which, Apartments</i>	1,684	5,093	1,343	4,264
· <i>Of which, single-family homes in communities</i>	27	135	58	167
Net orders (€ millions, excl. VAT)	340.9	1,014.5	273.5	826.1
· <i>Of which, Apartments</i>	333.6	979.0	255.8	787.1
· <i>Of which, single-family homes in communities</i>	7.3	35.4	17.7	39.0
Commercial offer at end of period (by number)	4,739		3,747	
Backlog at end of period				
· By value (€ million, excl. VAT)	1,282.9		1,101.7	
- <i>Of which, Apartments</i>	1,245.8		1,056.8	
- <i>Of which, single-family homes in communities</i>	37.1		44.9	
· In months of business activity	14.9		14.4	
Land reserve at end of period (by number)	24,077		20,877	

Commercial property	Q3 9 months 2016 2016		Q3 9 months 2015 2015	
Revenue (€ millions, excl. VAT)	17.5	137.8	22.9	71.6
Net orders (€ millions, excl. VAT)	29.7	251.3	30.4	140.9
Backlog at end of period (€ millions, excl. VAT)	245		189.6	