Fiscal 2007 Results

December 19, 2007

KAUFMAN & BROAD

Operating margins remain high

- Gross margin at 23.1%
- Current operating margin at 13.1%

Business holds firms in a generally more challenging environment

- Revenue up 10%
- Housing orders virtually stable

2007 KEY FIGURES

in € millions	2007*	2006	% change
Revenues	1,382.6	1,256.4	+ 10.0%
of which Housing	1,330.6	1,212.9	+ 9.7%
Gross profit	319.2	295.2	+ 8.1%
Gross profit margin	*23.1%*	*23.5%*	- 0.4 pt
Current operating profit	181.3	161.3	+ 12.4%
Current operating margin	*13.1%*	*12.8%*	+ 0.3 pt
Income attributable to shareholders	84.4	84.0	NM
Earnings per share (€)	*3.79*	3.77	NM
Total orders (including VAT)	1,688.1	1,738.9	- 3.0%
Housing backlog (net)	1,196.5	1,146.9	+ 4.3%
Gearing (%)	129%	31%	NM

**Including the impact of transactions carried out as part of PAI partners' acquisition of a controlling interest in the company*

FINANCIAL RESULTS

KAUFMAN & BROAD

- In accordance with IFRS, companies that were previously proportionally consolidated are now accounted for by the equity method
- Impact of less than 2% on revenues, gross profit and operating profit
- This naturally has no impact on income attributable to shareholders

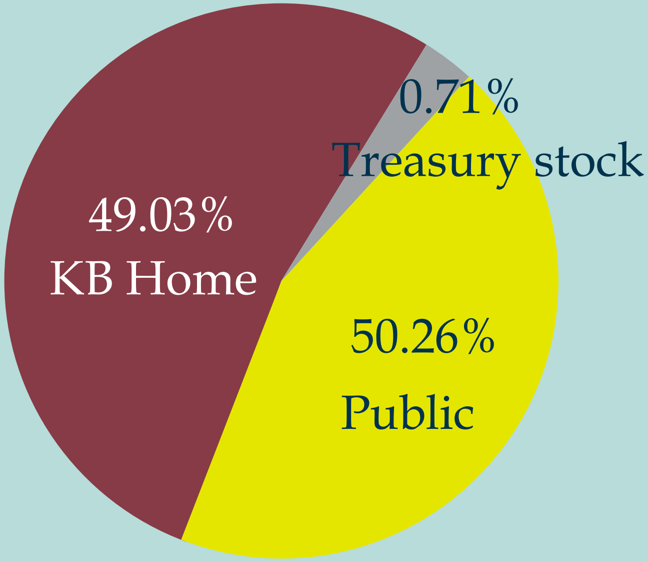
IMPACT OF TRANSACTIONS RELATED TO PAI'S EQUITY INVESTMENT

- Acquisition of the brand
- Longer debt maturity
- Payment of an interim dividend of €4.83 per share
- Increased gearing

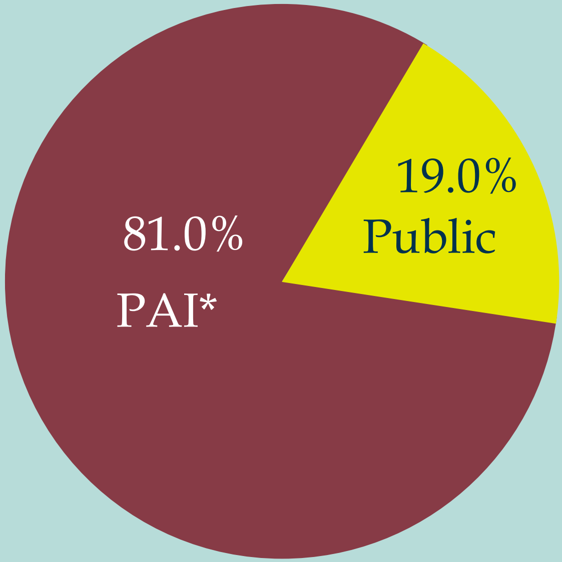
in € millions	2007
Recurring operating expense	1.1
Non-recurring op. expense	4.0
Finance costs	(3.2)
Other financial expense	(15)
Taxes	7.2
Income attributable to shareholders	(5.9)

CHANGE IN THE SHAREHOLDER STRUCTURE OF KAUFMAN & BROAD SA

November 30, 2006



November 30, 2007



** Through Financière Gaillon 8*

REVENUES UP 10%

in € millions	2007 (New method)	2006	Variation
Housing	1,330.6	1,212.9	+ 9.7%
of which Apartments	*1,105.4*	*943.0*	*+ 17.2%*
of which Single-Family Homes	*225.2*	*269.9*	*- 16.6%*
Commercial Property	26.2	17.4	NM
Showroom	11.3	14.8	NM
Other (undeveloped land, etc.)	14.6	11.2	NM
Total	1,382.6	1,256.4	+ 10.0%

FROM REVENUES TO OPERATING PROFIT

in € millions	New method 2007	2006	% change	Former method 2006
Revenues	1,382.6	1,256.4	+ 10.0%	1,282.8
Gross profit	319.2	295.2	+ 8.1%	301.4
Gross profit margin	*23.1%*	*23.5%*	*- 0.4 pt*	23.5%
Operating expenses	(137.9)	(133.9)	+ 3.0%	(134.3)
Selling expenses	(39.1)	(34.9)	+ 11.9%	(35.6)
General & administrative expenses	(74.1)	(67.4)	+ 9.9%	(67.4)
Other current operating income and expenses	(24.7)	(31.5)	- 21.8%	(31.2)
Current operating profit	1813	161.3	+ 12.4%	167.1
Current operating margin	*13.1%*	*12.8%*	*+ 0.3 pt*	13.0%
Other operating income and expenses	3.3	(3.3)	-	(3.3)
Operating profit	184.5	158.0	+ 16.8%	163.8

FROM OPERATING PROFIT TO INCOME ATTRIBUTABLE TO SHAREHOLDERS

in € millions	New method 2007	2006	% change	Former method 2006
Operating profit	184.5	158.0	+ 16.8%	163.8
Cost of net financial debt	(27.1)	(19.6)	+ 38.0%	(19.6)
Other financial income and expenses	(15.0)	-	NM	-
Income taxes	(41.6)	(48.4)	- 13.9%	(48.5)
Income from equity affiliates	4.2	7.5	NM	2.0
Net income from fully consolidated companies	105.0	97.5	+ 7.7%	97.7
Minority interests	(20.7)	(13.5)	+ 52.8%	(13.5)
Income attributable to shareholders	84.4	84.0	NM	84.2
Earnings per share (€)	*3.79*	*3.77*	*NM*	*3.78*

CHANGE IN MARGINS

	2006	2007
Gross margin	23.5%	23.1%
Current operating margin	12.8%	13.1%
Net margin*	7.8%	8.0%

**Excluding the impact of PAI's equity investment, on the basis for calculating net income*

SUMMARY BALANCE SHEET

in € millions	New method Nov. 30, 2007	New method Nov 30, 2006	Former method Nov 30, 2006
Non-current assets	190.2	173.5	164.7
Inventories	595.5	510.4	513.2
Receivables	556.3	420.6	433.7
Cash and cash equivalents	76.1	62.6	68.0
Total Assets	1,418.1	1,167.2	1,179.5
Shareholders' equity	245.7	285.2	285.2
Minority interests	15.1	10.1	10.1
Provisions	12.7	15.2	15.2
Deferred taxes	14.6	41.1	41.1
Long-term borrowings	363.6	146.1	146.1
Short-term borrowings	49.1	9.3	10.1
Operating liabilities	717.5	660.2	671.7
Total Liabilities	1,418.1	1,167.2	1,179.5

NET WORKING CAPITAL

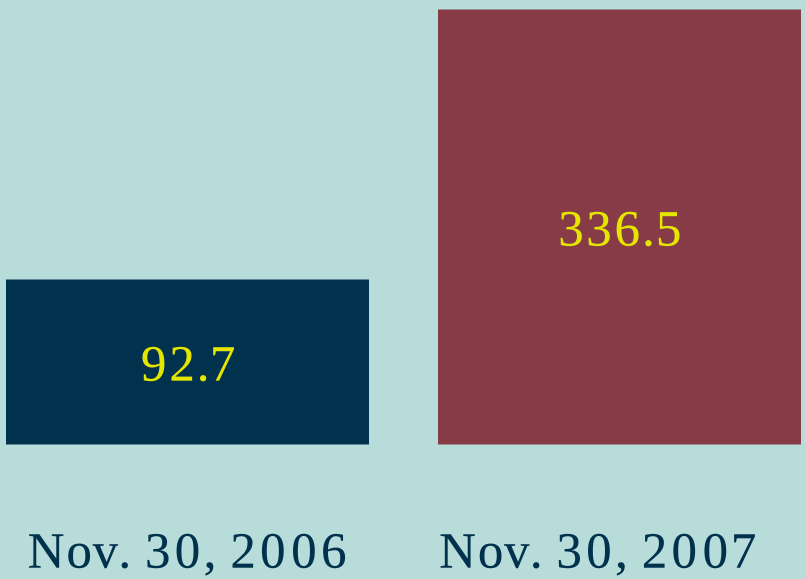
in € millions	New method Nov. 30, 2007	New method Nov. 30, 2006	% change	Former method Nov. 30, 2006
Inventories	595.5	510.4	+ 16.7%	513.2
Trade and other receivables	566.3	420.6	+ 32.3%	433.7
Trade and other payables	(717.5)	(660.2)	+ 8.7%	(671.7)
Working capital requirement	434.3	270.8	+ 60.3%	275.2

CASH FLOW STATEMENT

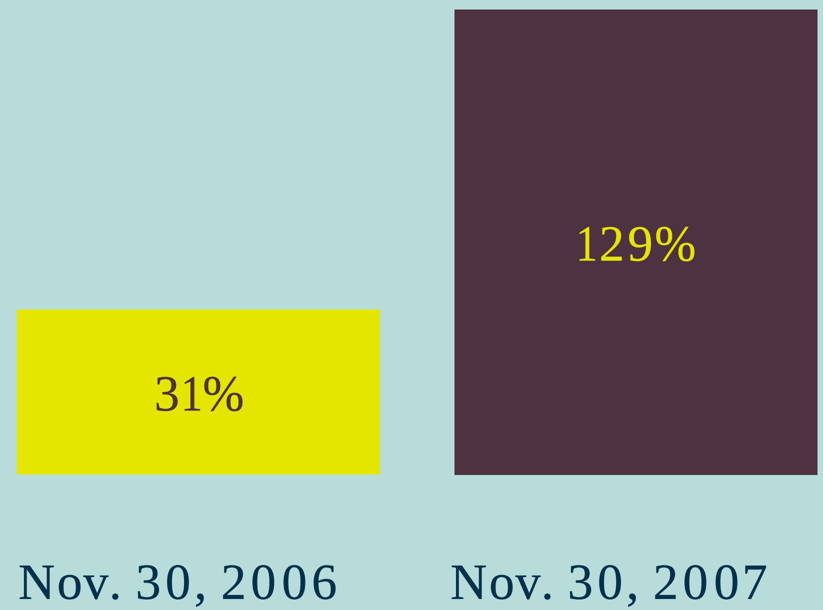
in € millions	New method: Nov. 30, 2007	New method: Nov. 30, 2006	Former method: Nov. 30, 2006
Cash flow before tax	182.8	170.3	175.8
Income tax paid	(75.0)	(32.0)	(32.0)
Change in net working capital	(153.7)	(25.9)	(24.1)
Cash from operating activities	(46.0)	112.4	119.7
Cash used by investing activities	(15.5)	8.4	2.4
Free cash flows	(61.5)	120.8	122.1
Dividends paid to K&B SA shareholders	(126.9)	(23.1)	(23.1)
Dividends paid to minority interests	(15.7)	(16.0)	(16.0)
Increase/(decrease) in borrowings	201.6	(55.4)	(55.4)
Proceeds from the exercise of stock options	3.2	4.8	4.8
Cost of net financial debt	(26.3)	(19.3)	(19.3)
Cash used by financing activities	35.9	(109.0)	(109.0)
Change in cash position	(25.6)	11.8	13.1

CHANGE IN DEBT

Net financial debt
in € millions



Gearing
as a %



in € millions	Nov. 30, 2007	Nov. 30, 2006
Shareholders' equity	260.7	295.3
Financial debt*	412.7	156.2
Financial debt due < 1 year	49.1	8.7
Financial debt due > 1 year	364.6	147.4
Maturity	7.3 years	2.5 years
**of which:*		
Bilateral facilities	*40.4*	*5.4*
Senior B + C	*349.1*	-
RCF	*20.0*	*0.0*
Bond	*3.2*	*150.0*
Off-balance sheet commitments	808.1	738.0

**Excluding options on land*

DIVIDENDS PAID

	Q4-06	Q2-07	Q3-07	Q1-08
For fiscal 2006	€0.45 per share €10.0m *(September)*	€0.87 per share €19.4m *(April)*		
For fiscal 2007			€4.83 per share €107.4m *(July)*	€2.36 per share* €52.5m *(December)* €1.02 per share** €75.3m *(February)*

**Of which a dividend paid from retained earnings of €1.61 per share, representing a total payout of €35.9 million*

***Pending approval by the Board of Directors*

MARKET AND POSITIONING

KAUFMAN & BROAD

Supply and demand

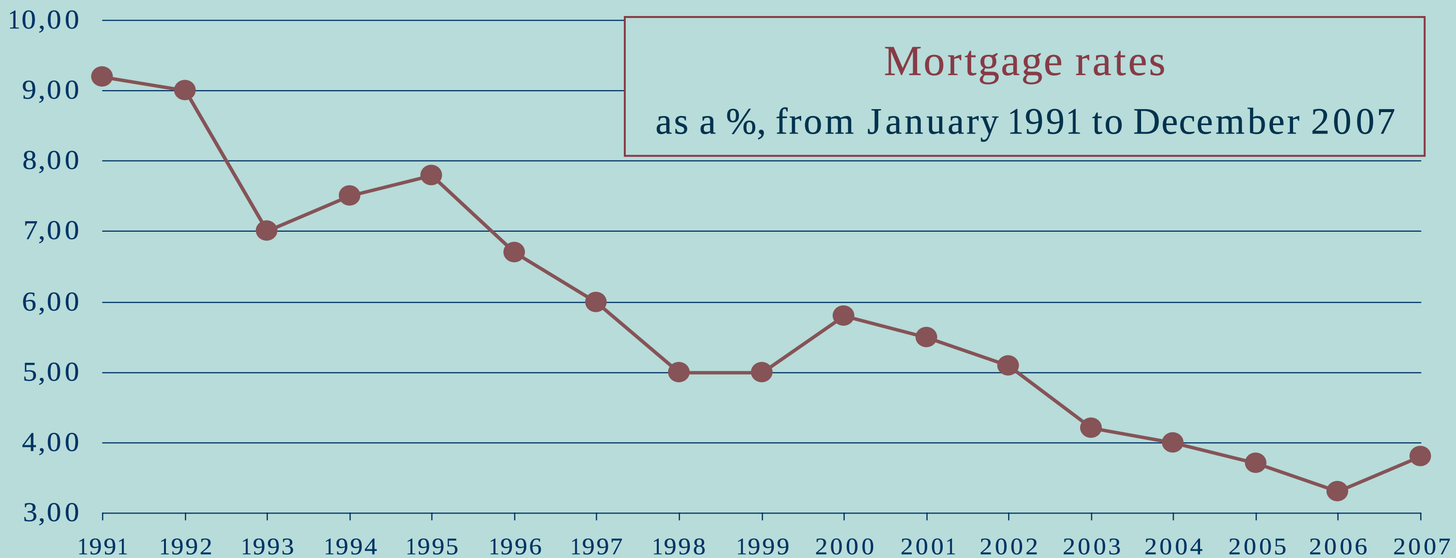
→ Demand for new housing remains just as high

→ The supply of new housing has improved but is still insufficient to meet demand

Financial aspects

- New housing prices are gradually stabilizing and should increase by only 2 to 3% in 2008, mainly in large French cities

- Despite a slight increase in recent months, interest rates are expected to remain at attractive levels



Core business: Housing

- Exclusively in France large cities
where the market is deep and growing,
- For traditional homebuyers,
particularly second-time buyers with sustainable solvency

Three future growth drivers

- Tourist, business traveler
- Student accommodations
- Commercial property

A new business, less cyclical

- Nursing homes

	Tourist accommodations	Business traveler accommodations	Student residences
Delivered in 2007	BORDEAUX 175 units	TOULOUSE 174 units	
Delivered / launched in 2008	NICE 281 + 44 units	TOULOUSE 109 + 120 units BORDEAUX 143 units	LYON 103 units

→ Acquisition of a 33.34% stake in Seniors Santé, with an option to acquire a majority holding

→ Operations in the Greater Paris area and on the Mediterranean and Atlantics coasts

→ A market shaped by:

- Powerful demographic trends
- Limited, fragmented supply, mainly in the public and non-profit sectors
- Growth in supply to be driven mainly by the private sector in the coming years

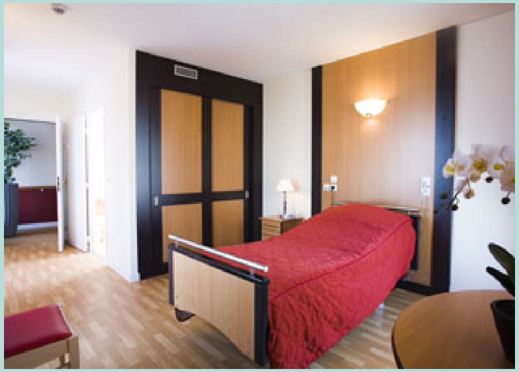
- In operation: 6 facilities representing 580 beds
- In construction: 7 facilities representing 560 beds (opening in 2008/2009)
- In development*: 6 facilities representing 500 beds*
  20 facilities representing 680 beds**
- Acquisition under study: 10 facilities repres. 1,000 beds belonging to a european group
- Objectives:
  - 1,600 beds over the short term (after increasing capacity)
  - 3,000 beds by 2011

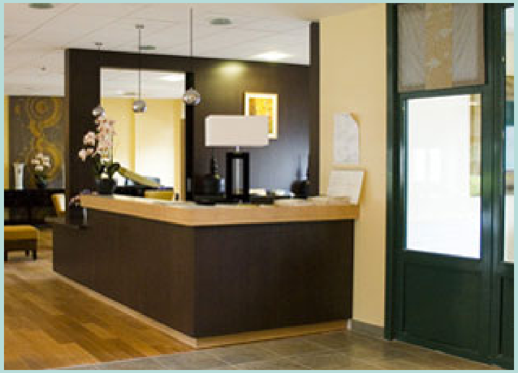
**Contracts signed*

*** Acquisitions or increasing capacity*

SENIORS SANTE:
SAINT-CYR-L'ECOLE RESIDENCE

PARC DE L'ABBAYE


- Take-up: 2.05 million sq.m (similar to 2006)
- Immediately available property: 2.5 million sq.m (similar to 2006)
- Vacancy rate: 5% (stable over several quarters)

Source: CBRE November 2007

COMMERCIAL PROPERTY: OPERATIONS UNDERWAY IN 2007

En 2007

→ **Rueil Malmaison**
- Work started in Nov. 2006
- Net surface area of 7,400 sq.m
- Delivery in summer 2008

→ **Paris 2nd district**
- Work started in spring 2007
- Net surface area of 9,000 sq.m
- Delivery in fall 2008

→ **Paris 8th district**
- Work started in spring 2008
- Net surface area of 5,800 sq.m
- Delivery in fall 2009

En 2008

→ **Paris 8th district**
- Net surface area of 14,000 sq.m

→ **Saint Denis**
- Property development contract
- Net surface area of 19,300 sq.m

OUTLOOK

KAUFMAN & BROAD

13.2 months of business

Up 4.3%

	Nov. 30, 2006	Nov. 30, 2007
Total	€1,144.5m	€1,196.5m
Régions	67.7 %	72.5 %
Ile-de-France	32.3 %	27.5 %

- Implementation of measures to reduce expenses
- Revenue growth of approximately 5%
- Continued strong margins


Fiscal 2007 Results

December 19, 2007

KAUFMAN & BROAD


APPENDIXES

Covering the entire property chain

Property development
Construction supervision

Land search
Project design
Building permit

Delivery
Customer service

Pre-sales
Sales
Financial advice and
follow-up for customers

Centralized risk analysis and control

Land search → Internal and external studies

Technical and financial report

Authorized by the Chief Operating Officer or unanimous approval by the Land Committee

Signature of a purchase option with conditions precedent

Filing of building permit application

Management of the application process
Building permit obtained

Pre-sales
- Offices: 100%
- Housing: approx. 30%

Acquisition of the land, after approval by the Land Committee

First-time buyers

- Middle managers, age 25 to 35, 1 child
- Income: €2,300-€4,600/month
- Interest-free loan and employer-subsidized loan

Second-time buyers

- Senior managers, age 35 to 55, 1-2 children
- Income: €3,000-€6,800/month
- Sale of previous home

Deep understanding of customer expectations
and
Commitment to anticipating and partnering changing lifestyles

Innovative concepts

- US-style single-family home programs
- Kitchens designed as family rooms
- Extra room

A personalized offer

- Brands covering the different market segments
- Choice of options in the Showroom

Advantages of a powerful brand:

- Better access to land
- Long-term customer loyalty
- First-time buyers and second-time buyers
- Rapid sales process

Advantages of size:

- Choice of the best contractors
- Optimal prices and time frames
- Standardized purchasing

1957	Kaufman & Broad Home Corporation founded in the US
1968	Kaufman & Broad S.A. set up in France
1987	Apartments and Commercial Property Division created
1997	SMCI acquired
1999	Park acquired
2000	Frank Arthur Promotion, First, Séfima et Sopra acquired Initial public offering of Kaufman & Broad S.A. shares
2001	Résidences Bernard Teillaud acquired
2003	Euro Immobilier acquired
2004	Foncier Investissement and Avantis acquired
2005	Lotibat acquired

Apartments

Homes

Offices