

KAUFMAN  BROAD



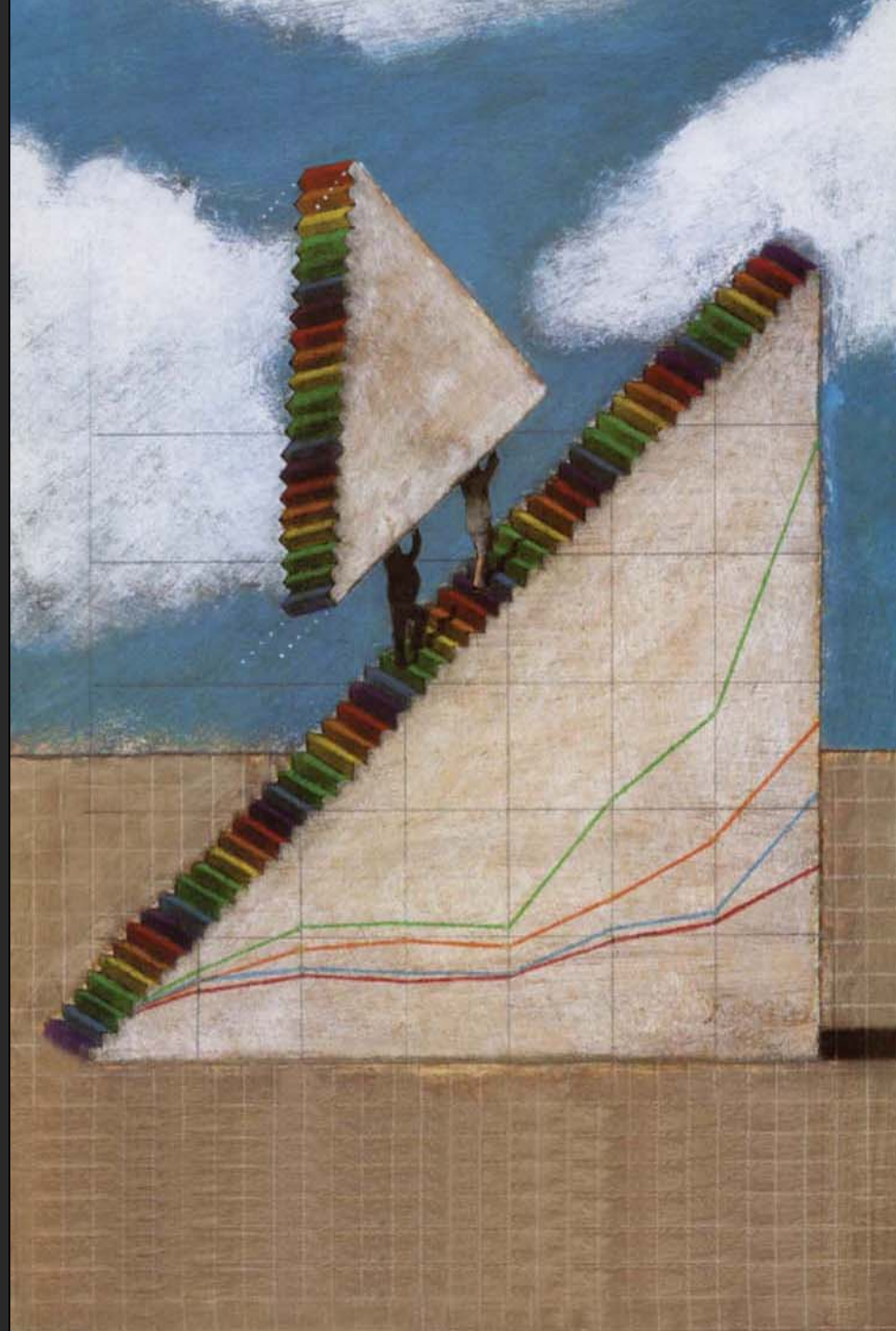
FIRST QUARTER 2007

March 22, 2007



financial results

1



FIRST QUARTER KEY-FIGURES

(in € millions)	Q1 2007	Q1 2006	% change
Revenues	285.3	259.1	+10.1%
Of which Housing	273.8	252.8	+8.3%
Gross profit	66.0	60.9	+8.5%
<i>Gross profit margin</i>	23.1%	23.5%	+0.4pt
Current operating profit	32.4	29.8	+8.9%
<i>Current operating margin</i>	11.4%	11.5%	-0.1pt
Income attributable to shareholders	15.8	14.2	+11.1%
<i>Earnings per share (€)</i>	0.71	0.64	+11.1%
Gearing at November 30 (%)	53%	73%	-20pts
Total orders (in value ; VAT included)	404.3	366.7	+10.1%
Total backlog (in value ; VAT excluded)	1,297.5	1,015.4	+27.8%

INCOME STATEMENT

(in € millions)	Q1 2007	Q1 2006	% change
Revenues	285.3	259.1	+10.1%
Gross profit	66.0	60.9	+8.5%
Current operating profit	32.4	29.8	+8.9%
Operating profit	32.1	28.6	+12.1%
Cost of financial net debt	(4.7)	(4.7)	-
Income taxes	(8.6)	(7.8)	+10.1%
Income from equity affiliates	0.2	(1.3)	-
Income attributable to shareholders	15.8	14.2	+11.3%
<i>As a % of revenues</i>	5.5%	5.5%	+10,1%
Earnings per share (€)	0.71	0.64	+10.1%

REVENUES

(in € millions)	Q1 2007	Q1 2006	% change
Housing	273.8	252.8	+8.3%
Apartments	215.7	193.5	+11.5%
Single-family homes	58.1	59.3	-2.0%
Commercial property	2.6	0	-
Showroom	2.6	4.3	-39.8%
Other (undeveloped land. etc.)	6.3	2.0	-
Total revenues	285.3	259.1	+10.1%

CURRENT OPERATING PROFIT

(in € millions)	Q1 2007	Q1 2006	% change
Gross profit	66.0	60.9	+8.5%
<i>Gross profit margin</i>	23.1%	23.5%	+0.4pt
Selling expenses	(9.1)	(8.0)	+15.7%
G&A expenses	(18.4)	(15.9)	+15.8%
Other current operating income and expenses	(6.0)	(7.2)	-16.8%
Current operating profit	32.5	29.8	+8.9%
<i>Current operating margin</i>	11.4%	11.5%	+0.1pt

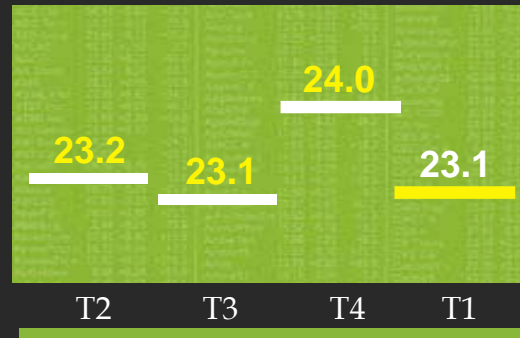
INCOME ATTRIBUTABLE TO SHAREHOLDERS

(in € millions)	Q1 2007	Q1 2006	% change
Current operating profit	32.5	29.8	+8.9%
Other income and expenses	(0.4)	(1.1)	-
Operating profit	32.1	28.6	+12.1%
Cost of net financial debt	(4.7)	(4.7)	-
Income from equity affiliates	0.2	1.3	-
Income taxes	(8.6)	(7.8)	+10.1%
Minority interests	(3.2)	(3.3)	-
Income attributable to shareholders	15.8	14.2	+10.1%
<i>Net margin</i>	5.5%	5.5%	+10.1%
Earnings per share (€)	0.71	0.64	+10.1%

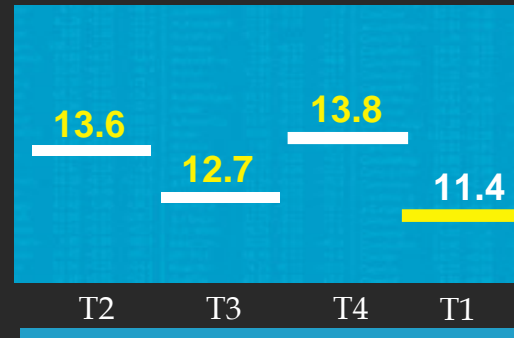
MARGIN TRENDS

Gross margin

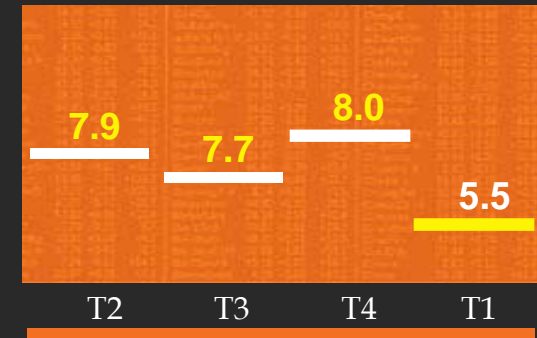
2006 per quarter



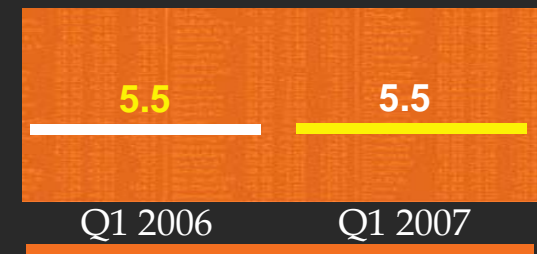
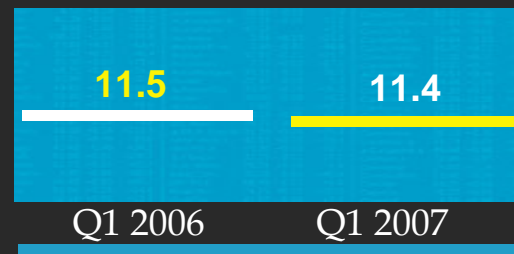
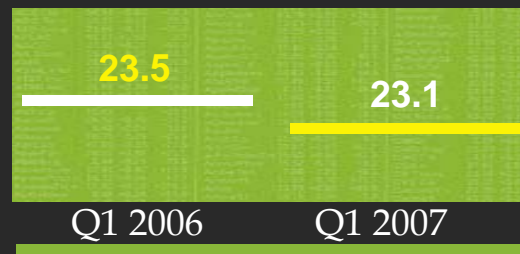
Current operating margin



Net margin*



2006 vs 2005



* Based on net income from fully consolidated companies

SUMMARY BALANCE SHEET

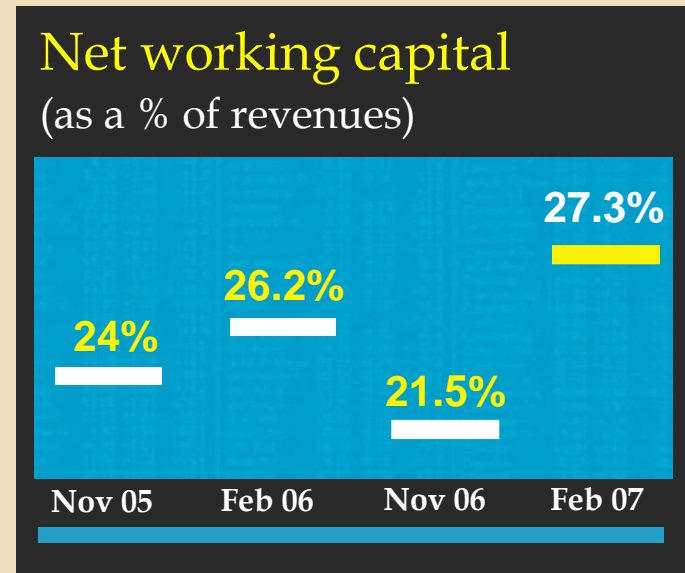
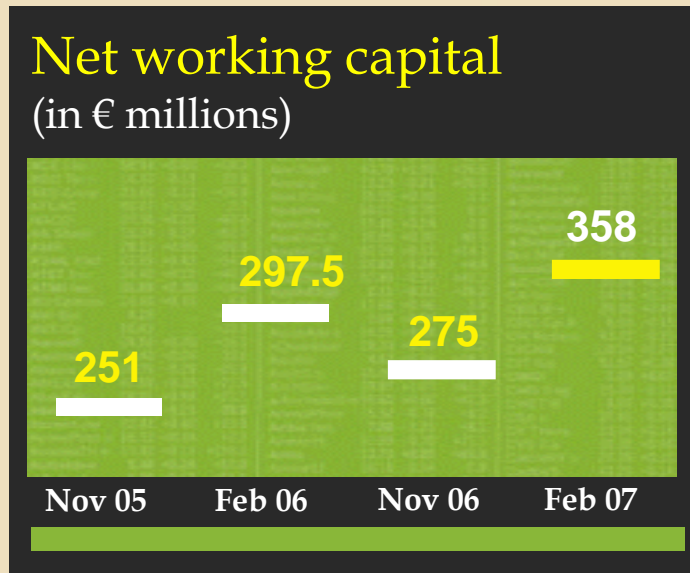
(in € millions)	Feb. 28, 2007	Nov. 30, 06	Feb. 28, 2006
Non-current assets	164.4	164.6	177.7
Inventories	574.4	513.2	444.9
Trade and other receivables	443.2	433.7	409.4
Cash and cash equivalents	60.6	68.0	25.8
Total Assets	1,242.6	1,179.5	1,057.8
Shareholders' equity	302.4	285.2	233.2
Minority interests	11.7	10.1	14.0
Provisions	15.2	15.2	13.0
Deferred taxes	27.3	41.1	195.2
Non-current financial debt	176.6	146.1	35.0
Current financial debt	49.5	10.1	10.5
Trade and other payables	659.9	671.7	556.7
Total Equity and Liabilities	1,242.6	1,179.5	1,057.8

CASH FLOW STATEMENT

(in € millions)	Feb. 28, 2007	Nov. 30, 2006	Feb. 28, 2006
Cash flow from operations	33.8	175.8	30.6
Income tax paid	(6.5)	(32.0)	(5.1)
Change in working capital requirements	(97.5)	(24.1)	(41.4)
Cash flow from operating activities	(70.5)	119.7	(15.9)
Cash flow from investing activities	(1.8)	2.4	(1.9)
Free cash flow	(72.1)	122.1	(17.8)
Royalties paid	-	-	-
Dividends paid to shareholders	-	(23.1)	(1.8)
Dividends and other payments (to)/from minority affiliates	(1.6)	(16.0)	-
Change in financial debt	30.5	(55.4)	(6.3)
Treasury shares : net sales/(purchases)	1.2	4.8	0.7
Cost of net financial debt	(4.8)	(19.3)	(3.4)
Cash used by financing activities	25.3	(109.0)	(10.8)
Change in cash position	(46.8)	13.1	(28.6)

NET WORKING CAPITAL

(in € millions)	Feb. 28, 2007	Nov. 30, 2006	Feb. 28, 2006	Change over 1 year
Inventories	574.4	513.2	444.9	+29.1%
Trade and other receivables	443.2	433.7	409.4	+8.3%
Trade and other payables	(656.9)	(671.7)	(556.8)	-18,5%
Working capital requirement	357.7	275.2	297.5	+20.2%

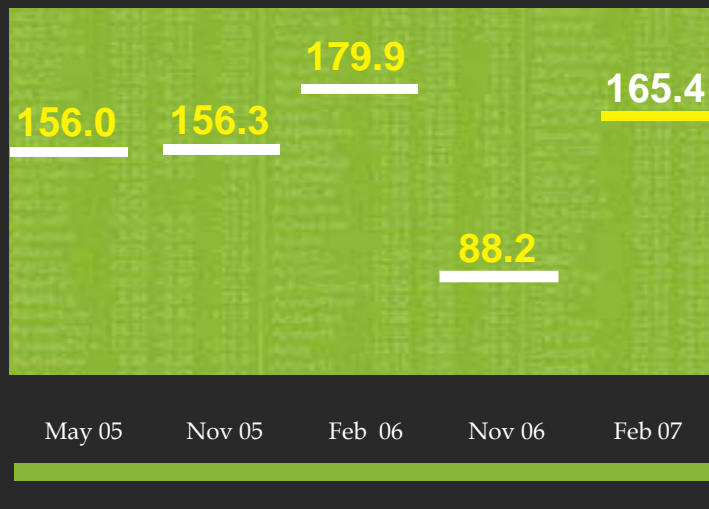


*12 months rolling(%)

CHANGE IN NET FINANCIAL DEBT

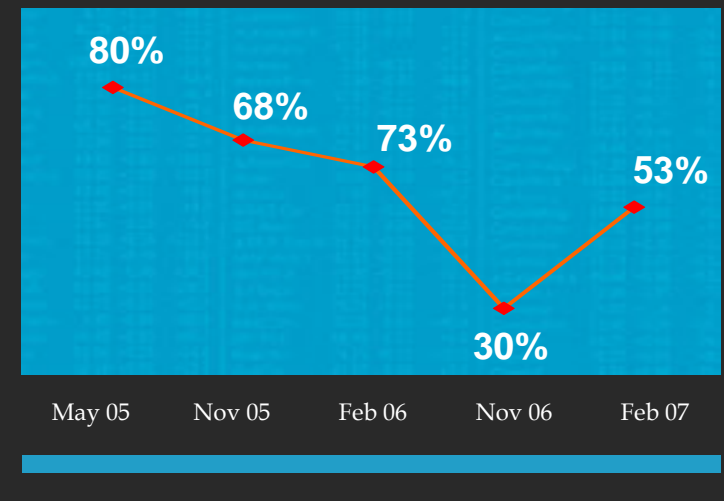
Net financial debt

(in € millions)



Gearing

(in %)



FINANCIAL STRUCTURE

(in € millions)	Feb. 28, 2007	Nov. 30, 06	Feb. 28, 2006
Shareholders' equity	302.4	295.4	233.0
Financial debt*	226.1	156.2	206.0
Financial debt due < 1 year	49.5	10.1	11.0
Financial debt due > 1 year	176.6	146.1	195.0
Maturity	2.2 years	2.6 years	3.7 years
* o/w:			
<i>Bilateral facilities</i>	46.1	6.2	6.0
<i>Syndicated line ⁽¹⁾</i>	30.0	0.0	50.0
<i>Bonds</i>	150.0	150.0	150.0
Off balance sheet items (given commitments. land options excluded)	650	738	393

(1) Syndicated line of credit increased from €150 to €300 million

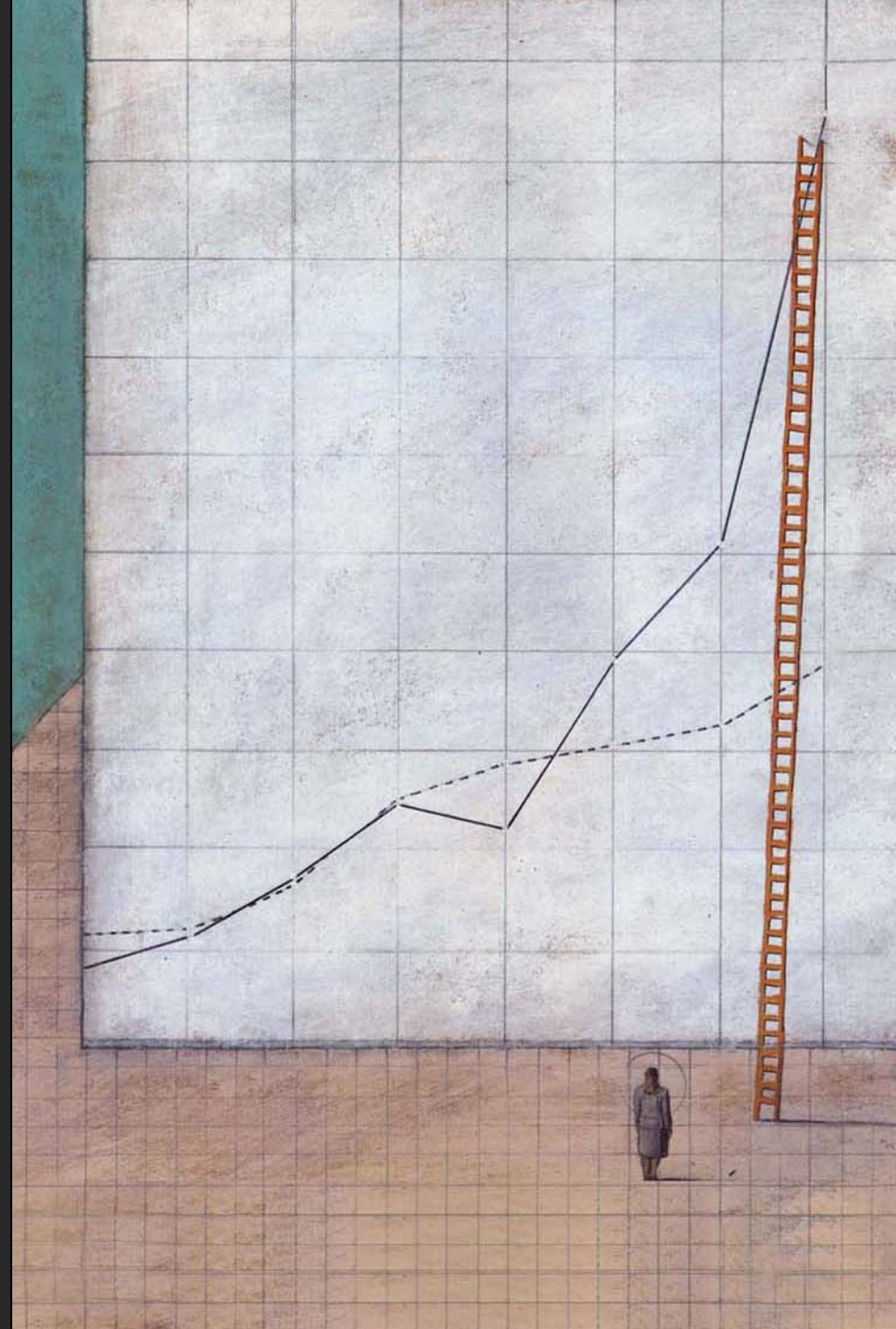
FINANCIAL RATIOS

(in € millions)	28 Feb. 2007	30 Nov. 2006	28 Feb. 2006	Change over 1 year
Operating cash flow	(70.3)	119.7	(15.9)	-
Free cash flow	(72.1)	122.1	(17.8)	-
Net financial debt	165.4	88.2	179.9	-8.1%
Shareholders' equity	302.4	295.4	247.3	+22.3%
Average capital employed*	453.4	385.3	407.1	+11.4%
EBITDA*	177.1	174.6	149.8	+18.2%
ROCE*	24.2%	27.5%	22.1%	+2.1 pts
ROE*	28.4%	29.5%	29.0%	-0.6 pt

* 12 months rolling

market and positioning

2



SUPPLY IS GROWING. BUT STILL LAGS BEHIND DEMAND

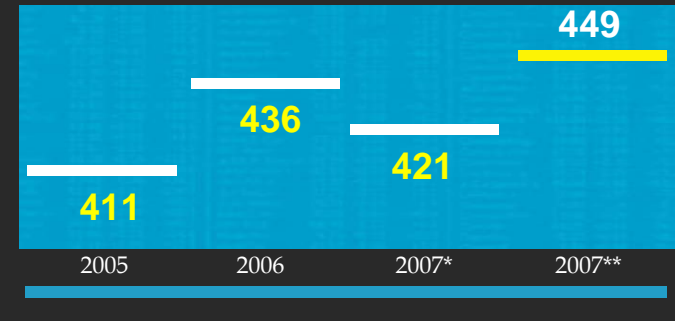
- The number of housing starts is increasing...

- 2005: 410.000
- 2006: 421.000
(up 6.3%)
- 2007: 439.000 to 449.000
(up 1 to 3%)

- ... but not fast enough to meet demand...

Source: Crédit Foncier. November 2006

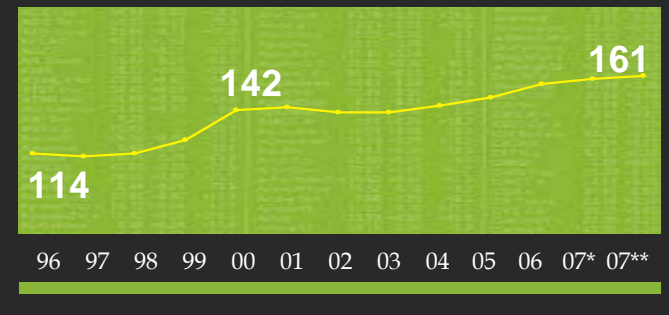
Housing starts (in thousands of homes)



*Low assumption **High assumption

Source: La Tribune. November 24, 2006

Construction industry (in € billions)



FRENCH HOUSING NEEDS: 500.000 HOMES/YEAR THROUGH 2010

Reason	Number of homes required
Demolition or change of use	45.000
Homes left empty as people move more often	45.000
Work-related pieds-à-terre	10.000
Vacation and weekend homes	15.000 purchases/year by foreign buyers and 40.000 by retirees
Sociological developments	110.000
Migration from the North and students	30.000
Population flows to southern France	45.000
Demographic trends	158.000 between 2005 and 2010. then 129.000 between 2011 and 2020
Additional housing needs through 2010	Around 500.000

Source: Crédit Foncier. November 2006

STRUCTURAL DEMAND SUSTAINED BY LONG-TERM SOCIOLOGICAL FACTORS...

- Changes in behavior among seniors
- Break-up of family units
- Changing work styles
- New population flows

Source: Crédit Foncier. November 2006

...DRIVING STRONG AND LASTING GROWTH IN DEMAND

- More homes...
- ...better tailored to buyer needs...
- ... in southern France and the larger cities

Source: Crédit Foncier. November 2006

THESE BASIC TRENDS PLAY TO KAUFMAN & BROAD'S STRENGTHS

- Locations in deep, vibrant markets
- Customers with high, sustainable solvability
- Targeted products, tailored to demand
- Deep understanding of customer expectations

FINANCIAL PARAMETERS REMAIN FAVORABLE

- ◉ Interest rates look set to remain low
- ◉ Increasingly long mortgage periods
- ◉ Attractive tax incentives
- ◉ Slowly rising prices

SUSTAINED BUYER SOLVABILITY

<i>Base : total population</i>	October 2005	October 2006
«Do you plan to purchase property in the next two years? »	13%	17%
<i>Of which senior executive</i>		23%
<i>Base : People wishing to buy property in the next two years</i>	October 2005	October 2006
« You already own property and want to improve your living environment»	10%	13%
<i>Of which Ile-de-France</i>	6%	13%

Source : Espaces Immobiliers BNP Paribas / BVA October 2006

outlook

3



2007 STRATEGY

Core business: Housing

- ◉ Increase market share in cities where we already have programs
- ◉ Build more single-family homes in the Regions

Growth drivers

- ◉ Tourist and Business accommodation and student residence halls
- ◉ Nursing homes
- ◉ Offices

HOUSING. OUR CORE BUSINESS.
ENJOYS A FAVORABLE OUTLOOK FOR 2007

Housing backlog

Nov. 30. 2006

Regions 69.8%

Ile-de-France 30.2%

€1 271.9 million

Land reserves

Nov. 30. 2006

Under option: 22.542 E.H.U.
vs. 20.565 in 2005

Under review: 14.931 E.H.U.
vs. 17.461 in 2005

4 years' business

BUSINESS TRAVELER ACCOMMODATION AND STUDENT RESIDENCE HALLS: SHORT-TERM GROWTH DRIVERS

The market

- Impact of changes in work-styles
 - Offshoring . imposed nomading:
temporary housing
(hotels. furnished rentals)
 - Impact of changes in the European
landscape
 - Growing number of foreign students
-

Projects/Outlook

- Student residences (in units)
 - 84 delivered in 2006
 - 482 underway
 - 400 planned for 2007
 - Business traveler accommodation
(in units)
 - 30 delivered in 2006
 - 926 underway
 - 530 planned for 2007
-

NURSING HOMES: MEDIUM-TERM GROWTH DRIVERS

- ◉ Demographic trends driving demand
- ◉ A limited, fragmented supply, mainly from public institutions and associations
- ◉ Growth in supply mainly led by the private sector, which is set to become the leading market player in coming years

COMMERCIAL PROPERTY: A MORE BUOYANT MARKET

- Take-up: 2.000.000 sq.m.
(vs. 1.405.200 in October 2005)
- Available supply: 2.500.000 sq.m.
(vs. 2.864.000 in October 2005)
- Vacancy rate: 5.2%
(vs. 6.0% in October 2005)
- Average rent: €306 per sq.m.
(vs. €295 per sq.m. in October 2005)

Source: CBRE October 2006

COMMERCIAL PROPERTY 2007/2008 PROGRAMS

- **Maurepas**
 - Work begins : Nov. 2005
 - Net floor area: 2.700 sq.m
 - Delivery: Dec. 2007

- **Saint Maur**
 - Work begins : Sept. 2005
 - Net floor area: 2.300 sq.m
 - Delivery: Jan. 2007

- **Paris 2nd arrondissement**
 - Restructuring of the former *Figaro* offices
 - Work begins : Spring 2007
 - Net floor area: 9.100 sq.m
 - Delivery: Fall 2008

- **Rueil Malmaison**
 - Work begins: Nov. 2006
 - Net floor area: 7.400 sq.m
 - Delivery: Summer 2008

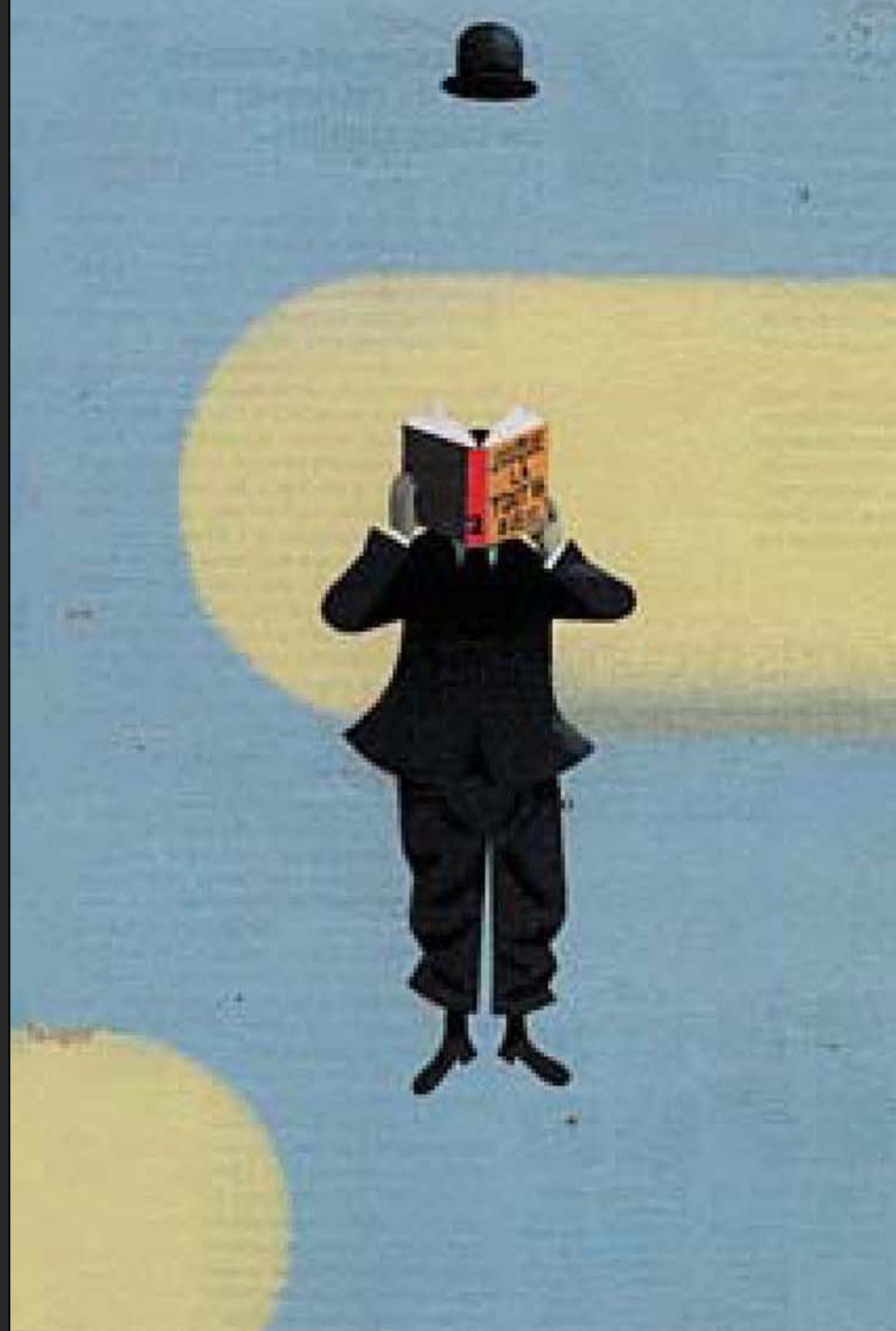
- **Paris 8th arrondissement**
 - Work begins: Spring 2008
 - Net floor area: 5.500 sq.m
 - Delivery: Fall 2009

- **Saint-Denis**
 - Development contract project
 - Net floor area: 20.000 sq.m

2007 OBJECTIVES

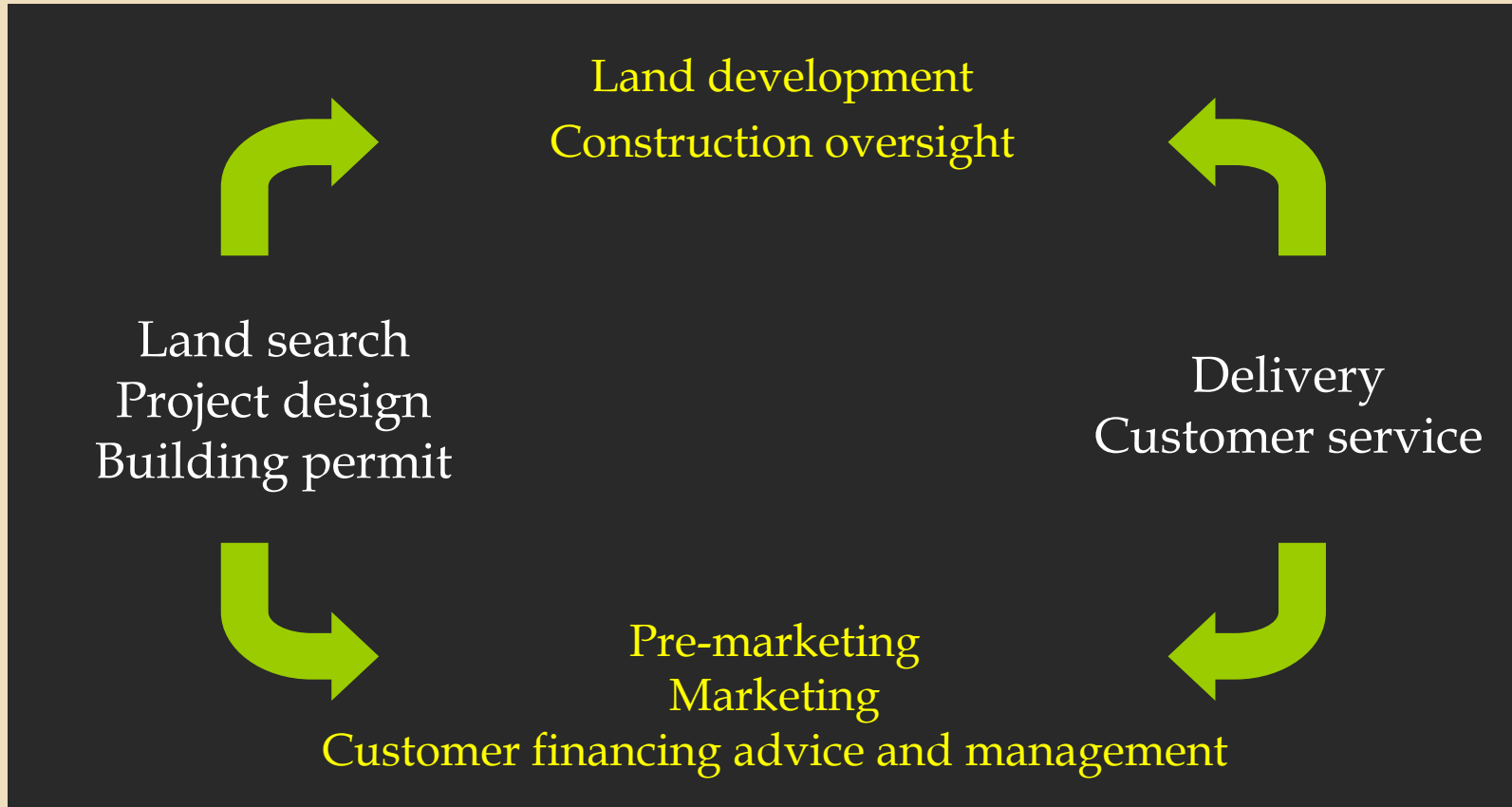
- Revenue growth in excess of 10%
- Sustained high profitability
- Payment of an interim dividend in 2007

appendices



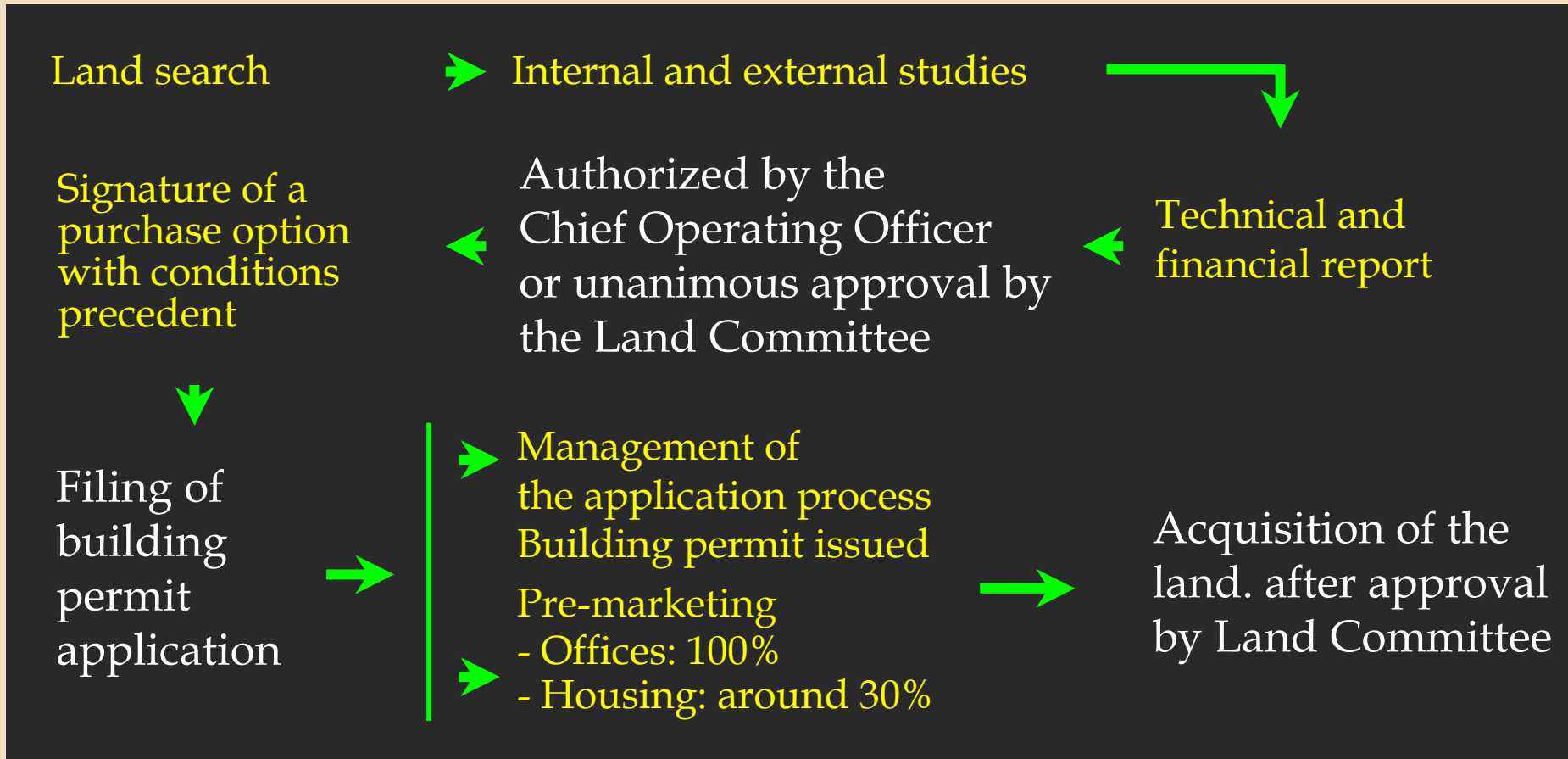
OUR BUSINESS:
DEVELOPER-BUILDER

Present at all stages in the property chain



OUR CONTROL PROCEDURES

Centralized risk analysis and control



BACKGROUND

- | | |
|------|--|
| 1957 | Kaufman & Broad Home Corporation set up in the USA |
| 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 and 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 |

OUR PROGRAMS



○ Offices



○ Apartments



○ Homes

OUR BUSINESS: CUSTOMERS

First-time buyers

- ◉ Middle managers aged 25 to 35.
1 child
 - ◉ Revenue: €2.300 to €4.600/month
 - ◉ Interest free loan and
“1% patronal” subsidized loan
-

Second-time buyers

- ◉ Senior managers aged 35 to 55.
1 or 2 children
 - ◉ Revenue: €3.000 to €6.800/month
 - ◉ Sale of previous home
-

OUR STRENGTHS: AN INNOVATIVE APPROACH

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 various market segments
- ◉ Choice of options in the Showroom

THE COMBINED STRENGTH OF A POWERFUL BRAND AND CRITICAL MASS

- Advantages of a powerful brand:
 - A preferred buyer of land
 - Long-term customer loyalty
 - First-time buyers. second-time buyers
 - Faster marketing

- Advantages of size:
 - Ability to attract the best contractors
 - Better prices and shorter lead times
 - Standardized purchasing

STRATEGIC LOCATIONS

