

RESULTS FOR FIRST 9 MONTHS OF 2011

(NOT APPROVED BY THE BOARD OF DIRECTORS AND UNAUDITED)

- **Good operating performance**
 - ✓ Revenues up 12.3%
 - ✓ Total order value stable at more than €1bn
- **Sharp increase in financial indicators**
 - ✓ Gross margin rate: 19.3% (+2.1 points)
 - ✓ Net income: €27.8m vs €4.7m in 2010
 - ✓ Net financial debt: €70.5m (drop of €129.1m vs August 31, 2010)
- **Positive outlook for future business**
 - ✓ Property portfolio: almost 19,000 housing units (+34% vs Nov. 30, 2010)
 - ✓ Housing backlog in value: +14.8%, representing almost 15 months of business
- **2011 net income outlook revised upwards: up more than 150%**

Paris, September 30, 2011 - Kaufman & Broad S.A. today announces its results for the first nine months of 2011 (from December 1, 2010 to August 31, 2011).

Key consolidated data

(€ million)	3 rd quarter 2011	3 rd quarter 2010	Change	9 months 2011	9 months 2010	Change
Revenues (excluding VAT)	224.5	218.9	+2.6%	679.0	604.6	+12.3%
Gross margin	44.0	37.9	+16.0%	131.2	103.8	+26.4%
Gross margin rate	19.6%	17.3%	+2.3 pts	19.3%	17.2%	+2.1 pts
Current operating profit	18.0	14.2	+26.9%	50.6	33.6	+50.7%
Current operating margin	8.0%	6.5%	+1.5 pt	7.5%	5.6%	+1.9 pt
Attributable net income	14.1	2.3	nm	27.8	4.7	nm

Commenting on these results, Guy Nafilyan, Chairman and Chief Executive Officer of Kaufman & Broad S.A., said: "The results at August 31 reflected strong sales, despite the strength of the comparables and a tighter market. Block sales and orders generated by the "Zero-Interest-Plus Loan" offset the decline in orders from the Scellier incentive. The take-up rate of new programs in the third quarter remained steady at almost 22%.

The financial results reflect an upward trend, with a significant increase in gross margin rate, operating margin and attributable net income, and a continued decline in net debt.

The renewal of the property portfolio continues positively. Today the portfolio comprises 19,000 housing units representing more than three years of activity. The Housing backlog was up by more than 14.8% to almost €1.2bn.

All of this has led Kaufman & Broad to revise its 2011 forecast upwards, with revenues up more than 10% and attributable net income up more than 150%.

In a more uncertain general economic environment, but where housing demand continues to outstrip supply, Kaufman & Broad's strategy is to focus more on first-time buyers, who benefit from the "Zero-Interest-Plus Loan" program, and develop new avenues for growth such as assisted living for seniors, student housing and commercial property.

The soundness of Kaufman & Broad's fundamentals means the company is well positioned to look to 2012 with confidence, whether this will involve adapting to market changes or seizing any new opportunities for growth."

➤ **Increase in revenues in the third quarter**

Revenues for the first nine months of 2011 amounted to €679.0 million (excluding VAT) versus €604.6 million (excluding VAT) for the same period in 2010, an increase of 12.3%. Revenues for the **Apartments** segment amounted to €608.9 million, up 22.8% over 2010, and accounted for 92.8% of total Housing revenues.

Revenues for the **Single-family Homes in Communities** segment came in at €47.2 million. **Showroom** revenues stood at €3.1 million and those for **Commercial Property** at €16.1 million.

In the third quarter only, revenues amounted to €224.5 million (excluding VAT), compared with €218.9 million (excluding VAT) for the same period in 2010, an increase of 2.6%. The expected decline in Single-family Homes in Communities was offset by the excellent performance of the Apartments segment, which posted a 13.6% increase in revenue for the quarter.

For the first nine months of 2011, 3,842 equivalent housing units (EHUs) were delivered, versus 3,467 EHUs for the same period of the previous year, an increase of 10.8%.

➤ **Good results for order value in a tighter market**

Total orders over the nine months were stable (+1.1%) **in value** at €1,056.0 million (including VAT). Housing orders **in value** were relatively stable (-2.6%) at €1,009.4 million (including VAT). **In volume**, housing orders stood at 4,860 versus 4,997 at August 31, 2010.

In the third quarter of 2011, housing orders **in value** were down 10.6%, from €361.8 million (including VAT) at €323.5 million (including VAT). **In volume**, orders were down 9.6%, from

1,732 to 1,566. However, this decline should be viewed in perspective, since the basis of comparison is the third quarter of 2010 when orders were particularly high.

Orders in Île-de-France accounted for 39.3% of total housing orders in value, compared with 38.9% for the first nine months of 2010.

The take-up rate over the nine month-period was 20.2%, down 1.7 points compared with the same period in 2010. For programs launched in the third quarter, the take-up rate was 22.1%.

➤ **Gross margin rate up 2.1 points in the first nine months**

In the first nine months of 2011, **gross margin** stood at €131.2 million. Expressed as a percentage of revenues, gross margin rate was 19.3%, compared with 17.2% for the first nine months of 2010. In the third quarter, it was 19.6% (17.3% in the third quarter of 2010), i.e. up 2.3 points.

This marked improvement in gross margin rate reflects the now-completed replacement of “older” programs with new programs, which brought gross margin rates in line with the company’s profitability criteria.

Current operating profit amounted to €50.6 million over the nine-month period, compared with €33.6 million for the same period in 2010, an increase of 50.7%. In the third quarter of 2011 only, it stood at €18.0 million, up 26.9% over the third quarter of 2010.

Current operating margin was 7.5% for the first nine months of the period and 8.0% for the third quarter only. This improvement compared to the first nine months of 2010 (+1.9 points) was due to the increase in gross margin and tighter control of operating expenses.

The **cost of net financial debt** was €9.7 million for the first nine months of 2011, versus €25.3 million for the first nine months of 2010. This period-on-period decline of 61.5% reflects the reduction in average net financial debt as well as the drop in interest rates.

The “**Other financial income**” item, which amounted to €7.2 million, benefited from Kaufman & Broad’s early redemption in August 2011 of a portion of its long-term debt and the cancellation of some of its revolving credit commitments.

Attributable net income amounted to €27.8 million, compared with €4.7 million for the first nine months of 2010. In the third quarter of 2011 net income amounted to €14.1 million, versus €2.3 million in 2010.

➤ **Continued deleveraging and working capital requirement reduction**

Operating cash flow for the first nine-month period amounted to €157.8 million, compared with €108.3 million for the same period in 2010.

At August 31, 2011 **cash flow** amounted to €231.6 million, versus €140.4 million at November 30, 2010.

Working capital requirement was €77.8 million and represented 7.7% of twelve-month rolling revenue, a sharp decline over August 31, 2010 when it was €124.9 million and 14.2% of annualized revenues.

Net financial debt amounted to €70.5 million, down €141.2 million compared with November 30, 2010 and €129.1 million compared with August 31, 2010. This substantial improvement reflects the strong take-up of new programs.

➤ **Noticeable increase in the property portfolio and backlog**

The Group actively continued to redevelop its property portfolio. In single-family homes and apartments, the focus was primarily on first-time buyers and investors.

In the first nine months of 2011, Kaufman & Broad signed purchase options representing almost 8,800 housing units, of which 4,141 were in Île-de-France and 4,667 in the Regions. This took the company's property portfolio to almost 19,000 housing units at August 31, 2011.

Since the beginning of the period, Kaufman & Broad developed 103 new programs for a total of approximately 7,100 housing units. Three-quarters of the commercial offer comprised housing units designed for first-time buyers or investors.

At August 31, 2011, the **Housing Backlog** stood at €1,199.4 million (excluding VAT), up 14.8% compared with August 31, 2010 and representing 14.7 months of Housing activity on a twelve-month rolling basis.

At August 31, 2011 Kaufman & Broad had 177 housing programs **on the market**, of which 37 were in Île-de-France and 140 in the Regions for a total of 3,288 housing units for sale.

During the fourth quarter of 2011, Kaufman & Broad will develop 29 **new programs** (14 in Île-de-France and 15 in the Regions) for a total of 1,994 housing units.

Lastly, Kaufman & Broad won a tender in Saint-Tropez (Var) representing revenues on the order of €100 million (excluding VAT) for the development of 274 housing units, including some affordable rental housing units for working families.

➤ **Next regular publication:** 2011 annual results on January 19, 2012.

Glossary

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

Property portfolio: This represents all real estate for which any commitment (such as a purchase option, etc.) has been signed.

Orders: Measured in volume (Units) and in value, orders reflect the Group's commercial 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, for apartment programs including mixed buildings (apartments/business premises/commercial premises/office space) all surface areas are converted to equivalent housing units.

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) with the previously obtained average surface area of housing units.

EHU: EHU (Equivalent Housing Units delivered) directly reflect sales. The number of "EHU" is a function of multiplying (i) the number of housing units of a given program for which the notarized sales deeds have been signed, by (ii) the ratio between the group's property expenses and construction expenses incurred on the said program and the total expense budget for said program.

Commercial offer: this represents the total inventory of properties available for sale as of the date in question, i.e. all unordered housing units as of this date.

Gross margin: This corresponds to revenues less the cost of sales. Cost of sales consists of the price of land parcels, the related property costs and construction costs.

Backlog: The backlog is a summary at any given moment, which enables a forecast of future revenues for the coming months.

For more than 40 years, Kaufman & Broad has been designing, building and selling single-family homes in communities, apartments and offices on behalf of third parties. Kaufman & Broad is a leading French property builder and developer in view of its size, earnings and power of its brand.

Contacts

Chief Financial Officer

Bruno Coche
+33 1 41 43 44 73
Infos-invest@ketb.com

Press Relations

Delphine Peyrat – Wise Conseil
+33 6 38 81 40 00
dpeyratstricker@wiseconseil.com

Website: www.ketb.com

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KAUFMAN & BROAD S.A.

Consolidated income statement *

(in € thousands)

9 months 2011

* (not approved by the Board of Directors and unaudited)

	August 31, 2011	August 31, 2010
Revenues	678,973	604,624
Cost of sales	(547,815)	(500,825)
Gross margin	131,158	103,799
Selling expenses	(18,995)	(15,940)
Administrative expenses	(43,844)	(41,505)
Technical expenses and customer services	(11,313)	(10,184)
Other income and other expenses	(6,362)	(2,556)
Current operating profit	50,644	33,614
Other non-current income and expenses	759	3,532
Operating income	51,403	37,146
Cost of net financial debt	(9,719)	(25,276)
Other financial income / (expenses)	7,224	-
Income tax (expenses) / income	(14,801)	(883)
Share of income (loss) of equity affiliates and joint ventures	806	918
Income (loss) from assets held for sale	-	(1,000)
Income (loss) attributable to shareholders	34,913	10,905
Minority interests	7,149	6,248
Attributable net income	27,764	4,657
Earnings per share (€)	1.29	0.22

Kaufman & Broad S.A.
Consolidated balance sheet *

(in € thousands)

* (not approved by the Board of Directors and unaudited)

ASSETS	August 31, 2011	November 30, 2010
Goodwill	68,511	68,511
Intangible Assets	83,534	82,310
Property, Plant and Equipment	6,290	5,988
Equity Affiliates and Joint Ventures	5,562	5,359
Other non-current financial assets	1,560	12,678
Non-current assets	165,457	174,846
Inventories	201,730	246,146
Accounts receivable	189,911	203,325
Other receivables	150,886	199,515
Cash and cash equivalents	231,593	140,430
Prepaid expenses	449	718
Current assets	774,569	790,134
TOTAL ASSETS	940,026	964,980

EQUITY AND LIABILITIES	August 31, 2011	November 30, 2010
Capital stock	5,612	5,612
Additional paid-in capital	97,035	80,094
Attributable net income	27,764	18,063
Attributable shareholders' equity	130,411	103,769
Minority interests	5,728	11,785
Shareholders' equity	136,139	115,554
Provisions	20,976	20,961
Borrowings and other non-current financial liabilities (> 1 year)	301,479	351,549
Deferred tax liabilities	26,995	8,857
Non-current liabilities	349,450	381,367
Other current financial liabilities (< 1 year)	607	567
Accounts payable	382,254	377,292
Other payables	70,486	88,939
Deferred income	1,090	1,261
Current liabilities	454,437	468,059
TOTAL EQUITY AND LIABILITIES	940,026	964,980

Kaufman & Broad S.A.

Additional information
(Total at August 31)

	Single-family homes in communities		
	9 months 2011	9 months 2010	9 months 2009
Net orders (in units)	65	264	416
Net orders (in € thousands, including VAT)	22,903	80,498	111,886
Backlog (in € thousands, excluding VAT)	36,300	75,057	105,278
Backlog (in months of business) *	5.7	6.4	9.0
Deliveries (in EHUs)	192	393	361

	Apartments		
	9 months 2011	9 months 2010	9 months 2009
Net orders (in units)	4,795	4,733	3,001
Net orders (in € thousands, including VAT)	986,523	956,269	559,532
Backlog (in € thousands, excluding VAT)	1,163,126	969,401	679,175
Backlog (in months of business)*	15.4	16.1	10.1
Deliveries (in EHUs)	3,650	3,074	3,553

	Commercial property		
	9 months 2011	9 months 2010	9 months 2009
Net orders (in sq. m)	-	-	-
Net orders (in € thousands, including VAT)	41,660	-	-
Backlog (in € thousands, excluding VAT)	19,588	-	4,413

* Based on revenues over the past twelve months rolling

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Additional information
(Quarterly)

	Single-family homes in communities		
	Q3 2011	Q3 2010	Q3 2009
Net orders (in units)	53	60	154
Net orders (in € thousands, including VAT)	17,288	19,459	43,542
Deliveries (in EHUs)	49	136	144

	Apartments		
	Q3 2011	Q3 2010	Q3 2009
Net orders (in units)	1,513	1,672	965
Net orders (in € thousands, including VAT)	306,213	342,302	193,077
Deliveries (in EHUs)	1,225	1,128	1,215

	Commercial property		
	Q3 2011	Q3 2010	Q3 2009
Net orders (in sq. m)	-	-	-
Net orders (in € thousands, including VAT)	-	-	-