

KAUFMAN BROAD

PRESS RELEASE

FIRST-HALF 2010 FINANCIAL RESULTS

(APPROVED BY THE BOARD OF DIRECTORS)

- **Sharp increase in sales in first-half 2010**
 - Housing orders up 55% in value
 - Take-up rate of more than 30% for new programs
- **Significant improvement in financial indicators**
 - Gross margin up 4.2 points to 17.1%, from 12.9% in first-half 2009
 - Sharp reduction in working capital requirement to 15.6%, from 31.2% at May 31, 2009
 - €202 million reduction in net debt, compared with May 31, 2009
- **Land bank up a solid 50% in one year**
- **Confirmation of a return to net profit in 2010 and substantially improved outlook for 2011**

(Paris - July 9, 2010) – Kaufman & Broad S.A. today announced its financial results for the first six months of fiscal 2010, which ended on May 31.

Commenting on the Company's performance and outlook, Guy Nafilyan, Chairman and Chief Executive Officer, said: *"Our second-quarter 2010 results are in line with the positive momentum noted in the first quarter. This performance confirms the validity of our strategy, implemented in late 2008, of refocusing our sales offering on more compact, cost-effective products more closely aligned with demand from first-time buyers and investors.*

"Consequently, the new programs launched over the past six months, which generate gross margins in line with the Company's operating criteria, are selling at a good pace with a take-up rate of more than 30%. This trend accelerated in June, when orders increased 67% in value compared with June 2009. Moreover, Kaufman & Broad continued to actively rebuild its land bank under satisfactory terms. Today, it totals nearly 16,000 lots, or 50% more than one year ago, and represents over two years of business.

"In terms of our financial performance, working capital requirement was significantly lower than in first-half 2009, and we reduced net debt by more than €200 million compared with the prior-year period.

"Given this performance, and in comparable market conditions, we're confirming a return to net profit for fiscal 2010, which will nonetheless continue to feel the impact of the last few years. In addition, the outlook for 2011 is substantially improved."

Consolidated Financial Highlights

(in € millions)	H1 2010	H1 2009	% change
Net revenues	385.7	417.2	-7.6%
Net housing revenues	378.0	409.6	-7.7%
Gross profit	65.9	53.7	+22.7%
Gross margin	17.1%	12.9%	+4.2 pts
Current operating profit	19.4	0.3	nm
Income (loss) attributable to shareholders	2.3	(27.5)	nm

◆ Sharp increase in orders

Net revenues amounted to €385.7 million in the first six months of fiscal 2010, down 7.6% from the prior-year period. The decline reflected a number of project discontinuations in fourth-quarter 2008 and the low level of new program launches in first-half 2009. New projects launched in second-half 2009 and first-half 2010 will only have a real impact on revenues beginning in fourth-quarter 2010, since revenues are recognized using the percentage of completion method.

Sales of **apartments** totaled €313.7 million, or 83% of total housing revenues, while sales of **single-family homes** amounted to €64.3 million, or 17% of the housing total.

Showroom revenues totaled €2.1 million and **commercial property** revenues came to €1.9 million.

In the second quarter alone, **housing orders** rose by 57% in **value** to €407.8 million, from €260.5 million, and by 55% in **volume** to 2,048 units, from 1,323.

Over the first six months of fiscal 2010, **housing orders** rose in **value** by 55% to €675 million including VAT. Second-time buyers accounted for around 15% of the total, compared with 11% in first-half 2009, while orders in Ile-de-France represented 38%, virtually unchanged from the prior-year period. **In volume**, first-half 2010 orders rose by 42% to 3,265 units.

This sharp increase in orders must be assessed taking into consideration a sales offering that totaled only 2,317 housing units at December 1, 2009, compared with 4,977 units one year earlier.

In June alone, orders rose by 67% in value to €160.1 million, from €95.8 million, and by 74% in volume to 776 units, from 446.

The take-up rate for April to June 2010 was 31%, more than ten points higher than for the prior-year period

During the first six months of fiscal 2010, a total of 52 new programs were launched representing 3,929 housing units, versus 13 programs representing 609 units in the prior-year period.

◆4.2-point improvement in gross margin compared with first-half 2009

Gross profit came to €65.9 million, compared with €53.7 million in first-half 2009, while **gross margin** increased by 4.2 points to 17.1%. This significant improvement in gross margin reflected the growing importance of new programs that generate margins in line with the Company's profitability criteria.

Current operating profit totaled €19.4 million, compared with €0.3 million in the first six months of 2009, while **current operating margin** rose to 5%, from 0.1% in first-half 2009. The nearly five-point increase was due mainly to the improvement in gross profit, with the remainder resulting from tight management of operating expenses.

Finance costs, net amounted to €17.1 million, a decline of 16.0% from the first six months of fiscal 2009. This noteworthy performance was due to the decline in average net debt and to lower interest rates. Since December 1, 2009, Kaufman & Broad has applied the amendment to IAS 23 concerning the capitalization of borrowing costs.

Corporate income tax amounted to €0.4 million in first-half 2010, compared with a €17.5-million tax credit in first-half 2009.

Kaufman & Broad reported a **profit attributable to shareholders** of €2.3 million, compared with a loss of €27.5 million in first-half 2009, of which €23.5 million was comprised of non-recurring expenses.

◆ Continuing to pay down debt and a reduction in working capital requirement

Cash flow from operating activities totaled €78.7 million in first-half 2010, compared with €42.2 million in the prior-year period.

At May 31, 2010, **cash and cash equivalents** stood at €171.4 million, versus €123.2 million at November 30, 2009. **Working capital requirement** amounted to €141.1 million, compared with €199.8 million at end-November, and represented 15.6% of revenue, versus 31.2% at May 31, 2009, a very substantial reduction.

Net debt amounted to €220.7 million at May 31, 2010, a decline of nearly €48 million from November 30, 2009 and more than €200 million lower than at May 31, 2009. This sharp decline resulted from faster sales of units designed in 2007 and a very solid take-up rate for new programs.

◆ Outlook for 2010: confirmation of a return to net profit

The strategy of rebuilding the land bank for single-family homes and apartments mainly intended for first-home buyers and buy-to-let investors was actively pursued in the first half.

In the first half, Kaufman & Broad signed purchase options representing more than 7,200 housing units, of which over 2,000 in Ile-de-France and nearly 5,200 in other regions, thereby raising the number of housing units represented by the land bank to nearly 15,900 at May 31, 2010, an increase of 50% from one year earlier.

Housing backlog at May 31, 2010 totaled nearly €950 million (excluding VAT), a 42% increase from one year earlier. Based on revenues over the past 12 months, it represented more than one year of housing business.

In all, 27 programs are scheduled for launch in the third quarter (compared with 17 in third-quarter 2009), representing 2,048 housing units. Of the total, 9 programs (687 units) are in Ile-de-France and 18 programs (1,053 units) are in the other regions.

◆ Signature of a memorandum of understanding for the sale of Seniors Santé

Kaufman & Broad has signed a memorandum of understanding to sell its entire stake in Seniors Santé for €30.7 million. The transaction is subject to the fulfillment of a number of conditions by September 30, 2010 at the latest.

For more than 40 years, Kaufman & Broad has been designing, building and selling single-family homes and apartments, as well as office properties on behalf of third parties. Its size, profitability and strong brand name have made Kaufman & Broad one of France's leading developers and builders of homes.

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Certain matters discussed in this press release are forward-looking statements, which may be affected by known or unknown risk factors that are difficult for KBSA to foresee or control, and which could cause actual events and results to differ materially from those expressed, implied or otherwise forecast by the company. These risk factors include those described in the "Risk Factors" section of the Registration Document filed with the Autorité de Marchés Financiers on March 31, 2010.

KAUFMAN & BROAD SA

Statement of Income (in € thousands)

(approved by the Board of Directors)

	First Half 2010	First Half 2009
Revenues	385,676	417,223
Cost of sales	(319,776)	(363,531)
Gross profit	65,900	53,692
Selling expenses	(10,832)	(12,689)
General & administrative expenses	(27,177)	(28,133)
Technical expenses	(7,102)	(7,679)
Other current operating income and expenses	(1,354)	(4,929)
Current operating profit	19,435	262
Other non-recurring income and expenses	3,206	(23,515)
Operating profit	22,641	(23,253)
Finance costs, net	(17,055)	(20,301)
Income taxes	(378)	17,526
Share of income from equity affiliates and joint ventures	562	74
Losses from assets held for sale	(1,000)	-
Net income (loss) from fully consolidated companies	4,770	(25,954)
Of which minority interests	2,446	1,543
Of which income (loss) attributable to shareholders	2,324	(27,497)
Earnings (loss) per share (€)	0.11	(1.28)

KAUFMAN & BROAD SA

Balance Sheet

(in € thousands)

(approved by the Board of Directors)

ASSETS	At May 31, 2010	At Nov. 30, 2009
Goodwill	68,511	68,511
Intangible assets	81,956	81,988
Tangible assets	6,211	5,930
Investments in equity affiliates and joint ventures	4,906	4,270
Other non-current assets	1,306	861
Deferred tax assets	1,435	952
Non-current assets	164,325	162,512
Inventories	249,285	295,741
Accounts receivable	137,063	203,770
Other receivables	168,720	182,923
Cash and cash equivalents	171,420	123,157
Prepaid expenses	1,511	1,378
Current assets	727,999	806,969
Assets held for sale	29,391	30,292
TOTAL ASSETS	921,715	999,773
EQUITY AND LIABILITIES	At May 31, 2010	At Nov. 30, 2009
Issued capital	5,612	5,612
Additional paid-in capital, reserves and other	77,726	106,643
Income (loss) attributable to shareholders	2,324	(29,812)
Shareholders' equity	85,662	82,443
Minority interests	5,790	6,526
Total equity	91,452	88,969
Provisions	22,663	26,498
Long-term borrowings	351,870	344,879
Deferred tax liabilities	-	-
Non-current liabilities	374,533	371,377
Short-term borrowings	40,240	55,410
Trade payables	334,378	398,790
Other payables	79,044	83,260
Deferred income	2,068	1,967
Current liabilities	455,730	539,427
TOTAL EQUITY AND LIABILITIES	921,715	999,773

KAUFMAN & BROAD SA

Additional Information

	Single-Family Homes		
	H1 2010	H1 2009	H1 2008
Net orders (in units)	204	262	343
Net orders (in € thousands, including VAT)	61,039	68,344	117,101
Backlog (in € thousands, excluding VAT)	91,578	88,067	135,352
Backlog (in months of business)*	7.6	8.4	8.7
Deliveries (in EHUs)	257	220	327

	Apartments		
	H1 2010	H1 2009	H1 2008
Net orders (in units)	3,061	2,036	2,271
Net orders (in € thousands, including VAT)	613,968	366,455	477,637
Backlog (in € thousands, excluding VAT)	858,296	581,645	1,005,279
Backlog (in months of business)*	13.9	8.4	11.0
Deliveries (in EHUs)	1,946	2,335	2,772

	Commercial Property		
	H1 2010	H1 2009	H1 2008
Net orders (in sq.m)	-	-	-
Net orders (in € thousands, including VAT)	-	-	69,368
Backlog (in € thousands, excluding VAT)	-	3,326	68,517

**Based on revenues over the past 12 months.*

KAUFMAN & BROAD SA

Additional Information

	Single-Family Homes		
	Q2 2010	Q2 2009	Q2 2008
Net orders (in units)	60	195	171
Net orders (in € thousands, including VAT)	23,283	49,441	49,263
Deliveries (in EHUs)	133	131	205

	Apartments		
	Q2 2010	Q2 2009	Q2 2008
Net orders (in units)	1,988	1,128	1,121
Net orders (in € thousands, including VAT)	384,475	211,105	236,000
Deliveries (in EHUs)	966	1,326	1,448

	Commercial Property		
	Q2 2010	Q2 2009	Q2 2008
Net orders (in sq.m)	-	-	-
Net orders (in € thousands, including VAT)	-	-	69,368