KAUFMAN & BROAD

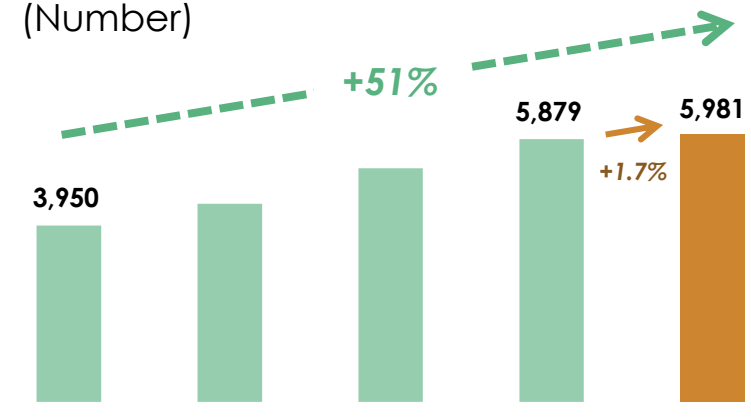
RESULTS FOR THE FIRST NINE MONTHS OF 2018

OCTOBER 1st, 2018

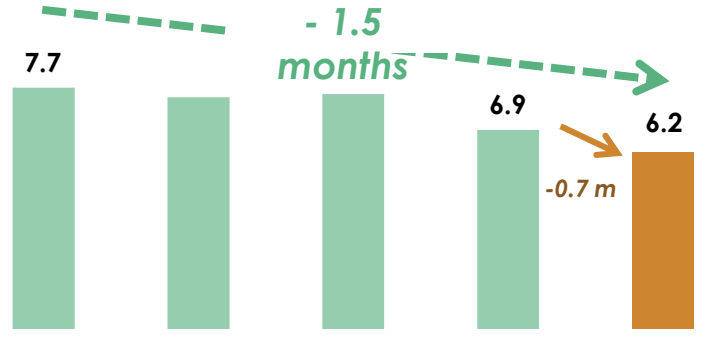
MAINTAINING THE MOMENTUM OF CONTROLLED GROWTH

KAUFMAN & BROAD

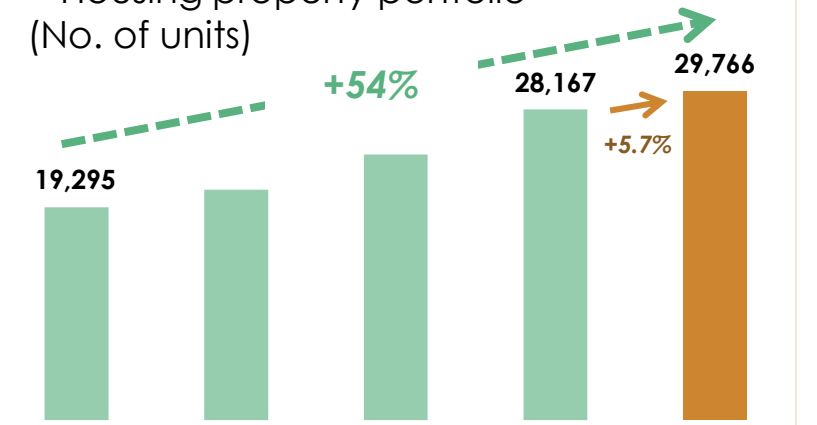
> Housing unit orders (Number)



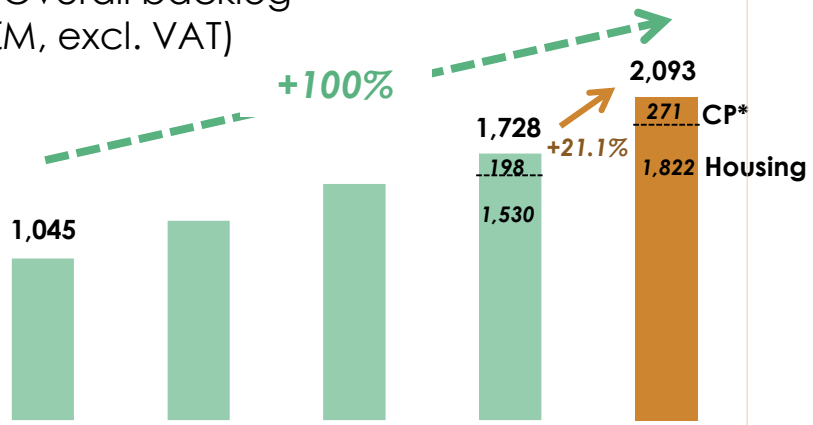
> Take-up period for Housing (Months, on a 9-month rolling basis)



> Housing property portfolio (No. of units)



> Overall backlog (€M, excl. VAT)



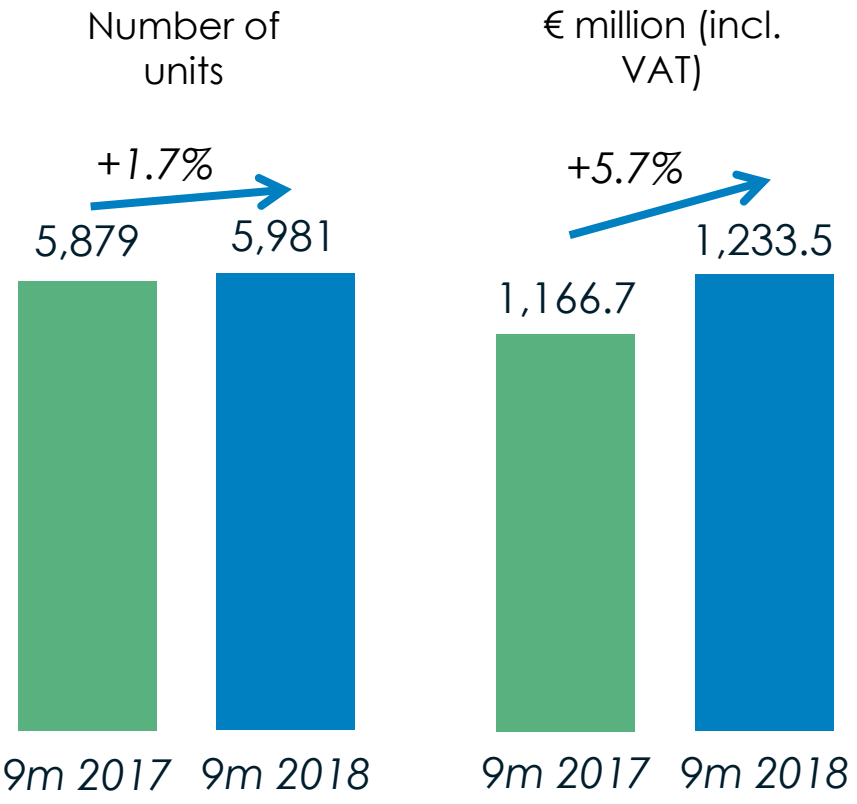
* *Commercial property and other*

KAUFMAN ⧋ BROAD

HOUSING BUSINESS

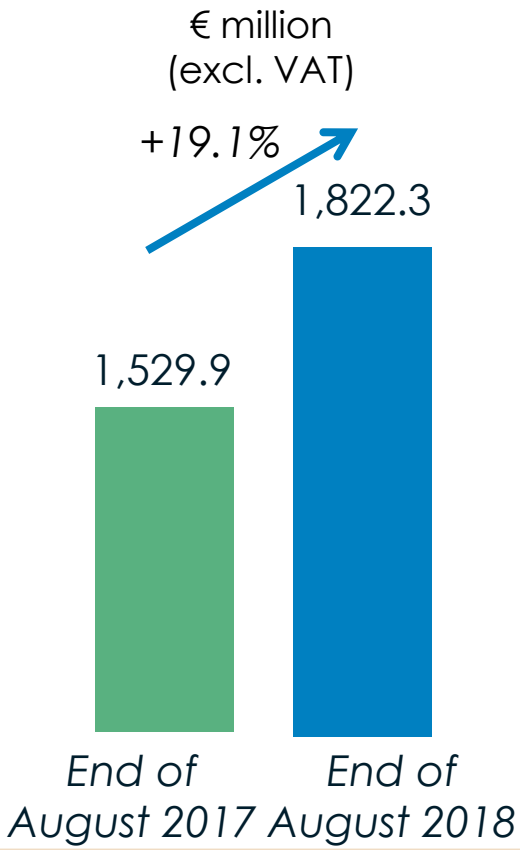
CHANGES IN ORDERS AND HOUSING BACKLOG

> Housing orders



Market housing orders for H1 2018: -0.8% vs H1 2017

> Housing backlog

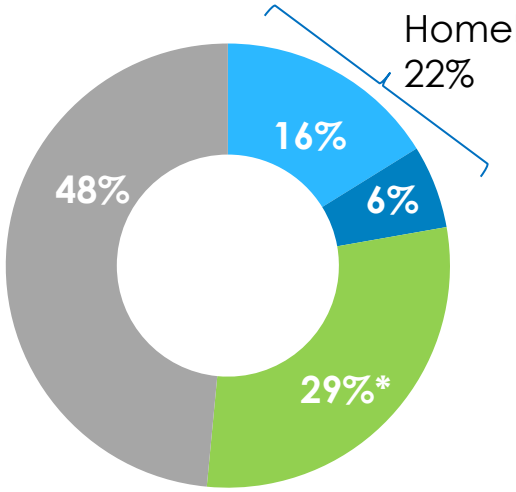


HOUSING ORDERS IN VOLUME TERMS: CHANGES IN BREAKDOWN OF THE CUSTOMER BASE

KAUFMAN & BROAD

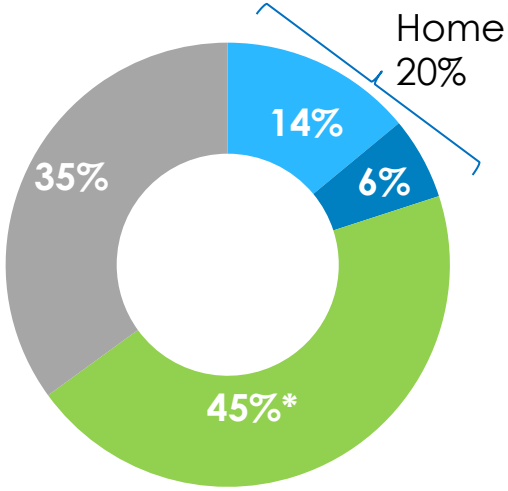
Orders in volume terms:

> 9M 2017



* Of which more than 18% are managed accommodation

> 9M 2018



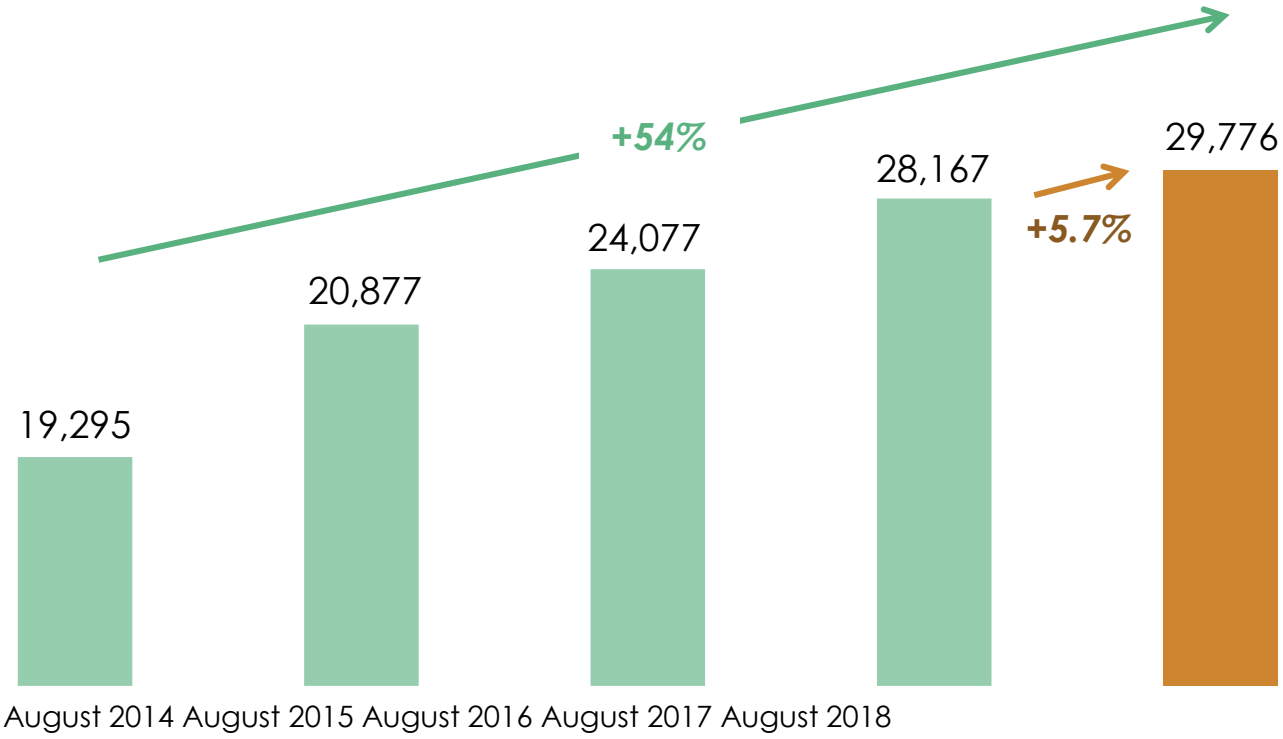
* Of which more than 45% are managed accommodation

- First-time buyers
- Second-time buyers
- Block
- Investor

EXPANSION OF THE PROPERTY PORTFOLIO

KAUFMAN & BROAD

> Property portfolio - No. of lots

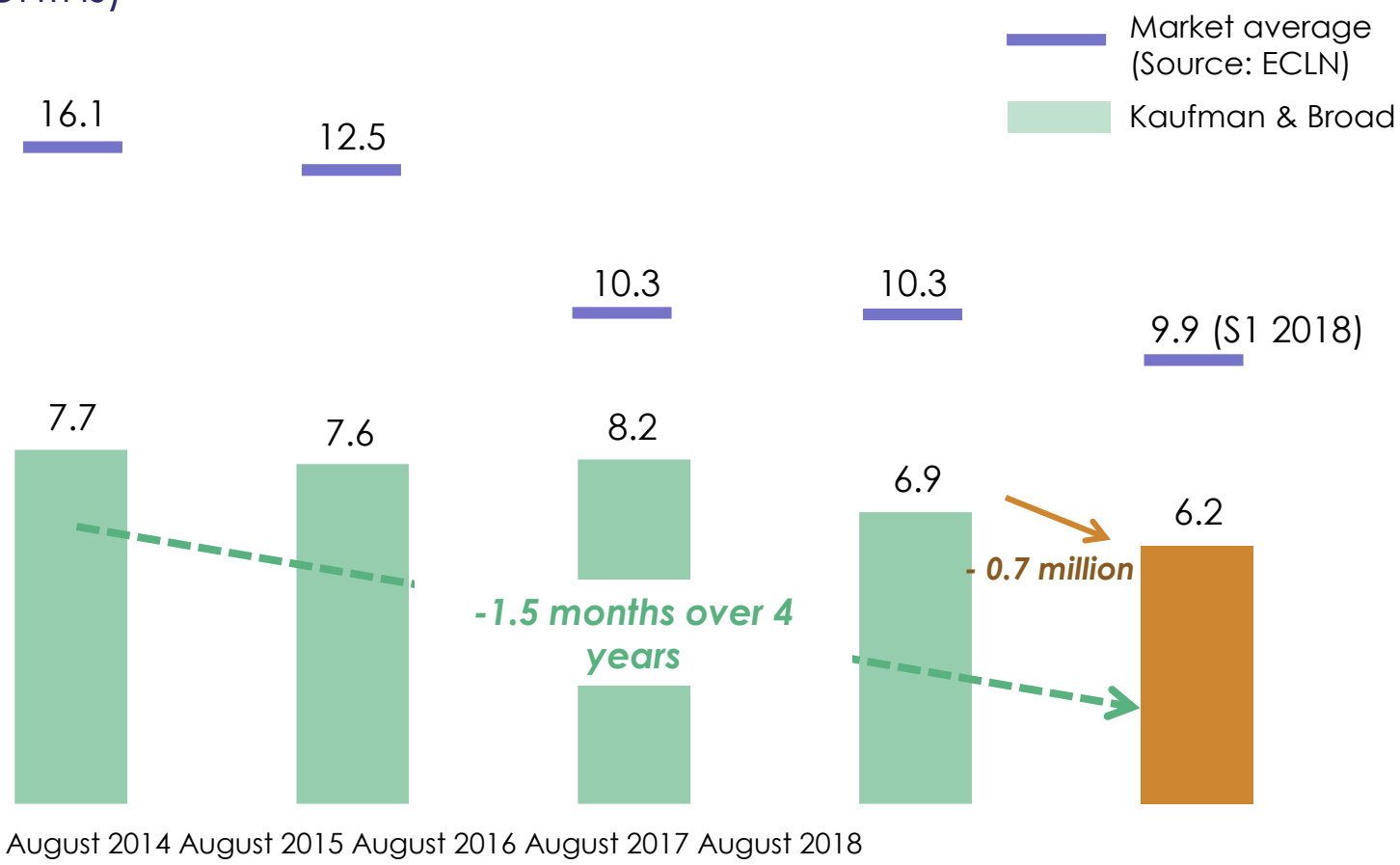


Kaufman & Broad's land reserve at the end of August 2018: 97% in housing shortage areas

H1 2018: +2.7% growth for the property portfolio

A FURTHER REDUCTION IN THE TAKE-UP PERIOD

> Take-up period* – in months (9 months)

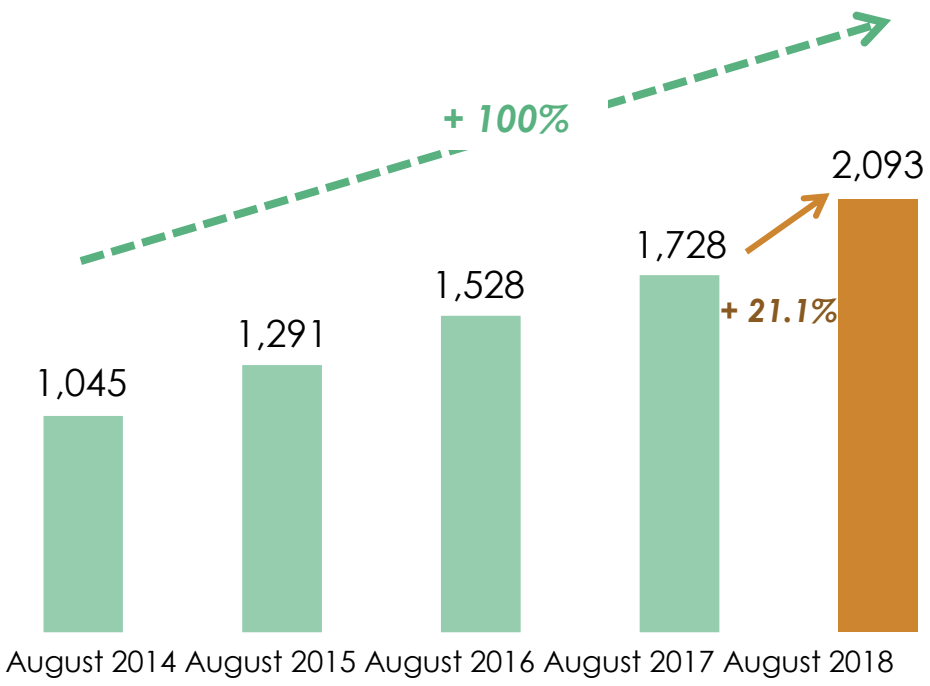


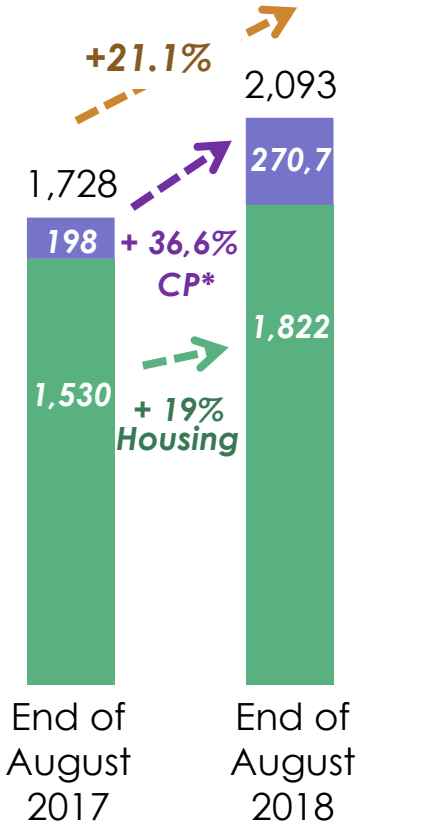
* On a 9-month basis, commercial offer at end of period / Average orders in the period

SOLID BUSINESS OUTLOOK

KAUFMAN & BROAD

> Overall backlog (Housing + Commercial property) €M, excl. VAT





* *Commercial property and other*

DRAFT LAW ELAN*

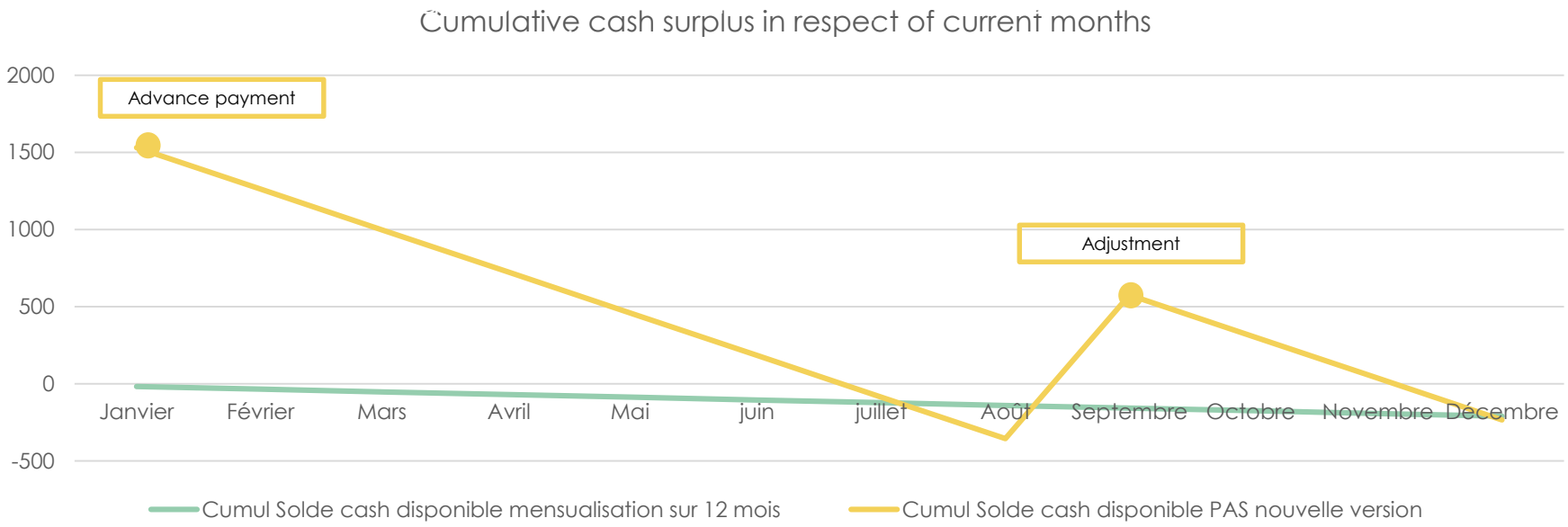
- 4/4/2018: Introduction of the bill to the National Assembly
- April – July 2018: Proceeding through 1st reading by the National Assembly followed by the Senate
- 9/19/2018: Introduction of a single text for the Joint Committee
- October - December: Definitive introduction of the bill, by the two assemblies.

THE MEASURES PROPOSED INCLUDE:

- CONSTRUCTION PERMIT:
  - Procedural measures: establish time frame for specified suspension and appeals against amending PCs and reinforce the obligation to explain a judge's decision to reject;
  - simplify the process for liability actions against improper claims and allow for financial penalties, currently very rare;
  - establish a framework for financial settlements aimed at obtaining a withdrawal of appeal (obligation to file settlements agreed before the lodging of an appeal);
  - limiting the impact of cancellations of town planning documentation: Local Development Plans (PLUs) and Regional Consistency Schemes (SCoTs), etc.
- LAND
  - Creating new Development Partnership Projects;
  - Simplification of sales of public land at a discount
- REGROUPING OF SOCIAL LANDLORDS if fewer than 12,000 housing units managed or 40M in revenue

*Change in the Housing Unit, and Digital Development

STEPS: Taxable household comprising 2 adults and 2 children with gross annual income of €70 K - example on the basis of the latest measures proposed



The cases considered are as follows:

➢A taxable household comprising **2 adults and 2 children**.
Gross annual income of the unit of €70 K
Work at home:
Purchase of a Pinel for €150,000 in 2015
Delivered in 2017

In 2017, **58.8%** of taxpayers opted for a monthly payment of their income tax

(source: General Directorate of Public Finance)

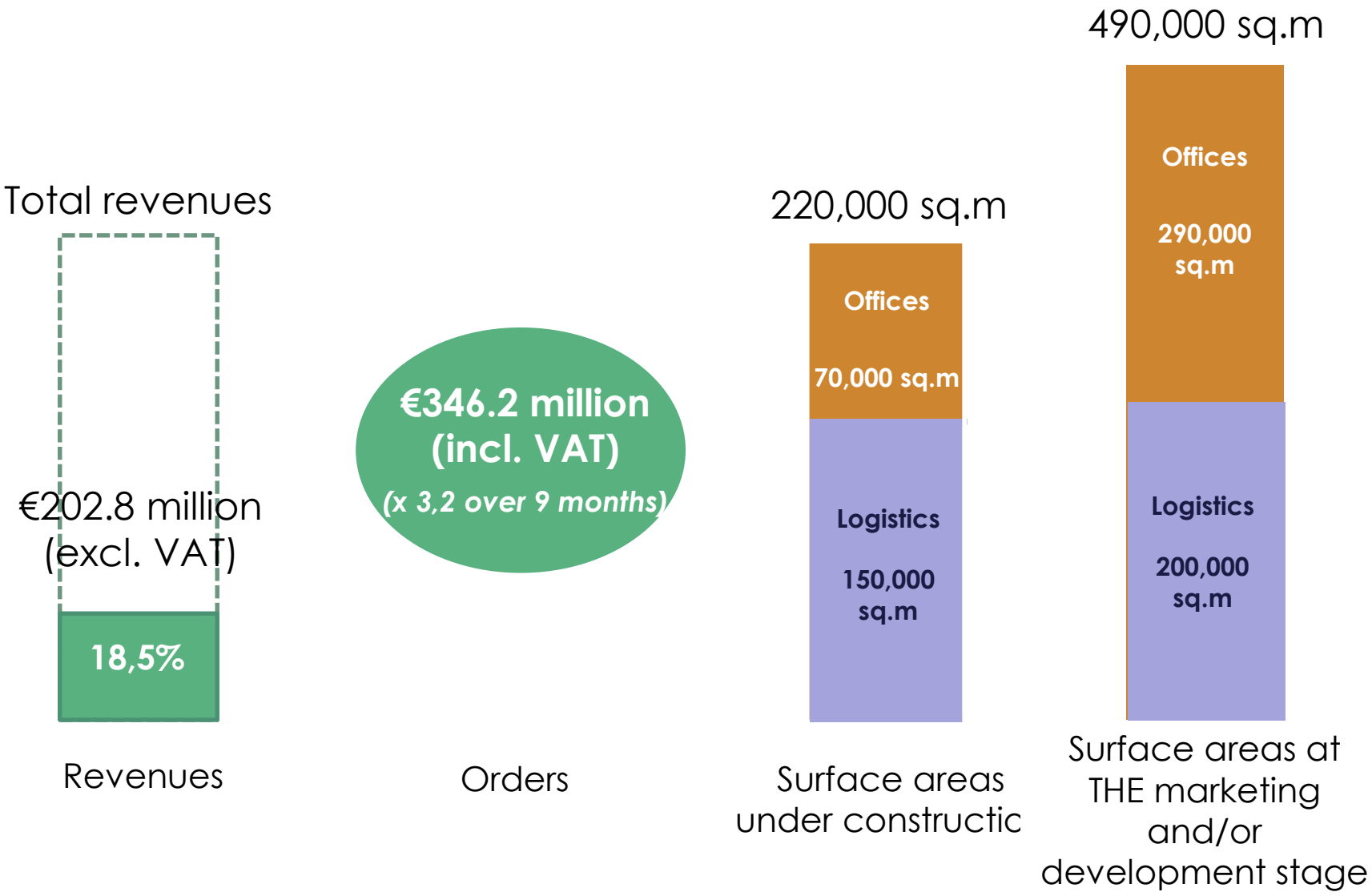
"an extended number of these devices (tax reductions and credits) characterized by their recurrence will be concerned by an advance payment made on January 15, 2019 and this advance payment will be taken to **60 % of the benefits received in 2018 for the year 2017**. A payment will be made into the bank account from January 15 for contributors who have benefited from a tax reduction or credit, not only from the work of an employee at home (...), but also (...) lease investments (Scellier, Duflot, Pinel, Censi-Bouvard)."

(Source: PLF 2019)

KAUFMAN & BROAD

COMMERCIAL PROPERTY

COMMERCIAL SECTOR: SALES OVER THE FIRST NINE MONTHS OF 2018



OFFICE DEVELOPMENT IN ILE DE FRANCE AND THE REGIONS

- ORA Building Porte Pouchet
- 26,000 sq.m

- Bordeaux Euratlantique
- 26,000 sq.m

- Strasbourg
- Starlette Building
- 20,000 sq.m of Offices, 15,000 sq.m of Housing

- EDF Commerce Sud-Ouest's Head Office in Bordeaux
- 4,500 sq.m

- Arcueil
- Green Oak building
- 10,000 sq.m of office space

- IA9B Building, 23,000 sq.m
- Paris Left Bank Development Zone (ZAC)
- SNI's future Head Office

- Lille Eurasanté
- 7,000 sq.m

- Courbevoie
- Highlight Building
- 23,000 sq.m of Offices, 6,000 sq.m Hotel Residence

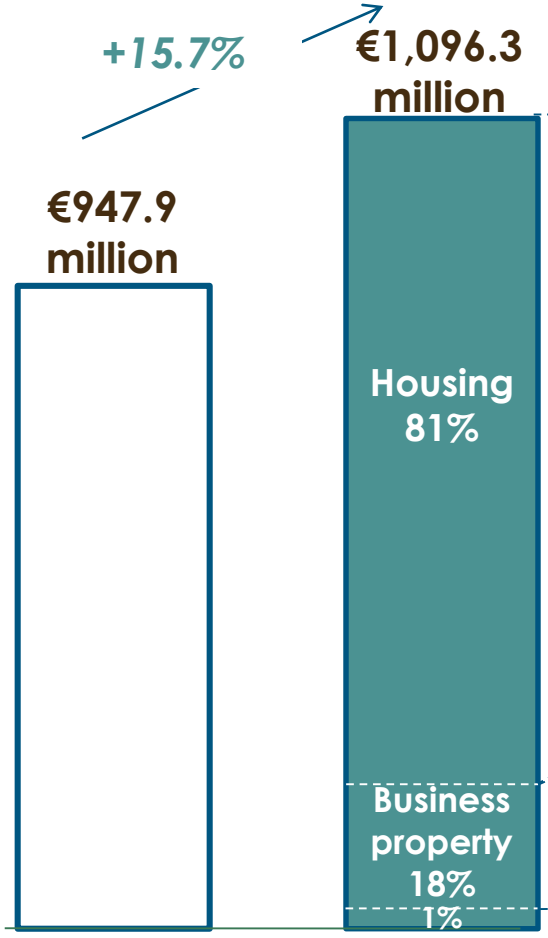
- Austerlitz Paris Left Bank
- ~80,000 sq.m
- Planning permit filing: Q4 2018 / Q1 2019

2018 2019 2020 2021

KAUFMAN & BROAD

FINANCIAL RESULTS

REVENUE



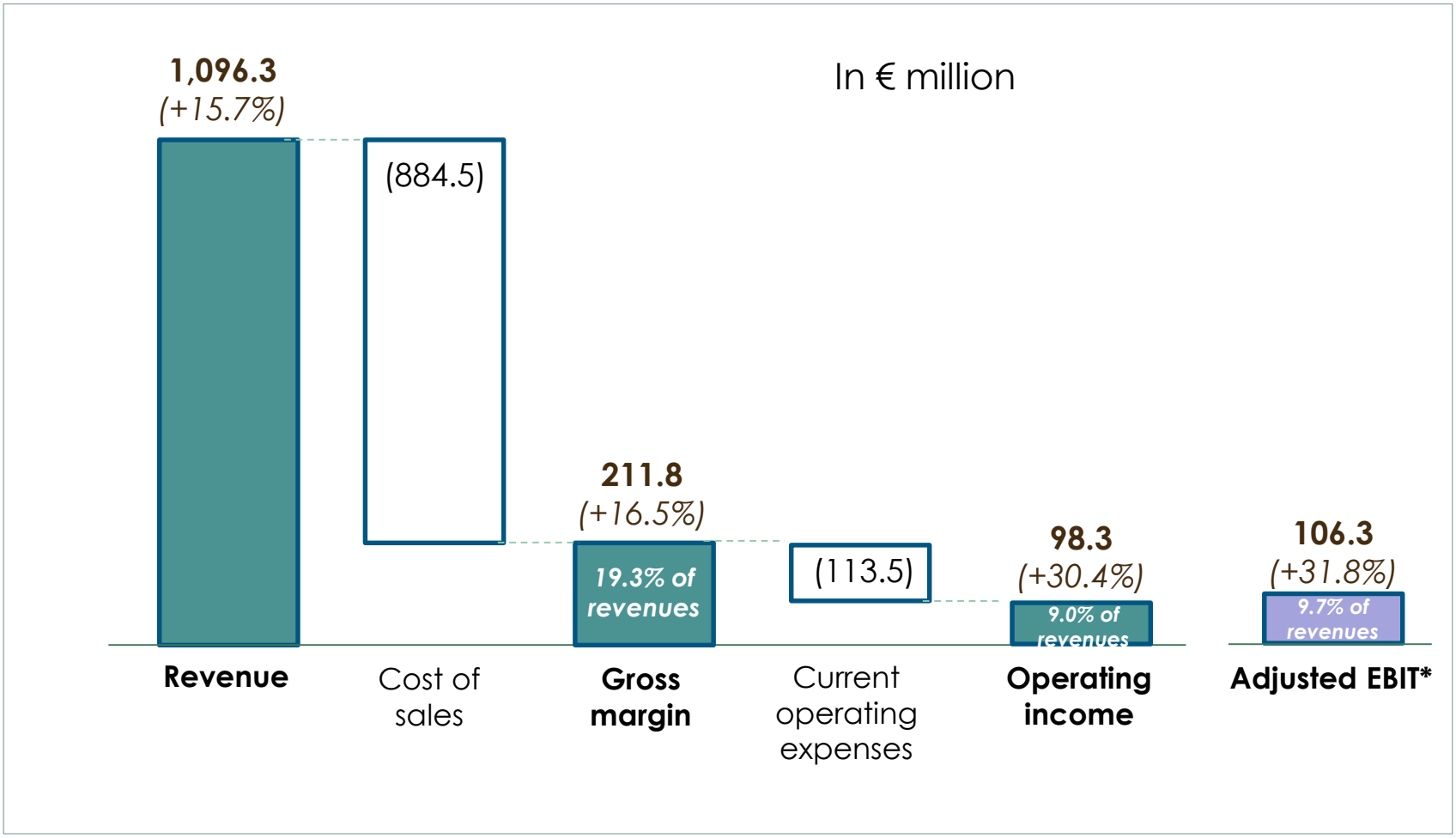
Housing units
€886.9 million vs. €820.8 million

Business property*:
€202.8 million vs. €122.9 million

Showrooms and others €6.6 million vs. €4.2 million

**Offices, retail premises, hotels, and logistics*

FROM REVENUE TO OPERATING INCOME

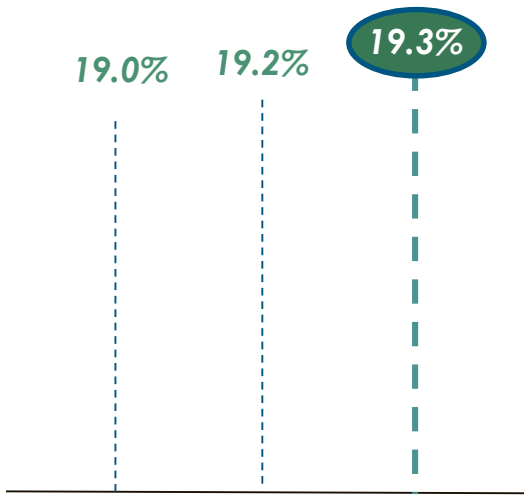


- *Corresponds to current operating profit restated for capitalized borrowing costs*

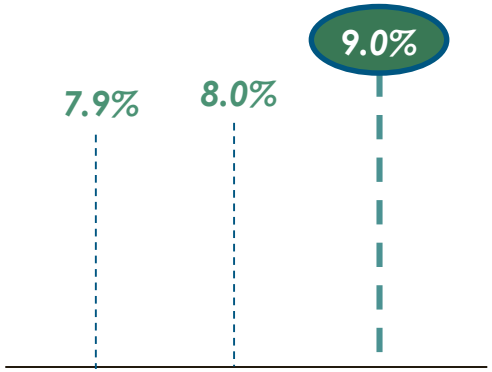
OPERATING MARGINS

KAUFMAN & BROAD

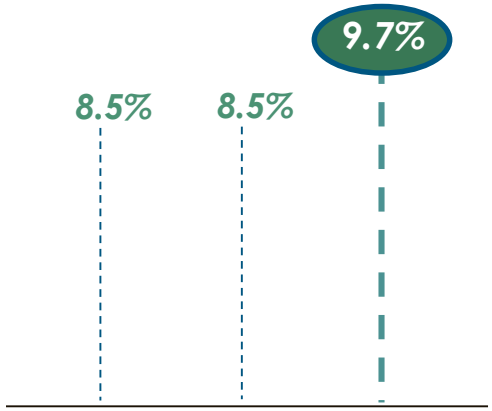
Gross Margin
(As a % of revenues)



Current Operating Margin
(As a % of revenues)

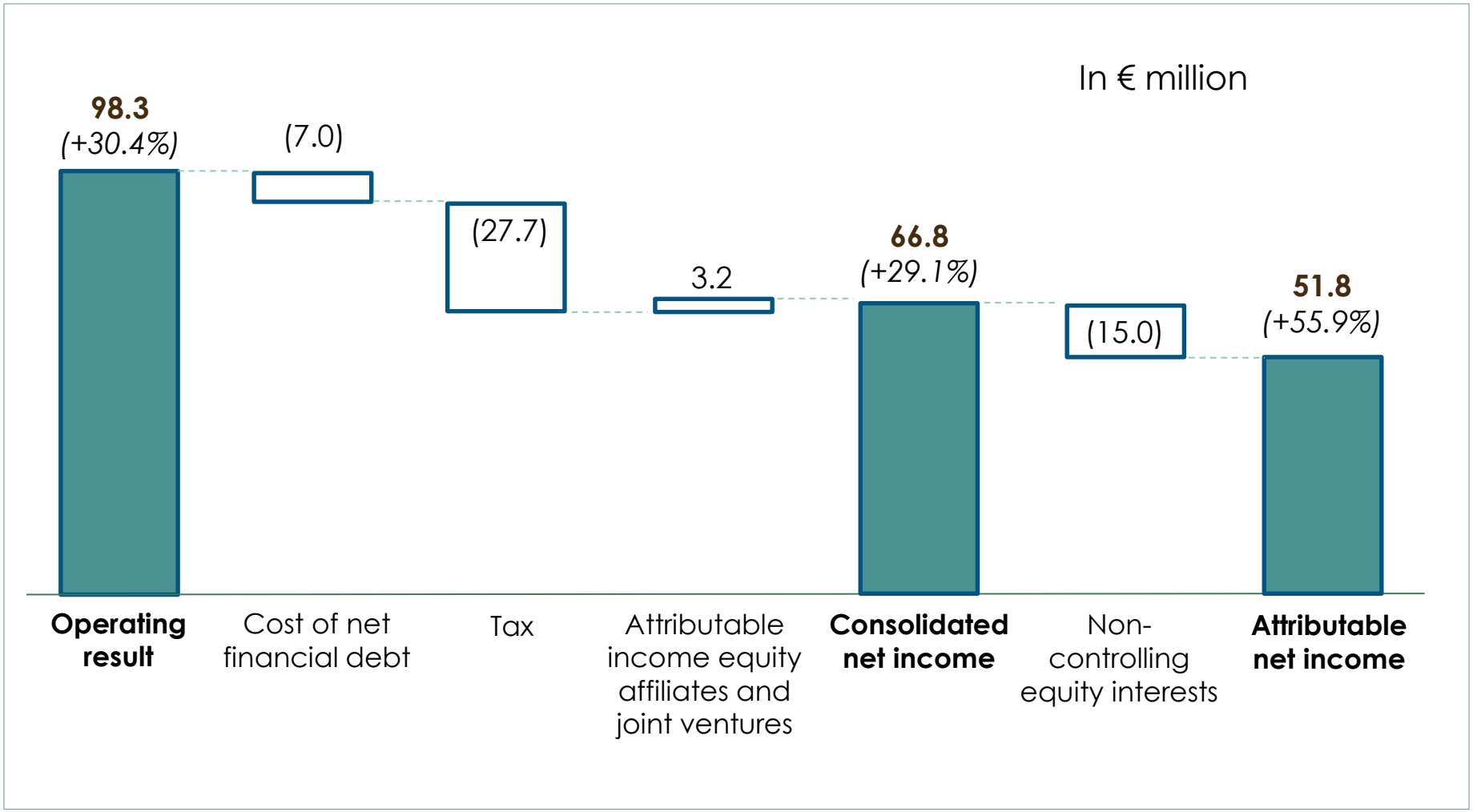


Adjusted EBIT*
(As a % of revenues)

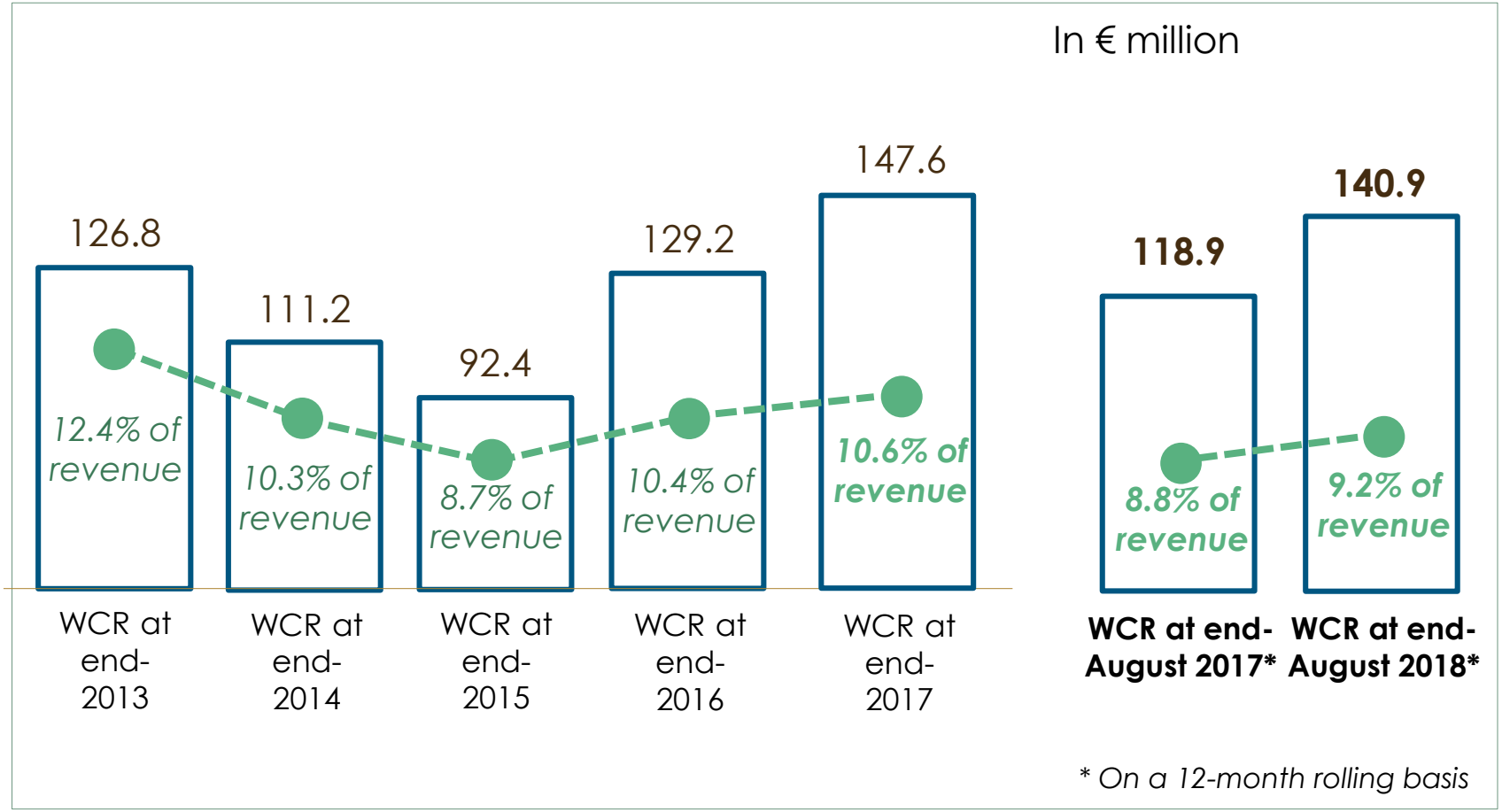


** Income from current operations restated for capitalized borrowing costs*

FROM OPERATING INCOME TO NET INCOME

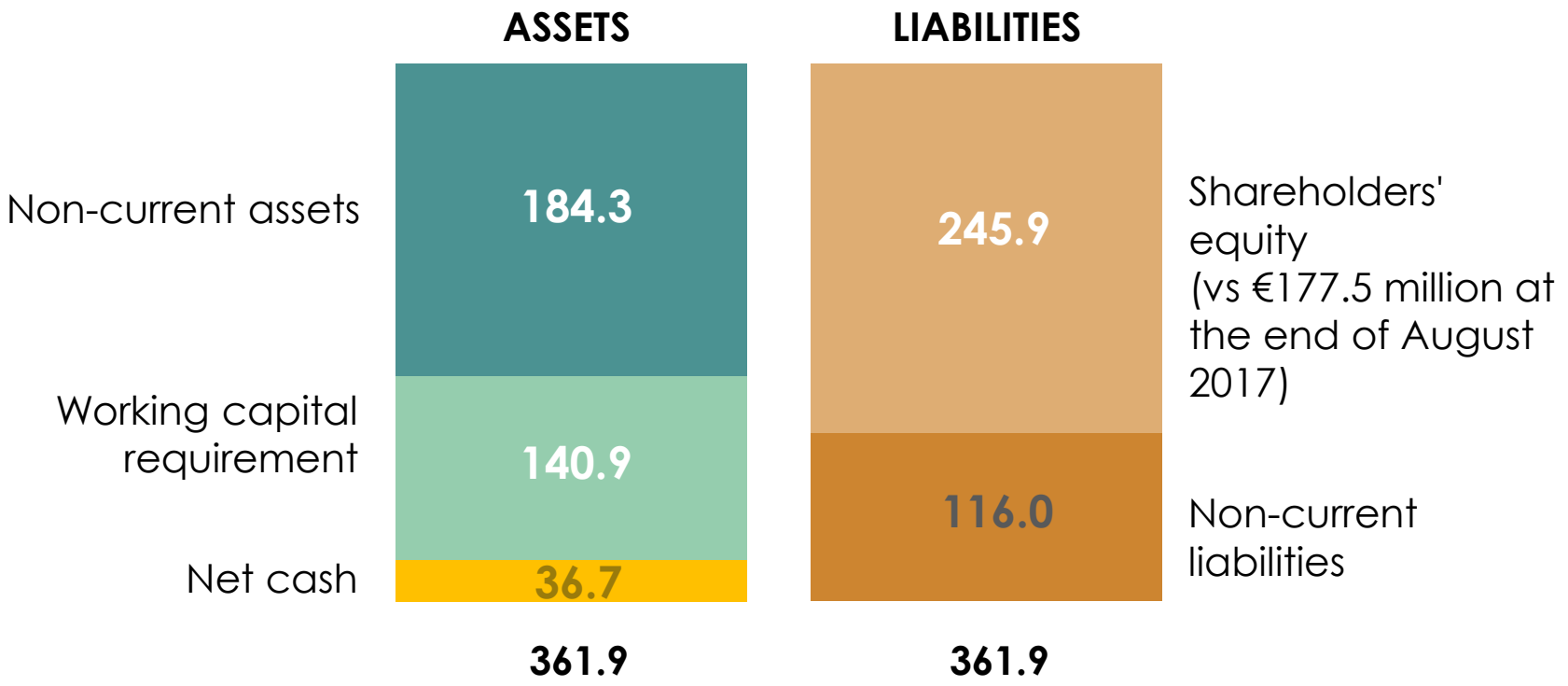


CHANGE IN WORKING CAPITAL REQUIREMENT



SUMMARY BALANCE SHEET AT THE END OF AUGUST 2018

> In € million

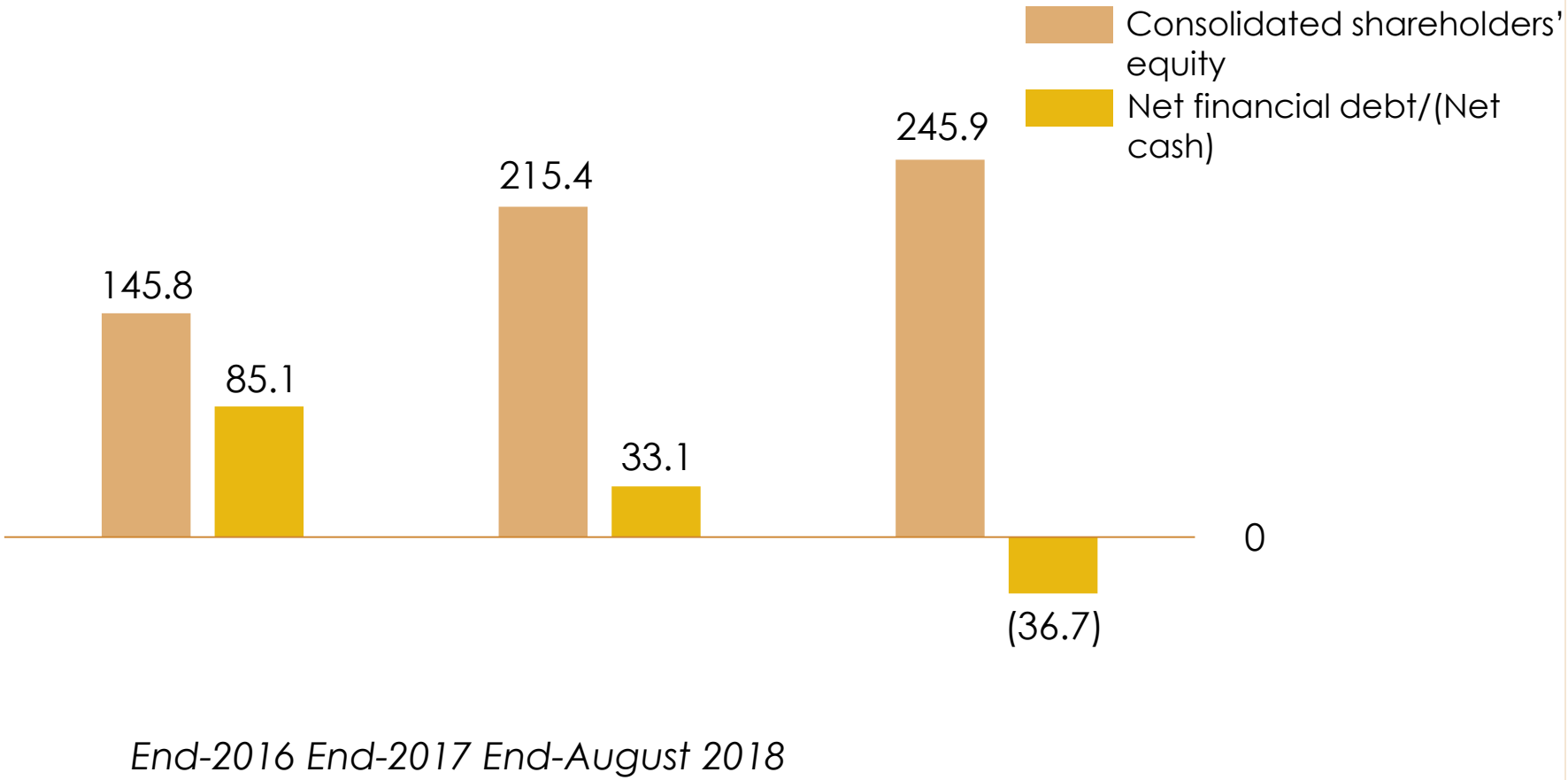


FINANCIAL STRUCTURE

In € million	August 31, 2018	Nov. 30, 2017
Shareholders' equity	**245.9**	**215.4**
Financial debt*	**252.9**	**254.2**
Of which financial debt maturing in < 1 year	3.2	4.5
Of which financial debt maturing in > 1 year	249.7	249.7
Maturity	4.8 years	5.6 years
** of which:*		
Loan issuance costs	*(0.5)*	*(0.5)*
Bilateral facilities, hedging instruments, and other	*3.4*	*4.7*
Bond loan	*150.0*	*150.0*
Senior B + C debt	*100.0*	*100.0*
Cash and cash equivalents	**289.7**	**221.1**
Financing capacity	**389.7**	**321.1**

CHANGE IN SHAREHOLDERS' EQUITY AND FINANCIAL DEBT

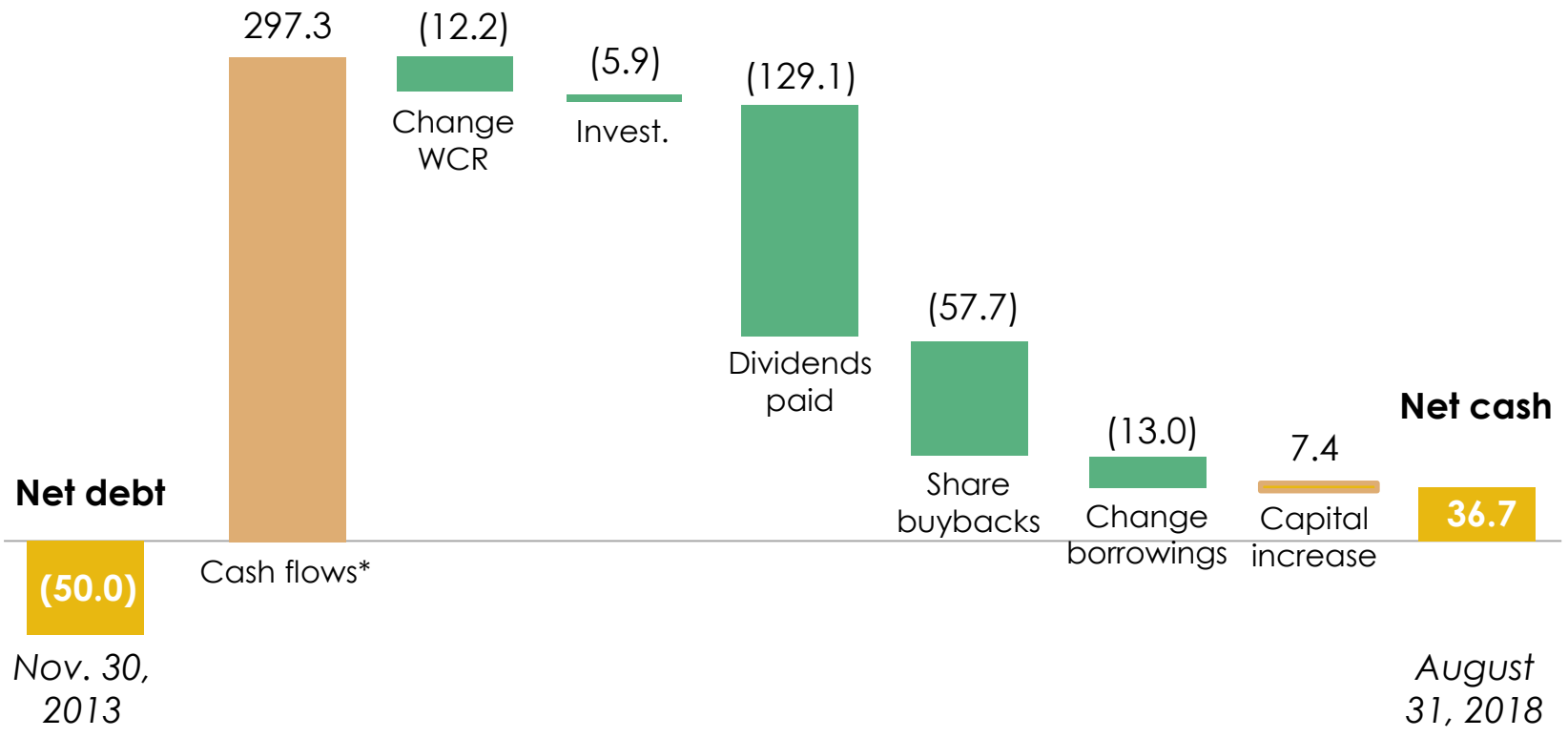
> In € million



STRONG CASH-GENERATING CAPACITY

KAUFMAN & BROAD

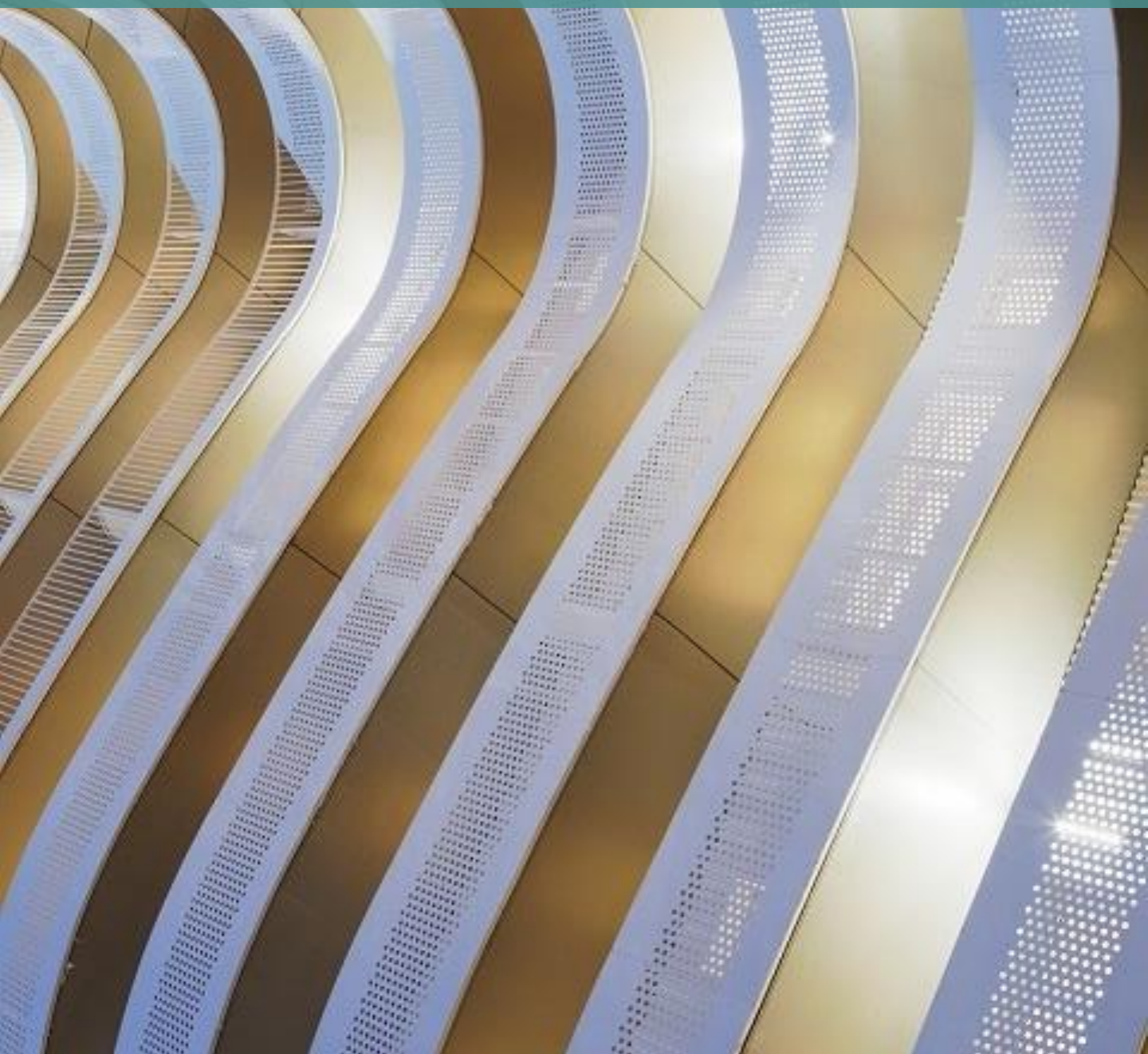
> Cumulative cash flows in the period 2014 – 9M 2018 (€M)



** Self-financing capability after non-controlling interests, corporation tax, and financial interests*

KAUFMAN & BROAD

OUTLOOK



OUTLOOK FOR 2018

- Market estimated at around 120,000/125,000 housing units

- Consolidated revenues: growth of > 10%
- Gross margin ratio: around 19%
- Adjusted EBIT ratio[1] : up to ~ 9%

[1] *Corresponds to income from current operations restated for capitalized borrowing costs*

IMPORTANT NOTICE

- *The Kaufman & Broad Registration Document was filed with the French Financial Markets Authority ("AMF") under No. D.180226 on March 29, 2018. It is available on the AMF (www.amf-france.org) and Kaufman & Broad (www.kaufmanbroad.fr) websites. It contains a detailed description of Kaufman & Broad's business activities, results, and outlook, as well as the associated risk factors. Kaufman & Broad specifically draws attention to the risk factors set out in Chapter 1.2 of the Registration Document. The occurrence of one or more of these risks may have a material adverse effect on the Kaufman & Broad Group's business activities, net assets, financial position, results, and outlook, as well as on the price of Kaufman & Broad's shares.*

- *This document does not amount to, and cannot be construed as amounting to a public offering, a sale offer or a subscription offer, or as intended to seek a purchase or subscription order in any country.*