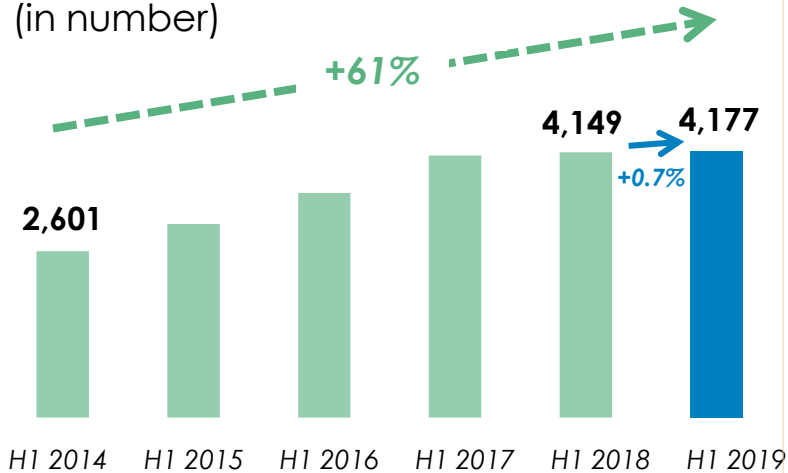


# H1 2019 RESULTS AND OUTLOOK

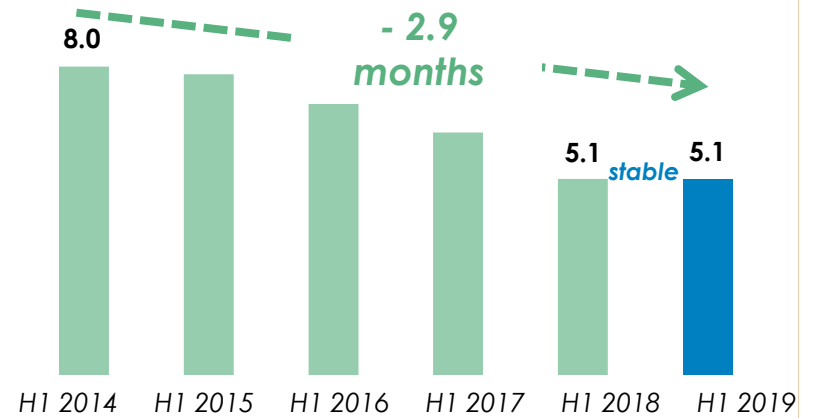
JULY 11, 2019

# MAINTAINING THE CONTROLLED GROWTH DYNAMIC

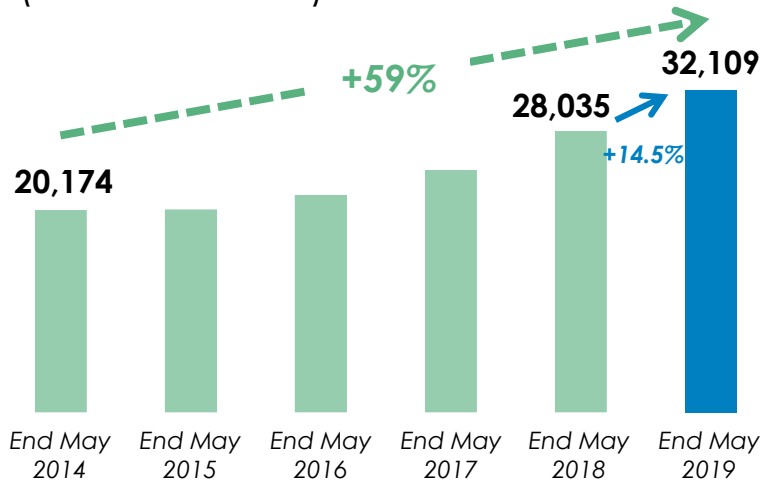
> Housing orders  
(in number)



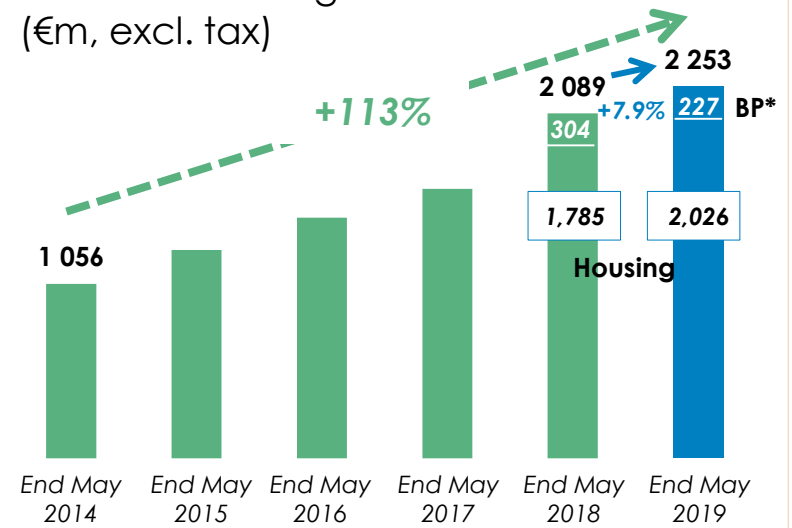
> Housing take-up period  
(in months, over 6 consecutive months)



> Housing property portfolio  
(number of units)



> Overall Backlog  
(€m, excl. tax)





KAUFMAN & BROAD

## HOUSING MARKET

# OUR VISION OF THE NEW HOUSING MARKET

## Favorable factors

- ▶ Stable tax incentive plans (Pinel, PTZ) in high-demand, low-supply areas
- ▶ Low interest rates
- ▶ Economic recovery
- ▶ Consumer confidence
- ▶ Demographic factors (population growth, trend towards living alone, increasing life expectancy, etc.)

## Points of tension

- ▶ Elimination of tax incentives in areas without high demand and low supply
- ▶ Decrease in social housing providers' purchasing power
- ▶ Increase in land and construction costs
- ▶ Increase in sale prices
- ▶ “Wait and see” attitude among construction companies
- ▶ Heavy taxes on Housing
- ▶ Impending municipal elections
- ▶ End of rising financial purchasing power

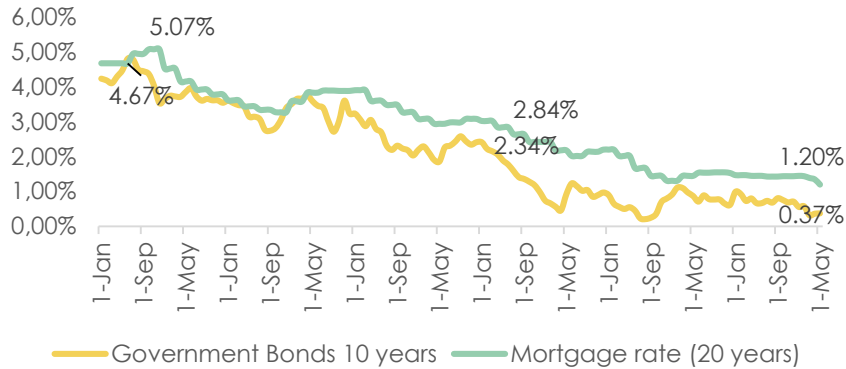
For 2019, the new Housing market is expected to stand at around 115,000 housing units

- Given the typical lag between an economic decline and a stalling job market, as well as hiring difficulties that were still significant at the end of 2018, the construction sector will create around 5,000 full-time and FTE temporary jobs in 2019.
- On top of that, in an economic and institutional context marked by a downturn in growth and by the 2020 municipal elections, there are two foreseeable scenarios:
  - The first scenario is favorable, since it would reverse the decline in 2019, and banks on the quick announcement – before the end of June 2019 – of a lasting return to a 40% zero-interest loan in areas B2 and C.
  - The second scenario, based on the elimination of zero-interest loans in areas B2 and C by 2020, would push the building sector into a new crisis phase earlier than initially expected, after only three and a half years of truncated recovery.

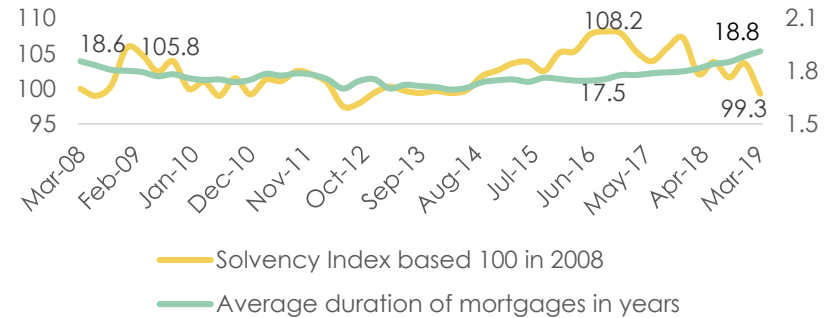
*Source: Fédération Française du bâtiment, Dec. 2018*

# MACRO-ECONOMIC ENVIRONMENT

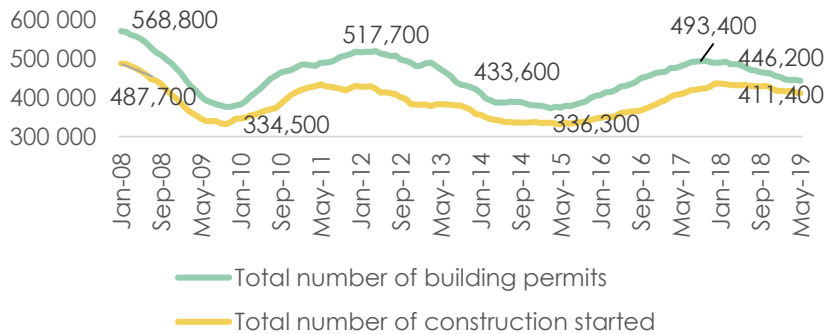
### Historically low interest rates



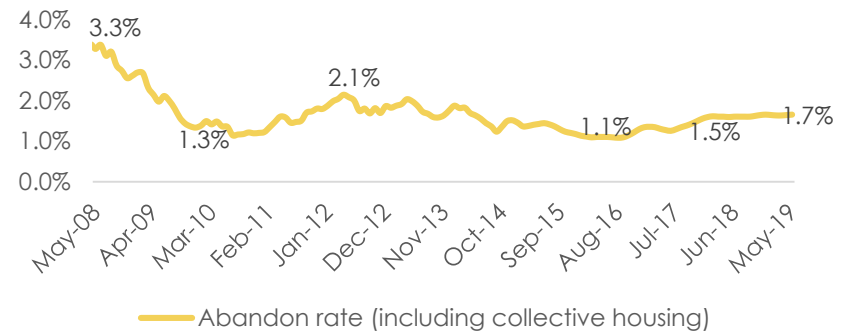
### Longer mortgage terms and declining household solvency



### Permits and new construction projects down (12 consecutive months)

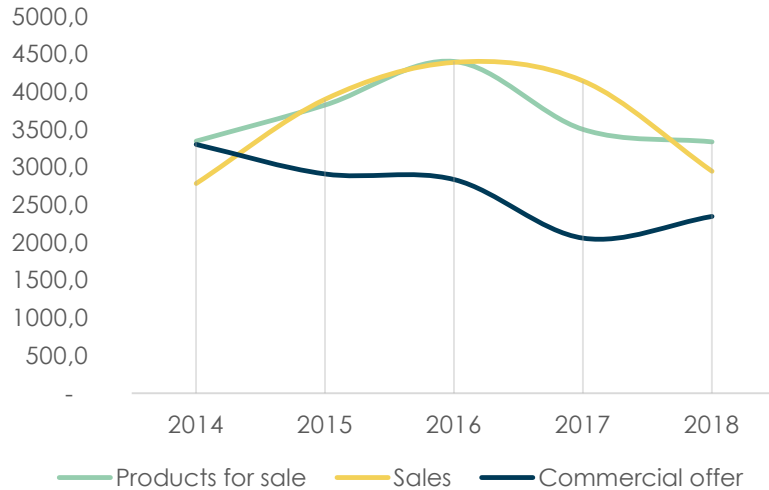


### Abandonment rate still high (5 consecutive months)

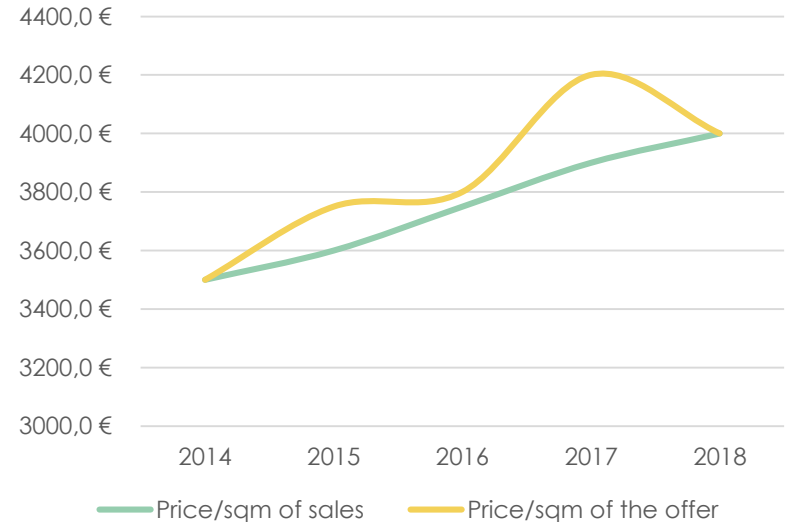


# PRIMARY MARKET INDICATORS – REGIONAL METROPOLITAN AREAS

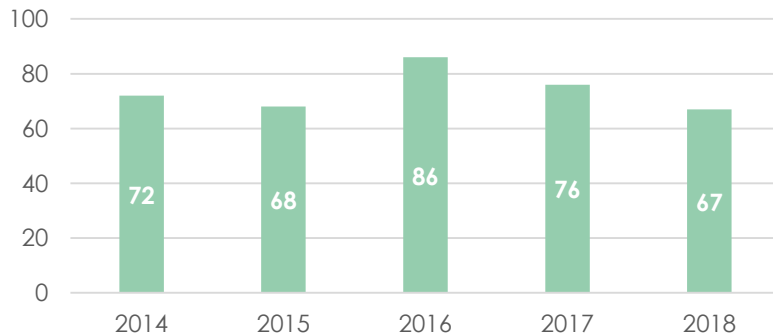
### Market volume



### Price per Square meter



### Number of "active" developers (5 or more sales in the year)



### Withdrawal rate and take-up period



Sources: Kaufman & Broad

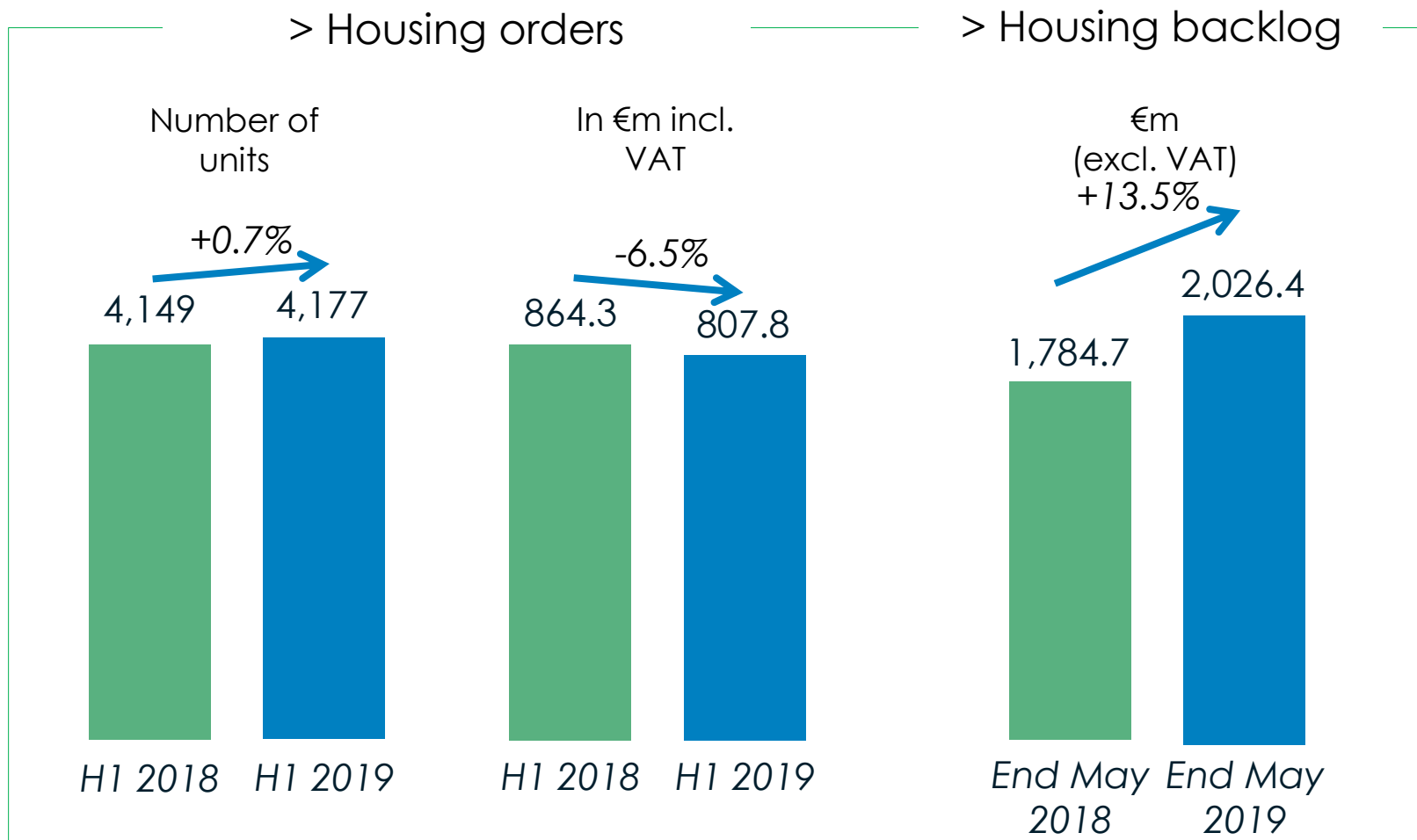


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**HOUSING BUSINESS**

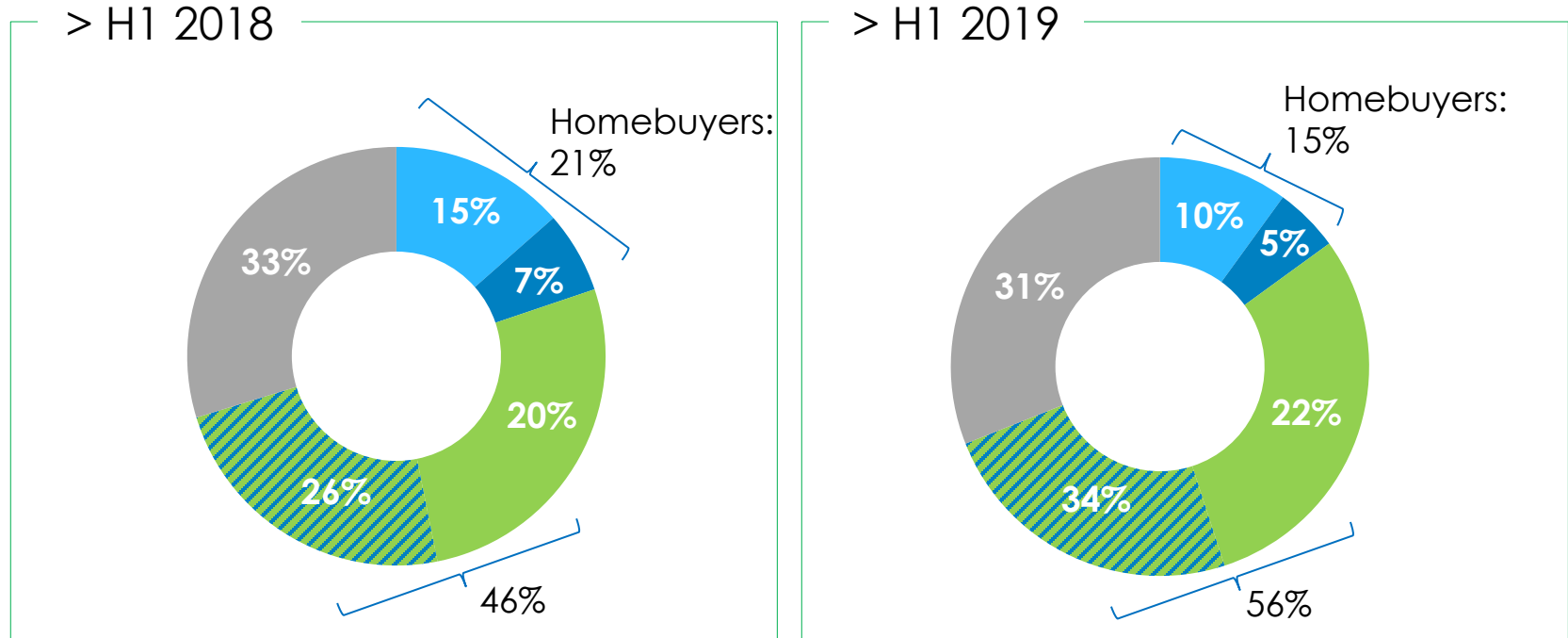


# CHANGE IN ORDERS AND HOUSING BACKLOG



# HOUSING ORDERS IN VOLUME: CHANGE IN BREAKDOWN OF CUSTOMER BASE

Orders in volume terms:



First-time homebuyer



Second-time homebuyer



Block



Investor

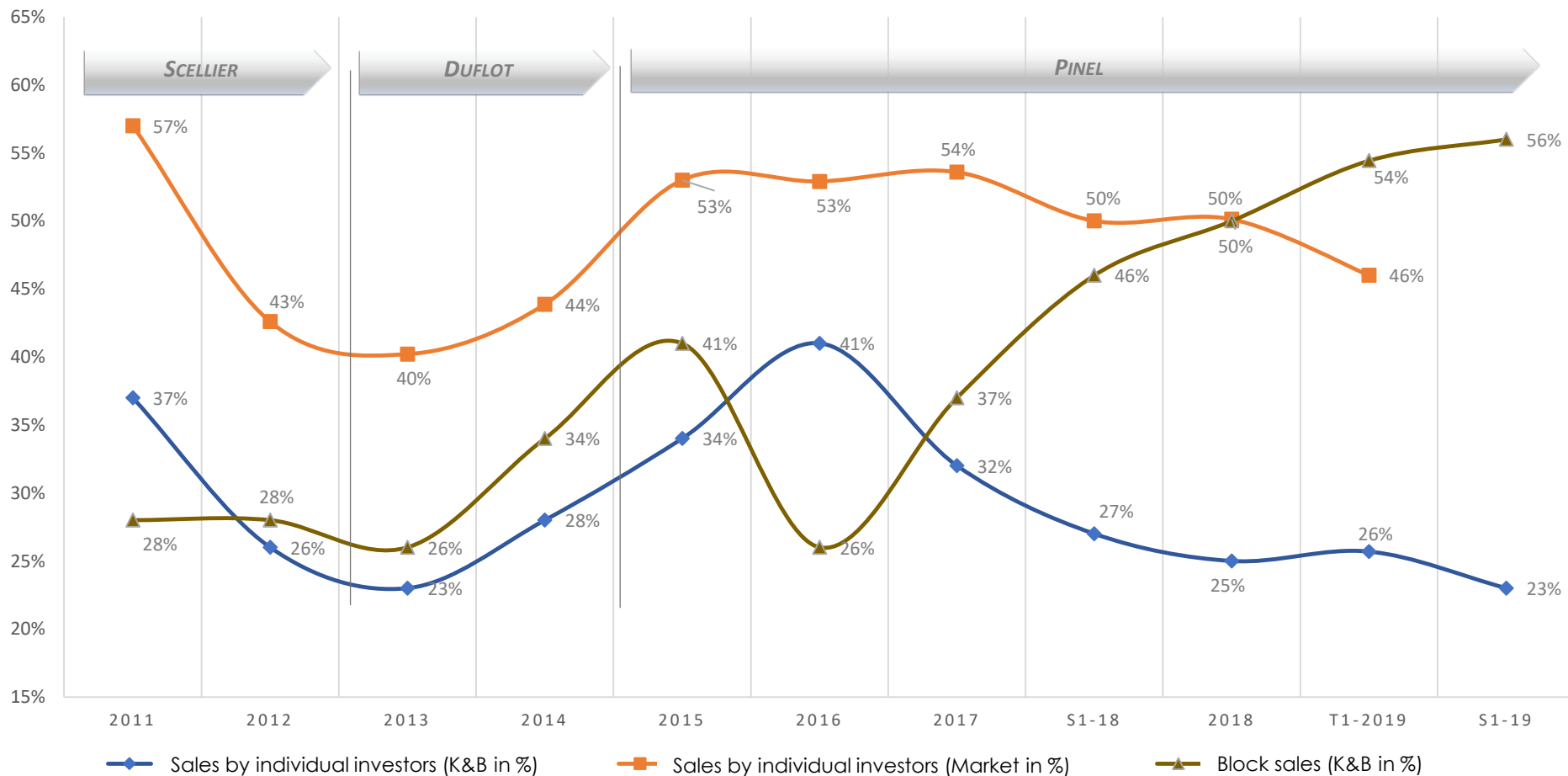


O/w managed housing

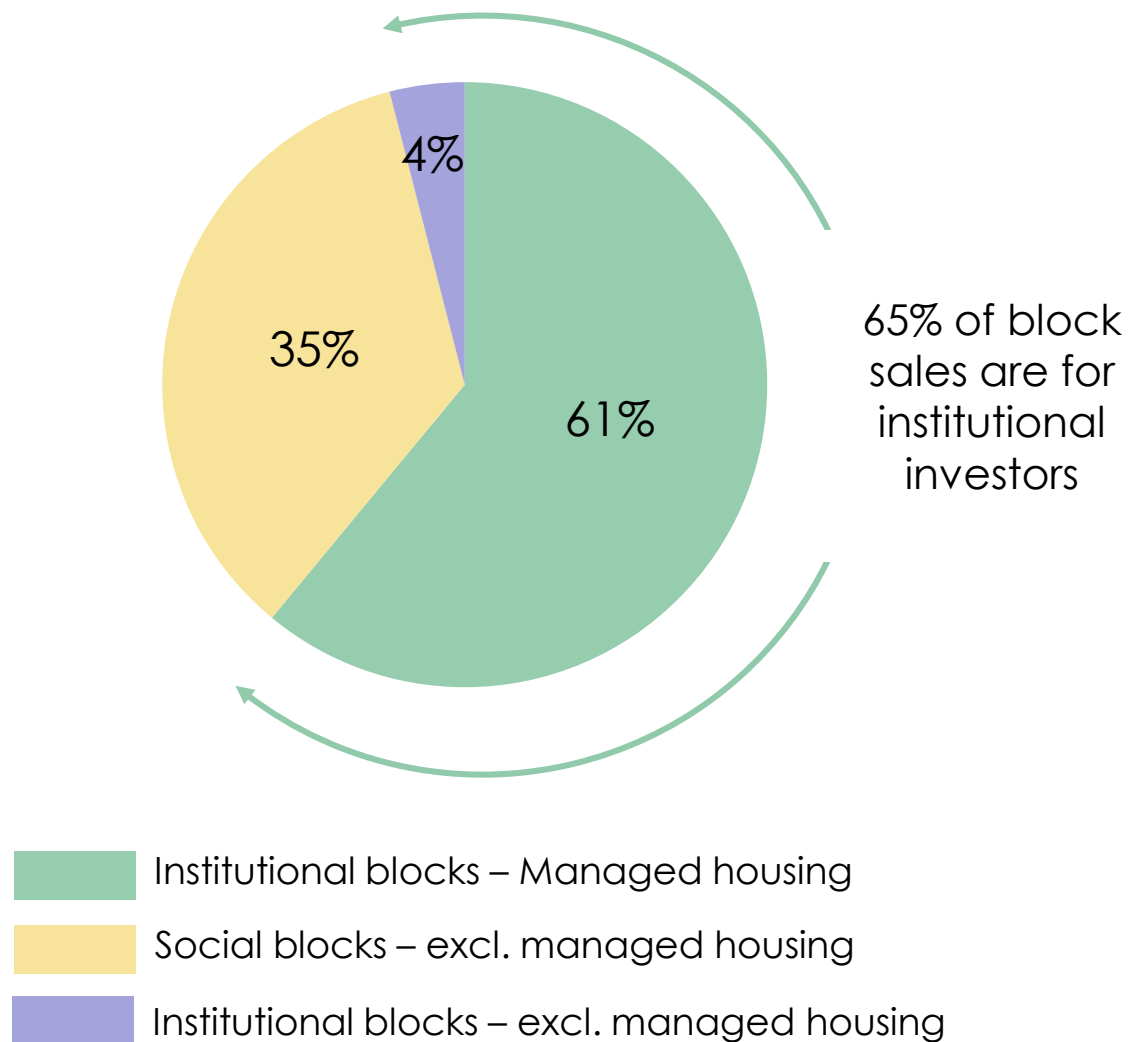


# CHANGE IN THE PROPORTION OF TAX INCENTIVES IN ORDERS

## RETAIL ORDERS – TAX INCENTIVES (SCELLIER/DUFLOT/PINEL) VS. BLOCK ORDERS

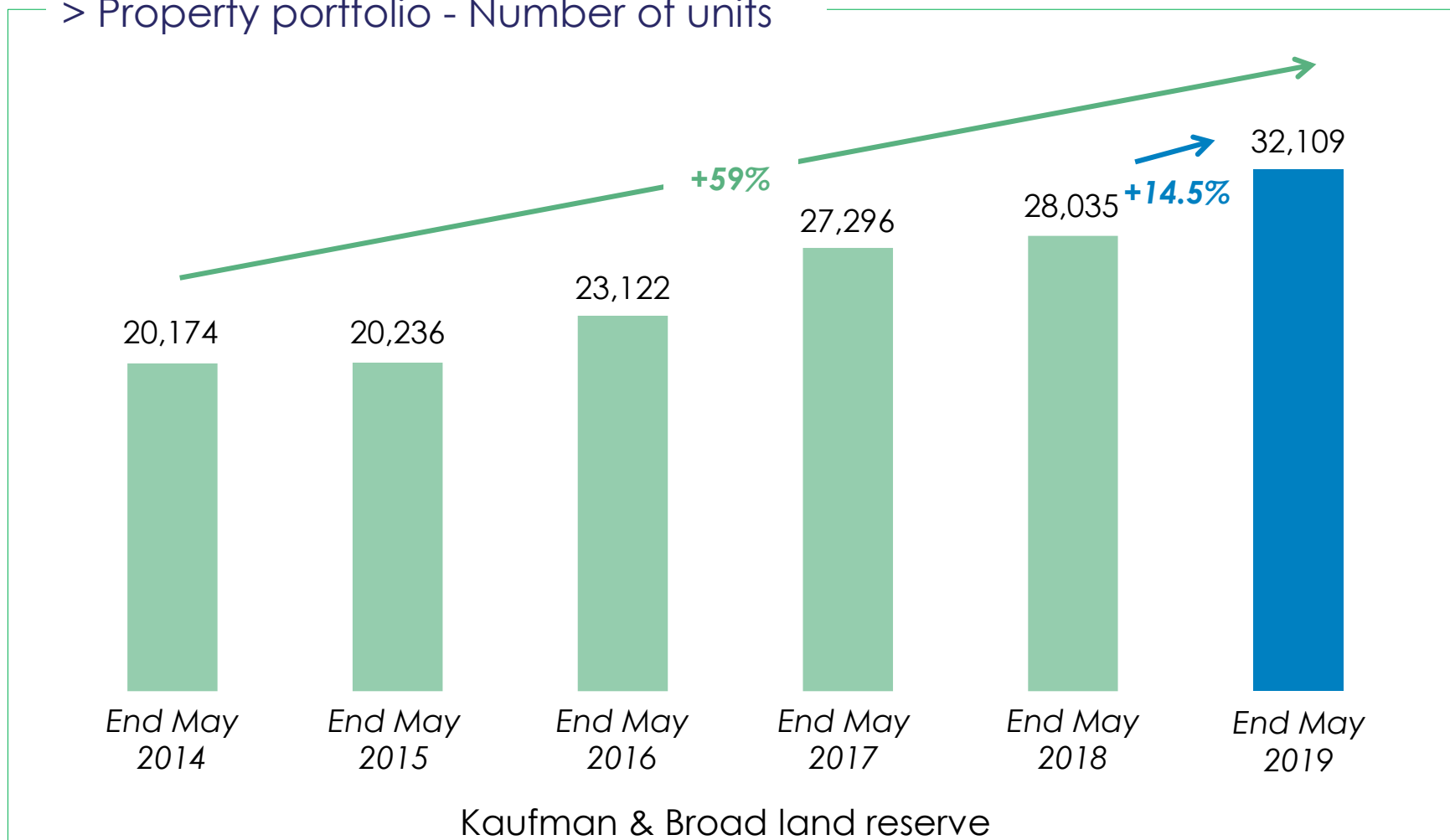


# CHANGE IN THE BREAKDOWN OF BLOCK SALES



# DEVELOPING THE PROPERTY PORTFOLIO

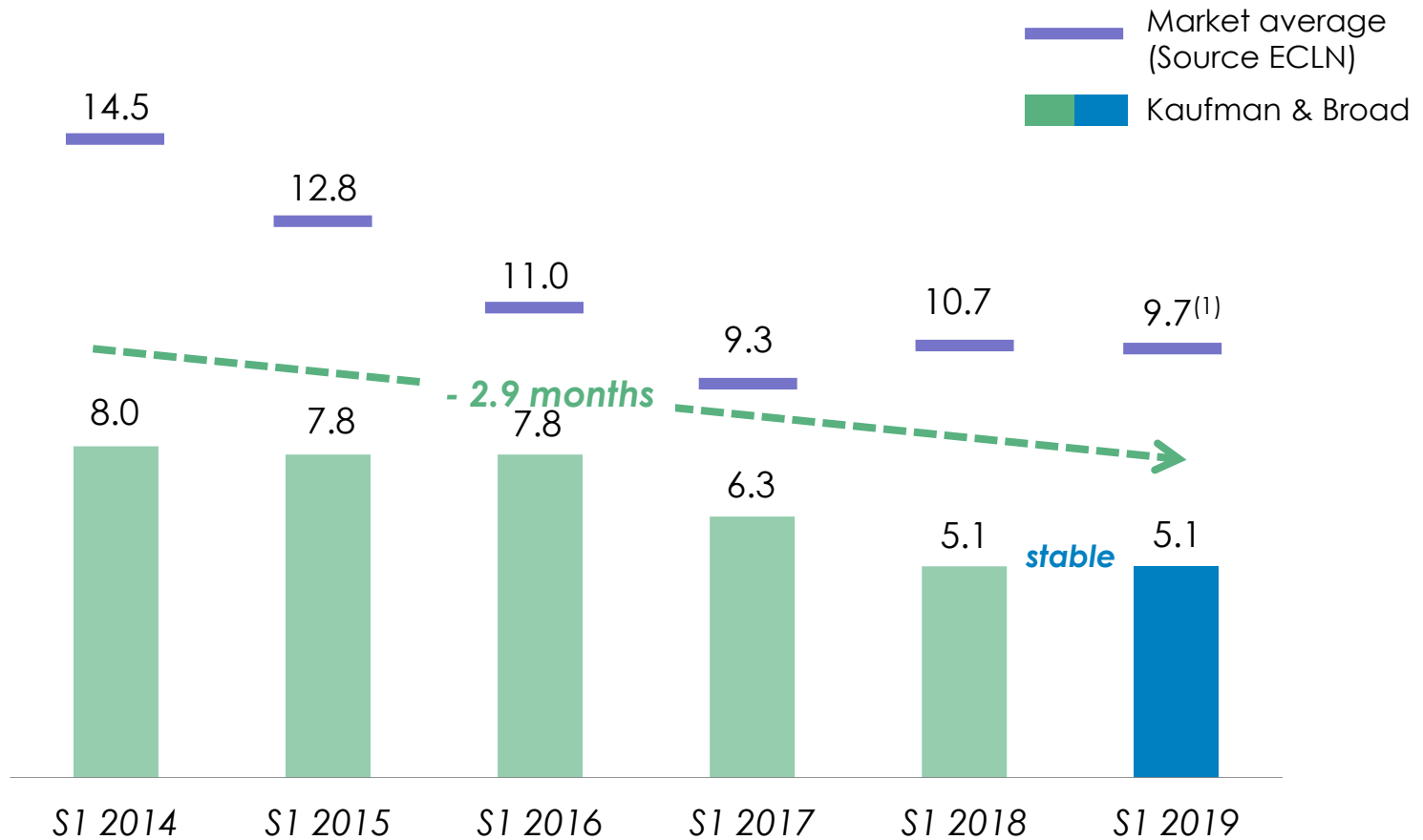
## > Property portfolio - Number of units



Kaufman & Broad land reserve  
at end May 2019: 97% in high-demand, low-supply areas

# TAKE-UP PERIOD REMAINS AT LOW LEVELS

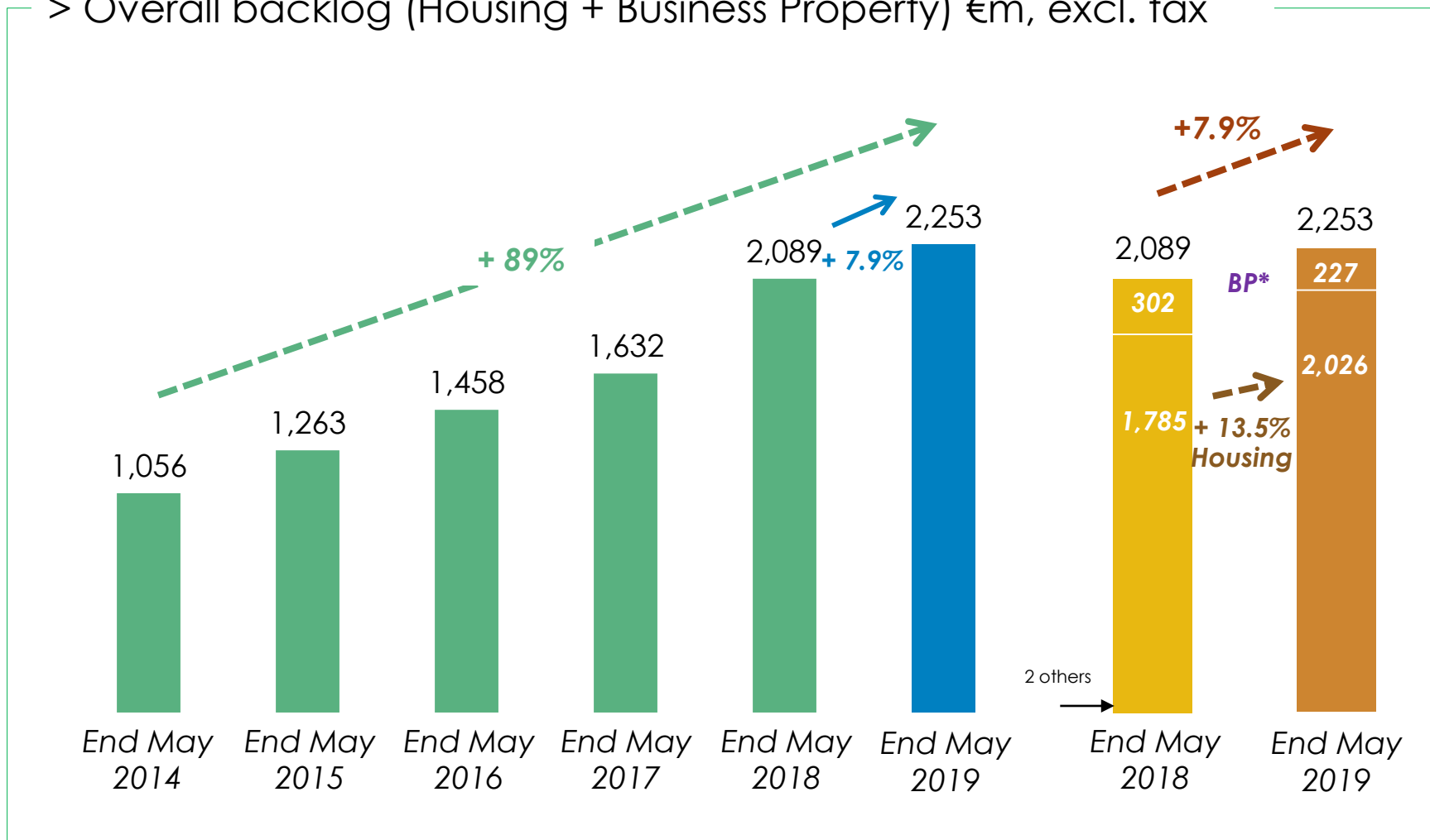
> Take-up period\* – in months



\* On a 6 month basis, commercial offer at end of period/Average orders in the period  
 (1) ECLN data available at end March 2019

# SOLID BUSINESS OUTLOOK

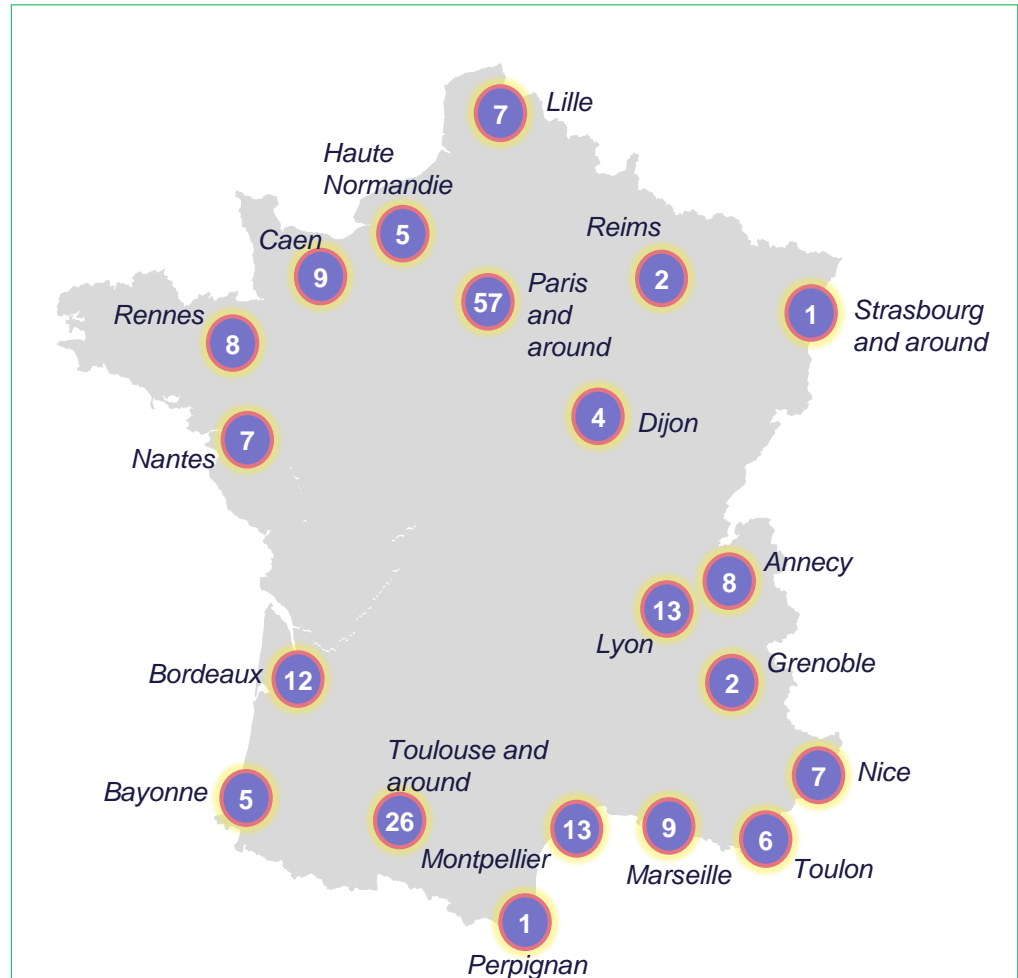
> Overall backlog (Housing + Business Property) €m, excl. tax



\*Business Property and others

# STRONG SALES ACTIVITY IN 2019

At May 31, 2019,  
there were 200 programs  
on the market, representing  
3,575 housing units  
(vs. 3,527 at May 31, 2018)





# CUSTOMER SATISFACTION: A STRATEGIC PRIORITY FOR KAUFMAN & BROAD

- Recurring survey by BVA to measure our customers' satisfaction and how it changes throughout a real estate project
- Focusing on four key stages of the customer process:



- Survey presented once a year to the Board of Directors, and twice a year to the Executive Committee
- Incorporation of a composite index including 10 points for measuring customer satisfaction in the variable compensation objectives of the Chairman and Chief Executive Officer, the Executive Committee members, and Agency Directors



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MANAGED HOUSING

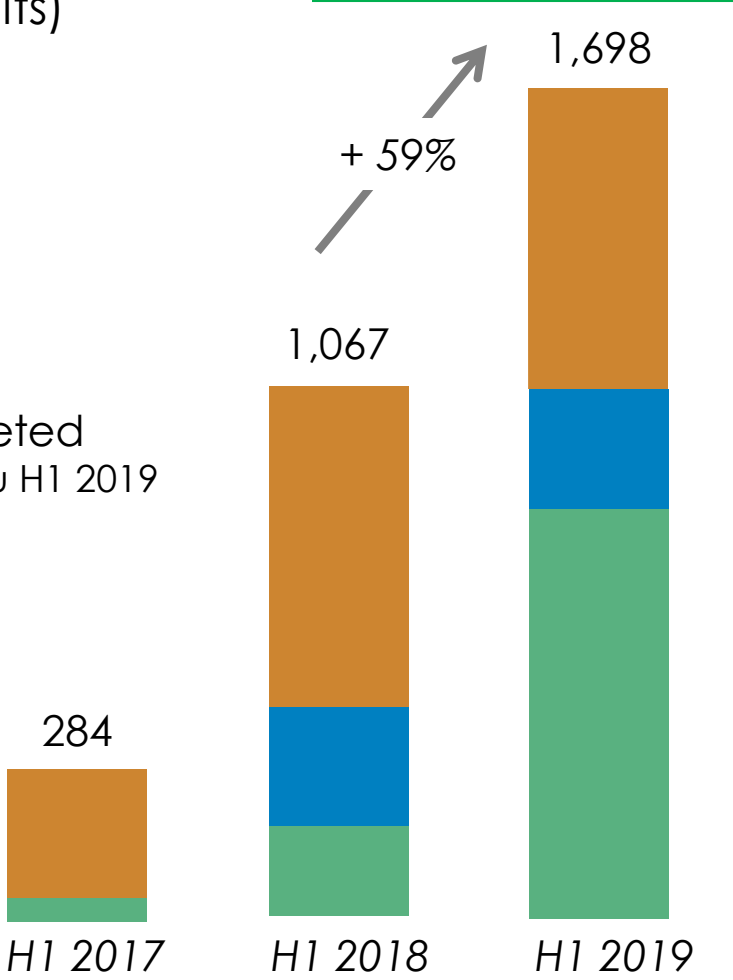
# MANAGED HOUSING: ORDERS IN H1 2019

## > H1 2019 orders (Number of units)

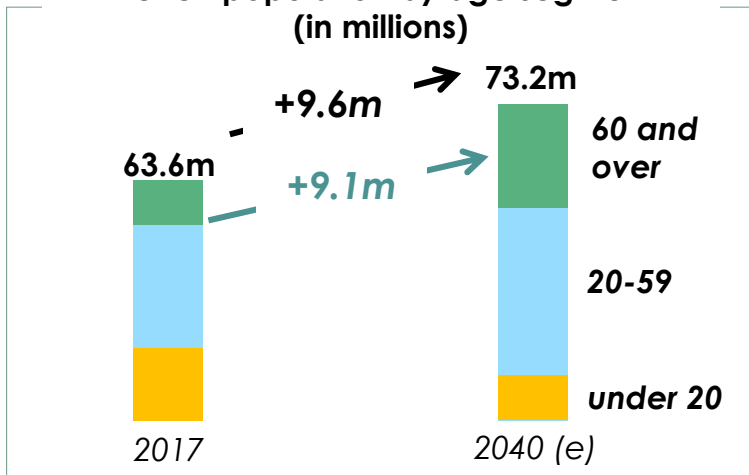
- Tourist / Corporate Housing
- Senior Housing
- Student Housing

- 2019: 19 projects being marketed
  - Incl. 13 already launched in au H1 2019
  - (incl. 2 by Cosy Diem\*)

\* 49% subsidiary of Kaufman & Broad

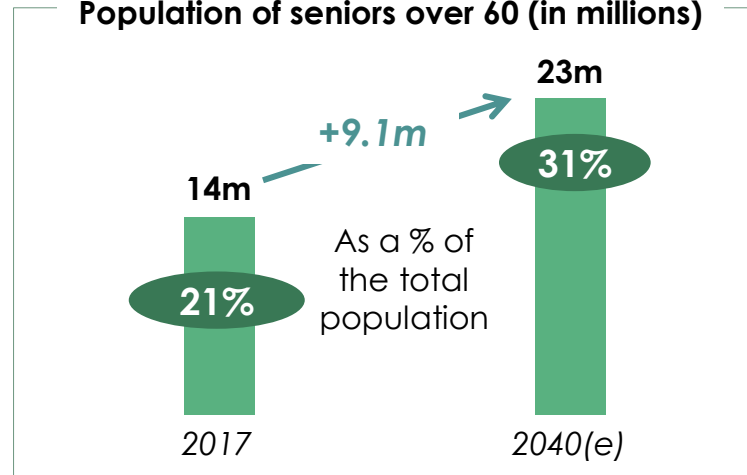


**French population by age segment (in millions)**



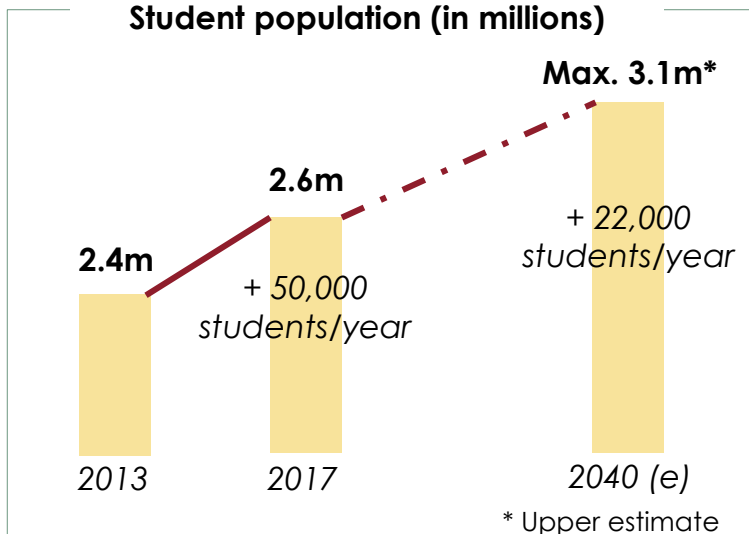
Source: Insee Première

**Population of seniors over 60 (in millions)**



Source: Insee Première

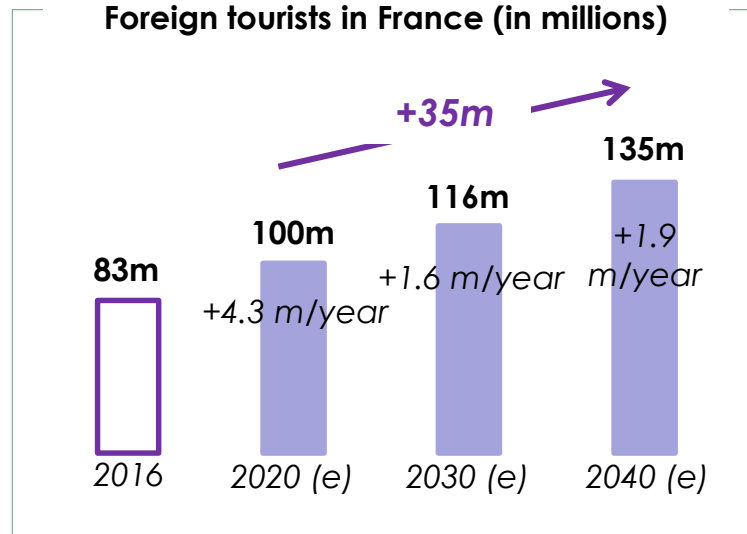
**Student population (in millions)**



\* Upper estimate

Sources: INSEE, French Prime Minister's office

**Foreign tourists in France (in millions)**



Sources: economie.gouv.fr; UNWTO



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**LARGE PROJECTS  
AND WOOD  
INNOVATION**

# TOULOUSE: TRANSFORMING THE STADE TOULOUSAIN SITE INTO A LARGE-SCALE MIXED-USE URBAN PROJECT

- The “DROP” project will transform the Stade Toulousain site into a multi-use site, with a focus on sport and well-being
- Architects: Taillandier Architectes Associés and PPA Architectures;  
Landscape architect: BASE
- 1st segment: 200,000 sq.m
  - 44,000 sq.m of office space
  - 5,000 sq.m of managed housing
  - 15,000 sq.m of hotels
  - 2,150 housing units with 3,000 sq.m of retail space on the ground floor
  - Cosydiem senior housing
  - A 2,500 sq.m rugby museum
  - Arena
  - Sports training center with housing
  - 2,000 sq.m renovation of the Stade Toulousain and reception rooms



# TOULOUSE : PROJET MIXTE SUR LE SITE DE ST ALBAN

- Projet « Energie + » porté par Kaufman & Broad, mandataire de l'équipe pluridisciplinaire qui l'a conçu
- Pierre Louis Taillandier architecte
- Environ 12 500 m<sup>2</sup> dans le secteur de TucoL à Saint Alban
- Projet mixte composé de logements évolutifs (collectifs et individuels) et services de proximité : commerces, crèche, école, bricothèque, Maison des générations, un laboratoire de l'économie circulaire, espaces de coworking, jardins pédagogiques et vergers, conciergerie



# BUSSY SAINT GEORGES: LES JARDINS DES CERISIERS

- The first 100% wooden-framed house in Bussy Saint-Georges (77)
- 66 multi-occupancy housing units and 14 individual homes.
- Wood as the theme material for the construction:
  - Wooden attics for the 66 multi-occupancy housing units
  - PANOBLOC® for 5 individual homes: prefabricated, pre-insulated wood panels to be assembled on-site to make up the structure
  - Wooden frames for 9 individual homes
- Delivery: March 31, 2020





# VILLEPREUX: "FEEL WOOD" PROJECT ECO-RESPONSIBILITY AND MOBILITY

- **12 individual wooden frame houses**, with 3 or 4 rooms
- Building with **20 apartments**, each with between 2 and 5 rooms



Natural lighting in the common areas to limit electricity consumption



Energy-recovering elevators



More prominent staircases to encourage people to use them more



Collective and individual composting areas



Rainwater recovery



The **first application of a partnership between the Kaufman & Broad Group and the Renault Group**, with a special offer to lease a ZOE electric vehicle under exceptional conditions, for all future buyers



- More than 10,000 sq.m of high-energy performance office space in the Vache Noire area of Arcueil (94)
- 197 parking spaces
- Work spaces that strike the right balance between interior and exterior (accessible loggias and terraces)
- Weight-bearing façade in wood
- Landscaped roof, solar panels

# SEQUOIA'H, NANCY (54)



- Mixed-use 7-story building in the Nancy Grand Cœur eco-district
- 3,600 sq.m of office space, 2,400 sq.m of housing, 540 sq.m of retail space
- Concrete newel, peripheral walls in PANOBLOC, and floors that combine wood and concrete

# EDF AQUITAINE HEAD OFFICE, BORDEAUX (33)



- Bordeaux head office of EDF Commerce Sud-Ouest and the Aquitaine Limousin Poitou Charentes Regional Delegation
- 4,500 sq.m of office space
- Combination of wood and concrete, wood-frame façades
- Delivered in 2019



- 18-story, 60-meter building
- Primary structure with giant timbers made of 70% wood
- 198 apartments, 5,700 sq.m of office space, 300 sq.m of retail space, underground parking garage



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COMMERCIAL BUSINESS

## Market

Maintaining high investment volumes over the first five months of 2019:

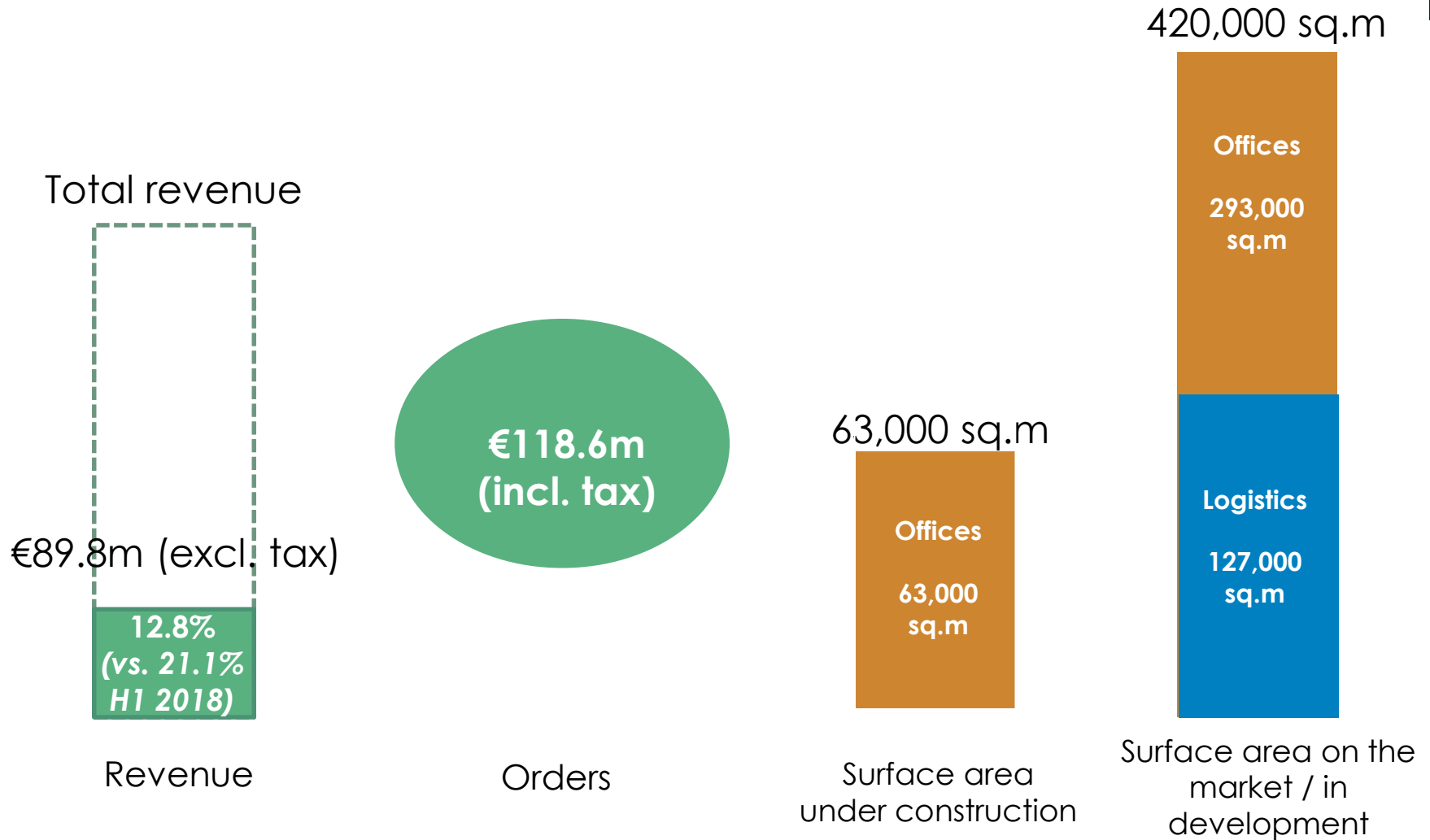
- VEFA volume signed in Paris region: €566m (excl. tax)



- Orders: €118.6m (incl. tax) in H1 2019

Sources: BNP Paribas Real Estate.

# COMMERCIAL: BUSINESS AT H1 2019





# A7A8 PROJECT IN THE GARE D'AUSTERLITZ DISTRICT – UNDER DEVELOPMENT

- The last opportunity for building a complex on the Left Bank of Paris, in a 92,000 sq.m building where the 5th arrondissement meets the 13th
- Building permit filed in May 2019
- Building permit should come through by late 2020 / early 2021



- 50,000 sq.m of office space on the market\*
- 20,000 sq.m of retail space, reserved under a CPI real estate promotion contract\*
- 11,500 sq.m in student housing\*
- 4-star hotel with 210 rooms, reserved under a CPI
- Buyers already identified for the retail space, hotel, parking garages, and SNCF space
- All the VEFA / CPI contracts will be included once the building permit is obtained

\* Not included in orders to date

# OFFICE DEVELOPMENTS IN AND OUTSIDE THE PARIS REGION



- Courbevoie
- Highlight building
- 23,000 sq.m offices, 6,000 sq.m hotel residence



- Bordeaux Euratlantique
- 26,000 sq.m



- Austerlitz Rive Gauche
- 92,000 sq.m
- Permit filing: May 2019



- Bordeaux Tour Silva
- 20,000 sq.m offices, housing and retail



- Strasbourg Starlette Building
- 20,000 sq.m offices, 15,000 sq.m housing



- Toulouse Andromède Building
- 15,000 sq.m offices
- Permit filing: Q1 2019



- Arcueil Green Oak Building
- 10,000 sq.m offices



- Lille Eurasanté
- 7,000 sq.m



- Nancy SEQUOIA'H
- 6,500 sq.m offices, housing and retail



- Montrouge
- 10,000 sq.m
- Permit filing: Q3 2018



- Vélizy
- 37,000 sq.m offices
- Permit filing: Q4 2018

2019

2020

2021

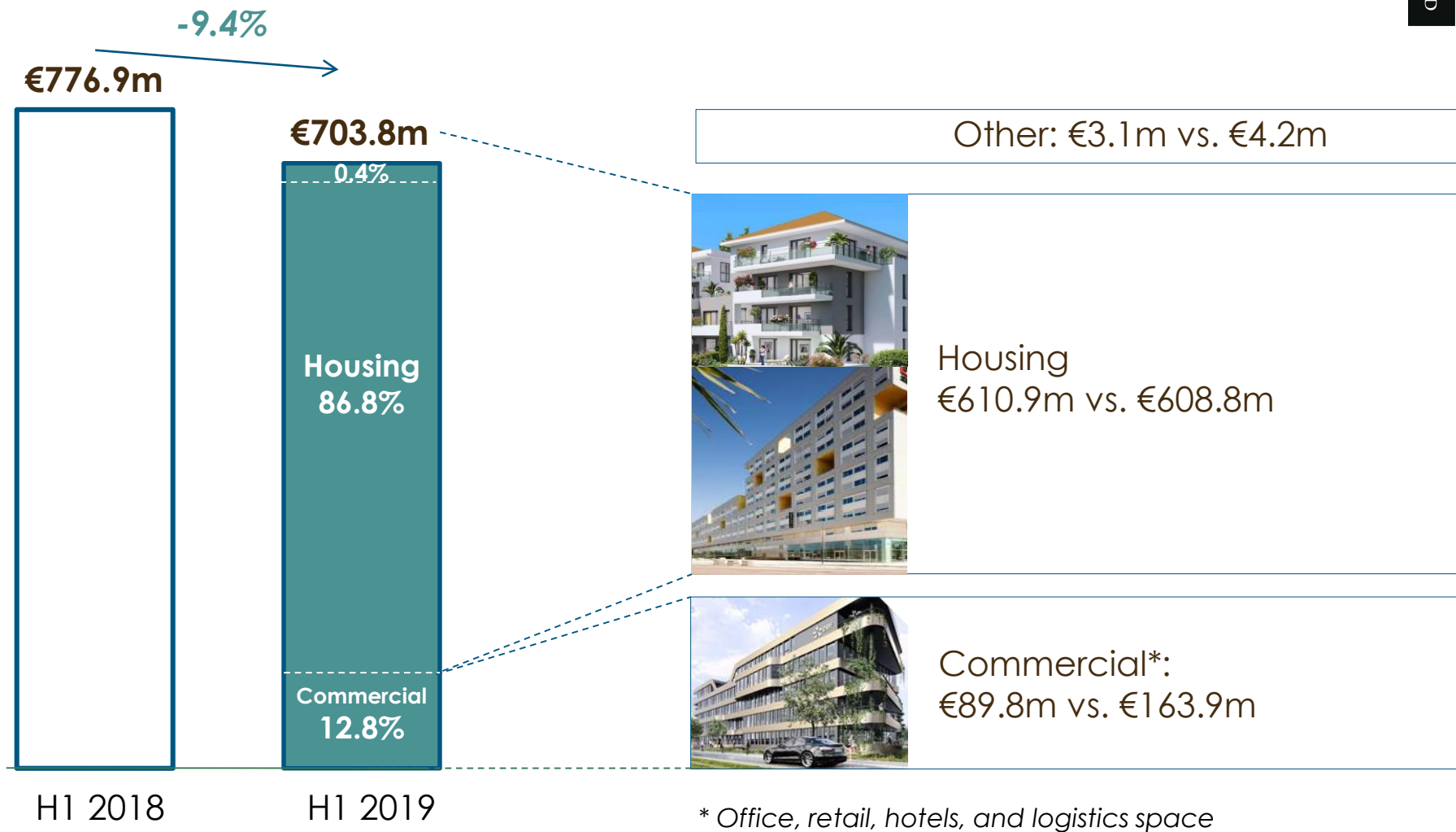
2022



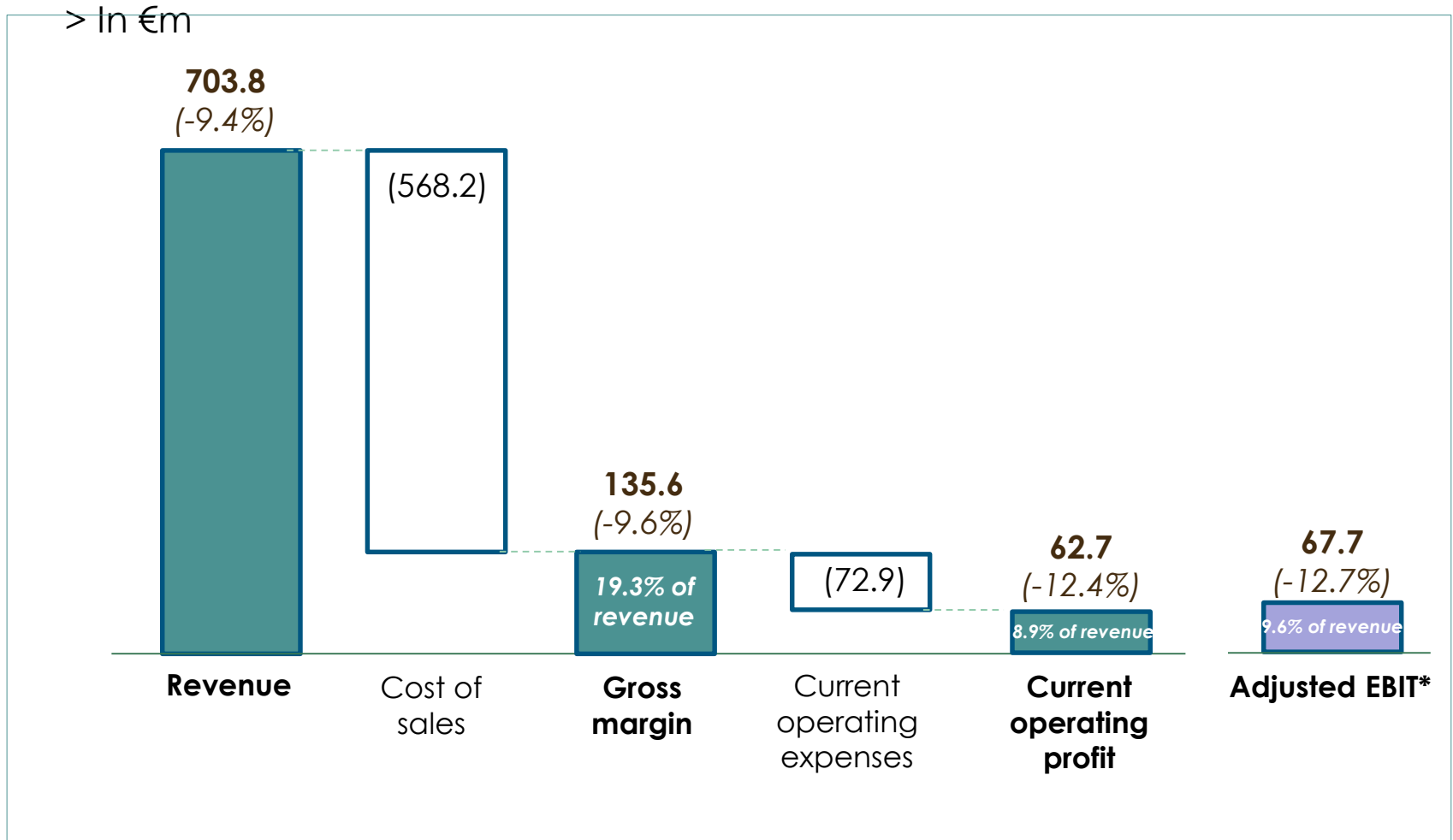
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## FINANCIAL RESULTS

# REVENUE

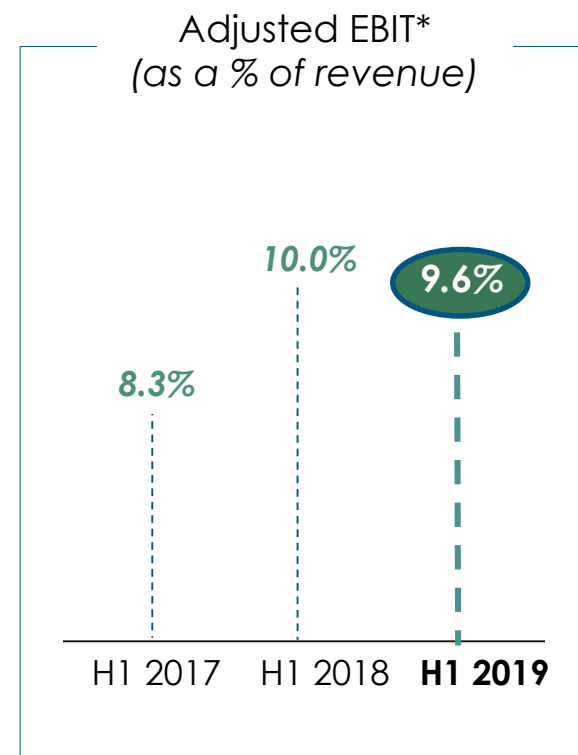
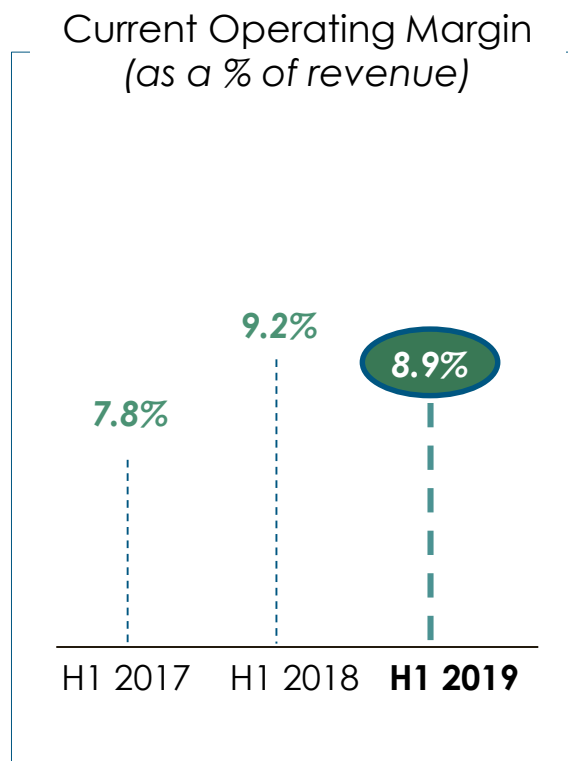
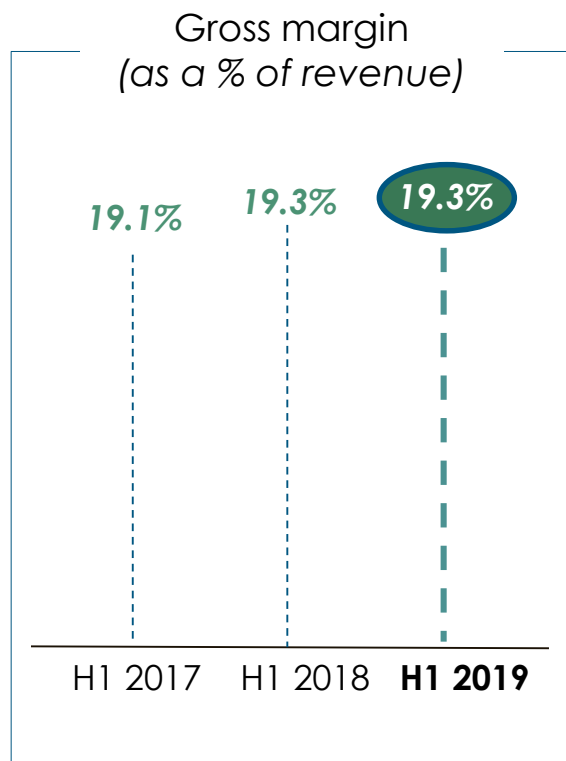


# FROM REVENUE TO OPERATING PROFIT



- Corresponds to current operating profit restated for capitalized borrowing costs

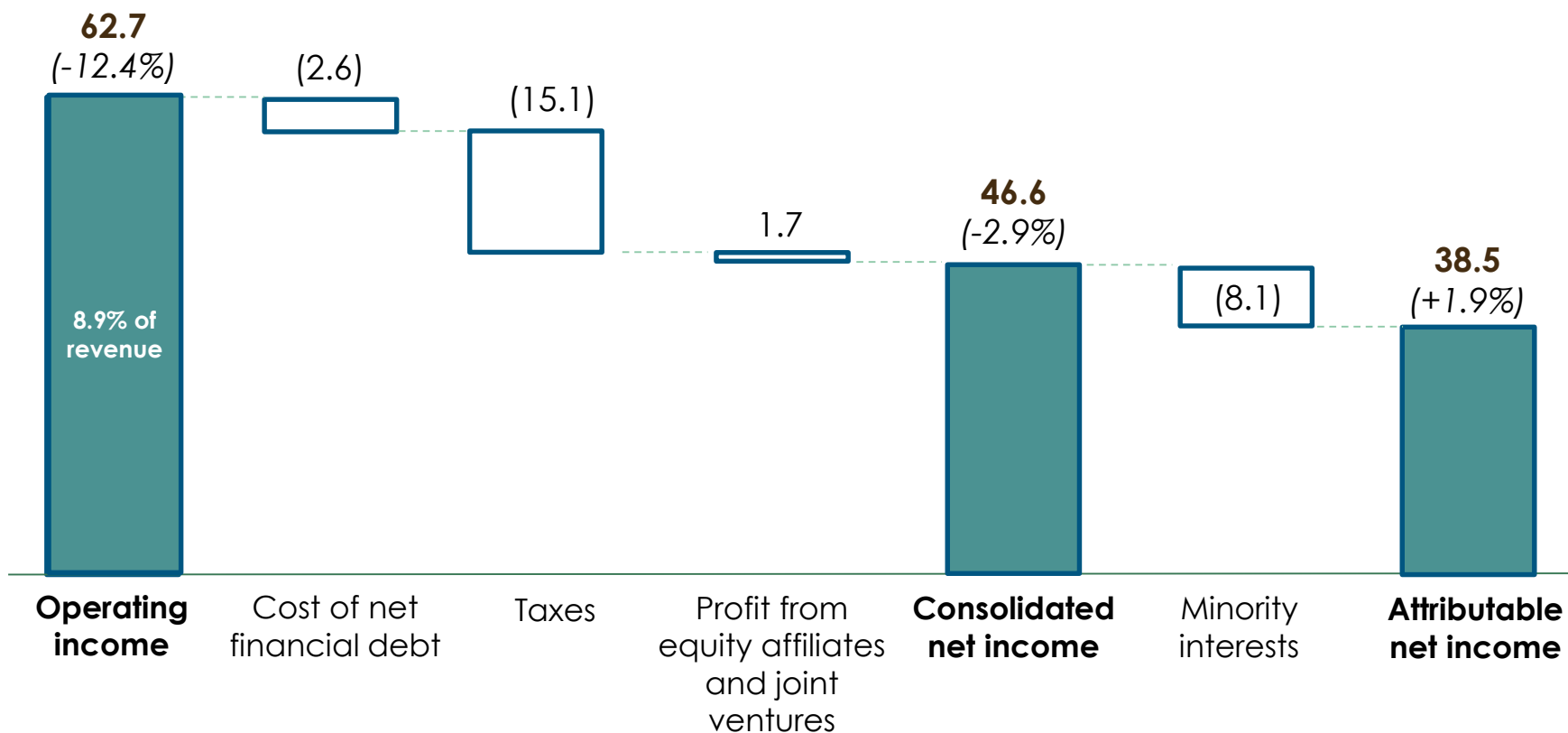
# OPERATING MARGIN



\* Operating income adjusted for capitalized borrowing costs

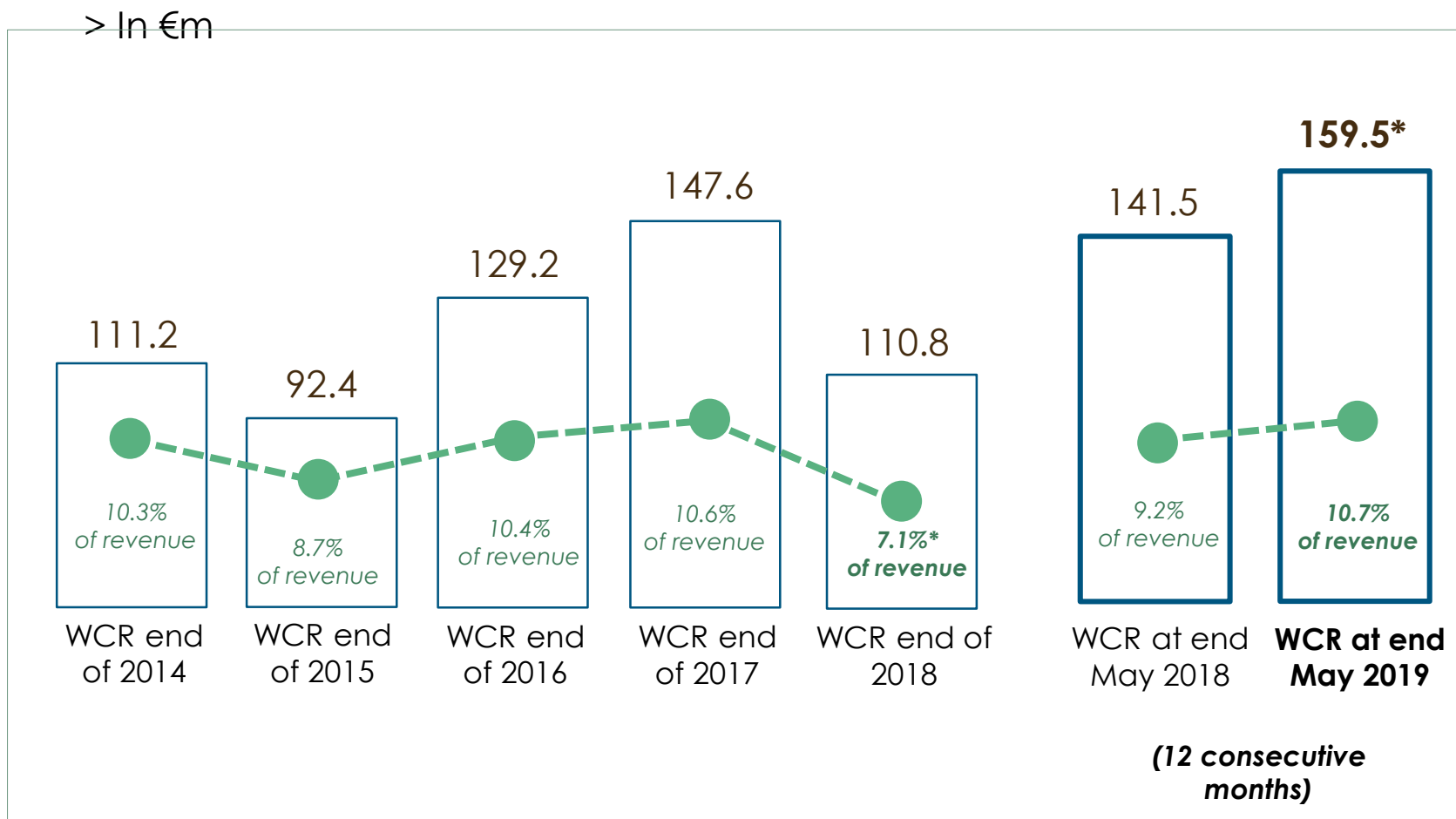
# FROM OPERATING PROFIT TO NET PROFIT

> In €m



• At May 31, 2019, in accordance with IFRS IAS12, this attributable net income includes a reduction in tax liability worth €3.8m, due to the provisions voted on under the 2018 finance law that gradually reduces the normal tax rate on companies from 33.3% to 26.5% in 2021, and to 25.0% starting in 2022. If these tax provisions change in the future, the company will have to increase its tax liability accordingly..

# CHANGE IN WORKING CAPITAL REQUIREMENT

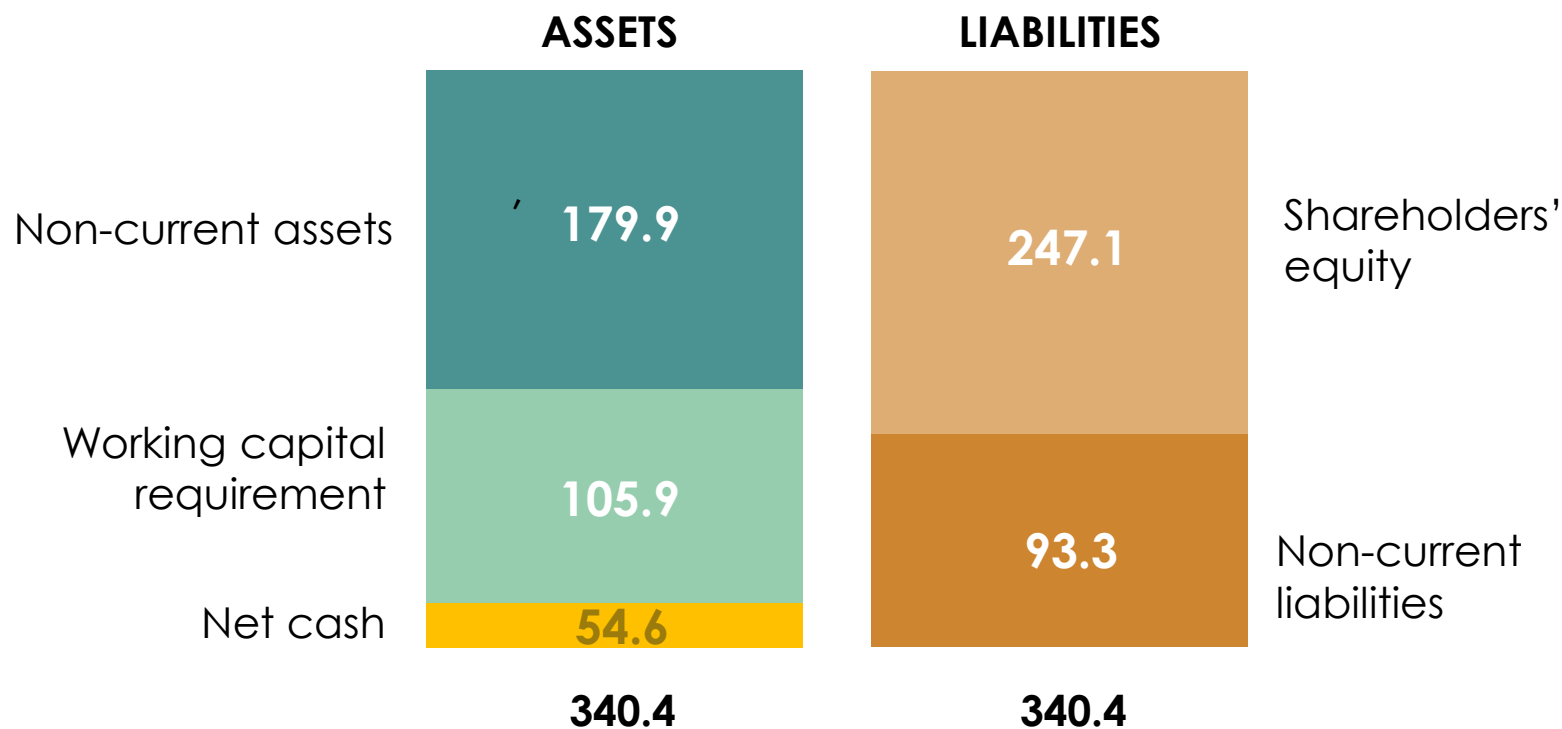


\* Includes the 2018 dividend paid on June 14, 2019. Excluding this amount, WCR stands at €105.9m, i.e. 7.1% of revenue.



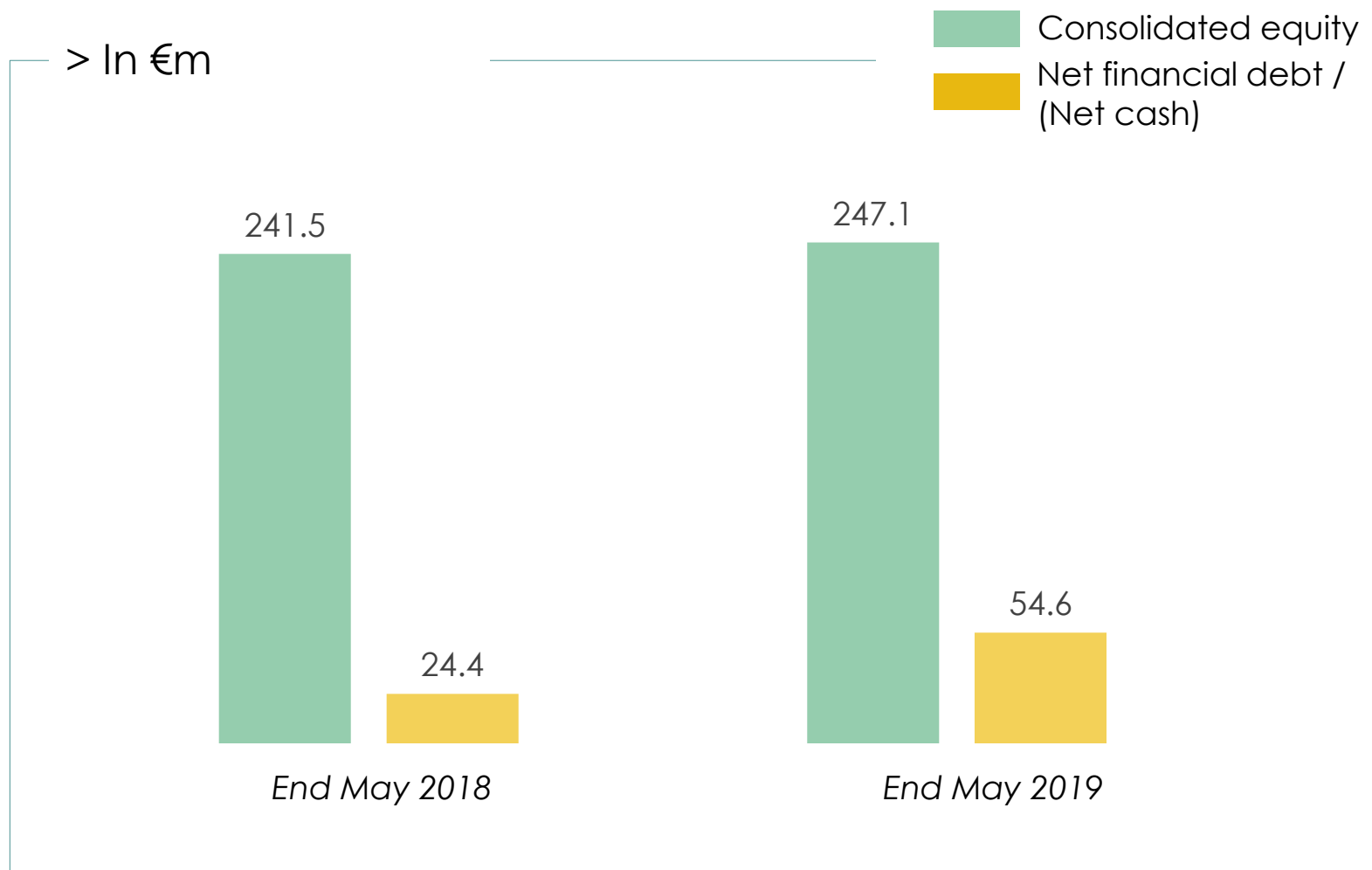
# SIMPLIFIED BALANCE SHEET AT END MAY 2019

> In €m



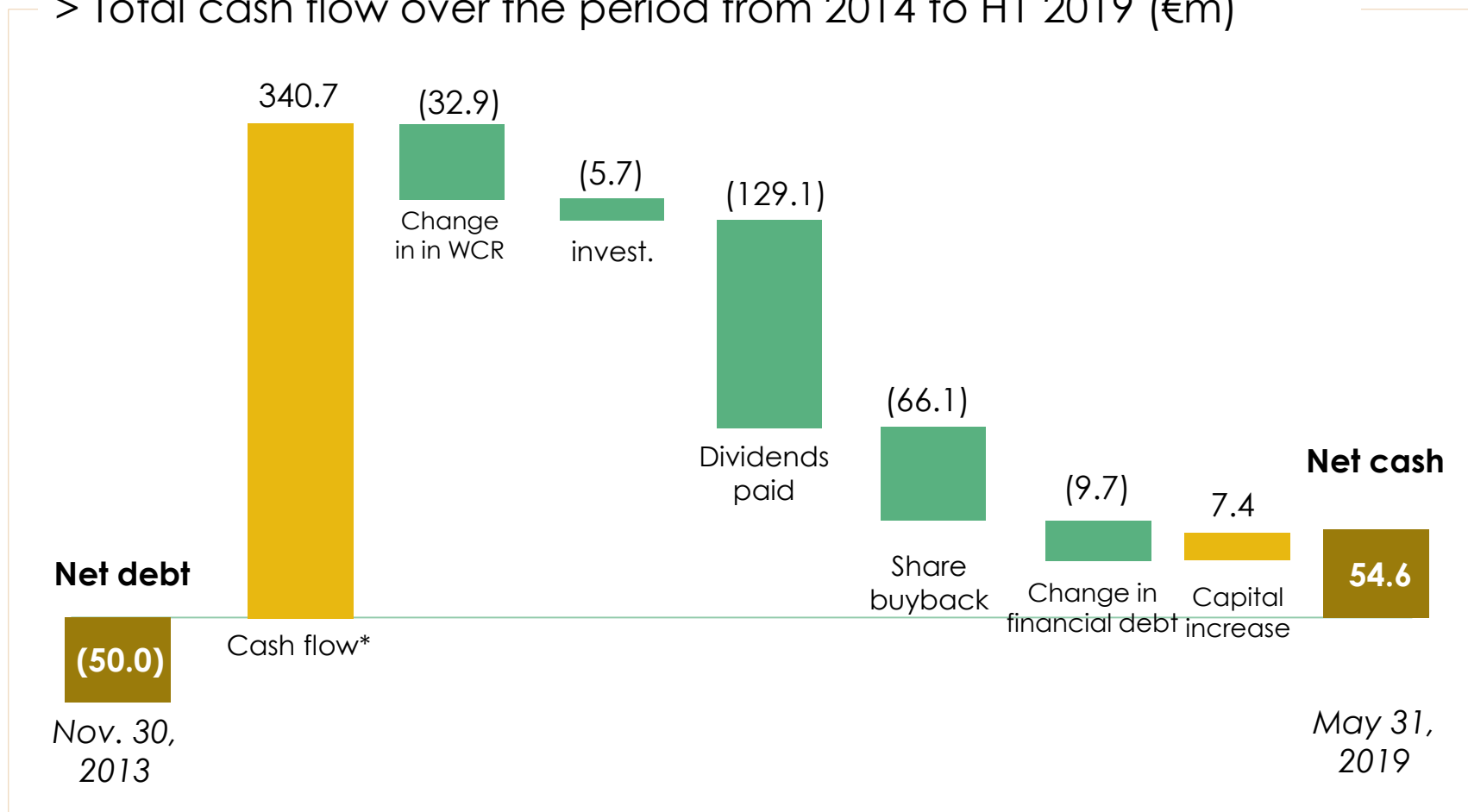
<i>In €m</i>	May 31, 2019	Nov. 30, 2018
<b>Shareholders' equity</b>	<b>247.1</b>	<b>261.8</b>
<b>Financial debt*</b>	<b>149.8</b>	<b>203.4</b>
of which financial debt maturing in < 1 year	1.1	3.7
of which financial debt maturing in > 1 year	148.7	199.7
Maturity	5.1 years	5.2 years
* of which:		
<i>Loan arrangement costs</i>	(1.6)	(0.4)
<i>Bilateral credit lines/hedging instruments/other</i>	1.5	3.8
<i>Bond</i>	150.0	150.0
<i>Senior B + C</i>	-	50.0
<b>Cash and cash equivalents</b>	<b>204.4</b>	<b>253.4</b>
<b>Financing capacity</b>	<b>454.4</b>	<b>353.4</b>

# CHANGE IN EQUITY AND NET FINANCIAL DEBT



# STRONG CAPACITY TO GENERATE CASH

> Total cash flow over the period from 2014 to H1 2019 (€m)



\* Operating cash flow after minority interests, taxes and financial interests



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OUTLOOK

- The new Housing market is estimated at around 115,000 housing units
- Revenue should stand at around €1.5bn, with around 5% growth in Housing and a decline in Commercial business, in line with expectations.
- However, the slowdown in the issuance of building permits should lead to a decline in sales openings in the second half.
- The gross margin ratio is expected to hold at around 19% and the adjusted EBIT ratio<sup>1</sup> should remain above 9%.
- Attributable net income should be at least equal to that of 2018,
- Given the expected results and financial structure, the payment of a dividend of at least €2.50 per share should be proposed to the Board of Directors for the 2019 fiscal year

<sup>1</sup> *Corresponds to income from current operations restated for capitalized borrowing costs*

- *The Kaufman & Broad Registration Document was filed with the French Financial Markets Authority (“AMF”) under No. D.19 0228 on March 29, 2019. It is available on the AMF ([www.amf-france.org](http://www.amf-france.org)) and Kaufman & Broad ([www.kaufmanbroad.fr](http://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 might have a material adverse impact 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.*