Press release
Paris, July 12, 2021

KAUFMAN & BROAD

H1 2021 RESULTS

- ✓ **Housing land portfolio of 35,000 units, i.e. approximately €7.9 billion, incl. VAT in potential revenue**
- ✓ **Total backlog: €3.5 billion**
- ✓ **Sound financial structure**
  - **Financing capacity: €447.3 million**
  - **Positive net cash (excluding IFRS 16): €46.4 million**
- ✓ **2021 guidance confirmed, suggesting that the 2021 dividend will be at least €1.85 per share**

◆ **Key sales data**
(H1 2021 vs H1 2020)

- **Total orders:**
- €609.2m incl. VAT
  - Housing: €569.7m incl. VAT vs €872.0m incl. VAT
  - Commercial Property: €39.5m incl. VAT
- **Take-up period[1] for Housing:** 4.0 months (stable) year-on-year

◆ **Key financial data**
(H1 2021 vs H1 2020)

- **Total revenue:** €605.8m vs €385.0m
  Of which Housing: €519.1m vs €352.3m
- **Gross margin:** €104.7m vs €73.5m
- **EBIT margin*:** 7.6% vs 3.2%
- **EBIT:** €45.9m vs €12.3m
- **Attributable net income:** €22.7m vs €2.1m
- **Net cash[2]:** €46.4m vs €62.5m at end-2020
- **Financing capacity:** €447.3m vs €465.2m at end-2020

◆ **Key growth indicators**

- **Total backlog**
  €3,490.3m vs €3,788.7.1m at end-May. 2020
  Of which Housing: €2,289.9m (vs €2,464.2.2m)
- **Housing property portfolio:** 35,000 units vs 34,864 units at end-May 2020

Kaufman & Broad SA today reported its results for the first half of the 2021 fiscal year (from December 1, 2020 to May 31, 2021). Nordine Hachemi, Chairman and Chief Executive Officer of Kaufman & Broad, made the following comments:

"In Q2 2021, new project development remained on track and the Housing portfolio represented 35,000 units in volume terms, or approximately €7.9 billion, including VAT, of potential business.

However, as expected, sales were affected by the contraction in supply due to the more than 18-month decline in building permits granted. In contrast, as shorter take-up periods have shown, demand from both individual buyers and private and public institutional investors remained robust.

With Kalilog, Kaufman & Broad has launched a business focused on social housing across the entire country. The aim is to offer highly affordable housing units meeting Kaufman & Broad's strictest environmental standards. This portfolio currently comprises approximately 600 housing units.

Kaufman & Broad won the bid for the first real estate project to be awarded the Frugal[3] label (the Malbec project in Bordeaux), demonstrating its ability to adapt to the local authorities' evolving expectations.

In response to high demand from international institutional investors for residential housing portfolios, Kaufman & Broad is developing portfolios of managed senior and student housing based on a unique developer / investor / operator model. These portfolios may be marketed based on historical operations.

With regard to the senior residence program, Kaufman & Broad and Banque des Territoires (Caisse des Dépôts) expect to finalize the creation of a joint venture by the end of 2021, which will develop a portfolio of about 10 senior residences for an investment of approximately €150 million over the next few years. These residences will be managed by Cosy Diem, a joint venture between Kaufman & Broad and Serenis, a major player in the "ageing well" market.

And finally, Kaufman & Broad confirms its ability to design commercial property projects that meet customers' new requirements for both location and use. The development of a total of 27,500 sq.m of office space in Marseille, to be used primarily by a major French group, a tenant under a lease-before-completion (BEFA),

[1] Based on the first six months of the year
[2] Based on net debt excluding IFRS 16 lease liabilities
[3] The aim of the "Bâtiment frugal" label is to promote buildings that preserve existing natural spaces and fit into the surrounding area, make us of local industries, and take into account their occupants' quality of life, all while reducing the buildings' impact on the climate.
* expressed as a percentage, it corresponds to current operating income, i.e. gross margin less current operating expenses divided by revenue

Overall, in the first half of the fiscal year, Kaufman & Broad was able to preserve its short-term financial balances, with positive net income of €22.7 million (a 10.6x increase from H1 2020), positive net cash of €46.4 million (excluding IFRS 16 liabilities) and financing capacity of €447.3 million, while maintaining strong momentum in preparing for the future.

Regarding the building permit obtained for the Gare d'Austerlitz project on December 14, 2020, two proceedings have been brought before the Paris Administrative Court of Appeals concerning this. The summary proceedings for the suspension of work was dismissed on July 6th. A ruling on an appeal of the work permit itself should be handed down in 2022. We therefore believe it would be best to assume that the contracts will take effect, at the earliest, in the second half of 2022.

Revenue for full-year 2021 is in line with our guidance, forecast at approximately €1.3 billion with an EBIT margin equivalent to the 2020 figure.

The earnings outlook for fiscal year 2021, the soundness of Kaufman & Broad's financial structure and its high backlog suggest that the dividend payable for fiscal year 2021 will be at least €1.85 per share.

The outlook as a whole is based on a stabilization of the current economic and health situation."

♦ Sales activity

✓ Housing

In H1 2021, housing orders in value terms totaled €569.7 million (incl. VAT), a 34.7% decrease compared with H1 2020. In volume terms, 2,780 units were ordered, a 23.5% decline compared with the same period in 2020.

Breakdown of the customer base

In H1 2021 as a whole, orders from buyers in value terms (incl. VAT) fell by 12% (first-time buyers) and 7% (second-time buyers) and accounted for 16% of sales compared with 11% in H1 2020.
Orders from investors accounted for 37% of sales (29% for the Pinel incentive alone), up 13% from one half-year period to the next.
Block sales represented 47% of housing orders, i.e. €268.2 million. They were down by 54% compared with H1 2020, when they represented 67% of orders.

Take-up period and property supply

The take-up period for programs was 4.0 months in H1 2021, up from 3.1 months in H1 2020.

The property supply, 97% of which is located in high-demand, low-supply areas (A, Aa and B1), stood at 1,825 housing units at end-May 2021 (versus 1,850 housing units at end-May 2020, i.e. 98% in high-demand, low-supply areas).

✓ Commercial Property

In H1 2021, the Commercial Property segment recorded net orders of €39.5 million (incl. VAT).

Kaufman & Broad currently has approximately 248,000 sq.m of commercial property projects being marketed or under consideration, of which 129,000 sq.m of office space and approximately 119,000 sq.m of logistics space.
It also currently has over 88,000 sq.m of office space under construction, along with more than 42,000 sq.m of logistics space. Lastly, it has around 98,000 sq.m of office space transactions to be finalized.

At end-May 2021, the commercial property backlog stood at €1,200.4 million.

✓ Leading indicators for sales and growth

At May 31, 2021, the Housing backlog stood at €2,289.9 million (excl. VAT), i.e. 24.3 months of business. At the same date, Kaufman & Broad had 155 housing programs in the marketing phase, representing 1,876 housing units (compared with 156 programs representing 1,881 units at end-May 2020).

The Group's total backlog is close to €3.5 billion, of which 39% of the revenue still to be recognized is based on land already acquired. Of the remainder to be acquired, 52% relates to projects for which a building permit was filed, was obtained or was under review, or was being cleared of any claims. Lastly, within the share of projects for which permits have only been filed, the A7/A8 Gare d'Austerlitz project alone represented nearly 29% of the Group's total backlog at May 31, 2021.

The Housing property portfolio represents nearly 35,000 units. It is up 0.4% compared with the end of May 2020, corresponding to potential revenue of close to five years of business.

♦ Financial results

✓ Business volumes

Total revenue stood at €605.8 million (excl. VAT), up 57.4% compared with H1 2020, and was affected mainly by the sharp contraction in overall business for two months, from mid-March to mid-May.

Housing revenue was €519.1 million (excl. VAT), versus €352.3 million (excl. VAT) in H1 2020. This represents 85.7% of group revenue. Revenue from Apartments was up by 52.7% compared with H1 2020 and stood at €487.2 million (excl. VAT). Revenue from Single-family Homes in Communities amounted to €31.9 million (excl. VAT), versus €33.2 million (excl. VAT) in H1 2020.

✓ Profitability data

Gross margin in H1 2021 was €104.7 million, compared with €73.5 million in H1 2020.

Current operating expenses totaled €58.7 million (9.7% of revenue), versus €61.2 million in H1 2020 (15.9% of revenue).

Current operating income (or EBIT) stood at €45.9 million, compared with €12.3 million in H1 2020. Current operating margin (or EBIT margin) was 7.6% versus 3.2% in H1 2020. Attributable net income for H1 2021 was €22.7 million versus €2.1 million in H1 2020.

✓ Financial structure and liquidity

Net cash (excluding the impact of IFRS 16 lease liabilities) was €46.4 million at May 31, 2021, compared with net cash of €62.5 million at end-2020 and net debt of €78.6 million at May 31, 2020.
Cash assets (available cash and investment securities) stood at €197.3 million, compared with €215.2 million at November 30, 2020.
Financing capacity was €447.3 million (versus €465.2 million at November 30, 2020).

Working capital requirement was €116.9 million, i.e. 8.4% of revenue over 12 months, compared with €122.1 million at November 30, 2020 (10.5% of revenue).

♦ 2021 outlook

Revenue for full-year 2021 is forecast at approximately €1.3 billion with an EBIT margin equivalent to the 2020 figure.

The earnings outlook for fiscal year 2021, the soundness of Kaufman & Broad's financial structure and its high backlog suggest that the dividend payable in first-half 2022 for fiscal year 2021 will be at least €1.85 per share.

The outlook as a whole is based on a stabilization of the current economic and health situation.

This press release is available at www.kaufmanbroad.fr

- **Next periodic disclosure date:**

  ✓ October 1, 2021: Results for the first nine months of 2021 (after market close)

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About Kaufman & Broad - Kaufman & Broad has been designing, developing, building, and selling single-family homes in communities, apartments, and offices on behalf of third parties for more than 50 years. Its size, profitability and strong brand name have made Kaufman & Broad one of France's leading property developers and builders.

Kaufman & Broad's Universal Registration Document was filed with the Autorité des Marchés Financiers (French Financial Markets Authority, the "AMF") on March 31, 2021 under number D.21-039. It is available on the websites of the AMF (www.amf-france.org) and Kaufman & Broad (www.kaufmanbroad.fr). It contains a detailed description of Kaufman & Broad's operations, results and outlook, as well as the related risk factors. Kaufman & Broad notes in particular the risk factors described in Chapter 4 of the Universal Registration Document. Should one or more of these risks occur, the operations, assets, financial position, results or outlook of the Kaufman & Broad group, as well as the market price of Kaufman & Broad shares, could be materially adversely affected.
This press release does not, and shall not, constitute a public offer, nor an offer to sell or to subscribe, nor a solicitation to offer to purchase or to subscribe securities in any jurisdiction.

♦ Glossary

Backlog (order book): in the case of sales before completion (VEFA), the backlog covers orders for housing units that have not been delivered and for which a notarized deed of sale has not yet been signed, and orders for housing units that have not been delivered and for which a notarized deed of sale has been signed for the portion not yet recorded in revenue (in the case of a program that is 30% complete, 30% of the revenue from a housing unit for which a notarized deed has been signed is recognized as revenue, while 70% is included in the backlog). The backlog is a summary established at a given time, making it possible to estimate the amount of revenue yet to be recognized over the coming months and thus upholding the group's forecasts - with the proviso that there is an element of uncertainty in the conversion of the backlog into revenue, particularly for orders for which a deed of sale has not yet been signed.

Lease-before-completion (BEFA): a lease-before-completion involves a customer leasing a building before it is built or redeveloped.

Working Capital Requirement (WCR): WCR results from deferrals of cash flow: inflows and outflows relating to operating expenditures and revenues necessary for the design, production and marketing of real estate projects. WCR can thus be simply expressed as current assets (inventory + accounts receivable + other operating receivables + advances received + deferred income) minus current liabilities (accounts payable + tax and social security liabilities + other operating liabilities + prepaid expenses). The amount of WCR will depend in particular on the length of the operating cycle, the extent and duration of the work-in-process inventory carried, the number of projects initiated, and the payment terms granted by suppliers and delivery schedules granted to customers.

Free cash flow: free cash flow is equal to cash flow less net operating investments for the period.

Cash flow: cash flow after cost of financial debt and taxes is equal to consolidated net income adjusted for the group's share of the income of equity affiliates and joint ventures, the income from discontinued operations, and estimated income and expenses.

Financing capacity: corresponds to cash assets plus lines of credit not yet drawn.

Senior loans (lines of credit): banks use senior debt to fund LBO (leveraged buyout) transactions. LBO financing by banks is risky in the bank credit market. It consists of loans repayable by installments and/or, most frequently, "bullet repayment" type loans, but also lines of credit to finance the working capital requirements and growth policies of companies involved in this type of acquisition. Senior debt is debt that enjoys specific guarantees, the repayment of which has priority over other so-called subordinated debt. It is therefore "priority debt."

Take-up period: the inventory take-up period is the number of months required for available housing units to be sold if sales continue at the same pace as in previous months, i.e. housing units outstanding (available supply) per quarter divided by the number of orders per quarter ended and with orders in turn divided by three.

Dividend: the dividend is the share of a company's annual net profit distributed to shareholders. Its amount is proposed by the Board of Directors and is subject to approval at the Shareholders' Meeting. It is payable within a maximum period of nine months after the end of the fiscal year.

EBIT: corresponds to current operating income, i.e. gross margin less current operating expenses.

Gross financial debt or financial debt: gross financial debt consists of long-term and short-term financial liabilities, financial hedging instruments relating to liabilities constituting gross financial debt, and the interest accrued on balance sheet items constituting gross financial debt.

Net debt or net financial debt: a company's net debt or net financial debt is the balance between its gross financial liabilities (or gross financial debt) on the one hand, and the available cash and financial investments constituting its "cash assets" on the other. It represents the company's creditor or debtor position with respect to third parties outside the operating cycle.

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

Gross margin: corresponds to revenue less cost of sales. The cost of sales is made up of the price of land and any related costs plus the cost of construction.

Property supply: this refers to the total inventory of properties available for sale as of the date in question, i.e. all unordered housing units as of this date (minus the programs that have not yet entered the marketing phase).

Property portfolio: This consists of all land for development for which a commitment (deed or promise of sale) has been signed.

Debt (or gearing) ratio: ratio of a company's net debt (or net financial debt) to its consolidated shareholders' equity. It is a measure of the risk to the company's financial structure.

Orders: measured in volume terms (units) and value terms; orders reflect the group's sales activity. Orders are recognized in revenue based on the time necessary to "convert" an order into a signed and notarized deed, which is the point at which income is generated. In addition, in the case of multi-occupancy housing programs that include mixed-use buildings (apartments, business premises, retail space and offices), all of the floor space is converted into housing unit equivalents.

Orders (in value): this figure represents the value of the real property as expressed in order contracts signed, including VAT, for a given period. It is net of cancellations recorded during that period.

Land reserve: This includes land for development (also called the "property portfolio"), i.e. land for which a deed or promise of sale has been signed, as well as land under review, i.e. land for which a deed or promise of sale has not yet been signed.

Managed housing: managed housing, or serviced housing, refers to a property complex consisting of housing units (homes or apartments) for residential use and offering a minimum number of services such as a reception, the supply of linen, house cleaning and maintenance, and breakfast. There are several different types of housing in this category: student housing including apartment complexes, mostly furnished studios with a kitchenette located in the vicinity of schools and universities and close to public transportation; tourist accommodation located in high-potential tourist areas offering, in addition to the usual services, amenities such as swimming pools, sports fields, sometimes saunas, steam rooms, jacuzzis and children's clubs; corporate housing as an alternative to traditional hotels, including studios (about 80%) and two-room apartments located in city centers or close to major business hubs with convenient access to everything; and lastly, senior residences (including both assisted and non-assisted living facilities for the elderly) designed to prepare for an aging population and housing people aged 55 and over; their customers include both leaseholders and property owners.

CSR (Corporate Social Responsibility): Corporate Social Responsibility (CSR) is the contribution made by businesses to sustainable development issues. For businesses, this strategy consists in taking into account the social and environmental impacts of their activities and adopting best practices, thus helping to better society and protect the environment. CSR makes it possible to combine economic thinking, social responsibility and environmental responsibility (as defined by the French Ministry of Ecology, Sustainable Development and Energy).

Take-up rate: the take-up rate represents the percentage of a property program's initial inventory that is sold on a monthly basis (sales per month divided by the initial inventory), i.e. net monthly orders divided by the ratio between the opening inventory and the closing inventory, divided by two.

EBIT margin: expressed as a percentage, it corresponds to current operating income, i.e. gross margin less current operating expenses divided by revenue.

Cash assets: this corresponds to cash and cash equivalents on the assets side of the balance sheet, i.e. all available cash (bank balances and cash on hand), investment securities (short-term investments and term deposits) and order balances.

Net cash: this corresponds to "negative" net debt or "negative" net financial debt, which means that the company's balance of available cash and financial investments constituting its "cash assets" is greater than the amount of its gross liabilities (or gross financial debt).

Units: the number of housing units or equivalent housing units (for mixed projects) for a given project. The number of equivalent housing units is calculated as a ratio between the surface area by type (business premises, retail space or offices) and the average surface area of the housing units previously obtained.

Sale-before-completion (VEFA): a sale-before-completion is an agreement whereby the seller transfers its rights to the land and ownership of the existing buildings to the buyer immediately. The future structures will become the buyer's property as and when they are completed: the buyer is required to pay the price of these structures as the works progress. The seller retains the powers of the Project Owner until acceptance of the work.

APPENDICES

♦ **Financial data**

Key consolidated data

In € thousands	**Q2 2021**	**H1 2021**	**Q2 2020**	**H1 2020**
Revenue	319,931	605,846	85,750	384,964
· *Of which Housing*	271,780	519,122	80,109	352,268
· *Of which Commercial*	46,700	82,960	4,819	30,016
· *Of which Other*	1,451	3,764	822	2,680
Gross margin	55,263	104,676	16,394	73,492
Gross margin (%)	17.3%	17.3%	19.1%	19.1%
EBIT	24,034	45,942	-13,079	12,275
Current operating margin (%)	7.5%	7.6%	-15.3%	3.2%
Attributable net income	10,930	22,732	-11,053	2,145
Attributable net income per share (€/share)*	0.50	1.05	-0.50	0.10

** Based on the number of shares making up the share capital of Kaufman & Broad S.A., i.e. 22,088,023 shares at May 31, 2020 and 21,713,023 shares at May 31, 2021*

Consolidated income statement*

In € thousands	**Q2 2021**	**H1 2021**	**Q2 2020**	**H1 2020**
Revenue	**319,931**	**605,846**	**85,750**	**384,964**
Cost of sales	-264,668	(501,169)	-69,356	-311,472
Gross margin	**55,263**	**104,676**	**16,394**	**73,492**
Selling expenses	-3,183	(7,105)	(4,432)	-9,319
Administrative expenses	-16,035	(26,462)	-12,205	(25,556)
Technical and after-sales service expenses	-5,260	-10,518	(4,078)	(9,465)
Development and program expenses	(6,750)	-14,648	(8,757)	-16,878
EBIT	**24,034**	**45,942**	**-13,079**	**12,275**
Other non-recurring income and expenses	0	0	0	0
Operating income	**24,034**	**45,942**	**-13,079**	**12,275**
Cost of net financial debt	(3,757)	-5,986	-2,838	-5,416
Other financial income and expenses	0	0	0	0
Income tax	(4556)	-10,133	5,730	1,058
Share of income (loss) of associates and joint ventures	53	762	260	450
Consolidated net income	**15,774**	**30,586**	**-9,927**	**8,366**
Minority interests	4,844	7,854	1,126	6,221
Attributable net income	**10,930**	**22,732**	**-11,053**	**2,145**

**Not approved by the Board of Directors and unaudited.*

Consolidated balance sheet*

In € thousands	May 31, 2021	November 30, 2020
ASSETS		
Goodwill	68,661	68,661
Intangible assets	91,107	91,060
Property, plant and equipment	5,196	5,977
IFRS 16 right-of-use assets	18,794	20,388
Associates and joint ventures	10,829	5,767
Other non-current financial assets	7,271	7,021
Deferred tax assets	502	502
Non-current assets	**202,360**	**199,376**
Inventory	455,576	378,451
Accounts receivable	434,309	464,977
Other receivables	180,680	183,896
Cash and cash equivalents	197,289	215,192
Prepaid expenses	863	1515
Current assets	**1,268,716**	**1,243,031**
TOTAL ASSETS	**1,471,076**	**1,442,407**

	May 31, 2021	November 30, 2020
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	5,645	5,743
Additional paid-in capital	212,746	220,539
Attributable net income	22,732	40,138
Attributable shareholders' equity	**241,123**	**266,420**
Minority interests (balance sheet)	13,137	8,998
Shareholders' equity	**254,260**	**275,418**
Non-current provisions	35,048	39,883
Non-current financial liabilities (maturing in > 1 year)	149,264	149,008
IFRS 16 financial lease liabilities (maturing in > 1 year)	11,576	13,368
Deferred tax liabilities	56,464	47,006
Non-current liabilities	**252,351**	**249,265**
Current provisions	1,665	2,017
Other current financial liabilities (maturing in < 1 year)	1,640	3,656
IFRS 16 financial lease liabilities (maturing in < 1 year)	6,625	6,322
Accounts payable	812,165	759,985
Other payables	141,152	144,697
Deferred income	1,217	1,047
Current liabilities	**964,465**	**917,724**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**1,471,076**	**1,442,407**

*Not approved by the Board of Directors and unaudited.

Operating data

Housing	Q2 2021	H1 2021	Q2 2020	H1 2020
Revenue (in € millions, excl. tax)	271.8	519.1	80.1	352.3
· *Of which apartments*	259.3	487.2	73.2	319.1
· *Of which single-family homes in communities*	12.5	31.9	6.9	33.2
Deliveries (EHUs)	1,525	2,908	405	1,885
· *Of which apartments*	1,478	2,777	378	1,750
· *Of which single-family homes in communities*	47	131	27	135
Net orders (number)	1,636	2,780	2,153	3,635
· *Of which apartments*	1,499	2,637	1,920	3,360
· *Of which single-family homes in communities*	137	143	233	275
Net orders (in € millions, incl. tax)	335.4	569.7	545.5	872.0
· *Of which apartments*	300.4	532.3	475.9	789.8
· *Of which single-family homes in communities*	35.0	37.4	69.5	82.2
Commercial offer at end of period (number)	1,876		1,881	
Backlog at end of period				
· *In value terms (in € millions, excl. tax)*	2,289.9		2,464.2	
- *Of which apartments*	2,175.5		2,315.9	
- *Of which single-family homes in communities*	114.3		148.3	
· *In months of business activity*	24.3		22.1	
Property portfolio at end of period (number)	35,000		34,864	

Commercial	Q2 2021	H1 2021	Q2 2020	H1 2020
Revenue (in € millions, excl. tax)	46.7	83.0	4.8	30.0
Net orders (in € millions, incl. tax)	1.1	39.5	4.9	1,079.9
Backlog at end of period (in € millions, excl. tax)	1,200.4		1,324.5	

*Not approved by the Board of Directors and unaudited.