

M.D.C. Holdings Reports 42% Increase in Third Quarter Earnings

- Record quarterly earnings per share of \$1.58 vs. \$1.06 a year ago - Highest quarterly net income in Company history - Record third quarter home closings, home orders and quarter-end backlog - Record third quarter homebuilding profits of \$61.2 million, up 34% - Third quarter home gross margins of 23.2%, a 340 basis point increase - Nine-month interest coverage increased to 10.1 from 9.2

PRNewswire
DENVER

M.D.C. Holdings, Inc. (www.RichmondAmerican.com), whose subsidiaries build homes under the name "Richmond American Homes," today announced net income for the three months ended September 30, 2000 of \$34.3 million, or \$1.58 per share, the highest quarterly net income in the Company's history and 42% higher than net income of \$24.1 million, or \$1.06 per share, for the same period in 1999. Operating results for the 2000 third quarter were impacted favorably by the reduction in the effective income tax rate for this quarter to 36% as a result of the Company's resolution of its only open IRS income tax examination. Total revenues for the quarter ended September 30, 2000 were \$446 million, 9% higher than revenues of \$410 million for the same period in 1999.

Larry A. Mizel, MDC's chairman and chief executive officer, stated, "We are very proud of our achievements in the 2000 third quarter. The record performance of our homebuilding operations is a direct result of our successful operating strategy and disciplined financial policies. Our operating returns on assets and equity improved to 11.8% and 27.7%, respectively, further solidifying our position among the industry leaders in measures of operating performance and financial strength. The quality of our improving operating results and financial stability have recently been recognized by Moody's Investors Service through their upgrade of the Company's senior debt, the first credit upgrade given by Moody's to any major conventional homebuilder in the last eighteen months. In addition, our financial flexibility has been enhanced by the recent expansion of our unsecured revolving line of credit to \$413 million from \$350 million, as we welcomed U.S. Bank, National Association and California Bank & Trust as new participants. These achievements, combined with the highest quarter-end backlog in our history at 3,967 units, have positioned us to close more than 7,500 homes in 2000, and to achieve new records for revenues and profitability for comparable periods in the 2000 fourth quarter and total year."

Net income for the nine months ended September 30, 2000 was \$84.1 million, or \$3.83 per share, compared with \$62.8 million, or \$2.77 per share, for the same period in 1999. Total revenues for the nine months ended September 30, 2000 were \$1.213 billion, representing an increase of 10% over revenues of \$1.107 billion for the first nine months of 1999.

Record Homebuilding Profits and Improved Mortgage Lending Results

Operating profits from the Company's homebuilding operations increased to \$61.2 million and \$159.0 million, respectively, for the three and nine months ended September 30, 2000, representing increases of 34% and 38%, compared with \$45.8 million and \$115.0 million, respectively, for the same periods in 1999. These profit improvements primarily resulted from significant increases in home gross margins (up 340 and 290 basis points, respectively) and average selling prices (up over \$11,500) in the three and nine month periods. As previously reported, MDC closed 1,943 homes and 5,355 homes, respectively, for the three and nine months ended September 30, 2000, compared with closings of 1,875 homes and 5,186 homes, respectively, for the same periods in 1999. Home gross margins improved to 23.2% and 22.3%, respectively, for the third quarter and first nine months of 2000, compared with 19.8% and 19.4%, respectively, for the same periods in 1999. Home sales revenues of \$436 million and \$1.173 billion for the third quarter and first nine months of 2000 were the highest for comparable periods in the Company's history.

Paris G. Reece III, MDC's executive vice president and chief financial officer, said, "Each of our homebuilding divisions contributed profitable operating results in the 2000 third quarter, with most divisions realizing substantial improvements over their 1999 third quarter operating performance. As in the 2000 second quarter, Phoenix reported lower year-over-year operating profits in the 2000 third quarter, primarily due to reduced home closings resulting from fewer active subdivisions in early 2000, lower home gross margins and a \$13,000 decrease in average selling prices, as the division has increased its emphasis on more affordable homes. Each of our other divisions except Southern California realized higher levels of home closings and year-over-year increases in average selling prices of more than \$10,000."

Reece continued, "Our home gross margins of 23.2%, or 24.6% before capitalized interest, not only improved on a year-over-year basis for the eighteenth consecutive quarter, but exceeded by 100 basis points our previous

record margins of 22.2% reported in the 2000 second quarter. Each of our divisions except Phoenix and Nevada realized increases in home gross margins of more than 300 basis points in the third quarter of 2000, compared with the third quarter of 1999. Similar to the situation in the 2000 second quarter, we have continued to be successful in offsetting increases in the costs of land and labor through our initiatives for increasing revenues and reducing other costs and expenses. These initiatives should help us realize home gross margins in the fourth quarter of 2000 which, although they may be lower than the record level achieved in the 2000 third quarter, will exceed 20% for the fourth consecutive quarter."

Operating profits from the Company's mortgage lending operations were \$3.4 million and \$9.8 million, respectively, for the three and nine months ended September 30, 2000, compared with \$2.9 million and \$9.8 million, respectively, for the same periods in 1999. The third quarter improvement in operating profits primarily resulted from increased gains on sales of mortgage loans and loan servicing, as well as higher origination fee income.

Balance Sheet Strength and Improved Operating Efficiency

MDC has one of the strongest balance sheets in the homebuilding industry. The Company's continued success in strengthening its balance sheet and improving its financial position is represented by the achievement of ratios of homebuilding and corporate debt-to-capital and debt-to-EBITDA (as defined below) at September 30, 2000 of .43 and 1.4, respectively. Both of these ratios are among the lowest in the industry at a time generally considered to be a seasonal peak for inventories and debt levels. In addition, the Company's strong operating results over the past year, partially offset by repurchases of 1,932,000 shares of MDC common stock for \$30.8 million during the first nine months of 2000, increased stockholders' equity to \$440.6 million, or \$20.94 per outstanding share, at September 30, 2000. Further, notwithstanding higher inventory levels needed to support the Company's expanded homebuilding operations, the Company ended the third quarter of 2000 with liquidity of \$256 million, 10% higher than at September 30, 1999.

Earnings before interest, taxes, depreciation and amortization ("EBITDA, as adjusted") for the third quarter and first nine months of 2000 increased to \$66.6 million and \$175.4 million, respectively, compared with \$54.1 million and \$141.8 million, respectively, for the same periods in 1999. These EBITDA increases contributed to the increase in the ratio of EBITDA to interest incurred to 10.1 for the nine months ended September 30, 2000, compared with 9.2 for the same period in 1999.

MDC is one of the largest homebuilders in the United States. The Company also provides mortgage financing, primarily for MDC's home buyers, through its wholly owned subsidiary, HomeAmerican Mortgage Corporation. MDC is a major regional homebuilder with a significant presence in some of the country's best housing markets. The Company is the largest homebuilder in metropolitan Denver; among the top five homebuilders in Northern Virginia, suburban Maryland, Tucson and Colorado Springs; and among the top ten homebuilders in Phoenix, Las Vegas, Southern California and the San Francisco Bay area.

All earnings per share amounts discussed above are on a diluted basis.

Certain statements in this press release, including those related to projected home closing levels, revenues, home gross margins and earnings, may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include (1) general economic and business conditions; (2) interest rate changes; (3) the relative stability of debt and equity markets; (4) competition; (5) the availability and cost of land and other raw materials used by the Company in its homebuilding operations; (6) demographic changes; (7) shortages and the cost of labor; (8) weather related slowdowns; (9) slow growth initiatives; (10) building moratoria; (11) governmental regulation, including the interpretation of tax, labor and environmental laws; (12) changes in consumer confidence and preferences; (13) required accounting changes; and (14) other factors over which the Company has little or no control.

M.D.C. HOLDINGS, INC.
Condensed Consolidated Balance Sheets
(In thousands)

	September 30, 2000	December 31, 1999
ASSETS		
Corporate		
Cash and cash equivalents	\$12,842	\$33,637
Property and equipment, net	2,946	2,909
Deferred income taxes	29,742	21,201

Deferred debt issue costs, net	2,235	2,393
Other assets, net	8,384	6,771
	56,149	66,911
Homebuilding		
Cash and cash equivalents	5,591	4,935
Home sales and other accounts receivable	10,657	3,496
Inventories, net		
Housing completed or under construction	489,733	337,029
Land and land under development	333,529	308,680
Prepaid expenses and other assets, net	60,567	58,156
	900,077	712,296
Financial Services		
Cash and cash equivalents	506	358
Mortgage loans held in inventory	96,252	89,953
Other assets, net	6,321	7,490
	103,079	97,801
Total Assets	\$1,059,305	\$877,008
LIABILITIES		
Corporate		
Accounts payable and accrued expenses	\$46,223	\$46,721
Income taxes payable	9,922	18,291
Senior notes, net	174,430	174,389
	230,575	239,401
Homebuilding		
Accounts payable and accrued expenses	158,687	152,488
Line of credit	155,000	40,000
	313,687	192,488
Financial Services		
Accounts payable and accrued expenses	19,620	5,862
Line of credit	54,815	50,234
	74,435	56,096
Total Liabilities	618,697	487,985
STOCKHOLDERS' EQUITY		
Total Stockholders' Equity	440,608	389,023
Total Liabilities and Stockholders' Equity	\$1,059,305	\$877,008

M.D.C. HOLDINGS, INC.
Condensed Consolidated Statements of Income
(In thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
REVENUES				
Homebuilding	\$438,818	\$403,195	\$1,191,769	\$1,084,205
Financial Services	7,203	6,739	20,507	20,664
Corporate	218	192	768	2,141
Total Revenues	\$446,239	\$410,126	\$1,213,044	\$1,107,010
NET INCOME				
Homebuilding	\$61,195	\$45,832	\$159,024	\$114,982
Financial Services	3,370	2,927	9,799	9,772
Operating Profit	64,565	48,759	168,823	124,754
Corporate general and administrative expense, net	(10,950)	(8,527)	(27,469)	(20,542)
Income before income taxes	53,615	40,232	141,354	104,212

Provision for income taxes	(19,355)	(16,092)	(57,264)	(41,364)
Net Income	\$34,260	\$24,140	\$84,090	\$62,848

EARNINGS PER SHARE

Basic	\$1.62	\$1.08	\$3.90	\$2.83
Diluted	\$1.58	\$1.06	\$3.83	\$2.77

WEIGHTED-AVERAGE SHARES

OUTSTANDING

Basic	21,179	22,294	21,587	22,224
Diluted	21,700	22,739	21,957	22,667

DIVIDENDS PAID

PER SHARE	\$.06	\$.05	\$.18	\$.15
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M.D.C. HOLDINGS, INC. Information on Business Segments (In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
Homebuilding				
Home sales	\$436,174	\$398,833	\$1,173,084	\$1,076,061
Land sales	939	2,912	5,482	5,737
Other revenues	1,705	1,450	13,203	2,407
Total Homebuilding Revenues	438,818	403,195	1,191,769	1,084,205
Home cost of sales	334,884	320,020	911,778	866,833
Land cost of sales	842	2,403	3,197	4,426
Asset impairment charges	--	--	800	--
Marketing	24,230	19,936	66,077	58,045
General and administrative	17,667	15,004	50,893	39,919
	377,623	357,363	1,032,745	969,223
Homebuilding Operating Profit	61,195	45,832	159,024	114,982
Financial Services				
Interest revenues	651	735	1,714	2,012
Origination fees	3,535	3,315	9,573	9,035
Gains on sales of mortgage servicing	706	543	2,535	2,832
Gains on sales of mortgage loans, net	2,151	2,011	6,243	6,361
Mortgage servicing and other	160	135	442	424
Total Financial Services Revenues	7,203	6,739	20,507	20,664
General and administrative	3,833	3,812	10,708	10,892
Financial Services Operating Profit	3,370	2,927	9,799	9,772
Total Operating Profit	64,565	48,759	168,823	124,754
Corporate				
Interest and other revenues	218	192	768	2,141
General and administrative	(11,168)	(8,719)	(28,237)	(22,683)

Net Corporate Expenses	(10,950)	(8,527)	(27,469)	(20,542)
Income Before Income Taxes	\$53,615	\$40,232	\$141,354	\$104,212

M.D.C. HOLDINGS, INC.
Selected Financial Data
(Dollars in thousands, except per share amounts)

	September 30, 2000	December 31, 1999	September 30, 1999
BALANCE SHEET DATA			
Stockholders' Equity	\$440,608	\$389,023	\$363,805
Book Value Per Share Outstanding	\$20.94	\$17.43	\$16.30
Homebuilding and Corporate Debt	\$329,430	\$214,389	\$250,014
Ratio of Homebuilding and Corporate Debt to Equity	.75	.55	.69
Total Capital (excluding mortgage lending debt)	\$770,038	\$603,412	\$613,819
Ratio of Homebuilding and Corporate Debt to Total Capital	.43	.36	.41
Ratio of Homebuilding and Corporate Debt to EBITDA, as Adjusted	1.4	1.1	1.3
Total Liquidity	\$256,350	\$300,539	\$232,992
Total Homebuilding Inventories	\$823,262	\$645,709	\$666,909
Interest Capitalized in Inventories	\$18,832	\$17,406	\$18,049
Interest Capitalized as a Percent of Inventories	2.3%	2.7%	2.7%
Total Lots Owned	10,098	10,452	9,436
Total Lots Under Option	8,567	8,063	8,503
Active Subdivisions	120	131	129

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
OPERATING DATA				
EBITDA, As Adjusted				
Net income	\$34,260	\$24,140	\$84,090	\$62,848
Add:				
Income taxes	19,355	16,092	57,264	41,364
Interest in home and land cost of sales	6,041	9,527	15,902	23,627
Other fixed charges	837	472	2,503	999
Depreciation and amortization	6,102	3,876	14,793	12,968
Asset impairment charges	--	--	800	--
Total EBITDA, As Adjusted	\$66,595	\$54,107	\$175,352	\$141,806
Ratio of EBITDA, As Adjusted, to Interest Incurred	9.7	10.0	10.1	9.2

Homebuilding and Corporate SG&A as a Percent of Home Sales Revenues	12.2%	10.9%	12.4%	11.2%
Interest Incurred	\$6,836	\$5,393	\$17,328	\$15,344
Interest Capitalized	\$6,836	\$5,393	\$17,328	\$15,344
Interest in Home Cost of Sales as a Percent of Home Sales Revenues	1.4%	2.1%	1.3%	2.1%
Operating Return on Revenues	7.7%	5.9%	6.9%	5.7%
Operating Return on Average Assets*	11.8%	10.2%	N/A	N/A
Operating Return on Average Equity*	27.7%	25.4%	N/A	N/A

* Rolling 12 Months Ended September 30

M.D.C. HOLDINGS, INC.
Homebuilding Operational Data
(Dollars in thousands)

	Three Months Ended September 30, 2000		September 30, 1999		Nine Months Ended September 30, 2000		September 30, 1999	
Home Sales Revenues	\$436,174		\$398,833		\$1,173,084		\$1,076,061	

Average Selling Price Per Home Closed	\$224.5	\$212.7	\$219.1	\$207.5
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Home Gross Margins Excluding Interest in Home Cost of Sales	23.2%	19.8%	22.3%	19.4%
	24.6%	21.9%	23.6%	21.5%

Orders For Homes, Net
(Units)

Colorado	668	655	2,134	2,259
California	415	329	1,272	1,129
Arizona	573	261	1,486	1,199
Nevada	199	151	631	425
Virginia	177	150	641	611
Maryland	60	70	217	268
Total	2,092	1,616	6,381	5,891

Homes Closed (Units)

Colorado	702	653	2,152	1,846
California	369	381	887	921
Arizona	405	444	1,094	1,299
Nevada	212	151	500	407
Virginia	175	183	497	493
Maryland	80	63	225	220
Total	1,943	1,875	5,355	5,186

September 30, 2000 December 31, 1999 September 30, 1999

Backlog (Units)

Colorado	1,608	1,626	1,768
California	642	257	534
Arizona	844	452	596
Nevada	268	137	164
Virginia	434	290	372
Maryland	171	179	201

Total	3,967	2,941	3,635
Estimated Sales Value	\$930,000	\$600,000	\$750,000

SOURCE: M.D.C. Holdings, Inc.

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Website: <https://www.richmondamerican.com/>

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