

## M.D.C. Holdings Reports 54% Increase in Fourth Quarter Earnings Per Share

**- Fourth quarter earnings per share of \$1.80 vs. \$1.17 a year ago - Record 2000 net income of \$123.3 million, a 38% increase - Highest quarterly and annual revenues and home closings in Company history - Record fourth quarter and annual home orders and year-end backlog - Record annual homebuilding profits of \$227.3 million, up 40% - Fourth quarter home gross margins of 22.3%, a 330 basis point increase - Debt-to-capital ratio reduced to .35 - Annual interest coverage increased to 10.5 from 9.4**

PRNewswire  
DENVER

M.D.C. Holdings, Inc. ([www.RichmondAmerican.com](http://www.RichmondAmerican.com)), whose subsidiaries build homes under the name "Richmond American Homes," today announced net income for the quarter ended December 31, 2000 of \$39.2 million, or \$1.80 per share - the highest quarterly net income in the Company's history and 48% higher than net income of \$26.5 million, or \$1.17 per share, for the same period in 1999. Net income for the year ended December 31, 2000 was a record \$123.3 million, or \$5.62 per share, compared with \$89.4 million, or \$3.95 per share, for 1999. As in the third quarter, operating results for the 2000 fourth quarter were impacted favorably by the reduction in the effective income tax rate for this quarter to 36.6% as a result of the Company's resolution of its only open IRS income tax examination. MDC achieved record revenues for the quarter and year ended December 31, 2000 of \$539 million and \$1.752 billion, respectively, compared with \$461 million and \$1.568 billion, respectively, for the same periods in 1999.

Larry A. Mizel, MDC's chairman and chief executive officer, stated, "Our outstanding performance over the last three months marks the eleventh consecutive quarter that we have established new records for operating earnings for comparable quarters. This serves as a fitting conclusion to the most profitable year in the 29-year history of our Company. Our successes in 2000 extended well beyond the bottom line, as we continued to improve upon our position at or near the top of the homebuilding industry in measures of financial strength and stability. These measures include a return on average equity of 29%, a ratio of debt-to-capital of .35 and interest coverage of almost 11 times."

Mizel noted that MDC was recently named to the "Forbes Platinum List" of the 400 best big companies in America, and commented, "We attribute our achievements this year to the disciplined operating strategy and sound fundamental business practices which we have applied consistently throughout much of the past decade. These strategies and practices, combined with our strong balance sheet, our extensive liquidity, our growing share of some of the best housing markets in the country, and a record year-end backlog, have positioned our Company to meet the challenges of the changing economic environment in 2001."

### Highest Homebuilding Profits in Company History

Operating profits from the Company's homebuilding operations reached record levels, increasing to \$68.3 million and \$227.3 million, respectively, for the quarter and year ended December 31, 2000, compared with \$47.3 million and \$162.3 million, respectively, for the same periods in 1999. These profit improvements primarily resulted from record home closings and significantly higher home gross margins, which improved to 22.3% for the quarter and year ended December 31, 2000, compared with 19.0% and 19.3%, respectively, for the same periods in 1999. In addition, the Company's average selling price per home closed for the quarter and year ended December 31, 2000 increased to \$248,000 and \$227,300, respectively, from \$221,400 and \$211,400, respectively, for the same periods in 1999. Operating profits for the quarter and year ended December 31, 2000 were impacted adversely by non-cash, pre-tax asset impairment charges of \$3.4 million and \$4.2 million, respectively, compared with an impairment charge of \$2.2 million for the quarter and year ended December 31, 1999. The fourth quarter 2000 charge resulted from the write-down to fair market value of one homebuilding project in Southern California which has experienced a much slower than anticipated home order pace and significantly increased sales incentive requirements.

Paris G. Reece III, MDC's executive vice president and chief financial officer, said, "Each of our homebuilding divisions was profitable in the 2000 fourth quarter, excluding the impact of the impairment charge, and all divisions except Phoenix recorded year-over-year improvements in operating results. Each of the improving divisions realized significant increases in average selling prices, lead by Southern California and Northern California, where average selling prices exceeded \$325,000. Home gross margins also improved substantially for these divisions, increasing by more than 500 basis points in Virginia, Northern California and Nevada, and by more than 300 basis points in every other market except Southern California. These margin improvements are a direct result of our cost reduction and efficiency initiatives, increased contributions from our design centers, and

our ability to increase selling prices and reduce incentives in most of our markets."

#### Record Mortgage Lending Results

Operating profits from the Company's mortgage lending operations were \$4.5 million and \$14.3 million, respectively, for the quarter and year ended December 31, 2000, representing the highest level of fourth quarter and total year operating profits from mortgage lending in the Company's history. Mortgage lending operating profits for the quarter and year ended December 31, 1999 were \$3.4 million and \$13.2 million, respectively.

The operating profit increases in the 2000 periods primarily resulted from higher origination fees received from record levels of mortgage loans originated and brokered for MDC home buyers. Operating profits for the 2000 fourth quarter also were favorably impacted by higher gains on sales of mortgage loans and mortgage loan servicing, compared with the fourth quarter of 1999. The Company originated or brokered \$1.133 billion in mortgage loans for 81% of MDC's home buyers in 2000, compared with \$1.032 billion in mortgage loans for 81% of MDC's home buyers in 1999.

#### Increased Balance Sheet Strength and Improved Operating Efficiency

MDC maintains one of the strongest balance sheets in the homebuilding industry, and the Company's financial position continued to strengthen throughout 2000. MDC reduced its ratios of homebuilding and corporate debt-to-capital and debt-to-EBITDA (as defined below) at December 31, 2000 to .35 and 1.04, respectively. These ratios are not only the lowest levels achieved in MDC's history, they are among the lowest in the entire industry. The Company's strong 2000 operating results, partially offset by MDC's repurchase of 1,932,000 shares of its common stock for \$30.8 million during the year, increased stockholders' equity by 24% to \$482 million, or \$22.76 per outstanding share, at December 31, 2000. Further, the Company ended 2000 with \$343 million in liquidity, 14% higher than at December 31, 1999, although inventory levels increased throughout the year in support of the Company's expanded homebuilding operations.

During the quarter and year ended December 31, 2000, earnings before interest, taxes, depreciation, amortization and non-cash charges ("EBITDA, as adjusted") increased to \$79.6 million and \$254.9 million, respectively, compared with \$58.3 million and \$200.1 million, respectively, for the same periods in 1999. These increases in EBITDA, as adjusted, contributed to improvements in the Company's ratios of EBITDA, as adjusted, to interest incurred to 11.3 and 10.5, respectively, for the quarter and year ended December 31, 2000, compared with 9.8 and 9.4, respectively, for the comparable periods 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 Northern California.

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

Certain statements in this release, including those related to the Company's anticipated earnings and analysts' estimates, 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, among other things, (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) the availability of public utilities in certain markets; (10) slow growth initiatives; (11) building moratoria; (12) governmental regulation, including the interpretation of tax, labor and environmental laws; (13) changes in consumer confidence and preferences; (14) required accounting changes; and (15) other factors over which the Company has little or no control.

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

December 31,  
2000      1999

ASSETS

Corporate			
Cash and cash equivalents	\$8,411	\$33,637	
Property and equipment, net	3,069	2,909	
Deferred income taxes	31,821	21,201	
Deferred debt issue costs, net	2,180	2,393	
Other assets, net	8,039	6,771	
	53,520	66,911	
Homebuilding			
Cash and cash equivalents	5,265	4,935	
Home sales and other accounts receivable	4,713	3,496	
Inventories, net			
Housing completed or under construction	443,512	337,029	
Land and land under development	388,711	308,680	
Prepaid expenses and other assets, net	51,631	58,156	
	893,832	712,296	
Financial Services			
Cash and cash equivalents	439	358	
Mortgage loans held in inventory	107,151	89,953	
Other assets, net	6,656	7,490	
	114,246	97,801	
Total Assets	\$1,061,598	\$877,008	
LIABILITIES			
Corporate			
Accounts payable and accrued expenses	\$50,843	\$46,721	
Income taxes payable	9,558	18,291	
Senior notes, net	174,444	174,389	
	234,845	239,401	
Homebuilding			
Accounts payable and accrued expenses	164,660	152,488	
Line of credit	90,000	40,000	
	254,660	192,488	
Financial Services			
Accounts payable and accrued expenses	15,404	5,862	
Line of credit	74,459	50,234	
	89,863	56,096	
Total Liabilities	579,368	487,985	
STOCKHOLDERS' EQUITY			
Total Stockholders' Equity	482,230	389,023	
Total Liabilities and Stockholders' Equity	\$1,061,598	\$877,008	

M.D.C. HOLDINGS, INC.

Condensed Consolidated Statements of Income  
(In thousands, except per share amounts)

	Three Months Ended		Year Ended	
	December 31, 2000	1999	December 31, 2000	1999
REVENUES				
Homebuilding	\$529,790	\$453,358	\$1,721,559	\$1,537,563
Financial Services	8,418	6,796	28,925	27,460
Corporate	293	474	1,061	2,615
Total Revenues	\$538,501	\$460,628	\$1,751,545	\$1,567,638
NET INCOME				
Homebuilding	\$68,295	\$47,276	\$227,319	\$162,258

Financial Services	4,483	3,397	14,282	13,169
Operating Profit	72,778	50,673	241,601	175,427
Corporate general and administrative expense, net	(10,931)	(6,432)	(38,400)	(26,974)
Income before income taxes	61,847	44,241	203,201	148,453
Provision for income taxes	(22,634)	(17,697)	(79,898)	(59,061)
Net Income	\$39,213	\$26,544	\$123,303	\$89,392

#### EARNINGS PER SHARE

Basic	\$1.86	\$1.19	\$5.74	\$4.02
Diluted	\$1.80	\$1.17	\$5.62	\$3.95

#### WEIGHTED-AVERAGE SHARES OUTSTANDING

Basic	21,106	22,316	21,466	22,247
Diluted	21,789	22,629	21,947	22,656

DIVIDENDS PAID PER SHARE	\$0.06	\$0.05	\$0.24	\$0.20
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M.D.C. HOLDINGS, INC.  
Information on Business Segments  
(In thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2000	1999	2000	1999
<b>Homebuilding</b>				
Home sales	\$528,024	\$450,458	\$1,701,108	\$1,526,519
Land sales	1,159	2,377	6,641	8,114
Other revenues	607	523	13,810	2,930
Total Homebuilding Revenues	529,790	453,358	1,721,559	1,537,563
Home cost of sales	410,407	365,089	1,322,185	1,231,922
Land cost of sales	1,096	1,341	4,293	5,767
Asset impairment charges	3,400	2,242	4,200	2,242
Marketing	28,335	22,500	94,412	80,545
General and administrative	18,257	14,910	69,150	54,829
	461,495	406,082	1,494,240	1,375,305
Homebuilding Operating Profit	68,295	47,276	227,319	162,258
<b>Financial Services</b>				
Interest revenues	599	832	2,313	2,844
Origination fees	4,378	3,424	13,951	12,459
Gains on sales of mortgage servicing	627	282	3,162	3,114
Gains on sales of mortgage loans, net	2,708	2,095	8,951	8,456
Mortgage servicing and other	106	163	548	587
Total Financial Services Revenues	8,418	6,796	28,925	27,460
General and administrative	3,935	3,399	14,643	14,291
Financial Services Operating Profit	4,483	3,397	14,282	13,169

Total Operating Profit	72,778	50,673	241,601	175,427
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Corporate

Interest and other revenues	293	474	1,061	2,615
General and administrative	(11,224)	(6,906)	(39,461)	(29,589)
Net Corporate Expenses	(10,931)	(6,432)	(38,400)	(26,974)

Income Before Income

Taxes	\$61,847	\$44,241	\$203,201	\$148,453
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M.D.C. HOLDINGS, INC.  
Selected Financial Data  
(Dollars in thousands, except per share amounts)

December 31,  
2000      1999      1998

BALANCE SHEET DATA

Stockholders' Equity	\$482,230	\$389,023	\$298,131
Book Value Per Share Outstanding	\$22.76	\$17.43	\$13.56
Homebuilding and Corporate Debt	\$264,444	\$214,389	\$197,076
Ratio of Homebuilding and Corporate Debt to Equity	.55	.55	.66
Total Capital (excluding mortgage lending debt)	\$746,674	\$603,412	\$495,207
Ratio of Homebuilding and Corporate Debt to Total Capital	.35	.36	.40
Ratio of Homebuilding and Corporate Debt to EBITDA, As Adjusted	1.04	1.07	1.36
Total Liquidity	\$342,583	\$300,539	\$298,334
Total Homebuilding Inventories	\$832,223	\$645,709	\$511,284
Interest Capitalized in Inventories	\$19,417	\$17,406	\$26,332
Interest Capitalized as a Percent of Inventories	2.3%	2.7%	5.2%
Total Lots Owned	11,633	10,452	8,925
Total Lots Under Option	8,131	8,063	7,729
Active Subdivisions	133	131	130

Year Ended December 31,  
2000      1999      1998

OPERATING DATA

EBITDA, As Adjusted			
Net income	\$123,303	\$89,392	\$51,568
Add:			
Income taxes	79,898	59,061	32,284
Interest in home and land cost of sales	22,356	30,187	34,184
Other fixed charges	3,362	1,347	953
Depreciation and amortization	21,792	17,845	20,228
Asset impairment charges	4,200	2,242	5,300
Total EBITDA, As Adjusted	\$254,911	\$200,074	\$144,517
Ratio of EBITDA, As Adjusted, to Interest Incurred	10.5	9.4	6.4

Homebuilding and Corporate SG&A as a Percent of Home Sales Revenues	11.9%	10.8%	11.5%	
Interest Incurred	\$24,367	\$21,261	\$22,525	
Interest Capitalized	\$24,367	\$21,261	\$22,525	
Interest in Home Cost of Sales as a Percent of Home Sales Revenues	1.3%	1.9%	2.6%	
Operating Return on Revenues	7.0%	5.7%	4.1%	
Operating Return on Average Assets	12.7%	11.1%	7.5%	
Operating Return on Average Equity	29.1%	26.2%	20.8%	

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

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2000	1999	2000	1999
Home Sales Revenues	\$528,024	\$450,458	\$1,701,108	\$1,526,519
Average Selling Price Per Home Closed	\$248.0	\$221.4	\$227.3	\$211.4
Home Gross Margins Excluding Interest in Home Cost of Sales	22.3%	19.0%	22.3%	19.3%
	23.5%	20.4%	23.6%	21.2%
Orders For Homes, net (Units)				
Colorado	473	496	2,607	2,755
California	342	267	1,614	1,396
Arizona	363	256	1,849	1,455
Nevada	108	127	739	552
Virginia	124	127	765	738
Maryland	44	68	261	336
Total	1,454	1,341	7,835	7,232
Homes Closed (Units)				
Colorado	696	638	2,848	2,484
California	476	544	1,363	1,465
Arizona	460	400	1,554	1,699
Nevada	178	154	678	561
Virginia	230	209	727	702
Maryland	89	90	314	310
Total	2,129	2,035	7,484	7,221
	December 31,	December 31,		
	2000	1999		
Backlog (Units)				
Colorado	1,385	1,626		
California	508	257		
Arizona	747	452		
Nevada	198	137		
Virginia	328	290		
Maryland	126	179		
Total	3,292	2,941		
Estimated Sales Value	\$775,000	\$600,000		

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

Contact: Paris G. Reece III, Chief Financial Officer of M.D.C. Holdings,

Inc., 303-804-7706, greece@mdch.com; or Rick Matthews of Rubenstein Associates, Inc., 212-843-8007, rmatthews@rubenstein.com, for M.D.C. Holdings, Inc.

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

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