

## **M.D.C. Holdings Reports 39% Increase in First Quarter Earnings** **- Record first quarter net income of \$29.3 million - Earnings per share of \$1.20 vs. \$ .85 a year ago, a 41% increase - Highest first quarter revenues and home closings in Company history - Record quarterly home orders and quarter-end backlog - Homebuilding operating profits of \$53.9 million, up 19% - Home gross margins of 23.3%, a 220 basis point increase - Debt to capital ratio of .35 - Interest coverage of 9.9**

PRNewswire  
DENVER

M.D.C. Holdings, Inc. ([www.RichmondAmerican.com](http://www.RichmondAmerican.com)) today announced net income for the three months ended March 31, 2001 of \$29.3 million, or \$1.20 per share -- the highest first quarter net income in the Company's history and 39% higher than net income of \$21.0 million, or \$.85 per share, for the same period in 2000. Net income for the 2000 first quarter included realized, non-recurring after-tax gains of \$3.4 million, or \$.14 per share, from the sale of certain investments by MDC's captive insurance subsidiary. Excluding the impact of these non-recurring gains, 2001 first quarter earnings per share increased 69% compared with the 2000 first quarter. Total revenues for the first quarter of 2001 were a record \$420 million, 21% higher than revenues of \$347 million for the same period in 2000.

Larry A. Mizel, MDC's chairman and chief executive officer, stated, "We are pleased to report the strongest first quarter operating performance in the Company's 29-year history, representing the sixteenth consecutive quarter of year-over-year increases in operating results. The continued success of our operating strategy has enabled us to achieve several important milestones during the first quarter of 2001, which include exceeding \$1 billion sales value in backlog, approaching a 12-month return on assets of 13% and achieving a return on equity of almost 30%. We also are pleased that the rating agencies continue to acknowledge the soundness of our operating strategy and our position as an industry leader in financial performance, capital stability and interest coverage. After having received ratings upgrades from all three major rating agencies between December 1999 and September 2000, Standard & Poor's recently upgraded its outlook for MDC to 'positive,' and Fitch IBCA, Duff & Phelps has assigned an investment grade rating of 'BBB-' to the Company's senior debt."

### **Record Homebuilding and Mortgage Lending Results**

Operating profits from the Company's homebuilding operations for the first quarter of 2001 increased to \$53.9 million. These profits are the highest for any first quarter in the Company's history, and 49% higher than homebuilding profits for the same period in 2000, excluding the investment gains discussed above of \$9.3 million on a pre-tax basis. This increase in operating profits primarily resulted from a 13% increase in first quarter home closings to 1,759 units, a \$20,500 higher average selling price per home closed and a 220 basis point improvement in home gross margins.

Paris G. Reece III, MDC's executive vice president and chief financial officer, said, "We realized substantially improved operating results from each of our major homebuilding divisions. Our home closings in the 2001 first quarter increased 53% and 30%, respectively, over the 2000 first quarter in Arizona and Las Vegas, and average selling prices were higher by more than \$27,000 in each of our other markets. In addition, we improved our home gross margins by more than 150 basis points in every market except Arizona, as a result of our disciplined approach to controlling construction costs, our continued ability to raise selling prices as a partial offset to rising land costs, the continued improvement in design center revenues and margins, and lower incentive costs."

The Company's mortgage lending operations reported operating profits of \$4.2 million for the three months ended March 31, 2001, compared with \$2.4 million for the same period in 2000. The significant improvement in operating profits primarily was due to a \$1.2 million increase in gains from sales of mortgage loan servicing in the first quarter of 2001. In addition, mortgage loan origination fees in the 2001 first quarter were \$3.7 million, compared with \$2.8 million in the 2000 first quarter. The Company originated or brokered a record \$293 million in mortgage loans for 83% of the MDC's home buyers in the 2001 first quarter, compared with \$224 million in mortgage loans for 80% of MDC's home buyers for the same period in 2000.

### **Strengthened Balance Sheet and Improved Operating Efficiency**

The Company continued to strengthen its balance sheet and improve the efficiency of its operations in the first quarter of 2001. This success is represented by the achievement of ratios of homebuilding and corporate debt-to-capital and debt-to-EBITDA (as defined below) at March 31, 2001 of .35 and 1.07, respectively. In addition, MDC improved its returns on average assets and average equity for the 12 months ended March 31, 2001 to 12.9% and 29.2%, respectively. Each of these ratios and returns rank among the best in the homebuilding

industry. The Company's strong operating results over the past year have increased MDC's stockholders equity by 34% to \$522 million, or \$22.04 per outstanding share, at March 31, 2001. Further, notwithstanding higher inventory levels needed to support the Company's expanded homebuilding operations, the Company ended the first quarter 2001 with liquidity of \$341 million, 30% higher than at March 31, 2000.

First quarter 2001 earnings before interest, taxes, depreciation and amortization ("EBITDA") increased 23% to \$59.9 million, compared with \$48.8 million for the same period in 2000. This EBITDA increase enabled the Company to maintain an EBITDA interest coverage of approximately ten times for the quarter and 12 months ended March 31, 2001, which is second highest among all the major public homebuilders.

MDC, whose subsidiaries build homes under the name "Richmond American Homes," is one of the largest homebuilders in the United States. The Company's wholly owned subsidiary HomeAmerican Mortgage Corporation provides mortgage financing primarily for MDC's home buyers. MDC is a major regional homebuilder with a significant presence in some of the country's best housing markets. Richmond American Homes is the largest homebuilder in metropolitan Denver; among the top five homebuilders in northern Virginia, suburban Maryland, Phoenix, Tucson and Colorado Springs; and among the top ten homebuilders in Las Vegas, Southern California and Northern California.

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

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

	March 31, 2001	December 31, 2000
<b>ASSETS</b>		
Corporate		
Cash and cash equivalents	\$9,724	\$8,411
Property and equipment, net	3,286	3,069
Deferred income taxes	35,684	31,821
Deferred debt issue costs, net	2,123	2,180
Other assets, net	7,415	8,039
	58,232	53,520
Homebuilding		
Cash and cash equivalents	5,219	5,265
Home sales and other accounts receivable	13,732	4,713
Inventories, net		
Housing completed or under construction	486,616	443,512
Land and land under development	386,307	388,711
Prepaid expenses and other assets, net	57,604	51,631
	949,478	893,832
Financial Services		
Cash and cash equivalents	410	439
Mortgage loans held in inventory	112,560	107,151
Other assets, net	6,674	6,656
	119,644	114,246
<b>Total Assets</b>	<b>\$1,127,354</b>	<b>\$1,061,598</b>
<b>LIABILITIES</b>		
Corporate		
Accounts payable and accrued expenses	\$37,978	\$50,843
Income taxes payable	22,548	9,558
Senior notes, net	174,458	174,444
	234,984	234,845
Homebuilding		
Accounts payable and accrued expenses	168,315	164,660
Line of credit	110,000	90,000
	278,315	254,660
Financial Services		
Accounts payable and accrued expenses	27,400	15,404
Line of credit	64,693	74,459
	92,093	89,863

Total Liabilities	605,392	579,368
STOCKHOLDERS' EQUITY		
Total Stockholders' Equity	521,962	482,230
Total Liabilities and Stockholders' Equity	\$1,127,354	\$1,061,598

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

	Three Months Ended March 31,	
	2001	2000
REVENUES		
Homebuilding	\$411,096	\$341,009
Financial Services	8,341	5,874
Corporate	285	275
Total Revenues	\$419,722	\$347,158
NET INCOME		
Homebuilding	\$53,931	\$45,471
Financial Services	4,204	2,449
Operating Profit	58,135	47,920
Corporate general and administrative expense, net	(10,121)	(8,279)
Income before income taxes	48,014	39,641
Provision for income taxes	(18,731)	(18,620)
Net Income	\$29,283	\$21,021
EARNINGS PER SHARE		
Basic	\$1.24	\$.86
Diluted	\$1.20	\$.85
WEIGHTED-AVERAGE SHARES OUTSTANDING		
Basic	23,575	24,321
Diluted	24,489	24,587
DIVIDENDS PAID PER SHARE	\$ .06	\$ .06

M.D.C. HOLDINGS, INC.  
Information on Business Segments  
(In thousands)

	Three Months Ended March 31,	
	2001	2000
Homebuilding		
Home sales	\$409,720	\$329,451
Land sales	346	1,493
Other revenues	1,030	10,065
Total Homebuilding Revenues	411,096	341,009
Home cost of sales	314,437	259,827
Land cost of sales	263	999
Marketing	22,853	18,684
General and administrative	19,612	16,028
	357,165	295,538
Homebuilding Operating Profit	53,931	45,471

Financial Services

Interest revenues	541	492
Origination fees	3,685	2,796
Gains on sales of mortgage servicing	1,683	457
Gains on sales of mortgage loans, net	2,574	2,000
Mortgage servicing and other	(142)	129
Total Financial Services Revenues	8,341	5,874
General and administrative	4,137	3,425
Financial Services Operating Profit	4,204	2,449
Total Operating Profit	58,135	47,920
Corporate		
Interest and other revenues	285	275
General and administrative	(10,406)	(8,554)
Net Corporate Expenses	(10,121)	(8,279)
Income Before Income Taxes	\$48,014	\$39,641

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

	March 31, 2001	December 31, 2000	March 31, 2000
<b>BALANCE SHEET DATA</b>			
Stockholders' Equity	\$521,962	\$482,230	\$390,904
Book Value Per Share Outstanding	\$22.04	\$20.69	\$16.49
Homebuilding and Corporate Debt	\$284,458	\$264,444	\$234,402
Ratio of Homebuilding and Corporate Debt to Equity	.54	.55	.60
Total Capital (excluding mortgage lending debt)	\$806,420	\$746,674	\$625,306
Ratio of Homebuilding and Corporate Debt to Total Capital	.35	.35	.37
Ratio of Homebuilding and Corporate Debt to EBITDA	1.07	1.04	1.09
Total Liquidity	\$341,380	\$342,583	\$263,173
Total Homebuilding Inventories	\$872,923	\$832,223	\$694,603
Interest Capitalized in Inventories	\$19,770	\$19,417	\$17,615
Interest Capitalized as a Percent of Inventories	2.3%	2.3%	2.5%
Total Lots Owned	11,453	11,633	10,340
Total Lots Under Option	9,703	8,131	8,727
Homes Under Construction	3,459	3,230	3,399
Active Subdivisions	138	133	128

	Three Months Ended March 31,	
	2001	2000
<b>OPERATING DATA</b>		

<b>EBITDA</b>		
Net Income	\$29,283	\$21,021
Add:		
Income taxes	18,731	18,620
Interest in home and land cost of sales	5,679	4,572
Other fixed charges	876	771
Depreciation and amortization	5,376	3,776

Total EBITDA	\$59,945	\$48,760
--------------	----------	----------

Ratio of EBITDA, to Interest Incurred	9.9	10.2
---------------------------------------	-----	------

Homebuilding and Corporate SG&A as a Percent of Home Sales Revenues	12.9%	13.1%
---	-------	-------

Interest Incurred	\$6,032	\$4,781
Interest Capitalized	\$6,032	\$4,781

Interest in Home Cost of Sales as a Percent of Home Sales Revenues	1.3%	1.4%
--	------	------

Operating Return on Revenues	7.0%	6.1%
Operating Return on Average Assets*	12.9%	11.5%
Operating Return on Average Equity*	29.2%	26.9%

\*Rolling 12 months Ended March 31

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

Three Months Ended	
March 31,	
2001	2000

Home Sales Revenues	\$409,720	\$329,451
---------------------	-----------	-----------

Average Selling Price Per Home Closed	\$232.9	\$212.4
---------------------------------------	---------	---------

Home Gross Margins	23.3%	21.1%
Excluding Interest in Home Cost of Sales	24.6%	22.5%

Orders For Homes, net (Units)

Colorado	968	851
California	441	412
Arizona	732	457
Nevada	268	233
Virginia	220	278
Maryland	98	86

Total	2,727	2,317
-------	-------	-------

Homes Closed (Units)

Colorado	629	652
California	240	219
Arizona	498	325
Nevada	159	122
Virginia	170	164
Maryland	63	69

Total	1,759	1,551
-------	-------	-------

March 31,	December 31,	March 31,
2001	2000	2000

Backlog (Units)

Colorado	1,724	1,385	1,825
California	709	508	450
Arizona	1,044*	747	584
Nevada	307	198	248
Virginia	378	328	404
Maryland	161	126	196

Total	4,323	3,292	3,707
-------	-------	-------	-------

Backlog Estimated Sales Value     \$1,075,000    \$775,000    \$775,000

\*In February 2001, MDC acquired certain assets of KE&G, LLC, a Tucson area homebuilder, including 63 homes in backlog, 17 of which closed and 46 of which were in backlog at March 31, 2001.

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

Contact: Paris G. Reece III, Chief Financial Officer, 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/>

---

<https://ir.richmondamerican.com/2001-04-18-M-D-C-Holdings-Reports-39-Increase-in-First-Quarter-Earnings>