M.D.C. Holdings Reports 20% Increase in Fourth Quarter Earnings

- Fourth quarter earnings per share of $1.73 vs. $1.49 a year ago - Record 2001 net income of $155.7 million, a 26% increase - Highest quarterly and annual revenues and home closings in Company history - Record annual homebuilding profits of $279.3 million, up 23% - Net debt-to-capital ratio reduced by 50% to .17 - Annual interest coverage increased to 14.1 from 10.5; 20.3 in fourth quarter - EBIT return on capital of 33.8%; return on assets of 13.3%

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 quarter ended December 31, 2001 of $47.1 million, or $1.73 per share -- the highest quarterly net income in the Company's history and 20% higher than net income of $39.2 million, or $1.49 per share, for the same period in 2000. Net income for the year ended December 31, 2001 was a record $155.7 million, or $5.72 per share, compared with $123.3 million, or $4.64 per share, for 2000. MDC achieved record revenues for the quarter and year ended December 31, 2001 of $677 million and $2.126 billion, respectively, compared with $539 million and $1.752 billion, respectively, for the same periods in 2000.

Larry A. Mizel, MDC's chairman and chief executive officer, stated, "Our nation and our industry faced tremendous challenges in 2001. Our Company successfully responded to these challenges, producing the best annual operating results in our 30-year history, concluded by the Company's most profitable quarter ever. As we reflect on the accomplishments of the past year, we measure our success by much more than just the bottom line. Our 2001 operating return on average assets of over 13% and EBIT return on capital of almost 34% exemplify a number of measures of MDC's operating performance that are among the best of our peers. While increasing our home closing volume by 9% and growing our top line revenues by more than 21%, we continued to strengthen our balance sheet and increase our financial flexibility. We closed the year 2001 with more than $490 million in liquidity, with no borrowings outstanding on our $450 million unsecured line of credit and no off-balance-sheet or joint venture debt. As a result, our leverage and interest coverage ratios improved substantially to levels that continue to rank among the strongest in the homebuilding industry. Our performance has been rewarded in 2001 with upgrades in the ratings of our public debt, including the assignment of an investment grade rating by Fitch and the recent upgrade to 'Ba1' by Moody's Investors Service, as well as the assignment of a 'positive' outlook by Standard & Poor's."

Mizel continued, "Our accomplishments in 2001 are attributable to a disciplined operating strategy that we have implemented successfully and refined continually over the last decade. With a conservatively managed supply of lots in some of our country's strongest homebuilding markets, we believe that we can leverage our leading or significant market shares to expand within many of those markets, even when they are contracting. We also have the financial flexibility to pursue strategic and opportunistic expansion into new markets in order to facilitate the continued quality growth of our enterprise. With our strong balance sheet, extensive liquidity and industry-leading credit statistics, we are positioned to pursue growth opportunities that will further our primary objective of maximizing shareowner value."

Highest Homebuilding Profits in Company History

Operating profits from the Company's homebuilding operations reached record levels, increasing to $83.4 million and $279.3 million, respectively, for the quarter and year ended December 31, 2001, compared with $68.3 million and $227.3 million, respectively, for the same periods in 2000. These profit improvements primarily resulted from record home closings and increased average selling prices per home closed, which rose to $274,800 and $254,100, respectively, for the quarter and year ended December 31, 2001, compared with $248,000 and $227,300, respectively, for the same periods in 2000. Home gross margins were 22.2% and 23.2%, respectively, for the quarter and year ended December 31, 2001, compared with 22.3%, for the same periods in 2000.

Operating profits for the quarter and year ended December 31, 2001 were impacted adversely by non-cash, pre-tax asset impairment charges of $4.1 million and $7.0 million, respectively, compared with $3.4 million and $4.2 million, respectively, for the quarter and year ended December 31, 2000. The fourth quarter 2001 charge resulted from the write-down to fair market value of one homebuilding project in Southern California and one homebuilding project in the San Francisco Bay area. With respect to each of these projects, the Company has experienced a much slower than anticipated home order pace, significantly increased sales incentive requirements and, in the case of the Bay area project, substantial reductions in home selling prices by competing projects.

Paris G. Reece III, MDC's executive vice president and chief financial officer, said, "All of our divisions were profitable in the 2001 fourth quarter and total year, with most reporting improved year-over-year operating results. Contributing to our record performance in the 2001 fourth quarter were double-digit percentage increases in home closings in all markets except the Mid-Atlantic and Southern California, as well as average selling price increases from the 2000 fourth quarter of more than $25,000 in every market but Colorado and Tucson."

Record Mortgage Lending Results

Operating profits from the Company's mortgage lending operations were $6.4 million and $21.1 million, respectively, for the quarter and year ended December 31, 2001, representing the highest level of quarterly 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, 2000 were $4.5 million and $14.3 million, respectively.

The operating profit increases in the 2001 periods primarily resulted from higher origination fees received from record levels of mortgage loans originated and brokered for MDC home buyers, as well as larger gains on sales of mortgage loans and mortgage loan servicing. The Company originated or brokered $1.433 billion in mortgage loans for 85% of MDC's home buyers in 2001, compared with $1.125 billion in mortgage loans for 81% of MDC's home buyers in 2000.

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 2001. MDC reduced its ratios of homebuilding and corporate debt-to-capital and debt-to-EBITDA, as adjusted (as defined below), net of cash, at December 31, 2001 to .17 and .43, respectively. The Company's strong 2001 operating results increased stockholders' equity by 36% to $654 million, or $24.59 per outstanding share, at December 31, 2001, compared with December 31, 2000. Further, the Company ended 2001 with $492 million in liquidity, 44% higher than at December 31, 2000.

During the quarter and year ended December 31, 2001, earnings before interest, taxes, depreciation, amortization and non-cash charges ("EBITDA, as adjusted") increased to $98.8 million and $318.0 million, respectively, compared with $79.6 million and $254.9 million, respectively, for the same periods in 2000. These increases in EBITDA, as adjusted, contributed to improvements in the Company's ratios of EBITDA, as adjusted, to interest incurred to 20.3 and 14.1, respectively, for the quarter and year ended December 31, 2001, compared with 11.3 and 10.5, respectively, for the comparable periods in 2000.

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. Richmond American Homes is the largest homebuilder in Colorado; among the top five homebuilders in northern Virginia, Phoenix and Tucson; and among the top ten homebuilders in suburban Maryland, Las Vegas, Southern California and Northern California.

Certain statements in this release, including those related to long-term operating objectives, 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) 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; (14) terrorist acts and other acts of war; 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, 2001	December 31, 2000
ASSETS		
Corporate		
Cash and cash equivalents	$31,322	$8,411

Property and equipment, net	2,723	3,069
Deferred income taxes	30,081	31,821
Deferred debt issue costs, net	1,947	2,180
Other assets, net	7,597	8,039
	73,670	53,520
Homebuilding		
Cash and cash equivalents	4,760	5,265
Home sales and other accounts receivable	2,621	4,713
Inventories, net		
Housing completed or under construction	456,752	443,512
Land and land under development	450,502	388,711
Prepaid expenses and other assets, net	49,544	51,631
	964,179	893,832
Financial Services		
Cash and cash equivalents	518	439
Mortgage loans held in inventory	144,971	107,151
Other assets, net	7,618	6,656
	153,107	114,246
Total Assets	$1,190,956	$1,061,598
LIABILITIES		
Corporate		
Accounts payable and accrued expenses	$61,135	$50,843
Income taxes payable	9,953	9,558
Senior notes, net	174,503	174,444
	245,591	234,845
Homebuilding		
Accounts payable and accrued expenses	174,955	164,660
Line of credit	--	90,000
	174,955	254,660
Financial Services		
Accounts payable and accrued expenses	16,937	15,404
Line of credit	99,642	74,459
	116,579	89,863
Total Liabilities	537,125	579,368
STOCKHOLDERS' EQUITY		
Total Stockholders' Equity	653,831	482,230
Total Liabilities and Stockholders' Equity	$1,190,956	$1,061,598

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

	Three Months Ended December 31,		Year Ended December 31,	
	2001	2000	2001	2000
REVENUES				
Homebuilding	$665,230	$529,790	$2,086,344	$1,721,559
Financial Services	11,146	8,418	38,566	28,925
Corporate	229	293	964	1,061
Total Revenues	$676,605	$538,501	$2,125,874	$1,751,545
NET INCOME				
Homebuilding	$83,436	$68,295	$279,267	$227,319
Financial Services	6,436	4,483	21,116	14,282
Operating Profit	89,872	72,778	300,383	241,601
Corporate general and administrative expense, net	(12,718)	(10,931)	(44,996)	(38,400)
Income before income taxes	77,154	61,847	255,387	203,201

Provision for income taxes	(30,090)	(22,634)	(99,672)	(79,898)
Net Income	$47,064	$39,213	$155,715	$123,303
EARNINGS PER SHARE				
Basic	$1.77	$1.54	$5.89	$4.75
Diluted	$1.73	$1.49	$5.72	$4.64
WEIGHTED-AVERAGE SHARES OUTSTANDING				
Basic	26,562	25,538	26,421	25,974
Diluted	27,226	26,364	27,232	26,556
DIVIDENDS PAID PER SHARE	$.07	$.06	$.27	$.24

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

	Three Months Ended December 31, 2001	Three Months Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000
Homebuilding				
Home sales	$663,686	$528,024	$2,076,807	$1,701,108
Land sales	8	1,159	2,909	6,641
Other revenues	1,536	607	6,628	13,810
Total Homebuilding Revenues	665,230	529,790	2,086,344	1,721,559
Home cost of sales	516,626	410,407	1,594,412	1,322,185
Land cost of sales	2	1,096	1,105	4,293
Asset impairment charges	4,141	3,400	7,041	4,200
Marketing	36,096	28,335	114,129	94,412
General and administrative	24,929	18,257	90,390	69,150
	581,794	461,495	1,807,077	1,494,240
Homebuilding Operating Profit	83,436	68,295	279,267	227,319
Financial Services				
Interest revenues	1,188	599	3,544	2,313
Origination fees	5,002	4,378	17,572	13,951
Gains on sales of mortgage servicing	425	627	3,288	3,162
Gains on sales of mortgage loans, net	4,285	2,708	13,923	8,951
Mortgage servicing and other	246	106	239	548
Total Financial Services Revenues	11,146	8,418	38,566	28,925
General and administrative	4,710	3,935	17,450	14,643
Financial Services Operating Profit	6,436	4,483	21,116	14,282
Total Operating Profit	89,872	72,778	300,383	241,601
Corporate				
Interest and other revenues	229	293	964	1,061
General and administrative	(12,947)	(11,224)	(45,960)	(39,461)
Net Corporate Expenses	(12,718)	(10,931)	(44,996)	(38,400)
Income Before Income Taxes	$77,154	$61,847	$255,387	$203,201

M.D.C. HOLDINGS, INC.

Selected Financial Data
(Dollars in thousands, except per share amounts)

	December 31, 2001	2000	1999
BALANCE SHEET DATA			
Stockholders' Equity	$653,831	$482,230	$389,023
Book Value Per Share Outstanding	$24.59	$18.81	$14.40
Homebuilding and Corporate Debt	$174,503	$264,444	$214,389
Ratio of Homebuilding and Corporate Debt to Equity	.27	.55	.55
Total Capital (excluding mortgage lending debt)	$828,334	$746,674	$603,412
Ratio of Homebuilding and Corporate Debt to Total Capital	.21	.35	.36
Ratio of Homebuilding and Corporate Debt to Total Capital (net of cash)	.17	.34	.31
Ratio of Homebuilding and Corporate Debt to EBITDA, as adjusted	.55	1.04	1.07
Ratio of Homebuilding and Corporate Debt (net of cash) to EBITDA, as adjusted	.43	.98	.88
Total Liquidity	$491,770	$342,583	$300,539
Total Homebuilding Inventories	$907,254	$832,223	$645,709
Interest Capitalized in Inventories	$17,358	$19,417	$17,406
Interest Capitalized as a Percent of Inventories	1.9%	2.3%	2.7%
Total Lots Owned	13,524	11,633	10,452
Total Lots Under Option	6,059	8,131	8,063
Homes Under Construction (including models)	2,783	3,230	2,977
Active Subdivisions	137	133	131

	Year Ended December 31, 2001	2000	1999
OPERATING DATA			
EBITDA, as adjusted			
Net income	$155,715	$123,303	$89,392
Add:			
Income taxes	99,672	79,898	59,061
Interest in home and land cost of sales	24,557	22,356	30,187
Other fixed charges	3,618	3,362	1,347
Depreciation and amortization	27,445	21,792	17,845
Asset impairment charges	7,041	4,200	2,242
Total EBITDA, as adjusted	$318,048	$254,911	$200,074
Ratio of EBITDA, as adjusted, to Interest Incurred	14.1	10.5	9.4
Homebuilding and Corporate SG&A as a Percent of Home Sales Revenues	12.1%	11.9%	10.8%
Interest Incurred	$22,498	$24,367	$21,261
Interest Capitalized	$22,498	$24,367	$21,261
Interest in Home Cost of Sales as a Percent of Home Sales Revenues	1.2%	1.3%	1.9%
Operating Return on Revenues	7.3%	7.0%	5.7%
Operating Return on Average Assets	13.3%	12.7%	11.1%
Operating Return on Average Equity	27.4%	29.1%	26.2%

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

	Three Months Ended December 31, 2001	Three Months Ended December 31, 2000	Year Ended December 31, 2001	Year Ended December 31, 2000
Home Sales Revenues	$663,686	$528,024	$2,076,807	$1,701,108
Average Selling Price Per Home Closed	$274.8	$248.0	$254.1	$227.3
Home Gross Margins	22.2%	22.3%	23.2%	22.3%
Excluding Interest in Home Cost of Sales	23.2%	23.5%	24.4%	23.6%
Orders For Homes, net (Units)				
Colorado	515	473	2,616	2,607
California	302	342	1,519	1,614
Arizona	339	363	2,038	1,849
Nevada	96	108	687	739
Virginia	70	124	551	765
Maryland	51	44	290	261
Total	1,373	1,454	7,701	7,835
Homes Closed (Units)				
Colorado	818	696	2,806	2,848
California	489	476	1,537	1,363
Arizona	601	460	2,223	1,554
Nevada	211	178	704	678
Virginia	232	230	645	727
Maryland	64	89	259	314
Total	2,415	2,129	8,174	7,484

	December 31, 2001	December 31, 2000
Backlog (Units)		
Colorado	1,195	1,385
California	490	508
Arizona	625	747
Nevada	181	198
Virginia	234	328
Maryland	157	126
Total	2,882	3,292
Backlog Estimated Sales Value	$760,000	$775,000

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

Contact: Paris G. Reece III, Chief Financial Officer of M.D.C. Holdings, Inc., +1-303-804-7706, greece@mdch.com; or Rodger Van Allen of Rubenstein Associates, Inc., +1-212-843-8000, rvanallen@rubenstein.com, for M.D.C. Holdings, Inc.

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