M.D.C. Holdings, Inc.

1st Quarter 2019 Webcast

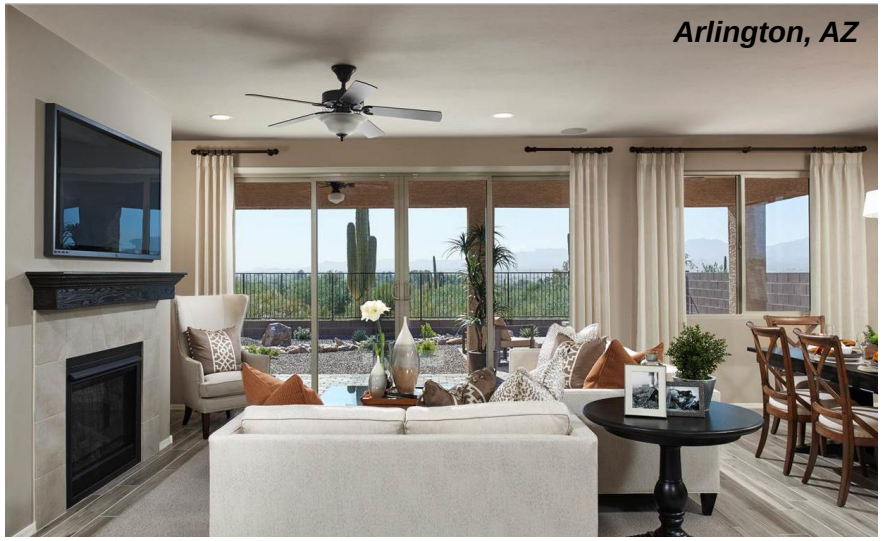
April 30, 2019

The Amethyst, CO (Seasons™)

Forward Looking Statements

Certain statements in this release, including statements regarding our business, financial condition, results of operation, cash flows, strategies and prospects, 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 MDC 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 conditions, including changes in consumer confidence, inflation or deflation and employment levels; (2) changes in business conditions experienced by MDC, including cancellation rates, net home orders, home gross margins, land and home values and subdivision counts; (3) changes in interest rates, mortgage lending programs and the availability of credit; (4) changes in the market value of MDC's investments in marketable securities; (5) uncertainty in the mortgage lending industry, including repurchase requirements associated with HomeAmerican Mortgage Corporation's sale of mortgage loans (6) the relative stability of debt and equity markets; (7) competition; (8) the availability and cost of land and other raw materials used by MDC in its homebuilding operations; (9) the availability and cost of performance bonds and insurance covering risks associated with our business; (10) shortages and the cost of labor; (11) weather related slowdowns and natural disasters; (12) slow growth initiatives; (13) building moratoria; (14) governmental regulation, including the interpretation of tax, labor and environmental laws; (15) terrorist acts and other acts of war; (16) changes in energy prices; and (17) other factors over which MDC has little or no control. Additional information about the risks and uncertainties applicable to MDC's business is contained in MDC's Form 10-Q for the quarter ended March 31, 2019, which is scheduled to be filed with the Securities and Exchange Commission today. All forward-looking statements made in this press release are made as of the date hereof, and the risk that actual results will differ materially from expectations expressed in this press release will increase with the passage of time. MDC undertakes no duty to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in our subsequent filings, releases or webcasts should be consulted.

It should also be noted that SEC Regulation G requires that certain information accompany the use of non-GAAP financial measures. Any information required by Regulation G will be posted on our web site, www.mdcholdings.com.

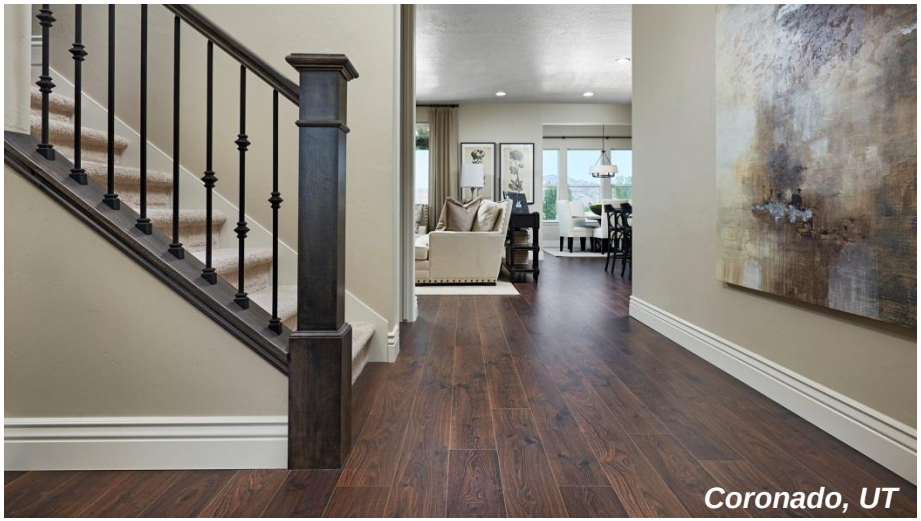


Overview – Q1 2019 vs. Q1 2018

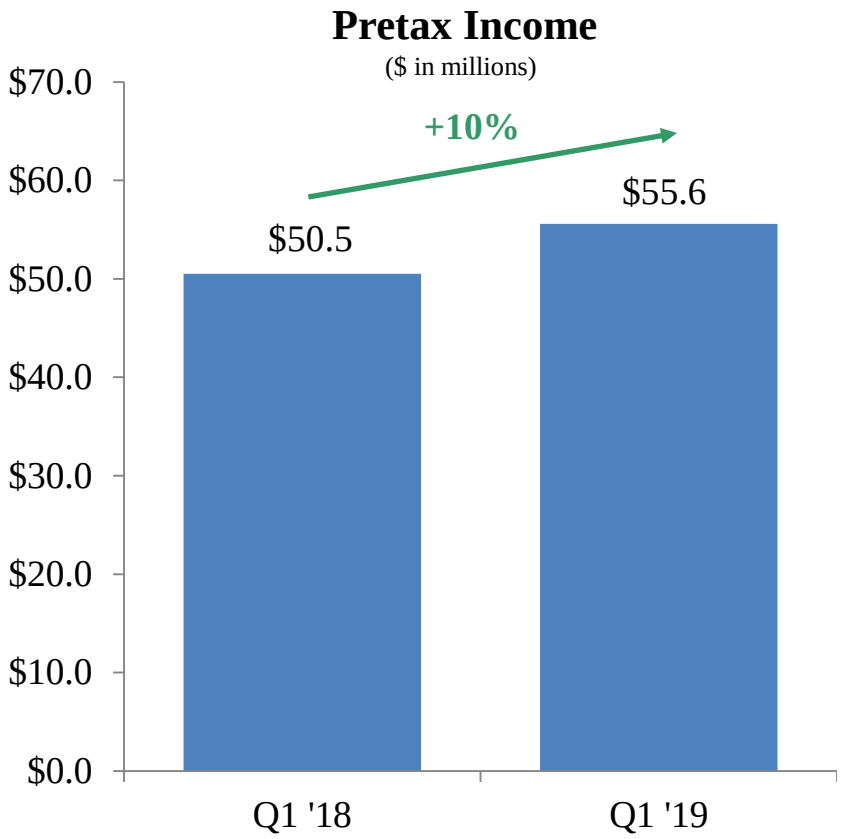
- Home sale revenues increased 7% to $647.3 million
- Pretax income increased 10% to $55.6 million from $50.5 million in Q1 2018
- Net income of $40.6 million, or $0.64 per diluted share vs. $38.8 million, or $0.63 per diluted share*
- Gross margin from home sales up 70 basis points to 18.9%
- Active communities up 15% to 178 from 155
- Selling, general and administrative expenses as a percentage of home sale revenues ("SG&A rate") increased by 100 basis points to 12.7% from 11.7%
- Dollar value of net new orders of $851.4 million vs. $863.7 million in Q1 2018
  - Unit net orders increased 3% to 1,956
  - Monthly sales absorption pace of 3.75
- Quarterly dividend of $0.30 ($1.20 annualized) declared in April 2019

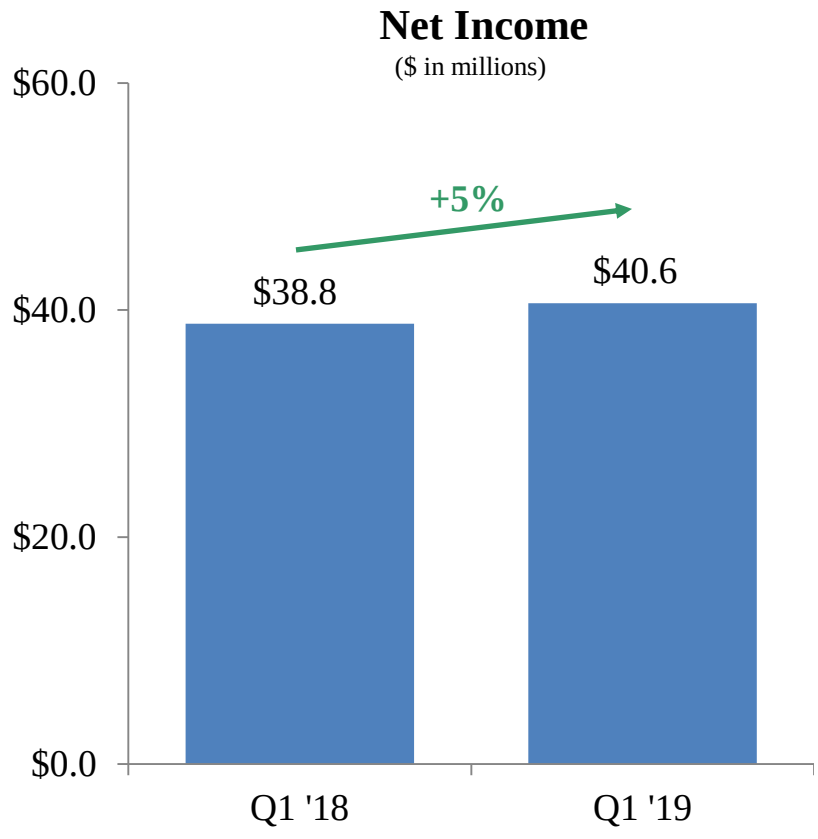
**All per share amounts have been adjusted as necessary for the 8% stock dividend declared and paid in the 2019 first quarter.*

Bedford, UT


Coronado, UT

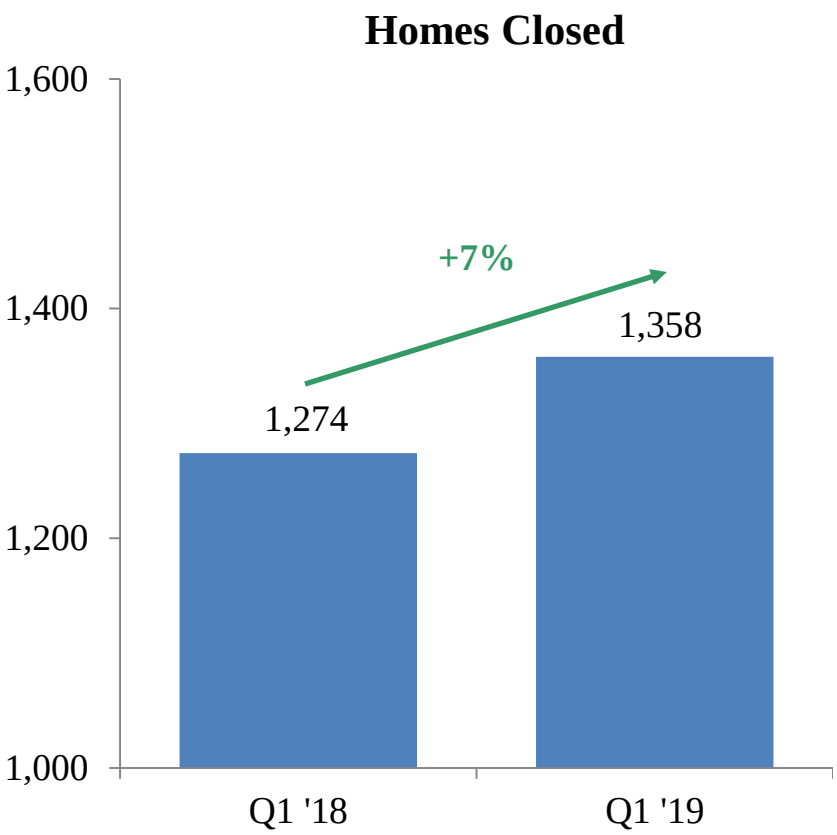
Pretax and Net Income

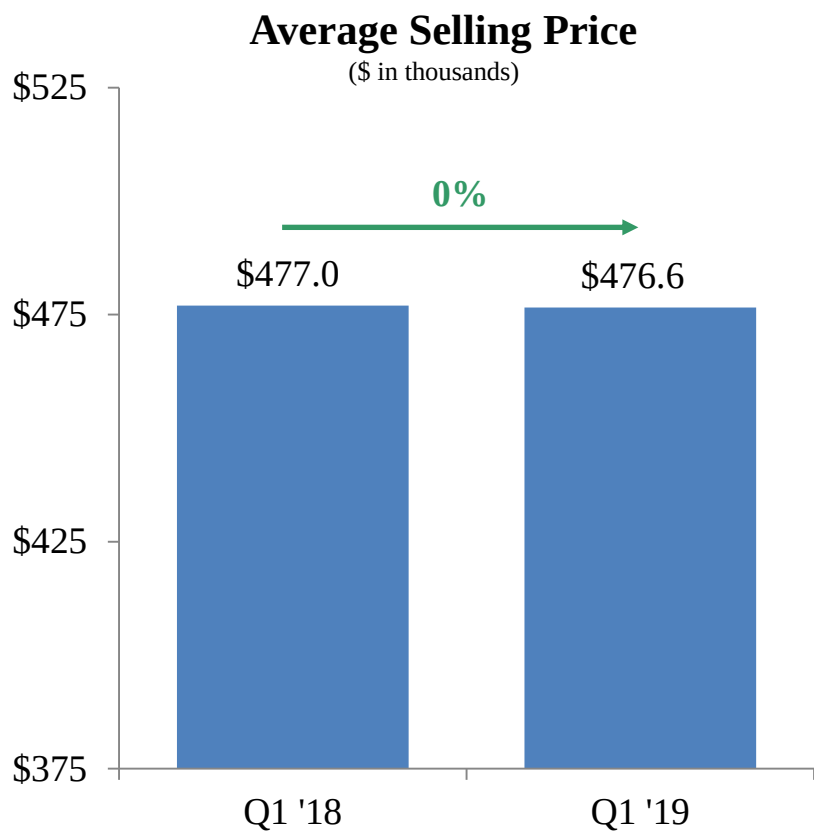




	Q1 '18	Q1 '19
Diluted Earnings Per Share	$0.63	$0.64
Effective Tax Rate	23.3%	27.1%

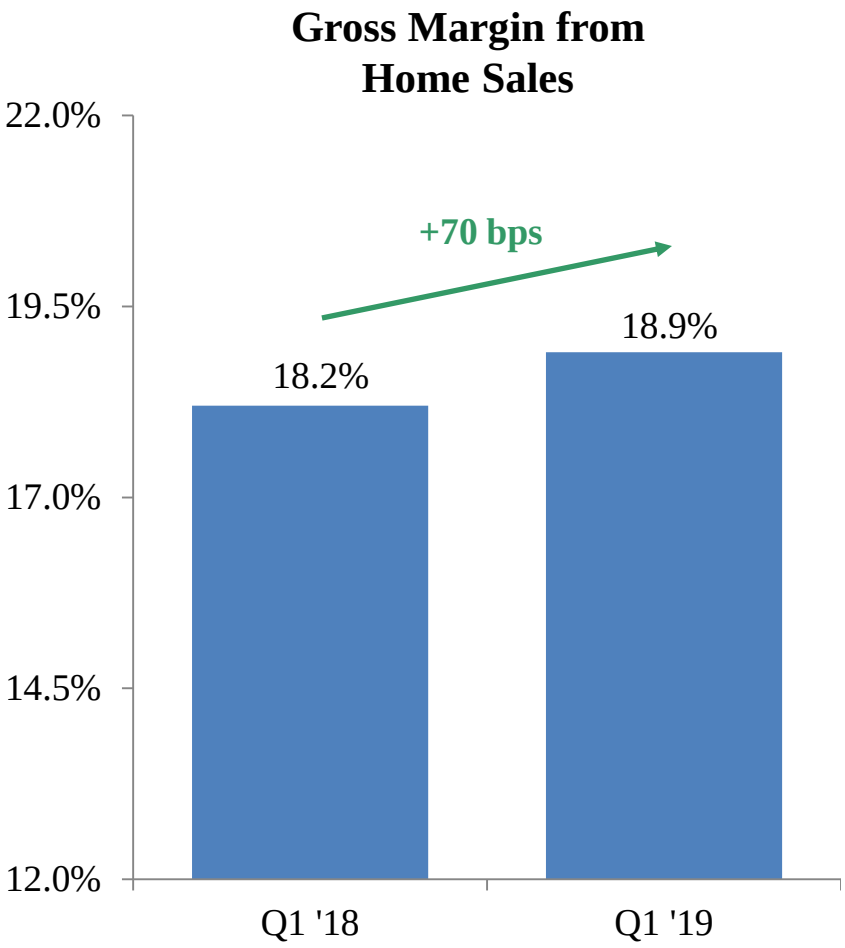
Homes Closed and Average Selling Price

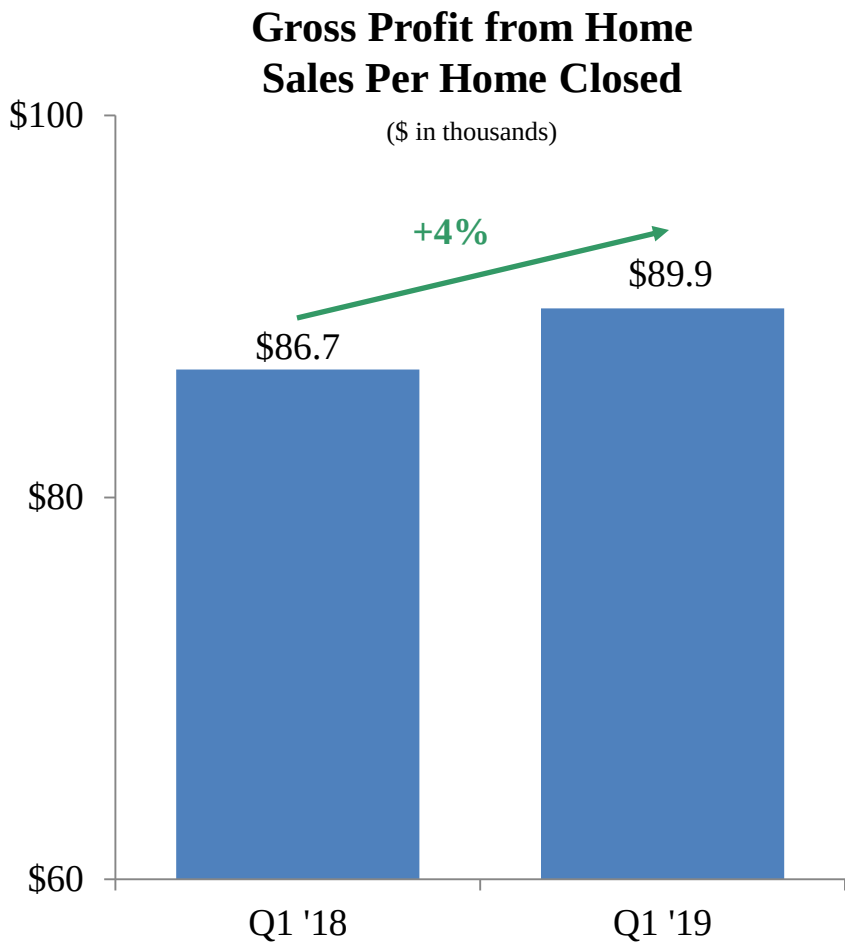




3,159	2,936	**Beginning Backlog**
40%	46%	**Backlog Conversion Rate (Closings as a % of Beginning Backlog)**
74%	76%	**% of Beginning Backlog Under Construction**

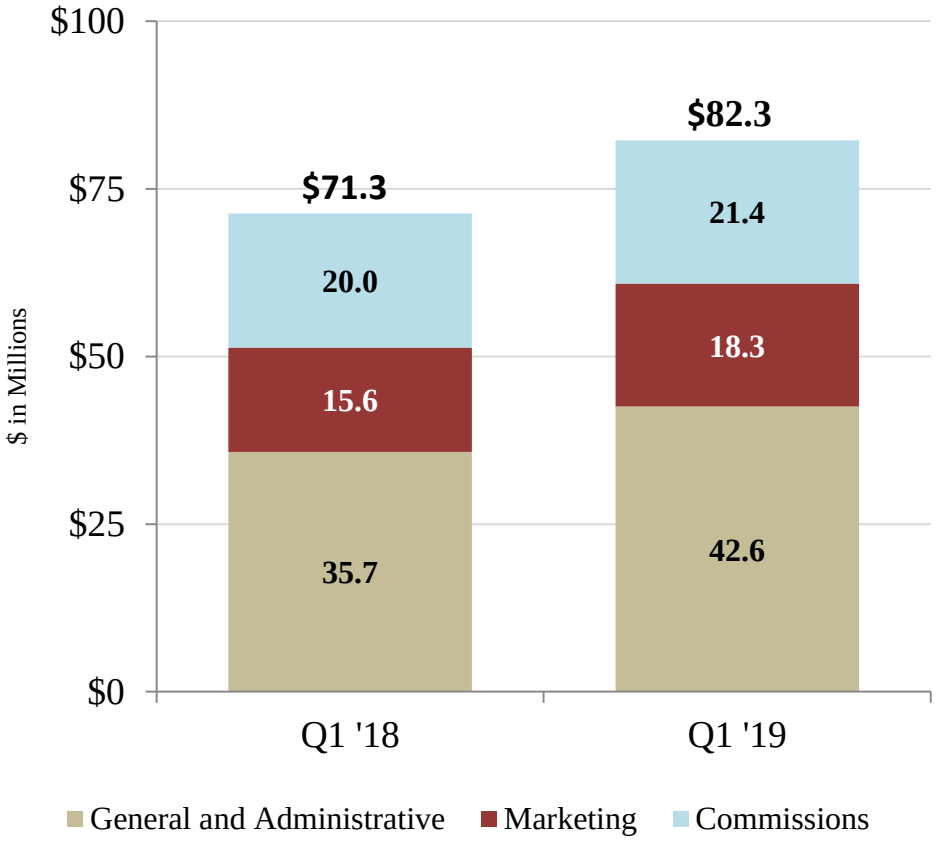
Gross Margin



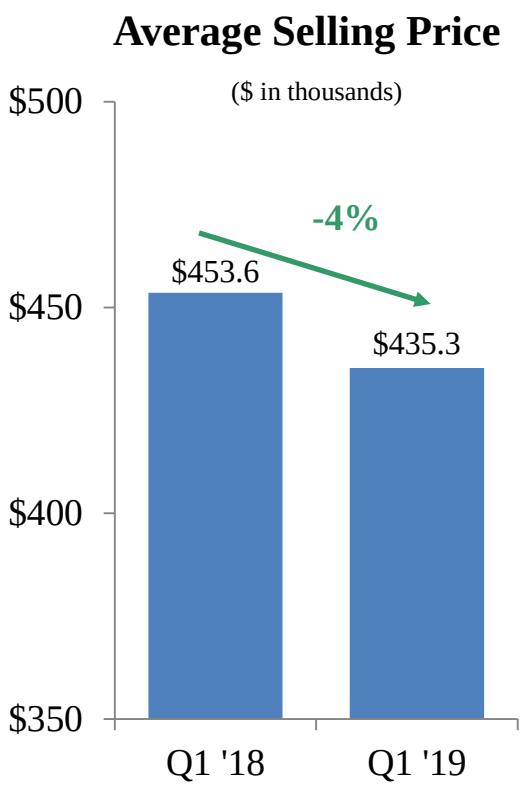


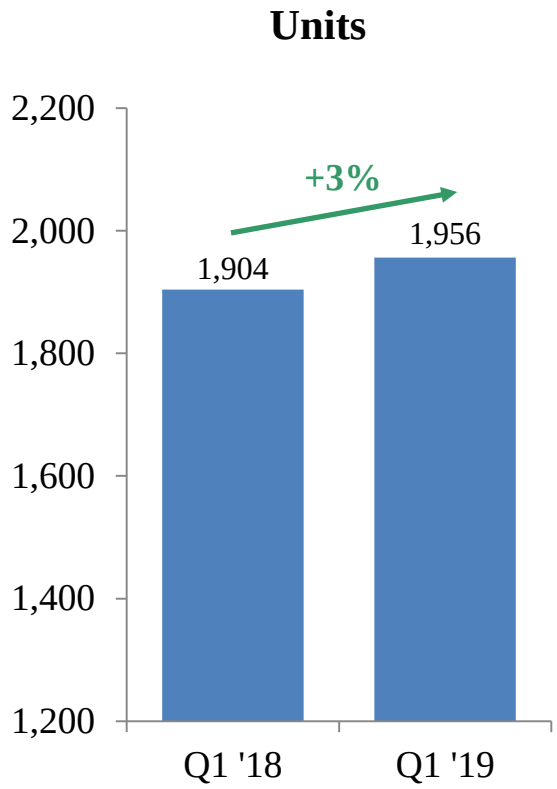
Homebuilding & Corporate SG&A Expenses

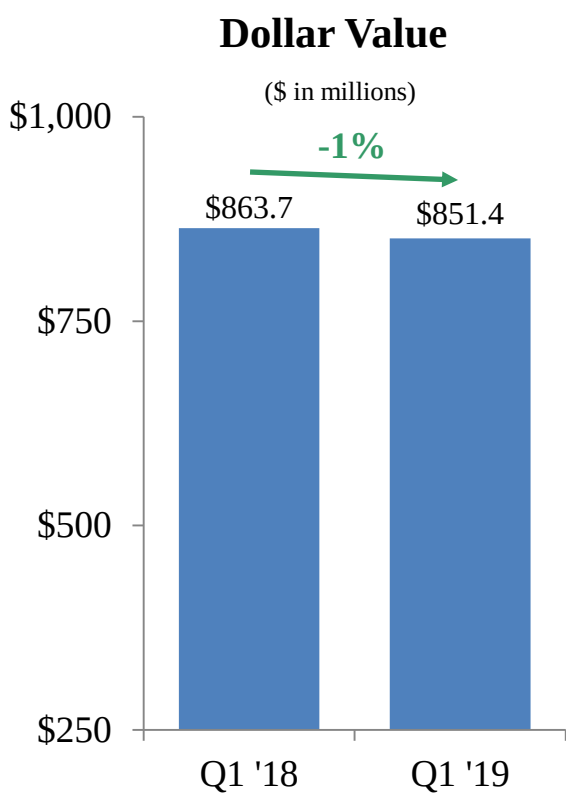
1,274	1,358	← Home Closings
$607.7	$647.3	← Home Sale Revenues (in millions)
11.7%	12.7%	← SG&A % of Home Sale Revenues



Net New Home Orders







Monthly Net Orders Per Active Subdivision

Q1 '18 – ***4.19*** Q1 '19 – ***3.75***

Average Subdivisions

Q1 '18 – ***152*** Q1 '19 – ***175***

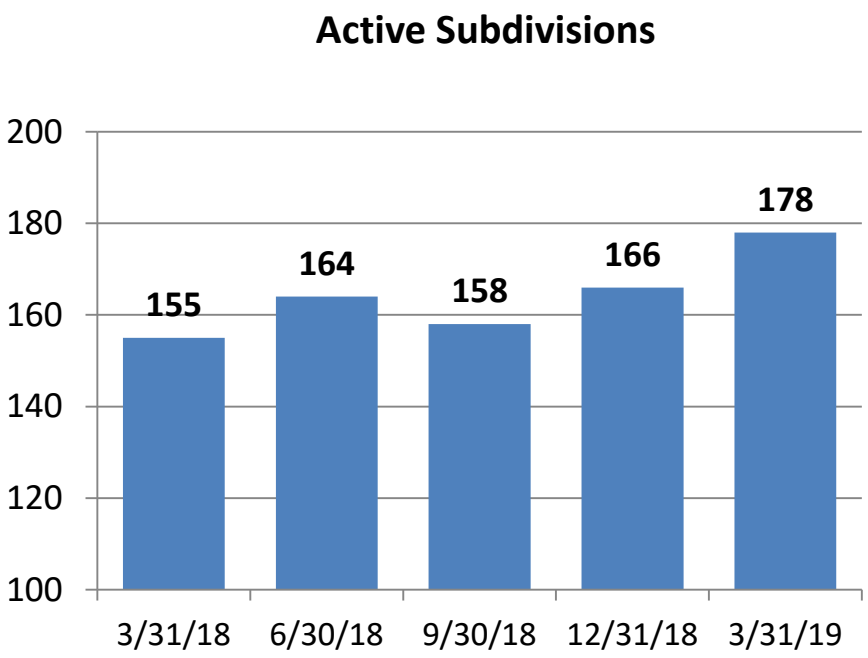
Cancellations -- % of Beginning Backlog

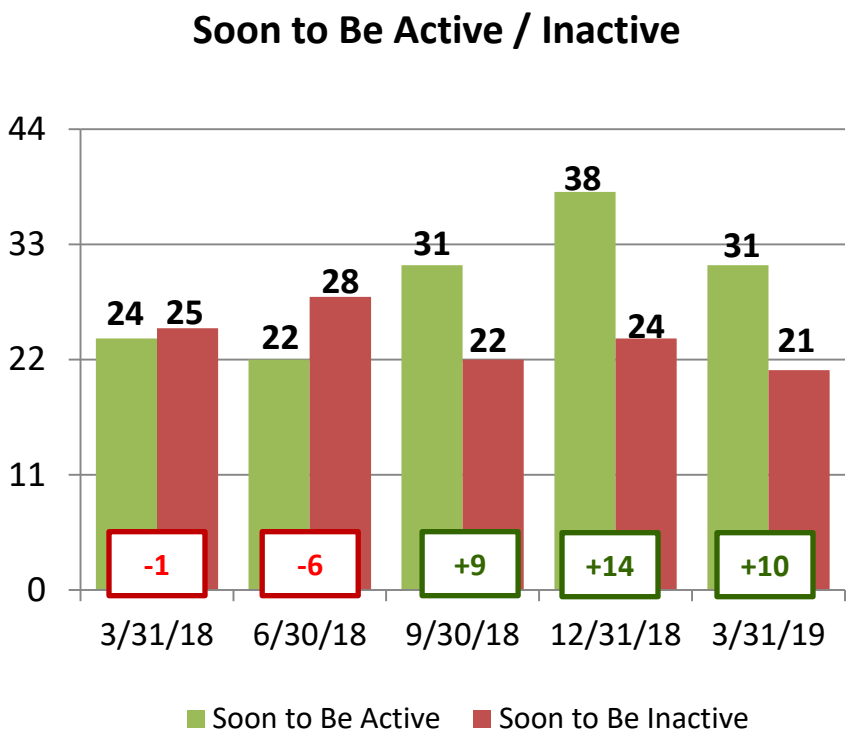
Q1 '18 – ***14%*** Q1 '19 – ***14%***

Ending Subdivisions

Q1 '18 – ***155*** Q1 '19 – ***178***

Active Subdivisions (Ending)

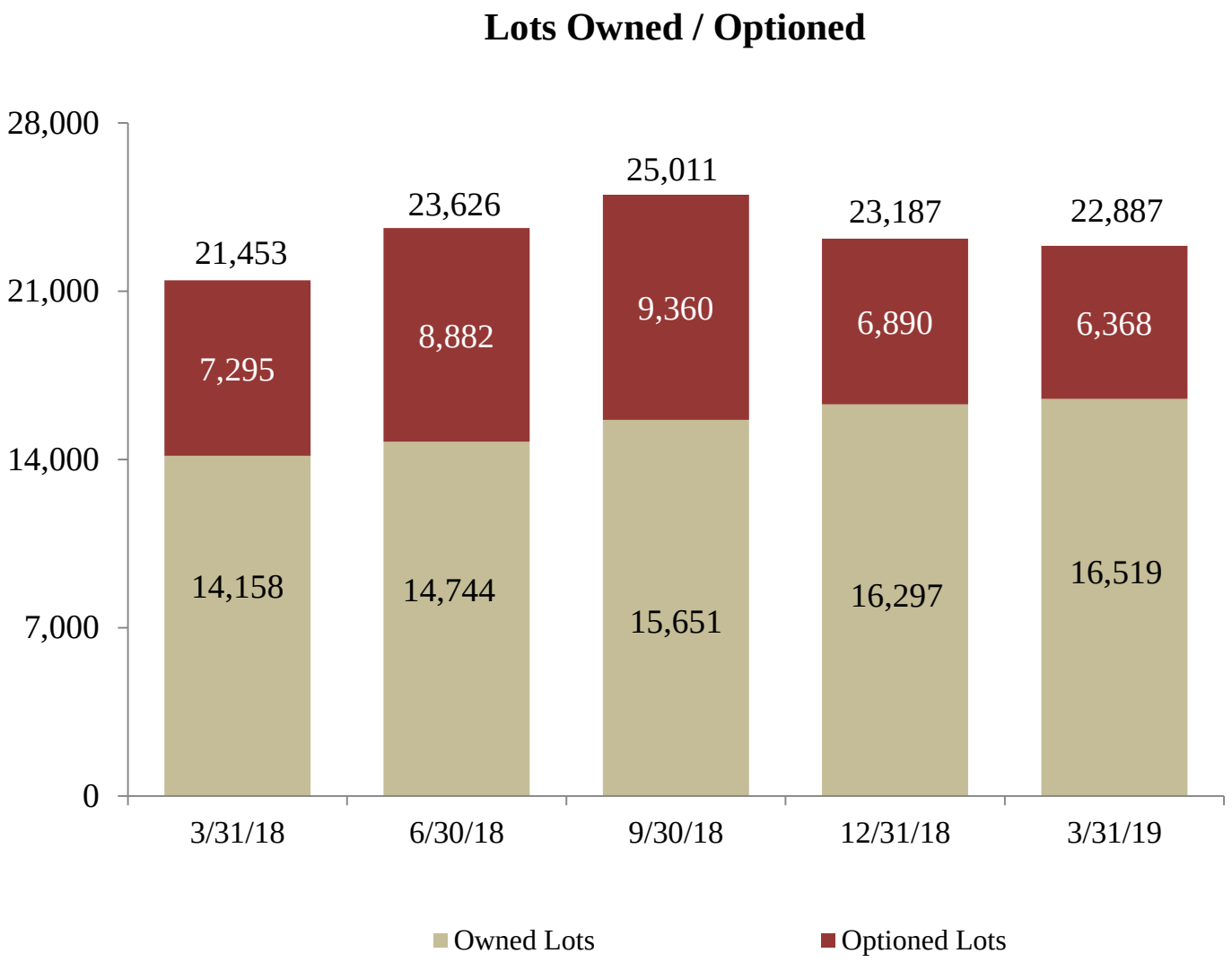




"Soon to be active" = construction activities have commenced, but 5 homes not yet sold.

"Soon to be inactive" = between 5 and 10 homes left to sell.

Lot Supply


Lots Owned / Optioned
28,000
21,000
14,000
7,000
0
21,453
23,626
25,011
23,187
22,887
7,295
8,882
9,360
6,890
6,368
14,158
14,744
15,651
16,297
16,519
3/31/18
6/30/18
9/30/18
12/31/18
3/31/19
Owned Lots
Optioned Lots

The Coral, CO (Seasons™)

Questions?

Reconciliation of Non-GAAP Financial Measures

"Net debt" and "net capital" are non-GAAP financial measures, and should not be considered in isolation or as an alternative to performance measures prescribed by GAAP. The table below reconciles "net debt" and "net capital" to debt and capital as calculated based on GAAP. We believe the ratio of net debt to net capital, also knows as "net debt-to-capital" is meaningful to investors as management uses the ratio in understanding the leverage employed in our operations and as an indicator of our ability to obtain external financing. Furthermore, we utilize this information for comparative purposes within our industry.

	March 31, 2019	December 31, 2018	March 31, 2018
	(Dollars in thousands)		
Senior notes, net	$ 988,322	$ 987,967	$ 842,232
Revolving credit facility	15,000	15,000	15,000
GAAP debt	1,003,322	1,002,967	857,232
Stockholders' equity	1,610,706	1,576,000	1,363,653
Total GAAP capital	2,614,028	2,578,967	2,220,885
GAAP debt to capital ratio	38.4%	38.9%	38.6%
GAAP debt less:			
Homebuilding cash and cash equivalents	(416,374)	(414,724)	(314,814)
Homebuilding marketable securities	-	-	(65,268)
Financial services cash and cash equivalents	(51,556)	(49,052)	(23,162)
Financial services marketable securities	(45,767)	(40,879)	(38,666)
Net debt	489,625	498,312	415,322
Stockholders' equity	1,610,706	1,576,000	1,363,653
Total net capital	$ 2,100,331	$ 2,074,312	$ 1,778,975
Net debt to capital ratio	23.3%	24.0%	23.3%

Reconciliation of Non-GAAP Financial Measures

"Gross Margin from Home Sales Excluding Inventory Impairments," "Gross Margin from Home Sales Excluding Inventory Impairments and Warranty Adjustments" and "Gross Margin from Home Sales Excluding Inventory Impairments, Warranty Adjustments, and Interest in Cost of Sales" are non-GAAP financial measures, and should not be considered in isolation or as an alternative to performance measures prescribed by GAAP. The table below reconciles each of these non-GAAP financial measures to gross margin as calculated based on GAAP. We believe this information is relevant and meaningful as it provides our investors and analysts with the impact that interest, warranty and impairments have on our Gross Margin from Home Sales and permits investors to make better comparisons with our competitors, who also break out and adjust gross margins in a similar fashion.

	Three Months Ended									
	March 31, 2019	*Gross Margin %*	December 31, 2018	*Gross Margin %*	September 30, 2018	*Gross Margin %*	June 30, 2018	*Gross Margin %*	March 31, 2018	*Gross Margin %*
	(Dollars in thousands)									
Gross Margin from Home Sales	$ 122,116	18.9%	$ 155,630	18.1%	$ 135,681	17.7%	$ 143,005	19.1%	$ 110,506	18.2%
Less: Land Sales Revenue	-		-		-		-		-	
Add: Land Cost of Sales	-		-		-		-		-	
Gross Margin from Home Sales	122,116	18.9%	155,629	18.1%	135,681	17.7%	143,005	19.1%	110,506	18.2%
Add: Inventory Impairments	610		10,002		11,098		200		550	
Gross Margin from Home Sales Excluding Inventory Impairments	122,726	19.0%	165,631	19.3%	146,779	19.2%	143,205	19.1%	111,056	18.3%
Add: Warranty Adjustments	875		307		-		-		3,106	
Gross Margin from Home Sales Excluding Inventory Impairments and Warranty Adjustments	123,601	19.1%	165,938	19.3%	146,779	19.2%	143,205	19.1%	114,162	18.5%
Add: Interest in Cost of Sales	13,929		18,113		16,636		16,150		14,428	
Gross Margin from Home Sales Excluding Inventory Impairments, Warranty Adjustments, and Interest in Cost of Sales	$ 137,530	21.2%	$ 184,051	21.4%	$ 163,415	21.3%	$ 159,355	21.3%	$ 128,590	21.2%