



2020

M.D.C. Holdings, Inc.
July 2020

INVESTOR PRESENTATION



Forward Looking Statements

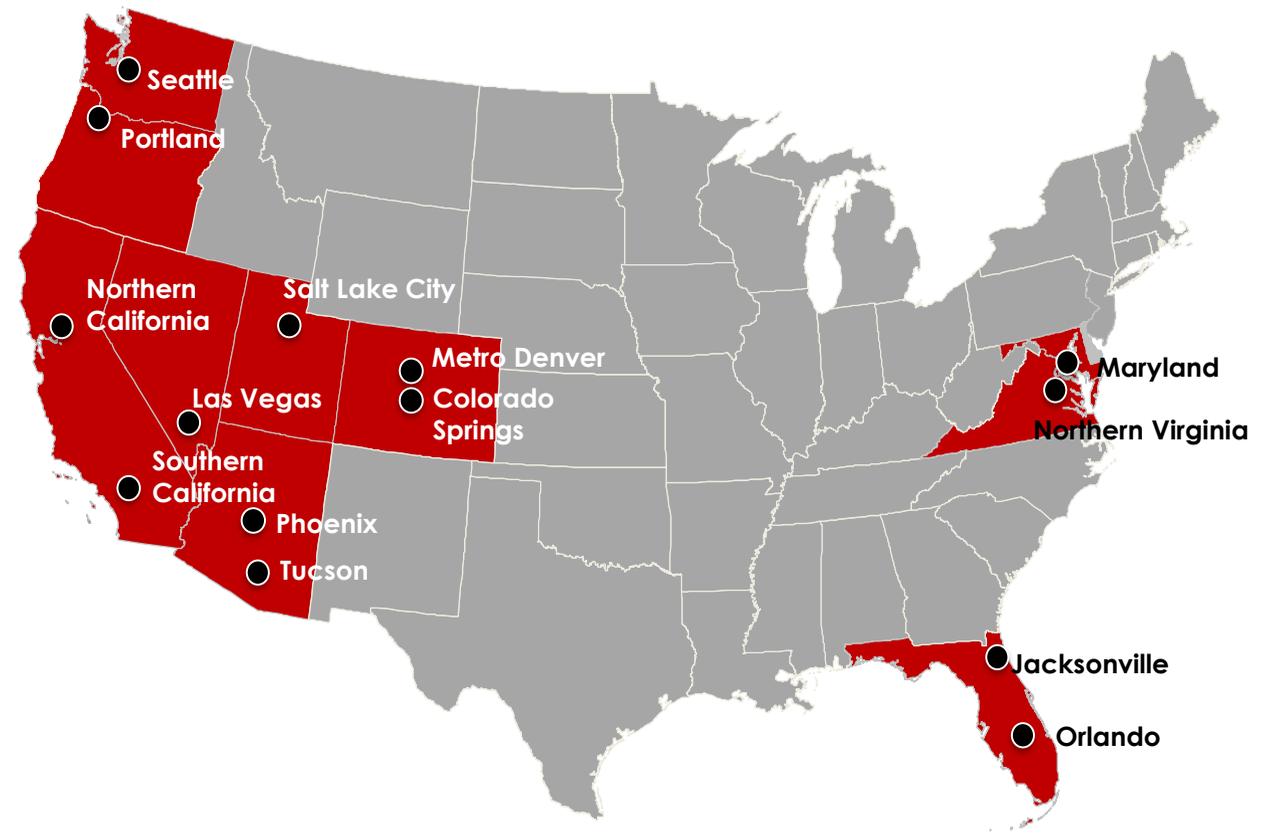


Certain statements in this release, including statements regarding our business, financial condition, results of operation, cash flows, strategies and prospects, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements 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 the impact of the COVID-19 pandemic, changes in consumer confidence, inflation or deflation and employment levels; (2) changes in business conditions experienced by MDC, including restrictions on business activities resulting from the COVID-19 pandemic, cancellation rates, net home orders, gross margins from home sales, 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 orders addressing the COVID-19 pandemic, 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 June 30, 2020.

All forward-looking statements made in this presentation 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. The Company undertakes no duty to update 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 presentations should be consulted.

Company Overview

Founded in 1972, M.D.C. Holdings, Inc. is one of the leading homebuilders in the United States. Through our Richmond American Homes subsidiaries, we've helped over 210,000 buyers move into new, quality homes across the country.



	AZ	CA	NV	OR	WA	CO	UT	FL	Mid-Atl	Total
LTM Deliveries	1,460	1,119	1,186	61	288	1,913	429	878	215	7,549
% of Total	19.3%	14.8%	15.7%	0.8%	3.8%	25.3%	5.7%	11.6%	2.8%	
LTM ASP ('000s)	\$ 358	\$ 615	\$ 439	\$ 517	\$ 543	\$ 519	\$ 432	\$ 276	\$ 372	\$ 451

Data as of June 30, 2020



Competitive Advantage and Strategic Focus

2020 INVESTOR
MEETING

How MDC is Different

BUILT FOR SUCCESS THROUGH THE HOUSING CYCLE

- ✓ Strong balance sheet
- ✓ 2-3 years land supply
- ✓ Limited amount of speculative inventory
- ✓ Industry leading dividend



Why It Matters

We're focused on homebuilding, not land speculation, which positions us to withstand, and ultimately benefit from, downturns.

Allows us to reward shareholders with an industry leading dividend, which has remained consistent / increased each year since 1994.

DIVERSE PRODUCT MIX WITH AN INCREASING FOCUS ON THE AFFORDABLE SEGMENT

- ✓ Appeal to a number of buyer demographics
- ✓ Benefitting from the Millennial homebuying wave
- ✓ Moving down in price without sacrificing quality or design elements



Allows us to have faster cycle times, increase our absorption pace and improve our gross margin through better pricing power.

Attracts both new homebuyers and move down buyers focused on affordability.

Unique products help differentiate us from peers.

BUILD TO ORDER MODEL

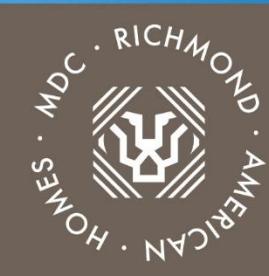
- ✓ Allows for customization
- ✓ Differentiates us in the market as more builders move to a spec strategy
- ✓ "Build-to-order" strategy limits risk vs. speculative building of unsold homes by peer group



Allows us to manage the customer experience from end-to-end.

Customization leads to higher margin sales. We've proven we can generate order rates above peer group average without the use of specs.

Model is consistent with our risk averse operating philosophy.



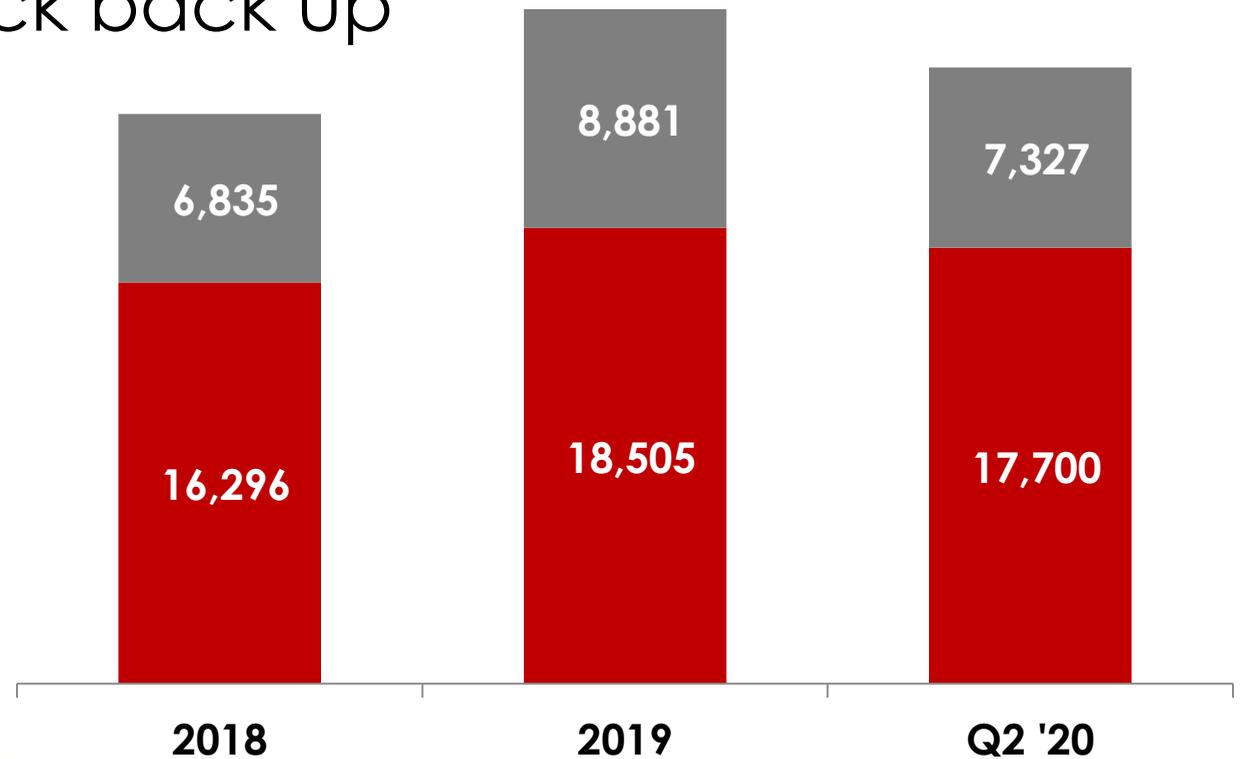
Built for Success Through the Housing Cycle

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20 PRESENTATION



Land Strategy

- Target 2-3 year land supply
- Carefully managed to reduce exposure to industry cycles
- Intentionally slowed approval activity due to pandemic; activity beginning to pick back up



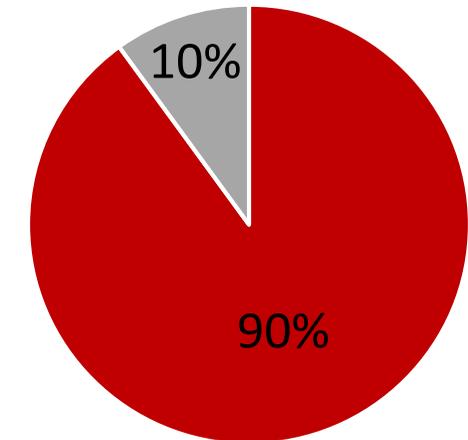
■ Owned ■ Optioned

Inventory Management

- No land banking or “mothballed” communities
- Minimal speculative inventory
- Approximately 90% of work-in-process units already sold at June 30, 2020
- Significant portion of owned lots are finished, 46% at June 30, 2020
- Approximately 30% of lots controlled via option

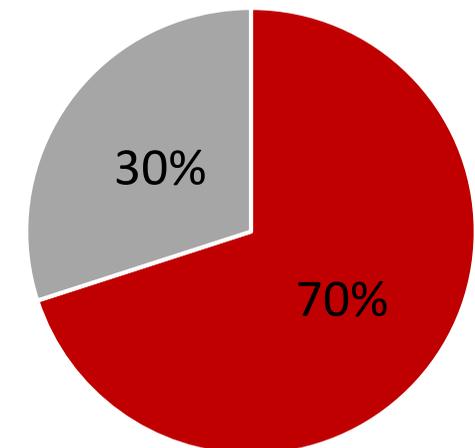
Work-in-Process Inventory

■ Sold ■ Speculative



Lots Owned & Optioned

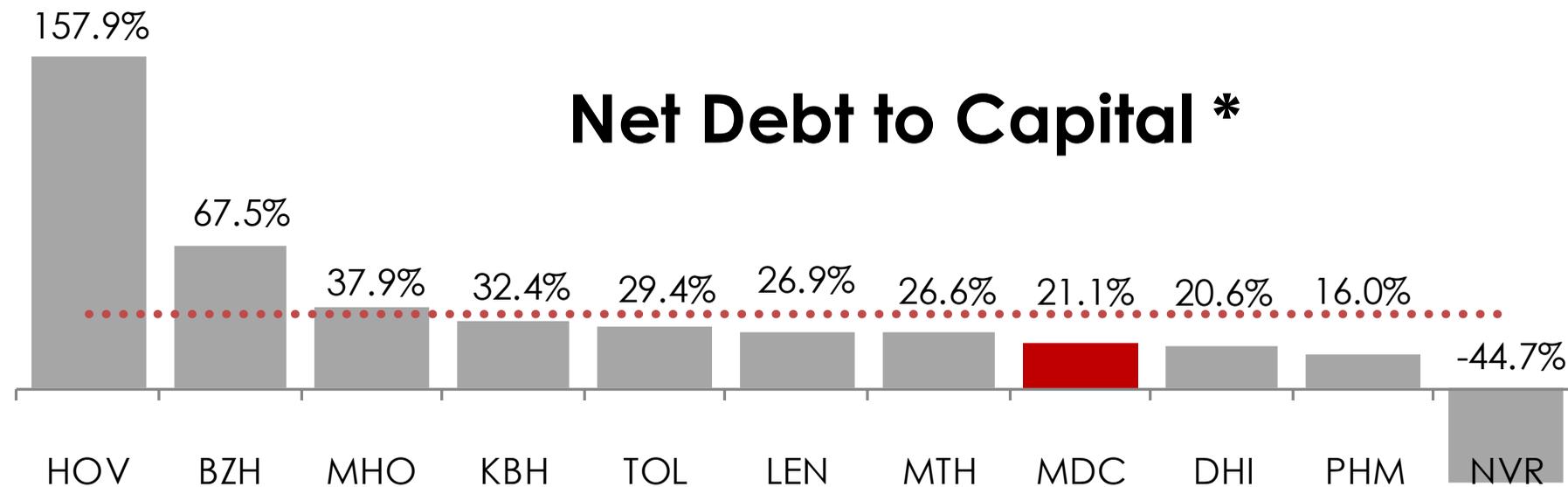
■ Owned ■ Optioned



Strong Balance Sheet



MDC's transparent balance sheet and disciplined operating principles are uniquely designed to balance risk and reward



Peer Average = 35.6%

Access to Capital Markets



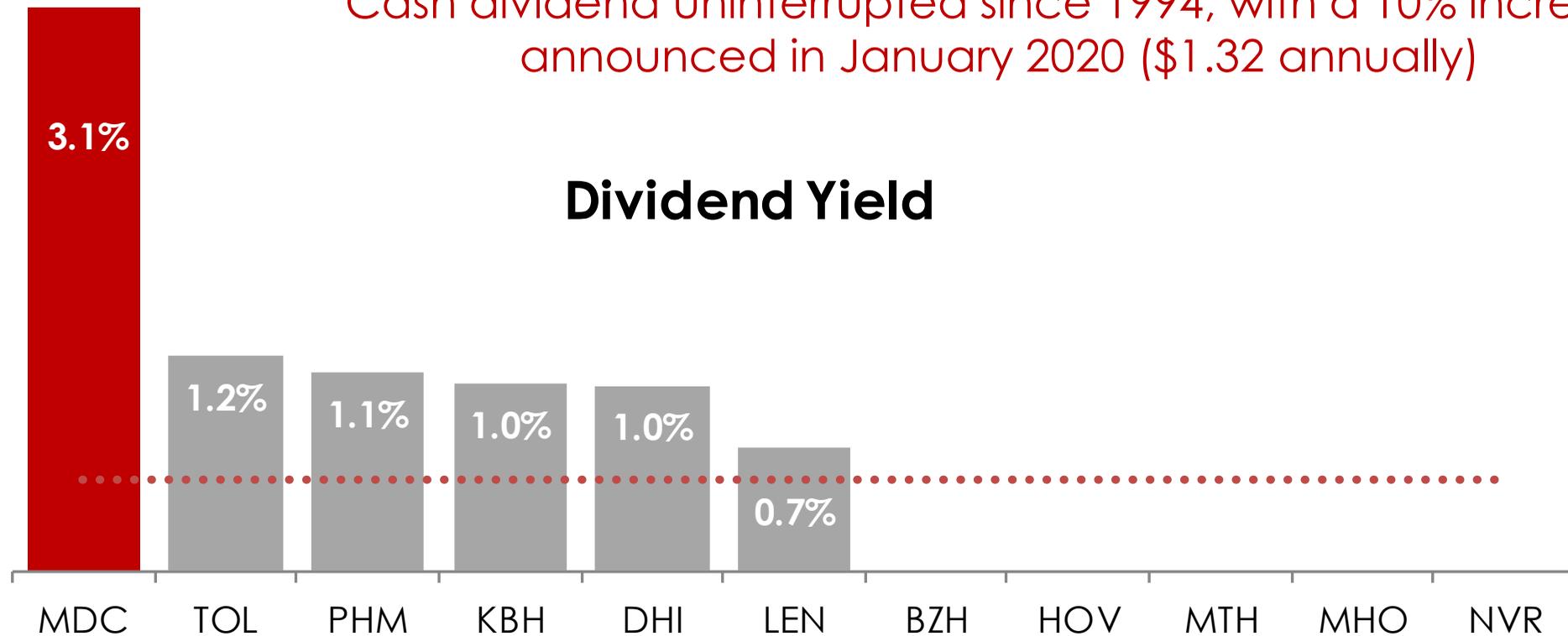
Senior/Corporate Credit Ratings		
Fitch Inc.	BBB-	Stable
Standard & Poor's	BB+	Stable
Moody's	Ba2	Stable

Credit ratings among the industry's best, further demonstrating our disciplined approach and strong financial position

Industry Leading Dividend



Cash dividend uninterrupted since 1994, with a 10% increase announced in January 2020 (\$1.32 annually)



Peer Average = 0.5%

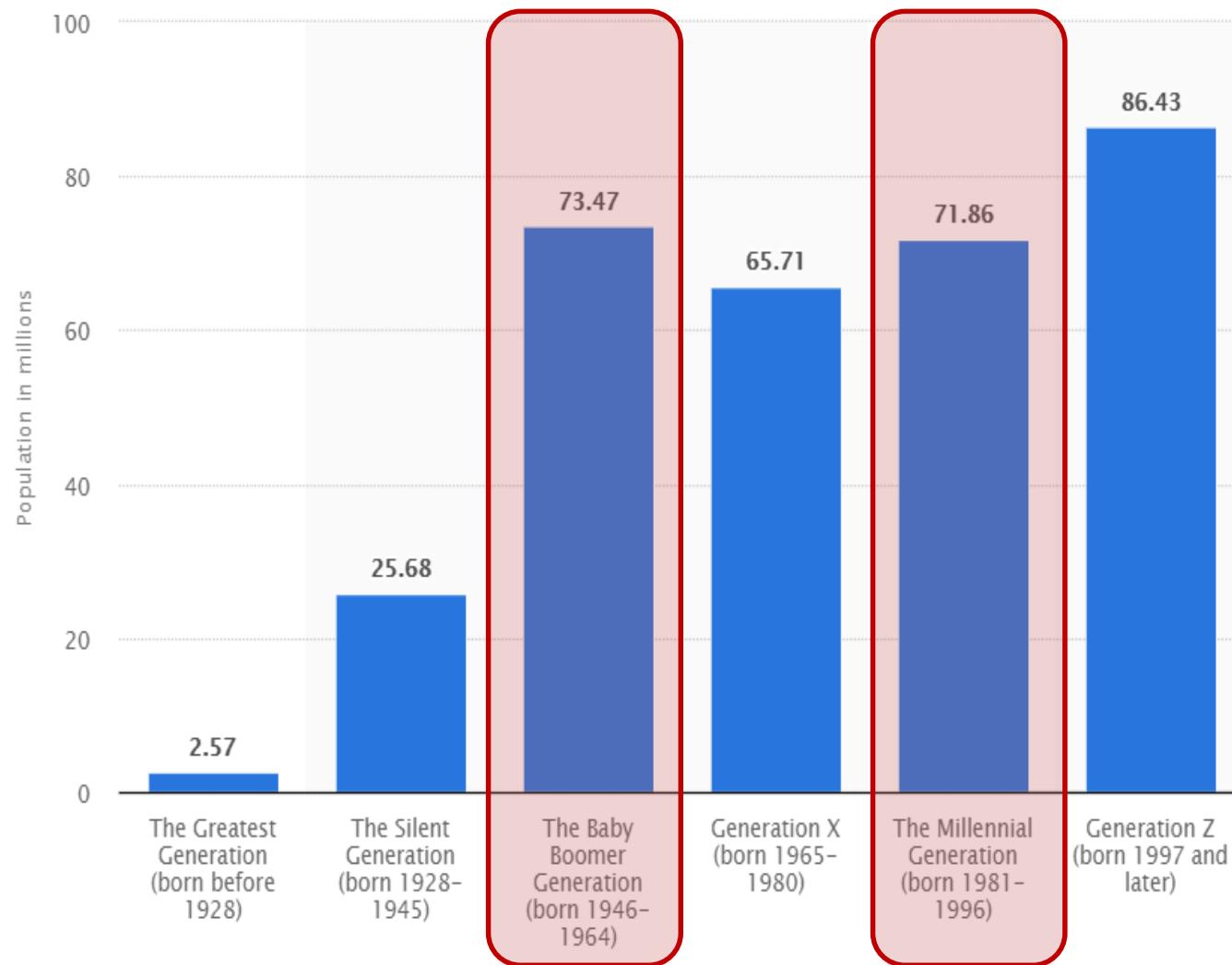
Diverse Product Mix with a Focus on Affordability

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MDC's Affordable Product Approach

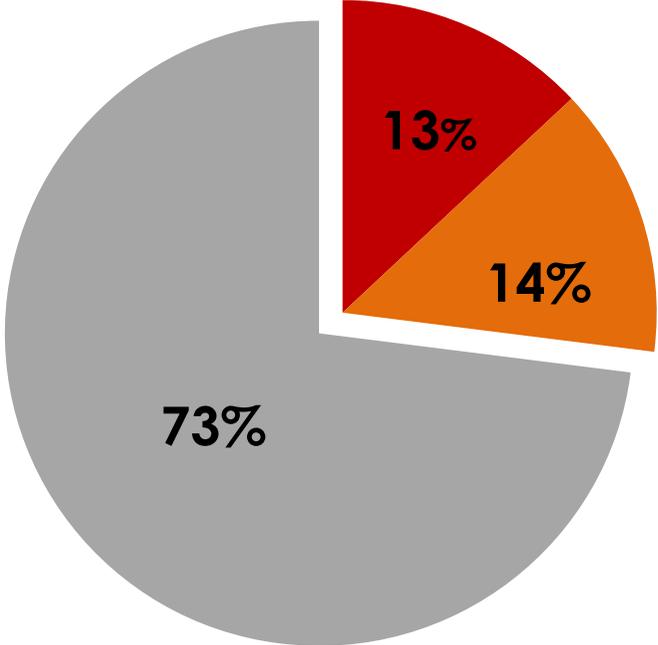
- Smaller floor plans
- Value-engineered but still high-quality construction
- Offering as build-to-order
- Nicer structural features included
- Faster growth rate than traditional product
- Appeals to multiple generations, in particular: Baby Boomer and Millennials

U.S. Population by Generation



Product Mix

2017 Closings

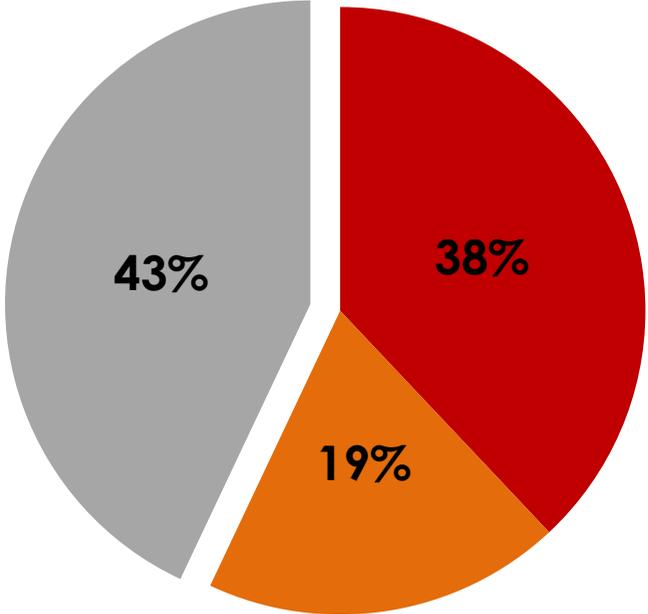


■ Seasons

■ Other Affordable

■ Traditional Single Family Detached

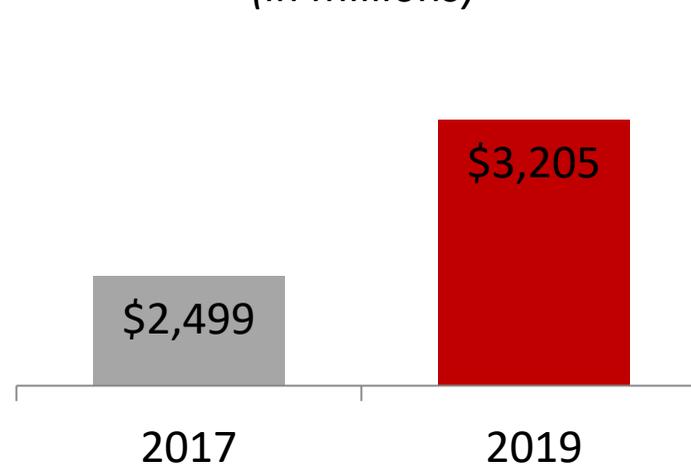
2019 Closings



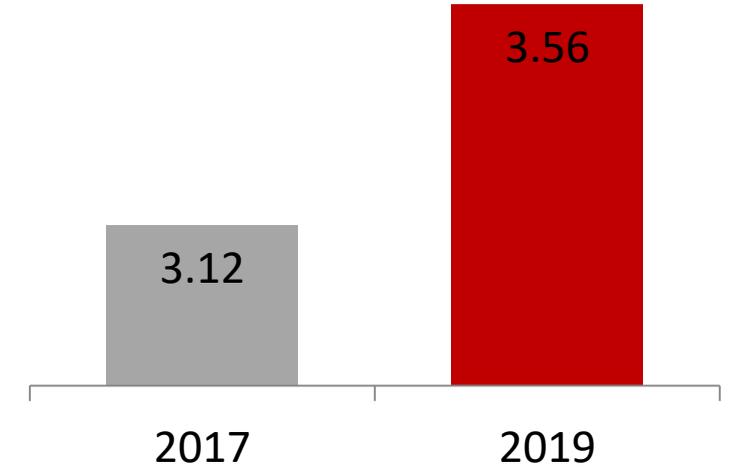
Benefits of our Focus on Affordability



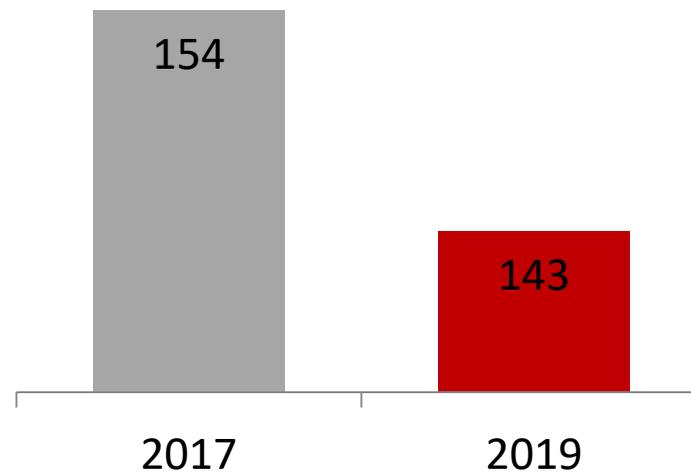
Home Sale Revenues
(in millions)



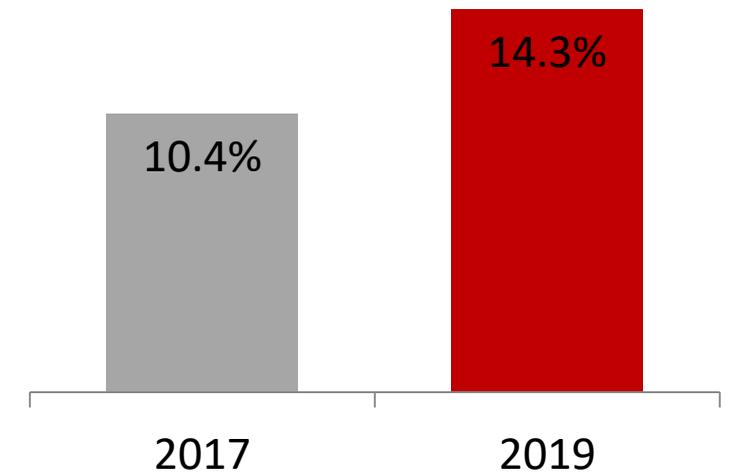
Absorption Pace



Cycle Time



Return on Equity



Product Spotlight




SEASONS™
By Richmond American

— RICHMOND AMERICAN —
CITYSCAPE™
COLLECTION

Product Spotlight



ULTRAGARAGE™
BY RICHMOND AMERICAN

RICHMOND AMERICAN
urban
COLLECTION™

Product Spotlight: Seasons™ Collection

Target buyer

- Buyers seeking affordable homes with all the best options
- Suburban locations offer affordability & easy access to employment centers

Floor plan overview

- 54 ranch & two-story floor plans
- Approx. 1,250 to 3,040 sq. ft.
- 2 to 6 bedrooms

Collection features

- Open layouts with 9' main-floor ceilings
- Center-meet sliding doors & optional covered patios
- Low monthly payments
- Move-in package helps buyers set up their new home

Driver of MDC's growth

- Launched in 2016, Seasons made up 32% of net orders in Q2 2019 and has grown to 43% of net orders in Q2 2020
- Shows Richmond American's ability to capture a growing market for affordable homes



Product Spotlight: Cityscape™ Collection

CITYSCAPE™
COLLECTION

Target buyer

- Buyers seeking urban lifestyle near employment/shopping
- Typically infill locations

Floor plan overview

- 4 three-story floor plans
- Rooftop decks included on many designs
- Approx. 1,710 to 1,800 sq. ft.
- 2 to 3 bedrooms

Collection features

- Low maintenance
- Attached 2-car garages
- Infill sites with prime locations
- Vertical living with rooftop decks and main-floor balconies
- Contemporary finishes available

Positioning MDC for growth

- First sold in 2016
- Contemporary design appeals to multiple consumer groups
- Drives affordability to infill areas through increased density



Product Spotlight: UltraGarage™

ULTRAGARAGE™

Target buyer

- Buyers in the need of additional storage space for RVs, boats and other recreational vehicles in suburban locations

Floor plan overview

- 9 ranch & two-story floor plans
- Approx. 2,100 to 2,950 sq. ft.
- 3 to 5 bedrooms

Collection features

- Buyers have 24/7/365 access to their RV, boat, ATVs or other vehicles with an attached garage that is accessible from the main house or smaller garage
- Product eliminates potential offsite storage fees for buyers by providing private indoor parking, protected from wind, hail and unnecessary UV damage

Positioning MDC for growth

- Launched in 2019 in AZ markets and since expanded to CO, FL and WA
- Shows Richmond American's ability to reach buyers with unique requirements and personalize to their needs





Build-to-Order Model

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MEETING

MDC's Distinct Build-to-Order Model



- Distinct Build-to-Order Strategy is a key differentiator for MDC
- Ability to select a lot, plan and options helps create an end-to-end “customer experience”
- In-house merchandising and marketing teams highlight design through model home presentation
- Strategy aligns with disciplined operating principles by limiting speculative inventory and exposure to industry cycles

End-to-End Customer Experience



End-to-end customer experience creates multiple consumer touch points and drives incremental revenue through Home Gallery Design Studios, as well as our homebuyer financial service businesses highlighted below:

- HomeAmerican Mortgage Corporation
 - Originates mortgage loans for our homebuyers
- American Home Title and Escrow Company
 - Provides title agency services to our homebuyers and homebuilding subsidiaries
- American Home Insurance Agency, Inc.
 - Provides third-party insurance products to homebuyers



Homebuyers Want Choices



Most commonly cited reasons for purchasing a new home:

- **Avoid need for renovations** or problems with plumbing or electricity **(38%)**
 - Cited by approximately two-thirds of all Millennials
- **Ability to choose and customize design features (31%)**
 - Cited more often than any other by Baby Boomers
- Amenities of new home construction communities (21%)





HOME GALLERY™

BY RICHMOND AMERICAN



- Hundreds of fixture and finish options
- Step-by-step design assistance
- Higher margin products help drive higher gross margin from home sales
- Comprise approximately 8% of home sales revenue
- Ability to analyze customer preferences and quickly adjust pricing based on customer demand

Financial Service Businesses

- Highly profitable complementary homebuyer services
- Over \$88 million in revenues and \$60 million in pretax income* in 2019
- Nearly 70% homebuyer capture rate for HomeAmerican Mortgage Corporation
- Recurring income streams generated by American Home Insurance Agency

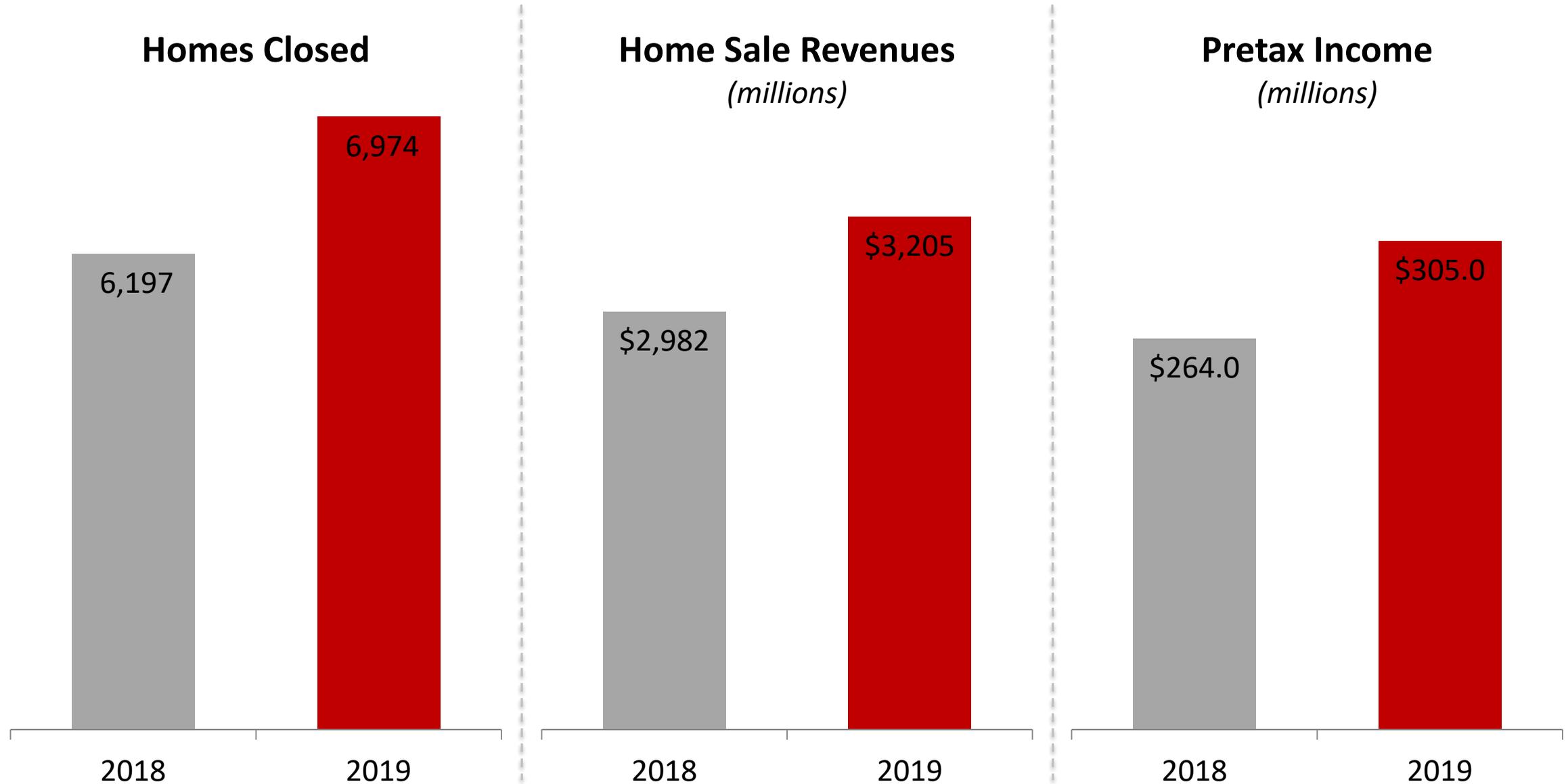




Recent Financial Highlights

2020 INVESTOR MEETING

2019 Full-Year Results

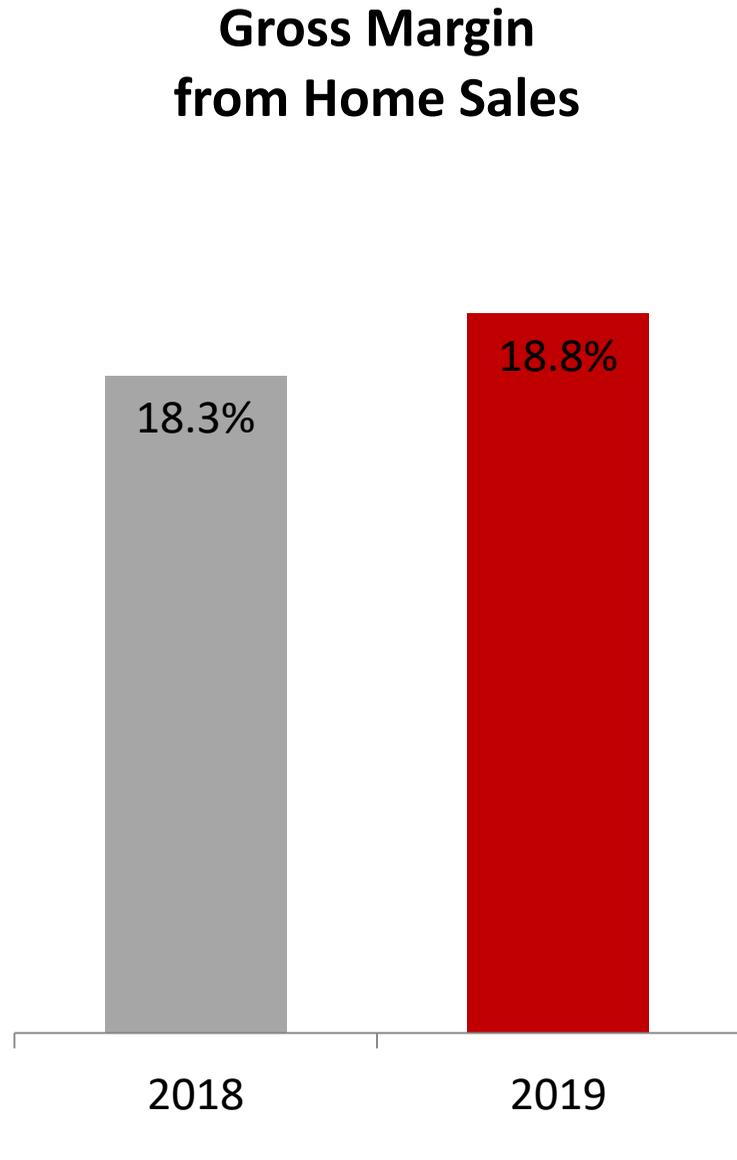


Impressive top and bottom line growth in 2019

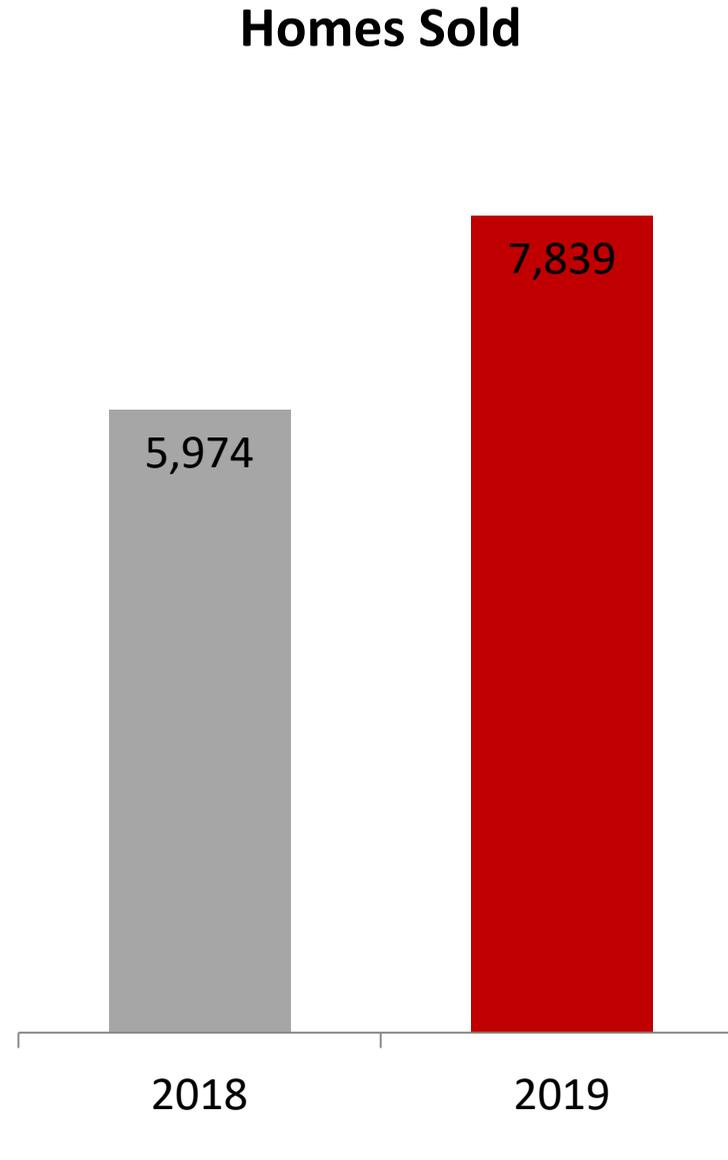
2019 Full-Year Results



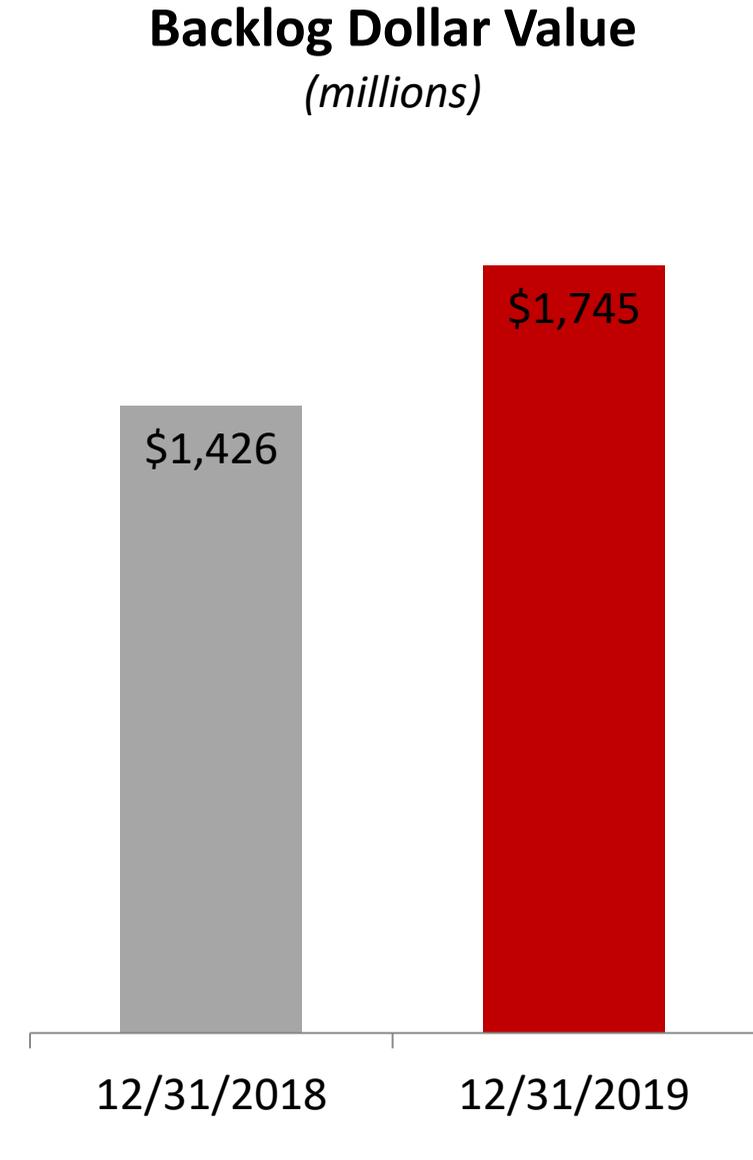
Gross Margin from Home Sales



Homes Sold



Backlog Dollar Value (millions)



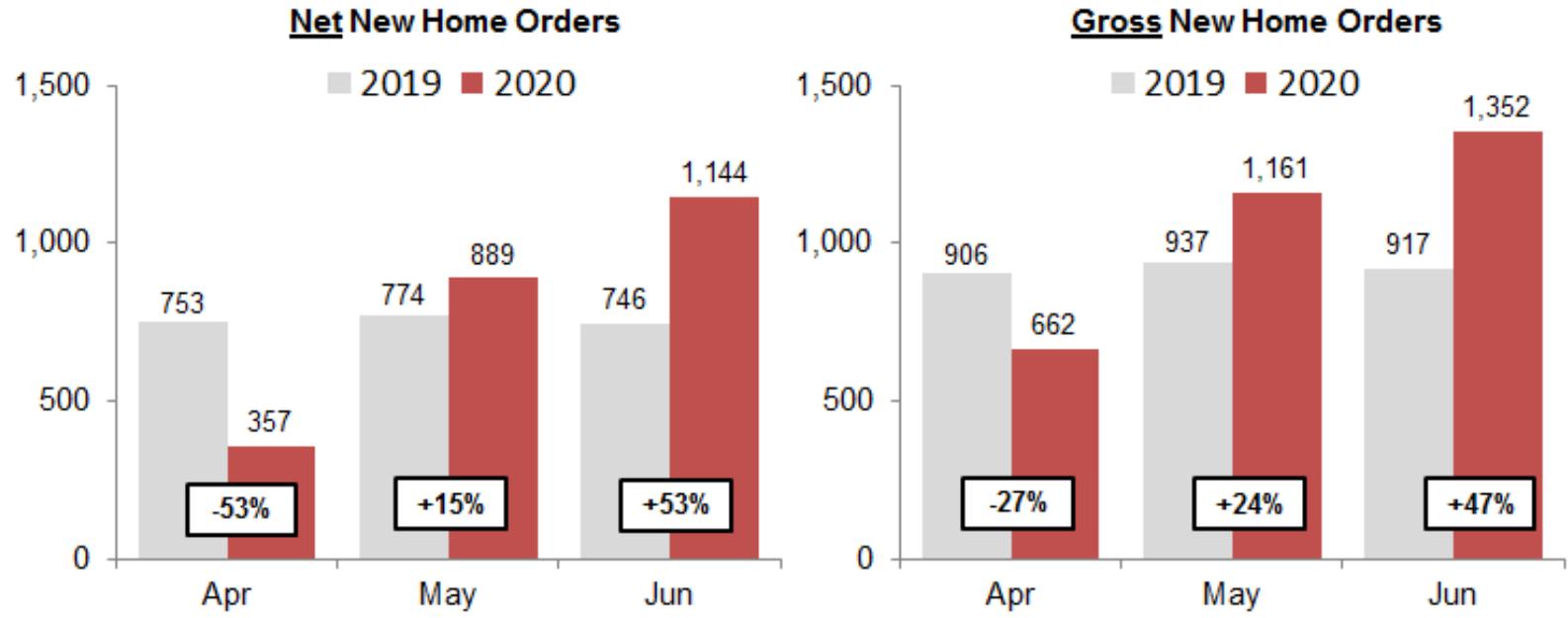
Quarterly Results – Q2 2020

(\$ in millions)	Q2 2020	Q2 2019	% Change
Homes Closed	1,900	1,514	25%
Homes Sales Revenue	\$886.8	\$732.8	21%
Homebuilding Pretax Income	\$84.9	\$61.6	38%
Financial Services Pretax Income *	\$26.7	\$12.7	110%
Net Income	\$84.4	\$54.6	55%
Gross Margin	20.2%	19.5%	70 bps
Homes Sold	2,390	2,273	5%
Sales Absorption Pace	4.2	4.1	2%
Average Active Subdivisions	189	185	2%
Backlog Units	5,143	4,293	20%
Backlog Dollar Value	\$2,373.2	\$1,929.7	23%

* Includes gains on equity securities of \$5.0 million in Q2 2020 vs \$2.3 million in Q2 2019



New Home Orders (Monthly)



Cancellations (Number / % of Beginning Backlog)

	Apr	May	Jun
2020	305 / 6.6%	272 / 6.0%	208 / 4.3%
2019	153 / 4.3%	163 / 4.3%	171 / 4.1%

Strong recovery in net new home orders after COVID-19 impact in April

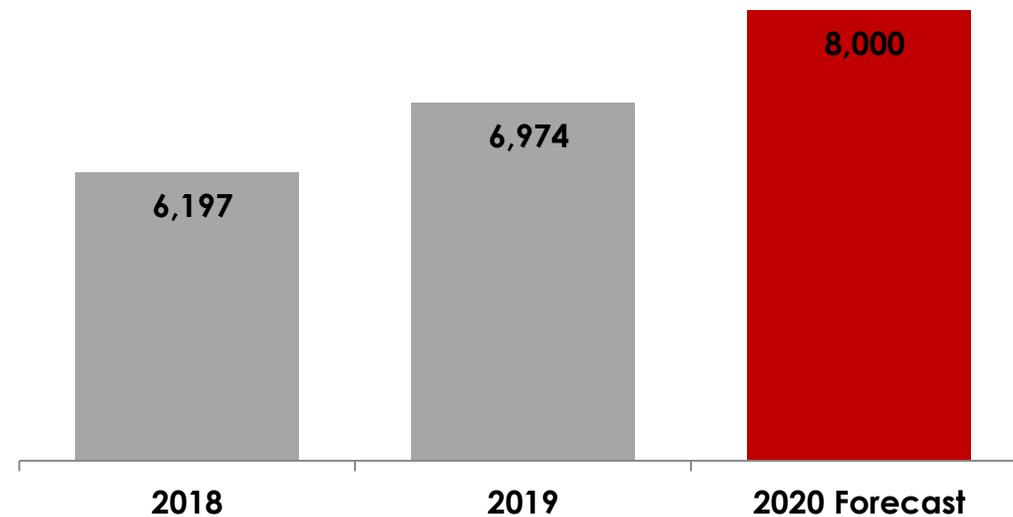




2020 Outlook & Other Selected Information*

- Home deliveries for the 2020 third quarter between 1,900 and 2,100
 - Average selling price for 2020 third quarter unit deliveries exceeding \$460,000
 - Gross margin from home sales for the 2020 third quarter of approximately 20% (excluding impairments and warranty adjustments)
- Full year 2020 home deliveries between 7,700 and 8,000
- Active subdivision count at June 30, 2020 of 192, up 3% year-over-year
- Lots controlled of 25,027 at June 30, 2020, up 6% year-over-year

Home Closings



Comments on Current Conditions



- Housing backdrop outside of COVID-19 challenges
 - Low housing supply
 - Low interest rates
 - City-to-suburb migration
- Continued focus on safety at both office and field locations*
- Strong balance sheet to weather further disruption
 - \$1.5 billion of liquidity
 - No near-term senior note maturities
 - Low debt-to-capital ratio of 35.9% (21.1% net of cash and investments)
- Strategic advantages
 - Strong positioning with more affordable home collections
 - Increasingly unique build-to-order model allows personalization
 - Solid backlog to end June with increasing average sales price
- Ongoing dividend program
 - \$0.33 dividend declared in July 2020 up 10% year-over-year
 - Uninterrupted since 1994





Appendix – Company Leaders

2020 INVESTOR MEETING



Larry A. Mizel
Founder/CEO/Chairman

Mr. Mizel provides leadership and judgment, while advancing the long-term interests of the company's shareholders. As founder, and one of the most experienced leaders in the homebuilding industry, his knowledge and foresight provide invaluable guidance.



David D. Mandarich
President/COO/Director

A skilled and experienced leader in the homebuilding industry, Mr. Mandarich has been with the company since 1977. He provides seasoned judgment, industry knowledge and a keen understanding of the company's homebuilding business and operations.



Robert N. Martin
Senior Vice President & CFO

Mr. Martin started his career in public accounting with Arthur Andersen LLP. Since 2002, he has served a variety of leadership roles at MDC, with direct oversight over the company's accounting, finance, tax, investor relations, information technology, treasury and planning and analysis functions.



Michael Touff
Senior Vice President &
General Counsel

Mr. Touff was formerly an officer in the law firm of Holmes & Starr, a Professional Corporation. He went on to become an officer of the law firm of Ireland, Stapleton, Pryor & Pascoe, P.C. He has been in his current position since 1999, and is an officer, director, or both, of several company subsidiaries.

Corporate/National Leadership



Increasingly diverse senior leadership team with an average of 14 years experience at the Company



Bryan Blum
Vice President, Real Estate Legal
Tenure: 5.5 years



Stacy Givens
Vice President, Finance & Business Operations
Tenure: 7 years



Lud Jones
Vice President, Treasurer
Tenure: 33 years



Tracie Major
Vice President, Corporate Accounting
Tenure: 17 years



Ben Clarke
Vice President, National Home Gallery, Options & Customer Experience
Tenure: 15 years



Andrew Harris
Senior Vice President, National Construction
Tenure: 24 years



David Kenyon
Vice President, Division Finance
Tenure: 7 years



Ron Milzer
Vice President, Real Estate Legal
Tenure: 20 years



Joe Fretz
Secretary & Corporate Counsel
Tenure: 17 years



Dawn Huth
Vice President, Division Finance
Tenure: 12 years



Debbi Kovacs
Director of Risk Management
Tenure: 24 years



Krista Montgomery
Vice President, Human Resources
Tenure: 13 years

Corporate/National Leadership



Joe Morrissey
Vice President, Tax
Tenure: 2 months



Heidi Sheldon
*Vice President,
National
Merchandising*
Tenure: 20 years



Alan Whitehead
*Vice President,
National Architecture*
Tenure: 25 years



Scott Rust
*Vice President, IT
Operations*
Tenure: 8 years



Jamie Sporrer
*Vice President,
Internal Audit*
Tenure: 17 years



Staci Woolsey
*Vice President and
Corporate Controller*
Tenure: 2 years



Christy Ross
*Vice President,
National Marketing*
Tenure: 10 years



Brittany Wall
*Vice President,
National Sales*
Tenure: 11 years

Financial Services Leadership



Anthony Berris
President
HomeAmerican
Mortgage Corporation
Tenure: 13 years



Pat Rice
President
American Home Title
& Escrow Company
Tenure: 20 years



Jennifer Prom
Chief Compliance
Officer, Mortgage
Counsel
HomeAmerican
Mortgage Corporation
Tenure: 3 years



Stephen McQueen
Senior Vice
President, Finance
HomeAmerican
Mortgage Corporation
Tenure: 7 years

Homebuilding Leadership



Jack Gallagher
*Regional President,
Maryland, Virginia
and Florida*
Tenure: 16 years



Dave Viger
*Regional President,
Arizona, Utah and
Northern California*
Tenure: 16 years



Todd Baker
*Senior Division
President, Central and
Southern Colorado*
Tenure: 6 years



Kelly Taga
*Division President,
Northern Colorado,
Washington and Oregon*
Tenure: 13 years



Appendix – Reconciliation of Non-GAAP Financial Measures

2020 INVESTOR MEETING

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 known 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.

	June 30, 2020	December 31, 2019	June 30, 2019
	(Dollars in thousands)		
Senior notes, net	\$ 1,037,062	\$ 989,422	\$ 988,683
Revolving credit facility	10,000	15,000	15,000
GAAP debt	<u>1,047,062</u>	<u>1,004,422</u>	<u>1,003,683</u>
Stockholders' equity	<u>1,873,185</u>	<u>1,782,485</u>	<u>1,661,151</u>
Total GAAP capital	<u><u>2,920,247</u></u>	<u><u>2,786,907</u></u>	<u><u>2,664,834</u></u>
GAAP debt to capital ratio	<u>35.9%</u>	<u>36.0%</u>	<u>37.7%</u>
GAAP debt less:			
Homebuilding cash and cash equivalents	(482,702)	(424,186)	(390,061)
Financial services cash and cash equivalents	(62,218)	(35,747)	(56,829)
Financial services marketable securities	-	(56,747)	(48,105)
Net debt	<u>502,142</u>	<u>487,742</u>	<u>508,688</u>
Stockholders' equity	<u>1,873,185</u>	<u>1,782,485</u>	<u>1,661,151</u>
Total net capital	<u><u>\$ 2,375,327</u></u>	<u><u>\$ 2,270,227</u></u>	<u><u>\$ 2,169,839</u></u>
Net debt to capital ratio	<u>21.1%</u>	<u>21.5%</u>	<u>23.4%</u>