



2020

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

INVESTOR PRESENTATION

Forward Looking Statements



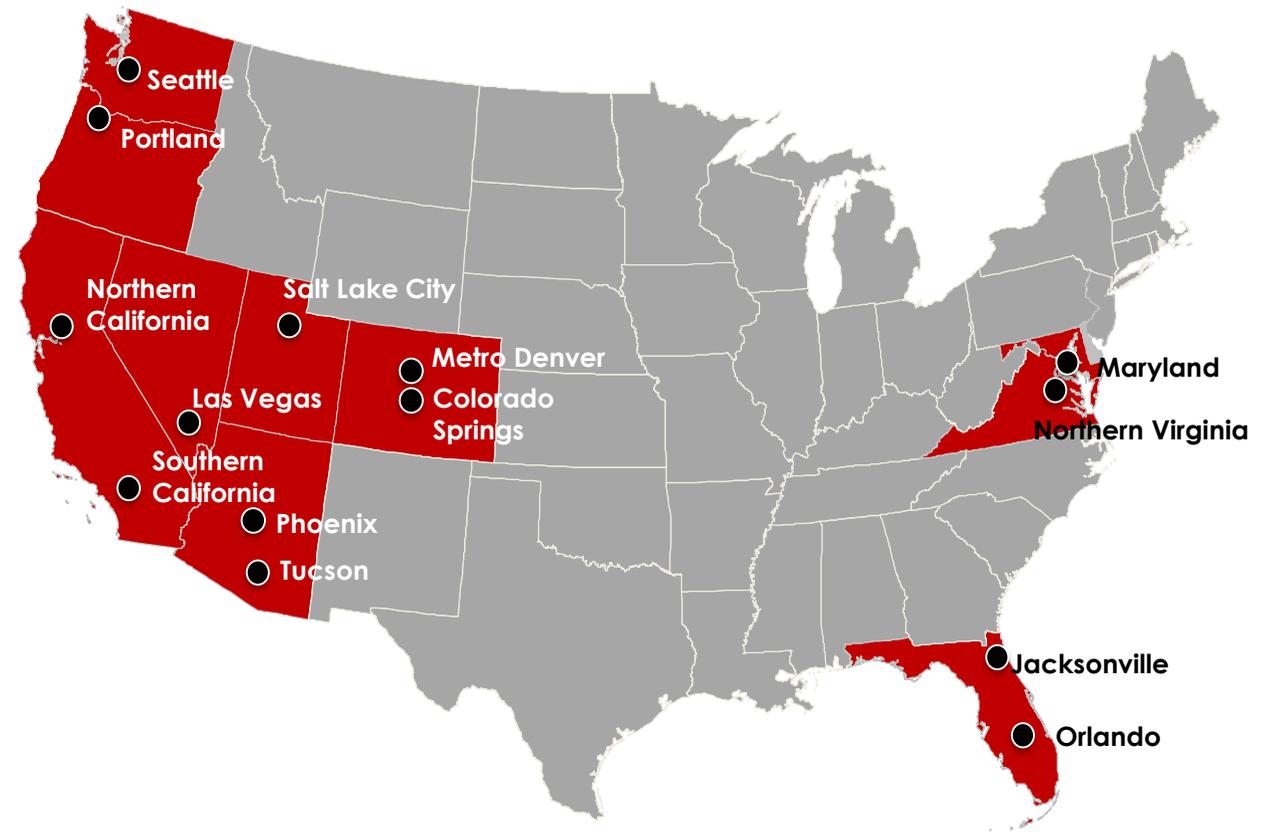
Certain statements in this presentation, including statements regarding our business, financial condition, results of operation, cash flows, strategies and prospects, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking 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-K for the year ended December 31, 2019.

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.



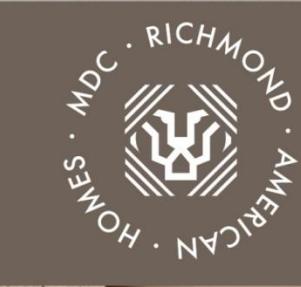
Company Overview

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 205,000 buyers move into new, quality homes across the country.



	AZ	CA	NV	OR	WA	CO	UT	FL	Mid-Atl	Total
LTM Deliveries	1,297	1,019	1,055	35	357	1,870	372	778	191	6,974
<i>% of Total</i>	<i>18.6%</i>	<i>14.6%</i>	<i>15.1%</i>	<i>0.5%</i>	<i>5.1%</i>	<i>26.8%</i>	<i>5.3%</i>	<i>11.2%</i>	<i>2.7%</i>	
LTM ASP ('000s)	\$ 368	\$ 628	\$ 424	\$ 525	\$ 542	\$ 523	\$ 418	\$ 297	\$ 388	\$ 462

Data as of December 31, 2019



Competitive Advantage and Strategic Focus

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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

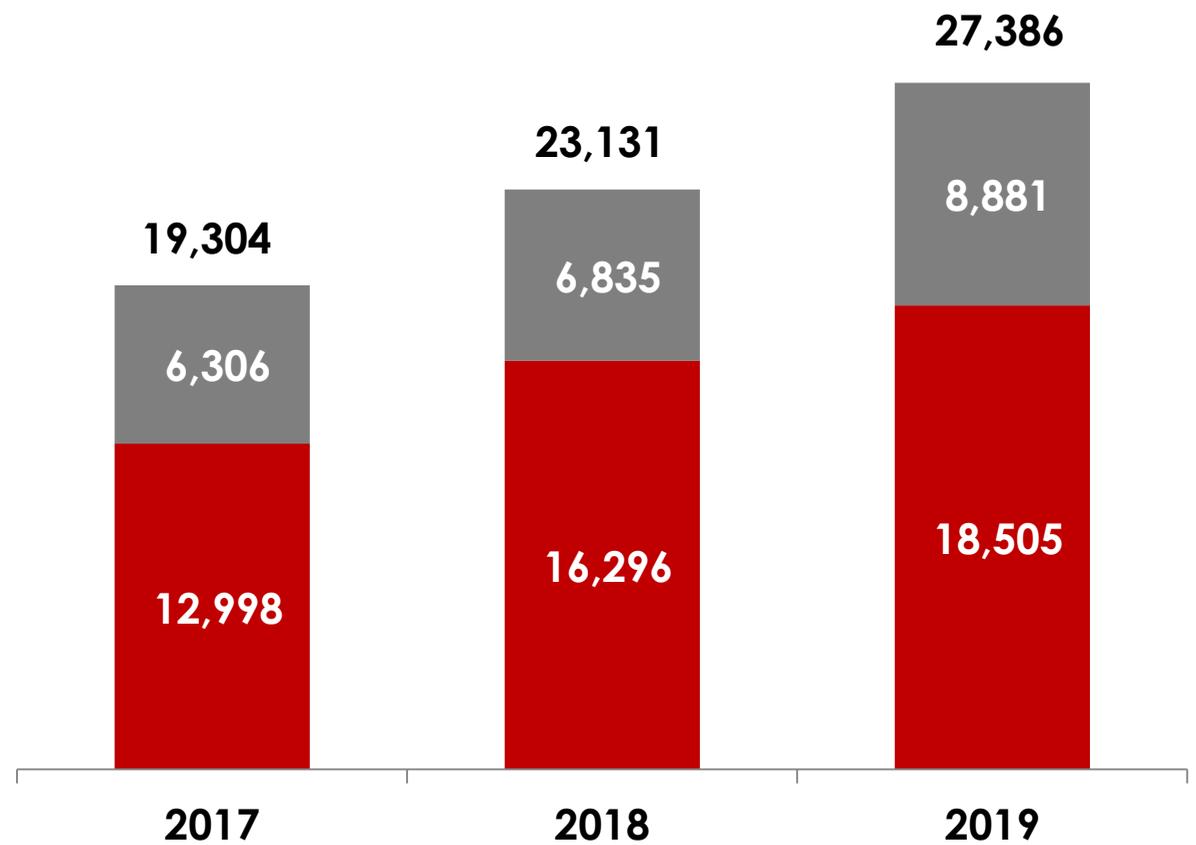


Built for Success Through the Housing Cycle

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Land Strategy

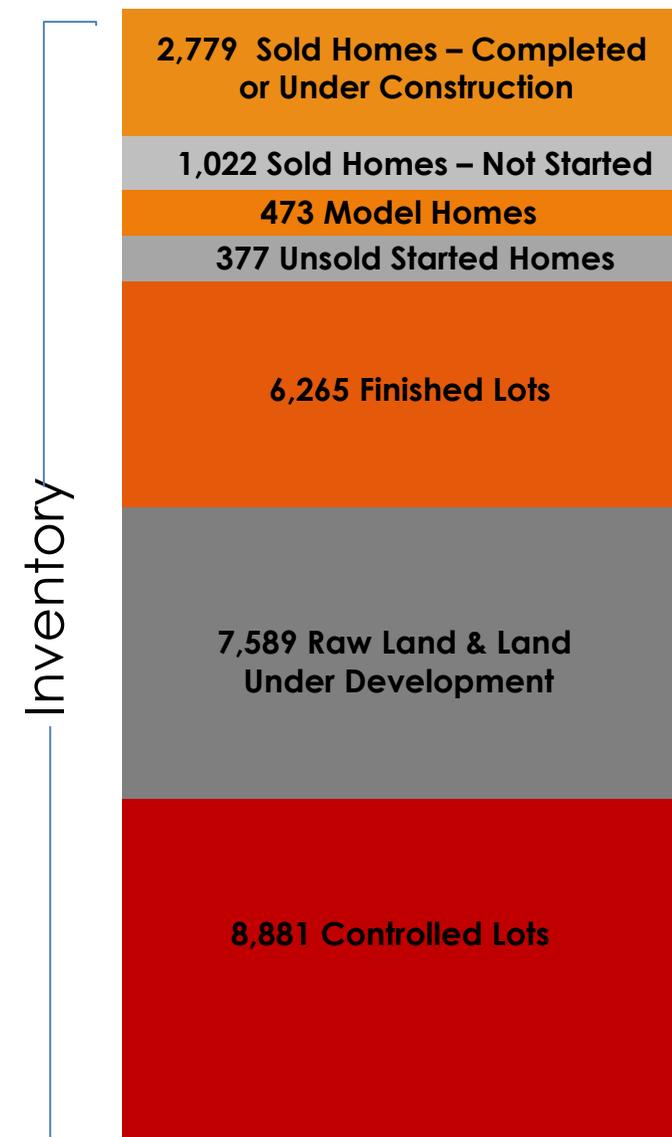
- Target 2-3 year land supply
- Carefully managed to reduce exposure to industry cycles
- Highest lot count since 2006



■ Owned ■ Optioned

Inventory Management

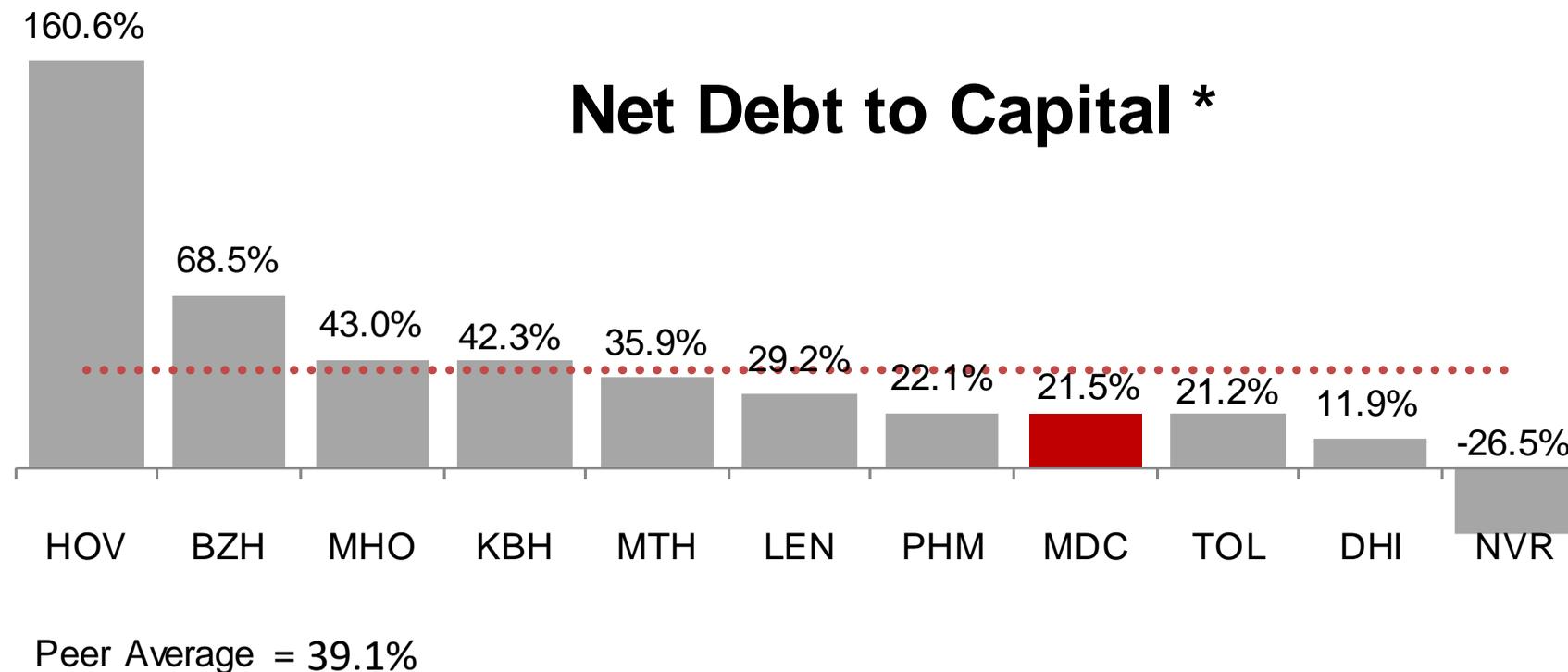
- No land banking or “mothballed” communities
- Minimal speculative inventory
- 88% of work-in-process units already sold at December 31, 2019
- Significant portion of owned lots are finished, 59% at December 31, 2019
- Over 30% of lots controlled via option



Strong Balance Sheet



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



Access to Capital Markets



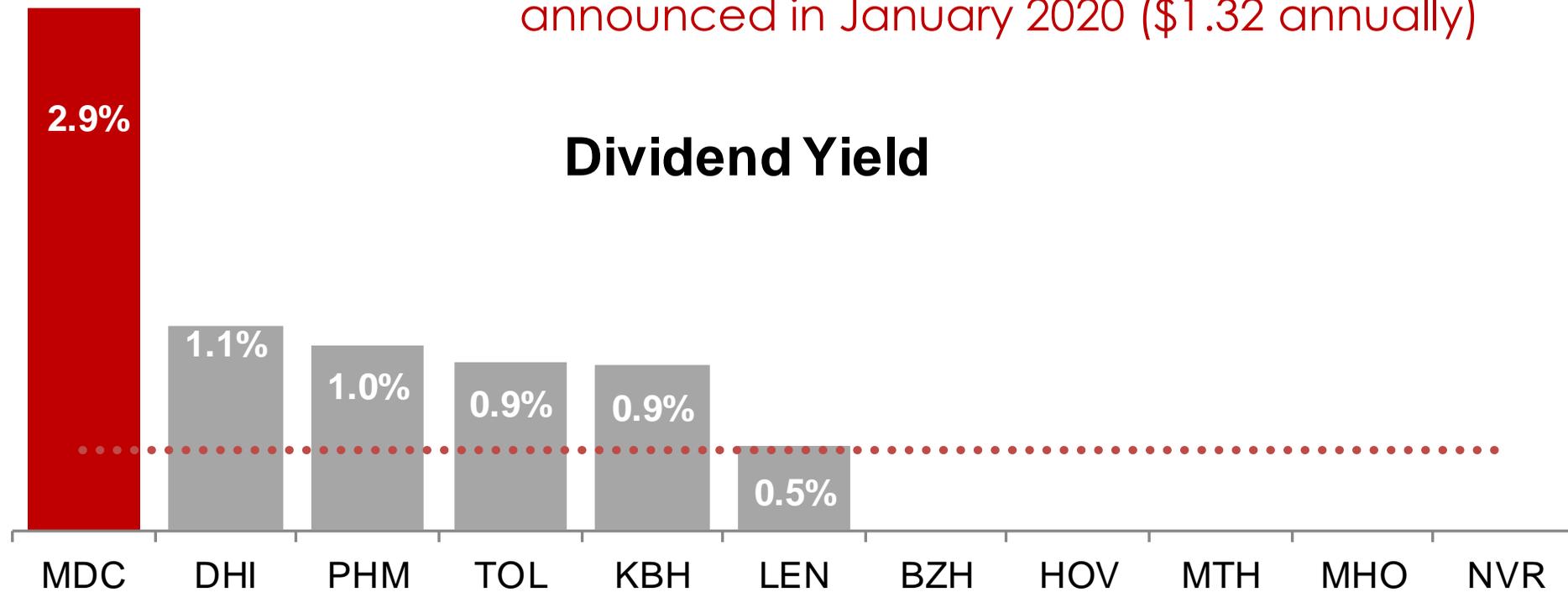
Senior/Corporate Credit Ratings		
Fitch Inc.	BBB-	Stable
Standard & Poor's	BB+	Positive
Moody's	Ba2	Stable

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 = 0.4%

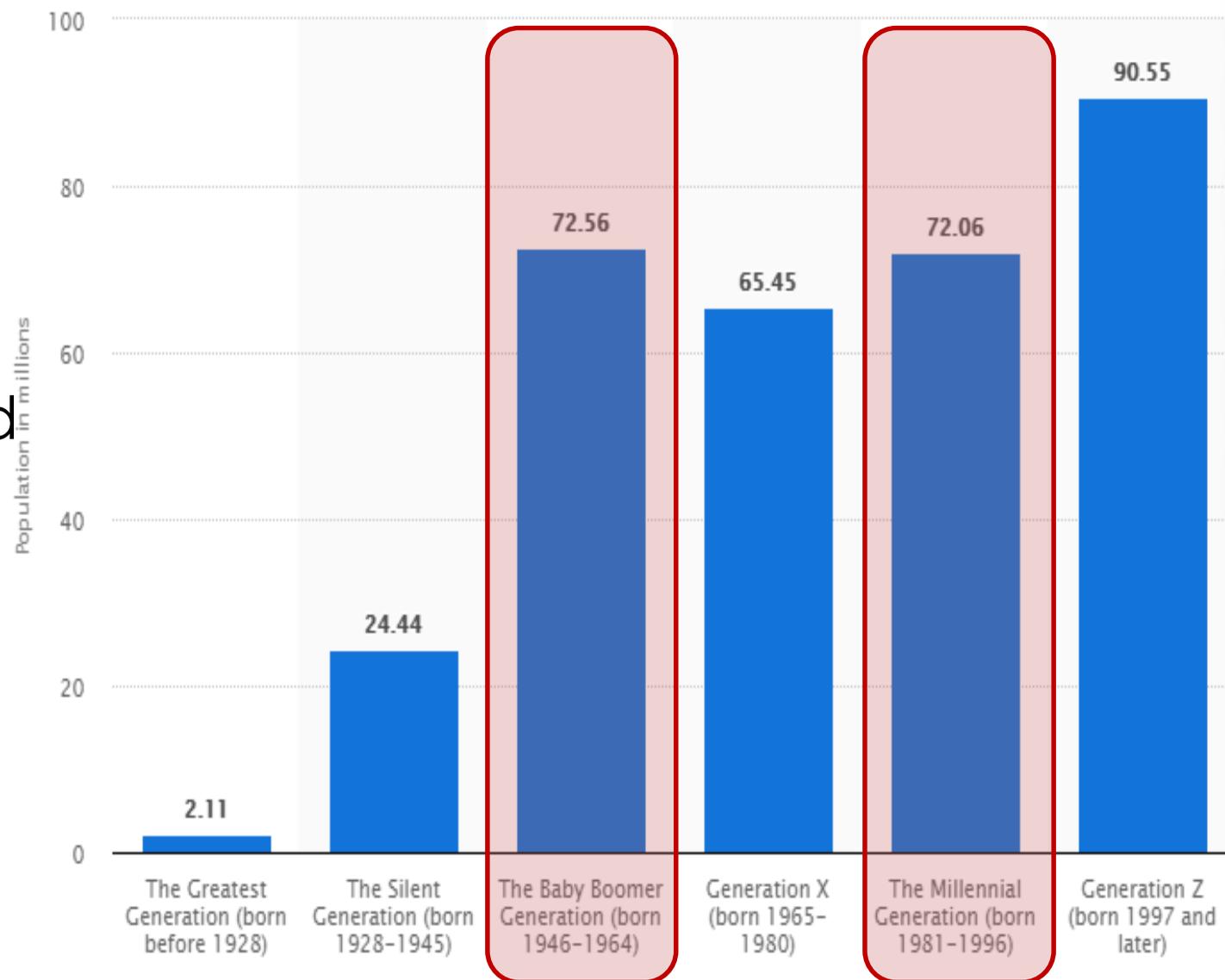
Diverse Product Mix with a Focus on Affordability

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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

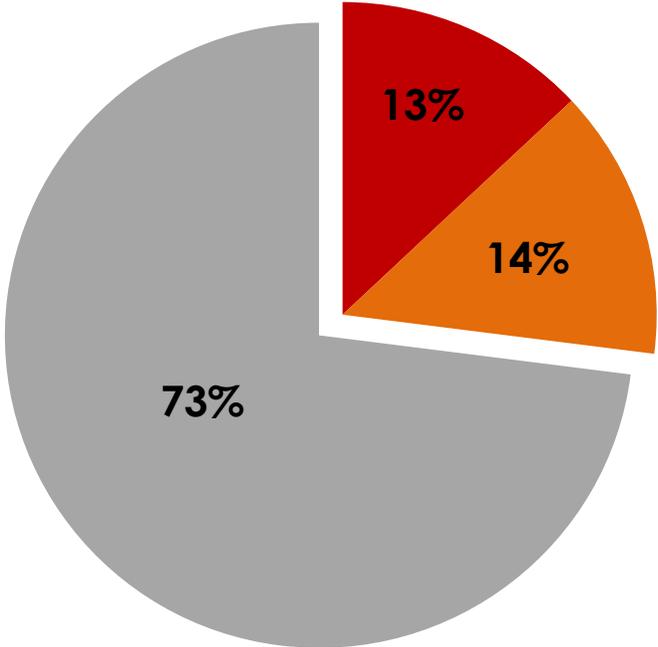
U.S. Population by Generation



Source: <https://www.statista.com/statistics/797321/us-population-by-generation>

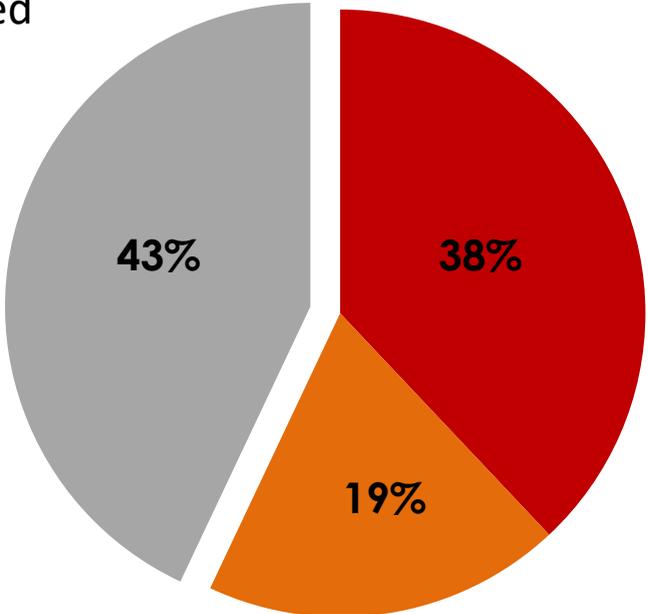
Product Mix

2017 Closings



- Seasons
- Other Affordable
- Traditional Single Family Detached

2019 Closings

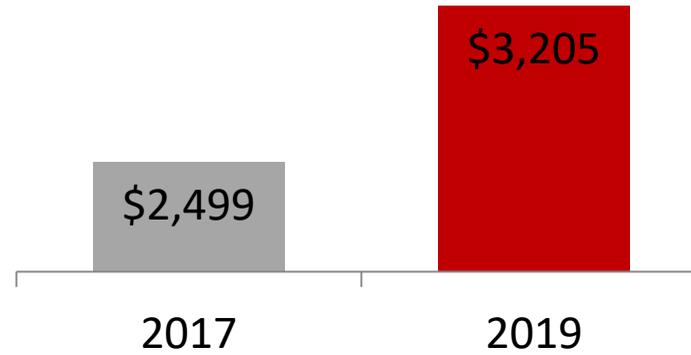


Affordability Focus Benefiting Key Metrics

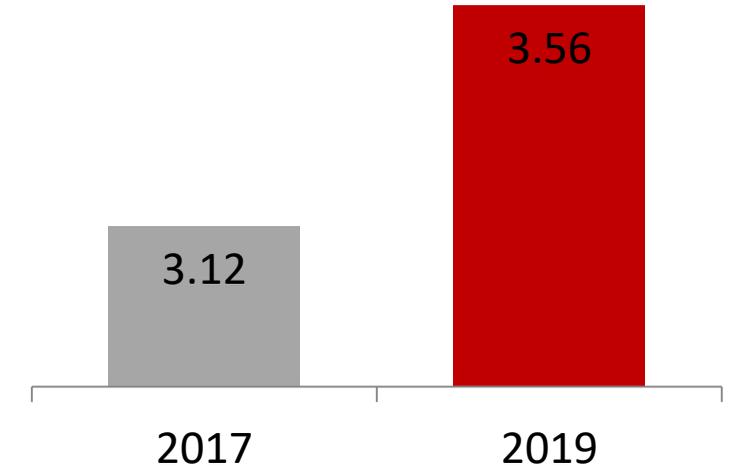


Home Sale Revenues

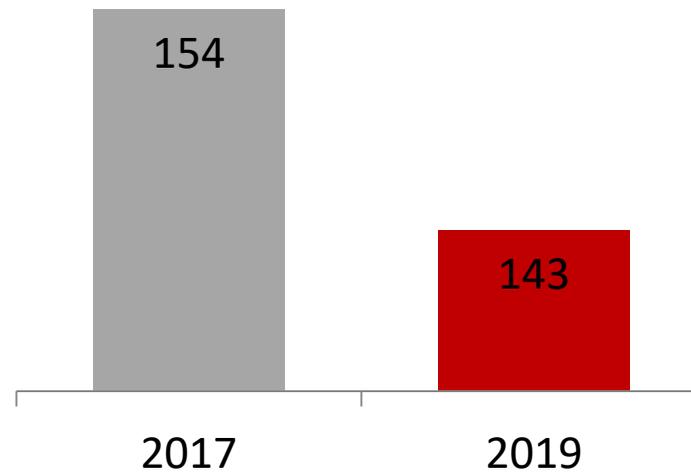
(in millions)



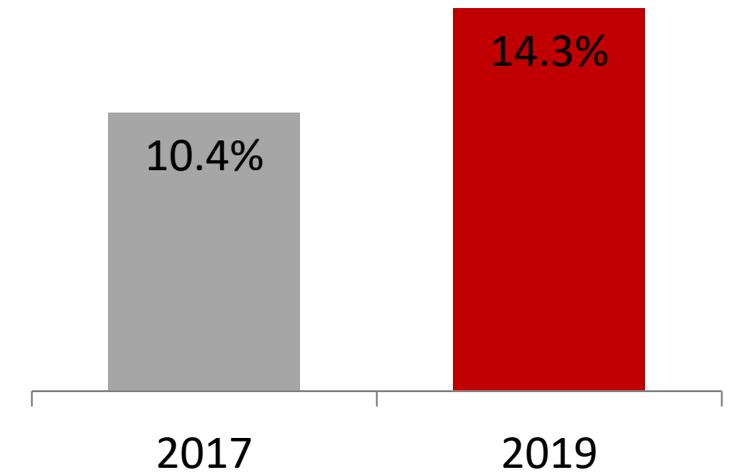
Absorption Pace



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 growth

- Launched in 2016, Seasons made up 29% of net orders in 2018 and grew to 42% of net orders in 2019.
- 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 Arizona markets and since expanded to Colorado, Florida and Washington
- Shows Richmond American's ability to reach buyers with unique requirements and personalize to their needs





Build-to-Order Model

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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

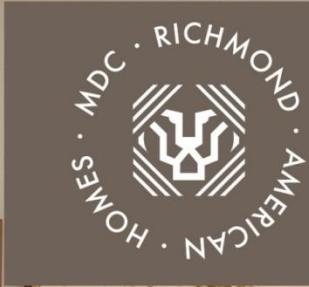


- Hundreds of fixture and finish options
- Step-by-step design assistance
- Higher margin products help drive higher gross margin from home sales
- Comprise approximately 8% of home sales revenue
- Ability to analyze customer preferences and quickly adjust pricing based on customer demand

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

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Quarterly Results – Q4 2019

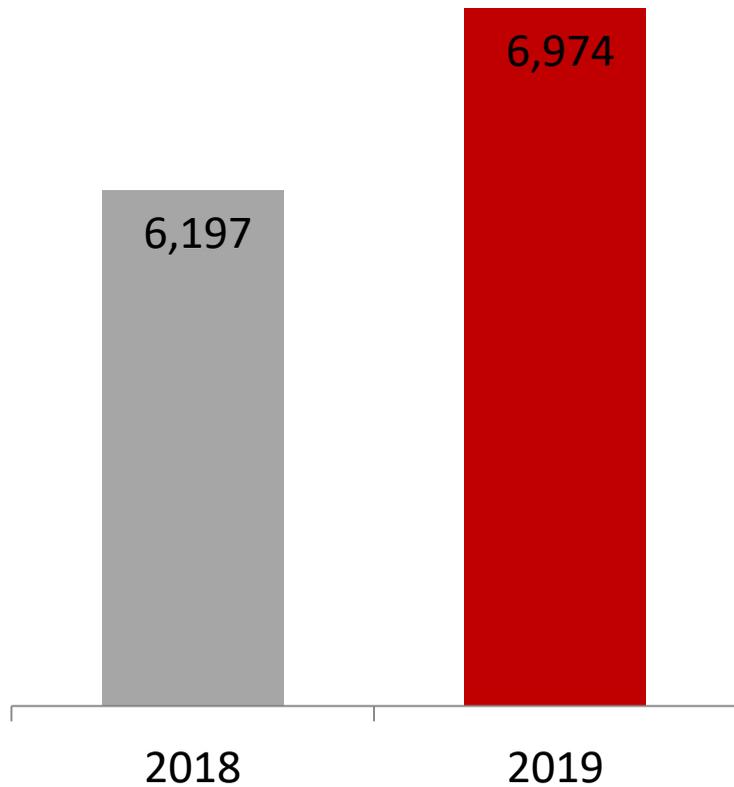
(\$ in thousands)	Q4 2019	Q4 2018	% Change
Homes Closed	2,389	1,827	31%
Homes Sale Revenues	\$1,074,852	\$858,489	25%
Pretax Income	\$112,246	\$69,285	62%
Gross Margin	18.5%	18.1%	+40 bps
Homes Sold	1,574	1,059	49%
Sales Absorption Pace	2.79	2.18	28%
Active Subdivisions	185	166	11%
Backlog Units	3,801	2,936	29%
Backlog Dollar Value	\$1,745,347	1,425,967	22%



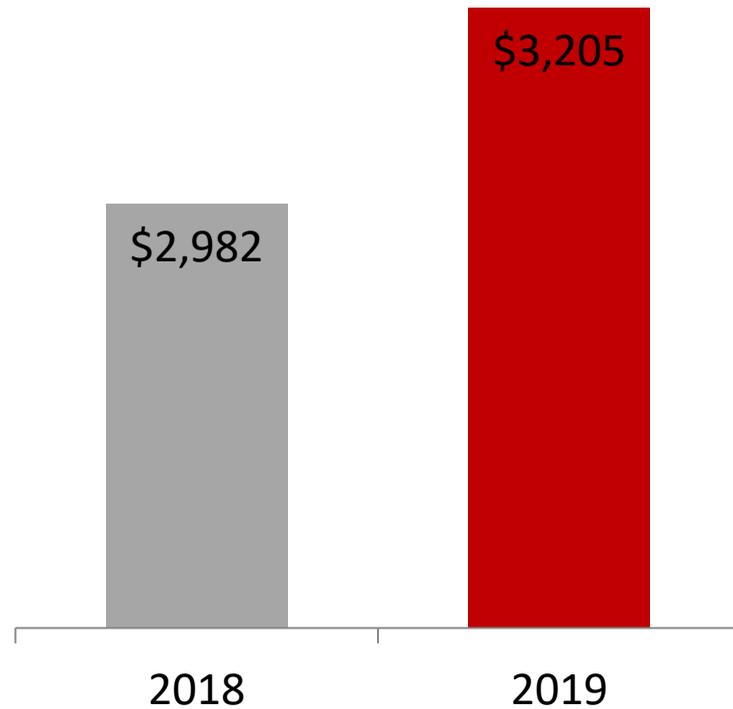
2019 Full-Year Results



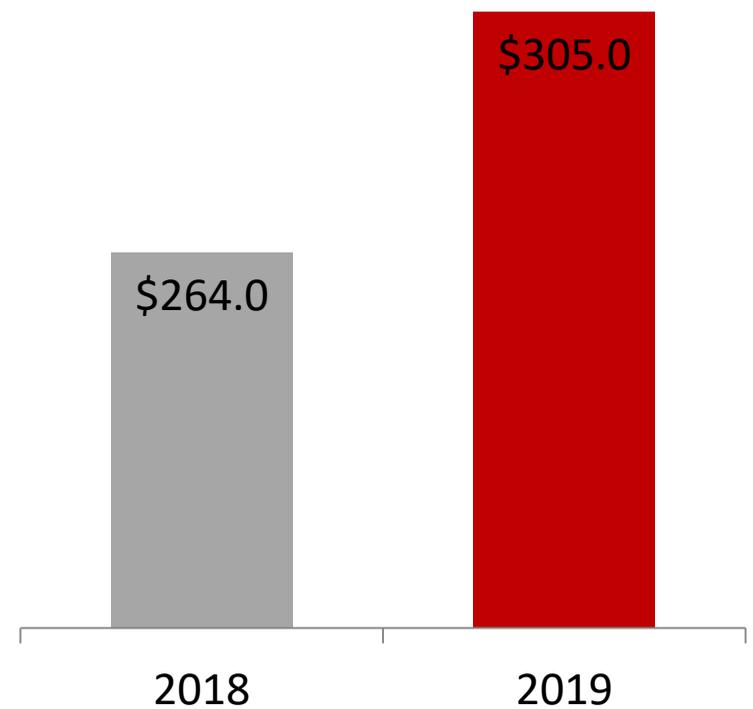
Homes Closed



Home Sale Revenues *(millions)*



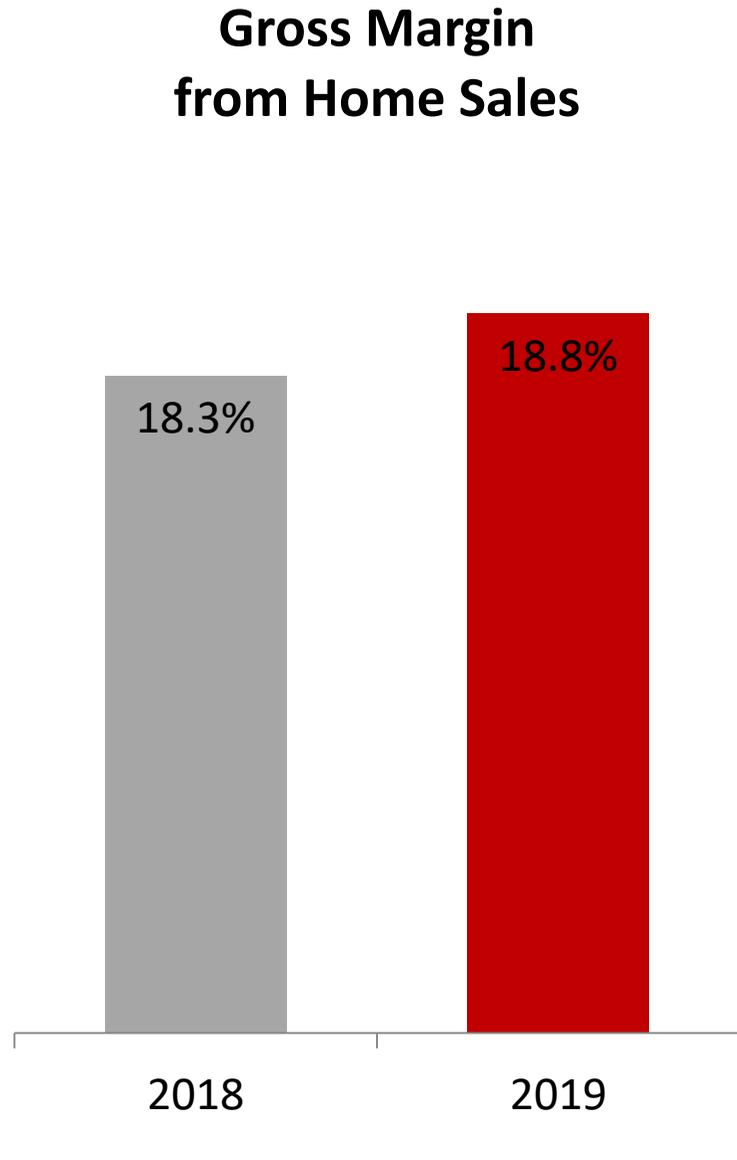
Pretax Income *(millions)*



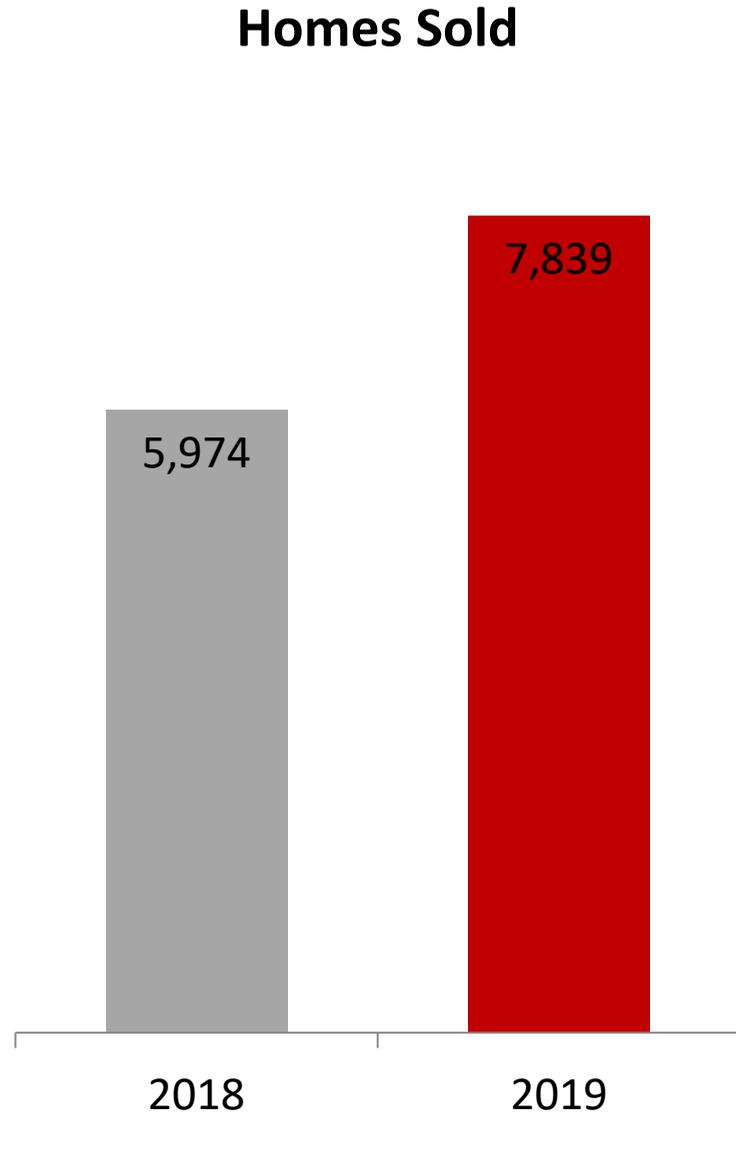
2019 Full-Year Results



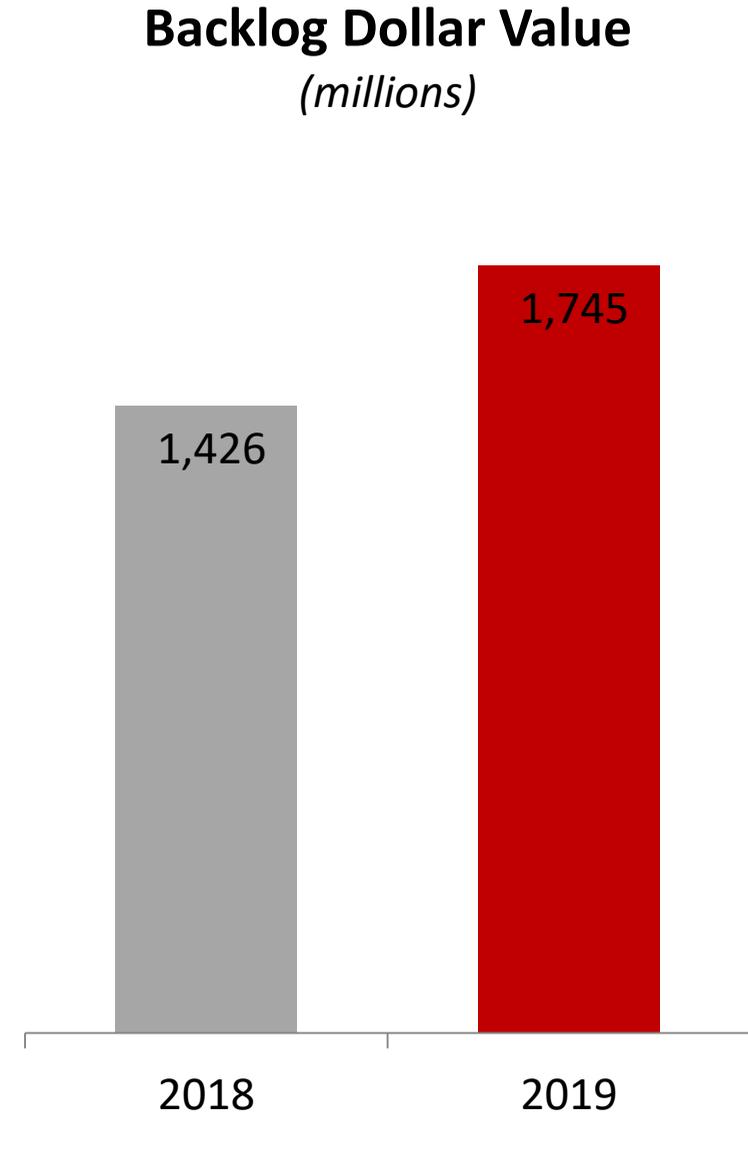
Gross Margin from Home Sales



Homes Sold



Backlog Dollar Value (millions)





Forward-Looking Information

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2020 Outlook – Selected Information*

- Backlog dollar value at December 31, 2019 up 22% year-over-year to \$1.75 billion
- Home deliveries for the 2020 first quarter between 1,550 and 1,650
- Average selling price for 2020 first quarter unit deliveries between \$450,000 and \$460,000
- Gross margin from home sales for the 2020 first quarter between 18.8% and 19.2% (excluding impairments and warranty adjustments)
- Active subdivision count at December 31, 2019 of 185, up 11% year-over-year
- Lots controlled of 27,386 at December 31, 2019, up 18% year-over-year
- Declared 10% increase in quarterly dividend to \$0.33 (\$1.32 annualized) in January 2020



Questions?

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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.

	Year Ended December 31, 2019
	(Dollars in thousands)
Homebuilding senior notes, net	\$ 989,422
Revolving credit facility	15,000
Total homebuilding debt	<u>1,004,422</u>
Stockholders' equity	<u>1,782,485</u>
Total capital	\$ 2,786,907
Ratio of homebuilding debt to capital	36.0%
Total homebuilding debt less:	
Homebuilding cash and cash equivalents	\$ (424,186)
Homebuilding marketable securities	-
Financial services cash and cash equivalents	(35,747)
Financial services marketable securities	<u>(56,747)</u>
Net homebuilding debt	487,742
Stockholders' equity	<u>1,782,485</u>
Net capital	\$ 2,270,227
Ratio of net homebuilding debt to capital	21.5%