



2021

M.D.C. Holdings, Inc.
April 29, 2021

First Quarter Earnings Webcast

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 March 31, 2021, 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 2021 vs. Q1 2020

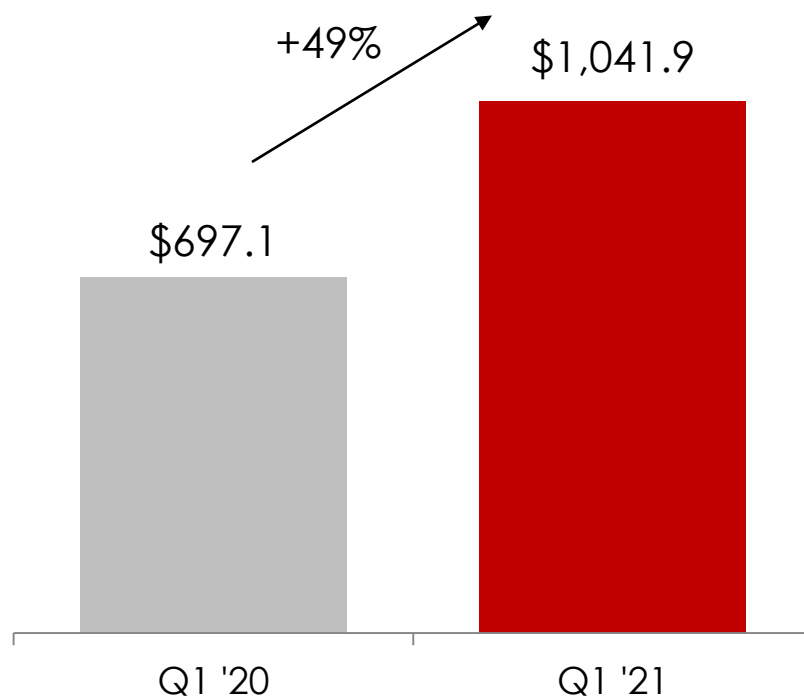
- Home sale revenues increased 49% to \$1.04 billion from \$697.1 million
 - Unit deliveries up 41% to 2,178
 - Average selling price of deliveries up 6% to \$478,000
- Homebuilding pretax income increased 129% to \$113.5 million from \$49.7 million
 - Gross margin from home sales increased 200 basis points to 21.9% from 19.9%
 - Selling, general and administrative expenses as a percentage of home sale revenues ("SG&A rate") improved by 180 basis points to 11.0%
- Financial services pretax income increased \$31.9 million to \$30.8 million, compared to a pretax loss of \$1.1 million in the first quarter of 2020
- Net income of \$110.7 million, or \$1.51 per diluted share, up 201% from \$36.8 million or \$0.52 per diluted share *
 - Effective tax rate of 23.3% vs. 24.3%
- Dollar value of net new orders increased 50% to \$1.64 billion from \$1.09 billion
 - Unit net orders increased 34% to 3,209
 - Average selling price of net orders up 12%
- Dollar value of ending backlog up 81% to \$3.93 billion from \$2.17 billion
 - Unit backlog increased 65% to 7,686
 - Average selling price of homes in backlog up 9%

* Per share amount for the 2020 first quarter has been adjusted for the 8% stock dividend declared and paid in the 2021 first quarter.

Home Sale Revenues and Net Income

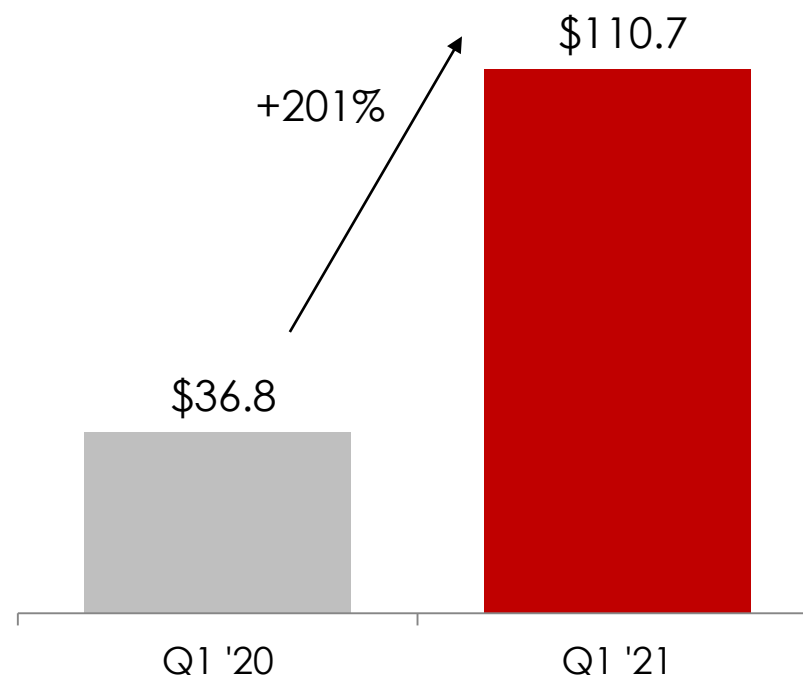
Home Sale Revenues

(\$ in millions)



Net Income

(\$ in millions)



Diluted Earnings Per Share *

\$0.52

\$1.51

Effective Tax Rate

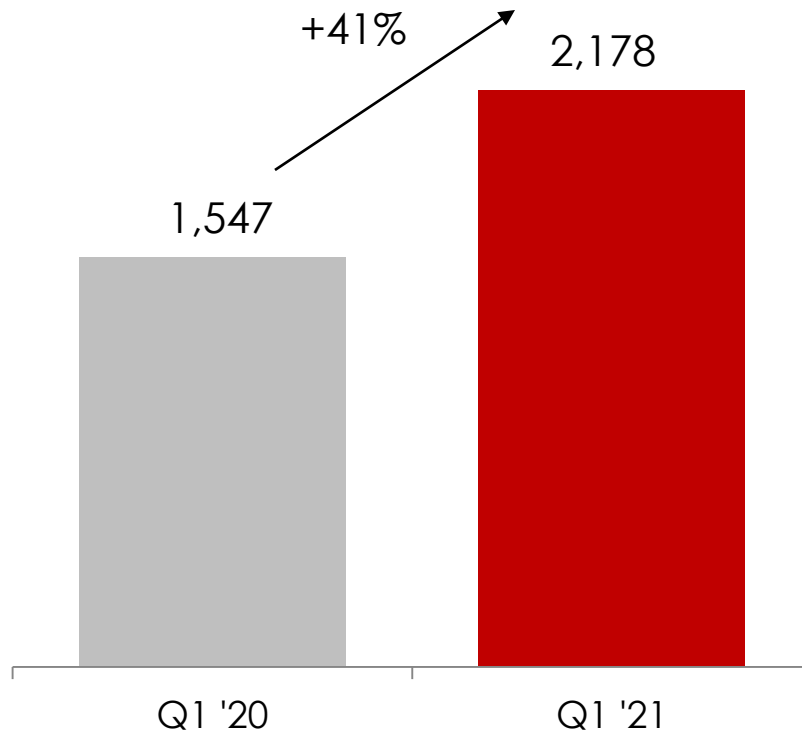
24.3%

23.3%

* Per share amount for the 2020 first quarter has been adjusted for the 8% stock dividend declared and paid in the 2021 first quarter.

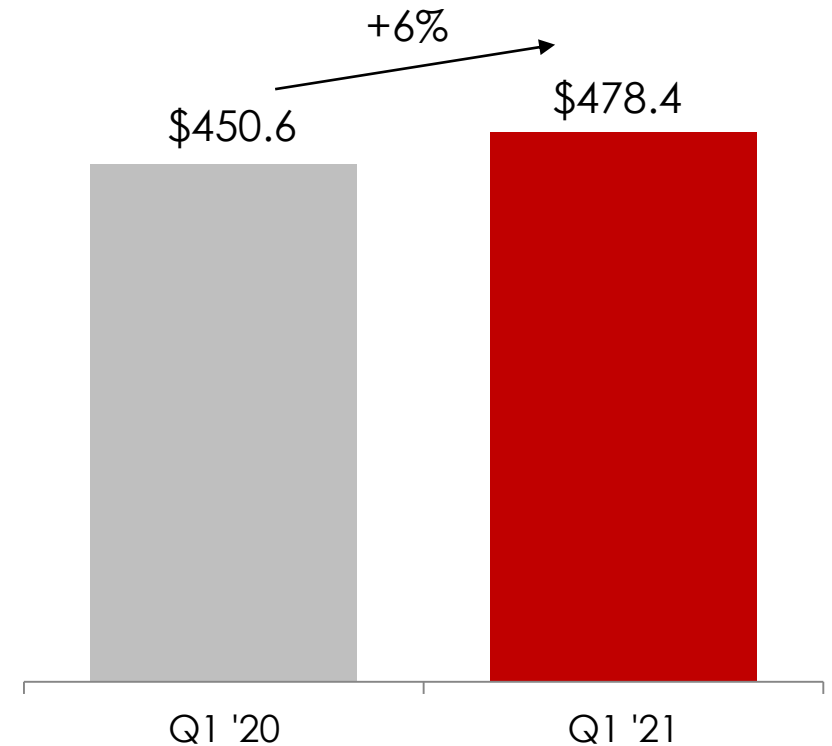
Homes Delivered and Average Selling Price

Homes Delivered



Average Selling Price

(\$ in thousands)



3,801	6,655
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41%	33%
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51%	59%
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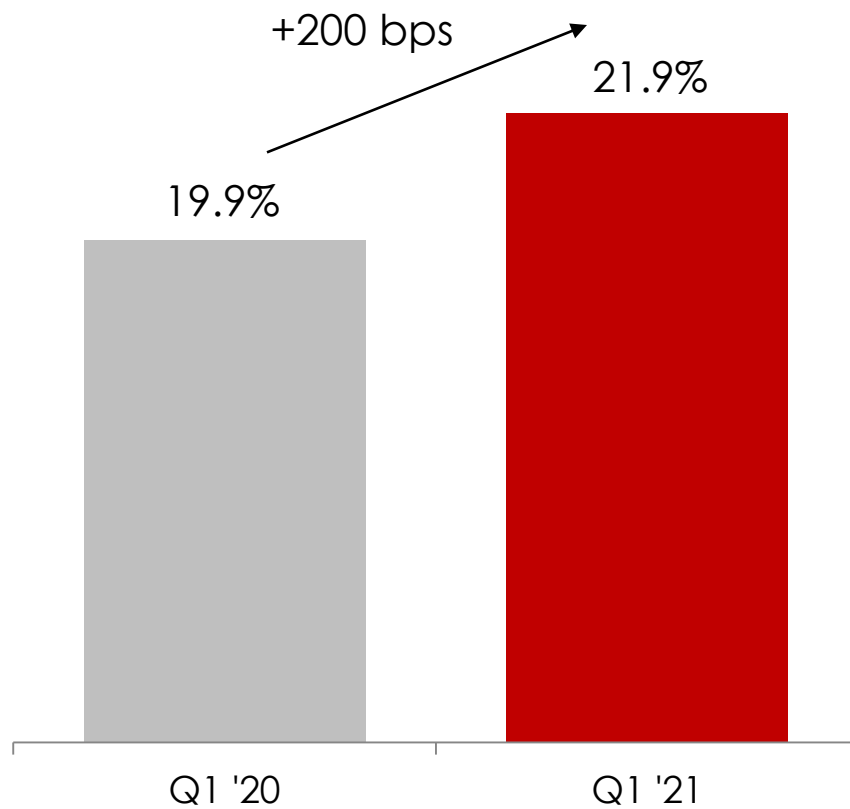
Beginning Backlog

Backlog Conversion Rate
(Homes Delivered as a % of Beginning Backlog)

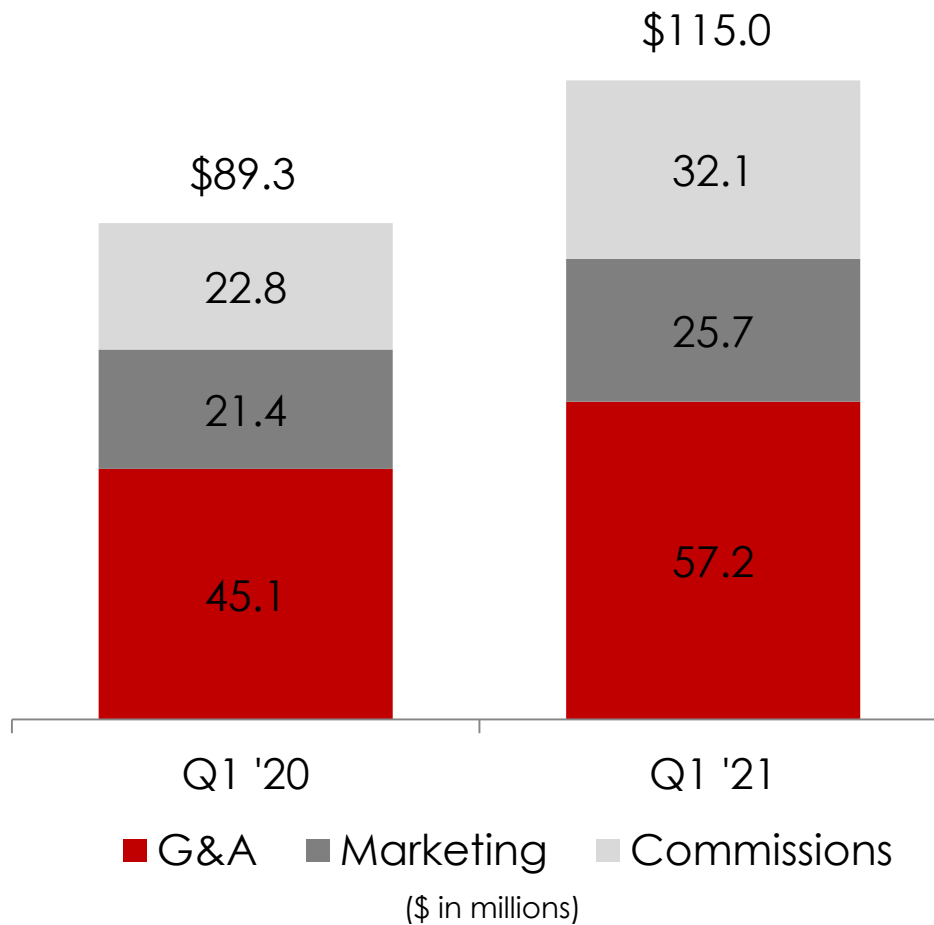
% from More Affordable Collections (e.g.
Seasons, CityScapes, Urban)

Gross Margin from Home Sales

ULTRAGARAGE®



Homebuilding & Corporate SG&A Expense



SG&A % of Home Sale Revenues

Q1 '20: 12.8%

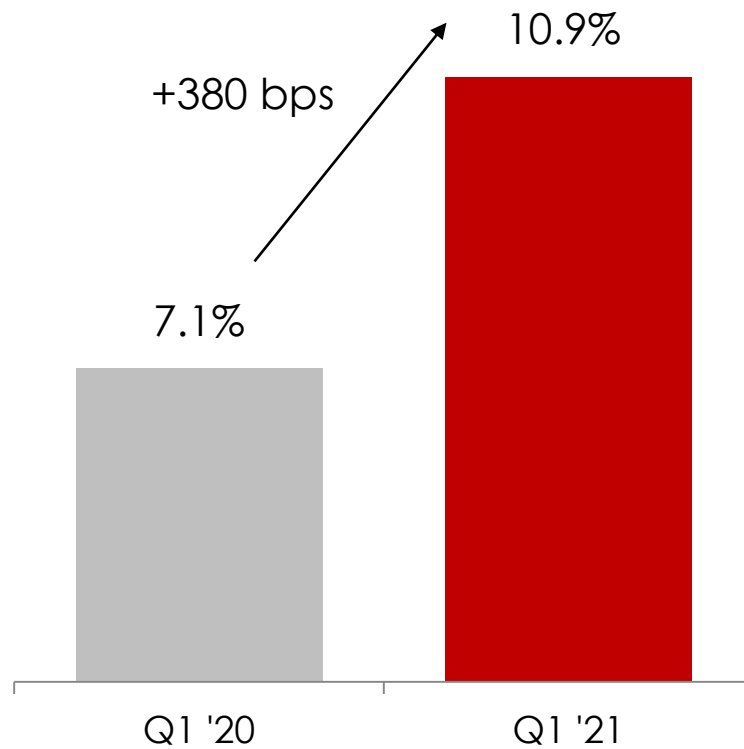
Q1 '21: 11.0%



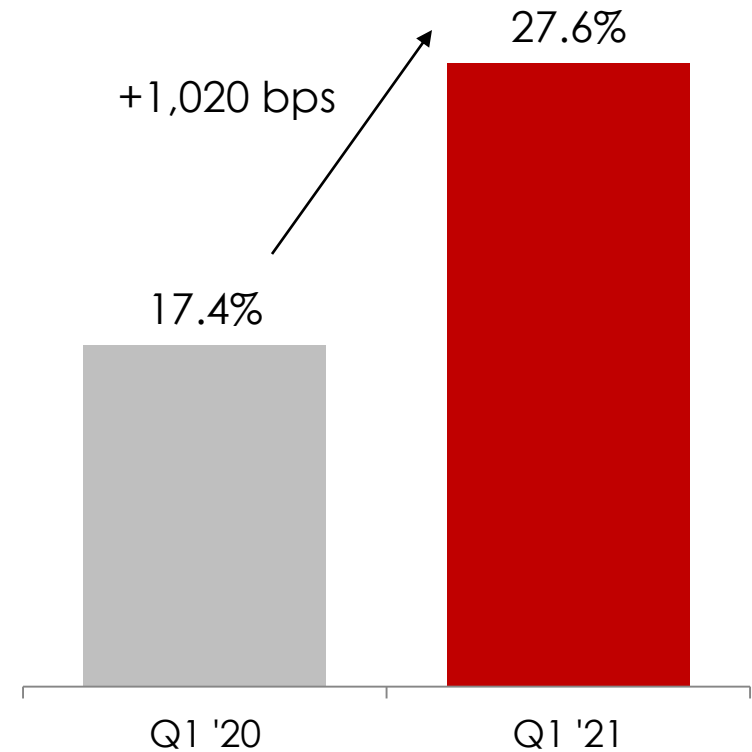
Return Ratios



Homebuilding Operating Margin*



**Pretax Return on Equity
(Last Twelve Months)**



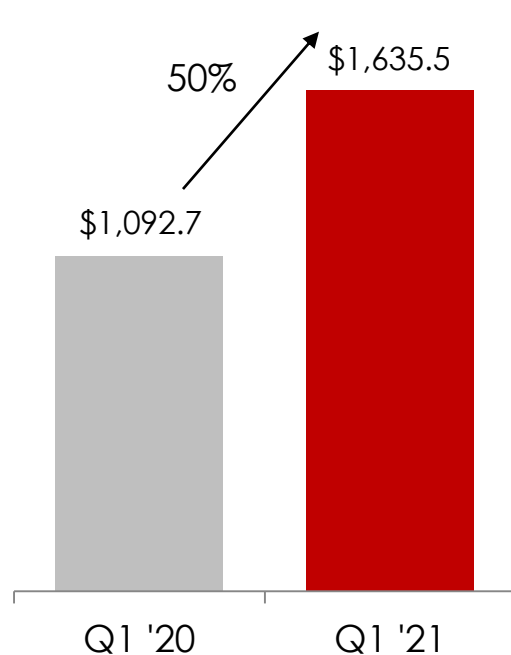
*Gross margin from home sales less homebuilding SG&A as a percentage of home sale revenues.

Net New Home Orders

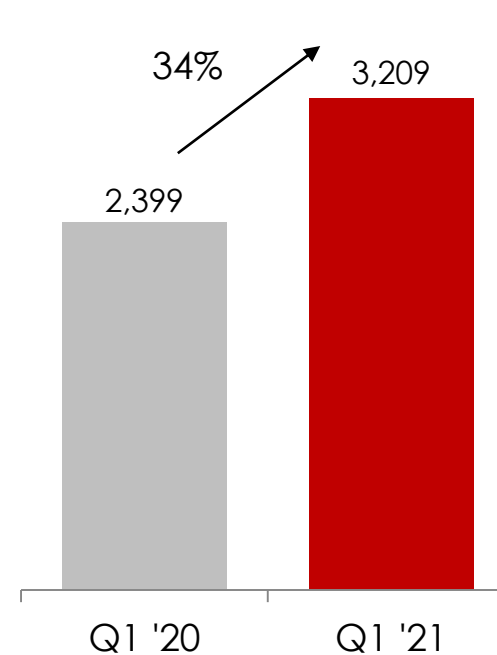


Dollar Value

(\$ in millions)



Units



Average Selling Price

(\$ in thousands)



Monthly Net Orders Per Active Subdivision

Q1 '20 – 4.33 Q1 '21 – 5.64

Average Active Subdivisions

Q1 '20 – 185 Q1 '21 – 190

Cancellations -- % of Beginning Backlog

Q1 '20 – 18% Q1 '21 – 8%

Ending Active Subdivisions

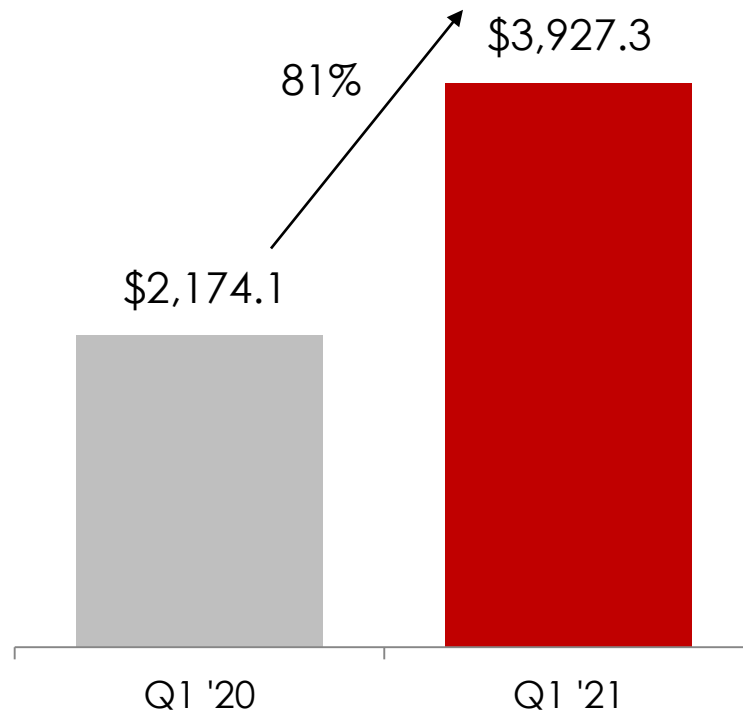
Q1 '20 – 185 Q1 '21 – 186

Backlog

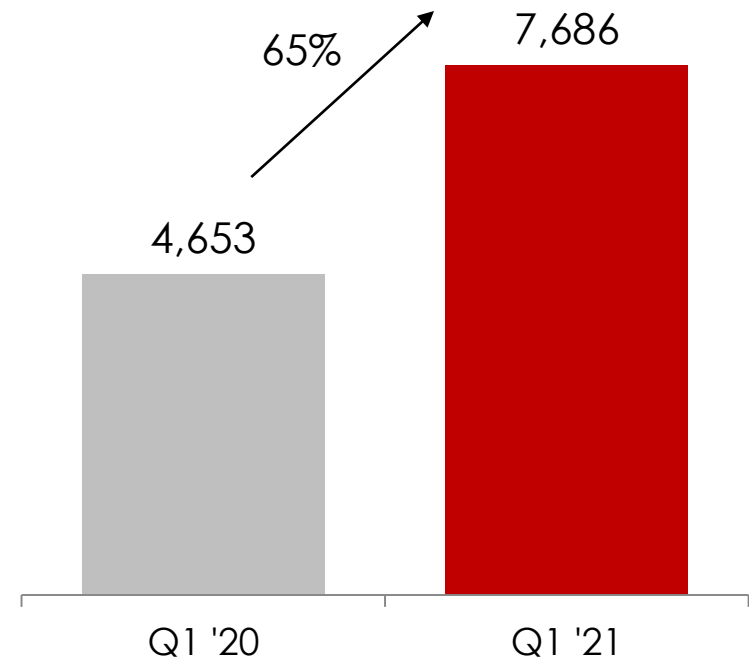


Ending Dollar Value

(\$ in millions)



Ending Backlog Units



Percent of Backlog Units at Frame or Beyond

45%

39%

Percent of Backlog Units Started

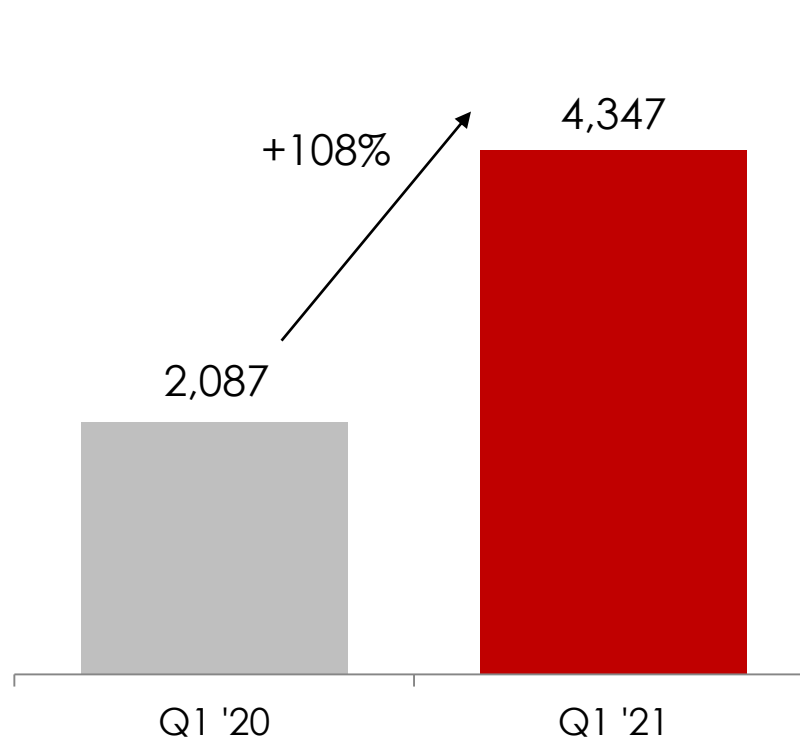
70%

76%

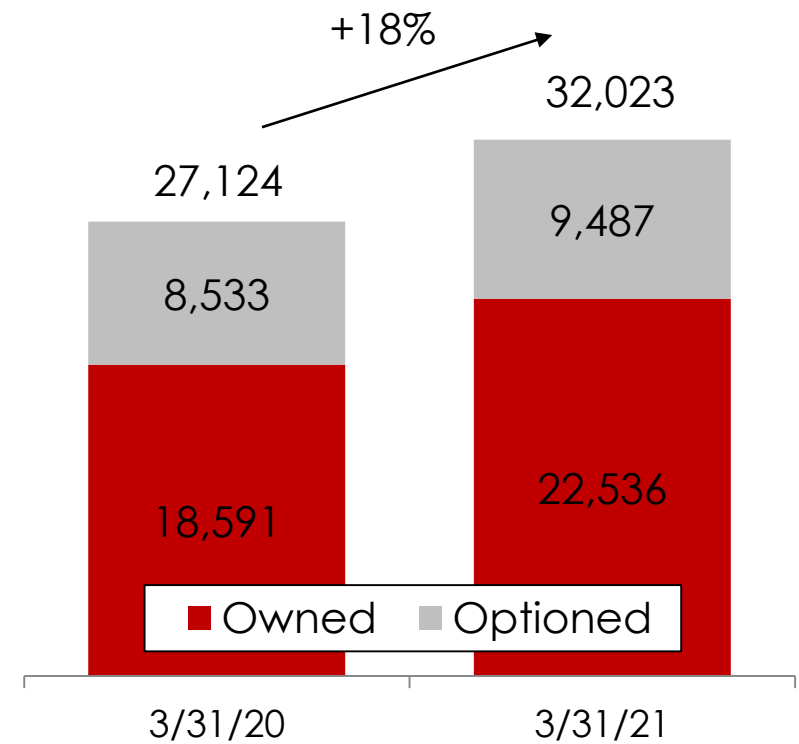
Land Activity



Lots Approved



Total Lots Controlled



	(\$ in millions)	
	Q1 '20	Q1 '21
Lots Acquired	1,698	3,231
Land Acquisition Spend	\$142.5	\$246.7
Land Development Spend	\$93.8	\$112.0



Summary



- Housing backdrop beyond COVID-19 pandemic
 - Continued undersupply of affordable homes
 - Emphasis on single-family home ownership
 - Low interest rates
 - Increased cost and lead time for various building products
- Continued focus on safety at both office and field locations*
- Strong balance sheet to support growth
 - \$1.94 billion of liquidity as of March 31, 2021
 - Investment grade credit rating by S&P Global Ratings
 - Low debt-to-capital ratio of 38.6% (22.3% net of cash and cash equivalents)
- Strategic advantages
 - Focus on more affordable home collections
 - Build-to-order business model allows personalization
 - Largest quarter-end backlog dollar value ever
- Ongoing dividend program
 - \$0.40 cash dividend declared in April 2021 up 31% year-over-year (after adjusting for the 8% stock dividend declared and paid in the 2021 first quarter)
 - Uninterrupted since 1994

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 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.

	March 31, 2021	December 31, 2020	March 31, 2020
(Dollars in thousands)			
Senior notes, net	\$ 1,384,475	\$ 1,037,391	\$ 1,036,900
Revolving credit facility	10,000	10,000	15,000
GAAP debt	1,394,475	1,047,391	1,051,900
Stockholders' equity	2,214,872	2,119,912	1,811,077
Total GAAP capital	3,609,347	3,167,303	2,862,977
GAAP debt to capital ratio	38.6 %	33.1 %	36.7 %
GAAP debt less:			
Homebuilding cash and cash equivalents	(678,194)	(411,362)	(386,704)
Financial services cash and cash equivalents	(81,100)	(77,267)	(22,159)
Financial services marketable securities	-	-	(43,985)
Net debt	635,181	558,762	599,052
Stockholders' equity	2,214,872	2,119,912	1,811,077
Total net capital	\$ 2,850,053	\$ 2,678,674	\$ 2,410,129
Net debt to capital ratio	22.3 %	20.9 %	24.9 %

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									
	Mar 31, 2021	Gross Margin %	Dec 31, 2020	Gross Margin %	Sep 30, 2020	Gross Margin %	Jun 30, 2020	Gross Margin %	Mar 31, 2020	Gross Margin %
(Dollars in thousands)										
Gross Margin from Home Sales	\$227,970	21.9 %	\$259,927	22.0 %	\$205,377	20.5 %	\$178,969	20.2 %	\$138,438	19.9 %
Add: Inventory Impairments	-		-		-		-		-	
Gross Margin from Home Sales Excluding Inventory Impairments	227,970	21.9 %	259,927	22.0 %	205,377	20.5 %	178,969	20.2 %	138,438	19.9 %
Add: Warranty Adjustments	-		92		(171)		(2,000)		-	
Gross Margin from Home Sales Excluding Inventory Impairments and Warranty Adjustments	227,970	21.9 %	260,019	22.0 %	205,206	20.5 %	176,969	20.0 %	138,438	19.9 %
Add: Interest in Cost of Sales	14,841		17,289		16,511		17,242		12,767	
Gross Margin from Home Sales Excluding Inventory Impairments, Warranty Adjustments, and Interest in Cost of Sales	\$242,811	23.3 %	\$277,308	23.5 %	\$221,717	22.2 %	\$194,211	21.9 %	\$151,205	21.7 %