



2022

M.D.C. Holdings, Inc.
April 28, 2022

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, 2022, 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 2022 vs Q1 2021

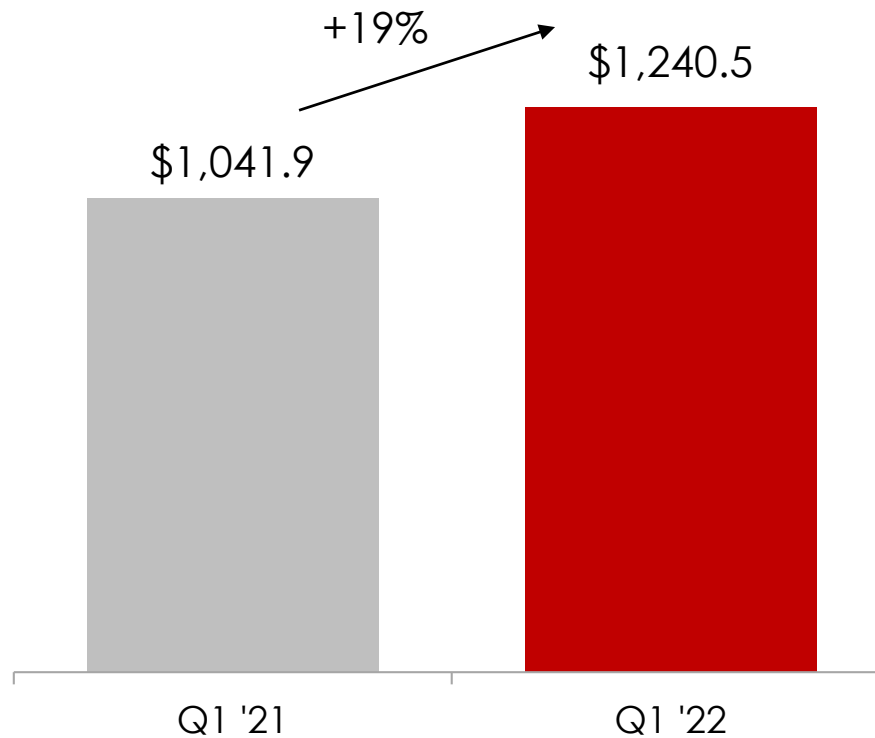


- Home sale revenues increased 19% to \$1.24 billion from \$1.04 billion
 - Unit deliveries up 3% to 2,233
 - Average selling price of deliveries up 16% to \$556,000
- Homebuilding pretax income increased 66% to \$188.5 million from \$113.5 million
 - Gross margin from home sales increased 380 basis points to 25.7% from 21.9%
 - Inventory impairment and warranty adjustment totaling \$3.1 million in Q1 2022
- Selling, general and administrative expenses as a percentage of home sale revenues ("SG&A rate") improved by 60 basis points to 10.4%
- Net income of \$148.4 million, or \$2.02 per diluted share, up 34% from \$110.7 million or \$1.51 per diluted share
 - Effective tax rate of 26.5% vs. 23.3%
- Dollar value of net new orders increased 12% to \$1.84 billion from \$1.64 billion
 - Average selling price of net orders up 14%
 - Unit net orders decreased 2% to 3,151
- Dollar value of ending backlog up 26% to \$4.95 billion from \$3.93 billion
 - Unit backlog increased 11% to 8,558
 - Average selling price of homes in backlog up 13%

Home Sale Revenues and Net Income

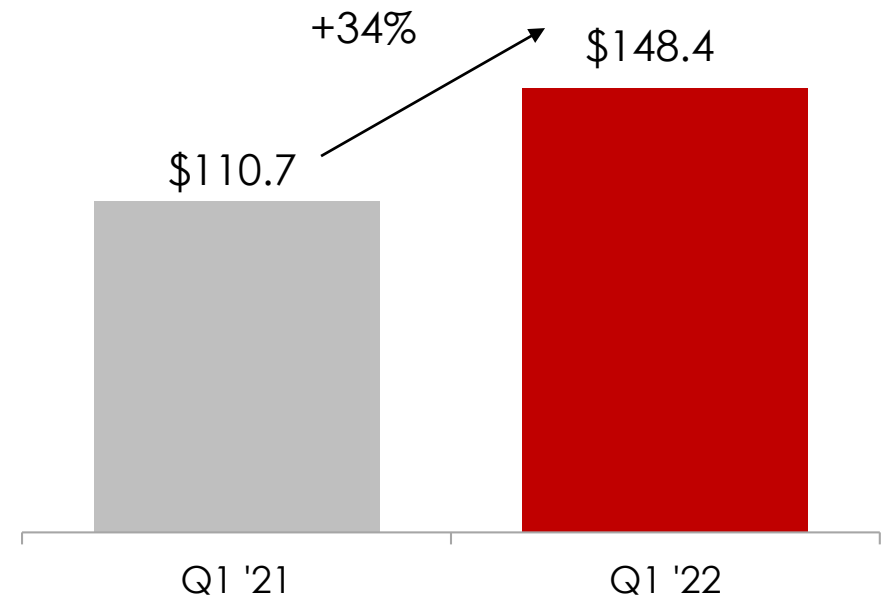
Home Sale Revenues

(\$ in millions)



Net Income

(\$ in millions)



Diluted Earnings Per Share

\$1.51

\$2.02

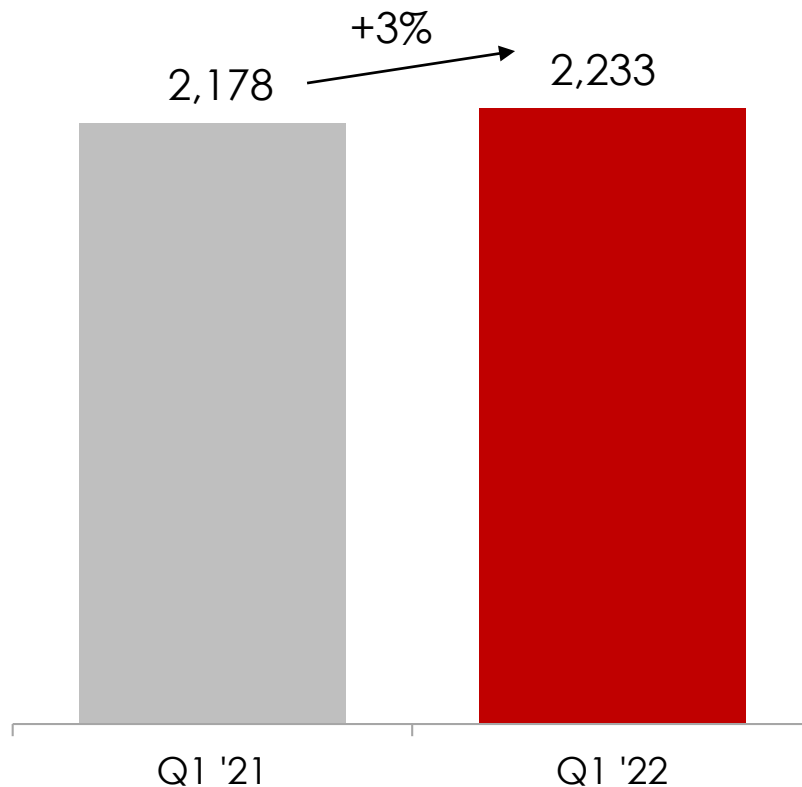
Effective Tax Rate

23.3%

26.5%

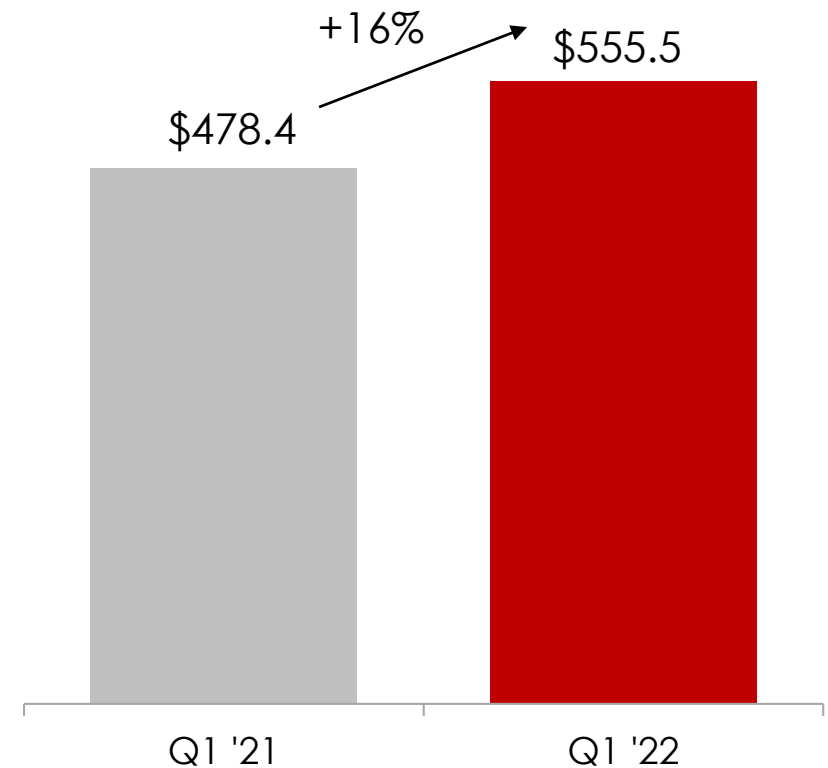
Homes Delivered and Average Selling Price

Homes Delivered



Average Selling Price

(\$ in thousands)



6,655	7,640
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33%	29%
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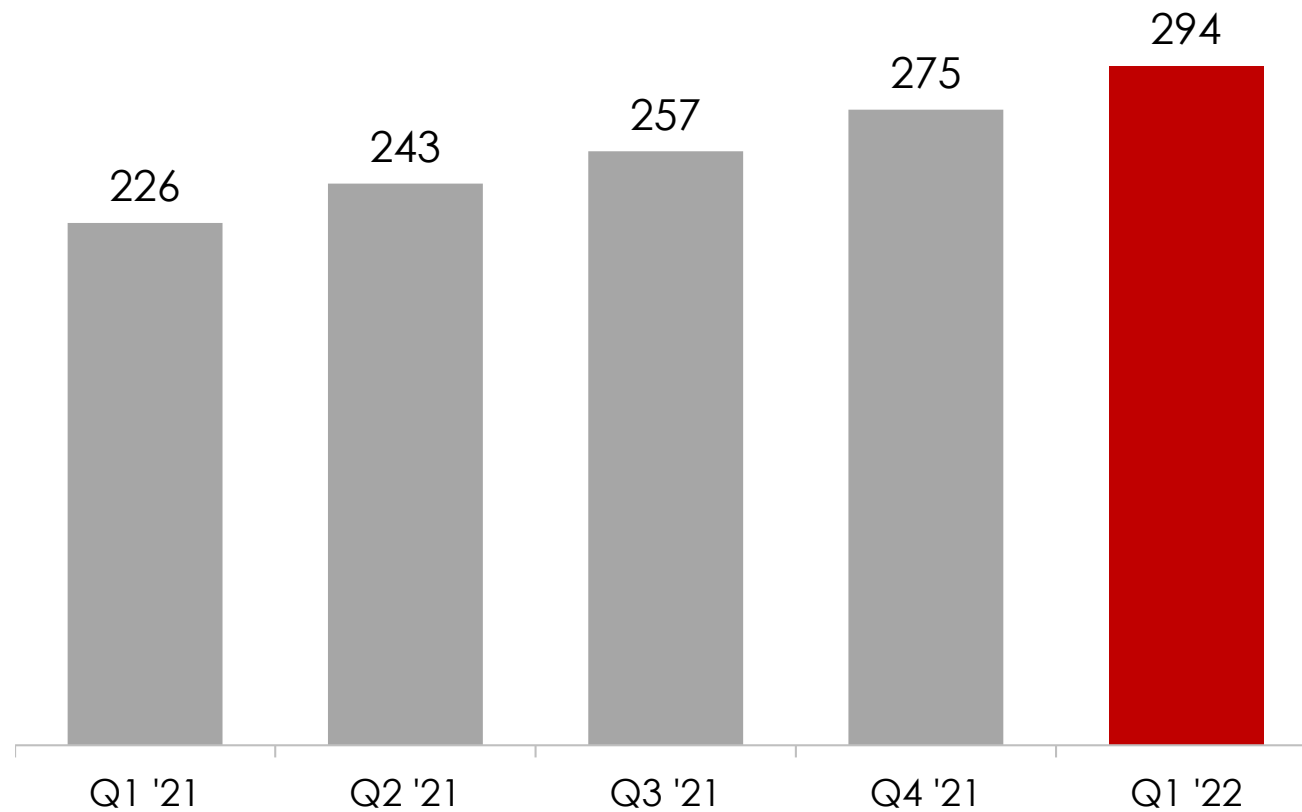
59%	64%
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Beginning Backlog

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

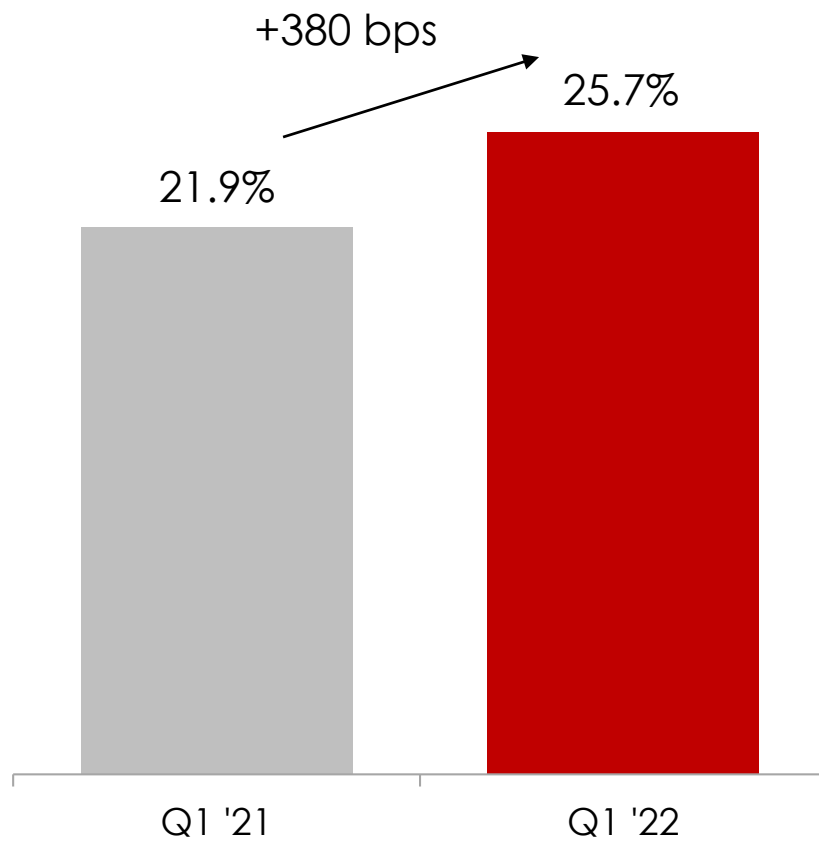
% from More Affordable Collections (e.g.
Seasons, CityScapes, Urban)

Sale to Close Cycle Times *



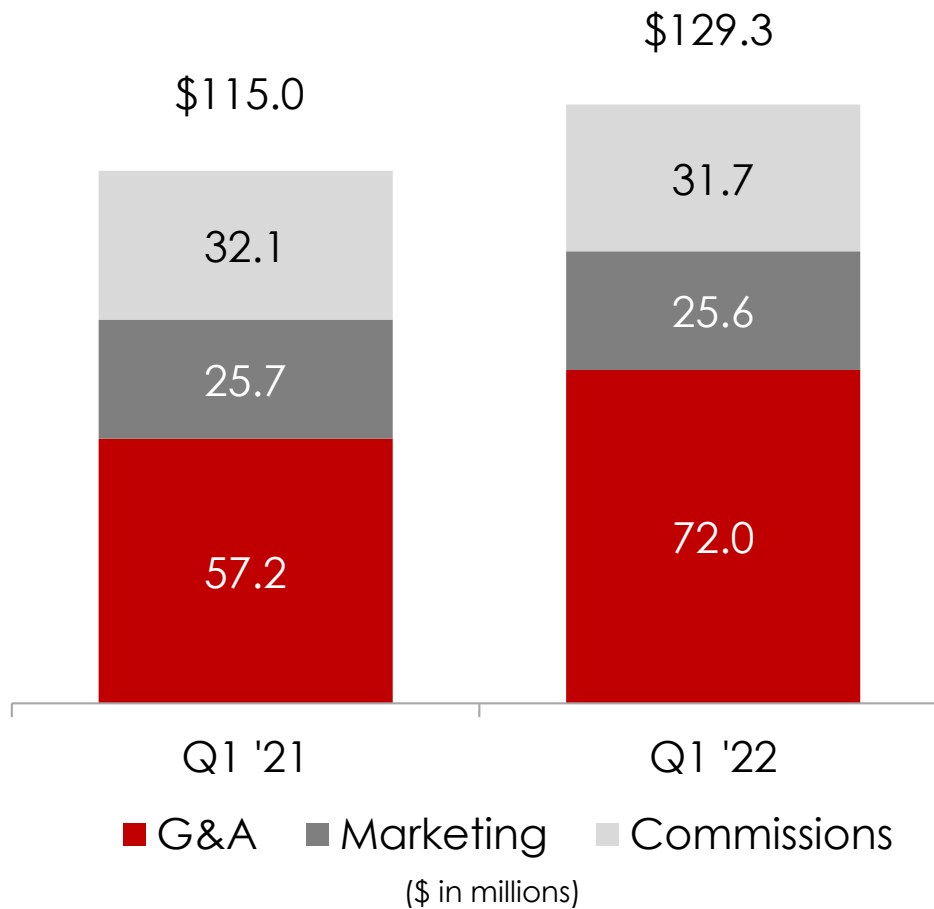
* Sale to close cycle time for build-to-order sales closed during the quarter (excludes spec homes).

Gross Margin from Home Sales



Homebuilding & Corporate SG&A Expense

ULTRAGARAGE®



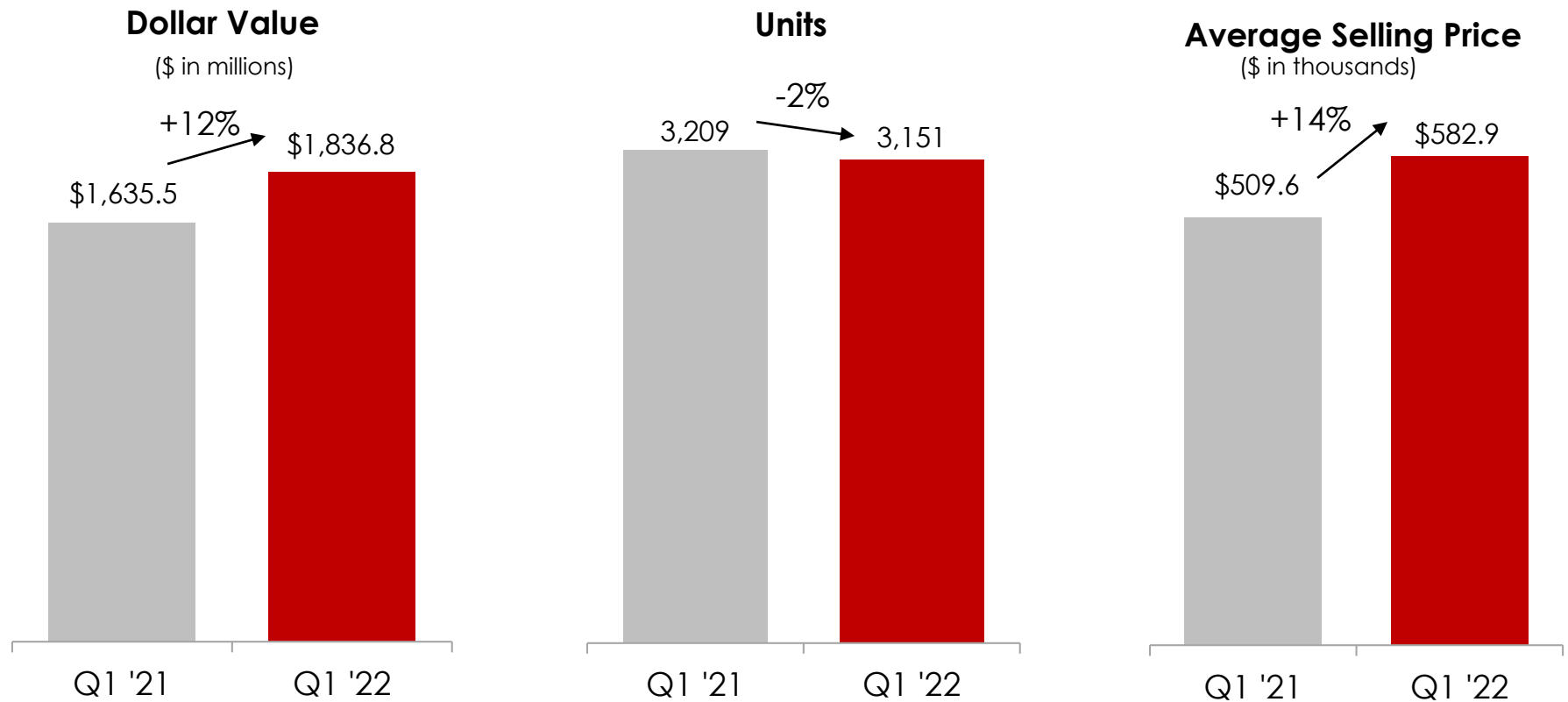
SG&A % of Home Sale Revenues

Q1 '21: 11.0%

Q1 '22: 10.4%



Net New Home Orders



Monthly Net Orders Per Active Subdivision

Q1 '21 – 5.64 Q1 '22 – 5.42

Cancellations -- % of Beginning Backlog

Q1 '21 – 8% Q1 '22 – 8%

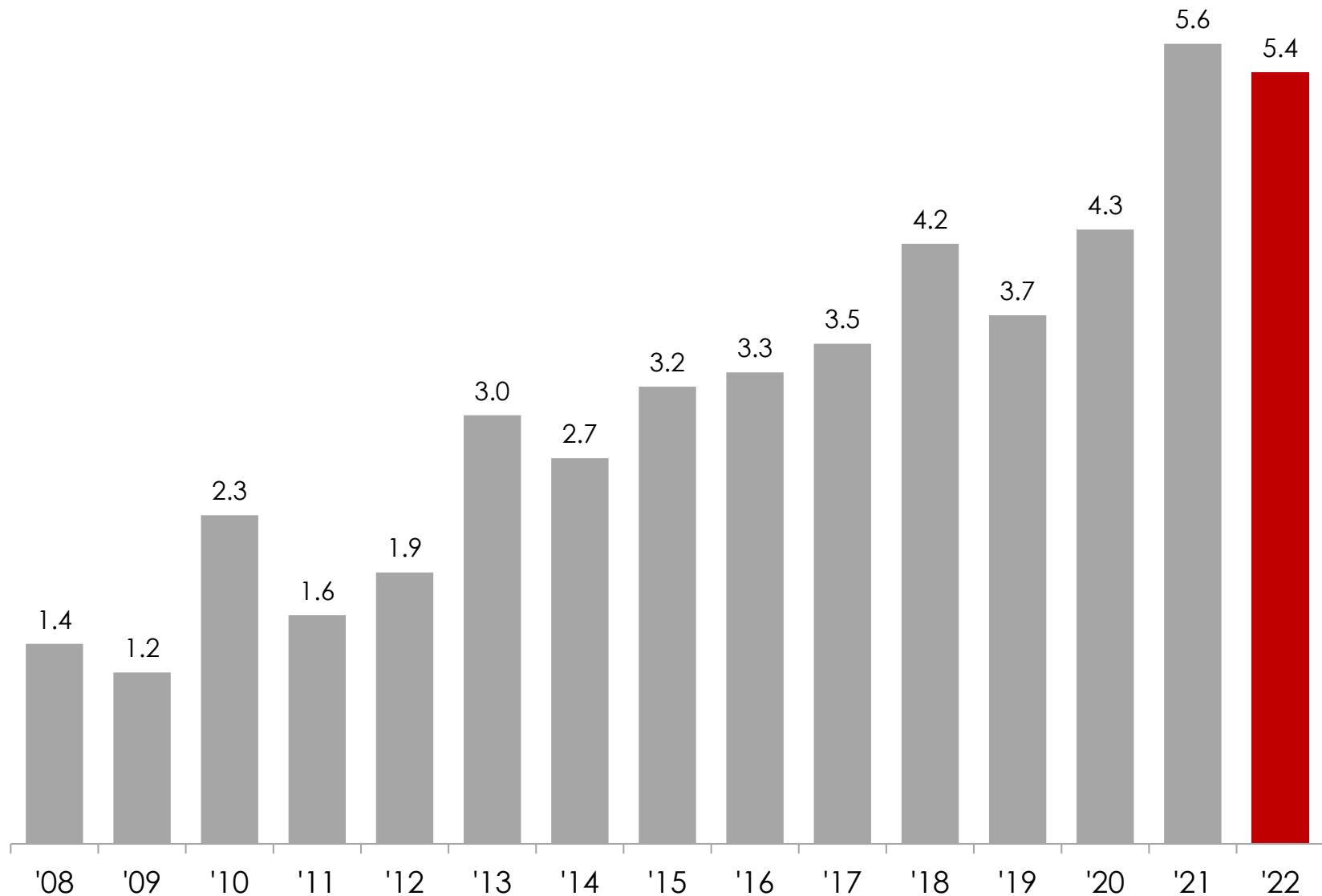
Average Active Subdivisions

Q1 '21 – 190 Q1 '22 – 195

Ending Active Subdivisions

Q1 '21 – 186 Q1 '22 – 200

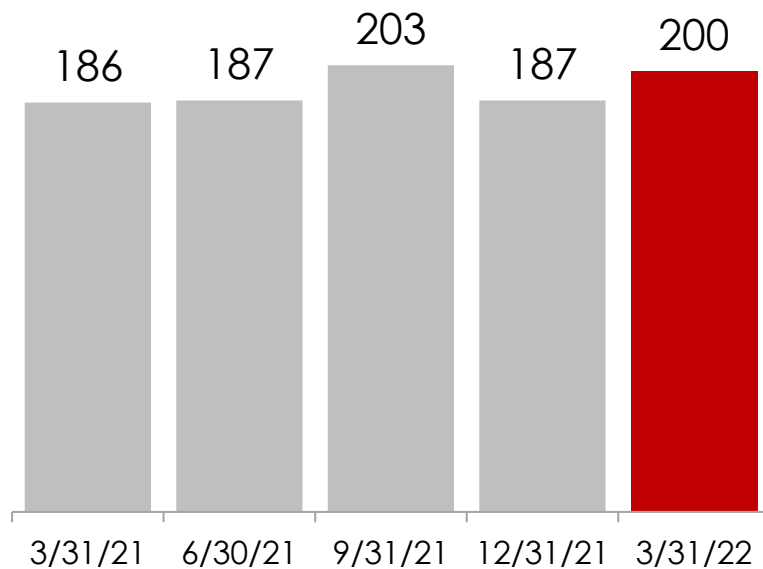
Historical First Quarter Monthly Sales Absorption Pace *



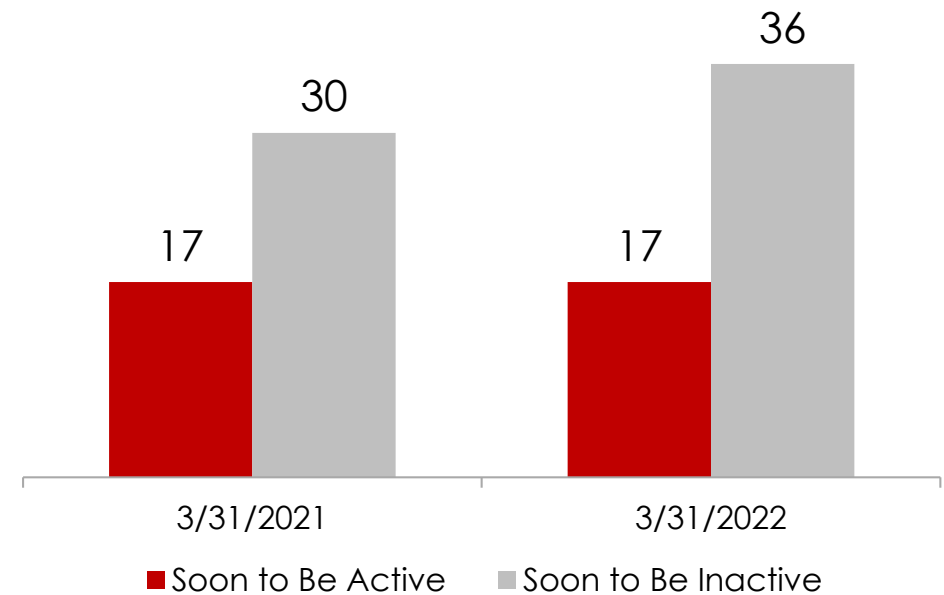
Active Subdivisions (Ending)



Active Subdivisions

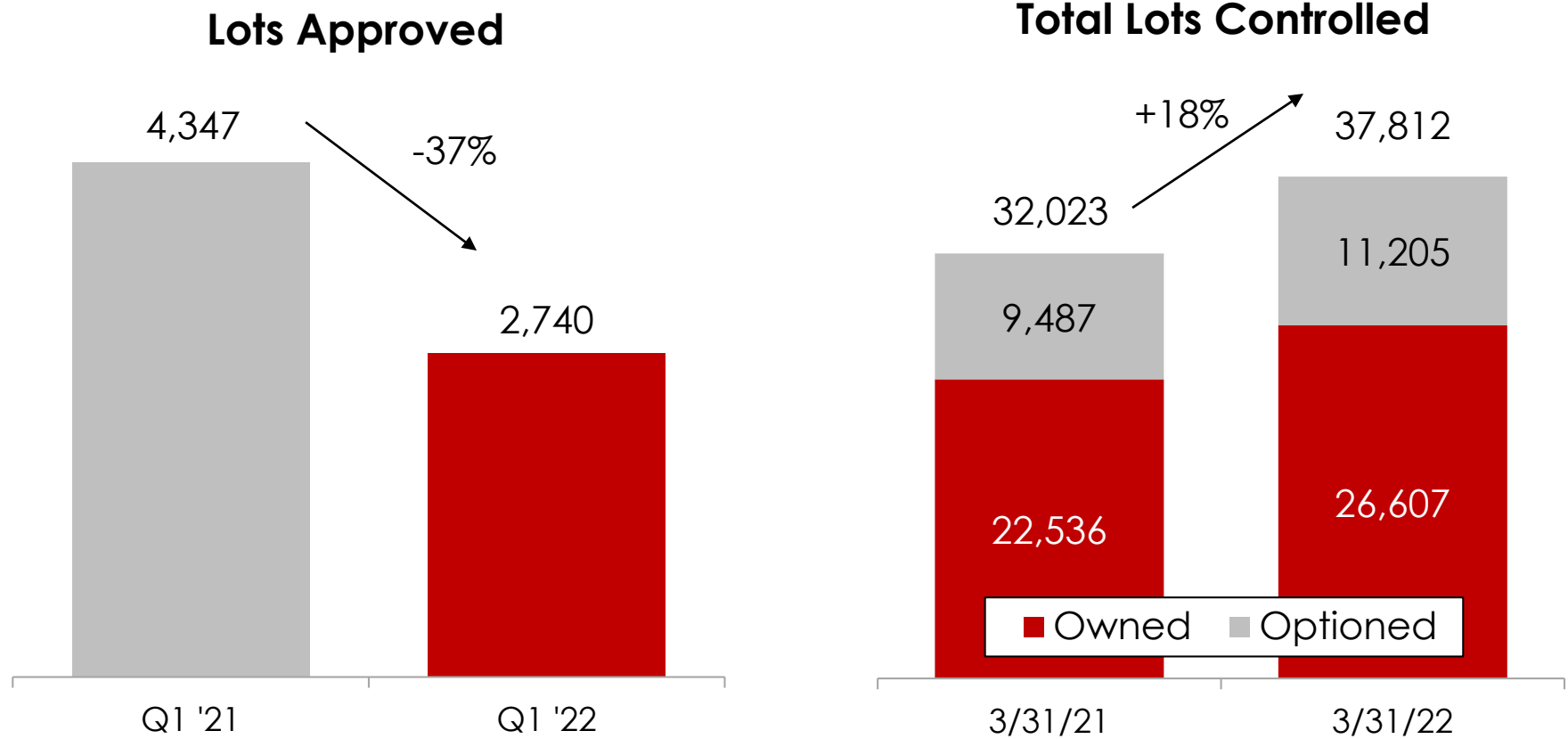


Soon to Be Active / Inactive*



*Soon to be Active: Less than 5 homes sold in subdivision
Soon to be Inactive: Between 5 and 10 homes remaining to sell in subdivision

Land Activity

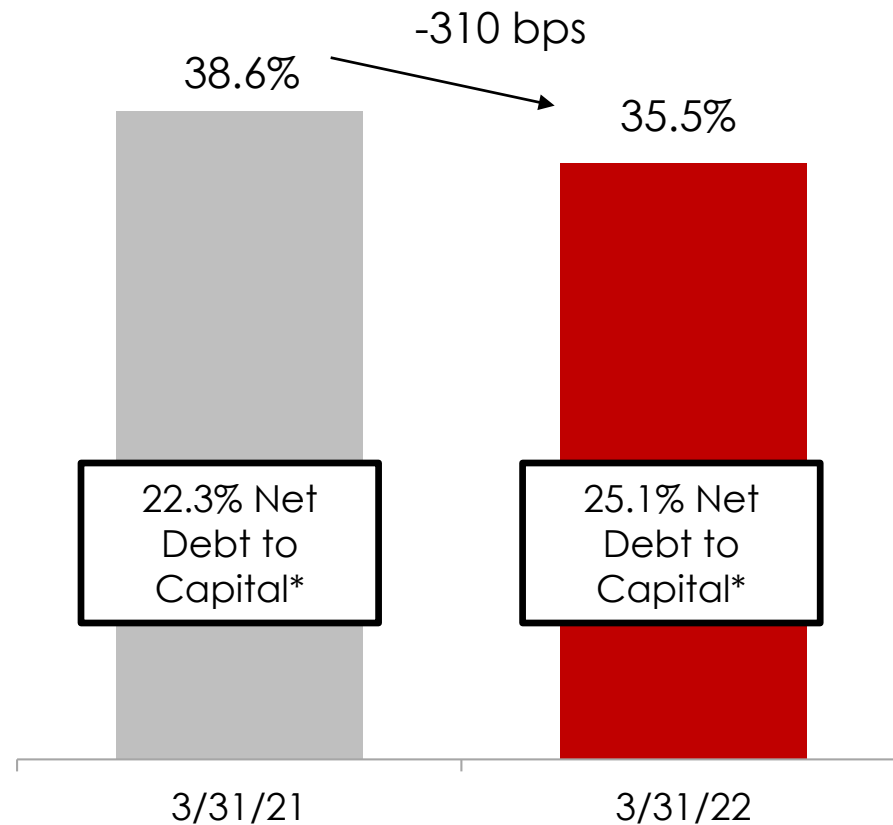


	(\$ in millions)	
	Q1 '21	Q1 '22
Lots Acquired	3,231	1,909
Land Acquisition Spend	\$246.7	\$164.2
Land Development Spend	\$112.0	\$144.8

Financial Position



Debt to Capital



Financial position remains strong as of March 31, 2022:

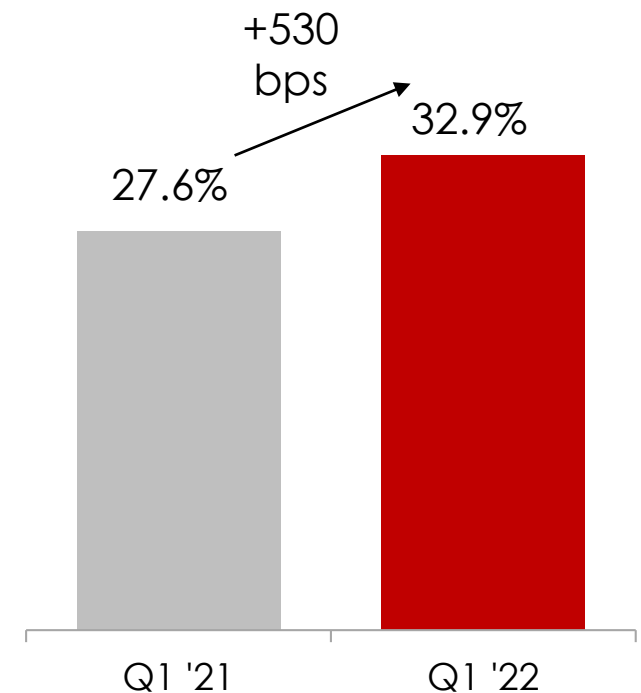
- \$582 million of cash and cash equivalents
- \$1.73 billion of total liquidity
- No senior notes due until January 2030
- \$118 million of cash provided by operating activities in Q1 2022

Summary



- Strong financial results to begin 2022
 - Home deliveries of 2,233; exceeded mid-point of previously provided guidance
 - Highest backlog dollar value ever
- Supply-demand imbalance
 - Limited supply of existing home inventory continues to drive strong demand for new homes
- Continued growth of homebuilding operations
 - Recently announced homebuilder asset acquisition in Nashville market; expected to add 1,700 controlled lots
- Strategic advantages
 - Build-to-order business model allows for personalization
 - Continued focus on more affordable home collections
 - Focus on more affordable home markets benefiting from ongoing in-migration of people and jobs
- Balance sheet among best in industry
- Industry leading dividend
 - Recent yield above 5%

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





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, 2022	December 31, 2021	March 31, 2021
	(Dollars in thousands)		
Senior notes, net	\$ 1,481,976	\$ 1,481,781	\$ 1,384,475
Revolving credit facility	10,000	10,000	10,000
Homebuilding GAAP debt	1,491,976	1,491,781	1,394,475
Stockholders' equity	2,711,082	2,597,146	2,214,872
Total GAAP capital	4,203,058	4,088,927	3,609,347
GAAP debt to capital ratio	35.5 %	36.5 %	38.6 %
Homebuilding GAAP debt less:			
Homebuilding cash and cash equivalents	(474,447)	(485,839)	(678,194)
Financial services cash and cash equivalents	(107,503)	(104,821)	(81,100)
Net debt	910,026	901,121	635,181
Stockholders' equity	2,711,082	2,597,146	2,214,872
Total net capital	\$ 3,621,108	\$ 3,498,267	\$ 2,850,053
Net debt to capital ratio	25.1 %	25.8 %	22.3 %

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									
	Mar 31, 2022	Gross Margin %	Dec 31, 2021	Gross Margin %	Sep 30, 2021	Gross Margin %	Jun 30, 2021	Gross Margin %	Mar 31, 2021	Gross Margin %
	(Dollars in thousands)									
Gross Margin from Home Sales	\$318,482	25.7 %	\$336,578	23.5 %	\$295,623	23.5 %	\$316,592	23.1 %	\$227,970	21.9 %
Add: Inventory Impairments	660		1,600		-		-		-	
Gross Margin from Home Sales Excluding Inventory Impairments	319,142	25.7 %	338,178	23.6 %	295,623	23.5 %	316,592	23.1 %	227,970	21.9 %
Add: Warranty Adjustments	2,440		(338)		319		-		-	
Gross Margin from Home Sales Excluding Inventory Impairments and Warranty Adjustments	321,582	25.9 %	337,840	23.5 %	295,942	23.5 %	316,592	23.1 %	227,970	21.9 %
Add: Interest in Cost of Sales	14,844		18,032		16,024		18,326		14,841	
Gross Margin from Home Sales Excluding Inventory Impairments, Warranty Adjustments, and Interest in Cost of Sales	\$336,426	27.1 %	\$355,872	24.8 %	\$311,966	24.8 %	\$334,918	24.5 %	\$242,811	23.3 %