2020

M.D.C. Holdings, Inc.

July 28, 2020

Second Quarter Earnings Webcast

Forward Looking Statements

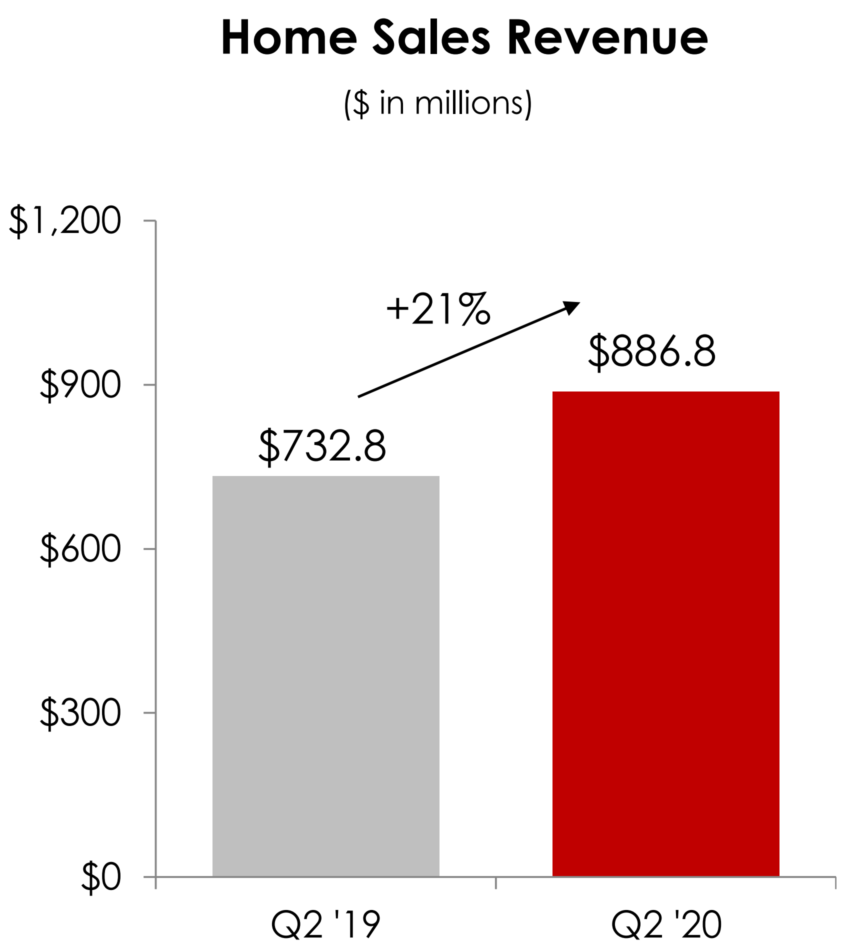
Certain statements in this release, including statements regarding our business, financial condition, results of operation, cash flows, strategies and prospects, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements 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 June 30, 2020, 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.

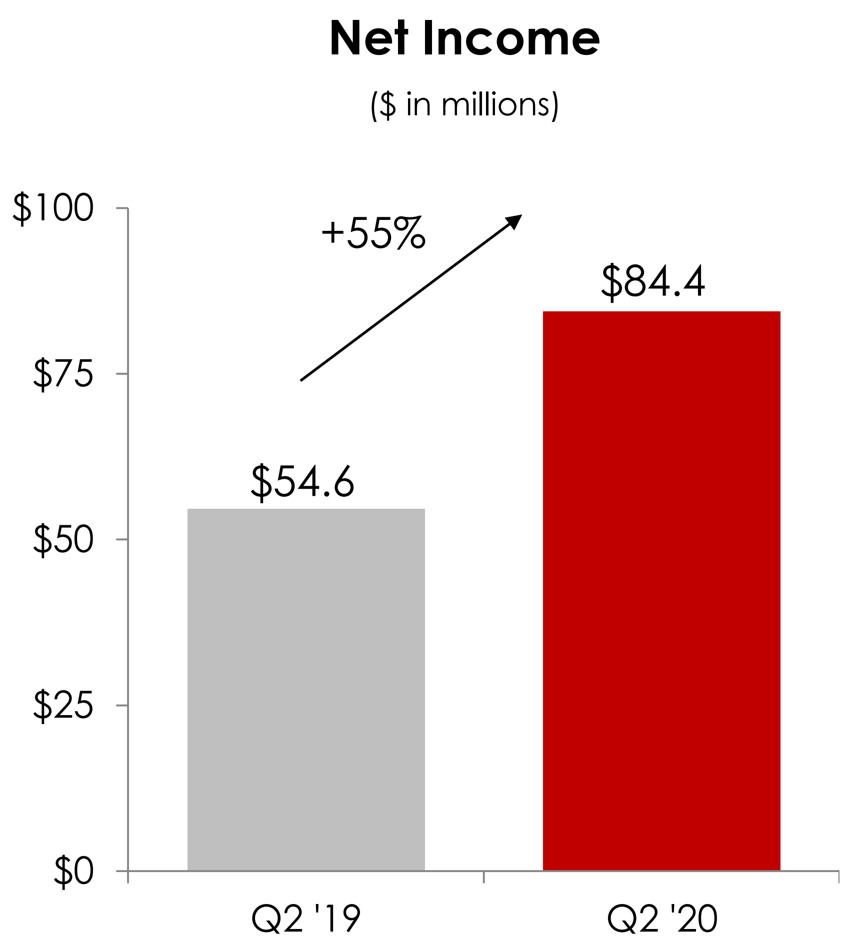
It should also be noted that SEC Regulation G requires that certain information accompany the use of non-GAAP financial measures. Any information required by Regulation G will be posted on our web site, www.mdcholdings.com.

Overview – Q2 2020 vs. Q2 2019

- Home sale revenues increased 21% to $886.8 million from $732.8 million
  - Unit deliveries up 25% to 1,900
  - Average selling price of deliveries down 4% to $466,700
- Homebuilding pretax income up 38% to $84.9 million from $61.6 million
  - Gross margin from home sales increased 70 basis points to 20.2% from 19.5%
  - Selling, general and administrative expenses as a percentage of home sale revenues ("SG&A rate") improved by 90 basis points to 10.4%
- Financial services pretax income up 110% to $26.7 million from $12.7 million
  - Loan capture rate increased 800 basis points to 69%
- Net income of $84.4 million, or $1.31 per diluted share, up 55% from $54.6 million or $0.86 per diluted share
  - Effective tax rate of 24.4% vs. 26.6%
- Dollar value of net new orders increased 8% to $1.04 billion from $967.9 million
  - Unit net orders increased 5% to 2,390
  - Average selling price of net orders up 3%
- Dollar value of ending backlog up 23% to $2.37 billion from $1.93 billion
  - Unit backlog increased 20% to 5,143
  - Average selling price of homes in backlog up 3%
- Quarterly cash dividend of thirty-three cents ($0.33) per share declared on July 27, 2020, up 10% from prior year

Home Sales Revenue and Net Income

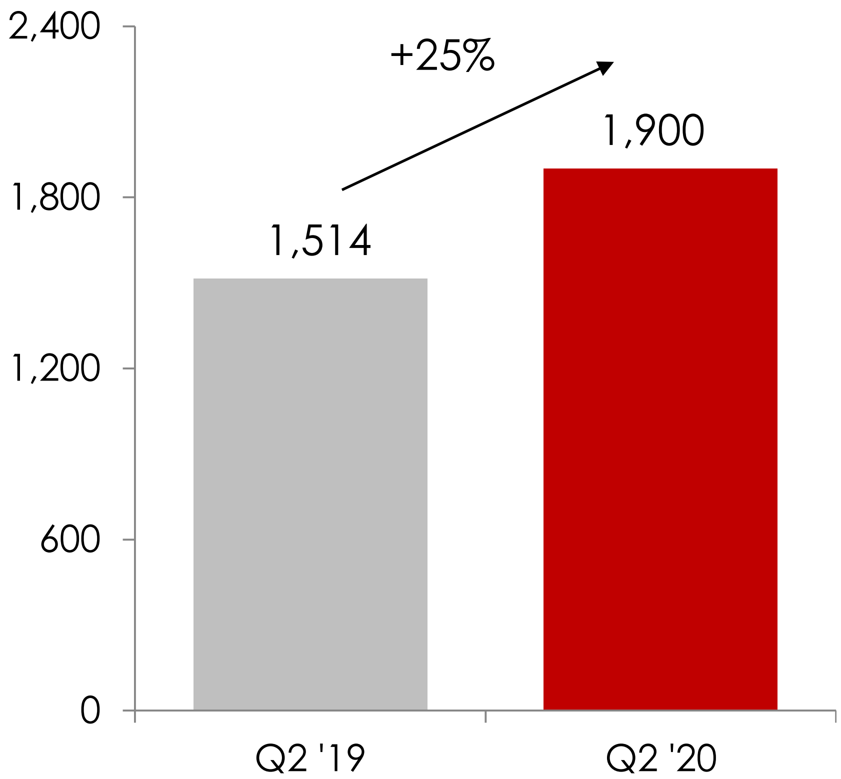




Diluted Earnings Per Share	$0.86	$1.31
Effective Tax Rate	26.6%	24.4%

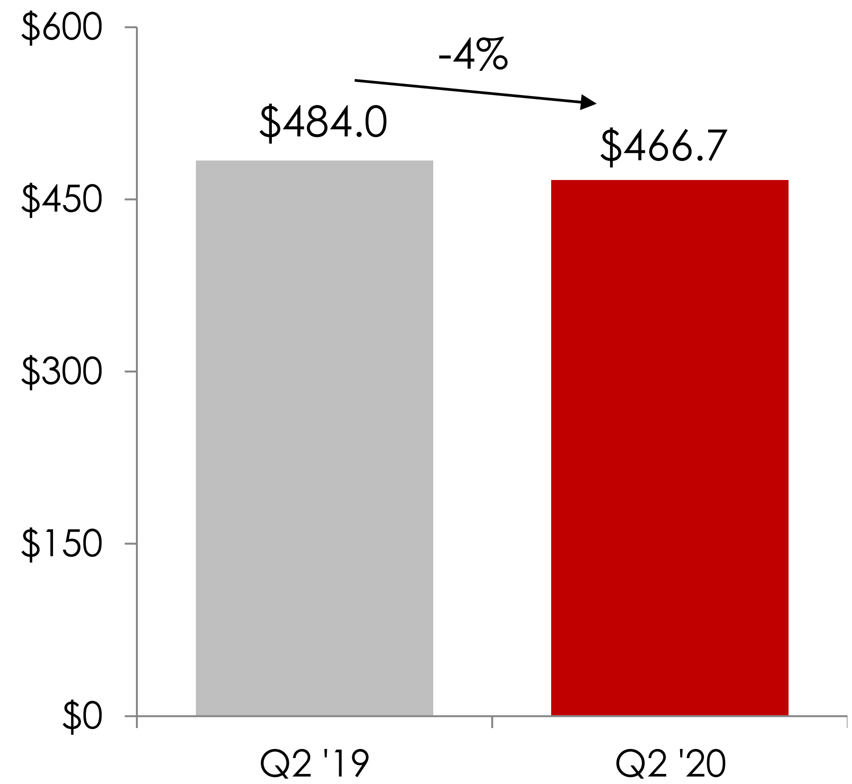
Homes Delivered and Average Selling Price

Homes Delivered



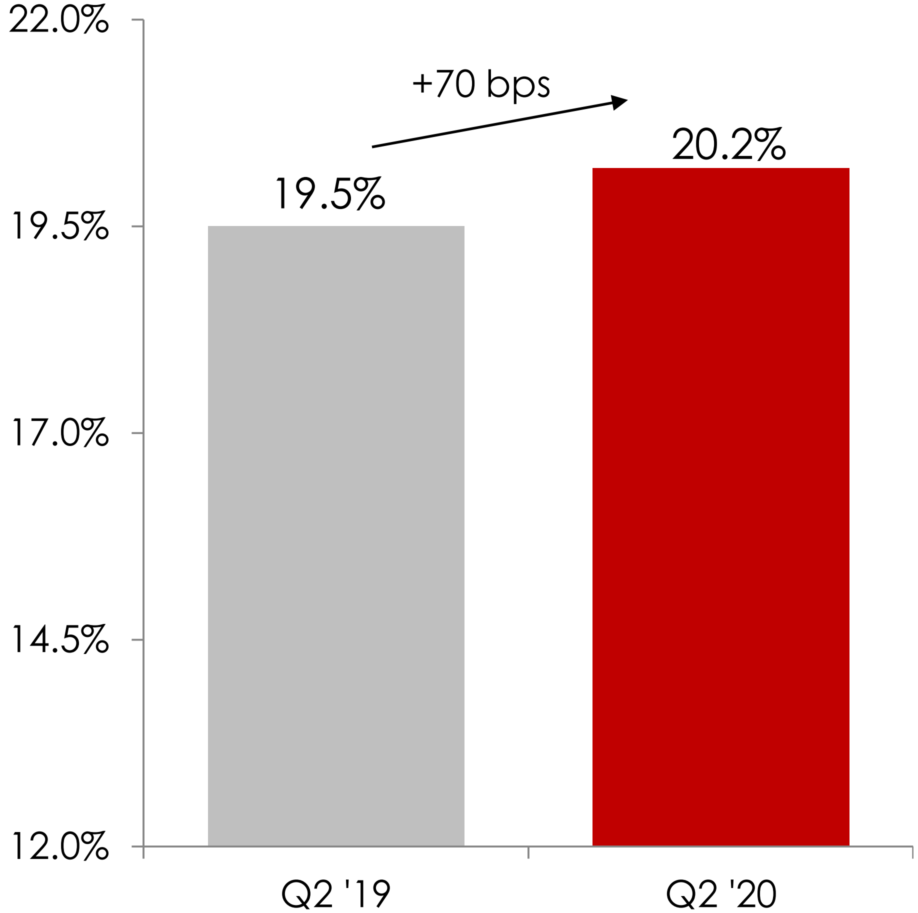
Average Selling Price

($ in thousands)

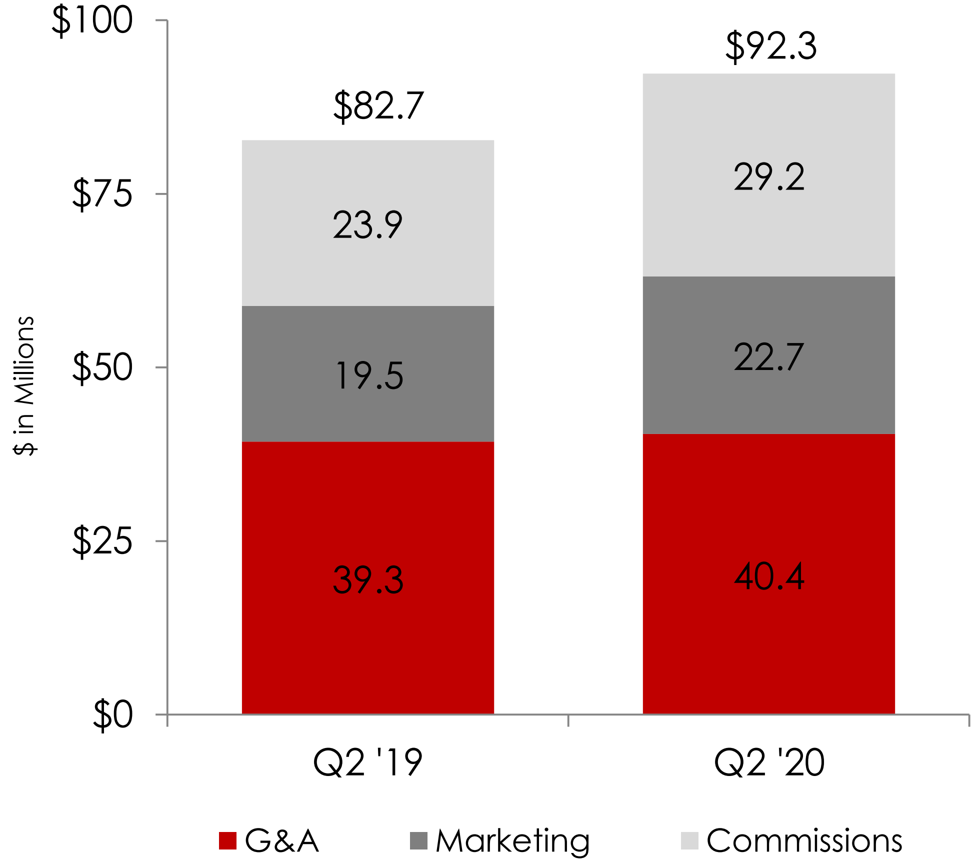


	Q2 '19	Q2 '20
Beginning Backlog	3,534	4,653
Backlog Conversion Rate (Homes Delivered as a % of Beginning Backlog)	43%	41%
% from More Affordable Collections (e.g. Seasons, Landmark, CityScapes, Urban)	44%	54%

Gross Margin from Home Sales



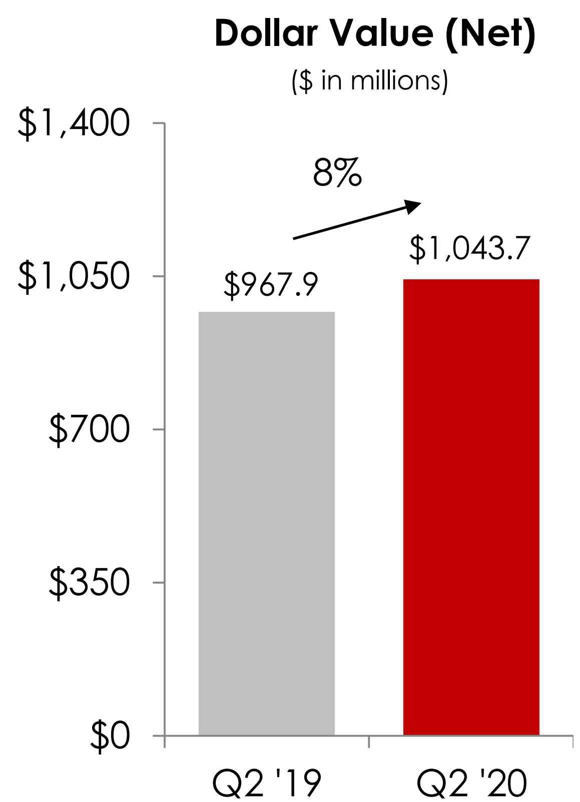
Homebuilding & Corporate SG&A Expense

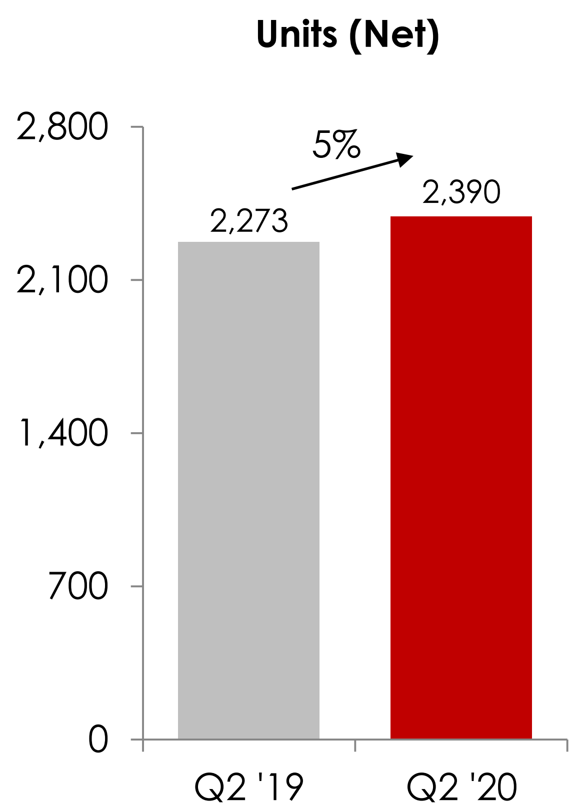


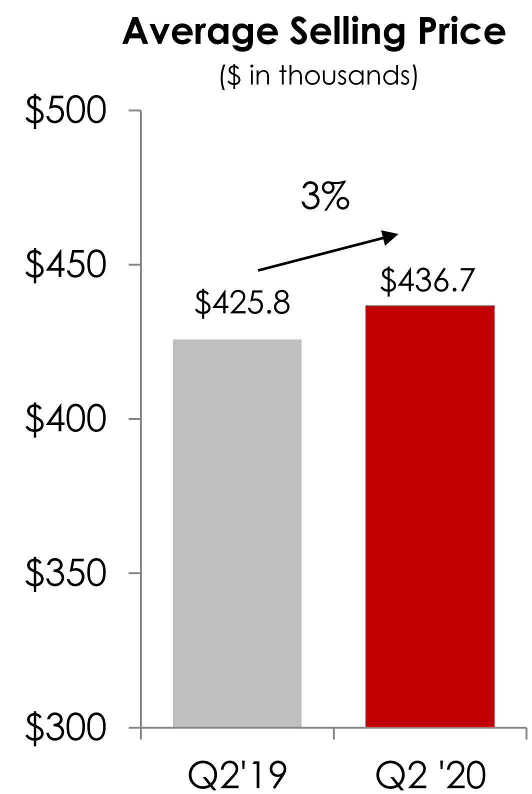
<u>SG&A % of Home Sale Revenues</u>

Q2 '19: 11.3%   *Q2 '20*: 10.4%

Net New Home Orders (Quarter)







Monthly Net Orders Per Active Subdivision

Q2 '19 – ***4.13*** Q2 '20 – ***4.23***

Average Subdivisions

Q2 '19 – ***185*** Q2 '20 – ***189***

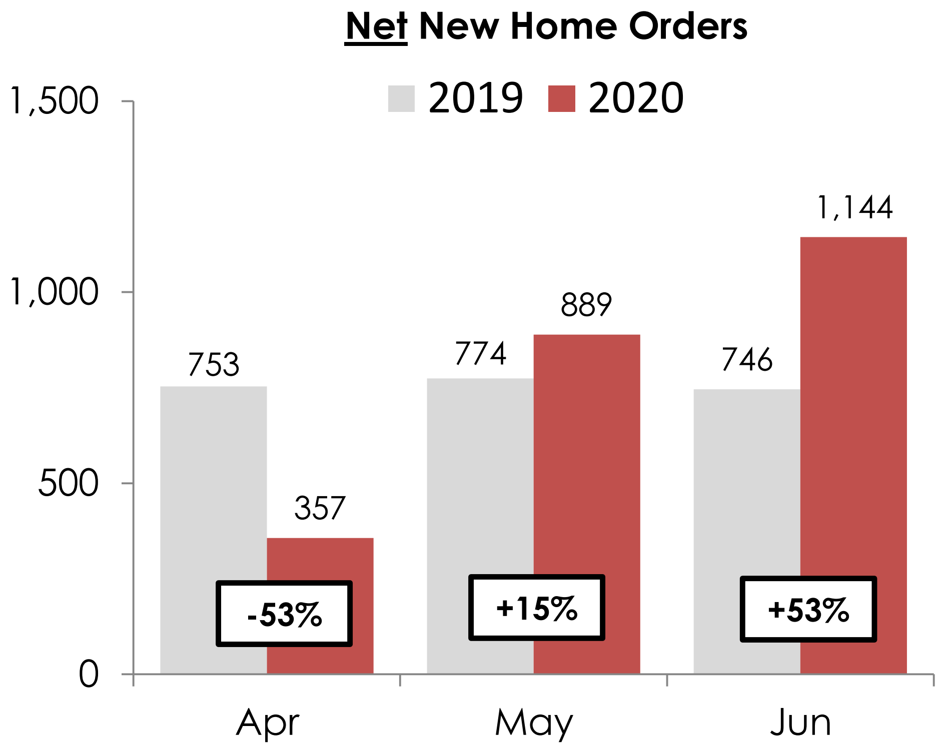
Cancellations -- % of Beginning Backlog

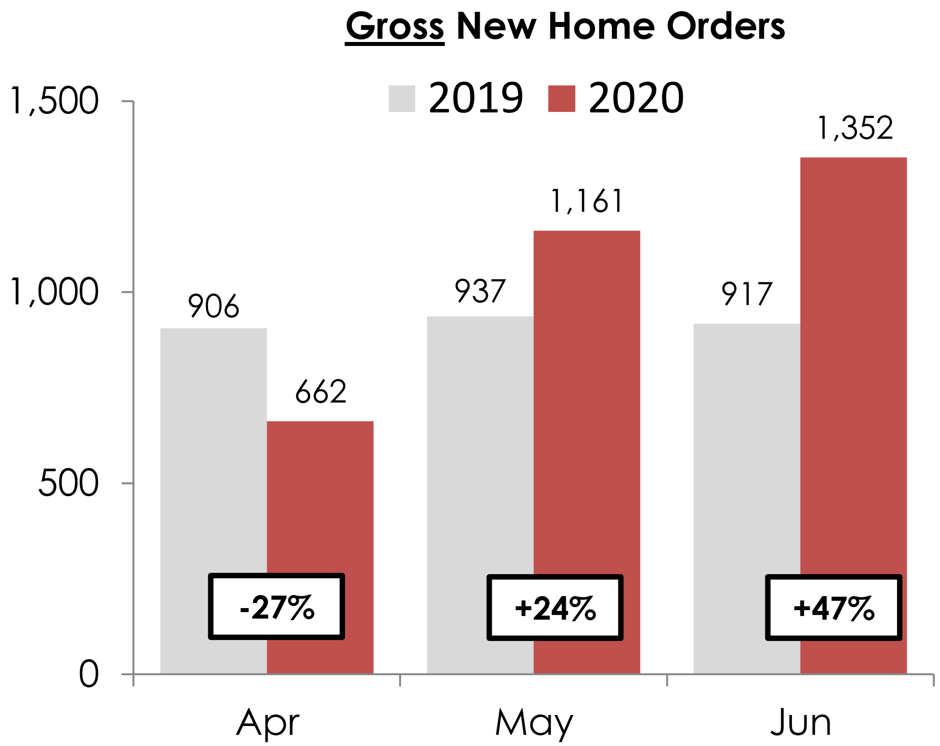
Q2 '19 – ***14%*** Q2 '20 – ***17%***

Ending Subdivisions

Q2 '19 – ***187*** Q2 '20 – ***192***

New Home Orders (Monthly)





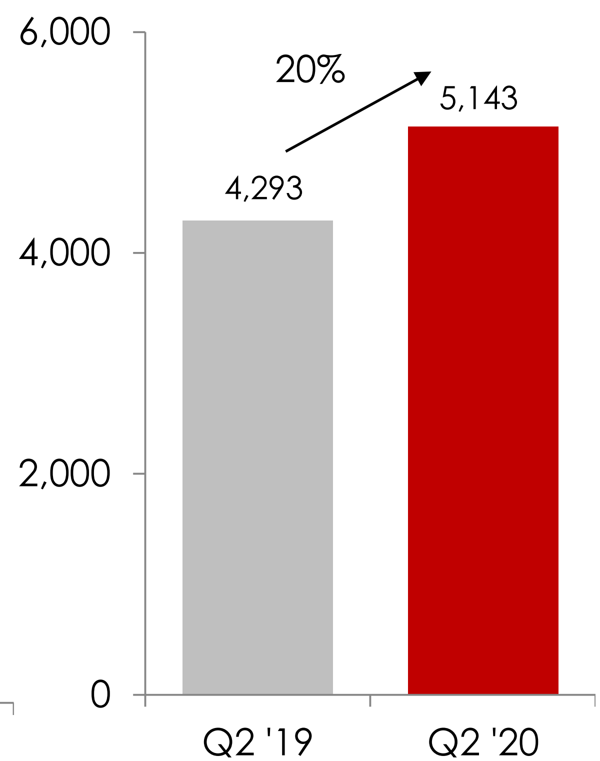
Cancellations (Number / % of Beginning Backlog)

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

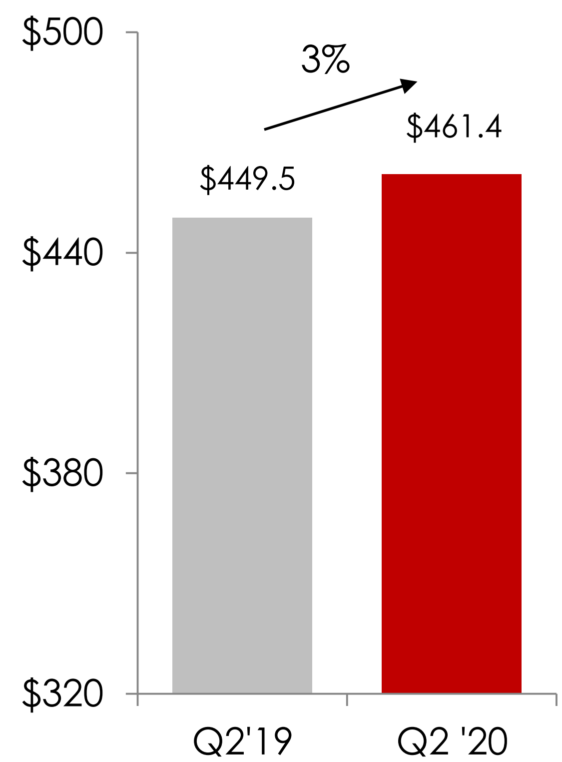
Backlog

Ending Dollar Value
($ in millions)

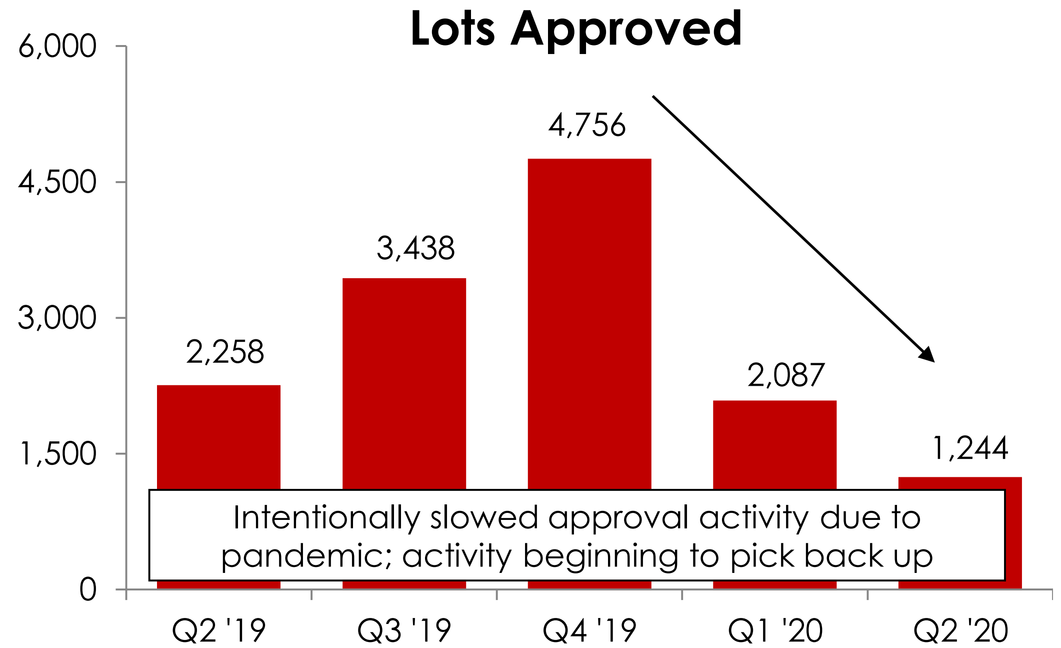
Backlog Units



Average Selling Price
($ in thousands)



Land Activity



	Q2 '19	**Q2 '20**
Land Acquisition Spend (in millions)	***$141***	***$103***
Land Development Spend (in millions)	***$87***	***$99***
Total Land Spend (in millions)	***$228***	***$202***
Ending Lot Supply (including WIP)	***23,607***	***25,027***

Summary

- 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

* For more information about our response to COVID-19, please visit https://richmondamerican.com/covid-19.

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.

	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	1,047,062	1,004,422	1,003,683
Stockholders' equity	1,873,185	1,782,485	1,661,151
Total GAAP capital	2,920,247	2,786,907	2,664,834
GAAP debt to capital ratio	35.9%	36.0%	37.7%
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	502,142	487,742	508,688
Stockholders' equity	1,873,185	1,782,485	1,661,151
Total net capital	$ 2,375,327	$ 2,270,227	$ 2,169,839
Net debt to capital ratio	21.1%	21.5%	23.4%

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									
	June 30, 2020	*Gross Margin %*	March 31, 2020	*Gross Margin %*	December 31, 2019	*Gross Margin %*	September 30, 2019	*Gross Margin %*	June 30, 2019	*Gross Margin %*
	(Dollars in thousands)									
Gross Margin from Home Sales	$ 178,969	20.2%	$ 138,438	19.9%	$ 198,372	18.5%	$ 140,958	18.8%	$ 142,672	19.5%
Add: Inventory Impairments	-		-		325		-		-	
Gross Margin from Home Sales Excluding Inventory Impairments	178,969	20.2%	138,438	19.9%	198,697	18.5%	140,958	18.8%	142,672	19.5%
Add: Warranty Adjustments	(2,000)		-		205		389		(1,404)	
Gross Margin from Home Sales Excluding Inventory Impairments and Warranty Adjustments	176,969	20.0%	128,438	19.9%	198,902	18.5%	141,347	18.8%	141,268	19.3%
Add: Interest in Cost of Sales	17,242		12,767		20,056		14,451		14,733	
Gross Margin from Home Sales Excluding Inventory Impairments, Warranty Adjustments, and Interest in Cost of Sales	$ 194,211	21.9%	$ 151,205	21.7%	$ 218,958	20.4%	$ 155,798	20.8%	$ 156,001	21.3%