2021

M.D.C. Holdings, Inc.

February 1, 2022

Fourth 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-K for the year ended December 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.

Quarter and Annual Comparisons

Q4 2021 vs. Q4 2020

- Home sale revenues increased 22% to $1.44 billion from $1.18 billion
  - Unit deliveries up 4% to 2,663
  - Average selling price of deliveries up 17% to $539,000
- Gross margin from home sales increased 150 basis points to 23.5% from 22.0%
- Selling, general and administrative expenses as a percentage of home sale revenues ("SG&A rate") improved by 90 basis points to 9.1%
- Homebuilding pretax income increased 36% to $193.5 million from $142.3 million
- Net income of $162.7 million, or $2.21 per diluted share, up 10% from $147.5 million or $2.03 per diluted share
  - Effective tax rate of 22.2% vs. 13.9%
- Dollar value of net new orders increased 9% to $1.43 billion from $1.32 billion
  - Monthly sales absorption rate of 4.5 vs 4.7 in prior period quarter
  - Average selling price of net orders up 12%

FY 2021 vs. FY 2020

- Home sale revenues increased 36% to $5.10 billion from $3.77 billion
  - Unit deliveries up 22% to 9,982
- Gross margin from home sales of 23.1% vs. 20.8%
- SG&A rate improved to 9.7% vs. 10.7%
- Homebuilding pretax income increased 74% to $659.7 million from $378.5 million
- Financial services pretax income increased 16% to $92.0 million from $79.0 million
- Net income of $573.7 million, or $7.83 per diluted share, up 56% from $367.6 million or $5.17 per diluted share
  - Effective tax rate of 23.7% vs. 19.7%
- Dollar value of net new orders increased 11% to $6.04 billion from $5.46 billion

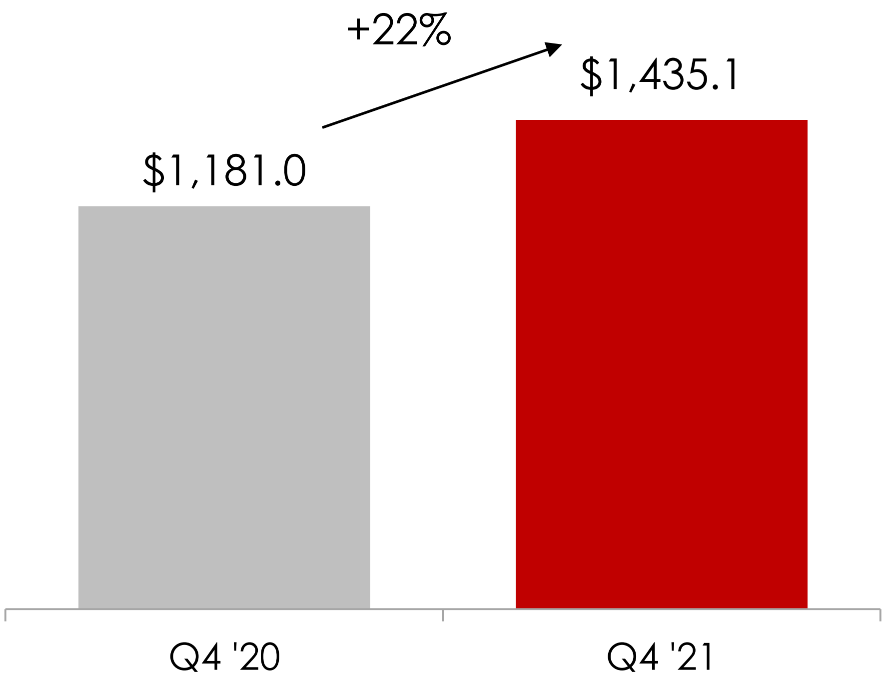
Other Highlights

- Backlog dollar value at December 31, 2021 up 32% year-over-year to $4.30 billion
  - Backlog units up 15% to 7,640
- Controlled 38,080 lots at December 31, 2021, up 29% year-over-year
- Quarterly cash dividend of fifty cents ($0.50) per share declared on January 24, 2022
  - Increase of 35% from the prior year (after adjusting for 8% stock dividend in March 2021)
- $1.67 of total dividends paid per share in 2021, up 20% year-over-year
  - Consistent record of stable or increasing dividends for more than 25 years

Home Sale Revenues and Net Income

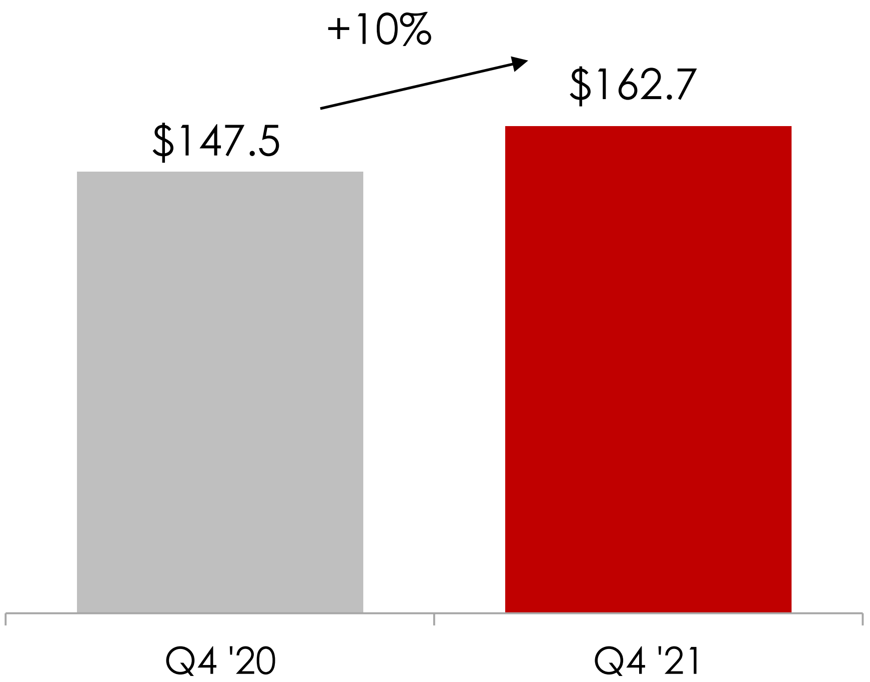
Home Sale Revenues

($ in millions)



Net Income

($ in millions)

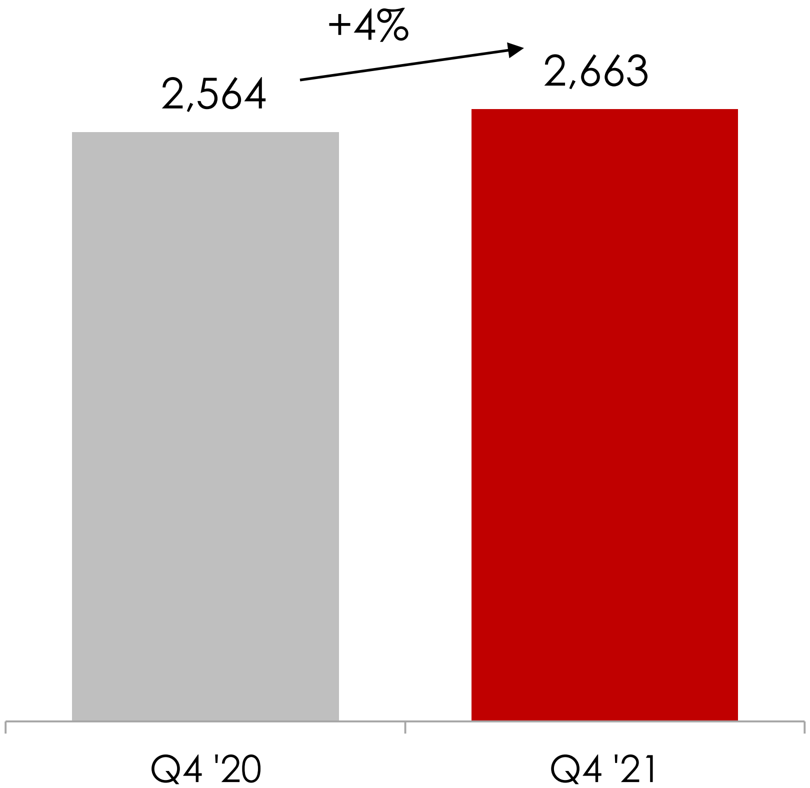


Diluted Earnings Per Share	$2.03	$2.21
Effective Tax Rate	13.9%	22.2%

All graphs presented herein utilize a baseline of zero

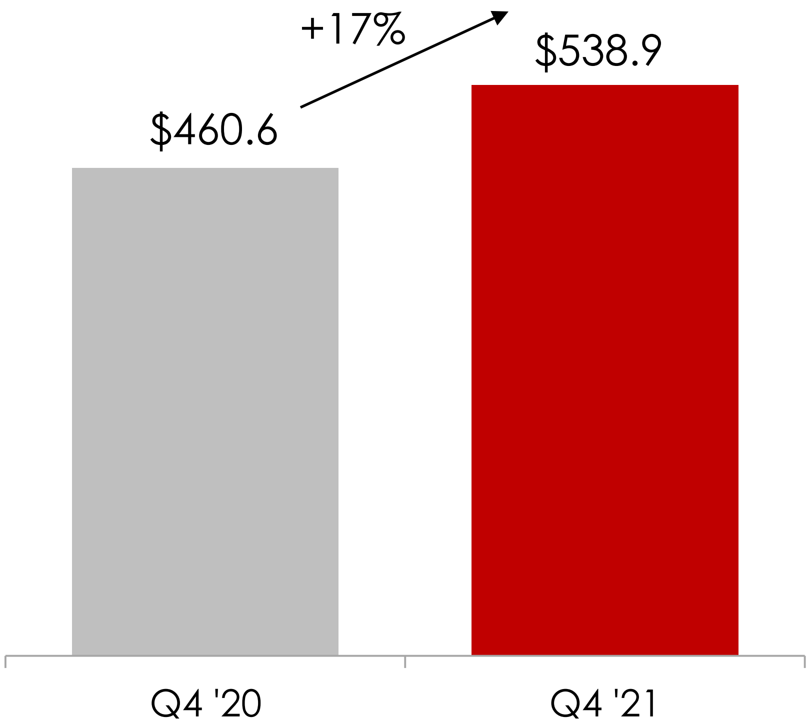
Homes Delivered and Average Selling Price

Homes Delivered



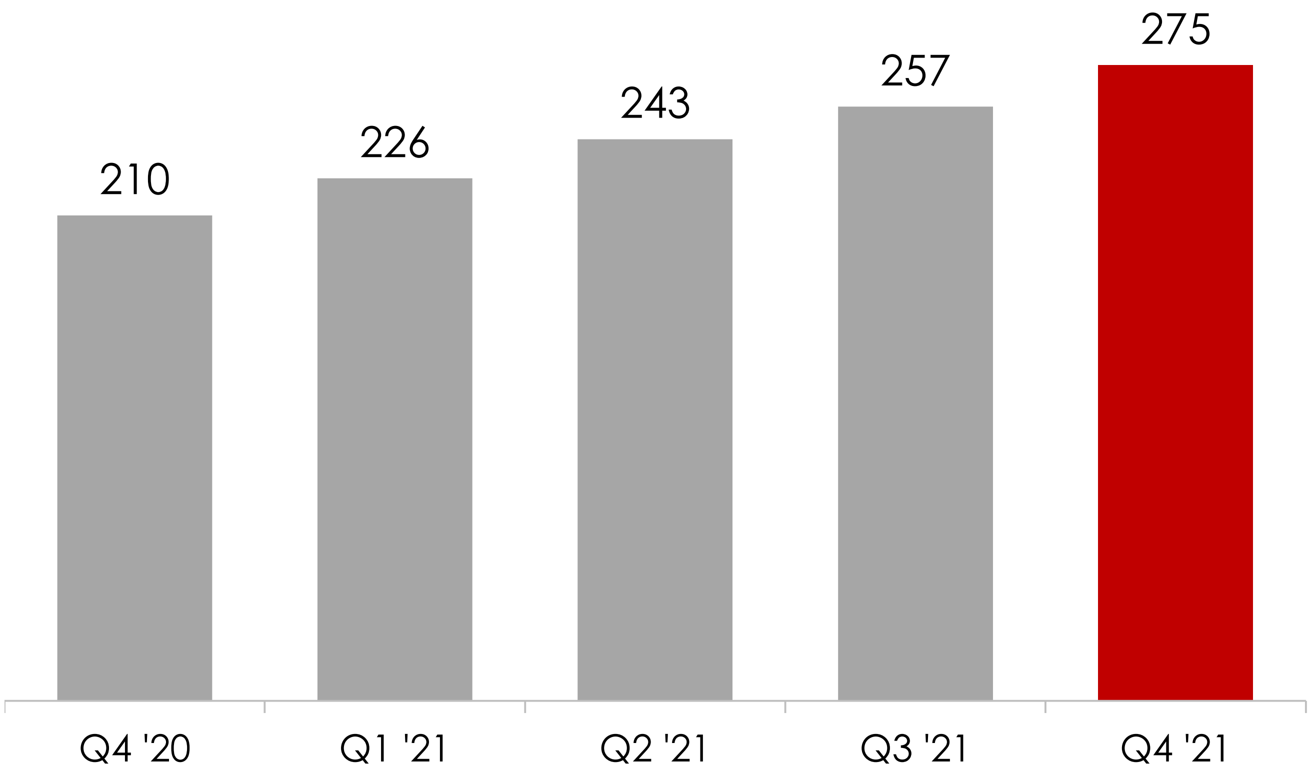
Average Selling Price

($ in thousands)



Q4 '20	Q4 '21	
6,511	7,658	Beginning Backlog
39%	35%	Backlog Conversion Rate (Homes Delivered as a % of Beginning Backlog)
61%	64%	% from More Affordable Collections (e.g. Seasons, CityScapes, Urban)

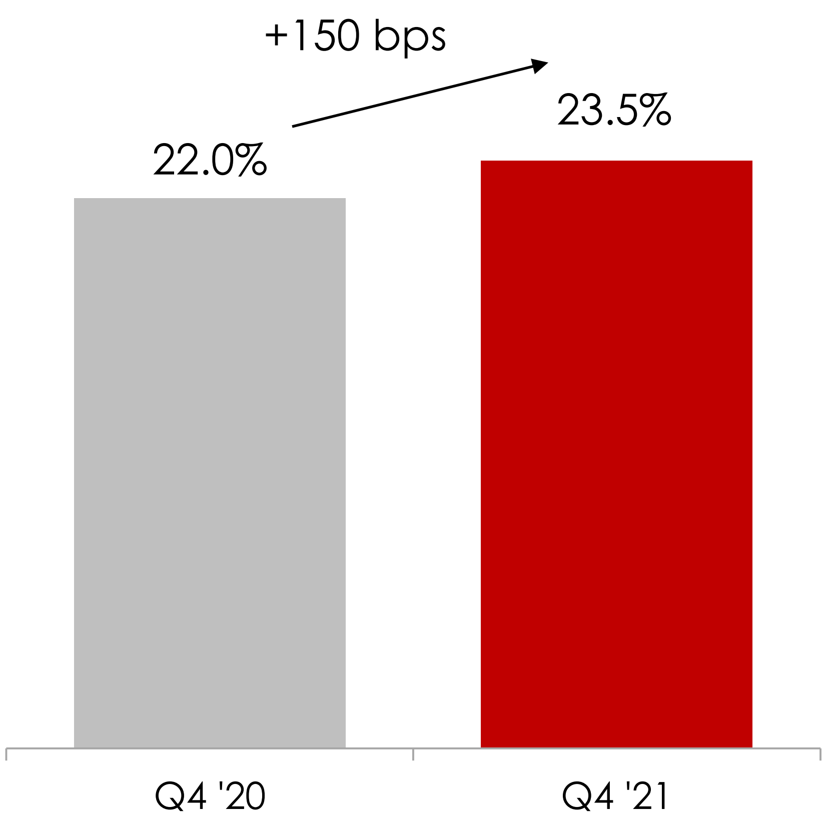
Sale to Close Cycle Times *



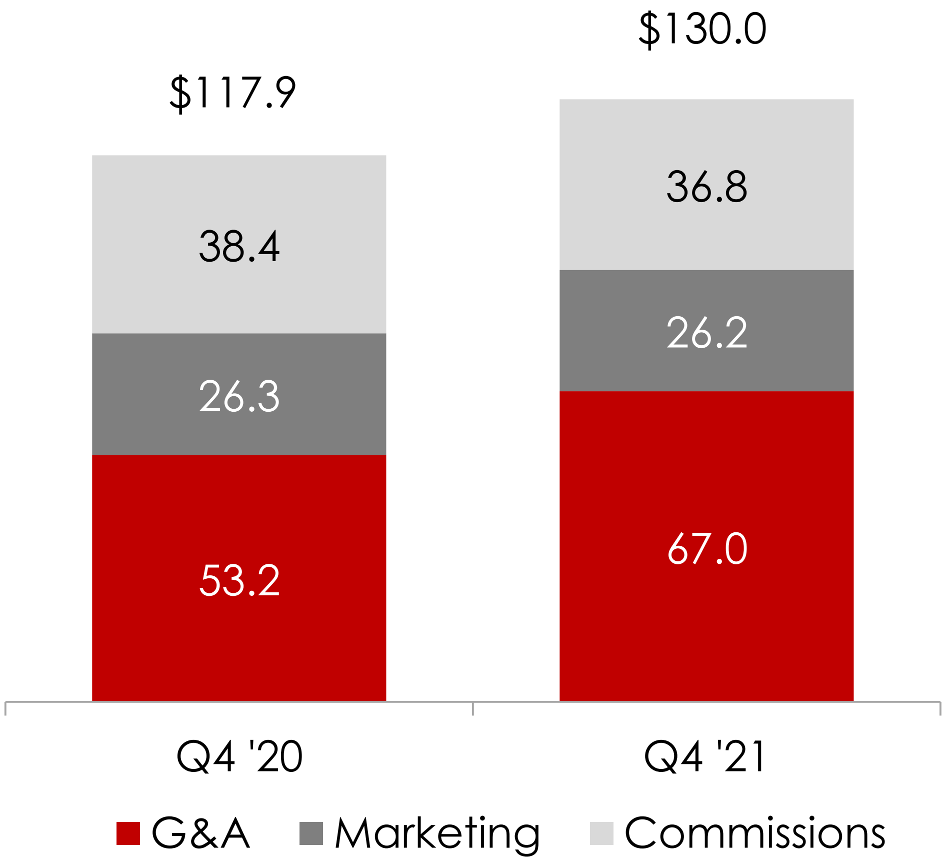
* Sale to close cycle time for build-to-order sales closed during the quarter (excludes spec homes).

Gross Margin from Home Sales

ULTRAGARAGE®



Homebuilding & Corporate SG&A Expense



($ in millions)

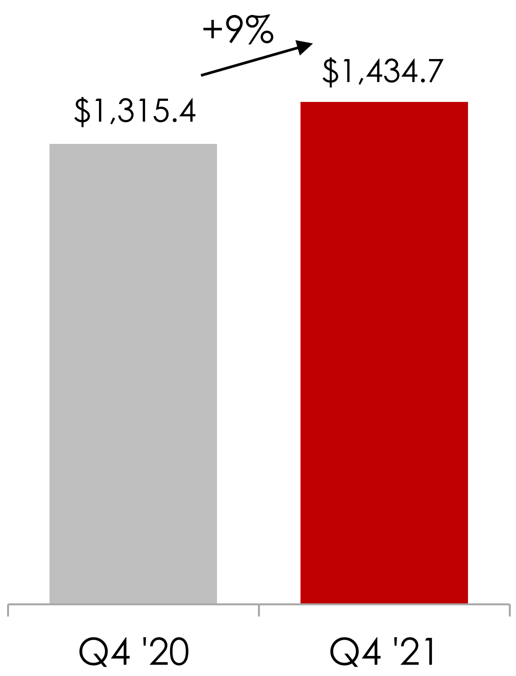
SG&A % of Home Sale Revenues

Q4 '20: 10.0% *Q4 '21*: 9.1%

Net New Home Orders

Dollar Value

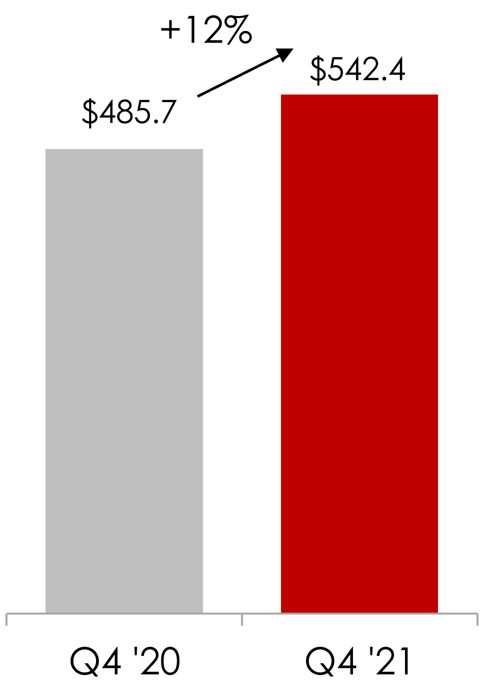
($ in millions)



Units

Average Selling Price

($ in thousands)



Monthly Net Orders Per Active Subdivision

Q4 '20 – **4.66** Q4 '21 – **4.50**

Average Active Subdivisions

Q4 '20 – **194** Q4 '21 – **196**

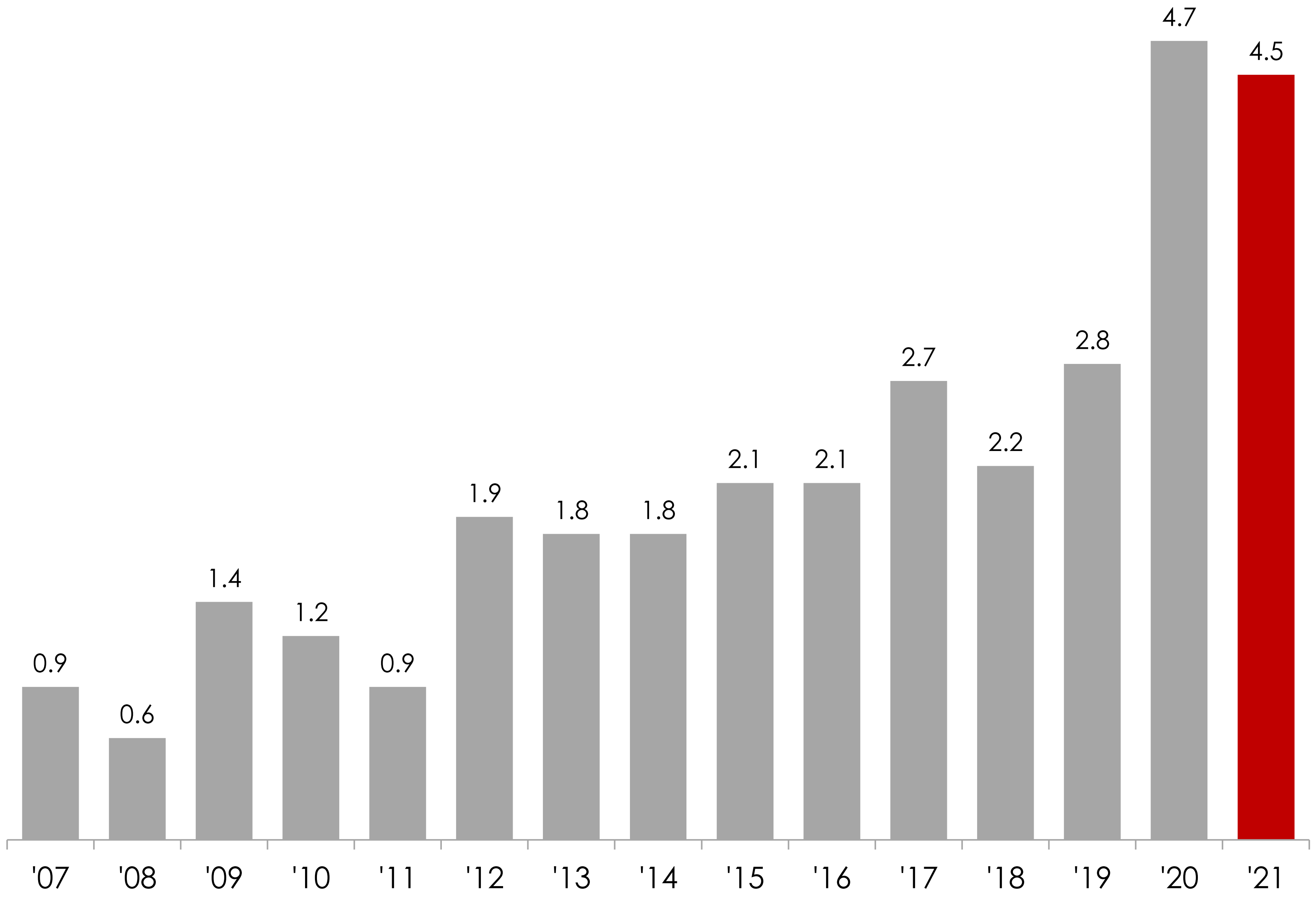
Cancellations -- % of Beginning Backlog

Q4 '20 – **8%** Q4 '21 – **9%**

Ending Active Subdivisions

Q4 '20 – **194** Q4 '21 – **187**

Historical Fourth Quarter Monthly Sales Absorption Pace *

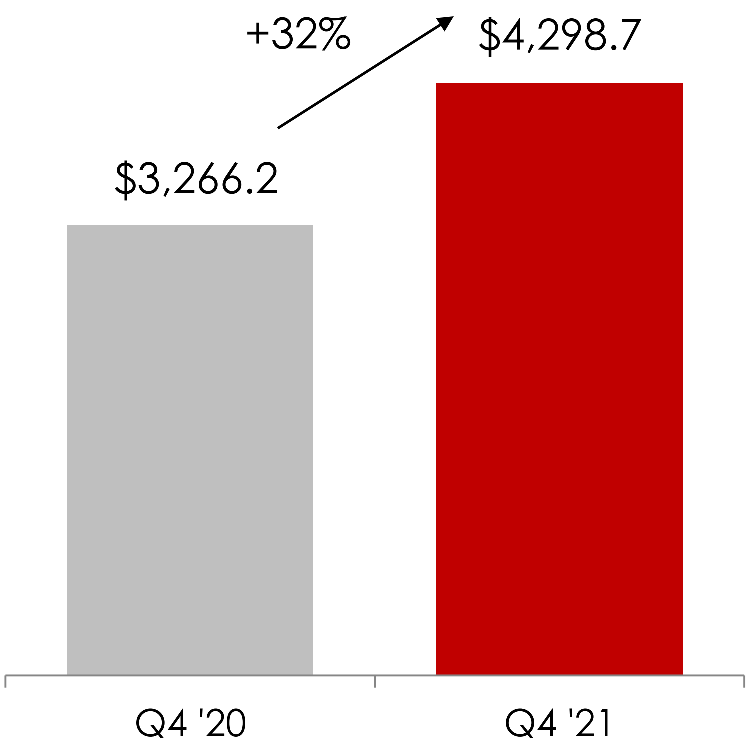


* Calculated as total net new orders (gross orders less cancellations) in period ÷ average active communities during period ÷ number of months in period.

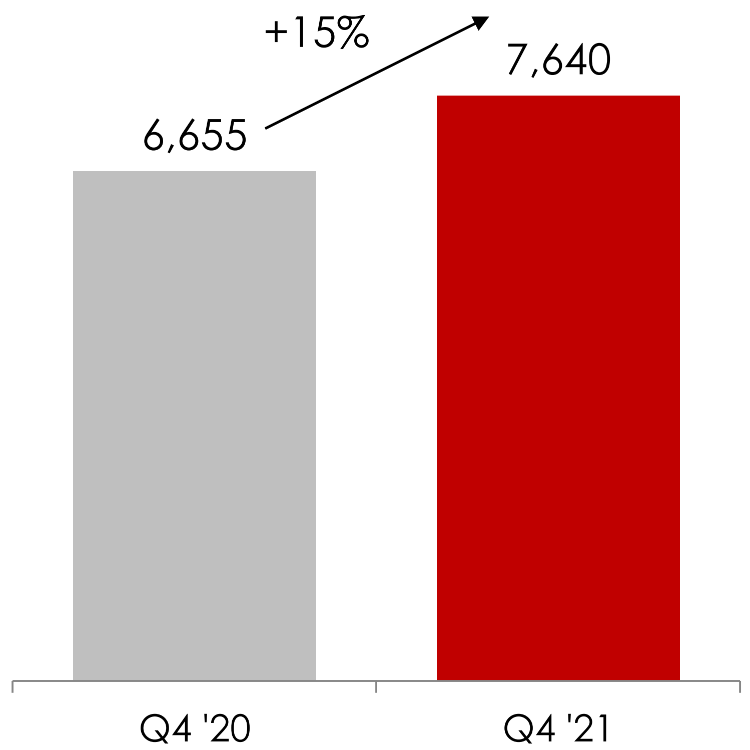
Backlog

Ending Dollar Value

($ in millions)



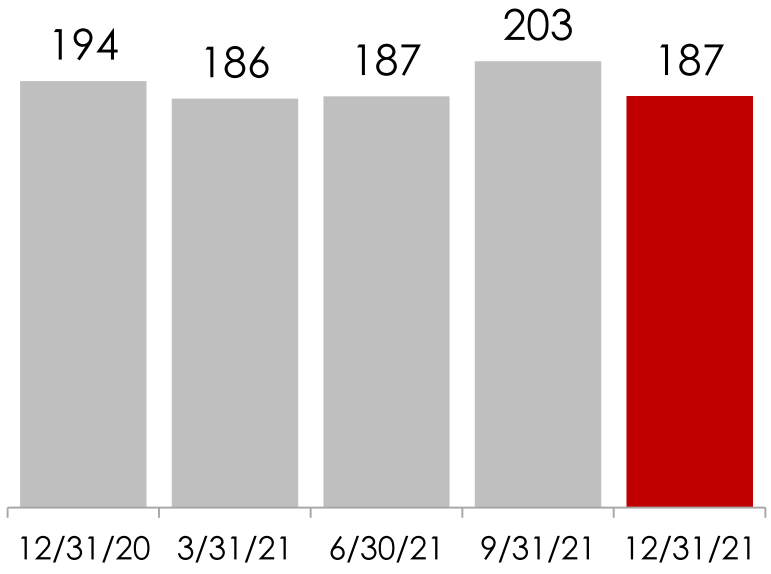
Ending Backlog Units



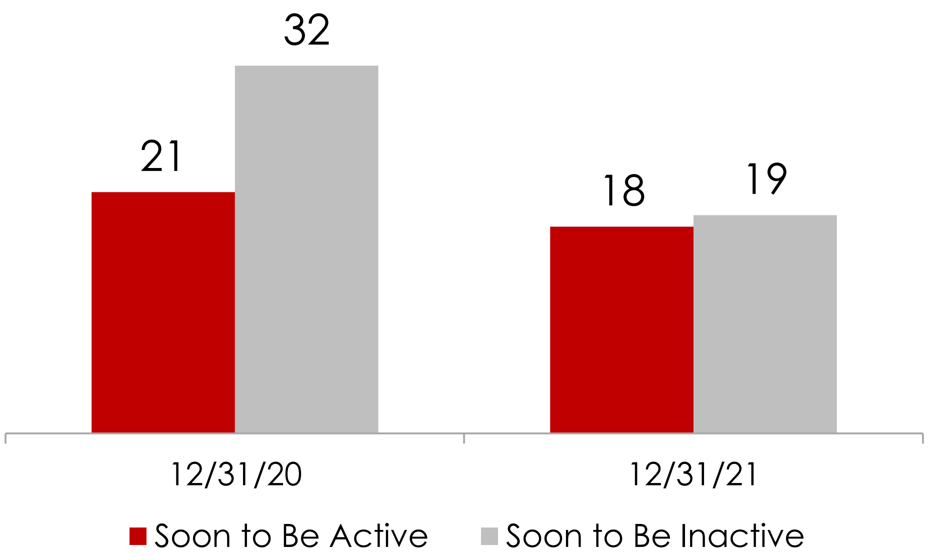
Percent of Backlog Units at Frame or Beyond	37%	42%
Percent of Backlog Units Started	67%	83%

Active Subdivisions (Ending)

Active Subdivisions



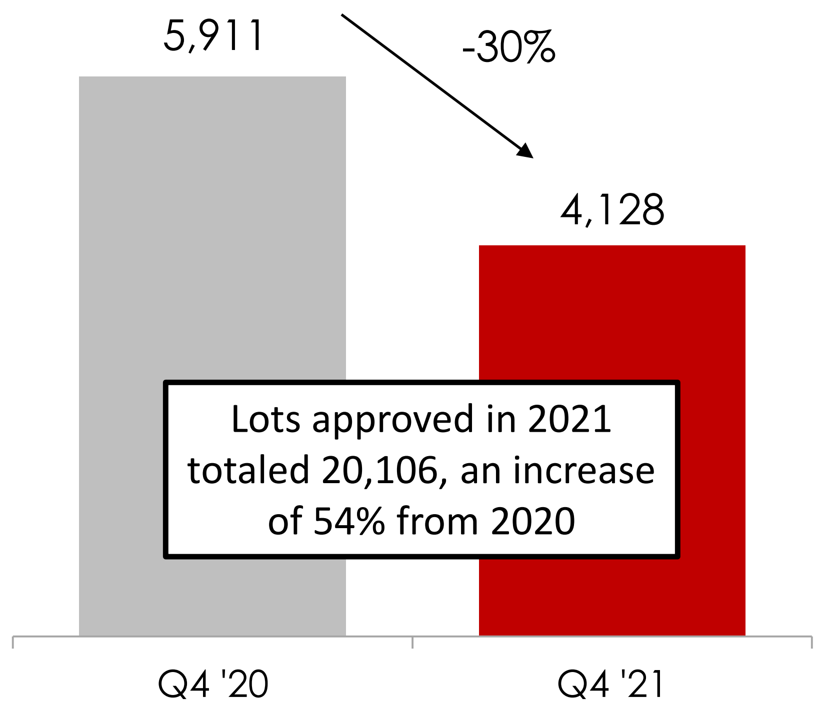
Soon to Be Active / Inactive*



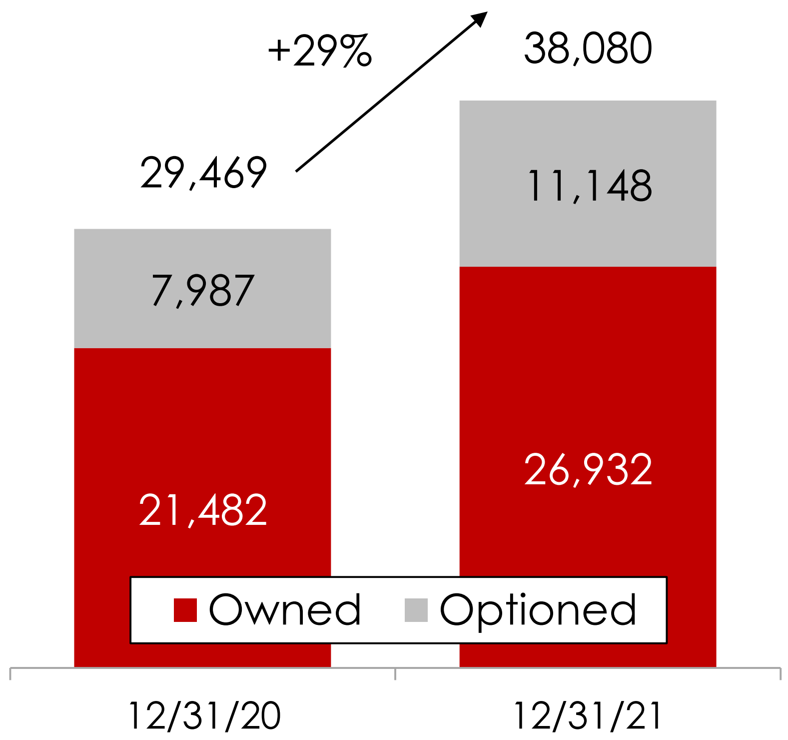
*Soon to be Active: Less than 5 homes sold in subdivision
Soon to be Inactive: Between 5 and 10 homes remaining to sell in subdivision

Land Activity

Lots Approved

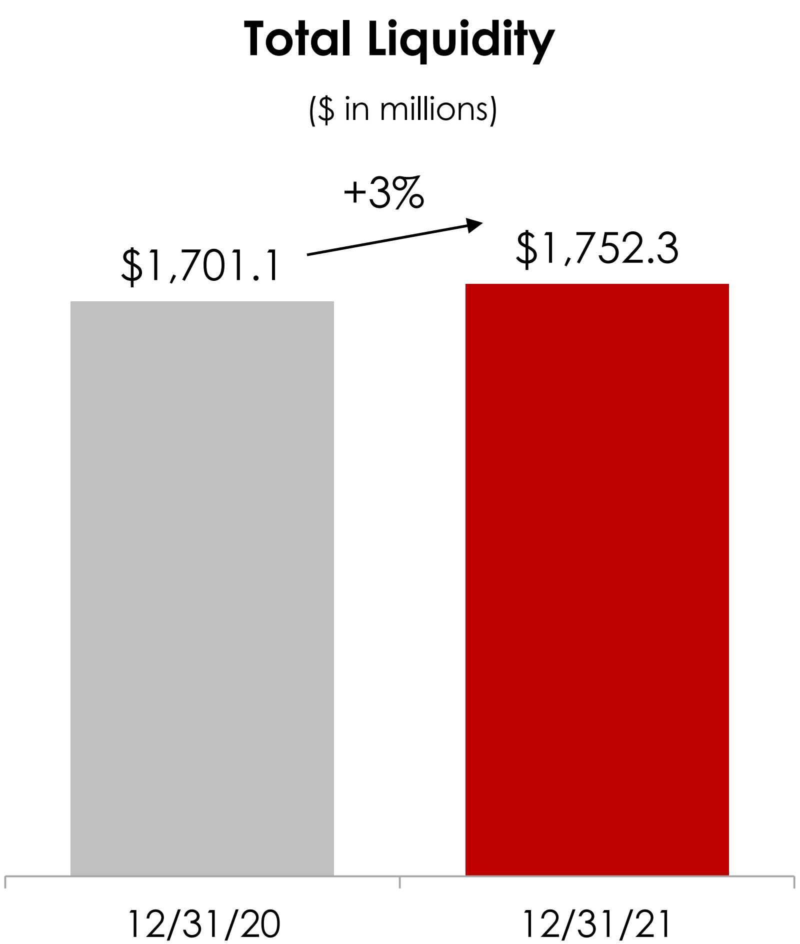


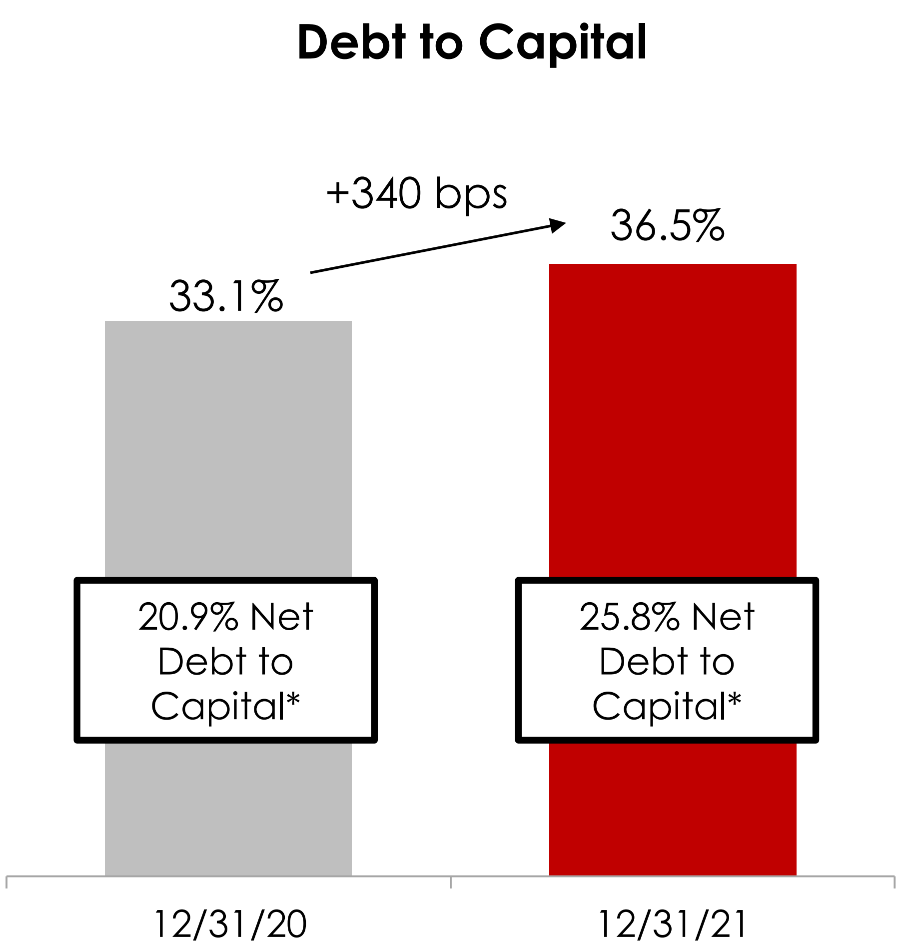
Total Lots Controlled



($ in millions)	Q4 '20	Q4 '21
Lots Acquired	4,976	5,304
Land Acquisition Spend	$359.0	$489.9
Land Development Spend	$123.9	$189.5

Financial Position





* See appendix for reconciliation of non-GAAP measures

Summary

- Record 2021 full year financial results
  - Home sale revenues of $5.10 billion
  - Net income of $573.7 million
  - Backlog dollar value of $4.30 billion
- Growth of homebuilding operations
  - Strategic expansion into Boise, Nashville, Austin and Albuquerque markets
  - Controlled lot supply exceeding 38,000 lots across 15 states with additional lots under contract
- Continued margin expansion in 2022
- Housing backdrop remains favorable
  - Limited existing home inventory
  - Emphasis on single-family home ownership
  - Low interest rates
- Strategic advantages
  - Build-to-order business model allows for personalization
  - Focus on more affordable home collections
- Strong balance sheet to support growth
  - $1.75 billion of liquidity as of December 31, 2021
  - Low debt-to-capital ratio of 36.5% (25.8% net of cash)

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.

	December 31, 2021	December 31, 2020
	(Dollars in thousands)	
Senior notes, net	$ 1,481,781	$ 1,037,391
Revolving credit facility	10,000	10,000
GAAP debt	1,491,781	1,047,391
Stockholders' equity	2,597,146	2,119,912
Total GAAP capital	4,088,927	3,167,303
GAAP debt to capital ratio	**36.5 %**	**33.1 %**
GAAP debt less:		
Homebuilding cash and cash equivalents	(485,839)	(411,362)
Financial services cash and cash equivalents	(104,821)	(77,267)
Financial services marketable securities	-	-
Net debt	901,121	558,762
Stockholders' equity	2,597,146	2,119,912
Total net capital	$ 3,498,267	$ 2,678,674
Net debt to capital ratio	**25.8 %**	**20.9 %**

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									
	Dec 31, 2021	Gross Margin %	Sep 30, 2021	Gross Margin %	Jun 30, 2021	Gross Margin %	Mar 31, 2021	Gross Margin %	Dec 31, 2020	Gross Margin %
	(Dollars in thousands)									
Gross Margin from Home Sales	$336,578	23.5 %	$295,623	23.5 %	$316,592	23.1 %	$227,970	21.9 %	$259,927	22.0 %
Add: Inventory Impairments	1,600		-		-		-		-	
Gross Margin from Home Sales Excluding Inventory Impairments	338,178	23.6 %	295,623	23.5 %	316,592	23.1 %	227,970	21.9 %	259,927	22.0 %
Add: Warranty Adjustments	(338)		319		-		-		92	
Gross Margin from Home Sales Excluding Inventory Impairments and Warranty Adjustments	337,840	23.5 %	295,942	23.5 %	316,592	23.1 %	227,970	21.9 %	260,019	22.0 %
Add: Interest in Cost of Sales	18,032		16,024		18,326		14,841		17,289	
Gross Margin from Home Sales Excluding Inventory Impairments, Warranty Adjustments, and Interest in Cost of Sales	$355,872	24.8 %	$311,966	24.8 %	$334,918	24.5 %	$242,811	23.3 %	$277,308	23.5 %