



3rd Quarter 2016 Webcast
M.D.C. Holdings, Inc.
November 1, 2016

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 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-Q for the quarter ended September 30, 2016, 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.



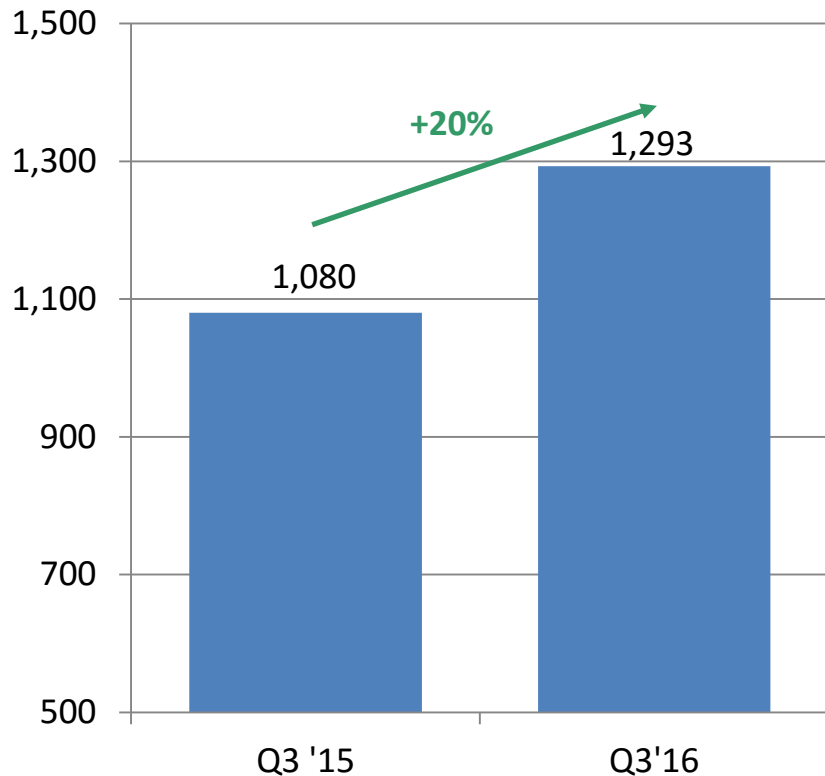
Q3 2016 Overview

- Net income of \$26.4 million, or \$0.54 per diluted share vs. \$14.8 million, or \$0.30 per diluted share in Q3'15
- Home sale revenues increased 27% year-over-year to \$575.7 million
 - Deliveries up 20% to 1,293 homes
 - Average selling price up \$24,200 per home, or 6%, to \$445,300
- Selling, general and administrative expense as a percent of home sale revenues improved 180 basis points from 12.6% to 10.8%
- Dollar value of net new orders up 17% year-over-year to \$570.3 million
 - Units up 17% to 1,296 driven by a monthly absorption rate of 2.72, highest Q3 absorption rate in more than ten years
- Backlog of \$1.61 billion, up 37% year-over-year
 - Ending backlog units of 3,448, up 33%
 - Average sales price increased 2% to \$467,500

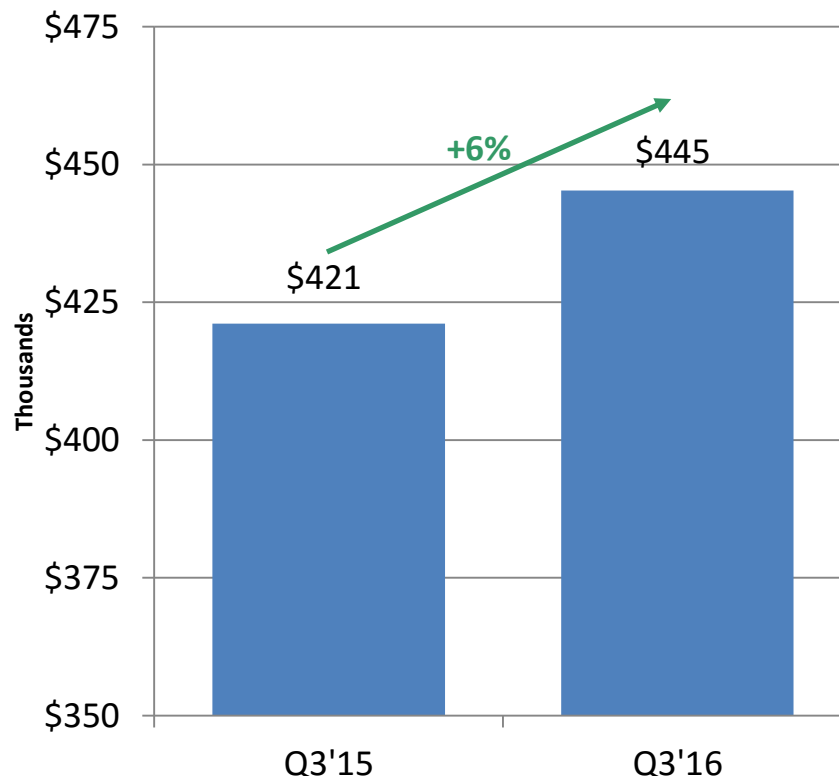


Homes Closed and Average Selling Price

Homes Closed



Average Selling Price



2,558	3,445
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← **Beginning Backlog**

42%	38%
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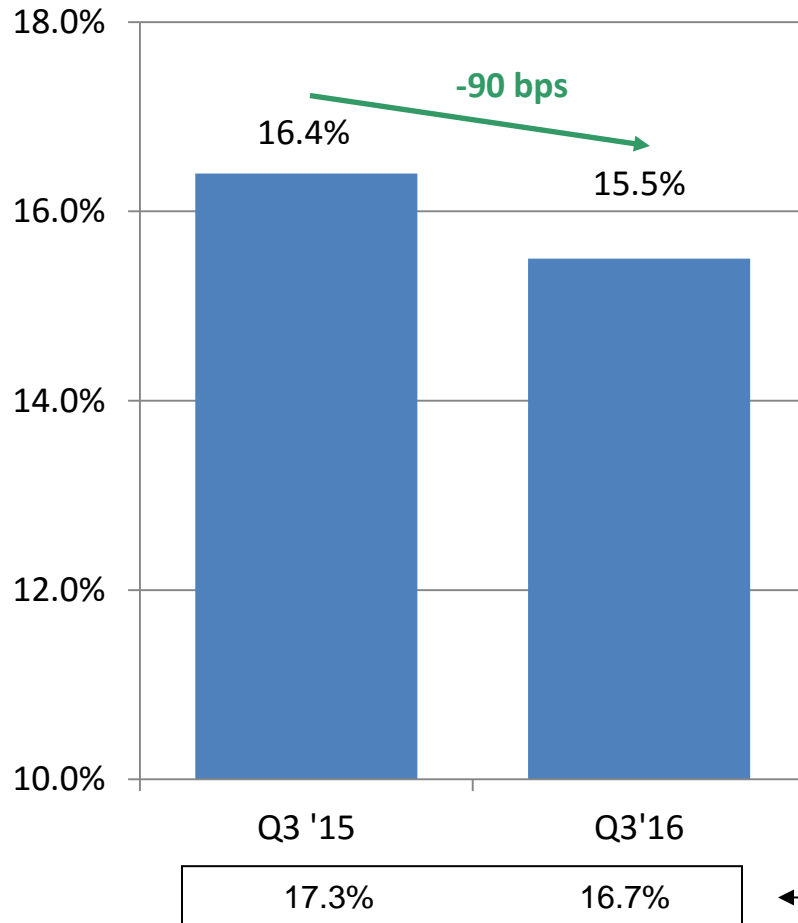
← **Backlog Conversion Rate
(Closings as a % of Beginning Backlog)**

70%	74%
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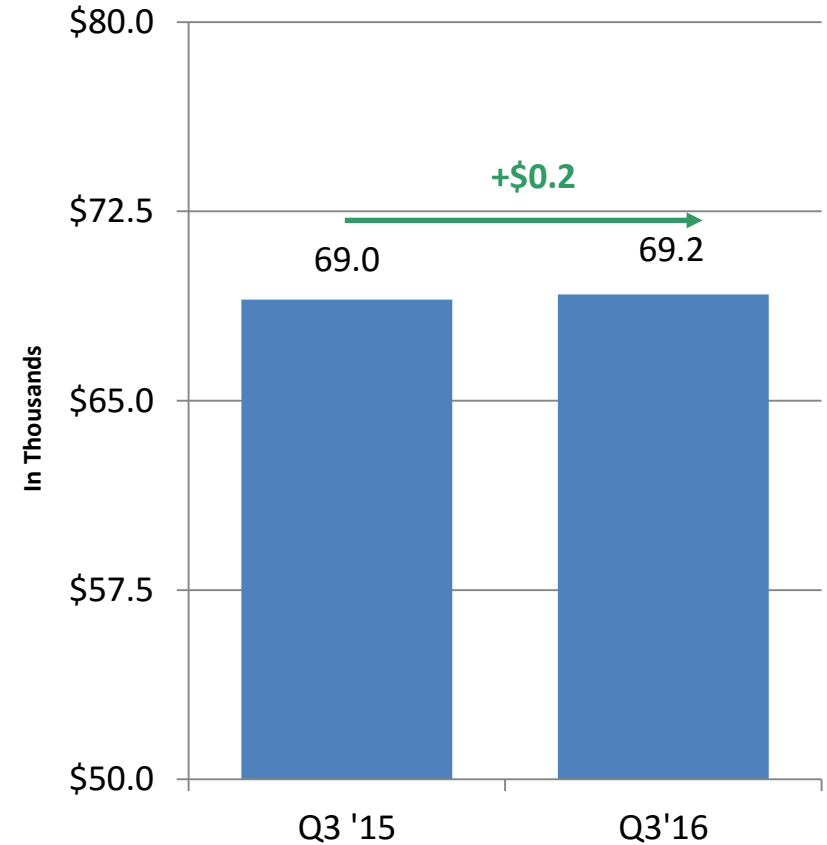
← **% of Beginning Backlog Under Construction**

Gross Margin

Gross Margin % from Home Sales



Gross Margin \$ Per Home Closed



← **Adjusted Gross Margin % from Home Sales***

*Adjusted Gross Margin % from Home Sales excludes inventory impairments and warranty adjustments. See end of presentation for reconciliation of Non-GAAP financial measures.

Homebuilding SG&A Expenses (incl. Corporate)

1,080	1,293
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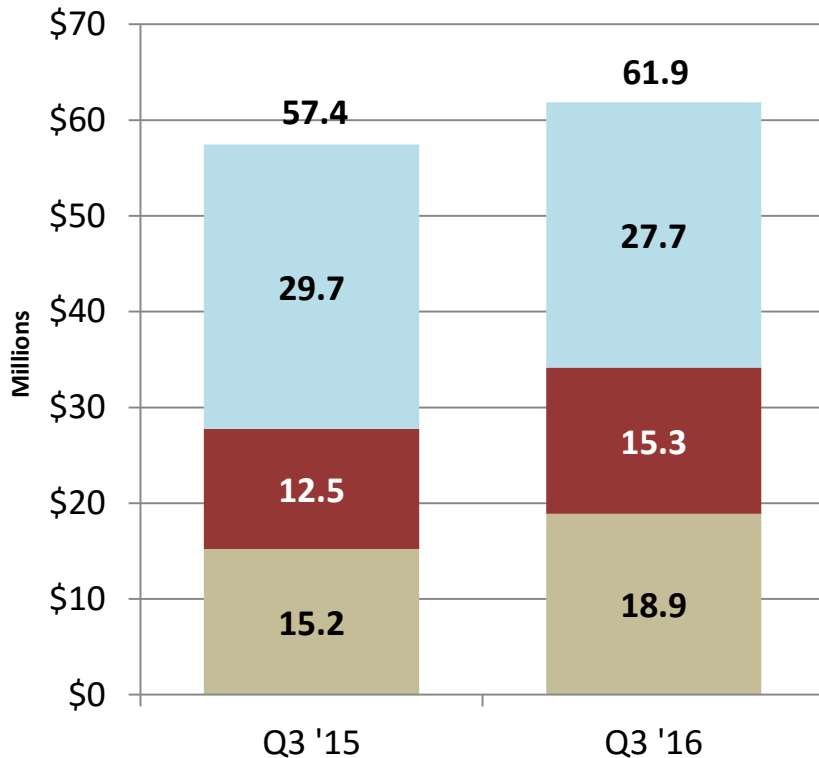
← Home Closings

\$454.7	\$575.7
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← Home Sale Revenues (in millions)

12.6%	10.8%
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← SG&A % of Home Sale Revenues



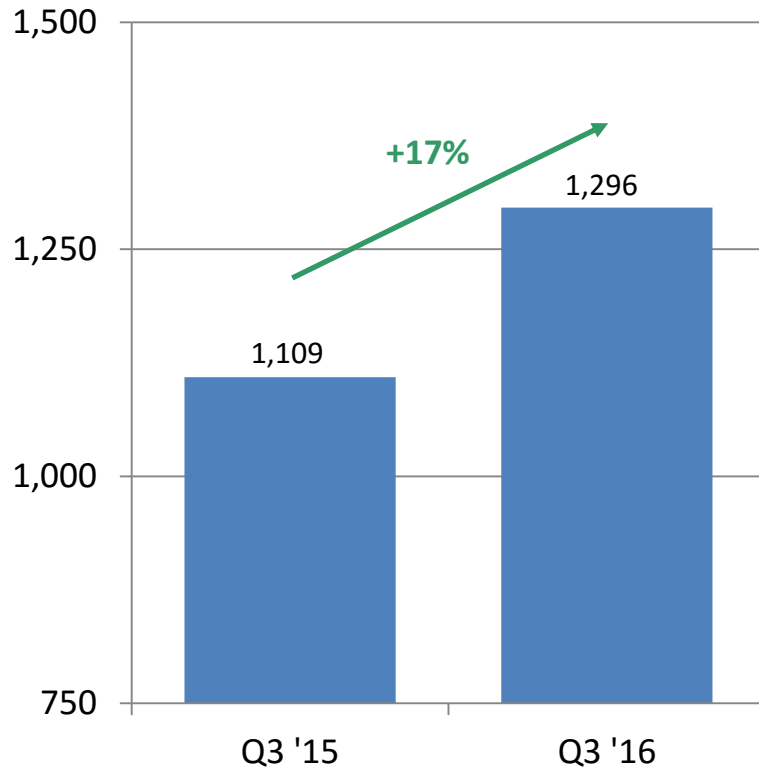
SEASONS™
By Richmond American

Your dream, within reach.
Fresh new floor plans.
Same signature quality.

■ Commissions ■ Marketing ■ General and Administrative

Net New Home Orders

Net New Home Orders



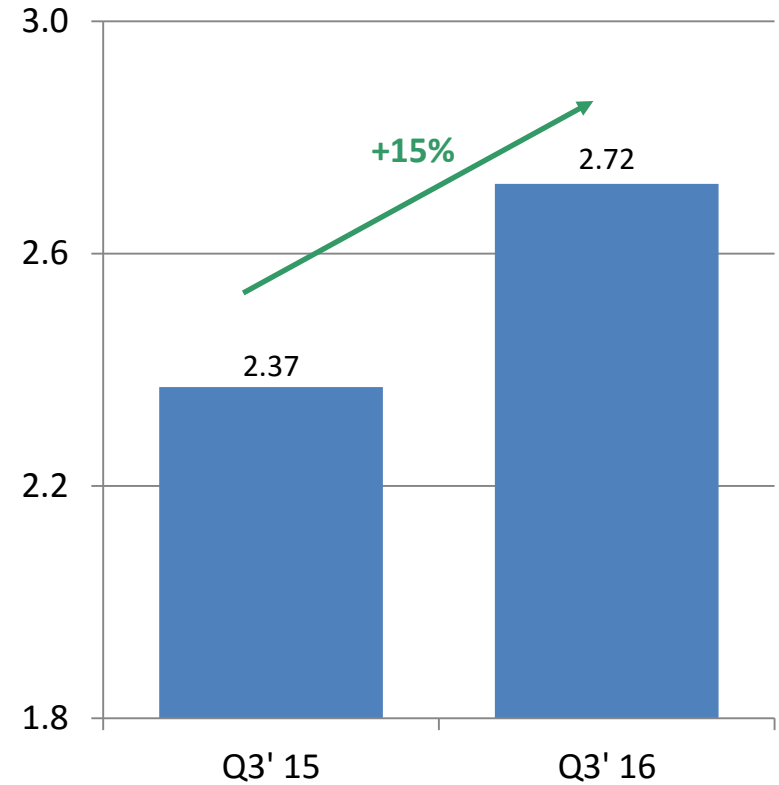
Cancellations -- % of Gross Sales

25%	25%
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Cancellations -- % of Beginning Backlog

14%	13%
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Monthly Absorption Rate



Average Subdivisions

156	158
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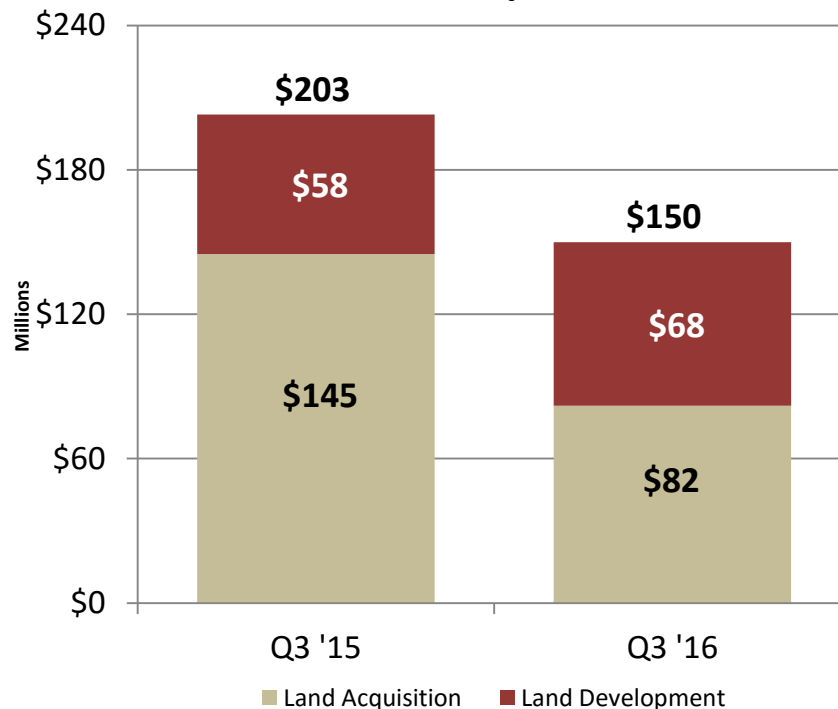
Ending Subdivisions

157	159
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Land Spend and Lot Supply



Land Spend



Total Lots Controlled (including WIP)

15,777	14,759
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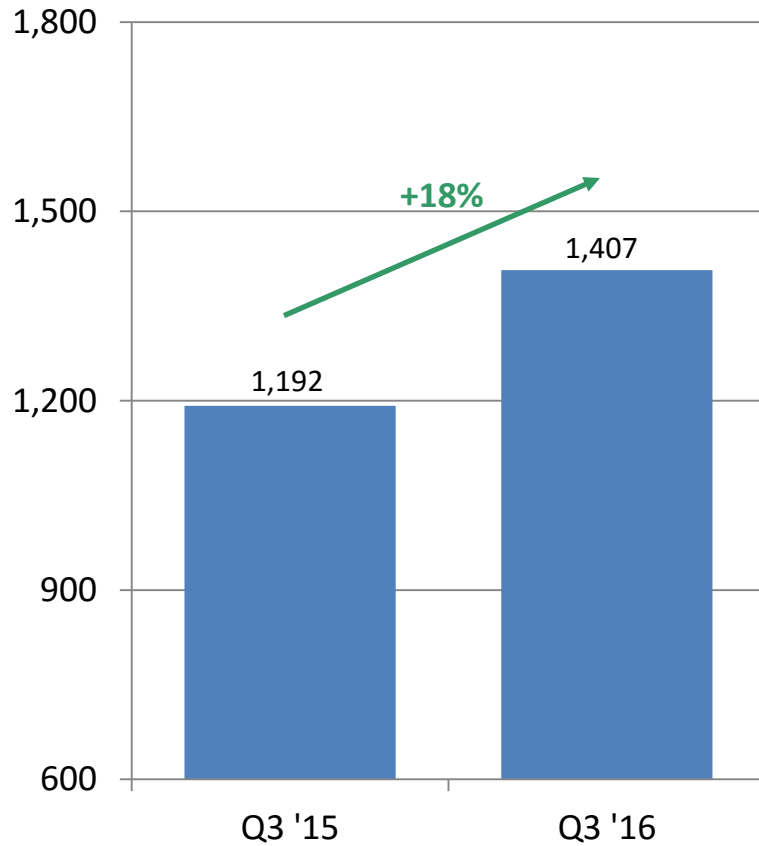
Years Supply of Lots Controlled* (including WIP)

3.6	3.1
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*Based on last twelve months closings.

Production Update

Home Starts



Work-In-Process Units (excl. models)





MDC
HOLDINGS, INC.



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.

	September 30,	
	2016	2015
	(Dollars in thousands)	
Senior notes, net	\$ 841,359	\$ 840,254
Revolving credit facility	15,000	15,000
Less:		
Homebuilding cash and cash equivalents	(129,278)	(85,074)
Homebuilding marketable securities	(57,116)	(89,479)
Financial services cash and cash equivalents	(34,180)	(37,921)
Financial services marketable securities	(22,105)	(10,939)
Net debt	<u>613,680</u>	<u>631,841</u>
Stockholders' equity	<u>1,292,622</u>	<u>1,242,610</u>
Total capital	<u>\$ 1,906,302</u>	<u>\$ 1,874,451</u>
Ratio of net debt to capital	<u>32.2%</u>	<u>33.7%</u>

Reconciliation of Non-GAAP Financial Measures

“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 adjustment gross margins in a similar fashion.

	Three Months Ended									
	September 30,	<i>Gross</i>	June 30,	<i>Gross</i>	March 31,	<i>Gross</i>	December 31,	<i>Gross</i>	September 30,	<i>Gross</i>
	2016	<i>Margin %</i>	2016	<i>Margin %</i>	2016	<i>Margin %</i>	2015	<i>Margin %</i>	2015	<i>Margin %</i>
	(Dollars in thousands)									
Gross Margin	\$ 89,483	15.5%	\$ 93,859	16.4%	\$ 65,055	16.4%	\$ 89,207	15.8%	\$ 74,528	16.4%
Less: Land Sales Revenue	(2,290)		(316)		(2,324)		(10,521)		(906)	
Add: Land Cost of Sales	2,318		216		1,663		10,667		819	
Gross Margin from Home Sales	89,511	15.5%	93,759	16.4%	64,394	16.3%	89,353	16.1%	74,441	16.4%
Add: Inventory Impairments	4,700		1,600		-		5,292		4,351	
Add: Warranty Adjustments	1,825		250		2,987		402		-	
Gross Margin from Home Sales Excluding Inventory Impairments and Warranty Adjustments	96,036	16.7%	95,609	16.7%	67,381	17.1%	95,047	17.1%	78,792	17.3%
Add: Interest in Cost of Sales	15,922		15,739		10,976		14,943		12,878	
Gross Margin from Home Sales Excluding Inventory Impairments, Warranty Adjustments, and Interest in Cost of Sales	\$ 111,958	19.4%	\$ 111,348	19.5%	\$ 78,357	19.9%	\$ 109,990	19.8%	\$ 91,670	20.2%