3rd Quarter 2018 Webcast

M.D.C. Holdings, Inc.

November 1, 2018

Pearl, AZ (Seasons™)

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, 2018, 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 – Q3 2018 vs. Q3 2017

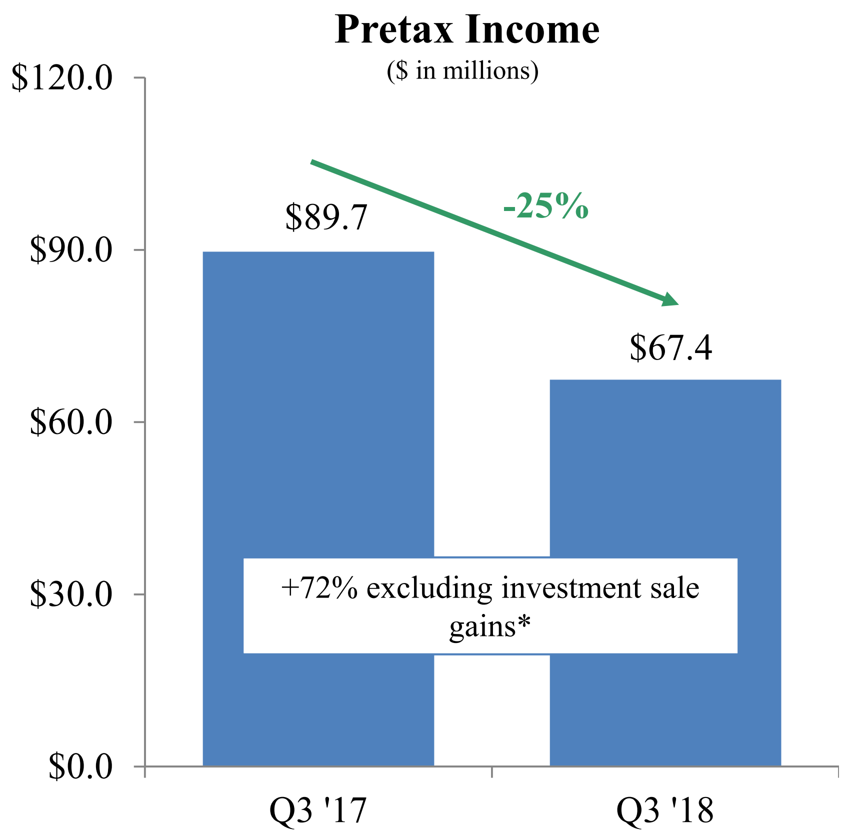
- Home sale revenues increased 31% to $766.0 million
- Pretax income of $67.4 million vs. $89.7 million in Q3 2017
  - $3.0 million gain on investments in Q3 2018 vs. $52.2 million gain in Q3 2017
  - Excluding gain on investments, pretax income increased 72% to $64.4 million from $37.5 million**
- Net income of $53.4 million, or $0.93 per diluted share vs. $61.2 million, or $1.07 per diluted share*
- Gross margin from home sales up 140 basis points to 17.7%
  - $11.1 million impairment charge in 2018 third quarter vs $4.5 million in 2017 third quarter
  - Excluding impairments, gross margin up 210 basis points to 19.2%**
- Selling, general and administrative expenses as a percentage of home sale revenues ("SG&A rate") improved by 90 basis points to 10.9% from 11.8%
- Dollar value of net new orders of $581.2 million vs. $596.7 million in Q3 2017
  - Unit net orders increased 2% to 1,290
  - Monthly sales absorption pace of 2.67
- 2,878 lots approved for purchase, up 16%
- Quarterly dividend of $0.30 ($1.20 annualized) declared in October 2018, up 30% year-over-year*

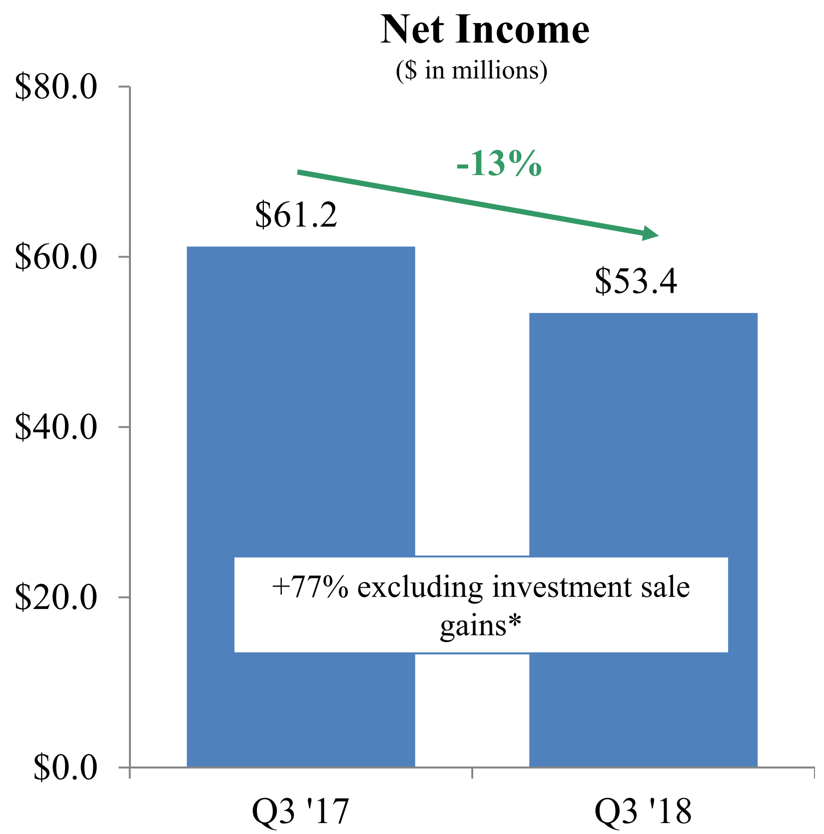
**All per share amounts have been adjusted as necessary for the 8% stock dividend declared and paid in the 2017 fourth quarter.*
*** See Reconciliation of Non-GAAP Financial Measures slide at end of presentation.*


The Robert, AZ


The Rocco, AZ

Pretax and Net Income



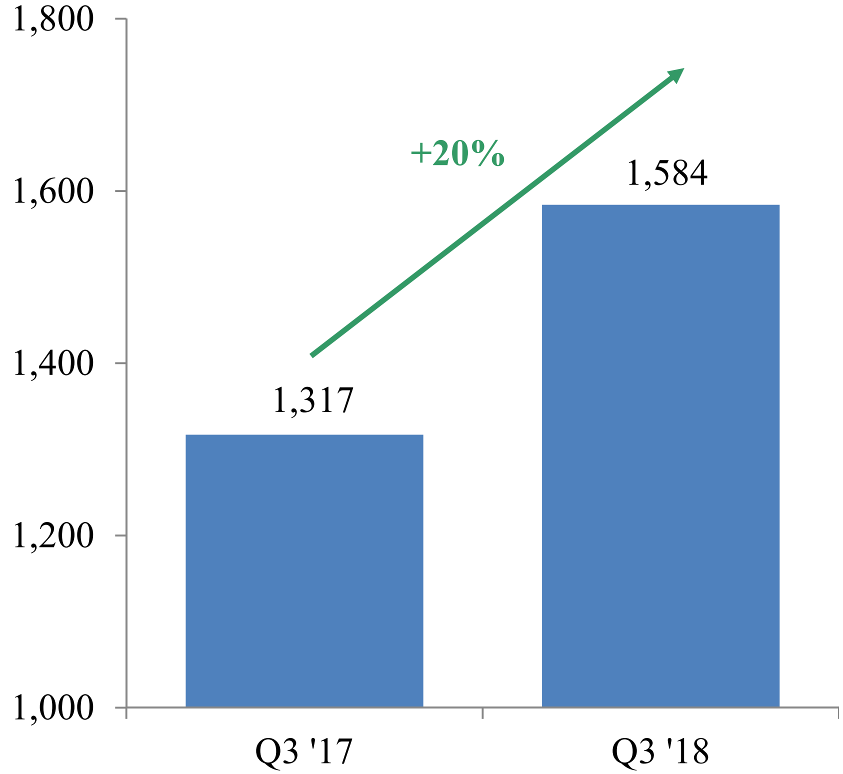


Diluted Earnings Per Share	$1.07	$0.93
Effective Tax Rate	31.8%	20.8%

***See Reconciliation of Non-GAAP Financial Measures slide at end of presentation.**

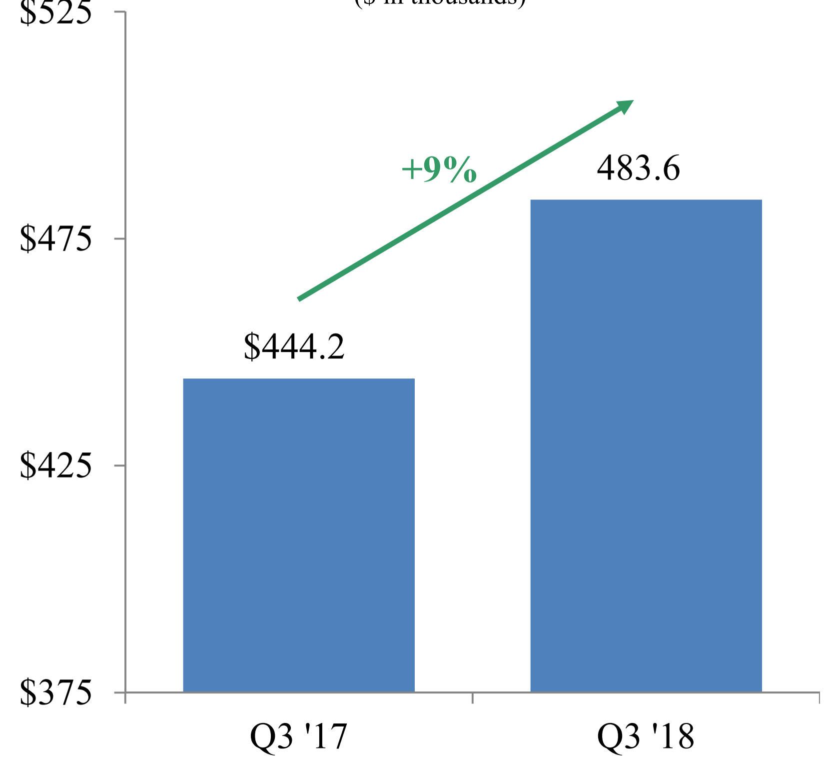
Homes Closed and Average Selling Price

Homes Closed



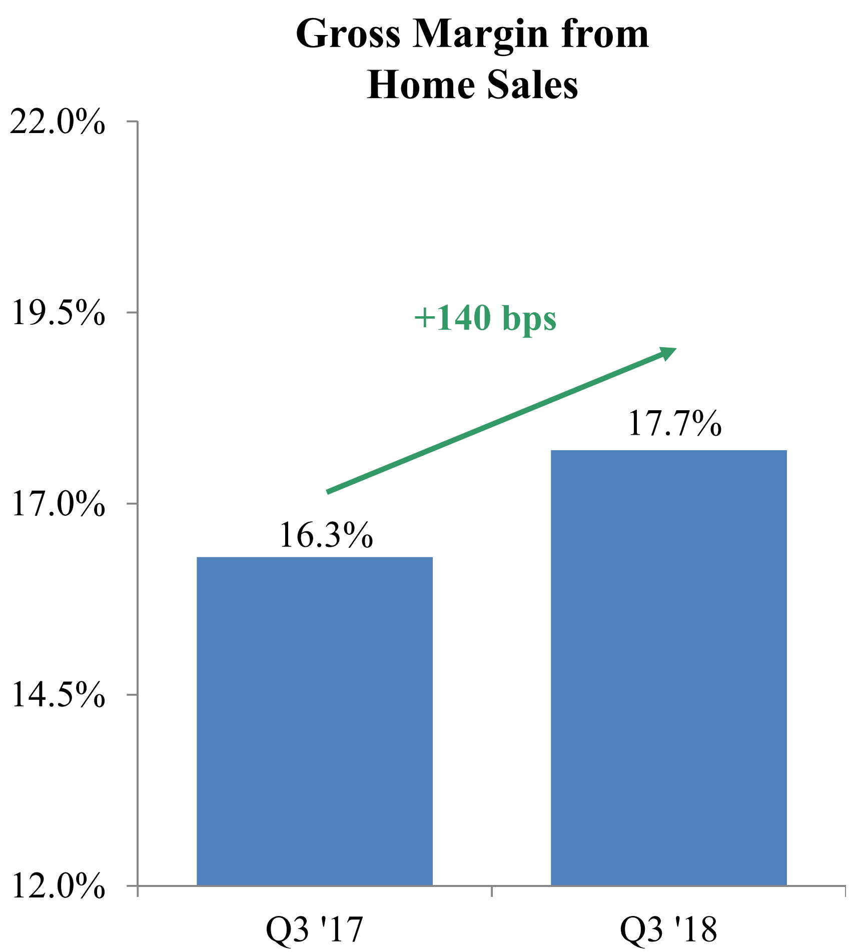
Average Selling Price

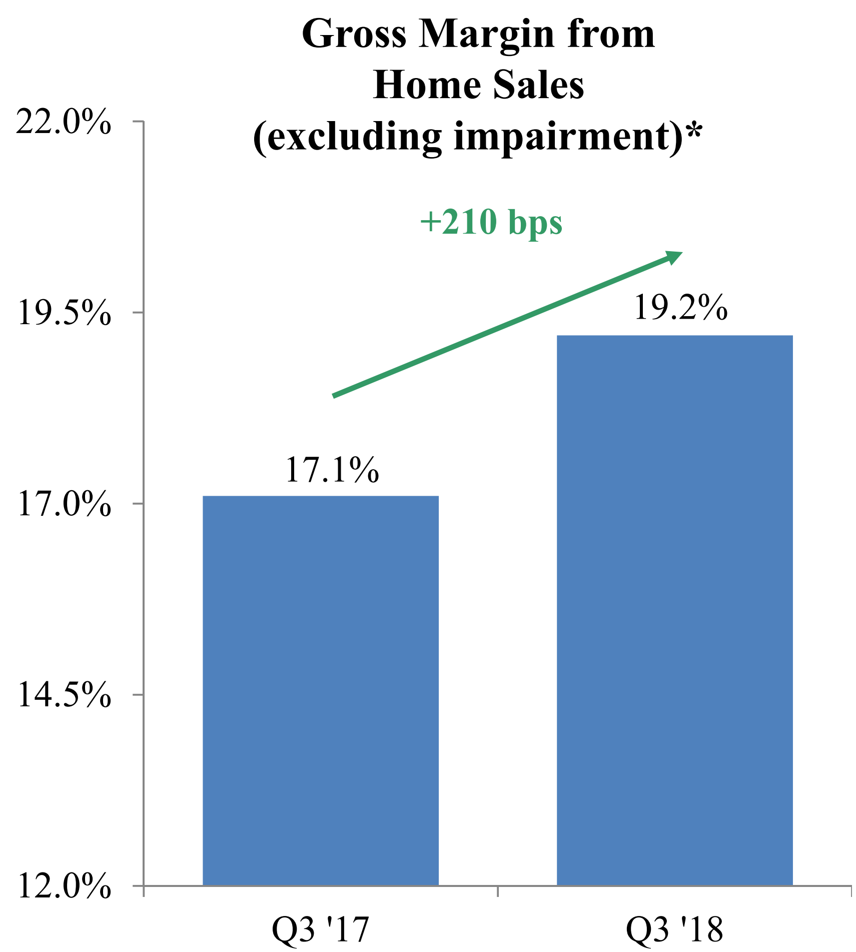
($ in thousands)



	Q3 '17	Q3 '18
Beginning Backlog	3,510	3,998
Backlog Conversion Rate (Closings as a % of Beginning Backlog)	38%	40%
% of Beginning Backlog Under Construction	73%	75%

Gross Margin

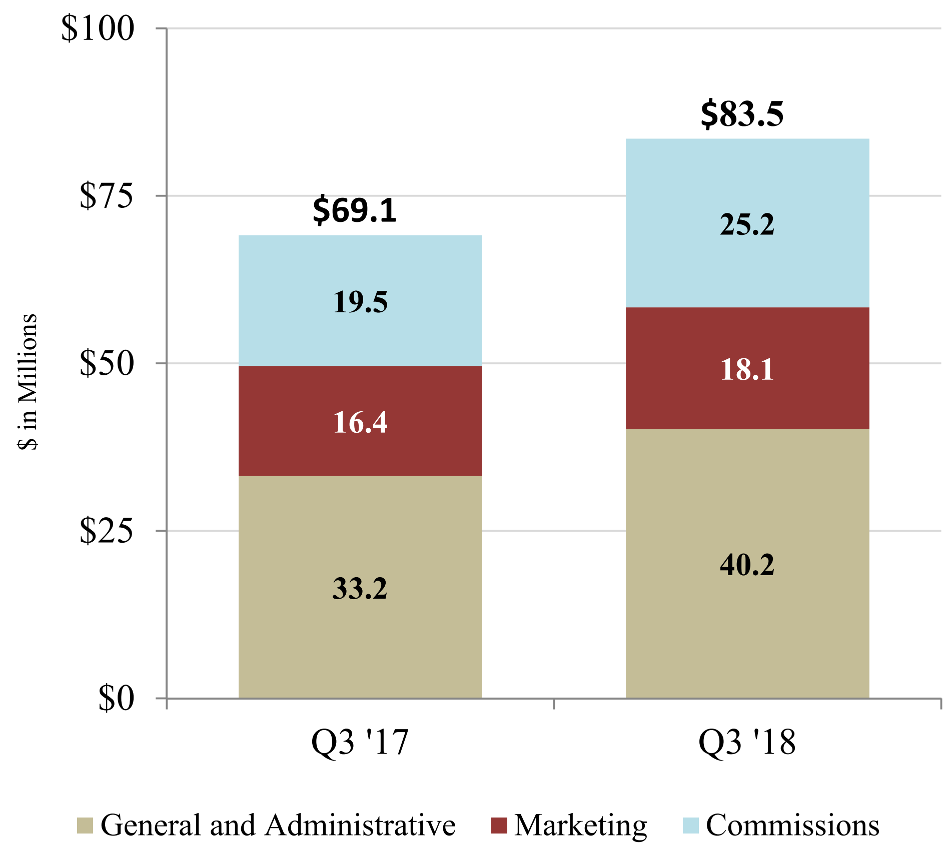




*See Reconciliation of Non-GAAP Financial Measures slide at end of presentation.

Homebuilding SG&A Expenses (incl. Corporate)

1,317	1,584	← **Home Closings**
$585.4	$766.0	← **Home Sale Revenues (in millions)**
11.8%	10.9%	← **SG&A % of Home Sale Revenues**



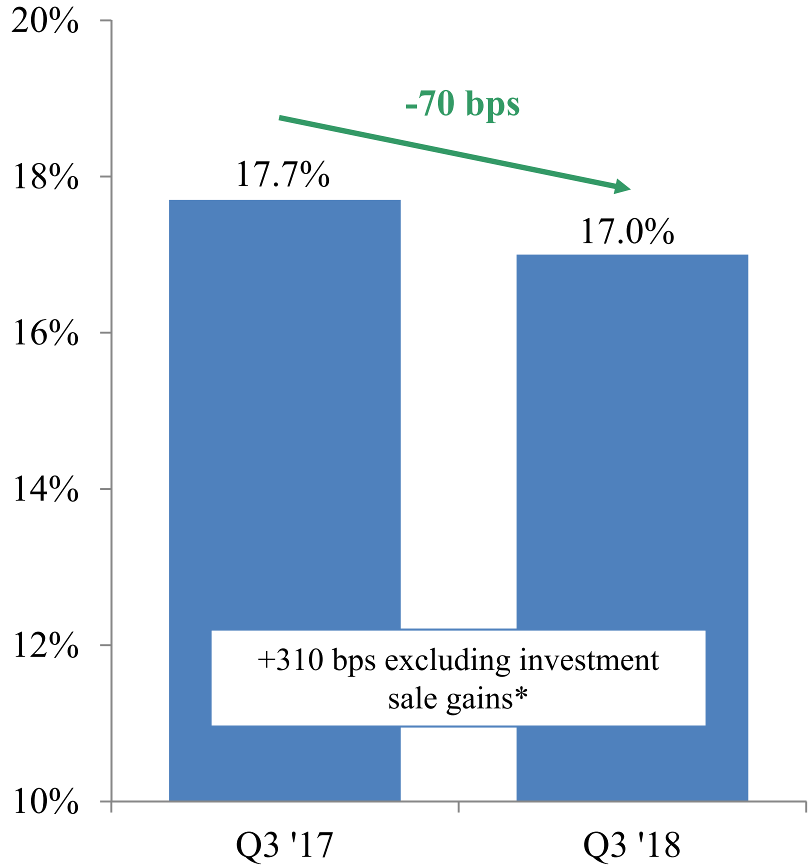
The Pearl, AZ (Seasons™)

SEASONS™ By Richmond American

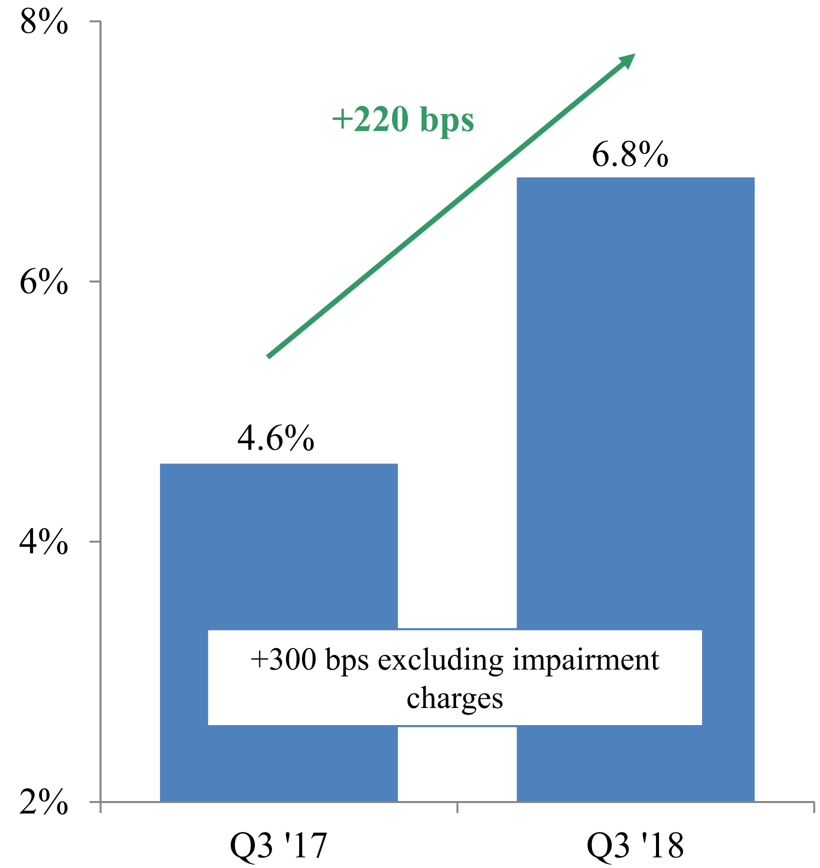
Your dream, within reach.
Fresh new floor plans.
Same signature quality.

Return Ratios

Pretax Return on Equity (Last Twelve Months)



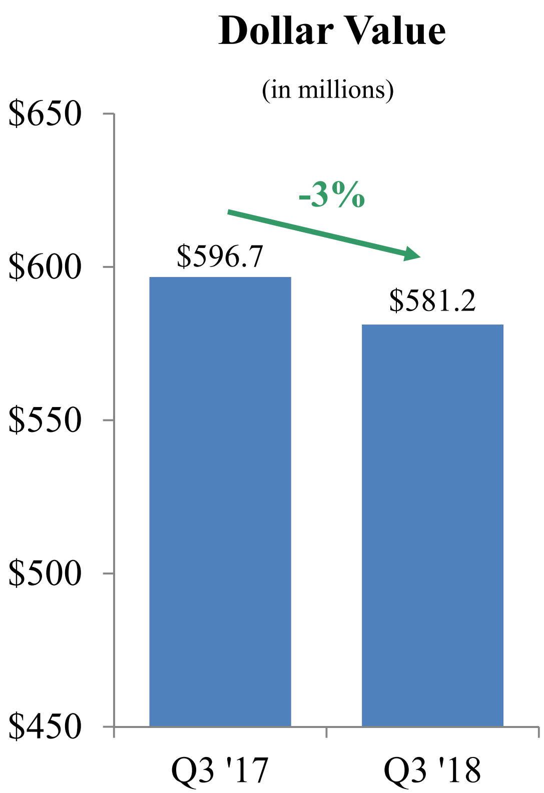
Homebuilding Operating Margin**

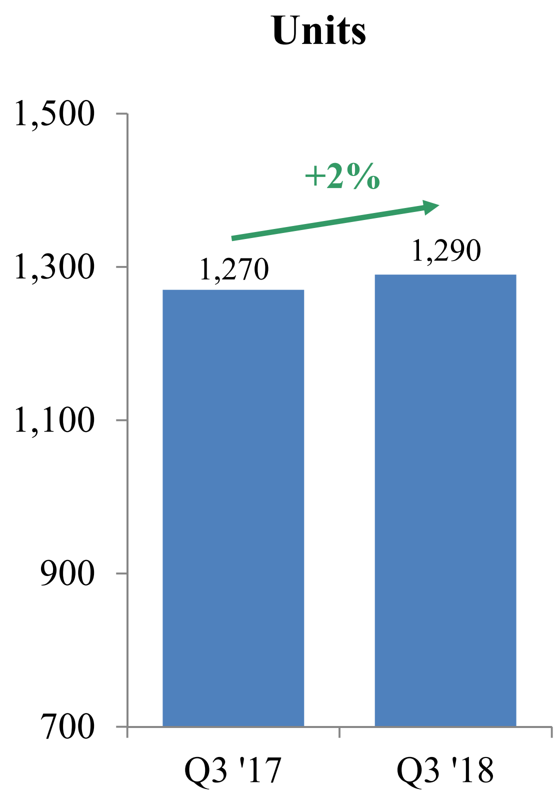


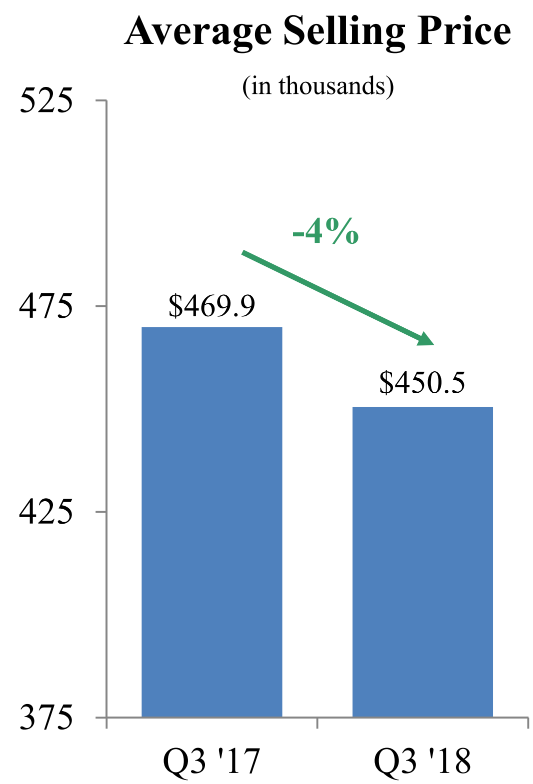
***$52.2 million of investment sale gains were recorded in Q3 2017, significantly higher than a typical quarter. See Reconciliation of Non-GAAP Financial Measures slide at end of presentation.**

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

Net New Home Orders







Monthly Net Orders Per Active Subdivision

Q3 ’17 – ***2.78*** Q3 ’18 – ***2.67***

Average Subdivisions

Q3 ’17 – ***152*** Q3 ’18 – ***161***

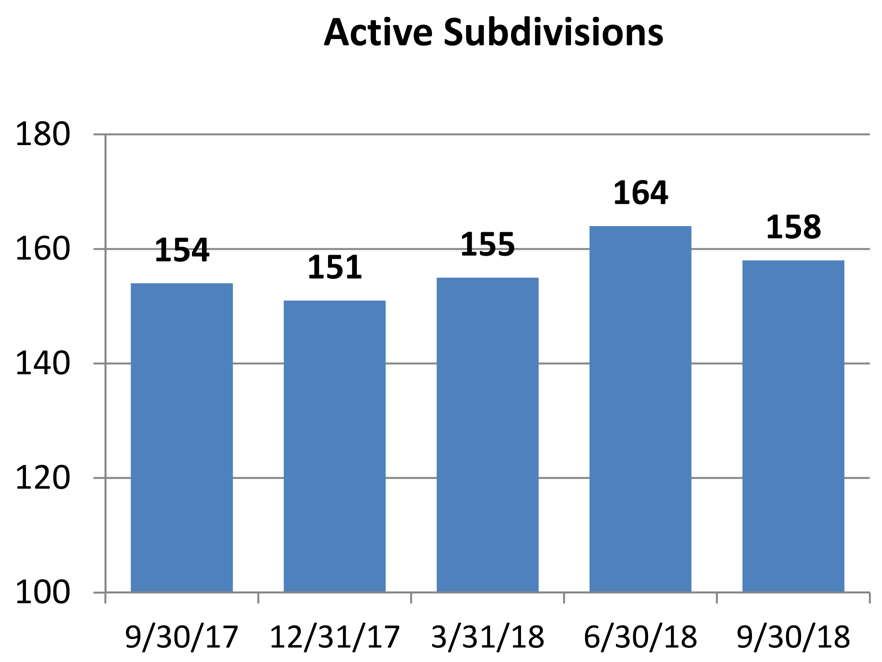
Cancellations -- % of Beginning Backlog

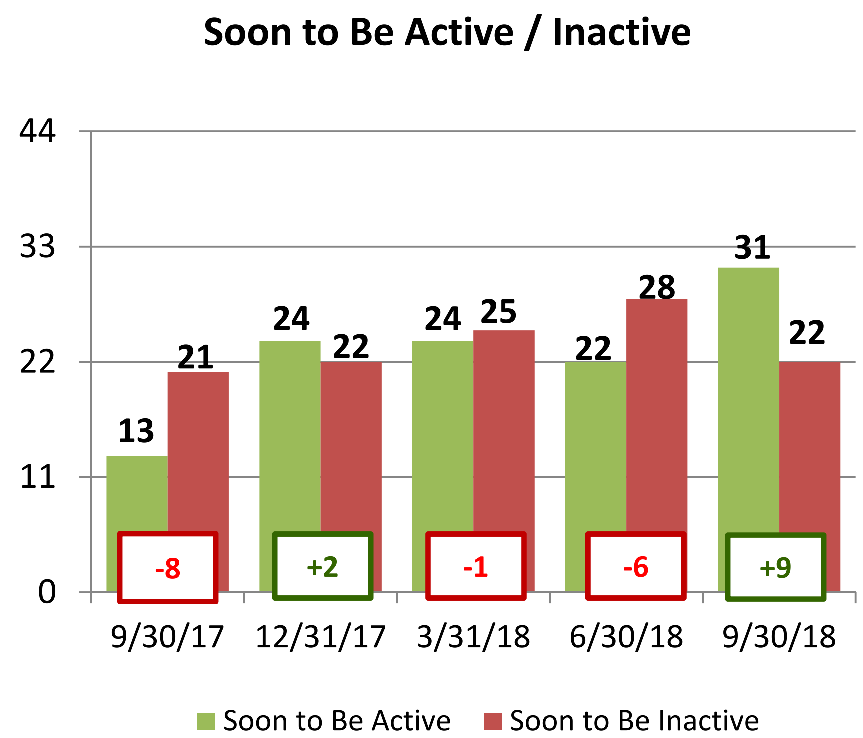
Q3 ’17 – ***12%*** Q3 ’18 – ***12%***

Ending Subdivisions

Q3 ’17 – ***154*** Q3 ’18 – ***158***

Active Subdivisions (Ending)

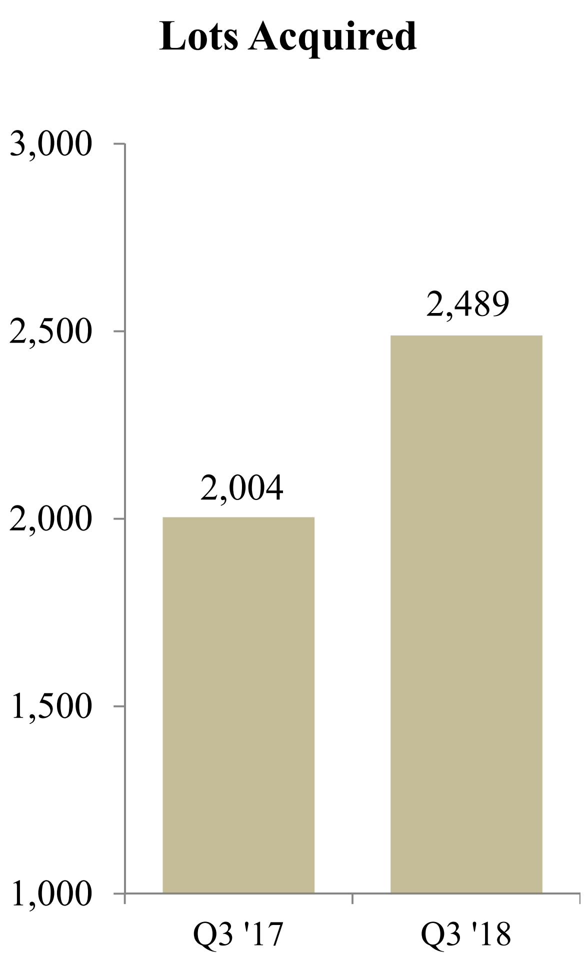


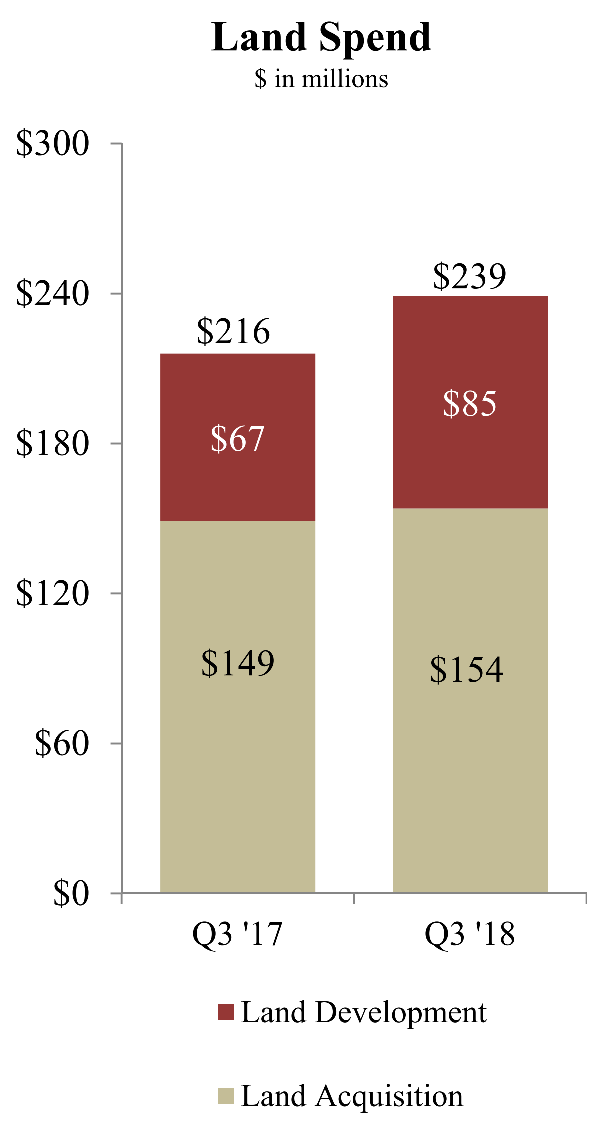


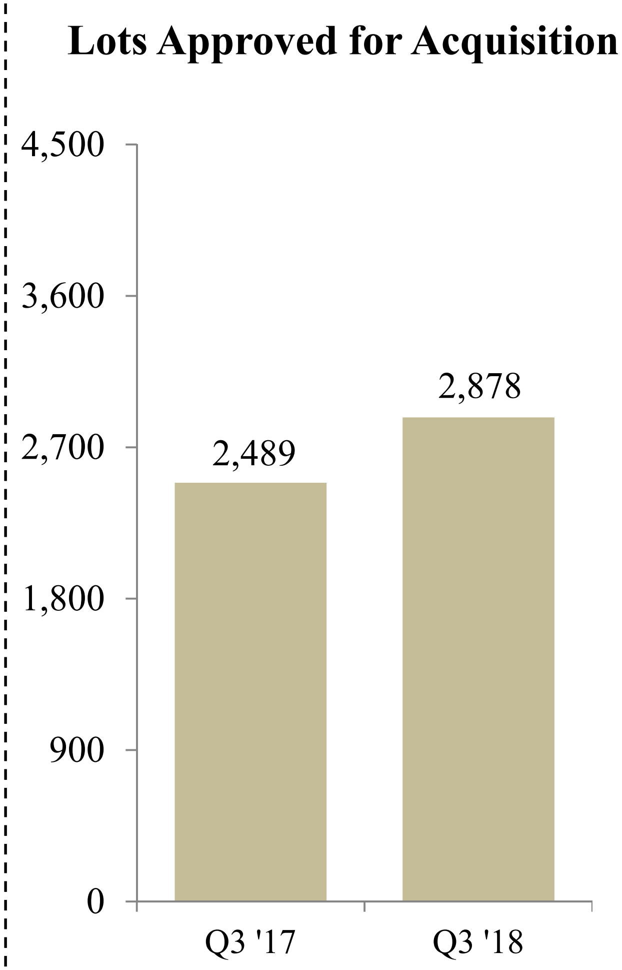
"Soon to be active" = construction activities have commenced, but 5 homes not yet sold.

"Soon to be inactive" = between 5 and 10 homes left to sell.

Lot Approval and Acquisition Activity







The Skylar, CO

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.

	September 30, 2018	December 31, 2017	September 30, 2017
		(Dollars in thousands)	
Senior notes, net	$ 987,617	$ 986,597	$ 842,232
Revolving credit facility	15,000	15,000	15,000
GAAP debt	1,002,617	1,001,597	857,232
Stockholders' equity	1,532,742	1,407,287	1,363,653
Total GAAP capital	2,535,359	2,408,884	2,220,885
GAAP debt to capital ratio	39.5%	41.6%	38.6%
GAAP debt less:			
Homebuilding cash and cash equivalents	(360,947)	(472,957)	(314,814)
Homebuilding marketable securities	-	(49,634)	(65,268)
Financial services cash and cash equivalents	(49,979)	(32,471)	(23,162)
Financial services marketable securities	(49,006)	(42,004)	(38,666)
Net debt	542,685	404,531	415,322
Stockholders' equity	1,532,742	1,407,287	1,363,653
Total net capital	$ 2,075,427	$ 1,811,818	$ 1,778,975
Net debt to capital ratio	26.1%	22.3%	23.3%

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									
	September 30, 2018	*Gross Margin %*	June 30, 2018	*Gross Margin %*	March 31, 2018	*Gross Margin %*	December 31, 2017	*Gross Margin %*	September 30, 2017	*Gross Margin %*
	(Dollars in thousands)									
Gross Margin	$ 135,681	17.7%	$ 143,005	19.1%	$ 110,506	18.2%	$ 121,203	17.2%	$ 95,341	16.3%
Less: Land Sales Revenue	-		-		-		(1,609)		(1,340)	
Add: Land Cost of Sales	-		-		-		1,768		1,259	
Gross Margin from Home Sales	135,681	17.7%	143,005	19.1%	110,506	18.2%	121,362	17.3%	95,260	16.3%
Add: Inventory Impairments	11,098		200		550		620		4,540	
Gross Margin from Home Sales Excluding Inventory Impairments	146,779	19.2%	143,205	19.1%	111,056	18.3%	121,982	17.4%	99,800	17.1%
Add: Warranty Adjustments	-		-		3,106		1,716		(425)	
Gross Margin from Home Sales Excluding Inventory Impairments and Warranty Adjustments	146,779	19.2%	143,205	19.1%	114,162	18.8%	123,698	17.6%	99,375	17.0%
Add: Interest in Cost of Sales	16,636		16,150		14,428		17,938		15,087	
Gross Margin from Home Sales Excluding Inventory Impairments, Warranty Adjustments, and Interest in Cost of Sales	$ 163,415	21.3%	$ 159,355	21.3%	$ 128,590	21.2%	$ 141,636	20.2%	$ 114,462	19.6%

Reconciliation of Non-GAAP Financial Measures

"Core pretax return on equity" is a non-GAAP financial measure, and should not be considered in isolation or as an alternative to performance measures prescribed by GAAP. The table below reconciles "adjusted pretax return on equity" to pretax return on equity as calculated based on GAAP. We believe this information is relevant and meaningful as it provides our investors and analysts with pretax returns that exclude the impact of significant one-time or infrequent items and permits investors to make better comparisons across periods as well as with our competitors.

	September 30, 2018	September 30, 2017
	(Dollars in thousands)	
Last 12 months income before income taxes	$ 246,366	$ 236,931
Last 12 months average stockholders equity	1,450,657	1,340,175
Last 12 months GAAP pretax return on equity	17.0%	17.7%
Last 12 months income before income taxes less:		
Realized gain from the sale of metropolitan district bond securities	-	(35,847)
Net realized gain from sales of marketable securities	-	(17,207)
Net gain on marketable equity securities	(3,129)	-
Last 12 months core pretax income	243,237	183,877
Last 12 months average stockholders' equity	1,450,657	1,340,175
Last 12 months core pretax return on equity	16.8%	13.7%

Reconciliation of Non-GAAP Financial Measures

"Adjusted income before income taxes" and "Adjusted net income" 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 "adjusted income before income taxes" to income before income taxes and "Adjusted net income" to net income as calculated based on GAAP. We believe this information is relevant and meaningful as it provides our investors and analysts with the impact that one-time gains recognized upon the sale of investments have on our income before income taxes and net income and permits investors to make better comparisons with our competitors, who also adjust for certain infrequent and non-recurring gains recognized on the sale of investments in a similar fashion.

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2018	2017	Amount	%	2018	2017	Amount	%
			(Dollars in thousands)					
Income before income taxes	$ 67,420	$ 89,680	$ (22,260)	(25)%	$ 194,568	$ 177,934	$ 16,634	9%
GAAP pre-tax income less:								
Realized gain from the sale of metropolitan district bond securities	-	(35,847)				(35,847)		
Net realized gain from sales of marketable securities	-	(16,364)				(18,122)		
Net gain on marketable equity securities	(3,004)	-			(3,129)			
Adjusted income before income taxes	$ 64,416	$ 37,469	$ 26,947	72%	$ 191,439	$ 123,965	$ 67,474	54%
Net income	$ 53,392	$ 61,163	$ (7,771)	(13)%	$ 156,055	$ 117,283	$ 38,772	33%
GAAP net income less:								
Realized gain from the sale of metropolitan district bond securities		(22,225)				(22,225)		
Net realized gain from sales of marketable securities		(10,128)				(11,105)		
Net gain on marketable equity securities	(2,379)				(2,509)			
Adjusted net income	$ 51,013	$ 28,810	$ 22,203	77%	$ 153,546	$ 83,953	$ 69,593	83%