SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **1999-07-27** | Period of Report: **1999-07-19**
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FILER

MDC HOLDINGS INC	Mailing Address	Business Address
CIK:**773141**| IRS No.: **840622967** | State of Incorp.:**DE** | Fiscal Year End: **1231** Type: **8-K** | Act: **34** | File No.: **001-08951** | Film No.: **99671200** SIC: **1531** Operative builders	*3600 S YOSEMITE ST* *SUITE 900* *DENVER CO 80237*	*3600 S YOSEMITE ST STE 900* *DENVER CO 80237* *3037731100*

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES ACT OF 1934

Date of Report (Date of earliest event reported): July 19, 1999

M.D.C. Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	1-8951	84-0622967
(State or other jurisdiction of incorporation)	(Commission file number)	(I.R.S. employer identification no.)

3600 South Yosemite Street, Suite 900, Denver, Colorado	80237
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (303) 773-1100

Not Applicable

(Former name or former address, if changed since last report.)

ITEM 5. OTHER EVENTS

On July 19, 1999 the Registrant issued the press release attached as Exhibit 99.1 to this Current Report on Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

M.D.C. HOLDINGS, INC.

By:/s/ Daniel S. Japha

Vice President of Law
and Secretary

Dated: July 27, 1999

EXHIBIT 99.1

NEWS BULLETIN

M.D.C. HOLDINGS, INC.

RICHMOND AMERICAN HOMES
HOMEAMERICAN MORTGAGE

FOR IMMEDIATE RELEASE
MONDAY, JULY 19, 1999

Contacts: Paris G. Reece III
Chief Financial Officer
(303) 804-7706
(Financial Information)

Daniel S. Japha
Director, Investor Relations
(303) 804-7730
(General Information)

MDC HOLDINGS REPORTS 98% INCREASE
IN SECOND QUARTER EARNINGS

* Record quarterly earnings per share of $1.10 vs. $.58 a year ago
* Highest revenues, home closings, home orders and backlog in Company history
* Record homebuilding profits of $44.0 million, up 160%
* Record home gross margins of 19.8%, a 320 basis point increase

DENVER, Monday, July 19, 1999 - M.D.C. Holdings, Inc. (NYSE/PCX: MDC), which builds homes under the name "Richmond American Homes," today announced net income for the three months ended June 30, 1999 of $25.0 million, or $1.10 per share, the highest quarterly net income in the Company's history and 98% higher than net income of $12.6 million, or $.58 per share, for the same period in 1998. Total revenues for the quarter ended June 30, 1999 totalled a record $400 million, 32% higher than revenues of $304 million for the same period in 1998.

Larry A. Mizel, MDC's chairman and chief executive officer, stated, "We are pleased to report MDC has achieved the best operating results for any quarter or six-month period in its 27-year history. Our focused operating strategy and efficiency initiatives have enabled us to capitalize on our nation's historic economic expansion to propel MDC to among the leaders in our industry in virtually every major performance category. Over the past year, we have increased our market share in our select, high-growth housing markets, translated operating efficiencies into record home gross margins and returns, and positioned MDC to begin the next century. With our record backlog of 3,894 homes with an estimated sales value of $800 million, and expectations of a continued favorable environment for homebuilding for the balance of this year, we are well-positioned to close more than 7,000 homes and establish new annual records for revenues and profitability in 1999."

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Net income for the six months ended June 30, 1999 was $38.7 million, or $1.71 per share, compared with $5.2 million, or $.27 per share, for the same period in 1998. Net income for the first six months of 1998 included an extraordinary after-tax loss of $15.3 million, or $.68 per share, recognized in connection with the January 1998 refinancing of MDC's senior debt. Total revenues for the six months ended June 30, 1999 totalled a record $697 million, representing an increase of 27% over revenues of $547 million for the first six months of 1998.

Record Homebuilding Profits Increase Over 120%

Operating profits from the Company's homebuilding operations increased to $44.0 million and $69.2 million, respectively, for the three and six months ended June 30, 1999, representing increases of 160% and 123%, compared with $16.9 million and $31.1 million, respectively, for the same periods in 1998. These profit improvements primarily resulted from significant increases in home gross margins, home closings and average selling prices (up $22,000 in the second quarter). Home gross margins improved to 19.8% and 19.3%, respectively, for the second quarter and first half of 1999, compared with 16.6% and 16.2%, respectively, for the same periods in 1998. Home sales revenues of $389 million and $677 million for the second quarter and first half of 1999 were the highest for comparable periods in the Company's history.

Paris G. Reece III, MDC's executive vice president and chief financial officer said, "All of our homebuilding divisions recorded positive operating profits for the second quarter of 1999. Our Colorado operations continued to post the strongest absolute profit gains, while most of our other divisions exceeded by more than 100% their operating results from a year ago. Contributing to these outstanding divisional performances were substantial improvements in home gross margins in most divisions, increases in average selling prices in all divisions, higher home closings in all markets but Maryland and a reduction in homebuilding S,G&A expenses as a percentage of home sales revenues by more than 120 basis points from the second quarter of 1998."

Reece continued, "We are especially proud of our continued improvement in home gross margins, which reached almost 22% excluding capitalized interest in the second quarter of 1999. The 320 basis point increase in margins over the second quarter of 1998 marks the 13th consecutive quarter that we have realized year-over-year improvements in our quarterly home gross margins. These continued home gross margin increases are a direct result of initiatives implemented in each of our divisions designed to reduce costs and increase operating efficiencies. These initiatives have resulted in more effective home pricing strategies, reduced interest, warranty and construction costs, increased sales of options and upgrades, and more

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efficient inventory management. The benefits of these initiatives should enable the Company to continue the trend of higher year-over-year quarterly home gross margins for the balance of 1999. Such margins may be less than those realized in the 1999 second quarter due to increases in land and construction costs for homes in backlog."

Strong Financial Services Results

Operating profits from the Company's mortgage lending operations were $3.3 million and $6.8 million, respectively, for the quarter and six months ended June 30, 1999, compared with $2.6 million and $4.6 million, respectively, for the same periods in 1998. This improvement in operating profit primarily resulted from record levels of mortgage loan originations which increased 24% and 20%, respectively, for the quarter and six months ended June 30, 1999.

Operating profit from the financial services segment was $3.3 million and $6.8 million, respectively, for the three and six months ended June 30, 1999, compared with $7.2 million and $9.2 million, respectively, for the same periods in 1998. The 1998 periods benefited from the recognition of a $4.5 million pre-tax gain related to the September 1996 sale of the Company's asset management business.

Strengthened Balance Sheet and Improved Operating Efficiency

During the second quarter and first six months of 1999, the Company continued its strategy of strengthening its balance sheet and improving its financial position. Homebuilding and corporate debt levels decreased, compared with June 30, 1998 levels, by 14% to $230 million, despite a $120 million increase in work-in-process and land inventories. The debt reduction was aided by the fourth quarter 1998 conversion into MDC common stock of all $28 million principal amount of the Company's convertible subordinated notes. These factors contributed to a reduction in the Company's homebuilding and corporate debt to capital ratio at June 30, 1999 to .40 from .53 at June 30, 1998.

Lower debt levels and more favorable effective interest rates on the Company's outstanding debt contributed to reductions of 9% and 13%, respectively, in the Company's corporate and homebuilding interest incurred in the second quarter and first six months of 1999, compared with the same periods in 1998. Second quarter and first half 1999 earnings before interest, taxes, depreciation and amortization ("EBITDA"), as adjusted, increased to $53.9 million and $87.7 million, respectively, compared with $36.1 million and $61.4 million, respectively, for the same periods in 1998. These adjusted EBITDA increases, combined with the 1999 reductions in interest incurred, resulted in increases in the Company's ratio of EBITDA,

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as adjusted, to interest incurred to 10.3 and 8.8, respectively, for the three and six months ended June 30, 1999, compared with 6.3 and 5.3, respectively, for the comparable periods in 1998.

MDC is one of the largest homebuilders in the United States. The Company also provides mortgage financing, primarily for MDC's home buyers, through its wholly owned subsidiary, HomeAmerican Mortgage Corporation. MDC is a major regional homebuilder with a significant presence in some of the country's best housing markets. The Company is the largest homebuilder in metropolitan Denver; among the top five homebuilders in Northern Virginia, Tucson and Colorado Springs; among the top ten homebuilders in Southern California, Phoenix, suburban Maryland and Las Vegas; and has a growing presence in the San

Francisco Bay area.

All earnings per share amounts discussed above are on a diluted basis.

Certain statements in this press release, including those related to projected home gross margins, closing levels, revenues and profitability, may 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 the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include (1) general economic and business conditions; (2) interest rate changes; (3) the relative stability of debt and equity markets; (4) competition; (5) the availability and cost of land and other raw materials used by the Company in its homebuilding operations; (6) demographic changes; (7) shortages and the cost of labor; (8) weather related slowdowns; (9) slow growth initiatives; (10) building moratoria; (11) governmental regulation, including the interpretation of tax, labor and environmental laws; (12) changes in consumer confidence and preferences; (13) required accounting changes; (14) the impact on the Company of Y2K compliance by the Company and its vendors, suppliers and subcontractors and by various governmental and regulatory agencies; and (15) other factors over which the Company has little or no control.

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M.D.C. HOLDINGS, INC.
Condensed Consolidated Balance Sheets
(In thousands)

<TABLE>
<CAPTION>

	June 30, 1999	December 31, 1998
ASSETS		
<S>	<C>	<C>
Corporate		
Cash and cash equivalents	$ 11,000	$ 2,460
Property and equipment, net	2,604	2,901
Deferred income taxes	18,218	17,949
Deferred debt issue costs, net	2,493	2,589
Other assets, net	5,675	5,670
	39,990	31,569
Homebuilding		
Cash and cash equivalents	8,145	7,279
Home sales and other accounts receivable	11,814	12,771
Inventories, net		
Housing completed or under construction	360,330	294,104
Land and land under development	254,605	217,180
Prepaid expenses and other assets, net	52,657	58,981
	687,551	590,315
Financial Services	89,171	92,129
Total Assets	$ 816,712	$ 714,013
LIABILITIES		
Corporate		
Accounts payable and accrued expenses	$ 35,671	$ 32,378
Income taxes payable	18,237	14,568
Senior notes, net	174,364	174,339
	228,272	221,285
Homebuilding		
Accounts payable and accrued expenses	150,751	131,374
Line of credit	55,000	21,871
Note payable	1,044	866
	206,795	154,111

Financial Services	41,524	40,486
Total Liabilities	476,591	415,882
STOCKHOLDERS' EQUITY		
Total Stockholders' Equity	340,121	298,131
Total Liabilities and Stockholders' Equity	$ 816,712	$ 714,013

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</TABLE>

M.D.C. HOLDINGS, INC.
Condensed Consolidated Statements of Income
(In thousands, except per share amounts)

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
REVENUES				
<S>	<C>	<C>	<C>	<C>
Homebuilding	$ 391,130	$ 293,420	$ 681,010	$ 532,017
Financial Services	7,011	10,149	13,925	14,820
Corporate	1,618	310	1,949	543
Total Revenues	$ 399,759	$ 303,879	$ 696,884	$ 547,380
NET INCOME				
Homebuilding	$ 43,996	$ 16,907	$ 69,150	$ 31,051
Financial Services	3,297	7,162	6,845	9,187
Operating Profit	47,293	24,069	75,995	40,238
Corporate general and administrative expense, net	(6,041)	(3,730)	(12,015)	(7,009)
Income before income taxes	41,252	20,339	63,980	33,229
Provision for income taxes	(16,295)	(7,758)	(25,272)	(12,720)
Income before extraordinary item	24,957	12,581	38,708	20,509
Extraordinary loss from early extinguishment of debt, net of income tax benefit of $9,587	- -	- -	- -	(15,314)
Net Income	$ 24,957	$ 12,581	$ 38,708	$ 5,195
EARNINGS PER SHARE				
Basic				
Income before extraordinary item	$ 1.12	$ .70	$ 1.74	$ 1.14
Net Income	$ 1.12	$ .70	$ 1.74	$ .29
Diluted				
Income before extraordinary item	$ 1.10	$ .58	$ 1.71	$ .95
Net Income	$ 1.10	$ .58	$ 1.71	$ .27
WEIGHTED-AVERAGE SHARES OUTSTANDING				
Basic	22,274	18,042	22,189	17,981

Diluted..........................	22,695	22,469	22,630	22,472
	============	============	============	============
DIVIDENDS PAID PER SHARE	$ .05	$ .04	$ .10	$ .07
	============	============	============	============

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M.D.C. HOLDINGS, INC.
Information on Business Segments
(In thousands)

<TABLE>
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	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Homebuilding				
Home sales..........................	$ 389,144	$ 291,752	$ 677,228	$ 524,515
Land sales..........................	1,439	1,276	2,825	6,803
Other revenues......................	547	392	957	699
Total Homebuilding Revenues......	391,130	293,420	681,010	532,017
Home cost of sales..................	312,065	243,253	546,813	439,522
Land cost of sales..................	984	1,179	2,023	4,285
Asset impairment charges............	- -	3,000	- -	3,000
Marketing...........................	21,226	18,146	38,109	33,396
General and administrative..........	12,859	10,935	24,915	20,763
	347,134	276,513	611,860	500,966
Homebuilding Operating Profit....	43,996	16,907	69,150	31,051
Financial Services				
Mortgage Lending Revenues				
Interest revenues...................	616	502	1,277	1,033
Origination fees....................	3,217	2,275	5,720	4,140
Gains on sales of mortgage servicing.	1,026	692	2,289	927
Gains on sales of mortgage loans, net	2,010	2,012	4,350	4,016
Mortgage servicing and other.........	142	72	289	102
Asset Management Revenues.............	- -	4,596	- -	4,602
Total Financial Services Revenues	7,011	10,149	13,925	14,820
General and Administrative Expenses....	3,714	2,987	7,080	5,633
Financial Services Operating	3,297	7,162	6,845	9,187
Profit........................				
Total Operating Profit...................	47,293	24,069	75,995	40,238
Corporate				
Interest and other revenues..........	(1,618)	(310)	(1,949)	(543)
Interest expense.....................	- -	- -	- -	- -
General and administrative..........	7,659	4,040	13,964	7,552
Net Corporate Expenses...........	6,041	3,730	12,015	7,009
Income Before Income Taxes and Extraordinary Item....................	$ 41,252	$ 20,339	$ 63,980	$ 33,229
	===========	===========	===========	===========

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M.D.C. HOLDINGS, INC.
Selected Financial Data
(Dollars in thousands, except per share amounts)

<TABLE>
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	June 30,	December 31,	June 30,

	1999	1998	1998
BALANCE SHEET DATA			
<S>	<C>	<C>	<C>
Stockholders' Equity..	$ 340,121	$ 298,131	$ 237,886
Book Value Per Share Outstanding (pro forma for June 30, 1998 based on conversion of the 8 3/4% convertible subordinated notes)...........................	$ 15.27	$ 13.56	$ 12.26
Homebuilding and Corporate Debt.............................	$ 230,408	$ 197,076	$ 267,810
Ratio of Homebuilding and Corporate Debt to Equity..........	.68	.66	1.13
Total Capital (excluding mortgage lending debt).............	$ 570,529	$ 495,207	$ 505,696
Ratio of Homebuilding and Corporate Debt to Total Capital....	.40	.40	.53
Total Liquidity...	$ 273,535	$ 298,334	$ 259,637
Total Homebuilding Inventories..............................	$ 614,935	$ 511,284	$ 495,313
Interest Capitalized in Homebuilding Inventories............	$ 22,183	$ 26,332	$ 33,316
Interest Capitalized as a Percent of Homebuilding Inventories	3.6%	5.2%	6.7%
Total Lots Owned..	9,191	8,925	8,358
Total Lots Under Option.....................................	7,950	7,729	6,198
Active Subdivisions...	122	130	132

</TABLE>
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	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
OPERATING DATA				
<S>	<C>	<C>	<C>	<C>
EBITDA, As Adjusted				
Income From Continuing Operations.........................	$ 24,957	$ 12,581	$ 38,708	$ 20,509
Add:				
Income taxes......................................	16,295	7,758	25,272	12,720
Corporate & homebuilding interest expense..........	- -	- -	- -	- -
Interest in home and land cost of sales............	7,581	7,957	14,100	16,174
Other fixed charges................................	229	200	527	326
Depreciation and amortization......................	4,865	4,617	9,092	8,658
Asset impairment charges...........................	- -	3,000	- -	3,000
Total EBITDA, As Adjusted..................................	$ 53,927	$ 36,113	$ 87,699	$ 61,387
Fixed Charges Incurred.....................................	$ 5,460	$ 5,927	$ 10,478	$ 11,825
Ratio of EBITDA, As Adjusted, to Fixed Charges..............	9.9	6.1	8.4	5.2
Ratio of EBITDA, As Adjusted, to Interest Incurred..........	10.3	6.3	8.8	5.3
Homebuilding and Corporate SG&A as a Percent of Home Sales Revenues..	10.7%	11.4%	11.4%	11.8%
Interest Data				
Interest Incurred..	$ 5,231	$ 5,727	$ 9,951	$ 11,499
Interest Capitalized.......................................	$ 5,231	$ 5,727	$ 9,951	$ 11,499
Interest in Home Cost of Sales as a Percent of Home Sales Revenues..	2.0%	2.7%	2.0%	2.8%

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M.D.C. HOLDINGS, INC.
Homebuilding Operational Data
(Dollars in thousands)

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Home Sales Revenues.............................	$ 389,144	$ 291,752	$ 677,228	$ 524,515
Average Selling Price Per Home Closed...........	$ 208.8	$ 186.8	$ 204.5	$ 185.2
Home Gross Margins..............................	19.8%	16.6%	19.3%	16.2%

Excluding Interest in Home Cost of Sales....	21.8%	19.3%	21.3%	19.0%
Orders For Homes, Net (Units)				
Colorado	759	687	1,604	1,597
California	407	310	800	620
Arizona	413	430	938	951
Nevada	146	163	274	305
Virginia	194	163	461	427
Maryland	110	96	198	225
Total	2,029	1,849	4,275	4,125
Homes Closed (Units)				
Colorado	691	631	1,193	1,111
California	317	194	540	375
Arizona	469	365	855	691
Nevada	115	106	256	196
Virginia	190	163	310	285
Maryland	82	103	157	174
Total	1,864	1,562	3,311	2,832

	June 30, 1999	December 31, 1998	June 30, 1998
Backlog (Units)			
Colorado	1,766	1,355	1,366
California	586	326	515
Arizona	779	696	653
Nevada	164	146	204
Virginia	405	254	353
Maryland	194	153	234
Total	3,894	2,930	3,325
Estimated Sales Value	$ 800,000	$ 580,000	$ 640,000

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M.D.C. Holdings, Inc.
1999 First Half Operating Performance

Performance Graphs

Set forth below are graphs that show the increasing levels of Diluted Operating Earnings Per Share, Home Gross Margin Percent and Ratio of EBITDA to Interest Incurred.

Diluted Operating Earnings Per Share

```
       |------------------------------------------------------|
       |                           |                          |
       |                           |                          |
   2.50|                           |                          |  1st Half 1999
       |                  $2.32    |                          |      Up 80%
O  2.00|                 |------| |                           |
L      |                 |      | |              $1.71        |
L  1.50|                 |      | |             |---------|   |  2nd Qtr Up 90%
A      |          $1.18  |      | |             |         |   |
R  1.00| $.98    |------| |      | |    $.95     |  $1.10  |   |
S      |------| |      | |      | | |---------| |(2nd Qtr)|   |
   0.50|      | |      | |      | | |  $.58   | |---------|   |
       |      | |      | |      | | |(2nd Qtr)| |         |   |
   0.00|      | |      | |      | | |         | |         |   |
      0|------------------------------------------------------|
                                       6 Mths Ended June 30,
         1996     1997     1998        ---------------------
                                         1998       1999
```

Home Gross Margin Percent

```
    |------------------------------------------------------|
22.0|                              |                       |
    |                              |             21.3%     |   1st Half 1999
20.0|                              |           /           |Up 310 Basis Points
    |                  -  19.5%    |   19.0% -/  19.3%     |
18.0|         17.5%  /             |           |-------|   |
    | 16.7% /            16.9%     |   16.2%   |       |   |
16.0|                  |-------| | |-------| |       |   | 2nd Qtr of 19.8%
    |          14.5%   |       | | |       | |       |   |Up 320 Basis Points
14.0| 13.7%   |-------| |       | | |       | |       |   |
    |-------| |       | |       | | |       | |       |   |
12.0|------------------------------------------------------|
                                 6 Mths Ended June 30,
     1996       1997     1998      ---------------------
                                   1998       1999

  ---/---/- Home Gross Margin Before Interest in Cost of Sales


          Ratio of EBITDA to Interest Incurred

    |------------------------------------------------|
10.0|                           |                    |
 9.0|                           |             8.8    |
 8.0|                           |          |------|  |  1st Half 1999
 7.0|                  6.4      |          |      |  |     Up 65%
 6.0|                |------| |    5.3   |      |  |
 5.0|                |      | | |------| |      |  |
 4.0|          3.4   |      | | |      | |      |  |  2nd Qtr of 10.3
 3.0|  2.8   |------| |      | | |      | |      |  |     Up 63%
 2.0|------| |      | |      | | |      | |      |  |
 1.0|      | |      | |      | | |      | |      |  |
 0.0|------------------------------------------------|
                             6 Mths Ended June 30,
     1996     1997     1998    --------------------
                                  1998     1999
```