M/I Homes, Inc. and Subsidiaries
Non-GAAP Financial Results (2)
(Dollars in thousands)

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Net income	$ 10,942	15,570	$ 36,047	38,488
Add:				
Provision for income taxes	7,501	10,928	22,061	25,587
Interest expense net of interest income	2,980	3,128	11,531	10,496
Interest amortized to cost of sales	4,963	4,318	13,138	11,637
Depreciation and amortization	3,030	2,478	8,880	7,213
Non-cash charges	1,868	1,272	4,745	3,802
Adjusted EBITDA	$ 31,284	$ 37,694	$ 96,402	$ 97,223

M/I Homes, Inc. and Subsidiaries
Non-GAAP Reconciliation (2)
(Dollars and shares in thousands, except per share amounts)

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Total revenue	$ 442,464	$ 363,457	$ 1,168,081	$ 949,472
Gross margin	$ 78,829	$ 78,041	$ 224,566	$ 205,278
Add: Stucco-related charges	14,500	—	19,409	—
Adjusted gross margin	$ 93,329	$ 78,041	$ 243,975	$ 205,278
Gross margin percentage	17.8%	21.5%	19.2%	21.6%
Adjusted gross margin percentage	21.1%	21.5%	20.9%	21.6%
Income before income taxes	$ 18,443	$ 26,498	$ 58,108	$ 64,075
Add: Stucco-related charges	14,500	—	19,409	—
Adjusted income before income taxes	$ 32,943	$ 26,498	$ 77,517	$ 64,075
Net income	$ 10,942	$ 15,570	$ 36,047	$ 38,488
Add: Stucco-related charges - net of tax	8,990	—	12,034	—
Adjusted income before income taxes	$ 19,932	$ 15,570	$ 48,081	$ 38,488
Stucco-related charges - net of tax	$ 8,990	$ —	$ 12,034	$ —
Divided by: Diluted weighted average shares outstanding	30,139	30,067	30,093	30,021
Diluted earnings per share related to stucco-related charges	$ 0.30	$ —	$ 0.40	$ —
Add: Diluted earnings per share	0.35	0.51	1.17	1.25
Adjusted diluted earnings per share	$ 0.65	$ 0.51	$ 1.57	$ 1.25

(2) We believe these non-GAAP financial measures are relevant and useful to investors in understanding our operations, and may be helpful in comparing us with other companies in the homebuilding industry to the extent they provide similar information. These non-GAAP financial measures should be used to supplement our GAAP results in order to provide a greater understanding of the factors and trends affecting our operations.