M/I Homes, Inc. and Subsidiaries
Non-GAAP Reconciliation [1]
(Dollars and shares in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Total revenue	$ 476,423	$ 442,464	$ 1,340,269	$ 1,168,081
Income before income taxes	$ 34,673	$ 18,443	$ 86,193	$ 58,108
Add: Stucco-related charges	—	14,500	8,500	19,409
Adjusted income before income taxes	$ 34,673	$ 32,943	$ 94,693	$ 77,517
Pre-tax operating margin percentage	7.3%	4.2%	6.4%	5.0%
Adjusted pre-tax operating margin percentage	7.3%	7.4%	7.1%	6.6%
Net income	$ 22,327	$ 10,942	$ 56,199	$ 36,047
Add: Stucco-related charges - net of tax	—	8,990	5,440	12,034
Adjusted net income	$ 22,327	$ 19,932	$ 61,639	$ 48,081
Stucco-related charges - net of tax	$ —	$ 8,990	$ 5,440	$ 12,034
Divided by: Diluted weighted average shares outstanding	30,675	30,139	30,539	30,093
Diluted earnings per share related to stucco-related charges	$ —	$ 0.30	$ 0.18	$ 0.40
Excess of fair value over book value of preferred shares subject to redemption	$ 2,257	$ —	$ 2,257	$ —
Divided by: Diluted weighted average shares outstanding	30,675	30,139	30,539	30,093
Diluted earnings per share related to preferred shares subject to redemption	$ 0.07	$ —	$ 0.07	$ —
Add: Diluted earnings per share	0.64	0.35	1.73	1.17
Adjusted diluted earnings per share	$ 0.71	$ 0.65	$ 1.98	$ 1.57

M/I Homes, Inc. and Subsidiaries
Non-GAAP Financial Results [1]
(Dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income	$ 22,327	$ 10,942	$ 56,199	$ 36,047
Add:				
Provision for income taxes	12,346	7,501	29,994	22,061
Interest expense net of interest income	4,003	2,980	11,719	11,531
Interest amortized to cost of sales	4,988	4,963	13,597	13,138
Depreciation and amortization	3,633	3,541	10,499	10,142
Non-cash charges	1,468	1,357	4,034	3,483
Adjusted EBITDA	$ 48,765	$ 31,284	$ 126,042	$ 96,402

(1) 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.