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

	Three Months Ended December 31,		Twelve months ended December 31,	
	2018	2017	2018	2017
Income before income taxes	$ 44,405	$ 34,131	$ 141,289	$ 120,324
Add: Impairment	5,809	7,681	5,809	7,681
Add: Purchase accounting charges	598	—	5,147	—
Add: Acquisition and integration costs	—	—	1,700	—
Add: Stucco-related charges	—	—	—	8,500
Adjusted income before income taxes	$ 50,812	$ 41,812	$ 153,945	$ 136,505
Net income	$ 32,407	$ 15,882	$ 107,663	$ 72,081
Add: Impairment - net of tax	4,415	4,916	4,415	4,916
Add: Purchase accounting charges - net of tax	454	—	3,912	—
Add: Acquisition and integration costs - net of tax	—	—	1,292	—
Add: Stucco-related charges - net of tax	—	—	—	5,440
Add: Deferred tax re-measurement due to tax reform	—	6,520	—	6,520
Adjusted net income	$ 37,276	$ 27,318	$ 117,282	$ 88,957
Net income available to common shareholders	$ 32,407	$ 15,882	$ 107,663	$ 66,168
Add: Impairment - net of tax	4,415	4,916	4,415	4,916
Add: Purchase accounting charges - net of tax	454	—	3,912	—
Add: Acquisition and integration costs - net of tax	—	—	1,292	—
Add: Stucco-related charges - net of tax	—	—	—	5,440
Add: Deferred tax re-measurement due to tax reform	—	6,520	—	6,520
Add: Excess of fair value over book value charge	—	—	—	2,257
Adjusted net income available to common shareholders	$ 37,276	$ 27,318	$ 117,282	$ 85,301
Diluted earnings per share	$ 1.15	$ 0.53	$ 3.70	$ 2.26
Add: Impairment per share impact	0.15	0.16	0.15	0.16
Add: Purchase accounting charges per share impact	0.02	—	0.13	—
Add: Acquisition and integration costs per share impact	—	—	0.05	—
Add: Stucco-related charges per share impact	—	—	—	0.18
Add: Deferred tax re-measurement due to tax reform per share impact	—	0.21	—	0.21
Add: Preferred shares redeemed per share impact	—	—	—	0.07
Adjusted diluted earnings per share	$ 1.32	$ 0.90	$ 4.03	$ 2.88

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	**2017**	**2018**	**2017**
Net income	$ 32,407	$ 15,882	$ 107,663	$ 72,081
Add:				
Provision for income taxes	11,998	18,249	33,626	48,243
Interest expense, net of interest income	4,225	4,305	16,990	16,024
Interest amortized to cost of sales	8,112	6,730	25,457	20,327
Depreciation and amortization	3,777	3,675	14,531	14,174
Non-cash charges	8,012	9,691	11,783	13,725
Adjusted EBITDA	$ 68,531	$ 58,532	$ 210,050	$ 184,574

(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.