

May 1, 2019

FIRST QUARTER EARNINGS CALL

JASON VOLLMER
Vice President, Chief Financial Officer & Treasurer

MDU RESOURCES GROUP, INC. | Building a Strong America®

MDU LISTED NYSE

FORWARD-LOOKING STATEMENTS

During the course of this presentation, we will make certain "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. Although the company believes that its expectations and beliefs are based on reasonable assumptions, actual results may differ materially.

For a discussion of factors that may cause actual results to differ, refer to Item 1A – Risk Factors in the company's most recent Form 10-K and Form 10-Q.



With integrity, create superior shareholder value by expanding upon our expertise to be the supplier of choice in all of our markets while being a safe and great place to work.

LEADERSHIP TEAM

A. Dave Goodin
President & CEO

B. Jason Vollmer
Vice President, CFO & Treasurer

C. Stephanie Barth
Vice President, CAO & Controller

D. Dave Barney
Knife River
President & CEO

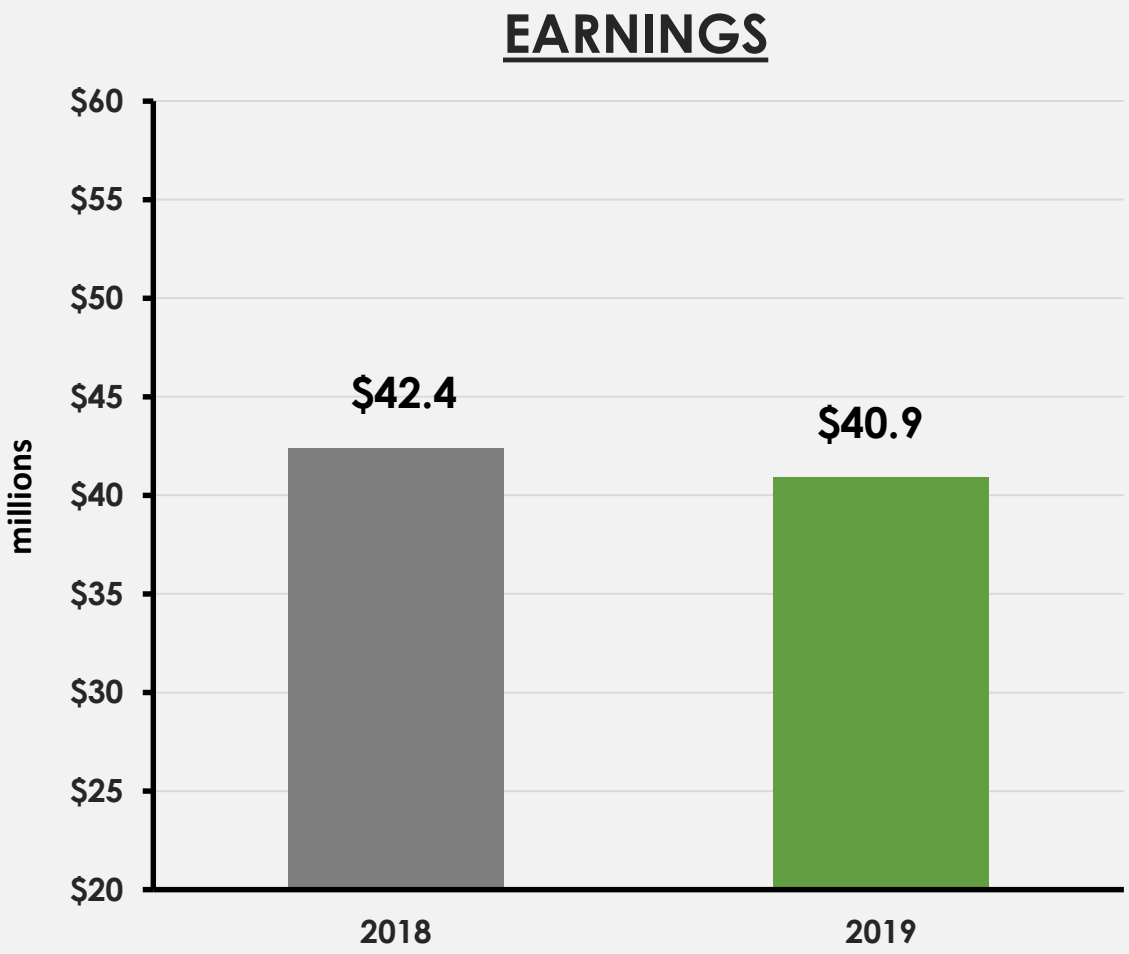
E. Jeff Thiede
MDU Construction Services Group
President & CEO

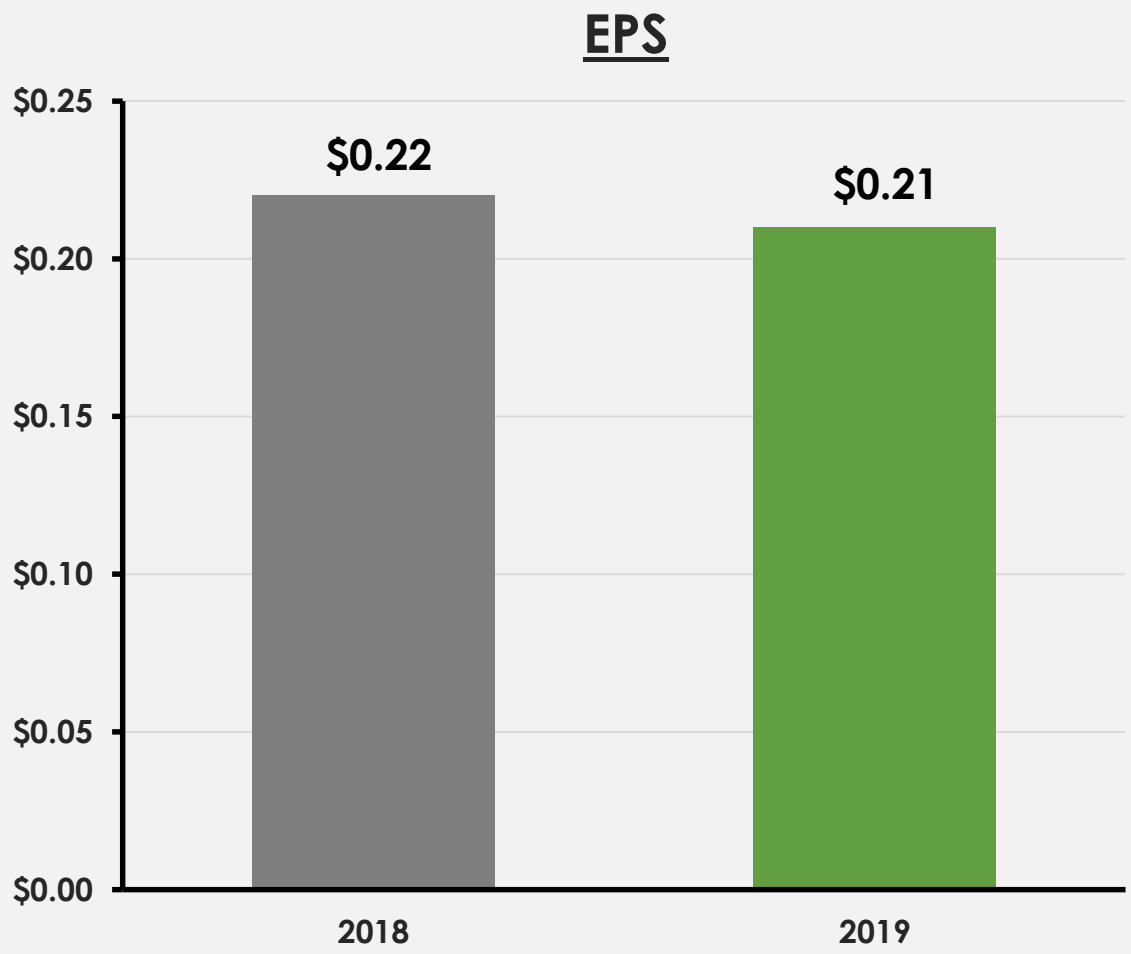
F. Trevor Hastings
WBI Energy
President & CEO

G. Nicole Kivisto
MDU EC
President & CEO



FIRST QUARTER EARNINGS





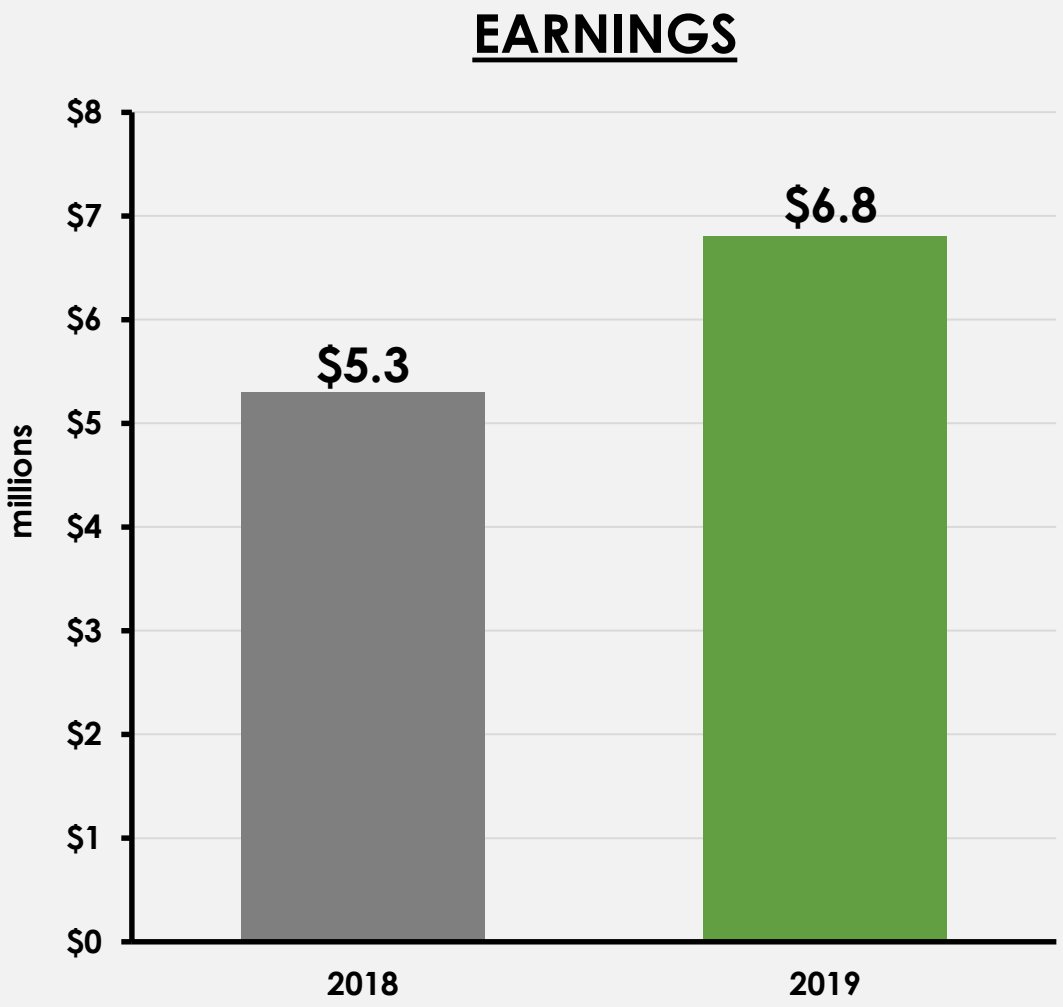
ELECTRIC & NATURAL GAS UTILITY
FIRST QUARTER EARNINGS

- Reported combined earnings of $52.0 million
  - Higher natural gas retail sales volumes, increased returns on investments and higher electric revenues associated with regulatory mechanisms
  - Earnings partially offset by higher depreciation, depletion and amortization expense from increased property, plant and equipment balances



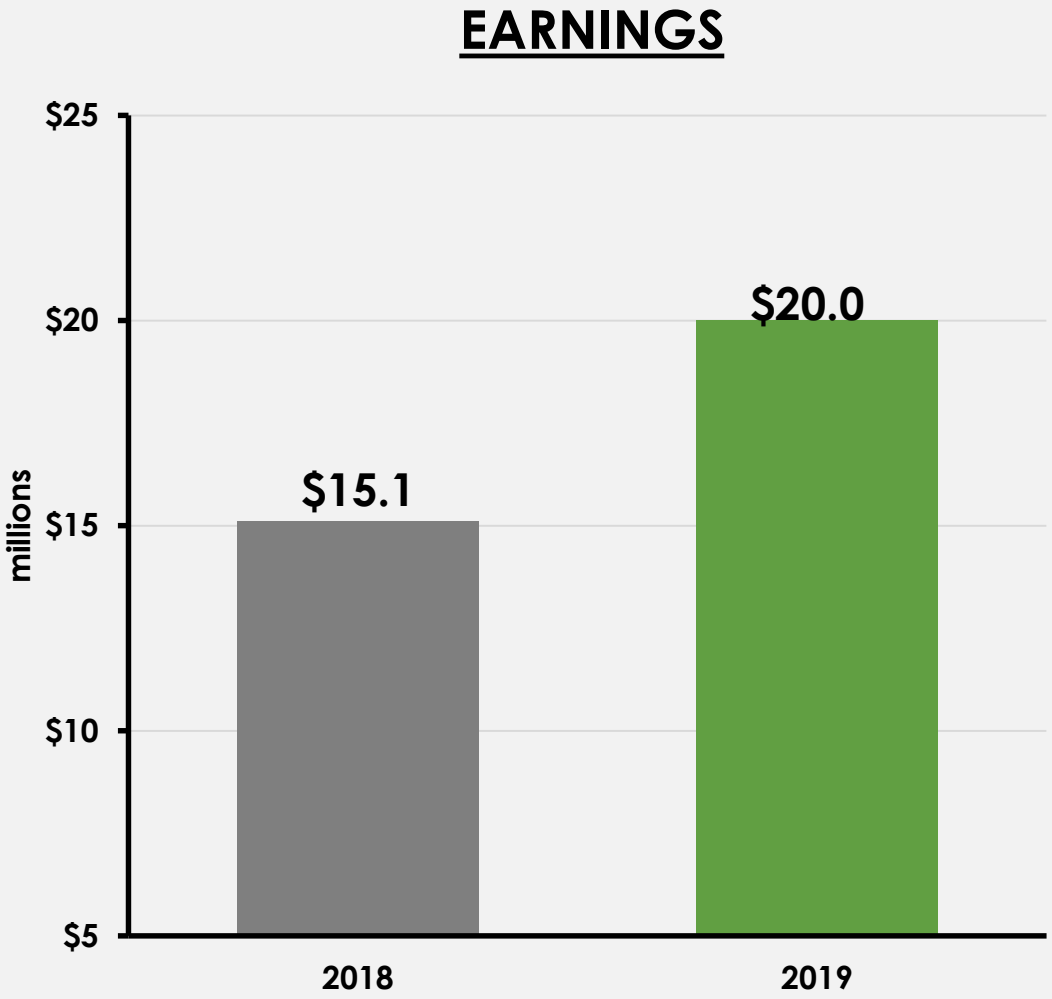
PIPELINE & MIDSTREAM
FIRST QUARTER EARNINGS

- Reported earnings of $6.8 million
  - Increased transportation revenues driven by organic growth projects placed in service in the second half of 2018
  - The increase was partially offset by higher interest expense, higher depreciation, depletion and amortization expense from increased property, plant and equipment balances and lower storage revenues



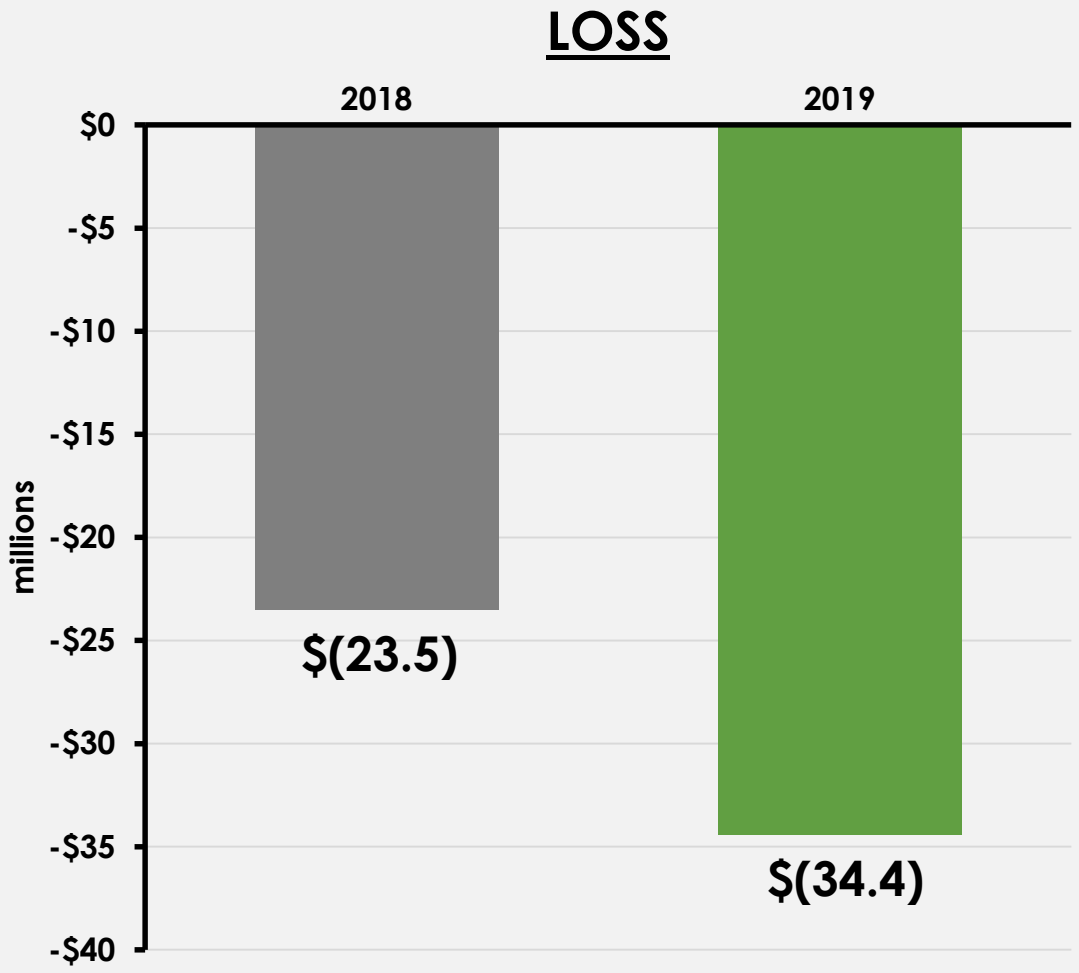
CONSTRUCTION SERVICES
FIRST QUARTER EARNINGS

- Reported record earnings of $20.0 million
  - Higher inside and outside specialty contracting workloads
  - Higher equipment sales and rentals
  - Earnings offset by higher selling, general and administration expense
- Record revenues of $420.9 million, compared to $334.1 million in the first quarter 2018



CONSTRUCTION MATERIALS
FIRST QUARTER EARNINGS

- Reported a seasonal loss of $34.4 million
  - Increased loss, as expected, reflects seasonal losses associated with companies acquired in 2018, and lower materials margins from less favorable weather conditions in certain regions
  - Partially offsetting the loss were higher construction margins
- Revenues of $227.2 million, compared to $213.4 million in the first quarter 2018





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FIRST QUARTER EARNINGS CALL

DAVE GOODIN
President & Chief Executive Officer

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UTILITY ELECTRIC & NATURAL GAS OUTLOOK

- Safely meet customer demand by upgrading and expanding infrastructure and facilities
- Customer base expected to continue growing by 1-2 percent annually
- Expects to grow rate base by 5% compounded annually over the next five years
- Focused on timely regulatory recovery
- Historic and future organic growth opportunities
  - Capital expenditures: $1.5 billion over next five years
- Moving forward with the plan to retire three aging coal-fired electric generation units at two locations and to construct an 88-megawatt simple-cycle natural gas combustion turbine in Mandan, ND





PIPELINE & MIDSTREAM OUTLOOK

- 14-mile Demicks Lake project; estimated cost of $30 million
  - Will increase capacity, as designed, by 175 million cubic feet per day
  - Expected to be in service in fall 2019
- Demicks Lake Expansion project; estimated cost of $12 million
  - Will increase capacity, as designed, by 175 million cubic feet per day
  - Expected to be in service in early 2020
- Line Section 22 Expansion project; estimated cost of $12 million to $15 million
  - Will increase capacity, as designed, by 22.5 million cubic feet per day
  - Expected to be in service in late 2019
- North Bakken Expansion project; estimated cost of $220 million
  - Will increase capacity, as designed, by an estimated 200 million cubic feet per day
  - Expected to start construction in early 2021
  - Expected to be in service late 2021





CONSTRUCTION SERVICES OUTLOOK

- Record backlog of $1.02 billion, up 51 percent from $675 million in 2018
- 2019 revenue guidance range increased to $1.40 billion to $1.55 billion
  - Margins comparable to 2018
- Strong demand for utility construction equipment it manufactures and electrical transmission, distribution and substation work
- High demand for specialty contracting work in the following areas:
  - High-tech, mission-critical
  - Gaming and hospitality
  - Medical and education
- Exploring acquisition and organic growth opportunities





CONSTRUCTION MATERIALS OUTLOOK

- Record backlog of $943 million, up 36 percent from $692 million in 2018
- 2019 revenue guidance range of $2.0 billion to $2.15 billion
  - Margins comparable to or slightly higher than 2018
- 1 billion tons of aggregate reserves
- Evaluating additional acquisition opportunities that will continue to grow our existing footprint and enhance our market share

2019 EPS GUIDANCE UPDATED

$1.40 - $1.55

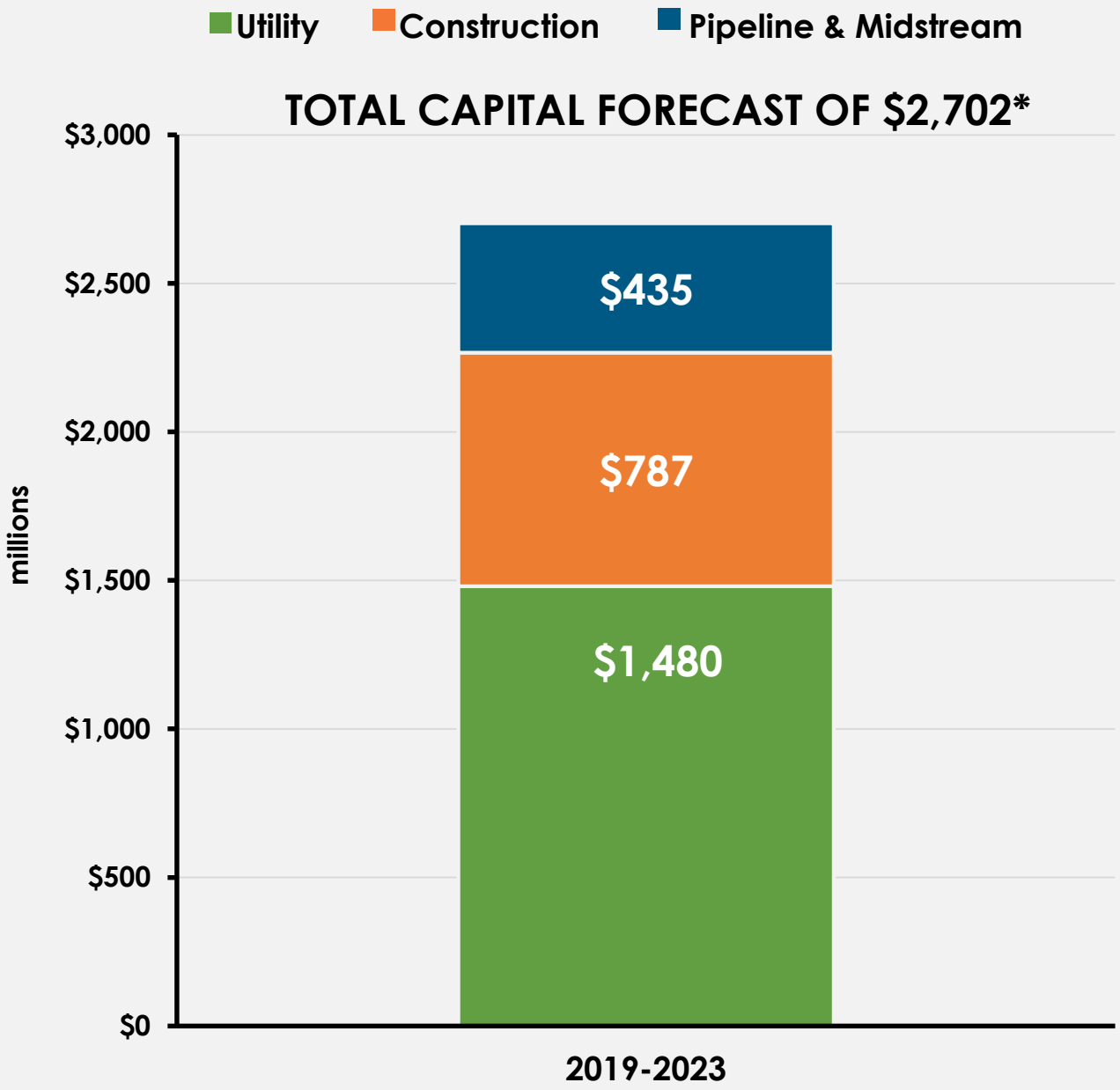
Consolidated EPS Guidance

Note: As of April 30, 2019

5 - 8% Long-Term Compound Annual Growth Rate Target

2019-23 CAPITAL PROGRAM

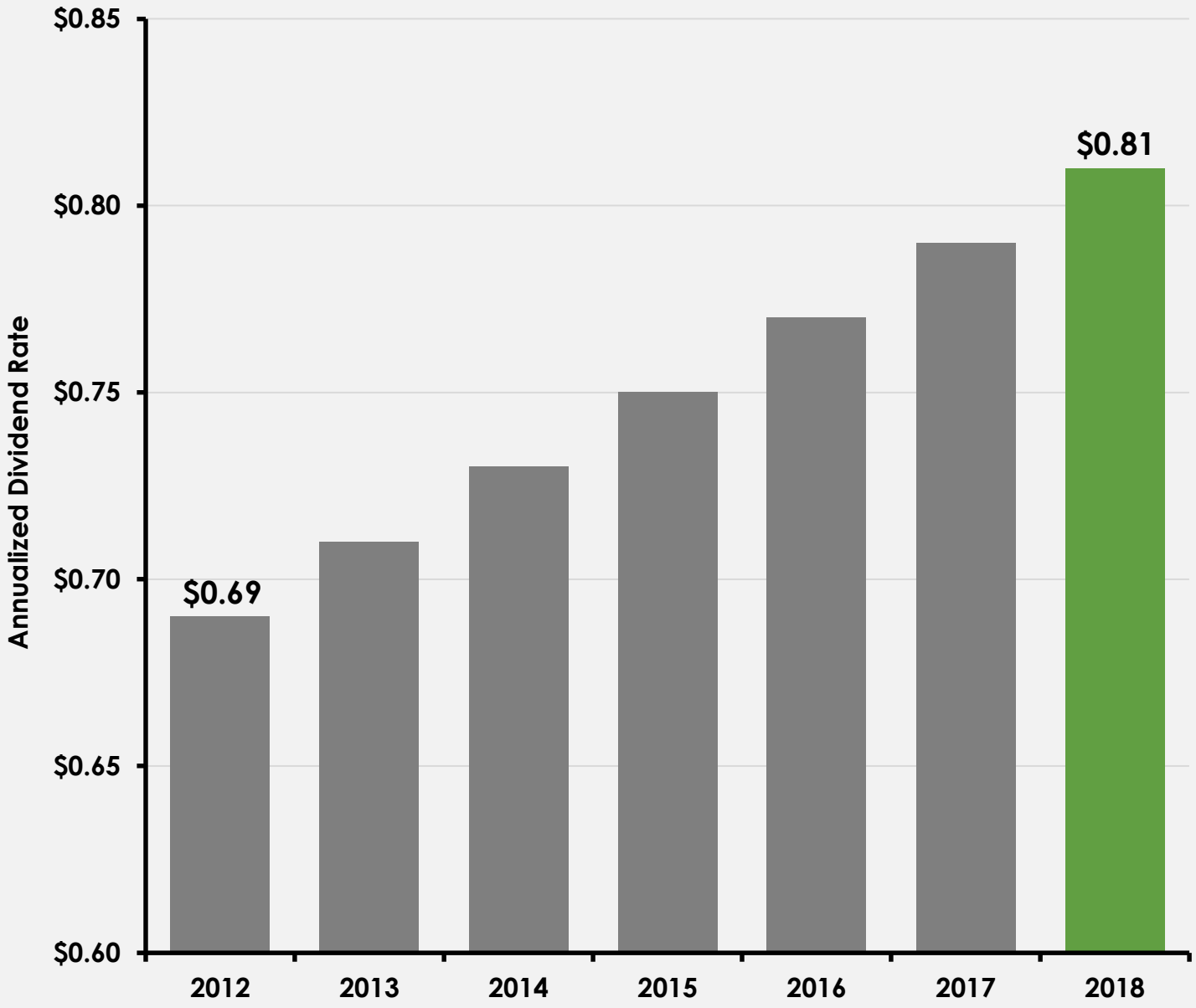
- Electric and natural gas utility
  - System infrastructure upgrades and replacements
- Construction materials and services
  - Equipment and plant replacements and upgrades
- Pipeline and midstream
  - Demicks Lake project
  - Line Section 22 expansion
  - North Bakken expansion
  - Demicks Lake expansion
- Focused on line-of-sight opportunities at our business units with potential acquisitions being incremental to our capital program



* Excludes "Other" category as well as assumed net proceeds from the sale or disposition of property

DIVIDEND GROWTH

- 81 consecutive years of quarterly dividend payments
- Dividend increased November 2018, making 28 consecutive years of increases
- 2018 annualized dividend $0.81 per share
- Member of S&P High-Yield Dividend Aristocrats index







INVESTOR RELATIONS

QUESTIONS





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