

July 31, 2019

SECOND QUARTER EARNINGS CALL

JASON VOLLMER
Vice President, Chief Financial Officer & Treasurer

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

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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

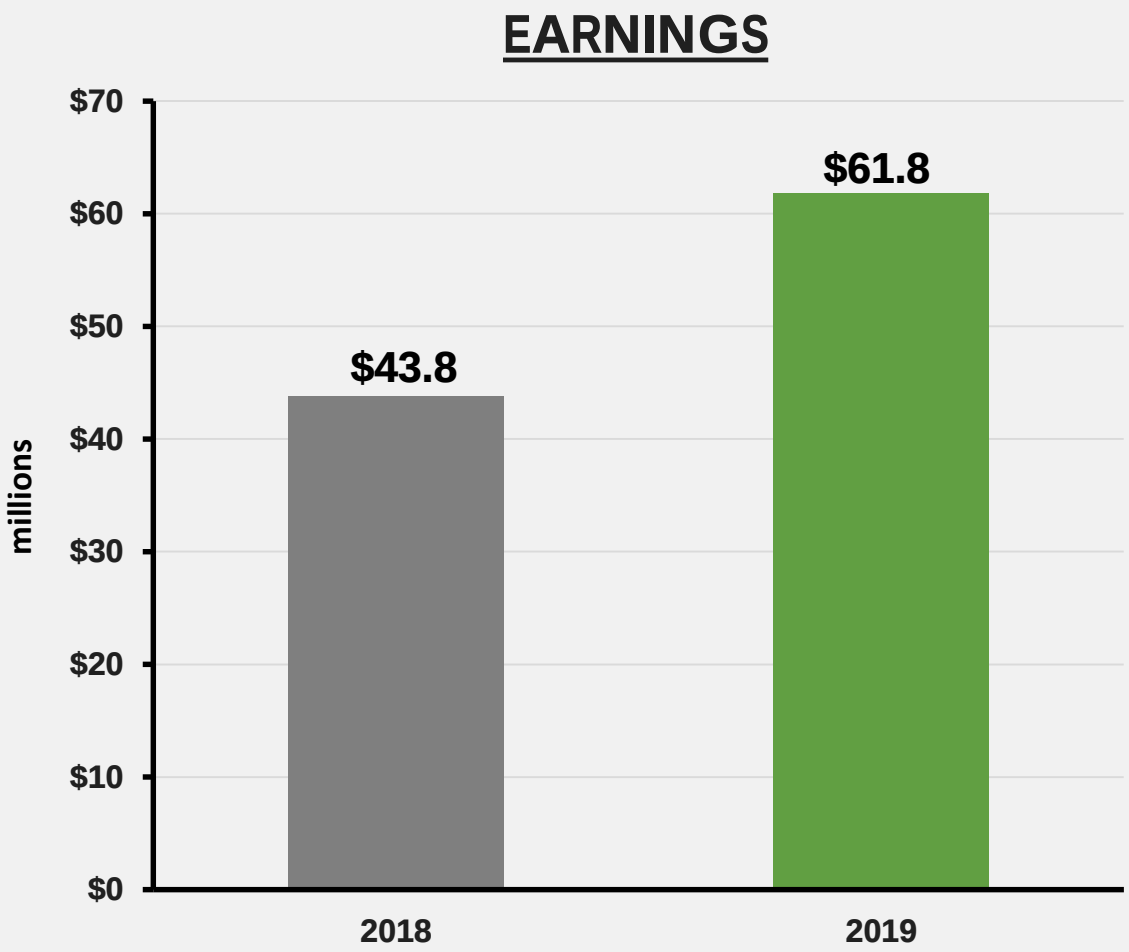
E. Jeff Thiede
MDU Construction Services Group
President & CEO

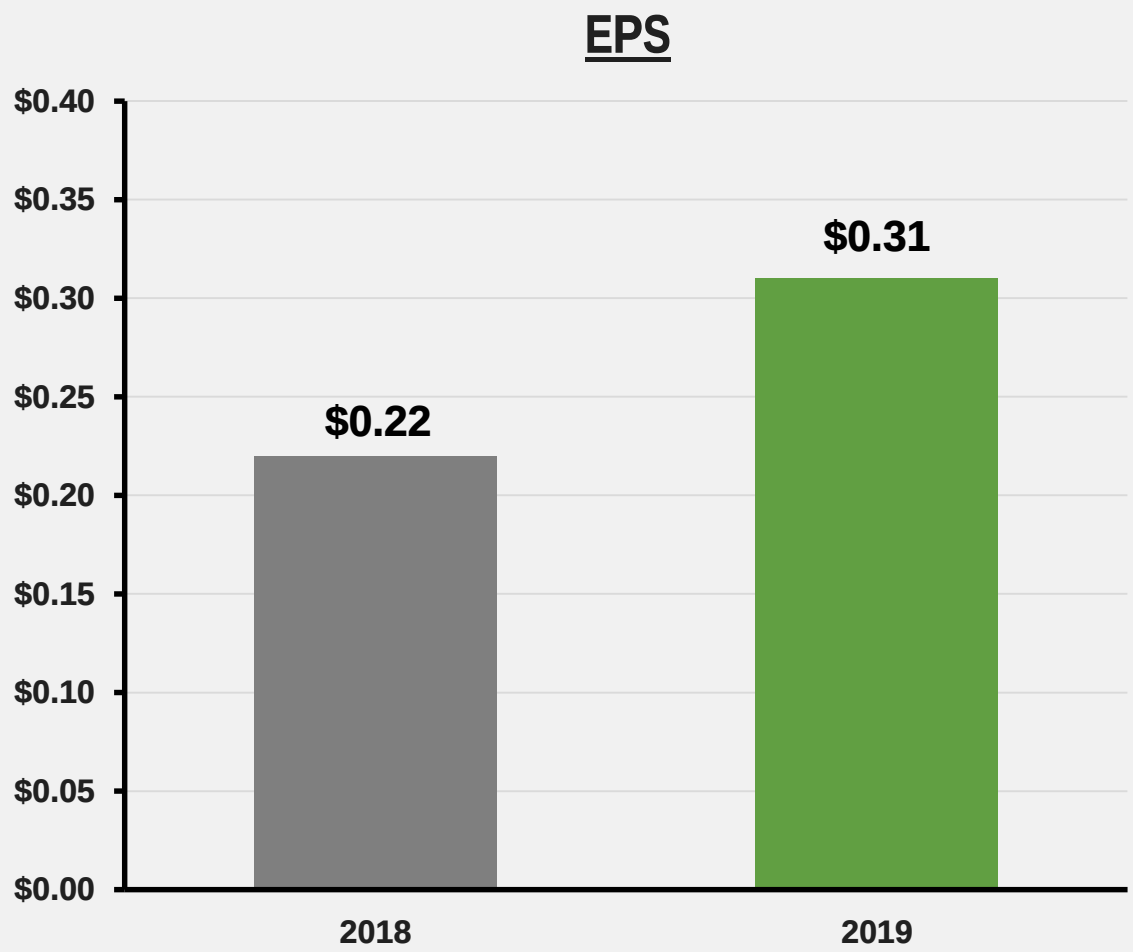
F. Trevor Hastings
WBI Energy
President & CEO

G. Nicole Kivisto
MDU EC
President & CEO



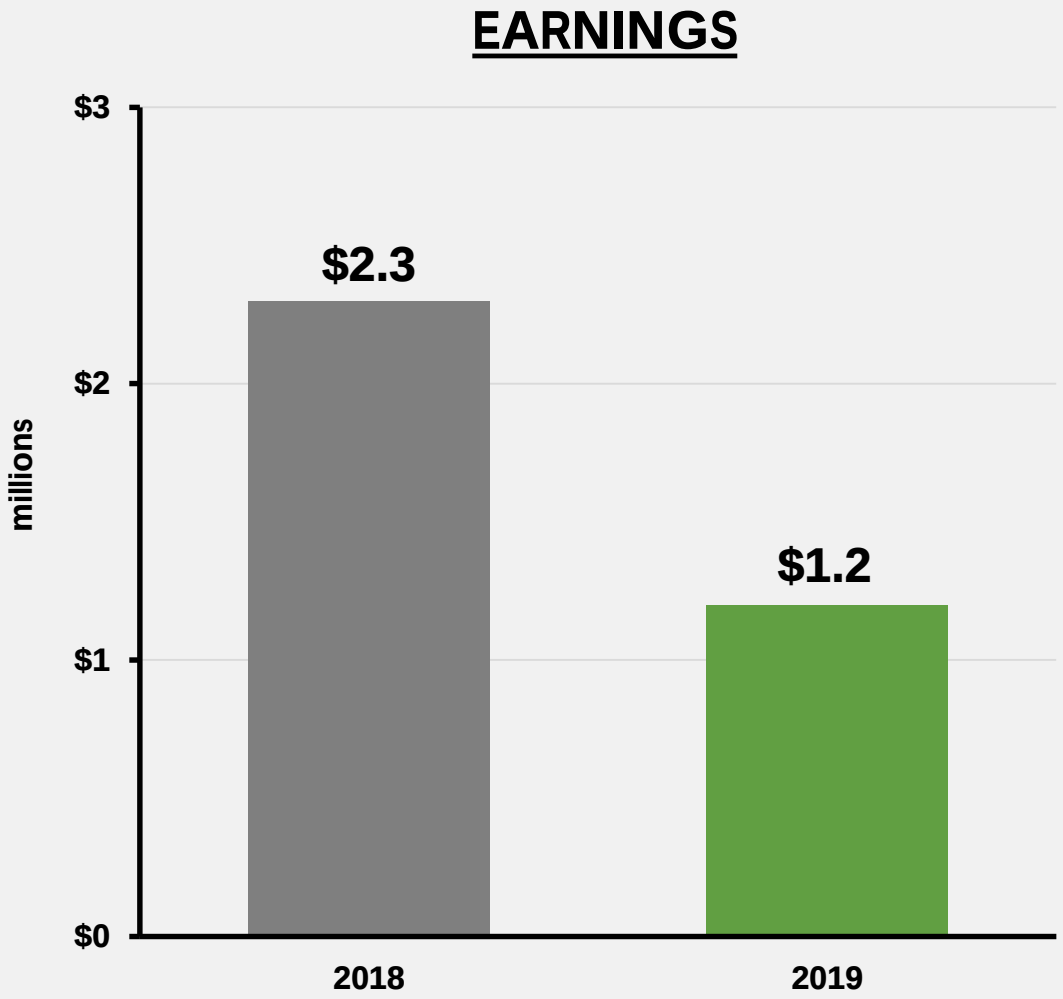
SECOND QUARTER EARNINGS





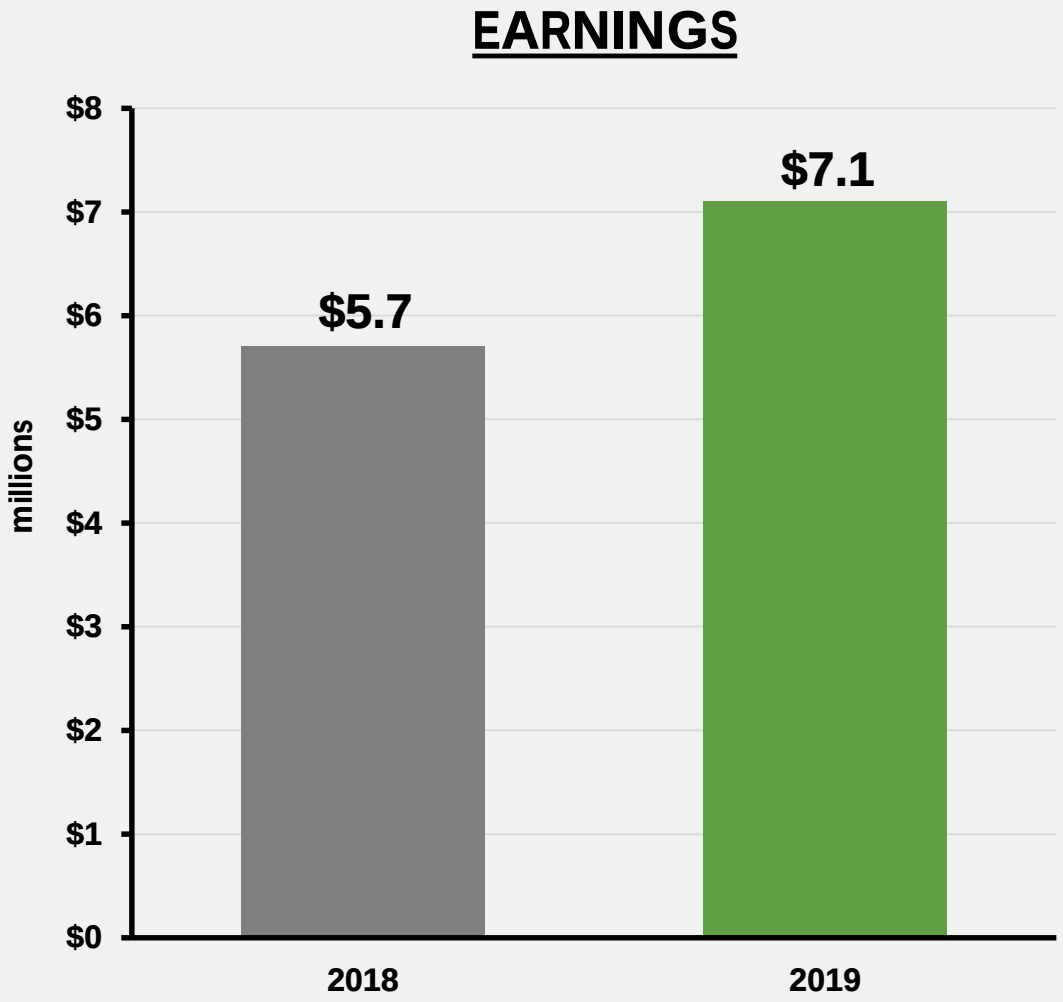
ELECTRIC & NATURAL GAS UTILITY
SECOND QUARTER EARNINGS

- Reported earnings of $1.2 million
  - Increased operation and maintenance expense, depreciation, depletion and amortization, the write-down of a non-utility investment and lower electric sales volumes had a negative impact on the quarter
  - Partially offsetting the decrease were 4% higher natural gas retail sales volumes, higher production tax credits and rate recovery



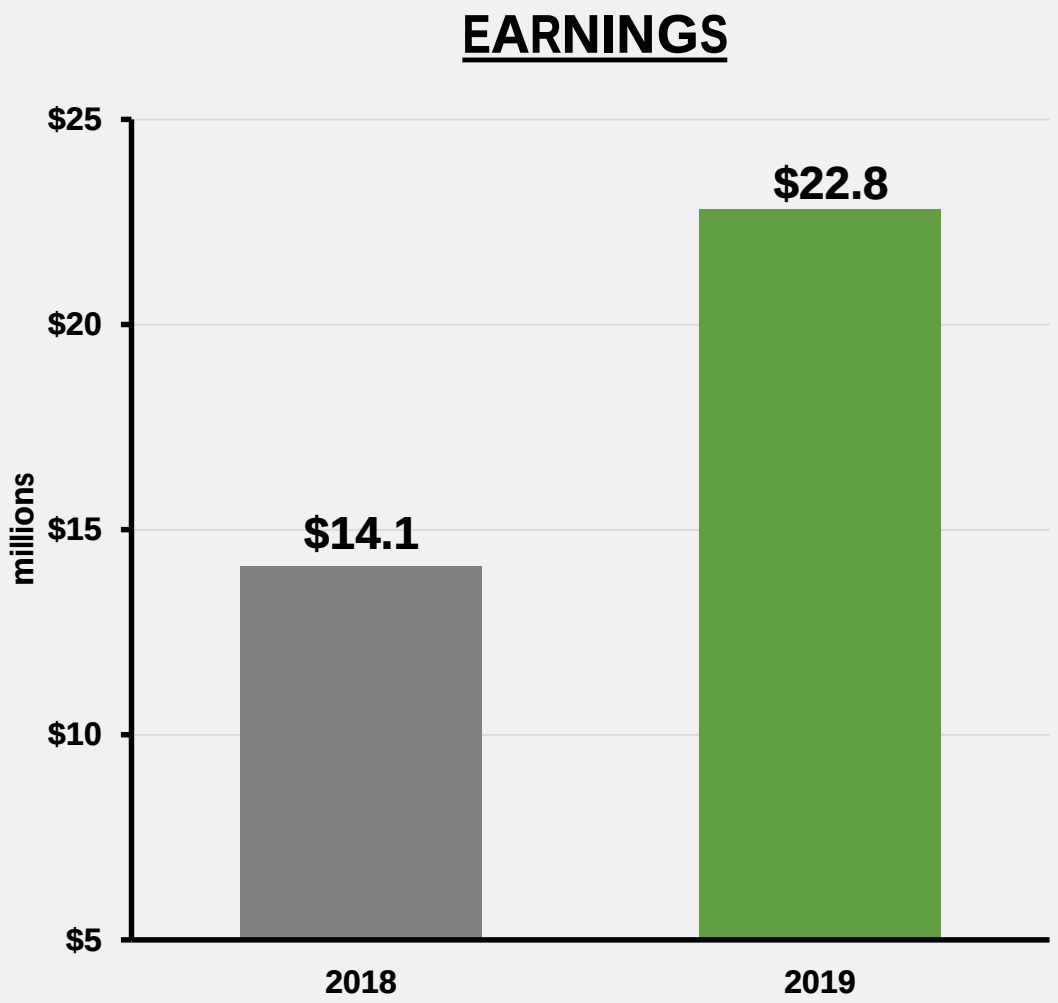
PIPELINE & MIDSTREAM
SECOND QUARTER EARNINGS

- Reported earnings of $7.1 million
  - Record transportation volumes driven by organic growth projects placed in service in the second half of 2018 and higher rates from the recently filed FERC rate case positively impacted the quarter
  - The increase was partially offset by higher depreciation, depletion and amortization expense from increased property, plant and equipment balances and higher depreciation rates associated with the FERC rate case noted above



CONSTRUCTION SERVICES
SECOND QUARTER EARNINGS

- Reported record second quarter earnings of $22.8 million
  - Higher inside and outside specialty contracting workloads from strong customer demand had a positive impact on the quarter
  - The earnings increase was partially offset by higher selling, general and administration expense
- Record second quarter revenues of $464.9 million, compared to $323.6 million in second quarter 2018



CONSTRUCTION MATERIALS
SECOND QUARTER EARNINGS

- Reported earnings of $29.2 million
  - Contributions from acquisitions, higher aggregate and ready-mixed concrete volumes and construction revenues positively impacted the quarter
  - The increase in earnings was partially offset by higher interest expense and higher selling, general and administrative expense
- Record second quarter revenues of $596.0 million, compared to $509.6 million in second quarter 2018





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SECOND QUARTER EARNINGS CALL

DAVE GOODIN
President & Chief Executive Officer

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UTILITY ELECTRIC & NATURAL GAS OUTLOOK

- Plans to file a request with the North Dakota Public Service Commission for an advanced determination of prudence on a proposed 88-megawatt simple-cycle, natural gas-fired peaking unit, which, if approved, is expected to be in service in 2023
- Expects to grow rate base by 5% compounded annually over the next five years
- Safely meet customer demand by upgrading and expanding infrastructure and facilities
- Customer base expected to continue growing by 1-2 percent annually
- Focused on timely regulatory recovery
- Historic and future organic growth opportunities
  - Capital expenditures: $1.5 billion over next five years





PIPELINE & MIDSTREAM OUTLOOK

- Demicks Lake project
  - Will increase capacity, as designed, by 175 million cubic feet per day
  - Expected to be in service in fall 2019
- Line Section 22 Expansion project
  - Will increase capacity, as designed, by 22.5 million cubic feet per day
  - Expected to be in service in late 2019
- Demicks Lake Expansion project
  - Will increase capacity, as designed, by 175 million cubic feet per day
  - Expected to be in service in early 2020
- North Bakken Expansion project
  - Will increase capacity, as designed, by an estimated 300 million cubic feet per day
  - Expected to start construction in early 2021
  - Expected to be in service late 2021





CONSTRUCTION SERVICES OUTLOOK

- Record second quarter backlog of $1.15 billion, up 30 percent from $888 million in 2018
- 2019 revenue guidance range increased to a range of $1.6 billion to $1.8 billion
  - Margins comparable to 2018
- Demand for specialty contracting work in the following areas:
  - High-tech, mission-critical
  - Gaming and hospitality
  - Medical and pubic sector
  - Electrical transmission, distribution and gas utilities
- Exploring acquisition and organic growth opportunities





CONSTRUCTION MATERIALS OUTLOOK

- All-time record backlog of $1.04 billion, up 42 percent from $731 million in 2018
- 2019 revenue guidance range increased slightly to a range of $2.0 billion to $2.2 billion
  - Margins comparable to or slightly higher than 2018
- Economic conditions are strengthening in many states of operation
- 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

$1.45 - $1.60

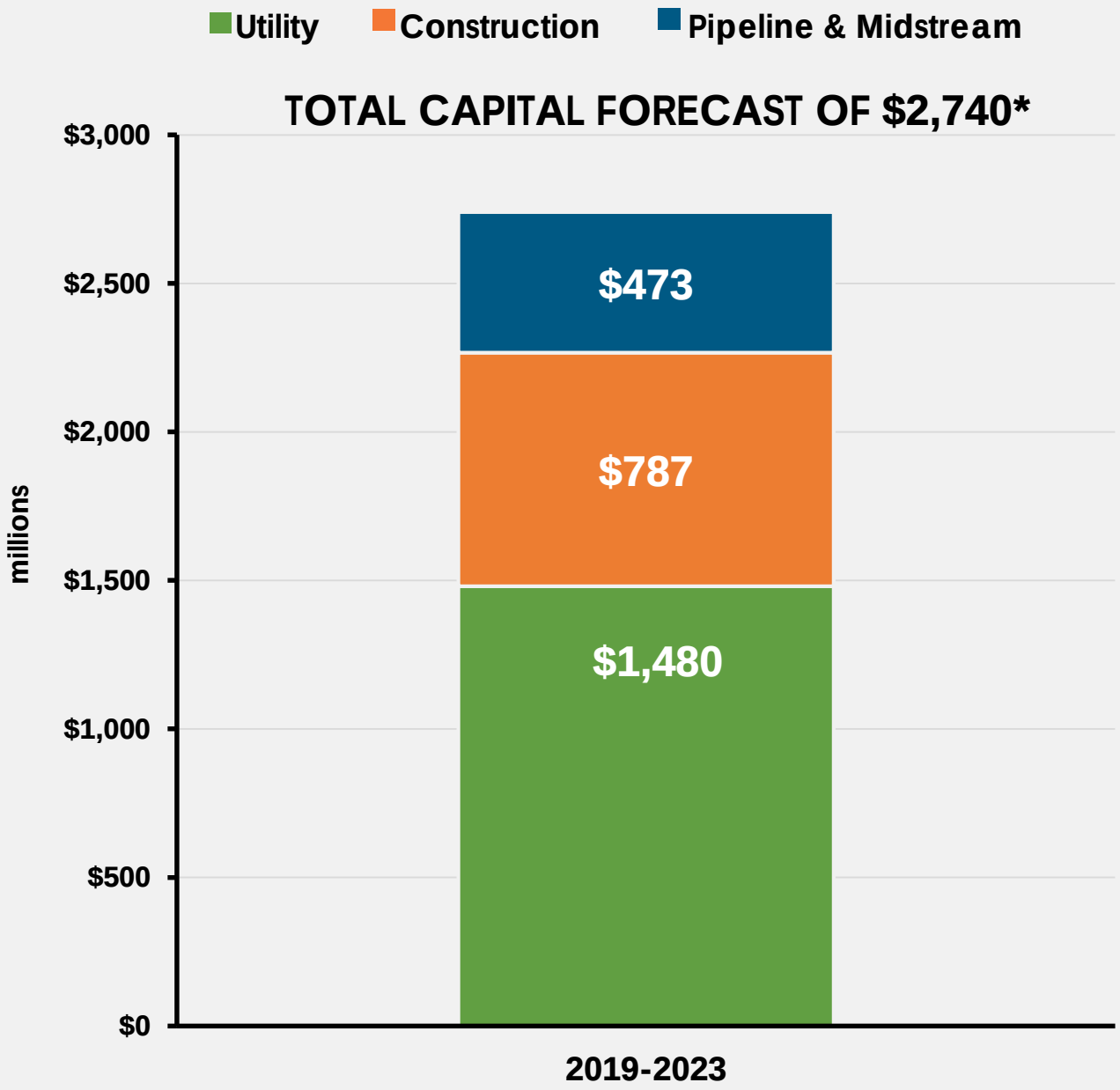
Consolidated EPS Guidance

Note: As of July 30, 2019

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

2019-23 CAPITAL PROGRAM

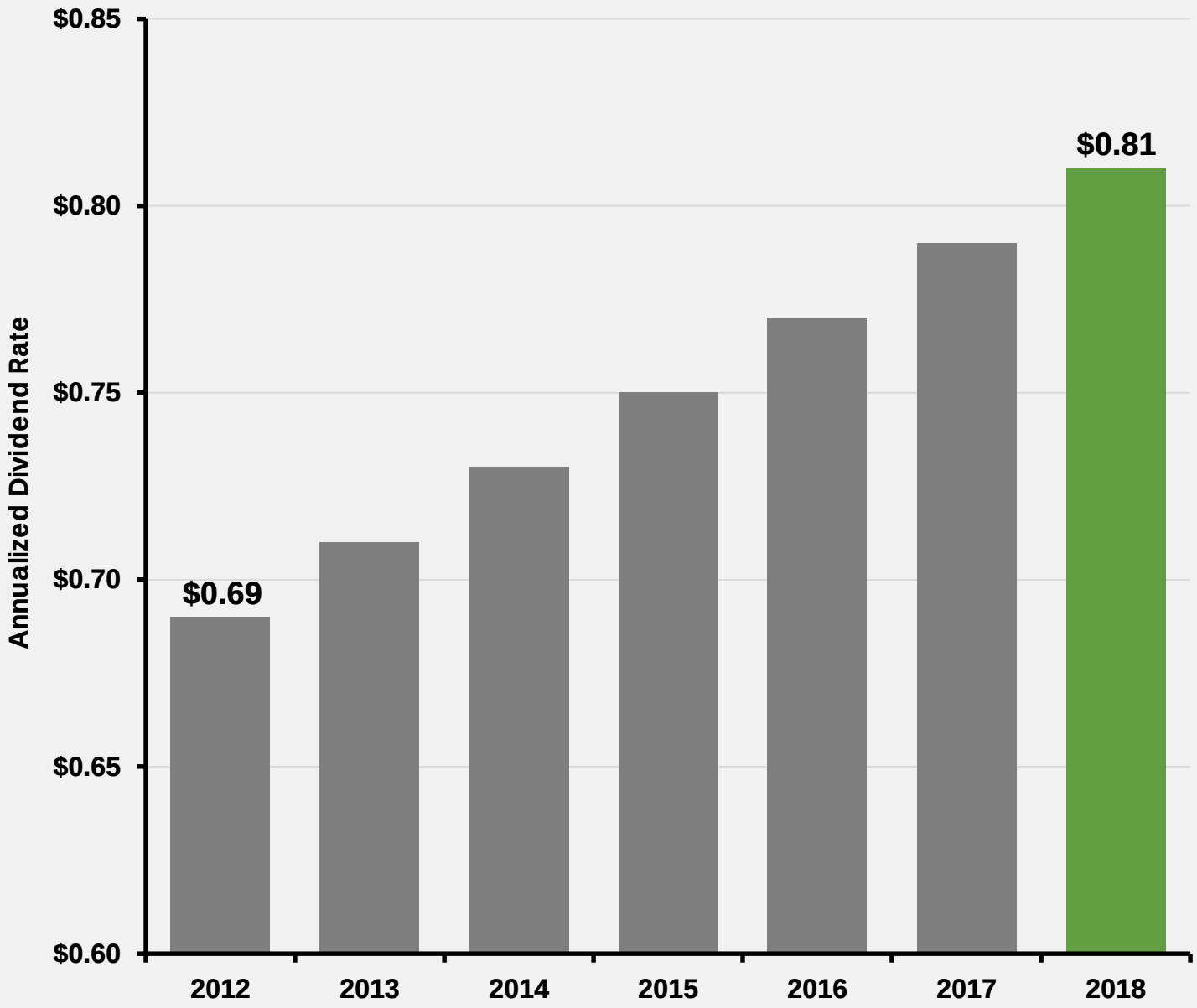
- Electric and natural gas utility
  - System infrastructure upgrades and replacements
- Pipeline and midstream
  - Demicks Lake project
  - Line Section 22 expansion
  - Demicks Lake expansion
  - North Bakken expansion
- Construction materials and services
  - Equipment and plant replacements and upgrades
  - Includes acquisitions completed in 2019
- 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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