

OCTOBER 30, 2019

THIRD 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

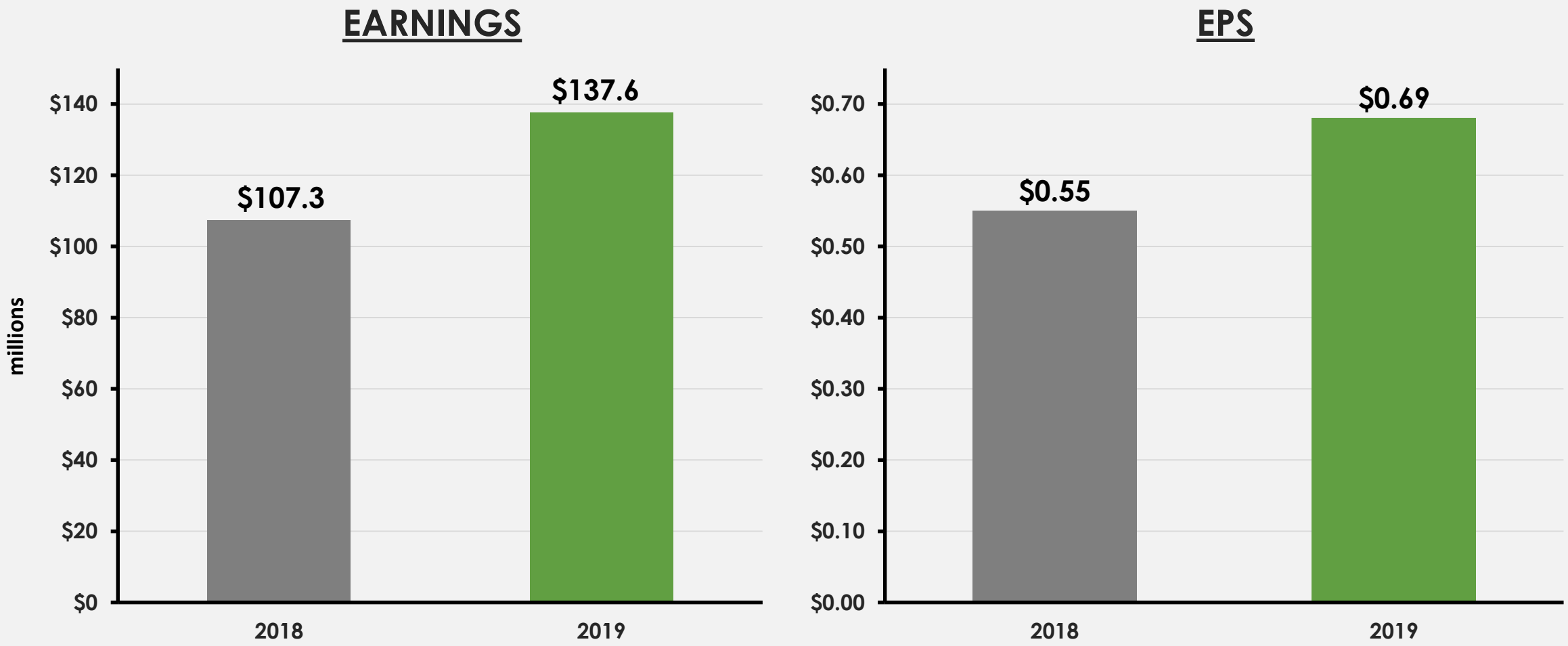
E. Jeff Thiede
MDU Construction Services Group
President & CEO

F. Trevor Hastings
WBI Energy
President & CEO

G. Nicole Kivisto
MDU EC
President & CEO

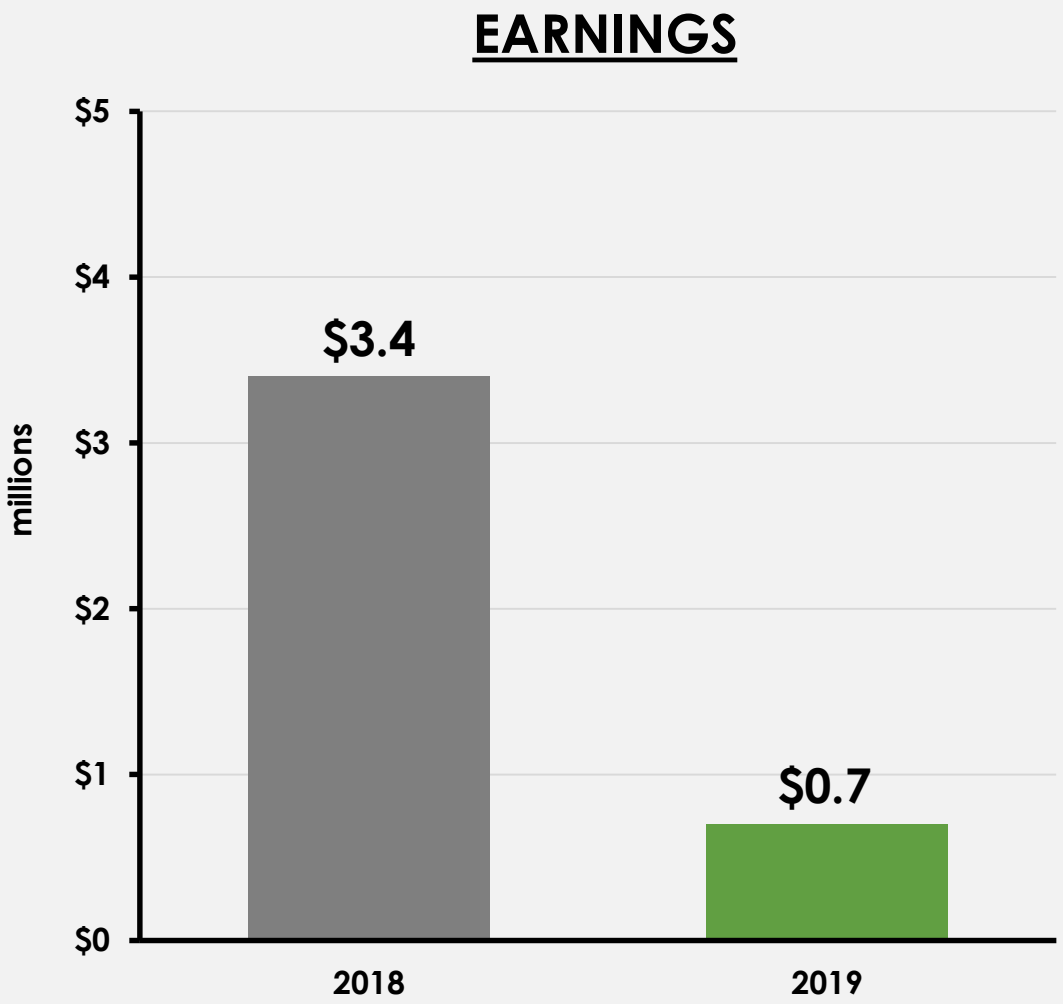


THIRD QUARTER EARNINGS



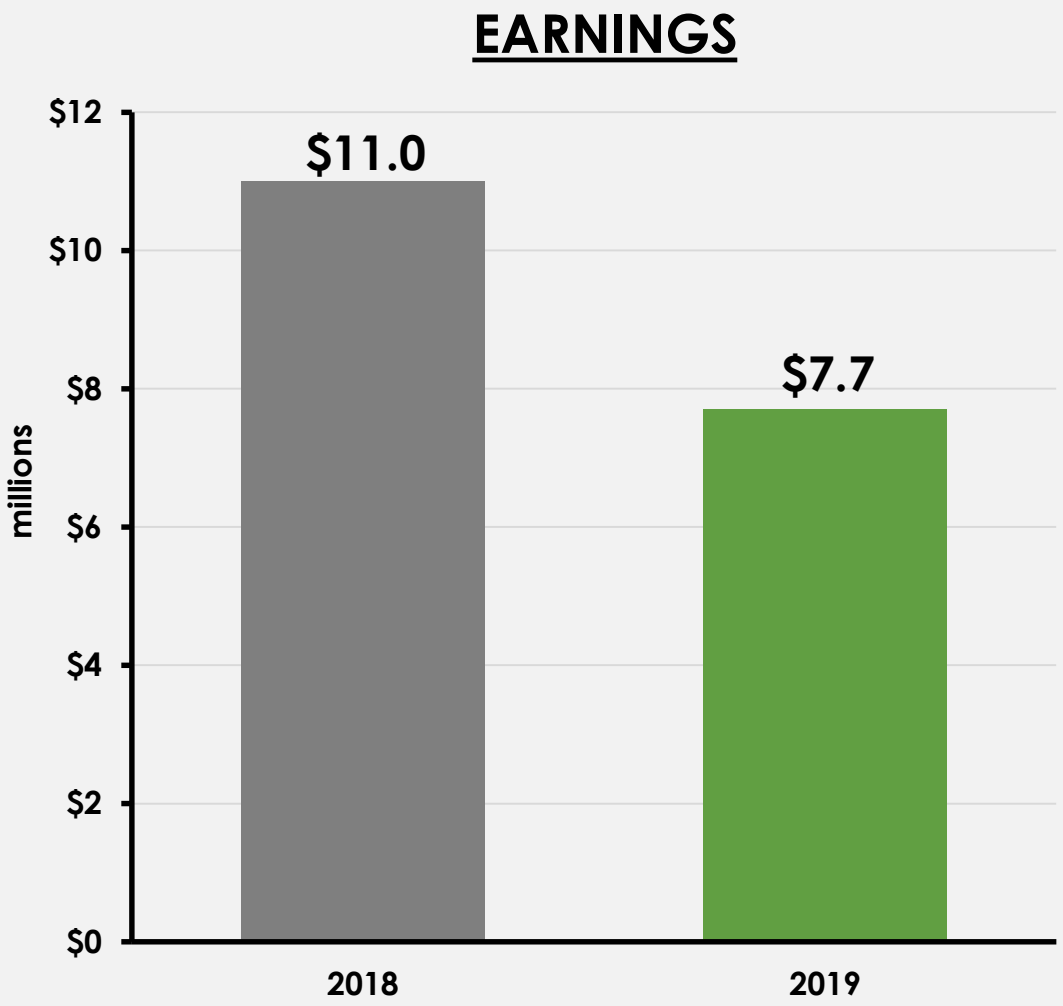
ELECTRIC & NATURAL GAS UTILITY
THIRD QUARTER EARNINGS

- Reported earnings of $700,000
  - Increased operation and maintenance expense, and higher depreciation, depletion and amortization expense due to increased property, plant and equipment
  - Lower electric sales volumes due to mild summer weather and conservation had a negative impact on the quarter
  - Partially offsetting the decrease was approved rate recovery in several jurisdictions



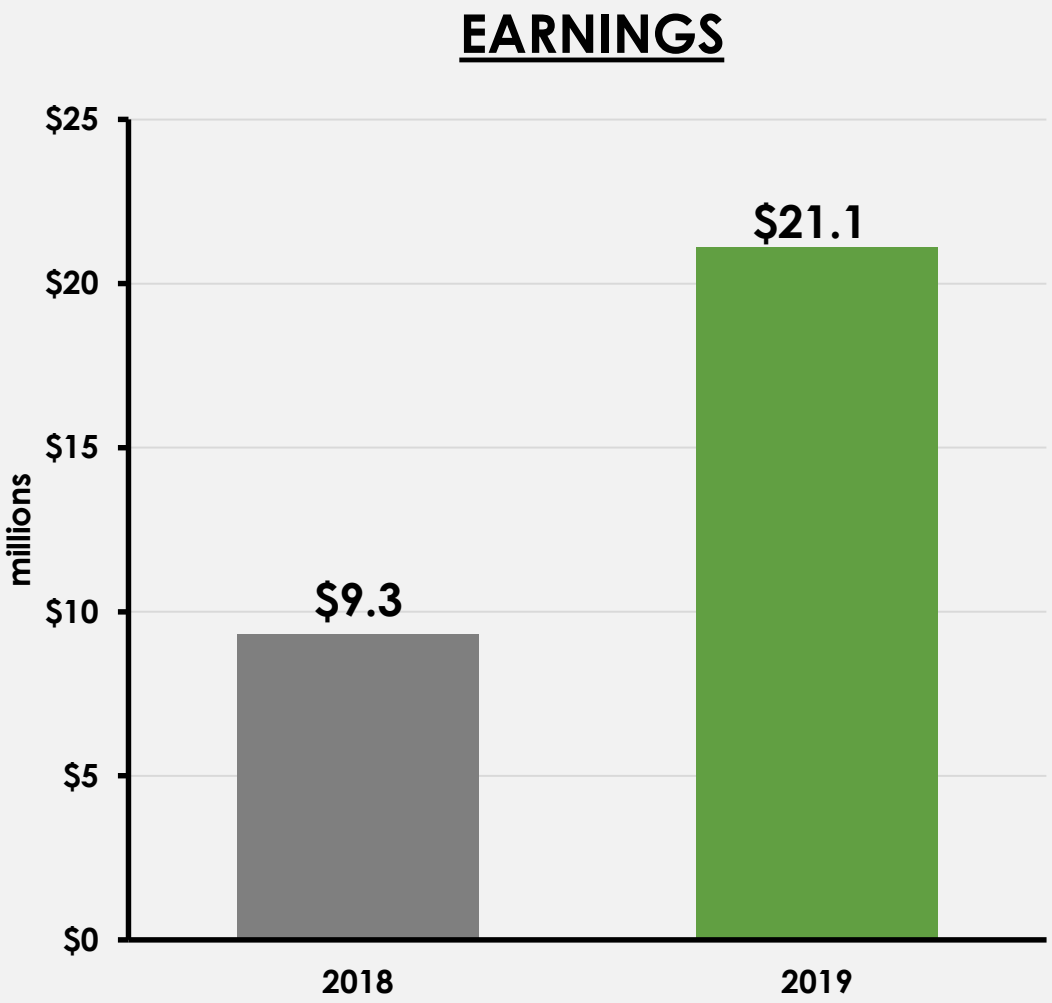
PIPELINE & MIDSTREAM
THIRD QUARTER EARNINGS

- Reported earnings of $7.7 million
  - 2018 earnings included a one-time $4.2 million tax benefit
  - Earnings were further impacted by higher depreciation, depletion and amortization expense from increased depreciation rates associated with the FERC rate case and increased property, plant and equipment
  - Record transportation volumes driven by organic growth projects and higher rates from the recently finalized FERC rate case partially offset the decrease



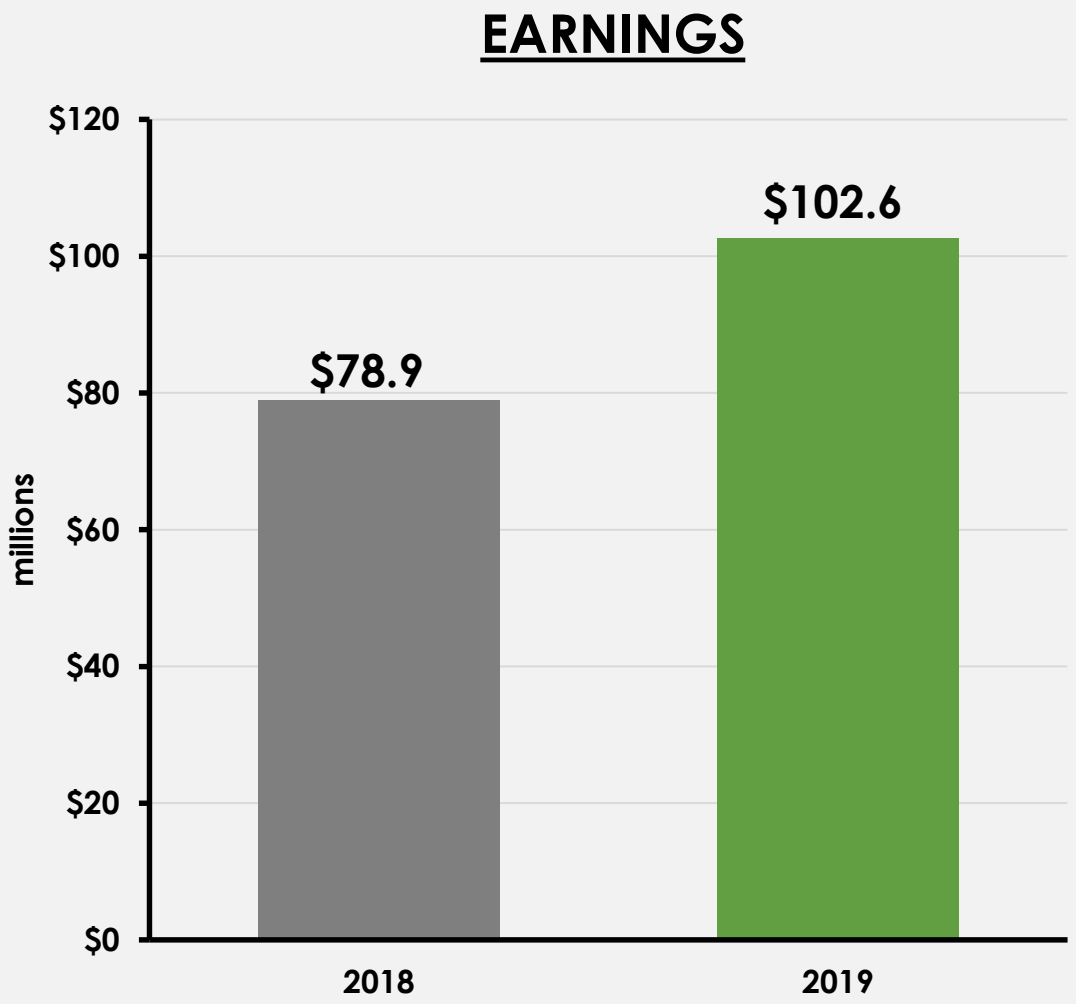
CONSTRUCTION SERVICES
THIRD QUARTER EARNINGS

- Reported record third quarter earnings of $21.1 million
  - Higher inside and outside specialty contracting workloads and margins from strong customer demand had a positive impact on the quarter
  - The earnings increase was partially offset by higher selling, general and administration expense
  - 2018 results included a $7.2 million charge from changes in estimates on certain construction projects
- Record third quarter revenues of $479.6 million, compared to $330.4 million in the third quarter of 2018



CONSTRUCTION MATERIALS
THIRD QUARTER EARNINGS

- Reported record third quarter earnings of $102.6 million
  - Higher revenues from contracting and material sales and higher gross margin from strong economic environments in many states of operation
  - Also contributing to the quarter were additional material volumes relating to acquisitions, as well as asset sales gains
  - The increase in earnings was partially offset by higher interest expense and higher selling, general and administrative expense
- Record third quarter revenues of $869.5 million, compared to $743.9 million in the third quarter of 2018





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DAVE GOODIN
President & Chief Executive Officer

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ELECTRIC & NATURAL GAS UTILITY OUTLOOK

- 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% annually
- Focused on timely regulatory recovery
- Filed 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 cost $73 million and be in service in 2023





PIPELINE & MIDSTREAM OUTLOOK

- Line Section 22 Expansion project
  - Will increase capacity, as designed, by 22.5 million cubic feet per day
  - Expected to be in service in November 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 350 million cubic feet per day
  - Expected to start construction in early 2021
  - Expected to be in service late 2021





CONSTRUCTION SERVICES OUTLOOK

- All-time record backlog of $1.2 billion, up 34% from $896 million in 2018
- 2019 revenue guidance range increased to a range of $1.75 billion to $1.85 billion
  - Margins comparable to or slightly higher than 2018
- Demand for specialty contracting work in the following areas:
  - High-tech, mission-critical
  - Gaming and hospitality
  - Medical and public sector
  - Electrical transmission, distribution and gas utilities
- Exploring acquisition and organic growth opportunities





CONSTRUCTION MATERIALS OUTLOOK

- Record third quarter backlog of $747 million, up 27% from $590 million in 2018
- 2019 revenue guidance narrowed to a range of $2.1 billion to $2.2 billion
  - Margins comparable to or slightly higher than 2018
- Economic conditions continue to be strong 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

$1.50 - $1.60

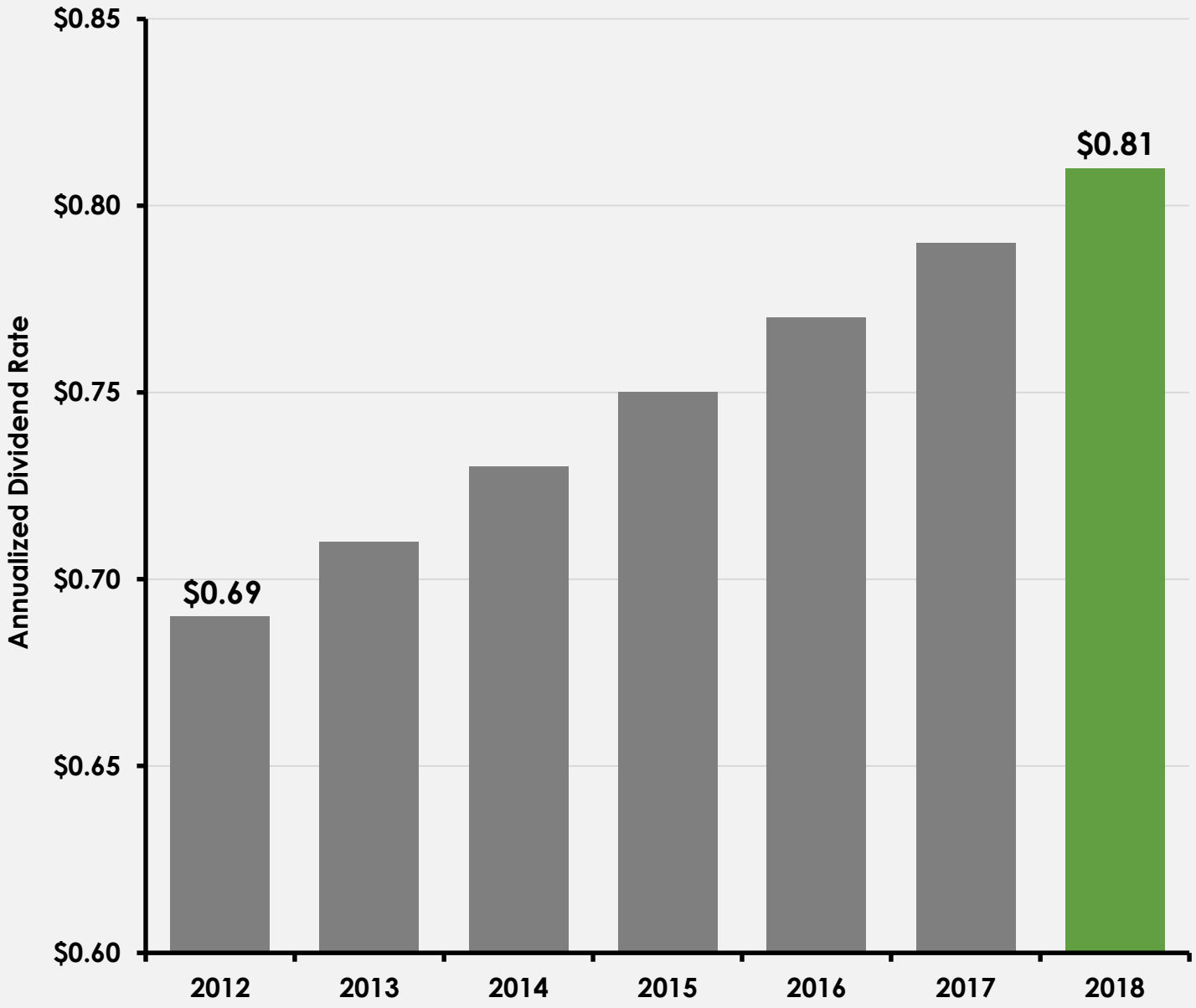
Consolidated EPS Guidance

Note: As of October 29, 2019

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

DIVIDEND GROWTH

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







INVESTOR RELATIONS

QUESTIONS





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