

MARCH 2020

INVESTOR RELATIONS

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.

MDU Resources is Building a Strong America®

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.

Company founded in 1924



Headquartered in Bismarck, ND

Conducting business in 43 states

15,000
employees
in peak season

COMPANY OVERVIEW

A strong infrastructure is the heart of the American economy. It is the natural gas and electricity that power business, industry and our daily lives. It is the pipes and wires that connect our homes, factories, offices and stores to bring them to life. It is the transportation network of roads, highways and airports that keeps our economy moving. **Infrastructure is our business, and we are Building a Strong America®.**









COMPETITIVE POSITION

Strong Financial Position

- 2019 EPS - $1.69
- Annualized dividend of $0.83 per share
- Strong balance sheet

Highly Scalable and Diversified Operations

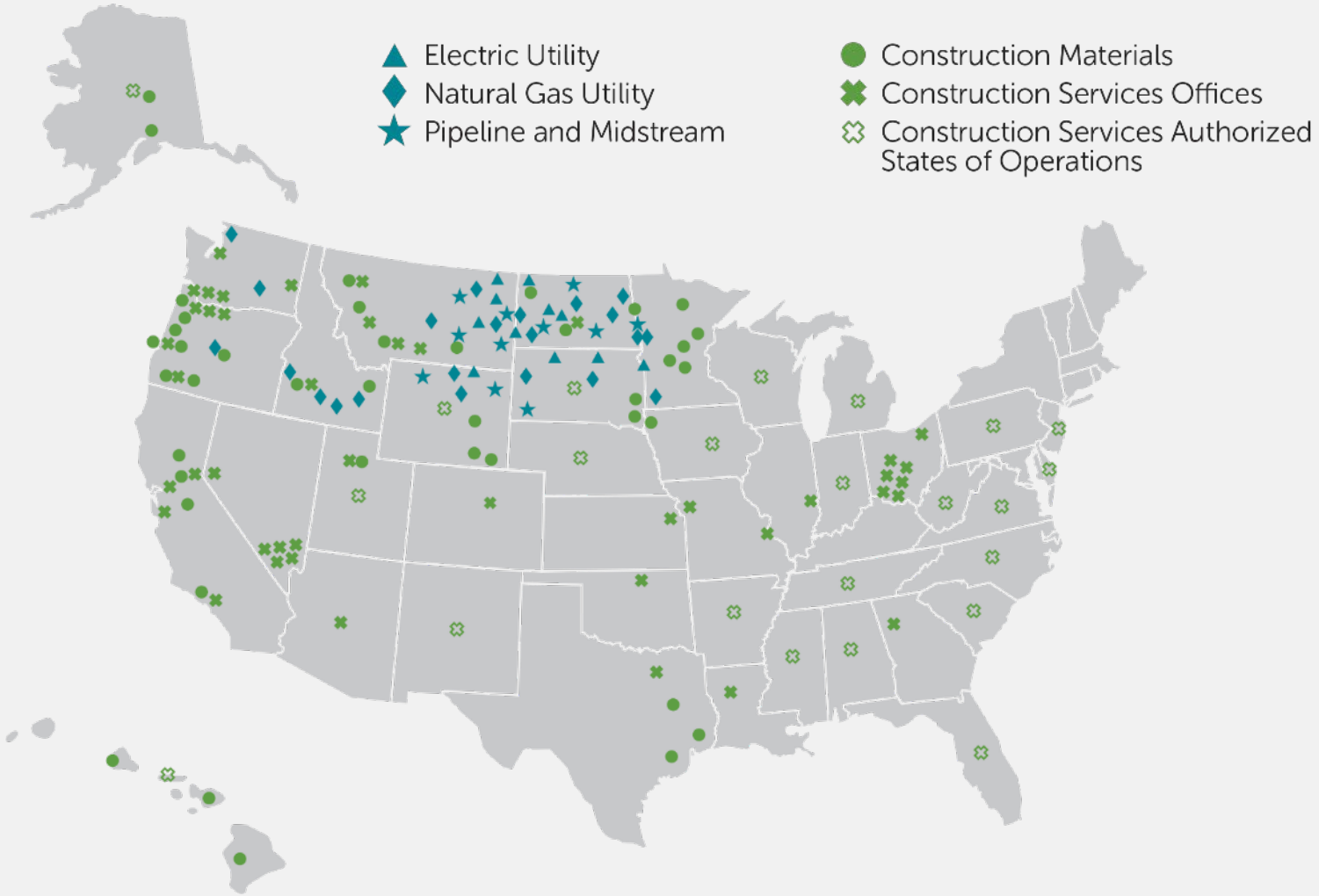
- Licensed to operate in 43 states
- Constructive rate mechanisms coupled with frequent rate filings mitigate regulatory lag
- Broad construction services and materials customer bases

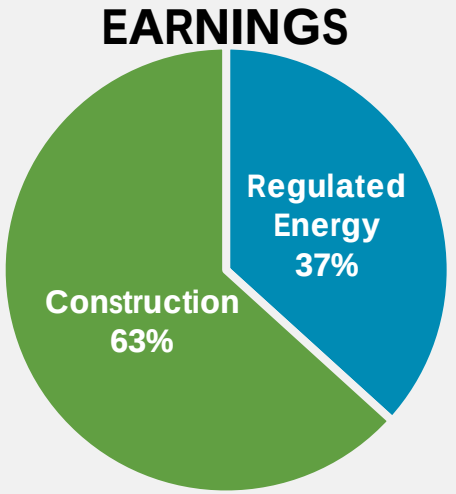
Strong Economic Environments and Market Outlook

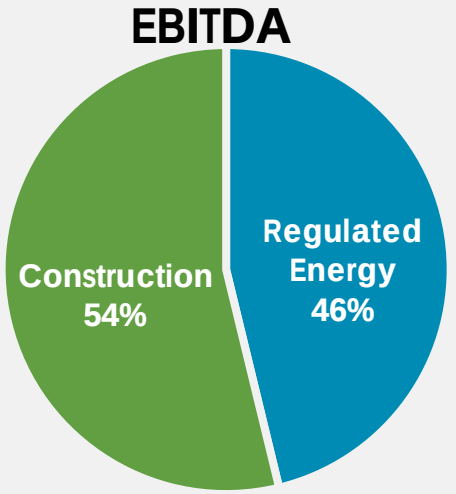
- 10.8% five year historic CAGR on rate base growth at regulated businesses
- Combined construction backlog of $1.83 billion as of December 31, 2019

EARNINGS CONTRIBUTIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

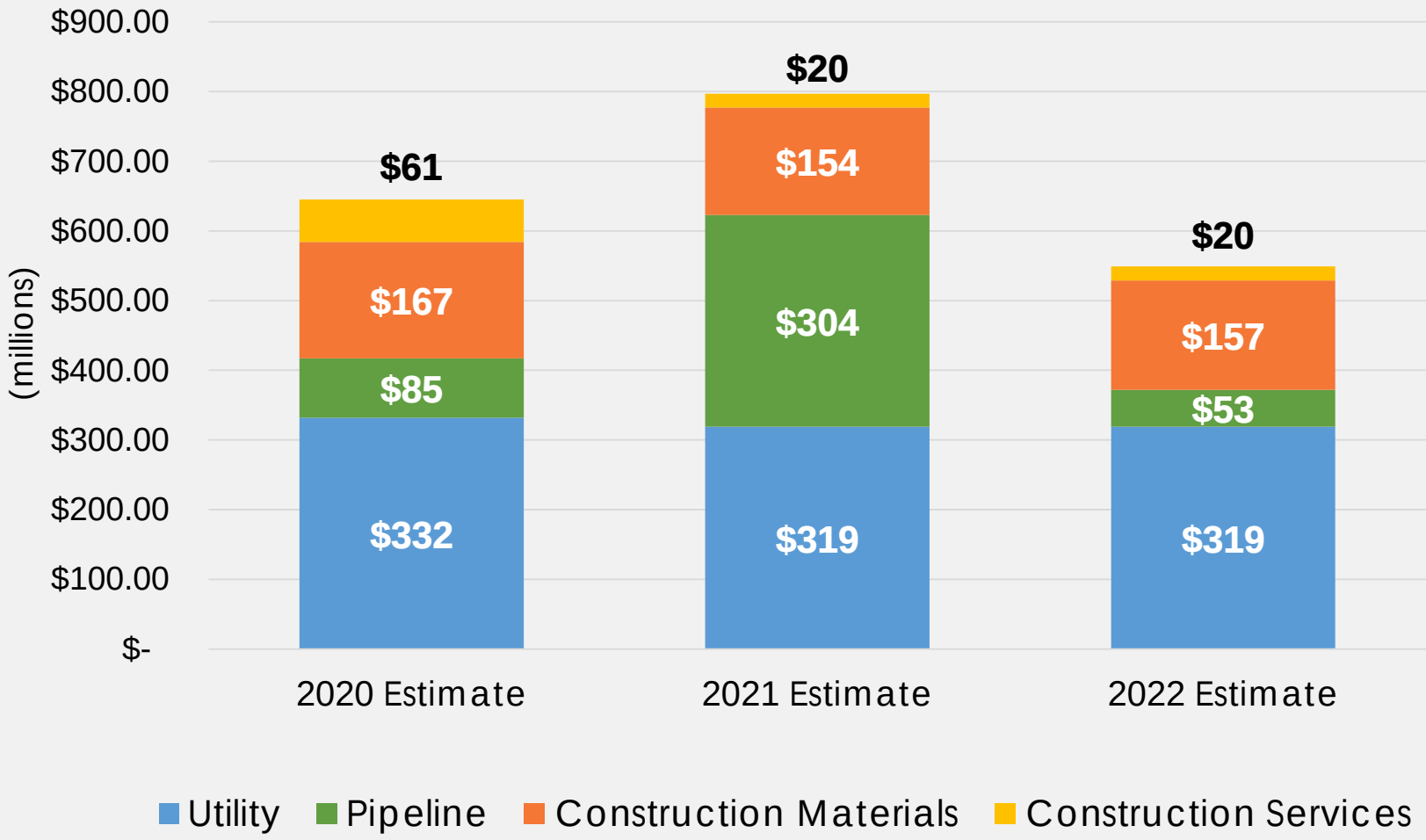




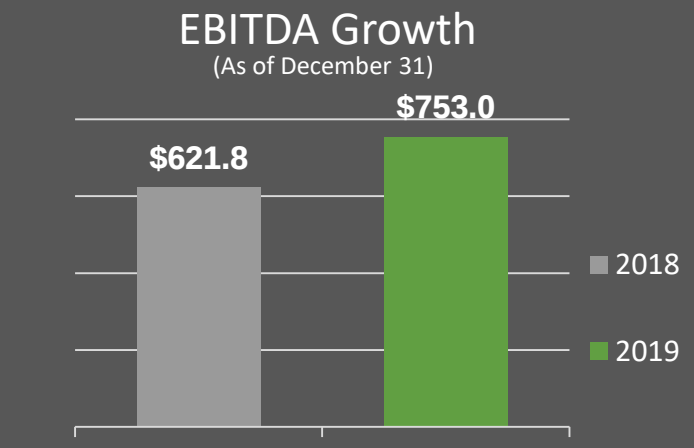


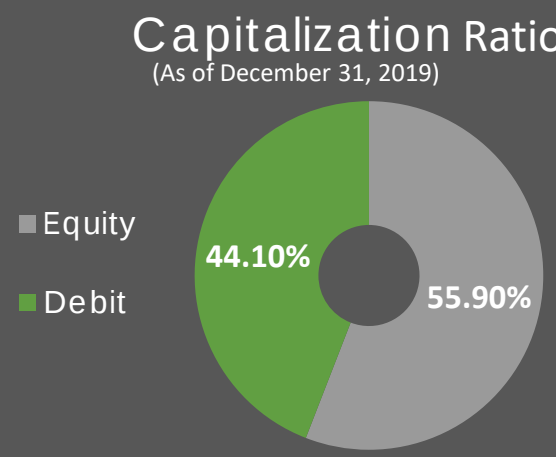
CAPITAL EXPENDITURES

- Electric and natural gas utility
  - System infrastructure upgrades and replacements
  - Natural gas combustion turbine
- Pipeline and midstream
  - North Bakken expansion
- Construction materials and services
  - Equipment and plant replacements and upgrades
  - Development of Honey Creek Deposits
- Focused on line-of-sight opportunities at our business units with potential acquisitions being incremental to our capital program



STRONG FINANCIAL POSITION





- EBITDA as of December 31, 2019 is up $131.2 million or 21% over last year
- Capitalization ratio of 55.9% equity
- Strong investment grade credit ratings

Fitch	BBB+
S&P	BBB+

DIVIDEND GROWTH

- 82 consecutive years of quarterly dividend payments
- Dividend increased November 2019, making 29 consecutive years of increases
- Annualized dividend $0.83 per share
- Member of S&P High-Yield Dividend Aristocrats index

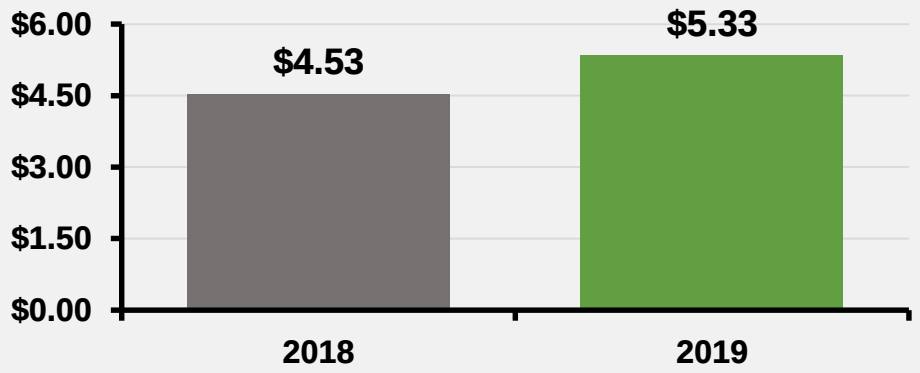


KEY PERFORMANCE INDICATORS

AS OF DECEMBER 31, 2019

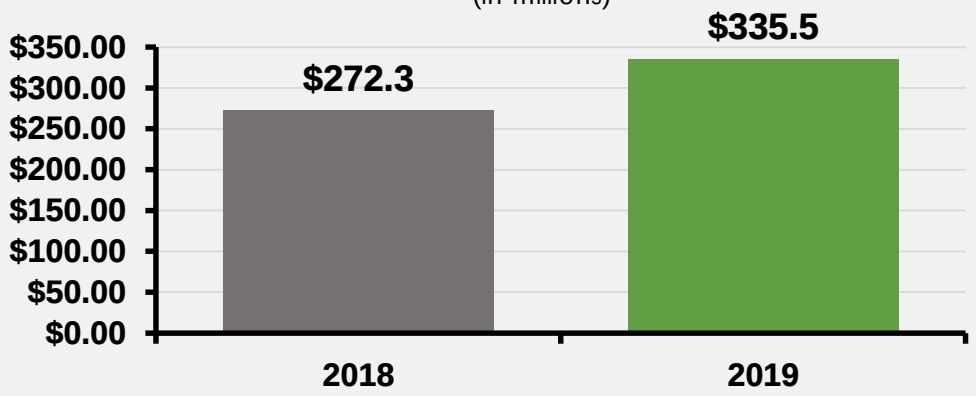
Operating Revenues

(in billions)



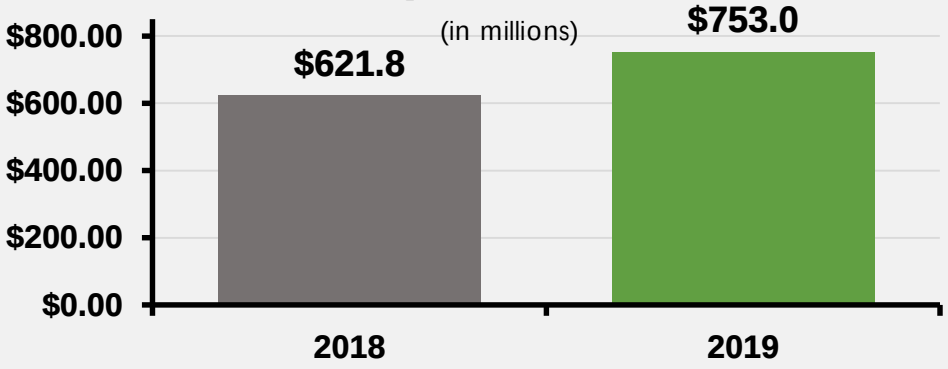
Net Income

(in millions)

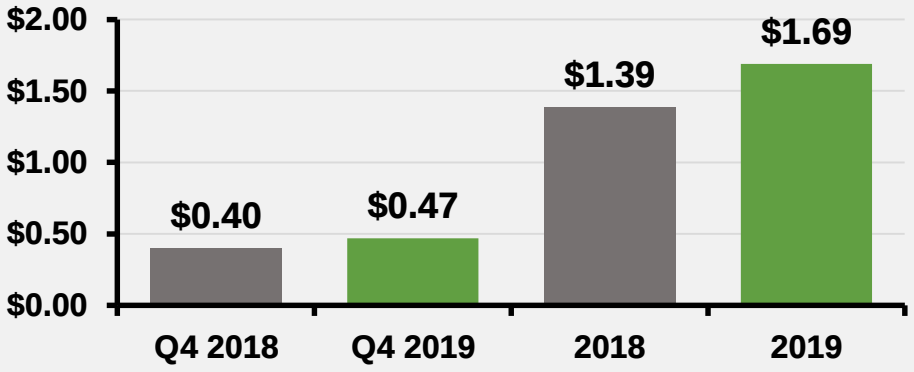


EBITDA From Continuing Operations

(in millions)



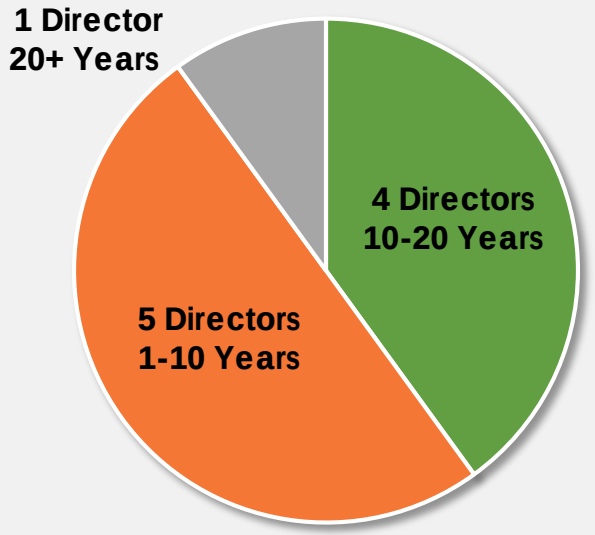
Earnings Per Share



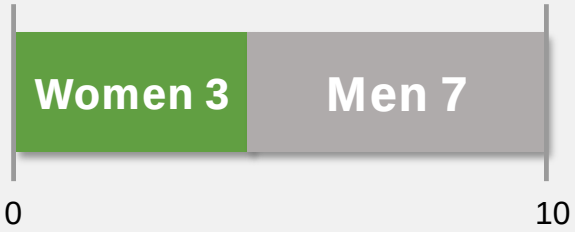
BOARD GOVERNANCE AND LEADERSHIP

	Committees of the Board of Directors			
Director	Audit	Compensation	Environmental & Sustainability	Nominating & Governance
Chenxi Wang	●		●	●
David M. Sparby	● CC			
Edward A. Ryan	●			● CC
John K. Wilson		● CC		●
Karen B. Fagg		●	● CC	
Mark A. Hellerstein	●		●	
Patricia L. Moss		●	●	
Thomas Everist		●		●
Dennis W. Johnson	Chairman of the Board			
David L. Goodin	President & CEO			

● CC = Chairperson ● = Member



Average Tenure: 11.1 Years



Gender Diversity: 30% Women

UTILITY ELECTRIC & NATURAL GAS





ELECTRIC AND NATURAL GAS

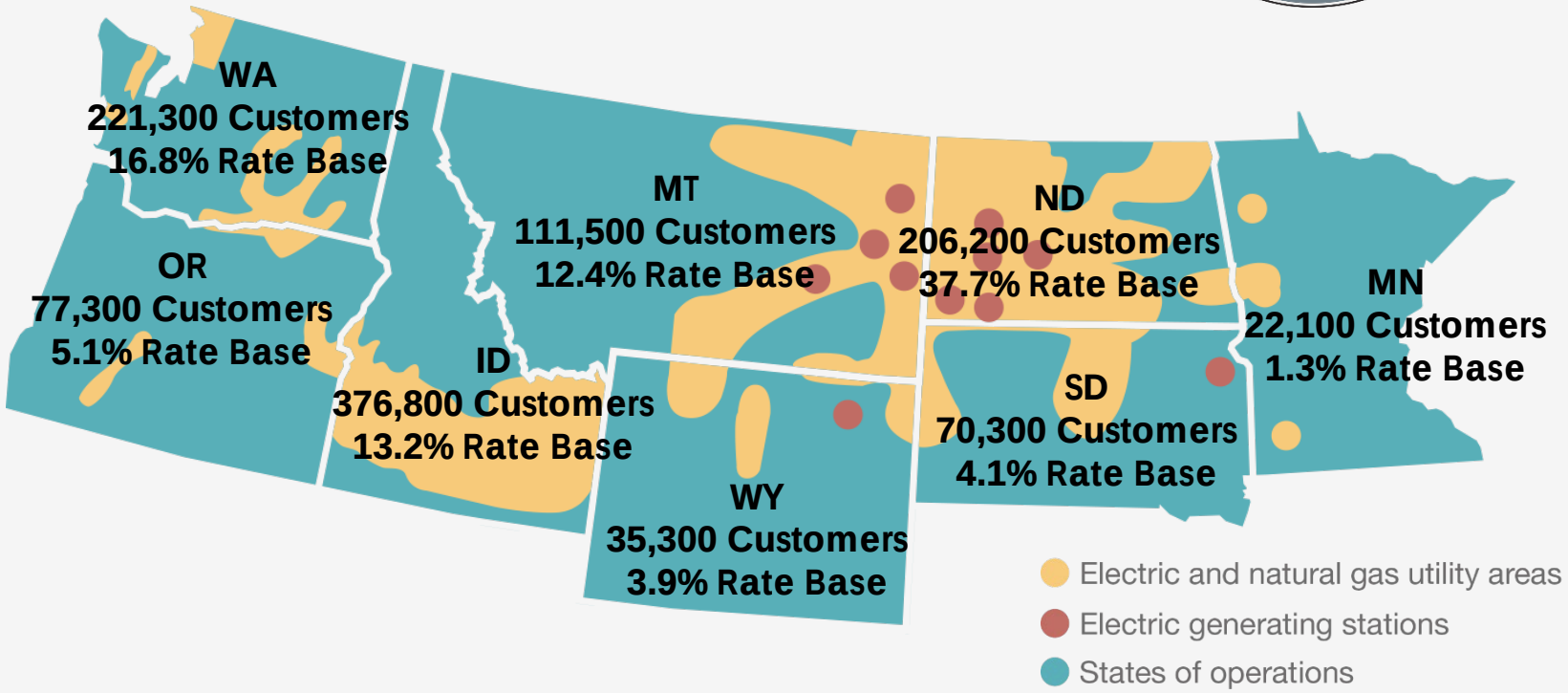
1,120,800
CUSTOMERS

800 MW
OWNED GENERATION

8,100
MILES OF TRANSMISSION

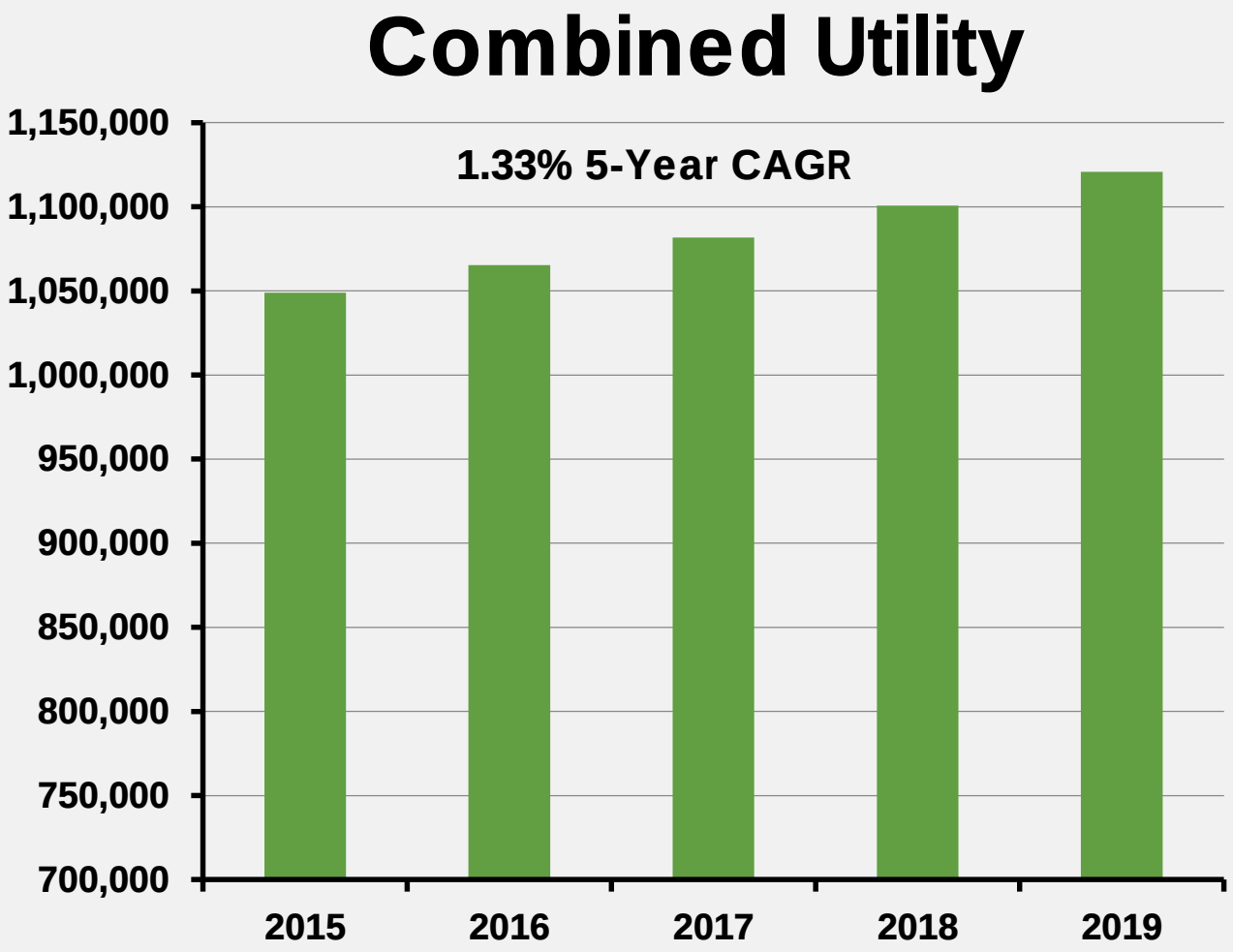
19,400
MILES OF DISTRIBUTION

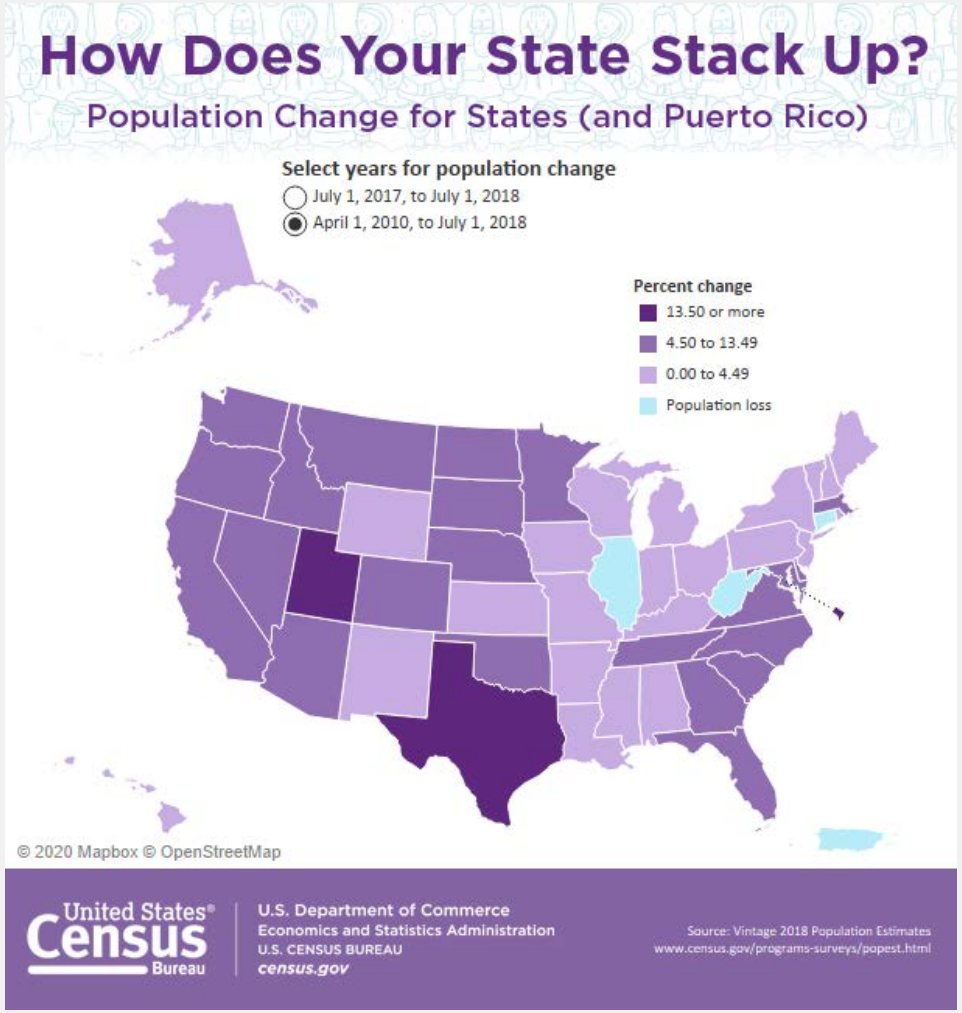
1,600
EMPLOYEES



Ranked 1st, 2nd and 3rd in the J.D Power 2019 Gas Utility Residential Customer Satisfaction Study for mid-sized natural gas utilities in the west region

CUSTOMER GROWTH RATES









STRATEGY

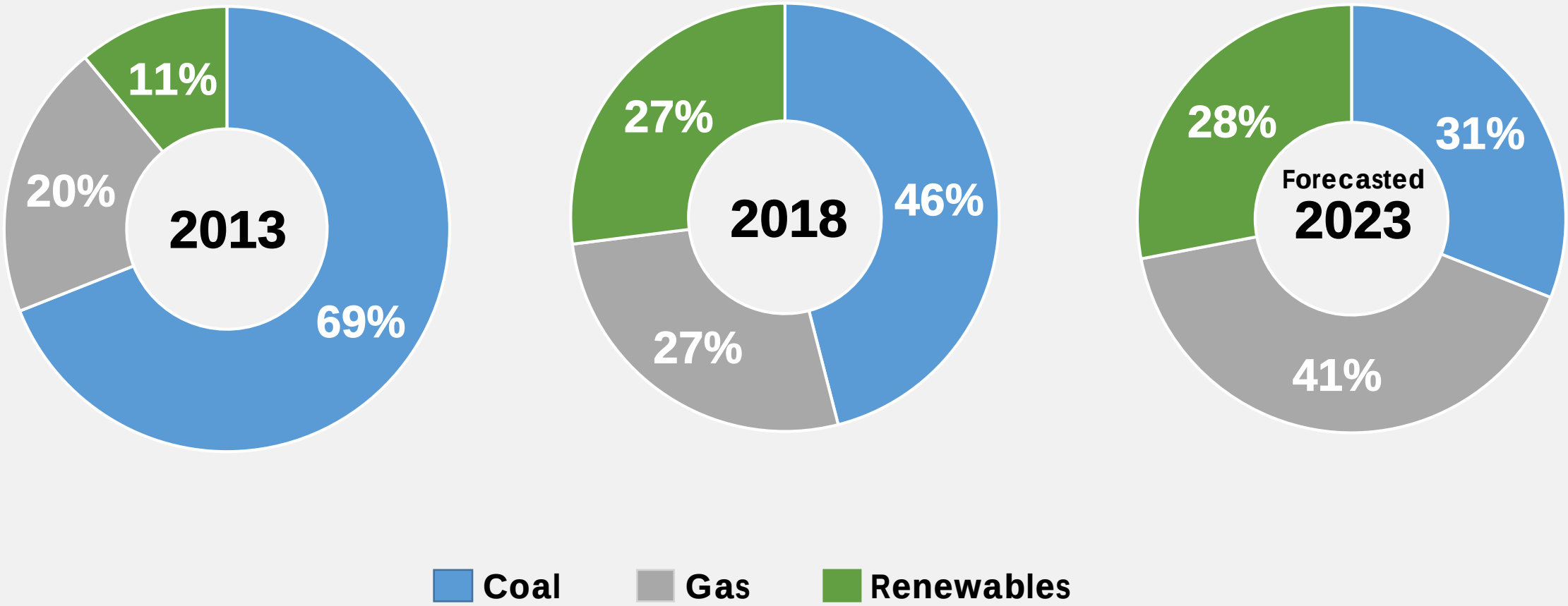
- Grow the business by investing in the safety and reliability of our existing system
- Focus on organic growth first while managing operating costs
- Look to expand into areas where similar operating and growth objectives exist
- Pillars to success
  - Integrity, safety, employees, customers and shareholders

REGULATORY UPDATE

- Pending cases
  - MN natural gas: Formal hearing scheduled March 10-11 in St. Paul, MN. Request for $2.8 million annual increase.
  - ND advance determination of prudence for natural gas combustion turbine filed Aug. 28; formal hearing scheduled April 30 in Bismarck, ND.

TRANSITIONING OUR ELECTRIC RESOURCES

BASED ON NAME PLATE RATING







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% 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
- Announced plans to retire aging coal-fired units in 2021 and 2022

PIPELINE





WBI ENERGY ASSETS AND OPERATIONS

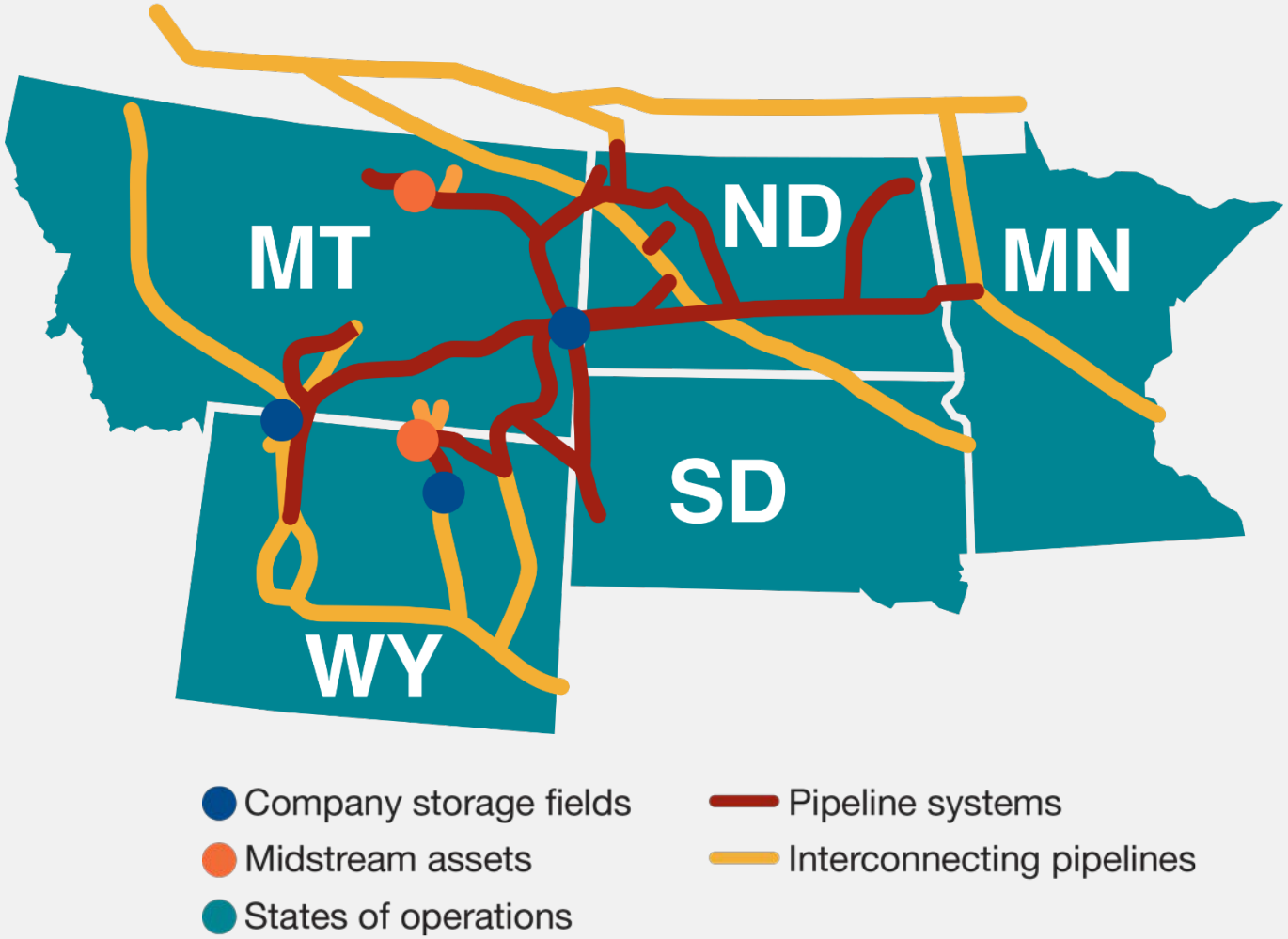
4,000
MILES OF PIPE

OVER 2.2 BCF/D
SYSTEM CAPACITY

14
INTERCONNECTING POINTS

335
EMPLOYEES

LARGEST
STORAGE FIELD IN N. AMERICA



STRATEGY STATEMENT

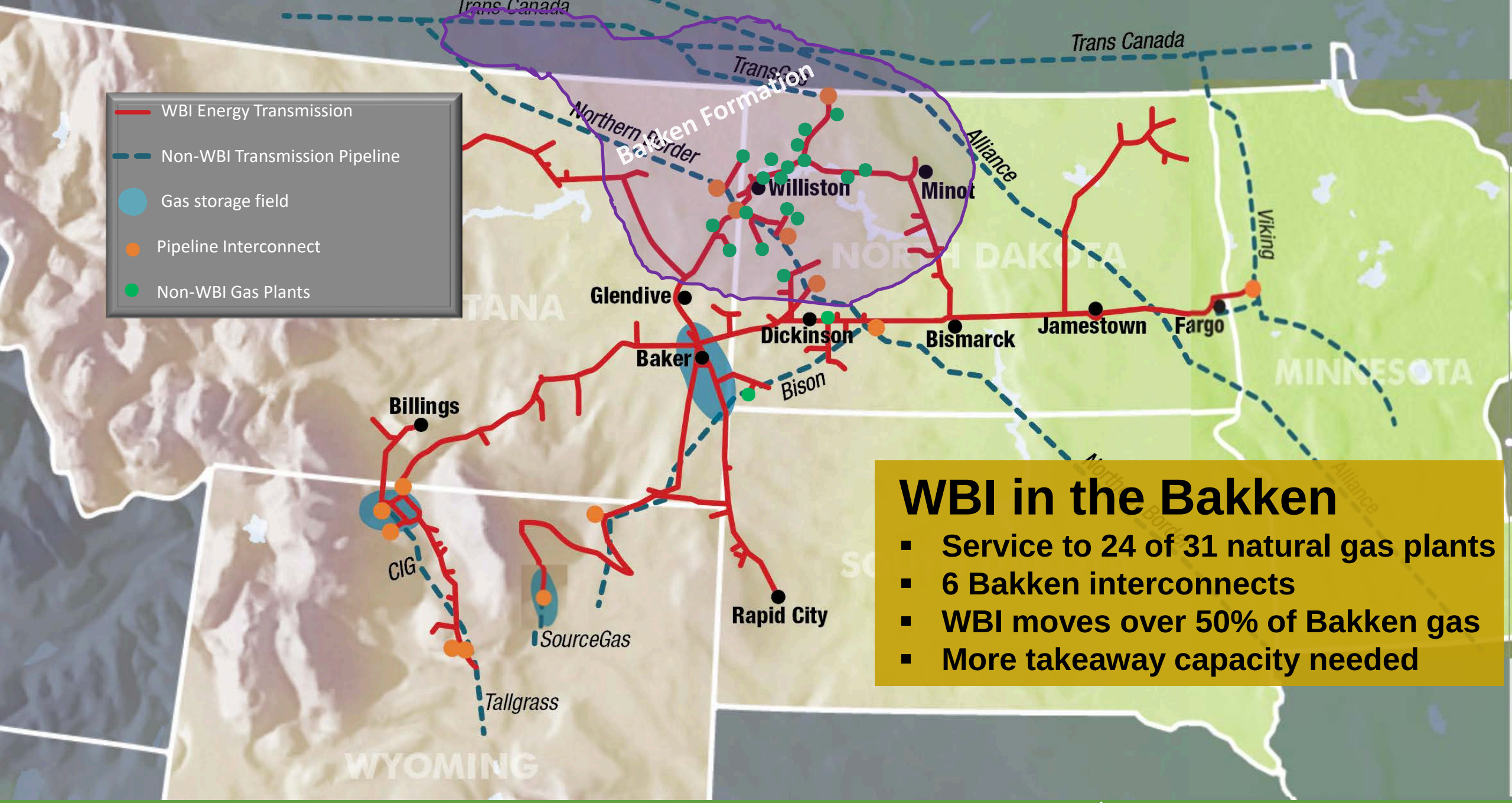
Building upon our core strengths and expertise, WBI Energy will become a leader in the Mid-Continent and Rocky Mountain regions in meeting North America's energy needs



OUR STRENGTHS

- Low risk, stable returns with regulated business
- Integrated pipeline, storage and interconnects in heart of Bakken
- Experienced, talented team
- Design, engineer, construct and operate capability





WBI in the Bakken

- Service to 24 of 31 natural gas plants
- 6 Bakken interconnects
- WBI moves over 50% of Bakken gas
- More takeaway capacity needed



Upcoming Growth Projects

Project	In-Service Date	MMcf/d
North Bakken Expansion	2021	350

Completed Growth Projects

Project	In-Service Date	MMcf/d
Demicks Lake Project	2019	175
Line Section 22 Project	2019	22.5
Demicks Lake Expansion	2020	175





PIPELINE OUTLOOK

- 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
- Bakken natural gas production expected to remain at record levels demanding additional takeaway capacity
- Profitably grow core business
  - Be the pipeline of choice for increasing Bakken takeaway and demand customers
  - $565 million, 5-year capital investment planned
  - Look for appropriate mergers and acquisitions
    - Within or adjacent to our geographic footprint
    - Not strategic or core to current owner
    - Strategic to WBI Energy
    - Continue to leverage our core strengths and enhance existing operations

CONSTRUCTION SERVICES





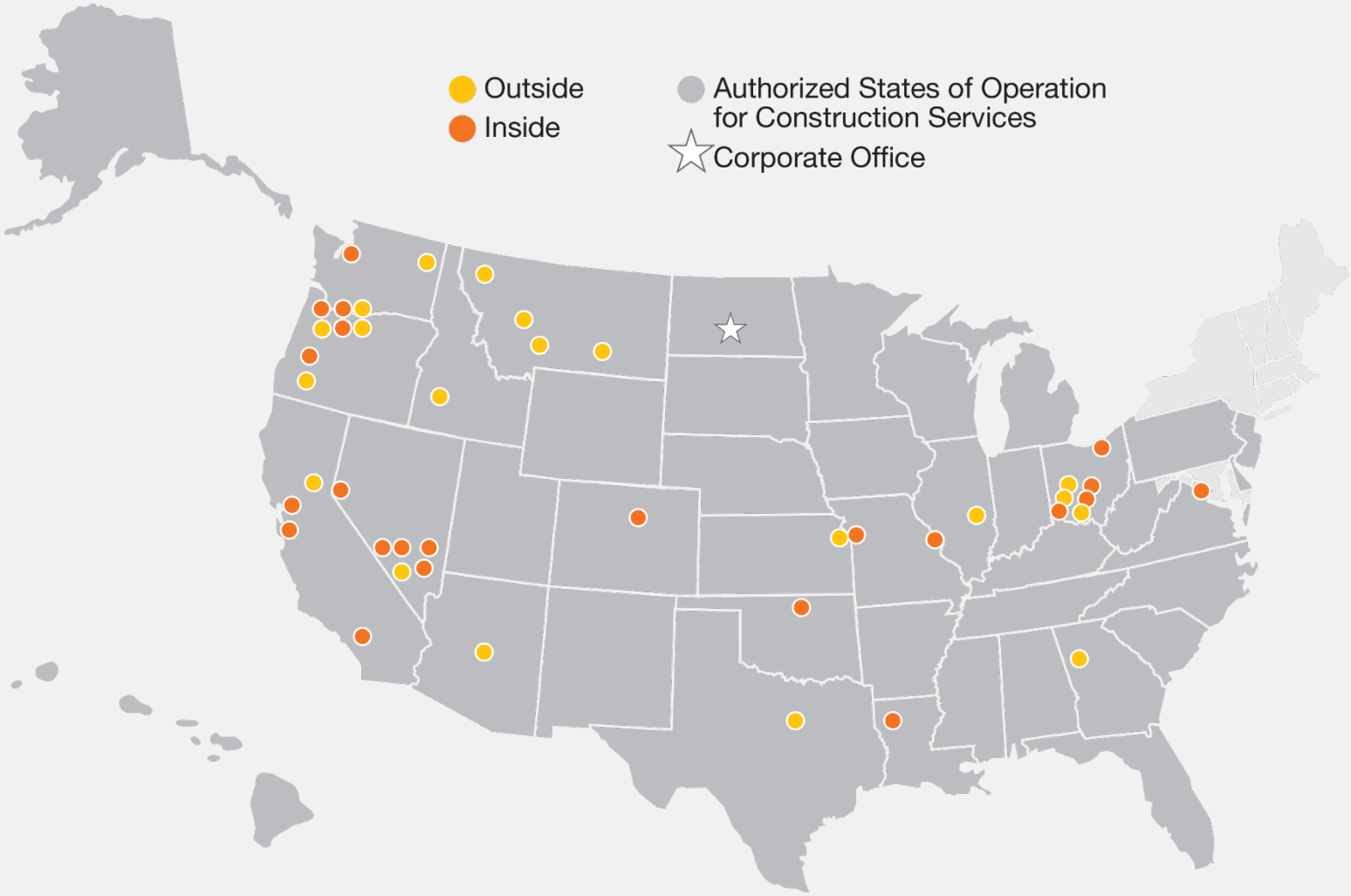
CONSTRUCTION SERVICES

7,200
EMPLOYEES AT PEAK

42
STATES OF OPERATION

6
OUTSIDE CONSTRUCTION COMPANIES

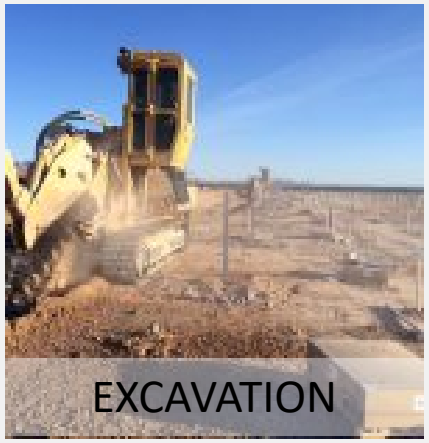
12
INSIDE CONSTRUCTION COMPANIES

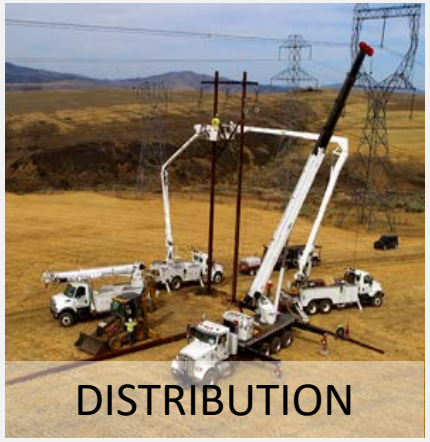


Ranked **12th** on ENR's Top 600 Specialty Contractors List

SERVICE OFFERINGS





















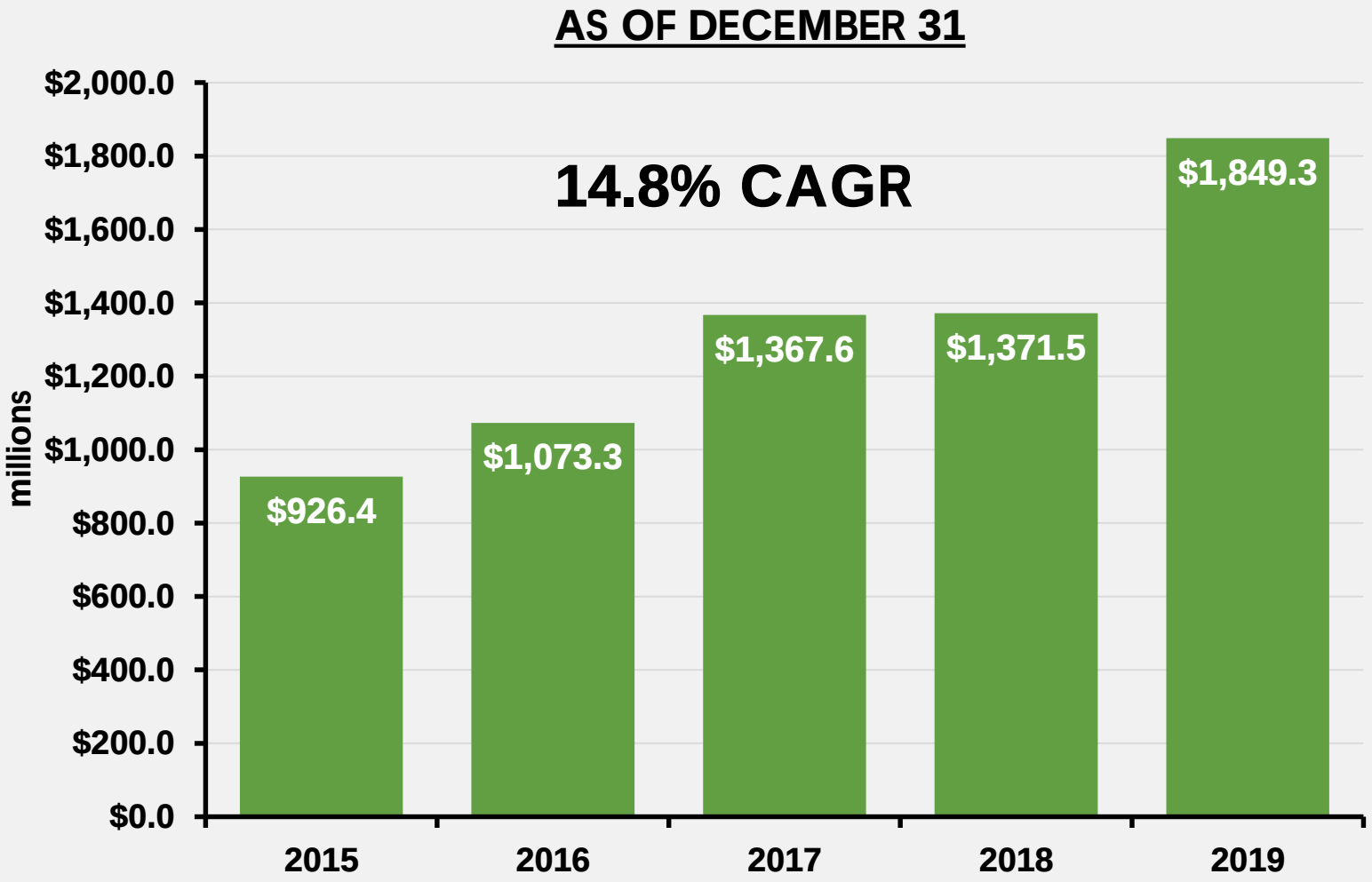
STRATEGY

To be a **top-tier national specialty contractor** providing services and support to the **electrical and mechanical industries** by attracting and retaining a **quality workforce** across the United States and being a **safe and great** place to work.





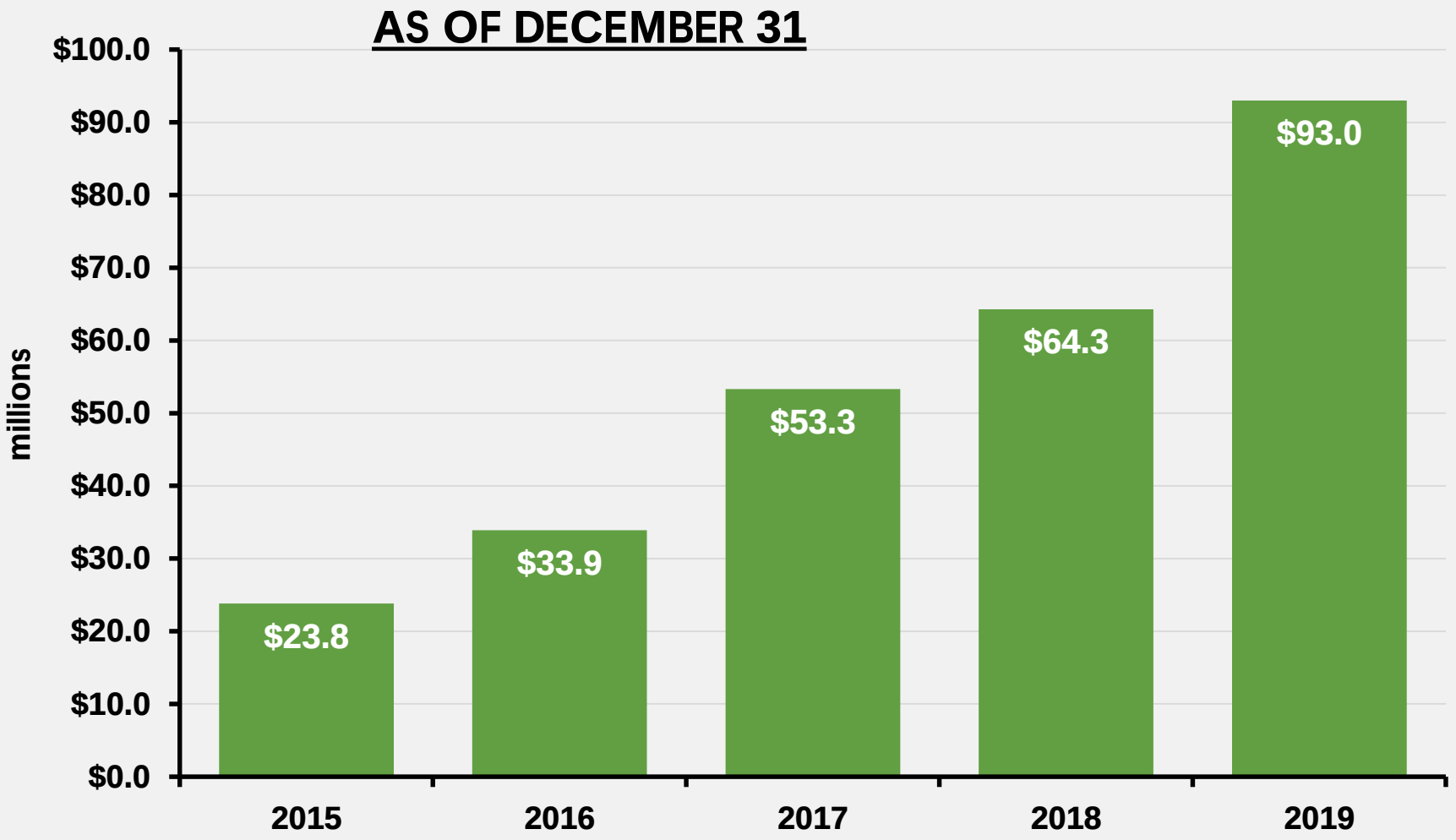
REVENUE GROWTH





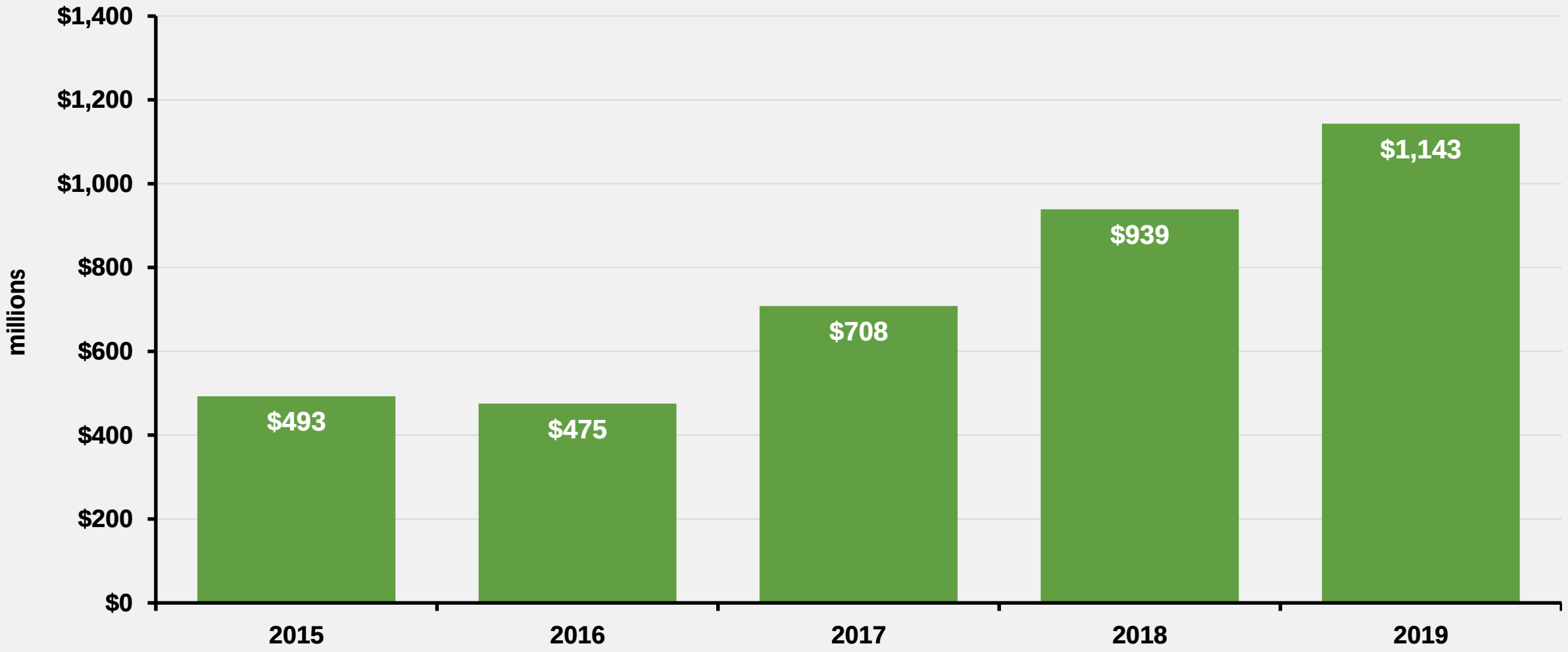


EARNINGS GROWTH



CUSTOMER SATISFACTION: BACKLOG

FOR YEAR ENDED DECEMBER 31



GROWING OUR OPERATIONS

- Pride Electric, Inc. acquisition completed September 2019
- Expands and strengthens the services portfolio in the Seattle, WA market
- Founded in 1993, Pride Electric provides high-end commercial, industrial and tenant improvement electrical construction, along with tele-data and security system installation.

- PerLectric Inc. acquisition completed February 2020
- Expands the geographic footprint into the Mid-Atlantic Region
- Founded in 1992, PerLectric is a leading electrical construction company that provides service to government, mission critical, commercial and health care customers.





OUTLOOK

- $1.14 billion of backlog, up 22% from 2019
  - All-time record backlog
- High demand for specialty contracting work in the following areas:
  - High-tech, mission critical area
  - Gaming and hospitality
  - Medical and public sector
  - Electric transmission, distribution and gas utilities
- Evaluating additional acquisition opportunities

CONSTRUCTION MATERIALS





CONSTRUCTION MATERIALS

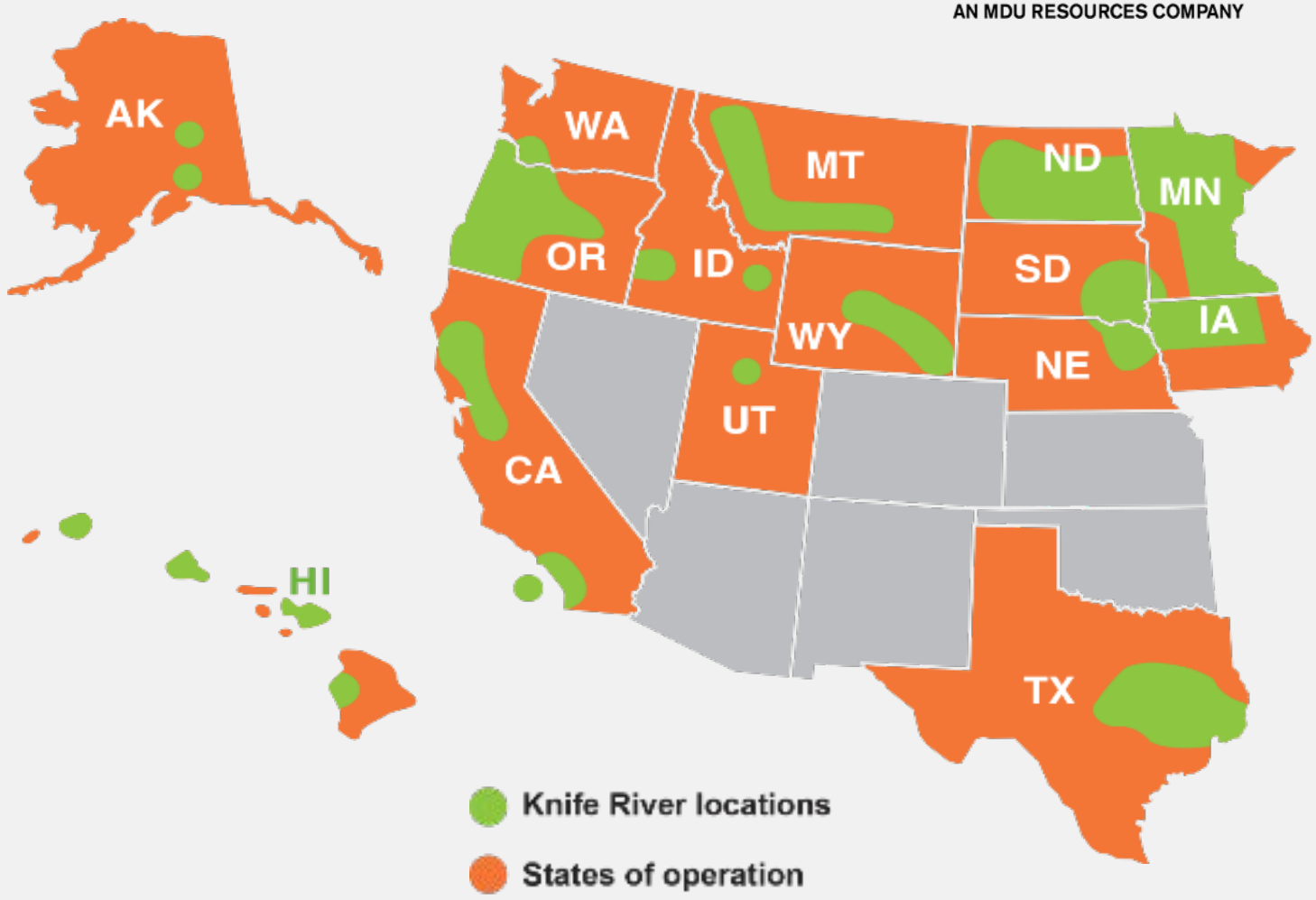
KNIFE RIVER CORPORATION
AN MDU RESOURCES COMPANY

NEARLY 6,000
EMPLOYEES AT PEAK SEASON

15
STATES OF OPERATION

1.1 BILLION
TONS OF RESERVES

TOP 10
U.S AGGREGATE PRODUCER



KNIFE RIVER STRATEGY

- Create value by treating our people well and leading our markets in quality, service and safety
- Enhance shareholder value by generating cash and continued meaningful growth
- Grow through M&A and greenfield
- Take advantage of our vertical integration

THE Life AT Knife

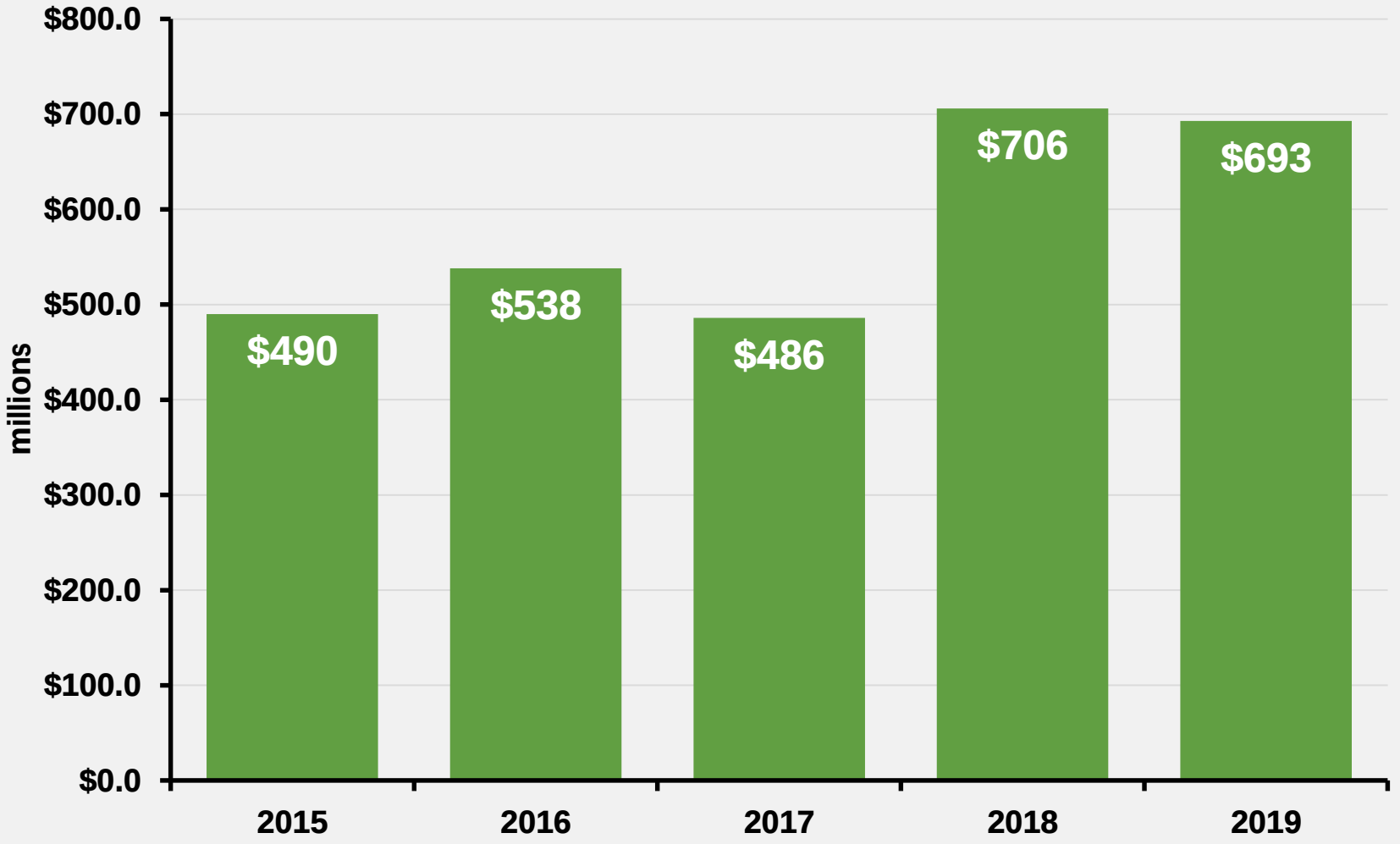






CONSTRUCTION BACKLOG

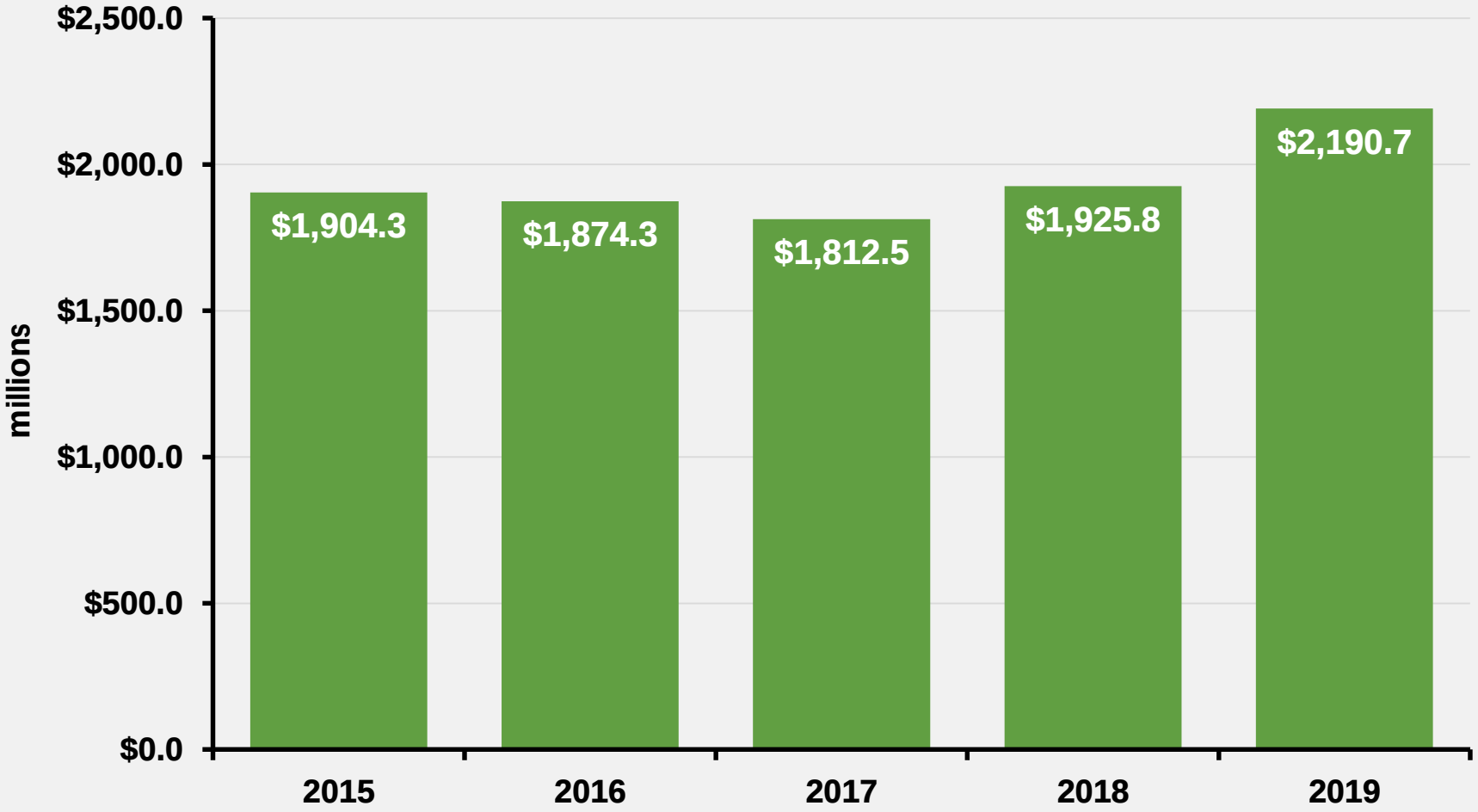
FOR YEAR ENDED DECEMBER 31





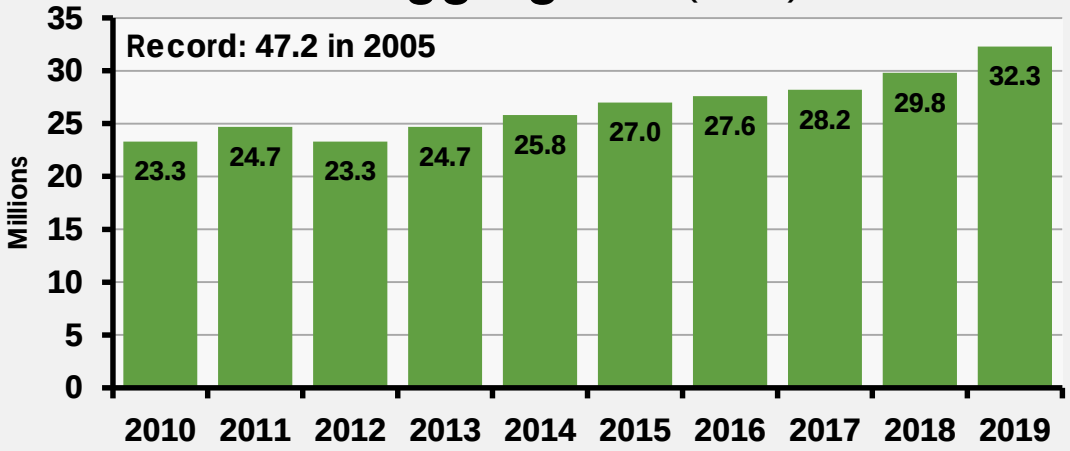


REVENUE GROWTH
FOR YEAR ENDED DECEMBER 31

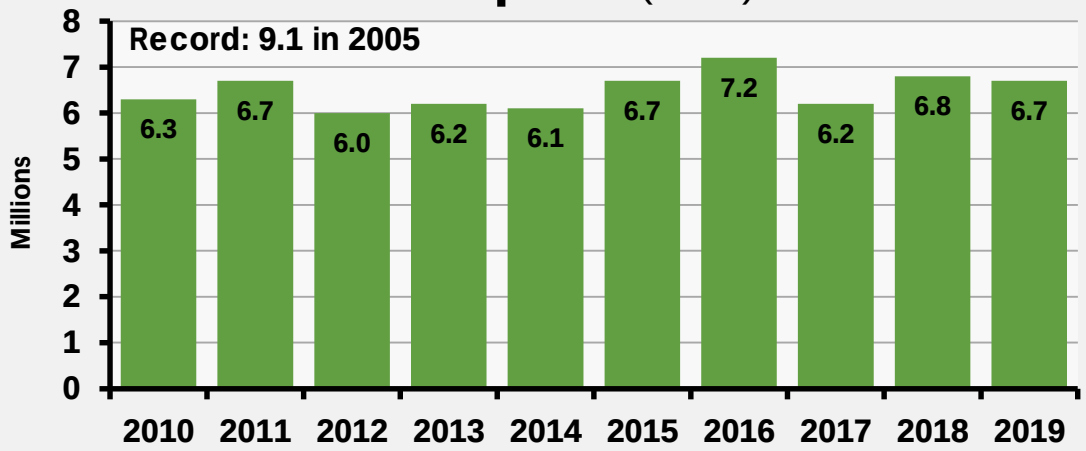


VOLUMES: UPSIDE POTENTIAL

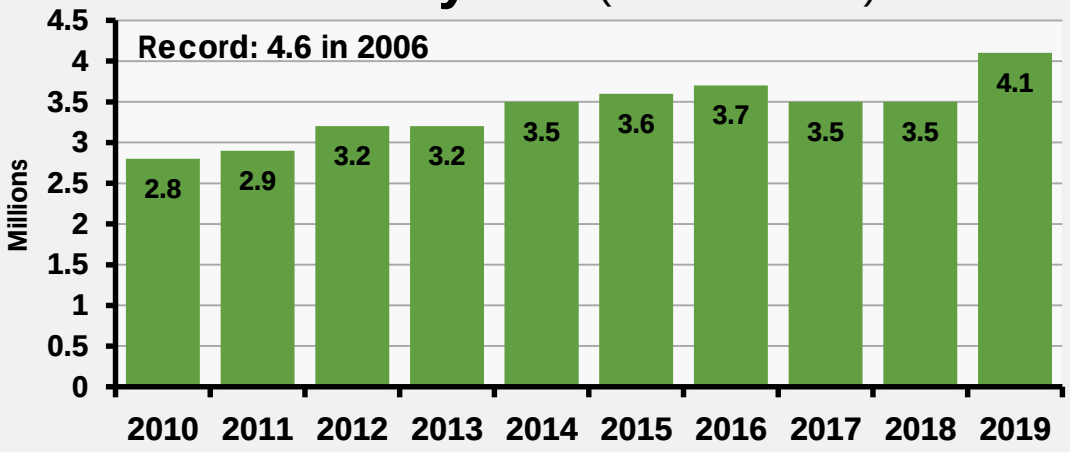
Aggregates (Tons)



Asphalt (Tons)



Ready-Mix (Cubic Yards)



ROOM FOR GROWTH

- Record revenues in 2019 with aggregate volumes at 68% of historical peak.

GROWING OUR OPERATIONS

GROWTH STRATEGY

- Maintain vertical integration
- Grow in current markets
  - Organic
  - Bolt-On
- Explore new platforms
  - Focus on western states
  - Aggregates-based
- Actively pursuing growth opportunities

SPOKANE PRESTRESS

- Doubles the size of our Prestress operations
  - Bridge components and Commercial buildings
- A market leader in the Pacific Northwest
  - Expands geographic reach
  - Enables larger projects and tighter schedules
- OR/WA dedicated transportation funding

OUTLOOK

- Backlog of $693 million as of December 31, 2019
- Actively pursuing acquisition opportunities







INVESTOR RELATIONS

QUESTIONS





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

MDU LISTED NYSE

APPENDIX

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES: EBITDA

(dollars in millions)	For the year ended December 31, 2019					
	Electric	**Natural Gas**	**Pipeline**	**Construction Services**	**Construction Materials**	**Total**
Income from continuing ops.	$54.8	$39.5	$29.6	$93.0	$120.4	$335.2
Adjustments:						
Interest Expense	25.3	35.5	7.2	5.3	23.8	$98.6
Income Taxes	(12.7)	1.4	7.2	30.0	37.4	$63.2
Depreciation, depletion and amortization	58.7	79.6	21.2	17.0	77.4	$256.0
EBITDA	**$126.1**	**$156.0**	**$65.2**	**$145.3**	**$259.0**	**$753.0**

APPENDIX

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES: EBITDA

(dollars in millions)	For the year ended December 31, 2018					
	Electric	**Natural Gas**	**Pipeline**	**Construction Services**	**Construction Materials**	**Total**
Income from continuing ops.	$47.0	$37.7	$28.5	$64.3	$92.6	$269.4
Adjustments:						
Interest Expense	25.9	30.7	5.9	3.6	17.3	$84.6
Income Taxes	(6.5)	4.1	2.7	20.0	28.4	$47.5
Depreciation, depletion and amortization	51.0	72.5	17.9	15.7	61.2	$220.3
EBITDA	**$117.4**	**$145.0**	**$55.0**	**$103.6**	**$199.5**	**$621.8**