

May 12, 2020

Annual Stockholder Meeting

DAVID L. GOODIN | President and CEO

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.

2019 IN REVIEW

- EPS of $1.69, compared to $1.39 in 2018
- Total regulated energy delivery earnings of $123.9 million
  - Natural gas utility retail sales volumes up 9.9%; approved rate recovery in Montana
  - WBI Energy completed organic growth projects; transported record volume of natural gas through system
- Total construction materials and services earnings of $213.4 million
  - MDU Construction Services Group had record revenues and earnings
  - Knife River Corporation had record revenues

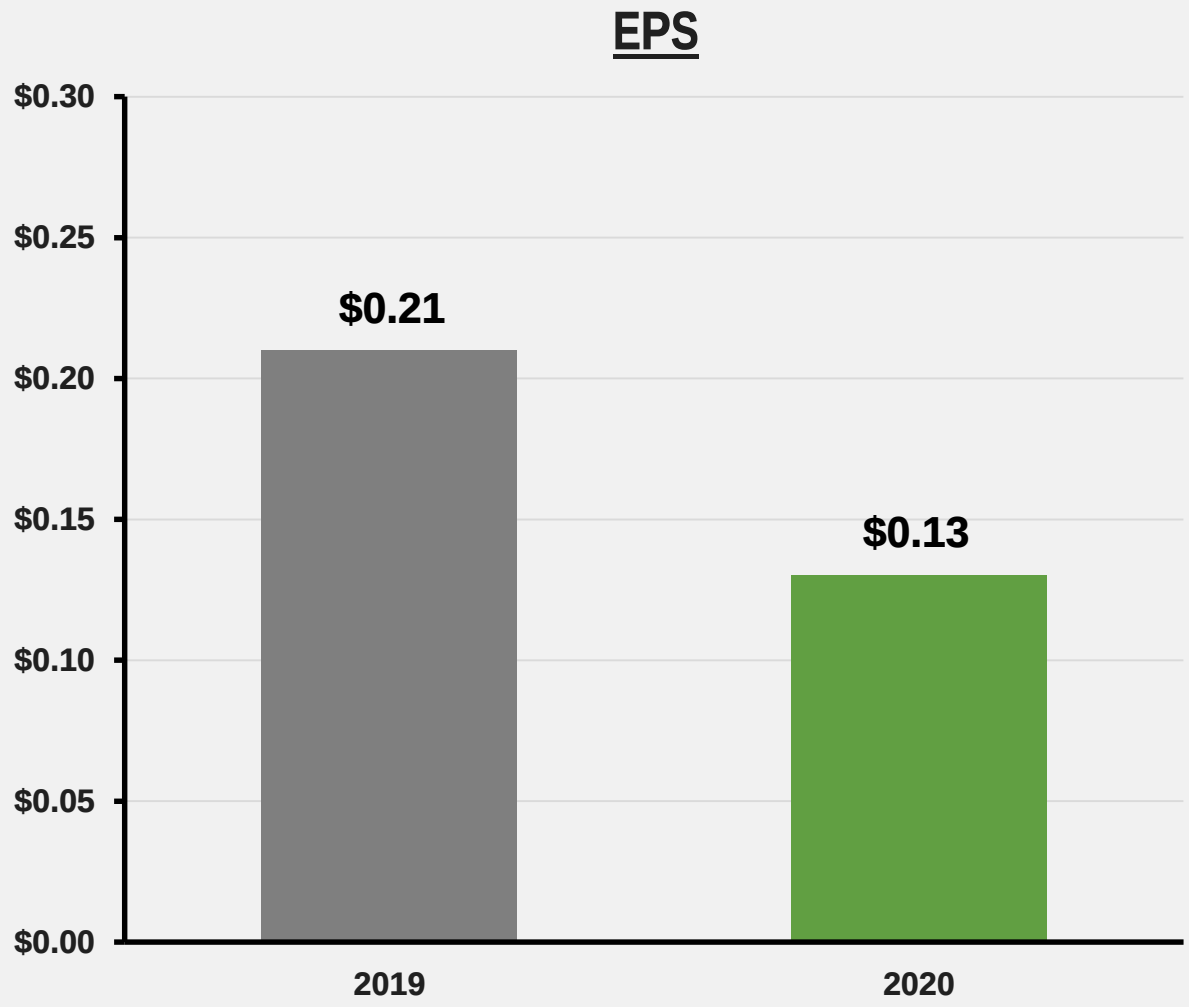
2019 EARNINGS





FIRST QUARTER EARNINGS





ELECTRIC & NATURAL GAS UTILITY
FIRST QUARTER EARNINGS

- Earnings of $43.7 million
  - $5.2 million lower investment returns related to certain benefit plans
  - 7.1% decrease in electric and 10.9% decrease in natural gas sales volumes due to milder weather that was 7-21% warmer, as well as customer conservation
  - Approved rate recovery in certain jurisdictions



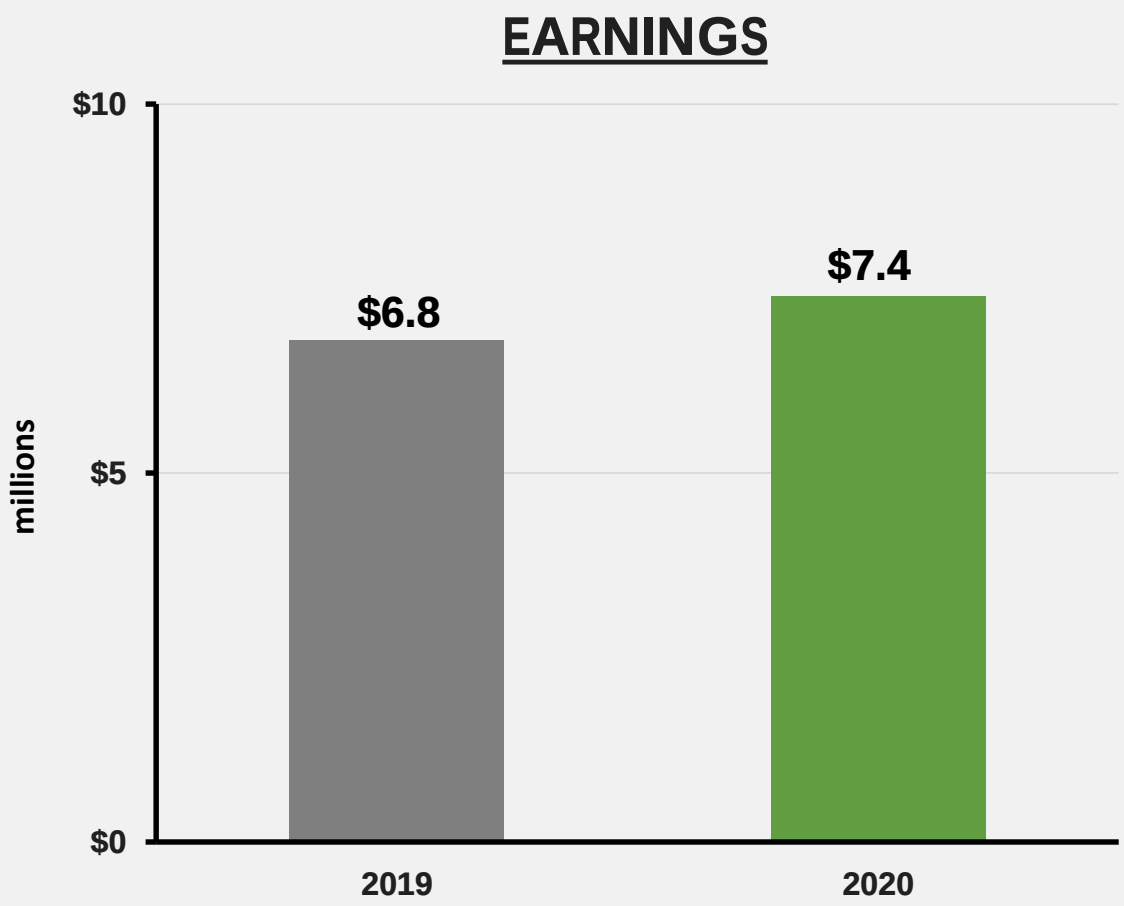
RETIRING COAL PLANTS

- Expect to retire Lewis & Clark Station by end of March 2021and Heskett Units 1 and 2 by end of March 2022
- Will build 88-megawatt natural gas-fired peaking unit at Heskett site
  - Advance Determination of Prudence requested of ND PSC
  - Possibly commissioned in mid-2023



PIPELINE
FIRST QUARTER EARNINGS

- Earnings of $7.4 million
  - Record transportation volumes from organic growth projects
  - Higher transportation rates from FERC-approved rate case



NORTH BAKKEN EXPANSION

- Will add approximately 350 million cubic feet per day
  - Will bring total natural gas pipeline system capacity to nearly 3.6 billion cubic feet per day
- Construction expected to start in early 2021
- Expected to be in service in late 2021



CONSTRUCTION SERVICES
FIRST QUARTER EARNINGS

- Earnings of $16.8 million
  - $6.7 million out-of-period adjustment to correct revenue recognition on a construction contract in the prior year
  - Strong workloads at both inside and outside specialty contracting lines
- Record quarterly revenues of $514.7 million, up 22% from 2019





RECORD BACKLOG

- Backlog at March 31 at $1.27 billion, compared to $1.02 billion

CONSTRUCTION MATERIALS
FIRST QUARTER EARNINGS

- Normal seasonal loss of $38.2 million
  - –$2.4 million lower investment returns and higher payroll-related costs
- Record first quarter revenues of $262.2 million, up 15% from 2019

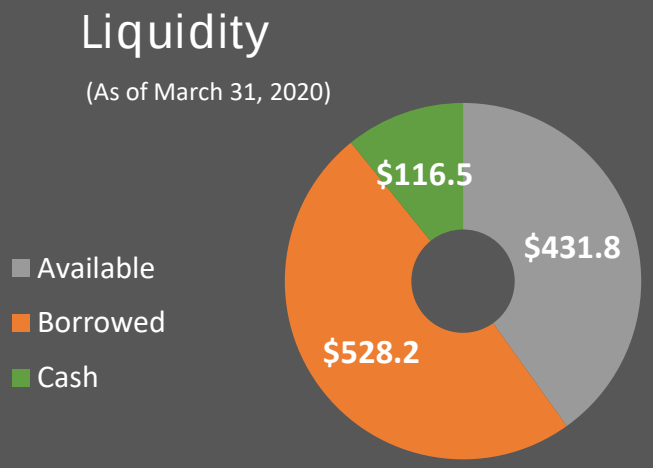


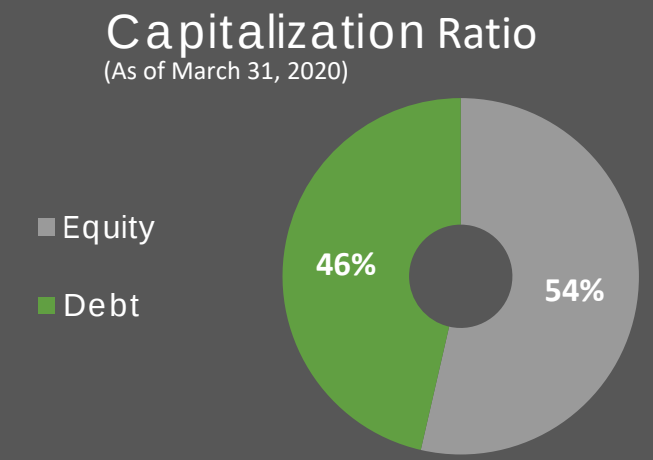
STRONG BACKLOG

- Backlog March 31 at $905 million, compared to record $943 million in 2019



STRONG FINANCIAL POSITION





- Strong liquidity position
  - $431.8 million of available borrowing capacity
  - $116.5 million of cash
  - Issued $75 million term loan in April, additional financial flexibility
- Capitalization ratio of 54% equity
- Investment-grade credit ratings

Fitch	BBB+
S&P	BBB+





COVID-19 – OUR RESPONSE

- Essential products and services
  - Minimal interruptions or delays to operations
- Top priority is health and safety of employees, customers and communities
  - Implemented work-from-home practices where possible
  - Social distancing on construction projects
  - Suspended late payment fees and service disconnects for utility customers
- Some uncertainty regarding economic recovery
  - Lowered revenue guidance at materials
  - Removed margin guidance for construction
- Regulated businesses – near normal operations

2020 EPS GUIDANCE UPDATED

$1.50-$1.70

Consolidated EPS Guidance

Note: As of May 7, 2020

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

DIVIDEND GROWTH

- 82 consecutive years of quarterly dividend payments
- Dividend increased November 2019, making 29 consecutive years of increases
- Annualized dividend 83 cents per share
- Member of S&P High-Yield Dividend Aristocrats index



THANK YOU

