

AMERICAN GAS ASSOCIATION – MAY 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®.**

IN THE COMMUNITY TO SERVE®
MDU RESOURCES GROUP COMPANIES
CASCADE NATURAL GAS CORPORATION
MONTANA-DAKOTA UTILITIES CO.
INTERMOUNTAIN GAS COMPANY
GREAT PLAINS NATURAL GAS CO.

KNIFE RIVER® CORPORATION
AN MDU RESOURCES COMPANY

WBI ENERGY®
An MDU Resources Group company

MDU Construction Services Group, Inc.
An MDU Resources Company



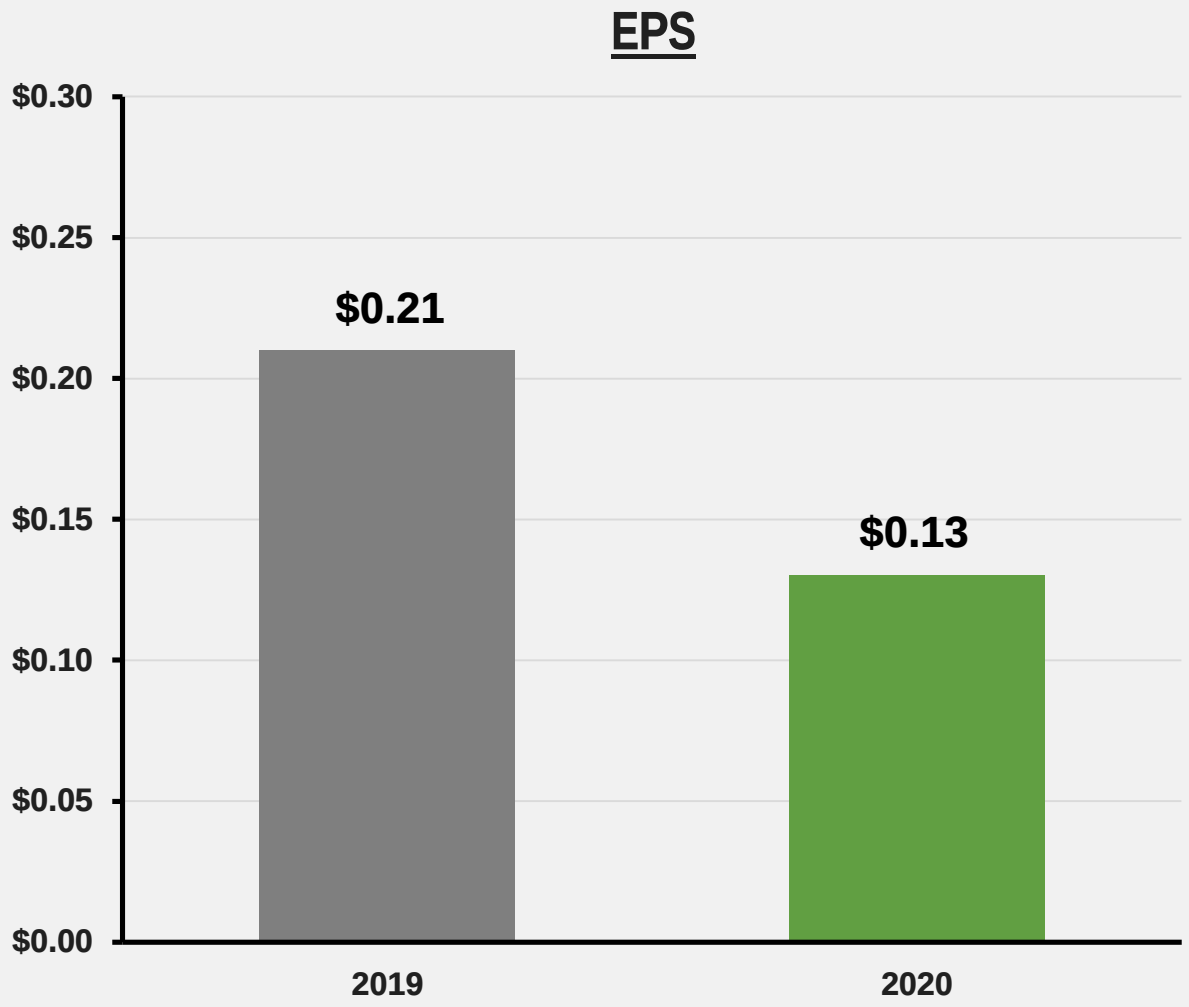


COVID-19 – OUR RESPONSE

- Our products and services considered essential
  - Operations permitted to proceed with increased social distancing measures for our more than 14,000 employees
- Health and safety of employees, customers and communities a priority
  - Implemented work from home policies where available
  - Practice social distancing on construction projects
  - Suspended late payment fees and service disconnects for utility customers
- MDU Resources Foundation donated $500,000 to support Coronavirus relief efforts
  - This is in addition to the $2.2 million the Foundation has already committed to charitable organizations this year

FIRST QUARTER EARNINGS





2020 EPS GUIDANCE UPDATED

$1.50 - $1.70

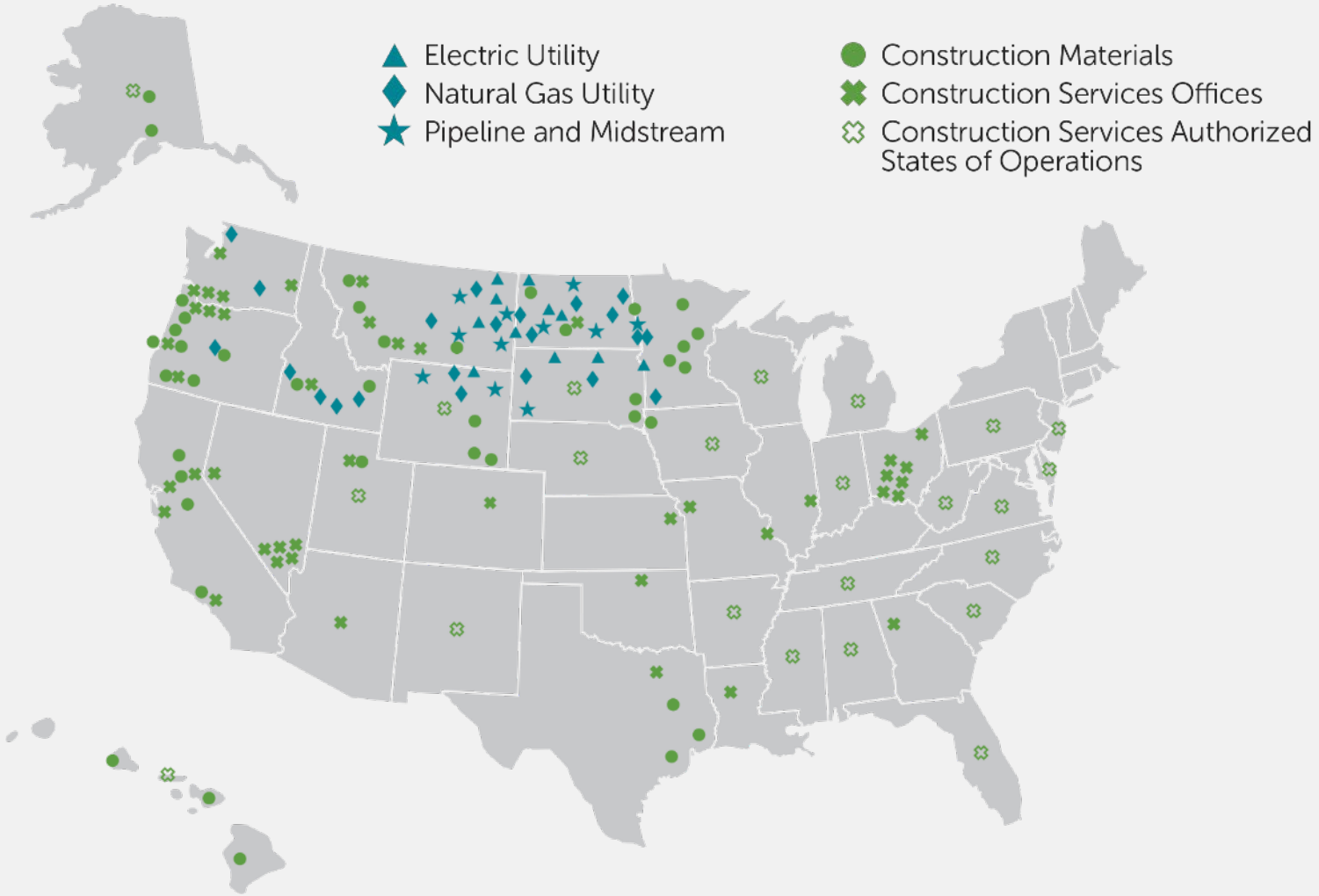
Consolidated EPS Guidance

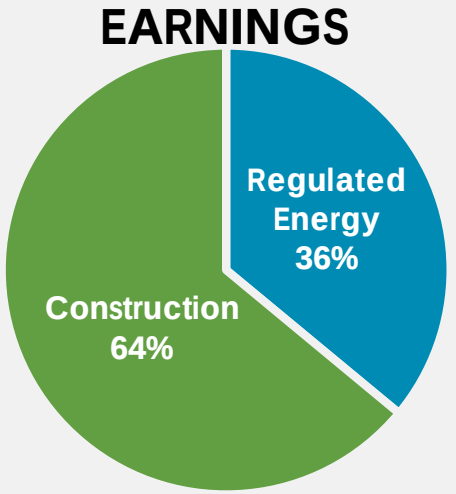
Note: As of May 7, 2020

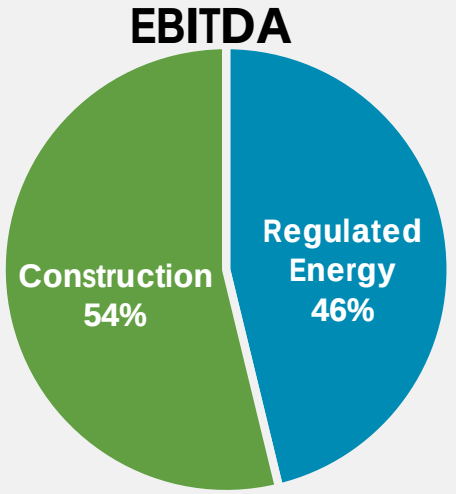
5 - 8% Long-Term Compound Annual Growth Rate Target

EARNINGS CONTRIBUTIONS

TRAILING TWELVE MONTHS AS OF MARCH 31, 2020

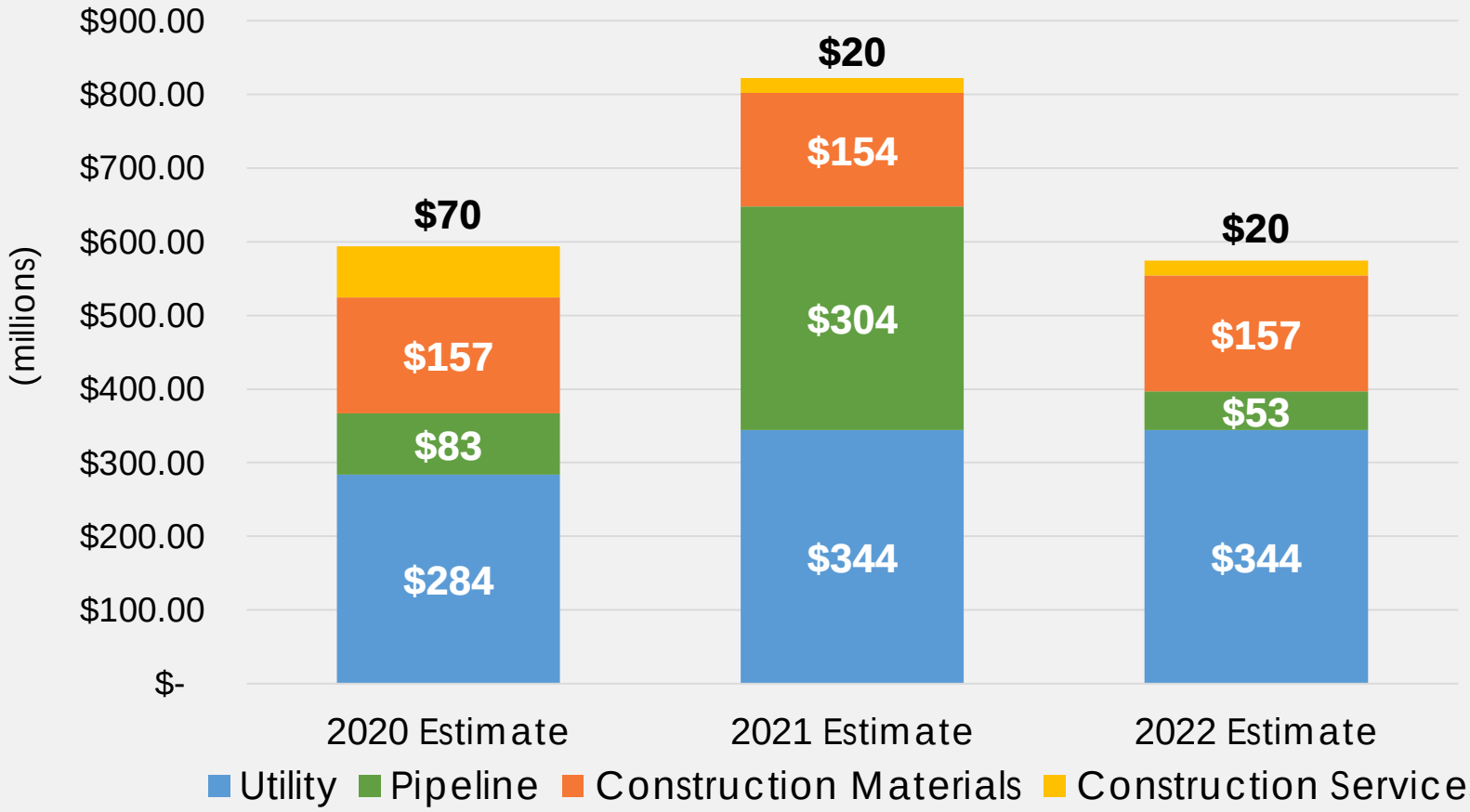






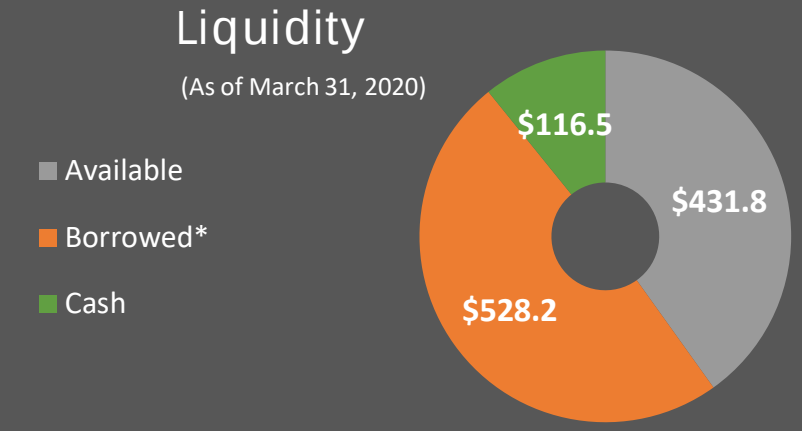
CAPITAL EXPENDITURES

- Electric and natural gas utility
  - System infrastructure upgrades and replacements
  - Natural gas combustion turbine
- Pipeline
  - 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

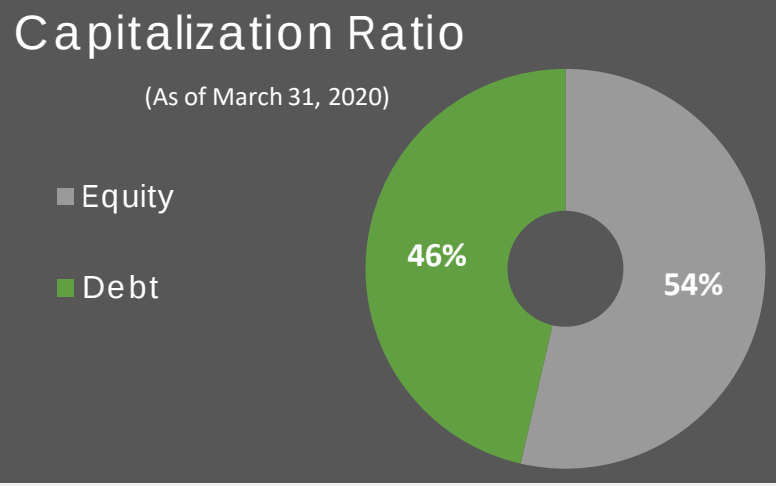


* Excludes "Other" category as well as assumed net proceeds from the sale or disposition of property

STRONG FINANCIAL POSITION



*Borrowed under commercial paper and credit facilities.



- Strong liquidity position
  - $431.8 million of available borrowing capacity
  - $116.5 million of cash
  - Issued a $75 million term loan at Montana-Dakota in April to provide additional financial flexibility
- Capitalization ratio of 54% equity
- 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



UTILITY ELECTRIC & NATURAL GAS





ELECTRIC AND NATURAL GAS

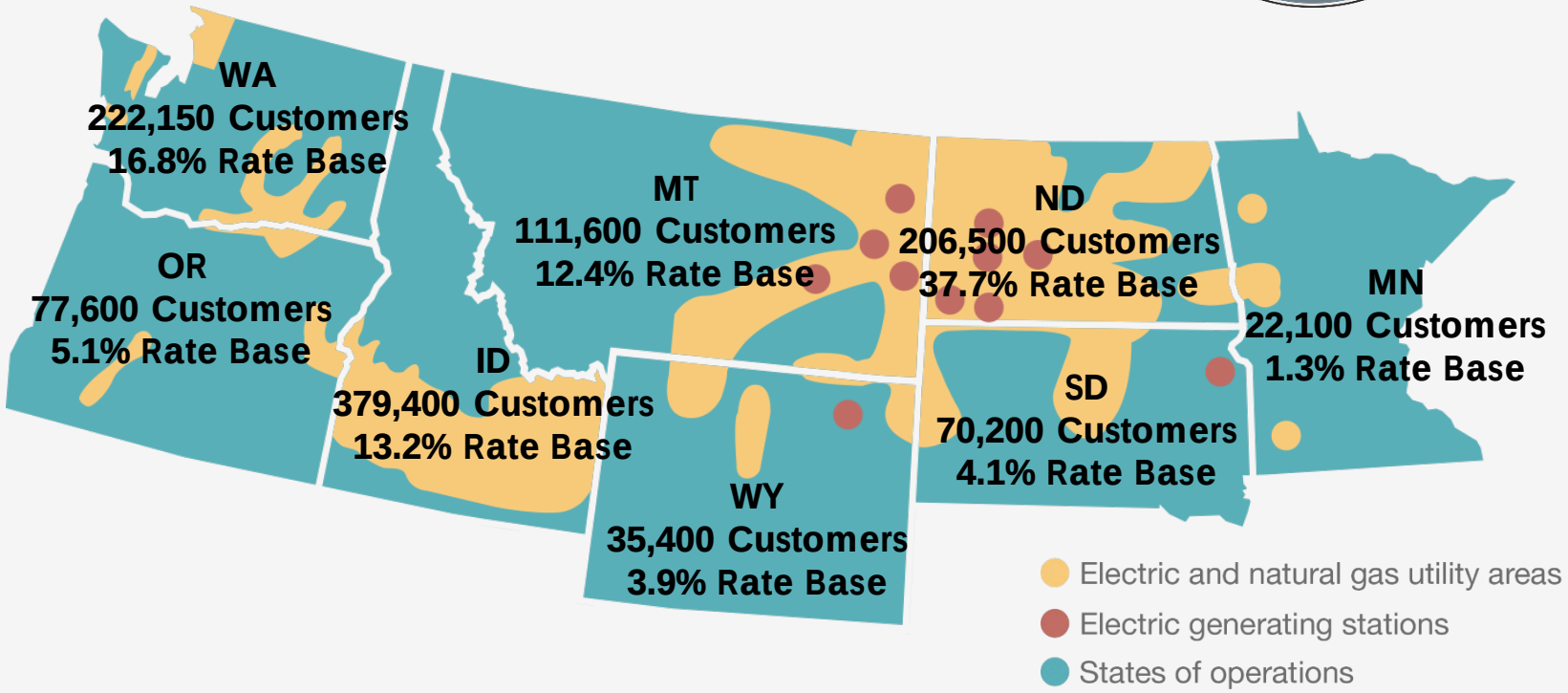
1,125,000
CUSTOMERS

800 MW
OWNED GENERATION

8,100
MILES OF TRANSMISSION

19,400
MILES OF DISTRIBUTION

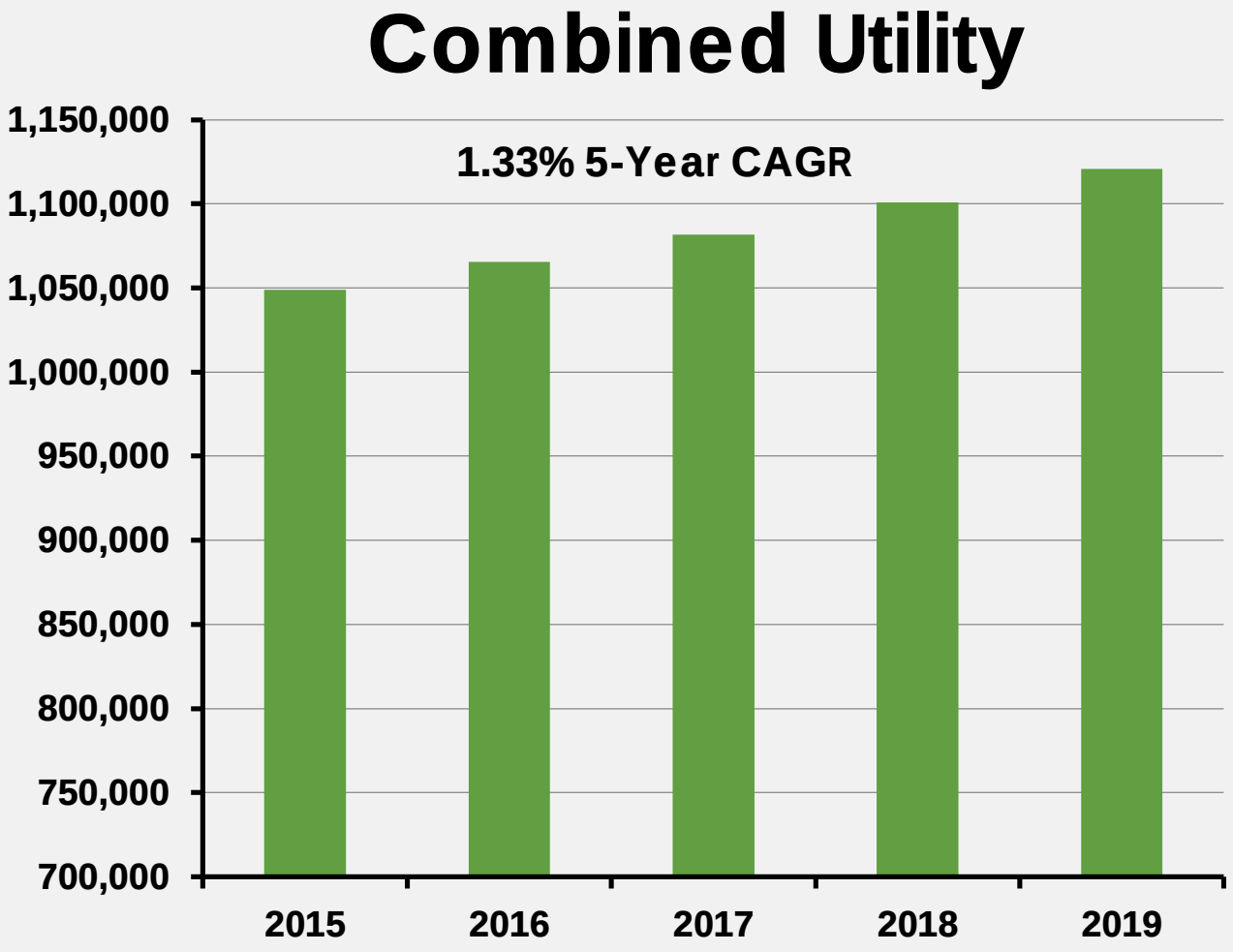
1,600
EMPLOYEES

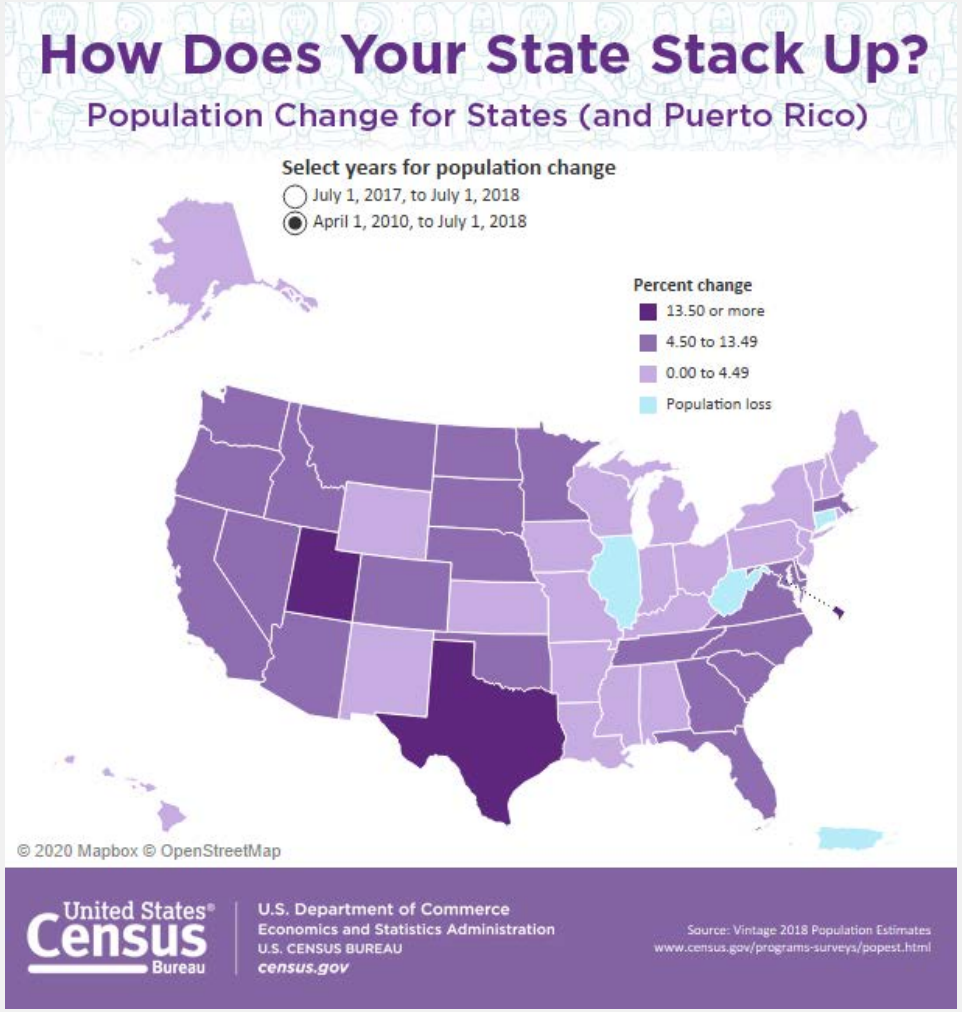


Ranked 1st, 2nd and 3rd in the J.D Power 2019 Gas Utility Residential Customer Satisfaction Study for mid-sized natural gas utilities in the west region

*Rate base by state updated annually. Customer counts updated quarterly.

CUSTOMER GROWTH RATES



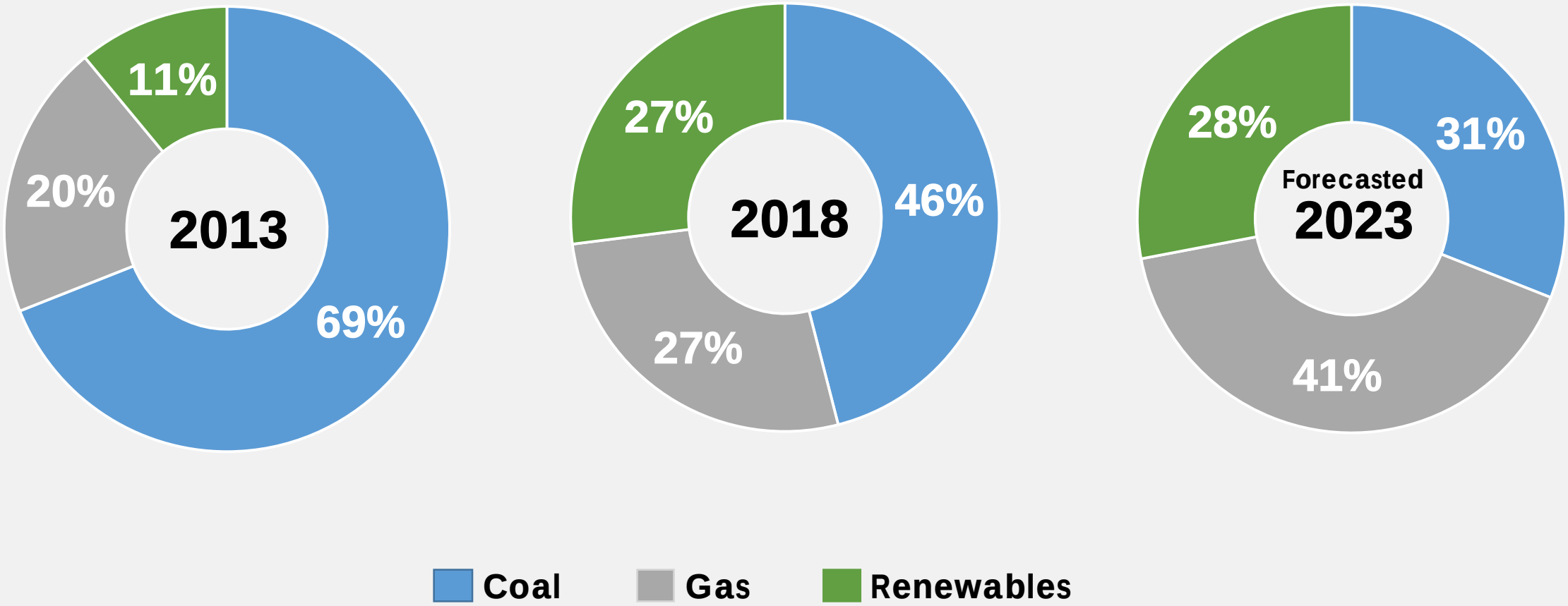


REGULATORY UPDATE

- Pending Cases
  - MN natural gas: Formal hearing held March 10-11 in St. Paul, MN. Request for $2.8 million annual increase. This matter is still pending with the MNPUC
  - ND advance determination of prudence for natural gas combustion turbine filed Aug. 28; formal hearing was held on April 30 in Bismarck, ND. This matter is still pending with the NDPSC
  - OR natural gas: Request for $4.87 million annual increase was filed March 31. This matter is still pending with the OPUC
- Deferred Accounting Orders
  - The company has filed requests to use deferred accounting for costs related to COVID-19 in ID, MT, MN, ND, OR, SD and WY

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

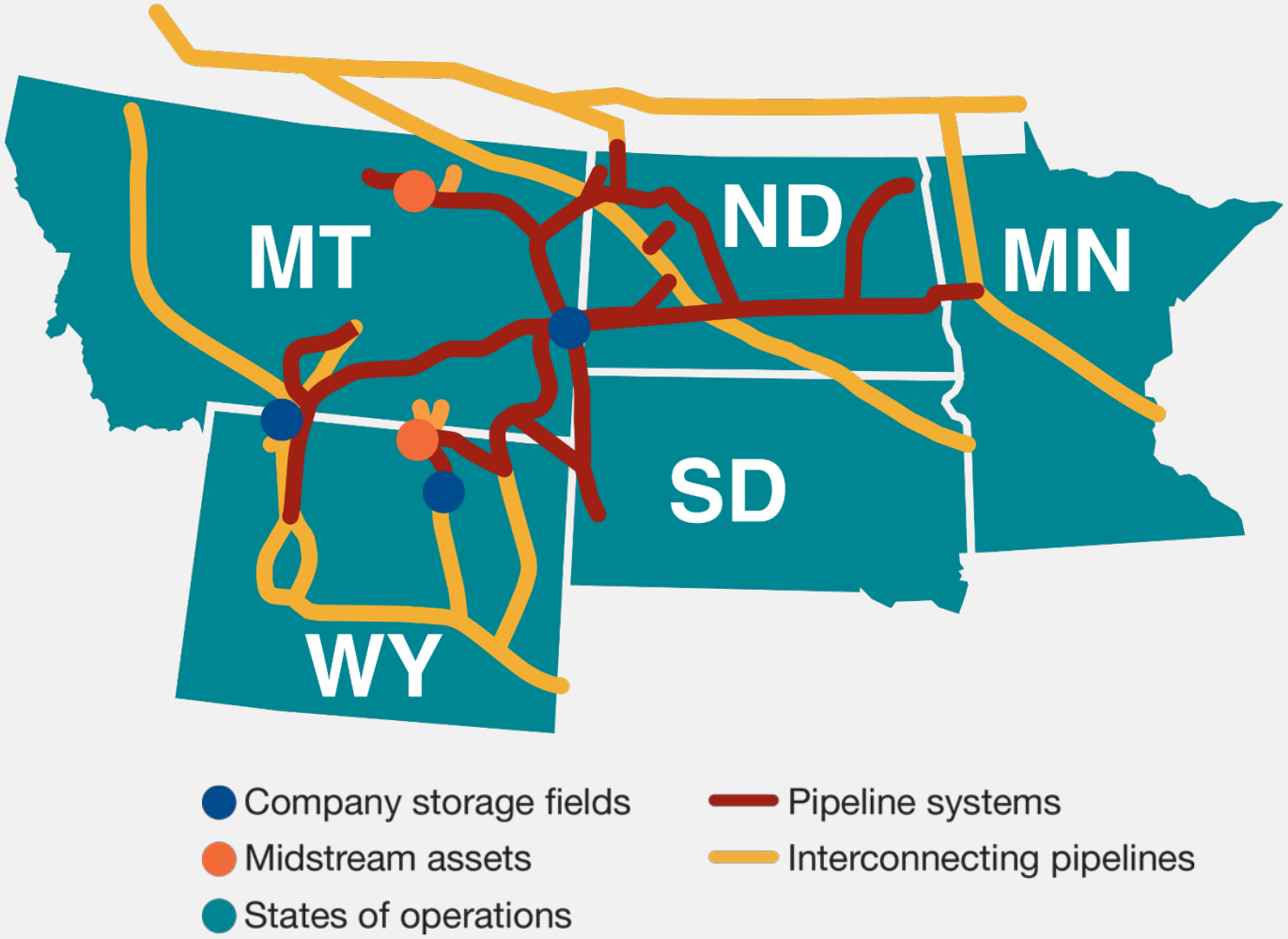
4,000
MILES OF PIPE

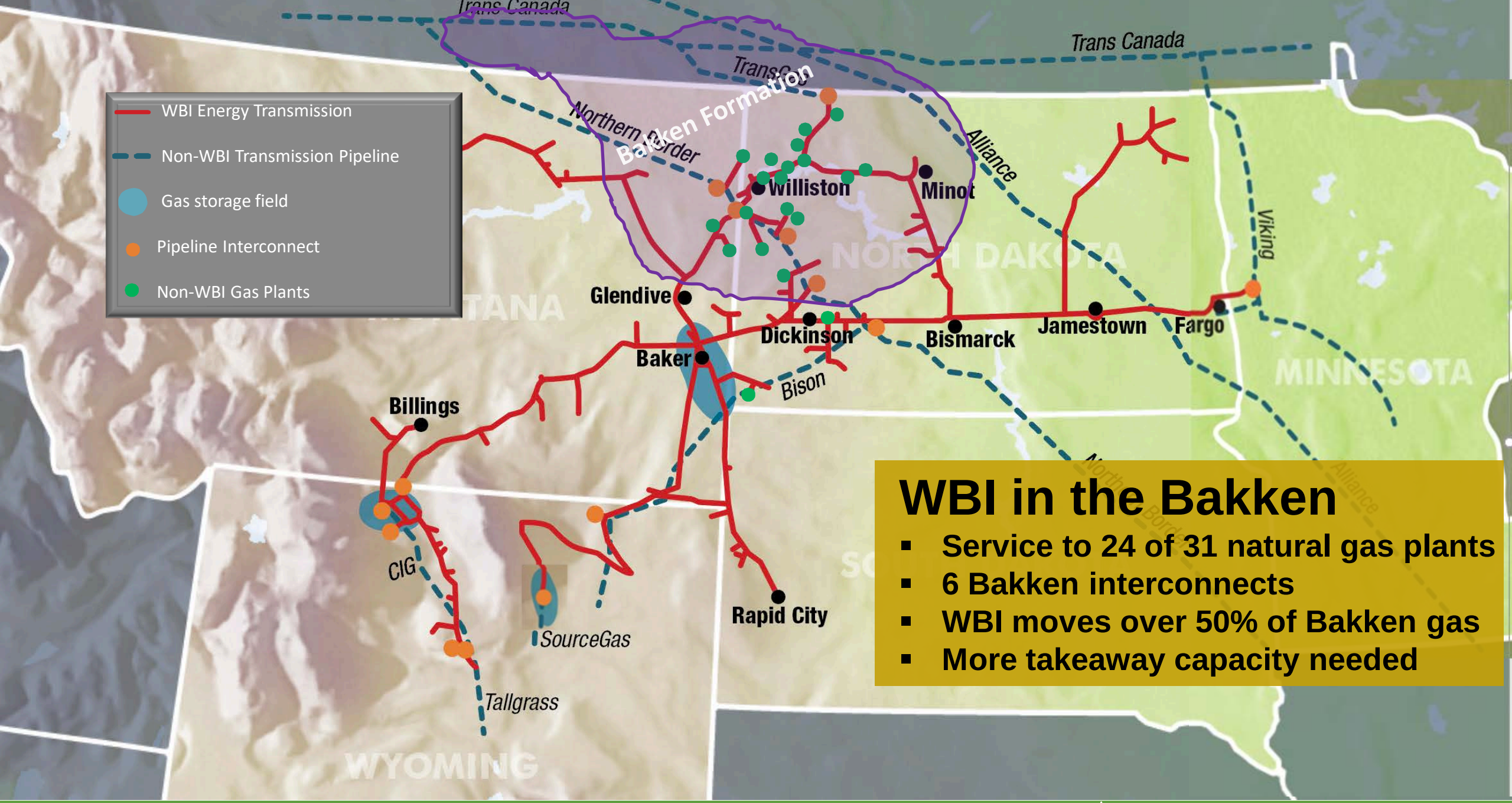
OVER 2.2 BCF/D
SYSTEM CAPACITY

14
INTERCONNECTING POINTS

335
EMPLOYEES

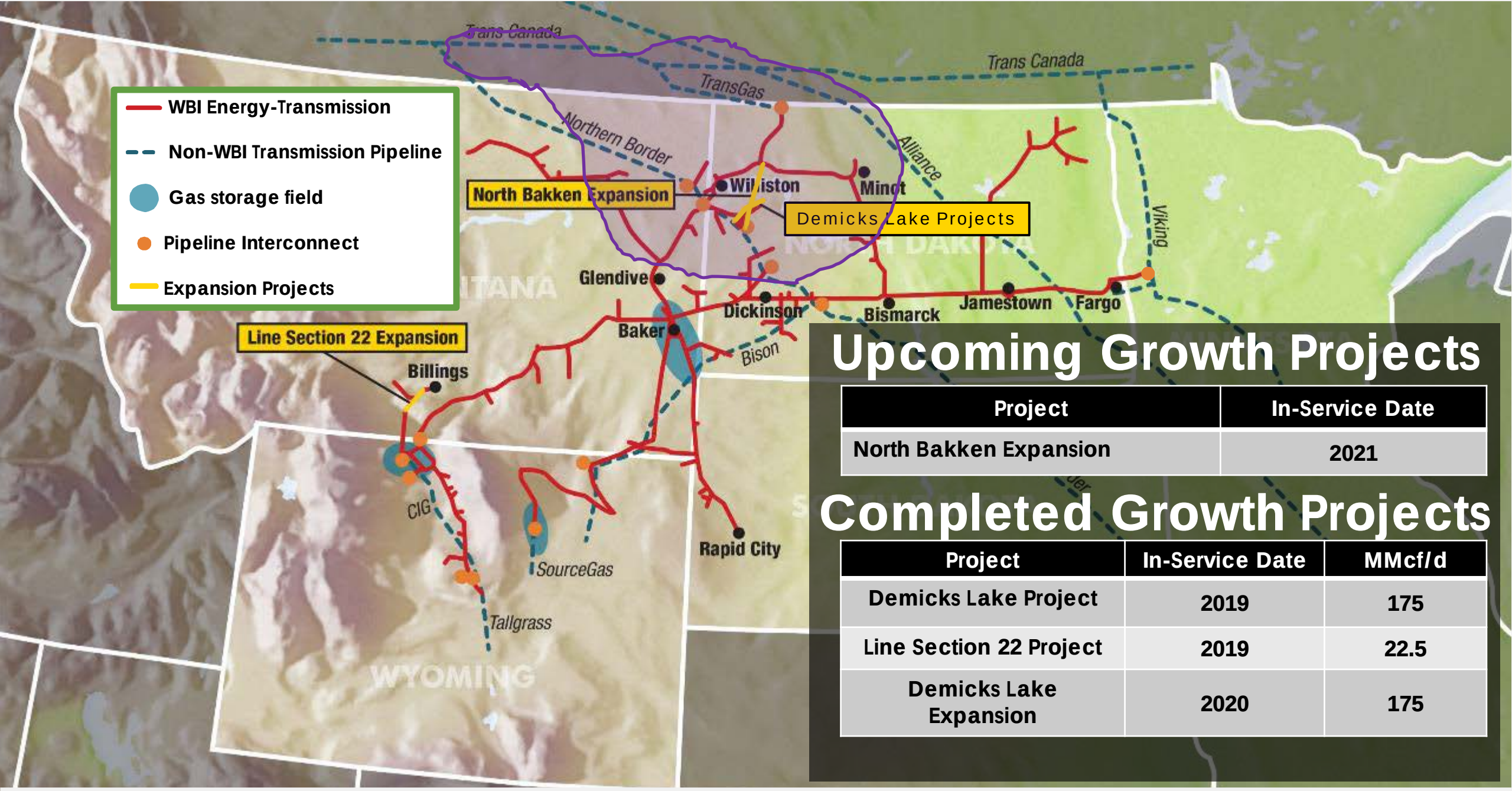
LARGEST
STORAGE FIELD IN N. AMERICA





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
North Bakken Expansion	2021

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
  - FERC application filed in February 2020
  - Expected to start construction in early 2021
  - Expected to be in service late 2021
- Organic growth opportunities including potential industrial related projects due to low natural gas prices
- Profitably grow core business
  - Be the pipeline of choice for increasing Bakken natural gas residue takeaway and incremental industrial projects
  - $562 million, 5-year capital investment planned
  - Look for appropriate mergers and acquisitions
    - Within or adjacent to current geographic footprint
    - Strategic to WBI Energy
    - Continue to leverage our core strengths and enhance existing operations

CONSTRUCTION SERVICES





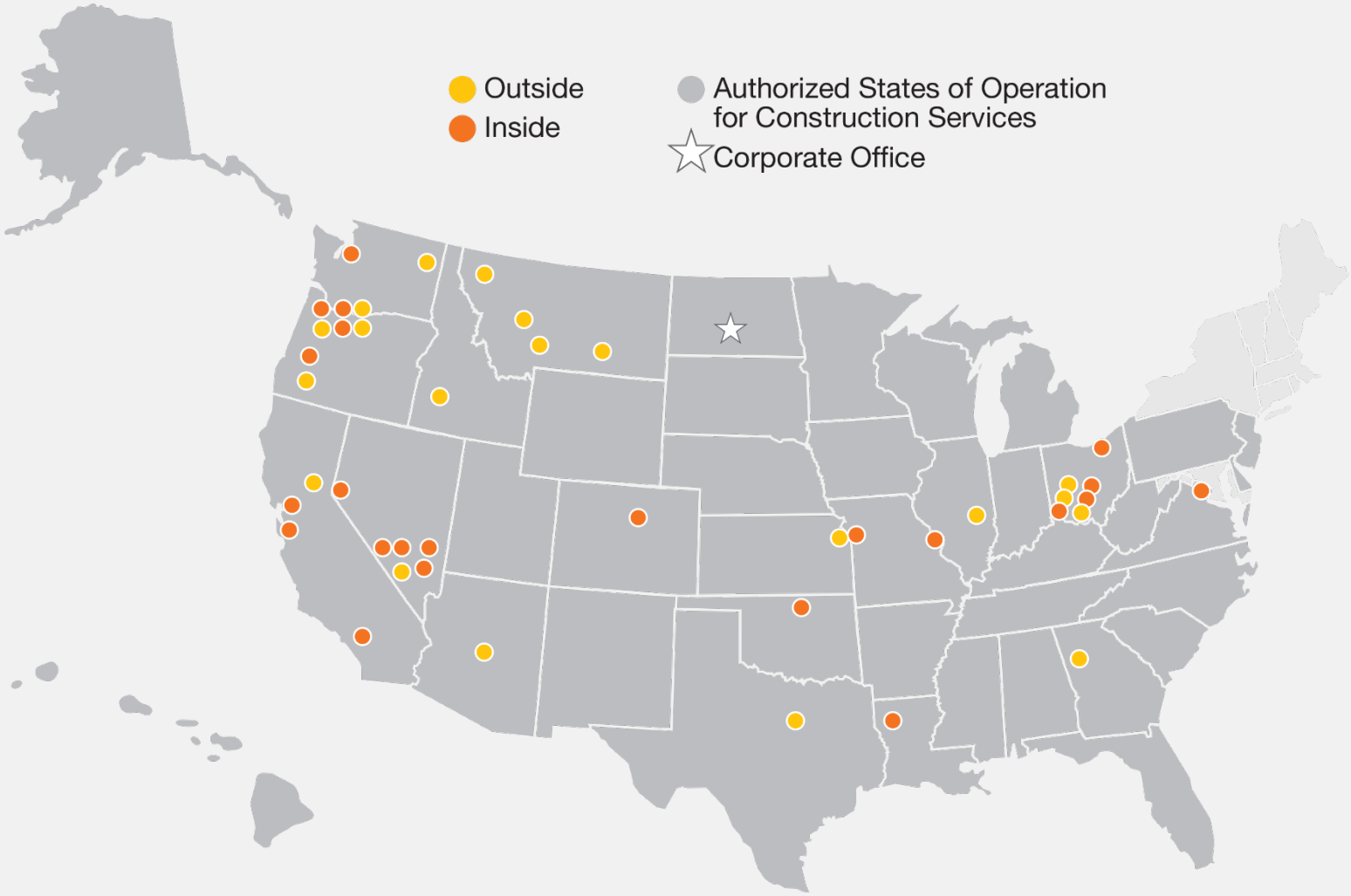
CONSTRUCTION SERVICES

8,000
EMPLOYEES AT PEAK

42
STATES OF OPERATION

6
OUTSIDE CONSTRUCTION COMPANIES

12
INSIDE CONSTRUCTION COMPANIES



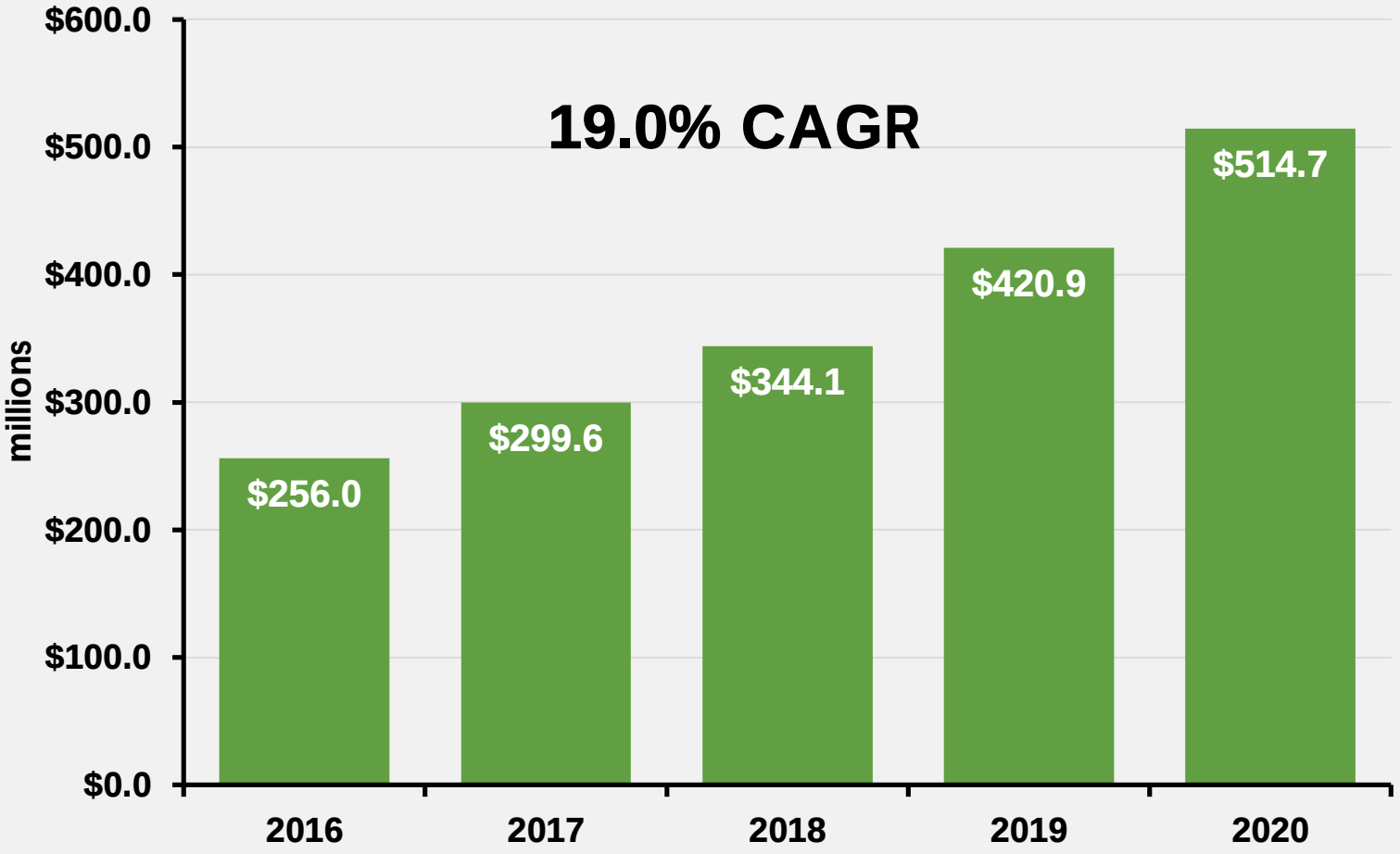
Ranked **12th** on ENR's Top 600 Specialty Contractors List





REVENUE GROWTH

FOR QUARTER ENDED MARCH 31

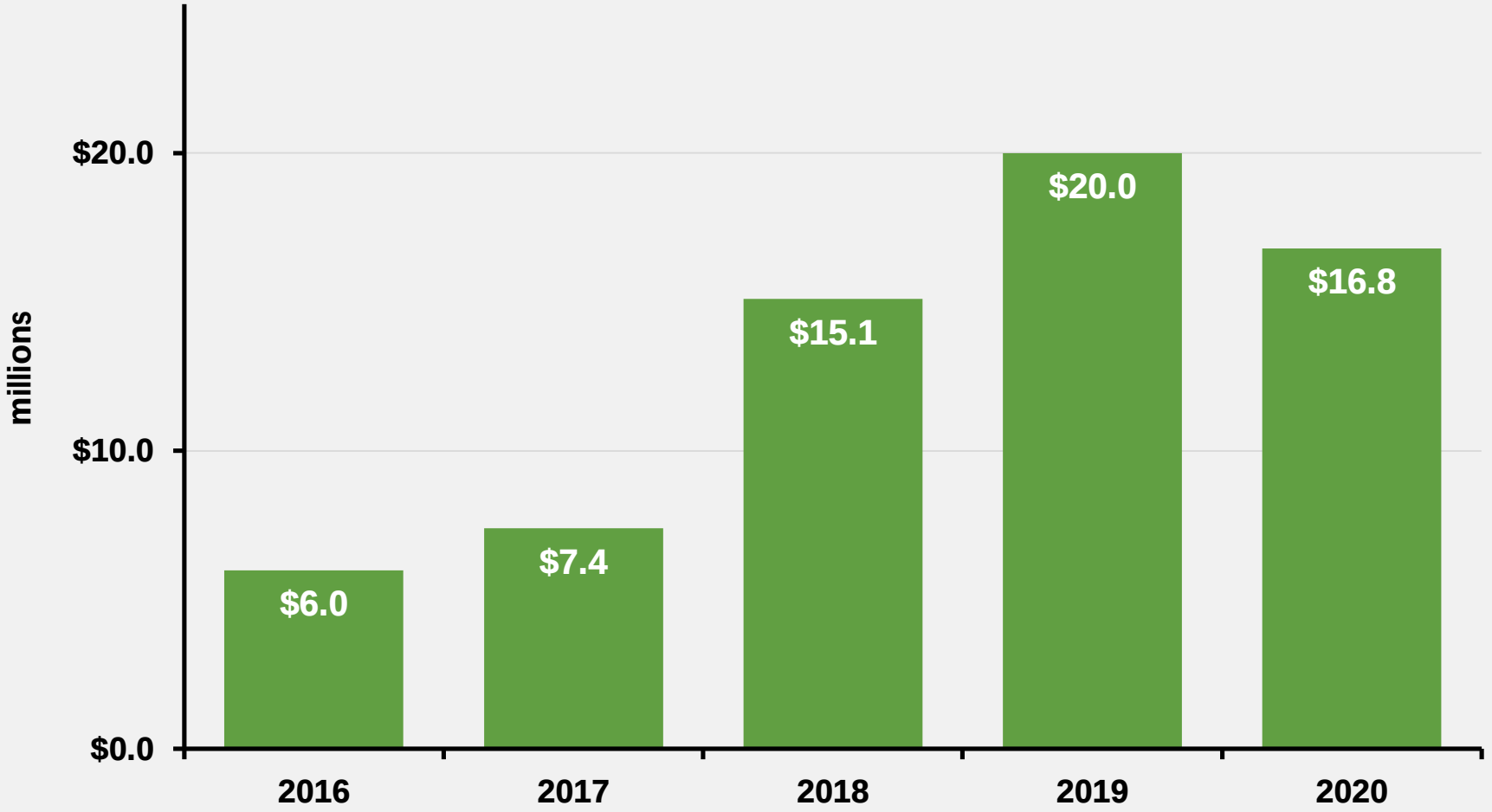






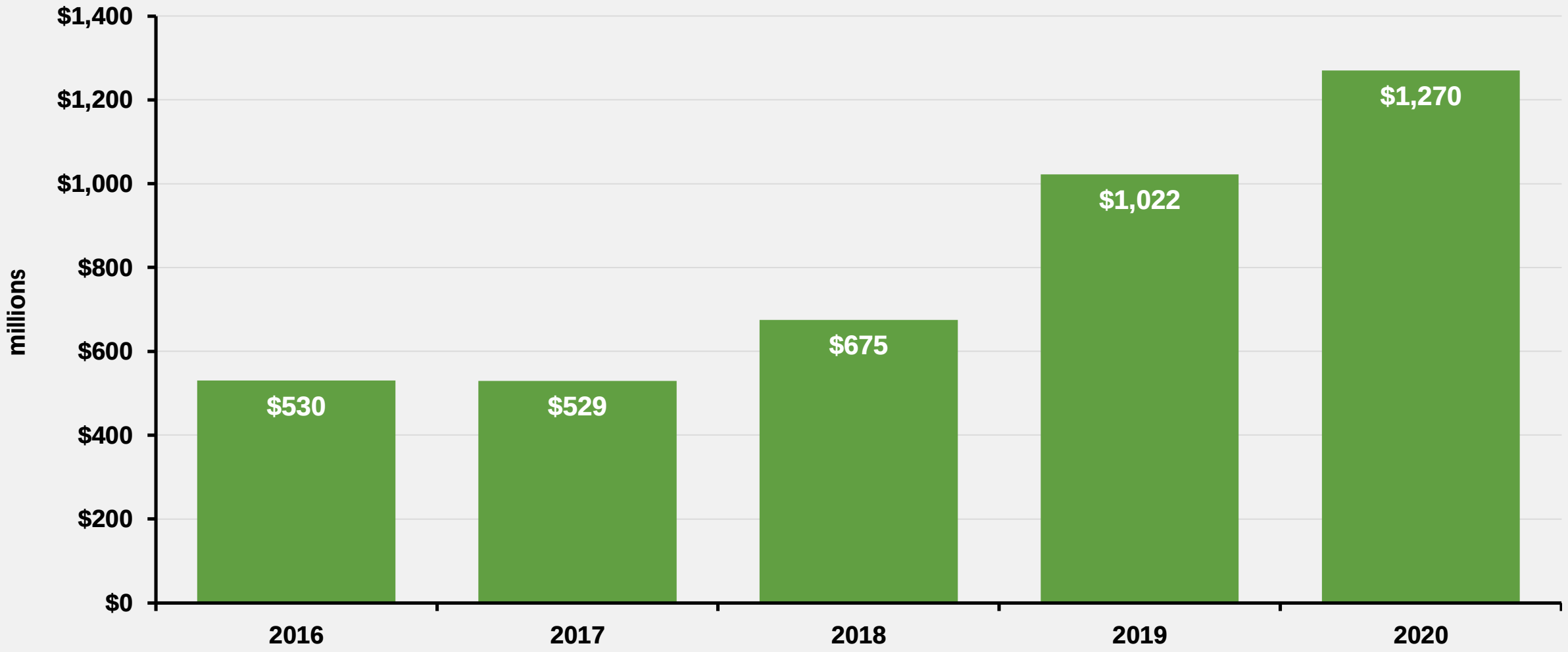
EARNINGS GROWTH

FOR QUARTER ENDED MARCH 31



CUSTOMER SATISFACTION: BACKLOG

AS OF MARCH 31







OUTLOOK

- Record quarterly revenues of approximately $515 million, up 22% from first quarter 2019
- All-time record backlog of nearly $1.3 billion as of March 31, up 24% from first quarter 2019
- 2020 revenue guidance in a range of $1.85 billion to $2.05 billion
- Continues to see both inside and outside specialty contracting demand in several industries across its operational footprint
- Exploring acquisition and organic growth opportunities

CONSTRUCTION MATERIALS





CONSTRUCTION MATERIALS

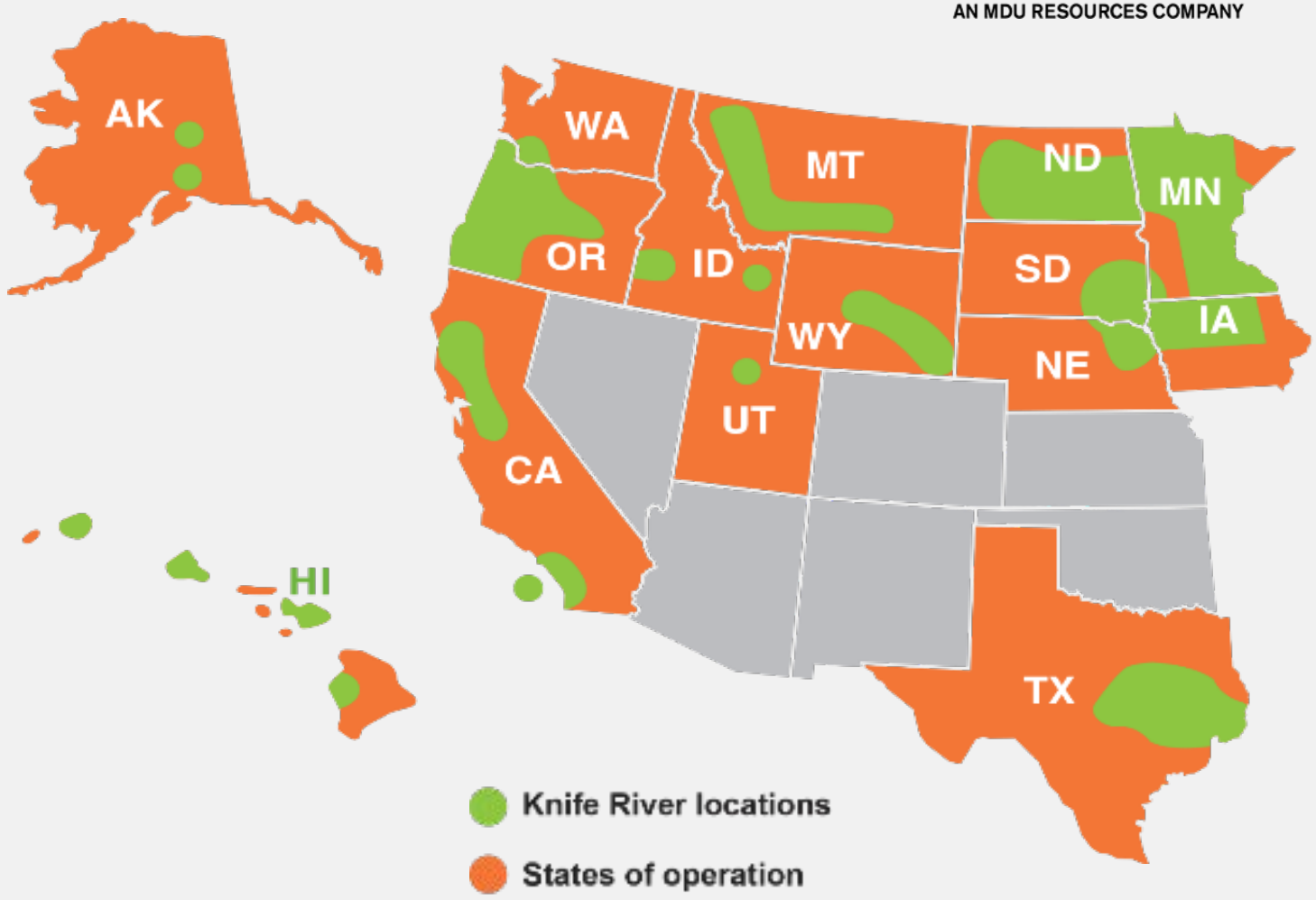
KNIFE RIVER CORPORATION
AN MDU RESOURCES COMPANY

NEARLY 6,000
EMPLOYEES AT PEAK SEASON

15
STATES OF OPERATION

1.1 BILLION
TONS OF RESERVES

TOP 10
U.S AGGREGATE PRODUCER

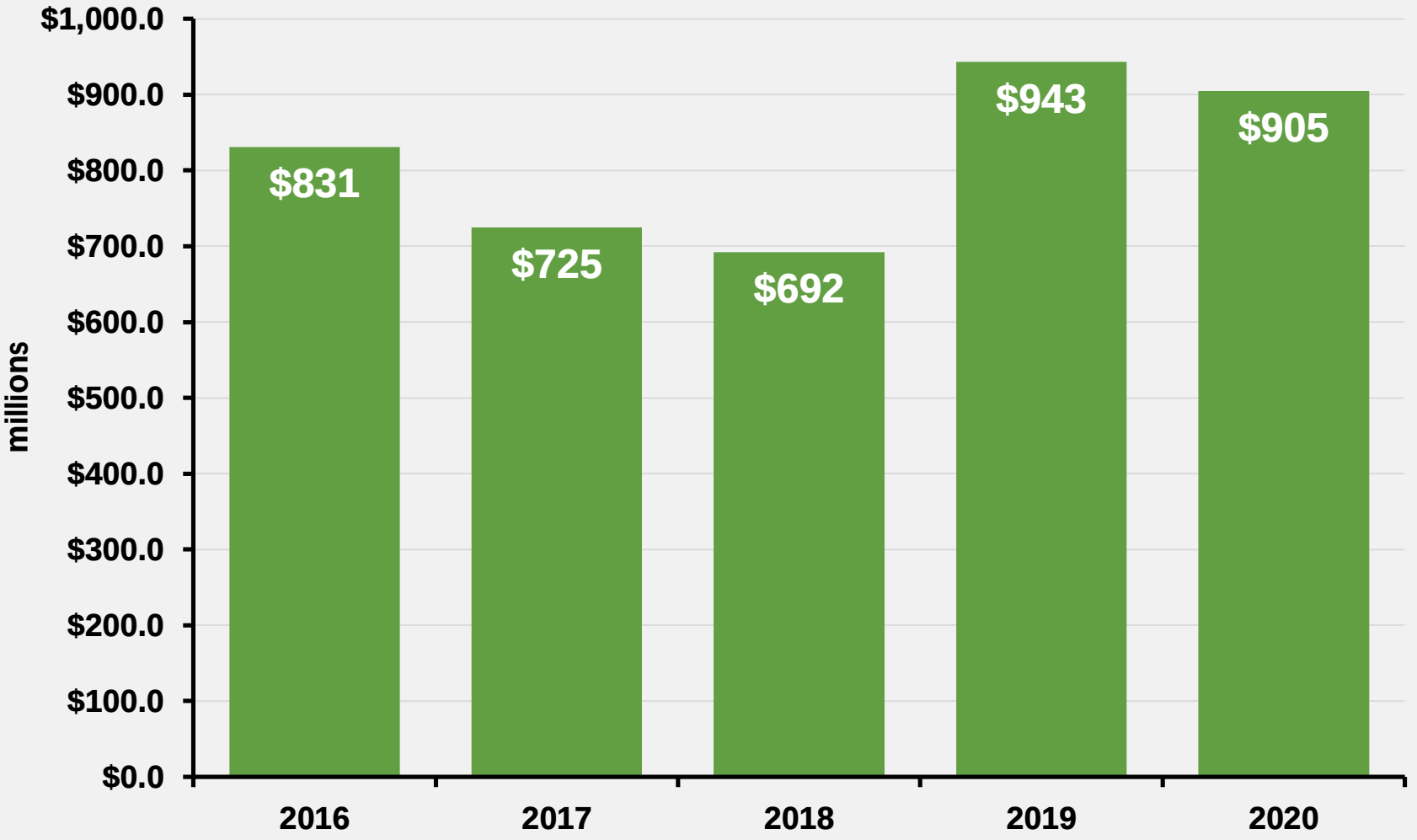






CONSTRUCTION BACKLOG

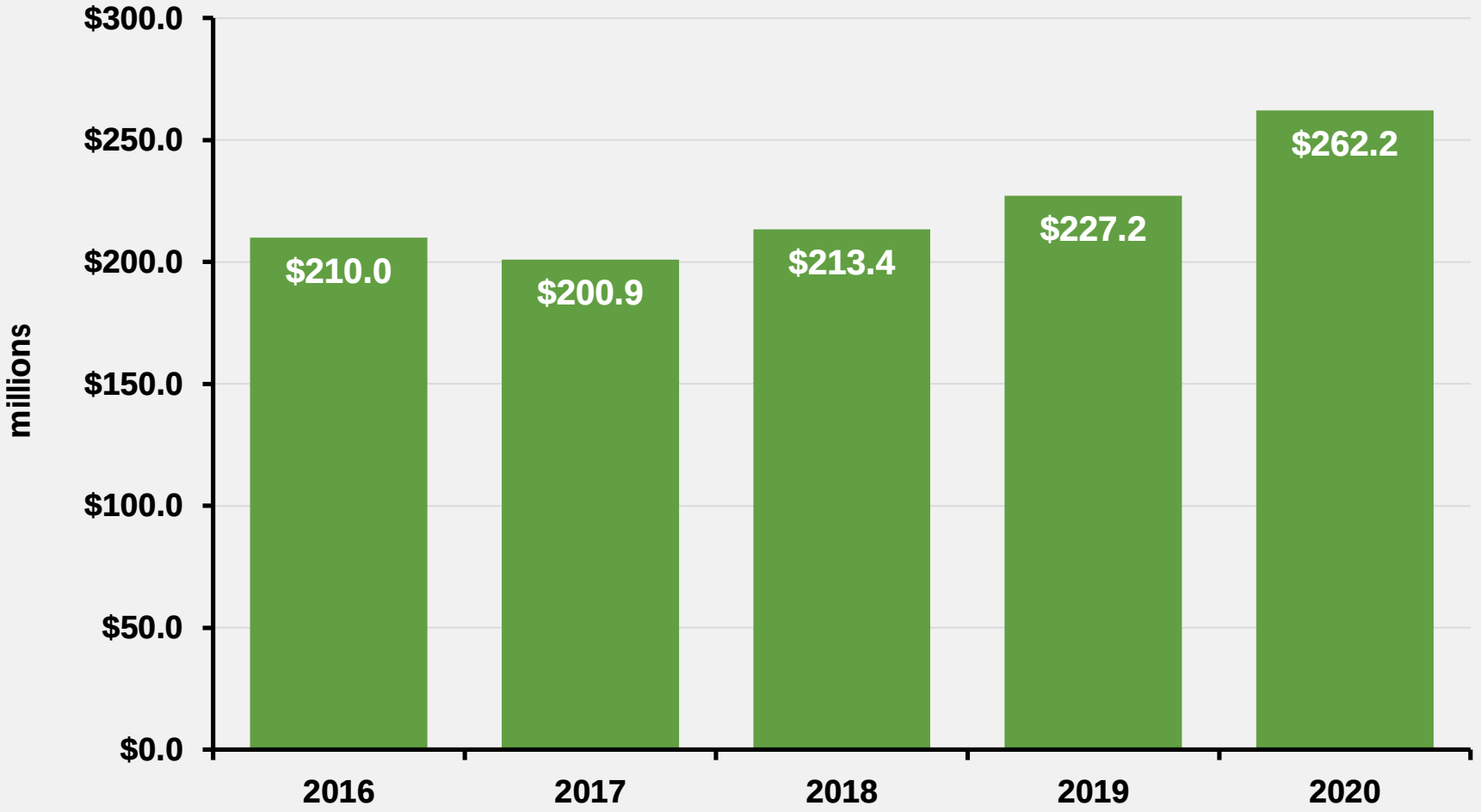
AS OF MARCH 31







REVENUE GROWTH
FOR QUARTER ENDED MARCH 31



OUTLOOK

- Record first quarter revenues of $262 million, up 15% from first quarter 2019
- First quarter backlog of $905 million, down slightly from the prior year's record first quarter backlog of $943 million
- 2020 revenue guidance range lowered slightly to $2.1 billion to $2.3 billion
- 1.1 billion tons of aggregate reserves
- Evaluating additional acquisition opportunities that will continue to grow our existing footprint and enhance our market share







INVESTOR RELATIONS

QUESTIONS





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

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APPENDIX
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES: EBITDA

(dollars in millions)	Trailing Twelve-Month Ended March 31, 2020					
	Electric	**Natural Gas**	**Pipeline**	**Construction Services**	**Construction Materials**	**Total**
Income from continuing ops.	$50.6	$35.4	$30.1	$89.8	$116.6	$319.6
Adjustments:						
Interest Expense	25.7	36.3	7.3	5.4	23.7	$99.7
Income Taxes	(14.6)	1.9	7.5	29.0	37.1	$61.9
Depreciation, depletion and amortization	60.7	80.9	22.3	18.8	80.4	$265.4
EBITDA	**$122.4**	**$154.5**	**$67.2**	**$143.0**	**$257.8**	**$746.6**