

May 8, 2020

FIRST 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

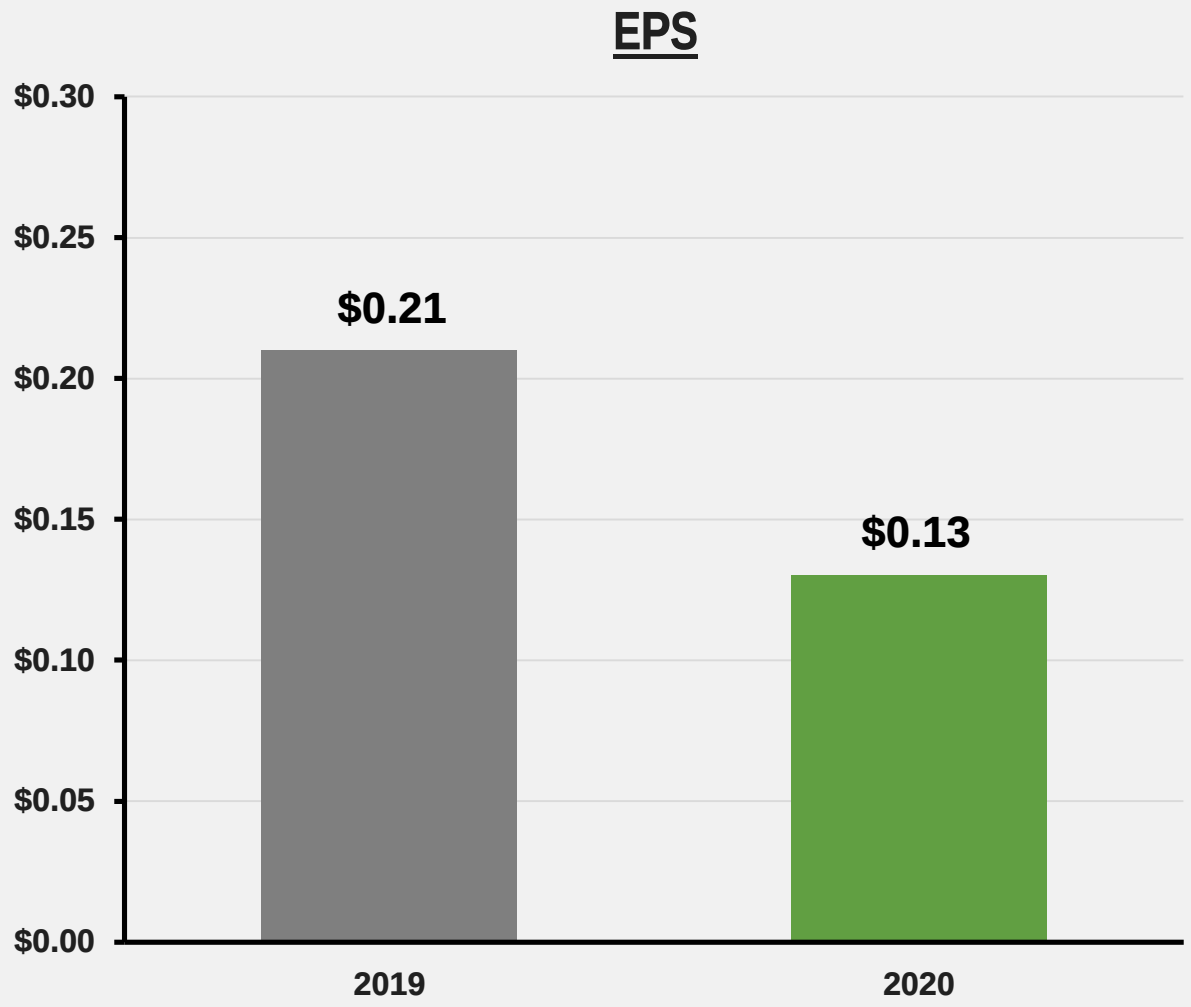
F. Trevor Hastings
WBI Energy
President & CEO

G. Nicole Kivisto
Utilities Group
President & CEO



FIRST QUARTER EARNINGS





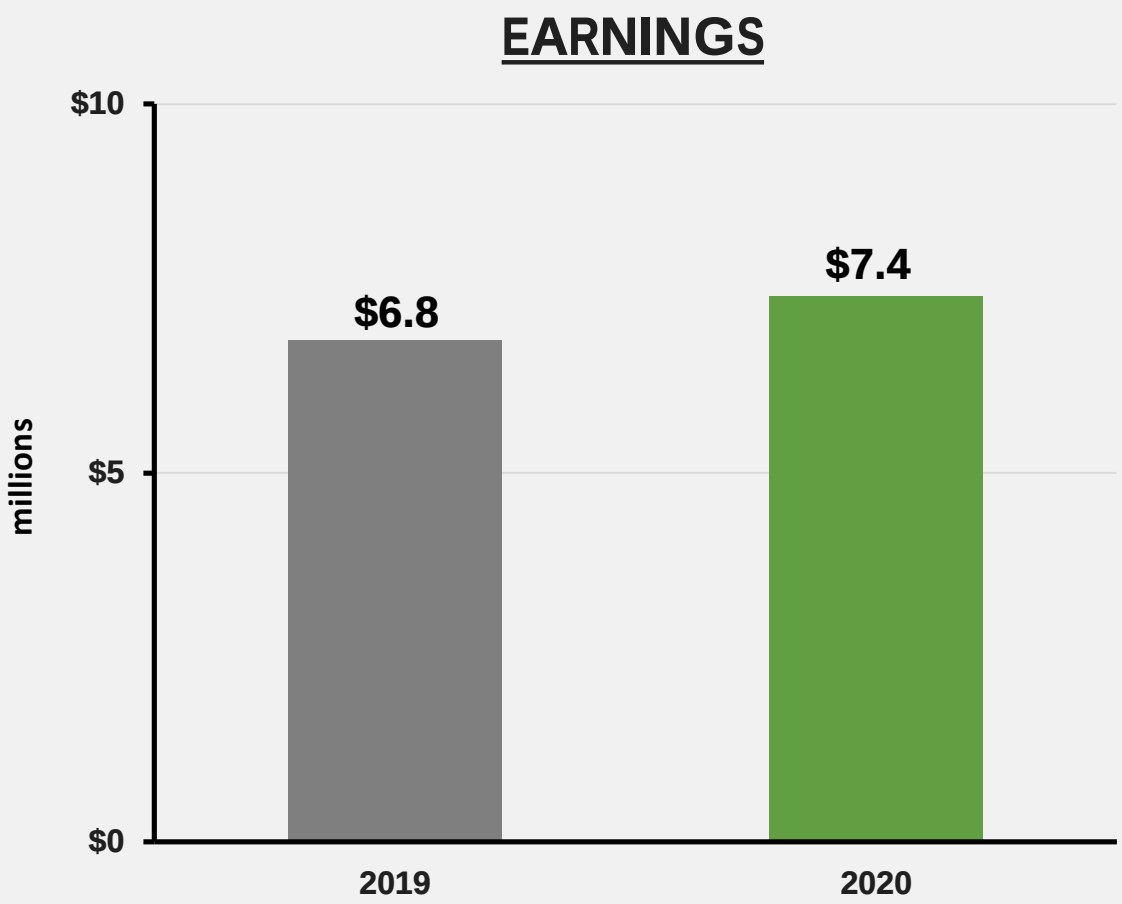
ELECTRIC & NATURAL GAS UTILITY
FIRST QUARTER EARNINGS

- Reported earnings of $43.7 million
  - $5.2 million in lower investment returns related to certain benefit plans negatively impacted earnings
  - Further impacting earnings were decreases in both electric and natural gas sales volumes, due to mild weather and higher depreciation, depletion and amortization expense
  - Partially offsetting the decrease was approved rate recovery in Montana



PIPELINE
FIRST QUARTER EARNINGS

- Reported earnings of $7.4 million
  - Higher transportation volumes and revenues from organic growth projects, and higher transportation rates from a FERC rate case settled in 2019 had a positive impact on the quarter
  - Partially offsetting the increase were higher depreciation, depletion and amortization expense and lower investment returns related to certain benefit plans



CONSTRUCTION SERVICES
FIRST QUARTER EARNINGS

- Reported earnings of $16.8 million
  - Earnings were impacted by a $6.7 million out of period adjustment to correct revenue recognition on a construction contract in the prior year
  - Higher selling, general and administrative expenses also had a negative impact on the quarter
  - Partially offsetting the decrease were strong workloads at both inside and outside specialty contracting lines
- Record quarterly revenues of $514.7 million, up 22% from 2019

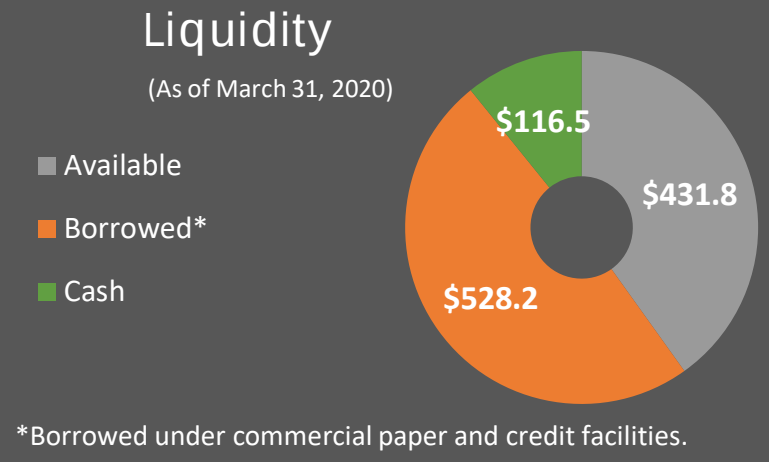


CONSTRUCTION MATERIALS
FIRST QUARTER EARNINGS

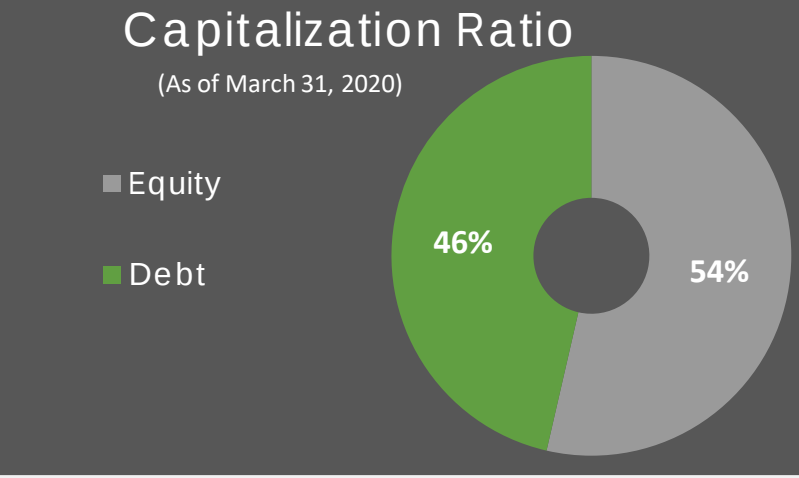
- Reported a seasonal loss of $38.2 million
  - Earnings were impacted by $2.4 million lower investment returns related to certain benefit plans and higher selling, general and administrative expense
  - Higher construction and materials revenues and gross margins partially offset the increased loss
- Record first quarter revenues of $262.2 million, up 15% from 2019



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+



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DAVE GOODIN
President & Chief Executive Officer

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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





ELECTRIC & NATURAL GAS 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 percent annually
- Focused on timely regulatory recovery
- Historic and future organic growth opportunities
  - Capital expenditures: $1.5 billion over next five years





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 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 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

2020 EPS GUIDANCE UPDATED

$1.50 - $1.70

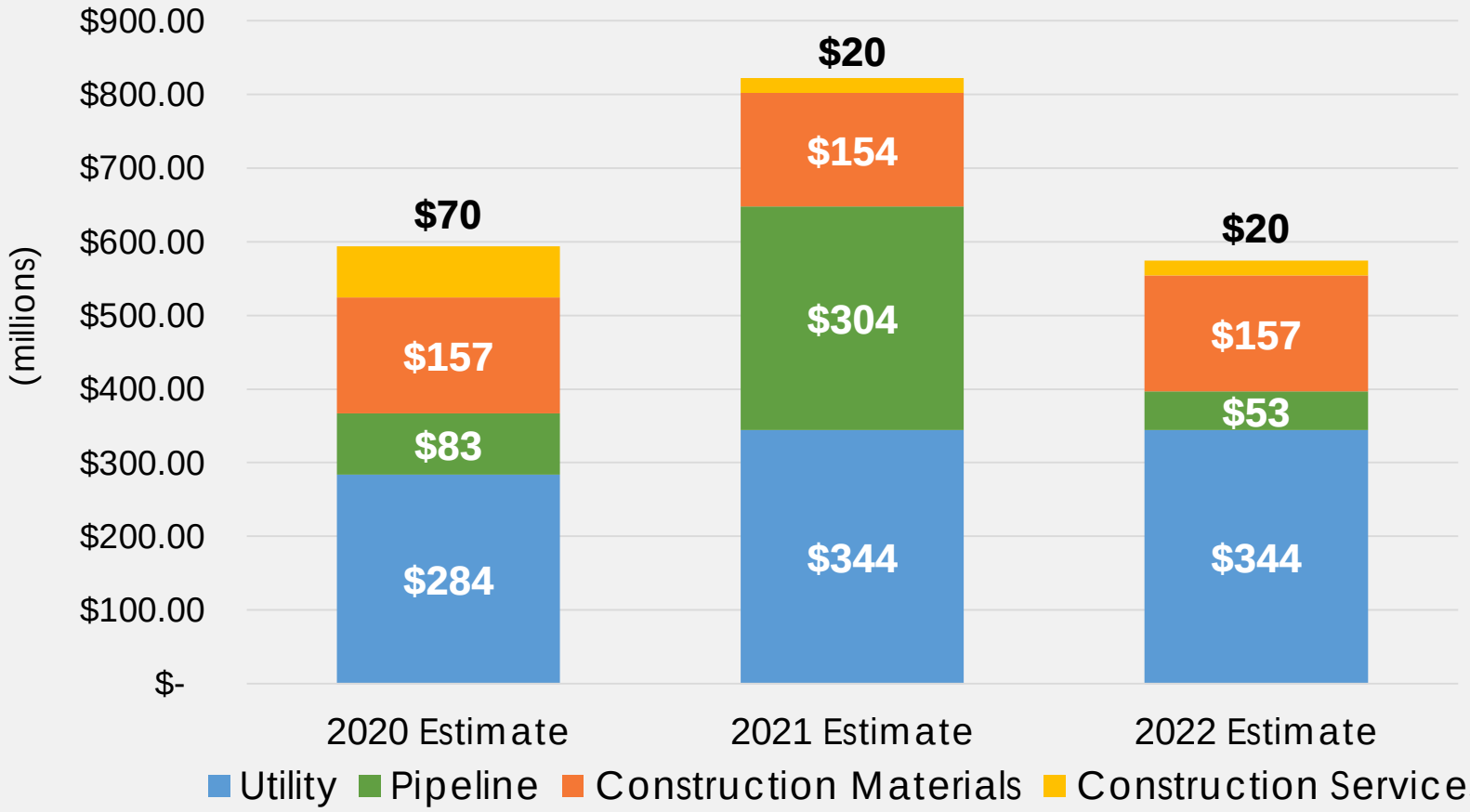
Consolidated EPS Guidance

Note: As of May 7, 2020

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

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

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







INVESTOR RELATIONS

QUESTIONS





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