

AUGUST 5, 2020

SECOND 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

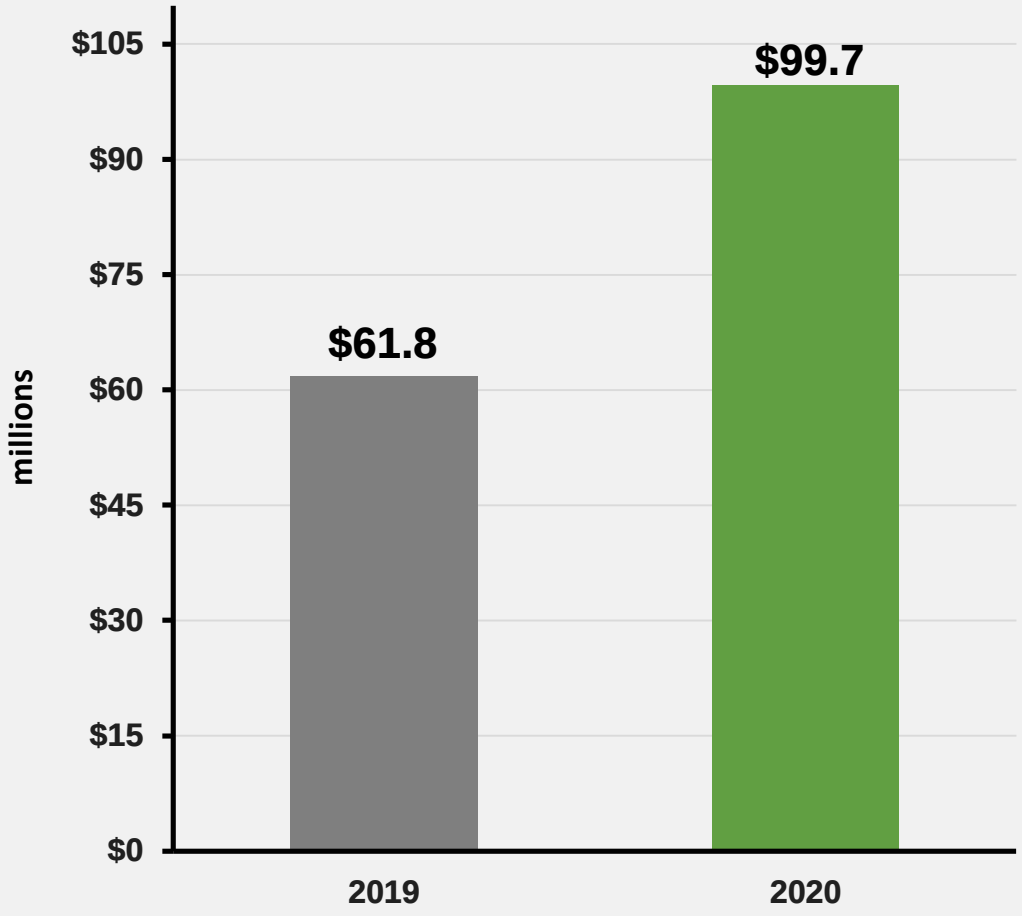
F. Trevor Hastings
WBI Energy
President & CEO

G. Nicole Kivisto
Utilities Group
President & CEO

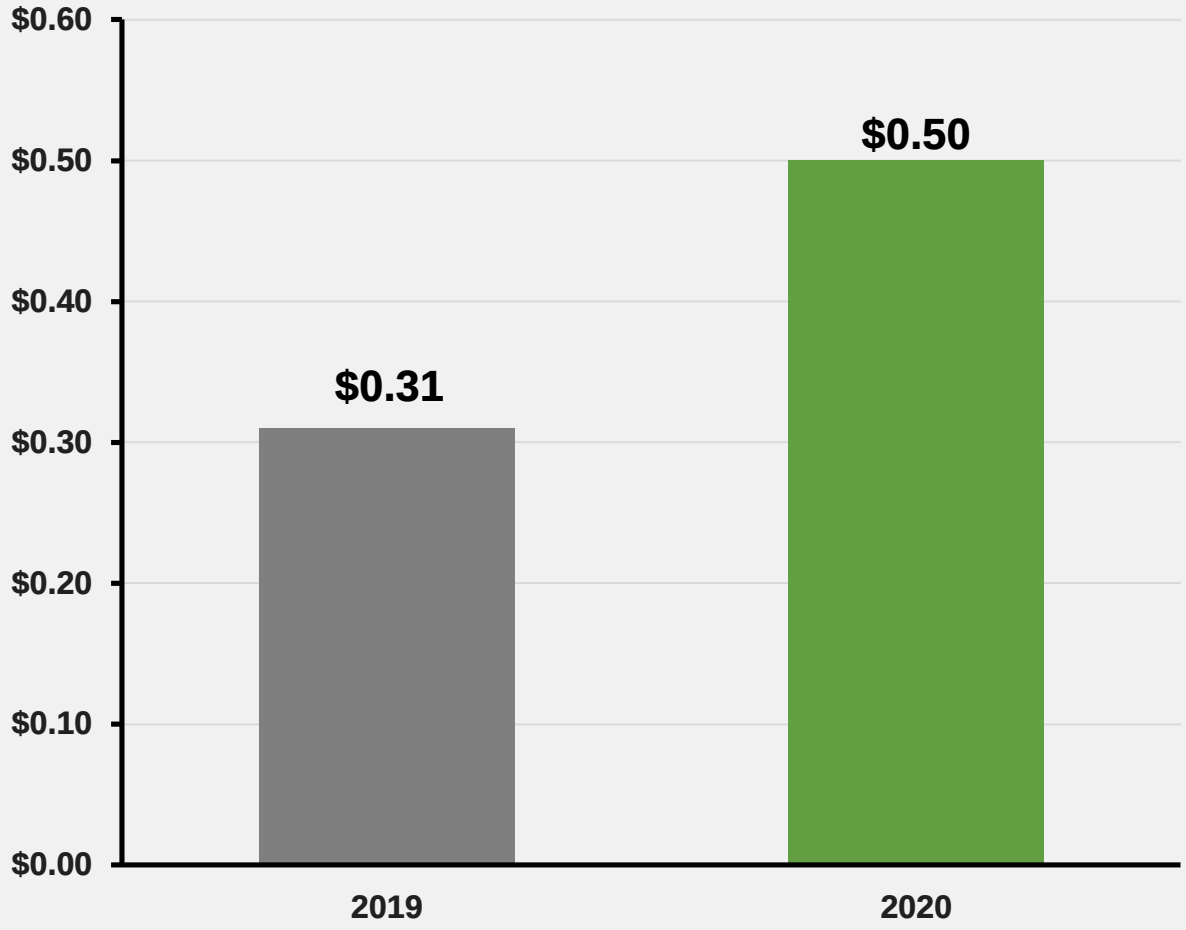


SECOND QUARTER EARNINGS

EARNINGS



EPS



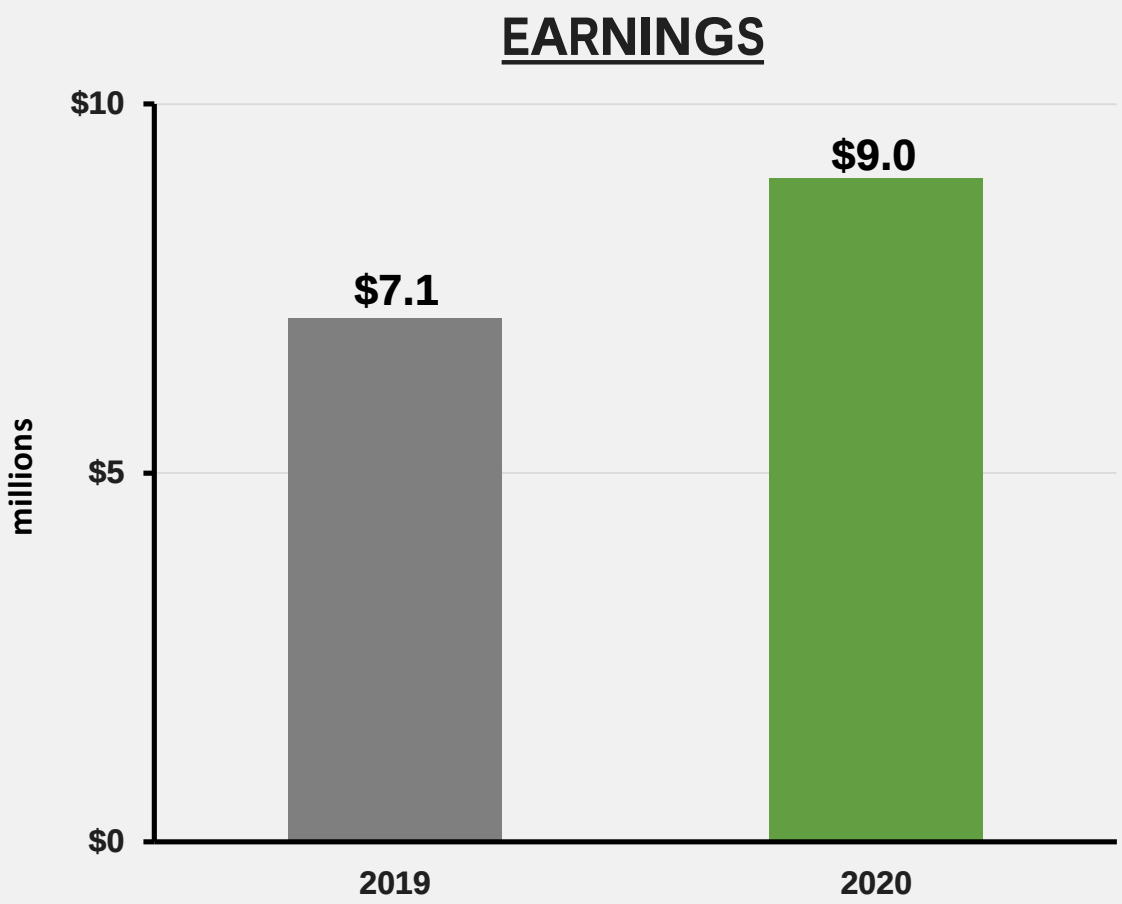
ELECTRIC & NATURAL GAS UTILITY
SECOND QUARTER EARNINGS

- Reported earnings of $11.2 million
  - Lower operation and maintenance expense, higher investment returns on certain benefit plans and the absence of a prior year write-down had positive impacts on the quarter
  - The company saw benefits from rate recovery in certain jurisdictions
  - Natural gas sales volumes increased 4.3%
  - Higher depreciation, depletion and amortization expense partially offset the increase in earnings



PIPELINE
SECOND QUARTER EARNINGS

- Reported earnings of $9.0 million
  - Higher revenues from organic growth projects placed in service in 2019 and 2020 had a positive impact on the quarter
  - Strong demand for storage services and higher investment returns on certain benefit plans also contributed to the increase in earnings



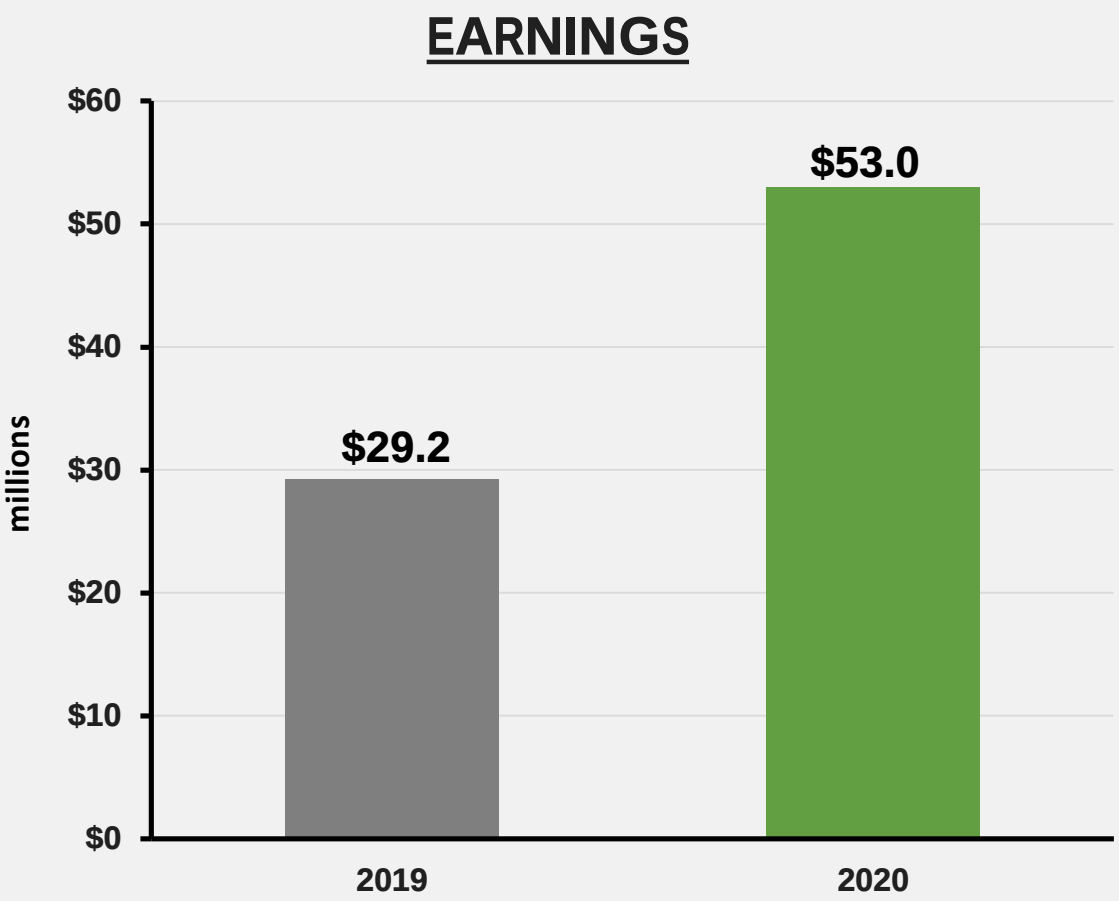
CONSTRUCTION SERVICES
SECOND QUARTER EARNINGS

- Reported record second quarter earnings of $27.9 million
  - Higher workloads and acquisitions at the inside specialty contracting line and higher outside specialty contracting line workloads had a positive impact on earnings
  - Partially offsetting the increase were higher selling, general and administrative costs
- Record second quarter revenues of $497.2 million, up from $464.9 million in 2019



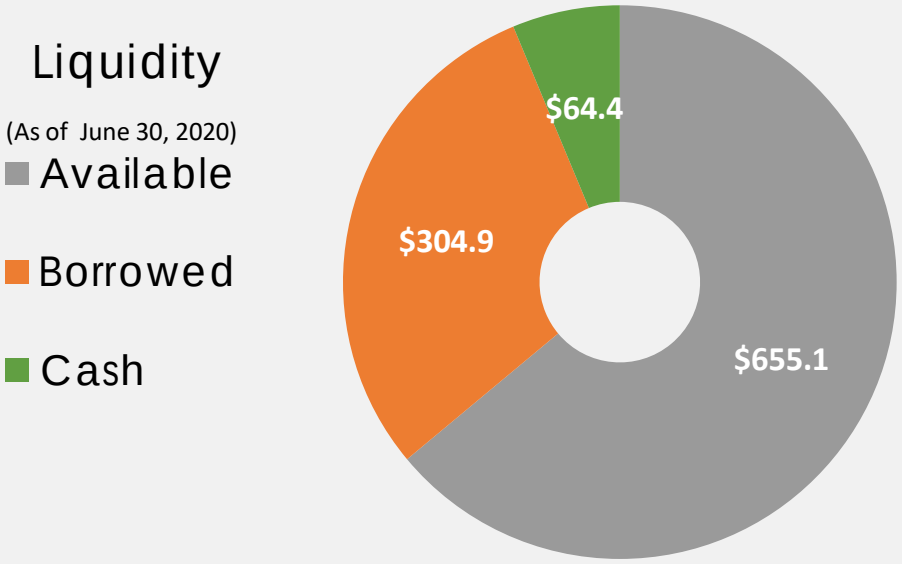
CONSTRUCTION MATERIALS
SECOND QUARTER EARNINGS

- Reported record second quarter earnings of $53.0 million
  - Earnings were positively impacted by higher contracting and materials margins and revenues, and higher investment returns
  - Recent acquisitions also had positive impacts on the quarter
- Record second quarter revenues of $621.1 million, up from $596.0 million in 2019

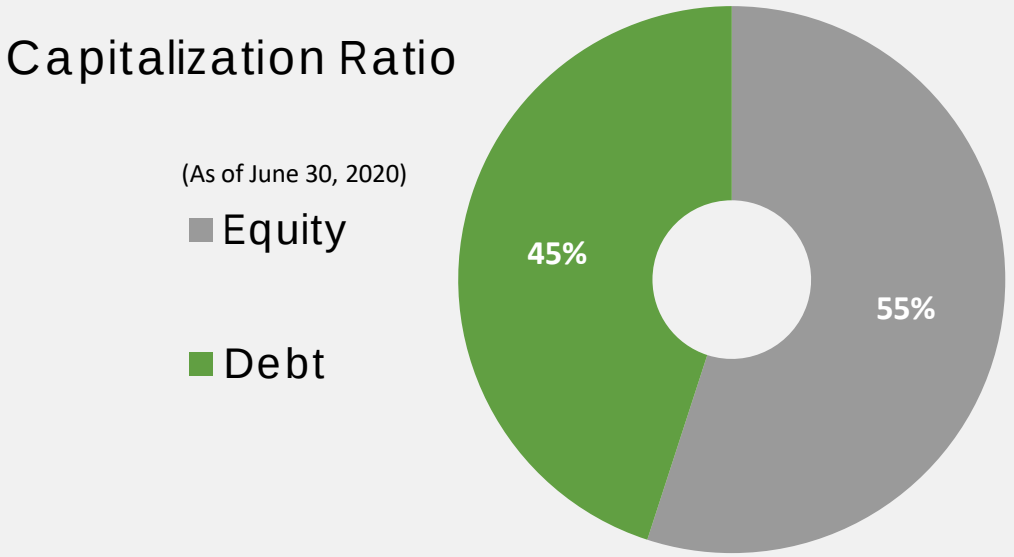


STRONG FINANCIAL POSITION

- Strong liquidity position
  - –$655.1 million of available borrowing capacity
  - –$64.4 million of cash



*borrowed under CP and credit facilities





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DAVE GOODIN
President & Chief Executive Officer

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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 growth is expected to average 1-2 percent annually
- Filed with utility commissions in all eight states of its service territory requesting deferred accounting orders for costs associated with the COVID-19 pandemic
- On June 18, the Montana Public Service Commission approved the company's application to defer accounting for costs related to the retirement of the Lewis & Clark and Heskett electric generating facilities
- 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
  - Filed FERC amendment application decreasing design capacity and associated project costs in July 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
  - $513 million, 5-year capital investment planned
  - Look for appropriate acquisitions





CONSTRUCTION SERVICES OUTLOOK

- Record second quarter revenues of $497.2 million, up from $464.9 million in 2019
- All-time record backlog of $1.31 billion as of June 30, up 14% from second quarter 2019
- 2020 revenue guidance increased to a range of $1.90 billion to $2.10 billion with margins comparable to 2019
- 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 second quarter revenues of $621.1 million, up from $596 million in 2019
- Second quarter backlog of $875 million, compared to a record $1.04 billion in the prior year
- 2020 revenue guidance increased to a range of $2.20 billion to $2.40 billion with margins slightly higher than 2019
- 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

$1.65 - $1.85

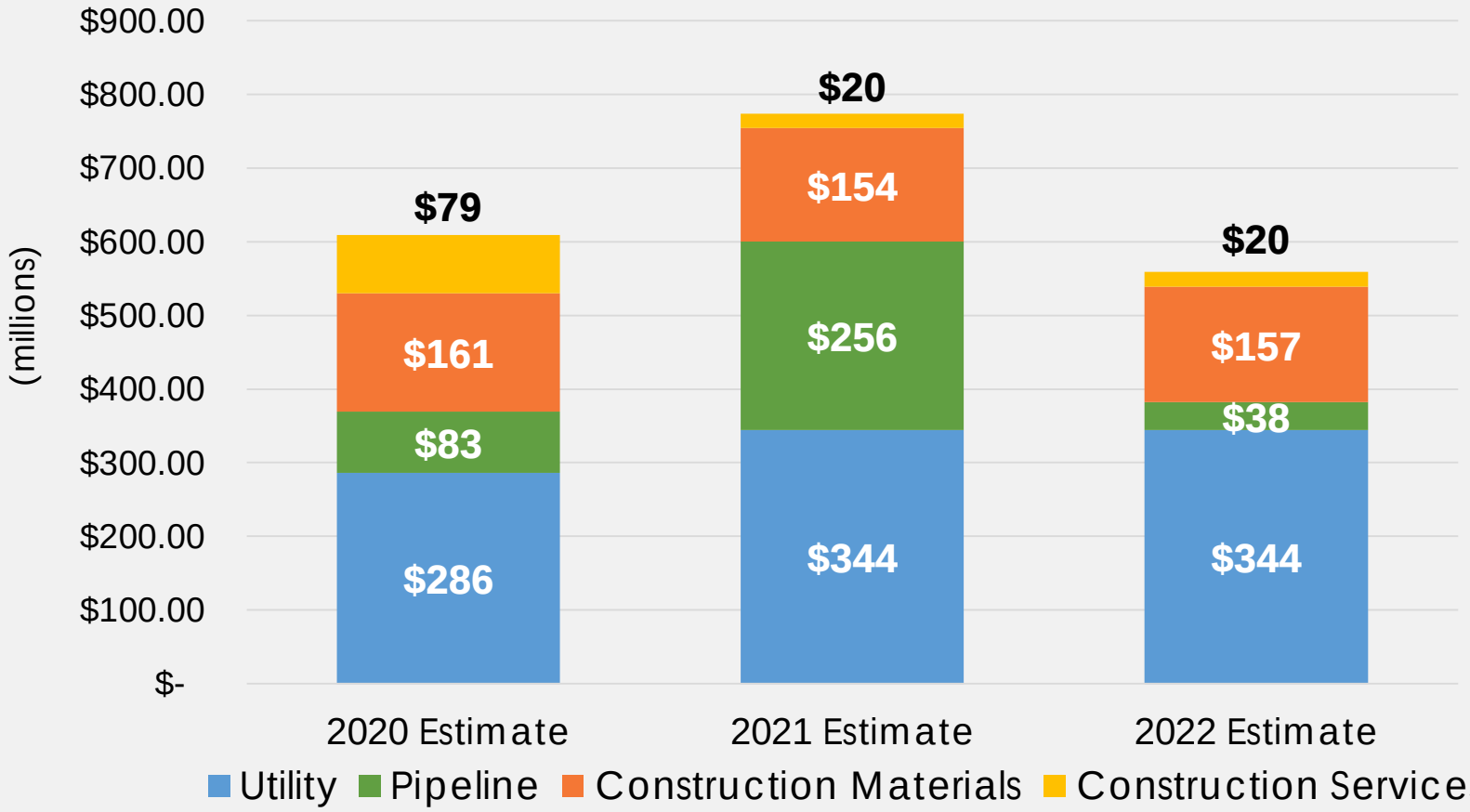
Consolidated EPS Guidance

Note: As of August 4, 2020

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

CAPITAL EXPENDITURES

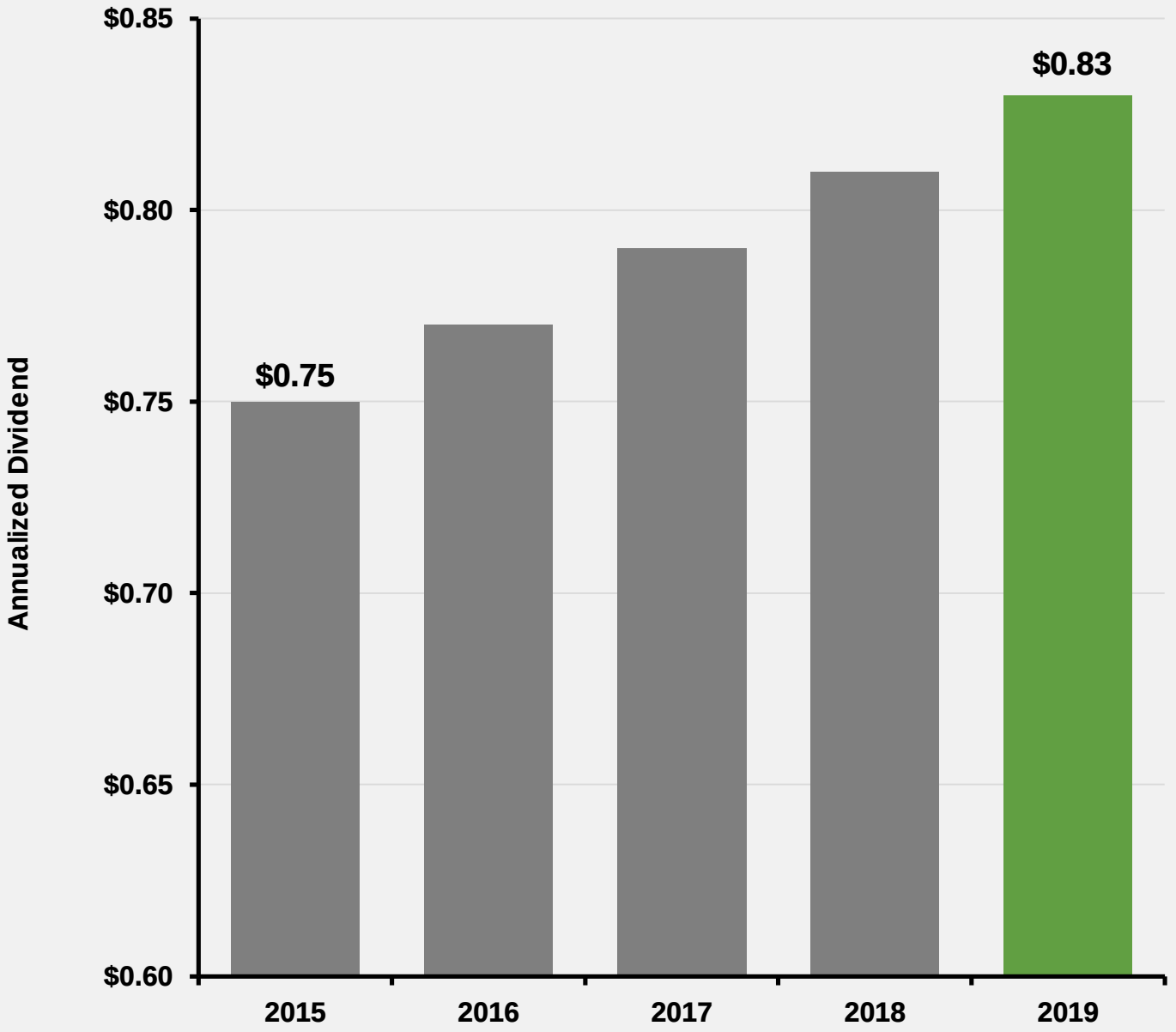
- Electric and natural gas utility
  - System infrastructure upgrades and replacements
  - Natural gas combustion turbine
- Pipeline
  - North Bakken expansion
- Construction materials and services
  - Equipment and plant replacements and upgrades
  - Development of Honey Creek Deposits
- Focused on 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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