

NOV. 5, 2020

THIRD QUARTER EARNINGS CALL

JASON VOLLMER
Vice President, Chief Financial Officer & Treasurer

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

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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

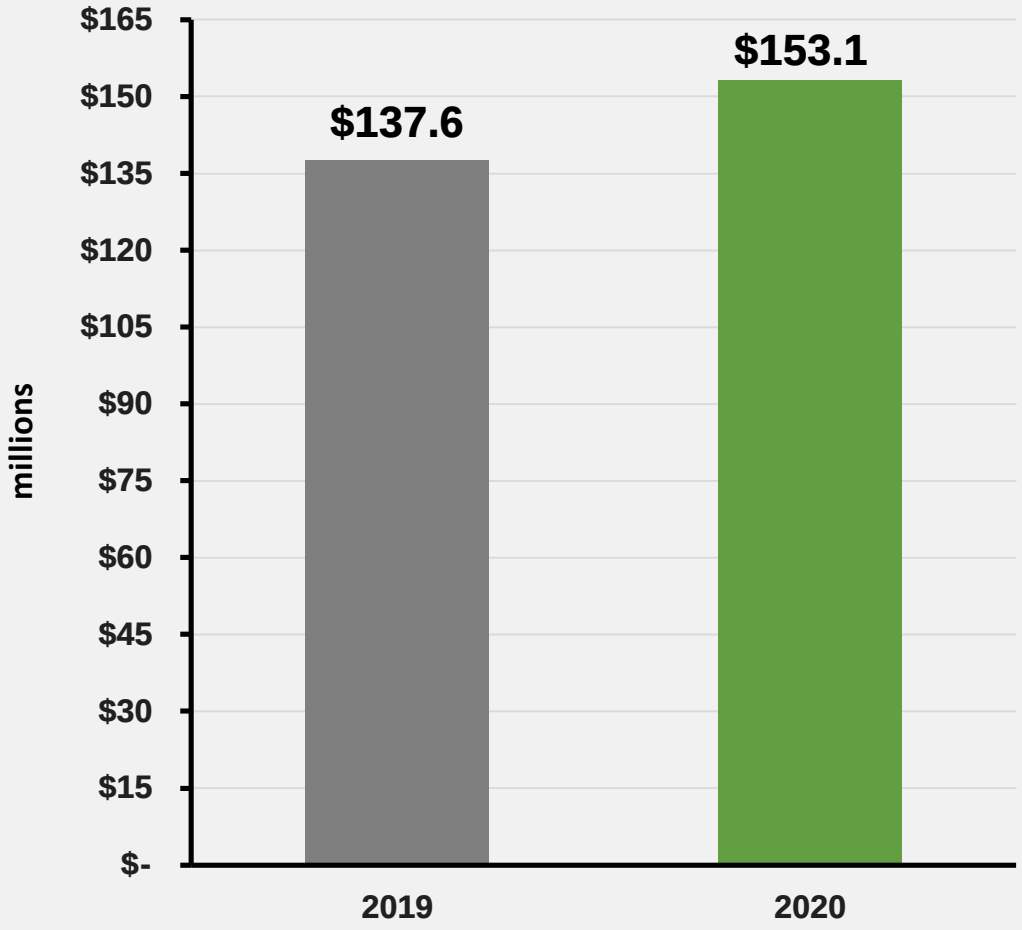
F. Trevor Hastings
WBI Energy
President & CEO

G. Nicole Kivisto
Utilities Group
President & CEO



THIRD QUARTER EARNINGS

EARNINGS



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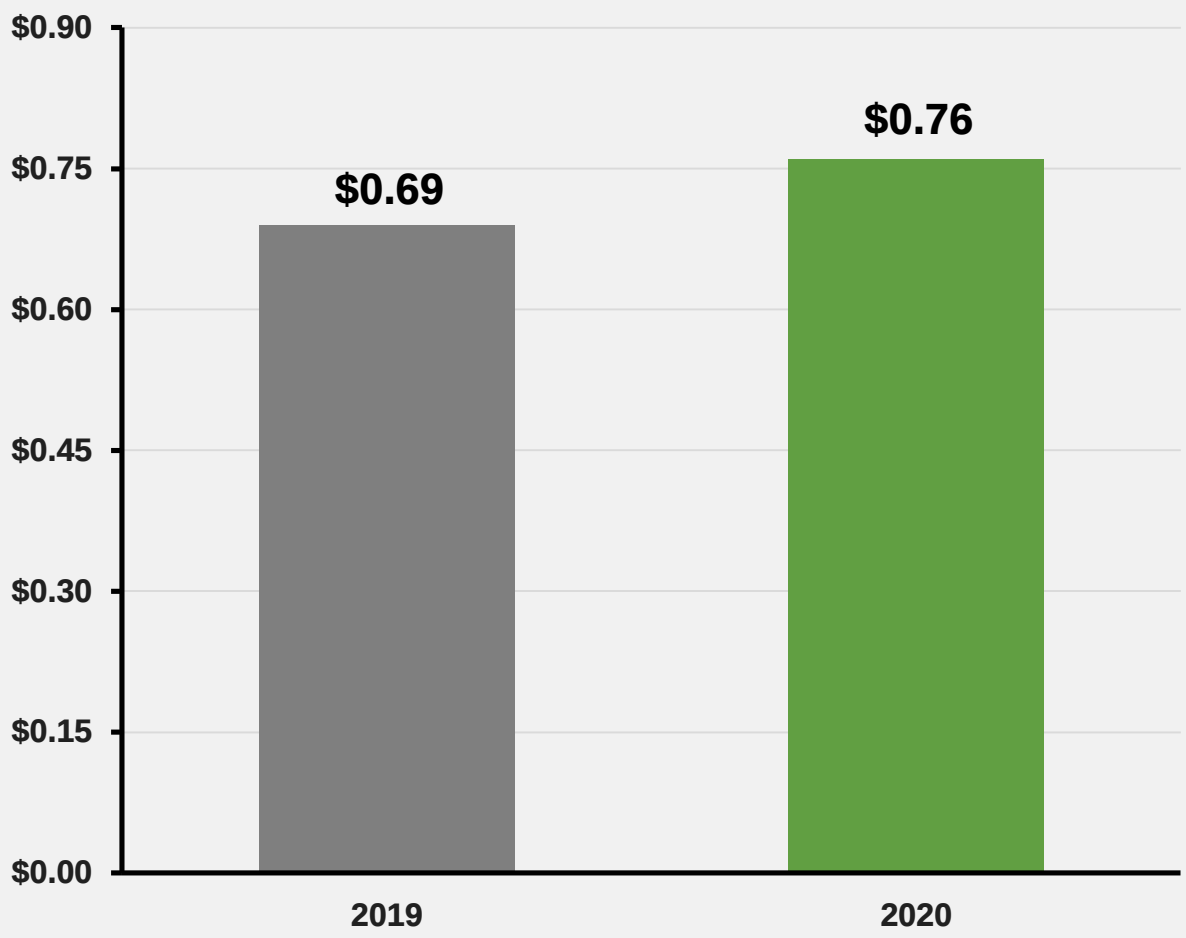


ELECTRIC & NATURAL GAS UTILITY
THIRD QUARTER EARNINGS

- Reported net loss of $800,000
  - Higher depreciation, depletion and amortization expense from increased plant balances at both electric and natural gas
  - Higher operation and maintenance expense at natural gas
  - Partially offset by higher adjusted gross margins from higher residential sales volumes and rate recovery
  - Electric sales volumes increased 3% and natural gas sales volumes increased 2%



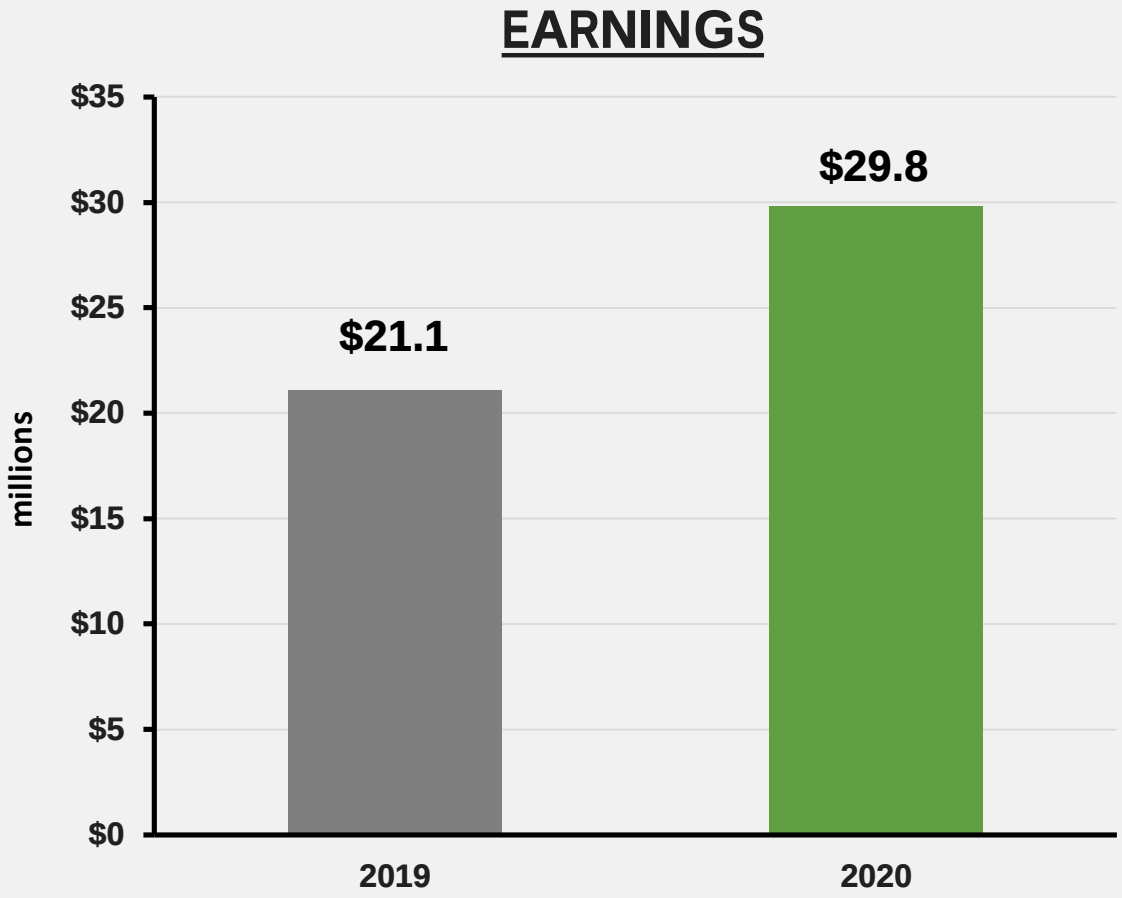
PIPELINE
THIRD QUARTER EARNINGS

- Reported earnings of $8.0 million
  - Higher transportation revenues from organic growth projects placed in service in 2019 and 2020
  - Strong demand for storage services also contributed to the increase in earnings
  - Partially offset by lower nonregulated project revenues



CONSTRUCTION SERVICES
THIRD QUARTER EARNINGS

- Reported record third quarter earnings of $29.8 million
  - Higher workloads at the inside specialty contracting line and higher outside specialty contracting line workloads and margins had a positive impact on earnings
  - Partially offsetting the increase were higher selling, general and administrative costs
- Record third quarter revenues of $551.0 million, up from $479.6 million in 2019



CONSTRUCTION MATERIALS
THIRD QUARTER EARNINGS

- Reported record third quarter earnings of $107.3 million
  - Earnings were positively impacted by higher margins driven across most product lines
  - Higher margins from asphalt and asphalt-related products largely due to lower energy prices
  - Strong pricing for ready-mixed concrete also had a positive impact
- Third quarter revenues of $822.5 million, compared to $869.5 million in 2019





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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
- Ongoing natural gas rate cases in Montana, North Dakota, Oregon and Washington





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 and be in service late the same year
- 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
  - Look for appropriate acquisitions





CONSTRUCTION SERVICES OUTLOOK

- Record third quarter revenues of $551.0 million, up from $479.6 million in 2019
- Record third quarter backlog of $1.28 billion as of September 30, up from $1.20 billion in the third quarter 2019
- 2020 revenue guidance increased to a range of $2.00 billion to $2.15 billion with margins comparable to or slightly higher than 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

- Opportunities for additional infrastructure work with the one-year extension of the FAST Act
- 2020 revenue guidance adjusted to a range of $2.15 billion to $2.25 billion with margins 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

$1.80 - $1.90

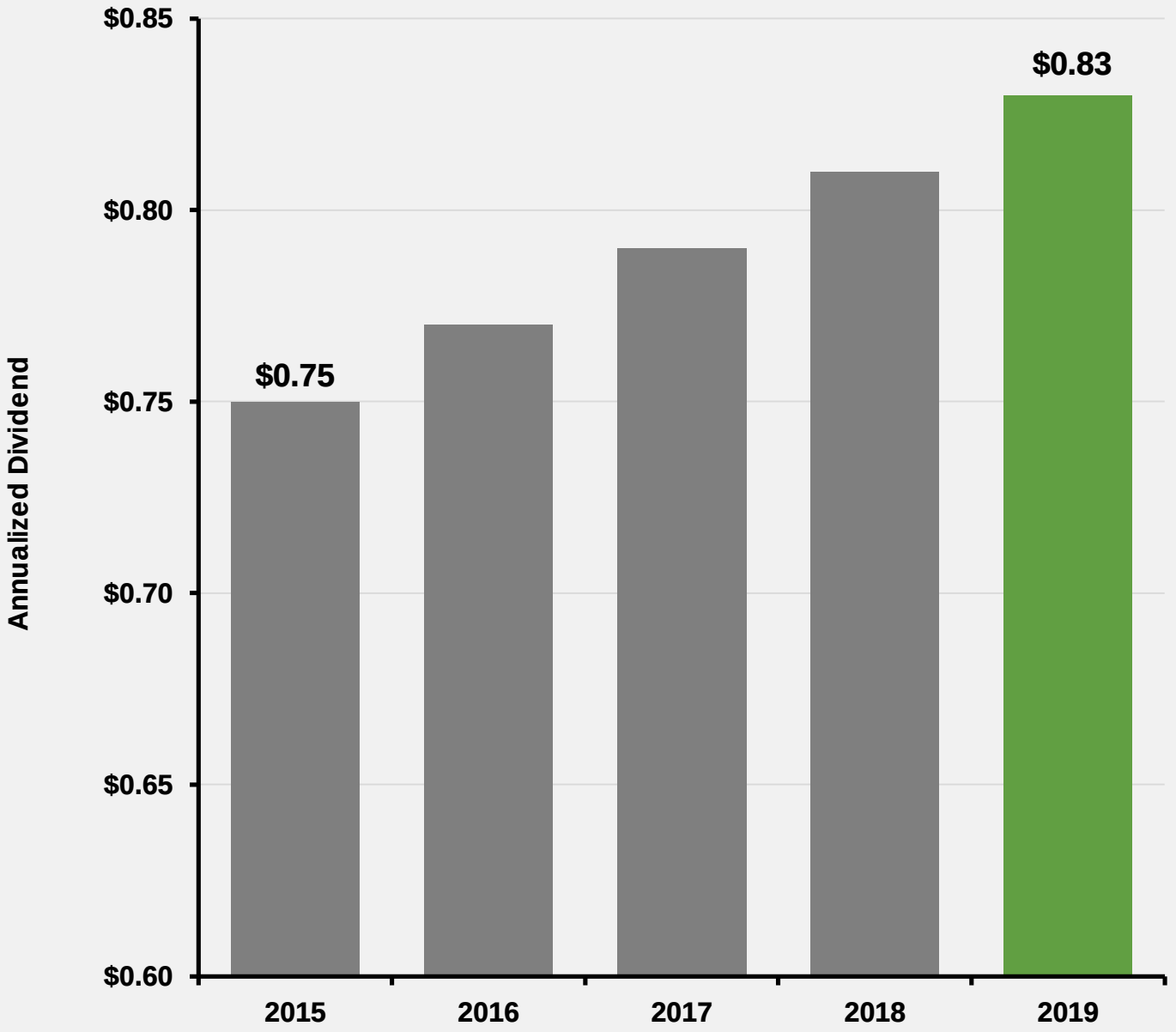
Consolidated EPS Guidance

Note: As of November 4, 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 $0.83 per share
- Member of S&P High-Yield Dividend Aristocrats index







INVESTOR RELATIONS

QUESTIONS





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