

FEB. 4, 2021

2020 EARNINGS & 2021 GUIDANCE CALL

JASON VOLLMER
Vice President & Chief Financial Officer

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

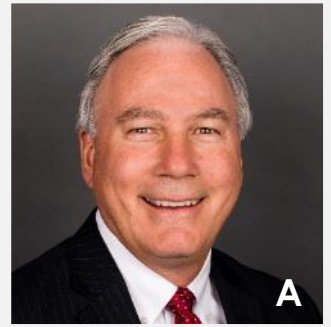
C. Stephanie Barth
Vice President, CAO & Controller

D. Dave Barney
Knife River
President & CEO

E. Jeff Thiede
MDU Construction Services Group
President & CEO

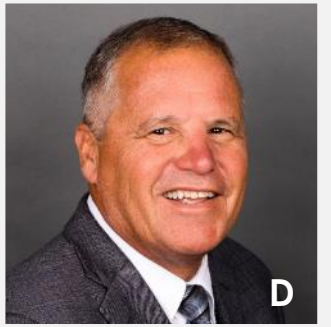
F. Trevor Hastings
WBI Energy
President & CEO

G. Nicole Kivisto
Utilities Group
President & CEO















COMPANY OVERVIEW

Infrastructure is our business, and we are Building a Strong America®.

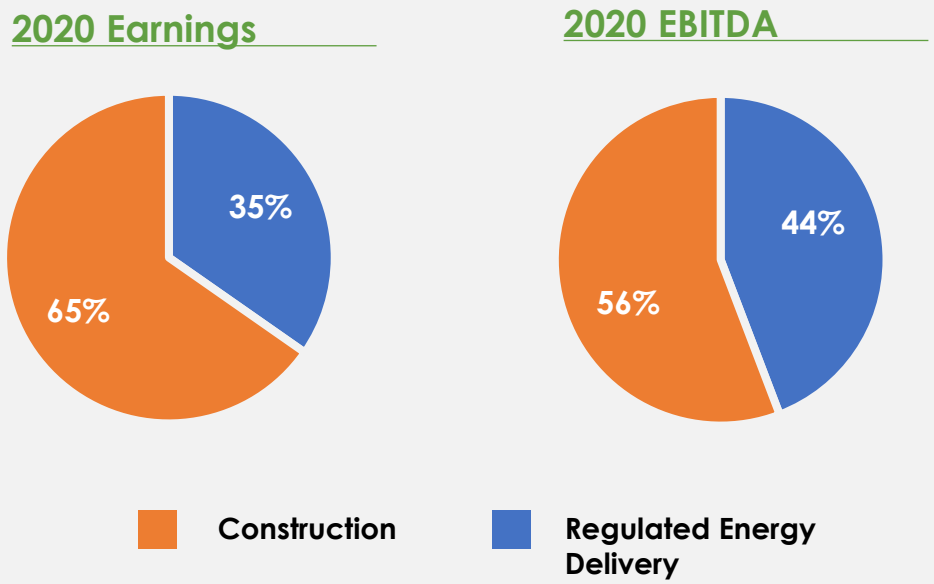
Powering and connecting homes, factories, offices and stores. Building roads, highways, data infrastructure and airports. MDU Resources keeps our economy moving.

High-quality Portfolio of Businesses[1]

	Revenue *(2020)*	EBITDA[2] *(2020)*	Earnings *(2020)*
Electric & Natural Gas	$1,180.2	$304.8	$99.6
Pipeline	$143.9	$74.0	$37.0
Construction Services	$2,095.7	$173.1	$109.7
Construction Materials	$2,178.0	$304.9	$147.3
Total[3]	**$5,532.7**	**$856.7**	**$390.2**

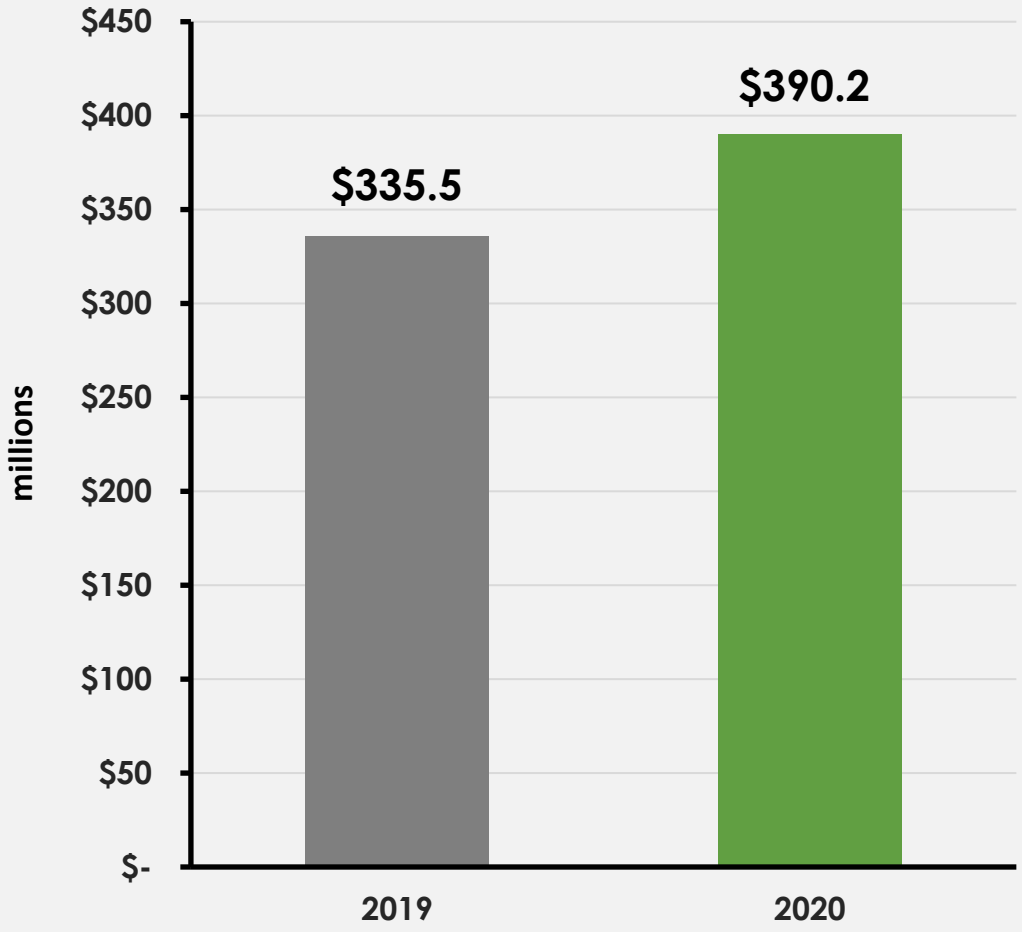
1. Numbers presented in millions
2. Note: EBITDA is considered a non-GAAP financial measure.
3. Total amounts include "Other" and "Intersegment eliminations".

Diversified Earnings Contribution

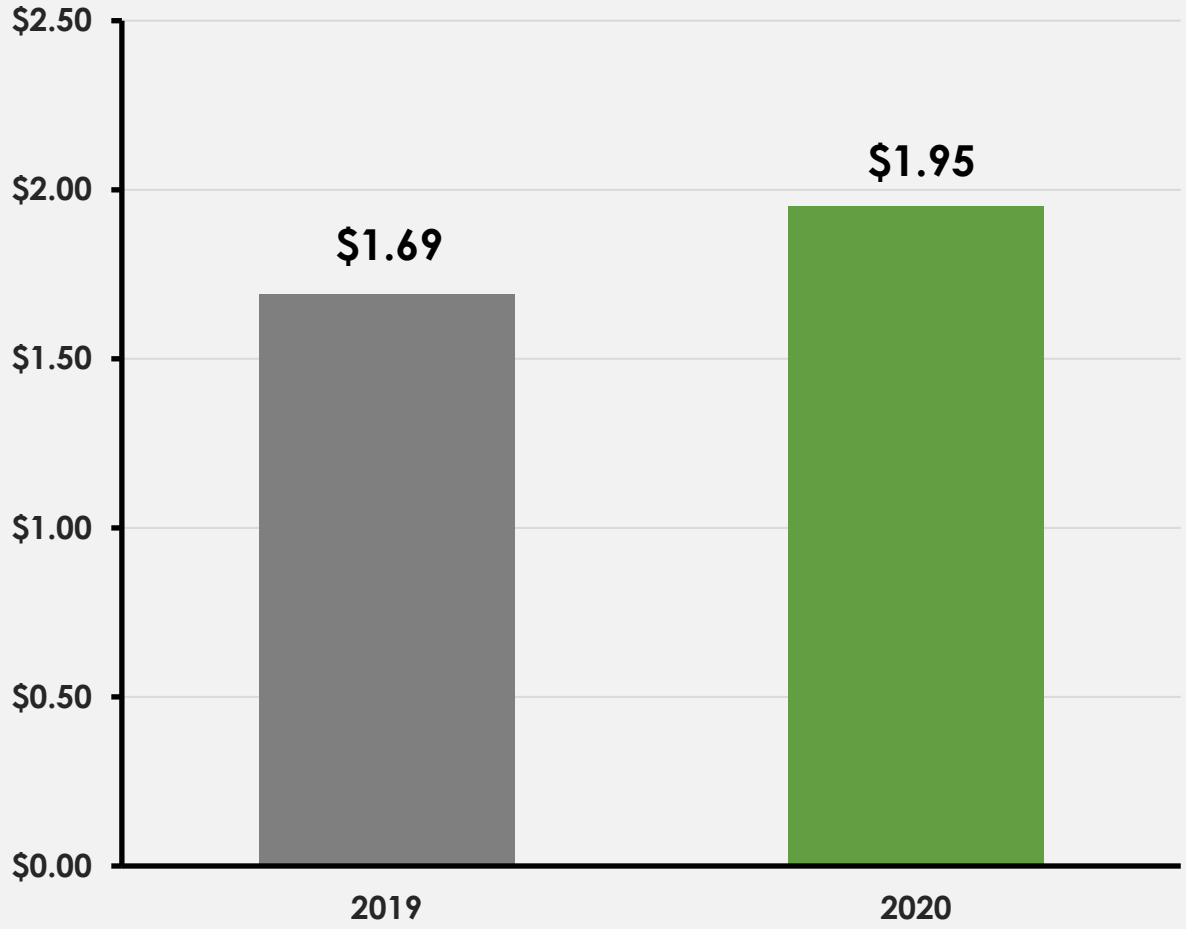


FULL-YEAR EARNINGS

EARNINGS

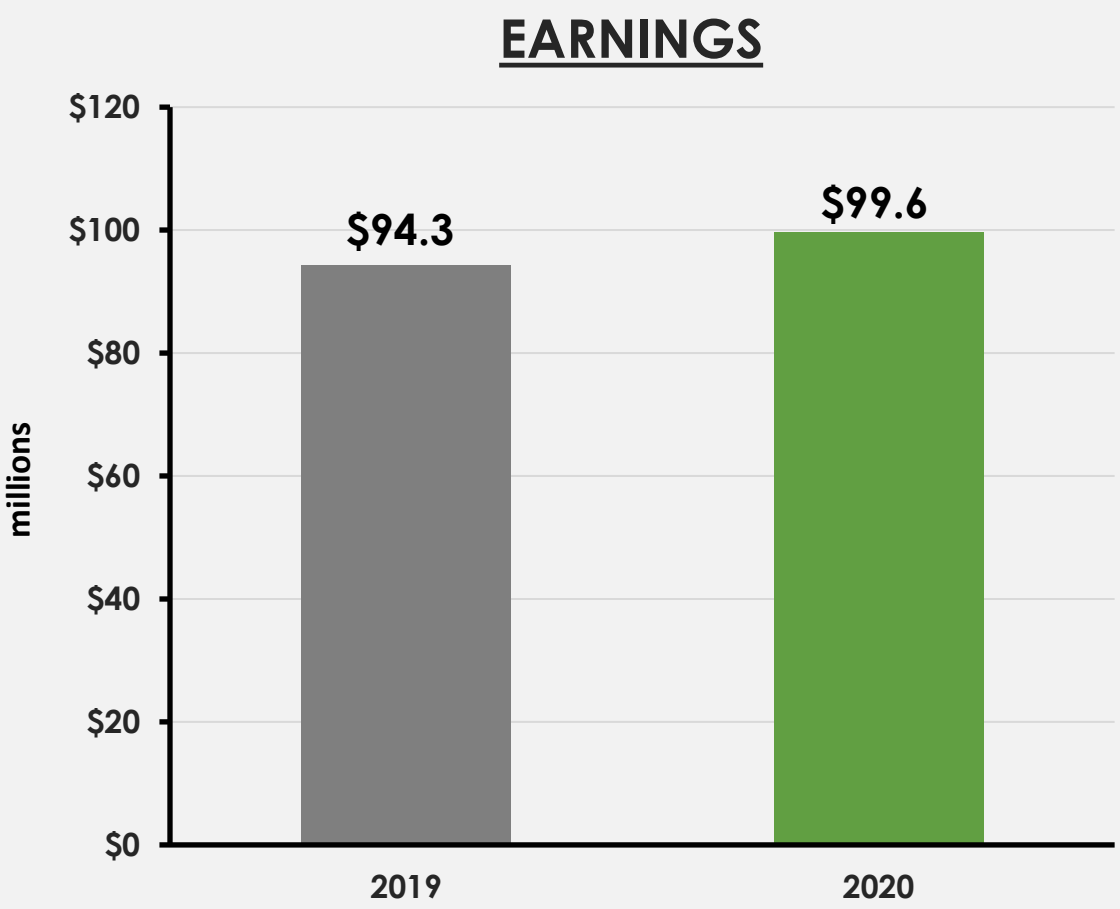


EPS



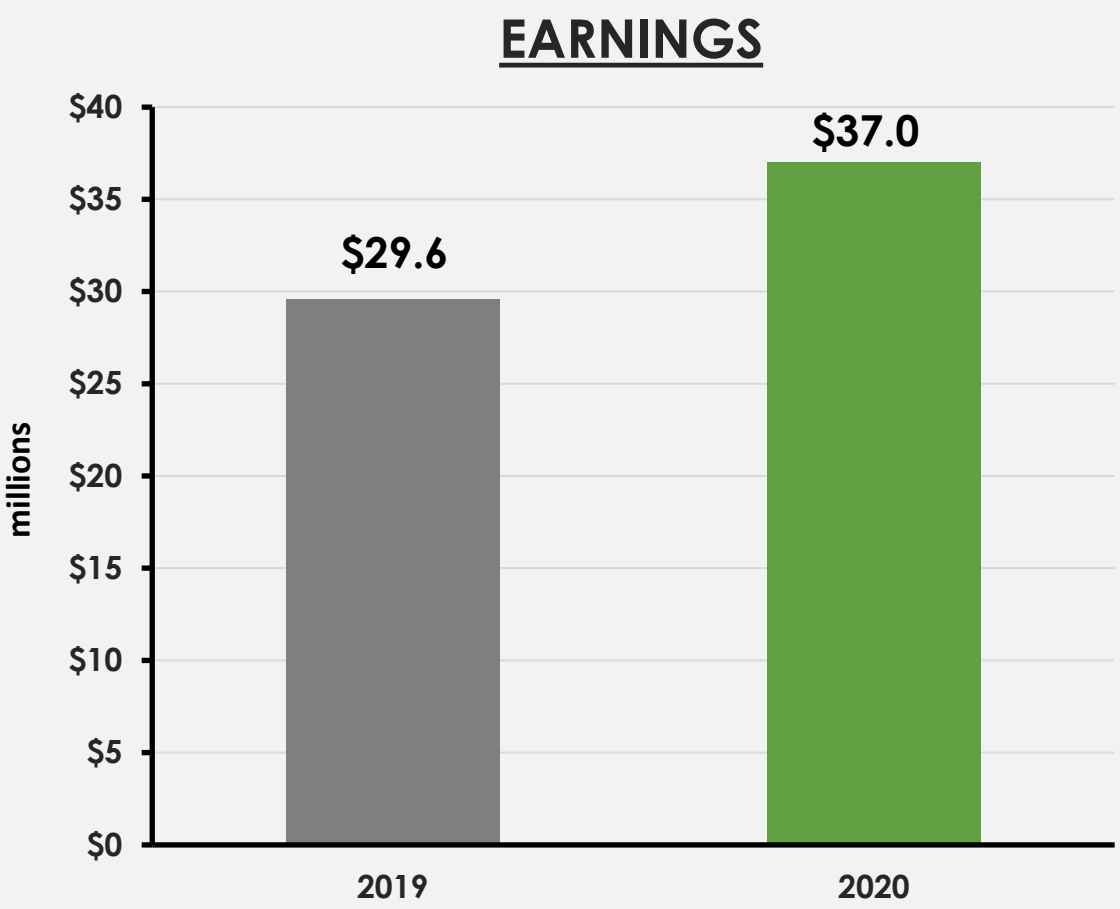
ELECTRIC & NATURAL GAS UTILITY
EARNINGS

- Earnings of $99.6 million
  - Approved rate relief had positive impacts at both electric and natural gas
  - Lower operation and maintenance expense at electric
  - Out-of-period adjustments on benefit plan expense had a positive impact
  - Electric sales volumes decreased 3.3% and natural gas sales volumes decreased 7.4% from mild weather and pandemic-related slowdowns



PIPELINE
EARNINGS

- Earnings of $37.0 million
  - Higher transportation revenues from completed organic growth projects and higher storage revenue from strong demand for storage services contributed to the increase.
  - Higher transportation rates and the divestiture of natural gas gathering assets were also a benefit to earnings
  - Partially offset by lower nonregulated project revenues and higher depreciation expense driven by higher plant balances and higher depreciation rates



CONSTRUCTION SERVICES
EARNINGS

- Record earnings of $109.7 million
  - Higher workloads and margins at both inside and outside specialty contracting lines had a positive impact on earnings
  - Partially offsetting the increase was higher selling, general and administrative costs
- Record revenues of $2.1 billion, up from $1.8 billion in 2019



CONSTRUCTION MATERIALS
EARNINGS

- Record earnings of $147.3 million
  - Earnings were positively impacted by higher realized materials pricing and increased contracting margins
  - 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
- Revenues of $2.2 billion, similar to 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% annually
- Multiple ongoing rate cases at both electric and natural gas segments
- Plans to decommission Lewis & Clark coal facilities are on track for March 2021
- Hesket I & II coal-fired stations to be retired in early 2022





PIPELINE OUTLOOK

- North Bakken Expansion project
  - Expected to start construction in the second quarter of 2021 and be in service late this year
  - Designed to transport 250 million cubic feet of natural gas per day and will reduce natural gas flaring in the Bakken
- 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 takeaway and incremental industrial projects
  - Look for appropriate acquisitions





CONSTRUCTION SERVICES OUTLOOK

- Record year-end backlog of $1.27 billion, up from $1.14 billion in 2019
- 2021 revenue guidance established with a range of $2.1 billion to $2.3 billion with margins comparable to or slightly higher than 2020
- 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

- Ended the year with $673 million in backlog, compared to $693 million in 2019
- 2021 revenue guidance established with a range of $2.1 billion to $2.3 billion with margins comparable to or slightly higher than 2020
- 1.1 billion tons of aggregate reserves
- Evaluating additional acquisition opportunities that will continue to grow its existing footprint and enhance our market share

2021 EPS GUIDANCE INITIATED

Consolidated EPS Guidance

$1.95 – $2.15

Consolidated EBITDA Guidance

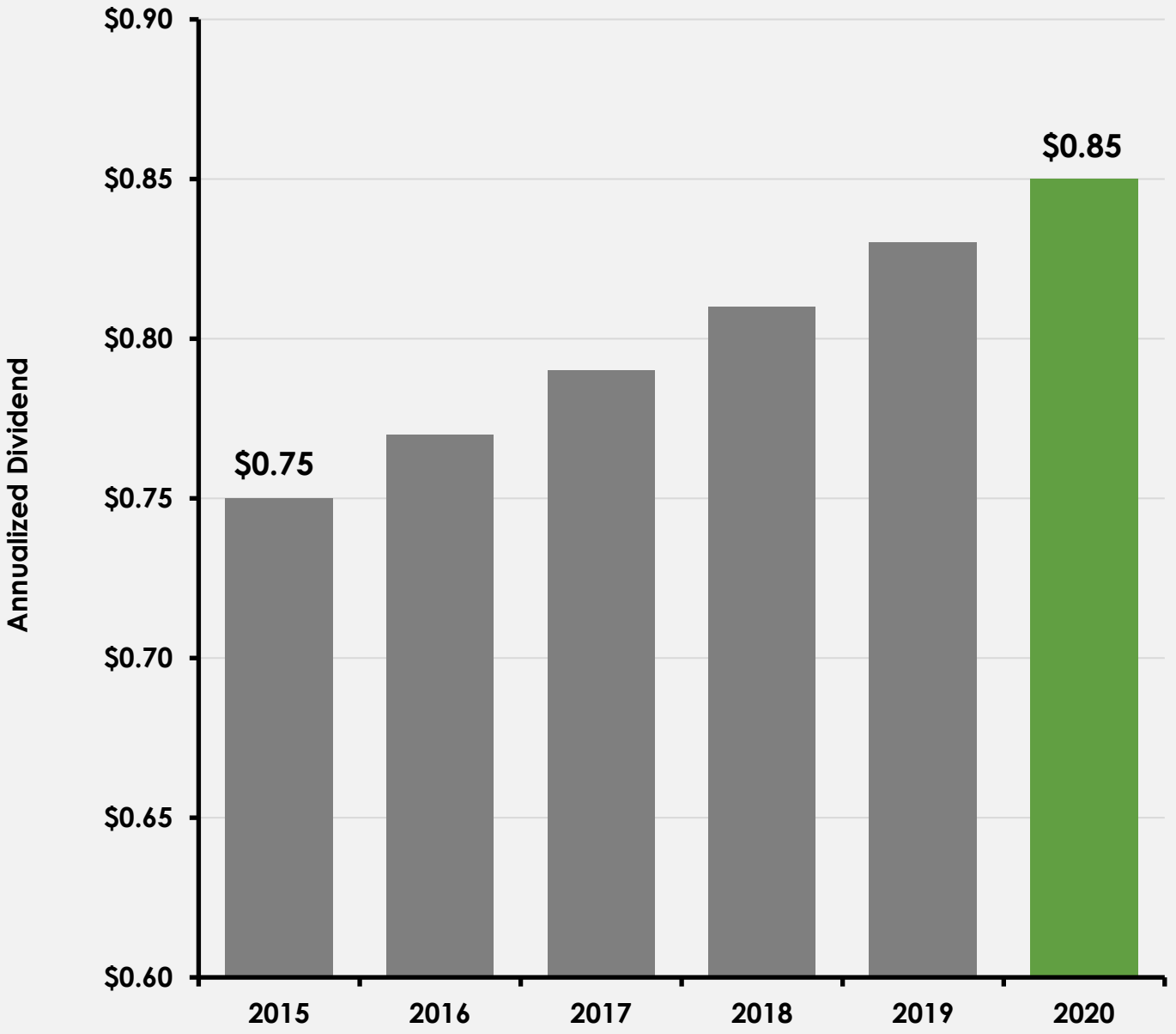
$875 million - $925 million

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

Note: As of February 4, 2021

DIVIDEND GROWTH

- 83 consecutive years of quarterly dividend payments
- Dividend increased November 2020, making 30 consecutive years of increases
- Annualized dividend $0.85 per share
- Member of S&P High-Yield Dividend Aristocrats index







INVESTOR RELATIONS

QUESTIONS





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RECONCILIATION OF EBITDA GUIDANCE

	Low	High
Income from continuing operations	$393.0	$434.0
Adjustments:		
Interest expense	95.0	95.0
Income taxes	90.0	99.0
Depreciation, depletion and amortization	297.0	297.0
EBITDA from continuing operations	$875.0	$925.0

RECONCILIATION OF 2020 EBITDA

($ in millions)

	For the year ended December 31, 2020						
	Electric	**Natural Gas**	**Pipeline**	**Construction Services**	**Construction Materials**	**Other & Eliminations**	**Total**
Income from Continuing Ops.	$55.6	$44.0	$37.0	$109.7	$147.3	$(3.1)	$390.5
Adjustments:							
Interest Expense	26.7	36.8	7.6	4.1	20.6	0.7	$96.5
Income Taxes	(11.7)	5.8	7.7	35.8	47.4	(0.4)	$84.6
Depreciation, Depletion & Amort.	63.0	84.6	21.7	23.5	89.6	2.7	$285.1
EBITDA[1]	**$133.6**	**$171.2**	**$74.0**	**$173.1**	**$304.9**	**$(0.1)**	**$856.7**

1. Note: EBITDA is considered a non-GAAP financial measure.