

May 6, 2021

FIRST QUARTER EARNINGS 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.

LEADERSHIP TEAM

A. Dave Goodin
President & CEO

B. Jason Vollmer
Vice President & CFO

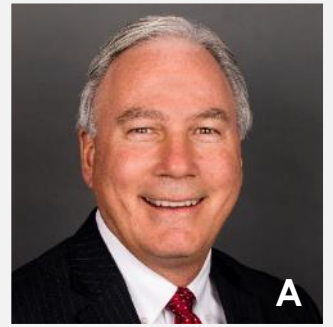
C. Stephanie Barth
Vice President, CAO & Controller

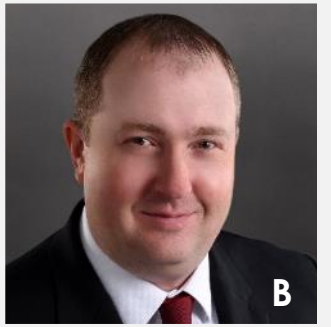
D. Dave Barney
Knife River
President & CEO

E. Jeff Thiede
MDU Construction Services Group
President & CEO

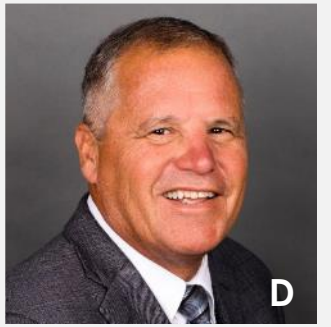
F. Trevor Hastings
WBI Energy
President & CEO

G. Nicole Kivisto
Utilities Group
President & CEO









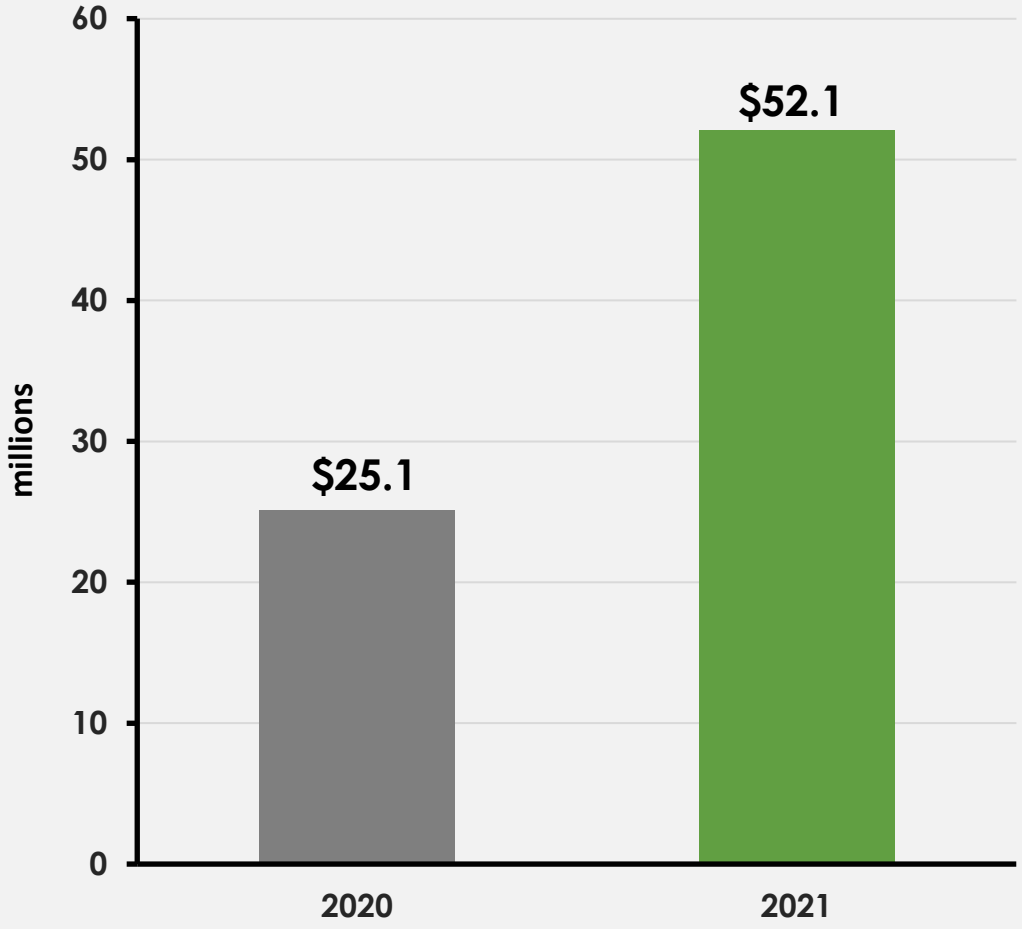




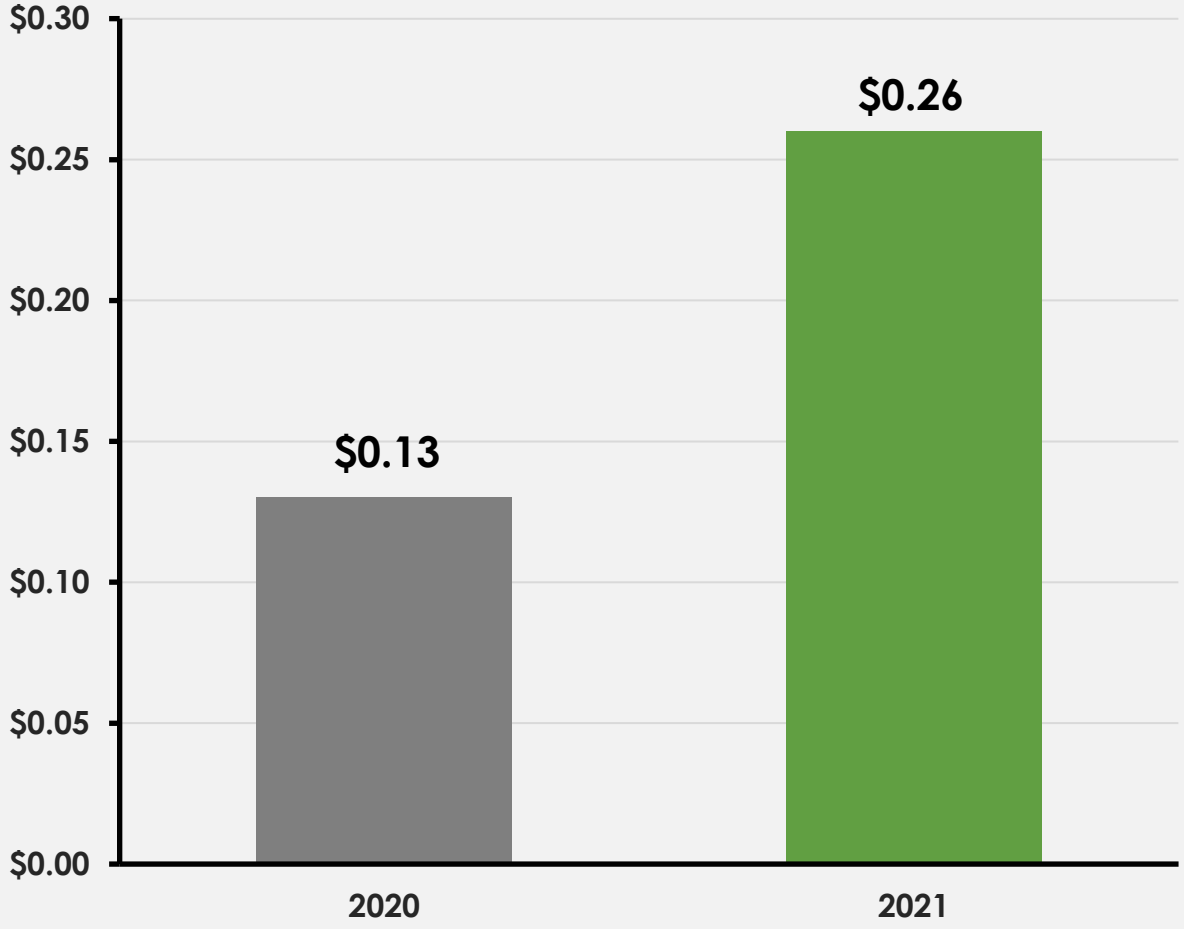


FIRST QUARTER EARNINGS

EARNINGS

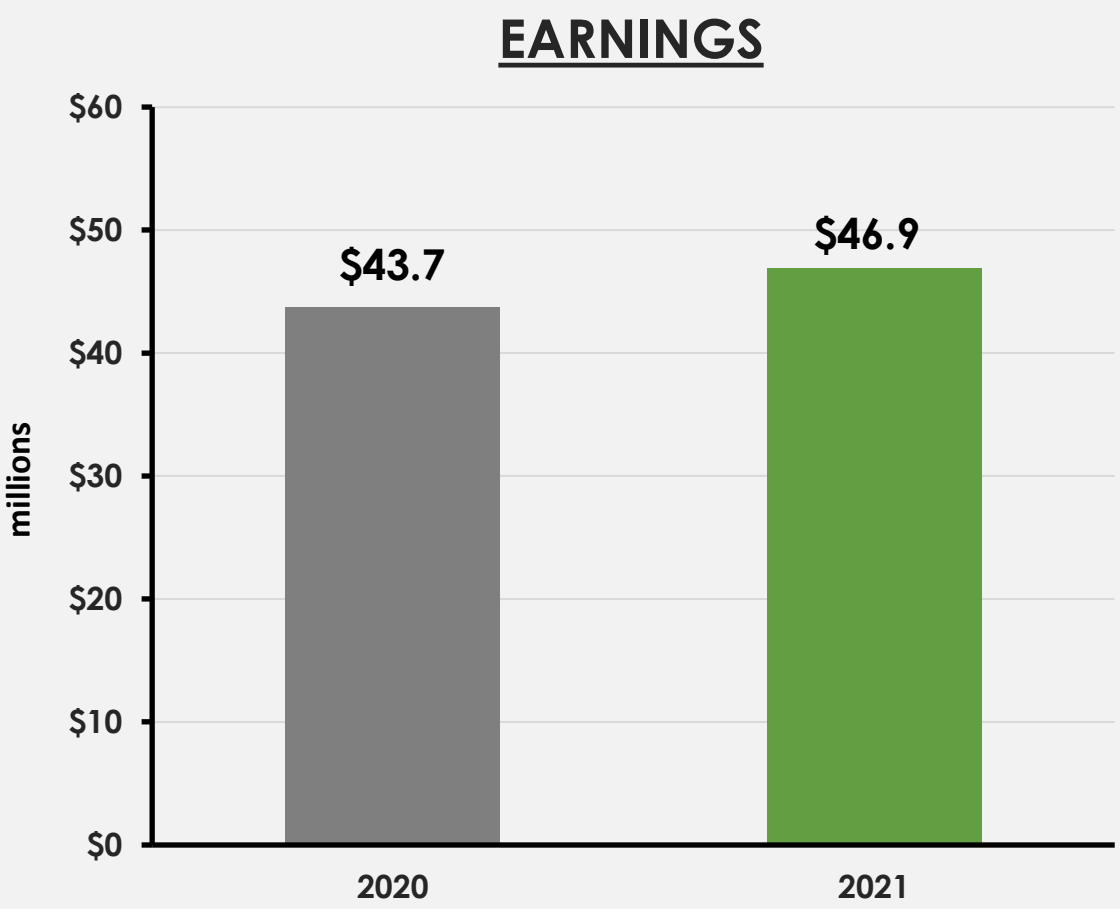


EPS



ELECTRIC & NATURAL GAS UTILITY
FIRST QUARTER EARNINGS

- Reported earnings of $46.9 million
  - Rate relief and increased retail sales volumes at the natural gas segment drove the increase in earnings
  - Other income increased during the quarter, primarily higher investment returns on certain benefit plans
  - Partially offset by higher operating costs and decreased electric retail sales volumes



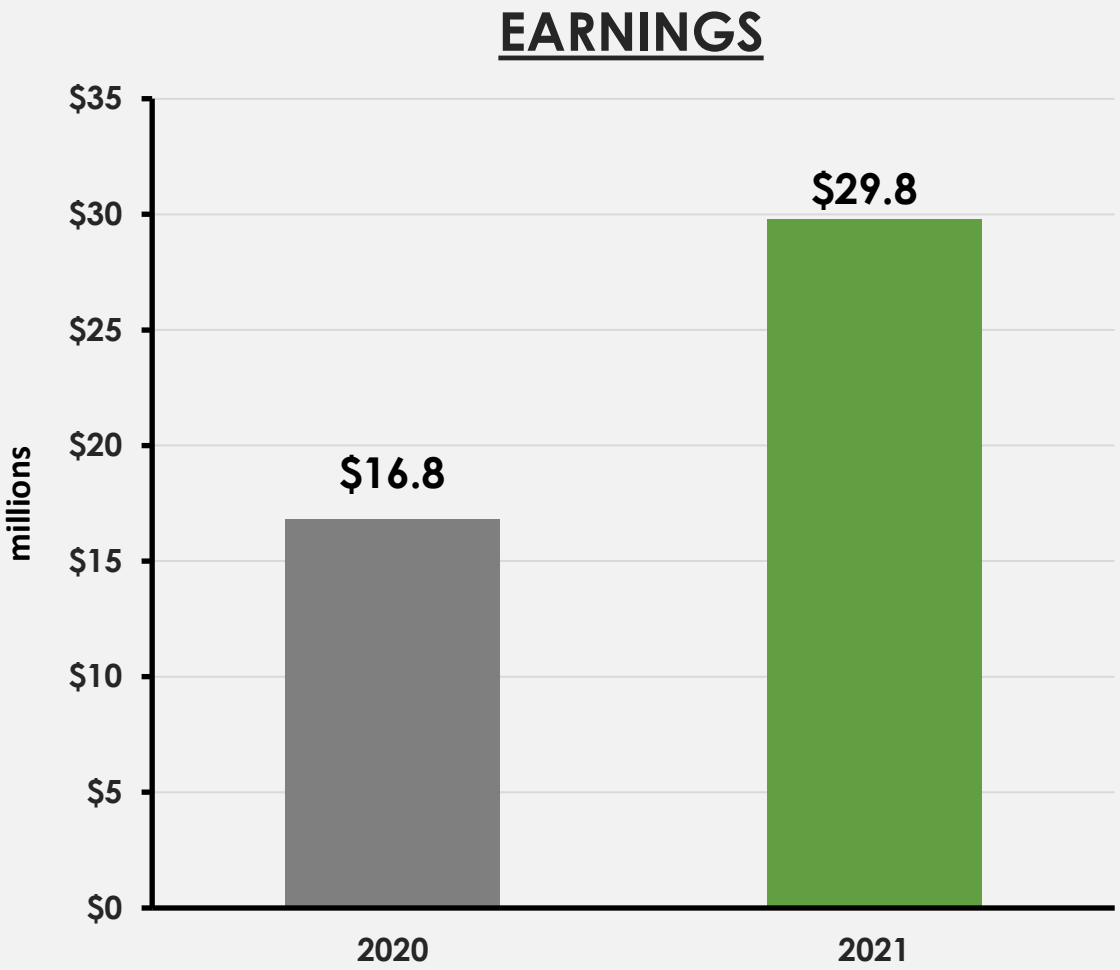
PIPELINE
FIRST QUARTER EARNINGS

- Reported record first quarter earnings of $8.9 million
  - Higher customer demand for natural gas storage services was the primary contributor to the increase in earnings
  - Higher AFUDC and higher investment returns related to certain benefit plans also had a positive impact to earnings



CONSTRUCTION SERVICES
FIRST QUARTER EARNINGS

- Reported record first quarter earnings of $29.8 million
  - Earnings increased as a result of higher outside specialty contracting workloads and margins, driven by strong utility customer demand
  - Partially offsetting the increase was lower inside specialty contracting workloads, primarily in the refining industry
- Prior year results included a negative $6.7 million out-of-period adjustment, after tax
- First quarter revenues of $518.5 million, up from $514.7 million in 2020



CONSTRUCTION MATERIALS
FIRST QUARTER EARNINGS

- Reported a lower seasonal loss of $30.8 million
  - Gross margin increased during the quarter from higher materials pricing and contracting margins
  - Other income increased as a result of higher investment returns on certain benefit plans
  - Selling, general and administrative expense decreased year over year
- Record first quarter revenues of $265.7 million, up from $262.2 million in 2020





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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 base expected to continue growing by 1- 2% annually
- Focused on timely regulatory recovery
- Hesket I & II coal-fired stations on track to be retired in early 2022
  - Retired Lewis & Clark coal facilities in March 2021
- Electric Integrated Resource Plan expected to be finalized and filed by mid-2021
- Historic and future organic growth opportunities
  - Capital expenditures: $1.6 billion over the next five years





PIPELINE OUTLOOK

- North Bakken Expansion project
  - Awaiting FERC approval, originally anticipated in first quarter 2021
  - Adjusting construction schedule and project in-service date to reflect the delay in receiving final FERC approval
  - Length of project in-service delay is dependent on when FERC approval is received, original in-service date was estimated for November 1, 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 takeaway and incremental industrial projects
  - $508 million, 5-year capital investment planned
  - Look for appropriate acquisitions





CONSTRUCTION SERVICES OUTLOOK

- First quarter revenues of nearly $519 million
- Record first quarter backlog of $1.273 billion as of March 31
- 2021 revenue guidance in a range of $2.1 billion to $2.3 billion with margins comparable to or slightly higher than 2020 levels
- Continues to see strong outside specialty contracting demand in the utility space and increased high-tech project demand for inside specialty contracting across its operational footprint
- Exploring acquisition and organic growth opportunities





CONSTRUCTION MATERIALS OUTLOOK

- Record first quarter revenues of $265.7 million
- First quarter backlog of $819 million, compared to the prior year's backlog of $905 million
- 2021 revenue guidance in a range of $2.1 billion to $2.3 billion with margins comparable to or slightly higher than 2020 levels
- 1.1 billion tons of aggregate reserves
- Optimistic about the long-term opportunities a federal infrastructure funding package presents
- Evaluating additional acquisition opportunities that will continue to grow our existing footprint and enhance our market share
  - Acquired Mt. Hood Rock in the Portland, OR metro area on April 1
    - Estimated 20 years of aggregate reserves

2021 EPS GUIDANCE UPDATED

$2.00 - $2.15

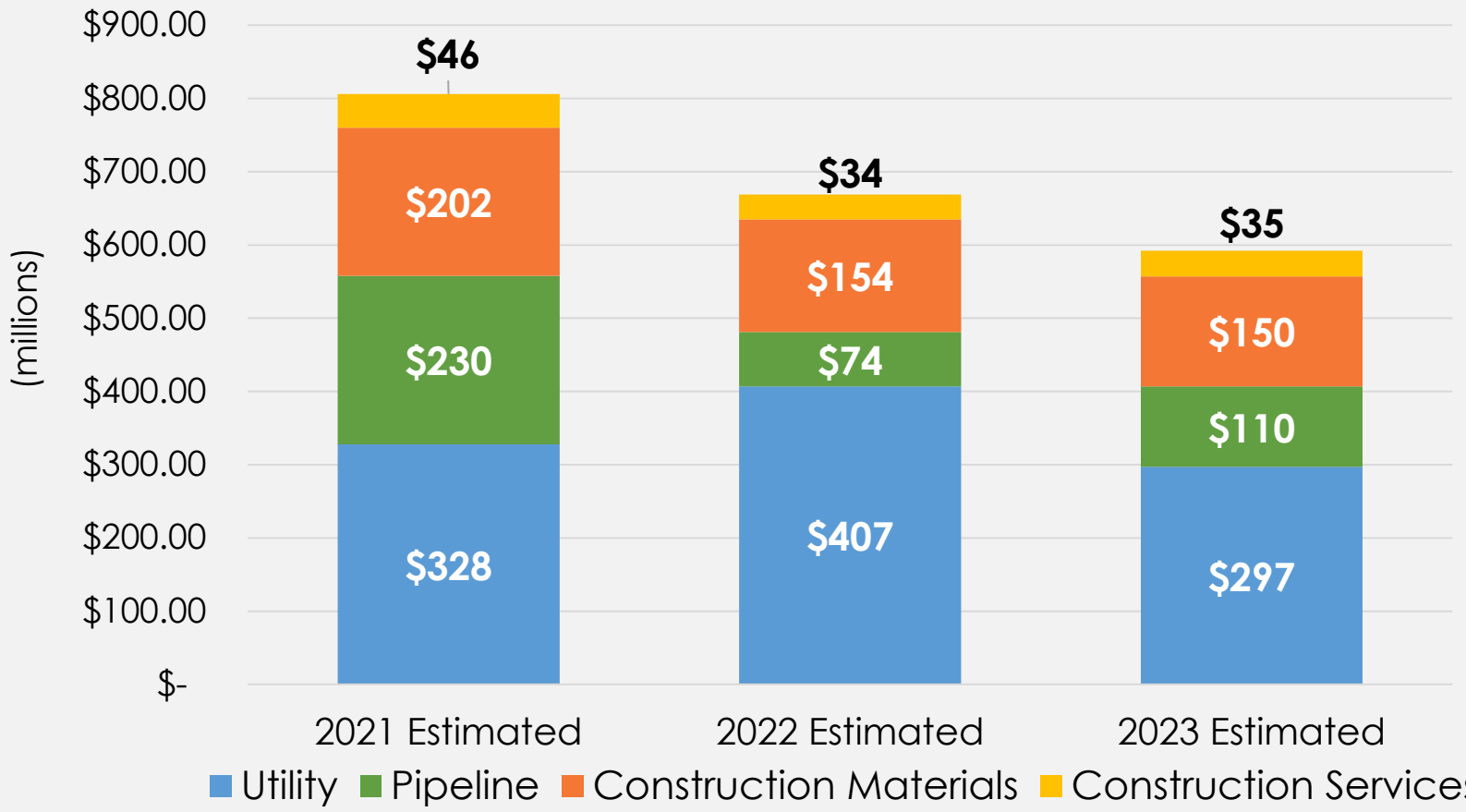
Consolidated EPS Guidance

Note: As of May 5, 2021

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

CAPITAL EXPENDITURES

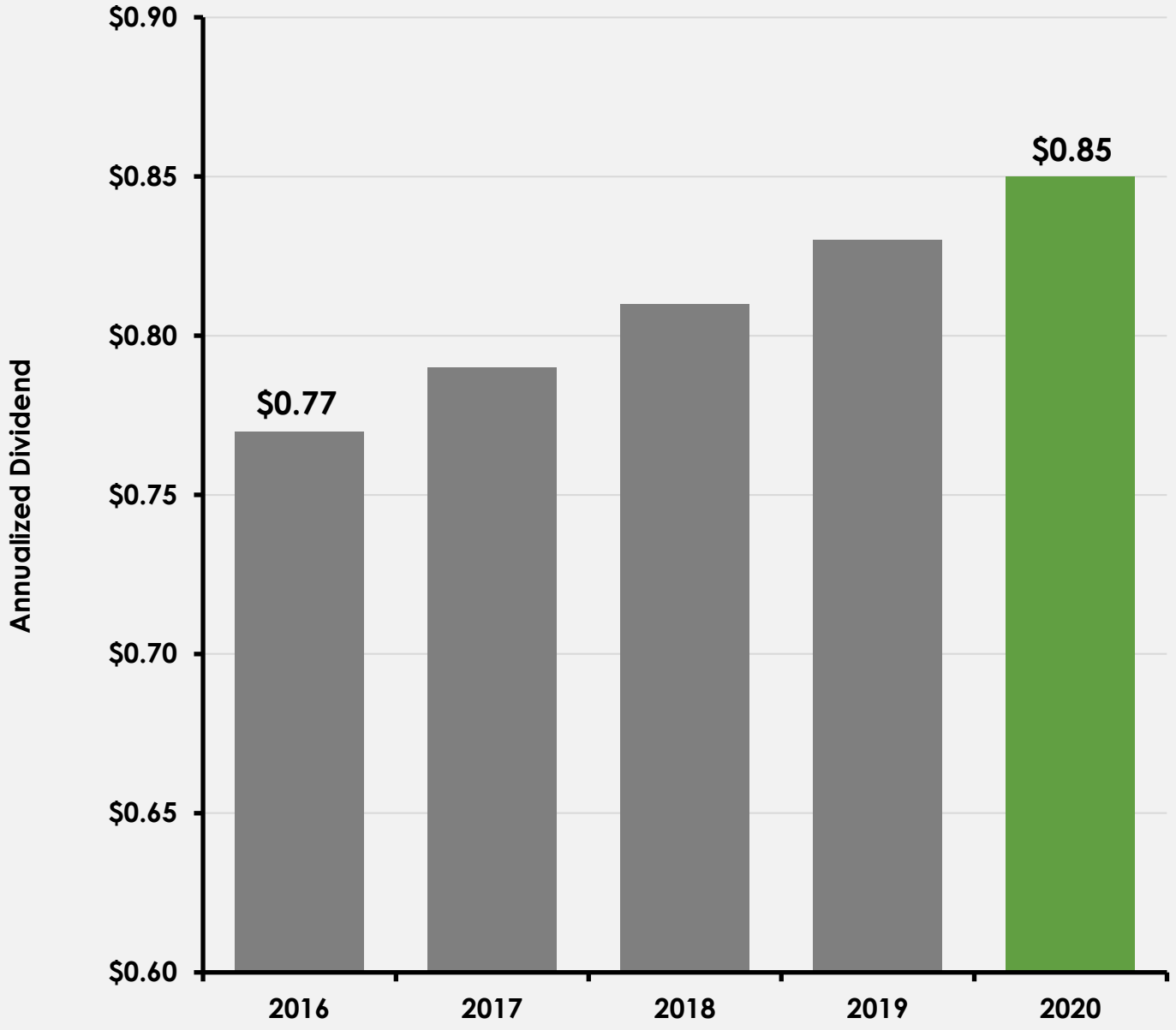
- Electric and natural gas utility
  - System infrastructure upgrades and replacements
  - Natural gas combustion turbine
- Pipeline
  - North Bakken expansion
- Construction materials and services
  - Equipment and plant replacements and upgrades
  - Continued development of Honey Creek Deposits
- Focused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

- 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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