

AMERICAN GAS ASSOCIATION - MAY 2021

INVESTOR PRESENTATION

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.

MDU Resources is Building a Strong America®

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.

Company founded in 1924



Headquartered in Bismarck, ND

Utilities

Cascade Natural Gas · Montana-Dakota Utilities Co. · Intermountain Gas Company · Great Plains Natural Gas Co.
MDU Resources Group Companies
In the Community · To Serve · One Vision – One Utility

Regulated Pipeline

WBI ENERGY®
An MDU Resources Group company

Construction Materials

KNIFE RIVER®
AN MDU RESOURCES COMPANY

Construction Services

MDU
CONSTRUCTION SERVICES GROUP

COMPANY OVERVIEW

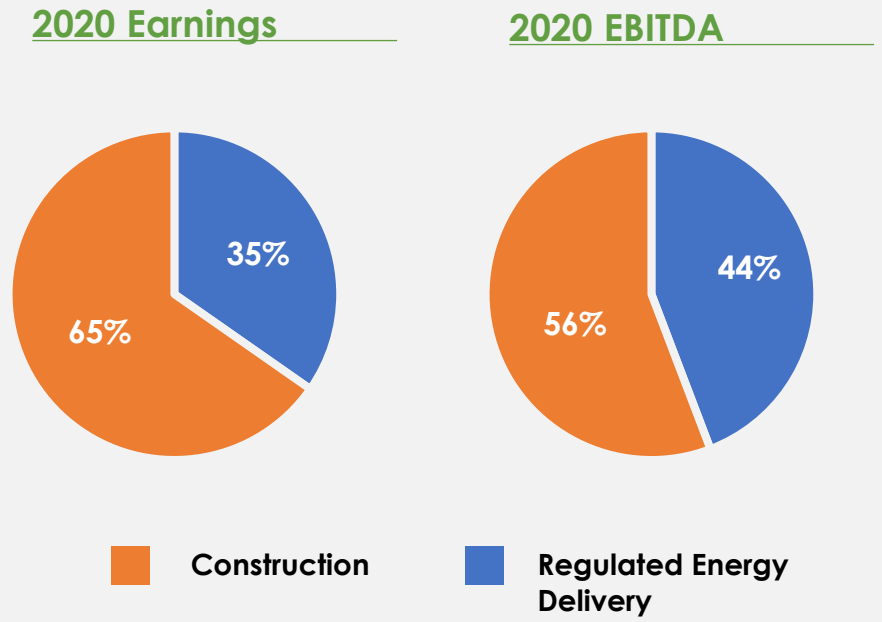
Infrastructure is our business, and we are Building a Strong America®.

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

	Revenue *(2020)*	EBITDA[1] *(2020)*	Earnings *(2020)*	Earnings CAGR *(2015-2020)*	M&A *(2015-20)*	CEO Industry Experience
Electric & Natural Gas	$1,180.2	$304.8	$99.6	10.9%	--	26 yrs
Pipeline	$143.9	$74.0	$37.0	22.8%	--	25 yrs
Construction Services	$2,095.7	$173.1	$109.7	35.8%	$75.6	17 yrs
Construction Materials	$2,178.0	$304.9	$147.3	10.6%	$279.8	35 yrs
Total[2]	**$5,597.8**	**$856.8**	**$393.6**	**17.3%**	**$355.4**	**Avg: 26 yrs**

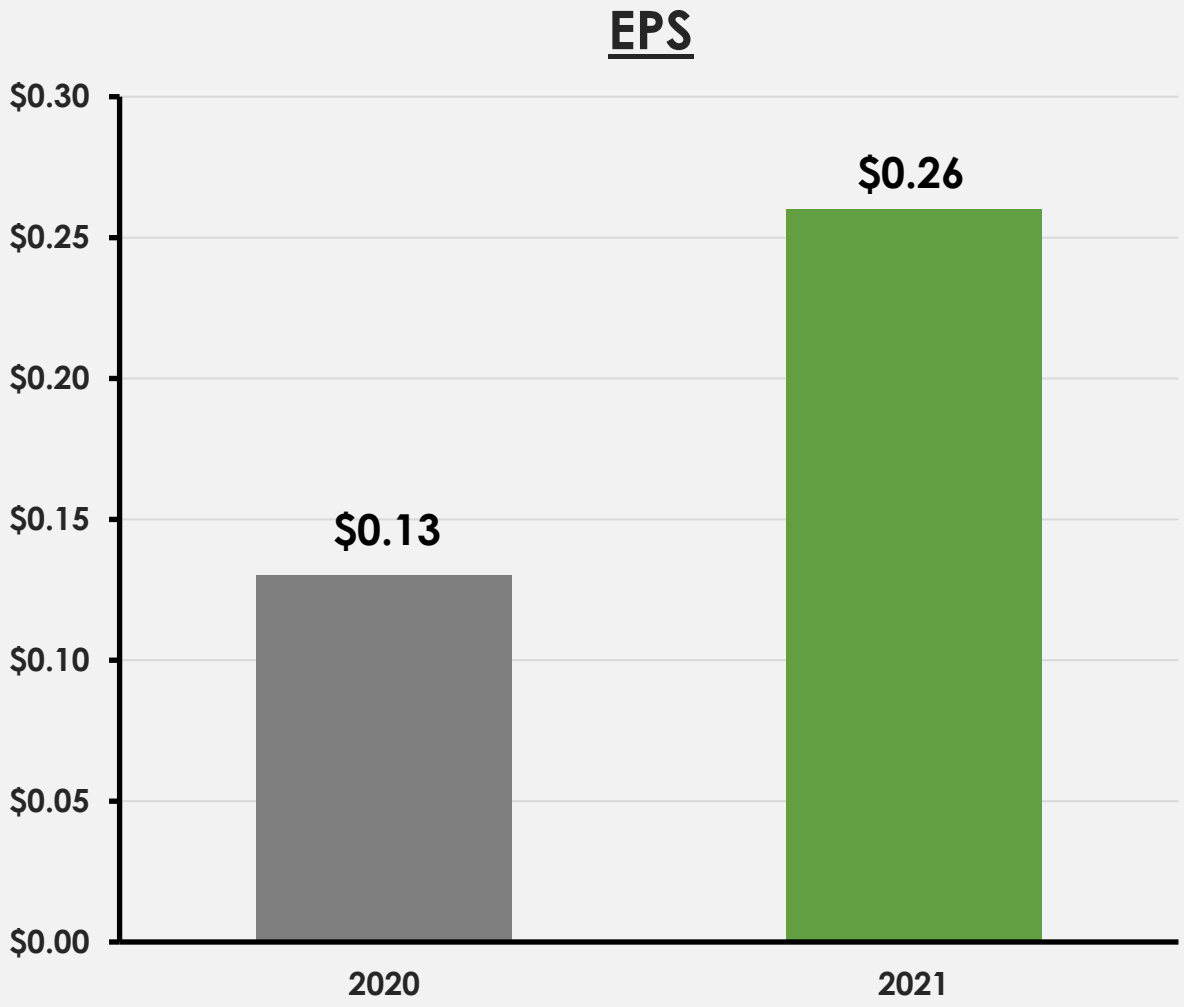
Diversified Earnings Contribution



1. Note: EBITDA is considered a non-GAAP financial measure.
2. Total figures exclude "Other" and "Intersegment eliminations".

FIRST QUARTER EARNINGS





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

INVESTMENT THESIS

Consistent long-term growth	→	**9.3% EBITDA[1] CAGR** (2015-2020) **16.7% EPS CAGR** (2015-2020)
Balance of cyclical and counter-cyclical businesses	→	**56% Construction / 44% Regulated Energy Delivery EBITDA mix** (2020)
Runway of **attractive organic and inorganic growth opportunities**	→	**>$1 trillion spending gap in US infrastructure[2]; Federal Infrastructure package stands to benefit all business lines**
Improving ROIC driven by rigorous capital allocation process	→	**5.5% → 8.8%** 2015 → 2020
Strong balance sheet, durable cash flow and **significant capacity to return capital**	→	**3.2% div. yield[3]; 43% payout ratio** (2020); **BBB+ credit rating**
Proven management team capable of executing	→	**~26 years of average industry experience for business segment CEOs**

1. Note: EBITDA is considered a non-GAAP financial measure.
2. Source: ASCE's 2017 Infrastructure Report Card.
3. Based on closing stock price on 12/31/2020.

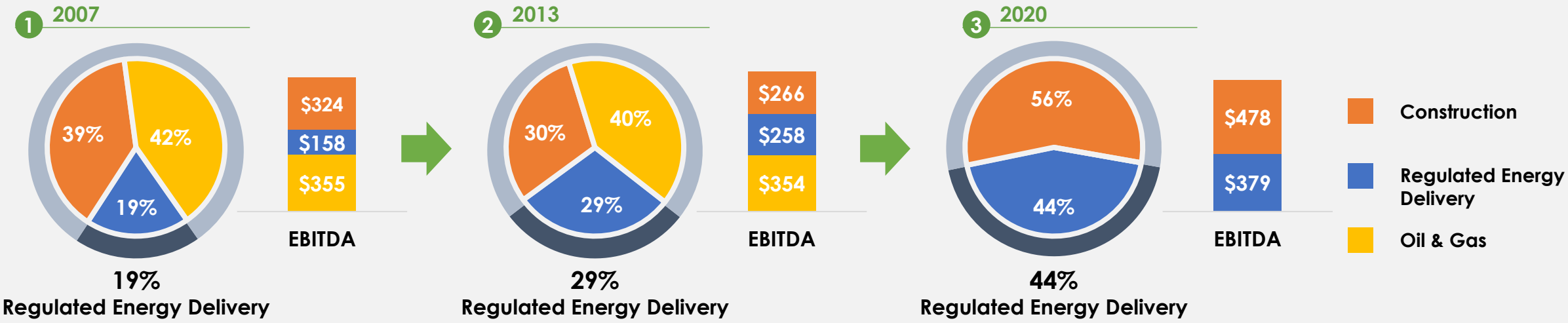
EBITDA MIX OVER TIME

Fundamentally enhanced business mix and improved customer diversification since 2007

- Divested volatile Oil & Gas business in 2014-16, **eliminating majority of commodity exposure**
- Improved mix of Regulated Energy Delivery earnings and EBITDA, **increasing long-term visibility**
- Expanded offerings in Construction Services to build technology infrastructure, **accelerating growth**
- Increased volume of public sector projects at Knife River, **increasing demand visibility**

EBITDA[1] Mix (2007–2020)

(Percent contribution)



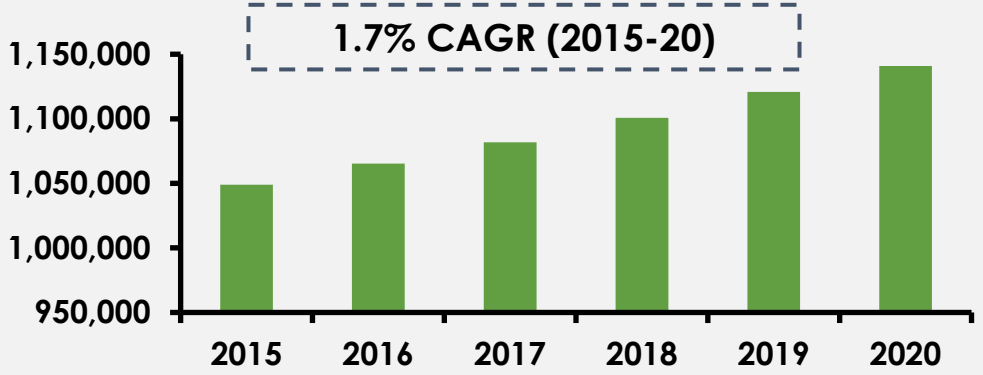
1. Note: EBITDA is considered a non-GAAP financial measure. This representation excludes "Other" and "Intersegment eliminations" and non-regulated energy EBITDA.

RATE BASE ORGANIC GROWTH DRIVERS

Continuous Rate Base growth supported by strong customer growth and system investments

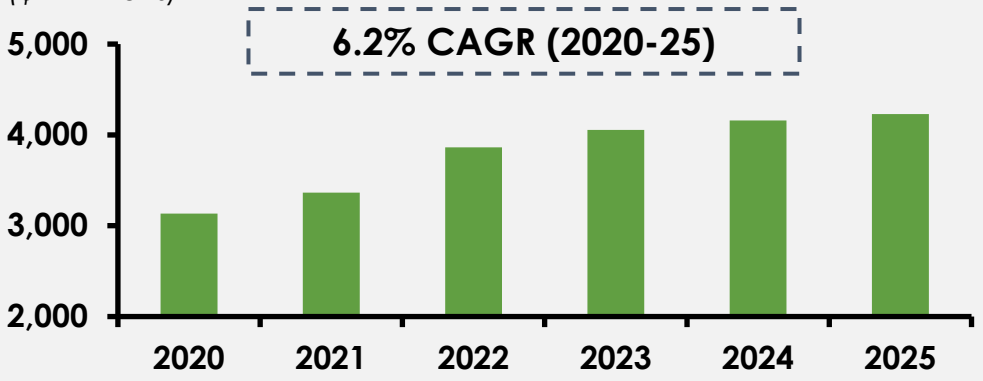
- Utility earnings growth is driven by capital deployment, resulting in growth in Rate Base
- Organic growth driven in part by positive demographics
  - 1.7% annual customer growth rate since 2015 and 1-2% continued projected growth through 2025
  - Compares favorably to other utilities
- MDU Utilities Group expected to deploy $1.6 billion in capex over next 5 years
  - Focus on upgrading and expanding existing systems, replacing coal-fired units, while targeting regulatory recovery of costs
- WBI expected to deploy $508 million in capex over next 5 years
  - Opportunities include North Bakken Expansion project and industrial related projects due to low natural gas prices

Historical MDU Utilities Group Customer Base



Projected Regulated Energy Delivery Rate Base[1]

($ in millions)



1. Including CWIP.

CAPITAL EXPENDITURES

MDU Resources' organic investments remain the primary driver of high-quality earnings growth

Regulated Energy Delivery Focus

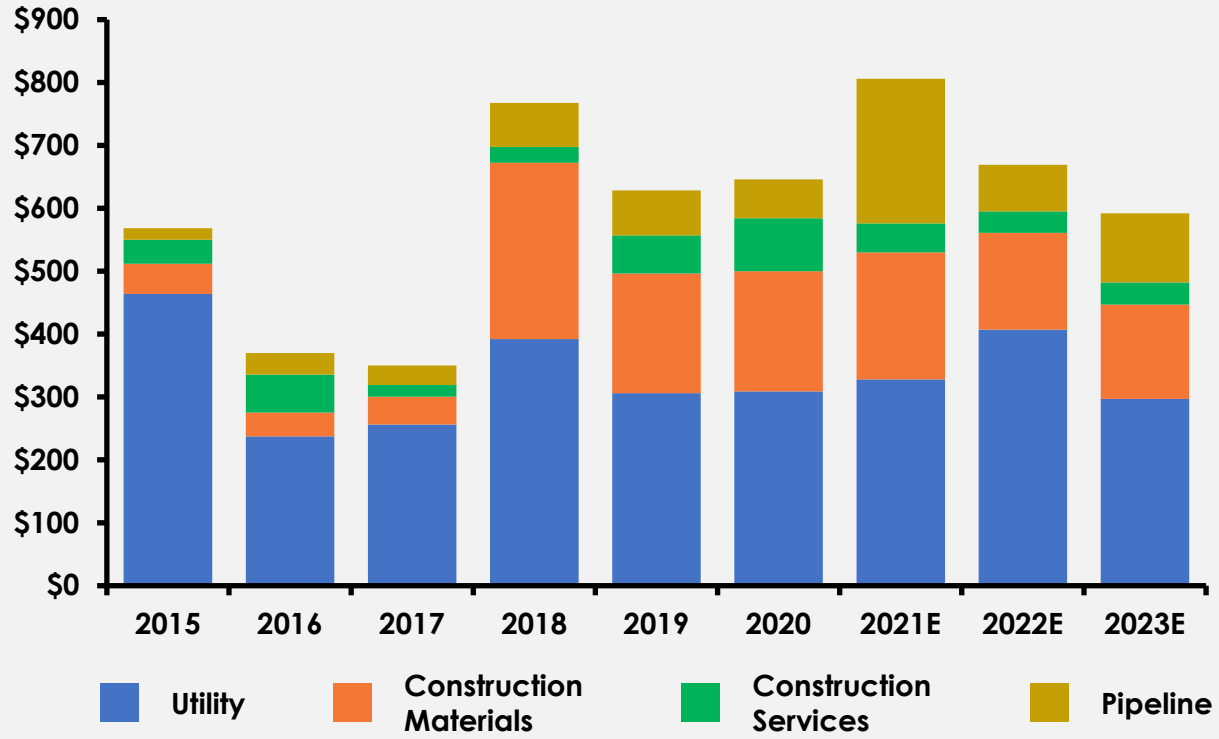
- Capital investments primarily in regulated businesses where rates of return have a high level of certainty
- System infrastructure upgrades and replacements
- Natural gas combustion turbine
- North Bakken Expansion

Construction Materials and Services Focus

- Equipment and plant replacements and upgrades
- Development of Honey Creek Deposits

Capital Expenditure by Segment

($ in millions)

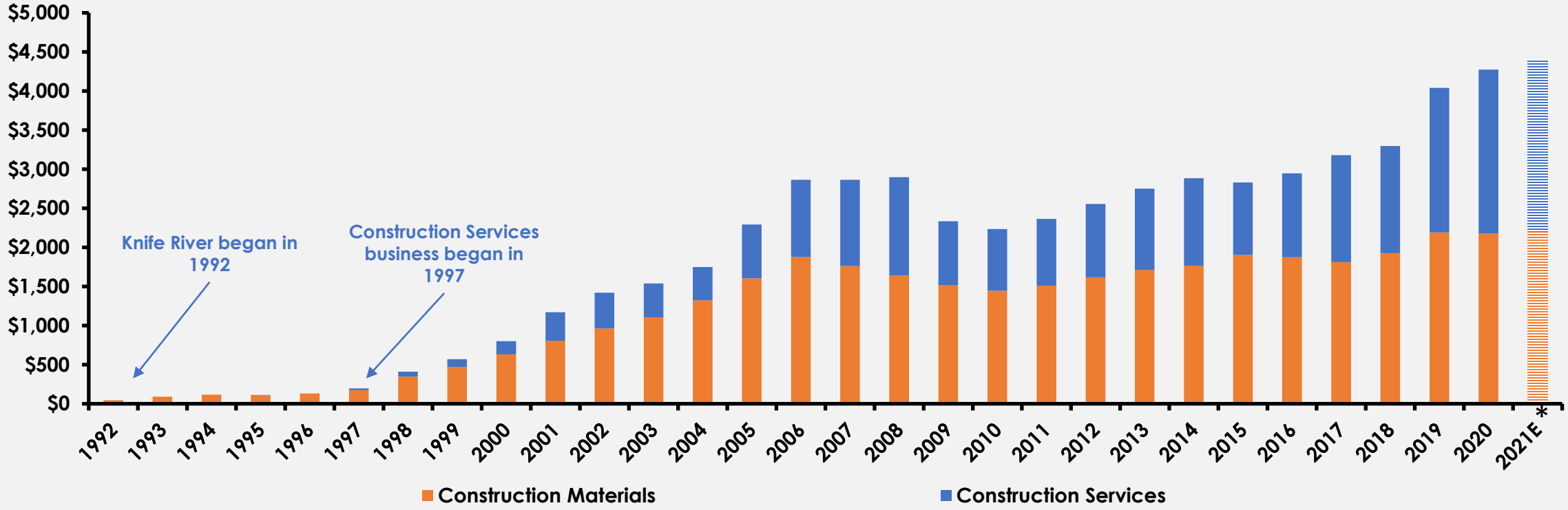


GROWTH IN CONSTRUCTION

Built through a combination of acquisitions and organic expansion, Construction Materials and Services provide high return, long-term growth

Construction Revenue

($ in millions)

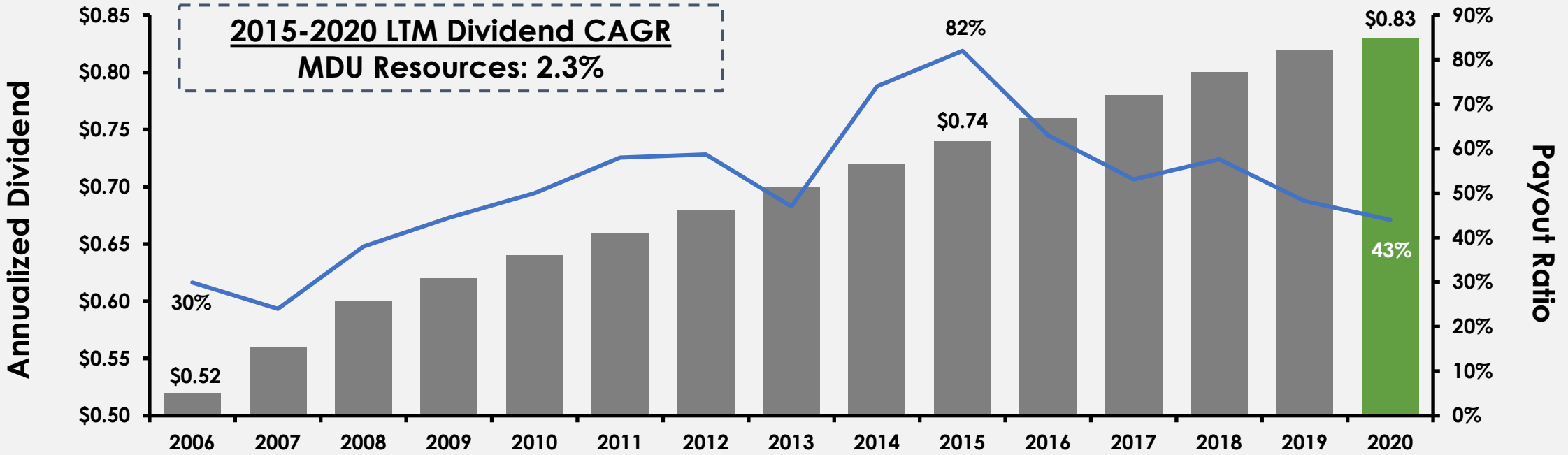


* Guidance Midpoints

DIVIDENDS

Long history of dividend increases coupled with payout ratio materially improving post-2015

- 83 consecutive years of quarterly dividend payments with 30 consecutive years of increases
- Payout ratio reached 80% following 2014-16 business divestitures – has steadily declined to <50%
- Member of S&P High-Yield Dividend Aristocrats index since 2015







Segment Overview





BUSINESS SEGMENT OVERVIEW

Regulated Energy Delivery Businesses

- Growing the business by investing in the safety and reliability of our existing system
- Focused on organic growth first while managing operating costs
- Looking to expand into areas where similar operating and growth objectives exist

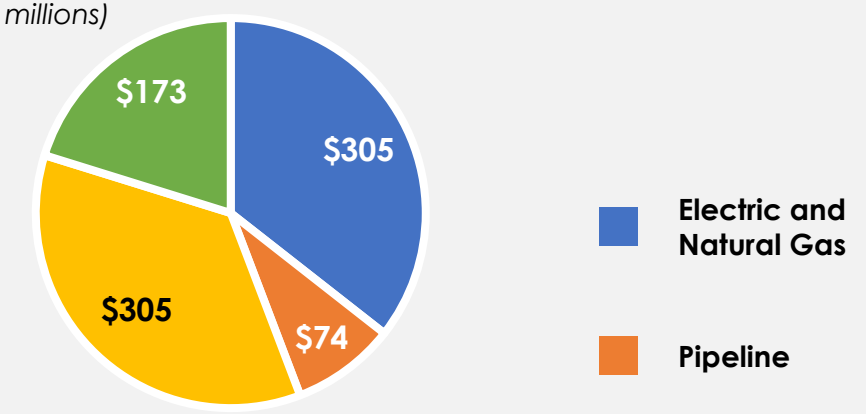
Construction Businesses

- Enhance shareholder value by generating cash and continued meaningful growth
- Take advantage of our vertical integration and grow through M&A and greenfield
- Create value by treating our people well and leading our markets in quality, service and safety

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

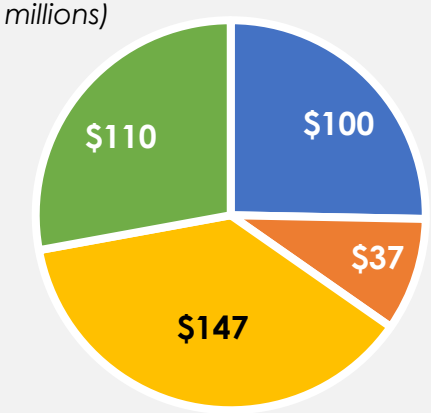
2020 EBITDA[1]

($ in millions)



2020 Earnings

($ in millions)



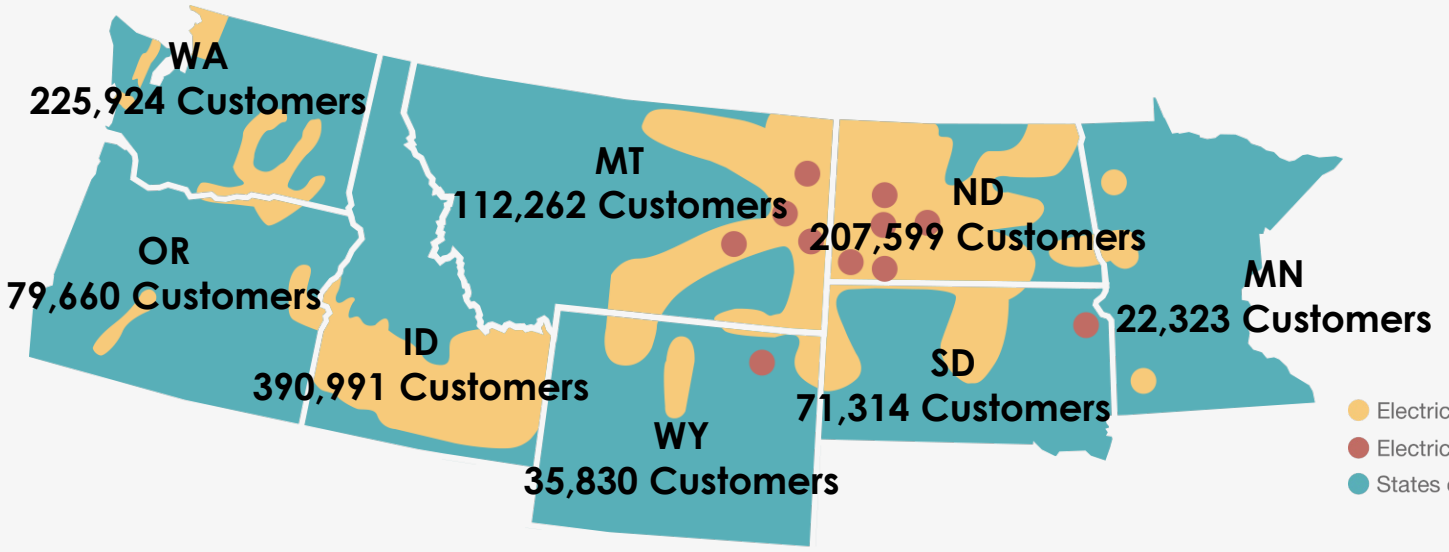
ELECTRIC AND NATURAL GAS SNAPSHOT

1,145,903
CUSTOMERS
As of 03.31.21

800 MW
OWNED GENERATION

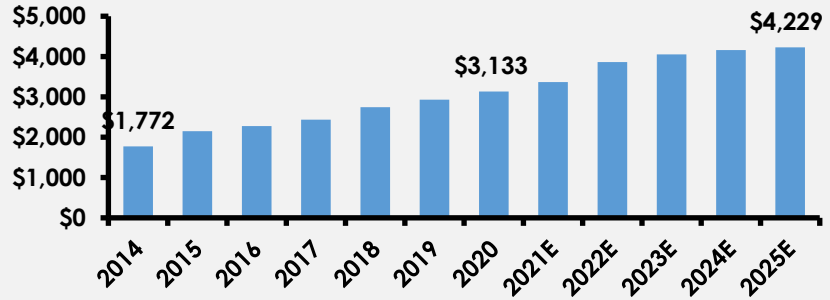
28,900
MILES OF ELECTRIC AND GAS TRANSMISSION AND DISTRIBUTION

1,600
EMPLOYEES

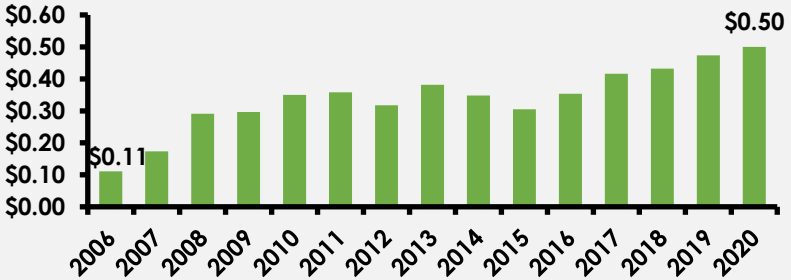


Rate Base[1] (Regulated Energy Delivery)

($ in millions)



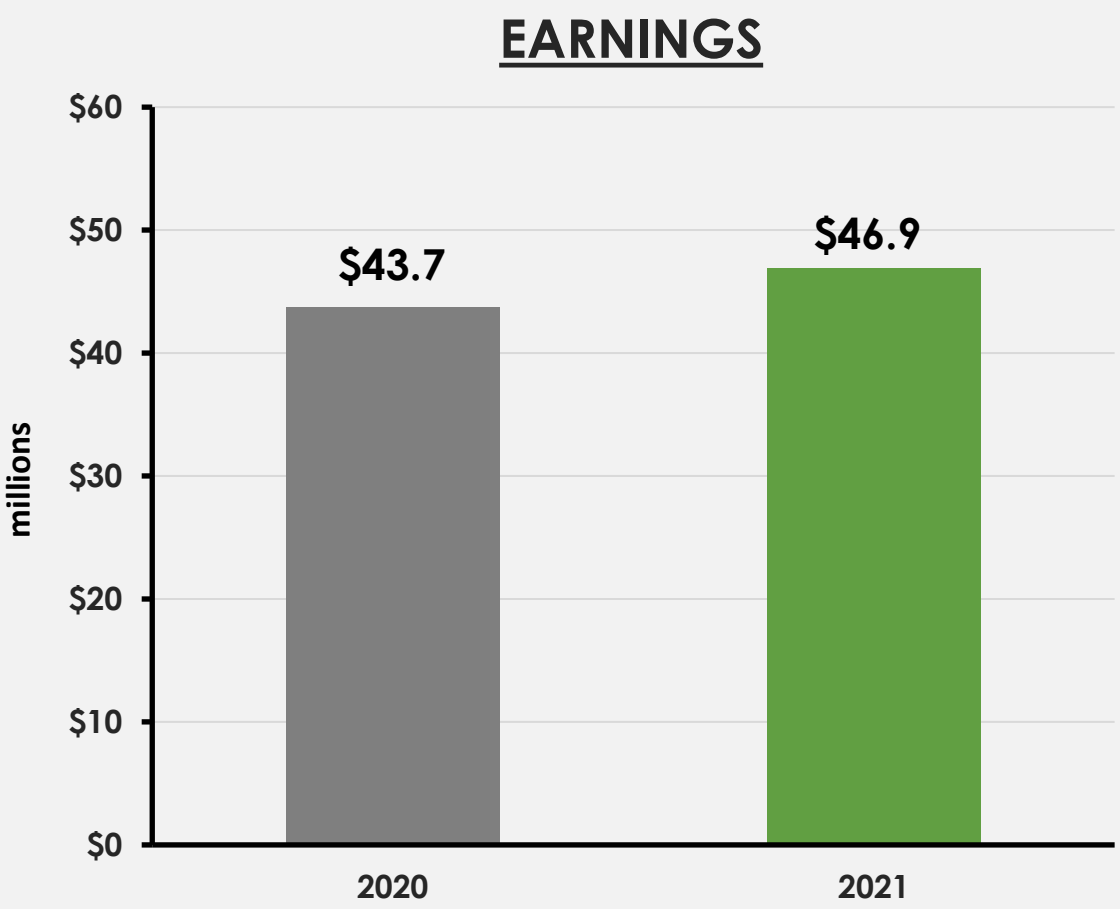
Segment EPS



1. Including CWIP.

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 SNAPSHOT

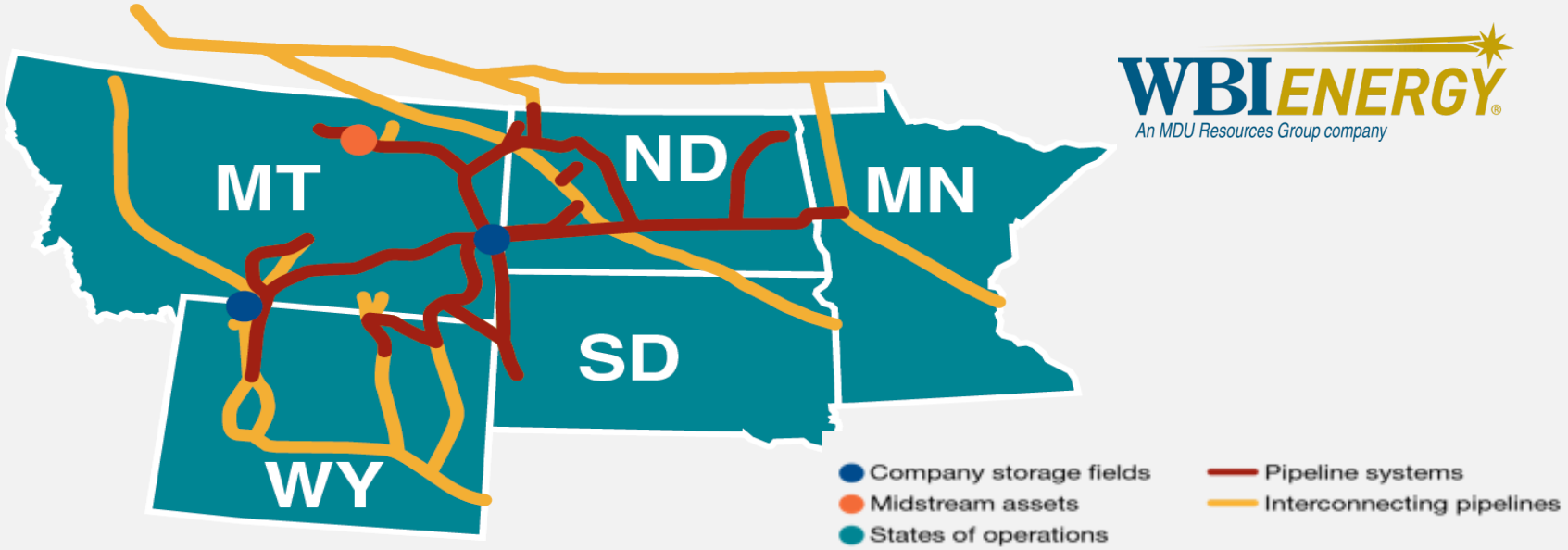
3,700
MILES OF PIPE

OVER 2.2 BCF/D
SYSTEM CAPACITY

13
INTERCONNECTING POINTS

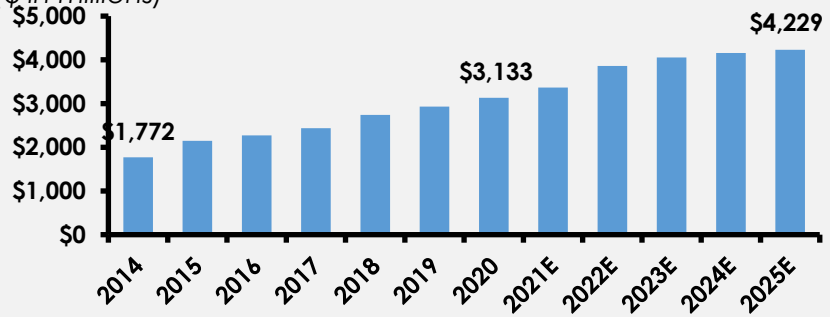
325
EMPLOYEES

LARGEST
STORAGE FIELD IN N. AMERICA

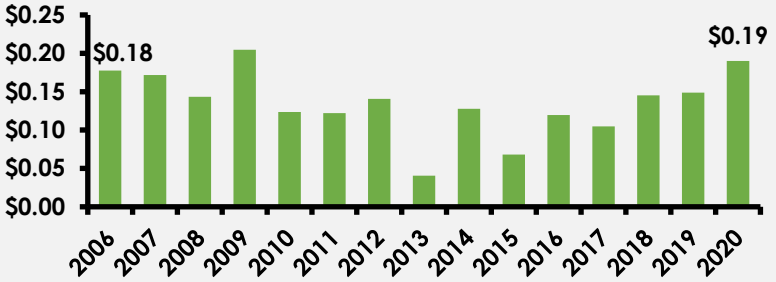


Rate Base[1] (Regulated Energy Delivery)

($ in millions)



Segment EPS



1. Including CWIP.

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 SNAPSHOT

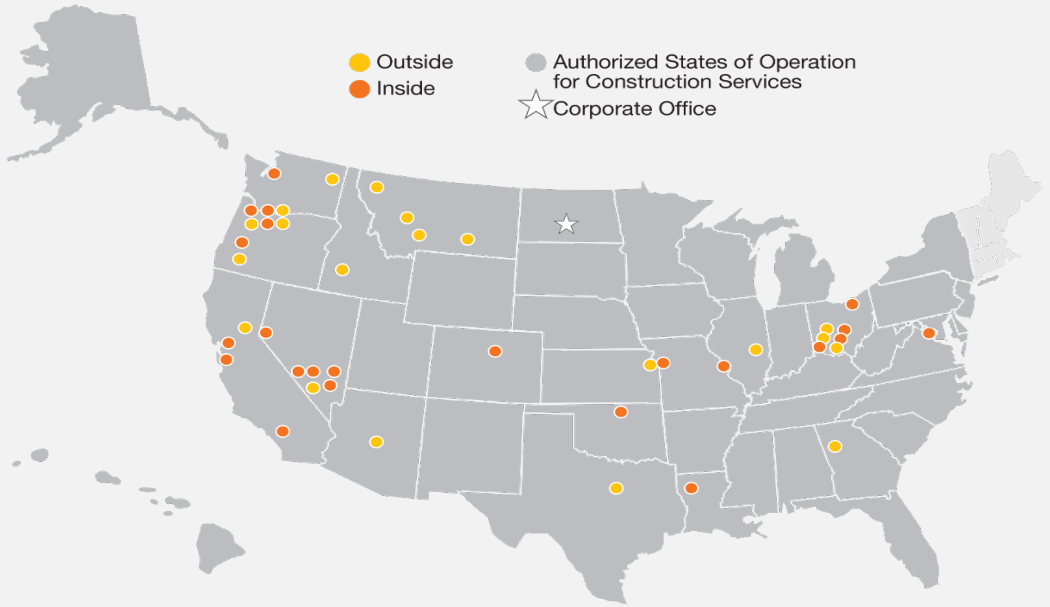
7,900
EMPLOYEES AT PEAK

45
STATES OF OPERATION

6
OUTSIDE CONSTRUCTION COMPANIES

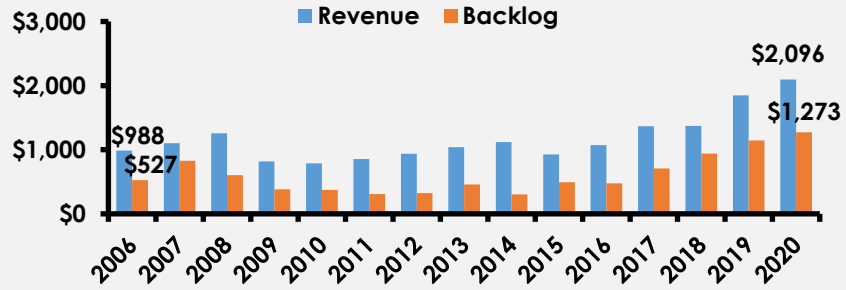
12
INSIDE CONSTRUCTION COMPANIES

Ranked 11th
on ENR's Top 600 Specialty Contractors List

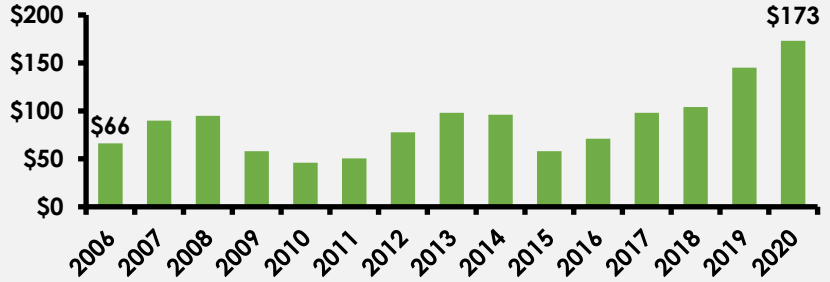


MDU CONSTRUCTION SERVICES GROUP

Segment Revenue and Year-End Backlog
($ in millions)



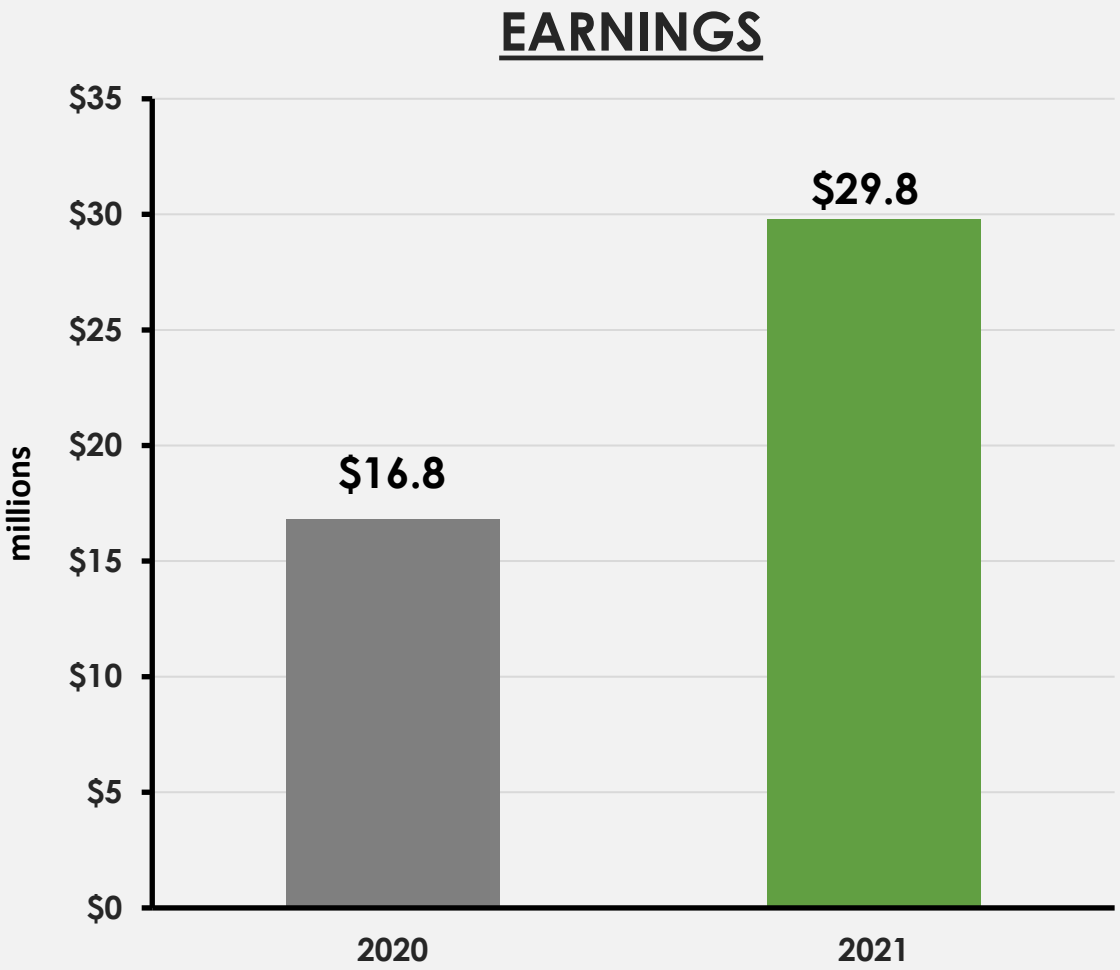
Segment EBITDA[1]
($ in millions)



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

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 SNAPSHOT

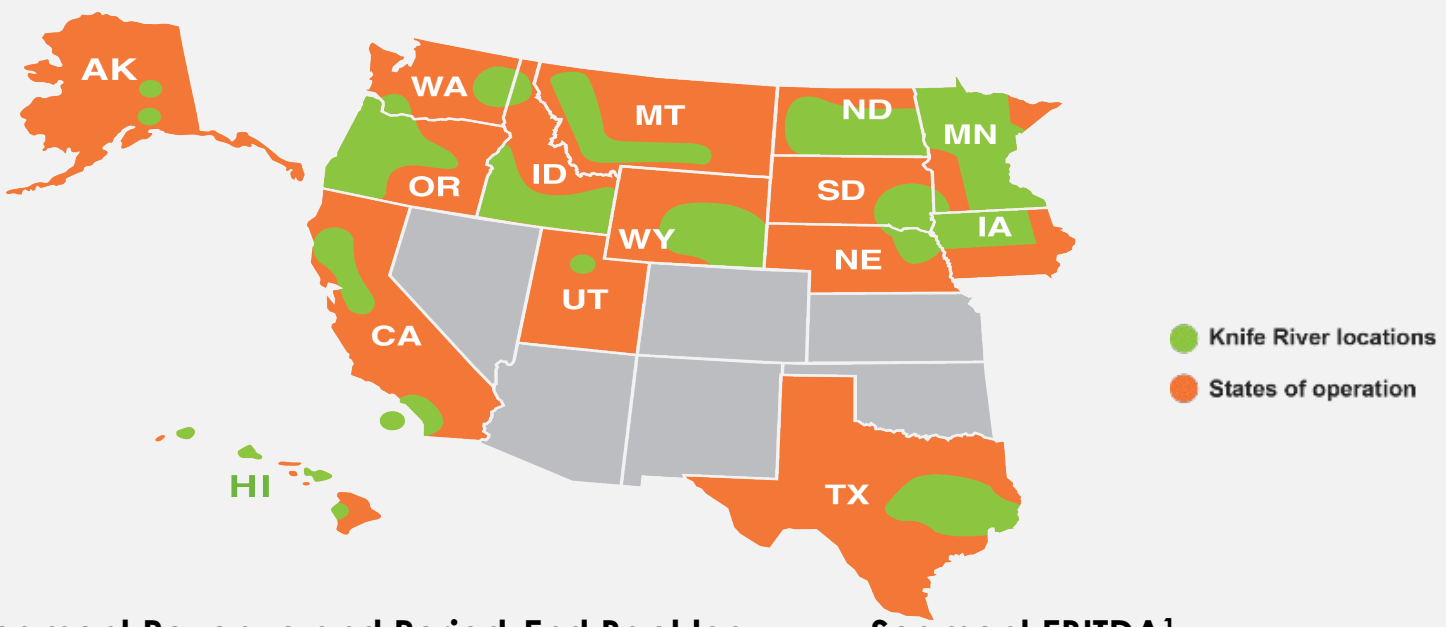
KNIFE RIVER CORPORATION
AN MDU RESOURCES COMPANY

NEARLY 6,000
EMPLOYEES AT PEAK SEASON

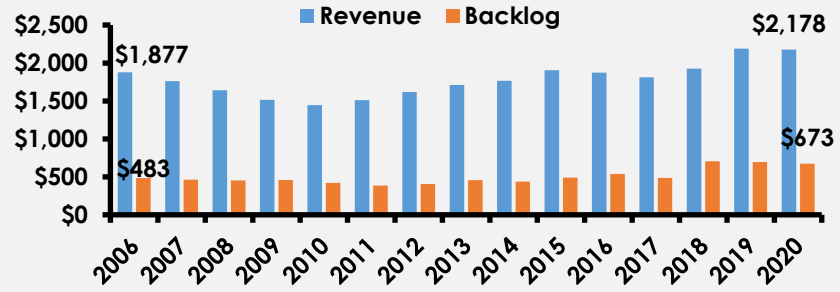
15
STATES OF OPERATION

1.1 BILLION
TONS OF RESERVES

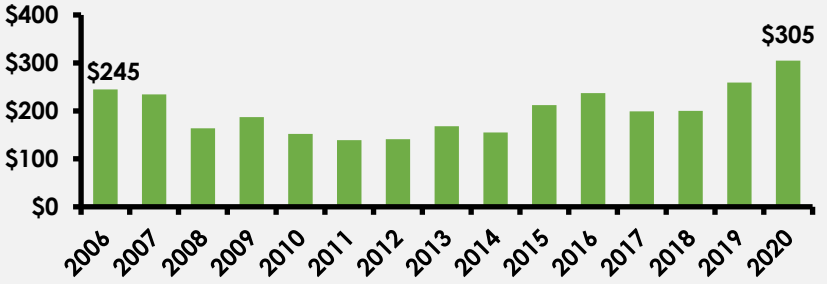
TOP 10
U.S AGGREGATE PRODUCER



Segment Revenue and Period-End Backlog
($ in millions)



Segment EBITDA[1]
($ in millions)



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

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







Appendix





FINANCIAL GUIDANCE

Select Historical Results				2021 Guidance	Forward Guidance Framework
	2015	**2020**	***2015-2020 CAGR***		
Electric & Natural Gas Utility EPS	$0.31	$0.50	***10%***	-	**EPS:** 5% Rate Base CAGR over 5 years **Customer Growth:** 1-2% annually
Pipeline EPS	$0.07	$0.19	***22.1%***	-	-
Construction Materials EBITDA *($ in millions)*	$211.8	$304.9	***7.6%***	**Revenue:** $2.1 billion to $2.3 billion **EBITDA:** Margins comparable to or slightly higher than 2020	-
Construction Services *EBITDA* *($ in millions)*	$57.6	$173.1	***24.4%***	**Revenue:** $2.1 billion to $2.3 billion **EBITDA:** Margins comparable to or slightly higher than 2020	-
Total Revenue *($ in millions)*	**$4,014.0**	**$5,532.7**	***6.6%***	-	-
Total EBITDA *($ in millions)*	**$550.0**	**$856.7**	***9.3%***	**EBITDA: $875 million to $925 million**	-
Total EPS	**$0.90**	**$1.95**	***16.7%***	**$2.00 to $2.15 As of May 5, 2021**	**5-8% CAGR off 2020 base of $1.95**

General Guidance Assumptions:

- Continued recognition as essential service providers across all of our company markets.
- Normal weather conditions, including precipitation and temperatures, across all service areas
- Future acquisitions or divestitures incremental to 2021 results
- Investing $811 million for capital projects in 2021

RECONCILIATION OF EBITDA GUIDANCE

(in millions)	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 EBITDA

($ in millions)

	For the year ended December 31														
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Income from Continuing Ops.	$307.8	$322.8	$293.7	($123.3)	$244.0	$226.0	($14.3)	$168.7	$185.0	$176.4	$233.1	$285.0	$269.4	$335.2	$390.5
Adjustments:															
Interest Expense	$72.1	$72.2	$81.5	$84.1	$83.0	$81.4	$76.7	$83.8	$86.9	$91.2	$87.8	$82.8	$84.6	$98.6	$96.5
Income Taxes	$166.1	$190.0	$147.5	($96.1)	$122.5	$110.3	($31.1)	$74.3	$64.4	$70.7	$93.1	$65.0	$47.5	$63.3	$84.6
Write-Down	--	--	$135.8	$620.0	--	--	$391.8	--	--	--	--	--	--	--	--
Depreciation, Depletion & Amort.	$256.5	$301.9	$366.0	$330.5	$328.8	$343.4	$359.2	$200.4	$203.1	$211.7	$216.3	$207.5	$220.2	$256.0	$285.1
EBITDA[1]	**$802.5**	**$887.0**	**$1,024.5**	**$815.3**	**$778.4**	**$761.0**	**$782.2**	**$527.2**	**$539.4**	**$550.0**	**$630.4**	**$640.3**	**$621.7**	**$753.0**	**$856.7**

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

MULTI-YEAR FINANCIALS

($ in millions, except per share data)

	For the year ended December 31					
	2015	**2016**	**2017**	**2018**	**2019**	**2020**
Revenue	**$4,014**	**$4,129**	**$4,443**	**$4,532**	**$5,337**	**$5,533**
Operating Profit	**$326**	**$409**	**$424**	**$402**	**$481**	**$545**
Operating Margin	*8.1%*	*9.9%*	*9.5%*	*8.9%*	*9.0%*	*9.8%*
EBITDA[1]	**$550**	**$630**	**$640**	**$622**	**$753**	**$857**
EBITDA Margin	*13.7%*	*15.3%*	*14.4%*	*13.7%*	*14.1%*	*15.5%*
EPS	**$0.90**	**$1.19**	**$1.45**	**$1.38**	**$1.69**	**$1.95**
Cash Flow from Ops.[2]	**$662**	**$462**	**$448**	**$500**	**$542**	**$768**
ROIC[3]	**5.5%**	**2.8%**	**8.1%**	**7.7%**	**8.1%**	**8.8%**

1. Note: EBITDA is considered a non-GAAP financial measure.
2. Includes discontinued operations.
3. Adjusted for divestiture of E&P business

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.