

August 5, 2021

SECOND 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



SECOND QUARTER EARNINGS





ELECTRIC & NATURAL GAS UTILITY
SECOND QUARTER EARNINGS

- Reported earnings of $9.6 million
  - Earnings were impacted by higher operating expenses, primarily labor-related costs
  - Lower investment returns on certain benefit plans also impacted earnings
  - Rate recovery in several jurisdictions as well as higher electric sales volumes partially offset the decrease



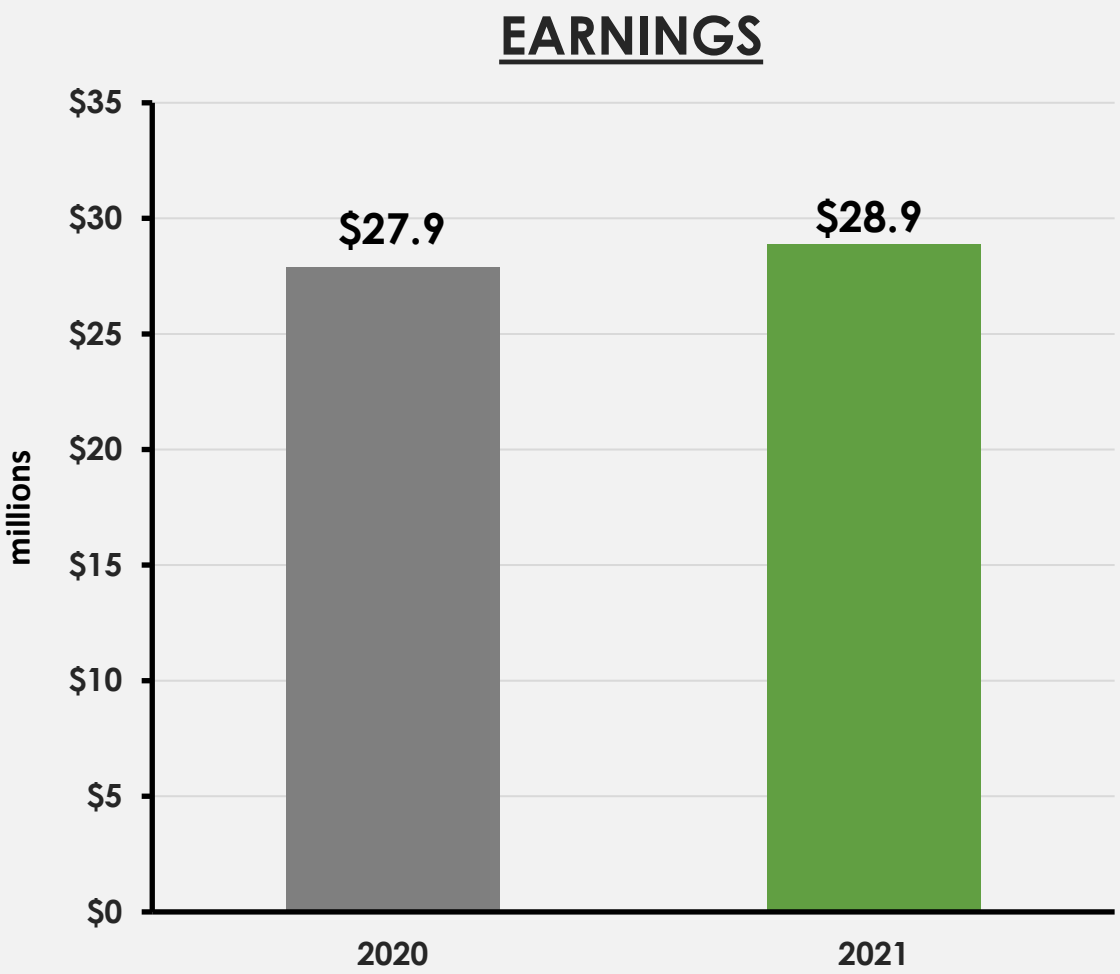
PIPELINE
SECOND QUARTER EARNINGS

- Reported earnings of $9.2 million
  - Higher non-regulated project revenues and higher AFUDC drove the increase in earnings
  - Partially offset by higher operation and maintenance expense, primarily the result of costs associated with the increase in non-regulated project revenue



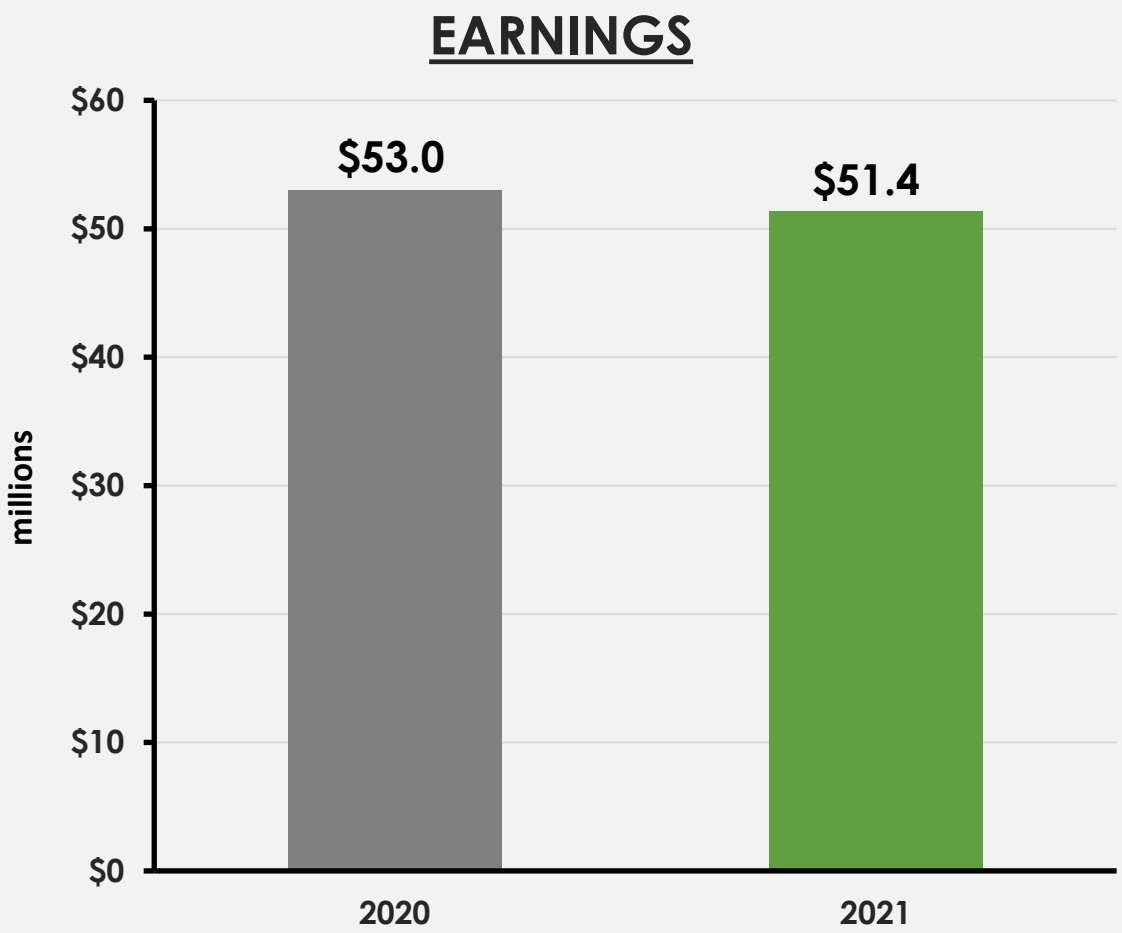
CONSTRUCTION SERVICES
SECOND QUARTER EARNINGS

- Reported record second quarter earnings of $28.9 million
  - Increase driven by higher inside specialty contracting workloads from strong demand from commercial and industrial work, as well as higher outside specialty contracting workloads
  - Lower depreciation, depletion and amortization expense from decreased intangible amortization expense
- Record second quarter revenues of $525.6 million, up from $497.2 million in 2020



CONSTRUCTION MATERIALS
SECOND QUARTER EARNINGS

- Reported earnings of $51.4 million
  - Earnings decrease driven by higher selling, general and administrative expense, primarily labor related expenses
  - Lower returns on certain benefit plans also negatively impacted results
  - Partially offsetting the decrease was lower interest expense
- Second quarter revenues of $633.8 million, up from $621.1 million in 2020





August 5, 2021

SECOND QUARTER EARNINGS CALL

DAVE GOODIN
President & Chief Executive Officer

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

MDU LISTED NYSE





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
- Continue to see organic growth opportunities
  - Capital expenditures: $1.6 billion over the next five years





PIPELINE OUTLOOK

- North Bakken Expansion project
  - Construction began mid-July on this pipeline expansion in western North Dakota that will have capacity to transport 250 million cubic feet of natural gas per day
  - Expected to be in service by the end of 2021, with favorable weather
- Wahpeton Expansion project
  - 60-mile, 12-inch natural gas pipeline expansion and ancillary facilities, will have capacity to transport up to 20 million cubic feet per day and is supported by long-term agreements with Montana-Dakota Utilities Co.
  - Expected to cost approximately $75 million
  - Upon receipt of all regulatory approvals, the company expects to begin construction in early 2024 and have the pipeline in service in late 2024
- Organic growth opportunities including potential industrial related projects due to low natural gas prices





CONSTRUCTION SERVICES OUTLOOK

- Record second quarter revenues of $525.6 million
- Record backlog of $1.32 billion as of June 30
- 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 inside specialty contracting demand in the commercial and industrial space, specifically the manufacturing industry, and increased outside specialty contracting demand from utility customers across its operational footprint
- Exploring acquisition and organic growth opportunities





CONSTRUCTION MATERIALS OUTLOOK

- Second quarter revenues of $633.8 million
- Second quarter backlog of $912 million, compared to the prior year's backlog of $875 million
- 2021 revenue guidance in a range of $2.1 billion to $2.3 billion with margins comparable to 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

2021 EPS GUIDANCE AFFIRMED

$2.00 - $2.15

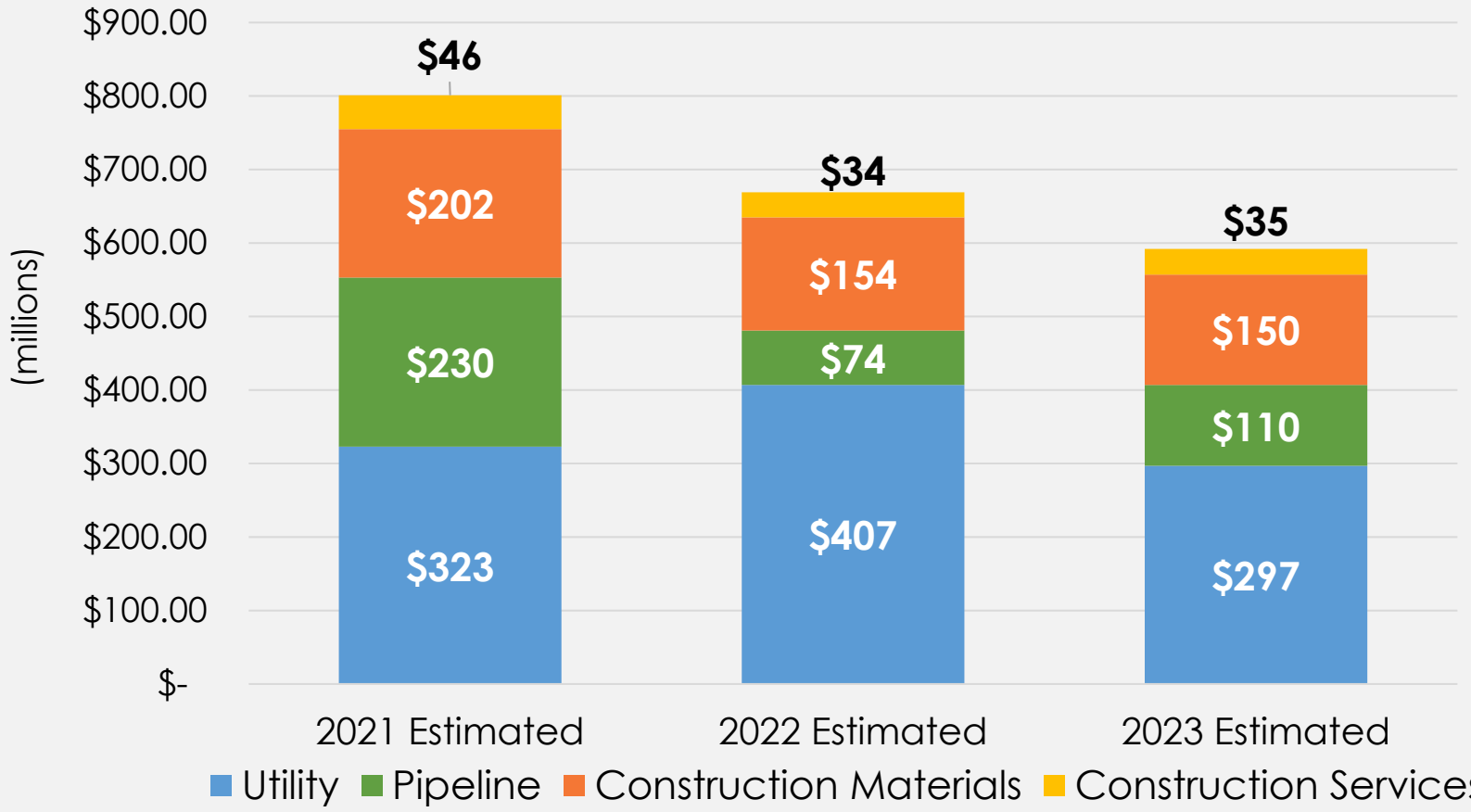
Consolidated EPS Guidance

Note: As of August 4, 2021

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

CAPITAL EXPENDITURES

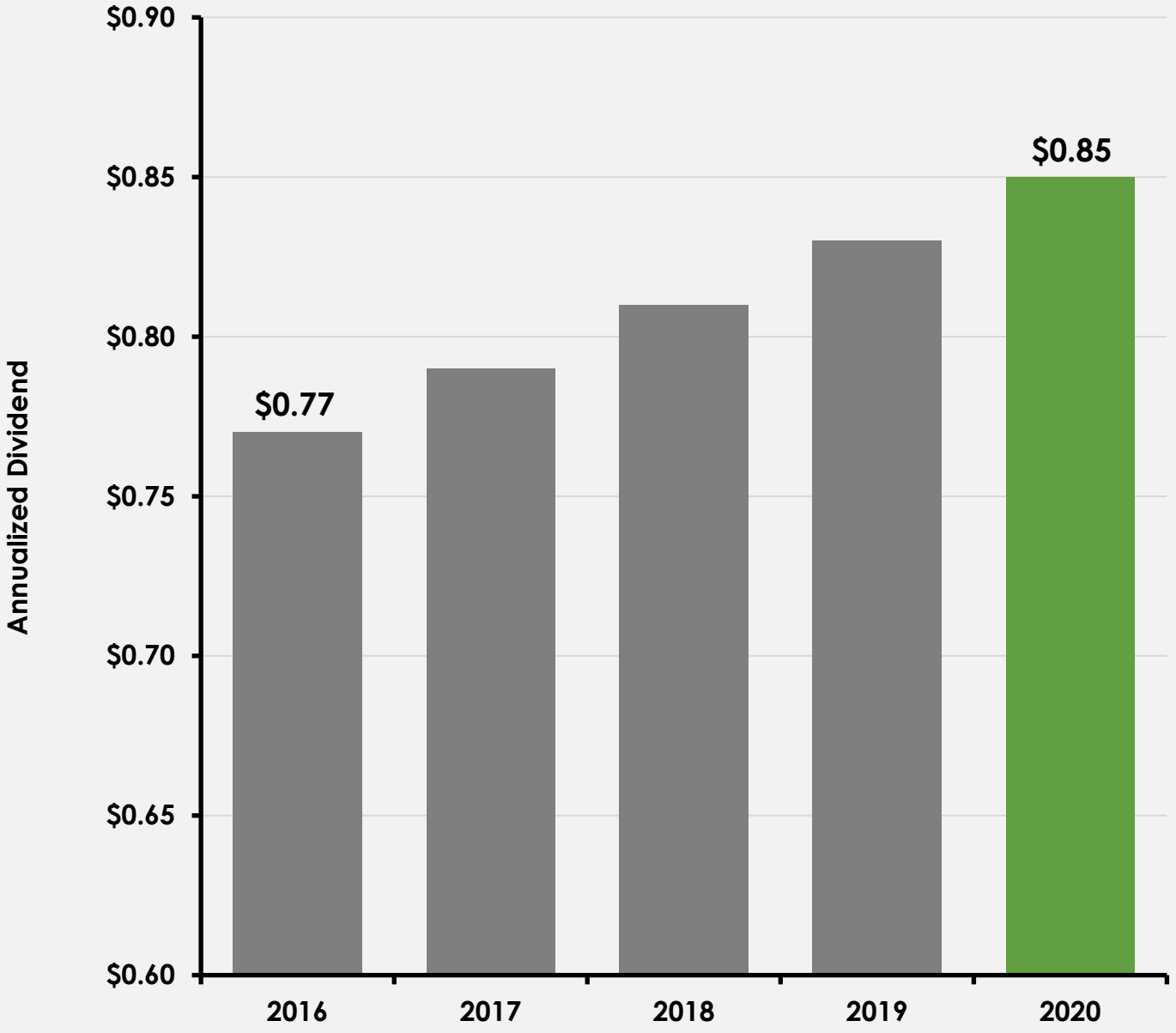
- Electric and natural gas utility
  - System infrastructure upgrades and replacements
  - Natural gas combustion turbine
- Pipeline
  - North Bakken expansion
- Construction materials and services
  - Equipment and plant replacements and upgrades
  - Continued development of Honey Creek Deposits
- Focused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







QUESTIONS



