

SEPTEMBER 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

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**

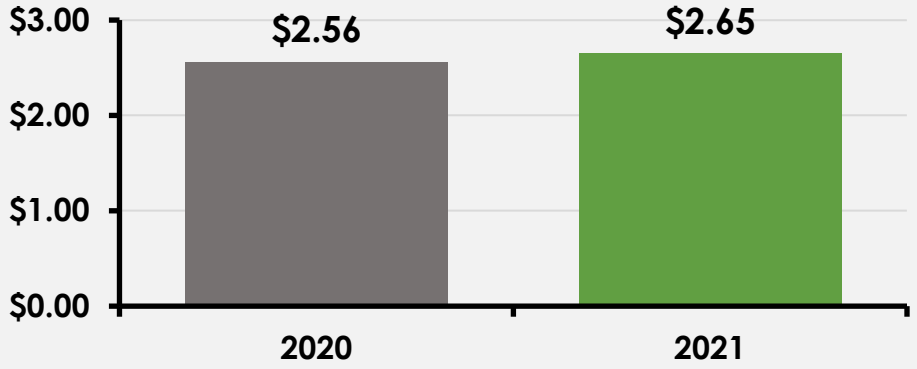
1. Note: EBITDA is considered a non-GAAP financial measure.
2. Source: ASCE's 2017 Infrastructure Report Card.
3. Based on closing stock price on 12/31/2020.

KEY PERFORMANCE INDICATORS

YTD AS OF JUNE 30, 2021

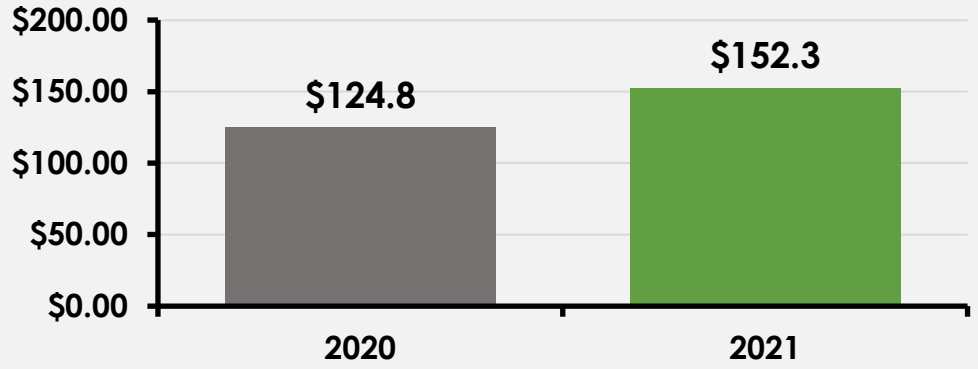
Operating Revenues

(in billions)



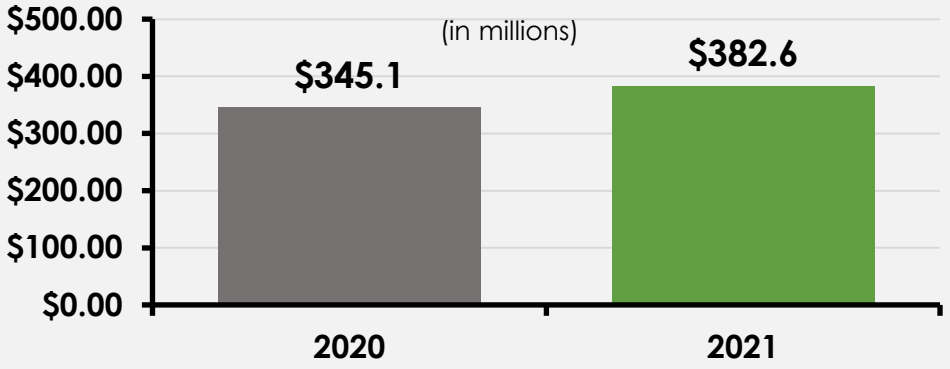
Net Income

(in millions)

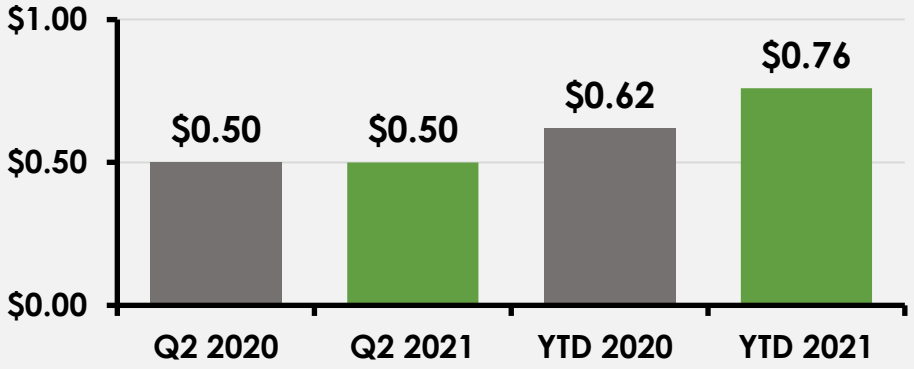


EBITDA From Continuing Operations

(in millions)



Earnings Per Share



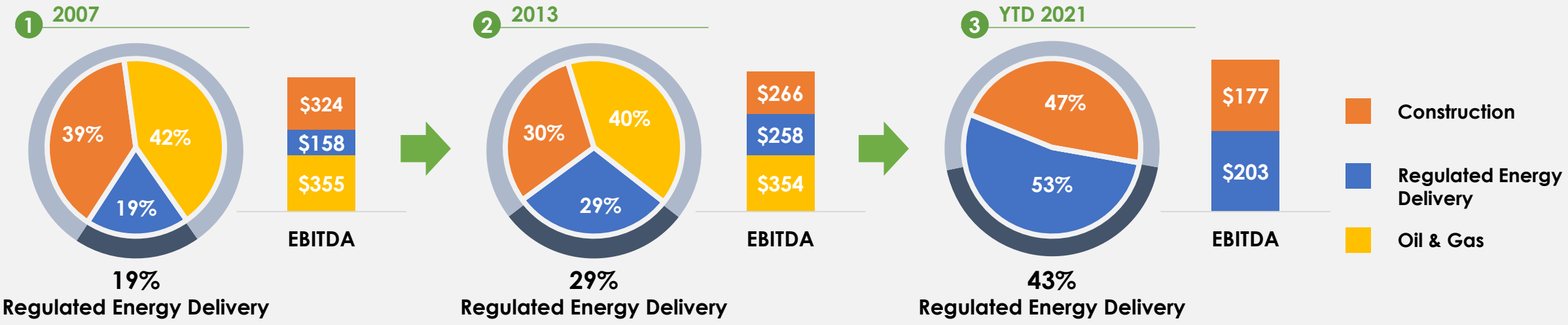
EBITDA MIX OVER TIME

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)

(Dollars in millions)



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

CAPITAL EXPENDITURES

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

Regulated Energy Delivery Focus

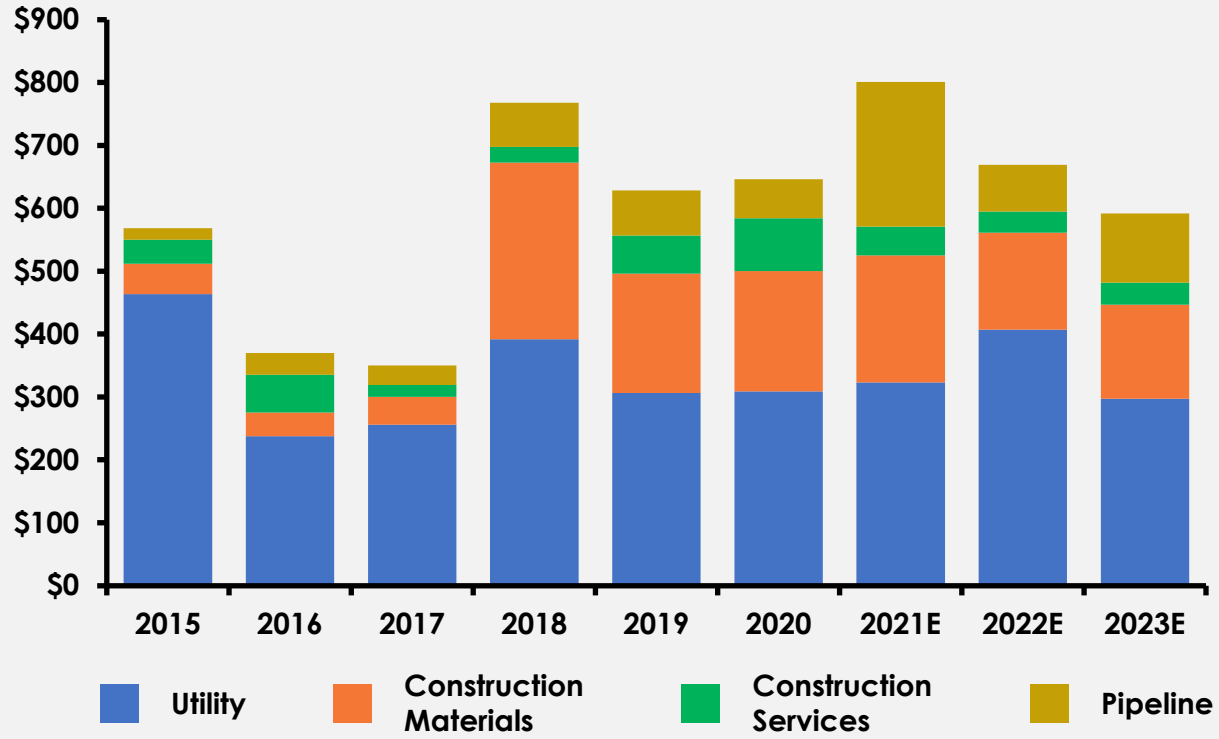
- Capital investments primarily in regulated businesses where rates of return have a high level of certainty
- System infrastructure upgrades and replacements
- Natural gas combustion turbine
- North Bakken Expansion

Construction Materials and Services Focus

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

Capital Expenditure by Segment

($ in millions)

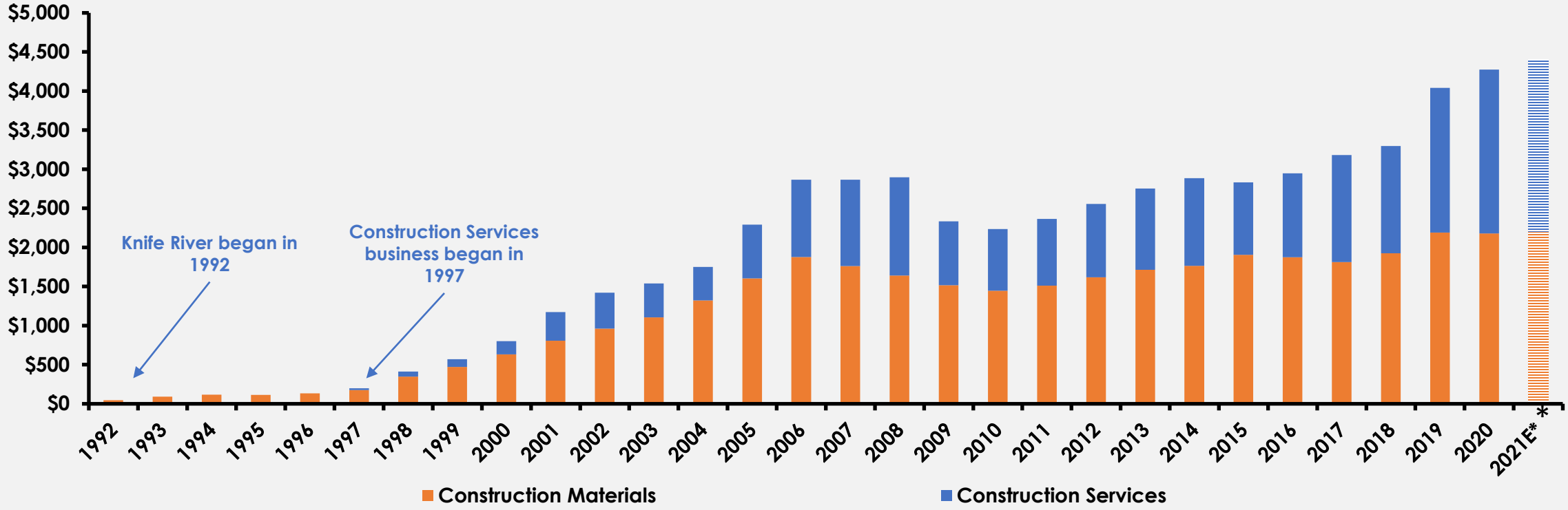


GROWTH IN CONSTRUCTION

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





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

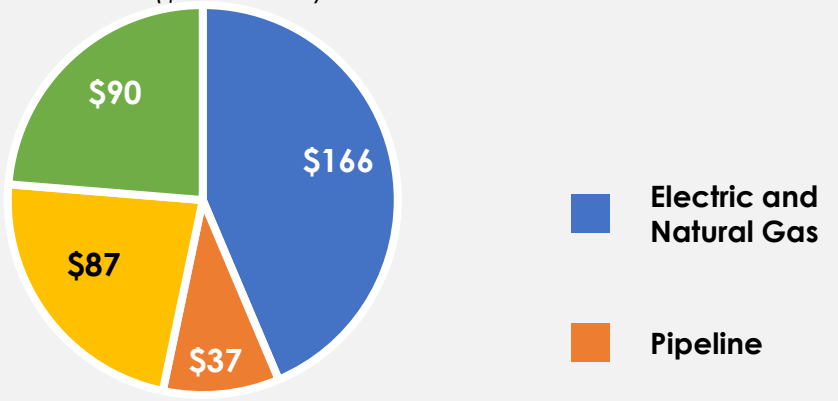
Construction Businesses

- 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. See appendix for EBITDA reconciliation.

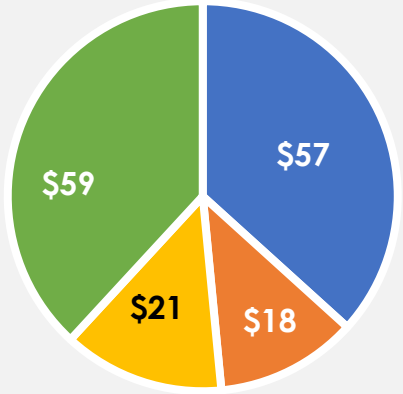
2021 EBITDA[1]

YTD as of June 30 ($ in millions)



2021 Earnings

YTD as of June 30($ in millions)



CONSTRUCTION SERVICES SNAPSHOT

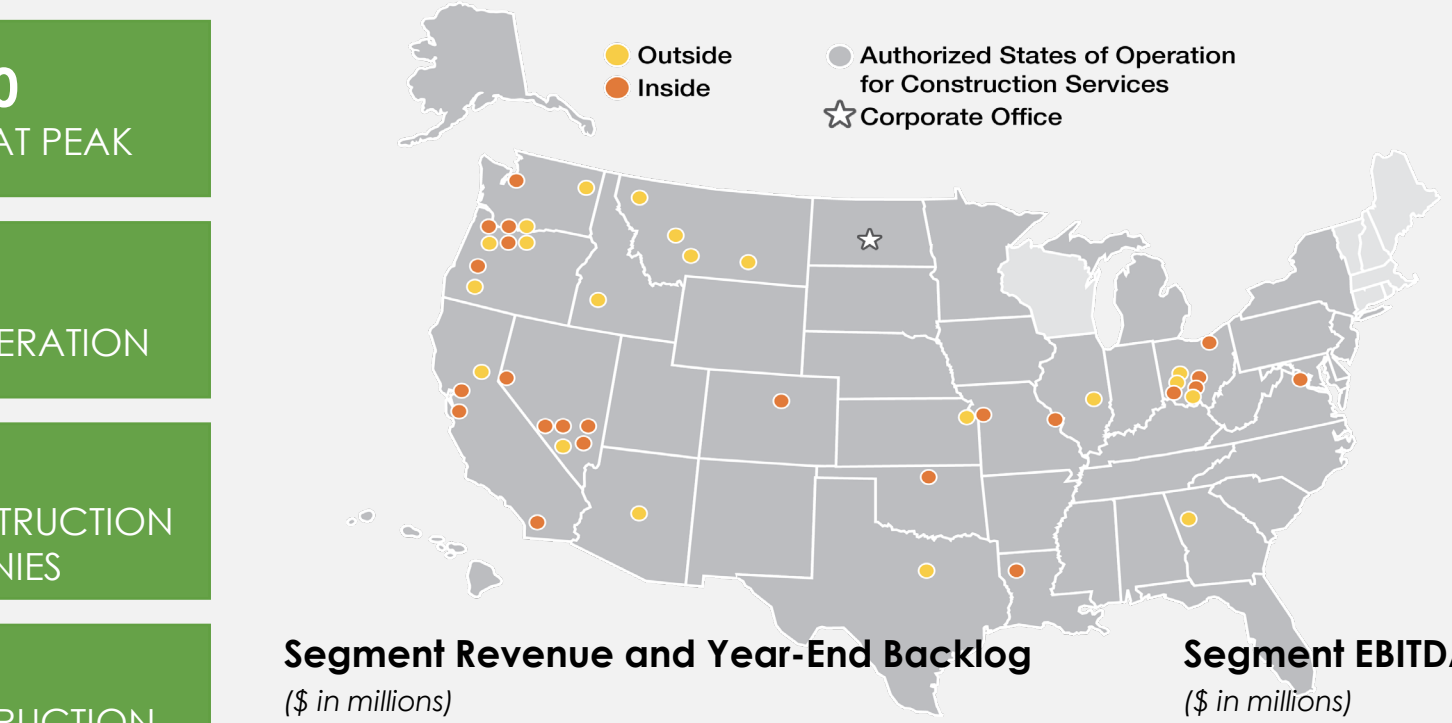
7,900
EMPLOYEES AT PEAK

43
STATES OF OPERATION

6
OUTSIDE CONSTRUCTION COMPANIES

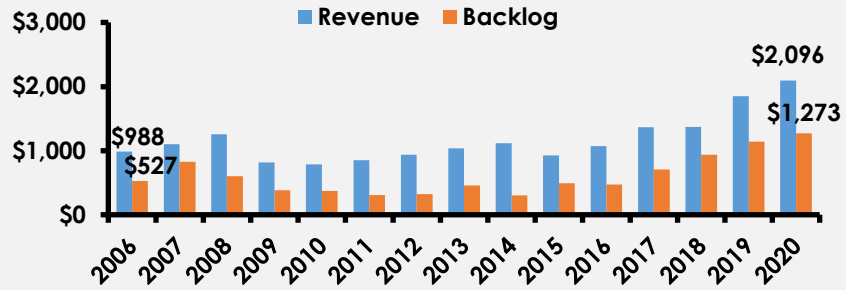
12
INSIDE CONSTRUCTION COMPANIES

Ranked 4th
on EC&M's Top 50 Electrical Contractors List

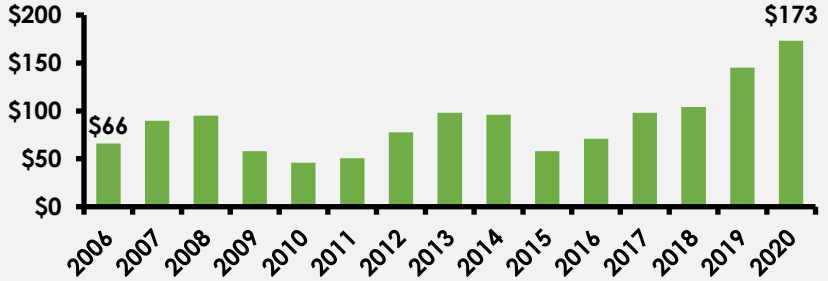


MDU CONSTRUCTION SERVICES GROUP

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
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
- Record backlog of $1.32 billion as of June 30, 2021



SUPPLEMENTAL GROWTH VIA M&A

25 acquisitions since inception

- Expanding into new geographies and services by acquiring complementary brands that enhance our portfolio
- Fostering deep relationships with acquisition targets to position us for M&A opportunities

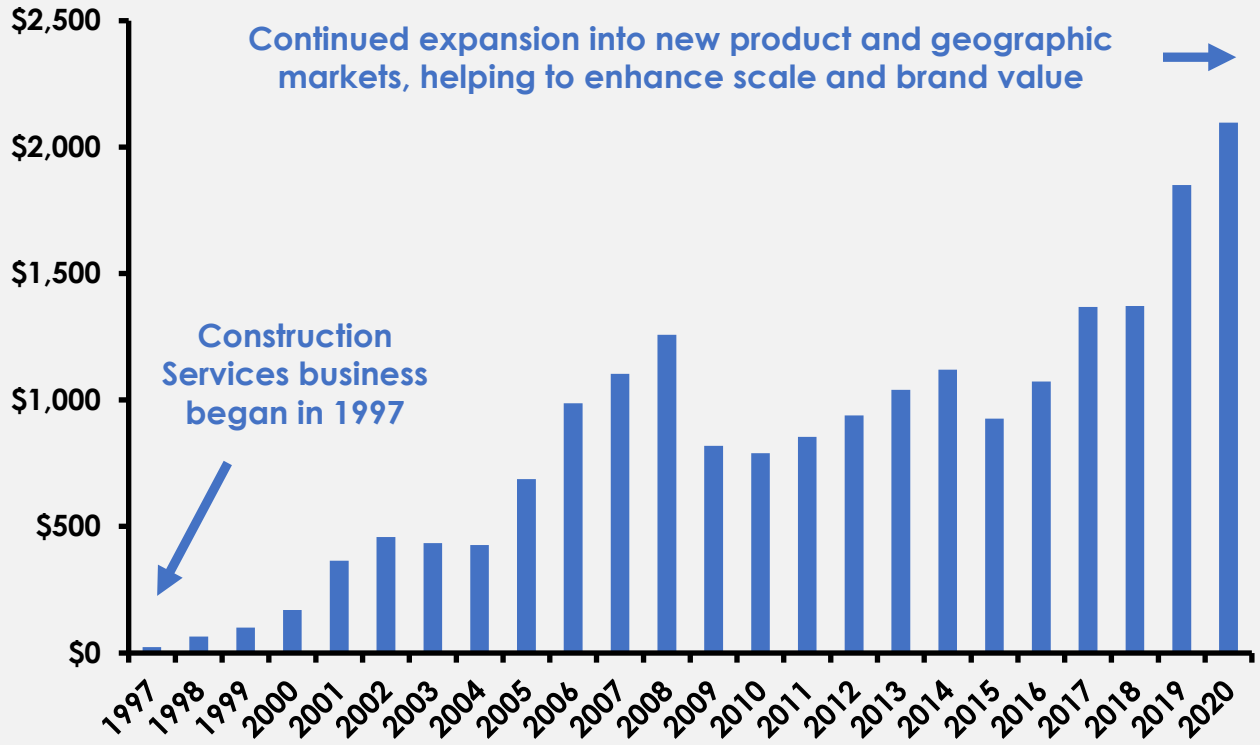
CSG Acquisition Example:

PERLECTRIC

- Expands the geographic footprint to Mid-Atlantic region
- Northern Virginia is one of the world's largest data center markets in the world
- 6th largest metro area in the U.S.
- 2nd highest total commercial construction starts

Segment Revenue

($ in millions)



MULTIPLE HIGH-GROWTH OPPORTUNITIES

Infrastructure spending gap creates multiple levers for long-term growth

2020-2029 Infrastructure Systems[1]	Funding Gap
Surface Transportation	$1,205
Electricity	$197
Airports	$111
Rail	$10
Total	**$1,523**

2018-2023 Cloud and Colocation CapEx Spending[2]	2023 CapEx Spend	2018-2023 CAGR
Physical Infrastructure	~$29	8.5%
Land and Building	~$11	12.7%
Total	**~$40**	**9.6%**

1. ASCE's 2021 Infrastructure Report Card. Dollars in billions, based on 2019 dollars.
2. Omdia Cloud and Colocation Data Center Capex Market Tracker. Dollars in billions.

- >$1.5 trillion spending gap in U.S. infrastructure drives large opportunity for MDU Construction Services
- Focusing on high-growth, essential markets: energy infrastructure, hospitality, healthcare, manufacturing, transportation and industrial
- Steadily increasing market share
- Continuous process and operation excellence improvements

CONSTRUCTION MATERIALS SNAPSHOT

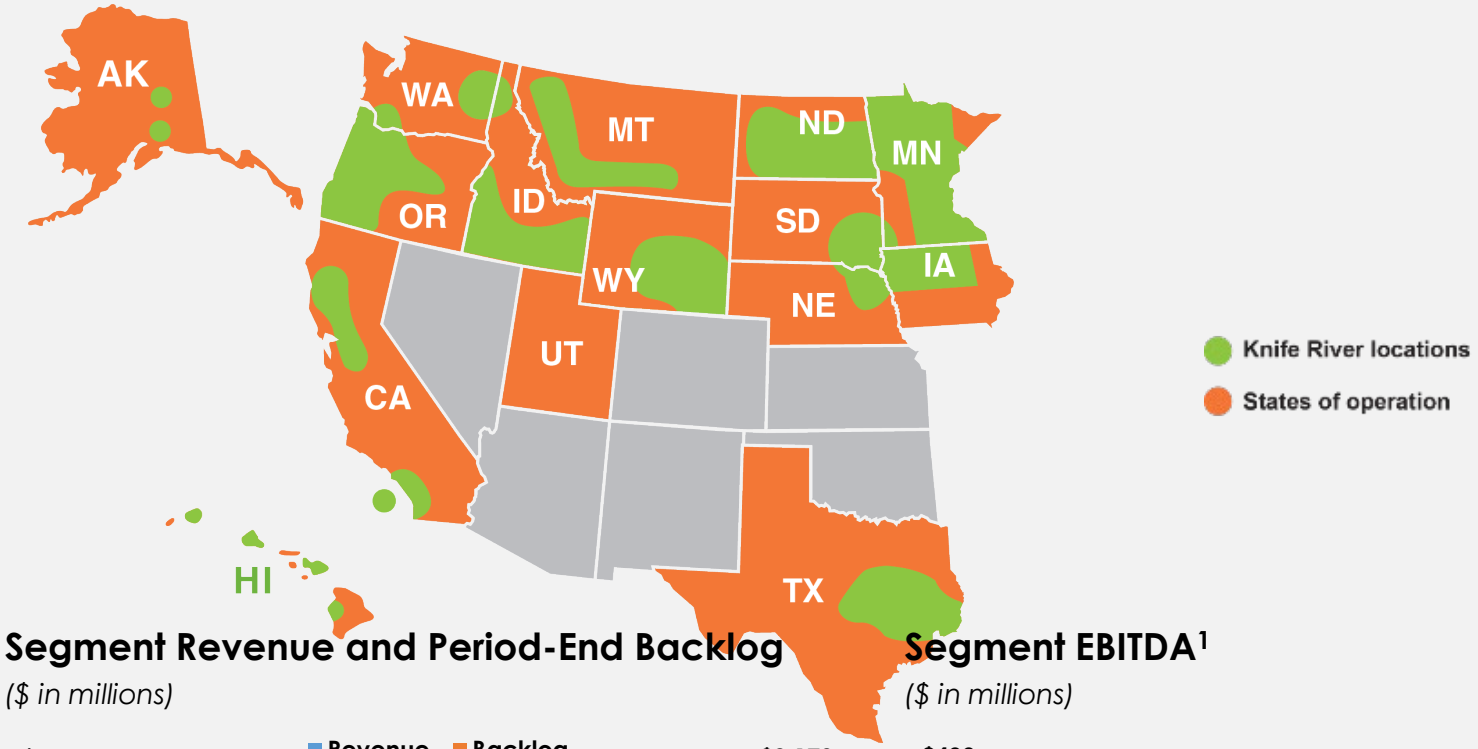
KNIFE RIVER CORPORATION
AN MDU RESOURCES COMPANY

NEARLY 6,000
EMPLOYEES AT PEAK SEASON

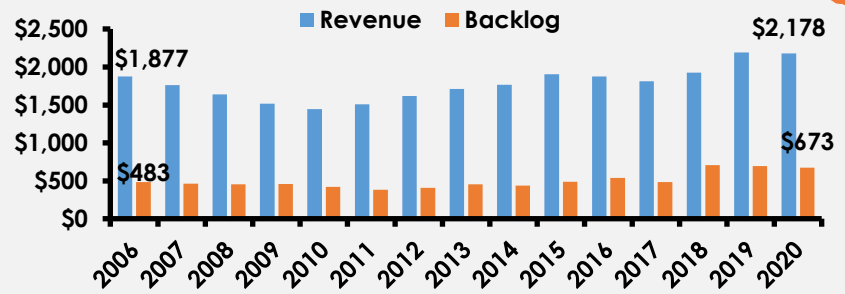
14
STATES OF OPERATION

1.1 BILLION
TONS OF RESERVES

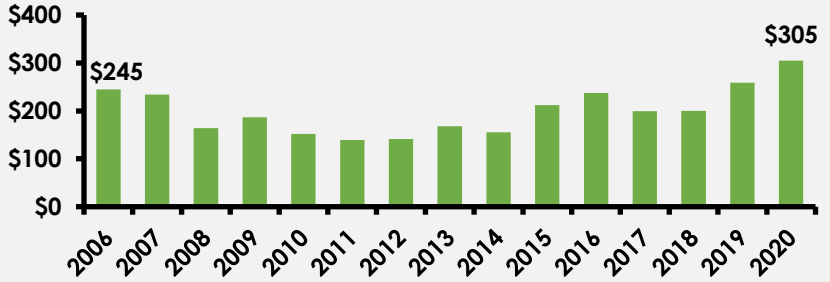
TOP 10
U.S AGGREGATE PRODUCER



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



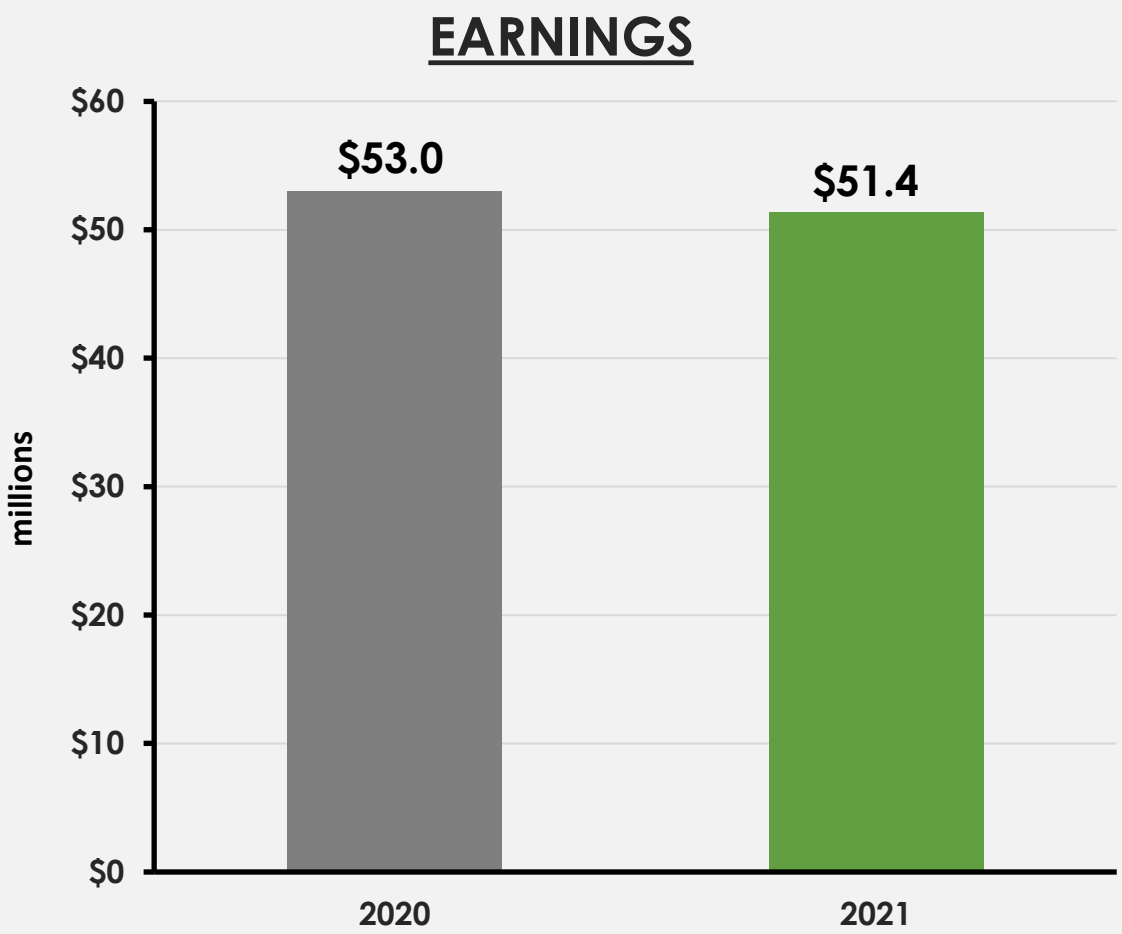
Segment EBITDA[1]
($ in millions)



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

CONSTRUCTION MATERIALS
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
- Backlog of $912 million as of June 30, 2021



AGGREGATES FOCUSED

KRC Aggregates Overview

- Top 10 aggregate producer in the U.S.
- Well-positioned to expand market share given increasing reach and robust aggregate reserves
- Steady growth in aggregates sales volume since 2015
  - Slight decline in 2020 due to pandemic-related slowdowns and unfavorable weather in the South Region

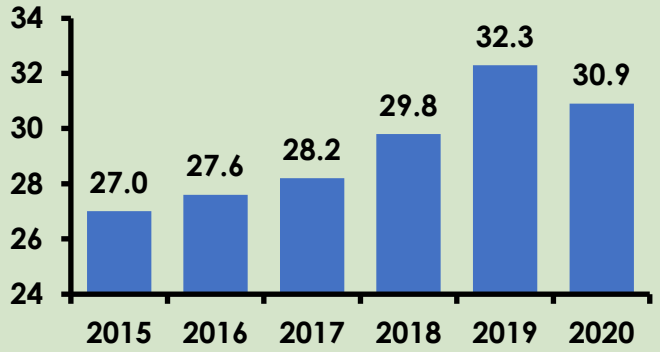
Why Aggregates?

- $27 billion addressable market in the U.S.*
- Essential to infrastructure and construction; few product alternatives exist
- Meaningful upside potential: U.S. aggregates consumption is still ~20% below its 2006 peak *
- Pricing strength over 4+ decades despite several economic recessions

* Sourced from US Geological Survey, Mineral Commodity Summaries, January 2021

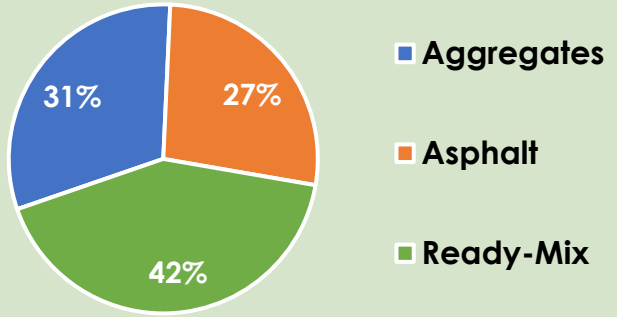
Aggregates Sales Volume

(Tons in millions)



Product Sales Mix

(% of 2020 Materials revenues)



BOLT-ON M&A

Knife River was built through a combination of organic growth and 85 acquisitions

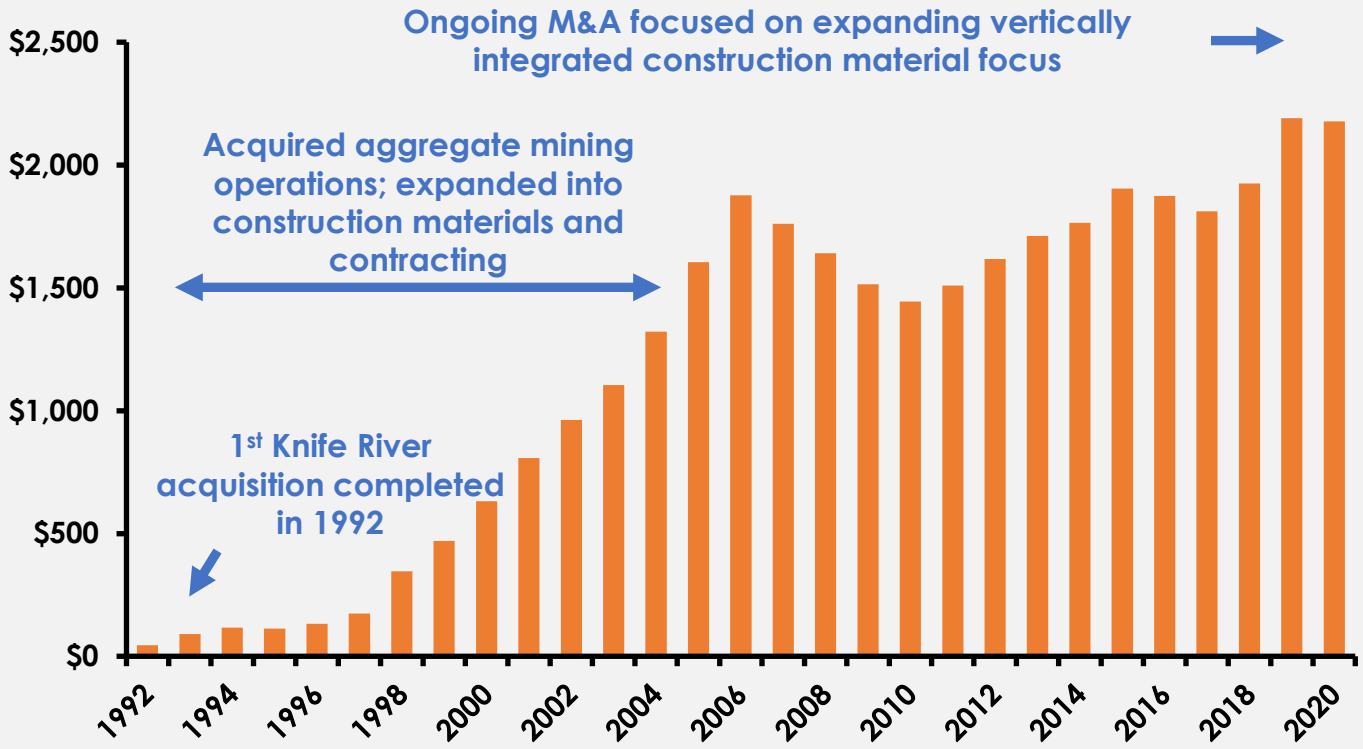
- Ample bolt-on M&A opportunities
- Familiarity with local markets
- Key areas of focus:
  - Adding high quality materials to reserves
  - Improving vertical integration advantage
  - Extending geographic reach

Acquisition Example: McMurry Ready-Mix Co.

- Nearly 100 million tons of aggregate reserves strategically positioned throughout central Wyoming
- Ready-mix plant complements Knife River's Wyoming presence

Segment Revenue

($ in millions)



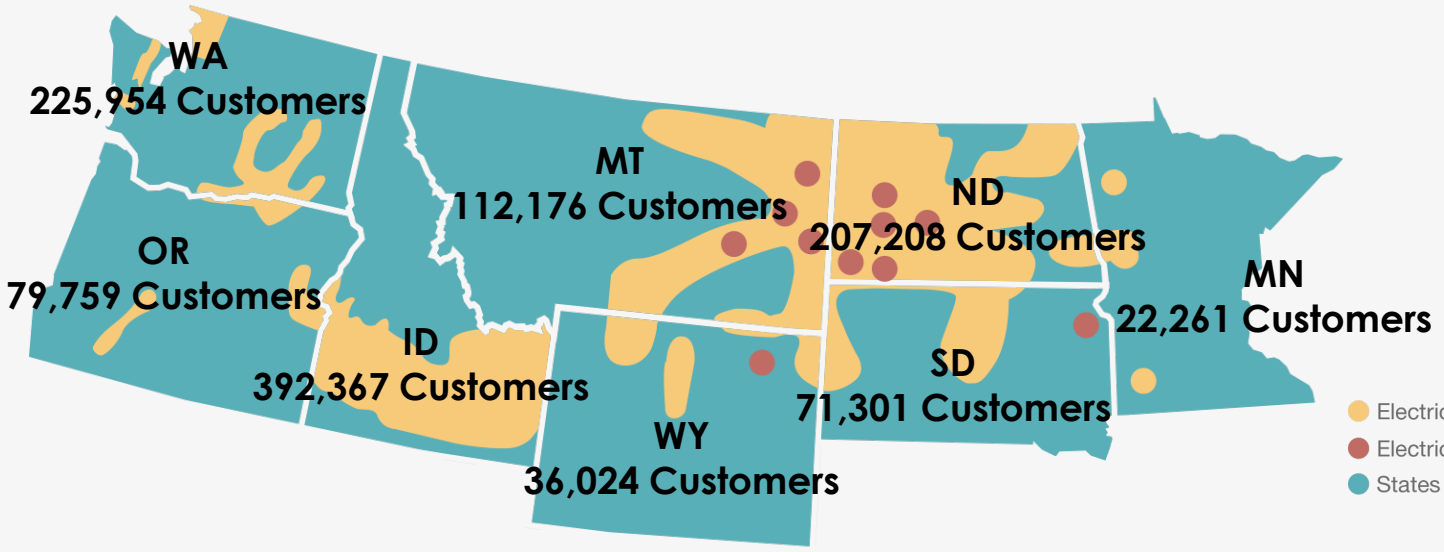
ELECTRIC AND NATURAL GAS SNAPSHOT

1,147,050
CUSTOMERS
As of 06.30.21

765 MW
OWNED GENERATION

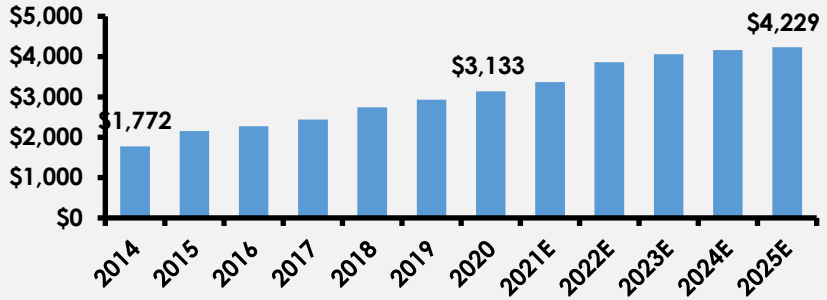
28,900
MILES OF ELECTRIC AND GAS TRANSMISSION AND DISTRIBUTION

1,600
EMPLOYEES

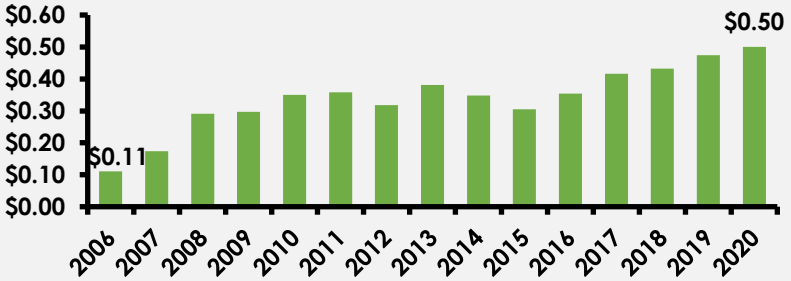


Rate Base[1] (Regulated Energy Delivery)

($ in millions)



Segment EPS



1. Including CWIP. – Regulated Energy Deliver includes Electric and Natural Gas Utility and Pipeline

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

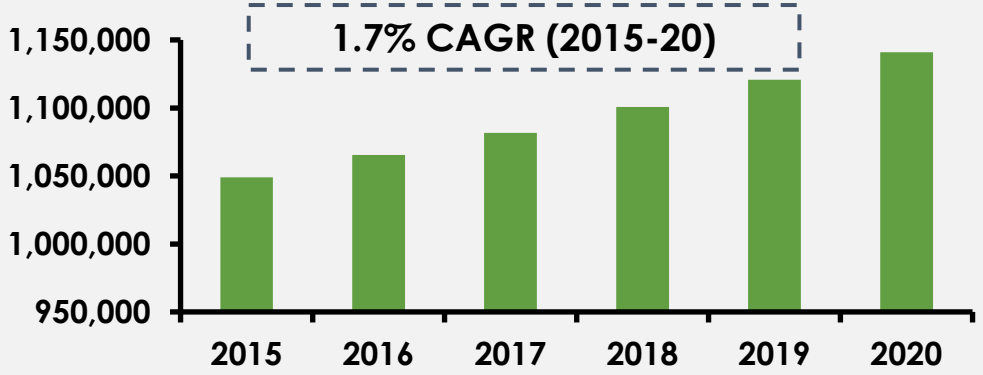


RATE BASE ORGANIC GROWTH DRIVERS

Continuous rate base growth supported by strong customer growth and system investments

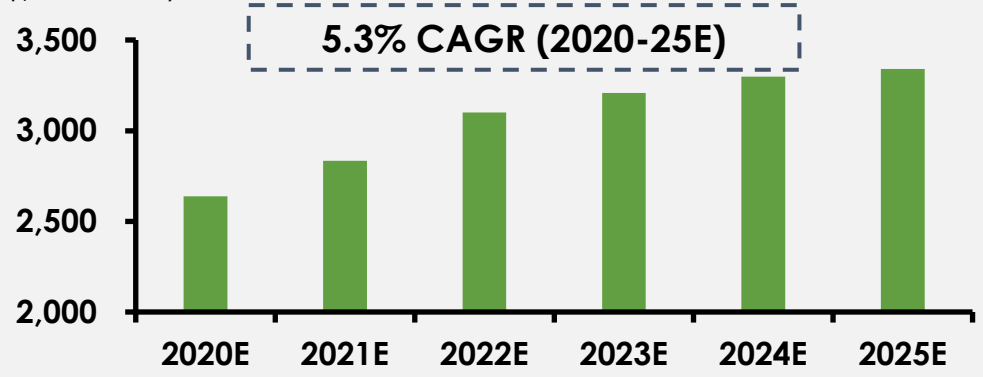
- Utility earnings growth is driven by capital deployment, resulting in rate base growth
- Rates are agreed upon with the utility commissions in its service territories
- Expect to grow rate base by ~5% annually over the next five years on a compound basis
- Organic growth driven in part by positive demographics
  - 1.7% annual customer growth rate since 2015 and 1-2% continued projected growth through 2025
  - Compares favorably to other utilities

Historical MDU Utilities Group Customer Base



Projected MDU Utilities Group Rate Base[1]

($ in millions)



1. Including CWIP.

PIPELINE SNAPSHOT

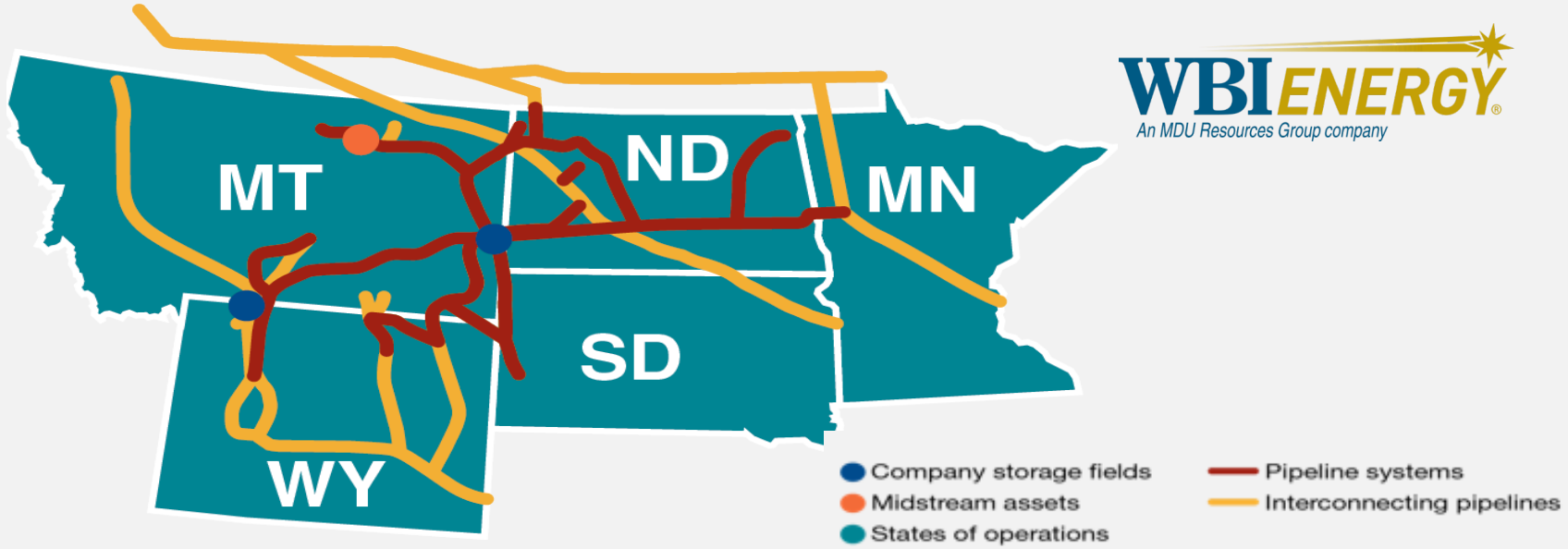
3,700
MILES OF PIPE

OVER 2.2 BCF/D
SYSTEM CAPACITY

13
INTERCONNECTING POINTS

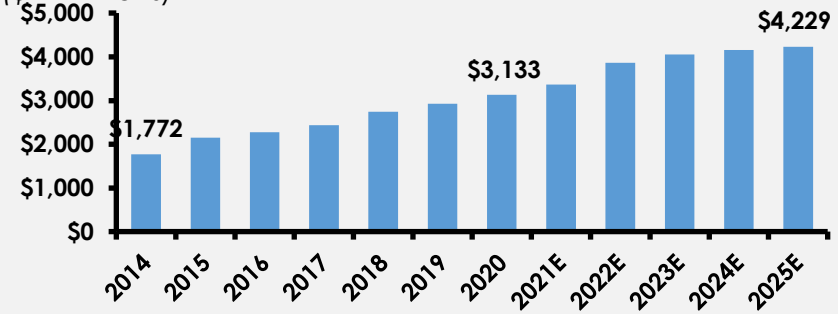
325
EMPLOYEES

LARGEST
STORAGE FIELD IN N. AMERICA

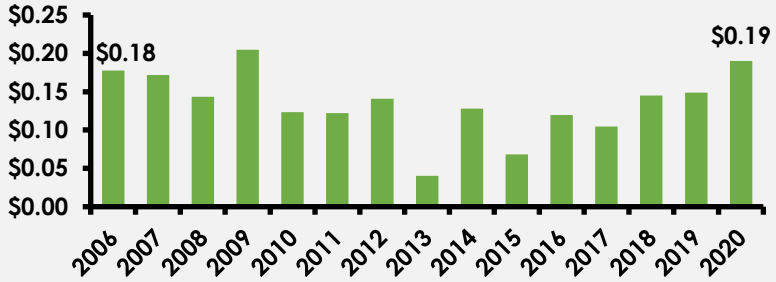


Rate Base[1] (Regulated Energy Delivery)

($ in millions)



Segment EPS



1. Including CWIP. – Regulated Energy Deliver includes Electric and Natural Gas Utility and Pipeline

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



PIPELINE EXPANSION

WBI Energy is actively expanding its services in North Dakota through two key projects

North Bakken Expansion

- As designed, will provide an additional 250 million cubic feet per day of natural gas transportation capacity, representing an 11.5% increase from 2020 levels
- Project is readily expandable through additional compression to 625 million cubic feet per day
- Project earned bipartisan support as a vital energy infrastructure project that will help Bakken producers reduce flaring and get more natural gas to market
- Expected to cost approximately $260 million
- Expected to be in service by the end of 2021

Wahpeton Expansion

- Constructing a 60 mile, 12-inch pipeline expansion and ancillary facilities to Wahpeton, ND
- This expansion will increase service in Wahpeton, and extend natural gas service to Kindred, ND
- As designed, the expansion will have capacity to transport 20 million cubic feet per day of natural gas transportation capacity
- Expected to cost approximately $75 million
- Expect to begin construction in early 2024 and have the pipeline in service in late 2024, pending regulatory approvals

FINANCIAL GUIDANCE

AS OF AUGUST 4, 2021

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 $2.3 billion **EBITDA:** Margins comparable to 2020	-
Construction Services *EBITDA* *($ 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 August 4, 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 incremental to capital program
- Investing $806 million for capital projects in 2021





Appendix





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 2021 EBITDA

($ in millions)

	Six Months Ended June 30, 2021						
	Electric	**Natural Gas**	**Pipeline**	**Construction Services**	**Construction Materials**	**Other & Eliminations**	**Total**
Income from Continuing Ops.	$21.0	$35.5	$18.1	$58.7	$20.6	$(1.6)	$152.3
Adjustments:							
Interest Expense	13.2	18.2	3.9	1.8	9.5	0.2	46.8
Income Taxes	(5.3)	7.5	4.4	19.4	8.5	1.6	36.1
Depreciation, Depletion & Amort.	33.0	42.7	10.3	10.2	48.8	2.4	147.4
EBITDA[1]	**$61.9**	**$103.9**	**$36.7**	**$90.1**	**$87.4**	**$2.6**	**$382.6**

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