

NOV. 4, 2021

THIRD 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

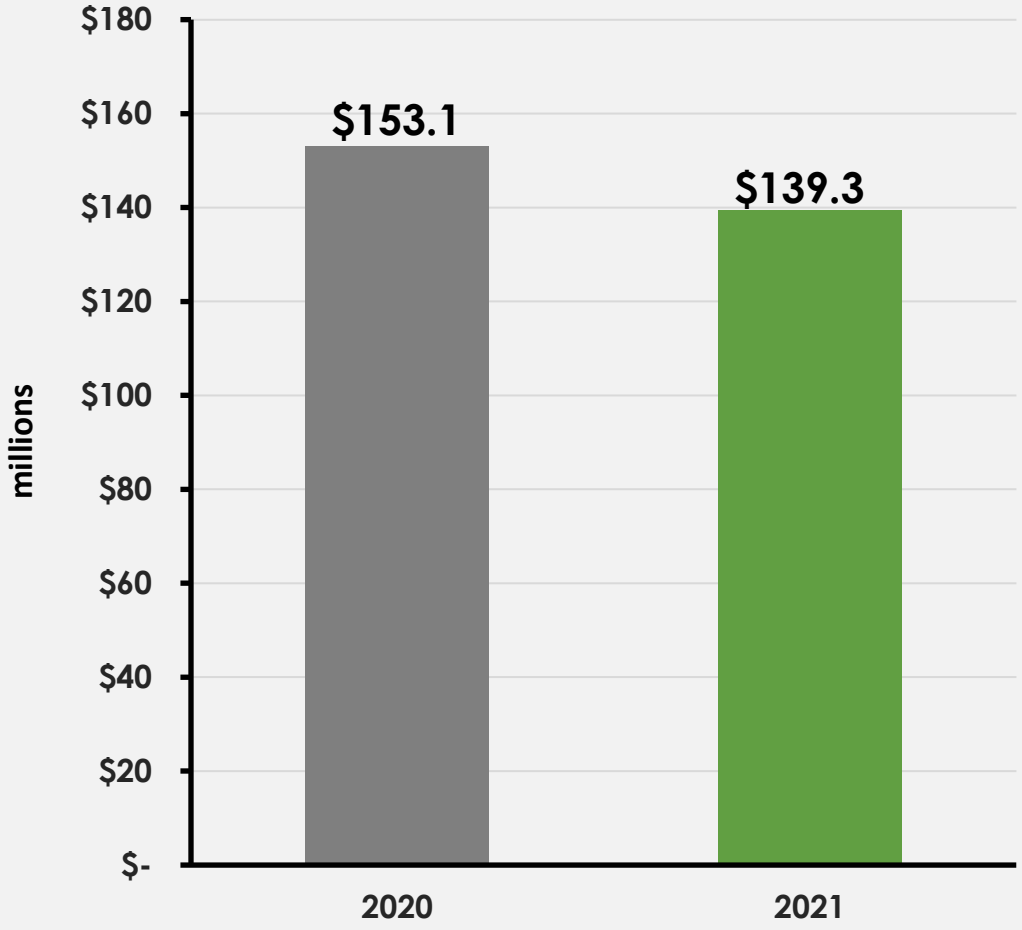
F. Trevor Hastings
WBI Energy
President & CEO

G. Nicole Kivisto
Utilities Group
President & CEO

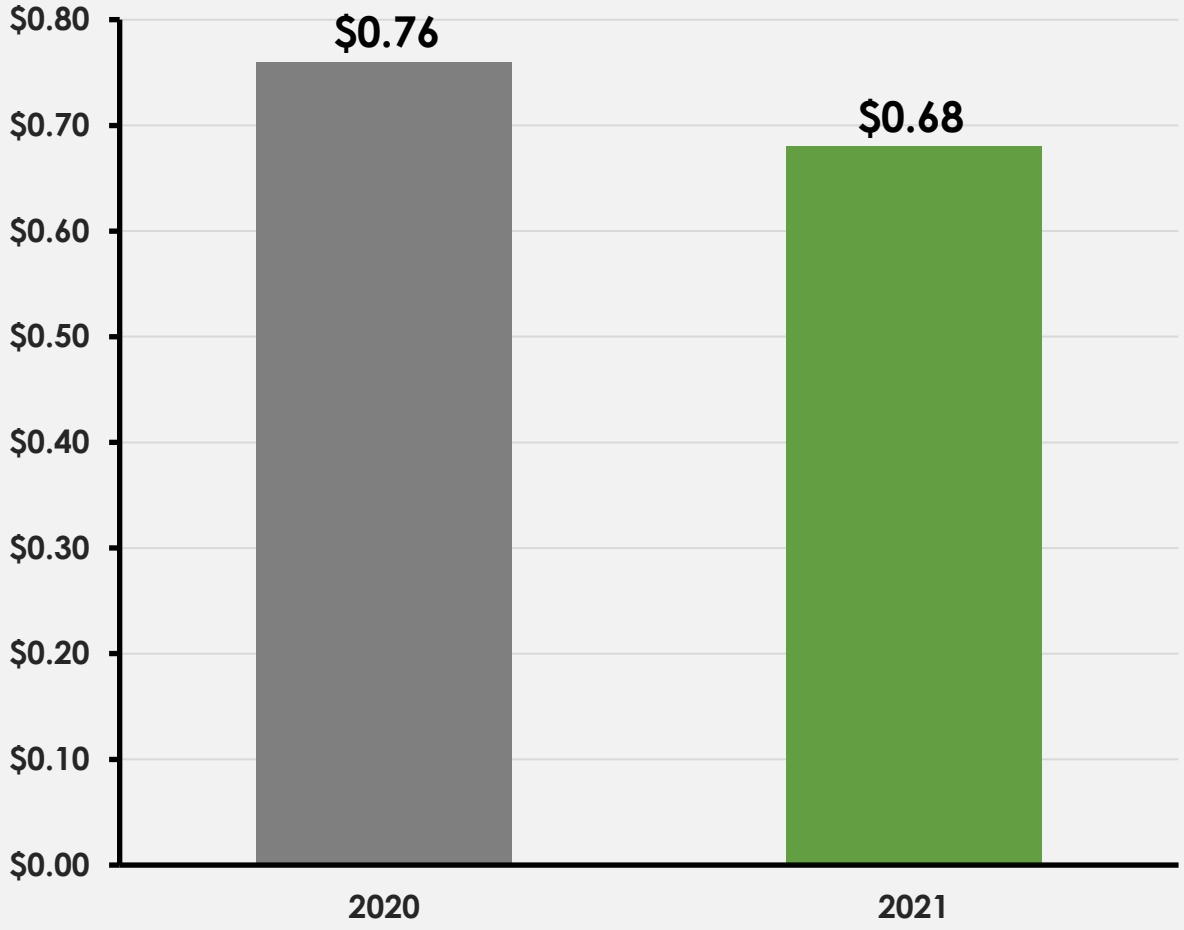


THIRD QUARTER EARNINGS

EARNINGS

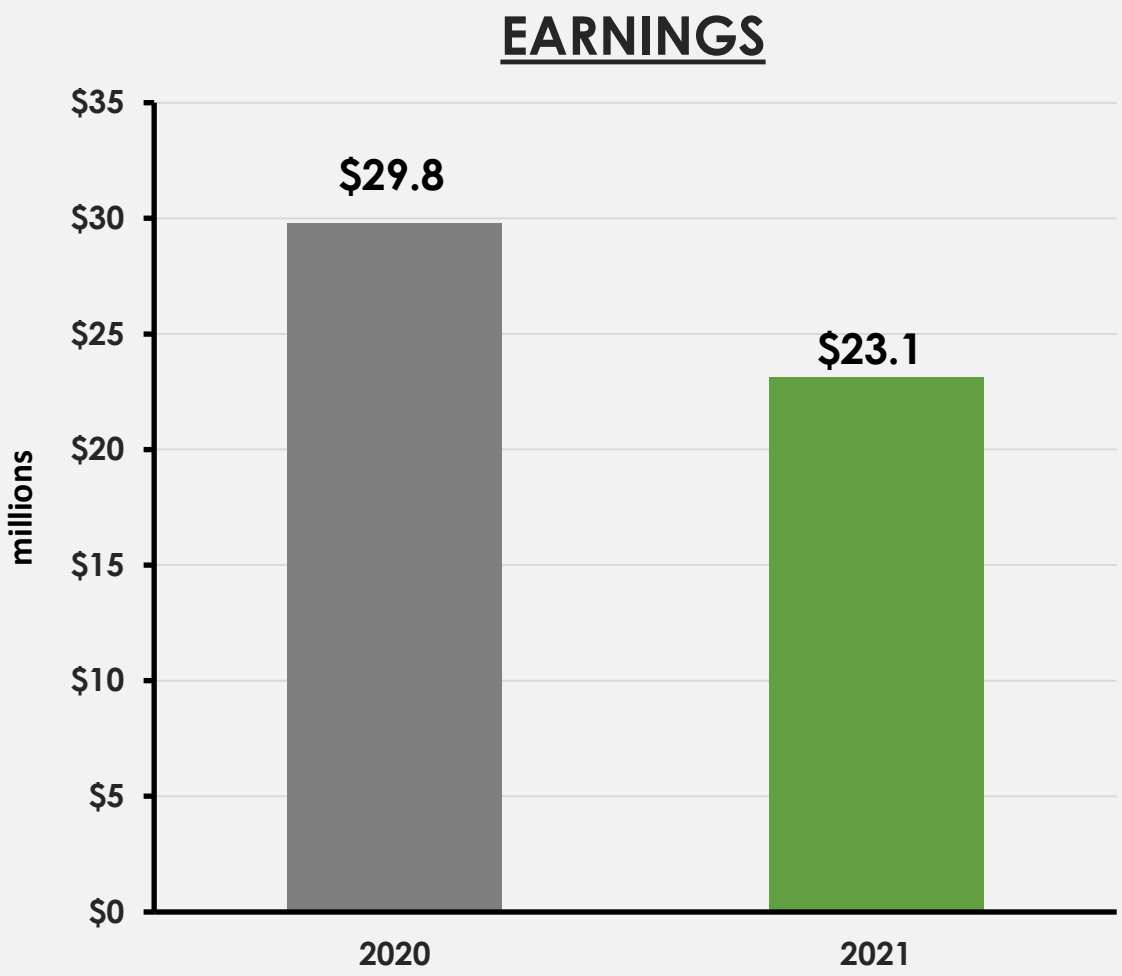


EPS



CONSTRUCTION SERVICES
THIRD QUARTER EARNINGS

- Reported earnings of $23.1 million
  - Earnings were negatively impacted by $5.5 million, after tax, for changes in estimates on a construction contract
  - Margins also decreased, due to increased employee costs associated with a shortage of available labor
  - Partially offset by lower selling, general and administrative expense
- Third quarter revenues of $514.8 million, compared to a third quarter record of $551.0 million in 2020



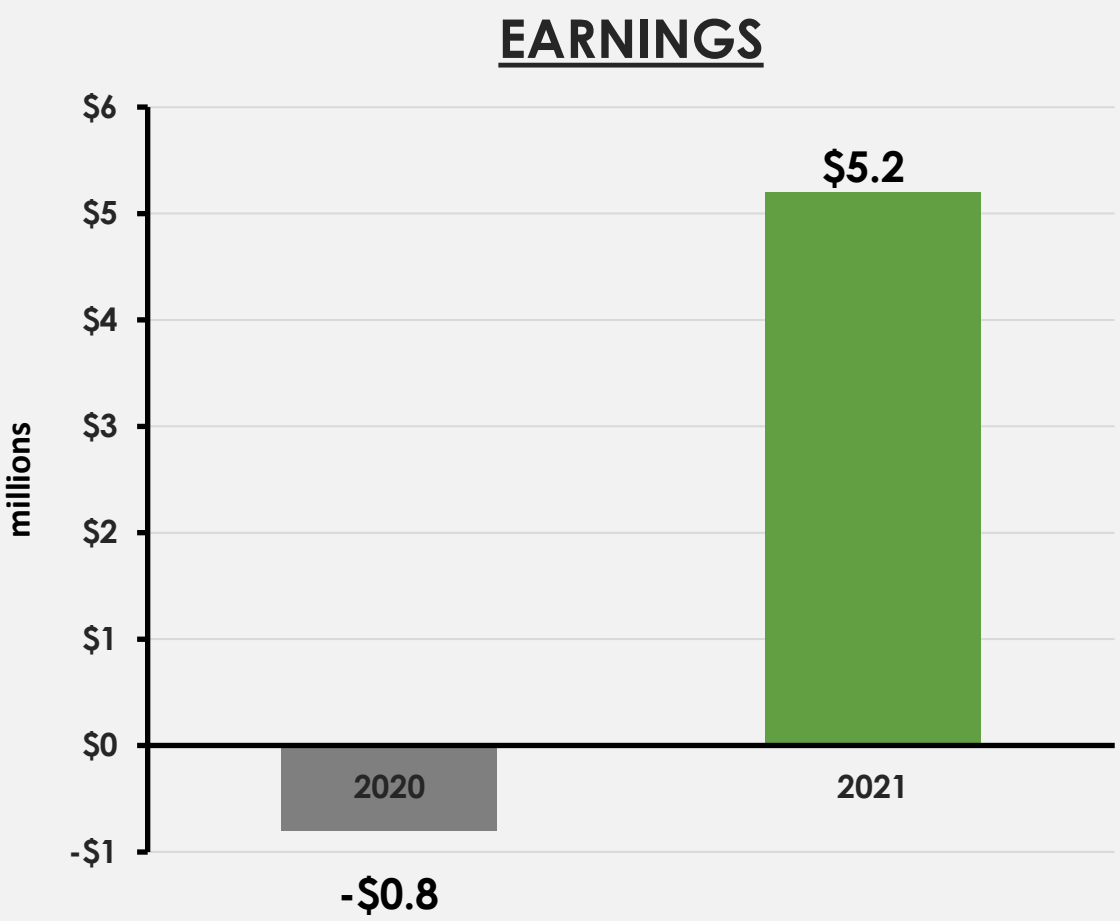
CONSTRUCTION MATERIALS
THIRD QUARTER EARNINGS

- Reported earnings of $96.3 million
  - Earnings decrease was driven by lower asphalt product sales and margins and lower contracting revenues and margins in most regions
  - Impacting margins were higher realized material costs for asphalt oil and fuel costs
- Third quarter revenues of $831.3 million, compared to $822.5 million in 2020



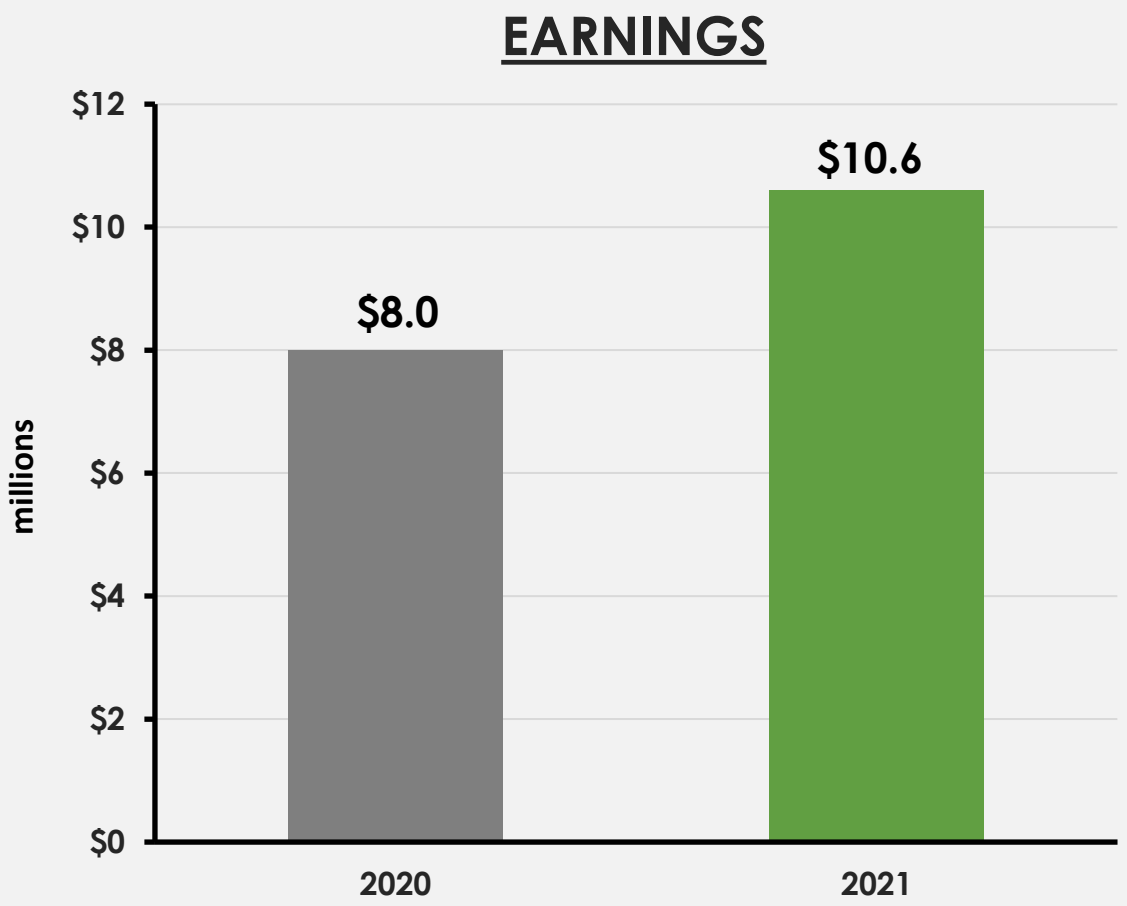
ELECTRIC & NATURAL GAS UTILITY
THIRD QUARTER EARNINGS

- Reported earnings of $5.2 million
  - Electric retail sales volumes increased 11.1% and natural gas retail sales volumes increased 2.0%
  - Rate recovery in several jurisdictions and increased natural gas transportation revenues also contributed to the increase
  - Partially offsetting the increase was higher depreciation, depletion and amortization expense from plant asset additions



PIPELINE
THIRD QUARTER EARNINGS

- Reported earnings of $10.6 million
  - Higher AFUDC on the company's North Bakken Expansion project drove the increase in earnings
  - Partially offset by lower natural gas storage-related revenues





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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
- Construction is expected to begin in early 2022 on Hesket Station Unit IV, the 88-megawatt natural gas-fired combustion turbine in Mandan, North Dakota
- Hesket I & II coal-fired units on track to be retired in early 2022
  - Retired Lewis & Clark coal-fired facility in March 2021





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 cost $260 million and be in service in early 2022
- 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.
  - 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





CONSTRUCTION SERVICES OUTLOOK

- Backlog of $1.27 billion as of September 30, 2021
- 2021 revenue guidance in a range of $2.0 billion to $2.2 billion with margins comparable to 2020 levels
- Continues to see strong inside specialty contracting demand in the commercial sector, and increased outside specialty contracting demand from utility customers across its operational footprint
- Optimistic about the long-term opportunities a federal infrastructure funding package presents
- Exploring acquisition and organic growth opportunities





CONSTRUCTION MATERIALS OUTLOOK

- Third quarter backlog of $652 million, 14% higher than the prior year's backlog of $571 million
- 2021 revenue guidance in a range of $2.1 billion to $2.3 billion with margins slightly lower 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

2021 EPS GUIDANCE UPDATED

$1.90 - $2.05

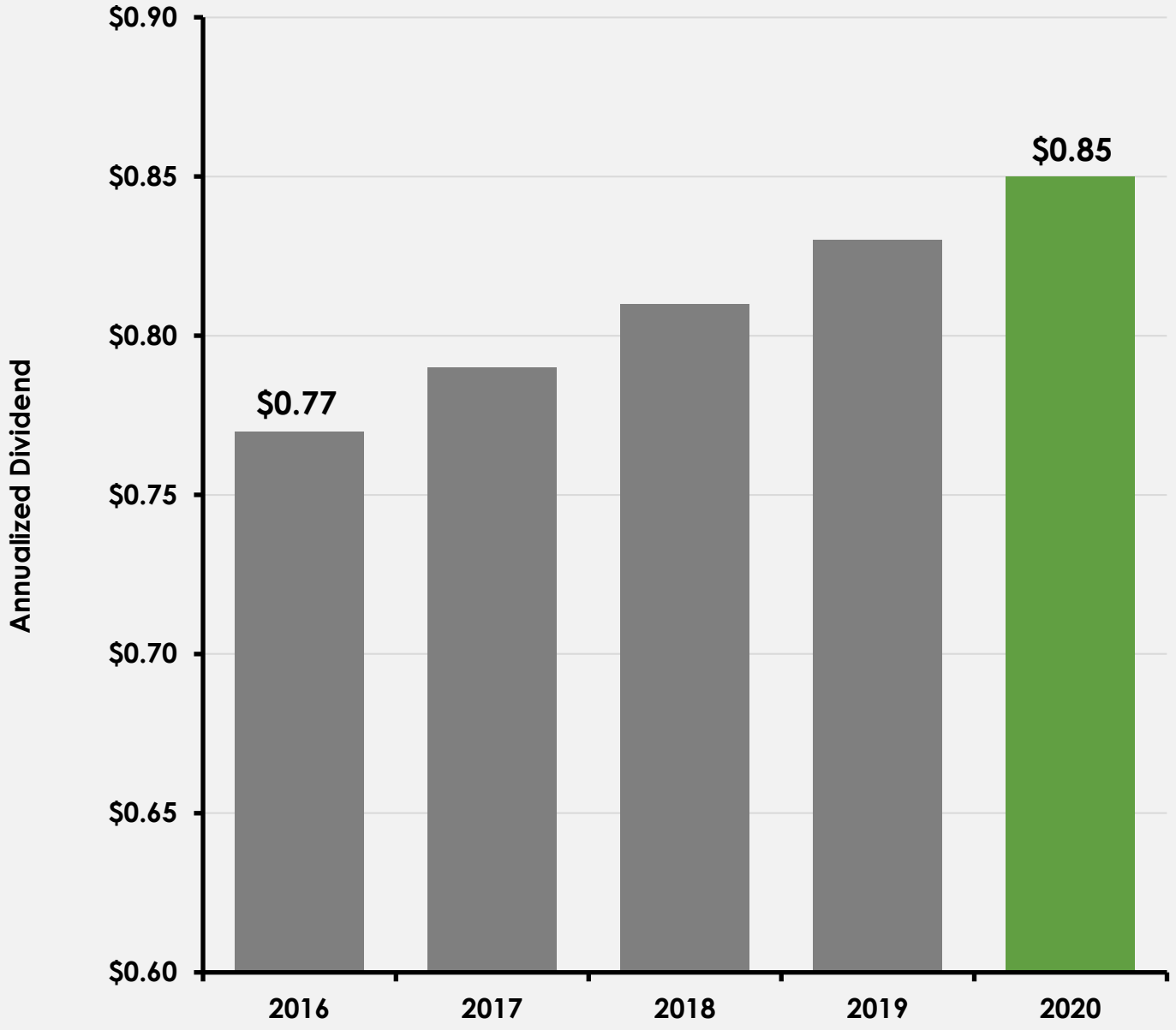
Consolidated EPS Guidance

Note: As of November 3, 2021

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

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



