

FEB 10, 2022

2021 EARNINGS & 2022 GUIDANCE CALL

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

MDU LISTED NYSE

FORWARD-LOOKING STATEMENTS

During 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



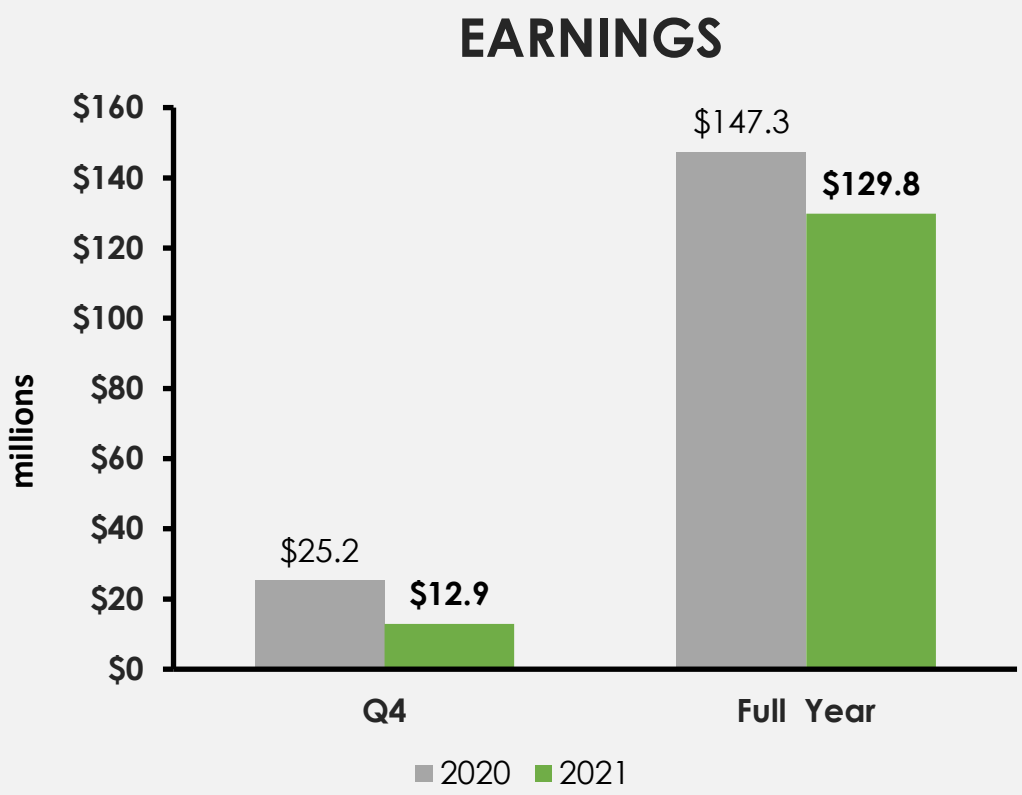
2021 FULL-YEAR HIGHLIGHTS

- 2021 earnings of $378.1 million or $1.87 per share
- Establishing 2022 earnings per share guidance of $2.00 to $2.15
- 5-8% long-term compound annual growth rate target
- Over $3 billion five-year capital program underway
- Increased our dividend for the 31st consecutive year
- Strong balance sheet with investment-grade credit ratings

"We anticipate growing demand for energy, data and telecommunications infrastructure, and for construction materials and services, as funding from the $1.2 trillion Infrastructure Investment and Jobs Act begins to be distributed across the country. We expect to continue to see some inflationary pressures, and our team will remain diligent in addressing these challenges as we continue building a strong America."

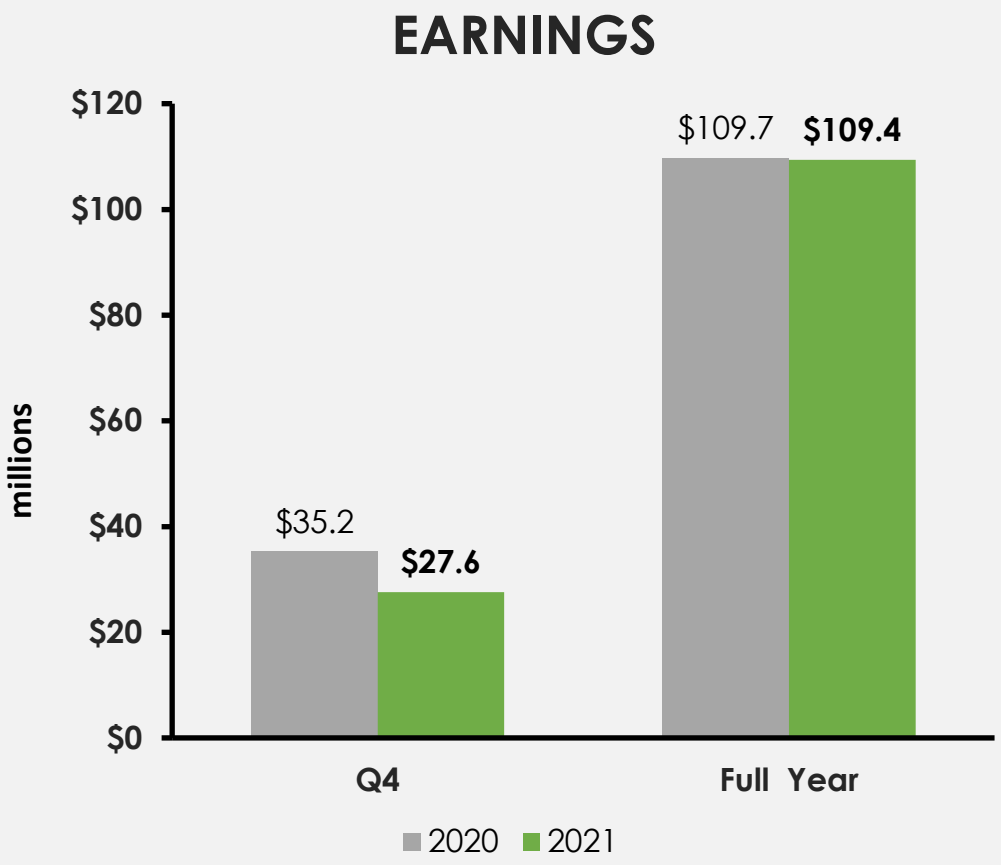
~ Dave Goodin, President & CEO

CONSTRUCTION MATERIALS



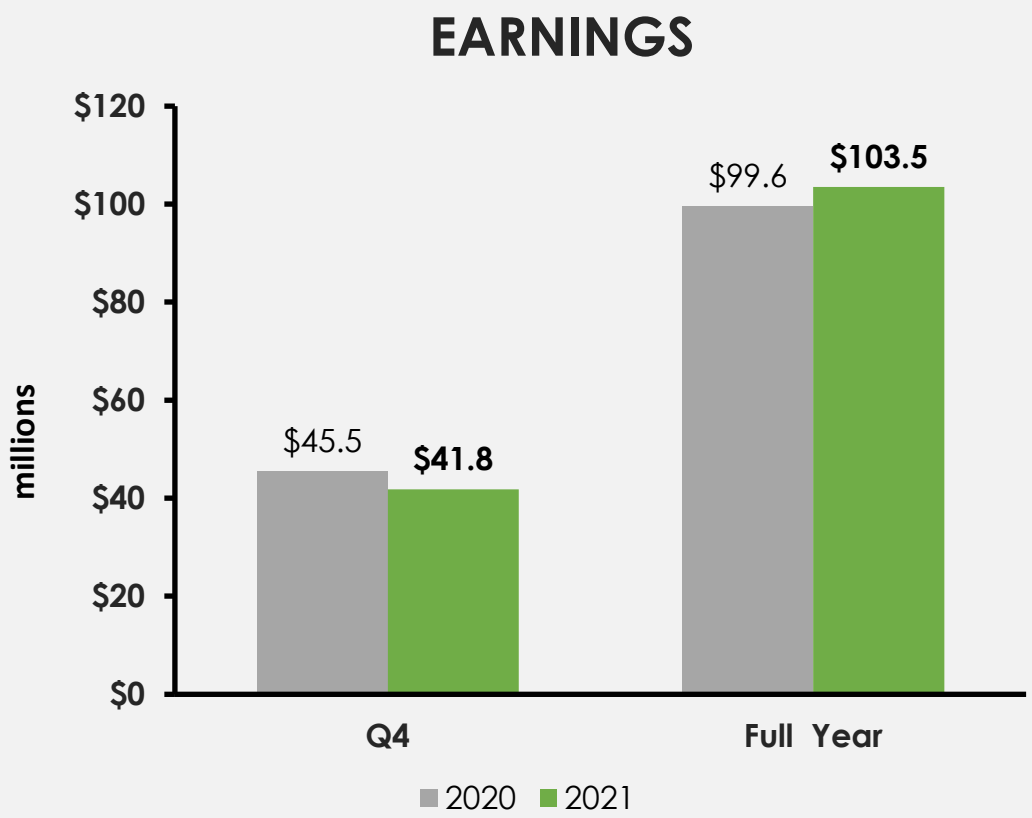
- Contracting revenues and gross margin decreased from less available paving work
- Aggregate volumes increased from strong public and private sector demand, more than offset by lower margins
- Ready-mix gross margin increased driven by higher volumes and increased average selling prices
- Operations were impacted by increased raw material costs on asphalt oil and higher fuel costs across all product lines

CONSTRUCTION SERVICES



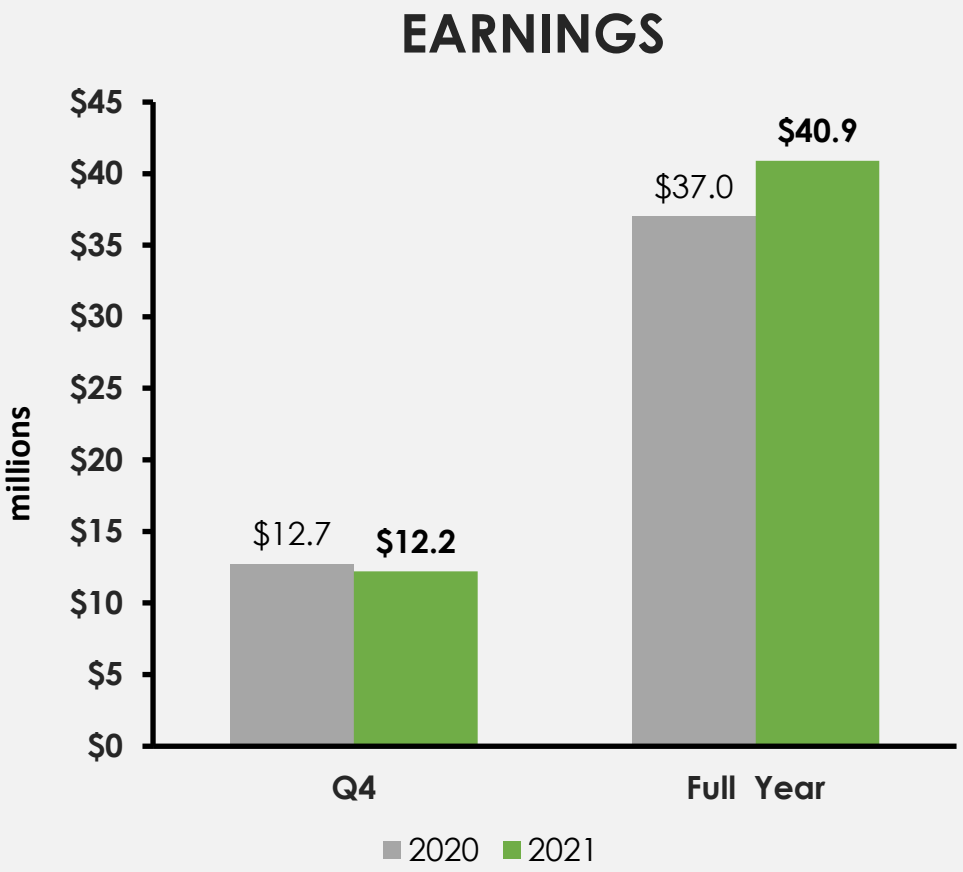
- Electrical and mechanical (E&M) gross margin increased from the prior year driven by the commercial, industrial and service markets
- E&M workloads decreased in the commercial and institutional markets
- Transmission and distribution (T&D) workloads increased from strong utility demand, including substation and power line project work
- T&D gross margin decreased reflecting the absence of prior-year storm power line repair and fire hardening work

ELECTRIC & NATURAL GAS UTILITY



- Natural gas earnings increased to $51.6 million for the year from higher retail sales margins partially offset by higher operation and maintenance expense
- Electric reported earnings of $51.9 million, a decrease of 6.7% from the prior year from higher depreciation, depletion and amortization expense and higher operation and maintenance expense, partially offset by higher retail sales margins

PIPELINE



- Increase in earnings driven by a $7.0 million, after-tax, benefit from the allowance for funds used during construction, primarily on the North Bakken Expansion project, and increased transportation revenues
- Fifth consecutive year of record transportation volumes
- Partially offsetting the increase was higher operation and maintenance expense
- 2021 results reflect the absence of the gains on the sale of gas gathering assets completed in 2020 and the absence of gas gathering earnings

FUNDING PLAN FOR 2022

Based on current estimates, the company's plan to fund gross capital expenditures of $726 million and dividends includes the following sources:

Funding Sources	Estimates
▪ Operating cash Flows	$650M-$700M
▪ Debt	$200M-$250M





CONSTRUCTION MATERIALS OUTLOOK

- Record year end backlog of $708 million, 5% higher than the prior year's backlog of $673 million
- Established 2022 revenue guidance in a range of $2.3 billion to $2.5 billion with margins comparable to 2021 levels
- 1.2 billion tons of aggregate reserves
- Long-term opportunities from the Infrastructure Investment and Jobs Act which designates over $115 billion for the repair and rebuilding of roads and bridges across the company's footprint
- Evaluating additional acquisition opportunities that will continue to grow our existing footprint and enhance our market share





CONSTRUCTION SERVICES OUTLOOK

- All-time record backlog of $1.38 billion, 9% higher than the prior year's backlog of $1.27 billion
- Established 2022 revenue guidance in a range of $2.2 billion to $2.4 billion with margins comparable to 2021 levels
- The IIJA proposes billions of dollars of investment for upgrades to electric and grid infrastructure, transportation systems, airports, and electric vehicle infrastructure, all industries Construction Services supports
- Exploring acquisition and organic growth opportunities





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 Heskett Station Unit IV, the 88-megawatt natural gas-fired combustion turbine in Mandan, North Dakota. Heskett I & II coal-fired units are being retired during the first quarter of 2022





PIPELINE OUTLOOK

- On February 1, the North Bakken Expansion project was placed in service. This project has the capacity to transport 250 million cubic feet of natural gas per day and brings system capacity to over 2.4 billion cubic feet per day
- Wahpeton Expansion project
  - 60-mile, 12-inch natural gas pipeline expansion and ancillary facilities will have the capacity to transport up to 20 million cubic feet per day and is supported by long-term agreements
  - Expected to cost approximately $75 million
  - The company expects to begin construction in early 2024 and have the pipeline in service in late 2024, pending regulatory approvals
- Additional organic growth opportunities in various stages of execution including LDC and industrial related projects

FINANCIAL GUIDANCE

AS OF FEBRUARY 9, 2022

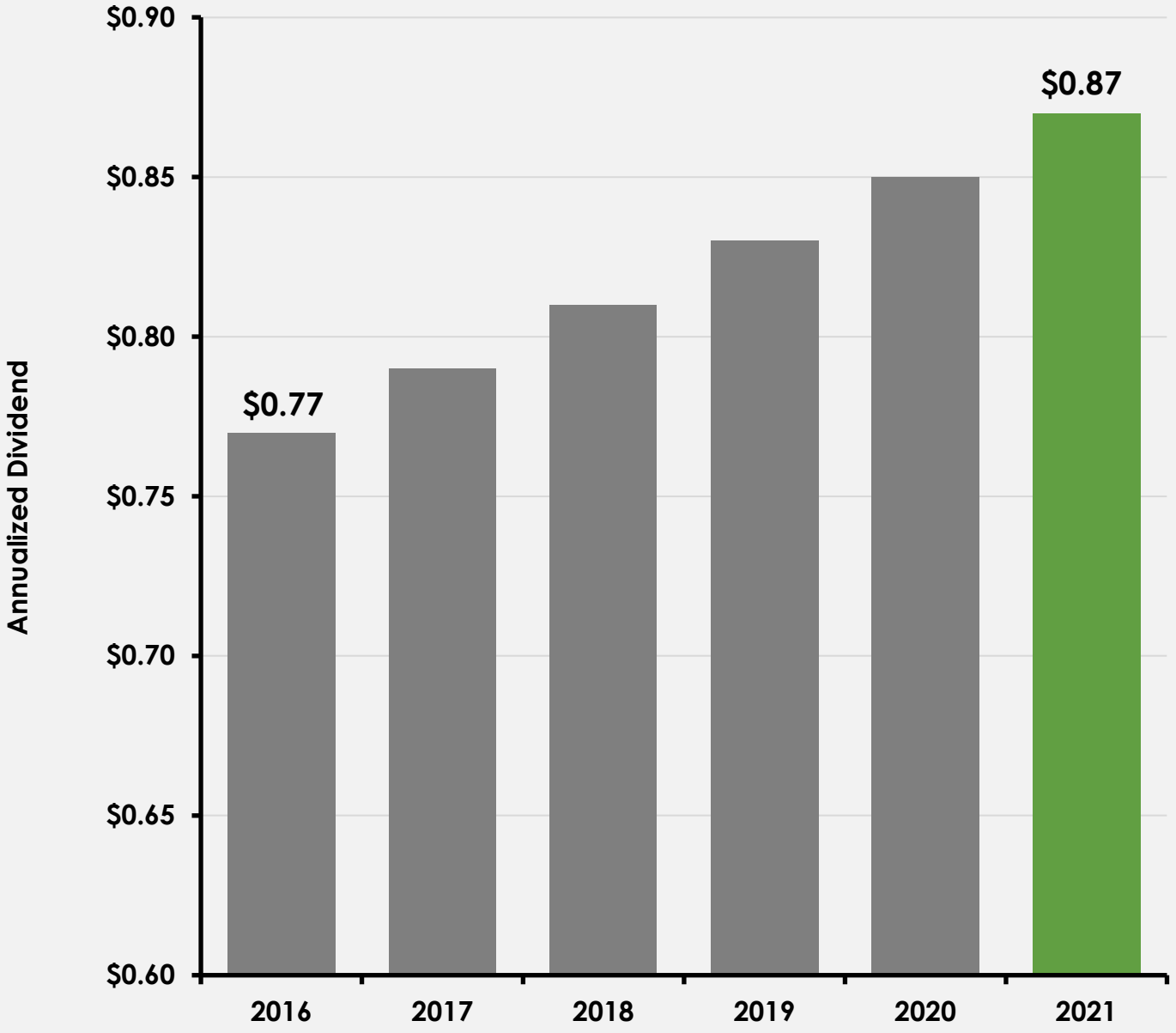
Select Historical Results				2022 Guidance	Forward Guidance Framework
($ in millions except EPS)	**2016**	**2021**	***2016-2021 CAGR***		
Electric & Natural Gas Utility Earnings	$69.3	$103.5	***8.4%***	-	5% Rate Base CAGR over 5 years **Customer Growth:** 1-2% annually
Pipeline Earnings	$23.4	$40.9	***11.8%***	-	-
Construction Materials Earnings	$102.7	$129.8	***4.8%***	**Revenue:** $2.3 billion to $2.5 billion **Margins:** Comparable to 2021	-
Construction Services *Earnings*	$33.9	$109.4	***26.4%***	**Revenue:** $2.2 billion to $2.4 billion **Margins:** Comparable to 2021	-
Total Revenue	**$4,128.8**	**$5,680.7**	***6.6%***	-	-
Total EBITDA	**$630.4**	**$859.8**	***6.4%***	**EBITDA: $900 million to $950 million**	-
EPS from Continuing Ops	**$1.19**	**$1.87**	***9.5%***	**$2.00 to $2.15** **As of February 9, 2021**	**5-8% long term annual growth rate target**

General Guidance Assumptions:

- Normal weather conditions, including precipitation and temperatures, across all company markets
- Future acquisitions incremental to capital program
- Investing $726 million for capital projects in 2022

DIVIDEND GROWTH

- 84 consecutive years of quarterly dividend payments
- Dividend increased November 2021, making 31 consecutive years of increases
- Annualized dividend $0.87 per share
- Member of S&P High-Yield Dividend Aristocrats index







QUESTIONS





RECONCILIATION OF EBITDA GUIDANCE

(in millions)	Low	High
Income from continuing operations	$390.0	$430.0
Adjustments:		
Interest expense	95.0	95.0
Income taxes	95.0	105.0
Depreciation, depletion and amortization	320.0	320.0
EBITDA from continuing operations	$900.0	$950.0