

MDU RESOURCES GROUP, INC.

Building a Strong America®

May 5, 2022

FIRST QUARTER EARNINGS CALL

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

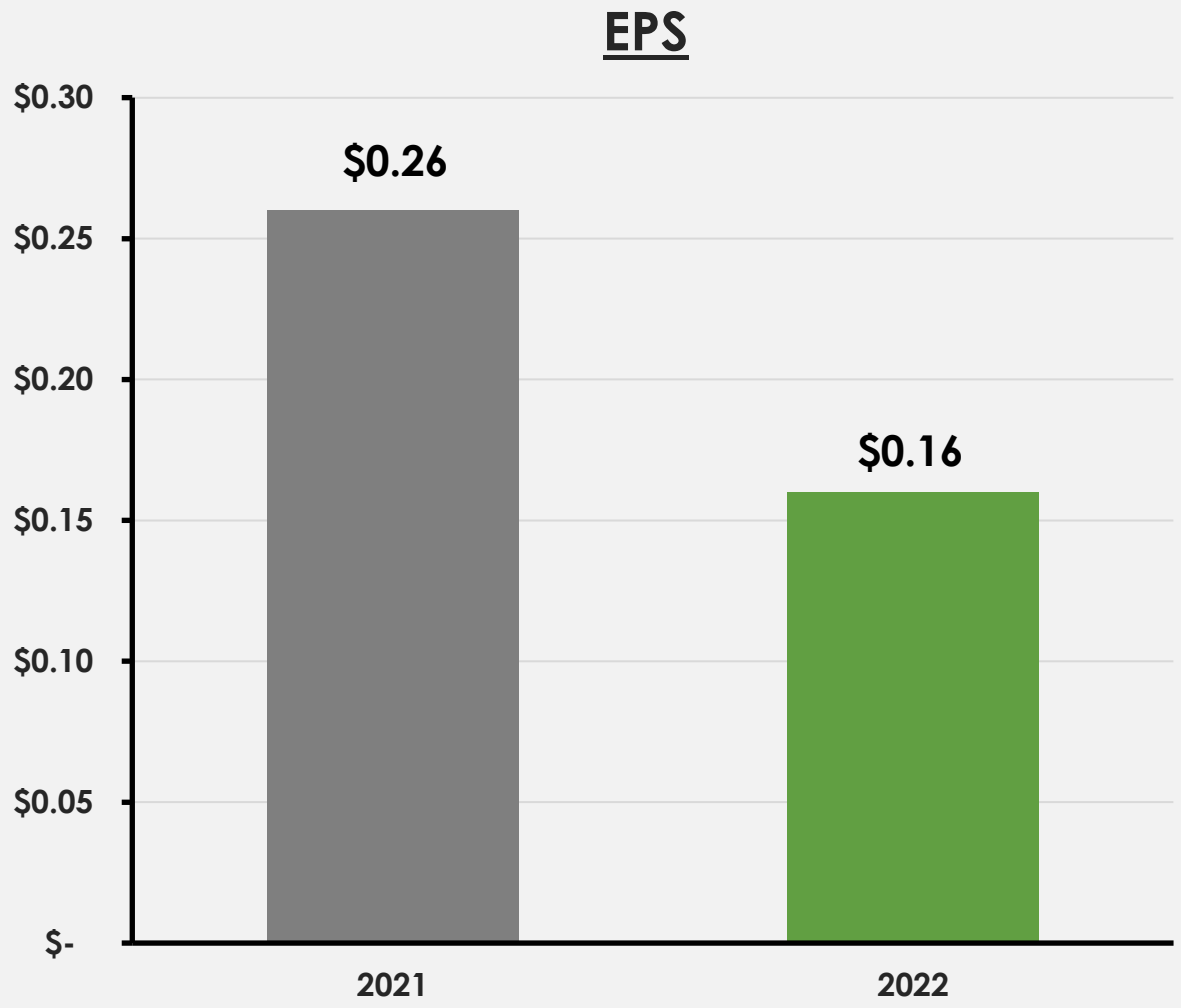
F. Trevor Hastings
WBI Energy
President & CEO

G. Nicole Kivisto
Utilities Group
President & CEO



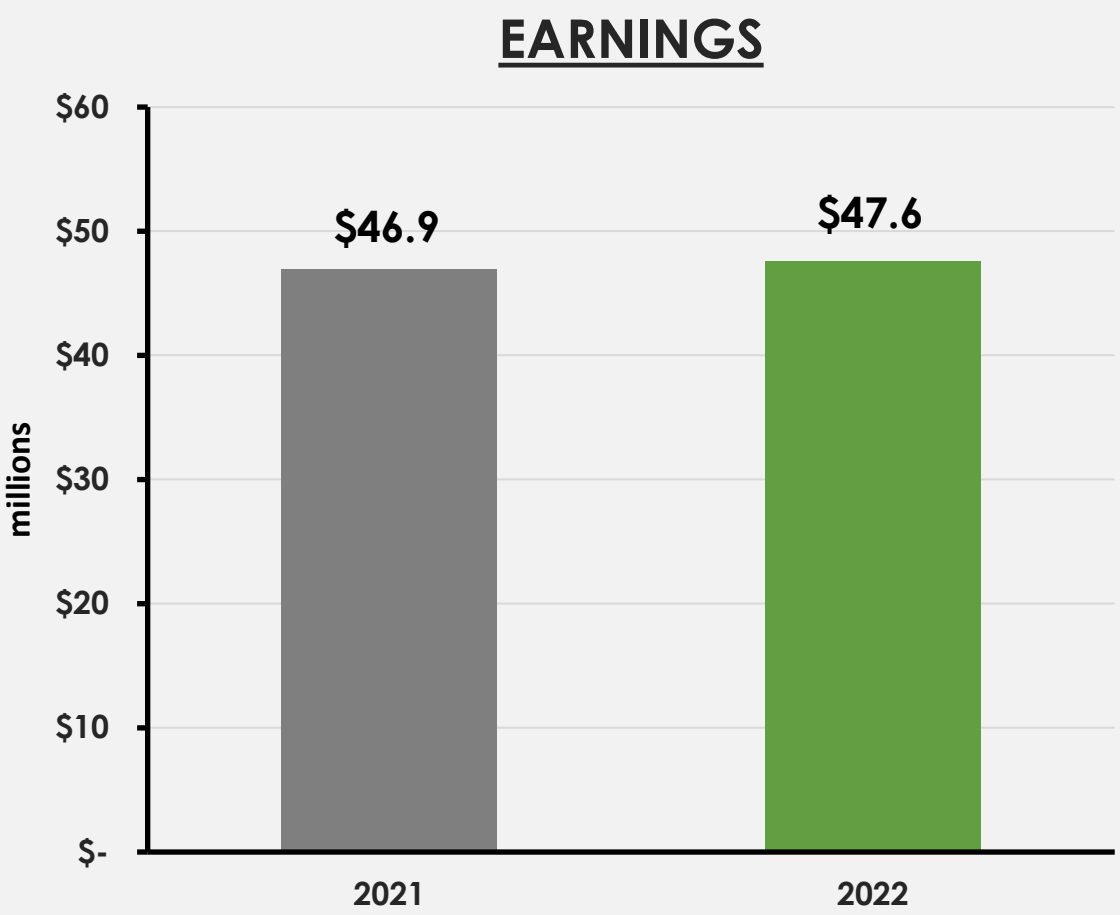
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FIRST QUARTER EARNINGS





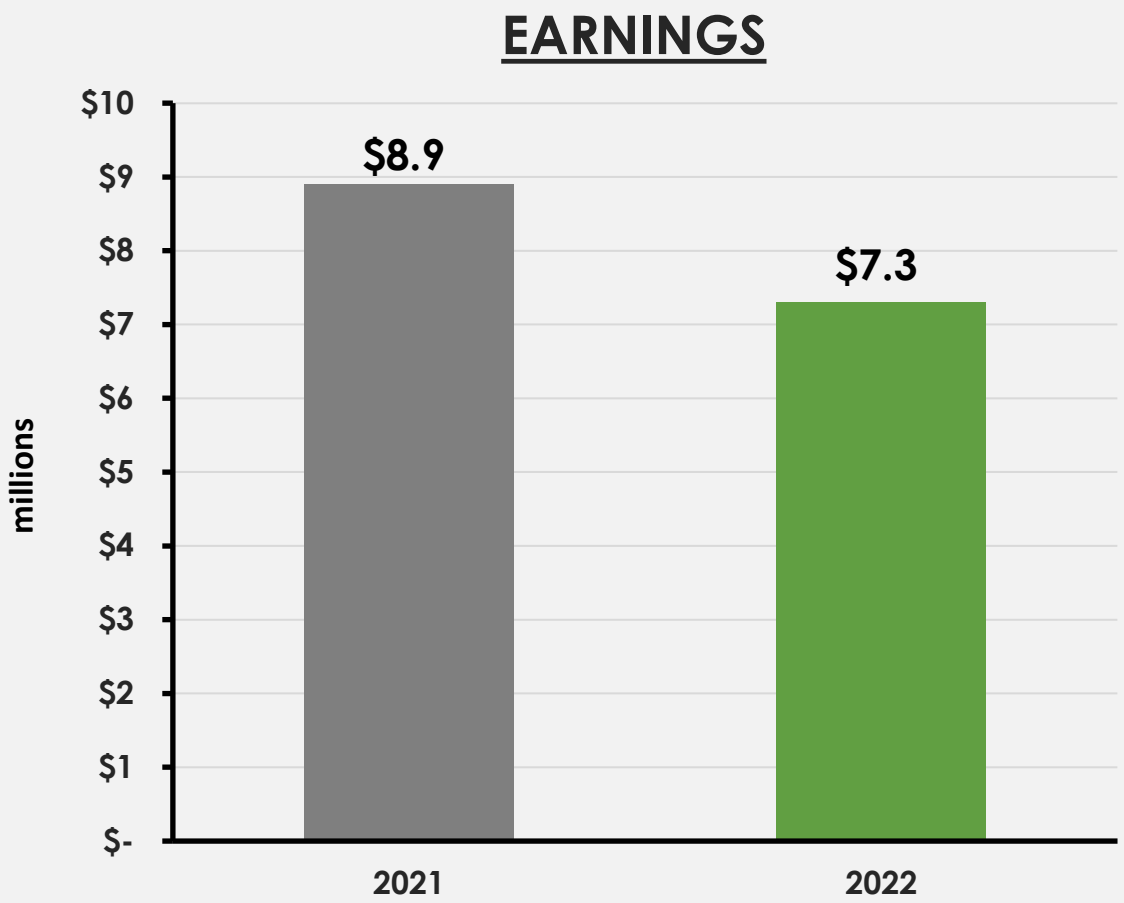
ELECTRIC & NATURAL GAS UTILITY
FIRST QUARTER EARNINGS

- Reported earnings of $47.6 million
  - Electric retail sales volumes increased 2.5% and natural gas retail sales volumes increased 9.0%
  - Rate recovery in several jurisdictions and higher electric transmission revenues contributed to the increase
  - Partially offsetting the increase was higher operation and maintenance expense and lower investment returns on certain benefit plans



PIPELINE
FIRST QUARTER EARNINGS

- Reported earnings of $7.3 million
  - Higher transportation revenue due to the North Bakken Expansion project
  - More than offset by lower storage-related revenue, higher operating expenses and lower investment returns on certain benefit plans



CONSTRUCTION SERVICES
FIRST QUARTER EARNINGS

- Reported earnings of $21.3 million
  - Decrease was largely driven by lower margins
    - Transmission and Distribution operations performed less storm-repair and fire-hardening power line work than the prior year
    - Electrical and Mechanical operations had lower industrial margins due to project timing, partially offset by increased commercial margins
- Record revenues of $552.6 million in the first quarter, compared to $518.5 million in 2021



CONSTRUCTION MATERIALS
FIRST QUARTER EARNINGS

- Reported a seasonal loss of $40.0 million
  - Earnings decrease was driven by higher operating expenses, including fuel, materials and labor costs
  - Partially offset by increased average product pricing
- Record first quarter revenues of $310.0 million, compared to $265.7 million in 2021







Segment Outlook









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 will begin in Q2 2022 on Heskett Station Unit IV, the 88-megawatt natural gas-fired combustion turbine in Mandan, North Dakota. Heskett I & II coal-fired units were retired in February 2022.





PIPELINE OUTLOOK

- On February 1, the North Bakken Expansion project was placed in service. As currently designed, 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

- Long-term customer agreements for four additional growth projects, three of which are still dependent on regulatory approval. Anticipate projects to be completed in 2022 and 2023 with incremental natural gas transportation capacity of 300 million 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
  - Construction expected to begin in early 2024 with an in-service date of late 2024, pending regulatory approval





CONSTRUCTION SERVICES OUTLOOK

- All-time record backlog of $1.67 billion, 31% higher than Q1 2021 backlog of $1.27 billion
- 2022 revenue guidance in a range of $2.2 billion to $2.4 billion with margins comparable to 2021 levels
- The Infrastructure Investment and Jobs Act 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





CONSTRUCTION MATERIALS OUTLOOK

- Backlog of $940 million, 15% higher than Q1 2021 backlog of $819 million
- Increased 2022 revenue guidance $150 million to a range of $2.45 billion to $2.65 billion with margins slightly lower than 2021 levels
- 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 for higher-margin materials businesses to further expand its market presence

2022 EPS GUIDANCE AFFIRMED

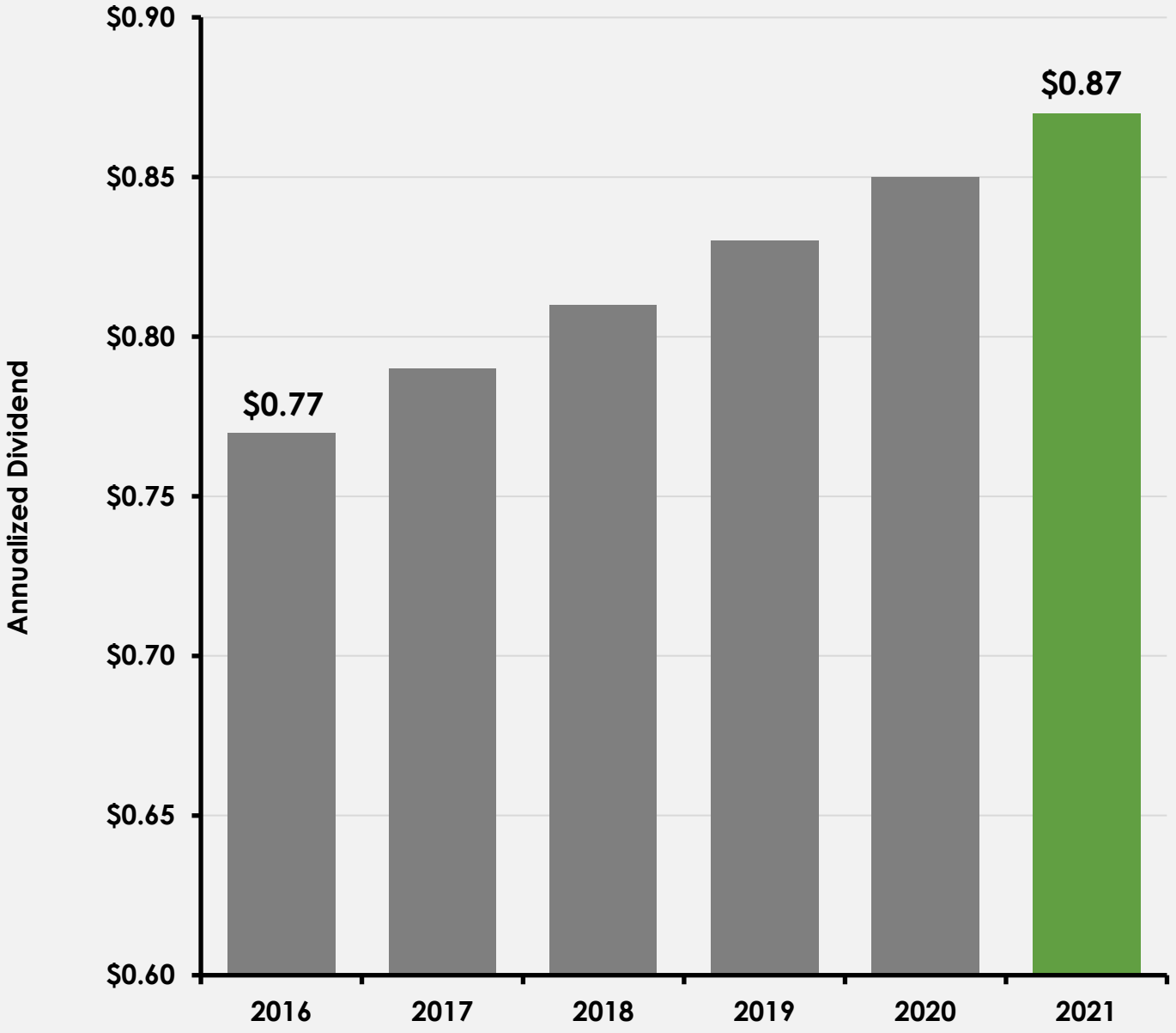
$2.00 - $2.15
Consolidated EPS Guidance

Note: As of May 4, 2022

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

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



