

SECOND QUARTER EARNINGS CALL

MDU RESOURCES GROUP, INC.

August 3, 2023

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.

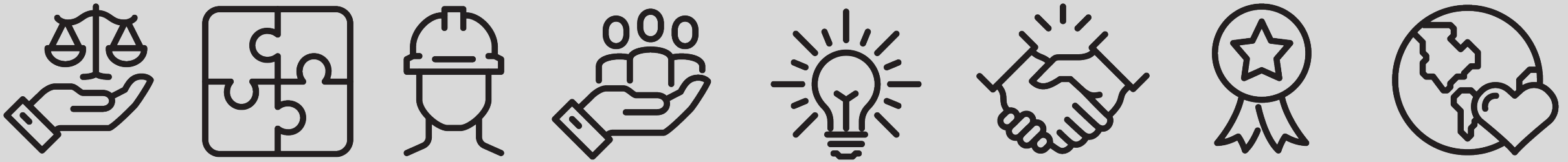
For a discussion of factors that may cause actual results to differ, refer to Item 1A – Risk Factors in the company's most recent Form 10-K and Form 10-Q.

MDU Resources Group, Inc.

Our Vision: With integrity, Building a Strong America® while being a great and safe place to work.

Our Mission: Deliver superior value to stakeholders by providing essential infrastructure and services to America.

Our Values:



LEADERSHIP TEAM



Dave Goodin
President & CEO



Nicole Kivisto
Utilities Group
President & CEO



Jason Vollmer
Vice President, CFO & Treasurer



Rob Johnson
WBI Energy
President



Stephanie Barth
Vice President, CAO & Controller



Jeff Thiede
MDU Construction Services Group
President & CEO





Financial Results



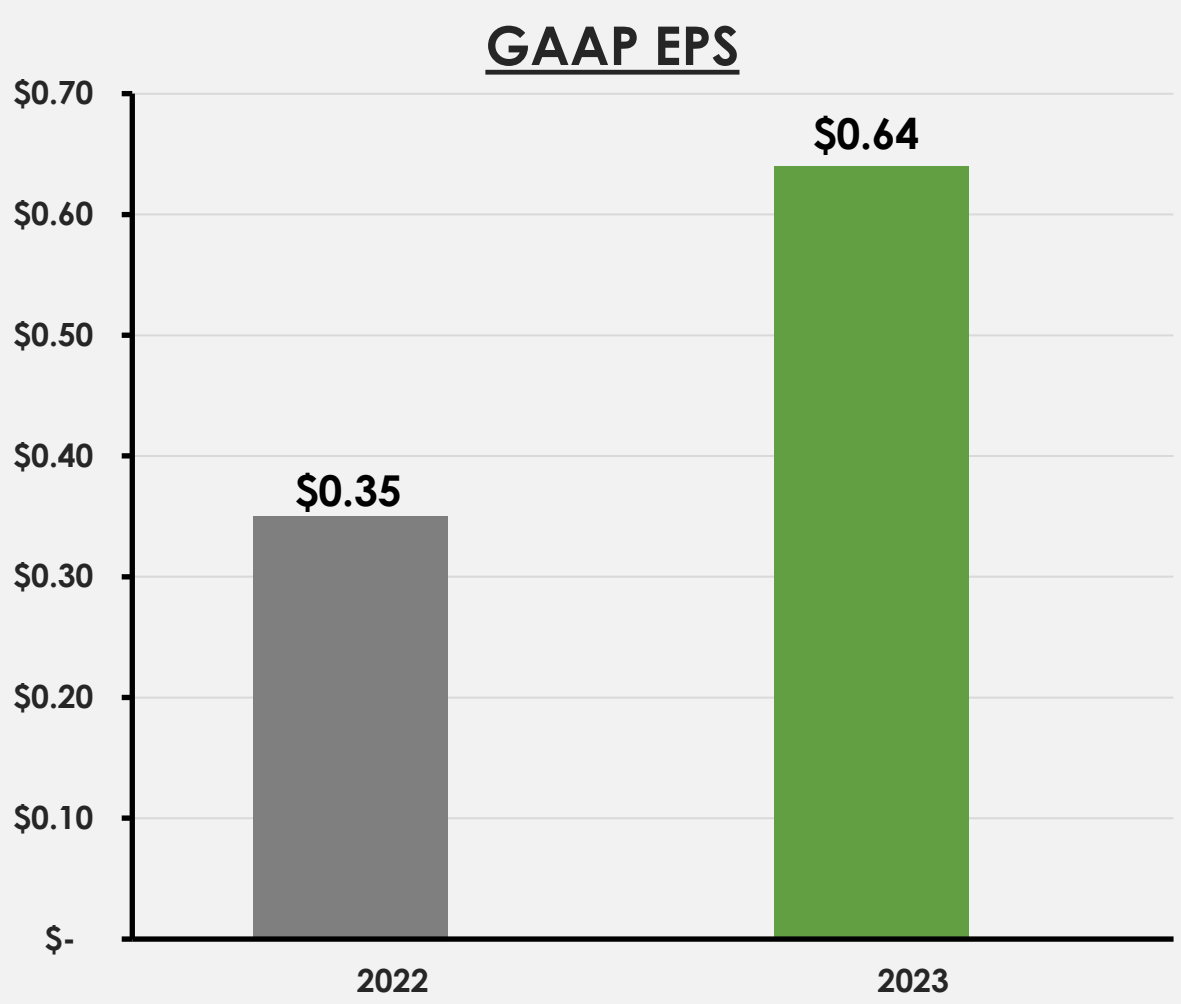


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SECOND QUARTER EARNINGS

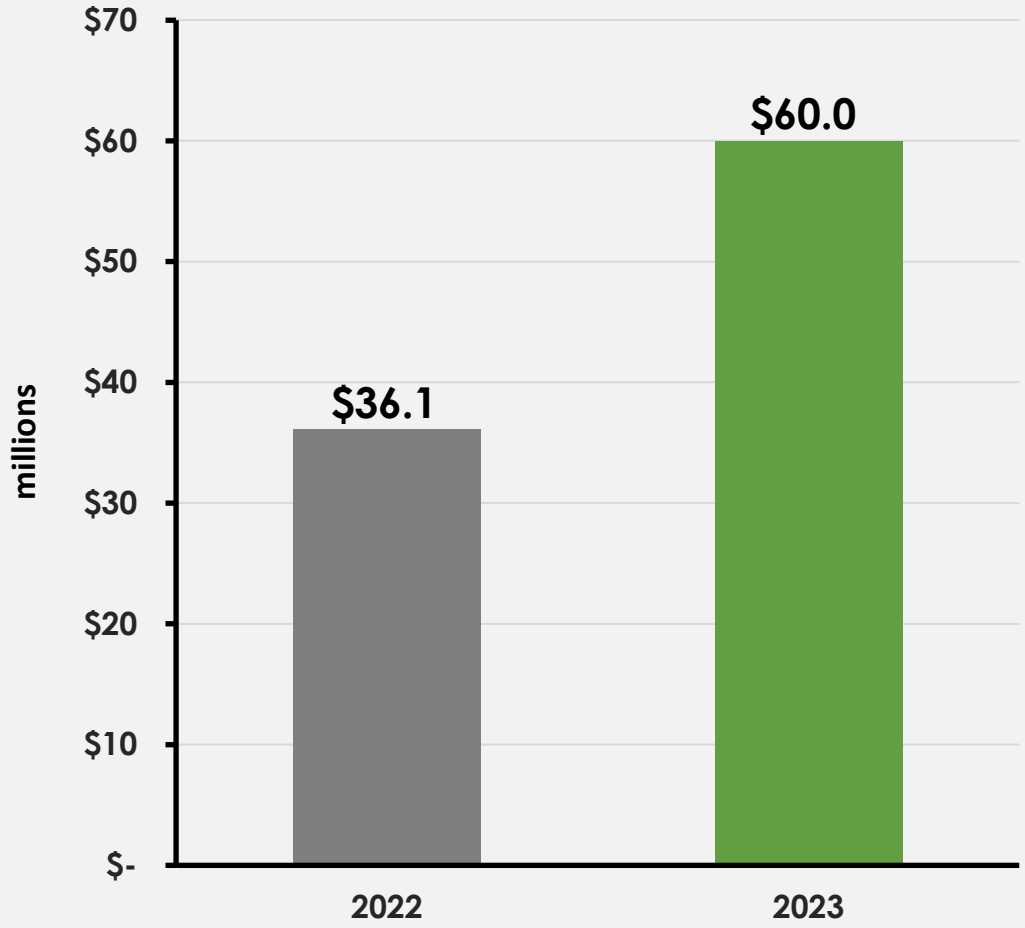




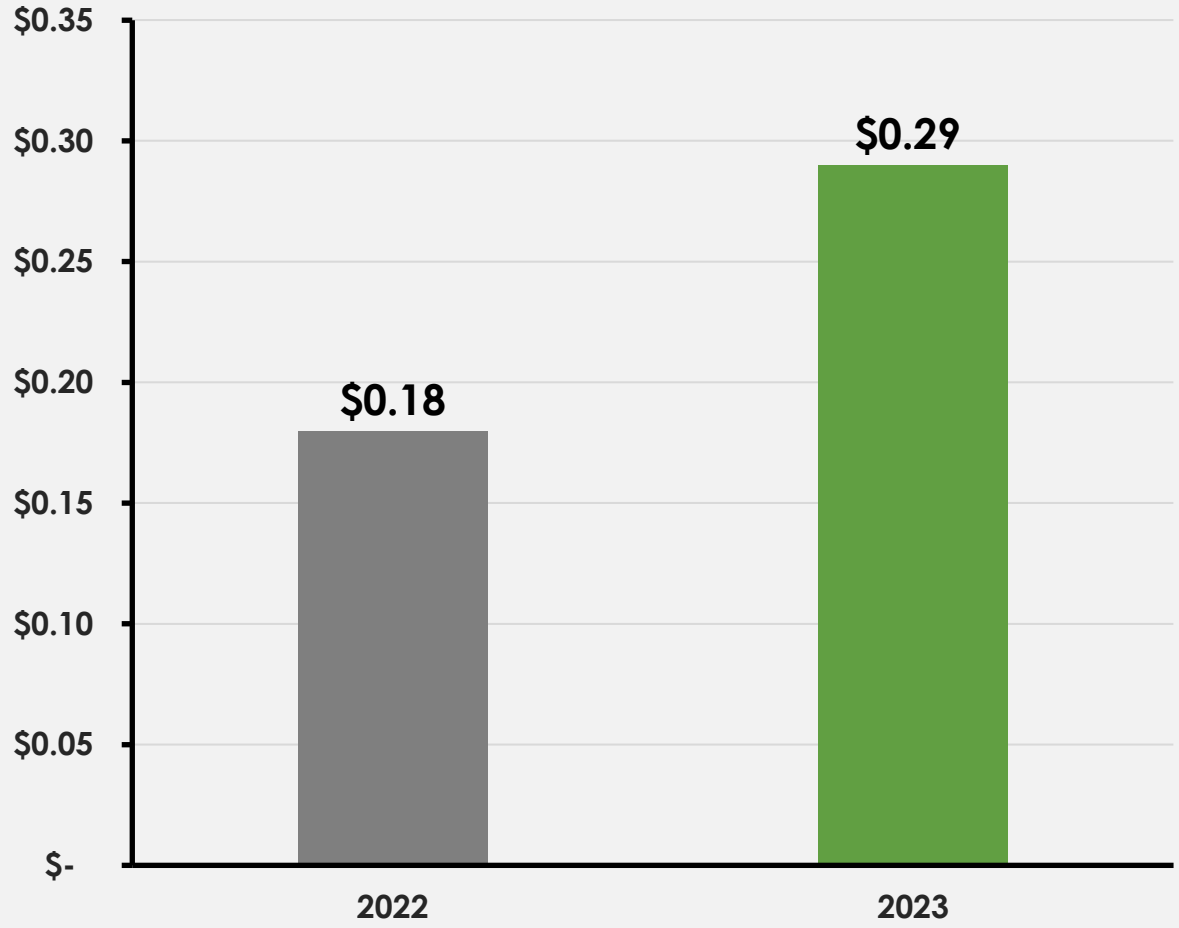
MDU RESOURCES GROUP, INC.

SECOND QUARTER ADJUSTED INCOME FROM CONTINUING OPERATIONS

ADJUSTED INCOME*



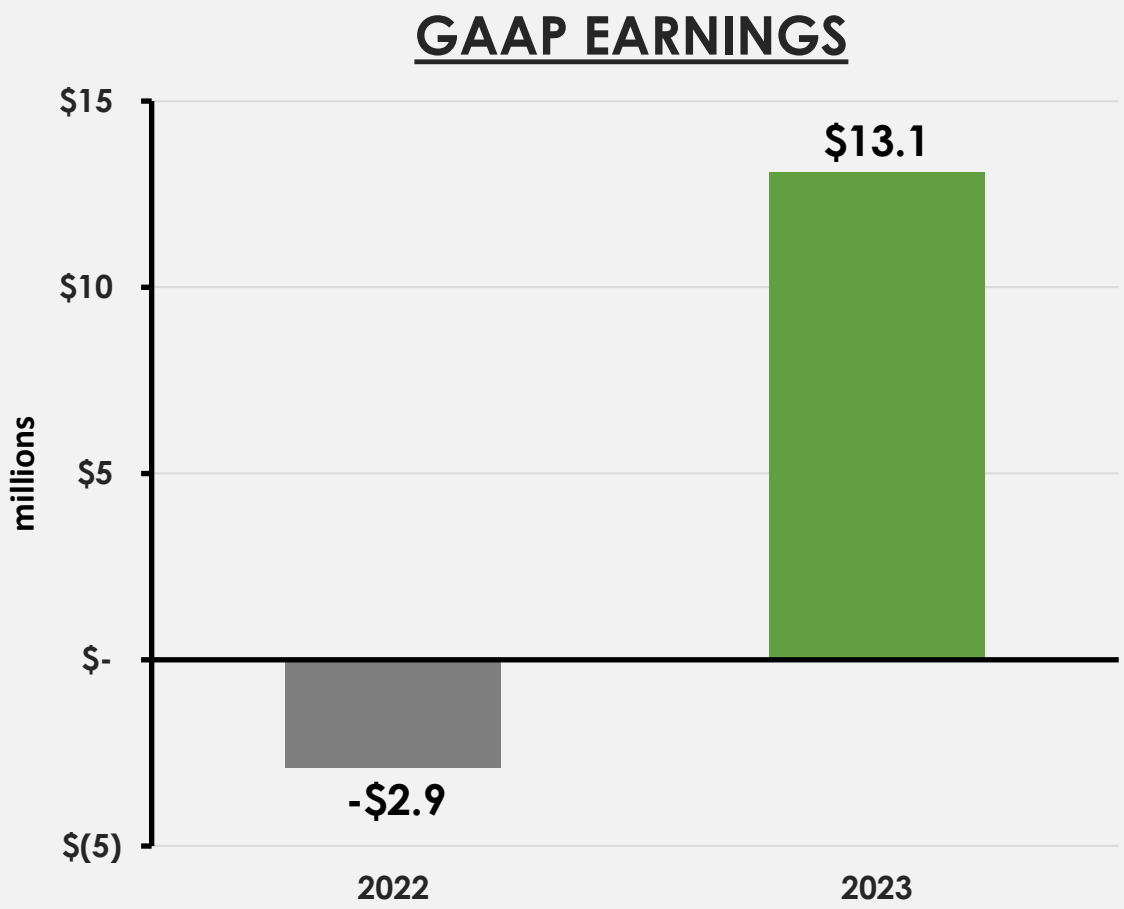
ADJUSTED EPS*



*Adjusted to reflect the unrealized gain on the retained shares associated with the spinoff of KNF, as well as items related to other strategic initiatives.

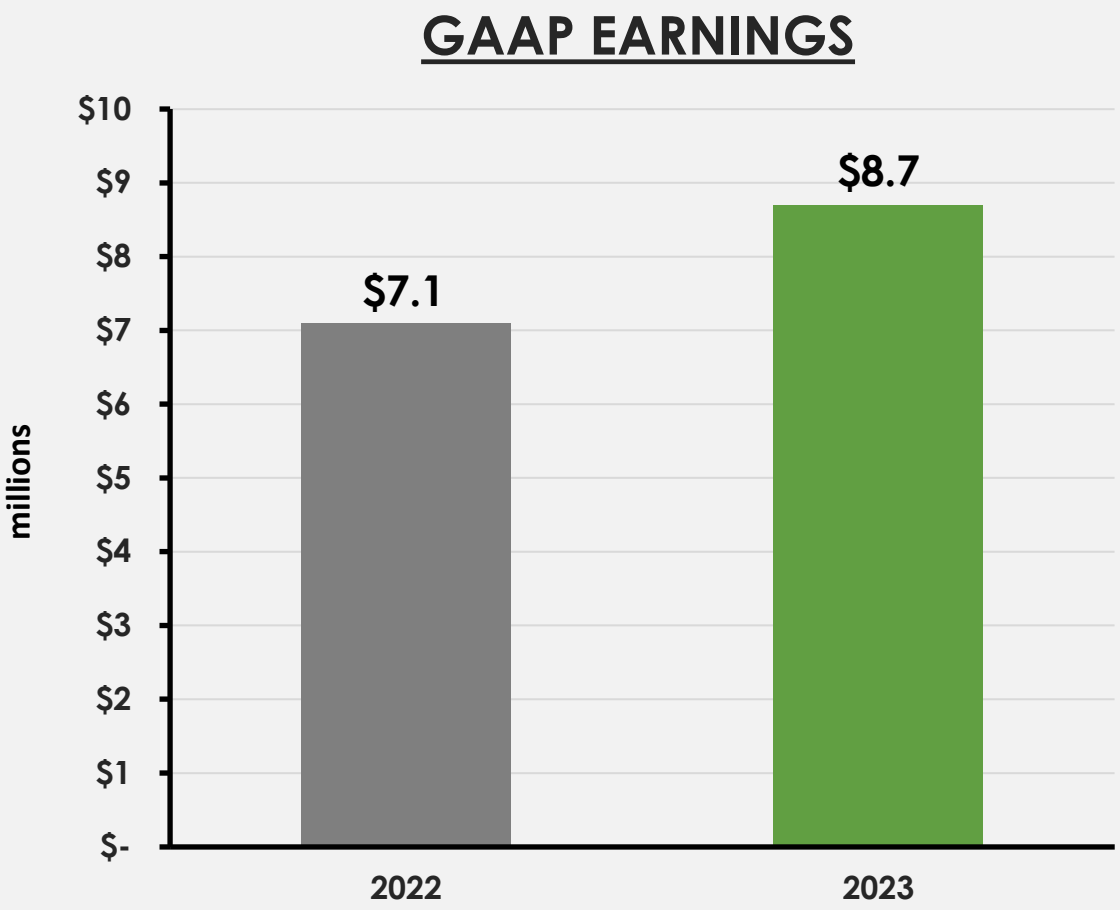
ELECTRIC & NATURAL GAS UTILITY
SECOND QUARTER EARNINGS

- Earnings of $13.1 million
  - Rate relief in certain electric and natural gas jurisdictions contributed to increase in earnings
  - Higher electric retail sales volumes, due to warmer weather and a new large-volume customer brought on during the quarter
  - Higher investment returns on nonqualified benefit plans



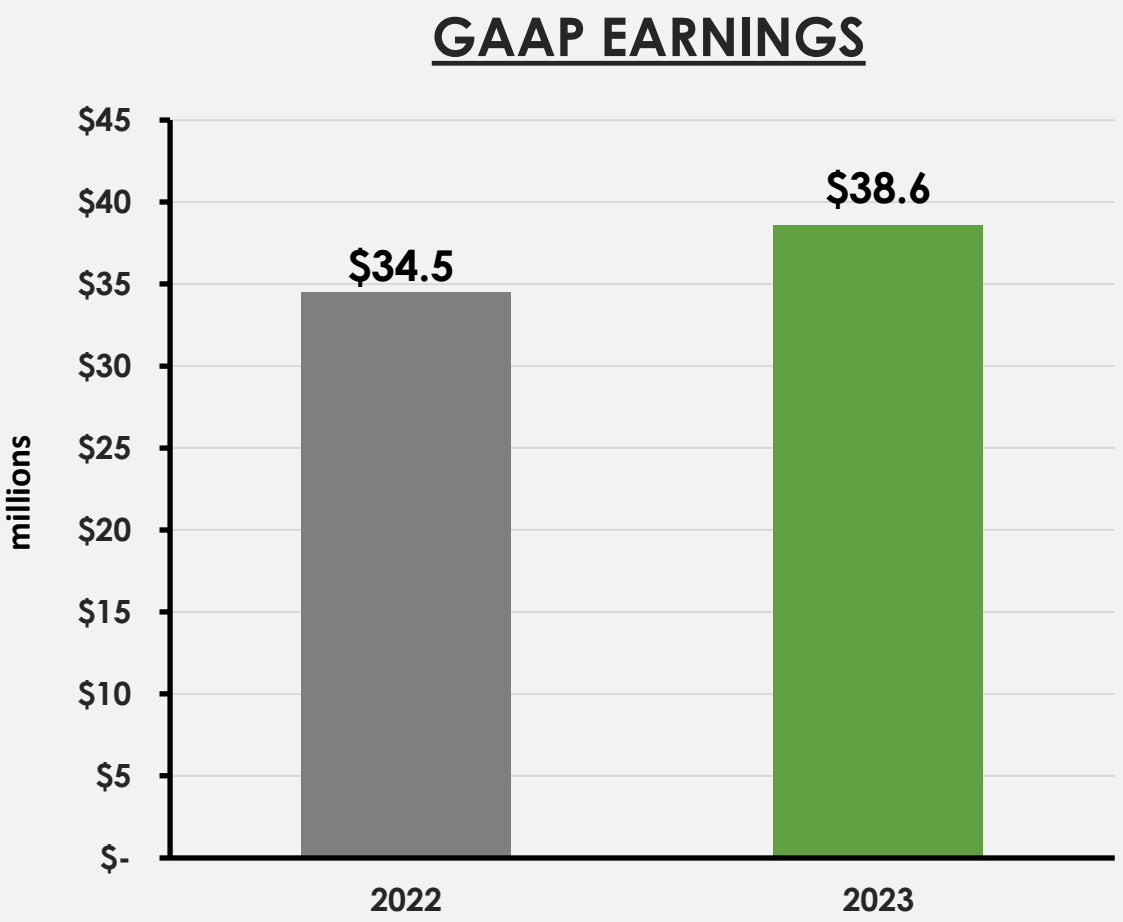
PIPELINE
SECOND QUARTER EARNINGS

- Earnings of $8.7 million
  - Record quarterly transportation volumes, largely due to increased contracted volume commitments on the North Bakken Expansion project
  - Higher transportation and storage-related revenues
  - Higher investment returns on nonqualified benefit plans



CONSTRUCTION SERVICES
SECOND QUARTER EARNINGS

- Record second quarter earnings of $38.6 million
  - Gross profit increased, largely due to project mix in commercial, industrial, and institutional markets
- Record second quarter revenue of $747.0 million, compared to $685.4 million in 2022
  - Increased commercial, utility, industrial, and institutional workloads
- Record second quarter EBITDA of $62.9 million, increased $10.6 million compared to 2022







Regulatory Update





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REGULATORY UPDATE

- Electric and Natural Gas Utility
  - On June 6, ND PSC approved an all-party settlement allowing for a 7.4% revenue increase of $15.3 million in the utility's electric rate case, with new rates effective July 1.
  - On June 12, the utility filed an all-party settlement for its electric rate case before the MT PSC. If approved, it would result in a 9.1% annual revenue increase of $6.1 million.
  - On June 30, ID PUC approved an all-party settlement allowing for a 0.73% revenue increase of $3.1 million in the utility's natural gas rate case, with new rates effective July 1.
- Pipeline
  - The company is working with the FERC and customers on a settlement agreement in its current rate case filing. The new rates, pending FERC approval, will be effective August 2023.





Segment Outlook









ELECTRIC & NATURAL GAS OUTLOOK

- Expects to grow rate base by 6-7% 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.
- Progressing through open rate cases and have additional filings planned for 2023.
- Heskett Station Unit IV is expected to be operational later this year.





PIPELINE OUTLOOK

- Will continue to benefit from increased North Bakken Expansion contracted volume commitments which began Feb. 1, 2023.
- Construction began in the second quarter on three natural gas pipeline expansion projects that are anticipated to be placed in service later in 2023.
  - These projects will add incremental capacity of approximately 300 million cubic feet per day.
  - Increasing total capacity from 2.4 billion to 2.7 billion cubic feet per day.





CONSTRUCTION SERVICES OUTLOOK

- On July 10th, MDU Resources Board of Directors determined pursuing a potential tax-advantaged separation of this business will provide optimal value for shareholders.
- Record second quarter backlog of $1.94 billion, compared to $1.92 billion in 2022.
- The Infrastructure Investment and Jobs Act and Inflation Reduction Act propose billions of dollars of investment for upgrades to electric and grid infrastructure, transportation systems, airports, and electric vehicle infrastructure, all industries Construction Services supports.

2023 GUIDANCE

❑ Regulated Energy Delivery Businesses

- ❖ Increased earnings guidance range to $150 million to $160 million, up $10 million from previous range of $140 million to $150 million.

❑ Construction Services

- ❖ Revenues expected to be in the range of $2.80 billion to $3.00 billion in 2023, with slightly higher margins compared to 2022.
- ❖ EBITDA in the range of $200 million to $225 million.

Guidance as of August 3, 2023

MDU RESOURCES QUARTERLY DIVIDEND

BOARD OF DIRECTORS DECLARED A QUARTERLY DIVIDEND OF 12.5 CENTS PER SHARE.

- Change reflects our intent to align our payout relative to regulated energy delivery earnings with pure-play peer regulated companies.
- Dividend is payable October 1 to stockholders of record on September 14.
- Established a new dividend payout ratio target of 60-70% of our regulated energy delivery earnings.





QUESTIONS



