

MDU RESOURCES GROUP, INC.

100 YEARS EST. 1924

Second Quarter Earnings Call

August 8, 2024

MDU LISTED NYSE

Forward-Looking Statement

This presentation includes “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.

Company Information

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Vice President, CAO & Controller



Garret Senger

Utilities Group
Chief Utilities Officer



Segment Outlook

Compelling Investment Opportunity

MDU RESOURCES GROUP, INC.

- Focusing on our “CORE”
- Strong regulated business mix
- Extensive operational diversification
- Supportive regulatory environment
- Experienced management team with proven track record
- Compelling long-term guidance with differentiated growth targets

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- One of the largest electrical construction service providers in the U.S.
- Essential infrastructure service provider
- Competitive positioning and industry tailwinds support future growth
- Strong cash flow provides optionality
- Distinct investment opportunity as an independent, publicly traded company

Focusing on our “CORE”

MDU Resources becoming a pure-play regulated entity focuses the company on its original “CORE” energy delivery business



Customers & Communities	Operational Excellence	Returns Focused	Employee Driven

Long history of providing regulated energy delivery service

2023 marked 75th year of continuous NYSE listing	2024 marks 100th year for the company

Pure-play business provides:

Heightened strategic focus to pursue strategies specific to the regulated energy business model	Optimized capital structure and distinct financial policy tailored to business profile

Electric & Natural Gas Outlook

- Expect to grow rate base by 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
- Filed an electric service agreement request to serve an additional data center expected online in late 2024 in the utility's service territory. The request was approved on May 23, 2024
- Construction of the company's new Heskett IV, 88-megawatt simple-cycle combustion turbine is complete and in service as of July 8, 2024



Pipeline Outlook

- Will continue to benefit from expansion projects placed in service in late 2023 and early 2024
  - Line Section 28 expansion project was placed in service on July 1, 2024 and serves a natural gas-fired power plant. The project adds 137 million cubic feet per day of natural gas transportation capacity
  - The Wahpeton Expansion project has begun construction in eastern North Dakota and is expected to be in service in late 2024. This project will add approximately 20 million cubic feet of natural gas transportation capacity per day
- Will continue to benefit from new transportation and storage service rates, as approved by the FERC, that were effective Aug. 1, 2023
- Current transportation capacity of over 2.8 billion cubic feet of natural gas per day



Everus Outlook

- Previously announced tax-free spinoff expected to be complete in late 2024, an investor day will take place prior to the spinoff
- All-time record backlog of $2.40 billion, compared to $1.94 billion as of June 30, 2023
- 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 Everus supports



Regulatory Update

Business	State	Filing Date	Annual Revenue Increase (%)	Annual Revenue Increase (in millions)	Status
Filed cases with requested rates					
Natural Gas Distribution	Washington	March 29, 2024	11.6% 2.8%	$43.8M $11.7M	Pending Effective March 1, 2025 Effective March 1, 2026
Electric Utility	South Dakota	Aug. 15, 2023	17.3%	$3.0M	Pending Interim rates (15.4%/$2.7M) effective March 1, 2024 All-party settlement agreement filed on July 26, 2024, 8.6%/ $1.4M. Pending a decision by the commission
Natural Gas Distribution	South Dakota	Aug. 15, 2023	11.2%	$7.4M	Pending Interim rates (11.2%/$7.4M) effective March 1, 2024 All-party settlement agreement filed on July 26, 2024, 8.1%/ $5.4M. Pending a decision by the commission
Natural Gas Distribution	North Dakota	Nov. 1, 2023	7.5%	$11.6M	Pending Interim rates (6.5%/$10.1M) effective Jan. 1, 2024
Natural Gas Distribution	Montana	July 15, 2024	11.1%	$9.4M	Pending
Planned rate cases in the next 12 months					
Natural Gas Distribution	Wyoming Oregon Minnesota				
Electric Utility	Wyoming				

Updated 2024 Guidance

Regulated Energy Delivery

- Affirms earnings guidance in the range of $170 million to $180 million

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- Updated revenue guidance range to $2.65 billion to $2.85 billion, down from previous guidance of $2.9 billion to $3.1 billion, with margins now expected to be higher than 2023
- EBITDA is still expected to be in the range of $220 million to $240 million

Guidance as of August 8, 2024

Strong Long-Term Guidance for Regulated Business

$2.7 Billion
Regulated Capital Investment

7%
Utility Rate Base Growth

1-2%
Customer Growth

6-8%
EPS Growth Rate

60-70%
Annual Dividend Payout Ratio Target

No near-term equity needs

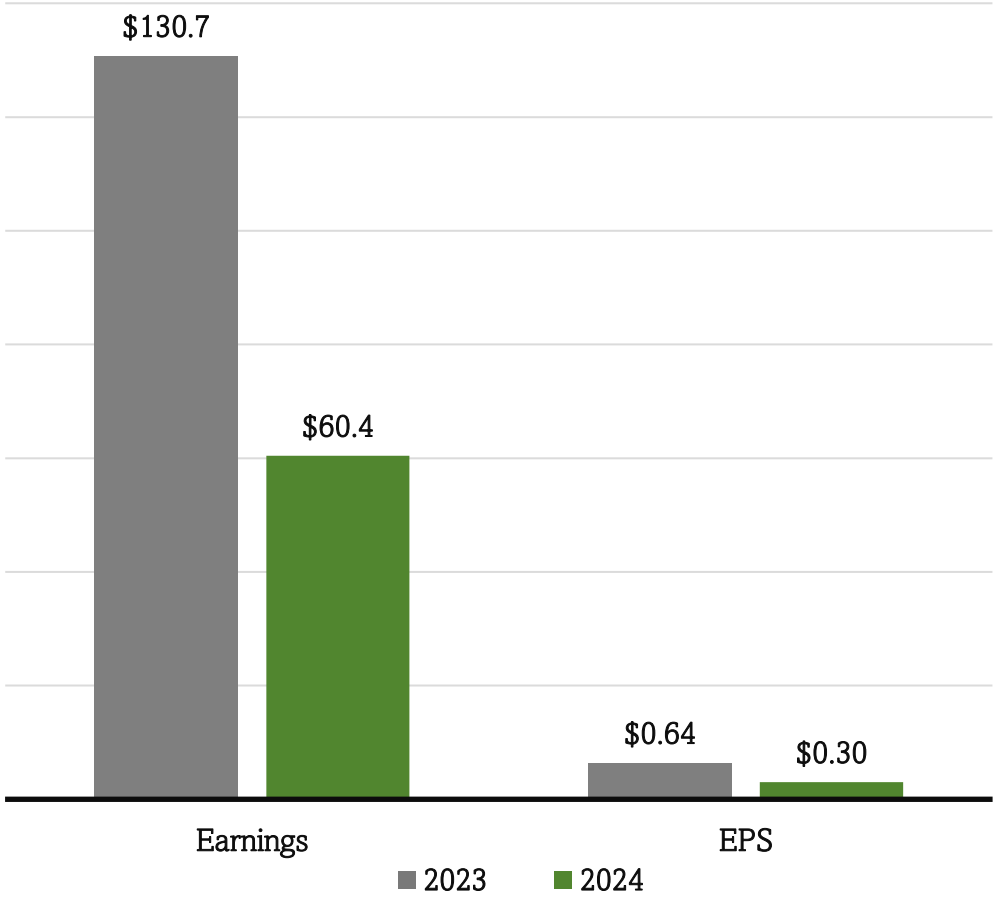


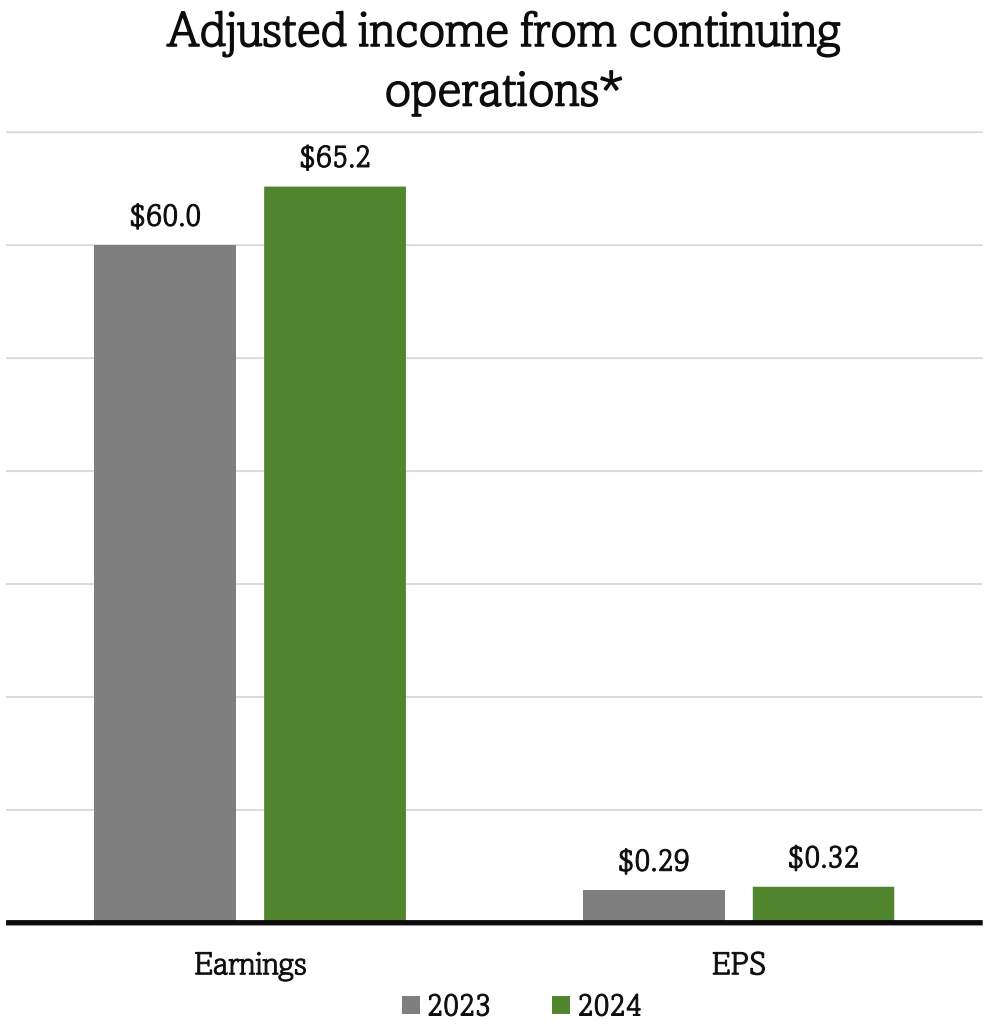
Financial Results

MDU Resources Group, Inc

Second Quarter Earnings

Earnings in millions





*Adjusted to exclude costs associated with MDU Resources' strategic initiatives.

Electric & Natural Gas Utility

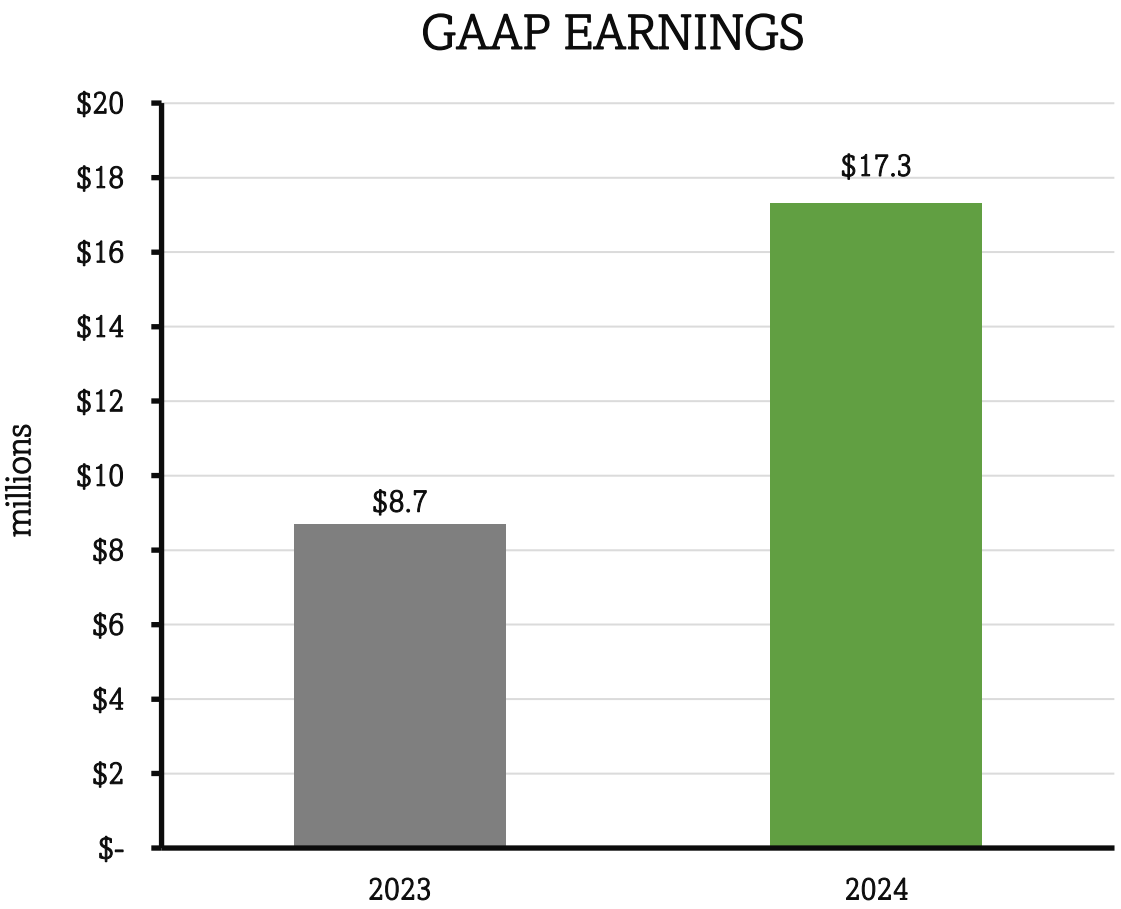
Second Quarter Earnings

- Earnings of $10.5 million
  - Electric earnings declined due to lower volumes from 37% cooler weather coupled with higher operation and maintenance expense, partially offset by rate relief
  - Natural gas distribution earnings declined due to higher operation and maintenance and depreciation expenses, partially offset by rate relief



Pipeline
Second Quarter Earnings

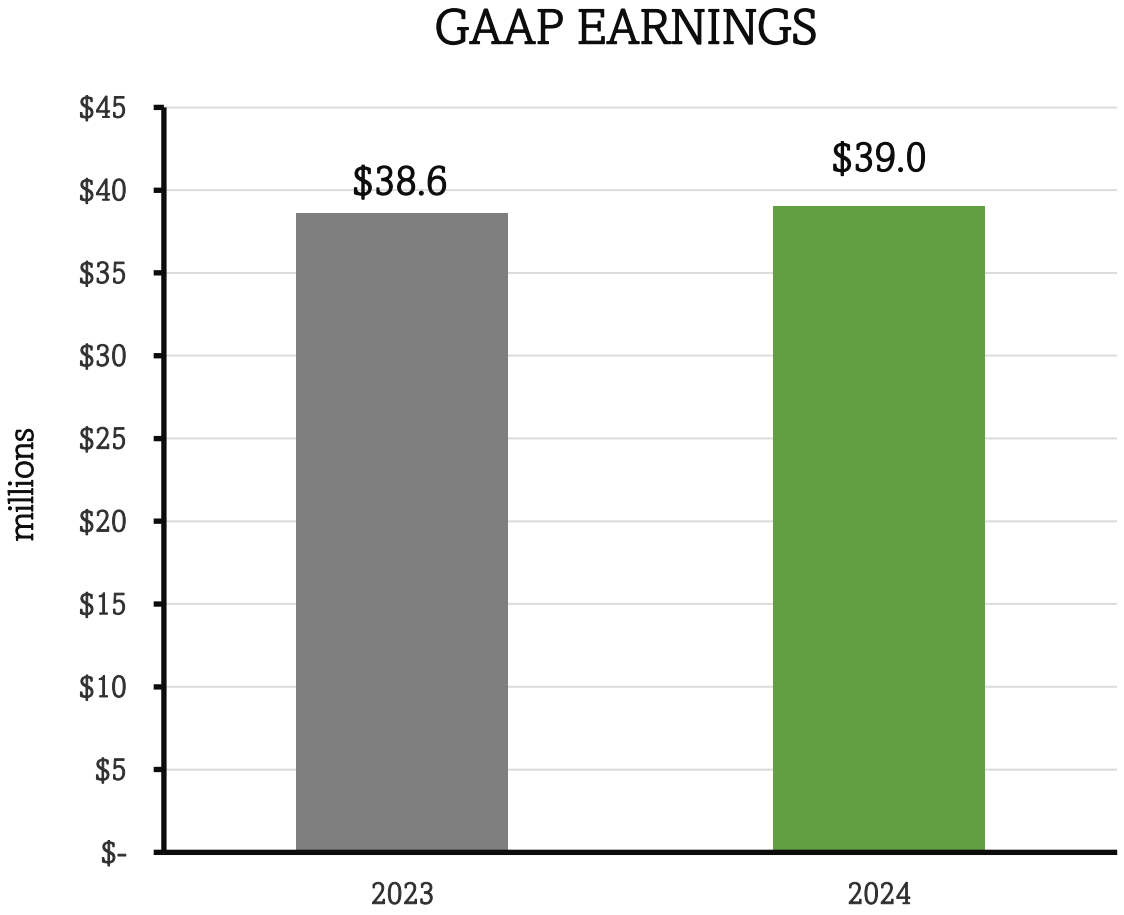
- Record second quarter earnings of $17.3 million
  - All-time record transportation volumes largely from organic growth projects placed in service in November 2023 and March 2024
  - Higher revenue from new transportation and storage service rates that were effective Aug. 1, 2023
  - Strong demand for natural gas storage services



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Second Quarter Earnings

- Record second quarter earnings of $39.0 million, compared to $38.6 million in the second quarter of 2023
  - Higher transmission and distribution revenues, along with higher electrical and mechanical data center workloads, partially offset a decrease in overall electrical and mechanical revenues from lower workloads due to the timing of projects
  - Operating income as a percent of revenue remained strong at 7.3%
- EBITDA of $62.1 million, slightly down from a record $62.9 million in 2023





Questions

Appendix

Reconciliation of 2024 EBITDA Guidance

($ in millions)	As of August 8, 2024	
	Everus	
	Low	High
Income from continuing operations	$140.0	$150.0
Adjustments:		
Interest expense	10.0	15.0
Income taxes	45.0	50.0
Depreciation and amortization	25.0	25.0
EBITDA from continuing operations	$220.0	$240.0

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

Reconciliation of EBITDA

$ in millions

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Three Months Ended June 30		
	2023	2024
Income from continuing operations	$41.1	$39.0
Discontinued operations, net of tax	$(2.5)	-
Net Income	**$38.6**	**$39.0**
Adjustments:		
Interest expense	$1.9	$3.3
Interest expense included in discontinued operations, net of tax	$2.5	-
Income taxes	$14.0	$13.6
Depreciation and amortization	$5.9	$6.2
EBITDA	**$62.9**	**$62.1**

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