MDU RESOURCES GROUP, INC.

2023 First Quarter Earnings Results

- **Reported first quarter adjusted earnings of $46.6 million, or 23 cents per share, compared to 2022 earnings of $31.7 million, or 16 cents per share.**
- **First quarter record combined construction backlog of $3.1 billion, up approximately 25% compared to first quarter 2022.**

2023 Guidance

Regulated energy delivery businesses 2023 earnings guidance in the range of $140 million to $150 million.

Construction services 2023 EBITDA guidance in the range of $200 million to $225 million.

Construction materials 2023 EBITDA guidance in the range of $300 million to $350 million.

Electric and Natural Gas Utilities

- Earnings of $55.5 million, compared to earnings of $47.6 million in 2022.
- Increase in earnings due to rate relief in certain electric and natural gas jurisdictions, and higher investment returns on nonqualified benefit plans.
- Higher retail sales volumes, partially due to colder weather also drove higher revenues.
- Constructing an 88-megawatt natural gas-fired electric generating facility near Mandan, North Dakota, expected to be operational this summer.

Pipeline

- Earnings of $8.3 million, compared to $7.3 million in 2022.
- Record first quarter transportation volumes largely due to a full first quarter of benefit from the North Bakken Expansion project that was placed in service Feb. 1, 2022 and increases to its contractual volume commitments beginning in Feb. 1, 2023.
- New rates for transportation and storage services for its rate case filed in January 2023, pending Federal Energy Regulatory Commission approval, will take effect Aug. 1.
- Construction to begin in the second quarter on three natural gas pipeline expansion projects that are anticipated to be placed in service later in 2023 and will add incremental capacity of approximately 300 million cubic feet per day.

Construction Services

- Earnings of $26.1 million, compared to $21.3 million in 2022.
- Record revenue of $754.3 million, up 37% compared to $552.6 million in 2022.
- Electrical and mechanical revenues increased 50%, favorably impacted by increased workloads in commercial, industrial, and institutional markets.
- Backlog as of March 31 was a record $2.10 billion, up 26% compared to $1.67 billion last year.
- 2023 revenue expected to be in the range of $2.80 billion to $3.00 billion, with slightly higher margins compared to 2022.
- EBITDA increased $8.7 million in the first quarter, compared to 2022.

Construction Materials

- Seasonal loss of $41.3 million, compared to a loss of $40.0 million in 2022.
- EBITDA increased $4.1 million in the first quarter, compared to 2022.
- Benefited from higher average product pricing, which contributed to higher margins.
- Contracting services backlog of $959 million as of March 31, up 23% compared to $778 million in 2022.
- 2023 revenue expected in the range of $2.50 billion to $2.70 billion with higher margins compared to 2022.

“We are pleased with our strong first quarter results, and we look forward to completing the separation of Knife River into a standalone, publicly traded company following the announcement today of our board’s approval. Our construction services business had record revenues in the first quarter and more than $2 billion in backlog at March 31. Our regulated energy delivery businesses performed extremely well, and Knife River benefited from its stronger product pricing. We continue to look forward to exceptional performance this year from all our businesses.”

Dave Goodin
President and CEO | MDU Resources Group, Inc.