



FIRST QUARTER EARNINGS CALL

 **MDU RESOURCES**
GROUP, INC.

May 4, 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:



INTEGRITY



DIVERSITY



SAFETY



INCLUSION



INNOVATION



RESPECT



EXCELLENCE



STEWARDSHIP

LEADERSHIP TEAM

A. Dave Goodin

President & CEO

B. Jason Vollmer

Vice President & CFO

C. Stephanie Barth

Vice President, CAO & Controller

D. Brian Gray

Knife River
President & CEO

E. Jeff Thiede

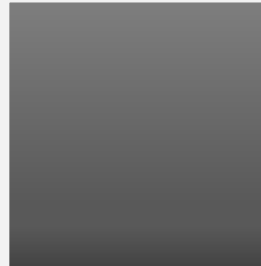
MDU Construction
Services Group
President & CEO

F. Trevor Hastings

WBI Energy
President & CEO

G. Nicole Kivisto

Utilities Group
President & CEO





Separation Announcement



KNIFE RIVER ANNOUNCEMENT

MDU Resources Group board of directors has approved the previously announced separation of Knife River



- Knife River separation effective May 31
- MDU Resources stockholders will retain their current shares of MDU
- On the distribution date of May 31, each MDU Resources stockholder will receive a distribution of one share of KNF for every four shares of MDU
- Management to present Knife River's investment highlights, operations, financial performance and growth prospects at the planned investor day on May 18 at the NYSE



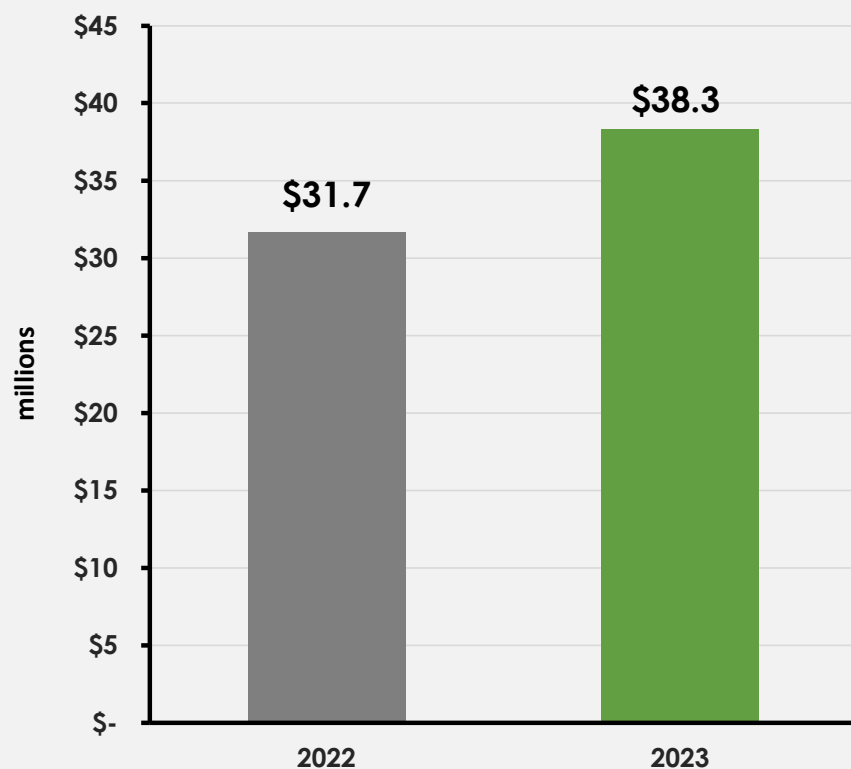
Financial Results



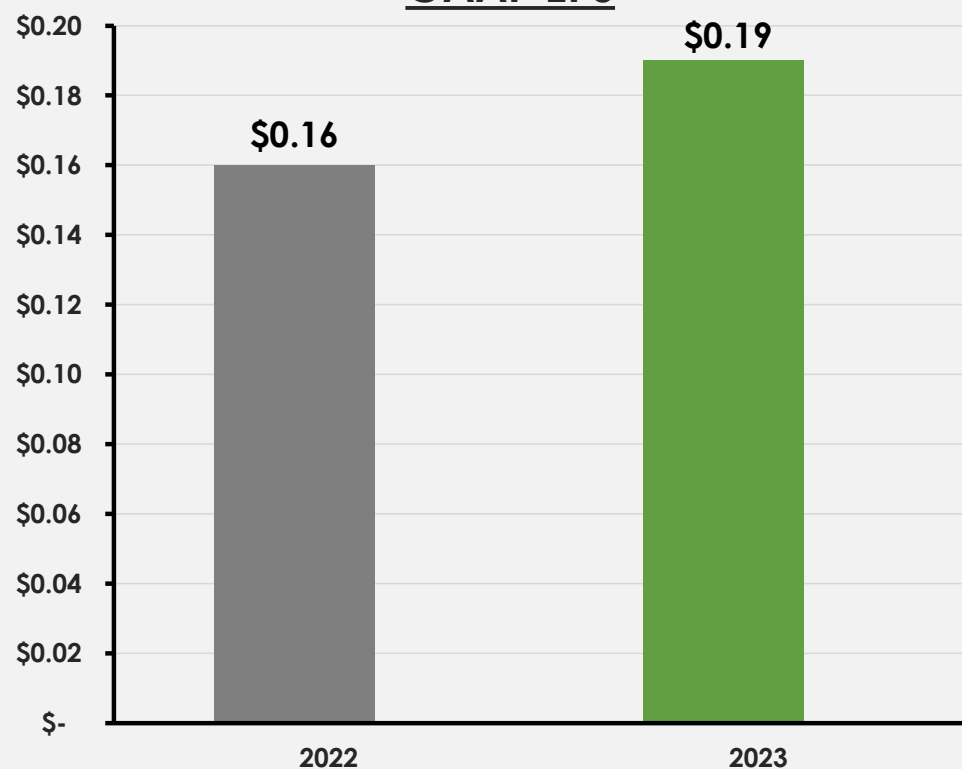
MDU RESOURCES GROUP, INC.

FIRST QUARTER EARNINGS

GAAP EARNINGS



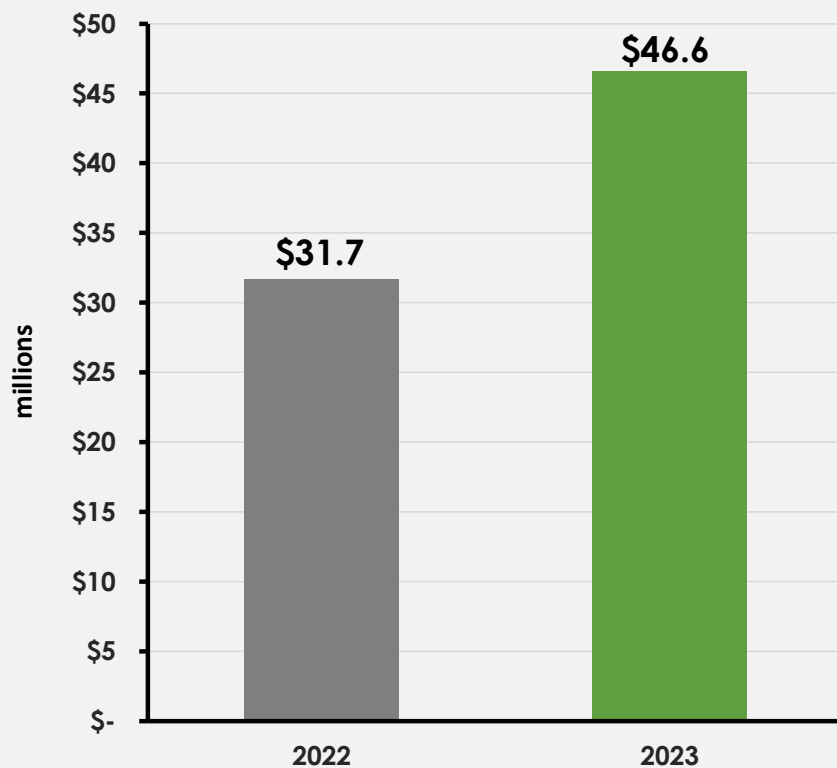
GAAP EPS



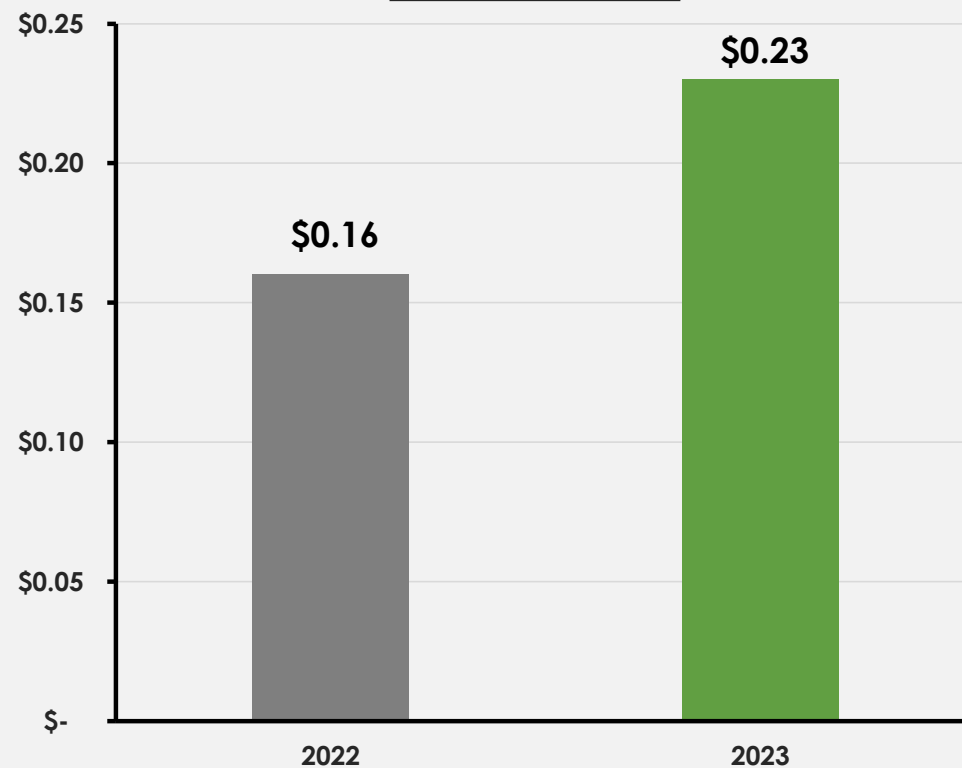
MDU RESOURCES GROUP, INC.

FIRST QUARTER EARNINGS

ADJUSTED EARNINGS



ADJUSTED EPS



ELECTRIC & NATURAL GAS UTILITY

FIRST QUARTER EARNINGS

- Earnings of \$55.5 million

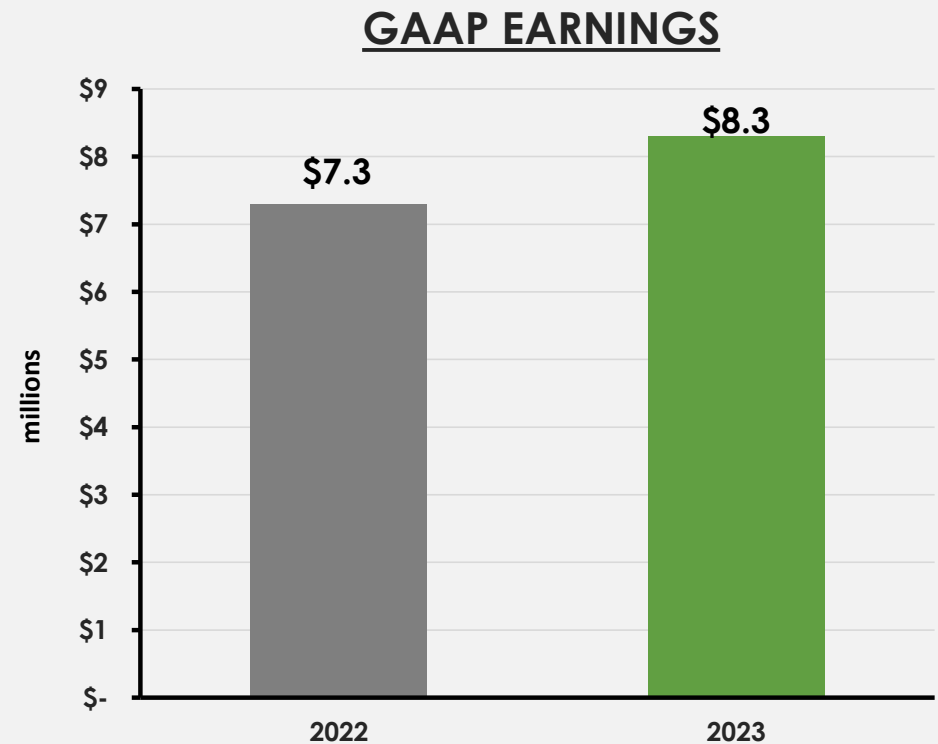
- Rate relief in certain electric and natural gas jurisdictions
- Higher retail sales volumes, partially due to colder weather
- Higher investment returns on nonqualified benefit plans



PIPELINE

FIRST QUARTER EARNINGS

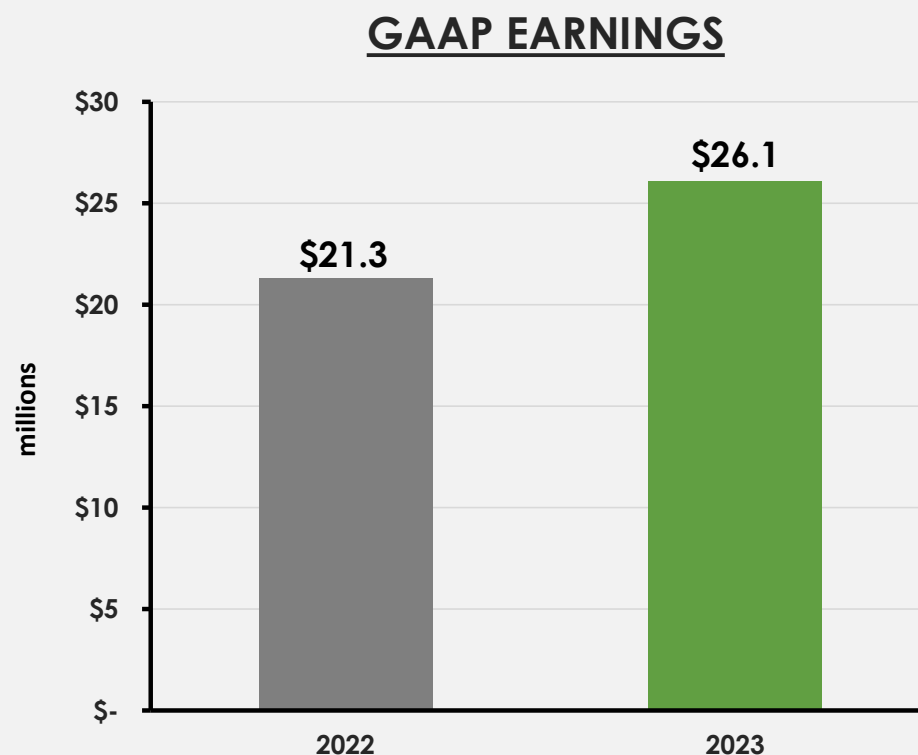
- Earnings of \$8.3 million
 - Record first quarter transportation volumes, largely due to a full first quarter of benefit from the North Bakken Expansion project, as well as its increased contracted volume commitments beginning Feb. 1, 2023
 - Offset in part by higher operation and maintenance expense
 - Higher interest and depreciation expense



CONSTRUCTION SERVICES

FIRST QUARTER EARNINGS

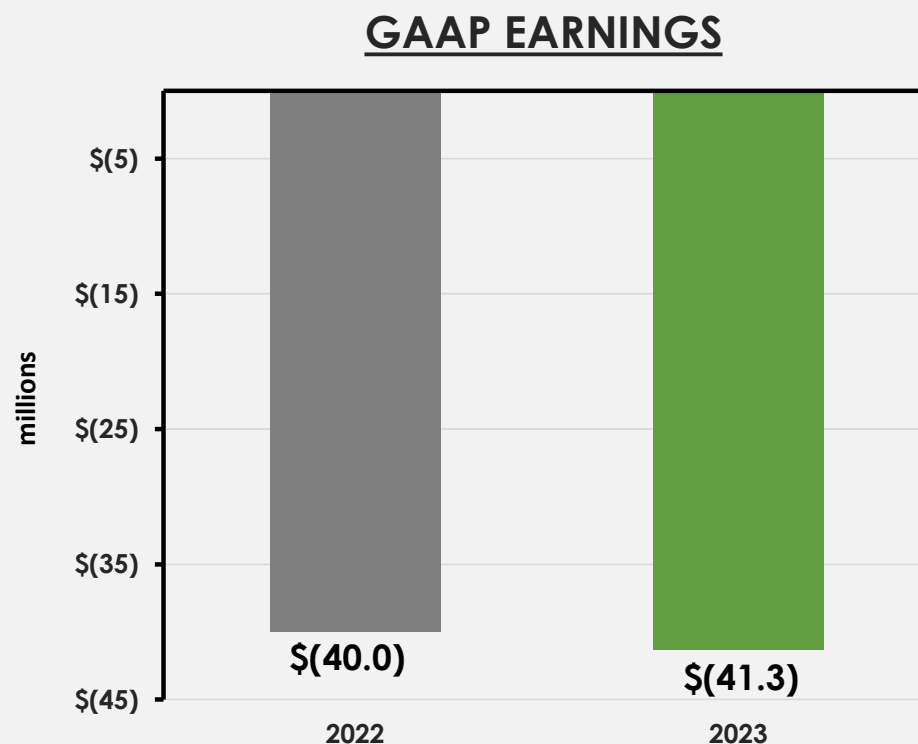
- Earnings of \$26.1 million
- All-time record quarterly revenue of \$754.3 million, compared to \$552.6 million in 2022
 - Electrical and mechanical revenues increased 50% compared to first quarter 2022
 - Increased commercial, industrial, and institutional workloads
- EBITDA of \$43.5 million, compared to \$34.8 million in 2022



CONSTRUCTION MATERIALS

FIRST QUARTER EARNINGS

- Seasonal loss of \$41.3 million
 - Unfavorable weather across most regions resulted in decreased volumes for certain products
 - Higher average product pricing contributed to higher margins
- First quarter revenue of \$307.9 million, compared to \$310.0 million in 2022
- EBITDA increased \$4.1 million in the first quarter, compared to 2022





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 this summer



PIPELINE OUTLOOK

- Will continue to benefit from increased North Bakken Expansion contractual volume commitments which began Feb. 1, 2023
- Filed a rate case with the Federal Energy Regulatory Commission on Jan. 27, 2023, new rates for transportation and storage services, pending FERC approval, will be in effect Aug. 1, 2023
- 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 OUTLOOK

- Strategic review of Construction Services is underway and expected to be complete in the second quarter of 2023
- Record first quarter backlog of \$2.10 billion, 26% higher than 2022 backlog of \$1.67 billion
- 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



CONSTRUCTION MATERIALS OUTLOOK

- Record first quarter contracting services backlog of \$959 million, 23% higher than 2022 backlog of \$778 million
- Long-term opportunities from the Infrastructure Investment and Jobs Act and Inflation Reduction Act, providing billions of dollars for the repair and rebuilding of roads and bridges across the company's footprint
- MDU Resources Board of Directors approved the previously announced spinoff of Knife River, effective May 31, for holders of record on May 22
- Management to present Knife River's investment highlights, operations, financial performance and growth prospects at the planned investor day on May 18 at the NYSE

2023 GUIDANCE

□ Regulated Energy Delivery Businesses

- ❖ Earnings in the 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



□ Construction Materials

- ❖ Revenues expected to be in the range of \$2.50 billion to \$2.70 billion in 2023, with higher margins compared to 2022
- ❖ EBITDA in the range of \$300 million to \$350 million



Guidance as of May 4, 2023

MDU RESOURCES QUARTERLY DIVIDEND

BOARD OF DIRECTORS DECLARED A QUARTERLY DIVIDEND OF 22.25 CENTS PER SHARE, UNCHANGED FROM THE PREVIOUS QUARTER.

- Following the spinoff of Knife River, MDU Resources' board of directors expects to review dividend practice with the intent to align payout relative to regulated energy delivery earnings of other pure-play peer companies
- The board of directors for Knife River will be responsible for developing any future dividend practice for Knife River



QUESTIONS



 **MDU RESOURCES**
GROUP, INC.

MDU
LISTED
NYSE