Fourth Quarter and Full-Year 2023 Results Presentation

February 15, 2024

KNIFE RIVER

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Forward Looking Statements

The information in this presentation highlights the key growth strategies, projections and certain assumptions for the company and its subsidiaries. Many of these highlighted statements and other statements not historical in nature are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934. Although the company believes that its expectations are based on reasonable assumptions, there is no assurance the company’s projections or estimates for growth, shareholder value creation and financial guidance or other proposed strategies will be achieved. Please refer to assumptions contained in this presentation, as well as the various important factors listed in Part I, Item 1A - Risk Factors in the company's registration statement on Form 10 and subsequent filings with the Securities and Exchange Commission.

Changes in such assumptions and factors could cause actual future results to differ materially from growth and financial guidance. All forward-looking statements in this presentation are expressly qualified by such cautionary statements and by reference to the underlying assumptions. Undue reliance should not be placed on forward-looking statements, which speak only as of the date they are made. Except as required by law, the company does not undertake to update forward-looking statements, whether as a result of new information, future events or otherwise.

Throughout this presentation, the company presents financial information prepared in accordance with GAAP, as well as EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, net debt, net leverage and Free Cash Flow including those measures by segment, which are considered non-GAAP financial measures. The use of these non-GAAP financial measures should not be construed as alternatives to net income, net income margin, and total debt, as applicable. The company believes the use of these non-GAAP financial measures are beneficial in evaluating the company’s operating performance. Please refer to the "Non-GAAP Financial Measures" section contained in this document for additional information.

Record 2023 Results

Full-Year Record Revenue, Net Income, EBITDA, Adjusted EBITDA

4Q Earnings Snapshot

Revenue

$646.9MM

+20%

Adjusted EBITDA[1]

$72.4MM

+10%

Adjusted EBITDA Margin[1]

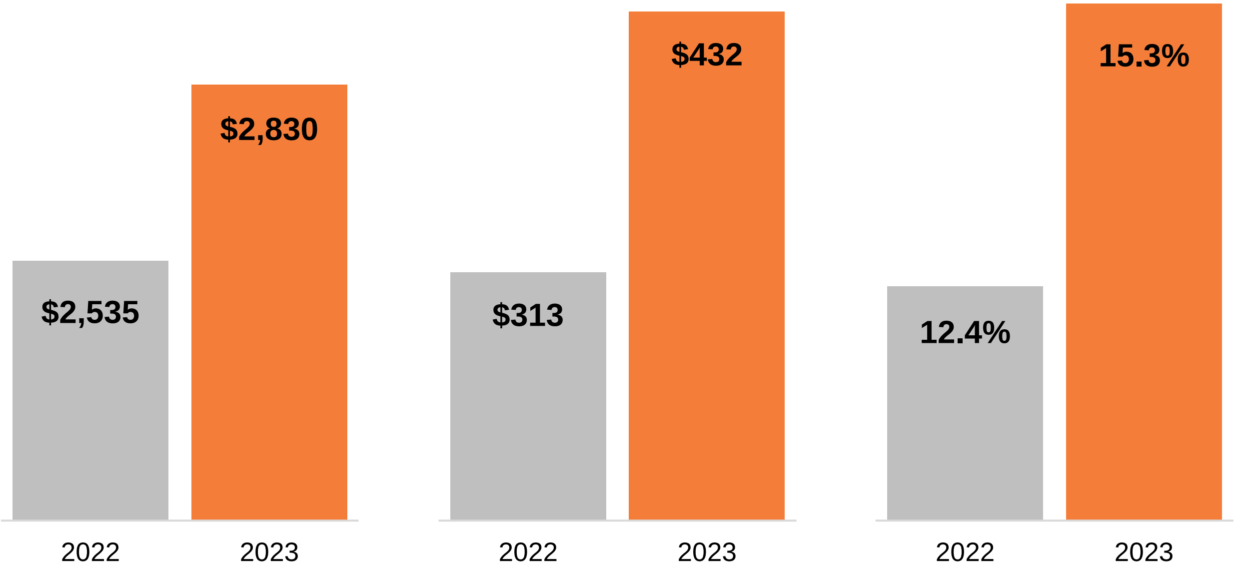
11.2%

Full-Year 2023 Results

Revenue
($ in millions)
+ 12%

Adj. EBITDA[1]
($ in millions)
+ 38%

Adj. EBITDA Margin[1]
+ 290bps



2024 Outlook

Strong Market Fundamentals

Continued Adoption of EDGE

Favorable Price-Cost Dynamics

Healthy Underlying Funding Environment

[1] See Appendix for reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

Executing on Our *Competitive Edge* Strategy

E D G E

EBITDA Margin Improvement	Discipline	Growth	Excellence
Commercial and operational excellence initiatives	***Strong balance sheet and disciplined allocation of capital***	***Strengthen market position through organic and inorganic growth opportunities***	***Be best in class in all aspects of the business***

EBITDA Margin Improvement

- Training summit to align sales professionals with EDGE-related best practices on dynamic pricing and targeted bidding
- PIT Crew teams visited each segment. Expanded team to standardize process improvements

Discipline

- Reduced net leverage to 1.1x, well-below LT target of 2.5x[1]
- Prudent management of our net working capital saw notable year-over-year improvement
- Revolver with $329MM in available capacity

Growth

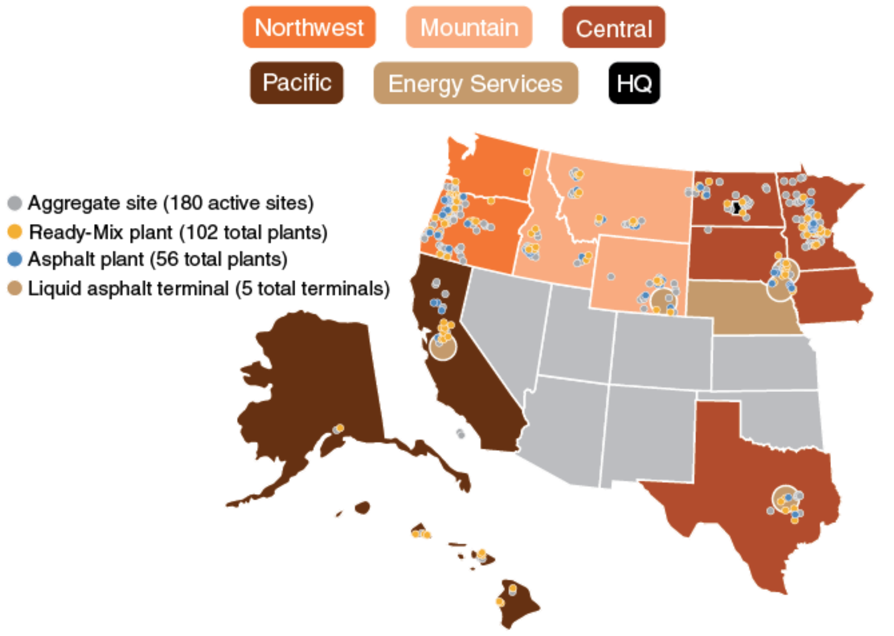
- Refocused on our acquisition pipeline following a historic 2023
- Bolstered our Corporate Development team at the Corporate Office

Excellence

- Training and development for over 1,100 students took place at our world-class Training Center, focused on safety, sales, operational performance, and CDL training
- Continued improvement across key safety metrics including RIR and LTAR

[1] See Appendix for reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

Leading Vertically Integrated Materials and Services Provider



Top 10[1] US Aggregates Producer	Majority of Revenue from our No. 1 Markets[3,4]	
70%[2] of Revenue from States Growing Faster than National Average	**75%+** Of Aggregate Revenues	**50%+** Of Downstream Materials Revenue

REVENUE MIX BY PRODUCT [4,5]

AGGREGATES – 16% OF REVENUE

- 1.1 billion tons of reserves with strategic locations near end users and/or multi-modal transportation. Reliable supply of high-quality materials is a competitive advantage.

READY-MIX CONCRETE – 19% OF REVENUE

- Versatile and specialized value-added product. 102 plants across 13 states, and a fleet of delivery trucks.

ASPHALT – 13% OF REVENUE

- Downstream product used for smooth, durable surfaces on highways, streets and parking lots. 56 plants across 10 states.

LIQUID ASPHALT – 7% OF REVENUE

- Downstream binding agent used with aggregates to produce asphalt. 5 terminals across 5 states.

CONTRACTING SERVICES – 38% OF REVENUE

- Reliable pull-through demand of materials. Public works focused; adds resiliency and contributes to ROIC.

Note: [1] Source: USGS; [2] As of 12/31/2022; [3]Based on a proprietary assessment of volume in core market areas; [4] As of 12/31/2023; [5] % of 2023 Gross Revenue

Rising Transportation Infrastructure Spending

Key Highlights

Pace of **public infrastructure spending is accelerating** in our markets

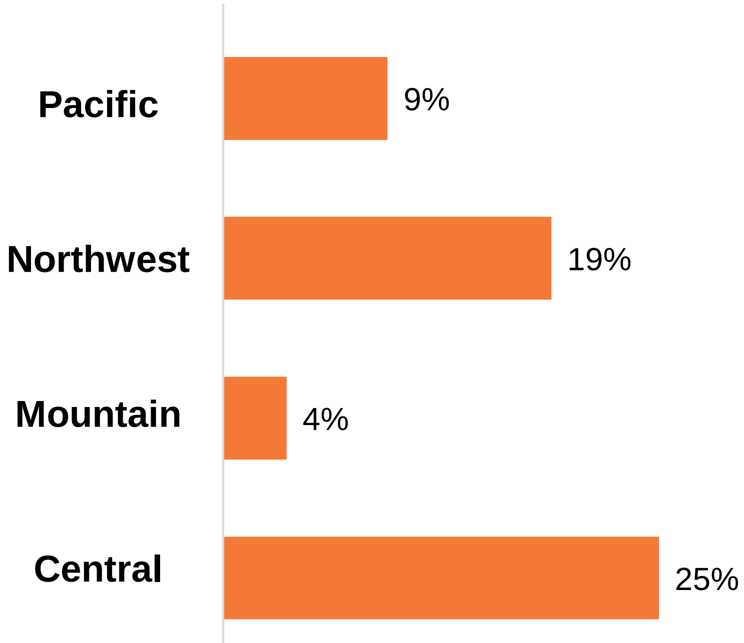
We anticipate public highway, pavement and street construction activity will grow in the **mid-teens percentage range in 2024** across the US[1]

Our bidding strategy remains highly disciplined; **prioritizing quality of work over quantity of work**

Knife River's 14-state footprint to experience a **16% DOT budget increase**[1] in 2024 vs. 2023

DOT Budget Tailwinds

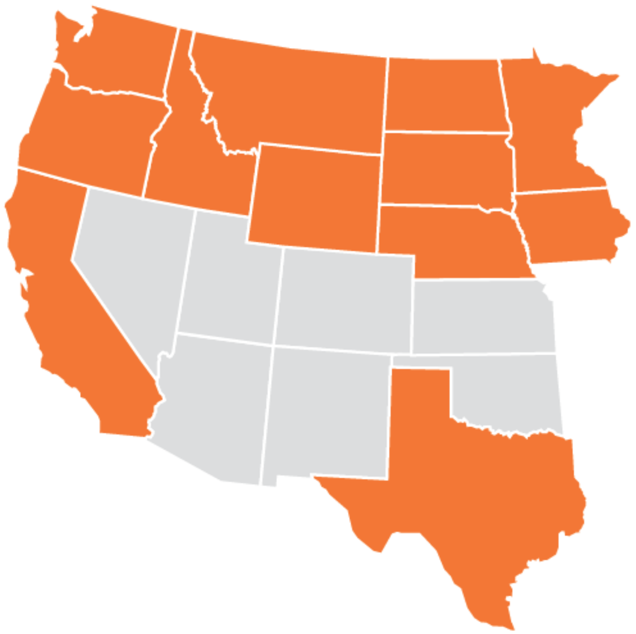
Projected Growth in 2024 DOT Budgets Across Knife River's Operating Regions[1]



Healthy funding opportunities support each operating region

State-Level Funding Tailwinds

State-Level Funding Remains Robust with Texas and Minnesota Passing New Major Funding Packages in 2023



12 of the 14 states where Knife River operates have implemented new funding mechanisms for public projects[1]

(1) Source: ARTBA and Company analysis, February 2024

Re-Segmentation to Improve Transparency

Going forward, the company will reference its Pacific, Northwest, Mountain and Central segments as geographic segments

Energy Services is a standalone product line segment, and now includes:

- *Liquid Asphalt and Related Operations previously held within "All Other"*
- *Liquid Asphalt and Related Operations business previously held within Pacific*

North Central is being renamed Central, and now includes:

- *The South operations (Texas) previously held within "All Other"*
- *The North Central operations (Iowa, Minnesota, North Dakota, South Dakota)*

"All Other" is now renamed "Corporate Services and Eliminations"

Regaining Momentum in the Pacific

Full-Year Revenue, EBITDA, EBITDA Margins Improve Significantly in 2023

FINANCIAL PERFORMANCE

	2022	2023	Change
Revenue	$418.1MM	$462.2MM	+11%
EBITDA[1]	$44.0MM	$56.2MM	+28%
EBITDA Margin[1]	10.5%	12.2%	+170bps

4Q Revenue	4Q EBITDA[1]	4Q EBITDA Margin[1]
$114.1MM	$10.0MM	8.8%
+25%	*+28%*	

2024 OUTLOOK

Strong spending:

- Continued growth in Hawaii – tourism and military-related spending

Population Drivers:

- Population in-migration supporting Northern California

Funding Opportunities:

- Several key public infrastructure project opportunities in Alaska

[1] See Appendix for reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

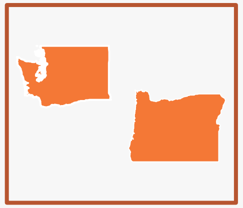
Northwest Remains a Top Performer

Record Full-Year Revenue, EBITDA, EBITDA Margin

FINANCIAL PERFORMANCE

	2022	2023	Change
Revenue	$600.2MM	$666.1MM	+11%
EBITDA[1]	$103.9MM	$121.1MM	+17%
EBITDA Margin[1]	17.3%	18.2%	+90 bps

4Q Revenue	4Q EBITDA[1]	4Q EBITDA Margin[1]
$161.8MM	$18.4MM	11.4%
+16%	*(24)%*	



2024 OUTLOOK

Regional Growth:

- Prestress Concrete Division continues to grow regional presence

Infrastructure Funding:

- Southern Oregon public infrastructure funding remains strong
- Mid-year microchip and data center opportunities

[1] See Appendix for reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

Mountain Benefits from Strong Population Growth

Record Full-Year Revenue, EBITDA, EBITDA Margin

FINANCIAL PERFORMANCE

	2022	2023	Change
Revenue	$542.0MM	$634.0MM	+17%
EBITDA[1]	$72.6MM	$103.2MM	+42%
EBITDA Margin[1]	13.4%	16.3%	+290 bps

4Q Revenue	4Q EBITDA[1]	4Q EBITDA Margin[1]
$142.5MM	$16.7MM	11.7%
+31%	*+35%*	

2024 OUTLOOK

Population Drivers:

- In-migration supporting sustained market activity

Infrastructure Funding:

- Idaho funding initiatives to support infrastructure advancement

New Opportunities:

- Two airport projects in Western Montana

[1] See Appendix for reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

Central Embraces EDGE, Driving Margin Expansion

Record Full-Year Revenue, EBITDA, EBITDA Margin

FINANCIAL PERFORMANCE

	2022	2023	Change
Revenue	$779.8MM	$825.0MM	+6%
EBITDA[1]	$86.6MM	$116.6MM	+35%
EBITDA Margin[1]	11.1%	14.1%	+300 bps

4Q Revenue	4Q EBITDA[1]	4Q EBITDA Margin[1]
$181.4MM	$29.3MM	16.2%
+10%	*+17%*	

2024 OUTLOOK

Budget:

- Significant YoY DOT budget improvement

Margin Improvement:

- Bidding discipline driving robust margin improvement

New Opportunities:

- Infrastructure buildout within the “Texas Triangle”

[1] See Appendix for reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

A Historic Year for Energy Services

Record Full-Year Revenue, EBITDA, EBITDA Margin

FINANCIAL PERFORMANCE

	2022	2023	Change
Revenue	$238.4MM	$292.3MM	+23%
EBITDA[1]	$28.3MM	$78.1MM	+176%
EBITDA Margin[1]	11.9%	26.7%	+1,480 bps

4Q Revenue	4Q EBITDA[1]	4Q EBITDA Margin[1]
$58.3MM	$13.6MM	23.3%
+38%	*+235%*	

2024 OUTLOOK

Pricing:

- Continuation of favorable price-cost dynamics

Margins:

- Normalization of margin compared to historic prior year results

Funding:

- Healthy funding backdrop across 6-state footprint

[1] See Appendix for reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

Product Lines Reflect Robust Pricing Growth in 2023

Double-Digit Pricing Growth Across All Core Product Lines

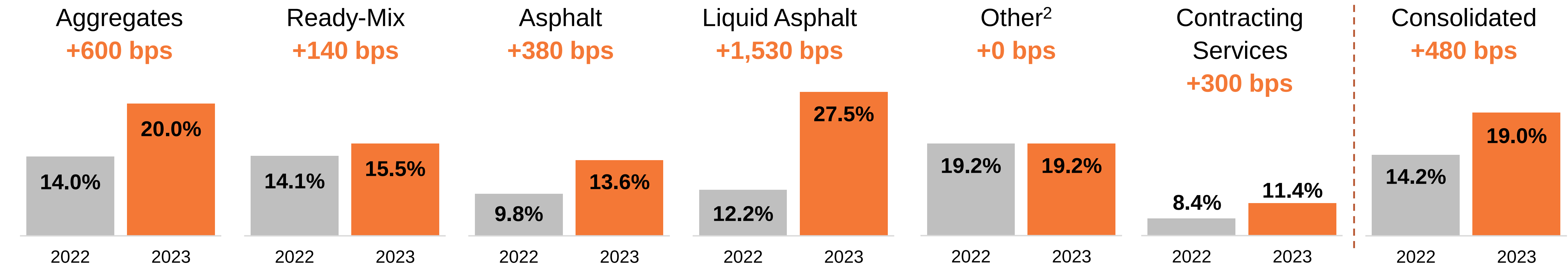
Average Selling Price[1]	2022	2023	% Change
Aggregates (per ton)	$14.61	$16.29	11%
Ready-mix concrete (per cubic yard)	$151.80	$170.42	12%
Asphalt (per ton)	$58.93	$66.92	14%

Volume	2022	2023	% Change
Aggregates (tons)	33,994	33,637	(1)%
Ready-mix concrete (cubic yards)	4,015	3,837	(4)%
Asphalt (tons)	7,254	6,760	(7)%

Strong market fundamentals and initial implementation of EDGE strategy

Expected volume decline with disciplined bidding strategy, demand remains healthy

Gross Profit Margins



[1] Average selling price includes freight and delivery and other revenues; [2] Other includes cement, merchandise, fabric and spreading, and other products and services that individually are not considered to be a core line of business.
Note: bps represents change in gross margin basis points from 2022 to 2023.

Disciplined, Returns-Focused Capital Management

Disciplined capital allocation, prioritizing aggregates-led, materials-based transactions

Key Highlights

$550 million

in cash and available liquidity

120%

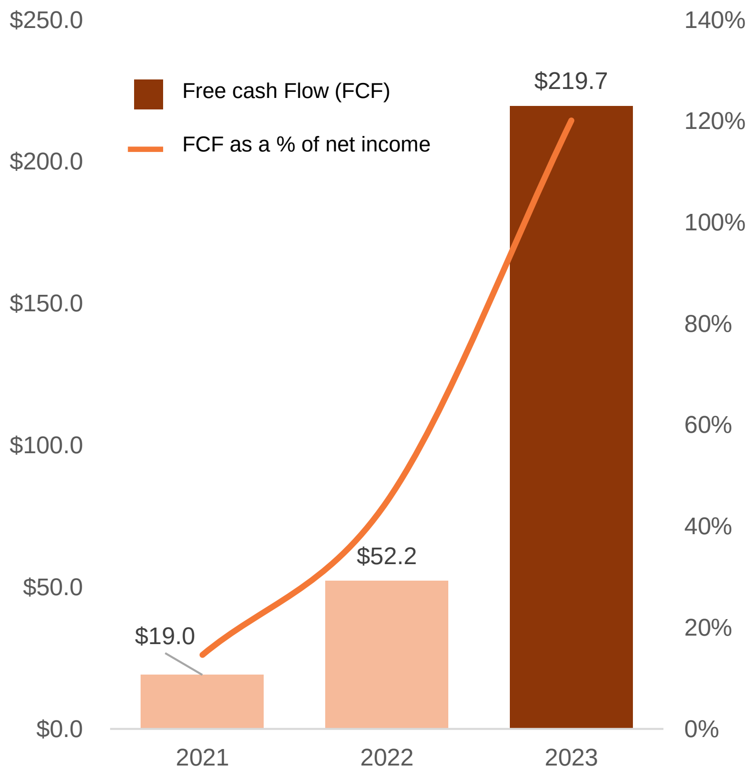
in free cash flow as % of net income ("Free Cash Conversion")

1.1x

net leverage

Debt Schedule (in millions)	4Q 2023
Senior Notes 7.75% Due 2031	$425.0
Term Loan Agreement ~7.25% Due 2028	$271.6
Revolving credit agreement ~7.25% Due 2028 - $350MM Capacity	$0.0
Other Notes	$0.4
Total Debt	**$697.0**
Less: Cash and cash equivalents, excluding restricted cash	$219.3
Net Debt[1]	**$477.7**
TTM Adjusted EBITDA[1]	$432.4
Net leverage[1]	**1.1x**

Free Cash Flow[1]
(in millions)



[1] See Appendix for reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

Guidance: 2024 Expectations Build on Record 2023 Results

	2023 Results ($ in millions)	FY 2024 Guidance ($ in millions)		FY 2024 Guidance Midpoint vs. 2023 Results	
		Low	High	$ Δ	% Δ
Revenue (Knife River Consolidated)	**$2,830.3**	**$2,750**	**$2,950**	**+$19.7MM**	**+0.7%**
Adjusted EBITDA[1]					
All Geographic Segments & Corporate Services and Eliminations	**$354.3**	**$375**	**$415**	**+$40.7MM**	**+11.5%**
Energy Services	**$78.1**	**$50**	**$60**	**$(23.1)MM**	**(29.6)%**
Consolidated Adjusted EBITDA[1]	**$432.4**	**$425**	**$475**	**+$17.6MM**	**+4.1%**

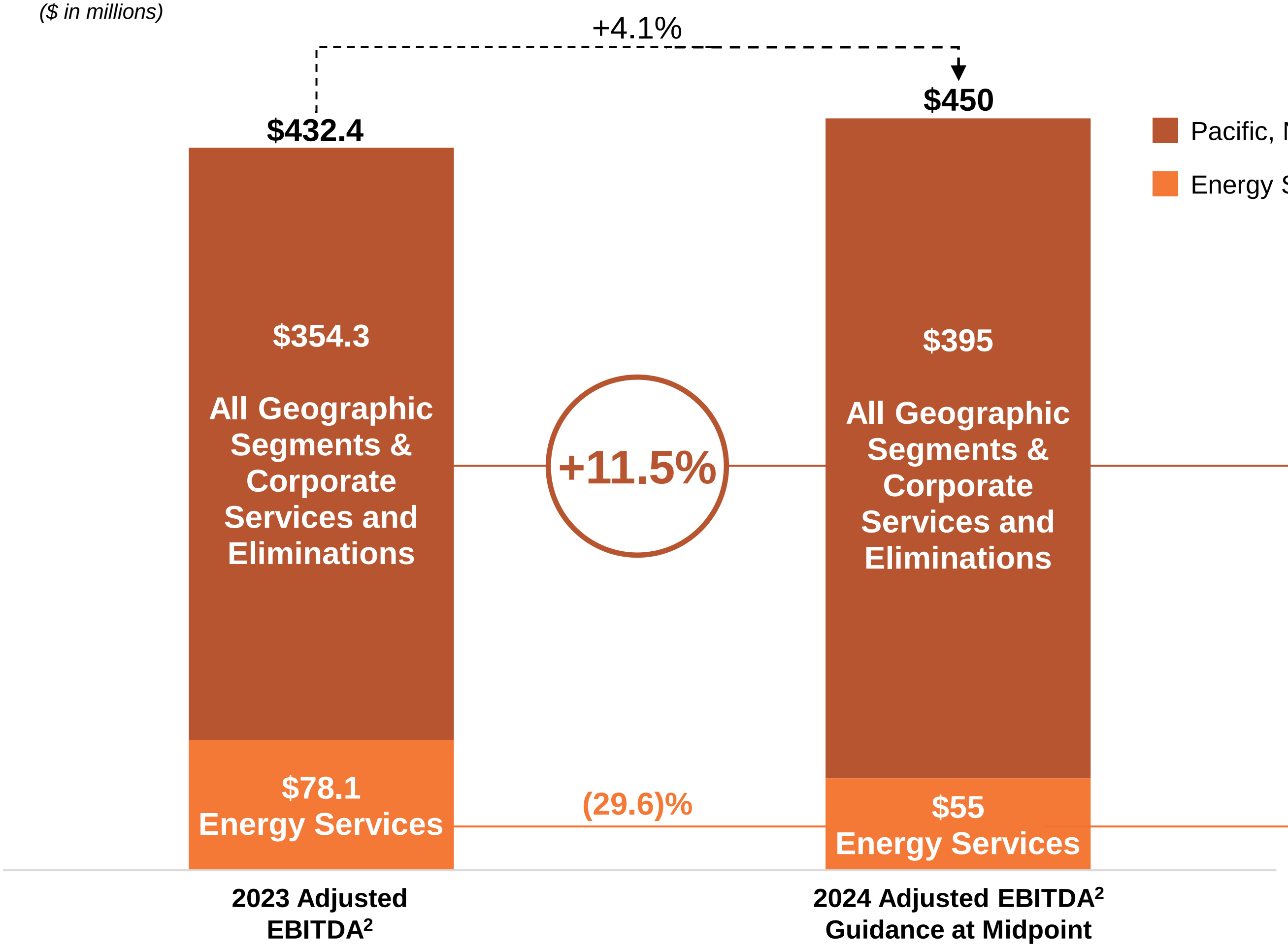
Total Capital Expenditures between **5% and 7% of revenue,** excluding the impact of future acquisitions.

[1] See Appendix for reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

2024 Adjusted EBITDA Guidance

Expect Adjusted EBITDA Growth of 11.5% for all Geographic Segments[1] and normalization of Energy Services

($ in millions)



- **Building on record 2023 results**
- **Strong growth from EDGE initiatives and tailwinds from infrastructure funding**
- **Includes full year of recurring separation costs**

- **Reduction from historic record**

[1] Includes Corporate Services and Eliminations. [2] See Appendix for reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure.

APPENDIX

AND

NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA Margins Exceed Expectations; Near-Term Opportunities Remain

Fourth Quarter and Full-Year Segment Overview





	Pacific	Northwest	Mountain	Central	Energy Services	Consolidated	
	4Q 2023	4Q 2023	4Q 2023	4Q 2023	4Q 2023	4Q 2023	FY’23
Revenue	$114.1MM	$161.8MM	$142.5MM	$181.4MM	$58.3MM	**$646.9MM**	**$2,830.3 MM**
Revenue Growth	25%	16%	31%	10%	38%	**20%**	**12%**
Adjusted EBITDA[1]	$10.0MM	$18.4MM	$16.7MM	$29.3MM	$13.6MM	**$72.4MM**	**$432.4MM**
Adjusted EBITDA Growth[1]	28%	(24)%	35%	17%	235%	**10%**	**38%**
2023 Adjusted EBITDA Margin[1]	**12.2%**	**18.2%**	**16.3%**	**14.1%**	**26.7%**	**15.3%**	

[1] See Appendix for a reconciliation of this non-GAAP financial measure to the most directly comparable GAAP financial measure. Regional EBITDA margins are un-adjusted.

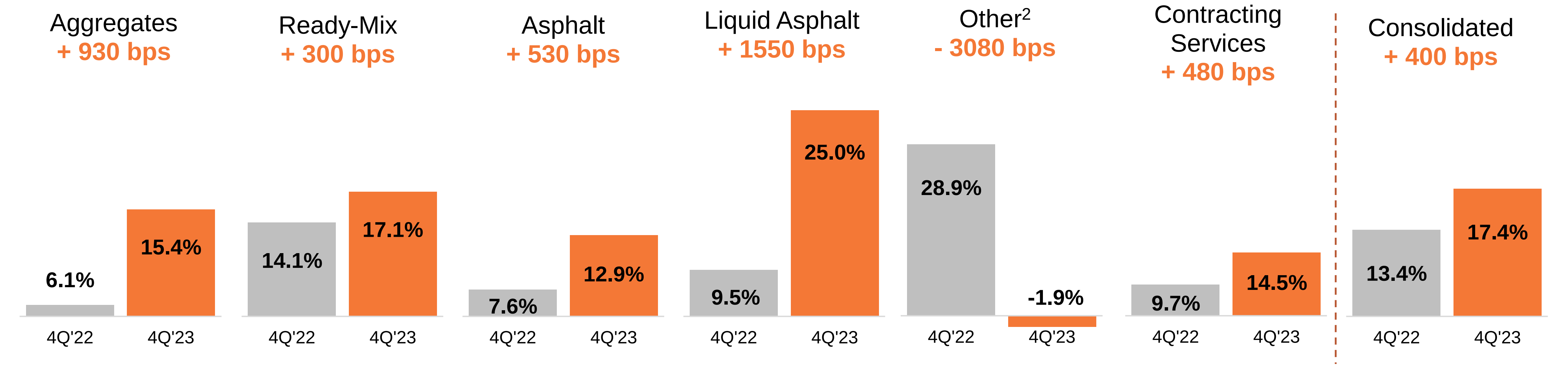
Fourth Quarter Product Lines Remained Resilient

Healthy consolidated margin improvement

Average Selling Price[1]	4Q 2022	4Q 2023	% Change
Aggregates (per ton)	$15.60	$16.43	5%
Ready-mix concrete (per cubic yard)	$160.19	$175.01	9%
Asphalt (per ton)	$63.92	$69.04	8%

Volume	4Q 2022	4Q 2023	% Change
Aggregates (tons)	7,104	7,566	7%
Ready-mix concrete (cubic yards)	836	893	7%
Asphalt (tons)	1,287	1,319	2%

Gross Profit Margins



[1] Average selling price includes freight and delivery and other revenues; [2] Other includes cement, merchandise, fabric and spreading, and other products and services that individually are not considered to be a core line of business.
Note: Bps represents change in gross margin basis points from 4Q 2022 to 4Q 2023.

Net Leverage

(in millions)	Twelve-Months Ended December 31, 2023
Net income (loss)	$182.9
Depreciation, depletion and amortization	123.8
Interest expense, net	52.9
Income taxes	62.4
EBITDA	**$422.0**
Unrealized (gains) losses on benefit plan investments	(2.7)
Stock-based compensation expense	3.1
One-time separation costs	10.0
Adjusted EBITDA	**$432.4**
Long-term debt	$674.6
Long-term debt – current portion	7.1
Total debt	**$681.7**
Add: Unamortized debt issuance costs	15.3
Total debt, gross	**$697.0**
Less: Cash and cash equivalents, excluding restricted cash	219.3
Total debt, net	**$477.7**
Net leverage	**1.1x**

Adjusted EBITDA

Three Months Ended December 31, 2023 *(in millions)*	Pacific	Northwest	Mountain	Central	Energy Services	Corporate Services and Eliminations	Consolidated
Net income (loss)	$4.7	$8.7	$10.4	$20.7	$12.4	$(36.2)	$20.7
Depreciation, depletion and amortization	5.3	9.7	6.3	8.5	1.2	.3	31.3
Interest expense, net				.1		11.4	11.5
Income taxes						6.1	6.1
EBITDA	**$10.0**	**$18.4**	**$16.7**	**$29.3**	**$13.6**	**$(18.4)**	**$69.6**
Unrealized (gains) losses on benefit plan investments						(1.5)	(1.5)
Stock-based compensation expense						.8	.8
One-time separation costs						3.5	3.5
Adjusted EBITDA						**$(15.6)**	**$72.4**
Revenue	$114.1	$161.8	$142.5	$181.4	$58.3	$(11.2)	$646.9
Net income Margin	*4.1%*	*5.4%*	*7.3%*	*11.4%*	*21.2%*	*n.m.*	*3.2%*
EBITDA Margin	*8.8%*	*11.4%*	*11.7%*	*16.2%*	*23.3%*	*n.m.*	*10.8%*
Adjusted EBITDA Margin						***n.m.***	***11.2%***

Three Months Ended December 31, 2022 *(in millions)*	Pacific	Northwest	Mountain	Central	Energy Services	Corporate Services and Eliminations	Consolidated
Net income (loss)	$2.5	$15.4	$6.8	$16.9	$2.9	$(26.5)	$18.0
Depreciation, depletion and amortization	5.3	8.7	5.5	8.2	1.2	.3	29.2
Interest expense, net						8.6	8.6
Income taxes						9.7	9.7
EBITDA	**$7.8**	**$24.1**	**$12.3**	**$25.1**	**$4.1**	**$(7.9)**	**$65.5**
Unrealized (gains) losses on benefit plan investments						(.7)	(.7)
Stock-based compensation expense						1.0	1.0
One-time separation costs							
Adjusted EBITDA						**$(7.6)**	**$65.8**
Revenue	$91.3	$139.0	$109.0	$164.2	$42.2	$(8.2)	$537.5
Net income Margin	*2.7%*	*11.1%*	*6.2%*	*10.3%*	*6.8%*	*n.m.*	*3.4%*
EBITDA Margin	*8.5%*	*17.3%*	*11.3%*	*15.3%*	*9.6%*	*n.m.*	*12.2%*
Adjusted EBITDA Margin						***n.m.***	***12.2%***

Adjusted EBITDA (Cont'd)

Twelve Months Ended December 31, 2023 *(in millions)*	Pacific	Northwest	Mountain	Central	Energy Services	Corporate Services and Eliminations	Consolidated
Net income (loss)	$34.9	$83.1	$78.3	$82.9	$73.1	$(169.4)	$182.9
Depreciation, depletion and amortization	21.3	38.0	24.7	33.7	5.0	1.1	123.8
Interest expense, net			0.2			52.7	52.9
Income taxes						62.4	62.4
EBITDA	**$56.2**	**$121.1**	**$103.2**	**$116.6**	**$78.1**	**$(53.2)**	**$422.0**
Unrealized (gains) losses on benefit plan investments						(2.7)	(2.7)
Stock-based compensation expense						3.1	3.1
One-time separation costs						10.0	10.0
Adjusted EBITDA						**$(42.8)**	**$432.4**
Revenue	$462.2	$666.1	$634.0	$825.0	$292.3	$(49.3)	$2,830.3
Net income Margin	*7.6%*	*12.5%*	*12.3%*	*10.0%*	*25.0%*	*n.m.*	*6.5%*
EBITDA Margin	*12.2%*	*18.2%*	*16.3%*	*14.1%*	*26.7%*	*n.m.*	*14.9%*
Adjusted EBITDA Margin						***n.m.***	***15.3%***

Twelve Months Ended December 31, 2022 *(in millions)*	Pacific	Northwest	Mountain	Central	Energy Services	Corporate Services and Eliminations	Consolidated
Net income (loss)	$23.4	$ 68.8	$ 49.8	$52.8	$23.6	$(102.2)	$116.2
Depreciation, depletion and amortization	20.6	35.1	22.6	33.8	4.7	1.0	117.8
Interest expense, net			0.2			29.9	30.1
Income taxes						42.6	42.6
EBITDA	**$ 44.0**	**$ 103.9**	**$ 72.6**	**$86.6**	**$28.3**	**$(28.7)**	**$ 306.7**
Unrealized (gains) losses on benefit plan investments						4.0	4.0
Stock-based compensation expense						2.7	2.7
One-time separation costs							
Adjusted EBITDA						**$(22.0)**	**$ 313.4**
Revenue	$ 418.1	$ 600.2	$ 542.0	$779.8	$238.4	$(43.8)	$ 2,534.7
Net income Margin	*5.6%*	*11.5%*	*9.2%*	*6.8%*	*9.9%*	*n.m.*	*4.6%*
EBITDA Margin	*10.5%*	*17.3%*	*13.4%*	*11.1%*	*11.9%*	*n.m.*	*12.1%*
Adjusted EBITDA Margin						***n.m.***	***12.4%***

Free Cash Flow Conversion Reconciliation

(in millions)	Twelve-Months Ended December 31, 2023	Twelve-Months Ended December 31, 2022	Twelve-Months Ended December 31, 2021
Cash from Operations	**$335.7**	**$207.5**	**$181.2**
Capital expenditures	(124.3)	(178.2)	(174.2)
Proceeds from asset sales	8.3	22.9	12.0
Free Cash Flow	**$219.7**	**$52.2**	**$19.0**
Net income	182.9	116.2	129.8
Free Cash Flow Conversion	**120%**	**45%**	**15%**

Adjusted EBITDA Guidance

Full-Year Guidance *(in millions)*	2024	
	Low	High
Net Income (loss)	$180.0	$215.0
Interest expense, net	45.0	45.0
Income taxes	60.0	75.0
Depreciation, depletion and amortization	130.5	130.5
EBITDA	**$415.5**	**$465.5**
Unrealized (gains) losses on benefit plan investments	—	—
Stock-based compensation expense	6.0	6.0
One-time separation costs	3.5	3.5
Adjusted EBITDA	**$425.0**	**$475.0**

Disclaimer

Our guidance for Adjusted EBITDA margin expansion by 2025, long-term Adjusted EBITDA margin, and long-term net leverage are non-GAAP financial measures that exclude or otherwise have been adjusted for non-GAAP adjustment items from our U.S. GAAP financial statements. When we provide guidance for these non-GAAP metrics described above, we do not provide reconciliations of the U.S. GAAP measures as we are unable to predict with a reasonable degree of certainty the actual impact of the non-GAAP adjustment items. By their very nature, non-GAAP adjustment items are difficult to anticipate with precision because they are generally associated with unexpected and unplanned events that impact our Company and its financial results. Therefore, we are unable to provide a reconciliation of these measures without unreasonable efforts.