



November 1, 2018

THIRD QUARTER EARNINGS CALL

JASON VOLLMER
Vice President, Chief Financial Officer & Treasurer



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.



MDU Resources Group, Inc.

Building a Strong America®

“

With integrity, create superior shareholder value by expanding upon our expertise to be the supplier of choice in all of our markets while being a safe and great place to work.

”

LEADERSHIP TEAM

A. Dave Goodin
President & CEO

B. Jason Vollmer
Vice President, CFO & Treasurer

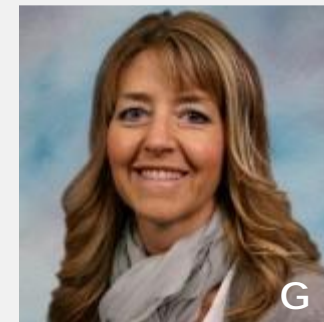
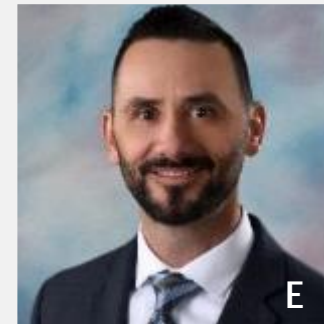
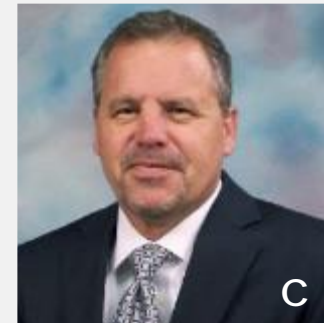
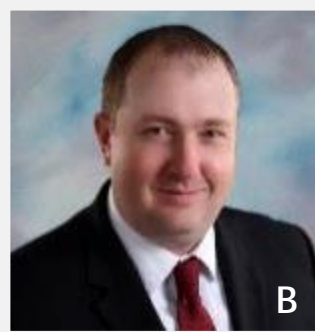
C. Dave Barney
Knife River
President & CEO

D. Jeff Thiede
MDU Construction
Services Group
President & CEO

E. Trevor Hastings
WBI Energy
President & CEO

F. Nicole Kivisto
Utilities Group
President & CEO

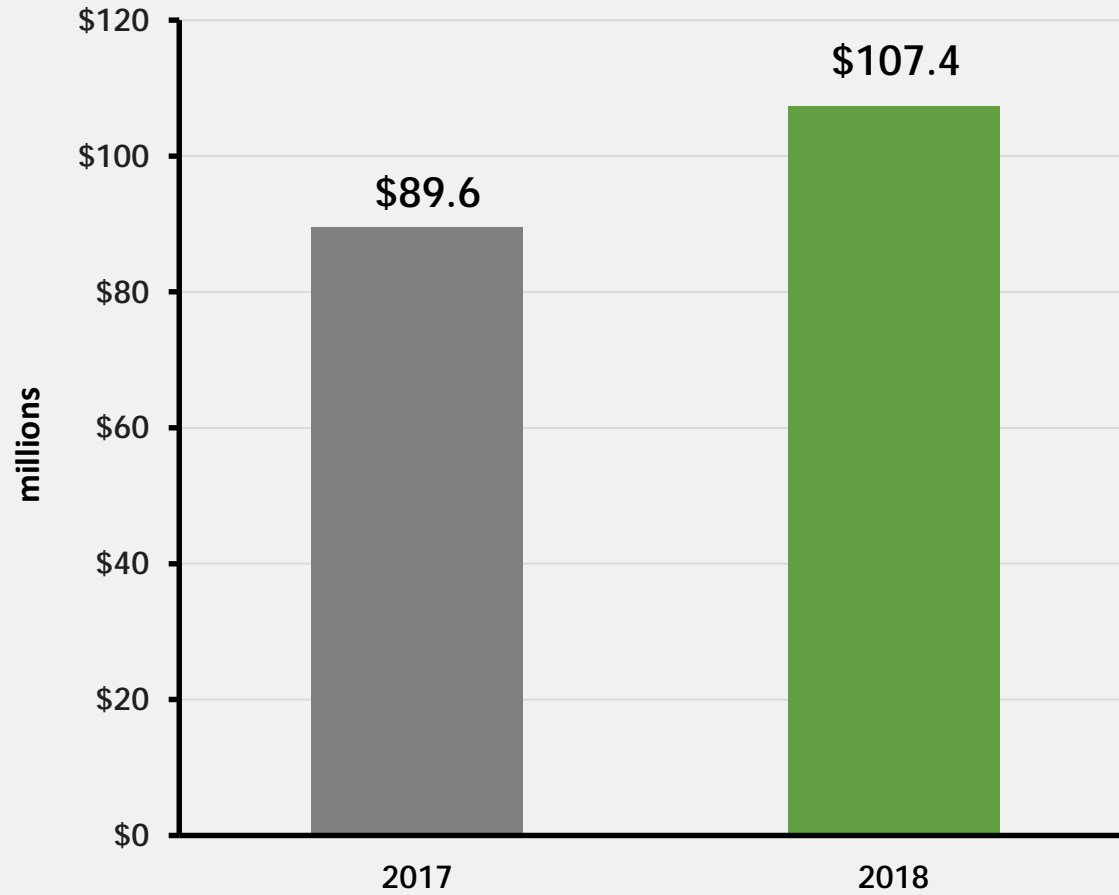
G. Stephanie Barth
Vice President, CAO & Controller



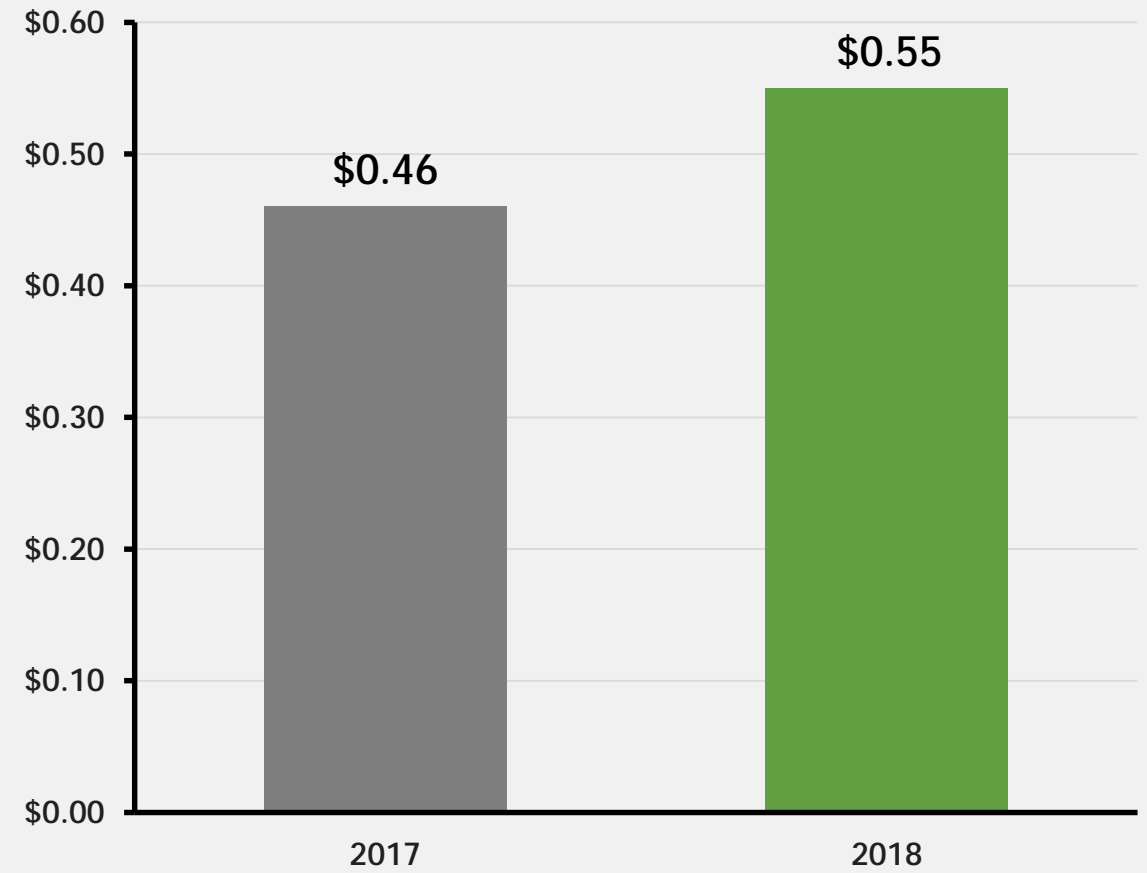
RESULTS FROM CONTINUING OPERATIONS

THIRD QUARTER 2018

EARNINGS



EPS



CONSOLIDATED OPERATIONS*

THIRD QUARTER 2018

EARNINGS



EPS



* Includes both continuing and discontinued operations

CONSTRUCTION MATERIALS

THIRD QUARTER 2018

- Reported record earnings of \$78.9 million
 - Continues to benefit from the Tax Cuts and Jobs act
 - Higher sales volumes in most product lines
 - Higher construction workloads in certain regions
 - Earnings offset by higher selling, general and administration expense
- Revenues of \$743.9 million

Earnings



CONSTRUCTION SERVICES

THIRD QUARTER 2018

- Reported earnings of \$9.3 million
 - Earnings were negatively impacted by \$7.2 million due to changes in estimates on certain construction projects
 - Lower income taxes and lower selling, general and administration expense
 - Higher outside equipment sales and rentals and increased work in areas impacted by hurricanes
- Revenues of \$330.4 million



PIPELINE & MIDSTREAM

THIRD QUARTER 2018

- Reported earnings of \$11.0 million
 - Increase in earnings was driven by a tax benefit of \$4.2 million in the quarter related to a final accounting order recently issued by the Federal Energy Regulatory Commission
 - Record transportation volumes from new projects were offset by lower storage related revenue and higher operation and maintenance expense

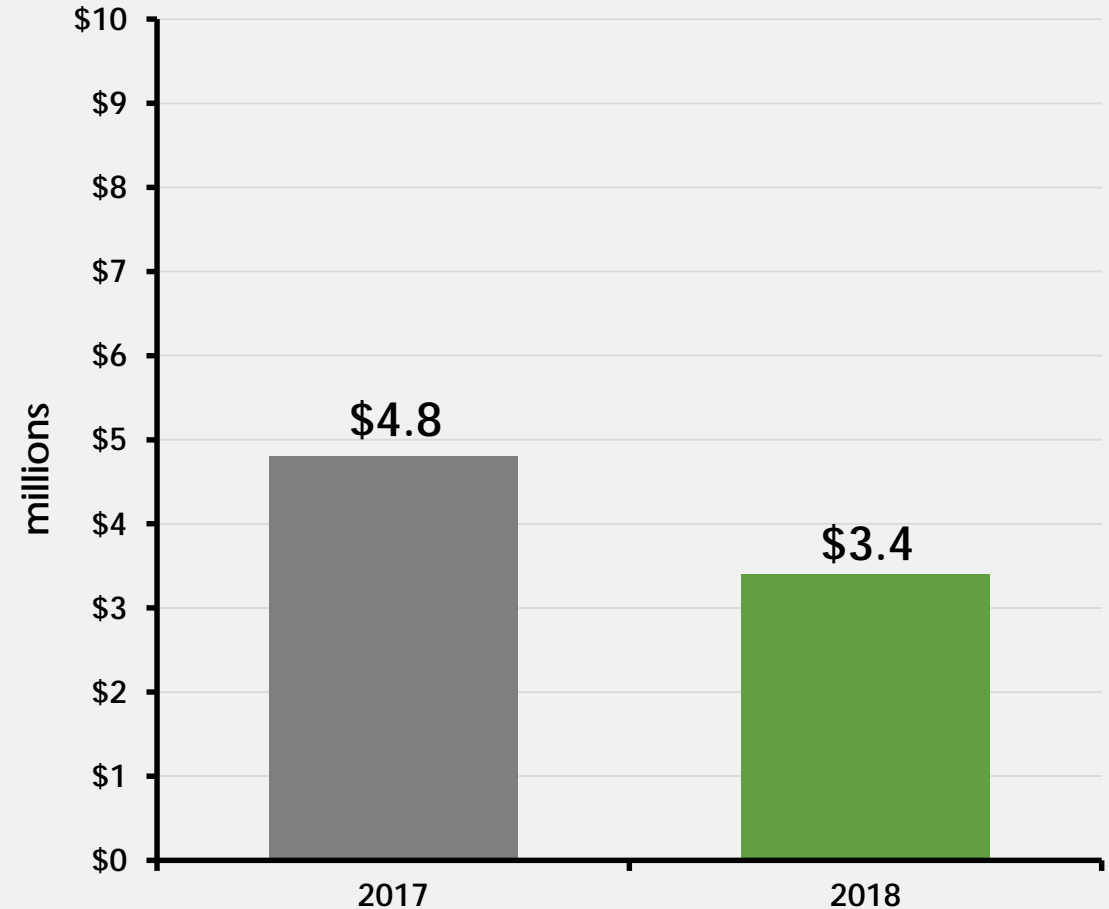


ELECTRIC & NATURAL GAS UTILITY

THIRD QUARTER 2018

- Reported combined earnings of \$3.4 million
 - Earnings were impacted by lower electric margins from an adjustment relating to the decrease in estimated costs of the Big Stone South-to-Ellendale project
 - Higher natural gas retail sales margins were more than offset by higher operation and maintenance expense

Earnings





November 1, 2018

THIRD QUARTER EARNINGS CALL

DAVE GOODIN
President & Chief Executive Officer





CONSTRUCTION MATERIALS OUTLOOK

- Backlog of \$590 million, up from \$520 million in third quarter 2017
- 2018 revenue guidance range of \$1.85 billion to \$1.95 billion
 - Margins comparable to or slightly higher than 2017
- Anticipated state and local infrastructure spending initiatives are expected to drive demand
- Acquisitions
 - Teevin & Fischer Quarry – northwest Oregon
 - Tri-City Paving - central Minnesota
 - Molalla Redi-Mix and Rock Products – south of Portland, Oregon
 - Sweetman Construction Co. – Sioux Falls market of South Dakota
- Evaluating additional acquisition opportunities



CONSTRUCTION SERVICES OUTLOOK

- Record backlog, up 33 percent to \$896 million, from \$676 million in third quarter 2017
- 2018 revenue guidance range of \$1.30 billion to \$1.45 billion
 - Margins comparable to 2017
- High demand for inside specialty contracting work
 - High-tech, mission-critical
 - Gaming and hospitality
 - Medical and education
- Engaged in power line repair work in areas impacted by hurricanes
- Exploring acquisition and organic growth opportunities



PIPELINE & MIDSTREAM OUTLOOK

- 13-mile Line Section 27 Expansion project
 - Completed and in-service as of September 2018
 - Increases capacity by over 200 million cubic feet per day
- 38-mile Valley Expansion project
 - Designed to transport 40 million cubic feet of natural gas per day
 - Will be placed into service on November 1, 2018
- 14-mile Demicks Lake project; estimated cost of \$30 million
 - Will increase capacity by 175 million cubic feet per day
 - Expected to be in-service in fall 2019
- Line Section 22 Expansion project; estimated cost of \$12 to \$15 million
 - Will increase capacity by 22.5 million cubic feet per day
 - Expected to be in-service in late 2019
- Filed a rate increase request with the FERC on October 31, 2018
- Record Bakken natural gas production will provide additional opportunities



ELECTRIC AND NATURAL GAS UTILITY OUTLOOK

- Customer base expected to continue growing by 1-2 percent annually
- Thunder Spirit Wind farm expansion
 - Completed purchase and in-service October 31, 2018
 - Total generation capacity will be approximately 155 megawatts
- Big Stone South to Ellendale joint-venture transmission line
 - Expected to be completed in the first quarter of 2019
 - Project cost is estimated to be between \$130 million and \$140 million
- Focused on timely regulatory recovery
- Safely meet customer demand by upgrading and expanding facilities

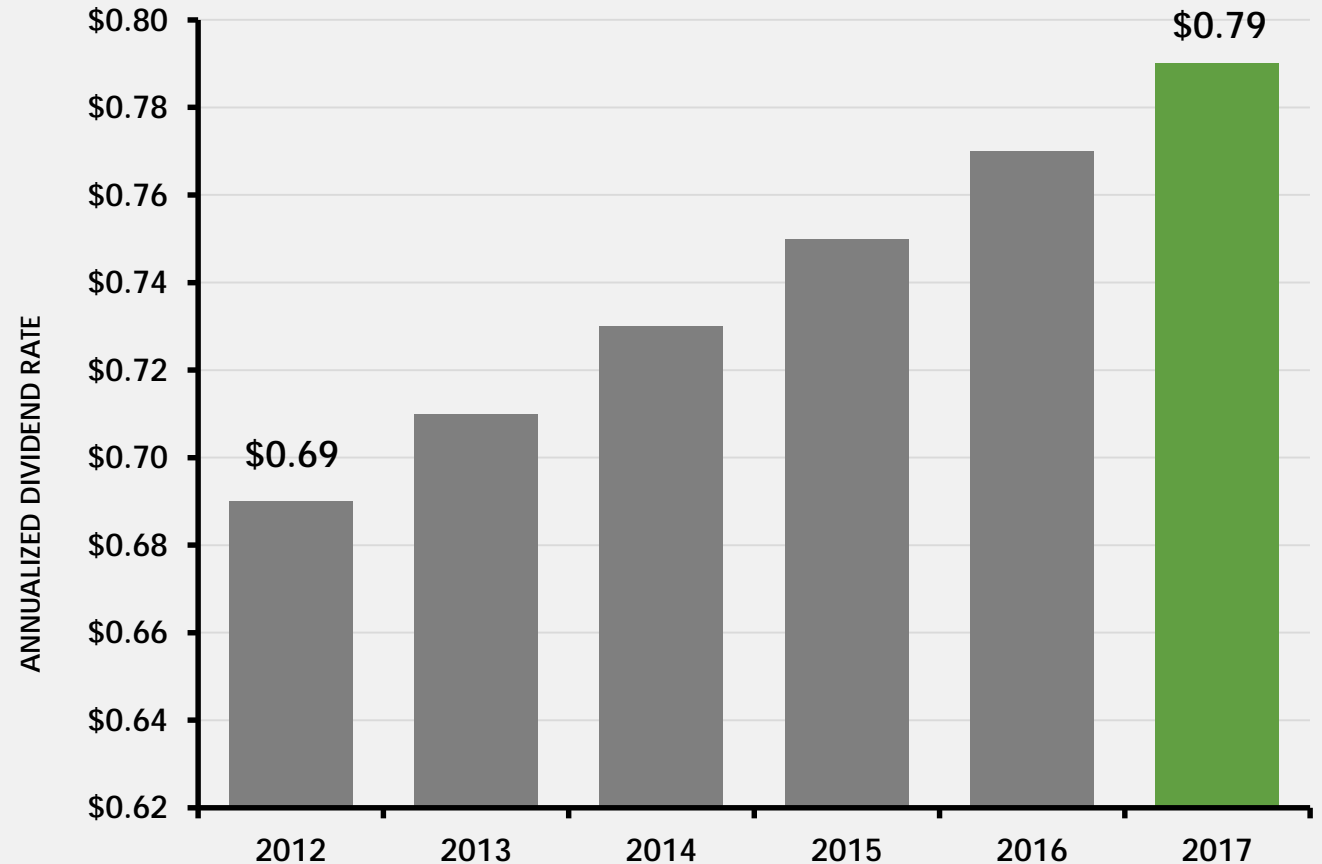
2018 EPS GUIDANCE REAFFIRMED

Consolidated **\$1.25** to **\$1.45**

Note: As of October 31, 2018

DIVIDEND GROWTH

- 80 consecutive years of quarterly dividend payments
- Dividend increased November 2017, making 27 consecutive years of increases
- 2017 annualized dividend \$0.79 per share
- Member of S&P High-Yield Dividend Aristocrats index





QUESTIONS

