



May 3, 2018

FIRST 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 and Form 10-Q.



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 & Chief Exec Officer

B. Jason Vollmer
Vice President, CFO & Treasurer

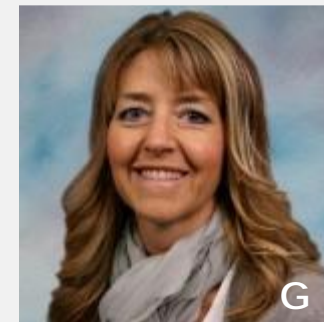
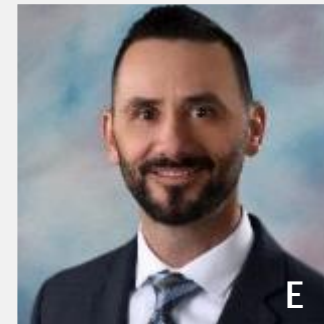
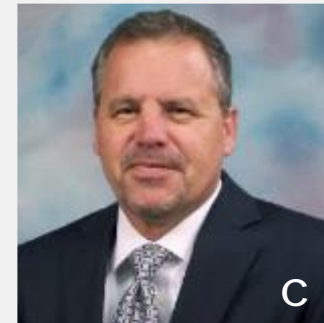
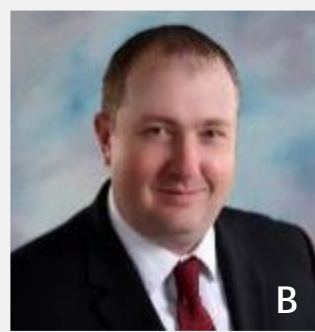
C. Dave Barney
Knife River
President & CEO

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



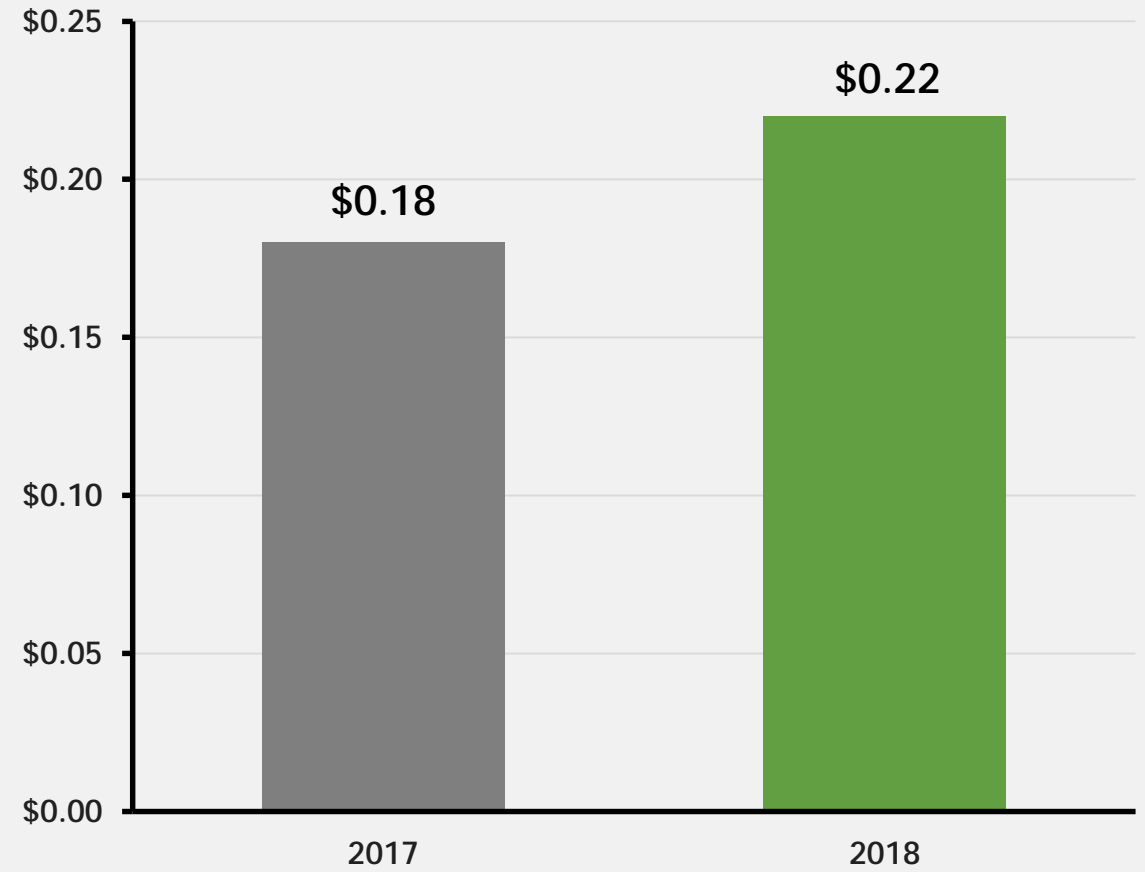
RESULTS FROM CONTINUING OPERATIONS

FIRST QUARTER 2018

EARNINGS

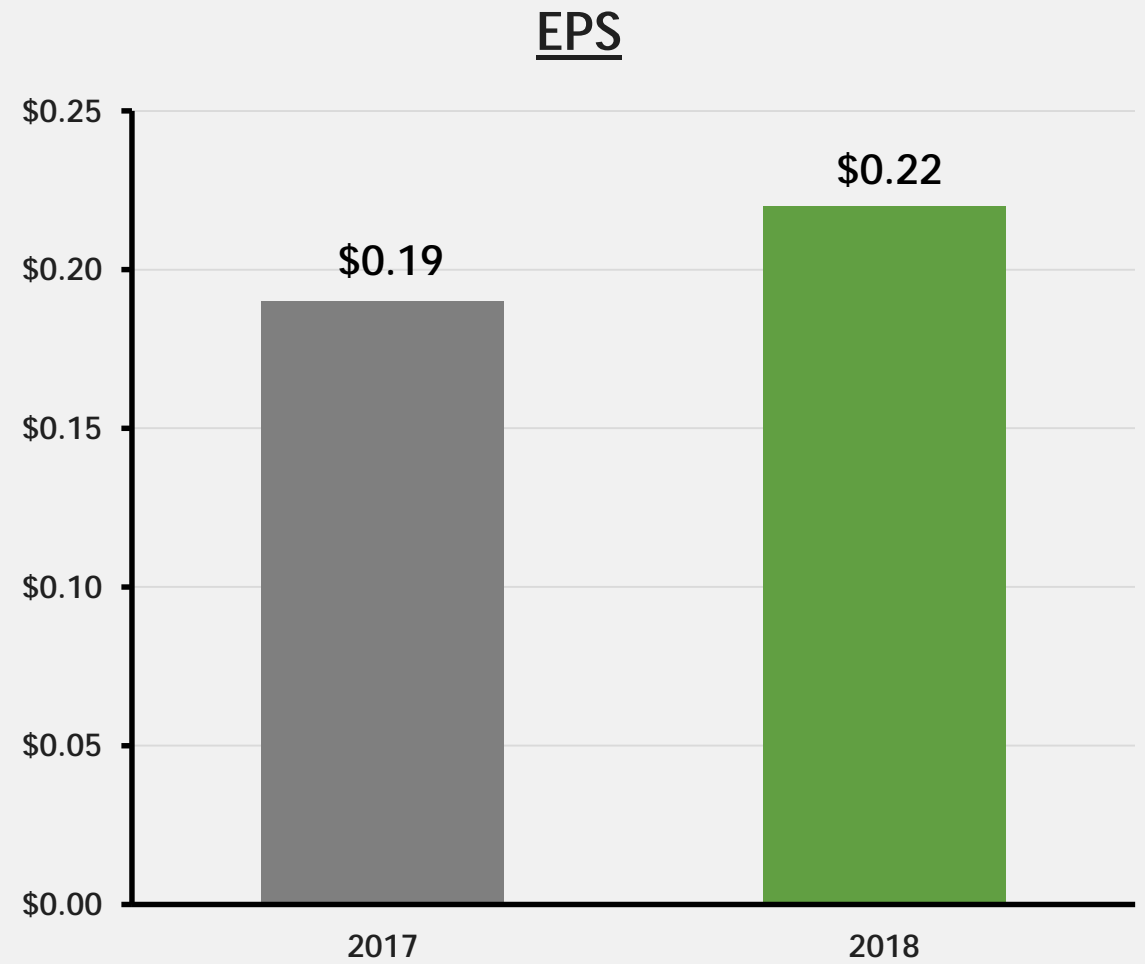


EPS



CONSOLIDATED OPERATIONS*

FIRST QUARTER 2018



*Includes both continuing and discontinued operations

ELECTRIC & NATURAL GAS UTILITY

FIRST QUARTER 2018

- Reported earnings of \$45.7 million
 - Higher electric retail sales volumes driven by all customer classes, partially offset by lower rate realization in certain jurisdictions
 - Higher natural gas distribution sales adjusted gross margins resulting from approved rate recovery
 - Partially offset by higher O&M and DD&A expense

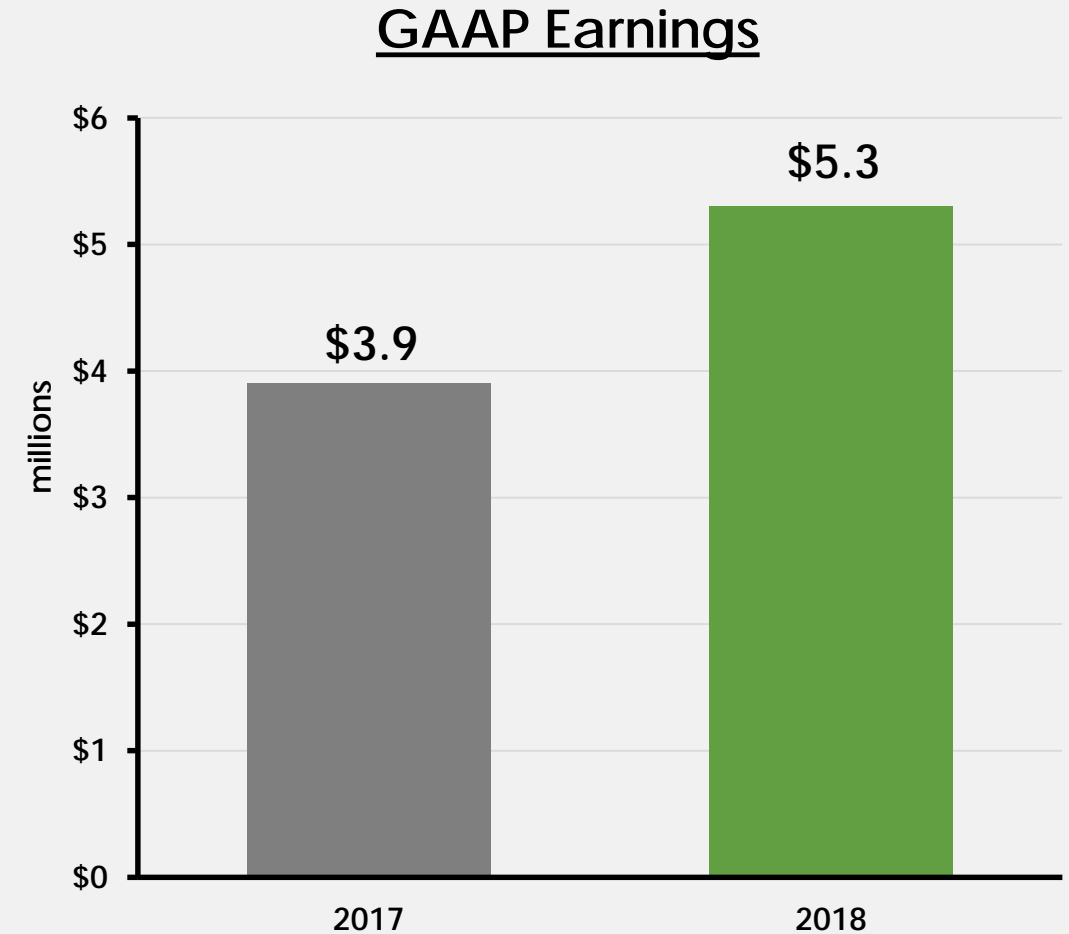
GAAP Earnings



PIPELINE & MIDSTREAM

FIRST QUARTER 2018

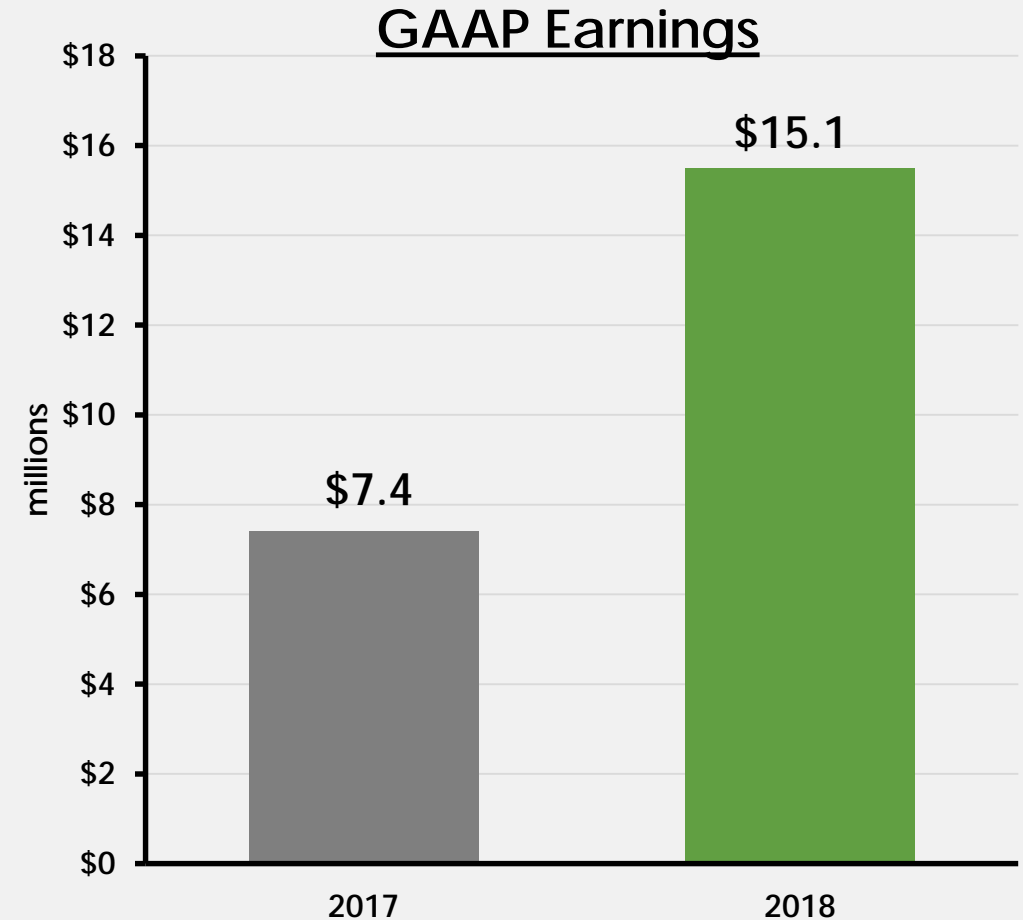
- Reported earnings of \$5.3 million
 - Higher transportation revenues primarily related to organic growth projects
 - A reduced corporate tax rate resulted in a \$800,000 favorable impact
 - Partially offsetting the increase were higher O&M expense and higher DD&A expense from organic growth projects



CONSTRUCTION SERVICES

FIRST QUARTER 2018

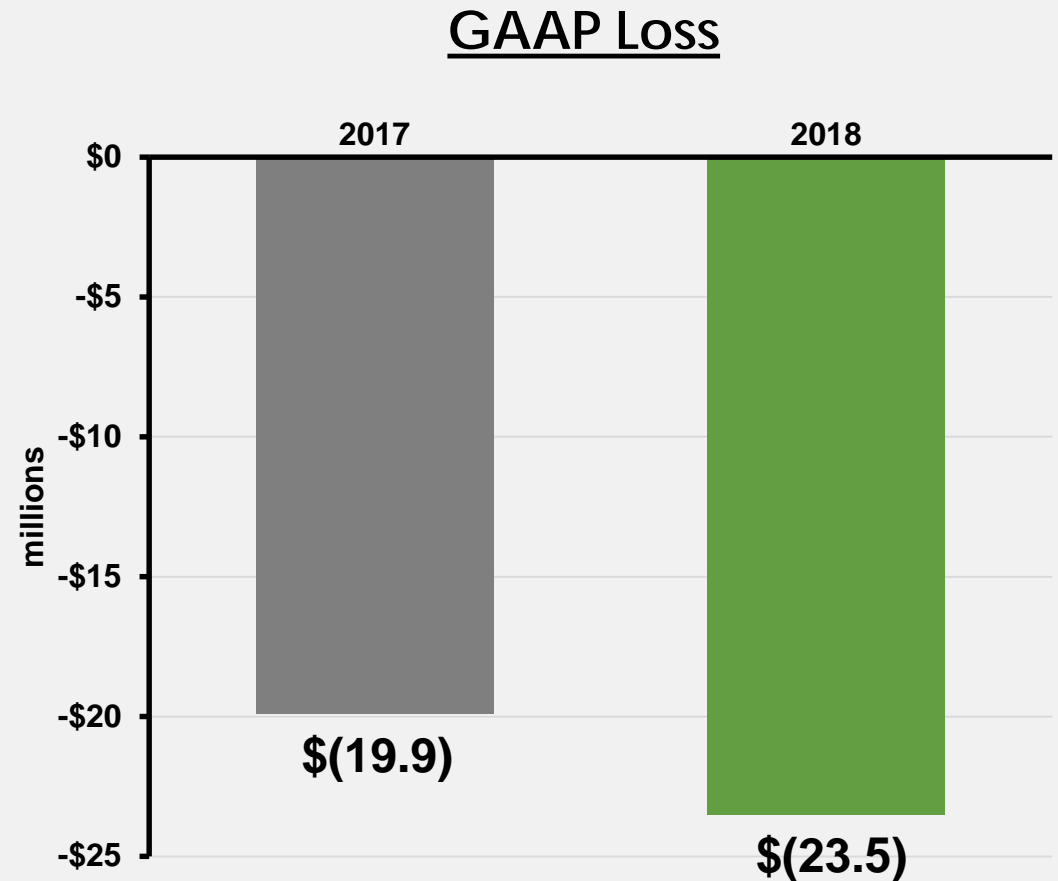
- Reported earnings of \$15.1 million, up 105 percent
 - Higher outside specialty contracting workloads and margins
 - Higher inside specialty contracting workloads
 - Higher outside equipment sales and rentals
 - Partially offsetting the increase was higher SG&A expense
- Record revenues of \$334.1 million
- Backlog of \$675 million; up from \$529 million in first quarter 2017



CONSTRUCTION MATERIALS

FIRST QUARTER 2018

- Reported a normal seasonal loss of \$23.5 million
 - Lower federal tax rates reduced tax benefit for Q1
- Decreased operating loss from higher construction margins
 - Positively impacted by increased workloads and strong demand in certain regions
 - Higher repair costs and weather impacts in certain regions decreased material margins, partially offsetting the increased construction margins
- Backlog of \$692 million; up from \$486 million at year-end 2017





May 3, 2018

FIRST QUARTER EARNINGS CALL

DAVE GOODIN
President & Chief Executive Officer





UTILITY OUTLOOK

- Customer base expected to continue growing by 1-2 percent annually
- Thunder Spirit Wind farm expansion
 - Expected to be complete in late 2018
 - Total generation capacity will be approximately 155 megawatts
- Big Stone South to Ellendale joint-venture transmission line
 - Expected to be complete in 2019
 - Project cost is estimated to be between \$130 million and \$150 million
- Focused on timely regulatory recovery
- Rate base growth to continue at 6 percent annually over the next five years on a compound basis
- Safely meet customer demand by upgrading and expanding facilities



PIPELINE & MIDSTREAM OUTLOOK

- 14-mile Demicks Lake project; estimated cost of \$30 million
 - Expected to be in-service in fall 2019
- Line Section 22 project; estimated cost of \$12 million to \$15 million
 - Will increase capacity by 22.5 million cubic feet per day
 - Expected to be in-service in late 2019
- Valley Expansion project; estimated cost of \$55 million to \$60 million
 - Designed to transport 40 million cubic feet of natural gas per day
 - Expected to be in-service in late 2018
- 13-mile Line Section 27 project; estimated cost of \$27 million to \$30 million
 - Will increase capacity by over 200 million cubic feet per day
 - Expected to be in-service in the fall of 2018



CONSTRUCTION SERVICES OUTLOOK

- 2018 revenue guidance of \$1.45 billion to \$1.60 billion with margins comparable or slightly higher than 2017
- High demand for inside specialty contracting work
 - High-tech, mission-critical
 - Gaming and hospitality
 - Medical and education
- Exploring acquisition opportunities



CONSTRUCTION MATERIALS OUTLOOK

- 2018 revenue guidance of \$1.8 billion to \$1.9 billion with margins comparable or slightly higher than 2017
- Anticipated new state and local infrastructure spending initiatives are expected to drive demand
- Teevin & Fischer Quarry acquisition
 - 6.0 million tons of aggregates between two quarries
 - Rock-crushing equipment and trucking fleet
- Evaluating additional acquisition opportunities

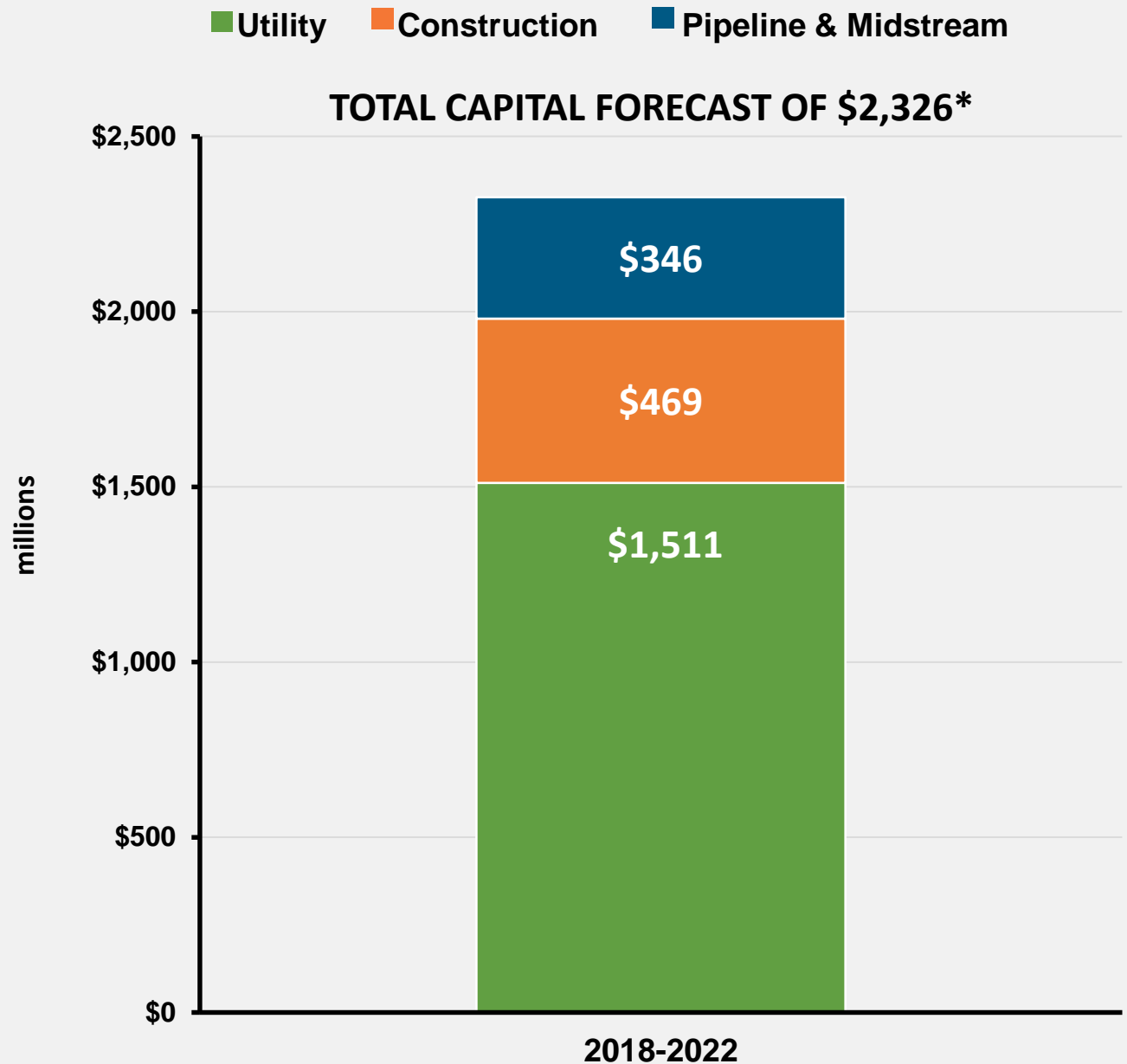
2018 EPS GUIDANCE REAFFIRMED

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

Note: As of May 2, 2018

2018 - 2022 CAPITAL PROGRAM

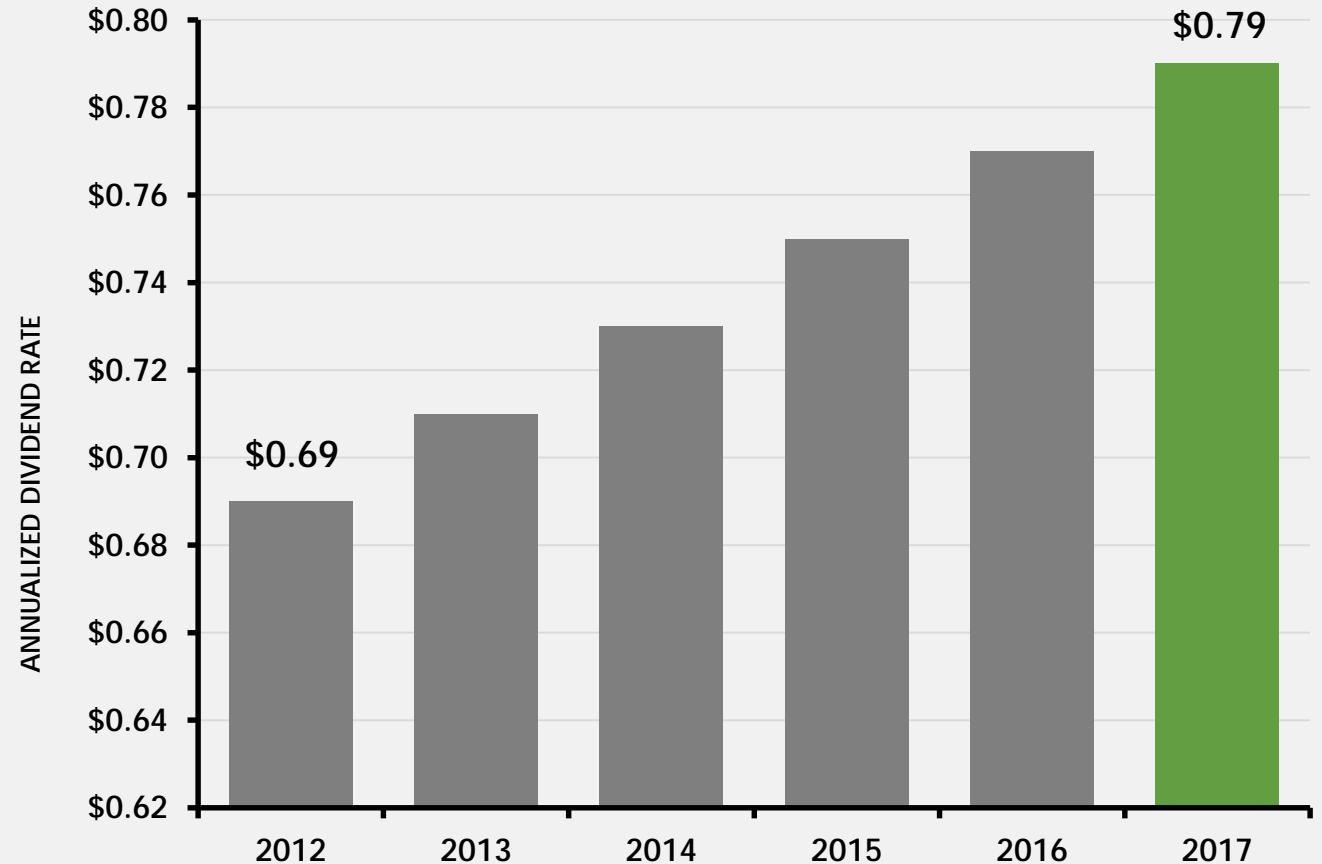
- Electric and natural gas Utility
 - 345-kilovolt transmission line
 - Thunder Spirit Wind farm expansion
- Construction materials and services
 - Equipment and plant replacements and upgrades
- Pipeline and midstream
 - Valley Expansion & Demicks Lake projects
 - Line Section 27 & Line Section 22 expansions
- Acquisitions incremental to our capital program



*Excludes "Other" category as well as assumed net proceeds from the sale or disposition of property

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

