 **MDU RESOURCES**
GROUP, INC.

Building a Strong America®

August 4, 2022

SECOND QUARTER EARNINGS CALL



MDU
LISTED
NYSE

MDU Resources is Building a Strong America®



Vision: With integrity, Building a Strong America® while being a great and safe place to work

Mission: Delivering superior value to stakeholders by providing essential infrastructure and services to America

Company founded in 1924



Headquartered in Bismarck, ND

Utilities



Regulated Pipeline



Construction Materials



Construction Services



LEADERSHIP TEAM

A. Dave Goodin

President & CEO

B. Jason Vollmer

Vice President & CFO

C. Stephanie Barth

Vice President, CAO & Controller

D. Dave Barney

Knife River
President & CEO

E. Jeff Thiede

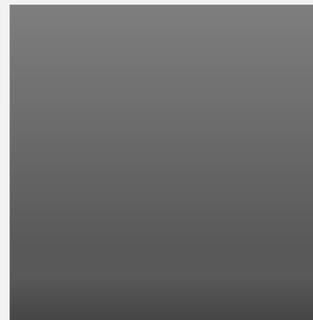
MDU Construction
Services Group
President & CEO

F. Trevor Hastings

WBI Energy
President & CEO

G. Nicole Kivisto

Utilities Group
President & CEO



FORWARD-LOOKING STATEMENTS

During 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.



Separation Announcement



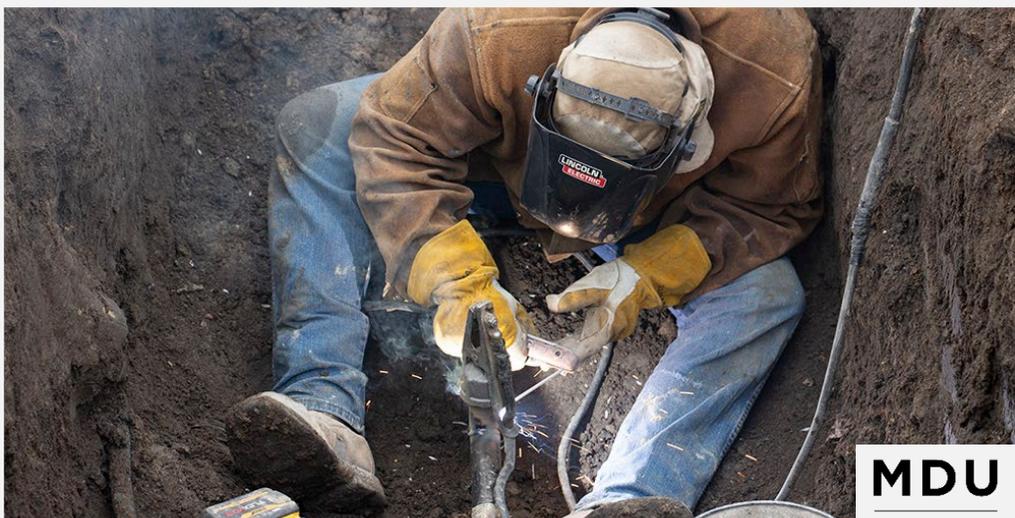
ANNOUNCED PLAN TO SEPARATE KNIFE RIVER

- MDU Resources' Board of Directors unanimously approved a plan to separate Knife River from the Company.
 - Separation will result in two independent, publicly traded and well-capitalized companies.
 - Expected to be effected as a tax-free spinoff to MDU shareholders.
 - Completion expected in 2023.





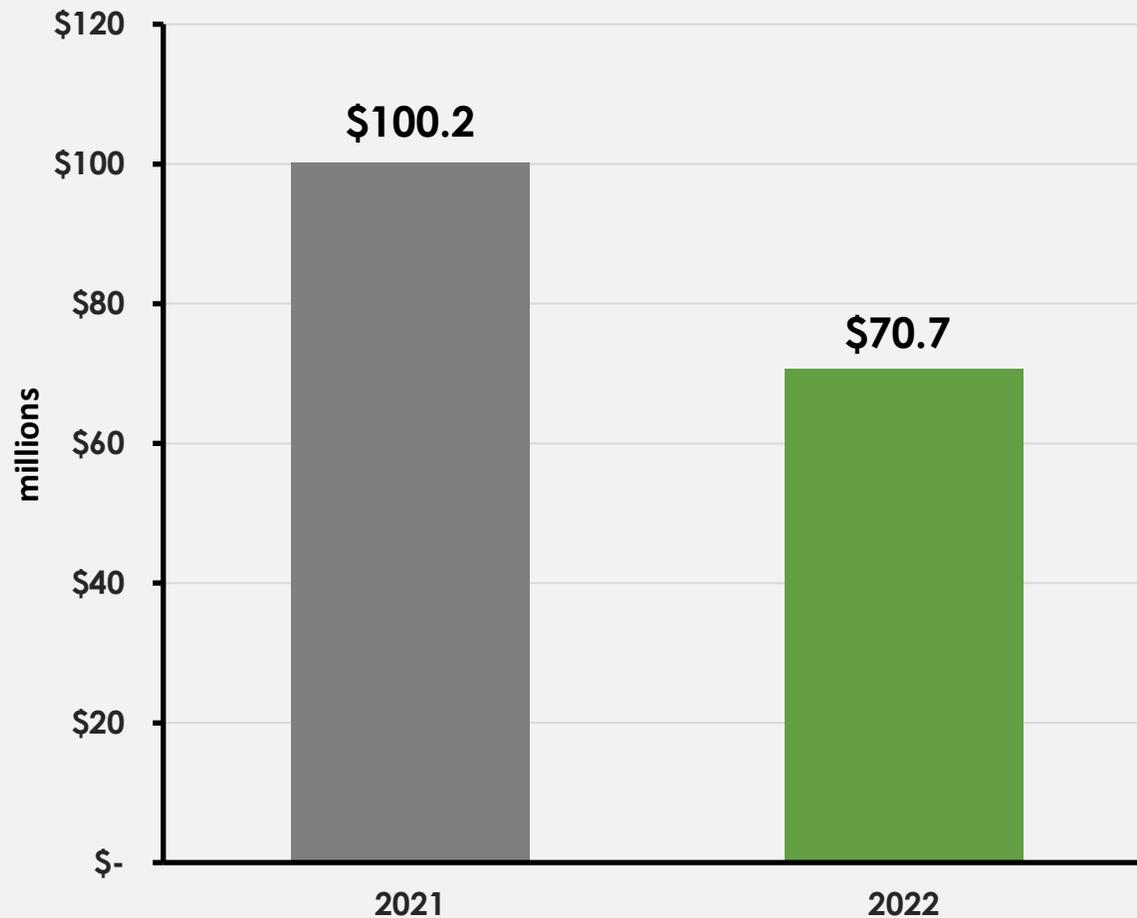
Financial Results



MDU RESOURCES GROUP, INC.

SECOND QUARTER EARNINGS

EARNINGS



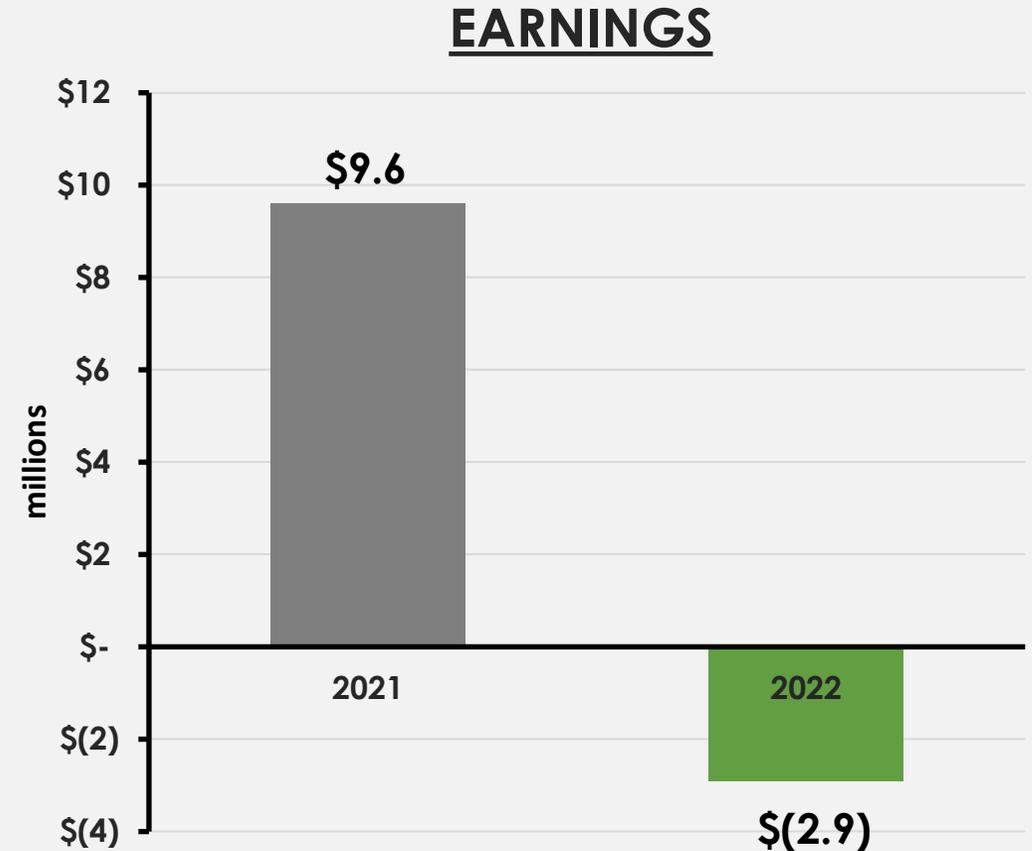
EPS



ELECTRIC & NATURAL GAS UTILITY

SECOND QUARTER EARNINGS

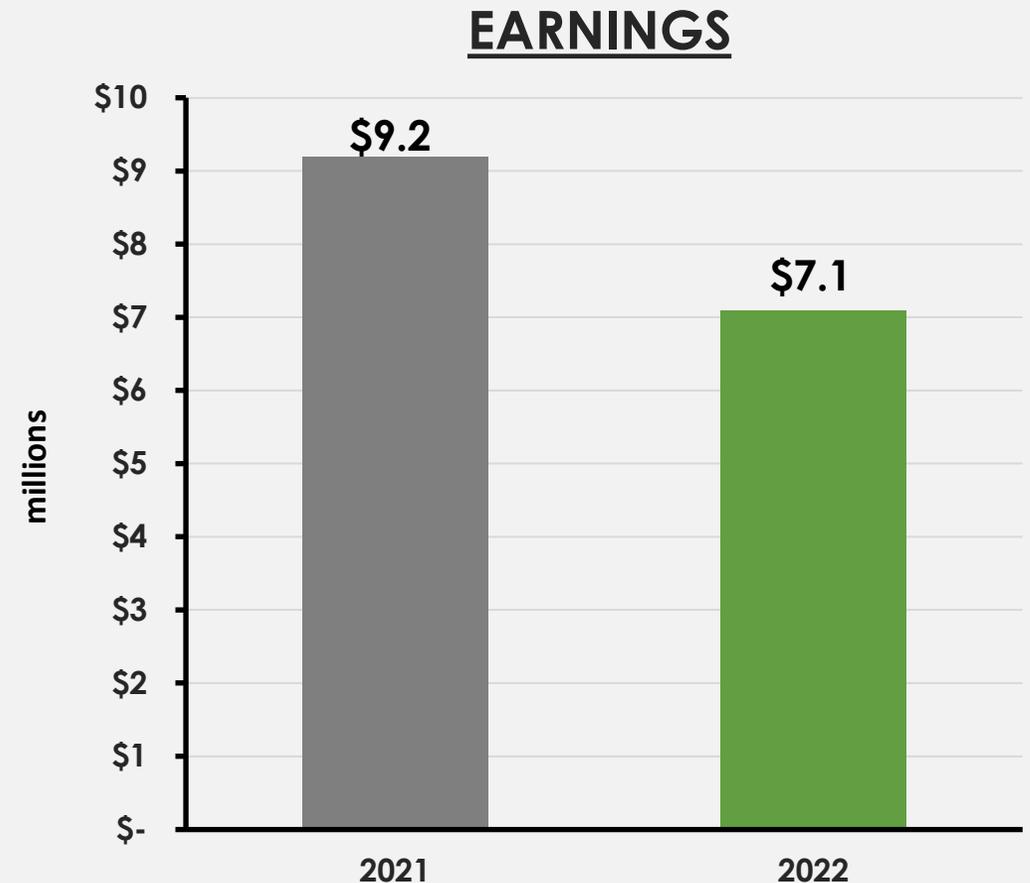
- Reported loss of \$2.9 million.
 - Lower investment returns on nonqualified benefit plans impacted results.
 - Higher O&M and lower electric retail sales volumes also had a negative impact.
 - Benefitted from rate recovery in certain jurisdictions and higher natural gas sales volumes, partially offset by weather normalization and decoupling mechanisms.



PIPELINE

SECOND QUARTER EARNINGS

- Reported earnings of \$7.1 million.
 - North Bakken Expansion project had a net benefit in the quarter.
 - More than offset by lower investment returns on nonqualified benefit plans, lower non-regulated project margins, and higher interest expense.



CONSTRUCTION SERVICES

SECOND QUARTER EARNINGS

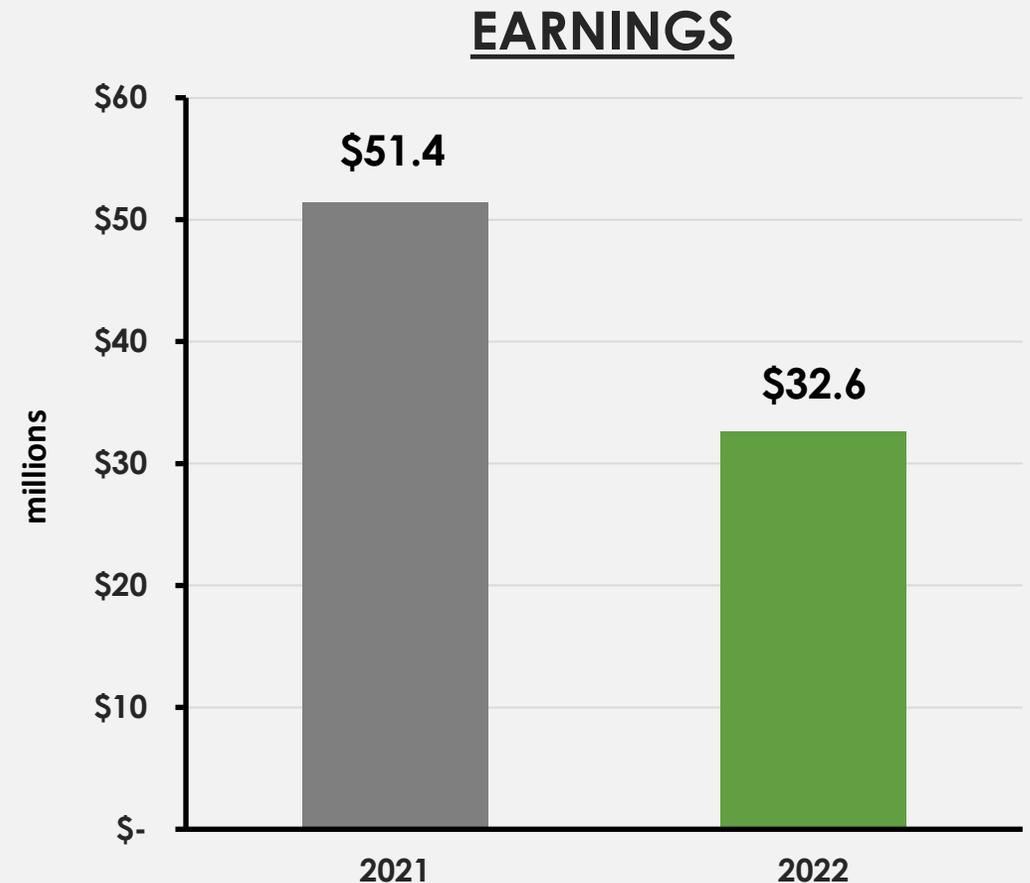
- Reported record earnings of \$34.5 million.
 - Consistent second quarter revenue growth during the past four years.
 - Electrical and mechanical services revenues increased 45%.
- All-time record revenues of \$685.4 million, compared to \$525.6 million in 2021.



CONSTRUCTION MATERIALS

SECOND QUARTER EARNINGS

- Reported earnings of \$32.6 million.
 - Increased revenue due to higher contracting workloads and higher average product pricing.
 - More than offset by inflationary pressures and weather challenges.
- Record second quarter revenues of \$711.8 million, compared to \$633.8 million in 2021.





Segment Outlook





ELECTRIC & NATURAL GAS OUTLOOK

- Expects to grow rate base by 5% 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.
- Construction began in May 2022 on the Heskett Station Unit IV, which is expected to be in service during the first half of 2023.
- MISO approved \$10.3 billion of investments in the Midwest sub-region, of which Montana-Dakota Utilities is a part.



PIPELINE OUTLOOK

- Long-term customer agreements have been signed for four additional growth projects, the first of which, the Line Section 7 Expansion, was placed in service August 1, 2022 and increased system capacity by 6.7 Mmcf per day. The remaining projects are dependent on regulatory approvals.
- Wahpeton Expansion project
 - 60-mile, 12-inch natural gas pipeline expansion and ancillary facilities will have the capacity to transport up to 20 million cubic feet per day and is supported by long-term agreements.
 - Expected to cost approximately \$75 million.
 - Construction expected to begin in early 2024 with an in-service date of late 2024, pending regulatory approval.
- North Bakken Expansion was placed in service earlier this year and can be expanded in the future for forecasted natural gas production growth.



CONSTRUCTION SERVICES OUTLOOK

- All-time record backlog of \$1.92 billion, 46% higher than Q2 2021 backlog of \$1.32 billion.
- Increased 2022 revenue guidance range by \$200 million, to a range of \$2.4 billion to \$2.6 billion with margins slightly lower than 2021.
- The Infrastructure Investment and Jobs Act proposes billions of dollars of investment for upgrades to electric and grid infrastructure, transportation systems, airports, and electric vehicle infrastructure, all industries Construction Services supports.
- Exploring acquisition and organic growth opportunities.



CONSTRUCTION MATERIALS OUTLOOK

- All-time record backlog of \$1.13 billion, 24% higher than Q2 2021 backlog of \$912 million.
- Affirmed 2022 revenue guidance in the range of \$2.45 billion to \$2.65 billion with margins slightly lower than 2021.
- Long-term opportunities from the Infrastructure Investment and Jobs Act which designates over \$115 billion for the repair and rebuilding of roads and bridges across the company's footprint.
- Announced plan to separate this business into an independent publicly traded company.

2022 EPS GUIDANCE REVISED

\$1.75 - \$1.90

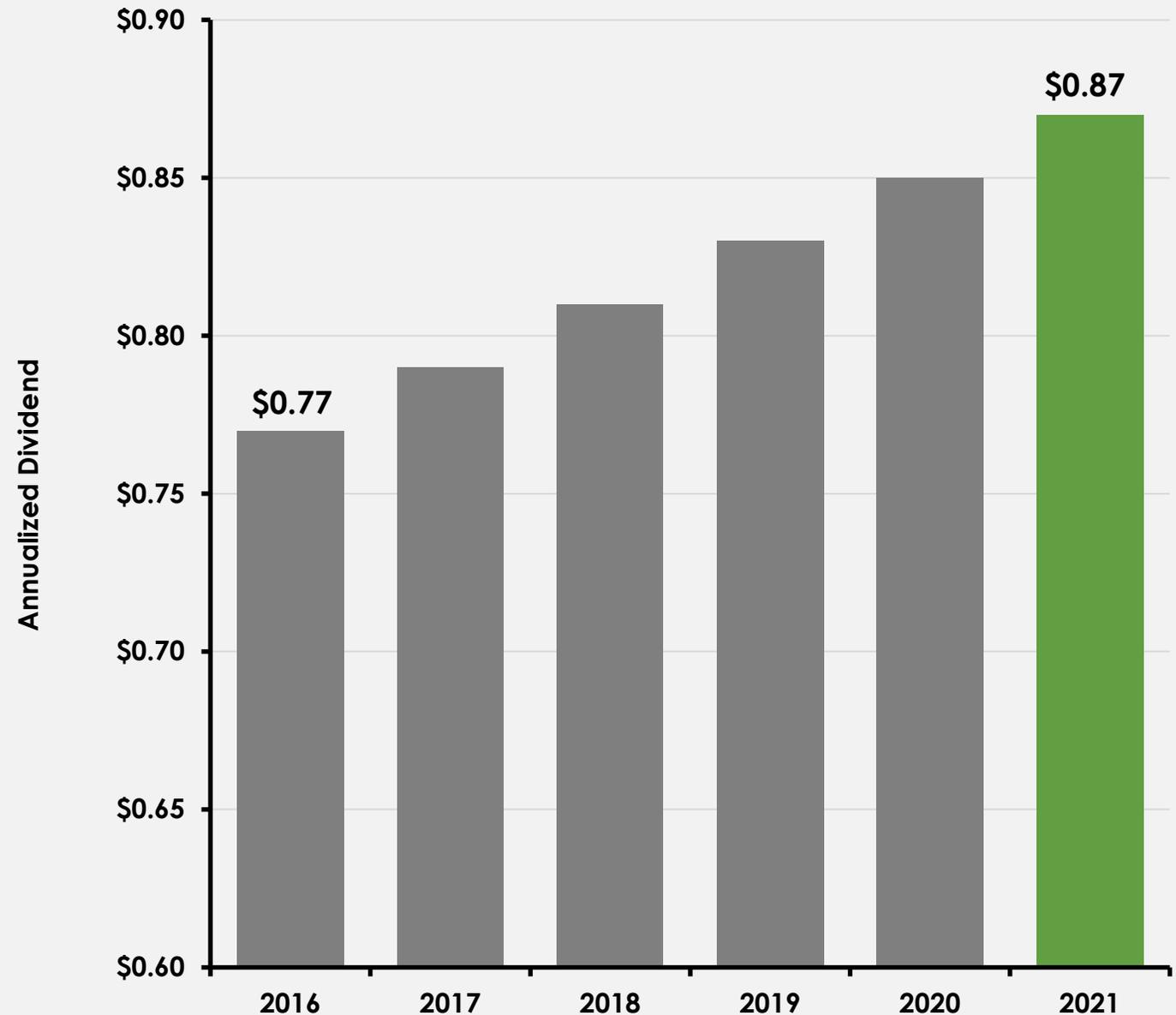
Consolidated EPS Guidance

Note: As of August 4, 2022

5 - 8% Long-Term Compound Annual Growth Rate Target

DIVIDEND GROWTH

- Dividend increased November 2021, making 31 consecutive years of increases
- 84 consecutive years of quarterly dividend payments
- Annualized dividend \$0.87 per share
- Member of S&P High-Yield Dividend Aristocrats index





Separation Overview



STRATEGIC RATIONALE



Enhanced strategic focus to pursue individualized strategies specific to the industries in which each company operates.



Optimized capital structures and distinct financial policies tailored to their separate business profiles and needs.



Tailored capital allocation strategies with enhanced flexibility to deploy capital toward its specific growth opportunities.



Distinct investment opportunities that allow investors the ability to better assess the value of the two companies based on their respective operational and financial characteristics.

CREATING TWO PUBLICLY TRADED COMPANIES



Electric and Natural Gas Distribution Business



- 1.2M Utility customers across eight states
- \$321M EBITDA in 2021

Natural Gas Pipeline Business



- 98% EBITDA from regulated projects
- \$78M EBITDA in 2021

Construction Services Business



- 4th Largest electrical contractor in the U.S.
- \$169M EBITDA in 2021

Construction Materials and Contracting Business

- 1.0B+ Tons of aggregate reserves
- 6th Largest U.S. sand and gravel producer
- 14 states of operation
- 110 ready-mix plants; 50 asphalt plants
- \$293M EBITDA in 2021

TRANSACTION DETAILS

Transaction Structure

- Planned as a spinoff that is tax-free to MDU Resources shareholders.
- Upon completion of the spinoff, MDU Resources shareholders will retain current shares of MDU Resources stock and receive a pro-rata distribution of shares of Knife River stock.

Timing

Expected to be completed in 2023, subject to customary conditions, including:

- Final approval by the Company's Board of Directors.
- Receipt of a tax opinion and, if determined advisable, private letter ruling from the IRS.
- Filing and effectiveness of a Form 10 registration statement with the SEC.

Commitments

- Establishing strong capital allocation strategies for each business that align with each business's long-term goals.
- Post-separation, MDU Resources intends to maintain a dividend policy consistent with historic practice. Knife River's dividend policy will be determined in the future in a manner consistent with its stated capital allocation strategies.



Questions

