



FEBRUARY 7, 2018

2017 EARNINGS AND 2018 GUIDANCE CONFERENCE CALL

JASON VOLLMER

Vice President, Chief Financial Officer & Treasurer



 **MDU RESOURCES**
GROUP, INC.

BUILDING A STRONG AMERICA®

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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.

COMPANY MANAGEMENT

Dave Goodin – President & CEO of MDU Resources

Dave Barney – President & CEO of Knife River Corporation

Jeff Thiede – President & CEO of MDU Construction Services Group

Nicole Kivisto – President & CEO of Cascade Natural Gas, Great Plains Natural Gas, Intermountain Gas & Montana-Dakota Utilities

Trevor Hastings – President & CEO of WBI Energy

Jason Vollmer – Vice President, CFO & Treasurer of MDU Resources

Stephanie Barth – Vice President, CAO & Controller of MDU Resources



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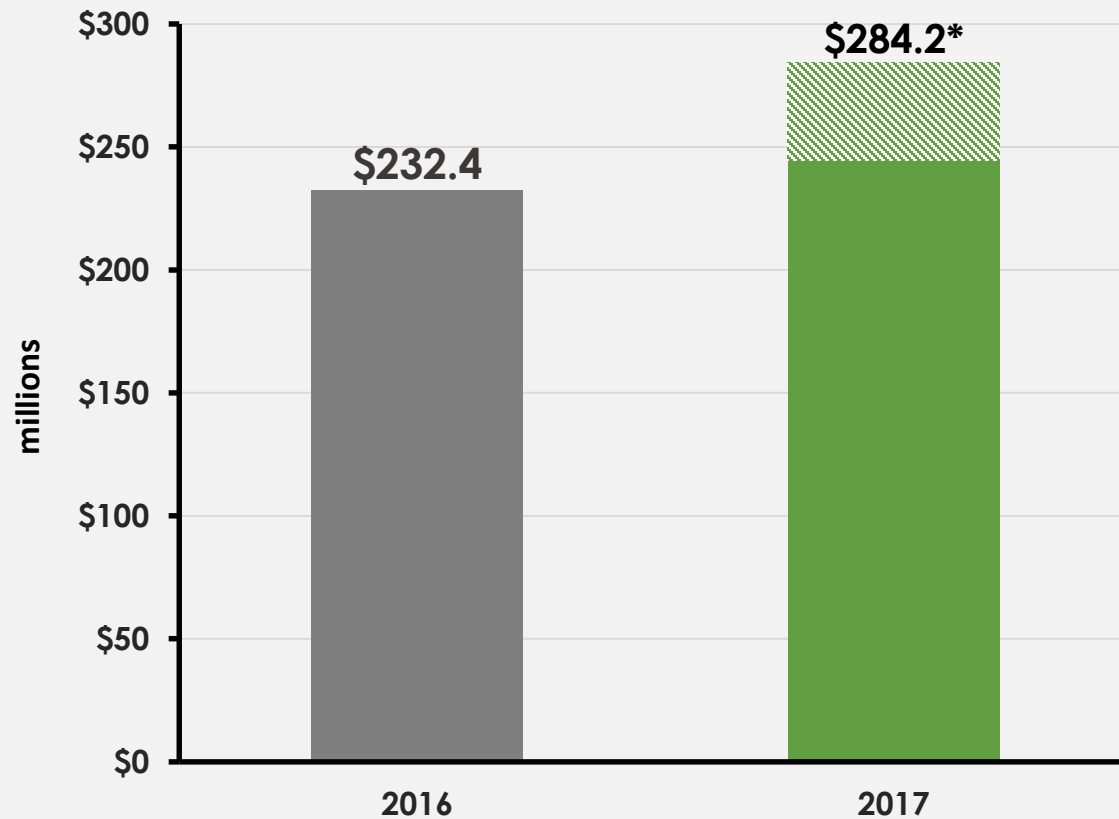
With integrity, create superior shareholder value by expanding upon our expertise to be the supplier of choice in all of our markets while being a safe and great place to work.

”

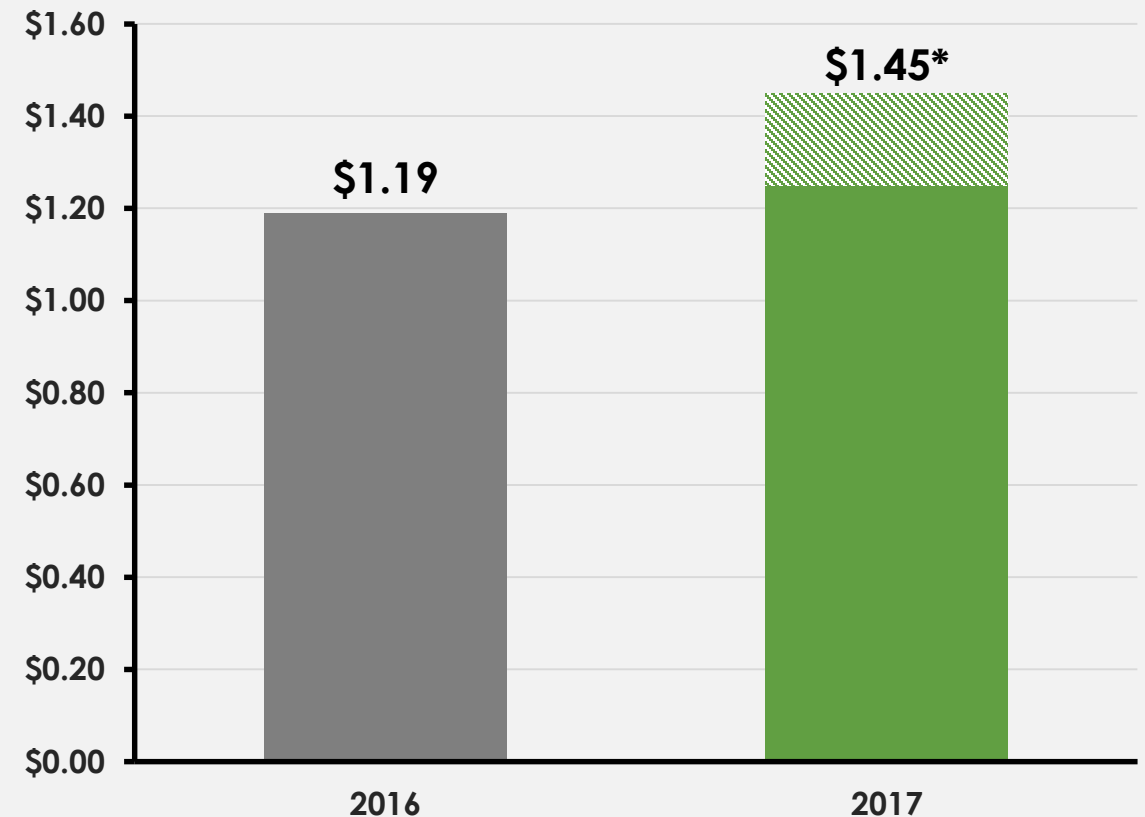
RESULTS FROM CONTINUING OPERATIONS

Year-To-Date 2017

EARNINGS



EPS

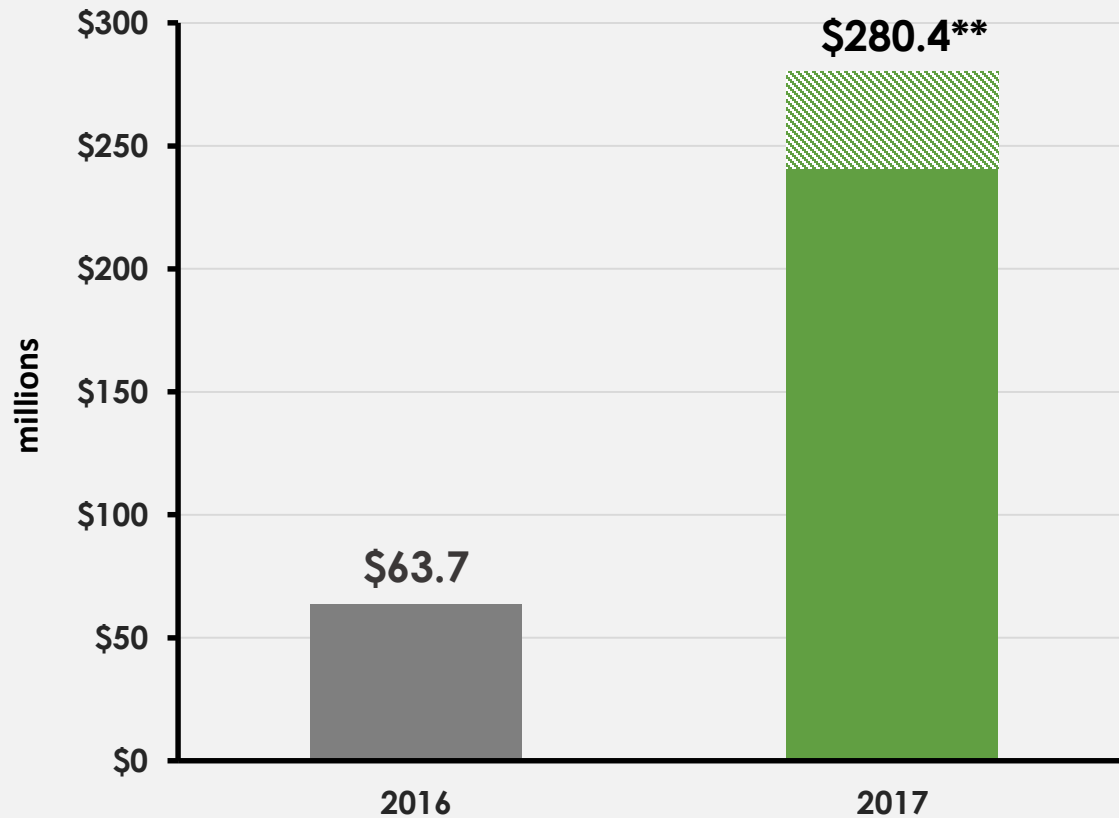


*Shaded area reflects \$39.5 million benefit, or 20 cents per share, resulting from tax reform

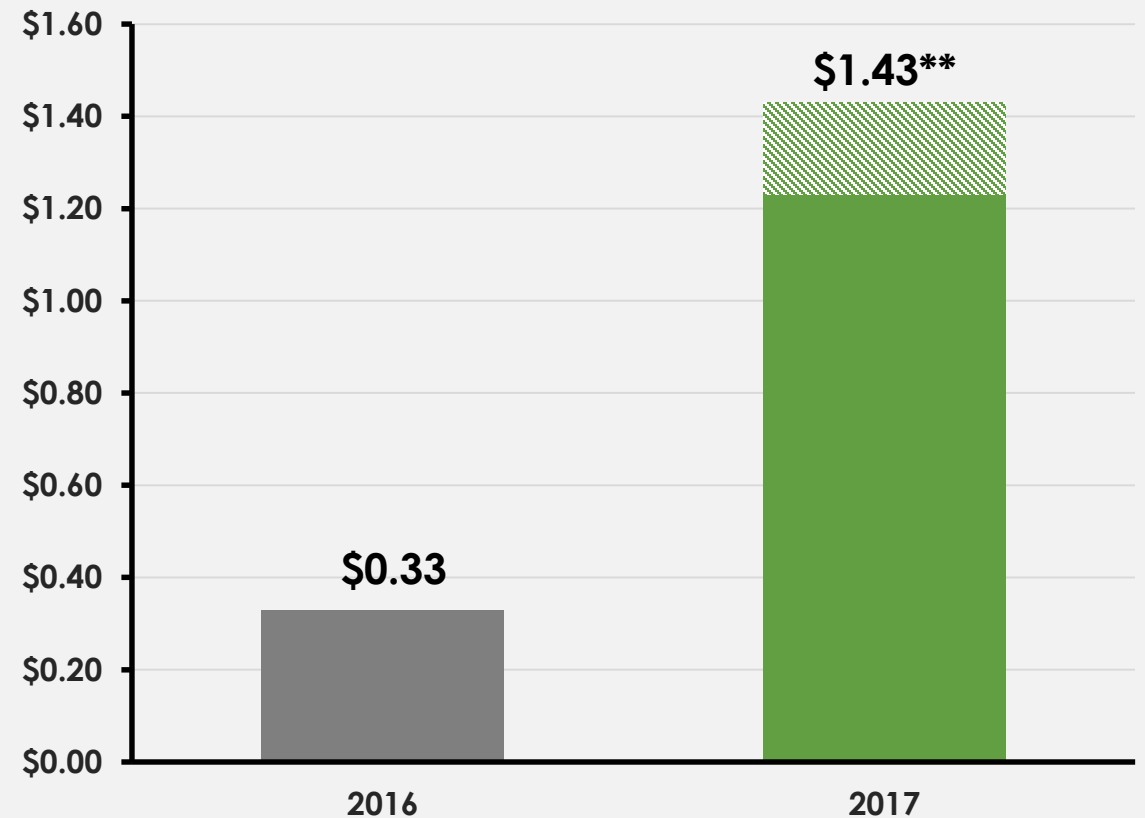
CONSOLIDATED OPERATIONS*

Year-To-Date 2017

EARNINGS



EPS



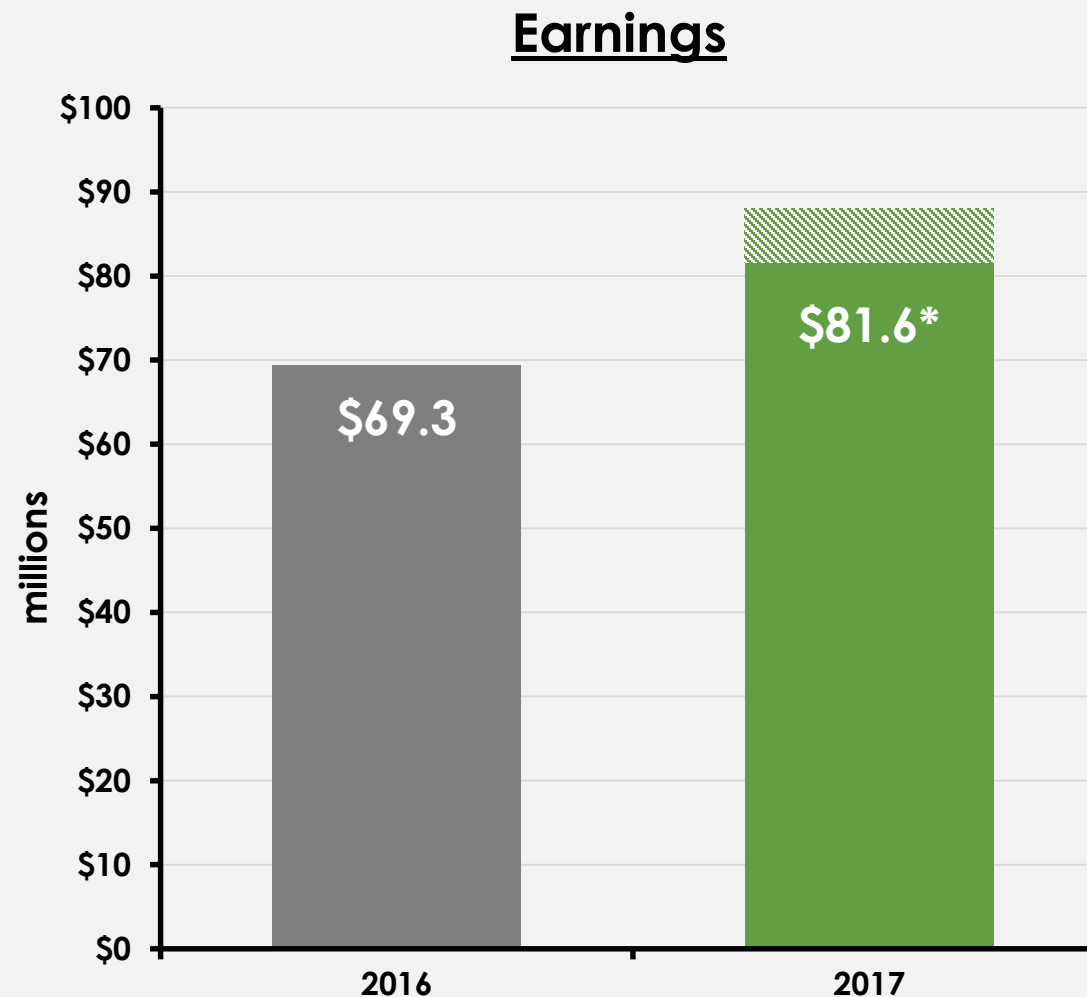
*Includes both continuing and discontinued operations

**Shaded area reflects \$39.5 million benefit, or 20 cents per share, resulting from tax reform

ELECTRIC & NATURAL GAS UTILITY

Year-to-Date 2017

- Reported earnings of \$81.6 million
 - Includes \$6.4 million charge resulting from tax reform
 - 2 percent higher electric retail sales volumes
 - 13 percent higher natural gas retail sales volumes across all customer classes
 - Partially offset by higher O&M and weather normalization in certain jurisdictions

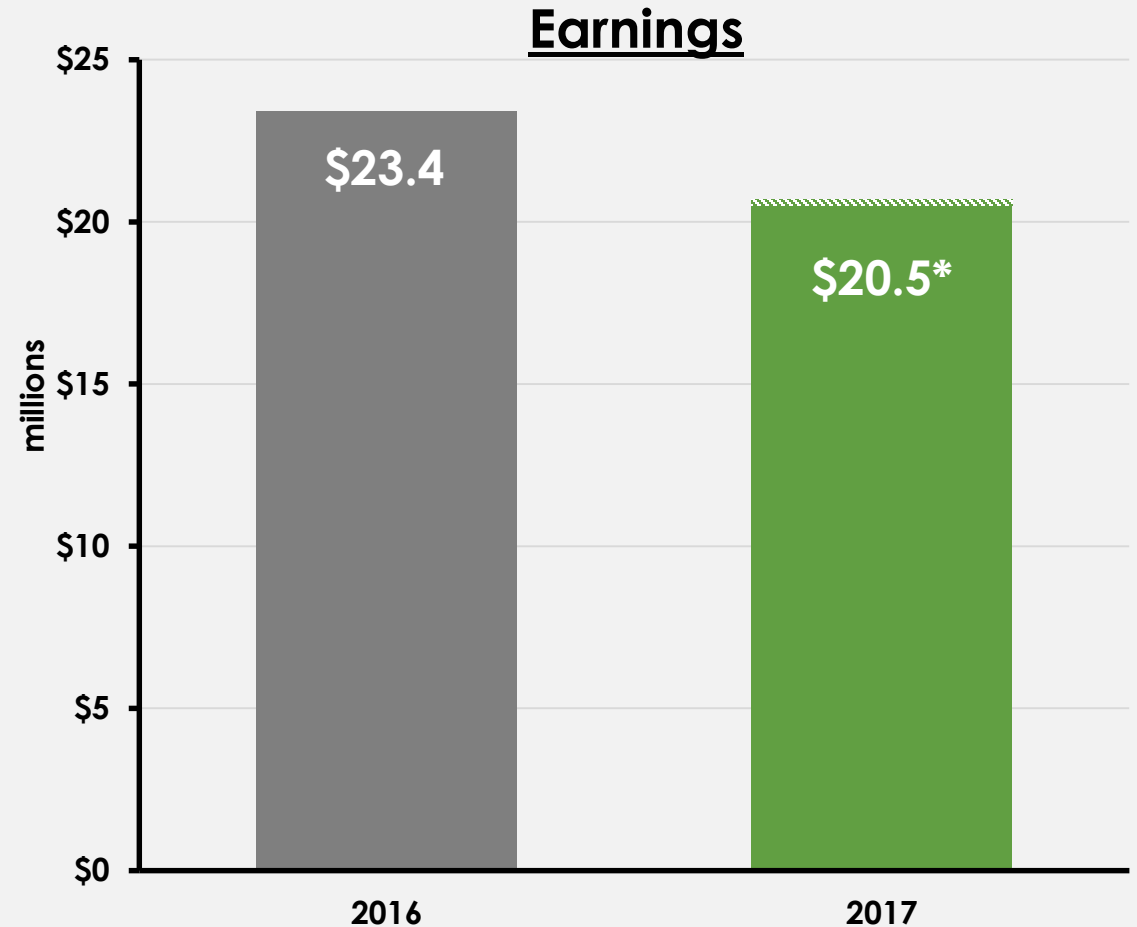


*Shaded area reflects \$6.4 million charge resulting from tax reform

PIPELINE & MIDSTREAM

Year-to-Date 2017

- Reported earnings of \$20.5 million
 - Includes \$200,000 charge resulting from tax reform
 - Record transportation volumes
 - Reflects sale of the Pronghorn assets in January 2017



*Shaded area reflects \$200,000 charge resulting from tax reform

CONSTRUCTION SERVICES

Year-To-Date 2017

- Reported earnings of \$53.3 million
 - Includes a \$4.3 million income tax benefit from tax reform
 - Higher workloads and margins in inside specialty contracting work
 - Higher workloads and margins in outside specialty contracting work
 - Increase in equipment sales and rentals
- Record revenues of \$1.37 billion
- Backlog of \$708 million, 49 percent higher than 2016

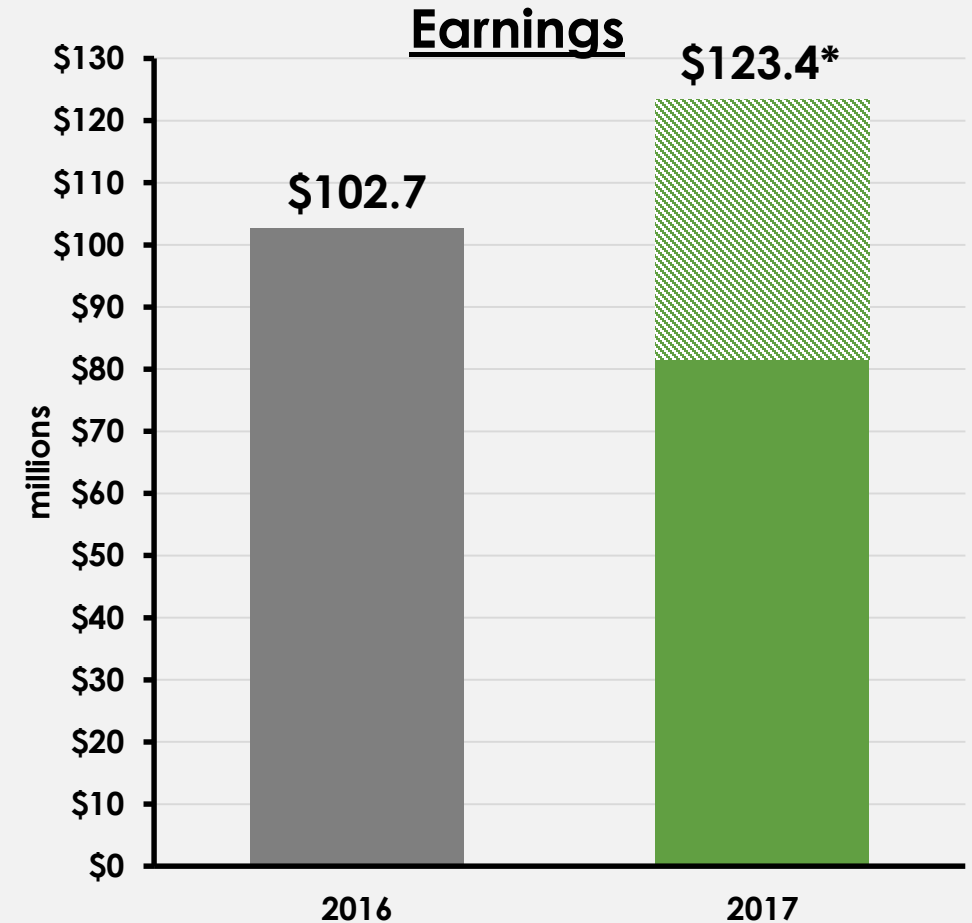


*Shaded area reflects \$4.3 million benefit resulting from tax reform

CONSTRUCTION MATERIALS

Year-To-Date 2017

- Reported earnings of \$123.4 million
 - Includes a \$41.9 million income tax benefit from tax reform
 - Decreased workloads from unfavorable weather during the first half of the year and less available work in energy producing states
 - Lower asphalt product margins
 - Lower construction margins
- Backlog of \$486 million, down from \$538 million in 2016





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DAVE GOODIN
President & Chief Executive Officer



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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

- Valley Expansion Project; estimated cost of \$55 million to \$60 million
 - Designed to transport 40 million cubic feet of natural gas per day and has secured capacity commitments
 - Upon receipt of necessary permits and regulatory approvals, estimated construction completion in late 2018
- Line Section 27 expansion project; estimated cost of \$27 million to \$30 million
 - Approximately 13 miles of new pipeline and associated facilities
 - Will increase capacity by over 200 million cubic feet per day
 - Expected to be in service in the fall of 2018
- When both projects are completed, total transportation capacity will exceed 1.8 billion cubic feet per day



CONSTRUCTION SERVICES OUTLOOK

- \$708 million of backlog, up 49 percent compared to 2016
- 2018 revenue guidance of \$1.45 billion to \$1.60 billion with comparable margins to 2017
- High demand for inside specialty contracting work
 - High-tech, mission-critical area
 - Gaming and hospitality
 - Medical and education
- Exploring acquisition opportunities



CONSTRUCTION MATERIALS OUTLOOK

- \$486 million of backlog, down from \$538 million in 2016
 - 3rd highest year-end backlog
- 2018 revenue guidance of \$1.8 billion to \$1.9 billion with comparable margins to 2017
- Anticipated new state and local infrastructure spending initiatives are expected to drive demand
- Evaluating acquisition opportunities

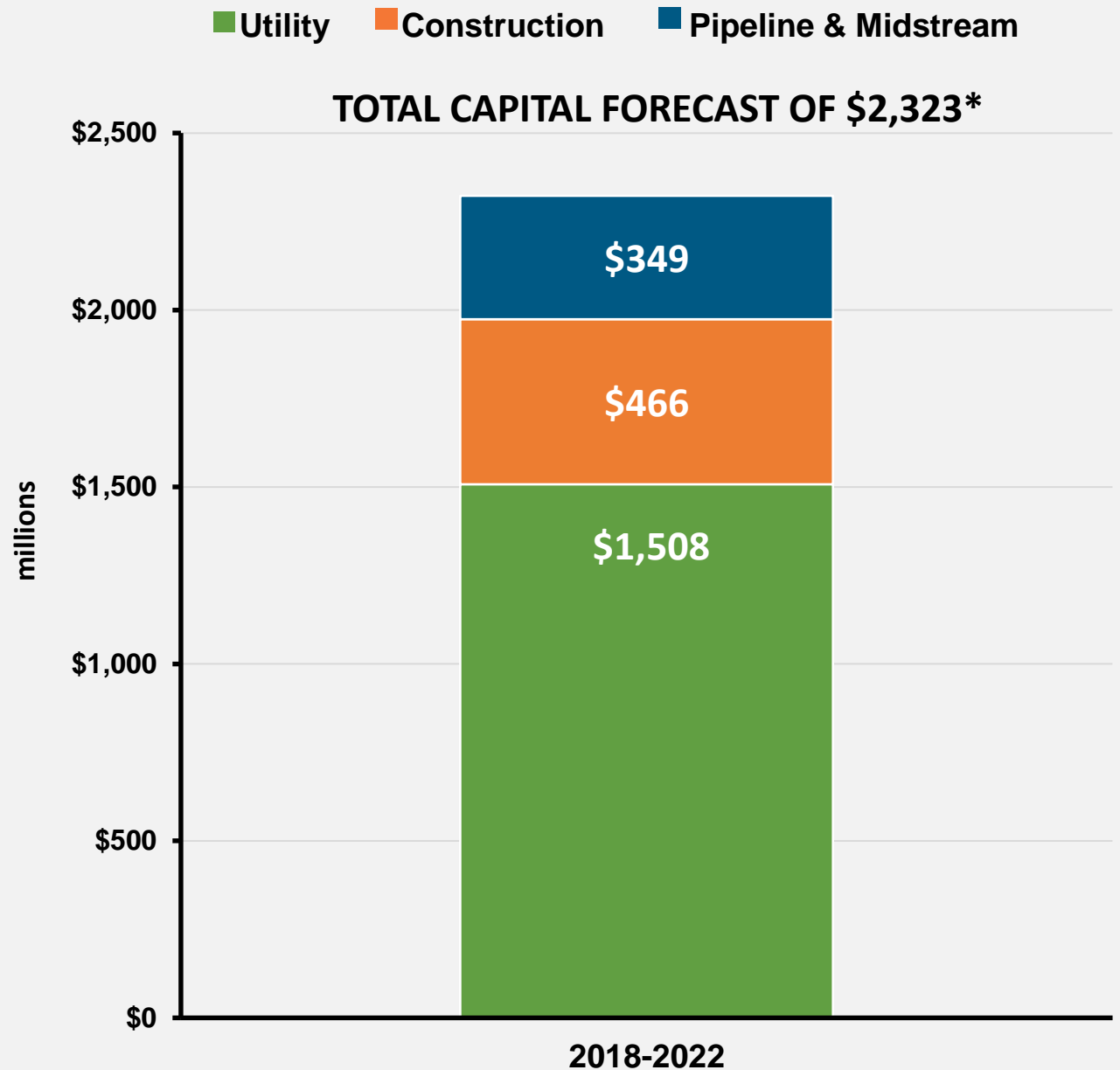
2018 EPS GUIDANCE

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

Note: As of February 6, 2018

2018 - 2022 CAPITAL PROGRAM

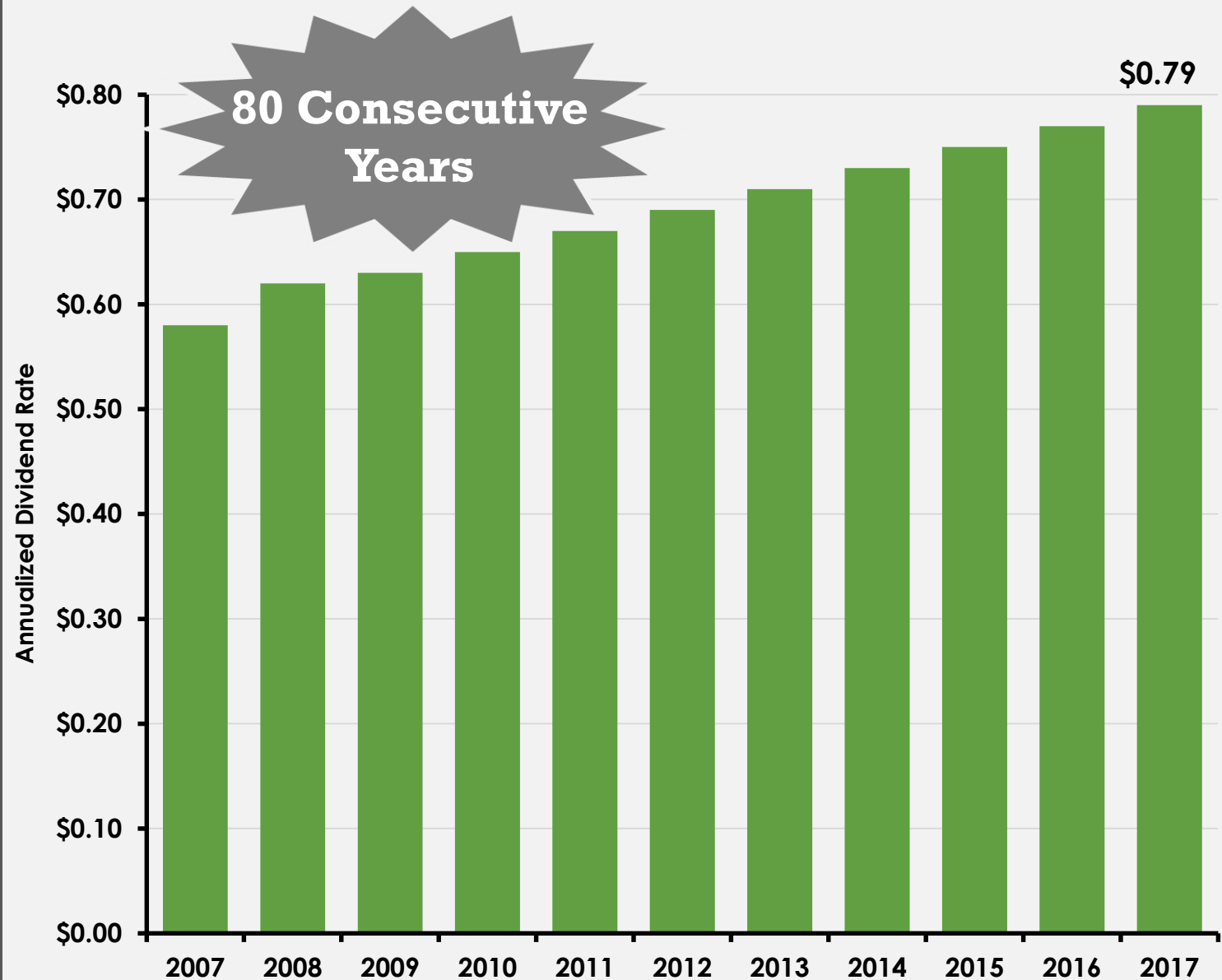
- Electric and natural gas Utility
 - 345-kilovolt transmission line
 - Thunder Spirit Wind farm expansion
- Construction materials and services
 - Equipment and plant replacements and upgrades
- Pipeline and midstream
 - Valley Expansion project
 - Line Section 27 expansion
- Focused on line-of-sight opportunities at our business units with potential acquisitions being 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
- Committed to paying a competitive dividend
- Member of S&P High-Yield Dividend Aristocrats index





INVESTOR RELATIONS QUESTIONS

