

MDU Resources to Spin Off Construction Services Business, Creating Two Independent, Publicly Traded Companies

Tax-Free Spinoff Will Create Two Focused Companies Positioned to Create Value for Shareholders

MDU RESOURCES GROUP, INC.

- Achieves MDU Resources' goal of becoming a pure-play regulated energy delivery business.
- Regulated businesses will provide low-risk, stable returns.
- Intends to maintain a long-term dividend payout ratio of 60% to 70% of regulated energy delivery earnings.
- Rate base growth CAGR of 6-7%.

BENEFITS FOR BOTH COMPANIES

- Heightened strategic focus. Better able to pursue strategies specific to its industries.
- Optimized capital structures. Distinct capital structures and financial policies tailored to each business.
- Tailored capital allocation strategies. More flexibility to deploy capital toward specific growth opportunities.
- Distinct investment opportunities. Easier for investors to assess the value of each company based on separate characteristics.

MDU CONSTRUCTION SERVICES GROUP

- Establishes a stand-alone specialty construction services company comprising 15 operating companies with more than 70 locations.
- Positioned to continue its path of significant growth in its two segments: electrical and mechanical, and transmission and distribution.
- Successful track record of growth through acquisitions and geographic expansion.
- Will remain headquartered in Bismarck, North Dakota.

ABOUT THE COMPANIES

MDU RESOURCES GROUP, INC.

- **1.2M** utility customers across **eight states**.
- **3,800 miles** of regulated natural gas transmission pipeline with capacity of **2.5 billion cubic feet per day**.
- **30,100 miles** of electric and natural gas utility transmission and distribution lines.
- **648 MW** of generating capacity.
- Expected earnings of **\$155 million to \$165 million** in 2023.
- **Highest J.D. Power customer satisfaction ranking** among residential natural gas customers in the West Region midsize utilities segment.

MDU CONSTRUCTION SERVICES GROUP

- **4th largest** electrical construction contractor in the U.S. (EC&M 2023 Top 50 list).
- **10th largest** specialty contractor in the U.S. (ENR 2023 Top 600 Specialty Contractors list).
- **9,000+ employees** at peak construction season.
- Locations in **19 states**.
- Authorized to work in **43 states** and the **District of Columbia**.
- Expecting revenue of **\$2.8 billion to \$3.0 billion** in 2023, with higher margins compared to 2022.
- Expecting EBITDA of **\$210 million to \$230 million** in 2023.

“ We expect this strategic move to significantly enhance the value within our businesses by creating two focused, independent companies that are publicly traded while achieving our stated goal of having MDU Resources become a pure-play regulated energy delivery business. ”



Dave Goodin
President and CEO | MDU Resources Group, Inc.

Transaction Details

- Expected to be complete in late 2024.
- Proposed separation is subject to customary conditions, including final approval by the MDU Resources board of directors, receipt of tax opinions and, if determined advisable, a private letter ruling from the Internal Revenue Service, and the filing and effectiveness of a Form 10 registration statement with the U.S. Securities and Exchange Commission.
- MDU Resources shareholders will retain current shares of MDU Resources stock and receive a pro-rata distribution of shares of MDU Construction Services Group stock in a transaction that is expected to be tax free to MDU Resources and its shareholders for U.S. federal income tax purposes.

This infographic includes forward-looking statements that can be found in MDU Resources' SEC filings and news release.