

MDU Resources (MDU)

\$19.69 (Stock Price as of 01/07/2026)

Price Target (6-12 Months): **\$21.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 12/04/25)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: D

Value: C

Growth: D

Momentum: F

Summary

MDU Resources' long-term capital investments should further improve reliability of its services and assist in efficiently serving an expanding customer base. After the spinoff of Knife River and Everus Construction, MDU Resources is now focused on its regulated energy delivery business. The company continues to reward its shareholders through dividend payment. Shares of the company have outperformed the industry in the past six months. However, its operations are likely to be adversely impacted due to strict government regulations. Also, its aging natural gas pipelines and transmission facilities may require additional maintenance, thereby increasing operating costs and reducing margins. Changing commodity prices pose a headwind for the company. Significant tariffs could adversely affect the company's business operations.

Price, Consensus & Surprise⁽¹⁾

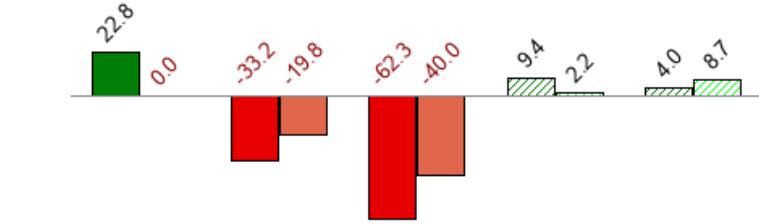


Data Overview

52 Week High-Low	\$21.49 - \$15.04
20 Day Average Volume (sh)	2,134,287
Market Cap	\$4.0 B
YTD Price Change	0.9%
Beta	0.75
Dividend / Div Yld	\$0.56 / 2.8%
Industry	Utility - Gas Distribution
Zacks Industry Rank	Top 39% (95 out of 244)

Sales and EPS Growth Rates (Y/Y %)⁽¹⁾

Sales EPS



Sales Estimates (millions of \$)⁽¹⁾

	2022 A	2023 A	2024 A	2025 E	2026 E		
Last EPS Surprise	28.6%						
Last Sales Surprise	NA						
EPS F1 Est- 4 week change	0.0%	2026			1,999 E		
Expected Report Date	02/05/2026	2025	675 A	351 A	315 A	1,923 E	
Earnings ESP	0.0%	2024	1,214 A	1,048 A	1,051 A	536 A	1,758 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*		
P/E TTM	21.9						
P/E F1	21.4	2026			1.00 E		
PEG F1	4.0	2025	0.40 A	0.07 A	0.09 A	0.92 E	
P/S TTM	2.1	2024	0.52 A	0.32 A	0.32 A	0.34 A	0.90 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 01/07/2026.

(2) The report's text and the price target are as of 01/06/2026.

Overview

MDU Resources Group, Inc., a Bismarck, ND based company, was founded in 1924. Post the spinoff of Knife River, it turned into a utility natural gas distribution company. It provides value-added natural resource products and related services that are essential for energy transportation and regulated energy delivery services to its customers.

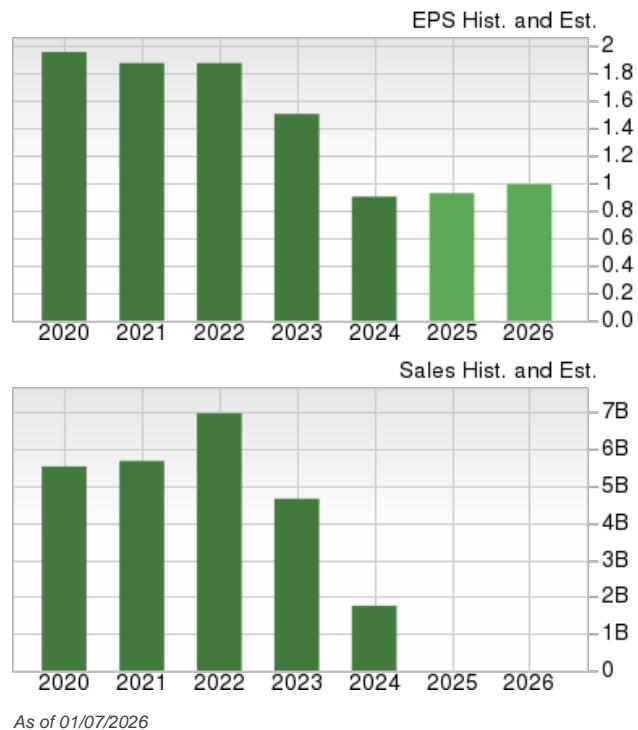
MDU Resources is now a pure-play regulated energy delivery business after the successful spinoff of Everus Construction Group on Oct. 31, 2024, following last year's Knife River Corporation spinoff.

The Electric segment generates, transmits, and distributes electricity in Montana, North Dakota, South Dakota, and Wyoming. The Natural Gas Distribution segment distributes natural gas in Montana, North Dakota, South Dakota, and Wyoming, as well as Idaho, Minnesota, Oregon, and Washington. In 2024, Electric segment revenues totaled \$414.5 million. The Natural Gas Distribution segment contributed \$1.201 billion to the top line.

The Pipeline segment provides natural gas transportation, underground storage, and gathering services primarily in the Rocky Mountain and northern Great Plains regions. This segment generated revenues of \$211.8 million in 2024.

MDU Resources completed the spinoff of Knife River, which will look after the construction materials and contracting business.

The Construction Materials and Contracting segment mines, processes as well as sells construction aggregates; produces and sells asphalt mix; and supplies ready-mixed concrete in the central, southern, and western United States as well as Alaska and Hawaii.



As of 01/07/2026



As of 01/07/2026

Reasons To Buy:

▲ MDU Resources is set to gain from its focus on safely meeting customer demand by upgrading and expanding its electric and natural gas infrastructure. MDU Resources expects to achieve long-term earnings per share growth of 6-8%. MDU is expected to sustain 1-2% annual customer growth in its electric and natural gas segment. The company is benefiting from its 88-megawatt (MW) natural gas-fired combustion turbine (Heskett Unit IV) in Mandan, ND. The new turbine adds to natural gas-fired power generation capacity, which can be used to meet peak demand or supplement existing power generation. In the past six months, MDU Resources shares have risen 21.1% compared with the industry's 14.4% growth.

Focus on regulated energy delivery, planned investments in the electric and natural gas utility and ample liquidity will act as tailwinds.

The company is also set to gain from data center opportunities. MDU has signed electric service agreements of 580 MW of data center load. Of this, 180 MW is currently online, with an additional 100 MW expected to come online later this year. Nearly 150 MW is expected to come online in 2026 and the remaining 150 MW in 2027. The company received approval from the North Dakota Public Service Commission for the advanced determination of prudence related to its proposed acquisition of a 49% interest in the Badger Wind Farm Project, representing 122.5 MW of its total 250 MW capacity. The project is expected to be completed by late 2025.

▲ The company continues with its work on several expansion projects. MDU's Line Section 28 expansion project was placed in service in 2024 and serves a natural gas-fired power plant. The project added 137 MMcf of natural gas transportation capacity per day. The company's Minot expansion project, placed in service in November 2025, added roughly 7 MMcf of natural gas transportation capacity per day.

MDU's Line Section 32 Expansion project will serve a new electric generation facility in northwest North Dakota. The project consists of nearly 20 miles of pipe and ancillary facilities and is designed to increase natural gas transportation capacity by 190 MMcf per day, which is supported by a long-term customer agreement. The project is expected to be in service in late 2028. MDU continues negotiations with interested parties on the potential Bakken East Pipeline Project, which could consist of 350 miles of pipeline construction from the Bakken region to the eastern part of North Dakota, in addition to other pipeline extensions. The company inked an agreement to support early-stage development of the potential Minot Industrial Pipeline Project, which would involve constructing a nearly 90-mile pipeline from Tioga to Minot, ND. This project is intended to deliver additional natural gas transportation capacity to meet anticipated industrial demand.

▲ The company completed the Knife River spin-off in 2023. The separation was achieved through the company's pro-rata distribution of nearly 90% of the outstanding shares of Knife River to its common stockholders. MDU retained nearly 10%, or 5.7 million shares of Knife River common stock, immediately after the separation. On Oct. 31, 2024, MDU Resources also completed the spinoff of its construction services subsidiary, Everus Construction Group. The separation was achieved through a pro rata distribution of all outstanding shares of Everus common stock to MDU Resources stockholders. As of October 31, 2024, MDU Resources stockholders received one share of Everus common stock for every four shares of MDU Resources common stock held as of the close of business on October 21, 2024, the record date for the distribution. After the completion of the spinoff, the company is focused on a pure-play regulated energy delivery business.

▲ MDU projects capital expenditures of \$531 million for 2025. The company now expects its regulated capital expenditures to be nearly \$3.4 billion during 2026-2030, an increase over the company's prior 2025-2029 planned capital investment of \$3.1 billion. These investments should increase the reliability of its services and enable it to serve an increasingly large customer base effectively.

In December 2025, the U.S. Federal Reserve reduced interest rates by 25 basis points to a range of 3.50%-3.75%. This reduction is expected to decrease capital servicing expenses and boost margins.

▲ Expanding customer base, rising demand and steady earnings generation enables the company to distribute regular dividend to its shareholders. MDU Resources has been paying uninterrupted dividends for the past 87 years. In August 2025, the company declared a new quarterly dividend of 14 cents per share (compared with the previous quarter's 13 cents). This increase resulted in an annualized dividend of 56 cents per share. The company targets dividend payout in the range of 60-70%. Its current dividend yield of 2.84% is better than the Zacks S&P 500 composite's 1.39%.

Reasons To Sell:

- ▼ MDU Resources' electric and natural gas transmission and distribution businesses are subject to comprehensive regulation by federal, state and local regulatory agencies regulations. Changes in regulations or the imposition of additional ones could increase over all expenses related to the investments. Rates of return and recovery of investments are dependent upon their acceptance. Fluctuating fuel costs could increase the risk that the utility businesses. The company is also exposed to the impact of market fluctuations associated with commodity prices. It frequently requires to access capital markets for significant capital investments.
- ▼ The company's businesses are subject to competition. The electric utility and natural gas industry faces competition related to consumer demand, technological advances and other factors. The pipeline and midstream business competes with several pipelines for access to natural gas supplies and for gathering, transportation and storage business. Competition can have a negative impact on the company's results of operations, financial position and cash flows.
- ▼ A significant portion of the company's natural gas pipelines and transmission facilities is aging, which may affect its operational results. Weathered natural gas pipelines and transmission facilities increase certain risks like breakdown or failure of equipment, pipeline leaks and breakout of fire from the power lines. This may result in unplanned outages, which can hamper the company's reliability and ability to serve customers. The aging assets may also require additional maintenance or replacement costs that could adversely affect the company's operational results.
- ▼ Imposed and proposed tariffs could sharply raise the prices and delivery lead times of critical raw materials and finished products for both the company and its customers. Persistently long lead times, coupled with any additional tariff hikes, could strain the company's operations and ultimately weaken its financial position.

Strict government regulations, aging infrastructure, tariff impact and strong competition are concerns

Last Earnings Report

MDU Resources Q3 Earnings Top, Revenues Up Y/Y, '25 EPS View Narrowed

MDU Resources Group Inc. reported third-quarter 2025 operating earnings per share (EPS) of 9 cents, which topped the Zacks Consensus Estimate of 7 cents by 28.6%. However, the bottom line decreased 71.9% year over year.

Total Revenues of MDU

Total third-quarter operating revenues improved 8.8% to \$315.1 million from \$289.6 million in the comparable period of 2024.

Highlights of MDU's Q3 Earnings Release

Total operating expenses were nearly \$275.3 million, up 8% from the year-ago quarter's \$254.8 million.

Operating income totaled \$39.8 million, up 14.4% from the year-ago quarter's \$34.8 million.

Interest expenses were \$26.4 million, down 3.3% year over year.

Financial Highlights of MDU

As of Sept. 30, 2025, cash and cash equivalents were \$75.9 million compared with \$66.9 million as of Dec. 31, 2024.

In the first nine months of 2025, net cash provided by operating activities was \$392.8 million compared with \$441.8 million in the year-ago period.

MDU's Guidance

For 2025, MDU Resources narrowed its earnings guidance in the range of 90-95 cents per share compared with the previous range of 88-95 cents. The Zacks Consensus Estimate is pegged at 92 cents, which is just below the midpoint of the company's guided range.

MDU anticipates its utility customers' growth to continue at a rate of 1-2% annually.

The company continues to expect a long-term EPS growth rate of 6-8%.

Capital expenditure for 2025 is projected to be \$531 million.

FY Quarter Ending	12/31/2025
Earnings Reporting Date	Nov 06, 2025
Sales Surprise	NA
EPS Surprise	28.57%
Quarterly EPS	0.09
Annual EPS (TTM)	0.90

Valuation

MDU Resources shares are up 21.1% in the past six months period, and up 12.8% over past year period. Stocks in the Zacks sub-industry is up 14.4% and the Zacks Utilities sector is up 7.6% in the past six months period. Over the past year, the Zacks sub-industry is up 15.5%, whereas the sector is up 21.7%.

The S&P 500 index is up 14.3% in the past six months period and up 19.2% in the past year.

The stock is currently trading at 19.9X forward 12-months earnings, which compares with 15.28X for the Zacks sub-industry, 15.7X for the Zacks sector and 23.25X for the S&P 500 index.

Over the past five years, the stock has traded as high as 21.69X and as low as 9.09X, with a 5-year median of 14.8X.

Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$21 price target reflects 21.18X forward 12-months earnings.

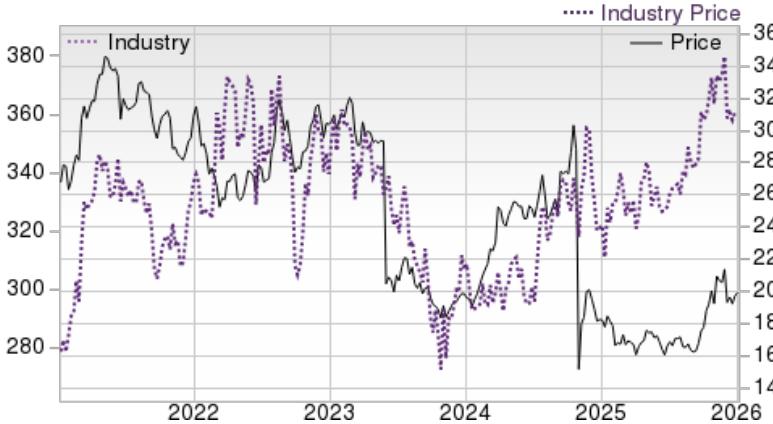
The table below shows summary valuation data for MDU.

Valuation Multiples - MDU					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	19.9	15.28	15.7	23.25
	5-Year High	21.69	22.17	18.04	23.8
	5-Year Low	9.09	13.81	13.11	15.74
	5-Year Median	14.8	16.17	15.89	21.21
P/S F12M	Current	1.97	2.69	3.06	5.63
	5-Year High	1.97	2.89	3.3	5.63
	5-Year Low	1.68	1.49	2.32	3.82
	5-Year Median	1.79	2.2	2.78	5.04
P/B TTM	Current	1.48	1.37	3.06	8.57
	5-Year High	2.24	1.78	3.31	9.13
	5-Year Low	1.01	1.11	2.39	6.57
	5-Year Median	1.65	1.42	2.9	8.04

As of 01/05/2026

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 39% (95 out of 244)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Atmos Energy Corpora...(ATO)	Neutral	2
Brookfield Infrastru...(BIPC)	Neutral	2
NewJersey Resources ... (NJR)	Neutral	3
ONE Gas, Inc. (OGS)	Neutral	2
Spire Inc. (SR)	Neutral	2
Sempra Energy (SRE)	Neutral	3
Southwest Gas Corpora...(SWX)	Neutral	3
UGI Corporation (UGI)	Neutral	3

Industry Comparison⁽¹⁾ Industry: Utility - Gas Distribution

	MDU	X Industry	S&P 500	ATO	SR	SWX
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	2	2	3
VGM Score	D	-	-	F	D	B
Market Cap	4.02 B	4.84 B	40.27 B	26.87 B	4.84 B	5.81 B
# of Analysts	2	2	22	6	5	2
Dividend Yield	2.84%	2.88%	1.35%	2.41%	4.03%	3.08%
Value Score	C	-	-	D	B	C
Cash/Price	0.02	0.02	0.04	0.01	0.00	0.13
EV/EBITDA	12.16	11.08	14.84	15.14	10.14	12.61
PEG Ratio	3.96	2.40	2.06	2.60	1.48	1.43
Price/Book (P/B)	1.48	1.52	3.44	1.97	1.54	1.47
Price/Cash Flow (P/CF)	10.52	8.58	15.60	14.02	8.43	8.72
P/E (F1)	21.40	17.20	18.94	20.73	15.57	19.02
Price/Sales (P/S)	2.14	1.95	3.12	5.71	1.96	1.45
Earnings Yield	5.03%	5.82%	5.28%	4.83%	6.42%	5.26%
Debt/Equity	0.80	0.80	0.57	0.66	1.07	0.89
Cash Flow (\$/share)	1.89	6.10	8.98	11.95	9.72	9.29
Growth Score	D	-	-	F	F	C
Hist. EPS Growth (3-5 yrs)	-11.19%	2.99%	8.24%	8.99%	-1.64%	-7.04%
Proj. EPS Growth (F1/F0)	2.22%	7.64%	9.18%	7.51%	18.47%	14.56%
Curr. Cash Flow Growth	-22.20%	-2.83%	7.00%	12.47%	9.11%	-1.91%
Hist. Cash Flow Growth (3-5 yrs)	-8.20%	6.18%	7.49%	13.43%	7.21%	5.20%
Current Ratio	0.75	0.75	1.19	0.77	0.32	1.55
Debt/Capital	44.56%	44.56%	38.14%	39.83%	49.85%	47.17%
Net Margin	9.02%	10.86%	12.77%	25.49%	10.96%	11.59%
Return on Equity	6.81%	8.73%	17.03%	9.07%	8.78%	6.78%
Sales/Assets	0.27	0.25	0.53	0.17	0.22	0.34
Proj. Sales Growth (F1/F0)	9.40%	4.95%	5.29%	NA	2.70%	-35.10%
Momentum Score	F	-	-	F	F	B
Daily Price Chg	1.06%	0.15%	0.62%	0.40%	-0.28%	1.84%
1 Week Price Chg	0.97%	-0.21%	0.70%	0.73%	0.29%	-0.76%
4 Week Price Chg	2.73%	-0.70%	1.52%	0.76%	-0.23%	1.23%
12 Week Price Chg	4.23%	-1.45%	4.52%	-5.69%	-2.36%	4.10%
52 Week Price Chg	10.72%	14.44%	17.53%	22.62%	23.28%	14.44%
20 Day Average Volume	2,199,494	393,968	2,426,458	843,084	400,225	373,273
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	-0.04%	-0.05%	3.80%
(F1) EPS Est 12 week change	-4.19%	1.34%	0.44%	2.52%	4.43%	3.00%
(Q1) EPS Est Mthly Chg	NA%	0.00%	0.00%	0.00%	0.00%	0.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	D
Momentum Score	F
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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