

Annual Shareholder Meeting

April 30, 2019

READY.



Presentation Agenda



Linn Evans

President and CEO

David Emery

Executive Chairman

- Forward Looking Statements
- Company Overview
- 2018 Review
- Strategic Overview
- Questions

Forward Looking Statements

COMPANY INFORMATION

Black Hills Corporation

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This presentation includes “forward-looking statements” as defined by the Securities and Exchange Commission. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements are based on assumptions which we believe are reasonable based on current expectations and projections about future events and industry conditions and trends affecting our business. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation, the risk factors described in Item 1A of Part I of our 2018 Annual Report on Form 10-K and other reports that we file with the SEC from time to time, and the following:

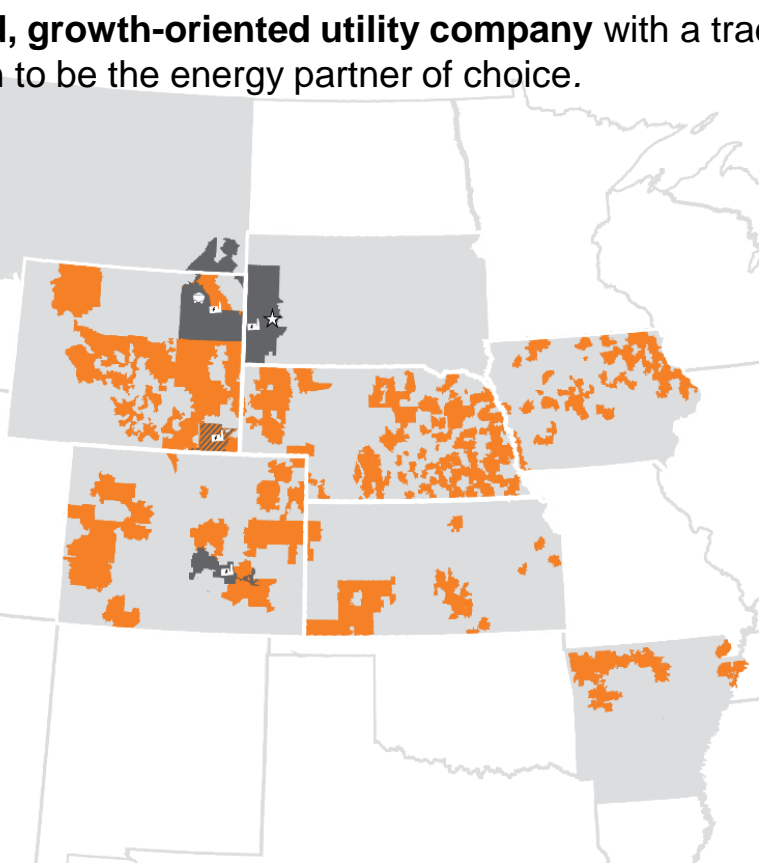
- Our ability to obtain adequate cost recovery for our utility operations through regulatory proceedings and favorable rulings in periodic applications to recover costs for capital additions, plant retirements and decommissioning, fuel, transmission, purchased power and other operating costs, and the timing in which new rates would go into effect and the results of regulatory proceedings regarding the effects of the TCJA;
- Our ability to complete our capital program in a cost-effective and timely manner, including our Rapid City, South Dakota to Stegal, Nebraska transmission line, our Natural Bridge pipeline and the Busch Ranch II wind farm;
- Our ability to continue our track record of continuous annual dividend increases;
- Our ability to execute our utility jurisdiction simplification plan;
- The impact of future governmental regulation; and
- Other factors discussed from time to time in our filings with the SEC.



New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time-to-time, and it is not possible for us to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.

Black Hills Corporation overview

Customer-focused, growth-oriented utility company with a tradition of exemplary service and a vision to be the energy partner of choice.

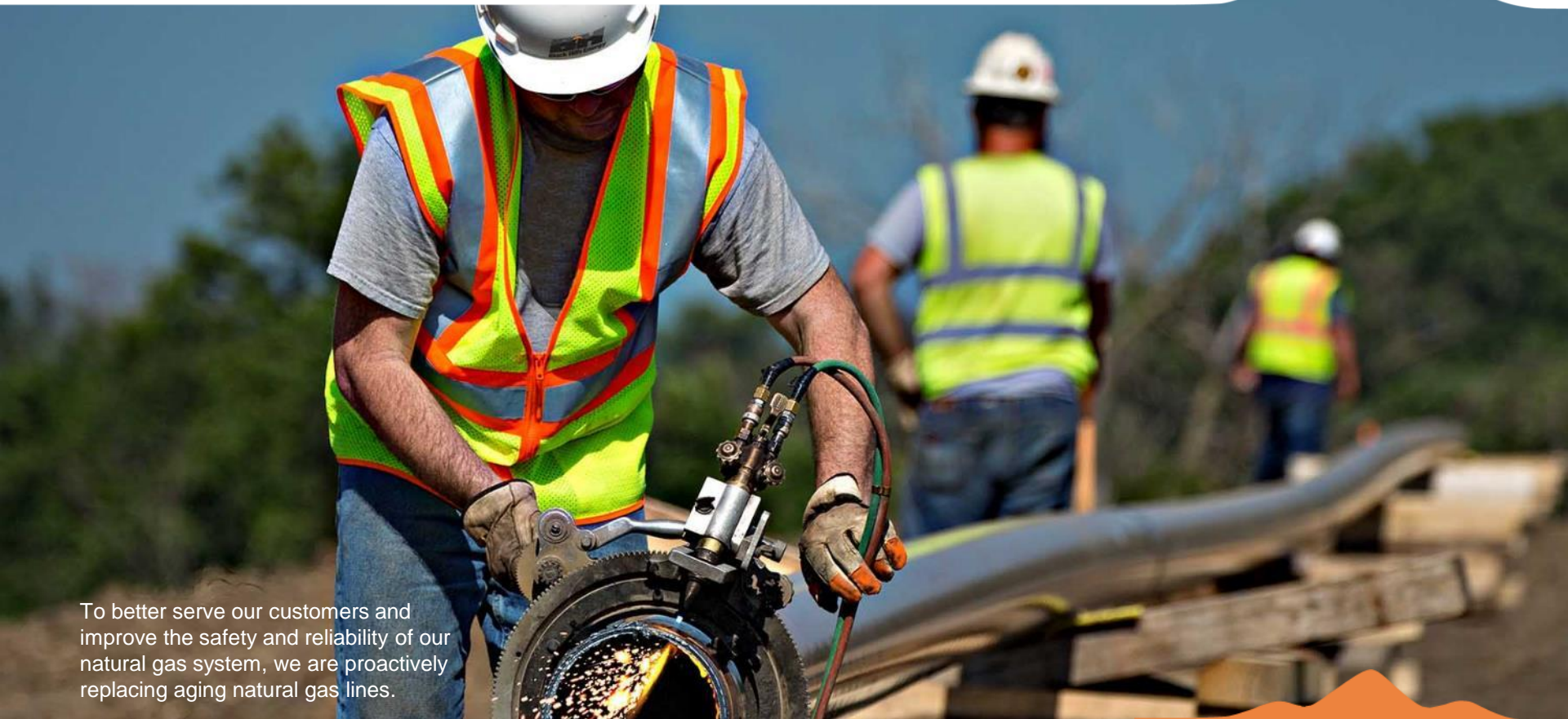
-  Electric Utilities
-  Natural Gas Utilities
-  Electric and Natural Gas Utilities
-  Power Generation
-  Mine
-  Company Headquarters



Electric and Gas Utility Company*	Strong Financial Base*
1.27 Million Utility customers in 8 states	\$7.0 billion Total assets
46,000 Miles Natural gas lines	\$3.6 billion Total rate base
1.1 Gigawatts Electric generation	\$2.5 billion Capital investment 2019-2023
9,000 Miles Electric lines	\$3.8 billion Market capitalization
2,900 Employees	 

* Information from 2018 10-K as of Dec. 31, 2018; market capitalization as of Dec. 31, 2018

2018 Review



To better serve our customers and improve the safety and reliability of our natural gas system, we are proactively replacing aging natural gas lines.

Highlights



Electric Utilities

Wyoming Integrated Resource Plan

- Recommends balanced mix of generation resources
- Recommends purchase of Wygen I as least cost resource

Renewable Ready Program

- Requested new, voluntary tariffs in SD and WY
- Proposed new \$57 million, 40-megawatt Corriedale Wind Energy Project to provide renewable energy

Wyoming Power Cost Adjustment

- Completed comprehensive, multi-docket settlement agreement

Transmission Line (Rapid City to Stegall, NE)

- Placed in service 81 miles of \$70 million, 175-mile line rebuild; remaining 94-mile segment to be in service by year-end 2019

New Peak Loads

- Reported new winter peaks in Colorado and Wyoming; Wyoming all-time peak

Tax Cuts and Jobs Act

- Delivered benefits of lower federal corporate income tax rate to electric and natural gas utility customers



Natural Gas Utilities

Jurisdiction Simplification

- Filed and received approval from Colorado utility commission to consolidate two natural utilities into new entity; legal consolidation completed in Dec.

Timely Investment Recovery

- Arkansas - \$12 million new annual revenue
- Rocky Mountain Natural Gas - \$1 million new annual revenue and extension of system safety and integrity rider (SSIR)
- Northwest Wyoming Gas - \$1 million new annual revenue
- Nebraska - SSIR extension
- Kansas - SSIR investment amount increased

Natural Bridge Pipeline Approval

- Received approval on Nov. 20 to construct \$54 million, 35-mile pipeline in central Wyoming; expect to construct and place in service in 2019

Highlights



Power Generation

Busch Ranch I

- Purchased 50% ownership interest in 29-megawatt wind farm for \$16 million
- Colorado Electric, an affiliate electric utility, owns remaining 50% and operates the facility
- All energy from wind farm serves Colorado Electric customers

Busch Ranch II

- Won Colorado Electric's competitive solicitation for renewable energy to construct and own new \$71 million, 60-megawatt wind farm
- Will provide 60 megawatts of wind energy to Colorado Electric through 25-year power purchase agreement
- Construction underway and expect to place in service in fall of 2019



Corporate and Other

CEO Transition

- David Emery retired as CEO effective Dec. 31; will serve as Executive Chairman through April 2020
- Linn Evans named CEO effective Jan. 1, 2019

Dividend

- Total 2018 dividend of \$1.93 per share, a 6.6% increase compared to 2017; represented 48th consecutive annual increase

Credit Ratings

- Upgraded by S&P Global Ratings to BBB+ from BBB
- Reaffirmed by both Moody's (Baa2) and Fitch (BBB+)

Equity Units Conversion

- Issued 6.37 million common shares on Nov. 1

Other Financing Activity

- Completed \$400 million, 4.35% public debt offering
- Amended and restated \$750 million revolving credit facility
- Amended and restated \$300 million term loan

Discontinued Operations

- Completed exit of oil and gas business

2018 Scorecard

PROFITABLE
GROWTH

VALUED
SERVICE

BETTER
EVERY DAY

GREAT
WORKPLACE

Strategy

- Construct cost effective rate-base utility assets that meet growing demand, improve reliability and customer satisfaction.
- Acquire small utility systems within or near existing service territories
- Invest in the replacement of existing utility infrastructure to maintain the safety and reliability of electric and gas systems.
- Cost effectively add renewable resources to energy supply portfolio
- Achieve top-tier operational performance in a culture of continuous improvement
- Improve efficiencies through continued deployment of technology
- Be the safest company in the energy industry
- Be one of the best places to work
- Improve the wellness of employees
- Be a workplace of choice for women and minorities

2018 Future Initiatives and Progress

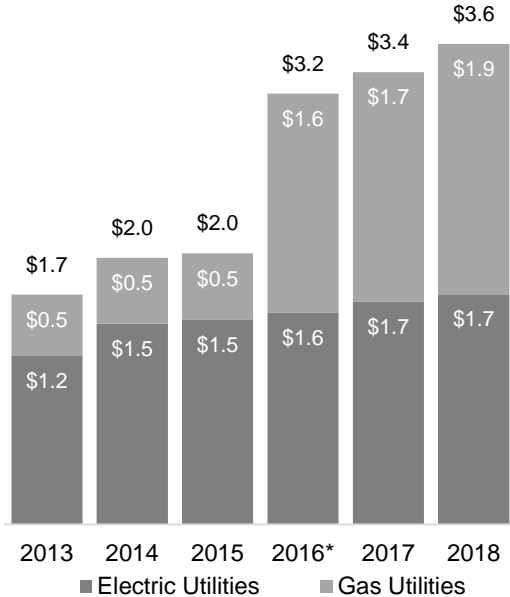
- Increase annual dividend for 48th consecutive year
- Commence construction of 175 mile, \$70 million Rapid City, SD to Stegall, NE 230 KV transmission line rebuild
- Obtain Wyoming PSC approval for Natural Bridge Pipeline project
- Complete engineering and purchase wind turbines for Busch Ranch II
- Pursue satisfactory resolution of Colorado Electric 2016 rate review
- Complete Arkansas Gas rate review
- Complete RMNG rate review
- Complete NW WY Gas rate review
- Obtain Colorado PUC approval for recommended project from 2017 renewable energy RFP
- Receive approval from each state regulatory commission to provide benefits of tax reform to utility customers
 - Arkansas, Colorado, Iowa, Kansas, Nebraska and South Dakota
 - Wyoming
- File for approval of Wyoming Electric's electric resource plan
- Finalize negotiations and file for regulatory approval for electric utilities to join SPP
- Improve eBill participation, reduce inbound customer calls and enhance web-based customer options
- Complete implementation of utility work and asset management system
- Implement new vegetation management system
- Focus on improving productivity and reducing costs
- Complete exit of oil and gas business
- Continue to enhance functionality of tablet-based technology for field technicians
- Achieve safety TCIR of 1.1
- Achieve PMVI rate of 1.7
- Expand the availability of participation for women's affinity groups into all areas of operations
- Create additional programs that further develop, retain, and reward top performing employees

Strategic Execution Delivers Results

Estimated Rate Base

(in billions as of year-end)

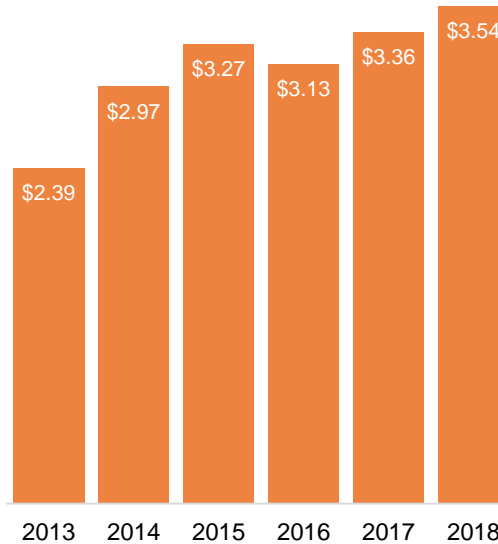
More than doubled since 2013



Invest for Customer

EPS from continuing operations available for common stock, as adjusted**

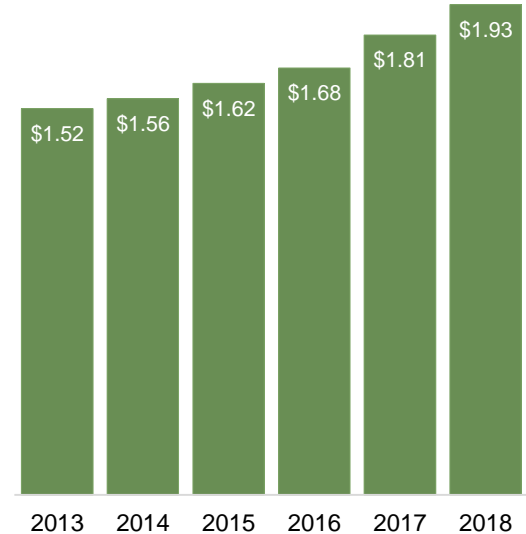
8.2% CAGR 2013-2018



Earnings Growth

Annual Dividend Per Share

4.9% CAGR 2013-2018



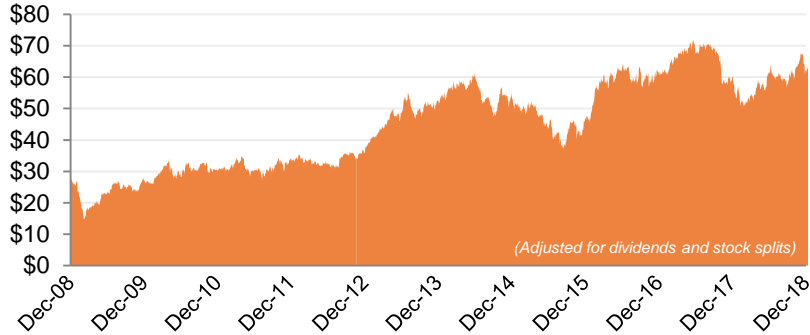
Dividend Growth

* Increase in 2016 rate base primarily driven by February 2016 acquisition of SourceGas

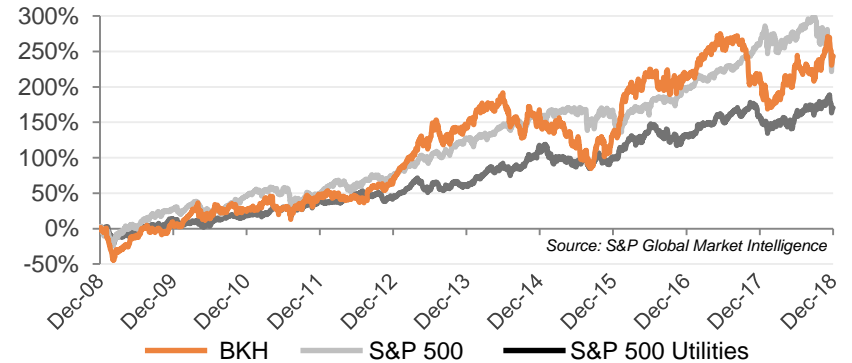
** EPS from continuing operations available for common stock, as adjusted, is a non-GAAP measure; reconciled to GAAP in Appendix

Delivering for Shareholders

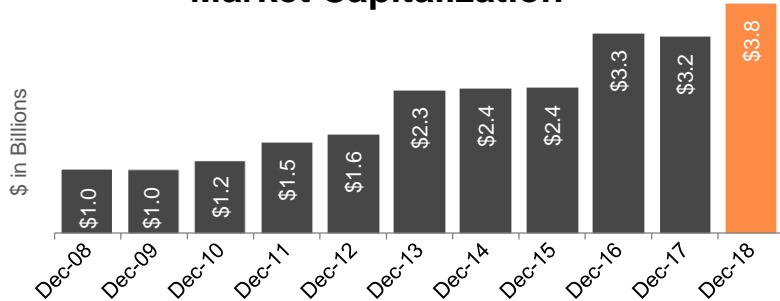
BKH Daily Closing Stock Price



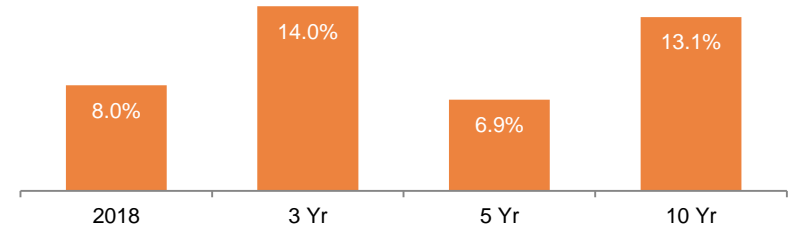
10-year Total Shareholder Return



Market Capitalization




Annualized Total Return*



* Data as of Dec. 31, 2018 from Bloomberg Financial assumes dividend reinvestment in stock. Black Hills Corp. does not guarantee the accuracy of these calculations, does not suggest our stock price will perform in the future comparable to the past, and does not provide this information as investment advice.

Strategic Overview

An aerial photograph of an industrial facility, likely a power plant or refinery, during a vibrant sunset. The sky is a mix of orange, red, and yellow, with silhouettes of mountains in the distance. The facility in the foreground is illuminated with lights, and several tall chimneys are emitting thick plumes of white smoke. The surrounding landscape is a flat, open plain with some sparse vegetation and a few scattered buildings in the distance.

Our Southern Colorado energy system is one of the cleanest in the nation, fueled entirely by natural gas and renewable energy.

Customer Focused Strategy

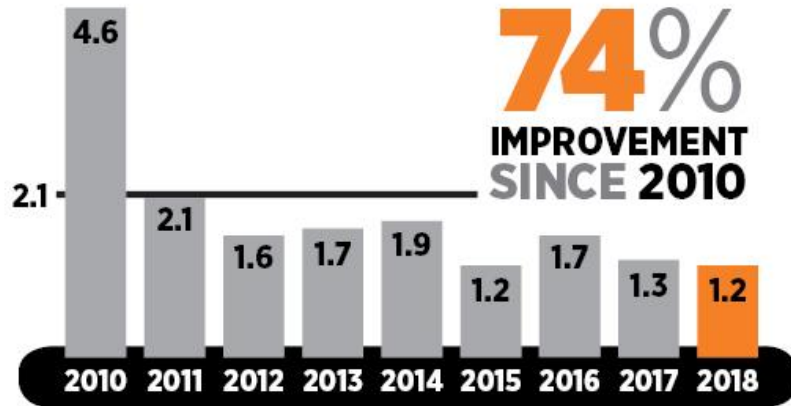
READY.

- Safety
- Reliability
- Customer experience
- Supporting economic growth
- Innovative customer solutions



Safety Focus

Total Case Incident Rate

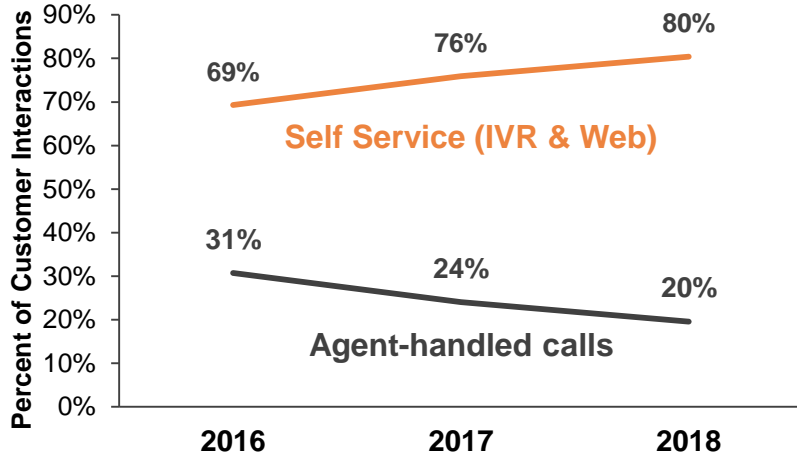


2018 data is YTD through Dec. 31, 2018. TCIR is defined as the average number of work-related injuries incurred per 200,000 hours worked during a one-year period. (represents approximately 100 workers).



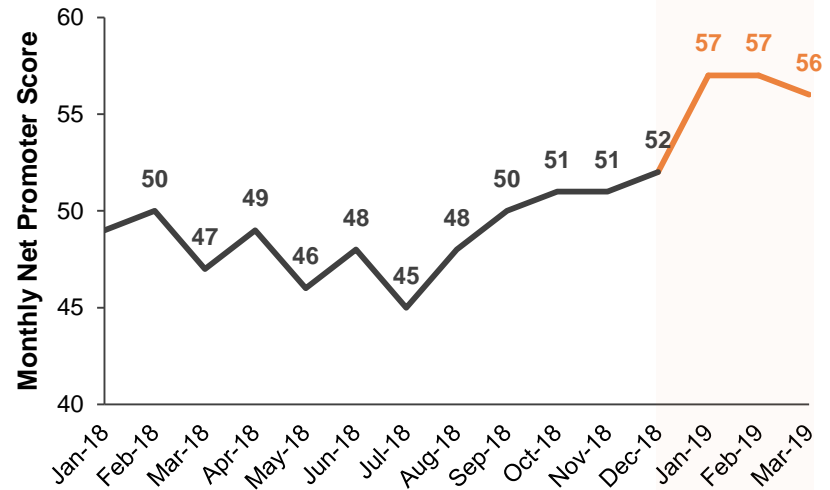
Transforming the Customer Experience

Customers Choosing Self-Service



- Increased use of self-service options of interactive voice response and web
- Reduced agent-handled calls

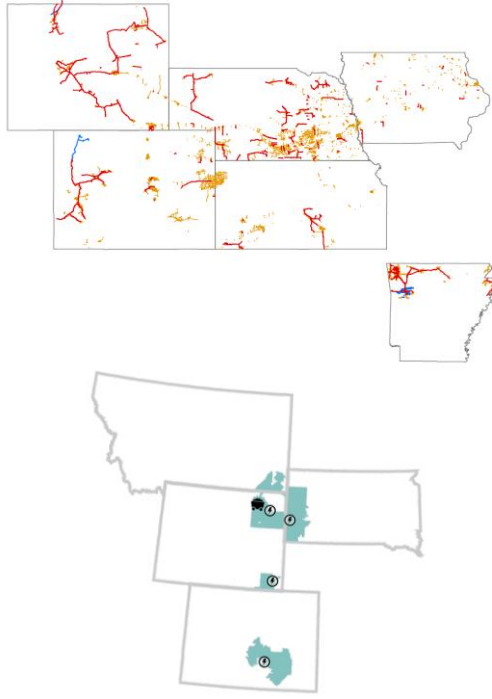
Improved Net Promoter Score



- Multiple initiatives improved customer experience
- 14% improvement in net promoter scores since January 2018

Strategic Execution Delivers Opportunities

Own and operate large transmission and distribution systems



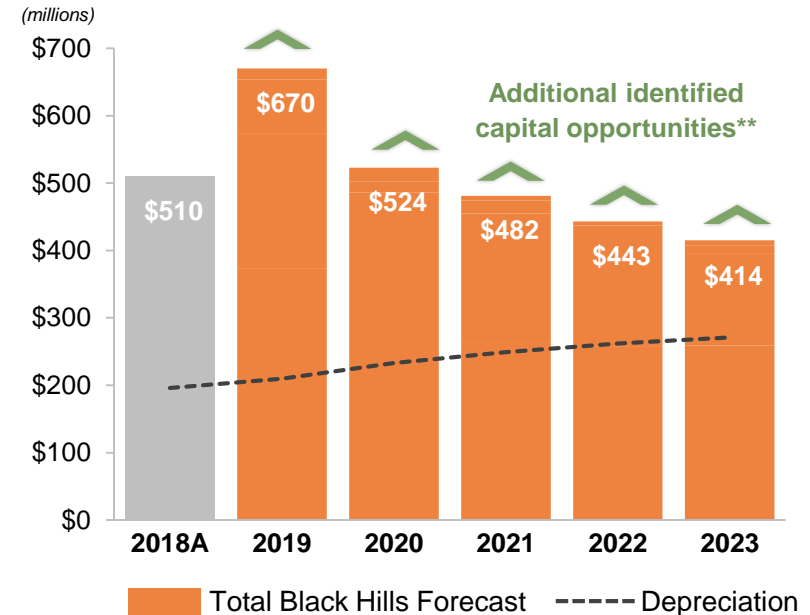
46,000-mile
natural gas
gathering, storage,
transmission and
distribution system

1.1 gigawatts* of
electric generation

9,000-mile electric
transmission and
distribution system



Forecasted Capital Investment



* Excludes 49.9 percent ownership in Colorado IPP owned by a third party; Information from 2018 Form 10-K

** Identified projects being evaluated and refined for timing and cost; regulatory approvals may be required

Credit Ratings

- S&P Global Ratings on Aug. 9, 2018, upgraded its corporate credit rating of Black Hills Corp. to BBB+ from BBB with a stable outlook (reaffirmed Feb. 28, 2019)
- Moody's Investors Service on Dec. 12, 2018, affirmed its corporate credit rating of Black Hills Corp. at Baa2 with a stable outlook
- Fitch Ratings on Oct. 11, 2018, affirmed its corporate credit rating of Black Hills Corp. at BBB+ with a stable outlook

Black Hills Corporation	S&P	Moody's	Fitch
Corporate Credit Rating	BBB+	Baa2	BBB+
Senior Unsecured	BBB+	Baa2	BBB+
Outlook	<i>Stable</i>	<i>Stable</i>	<i>Stable</i>

2019 Scorecard

PROFITABLE
GROWTH

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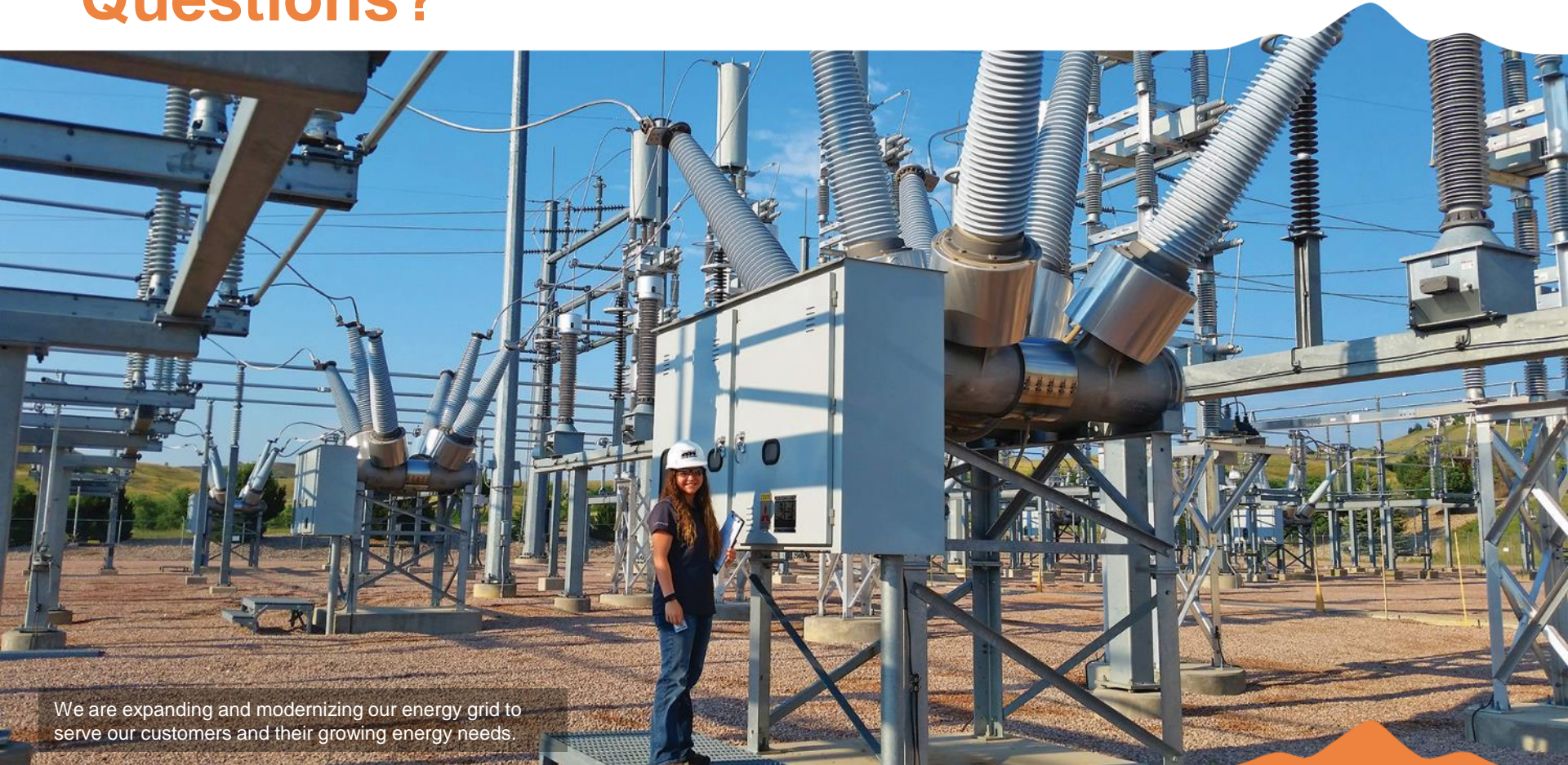
Strategy

- Meet growing customer demand through innovative tariffs and the construction of customer-focused, cost effective, rate-based utility assets
- Enhance reliability and customer satisfaction.
- Acquire small utility systems within or near existing service territories
- Invest in the replacement of existing utility infrastructure to maintain the safety and reliability of electric and gas systems.
- Cost effectively add renewable resources to energy supply portfolio
- Achieve top-tier operational performance in a culture of continuous improvement
- Improve efficiencies through continued deployment of technology
- Be the safest company in the energy industry
- Be one of the best places to work
- Improve the wellness of employees
- Be a workplace of choice for women and minorities

2019 Future Initiatives and Progress

- Increase annual dividend for 49th consecutive year
- Complete key capital projects
 - Rapid City to Stegall transmission line
 - Natural Bridge Pipeline
 - Busch Ranch II wind farm
- Jurisdiction simplification
 - Complete Colorado Gas rate review
 - Complete Wyoming Gas legal consolidation
 - File Wyoming Gas rate review
 - File Nebraska Gas legal consolidation
- Receive approval of 40 MW Corriedale Wind Energy Project in Wyoming and Renewable Ready voluntary program
- Receive approval to provide benefits of tax reform to Wyoming utility customers
- File for approval of CPCN to purchase Wygen I as recommended in Wyoming Electric IRP
- Improve eBill participation
- Reduce inbound customer calls
- Enhance web-based customer options
- Receive approval for Colorado Electric economic development tariff
- Enhance electric system reliability through implementation of distribution system integrity program
- Enhance gas utility system safety and reliability by completing 2019 programmatic capital projects
- Focus on improving productivity and reducing costs
- Continue to enhance functionality of tablet-based technology for field technicians
- Develop electric vehicle strategy for customers
- Complete planned plant maintenance to maintain strong long-term generation availability
- Enhance efficiency of financial, accounting and regulatory processes
- Implement program for achieving top-quartile third-party damage prevention for gas utilities by 2020
 - Reduce third-party gas line hits 10%
- Achieve safety TCIR of 1.1
- Achieve PMVI rate of 1.7
- Achieve overall employee engagement survey score above U.S. and utility benchmarks
- Achieve 80% employee engagement in BHC Virgin Pulse wellness program
- Expand availability of diversity affinity groups to include support groups for women, American Indians, Hispanics and veterans
- Implement centralized training facility and program for natural gas utilities

Questions?



We are expanding and modernizing our energy grid to serve our customers and their growing energy needs.



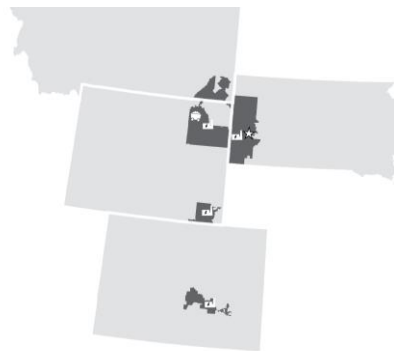
Appendix

- Operations Overview
- Capital Investment
- Company Values, Vision and Mission
- Non-GAAP Reconciliation

Operations Overview

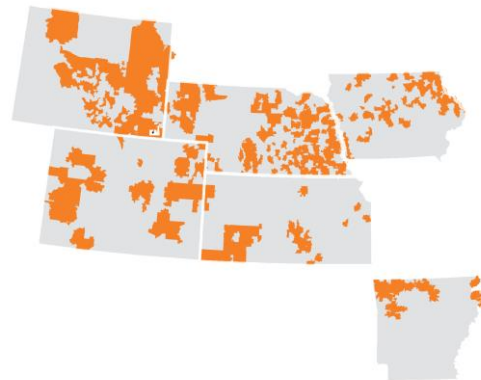
Electric Utilities, Power Generation & Mining*

- Electric Utilities
- Natural Gas Utilities
- 🏠 Power Generation
- 🏭 Mine
- ★ Company Headquarters



- Three electric utilities generate, transmit and distribute electricity to approximately 212,000 customers in CO, MT, SD, and WY
- 1.1 gigawatts** of generation and 8,858 miles of transmission and distribution
 - Utilities own generating facilities with 939 megawatts of capacity to serve customers
 - Power generation owns three generation facilities with 183-megawatts** capacity; capacity and energy delivered under long-term contracts to utility affiliates
 - Efficient mine-mouth generation in WY fueled by low-sulfur Powder River Basin coal
- East-West electric interconnection in SD optimizes off-system sale of power and improves system reliability (1 of only 7 east-west ties)

Natural Gas Utilities*



- 11 natural gas utilities^ distribute natural gas to approximately 1,054,000 customers in AR, CO, IA, KS, NE and WY
- 4,700 miles of intrastate gas transmission pipelines and 41,158 miles of gas distribution mains and service lines
- Seven natural gas storage facilities in AR, CO and WY with 16.5 Bcf of underground gas storage working capacity
- 137,000 customers served through Choice Gas Program (unbundled natural gas supply) and Service Guard/CAPP programs (contract appliance repair service)

* Information from 2018 Form 10-K

** Excludes 49.9 percent ownership interest in Colorado IPP owned by a third party

^ Excludes minor entities and Shoshone pipeline

Capital Investment by Recovery

(in millions)

Capital Investment By Segment and Recovery	2018A	2019F	2020F	2021F	2022F	2023F
Minimal Lag Capital - Electric Utilities ¹	\$50	\$54	\$71	\$114	\$98	\$49
Growth Capital - Electric Utilities ²	23	32	76	21	20	20
Other	80	115	66	56	41	67
Electric Utilities	\$153	\$200	\$213	\$191	\$160	\$137
Minimal Lag Capital - Gas Utilities ¹	150	255	174	181	156	127
Growth Capital - Gas Utilities ²	65	50	45	45	47	46
Other	74	70	53	39	55	86
Gas Utilities	\$288	\$374	\$273	\$264	\$257	\$259
Total Utilities	\$442	\$575	\$486	\$456	\$417	\$396
Power Generation	38	72	9	8	10	4
Mining	19	8	7	11	10	7
Corporate	12	16	21	7	6	8
Total	\$510	\$670	\$524	\$482	\$443	\$414

Forecasted capital investment excludes additional opportunities from power generation or other material projects being evaluated for timing or where approvals may be required.

¹ Minimal Lag Capital – investment with regulatory lag of less than one year or incurred during expected regulatory test periods

² Growth Capital – generates immediate revenue on customer connections

Note: Some totals may differ due to rounding; excludes discontinued operations in 2018

Utility Capital Investment by Type

(in millions)

Utility Capital Investment by Type	2018A	2019F	2020F	2021F	2022F	2023F
Safety, Reliability and other Integrity ¹	\$117	\$156	\$126	\$157	\$134	\$113
Growth ²	23	32	76	21	20	20
General Plant	14	13	10	14	5	4
Electric Utilities	\$153	\$200	\$213	\$191	\$160	\$137
Safety, Reliability and other Integrity ¹	168	277	197	207	199	201
Growth ²	65	50	45	45	47	46
General Plant	56	47	31	12	12	12
Gas Utilities	\$288	\$374	\$273	\$264	\$257	\$259
Total Utilities	\$442	\$575	\$486	\$456	\$417	\$396

Forecasted capital investment excludes additional opportunities from power generation or other material projects being evaluated for timing or where approvals may be required.

¹ Safety, Reliability and Integrity Capital – capital expenditures related to improving or maintaining system integrity

² Growth Capital – generates immediate revenue on customer connections

Note: Some totals may differ due to rounding; excludes discontinued operations in 2018

Use of Non-GAAP Financial Measures

Earnings per share, as adjusted and earnings from continuing operations, per share, as adjusted

Earnings per share from continuing operations available for common stock, as adjusted, and earnings from continuing operations, per share, as adjusted, are Non-GAAP financial measures. Earnings per share, as adjusted, and earnings from continuing operations available for common stock, per share, as adjusted, are defined as GAAP Earnings per share and GAAP earnings from continuing operations, adjusted for expenses, gains and losses that the Company believes do not reflect the Company's core operating performance. Examples of these types of adjustments may include unique one-time non-budgeted events, impairment of assets, acquisition and disposition costs, and other adjustments noted in the earnings reconciliation tables in this presentation. The Company is not able to provide a forward-looking quantitative GAAP to Non-GAAP reconciliation for this financial measure because we do not know the unplanned or unique events that may occur later during the year.

Limitations on the Use of Non-GAAP Measures

Non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Our presentation of these non-GAAP financial measures should not be construed as an inference that our future results will not be affected by unusual, non-routine, or non-recurring items.

Non-GAAP measures should be used in addition to and in conjunction with results presented in accordance with GAAP. Non-GAAP measures should not be considered as an alternative to net income, operating income or any other operating performance measure prescribed by GAAP, nor should these measures be relied upon to the exclusion of GAAP financial measures. Our non-GAAP measures reflect an additional way of viewing our operations that we believe, when viewed with our GAAP results and the reconciliation to the corresponding GAAP financial measures, provide a more complete understanding of factors and trends affecting our business than could be obtained absent this disclosure. Management strongly encourages investors to review our financial information in its entirety and not rely on a single financial measure.

Use of Non-GAAP Financial Measures

Earnings Per Share, as adjusted	2013	2014	2015	2016	2017	2018
Net income (loss) available for common stock (GAAP)	\$ 2.64	\$ 2.93	\$ (0.71)	\$ 1.37	\$ 3.21	\$ 4.66
(Income) loss from discontinued operations (GAAP)	(0.09)	0.04	3.83	1.20	0.31	0.12
Net income (loss) available for common stock (excluding discontinued operations)	2.55	2.97	3.12	2.57	3.52	4.78
<u>Adjustments (after tax)</u>						
Interest rate swaps - MTM	(0.44)	-	-	-	-	-
Costs associated with prepayment of BHW project financing (Net of interest savings)	0.15	-	-	-	-	-
Financing costs, net of interest savings (\$250M bond payoff)*	0.13	-	-	-	-	-
Acquisition / integration costs	-	-	0.15	0.56	0.05	-
Tax reform and other tax items	-	-	-	-	(0.21)	0.07
Legal restructuring - income tax benefit	-	-	-	-	-	(1.31)
Total Non-GAAP adjustments	(0.16)	-	0.15	0.56	(0.16)	(1.24)
Net income available for common stock (excluding discontinued operations); as adjusted (Non-GAAP)	\$ 2.39	\$ 2.97	\$ 3.27	\$ 3.13	\$ 3.36	\$ 3.54

VISION

Be the Energy Partner of Choice.

MISSION

Improving Life with Energy.

COMPANY VALUES



Agility

We embrace change and challenge ourselves to adapt quickly to opportunities.



Customer Service

We are committed to providing a superior customer experience every day.



Partnership

Our partnerships with shareholders, communities, regulators, customers and each other make us all stronger.



Communication

Consistent, open and timely communication keeps us focused on our strategy and goals.



Integrity

We hold ourselves to the highest standards based on a foundation of unquestionable ethics.



Respect

We respect each other. Our unique talents and diversity anchor a culture of success.



Creating Value

We are committed to creating exceptional value for our shareholders, employees, customers and the communities we serve...always.



Leadership

Leadership is an attitude. Everyone must demonstrate the care and initiative to do things right.



Safety

We commit to live and work safely every day.

READY.



BKH
LISTED
NYSE

BH
Black Hills Corporation
Ready