

2019 Fourth Quarter Review

Feb. 7, 2020



READY.



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. This includes, without limitations, our 2020 earnings guidance and board approval of any future dividends. 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:

- The accuracy of our assumptions on which our earnings guidance is based;
- Our ability to obtain adequate cost recovery for our utility operations through regulatory proceedings and favorable rulings on 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;
- Our ability to complete our capital program in a cost-effective and timely manner;
- Our ability to execute on our strategy, including: targeting a 50 to 60 percent dividend payout ratio and continuing our track record of continuous annual dividend increases;
- Our ability to execute our utility jurisdiction consolidation plan;
- Board of Directors’ approval of any future quarterly dividends;
- 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.

Discussion Agenda

Fourth Quarter and Full Year Review

Linn Evans

President and Chief Executive Officer

Financial Update

Rich Kinzley

Senior Vice President and Chief Financial Officer

Strategic Overview

Linn Evans

President and Chief Executive Officer

Q&A

2019 Review



The Natural Bridge Pipeline in central Wyoming was placed in service in late 2019. This project was one of many capital projects completed during the year for our customers



Strategic Execution Delivering Long-term Value

Ready for Customers

- ✓ Delivered safe and reliable service
- ✓ Deployed customer focused safety and integrity capital
- ✓ Enhanced reliability and capacity
- ✓ Integrated additional renewable energy resources
- ✓ Improved customer experience

Earnings Growth

- ✓ Achieved adjusted earnings above guidance midpoint
- ✓ Produced 9% increase in 2019 adjusted earnings from continuing operations
- ✓ Reaffirmed 2020 earnings guidance range

Strategic Progress

- ✓ Executed on long-term capital investment plan
- ✓ Advanced key regulatory initiatives
- ✓ Implemented innovative energy solutions
- ✓ Supplemented board diversity and experience
- ✓ Maintained solid investment grade credit ratings
- ✓ Completed 49 consecutive years of dividend increases

Recent Highlights

Electric Utilities

Renewable Ready Increased by 12.5 Megawatts

- New voluntary tariffs and \$79 million Corriedale Wind Energy Project to deliver renewable energy through subscription-based program
- Increased project to 52.5 megawatts and South Dakota's share to 32.5 megawatts
- Corriedale wind project expected to be constructed near Cheyenne, Wyoming, and be placed in service in 2020

Renewable Advantage Program In Colorado

- Request for proposals to potentially add up to 200 megawatts of cost-effective, utility-scale renewables in Colorado no later than 2023
- Bids due Feb. 15 for review by independent evaluator

Record Winter Peak Load in Wyoming

- On Dec. 16, Wyoming Electric set a new record winter peak load of 247 megawatts, surpassing prior winter peak of 238 megawatts in December 2018

Natural Gas Utilities

Natural Bridge Pipeline in Service

- On Dec. 1, placed in service 35-mile pipeline to enhance supply reliability and delivery capacity in central Wyoming

Jurisdiction Consolidation Advances

- On Dec. 11, Wyoming Gas received approval of settlement agreement in consolidated rate review
 - Single statewide rate structure effective March 1, 2020
 - \$13.3 million annual revenue increase for \$150 million of investments for customers
 - 9.40% return on equity
 - 50.23% equity and 49.77% debt capital structure
 - New rider supports integrity investments for customers
- On Jan. 1, 2020, Nebraska Gas completed legal consolidation; expect to file rate review mid-year 2020
- Colorado Gas filed exceptions to an ALJ recommended decision on consolidated rate review which would deny consolidation and recommends a rate decrease

Recent Highlights *(continued)*



Power Generation and Mining

Wygen I FERC Filing

- On Aug. 2, Black Hills Wyoming (Wygen I) and affiliate Wyoming Electric jointly submitted request to FERC seeking approval of new 20-year power purchase agreement
- If approved, Black Hills Wyoming will provide 60 megawatts of energy to Wyoming Electric through agreement that would start Jan. 1, 2023
- On Dec. 23, responded to questions from FERC; decision pending

Busch Ranch II Wind Project In Service

- On Nov. 26, \$71 million, 60-megawatt wind generation project placed in service
- Project provides renewable energy to utility affiliate Colorado Electric under 25-year power purchase agreement



Corporate and Other

Dividend Increased

- Quarterly dividend increased 5.9% in November
- Total payout for 2019 of \$2.05 completed 49 consecutive years of dividend increases
- Current annualized rate of \$2.14 would represent 50 consecutive years of dividend increases in 2020

New Board Members Appointed

- Tony A. Jensen and Kathleen S. McCallister appointed to board of directors effective Nov. 1



Financial Update

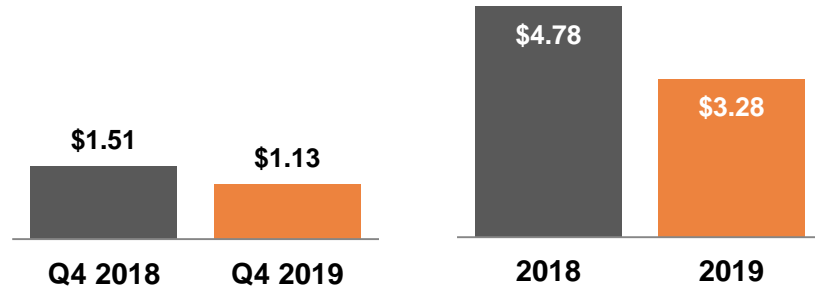


The expertise and dedication of our electric line workers keeps our service among the most reliable in the country.

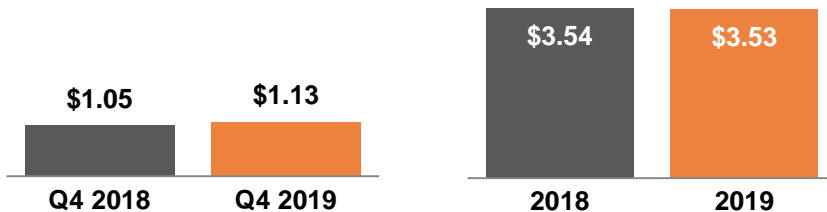


Q4 and Full Year 2019 Financial Overview

EPS from continuing operations available for common stock (GAAP)



EPS, as adjusted (Non-GAAP)*



Financial Highlights

- Increase in net income, as adjusted, from continuing operations offset dilutive impact of new shares issued in late 2018 and 2019
 - **Q4:** 13.4% increase partially offset by 5.4% share dilution
 - **2019:** 9.2% increase offset by 9.5% share dilution
- Weather impact positive versus normal; not as favorable compared to 2018
 - **Q4:** +\$0.04 versus normal and (\$0.02) versus prior year
 - **2019:** +\$0.06 versus normal and (\$0.03) versus prior year

* EPS from continuing operations available for common stock, as adjusted is a non-GAAP measure; see slide 10 for detail



Trailing Five Quarters Earnings Per Share

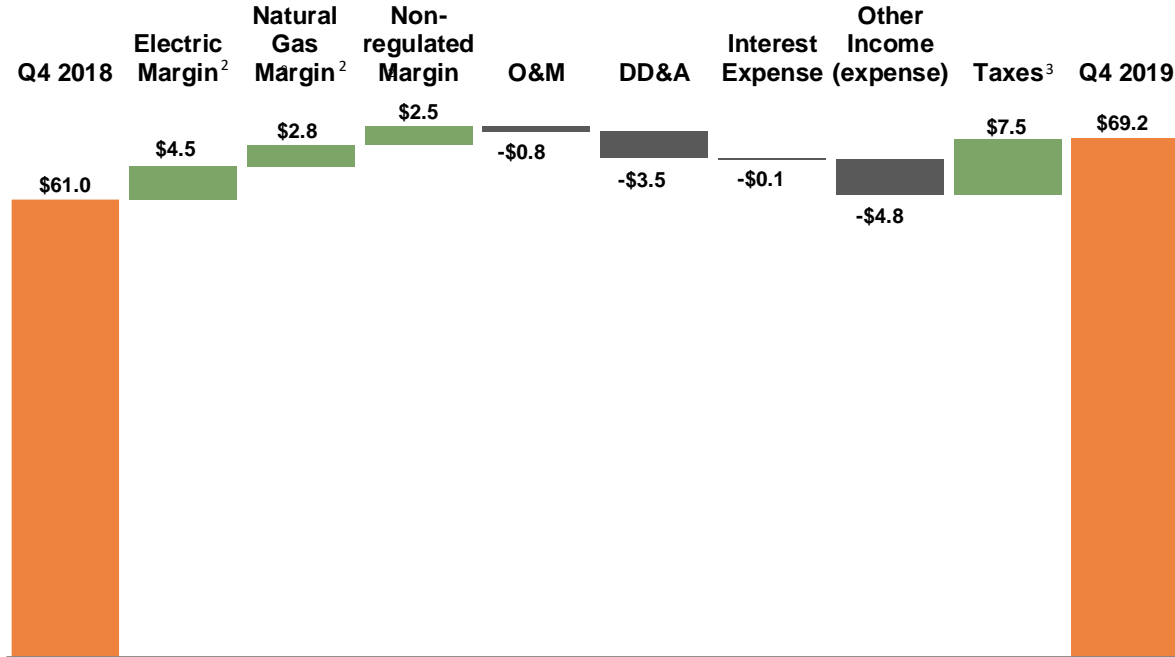
| | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | 2018 | 2019 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| EPS from continuing operations available for common stock (GAAP) | \$ 1.51 | \$ 1.73 | \$ 0.24 | \$ 0.19 | \$ 1.13 | \$ 4.78 | \$ 3.28 |
| <u>Special Items:</u> | | | | | | | |
| Impairment of investment | — | — | — | 0.25 | — | — | 0.25 |
| Tax reform and other tax items | (0.06) | — | — | — | — | 0.07 | — |
| Legal restructuring - income tax benefit | (0.40) | — | — | — | — | (1.31) | — |
| Total adjustments (after tax) | (0.46) | — | — | 0.25 | — | (1.24) | 0.25 |
| EPS, as adjusted (Non-GAAP)* | \$ 1.05 | \$ 1.73 | \$ 0.24 | \$ 0.44 | \$ 1.13 | \$ 3.54 | \$ 3.53 |

* EPS from continuing operations available for common stock, as adjusted is a non-GAAP measure; see Appendix for definition of Non-GAAP measures



Q4 2019 Earnings Drivers

Change in Net Income from Continuing Operations available for Common Stock, as adjusted¹
(in millions)



Primary Earnings Drivers

- ⬆ Industrial demand
- ⬆ Improved effective tax rate (9.3% effective tax rate versus 18.8% in 2018)
- ⬆ Lower purchased power capacity costs
- ⬆ Customer growth
- ⬆ Rider recovery
- ⬆ Weather (electric utilities)
- ⬇ Weather (gas utilities)
- ⬇ Higher depreciation on larger asset base

¹ Non-GAAP measure; see Income Statement in Appendix

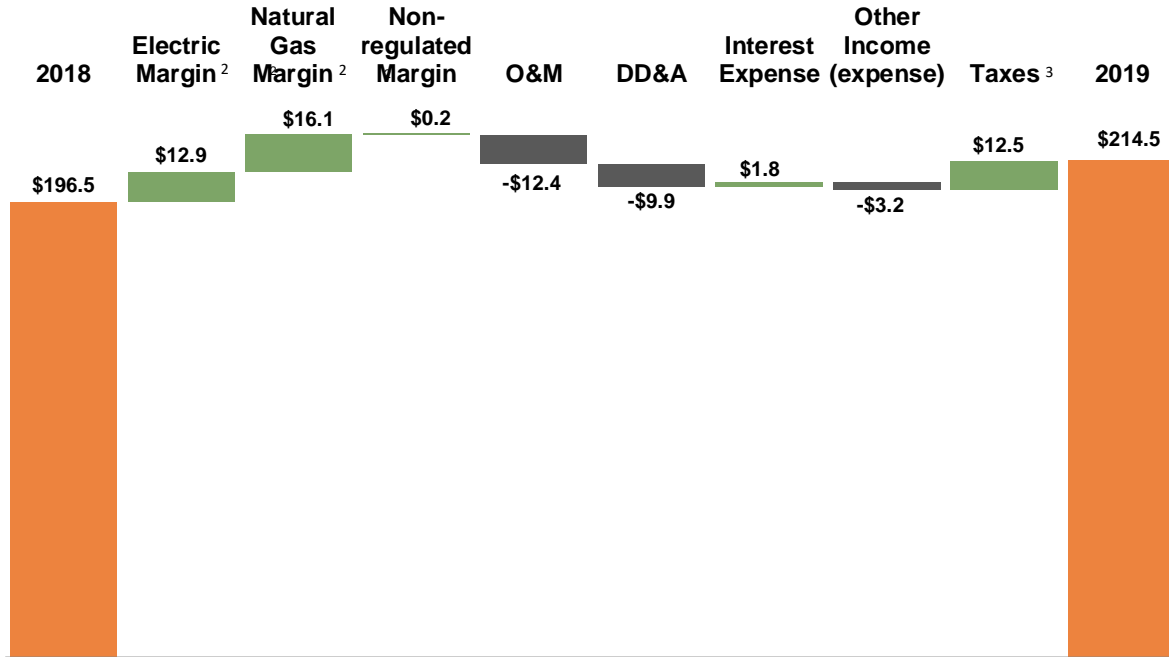
² Utility margin negative impact of \$1.0 million (\$0.2 million electric positive impact more than offset by \$1.2 million natural gas negative impact), net of tax, related to weather

³ 2019 includes \$1.6 million higher tax credits from new wind assets, \$3.4 million one-time federal carry back claim, and \$1.3 million increased repair and development credits



Full Year 2019 Earnings Drivers

Change in Net Income from Continuing Operations available for Common Stock, as adjusted¹
(in millions)



Primary Earnings Drivers

- ⬆️ New base rates and rider recovery
- ⬆️ Lower purchased power capacity costs
- ⬆️ Improved effective tax rate (13.0% effective tax rate versus 17.6% in 2018)
- ⬆️ Industrial demand
- ⬆️ Customer growth
- ⬆️ Weather (electric utilities)
- ⬇️ Weather (gas utilities)
- ⬇️ O&M spend
- ⬇️ Higher depreciation on larger asset base

¹ Non-GAAP measure; see Income Statement in Appendix

² Utility margin negative impact of \$1.5 million (\$0.2 million electric positive impact more than offset by \$1.7 million natural gas negative impact), net of tax, related to weather

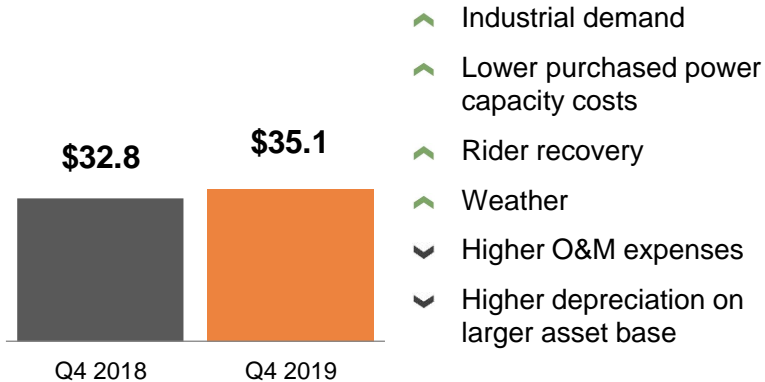
³ 2019 includes \$5.9 million higher tax credits from new wind assets, \$3.4 million one-time federal carry back claim, and \$1.9 million increased repair and development credits



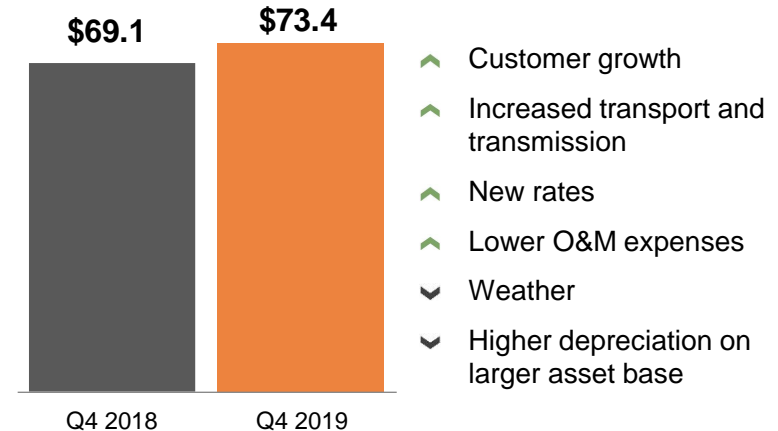
Q4 2019 Operating Income by Segment

(in millions)

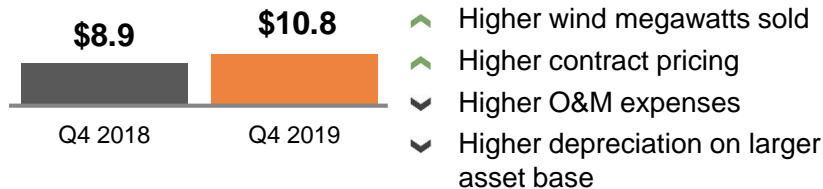
Electric Utilities



Gas Utilities



Power Generation*



Mining



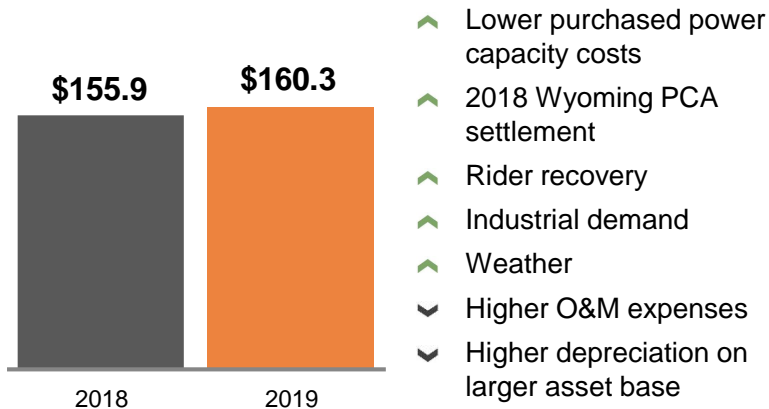
* Power Generation includes 100% of Colorado IPP operations; financial results for the 49.9% minority owner of COIPP reflected through a reduction to net income attributable to noncontrolling interest



Full Year 2019 Operating Income by Segment

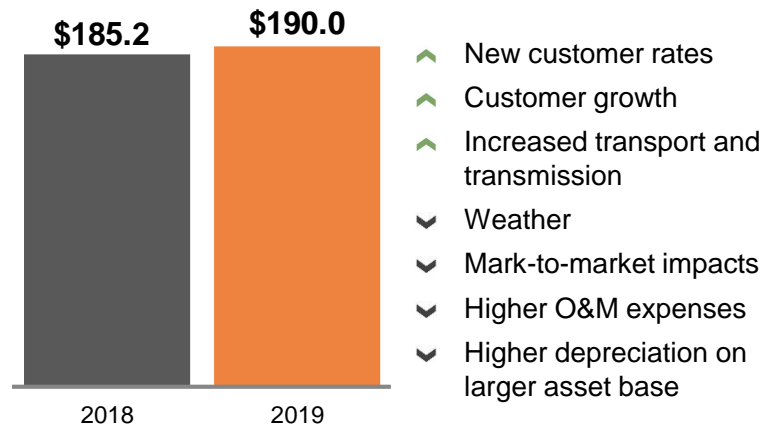
(in millions)

Electric Utilities



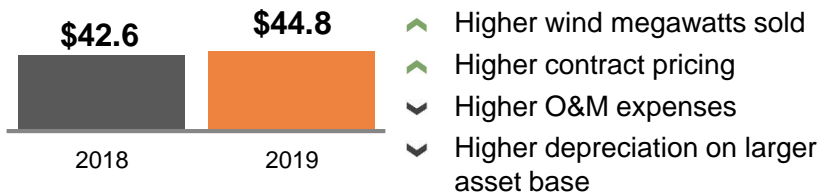
- ⬆ Lower purchased power capacity costs
- ⬆ 2018 Wyoming PCA settlement
- ⬆ Rider recovery
- ⬆ Industrial demand
- ⬆ Weather
- ⬇ Higher O&M expenses
- ⬇ Higher depreciation on larger asset base

Gas Utilities



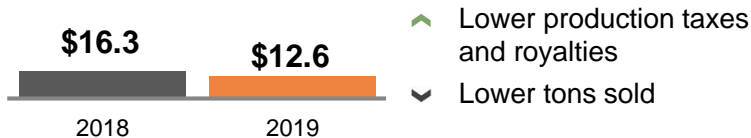
- ⬆ New customer rates
- ⬆ Customer growth
- ⬆ Increased transport and transmission
- ⬇ Weather
- ⬇ Mark-to-market impacts
- ⬇ Higher O&M expenses
- ⬇ Higher depreciation on larger asset base

Power Generation*



- ⬆ Higher wind megawatts sold
- ⬆ Higher contract pricing
- ⬇ Higher O&M expenses
- ⬇ Higher depreciation on larger asset base

Mining



- ⬆ Lower production taxes and royalties
- ⬇ Lower tons sold

* Power Generation includes 100% of Colorado IPP operations; financial results for the 49.9% minority owner of COIPP reflected through a reduction to net income attributable to noncontrolling interest

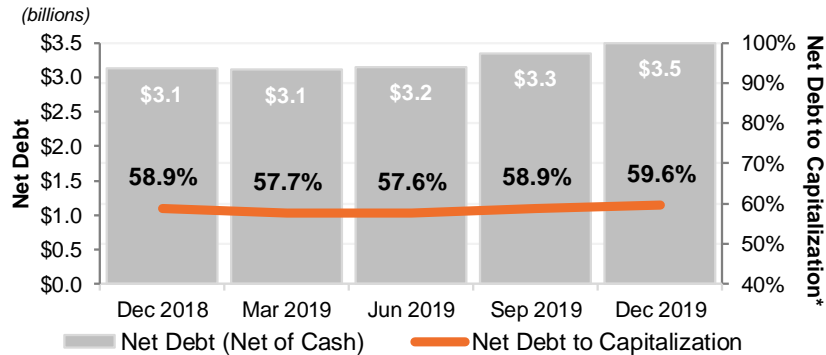


Strong Financial Position

Committed to Strong Investment-Grade Credit Ratings

| S&P | Moody's | Fitch |
|---------------------------|---------------------------|---------------------------|
| BBB+ | Baa2 | BBB+ |
| Stable outlook | Stable outlook | Stable outlook |
| Affirmed Feb. 28, 2019 | Affirmed Dec. 20, 2019 | Affirmed Aug. 29, 2019 |

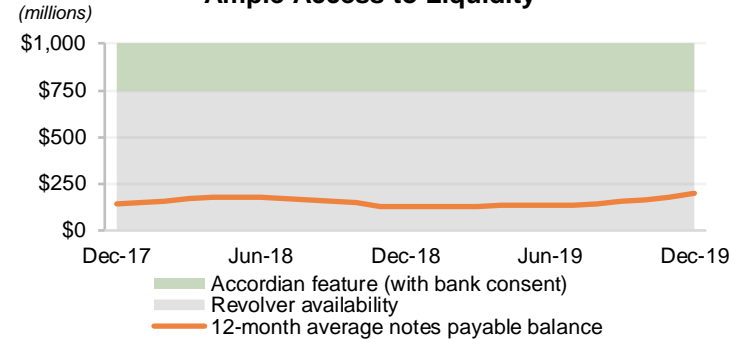
Capital Structure



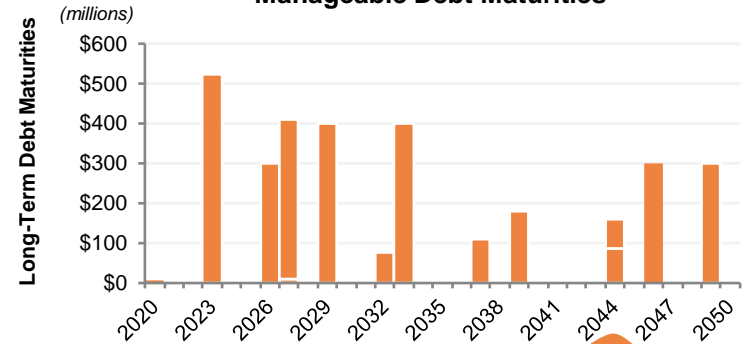
* Excludes noncontrolling interest; see Appendix for detailed capital structure

Strong Liquidity and Debt Profile

Ample Access to Liquidity



Manageable Debt Maturities

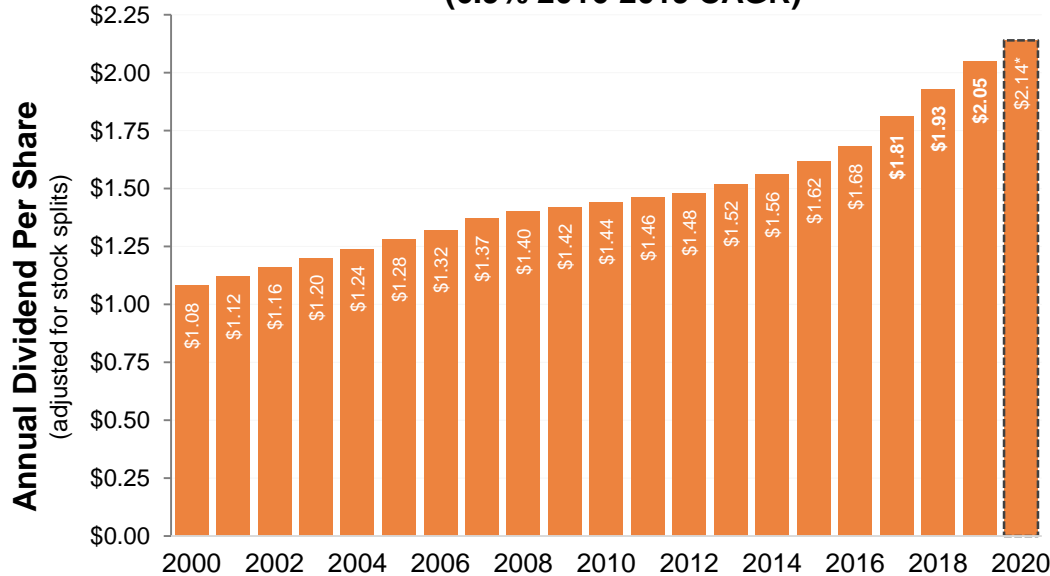


Strong Dividend Growth Track Record

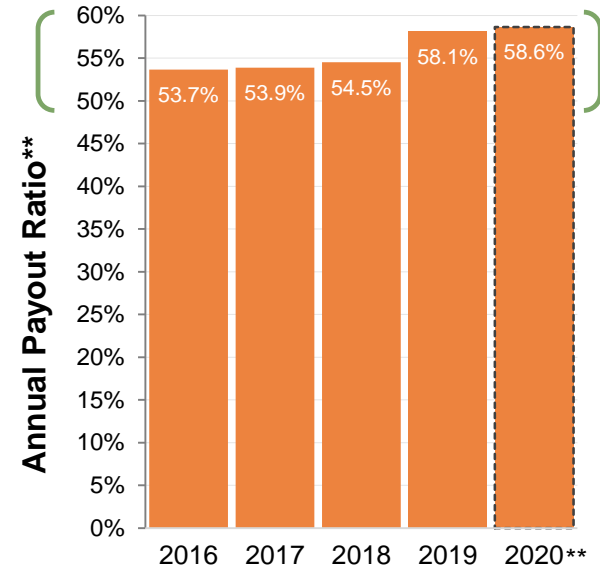
2020 Annual Rate Represents 50 Consecutive Years of Increases*



**\$0.12 increase in both 2018 and 2019
(6.9% 2016-2019 CAGR)**



**Target payout ratio of
50% to 60%**



* On Jan. 29, board of directors approved a quarterly dividend of \$0.535 per share; 2020 annualized rate of \$2.14 would represent 50 consecutive years of increases, pending quarterly board approval

** Annual dividend payout ratio is calculated by dividing annual dividend per share by earnings from continuing operations, as adjusted, per share, a non-GAAP measure reconciled to GAAP in Appendix; 2020 payout ratio is based on midpoint of earnings guidance range - see slide 45 in Appendix for guidance range and assumptions



Strategic Overview



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



READY. for Customers

READY. for Shareholders

Safety & Integrity

Customer Experience

Growth

Earnings Growth

Dividend Growth

Strong Total Returns

Aligning People + Processes + Technology + Analytics

Committed to maintaining solid investment-grade credit ratings

- Prioritize capital investment for safe, reliable service
- Program-based approach sets priority, increases transparency and improves planning, financial and regulatory processes

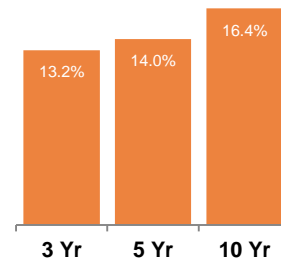
- Know our customers
- Easy to do business with
- Deliver innovative solutions

- Capacity and infrastructure enhancements
- Data centers and blockchain
- Responsible integration of additional renewable energy resources
- Natural gas saturation

- \$2.7 billion capital plan (2020-2024)
- Incremental opportunities likely
- Recurring base of utility investment
- Timely investment recovery

- 50 consecutive annual dividend increases*
- Targeting 50% to 60% payout

Annualized Total Return**
(as of Jan. 31, 2020)



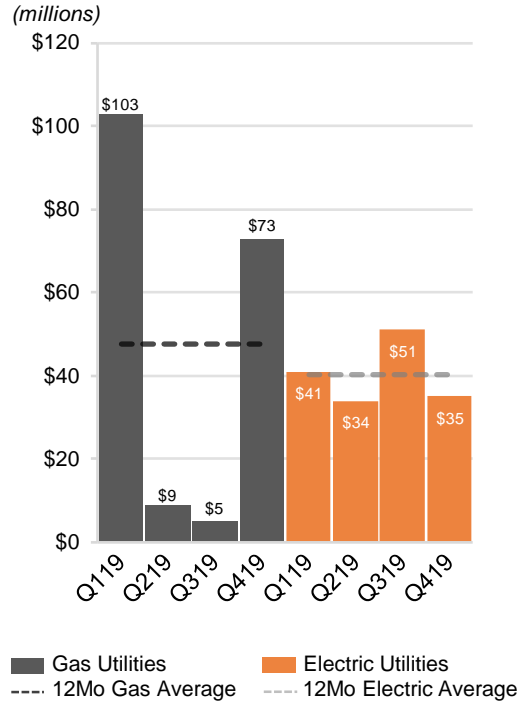
* On Jan. 29, board of directors approved a quarterly dividend of \$0.535 per share; 2020 annualized rate of \$2.14 would represent 50 consecutive years of increases, pending quarterly board approval

** Annualized total shareholder return assumes dividend reinvestment in Black Hills; data from Bloomberg Financial total return analysis as of Jan. 31, 2020

Strength in Diversity

Reduces Business Risk and Drives More Predictable Earnings

Utility Operating Income

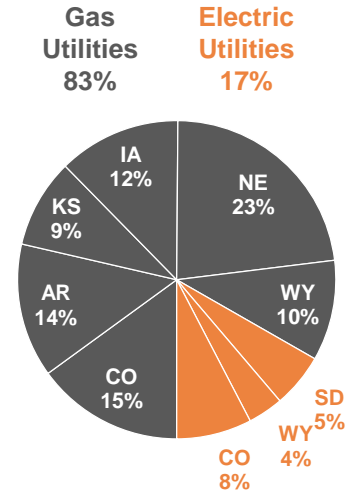


Gross Margin by State*¹

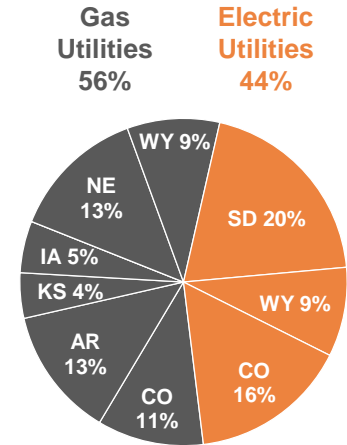
(12 months ending Dec. 31, 2019)



Percent of Customers by State¹



Percent of Utility Rate Base²



* Non-GAAP measure, reconciled to GAAP in Appendix

¹ Montana data included in South Dakota totals

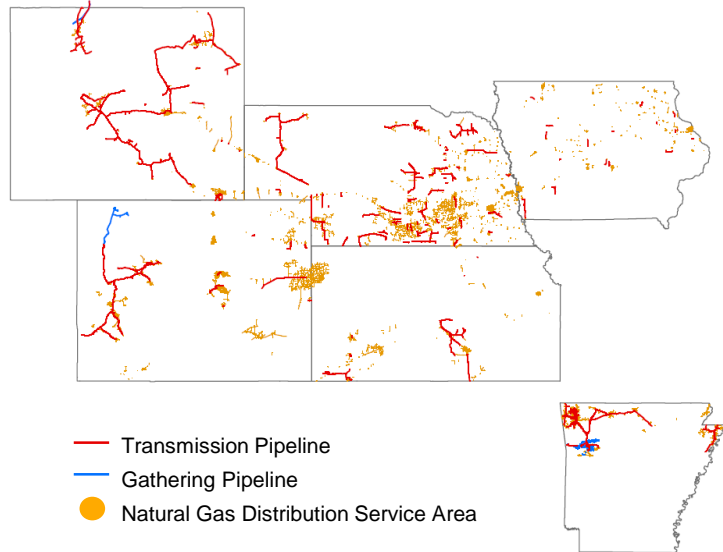
² Estimated utility rate base as of Dec. 31, 2019; see Appendix for more detail



Large Systems Require Significant Investment

Eight-state Presence Provides Additional Diversity of Opportunities

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



1.1 gigawatts* of electric generation and **9,000-mile** electric transmission and distribution system

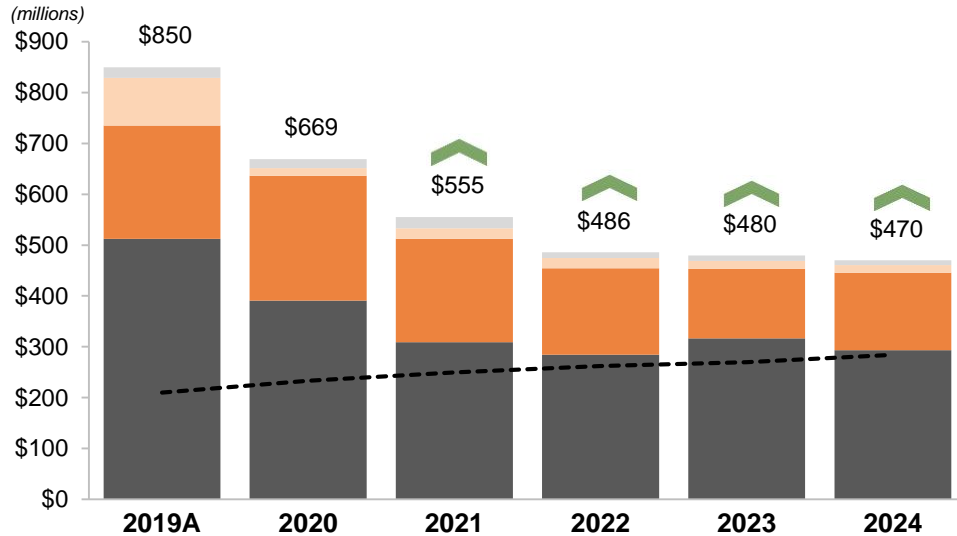


* Excludes 49.9 percent ownership in Colorado IPP owned by a third party
Note: Approximated totals based on information from 2018 Form 10-K

Investing for Customer Needs Drives Growth

2020-2024 Forecast of \$2.7 billion

Forecasted Capital Investment



Additional identified capital opportunities likely[^]

Rate base growth - investment well in excess of depreciation

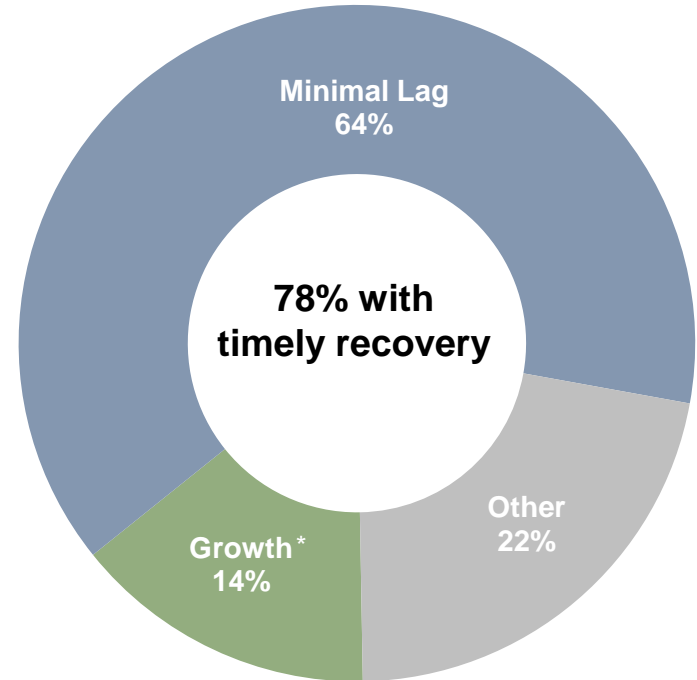
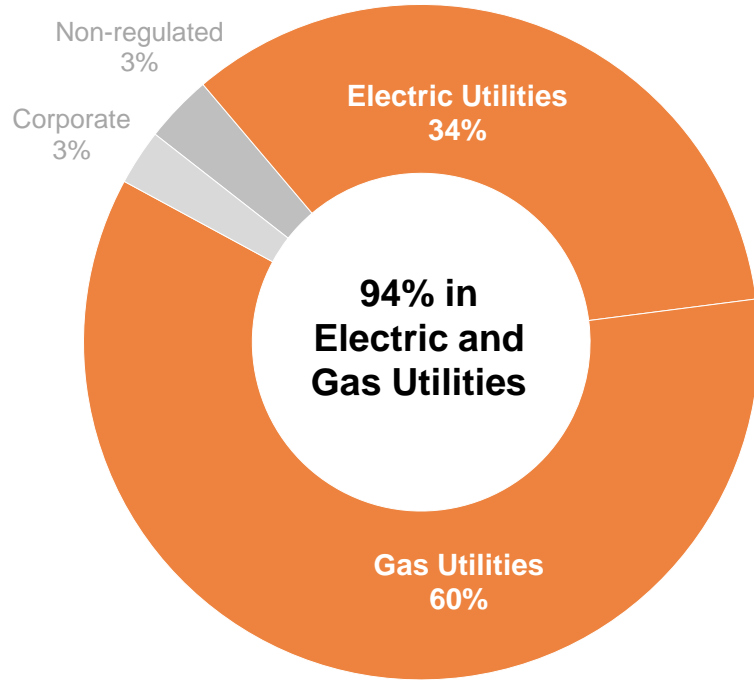
Change since prior disclosure:

■ Electric Utilities ■ Gas Utilities - - - Depreciation (Total)
■ Non-Regulated ■ Corporate

[^] Incremental identified projects being evaluated and refined for timing and cost.

Timely Investment Recovery

2020-2024 Capital Forecast of \$2.7 Billion



* Growth Capital - generates immediate revenue on customer connections

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

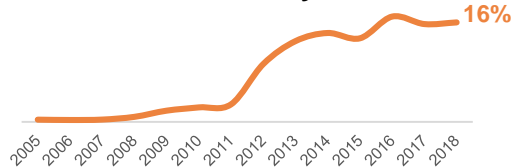


Focused on ESG for Sustainable Value Growth

Environmental

- Adding renewable generation resources
 - 60MW Busch Ranch II wind project in 2019
 - 52.5MW Corriedale wind project in 2020
 - Up to 200MW to be potentially added in Colorado no later than 2023
- Colorado Electric generation fleet coal-free
- 86% of total revenues related to renewables, natural gas and other services*
 - 14% of revenues from mining and coal-fired generation/purchase agreements
- “Gold Leader” in Colorado since 2014 for achieving significant goals in environmental improvement and sustainability

16% Reduction in CO₂ from Delivered Electricity Since 2005



Social

- Employee safety performance improved with goal to be industry leader in safety
 - 32% improvement in injury prevention since 2014
 - OSHA VPP Star Worksite status at Pueblo Airport Generating Station
- 2019 employee engagement survey score above utility average and high-performing companies
- 2019 50 Most Engaged Workplaces award (Achievers)
- 2019 Energy Star Partner of the Year for outstanding efforts to improve residential energy efficiency



In 2019, we donated
\$5.2 million to our communities
including nearly \$523,000 by employees to 50 United Way agencies and affiliates across our service territories

Governance

- Diverse and experienced Leadership
 - Board – 25% women
 - Average Board tenure – 7 years
 - Leadership team – 36% women
 - Independent lead director
 - Diverse Board experience across multiple industries and sectors; specifically recruited cyber security expertise
- Stock ownership requirement and compensation philosophy for officers aligns interests with stakeholders
- Established succession planning process with Board engagement

* Revenue as a percent of total company revenue based on trailing 12 months as of Dec. 31, 2019

** 16% reduction as of Dec. 31, 2018; includes Colorado Electric emissions since 2005

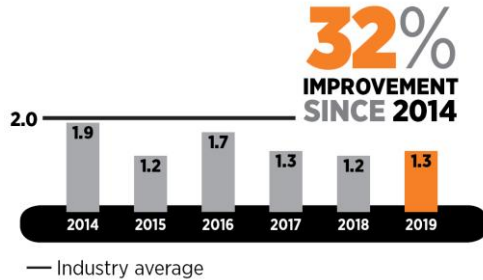


Operational Excellence

Delivering Safe and Reliable Service to Our Customers and Communities

Enhanced Safety Performance

Total Case Incident Rate



2019 data is YTD through December 31, 2019. 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).

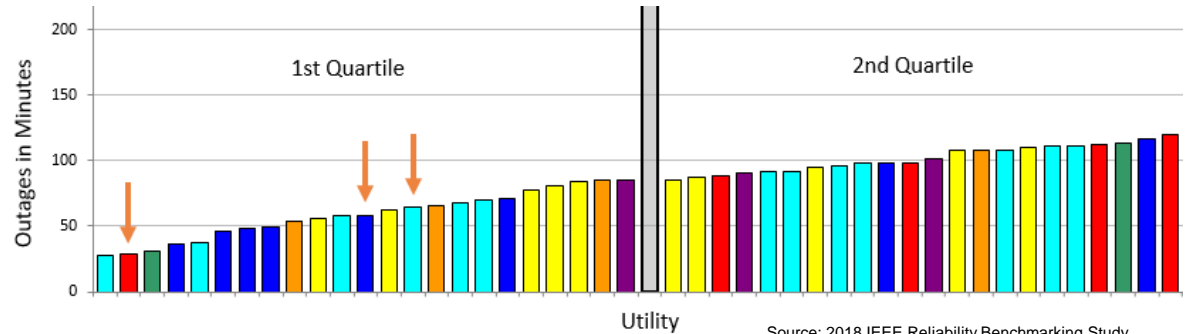
OSHA Voluntary Protection Program Recognizes Pueblo Airport Generating Station With Highest Star Worksite Safety Status



Black Hills' generation facilities in Pueblo, Colorado, completed a rigorous three-year approval process to obtain Star Worksite status, the highest OSHA VPP status, for implementing and maintaining effective safety and health management systems. In December 2019, employees began flying the Star Worksite flag to represent this honor.

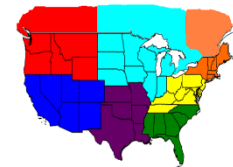
2018 IEEE Reliability Benchmarking Study

All three Black Hills Electric Utilities in top quartile of reliability



Source: 2018 IEEE Reliability Benchmarking Study

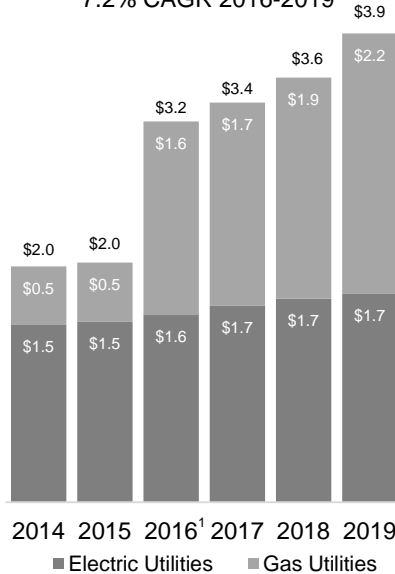
- Region 8: Spars States or Unknown
- Region 1: Northeast
- Region 2: Mid-Atlantic
- Region 3: Southeast
- Region 4: Midwest
- Region 5: Southwest
- Region 6: South
- Region 7: Northwest



Strategic Execution Delivers Results

Estimated Rate Base ¹ (in billions as of year-end)

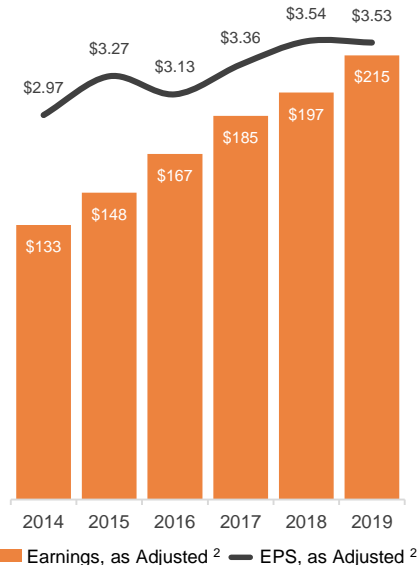
Nearly doubled since 2014
7.2% CAGR 2016-2019



Invest for Customer

EPS, As Adjusted and Earnings, As Adjusted ²

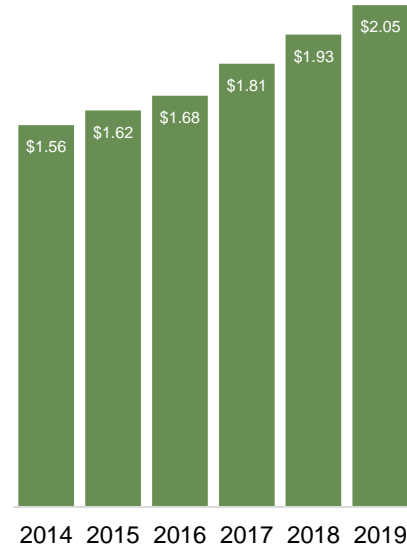
3.5% EPS CAGR 2014-2019
10.1% Earnings CAGR 2014-2019



Earnings Growth

Annual Dividend Per Share

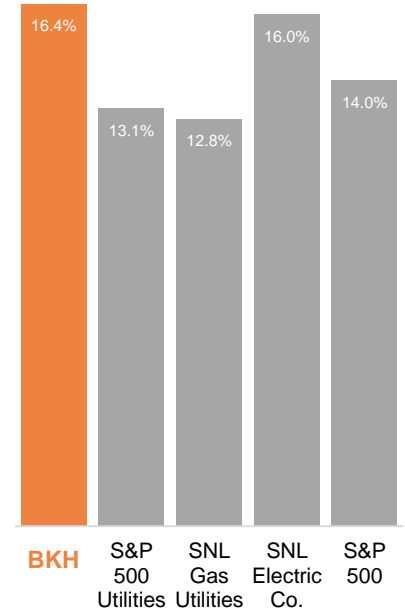
5.6% CAGR 2014-2019



Dividend Growth

Total Shareholder Return ³

(10-year annualized return as of Jan. 31, 2020)



Strong Long-term TSR

¹ Increase in 2016 rate base primarily driven by February 2016 acquisition of SourceGas

² Earnings and EPS from continuing operations available for common stock, as adjusted are non-GAAP measures reconciled to GAAP in Appendix

³ 10-year annualized total shareholder return as of Jan. 31, 2020, based on data from S&P Global Market Intelligence



2019 Scorecard

PROFITABLE GROWTH

- Meet growing customer demand through innovative tariffs and 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

VALUED SERVICE

- 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

BETTER EVERY DAY

- Achieve top-tier operational performance in a culture of continuous improvement
- Improve efficiencies through continued deployment of technology

GREAT WORKPLACE

- 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

- | | | | |
|--|---|--|---|
| <input checked="" type="checkbox"/> Increase annual dividend for 49th consecutive year | <input checked="" type="checkbox"/> Receive approval to provide benefits of tax reform to Wyoming utility customers | <input checked="" type="checkbox"/> Focus on improving productivity and reducing costs | <input type="checkbox"/> Achieve safety TCIR of 1.1 |
| <input checked="" type="checkbox"/> Complete key capital projects <ul style="list-style-type: none"><input checked="" type="checkbox"/> Rapid City to Stegall transmission line<input checked="" type="checkbox"/> Natural Bridge Pipeline<input checked="" type="checkbox"/> Busch Ranch II wind farm | <input checked="" type="checkbox"/> File for approval of CPCN to purchase Wygen I as recommended in Wyoming Electric IRP (extended PPA) | <input checked="" type="checkbox"/> Continue to enhance functionality of tablet-based technology for field technicians | <input type="checkbox"/> Achieve PMVI rate of 1.7 |
| <input type="checkbox"/> Complete Colorado Gas rate review | <input checked="" type="checkbox"/> Improve eBill participation | <input checked="" type="checkbox"/> Develop electric vehicle strategy for customers | <input checked="" type="checkbox"/> Achieve overall employee engagement survey score above U.S. and utility benchmarks |
| <input checked="" type="checkbox"/> Complete Wyoming Gas legal consolidation | <input checked="" type="checkbox"/> Reduce inbound customer calls | <input checked="" type="checkbox"/> Complete planned plant maintenance to maintain strong long-term generation availability | <input checked="" type="checkbox"/> Achieve 80% employee engagement in BHC Virgin Pulse wellness program |
| <input checked="" type="checkbox"/> File Wyoming Gas rate review | <input checked="" type="checkbox"/> Enhance web-based customer options | <input checked="" type="checkbox"/> Enhance efficiency of financial, accounting and regulatory processes | <input checked="" type="checkbox"/> Expand availability of diversity affinity groups to include support groups for women and veterans |
| <input checked="" type="checkbox"/> File Nebraska Gas legal consolidation | <input checked="" type="checkbox"/> Receive approval for Colorado Electric economic development tariff | <input checked="" type="checkbox"/> Implement program for achieving top-quartile third-party damage prevention for gas utilities by 2020 | <input type="checkbox"/> Implement centralized training facility and program for natural gas utilities |
| <input checked="" type="checkbox"/> Receive approval of Corriedale Wind Energy Project in Wyoming and Renewable Ready voluntary program | <input checked="" type="checkbox"/> Enhance electric system reliability through implementation of distribution system integrity program | <input type="checkbox"/> Reduce third-party gas line hits 10% | |
| | <input checked="" type="checkbox"/> Enhance gas utility system safety and reliability by completing 2019 programmatic capital projects | | |



2020 Scorecard

PROFITABLE GROWTH

- Meet growing customer demand through innovative tariffs and 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

VALUED SERVICE

- 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

BETTER EVERY DAY

- Achieve top-tier operational performance in a culture of continuous improvement
- Improve efficiencies through continued deployment of technology

GREAT WORKPLACE

- 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

2020 Future Initiatives and Progress

- | | | | |
|--|--|--|--|
| <ul style="list-style-type: none"> <input type="checkbox"/> Increase annual dividend for 50th consecutive year <input type="checkbox"/> Place Corriedale wind project in service <input type="checkbox"/> Advance jurisdiction consolidation <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Complete Nebraska Gas legal consolidation <input type="checkbox"/> File Nebraska Gas rate review <input type="checkbox"/> Complete Colorado Gas rate review <input type="checkbox"/> Execute data center recruitment strategy to support electric utility load growth <input type="checkbox"/> Enhance electric system reliability through implementation of distribution system integrity program <input type="checkbox"/> Enhance gas utility system safety and reliability by completing 2020 programmatic capital projects | <ul style="list-style-type: none"> <input type="checkbox"/> Improve Net Promoter Scores <input type="checkbox"/> Improve JDP OCSAT scores <input type="checkbox"/> Enhance customer self-service options <input type="checkbox"/> File Colorado Electric Resource Plan <input type="checkbox"/> Obtain approval to add up to 200MW of cost-effective renewable energy in Colorado (Renewable Advantage) <input type="checkbox"/> Advance ESG reporting practices by disclosing industry-aligned metrics <input type="checkbox"/> Provide incentive to add electric vehicle charging stations in our territories | <ul style="list-style-type: none"> <input type="checkbox"/> improve productivity and efficiency, as measured by: <ul style="list-style-type: none"> <input type="checkbox"/> Non-fuel O&M as a percentage of gross margin <input type="checkbox"/> Utilize robotic process automation <input type="checkbox"/> Evaluate enterprise data & analytics maturity and design roadmap <input type="checkbox"/> Identify and evaluate investment opportunities for assets that align with our electric and natural gas value chain <input type="checkbox"/> Define strategy and opportunities for renewable and liquefied natural gas <input type="checkbox"/> Complete planned plant maintenance to maintain strong long-term generation availability <input type="checkbox"/> Reduce third-party gas line hits | <ul style="list-style-type: none"> <input type="checkbox"/> Achieve safety TCIR of 1.19 <input type="checkbox"/> Achieve PMVI rate of 2.36 <input type="checkbox"/> Conduct quarterly engagement pulse surveys to measure employee sentiment and organizational culture to continuously improve our employees' experience <input type="checkbox"/> Achieve 80% employee engagement in BHC Virgin Pulse wellness program <input type="checkbox"/> Continue to expand availability and participation in diversity affinity groups |
|--|--|--|--|



Questions



For 135 years, we have been providing essential energy to our customers as a trusted and valued partner.

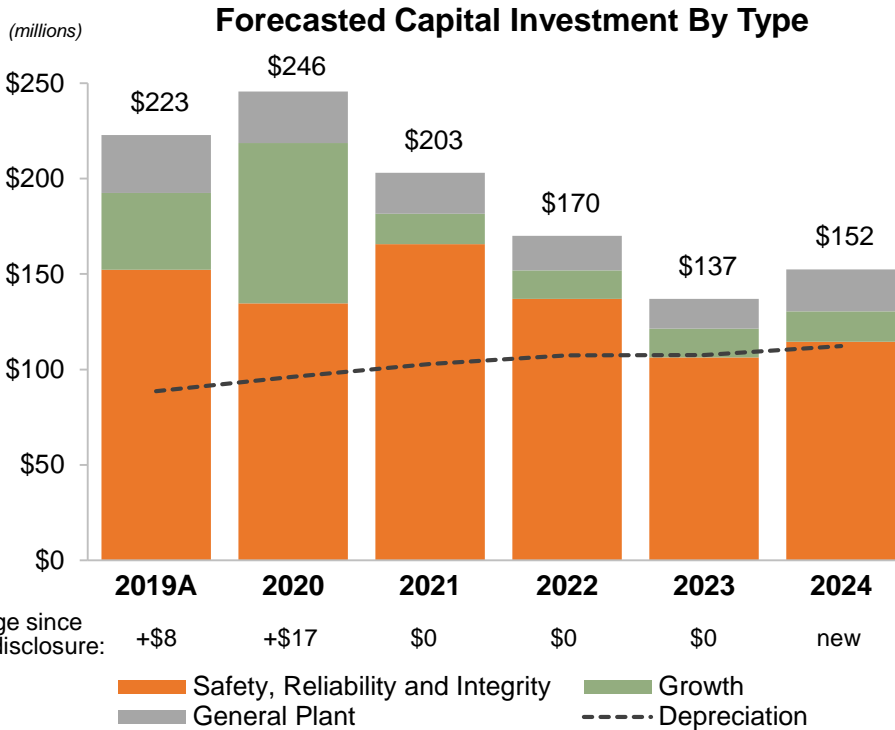


Appendix - Table of Contents

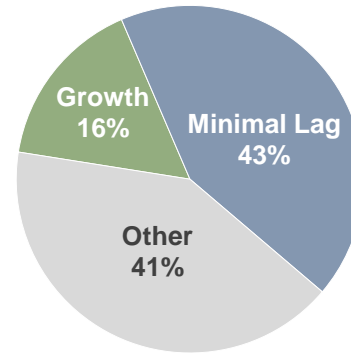
- 30-36** Capital Investment
- 37-42** Regulatory
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Electric Utilities Capital Investment

2020-2024 Forecast of \$0.9 billion

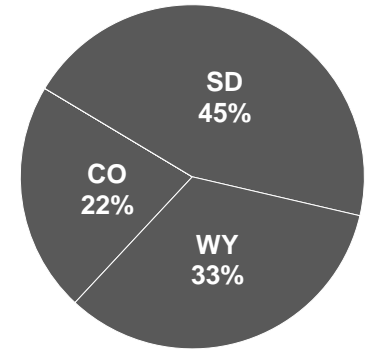


Forecasted Capital Investment Recovery*



2020-2024

Forecasted Capital by State

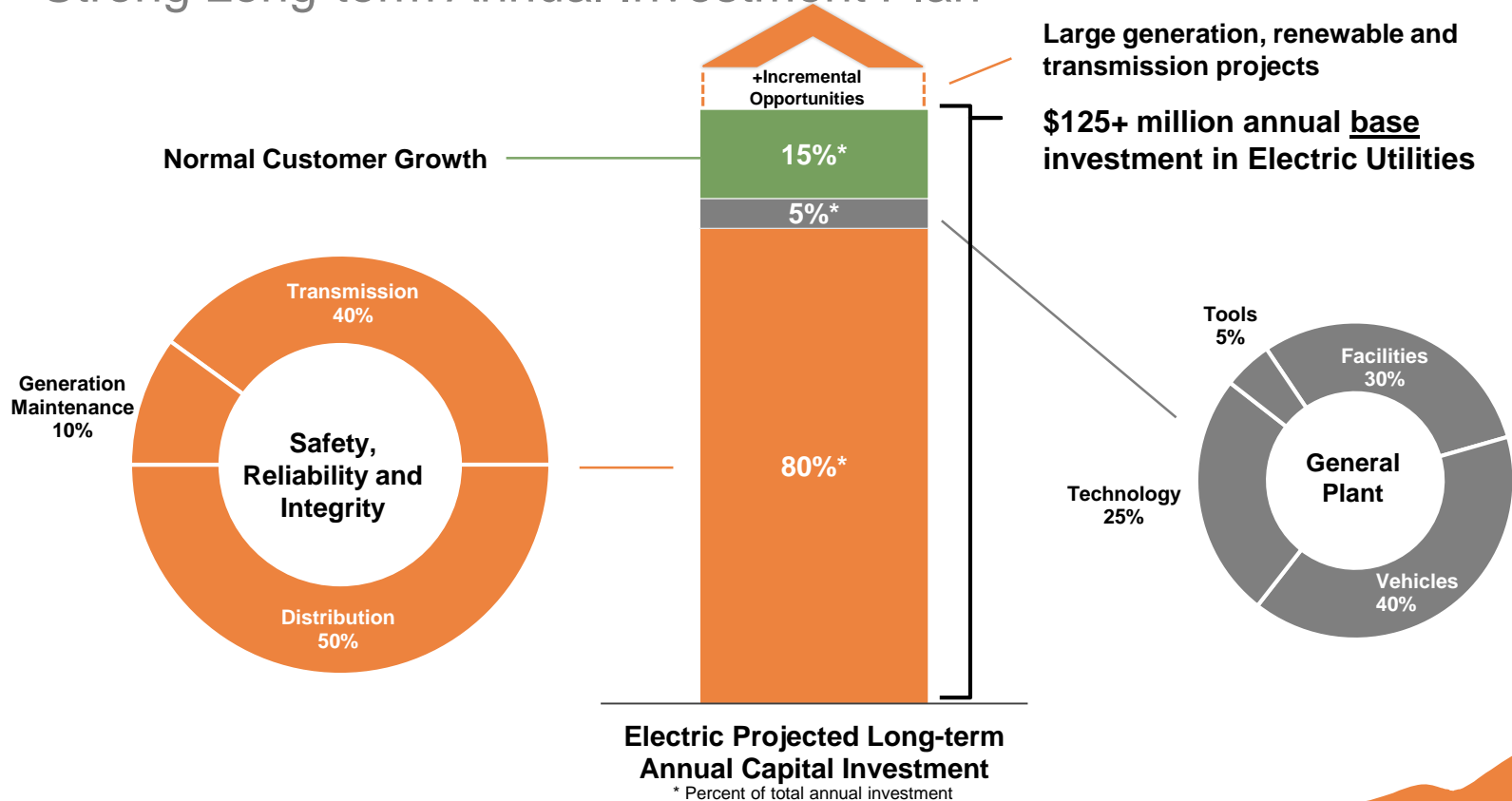


2020-2024

* Growth Capital - generates immediate revenue upon customer connections
 Minimal Lag Capital – capital expenditures with regulatory lag of less than one year or incurred during expected regulatory test periods

Electric Utilities Recurring Capital Outlook

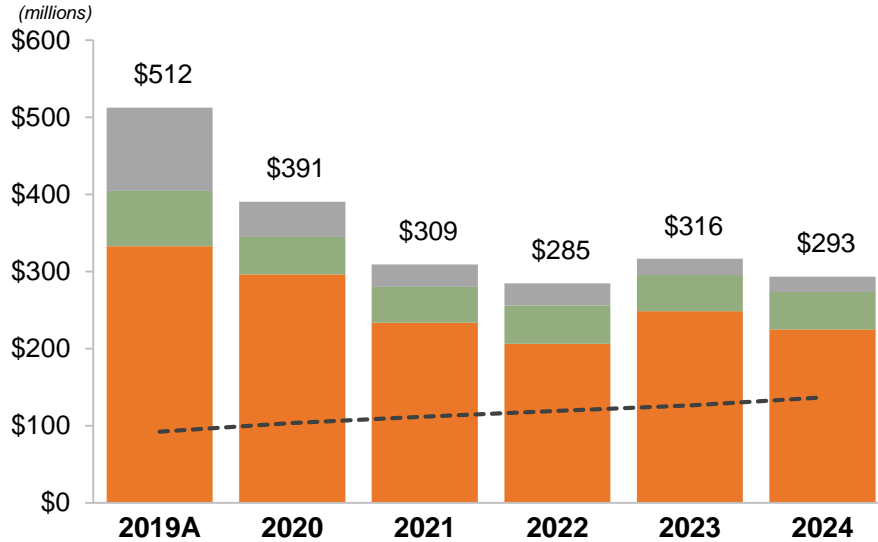
Strong Long-term Annual Investment Plan



Natural Gas Utilities Capital Investment

2020-2024 Forecast of \$1.6 billion

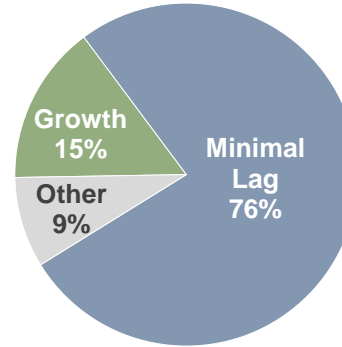
Forecasted Capital Investment By Type



Change since prior disclosure: +\$22 +\$30 +\$12 +\$11 +\$13 new

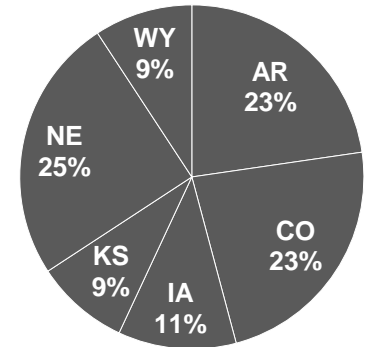
█ Safety, Reliability and Integrity █ Growth
█ General Plant - - - - Depreciation

Forecasted Capital Investment Recovery*



2020-2024

Forecasted Capital by State

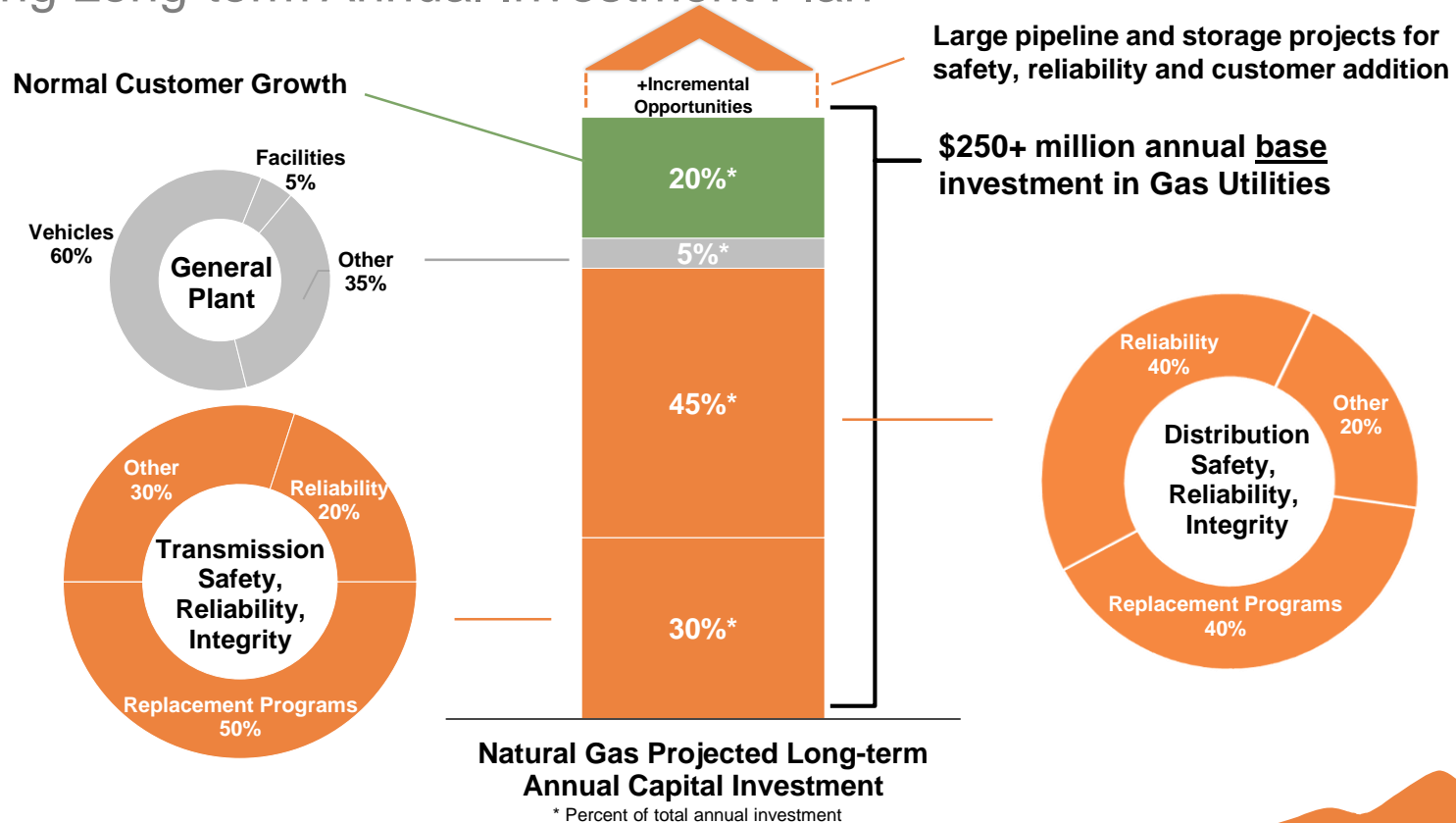


2020-2024

* Growth Capital - generates immediate revenue upon customer connections
 Minimal Lag Capital – capital expenditures with regulatory lag of less than one year or incurred during expected regulatory test periods

Gas Utilities Recurring Capital Outlook

Strong Long-term Annual Investment Plan



Renewable Advantage

Supporting Colorado Emissions Reduction Goals

- Responsibly add renewable energy resources in Colorado for the benefit of customers and communities
- Request for proposals for up to 200 megawatts of cost-effective, utility-scale renewable resources including wind, solar or battery storage

RFP Process Underway

- Currently collecting bids for projects; due by Feb 15, 2020
- Independent evaluator reviewing bids with oversight by Colorado Public Utilities Commission
- Projects to be placed in service by 2023



Capital Investment by Recovery

(in millions)

| Capital Investment By Segment and Recovery | 2019A | 2020F | 2021F | 2022F | 2023F | 2024F | 2020-2024F |
|---|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Minimal Lag Capital - Electric Utilities ¹ | \$48 | \$77 | \$124 | \$87 | \$11 | \$89 | \$388 |
| Growth Capital - Electric Utilities ² | \$40 | \$84 | \$16 | \$15 | \$15 | \$16 | 146 |
| Other | \$135 | \$85 | \$63 | \$68 | \$111 | \$48 | 375 |
| Electric Utilities | \$223 | \$246 | \$203 | \$170 | \$137 | \$152 | \$908 |
| Minimal Lag Capital - Gas Utilities ¹ | \$335 | \$316 | \$232 | \$197 | \$254 | \$218 | 1,218 |
| Growth Capital - Gas Utilities ² | \$72 | \$48 | \$47 | \$50 | \$47 | \$48 | 240 |
| Other | \$105 | \$26 | \$31 | \$38 | \$15 | \$27 | 136 |
| Gas Utilities | \$512 | \$391 | \$309 | \$285 | \$316 | \$293 | \$1,594 |
| Total Utilities | \$735 | \$636 | \$512 | \$455 | \$453 | \$446 | \$2,503 |
| Power Generation | 85 | 7 | 9 | 11 | 6 | 6 | 40 |
| Mining | 8 | 8 | 12 | 9 | 9 | 9 | 47 |
| Corporate | 21 | 18 | 22 | 11 | 11 | 9 | 71 |
| Total | \$850 | \$669 | \$555 | \$486 | \$480 | \$470 | \$2,660 |

Forecasted capital investment excludes additional opportunities from power generation or other material projects being evaluated for timing.

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



Utility Capital Investment by Type

(in millions)

| Utility Capital Investment by Type | 2019A | 2020F | 2021F | 2022F | 2023F | 2024F | 2020-2024F |
|--|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Safety, Reliability and Integrity ¹ | \$152 | \$135 | \$166 | \$137 | \$106 | \$114 | \$658 |
| Growth ² | 40 | 84 | 16 | 15 | 15 | 16 | 146 |
| General Plant | 30 | 27 | 22 | 18 | 16 | 22 | 104 |
| Electric Utilities | \$223 | \$246 | \$203 | \$170 | \$137 | \$152 | \$908 |
| Safety, Reliability and Integrity ¹ | 333 | 296 | 233 | 206 | 248 | 225 | 1,209 |
| Growth ² | 72 | 48 | 47 | 50 | 47 | 48 | 240 |
| General Plant | 108 | 46 | 29 | 29 | 21 | 20 | 144 |
| Gas Utilities | 512 | 391 | 309 | 285 | 316 | 293 | \$1,594 |
| Total Utilities | \$735 | \$636 | \$512 | \$455 | \$453 | \$446 | \$2,503 |

Forecasted capital investment excludes additional opportunities from power generation or other material projects being evaluated for timing.

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



Current Regulatory Filings

Rate review and consolidation requests

| Jurisdiction | Filing Date | Annual Revenue Increase | ROE | Debt / Equity | Status |
|------------------------------------|----------------|-----------------------------|--------|------------------|------------------------|
| Colorado Gas | Feb. 1, 2019 | \$2.5M* and integrity rider | 10.3%* | 49.9%* / 50.1% | In process |
| Wyoming Gas | June 3, 2019 | \$13.3M and integrity rider | 9.4% | 49.77% / 50.23 % | Approved Dec. 11, 2019 |
| Nebraska Gas (legal consolidation) | March 29, 2019 | n/a | n/a | n/a | Approved Oct. 29, 2019 |
| Wyoming Gas (legal consolidation) | March 6, 2019 | n/a | n/a | n/a | Approved June 13, 2019 |
| Colorado Gas (legal consolidation) | 2018 | n/a | n/a | n/a | Approved Oct. 10, 2018 |

Other major filings

| Description | Filing Date | State | Filing Type | Status |
|---|----------------|-------------------------|--------------|---|
| Renewable Ready Service Tariff | Dec. 18, 2018 | SD and WY | tariff | Approved June 25 and July 3, 2019 |
| Corriedale Wind Farm | Dec. 18, 2018 | Jointly filed in SD, WY | CPCN** | Approved July 3, 2019; increased to 52.5MW in December 2019 |
| Blockchain Interruptible Service Tariff | Sept. 28, 2018 | WY | tariff | Approved April 30, 2019 |
| Wyoming Electric / BH Wyoming PPA (2023-2043) | Aug. 2, 2019 | WY / FERC | PPA approval | FERC decision pending |

* As filed

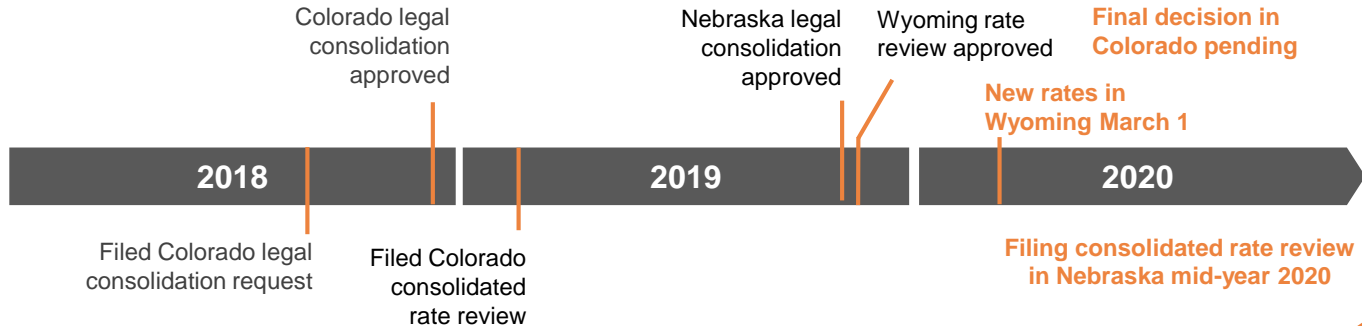
** Certificate of Public Convenience



Jurisdiction Consolidation

| Colorado | Wyoming | Nebraska |
|---|--|---|
| <ul style="list-style-type: none"> • Colorado Gas • Colorado Gas Distribution* ➤ Black Hills Colorado Gas | <ul style="list-style-type: none"> • Wyoming Gas • Northeast Wyoming Gas • Northwest Wyoming Gas • Wyoming Gas Distribution* ➤ Black Hills Wyoming Gas | <ul style="list-style-type: none"> • Nebraska Gas • Nebraska Gas Distribution* ➤ Black Hills Nebraska Gas |

- ✓ Legal consolidation approved and completed
 - ✓ Filed consolidated rate review and request for integrity investment tracker Feb. 1, 2019
 - ALJ filed recommended decision Dec. 27; continued engagement in remaining procedural schedule with decision expected Q1 2020
- ✓ Legal consolidation approved and completed
 - ✓ Filed consolidated rate review June 3, 2019
 - ✓ Settlement agreement approved Dec. 11
 - ✓ New rates effective March 1, 2020
- ✓ Legal consolidation approved Oct. 29, 2019
 - ✓ Consolidation completed Jan. 1, 2020
 - Expect to file consolidated rate review mid-year 2020



* Former SourceGas entity

Last Approved Utility Rate Review Results by Jurisdiction

| Jurisdiction | Utility | Effective Date | Return on Equity | Capital Structure | Authorized Rate Base (in millions) |
|--------------|-----------------------|----------------|-------------------|-----------------------------|------------------------------------|
| Arkansas | Arkansas Gas | Oct. 2018 | 9.61% | 50.9% debt / 49.1% equity | \$451.5 |
| Colorado | Colorado Electric | Jan. 2017 | 9.37% | 47.61% debt / 52.39% equity | \$597.5 |
| Colorado | Colorado Gas | Dec. 2012 | 9.60% | 50% debt / 50% equity | \$57.5 |
| Colorado | Colorado Gas Dist | Dec 2010 | 10.0% | 49.52% debt / 50.48% equity | \$127.1 |
| Colorado | RMNG | June 2018 | 9.9% | 53.4% debt / 46.6% equity | \$118.7 |
| Iowa | Iowa Gas | Feb. 2011 | Global Settlement | Global Settlement | \$109.2 |
| Kansas | Kansas Gas | Jan. 2015 | Global Settlement | Global Settlement | \$127.9 |
| Nebraska | Nebraska Gas | Sept. 2010 | 10.10% | 48% debt / 52% equity | \$161.0 |
| Nebraska | Nebraska Gas Dist | June 2012 | 9.60% | 48.84% debt / 51.16% equity | \$87.6* |
| South Dakota | South Dakota Electric | Oct. 2014 | Global Settlement | Global Settlement | \$543.9 |
| Wyoming | South Dakota Electric | Oct. 2014 | 9.90% | 46.68% debt / 53.32% equity | \$46.8 |
| Wyoming | Wyoming Electric | Oct. 2014 | 9.90% | 46% debt / 54% equity | \$376.8 |
| Wyoming | Wyoming Gas | Mar. 2020 | 9.40% | 49.77% debt / 50.23% equity | \$354.4 |

Note: Information from last approved rate review in each jurisdiction
 * Includes amounts to serve non-jurisdictional and agriculture customers



Estimated Utility Rate Base

(in millions)

| Estimated Rate Base* by State and Segment | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|----------------|----------------|----------------|----------------|----------------|
| Colorado | | | | | \$615 |
| South Dakota (all jurisdictions) | | | | | 785 |
| Wyoming | | | | | 347 |
| Total Electric Utilities | \$1,515 | \$1,570 | \$1,650 | \$1,706 | \$1,747 |
| Arkansas | | | | | 505 |
| Colorado | | | | | 413 |
| Iowa | | | | | 201 |
| Kansas | | | | | 176 |
| Nebraska | | | | | 526 |
| Wyoming | | | | | 359 |
| Total Gas Utilities | \$493 | \$1,620 | \$1,700 | \$1,851 | \$2,180 |
| Total Utilities | \$2,008 | \$3,190 | \$3,350 | \$3,557 | \$3,927 |

* Estimated rate base at year-end calculated using state specific requirements and includes value of rate base recovered through riders



Optimizing Regulatory Recovery

| Electric Utility Jurisdiction | Cost Recovery Mechanisms | | | | | |
|-------------------------------|--------------------------|------------------------|----------------------|-----------|---------------------|-----------------|
| | Environmental Cost | DSM/ Energy Efficiency | Transmission Expense | Fuel Cost | Transmission Cap-Ex | Purchased Power |
| South Dakota Electric (SD) | ☑* | ☑ | ☑ | ☑ | ☑* | ☑ |
| South Dakota Electric (WY) | | ☑ | ☑ | ☑ | | ☑ |
| South Dakota Electric (FERC) | | | | | ☑ | |
| Wyoming Electric | | ☑ | ☑ | ☑ | | ☑ |
| Colorado Electric | | ☑ | ☑ | ☑ | ☑ | ☑ |

Legend:

☑ Commission approved cost adjustment

* Included in rate moratorium; applies only to non-FERC jurisdictional assets



Optimizing Regulatory Recovery

| Gas Utility Jurisdiction | Cost Recovery Mechanisms | | | | | | | |
|---|---------------------------|---------------------|----------|----------------|------------------|-----------|--------------------|----------------------|
| | DSM/ Energy Efficiency | Integrity Additions | Bad Debt | Weather Normal | Pension Recovery | Fuel Cost | Revenue Decoupling | Fixed Cost Recovery* |
| Arkansas Gas | ☑ | ☑ | | ☑ | | ☑ | ☑ | 39% |
| Colorado Gas | ☑ | | | | | ☑ | | 47% |
| Colorado Gas Dist. | ☑ | | | | | ☑ | | 36% |
| Iowa Gas | ☑ | ☑ | | | | ☑ | | 70% |
| Kansas Gas | | ☑ | ☑ | ☑ | ☑ | ☑ | | 64% |
| Nebraska Gas | | ☑ | ☑ | | | ☑ | | 55% |
| Nebraska Gas Dist. | | ☑ | ☑ | | | ☑ | | 80% ² |
| Rocky Mountain Natural Gas ¹ | NA | ☑ | NA | NA | NA | NA | NA | NA |
| Wyoming Gas | ☑ | ☑ | | | | ☑ | | 53% |

Legend:

☑ Commission approved cost adjustment

* Residential customers as of last rate base review

¹ Rocky Mountain Natural Gas, an intrastate natural gas pipeline

² Includes first tier of consumption in block rates



Capital Structure

(in millions, except for ratios)

Capitalization

| | Dec. 31, 2018 | Mar. 31, 2019 | Jun. 30, 2019 | Sep. 30, 2019 | Dec. 31, 2019 |
|----------------------|---------------|---------------|---------------|---------------|---------------|
| Short-term Debt | \$ 191 | \$ 170 | \$ 108 | \$ 301 | \$ 355 |
| Long-term Debt | 2,951 | 2,950 | 3,050 | 3,049 | 3,140 |
| Total Debt | 3,142 | 3,121 | 3,158 | 3,350 | 3,495 |
| Equity* | 2,182 | 2,279 | 2,317 | 2,329 | 2,362 |
| Total Capitalization | \$ 5,324 | \$ 5,400 | \$ 5,475 | \$ 5,679 | \$ 5,857 |

Net Debt to Net Capitalization

| | | | | | |
|---------------------------|----------|----------|----------|----------|----------|
| Debt | \$ 3,142 | \$ 3,121 | \$ 3,158 | \$ 3,350 | \$ 3,495 |
| Cash and Cash Equivalents | (21) | (12) | (7) | (13) | (10) |
| Net Debt | 3,121 | 3,109 | 3,151 | 3,337 | 3,486 |
| Net Capitalization | \$ 5,303 | \$ 5,387 | \$ 5,468 | \$ 5,666 | \$ 5,848 |

| | | | | | |
|--|-------|-------|-------|-------|-------|
| Debt to Capitalization | 59.0% | 57.8% | 57.7% | 59.0% | 59.7% |
| Net Debt to Capitalization (Net of Cash) | 58.9% | 57.7% | 57.6% | 58.9% | 59.6% |
| Long-term Debt to Total Debt | 93.9% | 94.5% | 96.6% | 91.0% | 89.8% |

* Excludes noncontrolling interest



Income Statement

(in millions, except earnings per share)

| | Fourth Quarter | | Full Year | |
|--|----------------|----------------|----------------|----------------|
| | 2018 | 2019 | 2018 | 2019 |
| Revenue | \$501.2 | \$477.7 | \$1,754.3 | \$1,734.9 |
| Gross margin | 307.5 | 320.3 | 1,126.3 | 1,164.1 |
| Operating expenses | (143.4) | (144.3) | (533.0) | (548.9) |
| DD&A | (50.0) | (54.6) | (196.3) | (209.1) |
| Operating income | 114.1 | 121.4 | 397.0 | 406.0 |
| Interest expense, net | (35.1) | (35.2) | (140.0) | (137.7) |
| Impairment of investment | 0.0 | 0.0 | 0.0 | (19.7) |
| Other income (expense), net | 0.7 | (5.8) | (1.2) | (5.7) |
| Income before taxes | 79.7 | 80.4 | 255.8 | 242.9 |
| Income tax benefit (expense) | 11.9 | (7.5) | 23.7 | (29.6) |
| Income from continuing operations | \$91.6 | \$72.9 | \$279.5 | \$213.3 |
| Loss from discontinued operations, net of tax | (1.3) | 0.0 | (6.9) | 0.0 |
| Net income before non-controlling interest | \$90.3 | \$72.9 | \$272.7 | \$213.3 |
| Non-controlling interest | (3.8) | (3.7) | (14.2) | (14.0) |
| Net Income available to common stock | \$86.6 | \$69.2 | \$258.4 | \$199.3 |
| Income from continuing operations available for common stock | \$87.8 | \$69.2 | \$265.3 | \$199.3 |
| Non-GAAP adjustments | (26.8) | 0.0 | (68.8) | 15.2 |
| Income from continuing operations, as adjusted (Non-GAAP) | \$61.0 | \$69.2 | \$196.5 | \$214.5 |
| EPS - Net income available for common stock | \$1.49 | \$1.13 | \$4.66 | \$3.28 |
| EPS - Income from Cont. Ops avail. for common stock, as adjusted * | \$1.05 | \$1.13 | \$3.54 | \$3.53 |
| Diluted shares outstanding (in thousands) | 58.3 | 61.4 | 55.5 | 60.8 |
| EBITDA, as adjusted* | \$164.9 | \$170.2 | \$592.2 | \$609.4 |

* Non-GAAP measure; defined and/or reconciled to GAAP in Appendix and on slide 10



2020 Earnings Guidance Assumptions

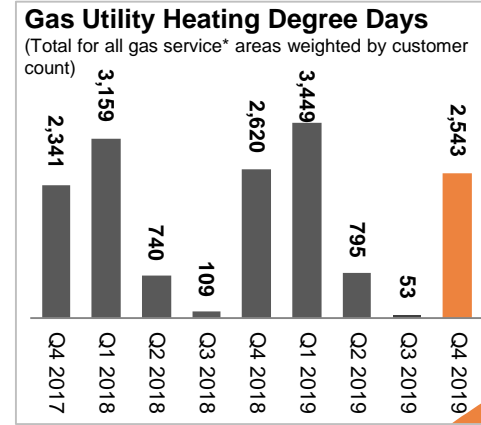
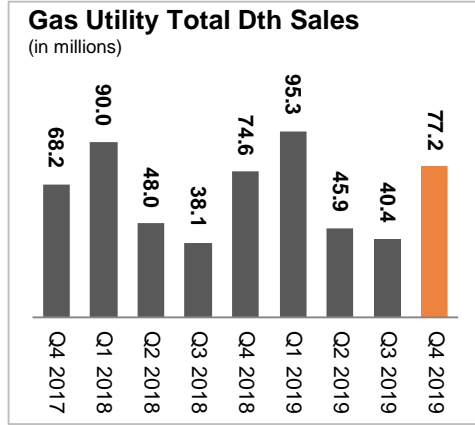
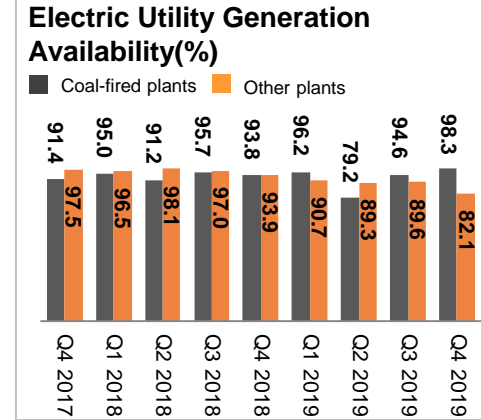
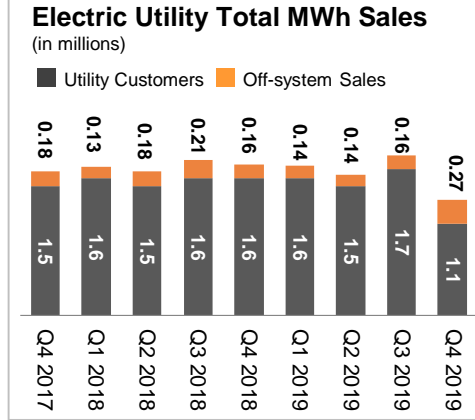
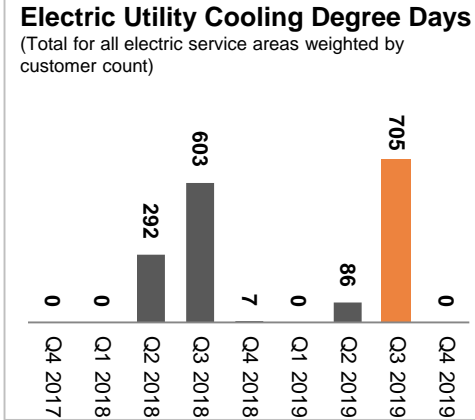
Black Hills reaffirmed its guidance for 2020 earnings per share available for common stock, as adjusted*, in the range of \$3.55 to \$3.75, based on the following assumptions:

- Normal weather conditions within our utility service territories including temperatures, precipitation levels and wind conditions
- Normal operations and weather conditions for planned construction, maintenance and/or capital investment projects
- Completion of utility regulatory dockets
- Complete construction and place in service the Corriedale Wind Energy Project by year-end 2020
- No significant unplanned outages at any of our generating facilities
- \$14 million to \$15 million of production tax credits associated with wind generation assets
- Capital investment of \$669 million in 2020
- \$100 million to \$120 million of equity issuances in 2020 through our at-the-market equity offering program; and
- No significant acquisitions or divestitures

* EPS, as adjusted, is a non-GAAP item; the company is not able to provide a forward-looking quantitative GAAP to non-GAAP reconciliation of guidance for 2020 earnings, as adjusted, because unplanned or unique events that may occur are unknown at this time.

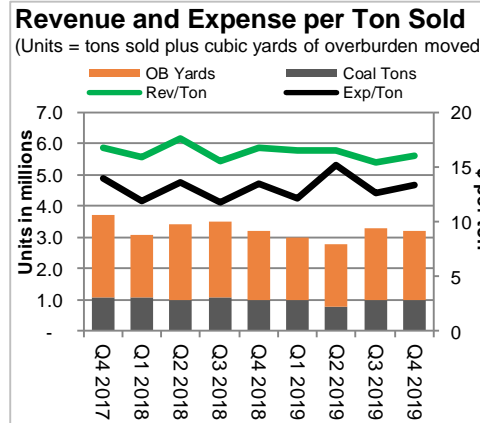
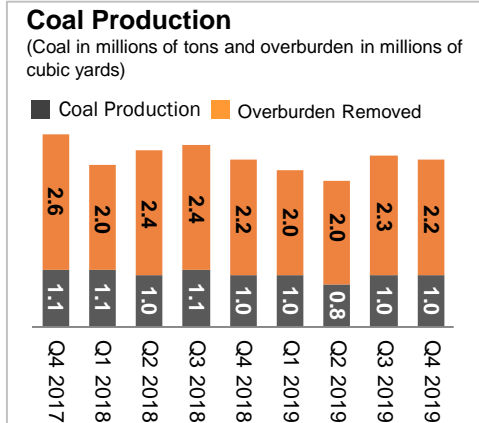
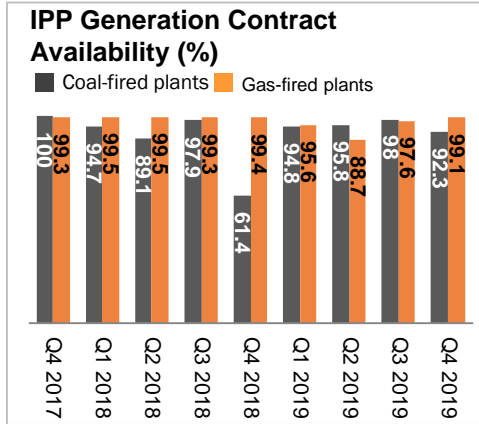


Utility Weather and Demand



* Excludes KS HDD data due to weather normalization in the state

Power Generation and Mining



Use of Non-GAAP Financial Measures

Gross Margin

Our financial information includes the financial measure Gross Margin, which is considered a “non-GAAP financial measure.” Generally, a non-GAAP financial measure is a numerical measure of a company’s financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. Gross Margin (Revenues less Cost of Sales) is a non-GAAP financial measure due to the exclusion of depreciation from the measure. The presentation of Gross Margin is intended to supplement investors’ understanding of our operating performance.

Gross Margin is calculated as operating revenue less cost of fuel, purchased power and cost of gas sold. Our Gross Margin is impacted by the fluctuations in power purchases and natural gas and other fuel supply costs. However, while these fluctuating costs impact Gross Margin as a percentage of revenue, they only impact total Gross Margin if the costs cannot be passed through to our customers.

Our Gross Margin measure may not be comparable to other companies’ Gross Margin measure. Furthermore, this measure is not intended to replace operating income as determined in accordance with GAAP as an indicator of operating performance.

EBITDA and EBITDA, as adjusted

We believe that our presentation of earnings before interest, income taxes, depreciation and amortization (EBITDA) and EBITDA, as adjusted (EBITDA adjusted for special items as defined by management), both non-GAAP measures, are important supplemental measures of operating performance. We believe EBITDA and EBITDA, as adjusted, when considered with measures calculated in accordance with GAAP, give investors a more complete understanding of operating results before the impact of investing and financing transactions and income taxes. We have chosen to provide this information to investors to enable them to perform more meaningful comparisons of past and present operating results and as a means to evaluate the results of core on-going operations.

Our presentation of EBITDA may be different from the presentation used by other companies and, therefore, comparability may be limited. Depreciation and amortization expense, interest expense, income taxes and other items have been and will be incurred and are not reflected in the presentation of EBITDA. Each of these items should also be considered in the overall evaluation of our results. Additionally, EBITDA does not consider capital expenditures and other investing activities and should not be considered a measure of our liquidity. We compensate for these limitations by providing relevant disclosure of our depreciation and amortization, interest and income taxes, capital expenditures and other items both in our reconciliation to the GAAP financial measures and in our consolidated financial statements, all of which should be considered when evaluating our performance.

Note: continued on next page

Use of Non-GAAP Financial Measures

Operating Income, Net Income Available for Common Stock and EPS, as adjusted

We have provided non-GAAP earnings data reflecting adjustments for special items as specified in the GAAP to non-GAAP adjustment reconciliation table in this presentation. Operating Income (loss), as adjusted, Income (loss) from continuing operations, as adjusted, and Net income (loss), as adjusted, are defined as Segment Revenue, Operating Income (loss), Income (loss) from continuing operations and Net income (loss), adjusted for expenses, gains and losses that the company believes do not reflect the company's core operating performance. The company believes that non-GAAP financial measures are useful to investors because the items excluded are not indicative of the company's continuing operating results. The company's management uses these non-GAAP financial measures as an indicator for evaluating current periods and planning and forecasting future periods.

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, as adjusted (in millions) | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|----------|-----------|----------|----------|----------|----------|
| Net income (loss) available for common stock (GAAP) | \$ 130.9 | \$ (32.1) | \$ 73.0 | \$ 177.0 | \$ 258.4 | \$ 199.3 |
| (Income) loss from discontinued operations (GAAP) | 1.6 | 173.7 | 64.2 | 17.1 | 6.9 | - |
| Net income from continuing operations available for common stock (GAAP) | 132.5 | 141.5 | 137.1 | 194.1 | 265.3 | 199.3 |
| <u>Adjustments (after tax)</u> | | | | | | |
| Acquisition / integration costs | - | 6.7 | 29.7 | 2.8 | - | - |
| Tax reform and other tax items | - | - | - | (11.7) | 4.0 | - |
| Legal restructuring - income tax benefit | - | - | - | - | (72.8) | - |
| Impairment of investment | - | - | - | - | - | 15.2 |
| Rounding | - | - | 0.1 | 0.1 | - | - |
| Total Non-GAAP adjustments | - | 6.7 | 29.8 | (8.8) | (68.8) | 15.2 |
| Net income from continuing operations available for common stock; as adjusted (Non-GAAP) | \$ 132.5 | \$ 148.2 | \$ 166.9 | \$ 185.3 | \$ 196.5 | \$ 214.5 |

Use of Non-GAAP Financial Measures

| Earnings Per Share, as adjusted | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Net income (loss) available for common stock (GAAP) | \$ 2.93 | \$ (0.71) | \$ 1.37 | \$ 3.21 | \$ 4.66 | \$ 3.28 |
| (Income) loss from discontinued operations (GAAP) | 0.04 | 3.83 | 1.20 | 0.31 | 0.12 | - |
| Net income from continuing operations available for common stock (GAAP) | 2.97 | 3.12 | 2.57 | 3.52 | 4.78 | 3.28 |
| <u>Adjustments (after tax)</u> | | | | | | |
| 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) | - |
| Impairment of investment | - | - | - | - | - | 0.25 |
| Total Non-GAAP adjustments | - | 0.15 | 0.56 | (0.16) | (1.24) | 0.25 |
| Net income available for common stock (excluding discontinued operations); as adjusted (Non-GAAP) | \$ 2.97 | \$ 3.27 | \$ 3.13 | \$ 3.36 | \$ 3.54 | \$ 3.53 |

Use of Non-GAAP Financial Measures

EBITDA

| <i>(in thousands)</i> | For the Three Months Ended December 31, | | For the Twelve Months Ended December 31, | |
|--|--|-------------------|---|-------------------|
| | 2018 | 2019 | 2018 | 2019 |
| Income from continuing operations | \$ 91,604 | \$ 72,872 | \$ 279,549 | \$ 213,322 |
| Depreciation, depletion and amortization | 49,983 | 54,613 | 196,328 | 209,120 |
| Interest expense, net | 35,149 | 35,190 | 139,975 | 137,659 |
| Income tax expense (benefit) | (11,883) | 7,502 | (23,667) | 29,580 |
| EBITDA (a Non-GAAP Measure) | \$ 164,853 | \$ 170,177 | \$ 592,185 | \$ 589,681 |
| Less adjustments for unique items: | | | | |
| Impairment of investment | — | — | — | 19,741 |
| EBITDA, as adjusted | \$ 164,853 | \$ 170,177 | \$ 592,185 | \$ 609,422 |

Strategic Objectives

Natural gas and electric utility focused on long-term total shareholder returns

PROFITABLE GROWTH

Achieve consistent growth that creates value.

EARNINGS: Lead industry peers in earnings growth

DIVIDEND: Increase annual dividend, extending industry-leading dividend history

CREDIT RATING: Maintain solid investment-grade senior unsecured credit rating

ASSET DEVELOPMENT: Grow our core utility businesses through disciplined investments that meet customer needs, exceed our established hurdle rates and are accretive to earnings

VALUED SERVICE

Deliver reliable, highly valued products and services.

CUSTOMER: Provide quality products and services at a cost that effectively meet or exceed customer expectations with increased use of technology; effectively market these products and services to customers; and, share information to create understanding of energy-related issues

COMMUNITIES: Be a partner in growing the economies of the communities we serve

BETTER EVERY DAY

Continuously improve to achieve industry leading results.

OPERATIONAL PERFORMANCE: Achieve top-tier operational performance in a culture of continuous improvement

EFFICIENCY: Continuously engage employees to identify and pursue efficiencies, and to simplify or eliminate unnecessary processes. Sustain annual improvements to metrics comparing costs as a percent of gross margin

EFFECTIVENESS: Identify the right projects and tools that allow employees to work effectively every day

MEASUREMENT: Benchmark our costs and processes with meaningful metrics to assist with real-time business management assessment of results and accountability

GREAT WORKPLACE

Promote a workplace that inspires individual growth and pride in what we do.

ENGAGEMENT: Achieve status as one of the "100 Great Places to Work" as measured by the Great Places to Work Institute

DIVERSITY: Increase workforce diversity to achieve improved performance and the innovations that come from inclusiveness

EMPLOYEE DEVELOPMENT: Establish robust development options enabling increased performance while preparing employees for additional career opportunities

TEAM WORK: Maintain top quartile results within a professional, and productive work environment

SAFETY: Strive to be the safest utility company in the U.S. by emphasizing our culture to work and live safely every day



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

