

Annual Shareholder Meeting

April 28, 2020



Presentation Agenda



Linn Evans

President and CEO

David Emery

Executive Chairman

- Forward Looking Statements
- Company Overview
- 2019 Review
- Strategic Overview

Forward-Looking Statements

COMPANY INFORMATION

Black Hills Corporation

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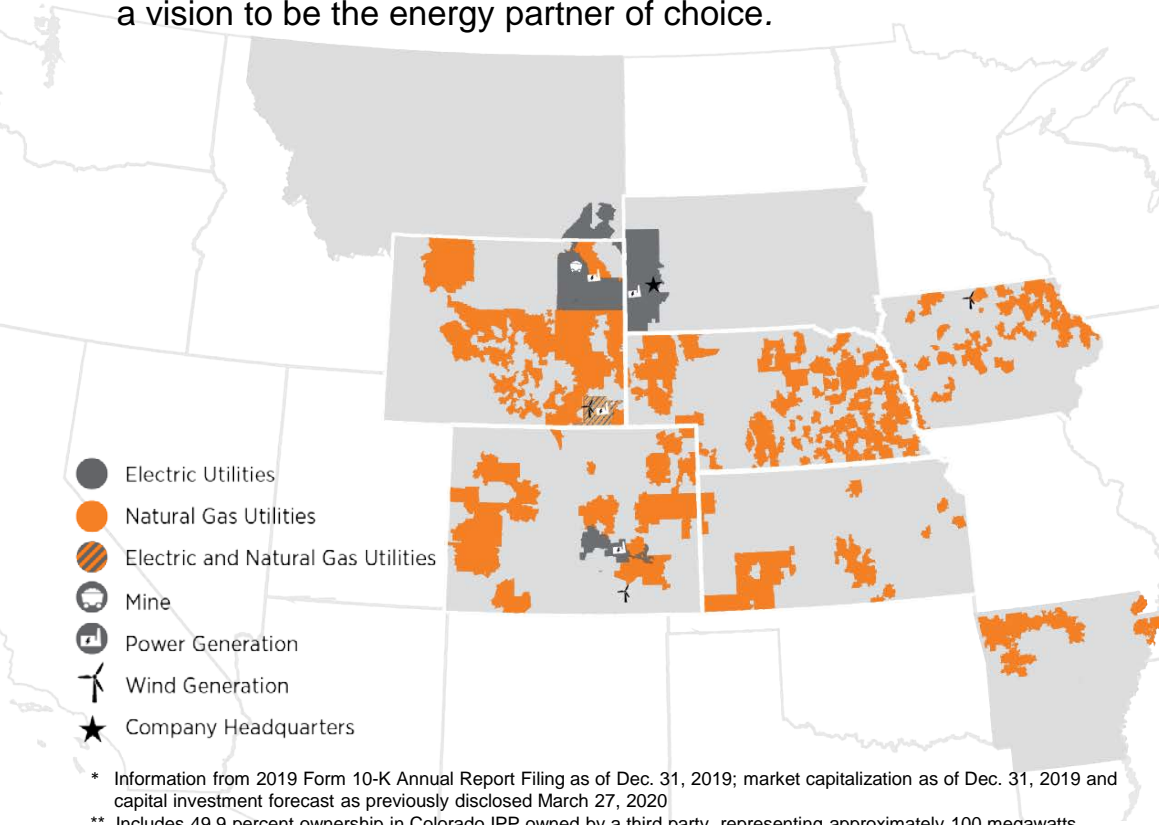
This presentation includes “forward-looking statements” as defined by the Securities and Exchange Commission. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements 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 board approval of any future dividends, expectations about the timing and completion of our financing plans, continuity of supply chain, and the impacts of the COVID-19 pandemic on our business. 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 2019 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 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.

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 and Gas
Utility Company***

**Strong
Financial Base***

1.28 Million

Utility customers
in 8 states

\$7.6 billion

Total assets

46,000 Miles

Natural gas lines

\$3.6 billion

Total rate base

1.4 Gigawatts**

Electric generation

\$2.7 billion

Capital investment
2020-2024

9,000 Miles

Electric lines

\$4.8 billion

Market capitalization

2,900

Employees

* Information from 2019 Form 10-K Annual Report Filing as of Dec. 31, 2019; market capitalization as of Dec. 31, 2019 and capital investment forecast as previously disclosed March 27, 2020

** Includes 49.9 percent ownership in Colorado IPP owned by a third party, representing approximately 100 megawatts

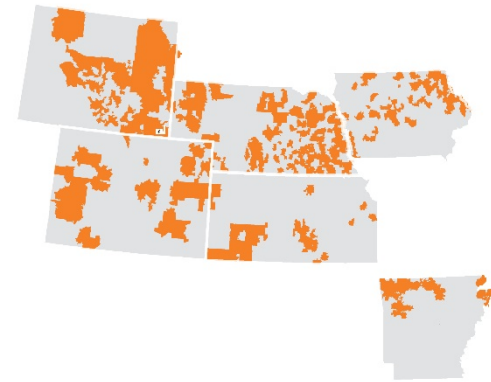
Operations Overview

Electric Utilities, Power Generation & Mining



- Three electric utilities which generate, transmit and distribute electricity to approximately 214,000 customers in CO, SD, WY and MT
- 1.4 gigawatts** of generation and 8,892 miles of transmission and distribution
 - Five power generation facilities owned by utilities and serving utility customers (939 megawatts)
 - Three power generation facilities delivering capacity and energy under long-term contracts to utility affiliates (423 megawatts**)
 - Efficient mine-mouth generation in WY fueled by low-sulfur Powder River Basin coal (50-year supply of reserves at current production); mine production contracted to on site generation
- East-West interconnection in SD optimizes off-system sale of power and improves system reliability (1 of only 7 east-west ties)

Natural Gas Utilities



- 9 natural gas utilities^ which distribute natural gas to approximately 1,066,000 customers in AR, CO, IA, KS, NE and WY
- 4,775 miles of intrastate gas transmission pipelines and 41,210 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
- 49,000 customers served through Choice Gas Program (unbundled natural gas supply)

* Information from 2019 Form 10-K Annual Report Filing as of Dec. 31, 2019

** Excludes 49.9 percent ownership interest in Colorado IPP owned by a third party; includes Busch Ranch II Wind Farm

^ Excludes minor entities and Shoshone pipeline

2019 Review



After construction, we restore the land to its natural state. We re-seed, mulch and monitor the right-of-way until vegetation is re-established, minimizing the long-term impact to the land along our pipelines.

2019 Strategic Execution

Operational

- ✓ Served customers safely, including during extreme weather and flooding
- ✓ Executed robust capital plan; deployed \$850 million of capital
- ✓ Enhanced customer experience

Financial and Corporate

- ✓ Delivered earnings above midpoint of guidance range
- ✓ Maintained solid investment-grade credit ratings
- ✓ Completed \$100 million of equity and \$700 million of debt financings
- ✓ Advanced jurisdiction consolidation; successfully completed in Wyoming
- ✓ Improved systems and processes through continuous improvement

Environmental, Social and Governance

- ✓ Integrated new renewable energy and innovative solutions
- ✓ Advanced efforts to expand ESG reporting
- ✓ Appointed new board members
- ✓ Advanced community giving and support



Safely Serving our Customers and Communities

Extreme Weather Readiness

Amid extreme winter weather in early 2019, including Winter Storm Ulmer and 100-mph winds from a “Bomb Cyclone,” our employees worked safely and efficiently to deliver the service for our customers when they needed it the most, a result of proactive investment, planning and execution.



Midwest Flooding Response

Following historic flooding in the Midwest, our team worked tirelessly to rebuild critical infrastructure and restore service to our customers.



2019 Highlights

Electric Utilities

- ✓ Obtained approval for Renewable Ready program and \$79 million Corriedale wind project; project size expanded on strong customer demand
- ✓ Developed Renewable Advantage program in Colorado; request for proposals to potentially add up to 200 megawatts of cost-effective, utility-scale renewables no later than 2023
- ✓ Completed 175-mile transmission line for South Dakota Electric
- ✓ Set new all-time peak loads in Colorado and Wyoming
- ✓ Filed joint application with FERC for approval of Wygen I PPA to meet Wyoming Electric capacity needs

Natural Gas Utilities

- ✓ Completed 35-mile Natural Bridge Pipeline to enhance supply in central Wyoming
- ✓ Advanced jurisdiction consolidation efforts
 - Received approval for consolidation of four utilities in Wyoming under new, single rate structure; \$13.3 million annual revenue increase
 - Filed consolidated rate review in Colorado
 - Received approval for and completed legal consolidation in Nebraska

Power Generation and Mining

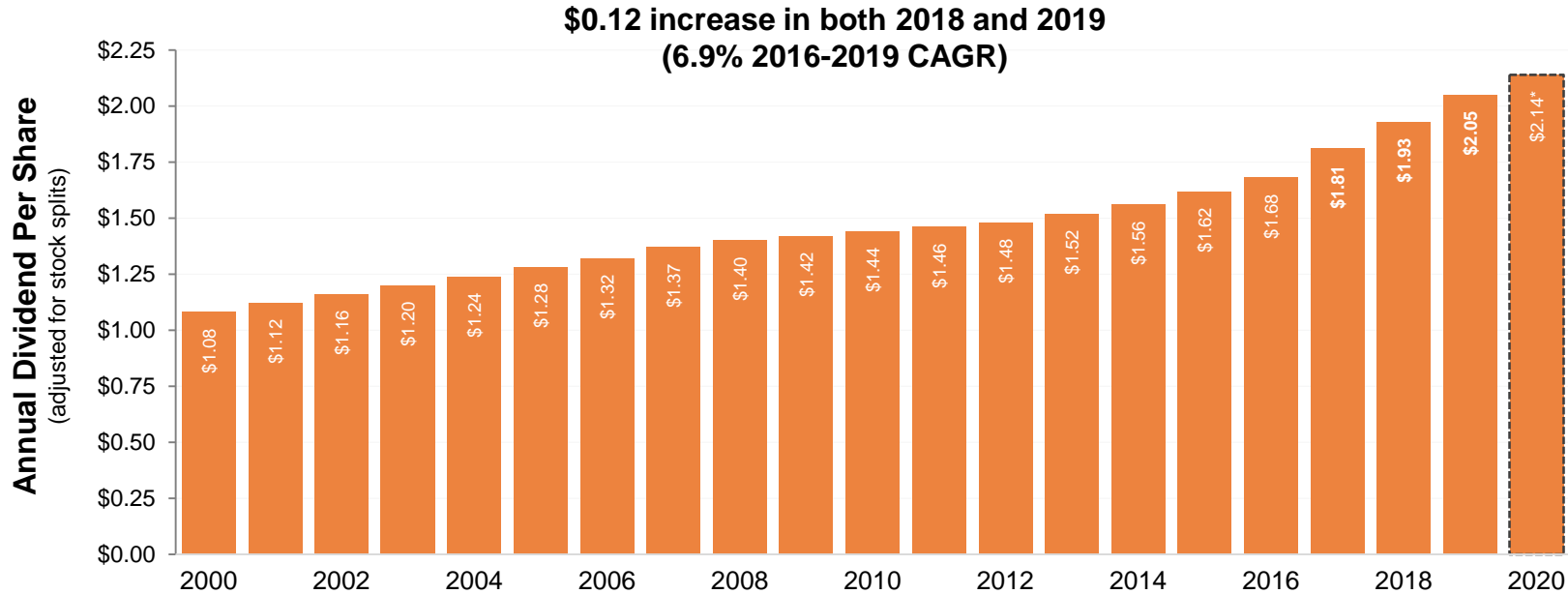
- ✓ Completed \$71 million, 60-megawatt Busch Ranch II wind project; serving utility affiliate Colorado Electric
- ✓ Filed joint application with FERC for approval of Wygen I PPA to utility affiliate Wyoming Electric starting 2023; settlement process with intervenors ongoing
- ✓ Completed price reset for Wyodak Power Plant

Corporate

- ✓ Increased dividend for 49th consecutive year
- ✓ Appointed new board members Tony A. Jensen and Kathleen S. McCallister
- ✓ Issued \$99 million of equity under at-the-market equity offering program in 2019
- ✓ Issued \$400 million of 10-year notes and \$300 million of 30-year notes; repaid \$400 million term loan, \$200 million notes due 2020 and portion of short-term debt

Strong Dividend Growth Track Record

2020 Annual Rate Represents 50 Consecutive Years of Increases*

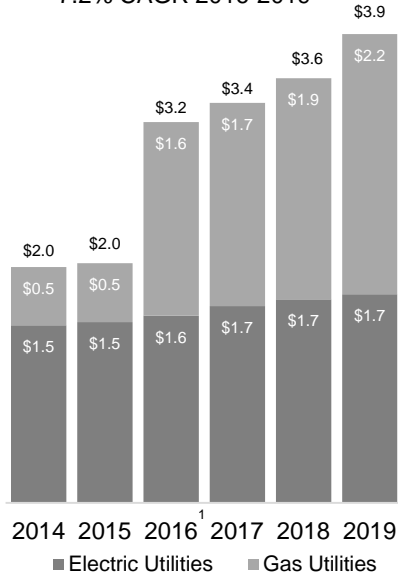


* On April 27, 2020, board of directors approved a quarterly dividend of \$0.535 per share; 2020 annualized rate of \$2.14 would represent 50 consecutive years of increases, pending quarterly board approval

Strategic Execution Delivers Results

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

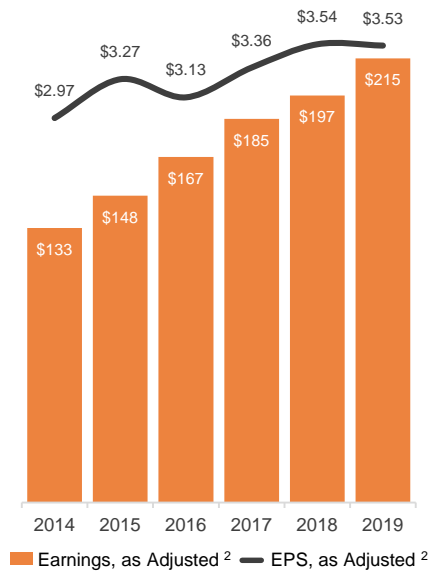
Nearly doubled since 2014
7.2% CAGR 2016-2019



Invest for Customer

EPS, as Adjusted and Earnings, as Adjusted ²

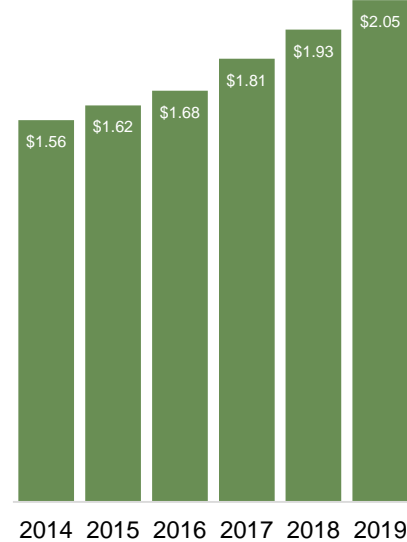
3.5% EPS CAGR 2014-2019
10.1% Earnings CAGR 2014-2019



Earnings Growth

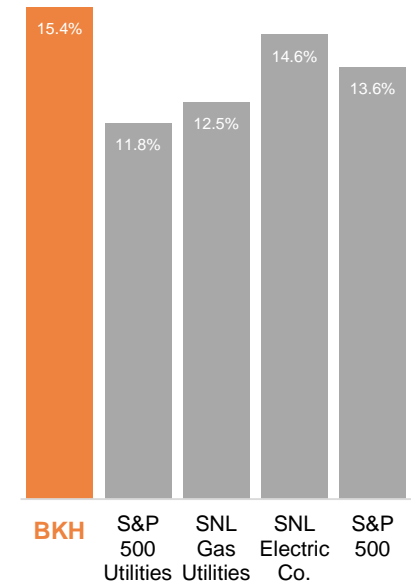
Annual Dividend Per Share

5.6% CAGR 2014-2019



Dividend Growth

Total Shareholder Return ³ (10-year annualized return as of Dec. 31, 2019)



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 Dec. 31, 2019, based on data from S&P Global Market Intelligence

Strategic Overview



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

READY. for Customers

READY. for Shareholders

Safety & Integrity

Customer Experience

Growth

Earnings Growth

Dividend Growth

Strong Total Returns

Aligning People + Processes + Technology + Analytics

- 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

Committed to maintaining solid investment-grade credit ratings

- \$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

* On April 27, 2020, 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

Proactive Response to COVID-19 Pandemic

Prioritizing Health and Safety of our Customers, Employees, Business Partners and Communities

- Comprehensive actions taken across business to safely and reliably serve our customers
- Continuously monitoring situation and in close contact with authorities and industry organizations

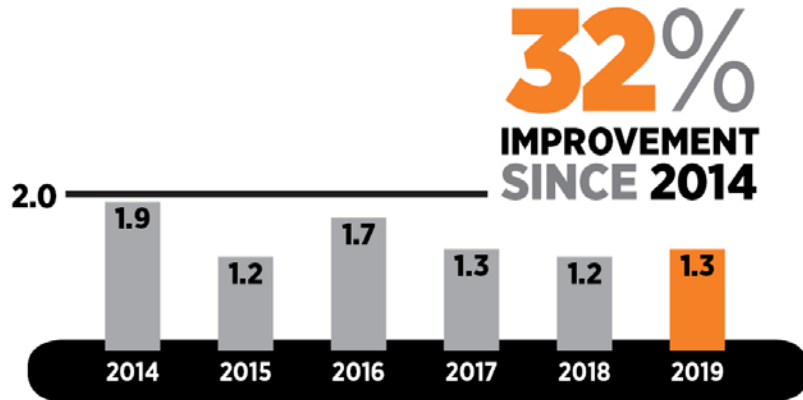
Fundamentals of Utility-Focused Business Remain Sound

- Maintaining strong liquidity to operate our business and fund our capital deployment
- Closely monitoring and evaluating operations and financial needs of the business



Safety Focus

Total Case Incident Rate



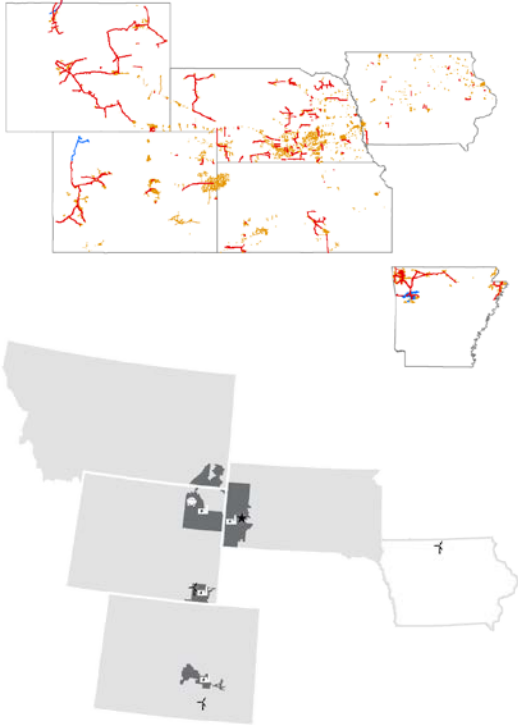
2019 data is YTD through December 31, 2019. TCIR is defined as the average number of work-related injuries incurred per 200,000 hours worked during a one-year period (represents approximately 100 workers).

Star Worksite 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.



Investing for Customer Needs Drives Growth



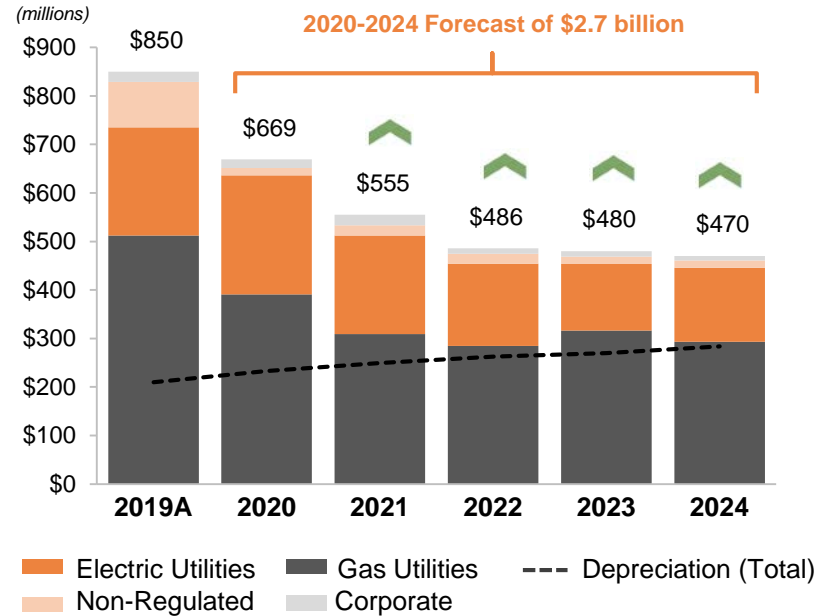
46,000-mile natural gas gathering, storage, transmission and distribution system

1.4 gigawatts* of electric generation

9,000-mile electric transmission and distribution system



Capital Investment by Business Segment[^]

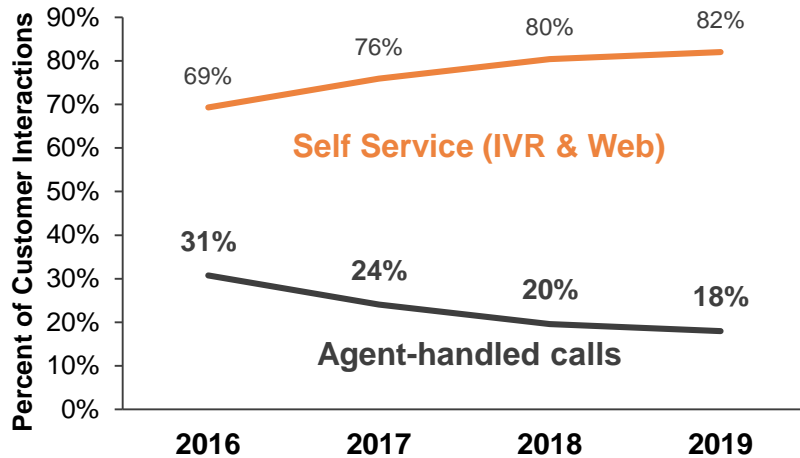


[^] Excludes additional identified capital investment projects being evaluated and refined for timing and cost

* Excludes 49.9 percent ownership in Colorado IPP owned by a third party; Information from 2019 Form 10-K

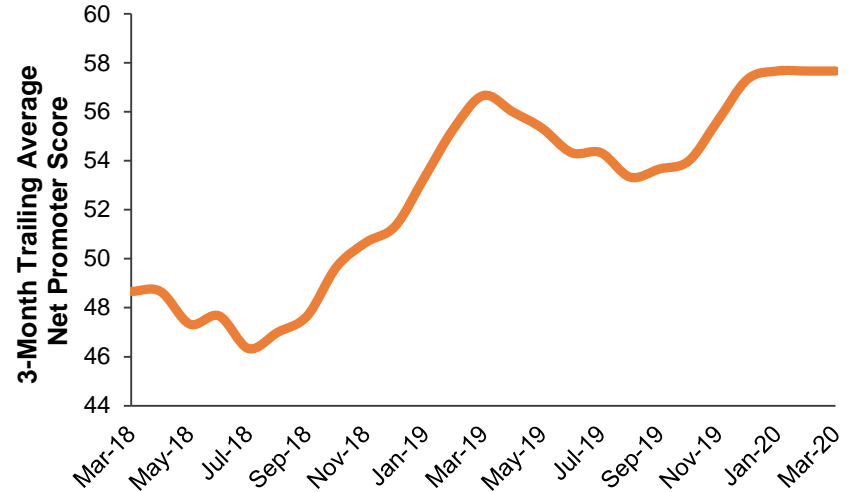
Transforming the Customer Experience

Customers Choosing Self-Service



- Increased use of self-service options through redesigned website and interactive voice response
- Reduced agent-handled calls

Improved Net Promoter Score



- Multiple initiatives improved customer experience
- 18% improvement in 3-month average net promoter scores since March 2018

Credit Ratings

- S&P Global Ratings on April 10, 2020, affirmed its corporate credit rating of Black Hills Corp. at BBB+ with a stable outlook
- Moody's Investors Service on Dec. 20, 2019, affirmed its corporate credit rating of Black Hills Corp. at Baa2 with a stable outlook
- Fitch Ratings on Aug. 29, 2019, affirmed its corporate credit rating of Black Hills Corp. at BBB+ with a stable outlook

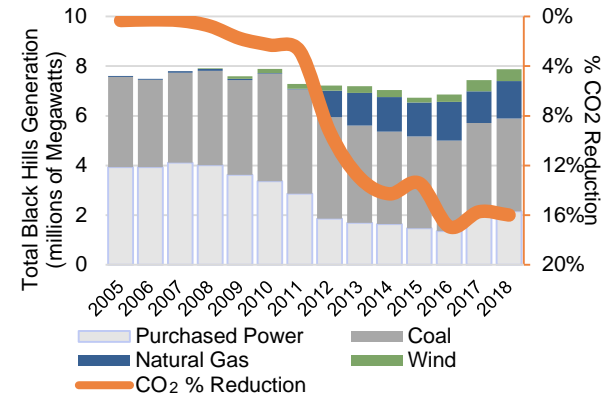
Black Hills Corporation	S&P	Moody's	Fitch
Corporate Credit Rating	BBB+	Baa2	BBB+
Senior Unsecured	BBB+	Baa2	BBB+
Outlook	<i>Stable</i>	<i>Stable</i>	<i>Stable</i>

Environmental, Social and Governance

- Added renewable generation resources
 - Completed 60-megawatt Busch Ranch II wind project and purchased 80-megawatt Top of Iowa wind generation
 - Developed Renewable Ready subscription based program to add 52.5 megawatts through the Corriedale wind project in 2020 for Wyoming and South Dakota customers
 - Developed Renewable Advantage program to potentially add up to 200 megawatts of renewable energy in Colorado by end of 2023
- Achieved employee safety performance better than industry average; continued toward goal to be industry leader in safety
- Reported 2019 employee engagement survey score above utility average and high-performing companies
- Appointed new board members; diverse and experienced board
- Advanced efforts to expand ESG reporting

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

Reduced CO₂ 16% from 2005 to 2018*



**In 2019, we donated
\$5.5 million to our communities**
including nearly \$523,000 by employees to 50 United Way
agencies and affiliates across our service territories

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

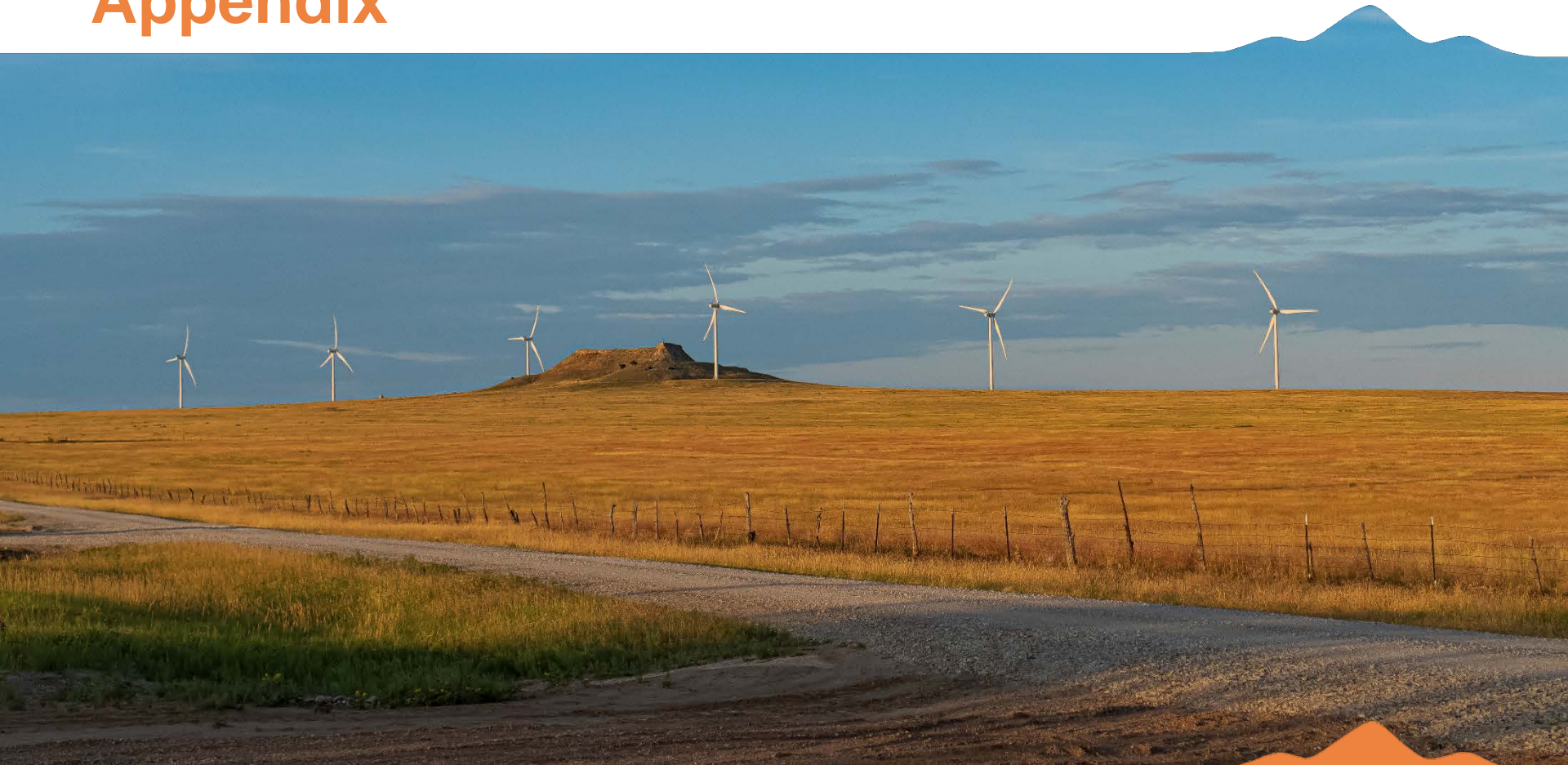
GREAT WORKPLACE

- 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 | | |

Appendix



Use of Non-GAAP Financial Measures

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 from continuing operations available for common stock; as adjusted (Non-GAAP)	\$ 2.97	\$ 3.27	\$ 3.13	\$ 3.36	\$ 3.54	\$ 3.53

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.

