2018 EEI Financial Conference

November 2018

Black Hills Corporation

Improving life with energy

Forward Looking Statements

COMPANY INFORMATION

Black Hills Corporation

P.O. Box 1400
Rapid City, SD 57709-1400
NYSE Ticker: **BKH**
www.blackhillscorp.com

Company Contacts

Kimberly F. Nooney
Vice President Corporate Controller and Treasurer
605-721-2370
kim.nooney@blackhillscorp.com

Jerome E. Nichols
Director of Investor Relations
605-721-1171
jerome.nichols@blackhillscorp.com

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 2018, 2019 and 2020 earnings guidance. 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 2017 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;
- The impact of Tax Cuts and Jobs Act on customers, rate base, valuation of deferred tax assets and liabilities, interest expense and cash flow;
- Our ability to obtain adequate cost recovery for our utility operations through regulatory proceedings and favorable rulings in periodic applications to recover costs for capital additions, plant retirements and decommissioning, fuel, transmission, purchased power and other operating costs, and the timing in which new rates would go into effect and the results of regulatory proceedings regarding the effects of the TCJA;
- Our ability to complete our capital program in a cost-effective and timely manner;
- Our ability to execute on our strategy, including: achieving long-term EPS growth rate above the utility industry average, targeting a 50-60 percent dividend payout ratio and continuing our record of continuous annual dividend increases;
- Our ability to execute our utility jurisdiction simplification plan;
- The impact of future governmental regulation; and
- Other factors discussed from time to time in our filings with the SEC.

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

Compelling Utility Investment

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

Forward Focused Strategy

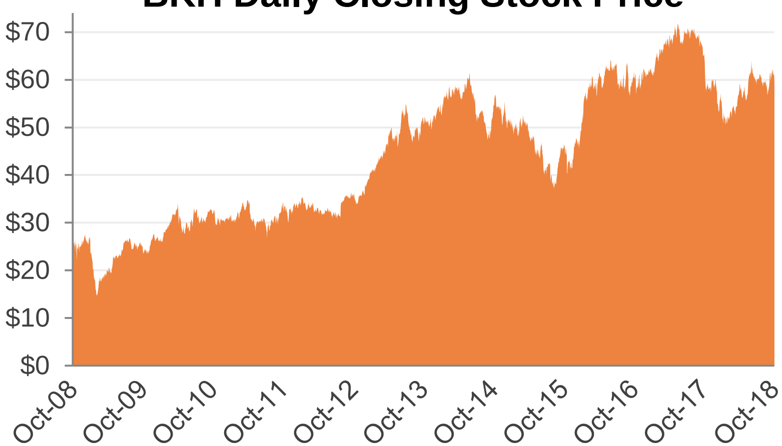
- Deliver strong long-term total shareholder returns
  - Achieve long-term earnings growth driven by capital investments for customers across expansive electric and natural gas systems
  - Continue 49-year track record of dividend increases* – flexibility to declare larger dividend increases during periods of slow EPS growth
- Currently transitioning earnings and growth drivers
  - Strong 2019 forecasted net income growth largely offset by 8 percent equity dilution
  - Long-term (2020+) – higher EPS growth; focus on strong customer investment program with regular rate review filings
- Strong investment grade credit ratings – metrics improve following late 2018 equity unit conversion

* $2.02 annual equivalent rate for 2019 represents 49 consecutive annual dividend increases

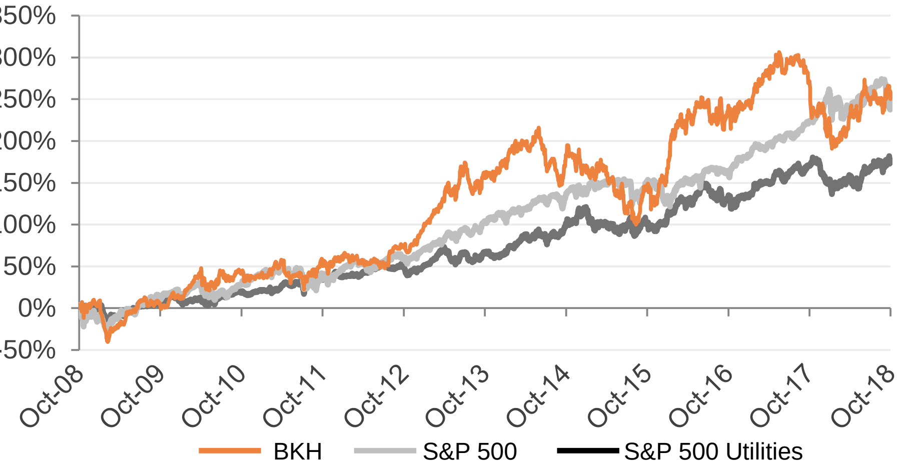
Delivering Long-term Value for Shareholders

Focused on strong long-term total shareholder return

BKH Daily Closing Stock Price [1]

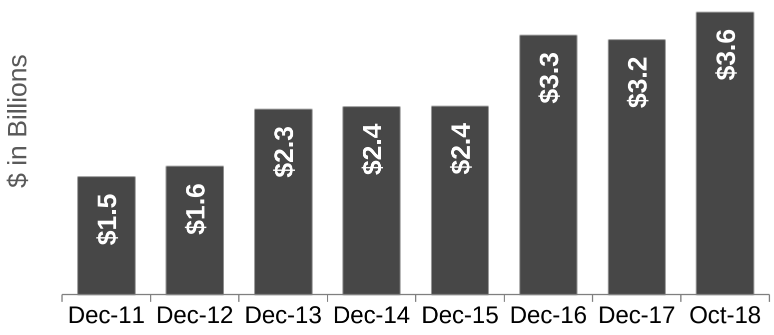


10-year Total Shareholder Return [2]

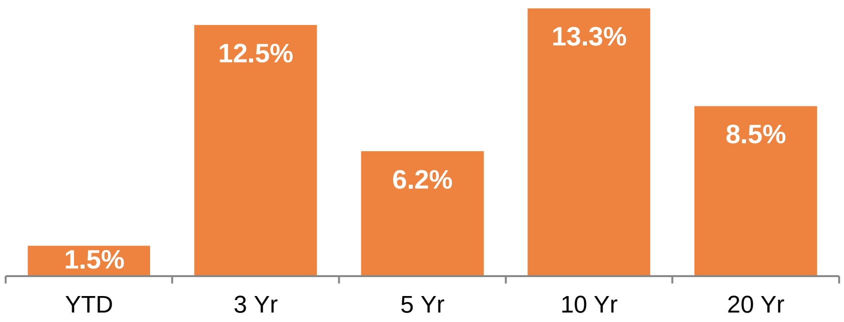


Source: S&P Global Market Intelligence

Market Capitalization [3]



Annualized Total Return [2]

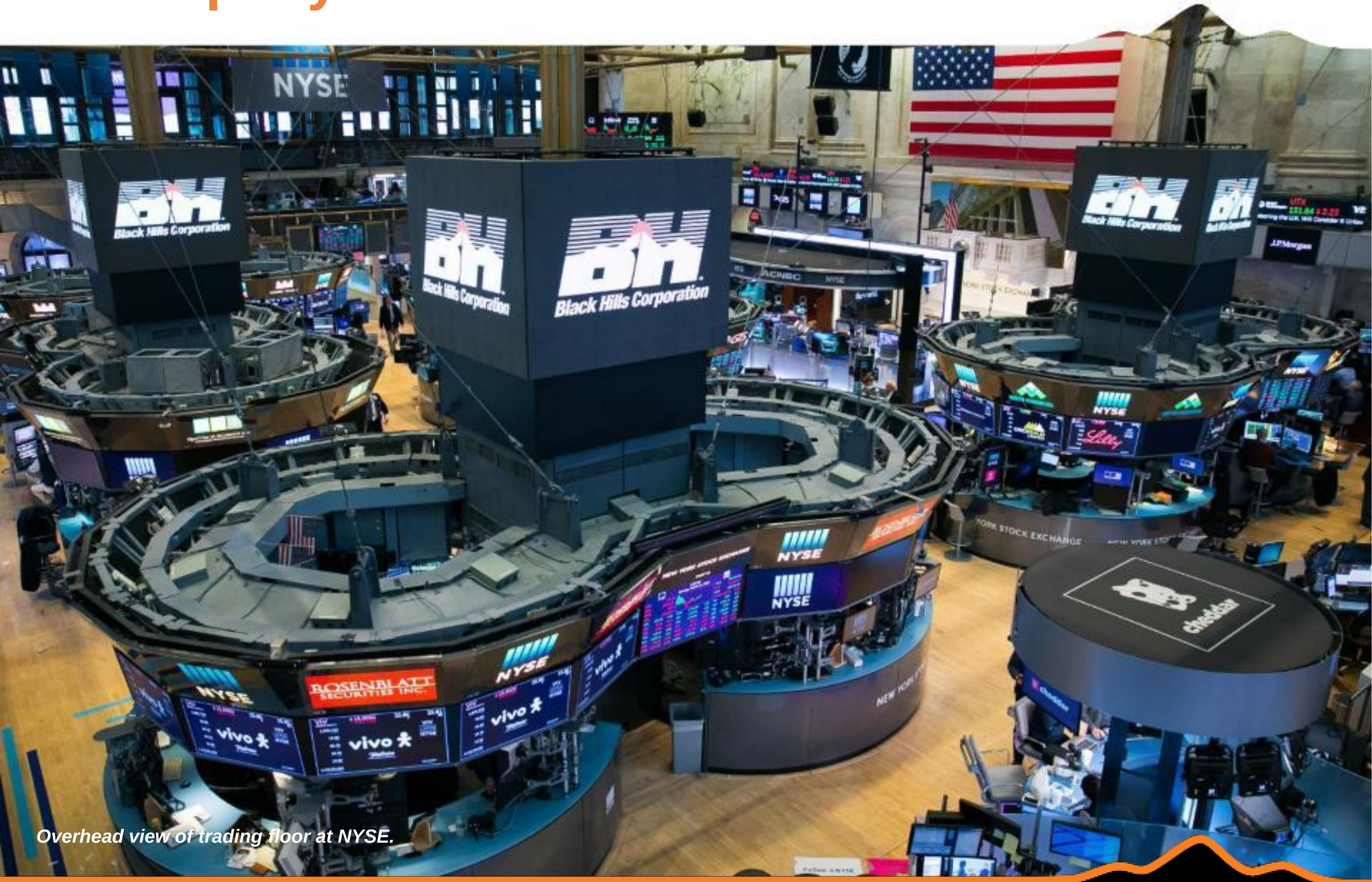


1 Closing prices adjusted for dividends and stock splits

2 Average annualized total returns from period ending Oct. 31, 2018, as reported by Bloomberg Financial's Total Return Analysis (TRA); assumes reinvestment of dividends in BKH stock and considers dividends paid and stock splits. Black Hills Corp. does not guarantee the accuracy of these calculations, does not suggest our stock price will perform in the future comparable to the past, and does not provide this information as investment advice.

3 Market capitalization based on Nov. 1 outstanding share count of 59.97 million shares after conversion of equity units

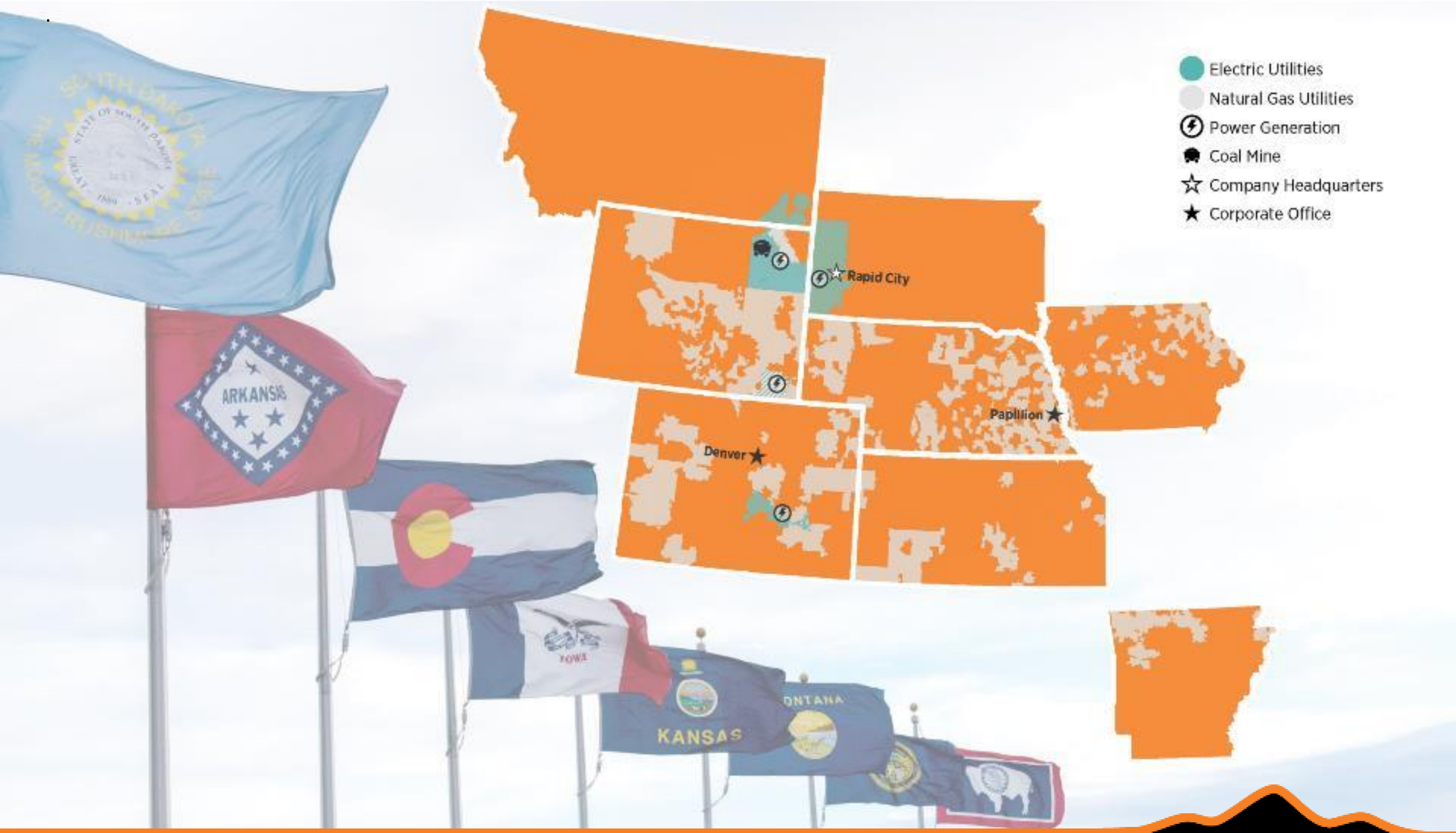
Company Overview



Overhead view of trading floor at NYSE.

Black Hills Corporation Overview

Black Hills Corporation is a customer focused, growth-oriented utility company with a tradition of exemplary service and a vision to be the energy partner of choice. Based in Rapid City, South Dakota, the company serves over 1.25 million electric and natural gas utility customers in more than 800 communities in Arkansas, Colorado, Iowa, Kansas, Montana, Nebraska, South Dakota and Wyoming. Employees partner to produce results that ***improve life with energy.***



2018 Third Quarter Highlights

Utilities

- On Oct. 31, Wyoming Electric received approval for comprehensive, multi-year settlement that resolves all outstanding issues related to its Power Cost Adjustment
  - To resolve several years of disputed issues related to PCA dockets, Wyoming Electric agreed to provide $7 million in customer credits through the PCA in 2018, 2019 and 2020
  - Also agreed that adjustment for variable cost segment of Wygen I power purchase agreement (PPA) with Wyoming Electric (affiliate company) will escalate by 3 percent annually through 2022
- On Oct. 10, Colorado Gas and Colorado Gas Distribution received approval from Colorado Public Utilities Commission to merge into a single new company called Black Hills Colorado Gas
- On Oct. 5, Arkansas Gas received approval of rate review to recover more than $160 million of investment to replace, upgrade and maintain more than 5,500 miles of natural gas pipelines in Arkansas
  - $12 million increase in annual revenue based on 9.61 percent return on equity and capital structure of 49 percent equity and 51 percent debt
  - New rates were effective Oct. 15, 2018
- On Oct. 3, Colorado Electric set new winter peak load of 313 megawatts, surpassing previous winter peak load of 310 megawatts in February 2011

2018 Third Quarter Highlights

Utilities ***continued***

- On Sept. 5, Nebraska Gas Distribution received approval to extend the recovery period of its system safety and integrity rider from Oct. 31, 2019 to Dec. 31, 2020; current recovery is approximately $6 million of revenue annually
- On July 25, South Dakota Electric placed in service the first 48-mile segment of a $70 million, 175-mile transmission line from Rapid City, South Dakota, to Stegall, Nebraska; remaining segment expected to be in service by the end of 2019
- On July 16, Wyoming Gas (Northwest Wyoming) received approval of a rate review to recover $6 million of system integrity investments
  - $1 million increase in annual revenue based on 9.6 percent return on equity and capital structure of 54 percent equity and 46 percent debt
  - New rates were effective Sept. 1, 2018
- On July 10, Wyoming Electric set a new all-time peak load of 254 megawatts, surpassing previous peak load of 249 megawatts in July 2017
- On June 19, Kansas Gas received approval from Kansas Corporation Commission to double eligible investments up to $8 million per year for safety-related integrity investments under the Gas System Reliability rider
- Black Hills finalized agreements with state utility commissions to deliver federal corporate income tax reform benefits to utility customers in Arkansas and South Dakota; previously reached similar agreements with commissions in Colorado, Iowa, Kansas and Nebraska

2018 Third Quarter Highlights

Power Generation

- On Sept. 20, Black Hills Electric Generation reached an agreement to purchase for $16.3 million a 50 percent ownership interest in Busch Ranch I wind farm in Colorado from a third party
  - Transaction subject to FERC review and approval; expected in December 2018
  - Black Hills Colorado Electric owns the remaining 50 percent and purchases all energy from the wind farm through a PPA expiring in 2044

Corporate Activities

- On Nov. 1, issued 6.37 million shares of new common stock related to conversion of 5.98 million equity units – shares outstanding of approximately 59.97 million after conversion; gross proceeds of $299 million to repay corporate debt
- On Oct. 31, Black Hills announced that David R. Emery, chairman and CEO, will retire as CEO effective Dec. 31, 2018, after 29 years of service - 15 years as CEO and 14 years as chairman of the board
  - Emery will continue to serve company as executive chairman until May 1, 2020
  - Linn Evans, president and chief operating officer and 17-year veteran of the company, was appointed president and CEO effective Jan. 1, 2019; also appointed to board of directors effective Nov. 1, 2018
  - Transition was result of comprehensive, multi-year, board-led succession planning process

2018 Third Quarter Highlights

Corporate Activities ***continued***

- On Oct. 30, board of directors approved a 6.3 percent, or $0.03 per share, increase in the quarterly dividend to $0.505 per share, or $2.02 per share annualized
  - 49 consecutive years of dividend increases
- On Aug. 17, completed public debt offering of $400 million of 4.35 percent senior unsecured notes due July 30, 2033
  - Replaced $299 million of remarketable junior subordinated notes due 2028 (originally issued as part of the equity units) and paid down short-term debt
- On Aug. 9, S&P Global upgraded its corporate credit rating of Black Hills Corp. to BBB+ from BBB with a stable outlook
- On July 30, amended and restated corporate revolving credit facility, extending term to July 30, 2023, with two one-year extension options
  - Maintained total commitments of $750 million with accordion feature to increase to $1 billion under certain conditions
- On July 30, amended and restated $300 million term loan due in 2019 with a new maturity of July 30, 2020
  - Cost of borrowing based on LIBOR plus a spread (currently 75 basis points) based on company's credit rating

Strategic Overview

Our newly constructed 3.5 mile natural gas pipeline delivers biogas, a renewable energy resource, from the Sarpy County Landfill to fuel homes and businesses in Sarpy County, Nebraska.

Strategic Objectives

Utility-centered energy company well positioned to build upon a track record of successful utility growth

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 energy company in the U.S. by emphasizing our culture to work and live safely every day

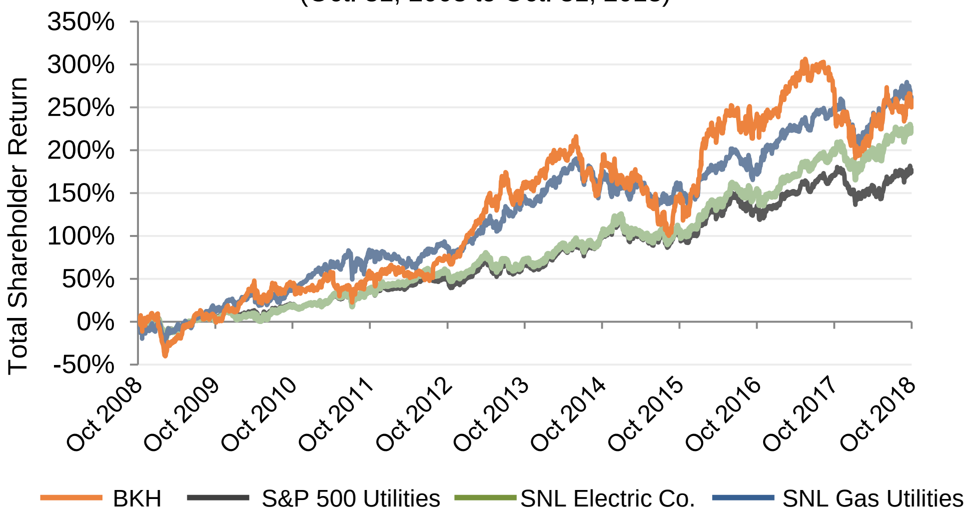
Strategy Execution

PROFITABLE GROWTH

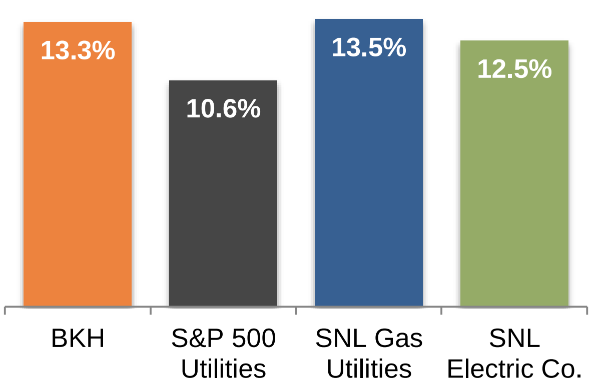
Target strong long-term total shareholder returns

- **Earnings Growth** – achieve long-term EPS growth rate above utility industry average
- **Dividend Payout Ratio** – target 50 to 60 percent
  - Retain flexibility to increase dividend during periods of slower EPS growth
- **Dividend Increase** – continue track record of 49 consecutive annual increases*

Long-term Total Shareholder Return**
(Oct. 31, 2008 to Oct. 31, 2018)



Annualized Total Shareholder Return**
(Oct. 31, 2008 to Oct. 31, 2018)



* Annualized rate of $2.02 in 2019 represents 49 consecutive years of dividend increases

** Source: S&P Market Intelligence as of Oct. 31, 2018; annualized return is 10-year compound annual growth rate since Oct. 31, 2008

Strategy Transitional Period

Transitioning earnings drivers

PROFITABLE GROWTH

Near-term (2018-2019)	**Long-term** (2020+)
Invest in safety, reliability and growth for customers and communities	
• Slower EPS growth expectations • Integration savings • Focused capital investment to reduce regulatory lag • Entering test years in preparation for rate review filings or commencing such filings in certain jurisdictions	• Higher EPS growth expectations • Strong capital investments to meet customer needs • Continued focus on standardization and efficiency improvements • Regular rate review filings

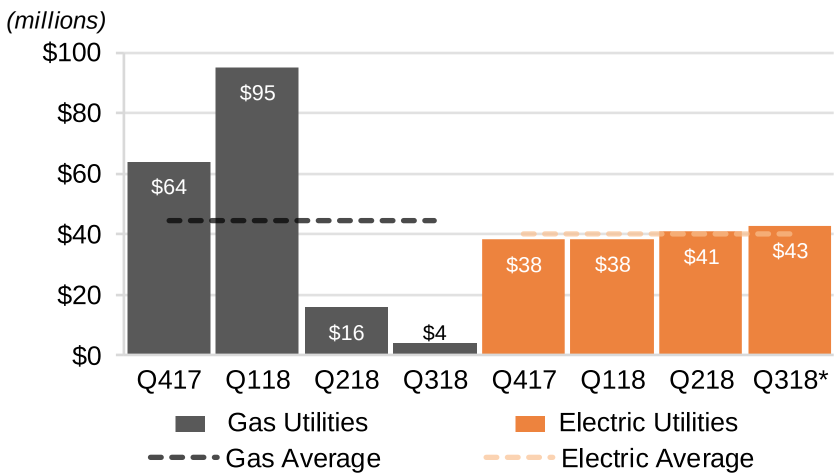
Transitioning to long-term EPS growth; strong forecasted 2019 net income growth largely offset by 8 percent equity dilution

Strength in Diversity

Reduces business risk and drives more predictable earnings

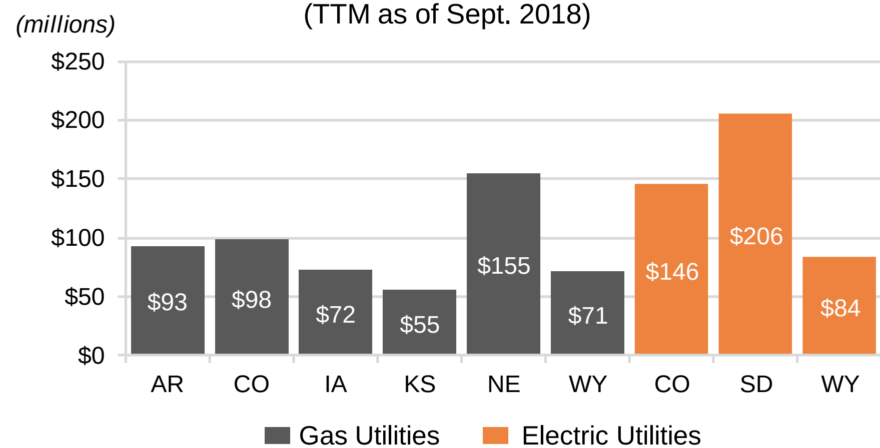
PROFITABLE GROWTH

Utility Operating Income

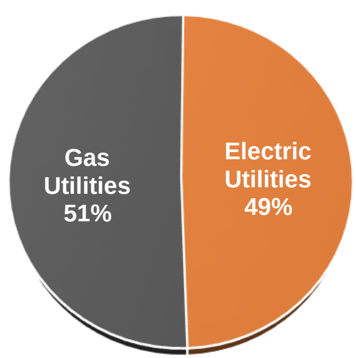


Gross Margin by State [2**]

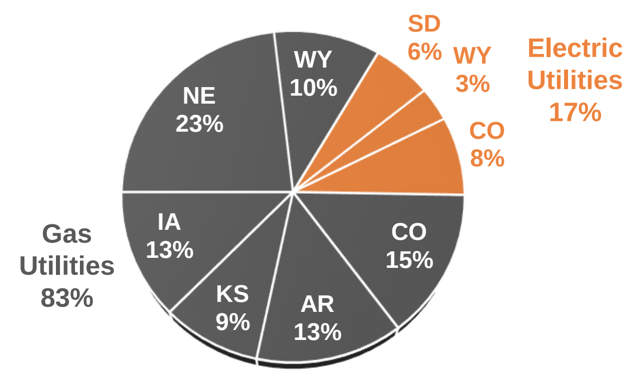
(TTM as of Sept. 2018)



Utility Rate Base[1]



Percent of Customers by State[2]



* Non-GAAP measure, reconciled to GAAP in Appendix ** Non-GAAP measure

[1] Estimated utility rate base as of Dec. 31, 2017; see appendix for more detail

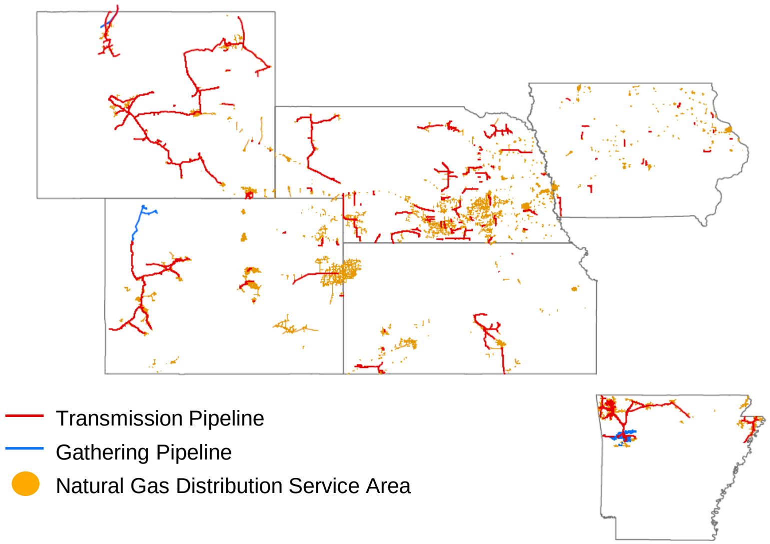
[2] Montana data included in South Dakota totals

Note: TTM – trailing 12 months

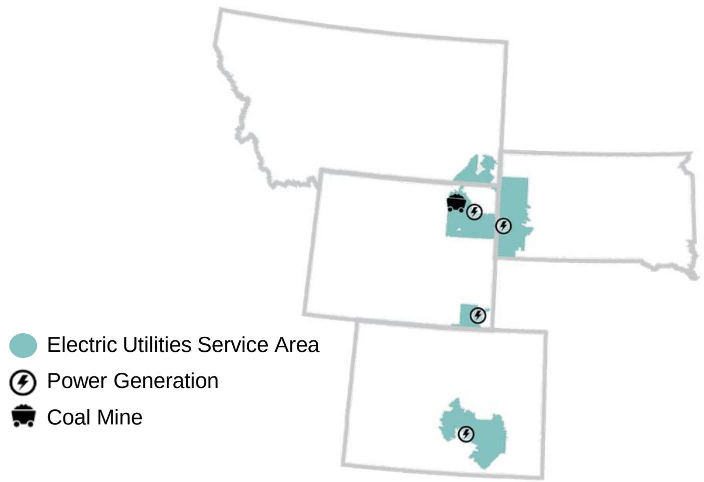
Strategic Execution Delivers Opportunities

PROFITABLE GROWTH

Acquisitions created larger transmission and distribution systems



45,000-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

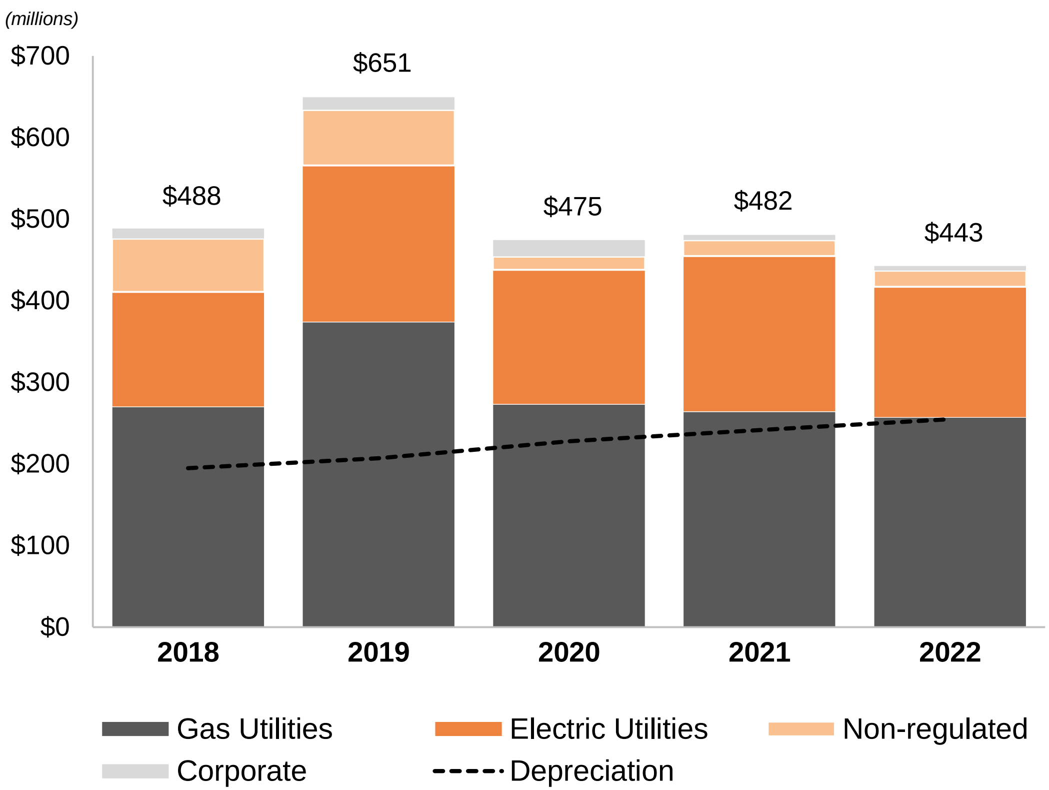
Note: Information from 2017 Form 10-K

Capital Investment Drives Growth

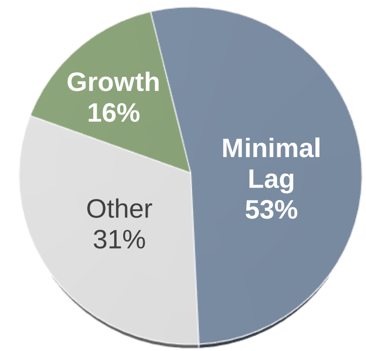
Five-year capital spending forecast of $2.54 billion

PROFITABLE GROWTH

Total Forecasted Capital Investment By Segment*



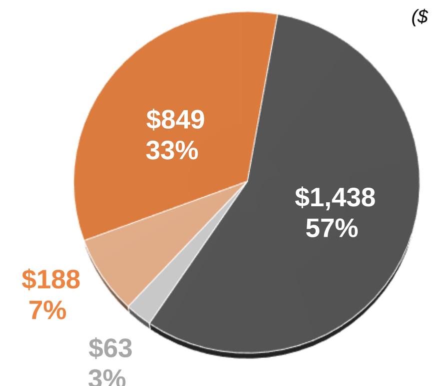
Total Utility Forecasted Capital Investment Recovery^



2018-2022

5-year Forecast by Segment

($ in millions)



2018-2022

* Excludes discontinued operations – see appendix for detail

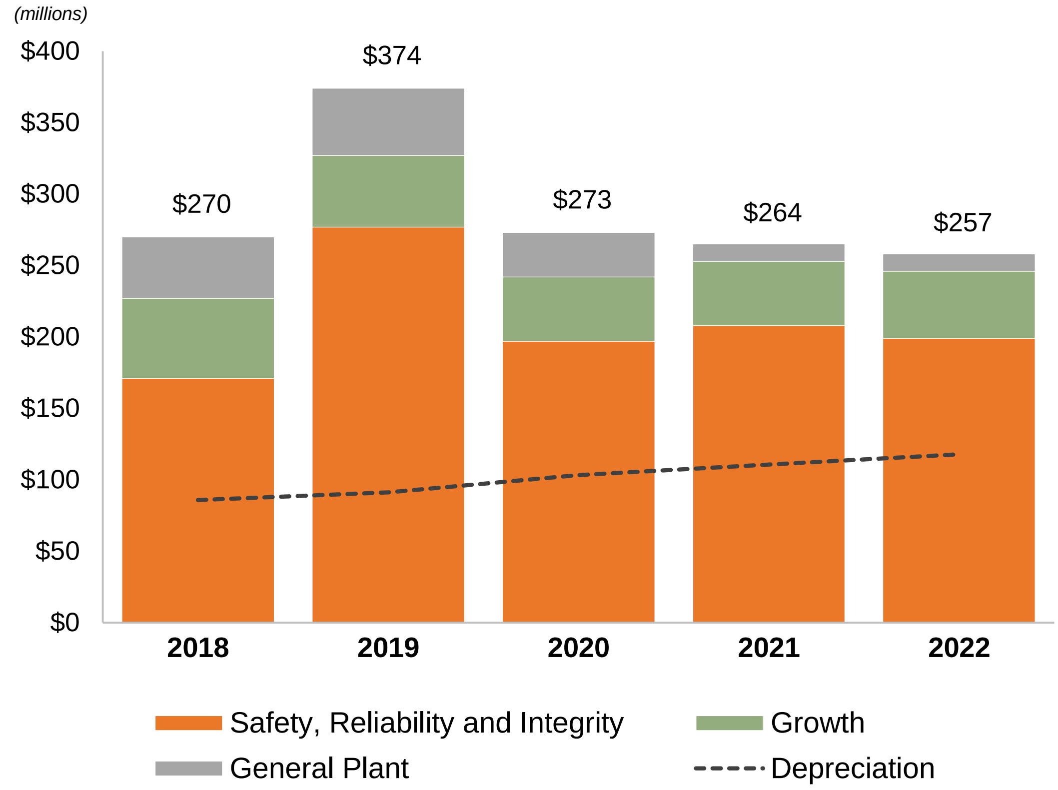
^ Growth Capital - generates immediate revenue on customer connections
Minimal Lag Capital – capital expenditures with regulatory lag of less than one year or incurred during expected regulatory test periods

Gas Utilities Investing in Safety and Reliability

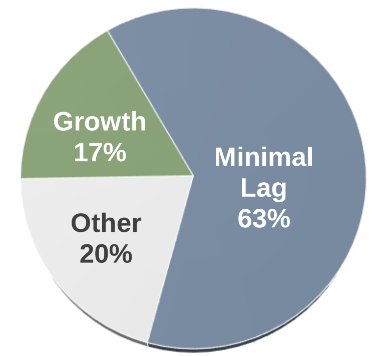
PROFITABLE GROWTH

Five-year capital spending forecast of $1.43 billion

Forecasted Capital Investment By Type

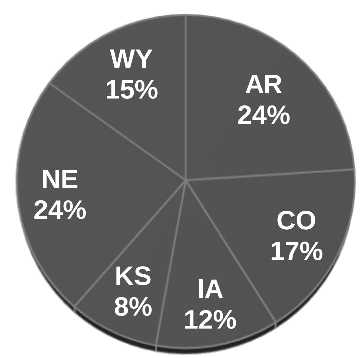


Forecasted Capital Investment Recovery*



2018-2022

Forecast by State



2018-2022

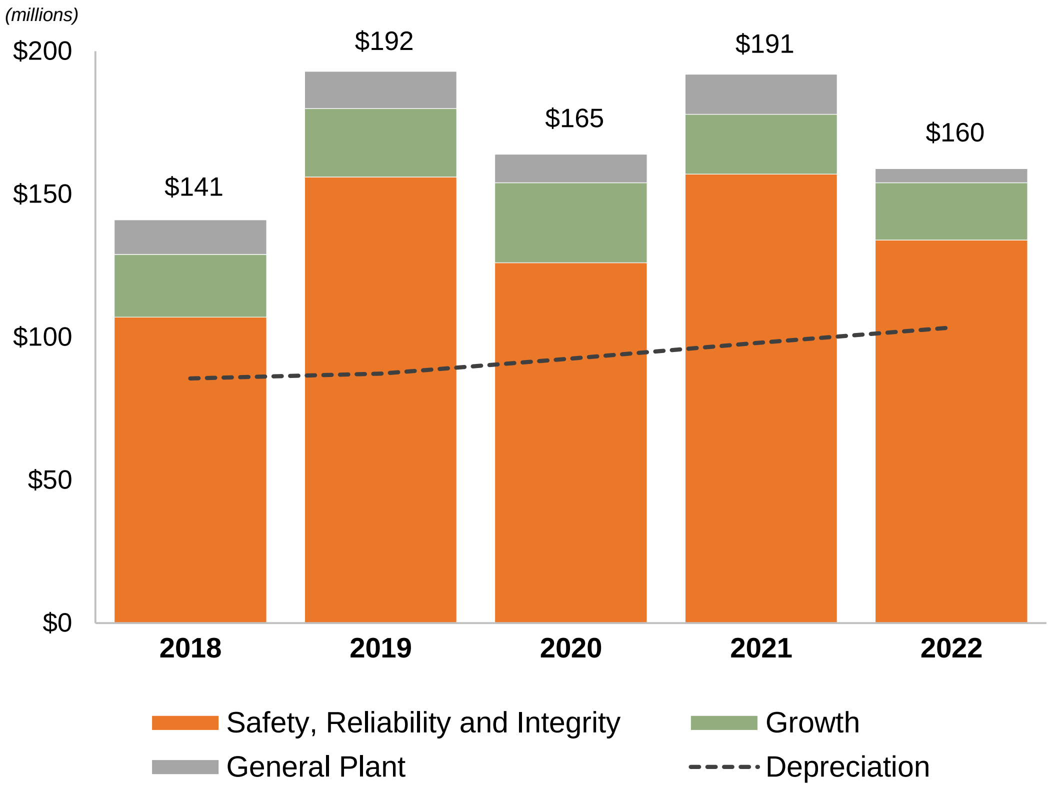
* Growth Capital - generates immediate revenue on customer connections
Minimal Lag Capital – capital expenditures with regulatory lag of less than one year or incurred during expected regulatory test periods
See Appendix for detail

Electric Utilities Investing in Safety and Reliability

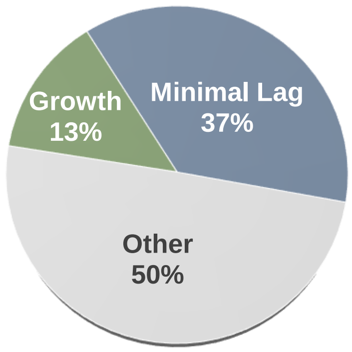
PROFITABLE GROWTH

Five-year capital spending forecast of $0.8 billion

Forecasted Capital Investment By Type

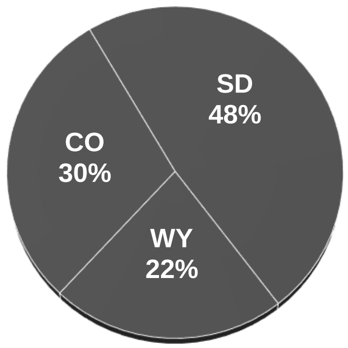


Forecasted Capital Investment Recovery*



2018-2022

Forecast By State



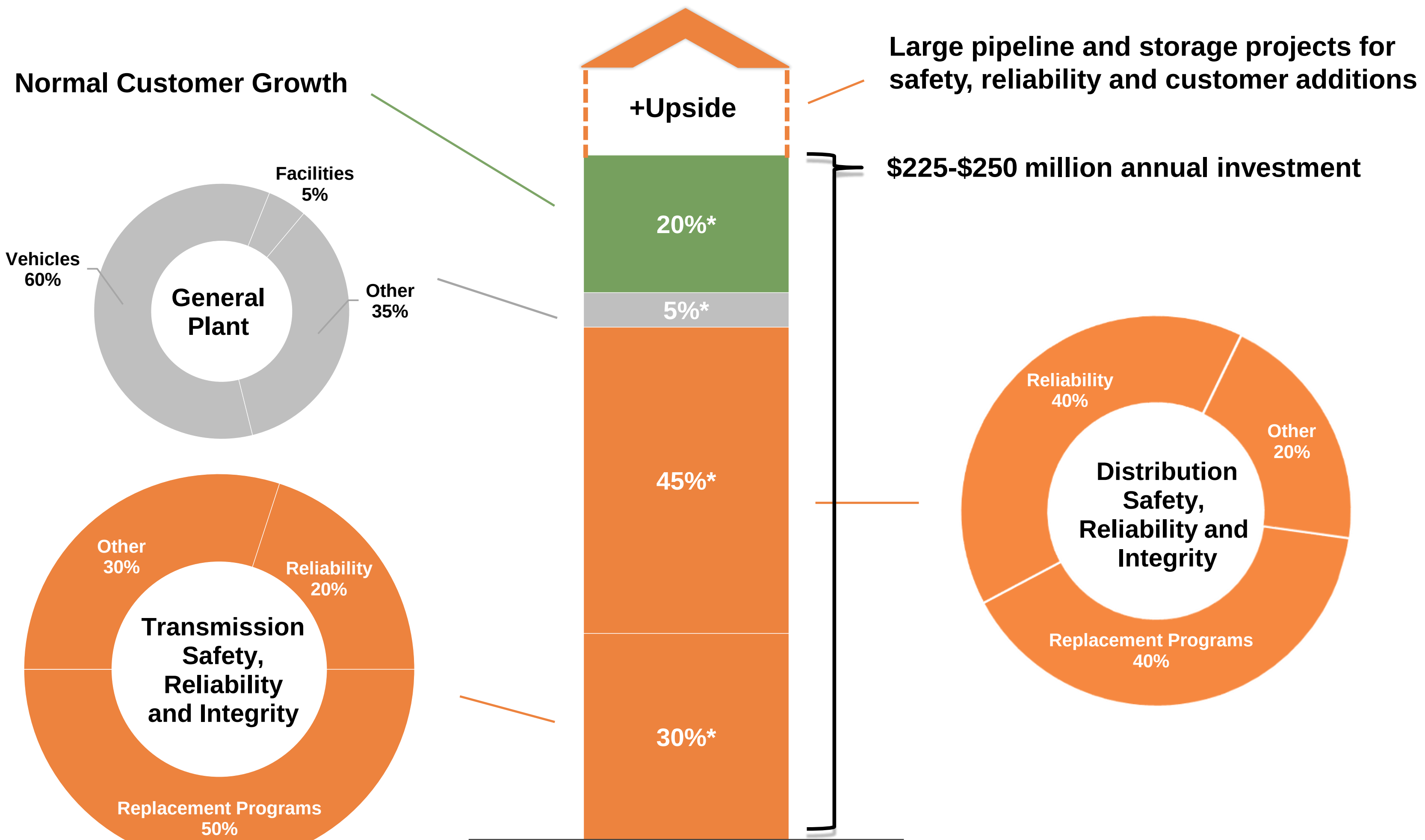
2018-2022

* 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

Gas Utilities Recurring Capital Outlook

Strong Long-term Annual Investment Plan Beyond 2022

PROFITABLE GROWTH



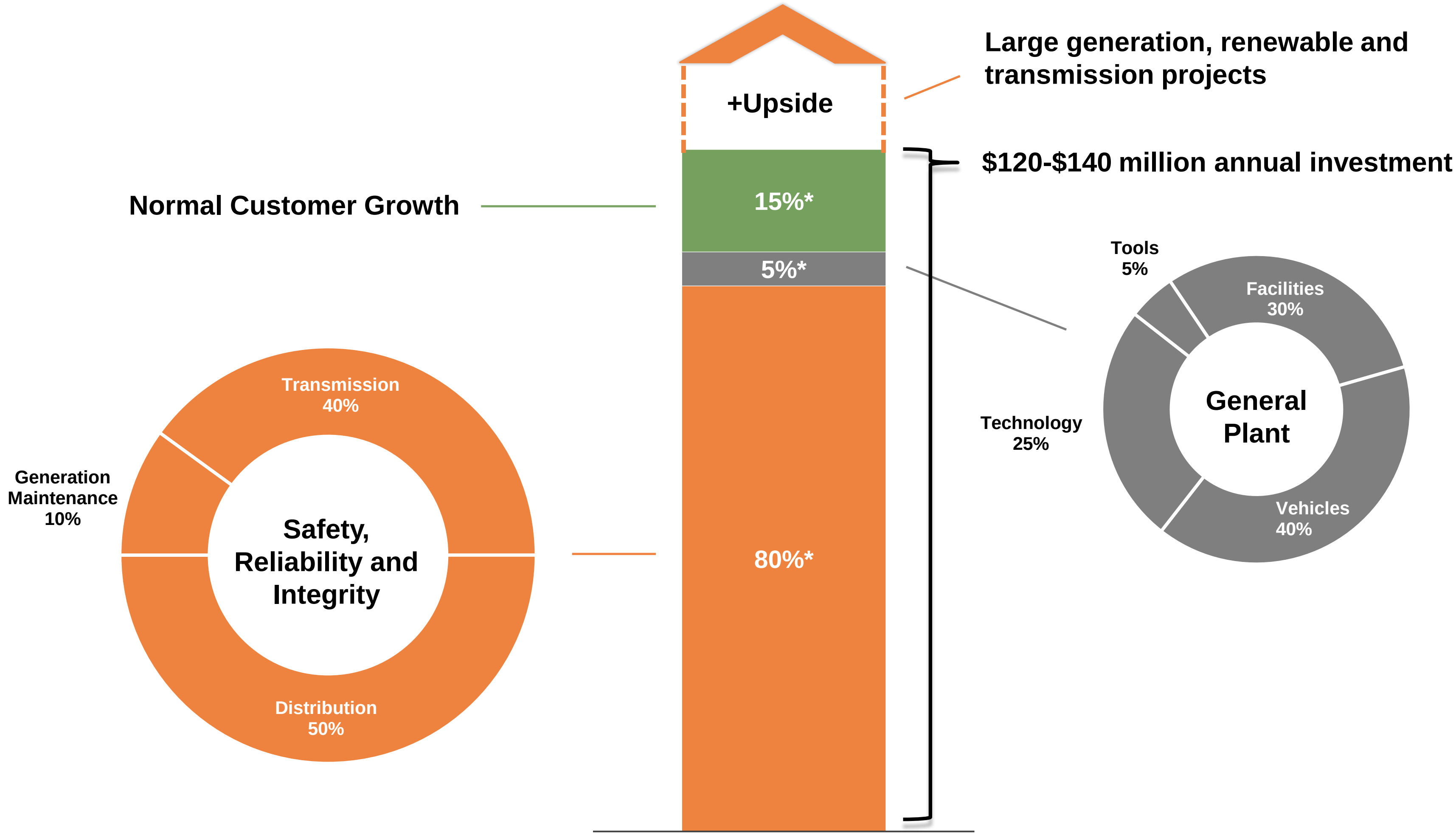
Natural Gas Projected Long-term Annual Capital Investment

* Percent of total annual investment range

Electric Utilities Recurring Capital Outlook

Strong Long-term Annual Investment Plan Beyond 2022

PROFITABLE GROWTH



Electric Projected Long-term Annual Capital Investment

* Percent of total annual investment range

Regulatory Update

VALUED SERVICE

Jurisdiction	Filing Date	Annual Revenue Increase	ROE	Equity / Debt	Status
BH Colorado Gas	TBD	TBD	TBD	TBD	Filing expected in Q1 2019
Arkansas Gas	12-15-17	$12.0M	9.61%	49.0% / 51.0%	Completed; new rates effective Oct. 15, 2018
Wyoming Gas (NW WY)	11-17-17	$1.0M	9.6%	54.0% / 46.0%	Completed; new rates effective Sept. 1, 2018
Rocky Mountain Natural Gas (RMNG)	10-3-17	$1.1M	9.9%	46.6% / 53.4%	Completed; new rates effective June 1, 2018

Passing Tax Reform Benefits To Customers

State	Status	Start Date	Annual Benefit to Customers (in millions)
Arkansas	Complete	October 2018	$9.7
Colorado	Complete	July 2018	$10.8
Iowa	Complete	July 2018	$2.2
Kansas	Complete	April 2018	$1.9
Nebraska	Complete	July 2018	$3.8
South Dakota	Complete	October 2018	$8.9
Wyoming	In process	TBD	TBD

Utility Jurisdiction Simplification

BETTER EVERY DAY

Consolidation benefits customers, regulators, company and shareholders

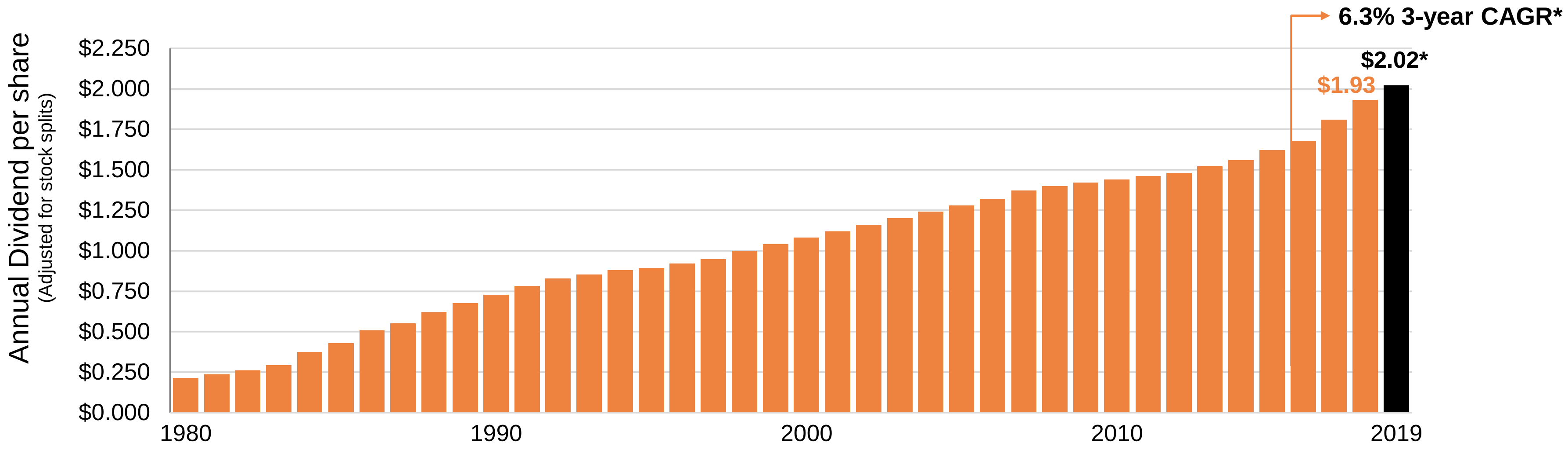
- Simplifies customer bill process and improves customer service (fewer legal entities and tariffs with standardized rules and policies)
- Fewer jurisdictional entities lowers risk, complexity and quantity of rate reviews, regulatory filings and reporting requirements
- Streamlines corporate processes
- Provides one-time corporate tax benefits

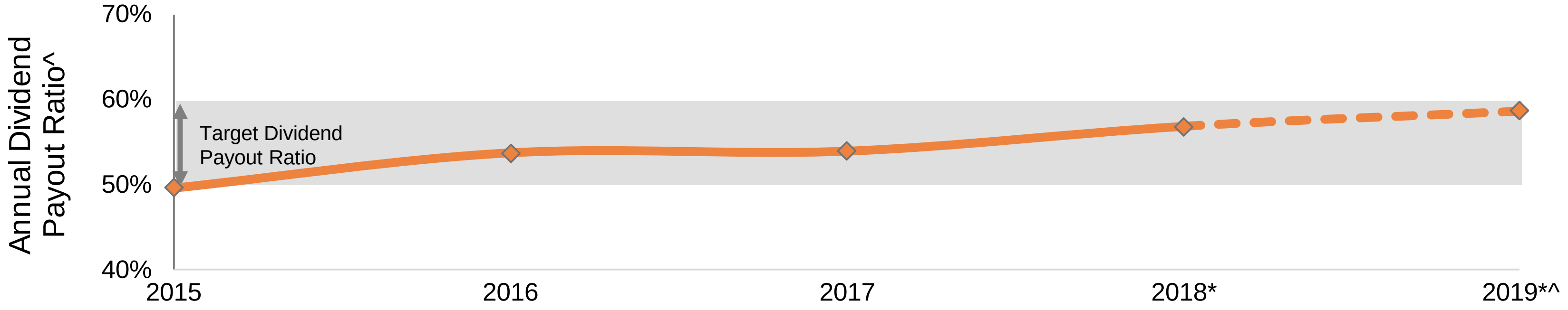
Colorado	Wyoming	Nebraska
• Colorado Gas • Colorado Gas Distribution (formerly SourceGas)	• Wyoming Gas • Northeast Wyoming Gas • Northwest Wyoming Gas • Wyoming Gas Distribution (formerly SourceGas)	• Nebraska Gas • Nebraska Gas Distribution (formerly SourceGas)
➢ Request for legal consolidation filed and approved ➢ Expect to file consolidated rate review in Q1 2019	➢ Current need for rate review drives timing of simplification filings ➢ Expect to file request for legal consolidation in late 2018 ➢ Expect to file consolidated rate review in second or third quarter 2019 ➢ Evaluating which entities to include in simplification effort	➢ Expect to file a legal consolidation request in 2019 ➢ Expect to file consolidated rate review following legal consolidation

Strong Dividend Growth Track Record

Dividend Increased for 49 Consecutive Years

PROFITABLE GROWTH





* Board of directors on Oct. 30 approved a quarterly dividend of $0.505 per share, equivalent to an annual rate of $2.02 per share

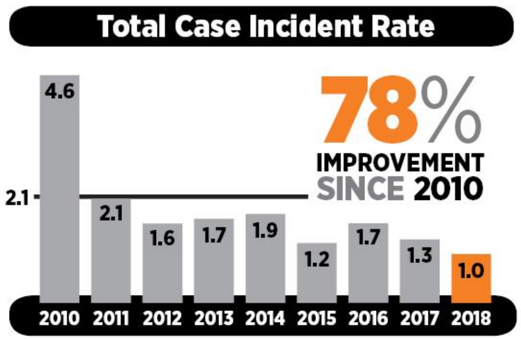
^ Annual dividend payout ratio is calculated by dividing annual dividend per share by earnings from continuing operations, as adjusted, per share, a non-GAAP measure - reconciled to GAAP in the appendix; 2018 and 2019 payout ratio is based on midpoint of earnings guidance range for each year, respectively; see guidance slides for detail and assumptions

Operational Excellence

Delivering safe and reliable service to our customers

GREAT WORKPLACE

Enhanced Safety Performance



— Industry average

2018 data is YTD through Sept. 30, 2018. TCIR is defined as the average number of work-related injuries incurred by 100 workers during a one-year period.

On Aug. 30, 2018, members of Black Hills' executive leadership team rang The Opening Bell® at the New York Stock Exchange, celebrating Black Hills' 135 years of delivering energy to customers.

Employee Recognition

SOUTH DAKOTA SAFETY COUNCIL

On October 3rd representatives from South Dakota Electric accepted the Governor's Meritorious Achievement Award in Occupational Safety.

ServeNebraska

Nebraska Volunteer Service Commission

AMERICORPS

On October 19, Black Hills Energy (Nebraska Gas) Ambassadors were selected as the winners of the 2018 ServeNebraska Step Forward Corporate Community Volunteer award. Black Hills Energy's Ambassadors volunteered nearly 2,500 hours in over 40 communities to improve the lives of those in their communities with their own energy.

2018 Scorecard

PROFITABLE GROWTH	VALUED SERVICE	BETTER EVERY DAY	GREAT WORKPLACE

Strategy

Profitable Growth
- Construct cost effective rate-base utility assets that meet growing demand, improve reliability and customer satisfaction.
- Acquire small utility systems within or near existing service territories

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

2018 Future Initiatives and Progress

Profitable Growth
- ☑ Increase annual dividend for 48th consecutive year
- ☑ Commence construction of 175 mile, $70 million Rapid City, SD to Stegall, NE 230 KV transmission line rebuild
- ☐ Obtain Wyoming PSC approval for Natural Bridge Pipeline project
- ☐ Complete engineering and purchase wind turbines for Busch Ranch II
- ☐ Pursue satisfactory resolution of Colorado Electric 2016 rate review
- ☑ Complete Arkansas Gas rate review
- ☑ Complete RMNG rate review
- ☑ Complete NW WY Gas rate review

Valued Service
- ☑ Obtain Colorado PUC approval for recommended project from 2017 renewable energy RFP
- ☐ Receive approval from each state regulatory commission to provide benefits of tax reform to utility customers
  - ☑ Arkansas, Colorado, Iowa, Kansas, Nebraska and South Dakota
  - ☐ Wyoming
- ☐ File for approval of Wyoming Electric's electric resource plan
- ☐ Finalize negotiations and file for regulatory approval for electric utilities to join SPP
- ☐ Improve eBill participation, reduce inbound customer calls and enhance web-based customer options

Better Every Day
- ☐ Complete implementation of utility work and asset management system
- ☑ Implement new vegetation management system
- ☐ Focus on improving productivity and reducing costs
- ☑ Complete exit of oil and gas business
- ☐ Continue to enhance functionality of tablet-based technology for field technicians

Great Workplace
- ☐ Achieve safety TCIR of 1.1
- ☐ Achieve PMVI rate of 1.7
- ☐ Expand the availability of participation for women's affinity groups into all areas of operations
- ☐ Create additional programs that further develop, retain, and reward top performing employees

Legend
- ☑ Completed
- ☐ Planned in 2018

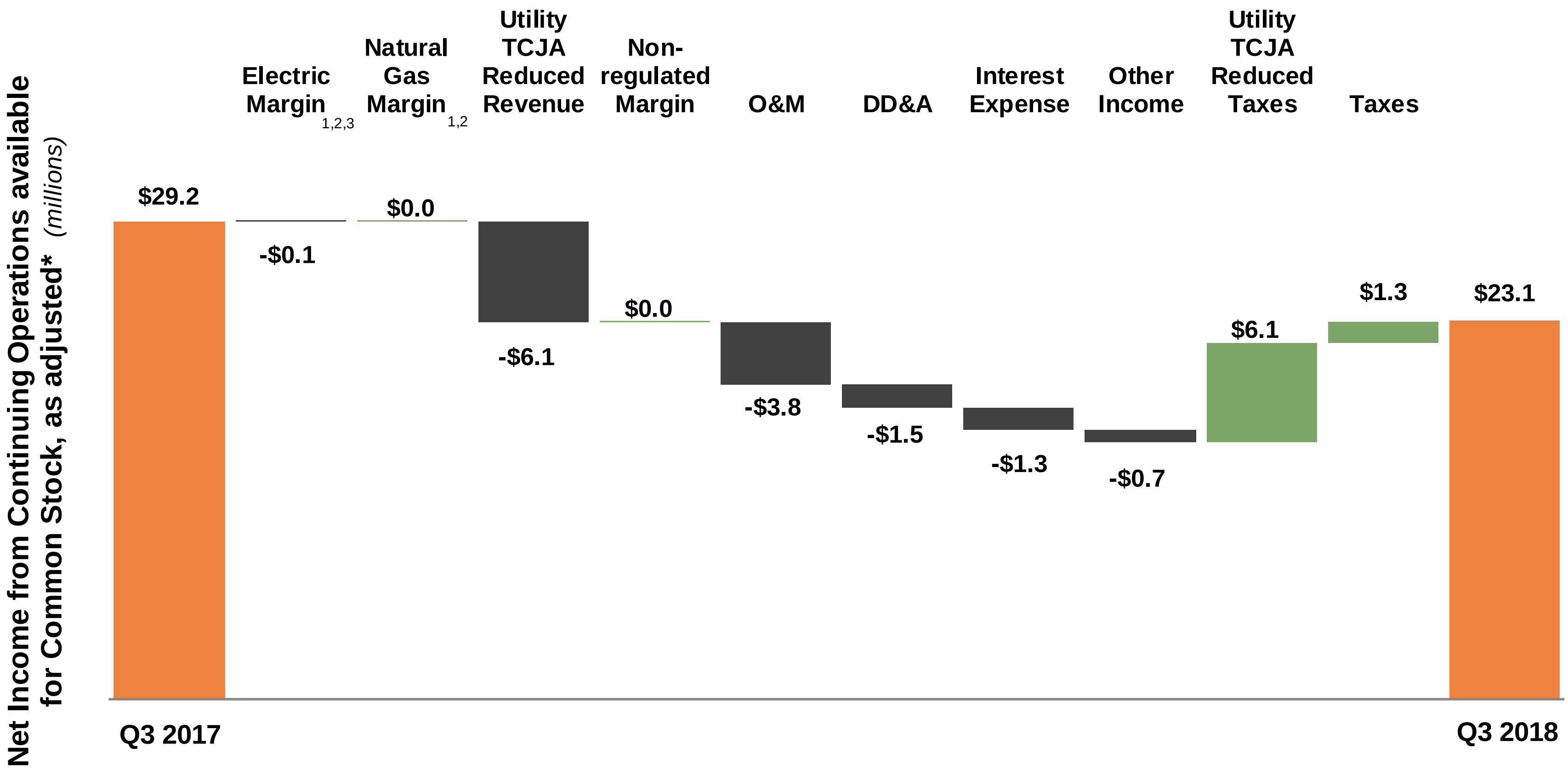
Financial Update

Earnings Per Share Analysis

	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Net Income from continuing operations available for common stock (GAAP)	**$ 0.52**	**$ 1.17**	**$ 2.50**	**$ 0.45**	**$ 0.32**
Adjustments (after tax)					
Acquisition costs	0.01	0.02	—	—	—
Tax reform and other tax items	—	(0.21)	0.04	—	0.10
Legal restructuring - income tax benefit	—	—	(0.91)	—	—
Rounding	(0.01)	—	—	—	—
Total adjustments	**—**	**(0.19)**	**(0.87)**	**—**	**0.10**
Net Income from continuing operations available for common stock, as adjusted (Non-GAAP)*	**$ 0.52**	**$ 0.98**	**$ 1.63**	**$ 0.45**	**$ 0.42**
Trailing Twelve Months - Net Income from continuing operations available for common stock, as adjusted (Non-GAAP)*	$ 3.44				$ 3.48

* Non-GAAP measures; reconciled to GAAP in Appendix

2018 Third Quarter Financial Drivers



* Non-GAAP measure; reconciled to GAAP in Appendix

[1] Excludes reduced revenue from Tax Cuts and Jobs Act (TCJA)

[2] Includes $2.4 million negative impact from weather - $0.6 million electric and $1.8 million natural gas (net of income taxes)

[3] Includes $2.6 million negative impact from Wyoming Electric PCA settlement (net of income taxes)

Note: minor difference in total due to rounding

Condensed Income Statement

(in millions, except earnings per share)

	Q3 2017		Q3 2018	
Revenue	$	335.6	$	322.0
Gross margin*		249.3		241.7
Operating expenses		(122.2)		(127.6)
DD&A		(47.1)		(49.0)
Acquisition costs		(0.4)		-
Operating income		**79.6**		**65.1**
Interest expense		(34.1)		(35.3)
Other income (expense)		0.9		(0.5)
Income taxes		(13.5)		(7.5)
Income from continuing operations	**$**	**32.9**	**$**	**21.8**
Non-controlling interest		**(3.9)**		**(4.0)**
Income from continuing operations available for common stock	**$**	**29.0**	**$**	**17.8**
Non-GAAP adjustments		0.2		5.3
Income from continuing operations, as adjusted (Non-GAAP)	**$**	**29.2**	**$**	**23.1**
EPS - Income from Cont. Ops avail. for common stock, as adjusted *	**$**	**0.52**	**$**	**0.42**
Diluted shares outstanding (in thousands)		55.4		54.8
EBITDA, as adjusted*	**$**	**127.9**	**$**	**113.6**

* Non-GAAP measures; defined and/or reconciled to GAAP in Appendix and on slide 28
Note: Full income statement included in appendix on slide 52

Capital Structure

(in millions, except for ratios)	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018
Capitalization					
Short-term Debt	$ 231	$ 217	$ 420	$ 378	$ 368
Long-term Debt	3,110	3,109	2,859	2,858	2,951
Total Debt	3,341	3,326	3,279	3,236	3,319
Equity*	1,683	1,709	1,819	1,819	1,813
Total Capitalization	$ 5,024	$ 5,035	$ 5,098	$ 5,054	$ 5,132
Net Debt to Net Capitalization					
Debt	$ 3,341	$ 3,326	$ 3,279	$ 3,236	$ 3,319
Cash and Cash Equivalents	(14)	(15)	(31)	(9)	(10)
Net Debt	3,327	3,311	3,248	3,227	3,309
Net Capitalization	$ 5,010	$ 5,020	$ 5,067	$ 5,046	$ 5,122
Debt to Capitalization	66.5%	66.1%	64.3%	64.0%	64.7%
Net Debt to Capitalization (Net of Cash)	66.4%	66.0%	64.1%	64.0%	64.6%
Long-term Debt to Total Debt	93.1%	93.5%	87.2%	88.3%	88.9%

* Excludes noncontrolling interest

Common Stock Issued

Equity Units Converted on Nov. 1, 2018

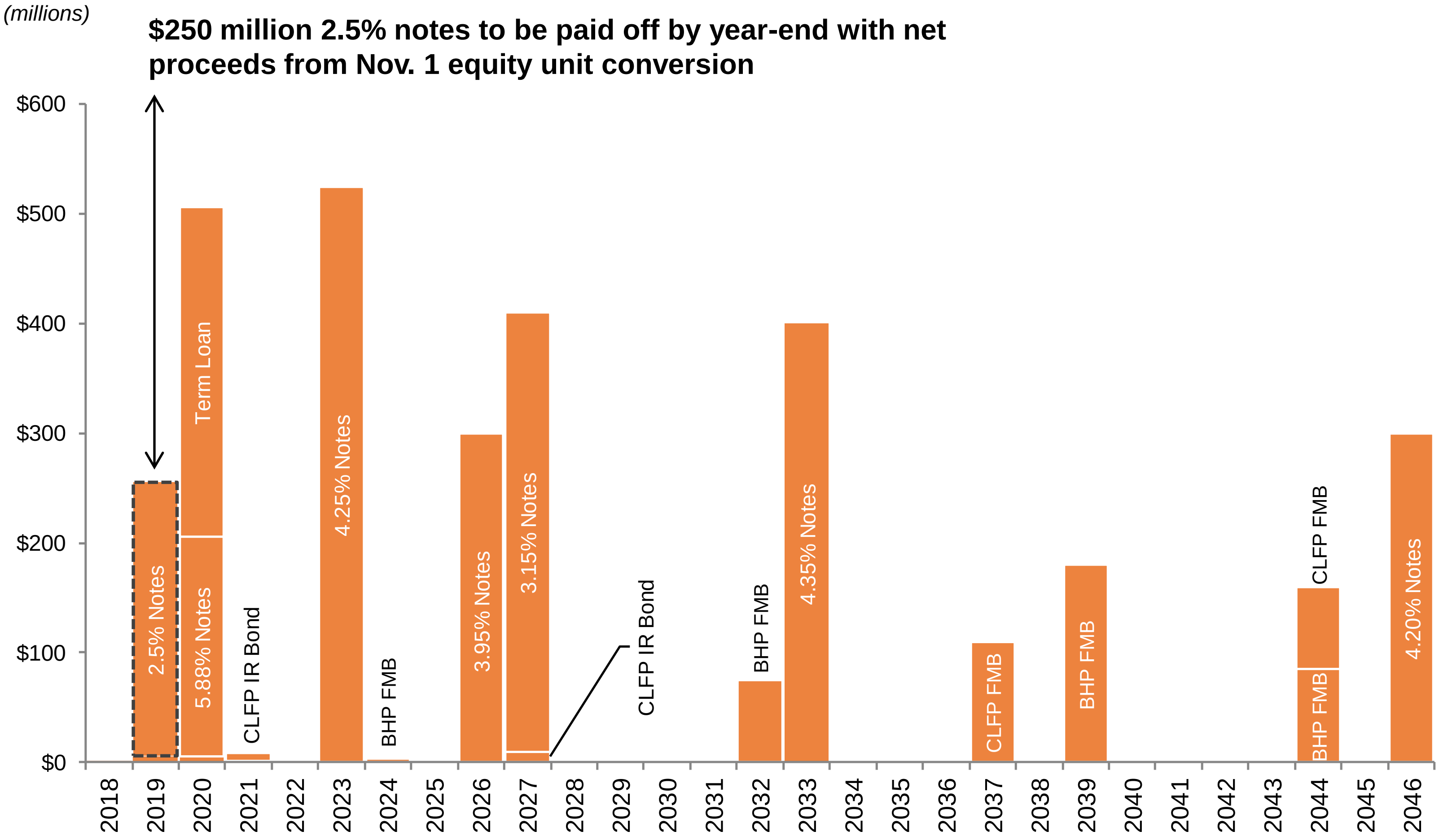
Equity Units

- 5.98 million equity units issued in November 2015 to partially fund acquisition of SourceGas Holdings LLC
- Converted Nov. 1 at ratio of 1.0655 BKH common shares per equity unit
- Purchase of common shares by equity unit holders funded by proceeds from successful remarketing of remarketable subordinated notes in August 2018
- Equity units (BKHU) de-listed prior to market open Nov. 1, 2018

Common Stock Issued

- Issued 6.37 million new BKH common shares on Nov. 1, 2018
- BKH share count on Nov. 1 approximately 59.97 million
- Gross proceeds of $299 million received from equity unit holders
- Proceeds will be used to repay $250 million Senior Notes due January 2019 and short term debt
- With payoff, debt to capitalization expected to decline from 64.7 percent at Sept. 30 to less than 60 percent by year-end

Long-Term Debt Maturities



Credit Rating

Committed to maintaining strong investment-grade credit ratings

- S&P Global Ratings on Aug. 9, 2018, upgraded its corporate credit rating of Black Hills Corp. at BBB+ from BBB with a stable outlook
- Moody's Investors Service on Dec. 12, 2017, affirmed its corporate credit rating of Black Hills Corp. at Baa2 with a stable outlook
- Fitch Ratings on Oct. 11, 2018, affirmed its corporate credit rating of Black Hills Corp. at BBB+ with a stable outlook

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

Earnings Guidance

2018

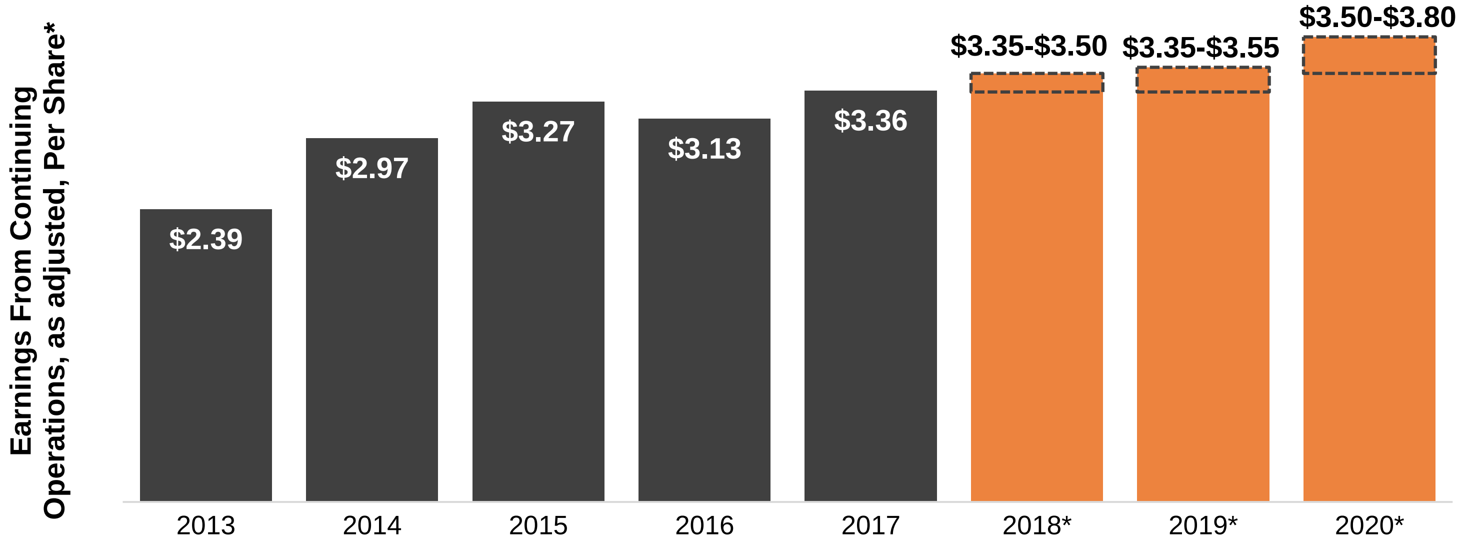
Increased lower end of guidance range to a revised range of $3.35 to $3.50 per share from $3.30 to $3.50 per share*

2019

Initiated guidance for EPS, as adjusted, of $3.35 to $3.55^

2020

Initiated preliminary guidance for EPS, as adjusted, of $3.50 to $3.80^



* 2018 guidance based on earnings from continuing operations, as adjusted, a non-GAAP item; reconciliation to GAAP in Appendix

^ 2019 and 2020 guidance based on EPS, as adjusted - a non-GAAP item; reconciliations to GAAP are not available because unplanned or unique events that may occur are unknown at this time; see Appendix for list of assumptions

Questions

Pictured from left: Black Hills Energy employees Harold Cummins and Jason Weber deliver energy solutions to our customers in Ogden, Iowa.

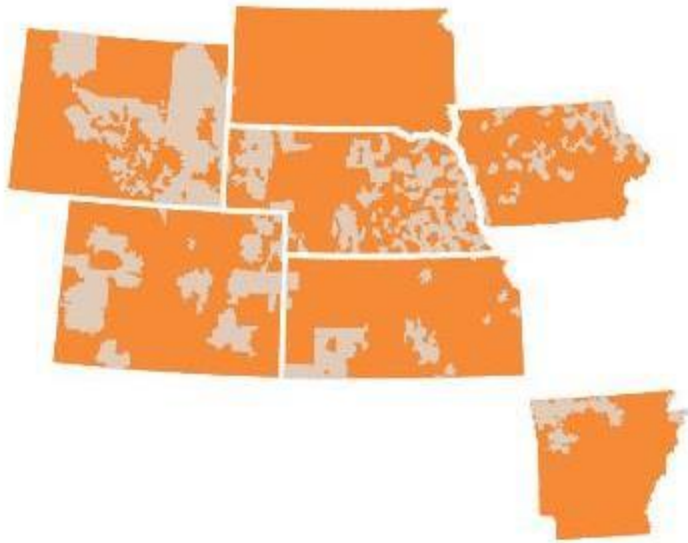
Appendix - Table of Contents

Operations Overview

Electric Utilities, Power Generation & Mining*

- Three electric utilities which generate, transmit and distribute electricity to approximately 210,000 customers in CO, SD, WY and MT
- 1.1 gigawatts** of generation and 8,839 miles of transmission and distribution
  - Five power generation facilities owned by utilities and serving utility customers (921 megawatts)
  - Two power generation facilities delivering capacity and energy under long-term contracts to utility affiliates (160 megawatts**)
  - Efficient mine-mouth generation in WY fueled by low-sulfur Powder River Basin coal (47-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*



- 12 natural gas utilities^ which distribute natural gas to approximately 1,042,000 customers in AR, CO, IA, KS, NE and WY
- 4,656 miles of intrastate gas transmission pipelines and 40,455 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
- 146,000 customers served through Choice Gas Program (unbundled natural gas supply) and Service Guard/CAPP programs (contract appliance repair service)

* Information from 2017 Form 10-K
** Excludes 49.9 percent ownership interest in Colorado IPP owned by a third party
^ Excludes minor entities and Shoshone pipeline

Integrated Electric Utility

Efficient Mine-mouth Generation - Modern Natural Gas Generation - Clean Renewable Generation

Gillette Energy Complex
(Gillette, Wyoming)

Wyodak Mine

Efficient coal delivery to 785 MW of mine-mouth generation under life of plant coal contracts

Fixed price plus escalators^
- Wyodak
- Wygen I

Cost plus return^
- Wygen II
- Wygen III
- Neil Simpson

^See coal contracts overview for detail

Mine-mouth Coal Plants

Wyodak
360 MW - 1978
20% owned by SDE
(Operated by PacifiCorp)

Wygen I
90 MW - 2003
76.5% owned by Power Generation

Wygen II
95 MW - 2008
100% owned by WYE

Wygen III
110 MW - 2010
52% owned by SDE

Neil Simpson II
90 MW - 1995
100% owned by SDE

Neil Simpson Combustion Turbine (CT)
40 MW - 2000
100% owned by SDE

Centralized work force control centers and warehouse

Cheyenne Prairie
(Cheyenne, Wyoming - *CPGS*)

Combined- Cycle Gas-Fired Plant
95 MW - 2014
100% owned
(58% WYE / 42% SDE)

Gas-Fired Combustion Turbine
37 MW - 2014
100% owned by WYE

Centralized work force control center and warehouse

Ben French
(Rapid City, SD – 100% owned by SDE)

Gas-Fired Combustion Turbine
40 MW – 2002

Combustion Turbines
80 MW gas/oil – 1977-79
10 MW oil – 1965

Pueblo Airport Generating Station*
(Pueblo, Colorado - *PAGS*)

Combined- Cycle Gas-Fired Plants
Two 100 MW Plants - 2012
50.1%* owned by Power Generation with 20-yr PPA to COE

Busch Ranch Wind Farm
29 MW – 2012
50% owned and Operated by COE
(50% interest remaining under contract for purchase by COE)

Simple Cycle Gas-Fired Plants
Two 90 MW plants - 2011
100% owned by COE

Peak View Wind Farm
60 MW – 2016
100% owned and operated by COE

Gas-Fired Combustion Turbine
40 MW - 2016
100% owned by COE

Busch Ranch II Wind Farm
60 MW – by 2019
To be 100% owned and operated by Power Generation

Centralized work force control center and warehouse

Power Generation and Mining | **Transmission Network** | **Distribution Systems**

941 MW of generation capacity owned by Electric Utilities

269 MW of generation capacity owned by Power Generation under long-term contracts to Electric Utilities

2,000 miles of electric transmission in SD, WY and CO

7,000 miles of distribution in SD, WY and CO

210,000 customers

1,086 MW peak demand

* 49.9% third party ownership of Black Hills Colorado IPP reported as noncontrolling interest
Note: information listed as of Dec.31, 2017 from 2017 10-K Annual Report Filing; totals approximated

Full Service Gas Utility

Gas Supply	Storage and Transmission	Distribution

Third-party sources deliver natural gas into Black Hills' system

Compression stations support storage and transmission

Extensive transmission network transports natural gas to distribution pipelines

Distribution pipelines deliver natural gas to residential and commercial customers

Variety of procurement sources and hedging programs provide reliable natural gas delivery and improve stability of price

Black Hills-owned compression, transmission and storage delivers value through operational flexibility and provides diverse opportunities for growth

Storage Injections and withdrawals meet system demands

7 underground storage sites in three states provide reliable natural gas delivery and more stable pricing during peak demand periods

Diversity of customer location and type reduces business risk

- Diverse procurement sources and hedging programs
- 600 miles of gathering lines

- 4,600 miles of intrastate transmission
- 45,000 horsepower of compression
- 7 natural gas storage sites in AR, CO and WY with over 53 million Mcf total capacity
- 142 million Dth natural gas transported and in 2017

- 29,000-mile natural gas distribution system
- 1 million customers with 12,000 miles of service lines
- 88 million Dth natural gas distributed to customers in 2017

Note: information as of Dec. 31, 2017 from 2017 10-K Annual Report Filing; totals approximated

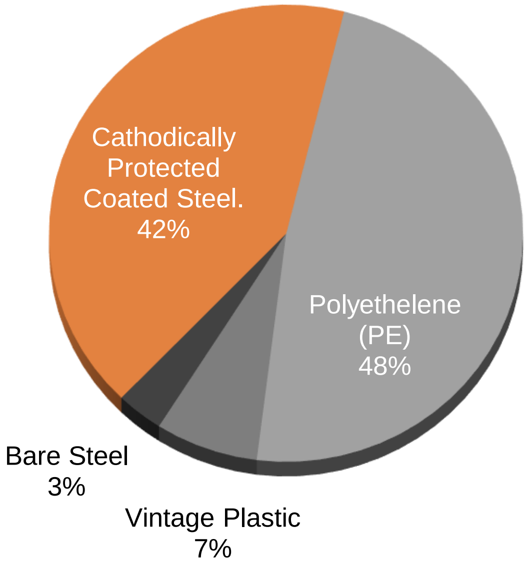
Natural Gas Infrastructure

Provides Investment Opportunities

- **1 million customers**
- **29,000 miles of distribution**
- **4,600 miles of transmission**
- **7 active storage fields**
- **38 compressors**
- **2 natural gas processing plants**

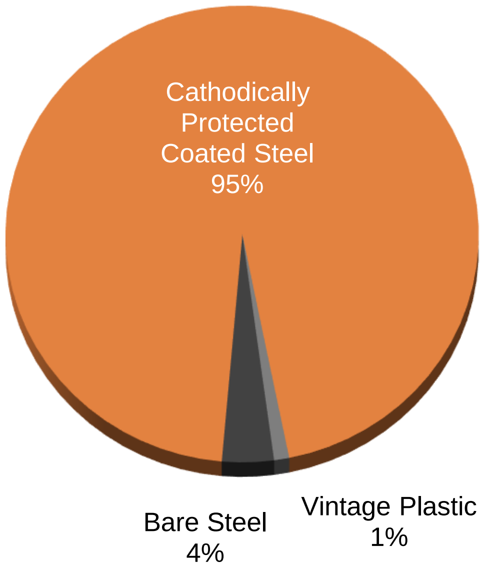
Distribution System Material Type

(in Miles)



Transmission System Material Type

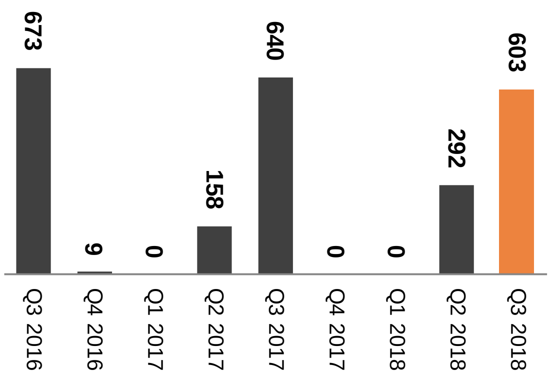
(in Miles)



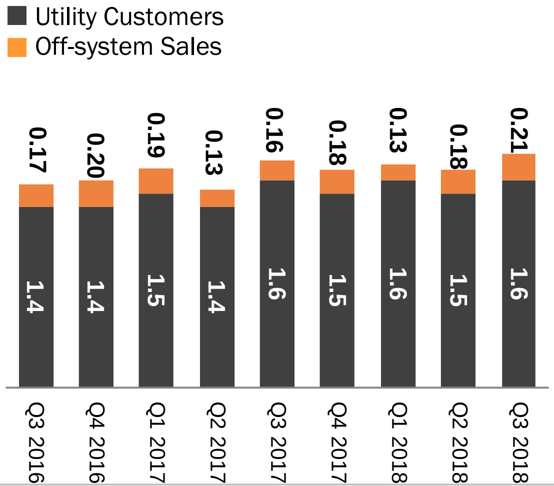
Note: information as of Dec. 31, 2017

Utility Weather and Demand

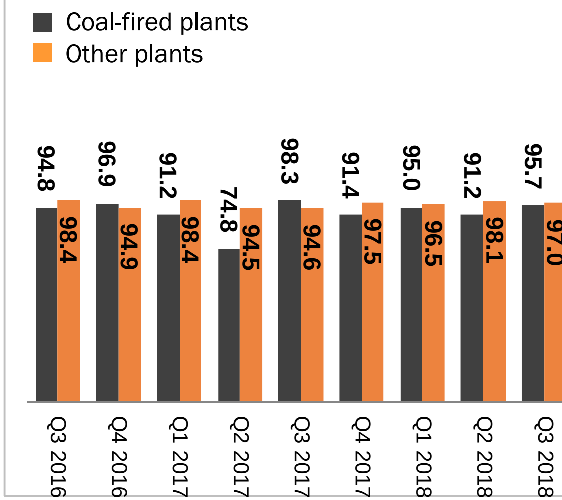
Electric Utility Cooling Degree Days
(Total for all electric service areas weighted by customer count)



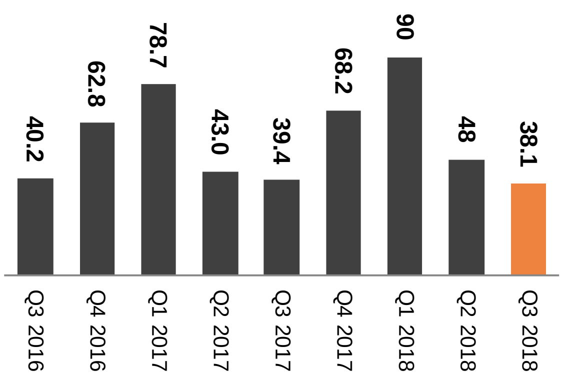
Electric Utility Total MWh Sales
(in millions)



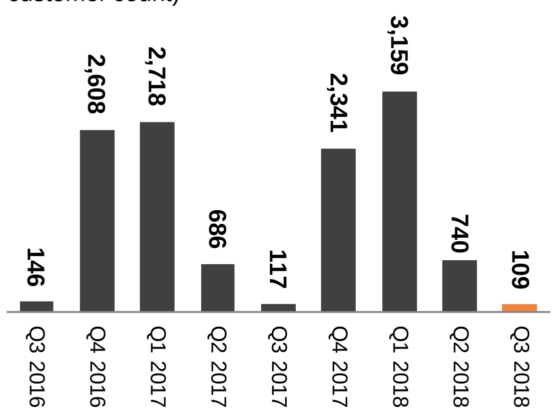
Electric Utility Generation Availability(%)



Gas Utility Total Dth Sales
(in millions)



Gas Utility Heating Degree Days
(Total for all gas service* areas weighted by customer count)



*** Excludes KS HDD data since state has weather normalization**

Capital Investment by Segment and Recovery

(in millions)	2016A	2017A	2018F	2019F	2020F	2021F	2022F
Minimal Lag Capital - Electric Utilities[1]	$166	$30	$52	$54	$77	$86	$44
Growth Capital - Electric Utilities[2]	24	21	22	24	28	21	20
Other	69	87	68	115	60	84	95
Electric Utilities	**$259**	**$138**	**$141**	**$192**	**$165**	**$191**	**$160**
Minimal Lag Capital - Gas Utilities[1]	43	72	136	255	174	181	156
Growth Capital - Gas Utilities[2]	65	67	56	50	45	45	47
Other	67	46	78	70	53	39	55
Gas Utilities	**$174**	**$184**	**$270**	**$374**	**$273**	**$264**	**$257**
Total Utilities	**$433**	**$322**	**$411**	**$567**	**$438**	**$456**	**$417**
Power Generation	5	1	46	60	9	8	10
Mining	6	7	19	8	7	11	10
Corporate	16	7	13	16	21	7	6
Total*	**$460**	**$337**	**$488**	**$651**	**$475**	**$482**	**$443**

Forecasted capital expenditures exclude additional upside opportunities from power generation or other material projects not yet specifically approved or identified

* Excludes discontinued operations
1 Minimal Lag Capital – capital expenditures 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: Minor differences in totals due to rounding

Utility Capital Investment by Type

(in millions)	2018F	2019F	2020F	2021F	2022F
Safety, Reliability and other Integrity[1]	$107	$156	$126	$157	$134
Growth[2]	22	24	28	21	20
General Plant	12	13	10	14	5
Electric Utilities	**$141**	**$192**	**$165**	**$191**	**$160**
Safety, Reliability and other Integrity[1]	171	277	197	208	199
Growth[2]	56	50	45	45	47
General Plant	43	47	31	12	12
Gas Utilities	**$270**	**$374**	**$273**	**$264**	**$257**
Total Utilities	**$411**	**$567**	**$438**	**$456**	**$417**

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: Minor differences may occur due to rounding

Estimated Utility Rate Base

Estimated Rate Base* by Utility Segment (in millions)	2011	2012	2013	2014	2015	2016	2017
Electric Utilities	$1,007	$1,272	$1,248	$1,487	$1,515	$1,570	$1,650
Gas Utilities	$443	$450	$454	$489	$493	$1,620	$1,700
Total	$1,450	$1,722	$1,702	$1,976	$2,008	$3,190	$3,350

* Estimated rate base determined at year-end and calculated using state specific requirements; includes capital expenditures through trackers but excludes construction work in progress

Recent Utility Rate Review Results

Jurisdiction	Utility	Effective Date	Return on Equity	Capital Structure	Authorized Rate Base (in millions)
Arkansas	Arkansas Gas	Feb. 2016	9.40%	52% debt / 48% equity	$299.4
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	$127.4
Nebraska	Nebraska Gas	Sept. 2010	10.10%	48% debt / 52% equity	$161.3
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	Oct. 2014	9.90%	46% debt / 54% equity	$59.6
Wyoming	Wyoming Gas Dist	Jan. 2011	9.92%	49.66% debt / 50.34% equity	$100.5
Wyoming	Wyoming Gas NW	Sept. 2018	9.60%	46% debt / 54% equity	$12.9

Note: Information from last approved rate review in each jurisdiction

* Includes amounts to serve non-jurisdictional and agriculture customers

Optimizing Regulatory Recovery

Electric Utility Jurisdiction	Cost Recovery Mechanisms					
	Environmental Cost	DSM/ Energy Efficiency	Trans-mission Expense	Fuel Cost	Transmission Cap-Ex	Purchased Power
South Dakota Electric (SD)	☑*	☑	☑	☑	☑*	☑
South Dakota Electric (WY)		☑	☑	☑		☑
South Dakota Electric (MT)						
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

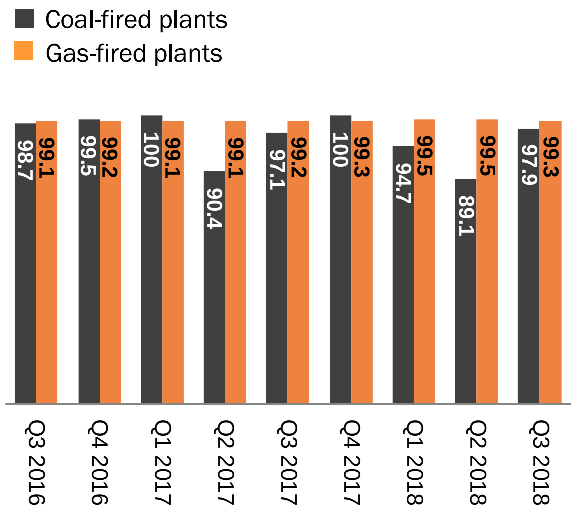
Gas Utility Jurisdiction	Cost Recovery Mechanisms							
	DSM/ Energy Efficiency	Integrity Additions	Bad Debt	Weather Normal	Pension Recovery	Fuel Cost	Revenue Decoupling	Fixed Cost Recovery*
Colorado Gas	☑					☑		47%
Iowa Gas	☑	☑				☑		70%
Kansas Gas		☑	☑	☑	☑	☑		64%
Nebraska Gas		☑	☑			☑		55%
Wyoming Gas[1]	☑					☑		52%
Arkansas Gas	☑	☑		☑		☑	☑	39%
Colorado Gas Dist.	☑					☑		36%
Nebraska Gas Dist.		☑	☑			☑		80%[3]
Wyoming Gas Dist.						☑	☑	52%
Rocky Mountain Natural Gas[2]	NA	☑	NA	NA	NA	NA	NA	NA

Legend:
☑ Commission approved cost adjustment

* Residential customers as of last rate base review
1 Refers to Cheyenne Light only
2 Rocky Mountain Natural Gas, an intrastate natural gas pipeline
3 Includes first tier of consumption in block rates

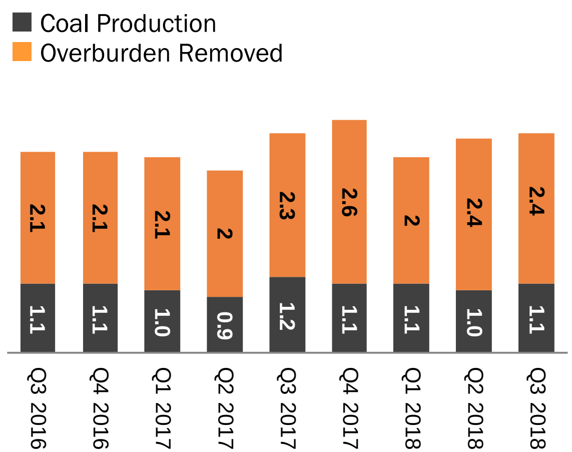
Power Generation and Mining

IPP Generation Contract Availability (%)



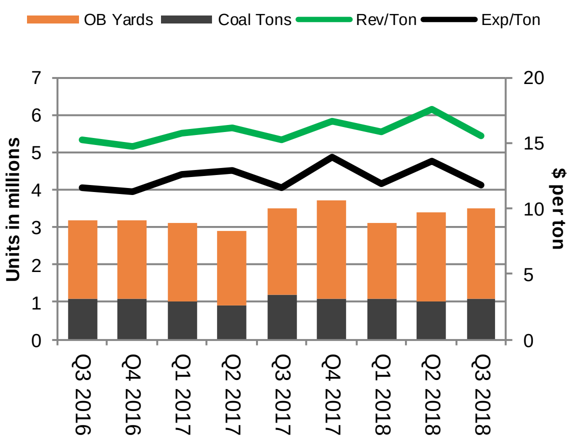
Coal Production

(Coal in millions of tons and overburden in millions of cubic yards)



Revenue and Expense per Ton Sold

(Units = tons sold plus cubic yards of overburden moved)



Power Generation - Supply Contracts

97% of owned capacity serves Black Hills' utilities*

- Approximately 74% (200 megawatts) contracted through 2031 with Colorado Electric; accounted for as capital lease
- Approximately 22% (60 megawatts) contracted through 2022 with Wyoming Electric with option for utility to purchase ownership from power generation subsidiary

Plant	Owned Capacity	Contract Capacity	Counter-Party	Expiration	Other Terms
PAGS	200 MW	200 MW	Colorado Electric (COE)	Dec. 31, 2031	Excess power and capacity for benefit of COE
Wygen I	68.9 MW	60 MW	Wyoming Electric (WYE)	Dec. 31, 2022	WYE has Purchase Option through 2019
Total	268.9 MW	260 MW			

Pueblo Airport Generation Station

(Pueblo, Colorado - PAGS)

*Information from 2017 10-K Annual Report Filing with totals approximated; differences in totals due to rounding.

Note: A third party owns a 49.9% non-operating ownership of Black Hills Electric Generation which is reported as noncontrolling interest

Mining - Coal Contracts

98% of coal production serves mine-mouth generation

- Approximately 50% of coal production sold under contracts priced based on actual mining costs plus a return on mine capital investments
  - Price adjusted annually to include actual mining expenses plus return on capital equal to A-rated utility bonds plus 400 bps with 100% equity capital structure
- Remaining 50% of coal production sold primarily under contracts with price escalators using published indices
  - Wygen I - price reopens every 5 years and is based on cost plus a return
  - Wyodak Plant – price based on 12-month average PRB spot price of coal plus the avoided hypothetical cost of rail transportation and coal unloading facility (due to mine-mouth location)
    - Approximately 50 percent of coal price relates to avoided cost for rail and unloading facility and expect 2019 pricing for these components to be near or slightly higher than current pricing
    - Spot price of PRB coal represents other 50 percent of total price and current market indicates about 12 percent lower spot price of PRB coal

Plant	2018F Production (millions of tons)	Pricing	Price Reopener or Adjustment	Expiration	Contract Quantity
Wyodak Plant *(80% owned by PacifiCorp)*	1.5	Fixed with escalators	July 1, 2019	Dec. 2022	All plant usage
Wygen I	0.5	Fixed with escalators	July 1, 2018*	Life of plant	All plant usage
Wygen II	0.6	Cost plus return	Annual True-Up	Life of plant	All plant usage
Wygen III	0.6	Cost plus return	Annual True-Up	Life of plant	All plant usage
Other SD Electric coal plants	0.9	Cost plus return	Annual True-Up	Life of plant	All plant usage
Other sales *(truck)*	0.1	Fixed		1-3 years	Various
Total	4.2				

* Wygen I contract pricing adjusts every five years at cost plus return

Gillette Energy Complex

(Gillette, Wyoming)

Income Statement

(in millions, except earnings per share)

	Q3 2017	Q3 2018
Revenue	$ 335.6	$ 322.0
Gross margin*	249.3	241.7
Operating expenses	(122.2)	(127.6)
DD&A	(47.1)	(49.0)
Subtotal	80.0	65.1
Acquisition costs	(0.4)	-
Operating income	**79.6**	**65.1**
Interest expense	(34.1)	(35.3)
Other income (expense)	0.9	(0.5)
Income before taxes	**46.4**	**29.3**
Income taxes	(13.5)	(7.5)
Income from continuing operations	**$ 32.9**	**$ 21.8**
Loss from discontinued operations, net of tax	**(1.3)**	**(0.9)**
Net income before non-controlling interest	**$ 31.6**	**$ 20.9**
Non-controlling interest	**(3.9)**	**(4.0)**
Net Income available to common stock	**$ 27.7**	**$ 17.0**
Income from continuing operations available for common stock	**$ 29.0**	**$ 17.8**
Non-GAAP adjustments	0.2	5.3
Income from continuing operations, as adjusted (Non-GAAP)	**$ 29.2**	**$ 23.1**
EPS - Net income available for common stock	**$ 0.50**	**$ 0.31**
EPS - Income from Cont. Ops avail. for common stock, as adjusted *	**$ 0.52**	**$ 0.42**
Diluted shares outstanding (in thousands)	55.4	54.8
EBITDA, as adjusted*	**$ 127.9**	**$ 113.6**

* Non-GAAP measures; defined and/or reconciled to GAAP in Appendix and on slide 28

2018 Earnings Guidance Assumptions

Black Hills increased the lower end of its guidance range for 2018 earnings from continuing operations available for common stock, as adjusted*, to be in a range of $3.35 to $3.50 per share from $3.30 to $3.50 per share, based on the following assumptions:

- Capital spending of $488 million;
- 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;
- Successful completion of utility regulatory dockets;
- No significant unplanned outages at any of our facilities;
- No planned equity financing under our At-the-Market equity offering program;
- Lower tax benefits on holding company debt (due to lower tax rate), which are largely offset by the benefit of lower tax rate on non-utility earnings;
- No significant acquisitions or divestitures; and
- Oil and Gas segment reported as discontinued operations

* Earnings from continuing oiperations, as adjusted, is a non-GAAP item; Additional adjustments may occur in the fourth quarter. A reconciliation to GAAP

2019 Earnings Guidance Assumptions

Black Hills initiated guidance for 2019 EPS, as adjusted*, in a range of $3.35 to $3.55 based on the following assumptions:

- Capital spending of $488 million and $651 million in 2018 and 2019, respectively;
- Normal weather conditions within our utility service territories including temperatures, precipitation levels and wind conditions;
- Normal operations and weather conditions within our utility service territories that impact customer usage, and planned construction, maintenance and/or capital investment projects;
- Successful completion of utility regulatory dockets;
- Successful construction and operation of Rapid City, South Dakota to Stegall, Nebraska electric transmission line, Busch Ranch II wind project and Natural Bridge Pipeline by year-end 2019;
- No significant unplanned outages at any of our facilities;
- Equity financing of $25 to $50 million under 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 2019 earnings, as adjusted, because unplanned or unique events that may occur are unknown at this time.

2020 Earnings Guidance Assumptions

Black Hills initiated preliminary guidance for 2020 EPS, as adjusted*, in a range of $3.50 to $3.80 based on the following assumptions:

- Capital spending of $488 million, $651 million and $475 million in 2018, 2019 and 2020, respectively;
- Normal weather conditions within our utility service territories including temperatures, precipitation levels and wind conditions;
- Normal operations and weather conditions within our utility service territories that impact customer usage, and planned construction, maintenance and/or capital investment projects;
- Successful completion of utility regulatory dockets;
- Successful construction and operation of Rapid City, South Dakota to Stegall, Nebraska electric transmission line, Busch Ranch II wind project and Natural Bridge Pipeline by year-end 2019;
- No significant unplanned outages at any of our facilities;
- Equity financing of $25 to $50 million in 2019 and $25 to $50 million in 2020 under 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.

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

Segment Revenue, 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. Segment Revenue, as adjusted, 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, 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, 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

Revenue / Gross Margin, as adjusted

(in thousands)

QTD - September 30, 2018		Electric Utilities		Gas Utilities		Power Generation		Mining		Corporate - I/C Elim		Total
Revenue	$	179,758	$	131,401	$	1,784	$	9,036	$	-	$	321,979
Inter-company revenue		5,032		275		21,819		8,265		(35,391)		-
Total revenue (GAAP)		184,790		131,676		23,603		17,301		(35,391)		321,979
Less: - Inter-company capital lease		-		-		888		-		(888)		-
Revenue, as adjusted - (Non-GAAP)	**$**	**184,790**	**$**	**131,676**	**$**	**24,491**	**$**	**17,301**	**$**	**(36,279)**	**$**	**321,979**
Less: Cost of Goods sold		(72,928)		(36,126)		-		-		28,810		(80,244)
Less: Inter-company capital lease		(1,710)		-		-		-		1,710		-
Gross margin, as adjusted - (Non-GAAP)	**$**	**110,152**	**$**	**95,550**	**$**	**24,491**	**$**	**17,301**	**$**	**(5,759)**	**$**	**241,735**

QTD - September 30, 2017		Electric Utilities		Gas Utilities		Power Generation		Mining		Corporate - I/C Elim		Total
Revenue	$	181,238	$	142,821	$	1,810	$	9,742	$	-	$	335,611
Inter-company revenue		2,333		73		21,117		7,751		(31,274)		-
Total revenue (GAAP)		183,571		142,894		22,927		17,493		(31,274)		335,611
Less: - Inter-company capital lease		-		-		757		-		(757)		-
Revenue, as adjusted - (Non-GAAP)	**$**	**183,571**	**$**	**142,894**	**$**	**23,684**	**$**	**17,493**	**$**	**(32,031)**	**$**	**335,611**
Less: Cost of Goods sold		(68,733)		(45,293)		-		-		27,745		(86,281)
Less: Inter-company capital lease		(1,514)		-		-		-		1,514		-
Gross margin, as adjusted - (Non-GAAP)	**$**	**113,324**	**$**	**97,601**	**$**	**23,684**	**$**	**17,493**	**$**	**(2,772)**	**$**	**249,330**

Use of Non-GAAP Financial Measures

Operating Income, as adjusted

(in thousands, pre-tax)

QTD - September 30, 2018	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate	Total
Operating income (loss) (GAAP)	$ 41,835	$ 4,240	$ 14,477	$ 4,551	$ (18)	$ 65,085
Capital lease adjustment	1,558	—	(1,398)	—	(160)	—
Operating income without capital lease (Non-GAAP)	43,393	4,240	13,079	4,551	(178)	65,085
Significant Unique Items:						
Total adjustments	—	—	—	—	—	—
Operating income (loss), as adjusted (Non-GAAP)	**$ 43,393**	**$ 4,240**	**$ 13,079**	**$ 4,551**	**$ (178)**	**$ 65,085**

QTD - September 30, 2017	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate	Total
Operating income (loss) (GAAP)	$ 51,188	$ 11,274	$ 14,245	$ 4,254	$ (1,402)	$ 79,559
Capital lease adjustment	1,754	—	(2,042)	—	288	—
Operating income without capital lease (Non-GAAP)	52,942	11,274	12,203	4,254	(1,114)	79,559
Significant Unique Items:						
Acquisition costs	—	—	—	—	351	351
Total adjustments	—	—	—	—	351	351
Operating income (loss), as adjusted (Non-GAAP)	**$ 52,942**	**$ 11,274**	**$ 12,203**	**$ 4,254**	**$ (763)**	**$ 79,910**

Use of Non-GAAP Financial Measures

Net Income Available for Common Stock, as adjusted

(in thousands, after-tax)

QTD - September 30, 2018	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate	Total
Net income (loss) from continuing operations available for common stock (GAAP)	$ 21,578	$ (13,277)	$ 6,691	$ 3,572	$ (757)	$ 17,807
Capital lease adjustment	1,194	—	(1,071)	—	(123)	—
Net income (loss) from Cont. Ops. available for common stock w/o capital lease (Non-GAAP)	**22,772**	**(13,277)**	**5,620**	**3,572**	**(880)**	**17,807**
Significant unique items:						
Tax reform and other tax items	2,788	2,579	(3)	(49)	(51)	5,264
Total adjustments	2,788	2,579	(3)	(49)	(51)	5,264
Net income (loss) from continuing operations, as adjusted (Non-GAAP)	**$ 25,560**	**$ (10,698)**	**$ 5,617**	**$ 3,523**	**$ (931)**	**$ 23,071**

QTD - September 30, 2017	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate	Total
Net income (loss) from continuing operations available for common stock (GAAP)	$ 27,324	$ (4,329)	$ 6,155	$ 3,477	$ (3,664)	$ 28,963
Capital lease adjustment	1,132	—	(1,279)	—	147	—
Net income (loss) from Cont. Ops. available for common stock w/o capital lease (Non-GAAP)	**28,456**	**(4,329)**	**4,876**	**3,477**	**(3,517)**	**28,963**
Significant unique items:						
Acquisition costs	—	—	—	—	228	228
Total adjustments	—	—	—	—	228	228
Net income (loss) from continuing operations, as adjusted (Non-GAAP)	**$ 28,456**	**$ (4,329)**	**$ 4,876**	**$ 3,477**	**$ (3,289)**	**$ 29,191**

Use of Non-GAAP Financial Measures

Earnings Per Share Analysis

	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Net income available for common stock (GAAP)	**$ 0.50**	**$ 0.92**	**$ 2.46**	**$ 0.40**	**$ 0.31**
Loss from discontinued operations, after-tax (GAAP)	**0.02**	**0.25**	**0.04**	**0.04**	**0.02**
Rounding	**-**	**-**	**-**	**0.01**	**(0.01)**
Net Income from continuing operations available for common stock (GAAP)	**$ 0.52**	**$ 1.17**	**$ 2.50**	**$ 0.45**	**$ 0.32**
Adjustments					
Acquisition costs	0.01	0.04	—	—	—
Tax reform and other tax items	—	(0.21)	0.04	—	0.10
Legal restructuring - income tax benefit	—	—	(0.91)	—	—
	0.01	**(0.17)**	**(0.87)**	**—**	**0.10**
Taxes on adjustments					
Acquisition costs	—	(0.01)	—	—	—
	—	**(0.01)**	**—**	**—**	**—**
Rounding	(0.01)	(0.01)	—	—	—
Total adjustments, net of tax	**—**	**(0.19)**	**(0.87)**	**—**	**0.10**
Net Income from continuing operations available for common stock, as adjusted (Non-GAAP)	**$ 0.52**	**$ 0.98**	**$ 1.63**	**$ 0.45**	**$ 0.42**
Trailing Twelve Months - Net Income from continuing operations available for common stock, as adjusted (Non-GAAP)	$ 3.44				$ 3.48

Use of Non-GAAP Financial Measures

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

Use of Non-GAAP Financial Measures

EBITDA

(in thousands)	For the Three Months Ended September 30, 2017		2018	
Income from continuing operations	$	32,898	$	21,801
Depreciation, depletion and amortization		47,109		49,046
Interest expense, net		34,068		35,297
Income tax expense (benefit)		13,478		7,477
EBITDA (a Non-GAAP Measure)		**127,553**		**113,621**
Less adjustments for unique items:				
Acquisition costs		351		—
EBITDA, as adjusted	**$**	**127,904**	**$**	**113,621**

2018 Guidance Reconciliation

Non-GAAP Earnings Guidance Adjustments

	Low	High
Earnings from continuing operations per share (GAAP)	$ 4.12	$ 4.27
Adjustments*:		
Tax reform	0.14	0.14
Legal restructuring - income tax benefit	(0.91)	(0.91)
	(0.77)	(0.77)
Earnings from continuing operations per share, as adjusted (Non-GAAP)	**$ 3.35**	**$ 3.50**

* Additional adjustments will likely occur in the fourth quarter. Adjustments shown reflect the actual adjustments made year to date through September 30, 2018.

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.

Black Hills Corporation

BKH 2018

To see more ways we're Improving Life with Energy, visit www.blackhillscorp.com.