

# Investor Presentation

March 2021



# Forward-Looking Statements

## COMPANY INFORMATION

### Black Hills Corporation

P.O. Box 1400  
Rapid City, SD 57709-1400  
NYSE Ticker: **BKH**  
[www.blackhillscorp.com](http://www.blackhillscorp.com)

### Company Contacts

Kimberly F. Nooney  
Vice President Corporate  
Controller and Treasurer  
605-721-2370  
[kim.nooney@blackhillscorp.com](mailto:kim.nooney@blackhillscorp.com)

Jerome E. Nichols  
Director of Investor Relations  
605-721-1171  
[jerome.nichols@blackhillscorp.com](mailto: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 2021 and 2022 earnings guidance, long-term earnings growth target 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 2020 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 and growth targets are based;
- Our ability to obtain adequate cost recovery for our utility operations through regulatory proceedings and favorable rulings on periodic applications to recover costs for capital additions, plant retirements and decommissioning, fuel, transmission, purchased power and other operating costs, and the timing in which new rates would go into effect;
- Our ability to complete our capital program in a cost-effective and timely manner;
- Our ability to execute on our strategy;
- Our ability to successfully execute our financing plans;
- 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.

# Low-risk, Pure-Play Utility with Strong Outlook

**\$3.0+** billion

Capital Investment 2021-2025

- ▲ Incremental projects likely
- ▲ Additional growth opportunities

**5% to 7%**

Long-term EPS growth target<sup>1</sup>

**5%+**

Annual dividend growth target<sup>2</sup>  
50-60% payout target

- Integrated pure-play utility
- Diversified and complementary electric and gas mix
- Stable, growing and constructive service territories
- Strong financial position and liquidity
- Robust capital plan with timely recovery

<sup>1</sup> 2023 to 2025 compound annual growth rate, off 2022 base

<sup>2</sup> Future dividends subject to board approval

# Black Hills Overview and Strategy



Our southern Colorado energy system is fueled entirely by natural gas and renewable energy.

# Black Hills Corp. Overview

## Integrated Pure-Play Utility



### Integrated Electric Utility

#### Electric Utilities

Generation, transmission and distribution (39% of assets)

#### Power Generation

Electric capacity largely contracted to our utilities (5% of assets)

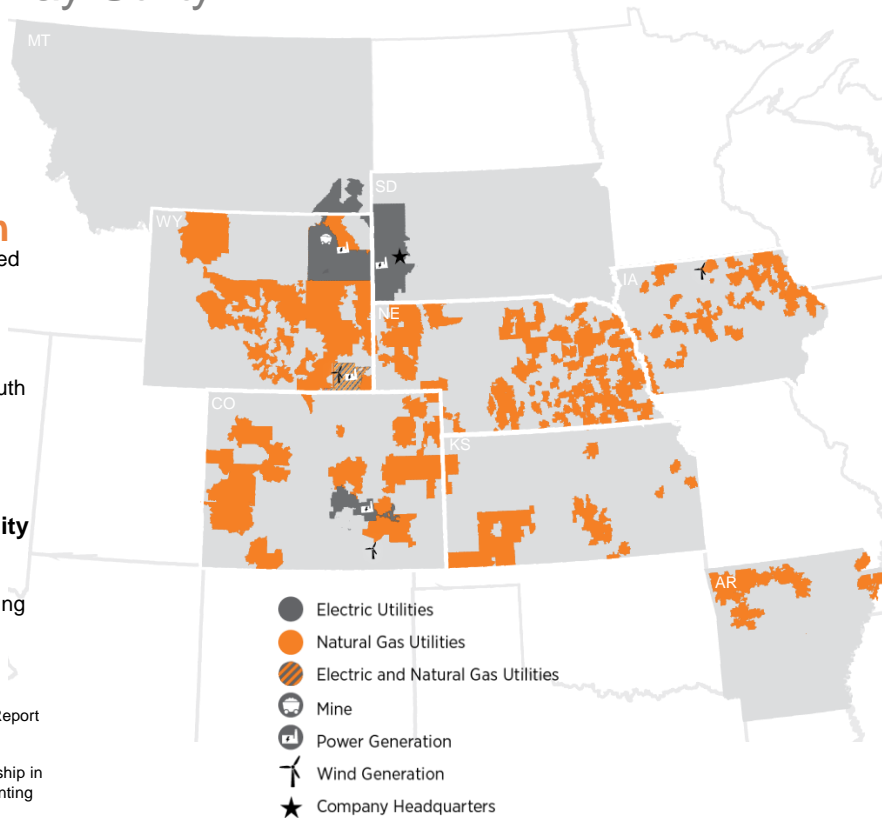
#### Mining

Efficient fuel supply for mine-mouth generation through long-term contracts (1% of assets)

### Full-service Natural Gas Utility

#### Gas Utilities

Transmission, distribution, sourcing and storage (54% of assets)



### Diverse Utility Mix with Strong Financial Base

**8** stable and growing states

**1.3 million** utility customers

**1.4 gigawatts\*** generation

**9,000 miles** electric lines

**46,600 miles** natural gas lines

**\$8.1 billion** assets

**\$4.4 billion** rate base

Note: information from 2020 Form 10-K Annual Report Filing as of Dec. 31, 2020

\* Generation total includes 49.9 percent ownership in Colorado IPP owned by a third party, representing approximately 100 megawatts

# Strategic Objectives



## Profitable Growth

Achieve consistent growth that creates value

- Meet growing demand through innovative solutions, customer-focused, cost effective, rate-based utility assets
- Enhance reliability and satisfaction
- Acquire small utility systems within or near existing service territories

## READY.

## Valued Service

Deliver reliable and highly valued products and services

- Invest in infrastructure to maintain safety and reliability of electric and gas systems
- Cost effectively integrate additional renewable resources



## Better Every Day

Continuously improve to achieve industry-leading results

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



## Great Workplace

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

- Be the safest company in our industry
- Be one of the best places to work
- Improve the wellness of employees
- Be a workplace of choice for women and minorities

# 2020 Strategic Execution

## Profitable Growth

- ✓ 5.7% increase in EPS, as adjusted\*; 8.6% increase in net income, as adjusted\*
- ✓ Announced long-term EPS and dividend growth targets
- ✓ Strong liquidity and BBB+ credit metrics
- ✓ 50 consecutive years of dividend increases
- ✓ New rates and safety and integrity rider expansion
- ✓ Corriedale wind project in service for SD and WY

## Valued Service **READY.**

- ✓ \$755 million in customer-focused investments
- ✓ Wygen I PPA approval benefits Wyoming customers
- ✓ Customer and community support during pandemic
- ✓ Industry-leading reliability
- ✓ Innovative renewable solutions
- ✓ Favorable franchise vote in Pueblo, Colorado

## Better Every Day

- ✓ Successful gas utility consolidation in Wyoming and Nebraska
- ✓ Expanded ESG reporting and emissions goals
- ✓ Leading-edge finance and accounting systems
- ✓ Robotics process automation
- ✓ Two highly experienced members added to board of directors
- ✓ Leadership alignment in Colorado

## Great Workplace

- ✓ Safety results better than industry average seven consecutive years
- ✓ Increased availability and participation in diversity and inclusion programs
- ✓ COVID-19 safety procedures and personal protective equipment
- ✓ Strong spirit of volunteerism and employee giving

\* Earnings, as adjusted, and EPS, as adjusted are non-GAAP measures which are reconciled to GAAP in the Appendix

# Delivering in Extreme Cold Weather

## Extreme Cold Weather Spiked Demand and Energy Prices

- Historically cold temperatures across our service territories drove significant increase in heating and energy demand from our electric and natural gas utility customers with largest impacts from Feb. 8 to Feb. 19
- Unprecedented and unforeseeable market pricing for natural gas with largest impacts from Feb. 11 to Feb. 19

## Ready to Serve Customers with Resilient Systems

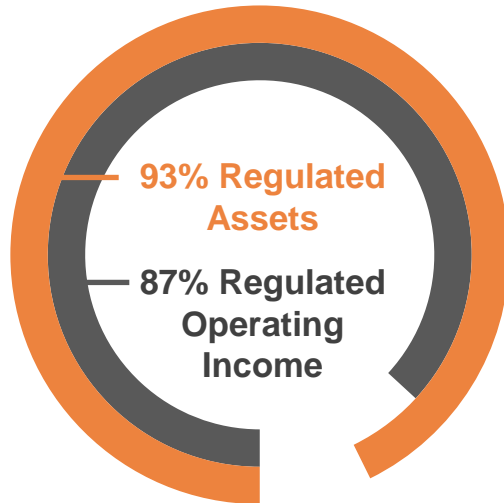
- Electric and natural gas teams and systems performed remarkably, demonstrating our *Ready to Serve* commitment to customers
- Demonstrated value of ongoing system investments in safety and reliability; investments essential to maintain service during extraordinary weather events
- Event demonstrated critical value of natural gas, natural gas utilities and need for diverse energy mix, especially in cold-weather service territories



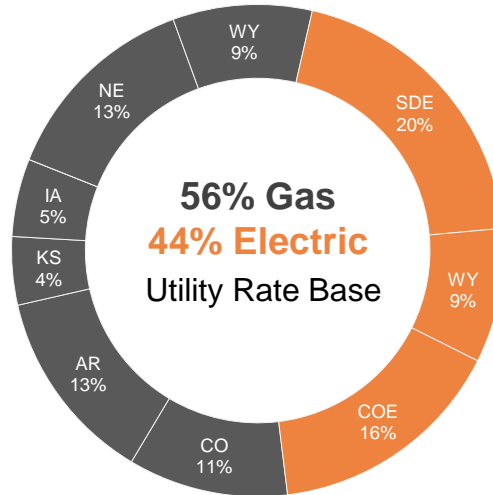


# Low-risk Utility Investment

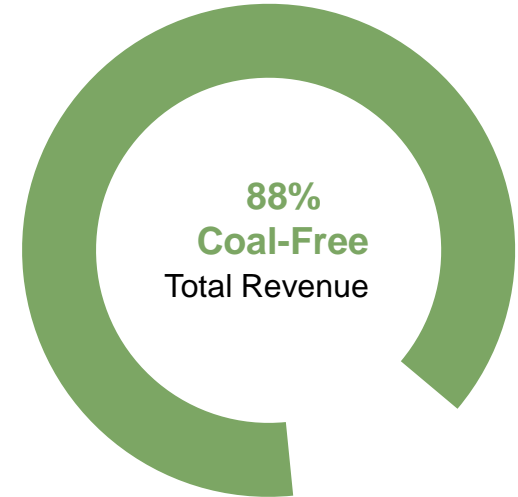
## Regulated and Integrated



## Diverse and Balanced Business Mix



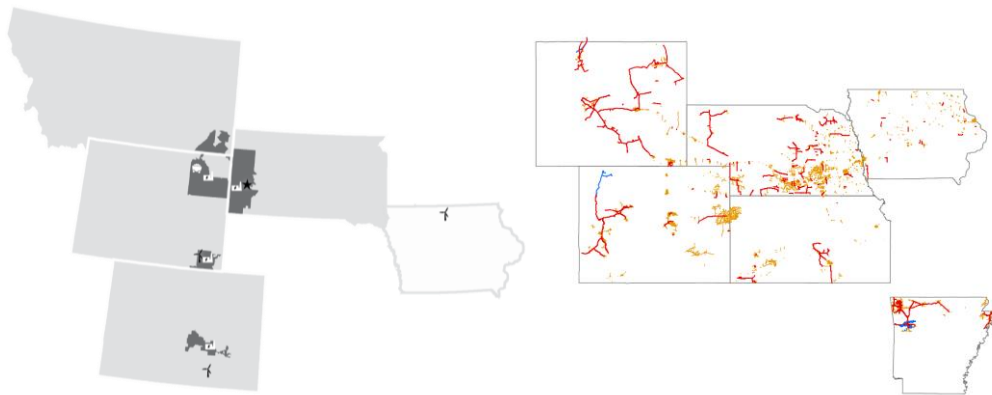
## Primarily Coal-Free Revenues



Note: Information as of Dec. 31, 2020

# Strategic Diversity

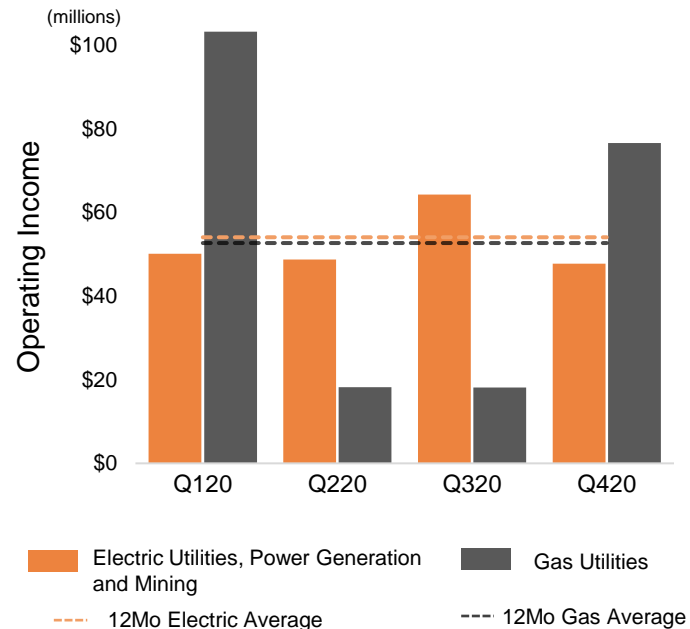
Large Systems Provide Greater Opportunities across Stable, Growing and Constructive Jurisdictions



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

**46,600-mile** natural gas gathering, storage, transmission and distribution system

Complementary Seasonality of Electric and Gas Business Mix



# Disciplined Growth Plan with Upside



## Base Capital Forecast

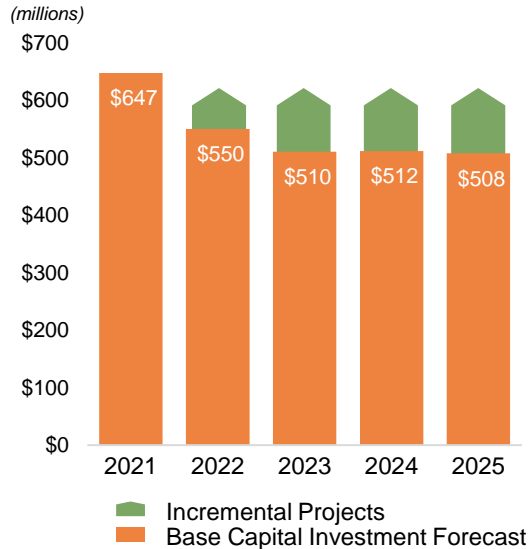


## Incremental Projects



## Other Earnings Drivers

**\$600+ million annual investment; \$3+ billion 2021-2025**



- ▲ Electric generation and transmission projects
- ▲ Large natural gas pipeline and storage projects
- ▲ Additional programmatic investment
- ▲ Investments to comply with safety requirements

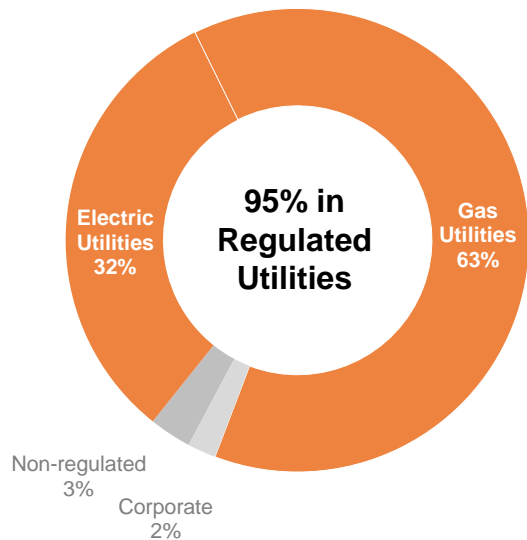
**Pursuing Profitable Growth**

- ▲ Data center and technology growth
- ▲ Population migration into our territories
- ▲ Innovative solutions, products and technologies including renewables
- ▲ Cost discipline and focus on continuous improvement

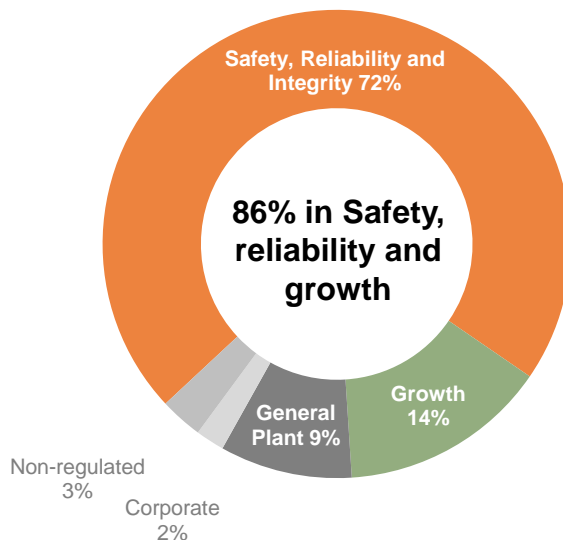
# Investing for Customer Needs Drives Growth

\$2.7+ Billion Base Capital Investment Forecast (2021-2025)

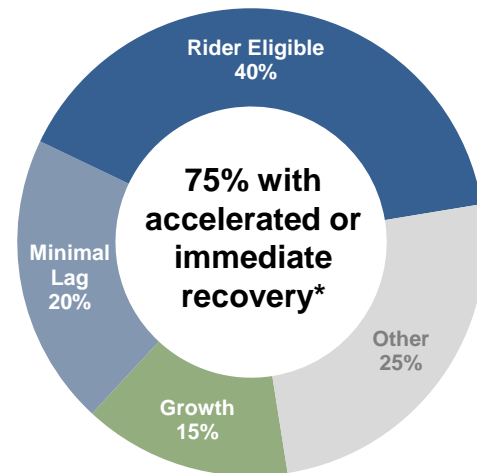
## Utility Investment



## Customer Focused



## Timely Recovery

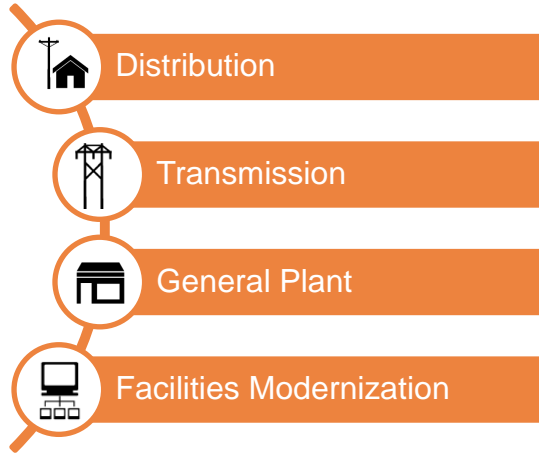


\* Growth Capital – generates immediate revenue on customer connections  
Minimal Lag Capital – capital investment with regulatory lag of less than one year or incurred during expected regulatory test periods; includes nonregulated investment  
Rider Eligible Capital – capital investment recovered through state specific tariffs and meets Minimal Lag Capital definition  
Other Capital – capital investment recovered through standard rate review process; includes corporate

# Long-term Approach to Capital Investment

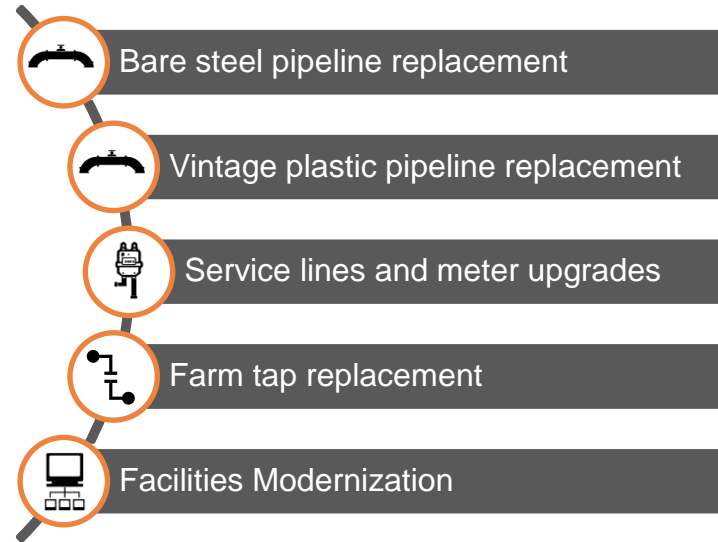
Risk-prioritized Programs Focused on Safety and System Integrity

## Electric Utilities



Replacing aging infrastructure to harden and modernize systems

## Natural Gas Utilities



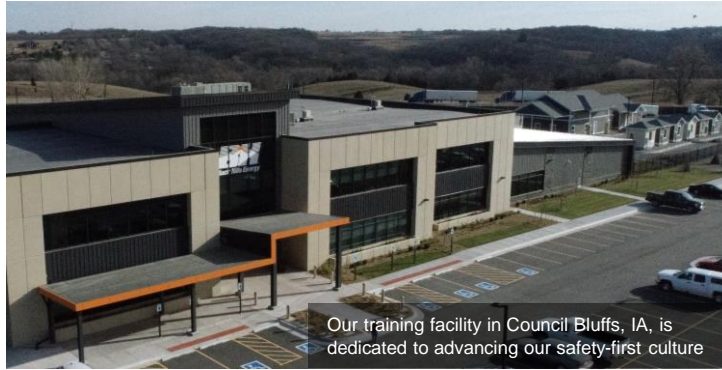
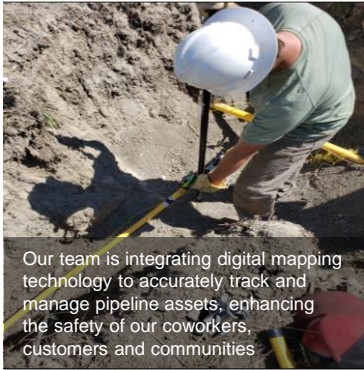
Replacing at-risk materials and modernizing to maintain and enhance system integrity

# Pipeline Safety Leadership

Focused on the Safety of Our Co-workers, Customers and Communities

## Black Hills' comprehensive, systematic effort at forefront of industry-wide goal of zero incidents

- Implementing Pipeline Safety Management System framework
- Sharing knowledge through industry leadership roles
- Enhancing emergency response and training
- Investing in technologies such as digital mapping and data collection, artificial intelligence and analytics



# Sustainable ESG Profile

## Environmental



- 88% coal-free total revenue\*
- Reducing GHG emissions intensity 70% by 2040 for electric operations and 50% by 2035 for gas utilities
  - Adding renewables resources
  - Replacing aging and at-risk materials
  - Supporting research
  - Reducing methane emissions beyond requirements

## Social



- Safety culture
- Supporting community development
- Donations and volunteerism
- Diversity and inclusion programs
- Highly engaged team
- Continuous improvement

## Governance

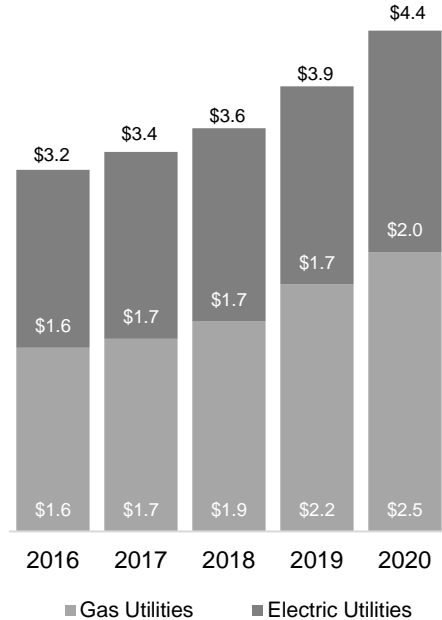


- Independent, diverse and experienced directors
- Stock ownership requirement and compensation philosophy
- Well-established succession planning process with Board engagement

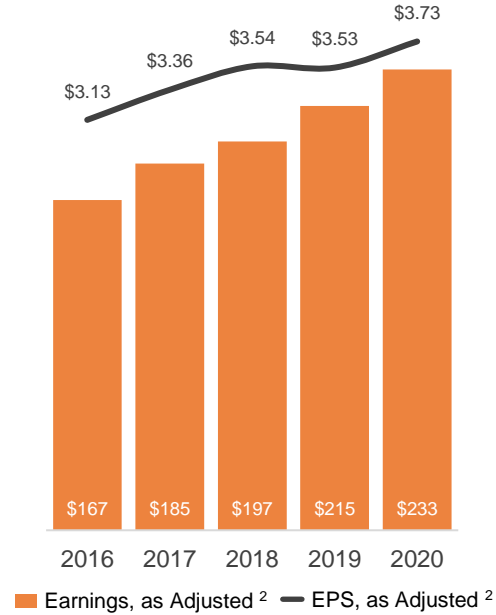
\* Revenue as a percent of total company revenue based on full year revenue as of Dec. 31, 2020

# Strategic Execution Delivers Results

8.5% Rate Base<sup>1</sup> CAGR



8.7% Earnings CAGR  
4.5% EPS CAGR



6.6% Dividend CAGR



Invest for Customers

Earnings Growth

Dividend Growth

<sup>1</sup> Estimated in billions as of year end

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



# Financial Update

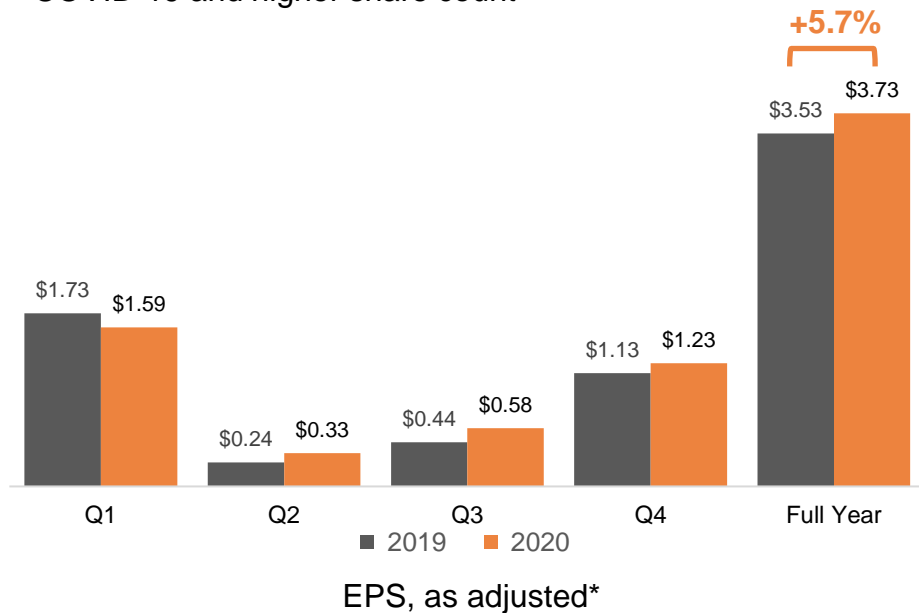


We are committed to ensuring the safe and reliable delivery of electricity and natural gas to our 1.3 million customers' homes and businesses. Our team delivered exceptional service in 2020, taking extensive protective measures to safeguard our employees, customers and communities.

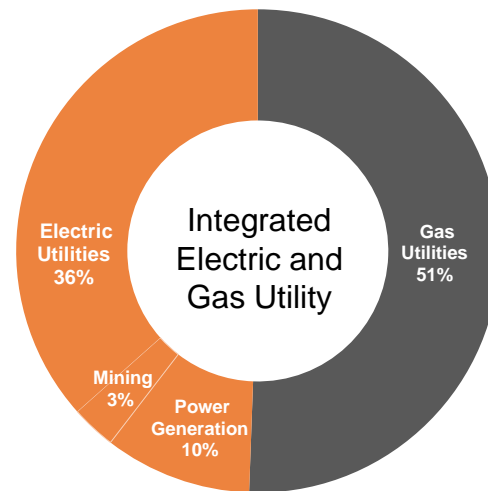
# 2020 Earnings Overview

## 5.7% Growth in 2020 EPS

- Recovery on investments for customers, customer growth and favorable tax items more than offset net impacts of COVID-19 and higher share count



## Balanced Utility Mix



Percent of 2020 Full Year Operating Income  
(excludes Corporate)

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

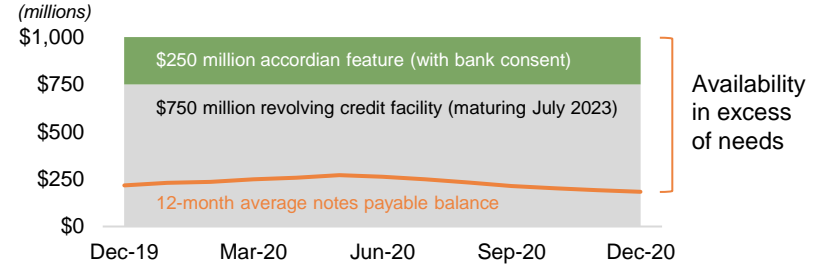
# Solid Financial Position

Committed to Strong Investment-Grade Credit Ratings

## Credit Ratings

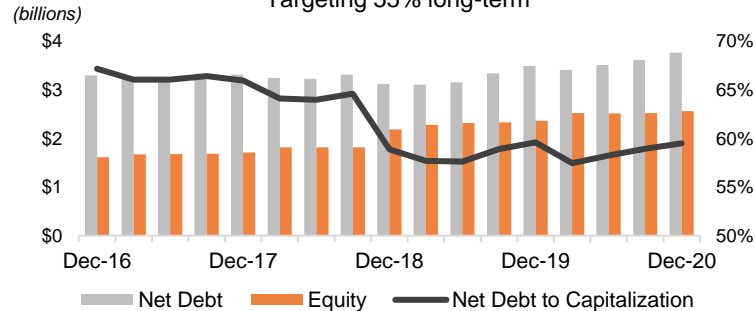
S&P	Moody's	Fitch
<b>BBB+</b>	<b>Baa2</b>	<b>BBB+</b>
Stable outlook	Stable outlook	Stable outlook

## Ample Access to Liquidity

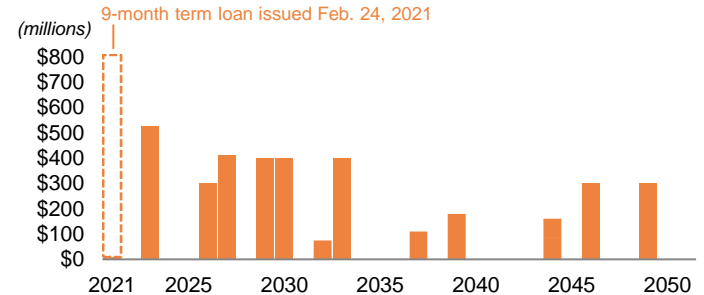


## Capital Structure \*

Targeting 55% long-term



## Manageable Debt Maturities



\* Excludes noncontrolling interest; see Appendix for detailed capital structure

# Financial Execution for Customers

## Extreme Cold Drove Extraordinary Demand and Energy Prices

- Estimated ~\$600 million of increased gas purchases versus forecasted base load
- Recognizing impacts on customers, we are working with regulators to identify appropriate recovery periods
- Reaffirmed 2021 and 2022 earnings guidance
  - Expect incremental margins from increased demand at regulated gas and electric businesses to offset the impact of higher volumes and prices to serve 49,000 customers in our Choice Gas Program in Nebraska and Wyoming

## Responded Quickly to Reinforce Financial Position

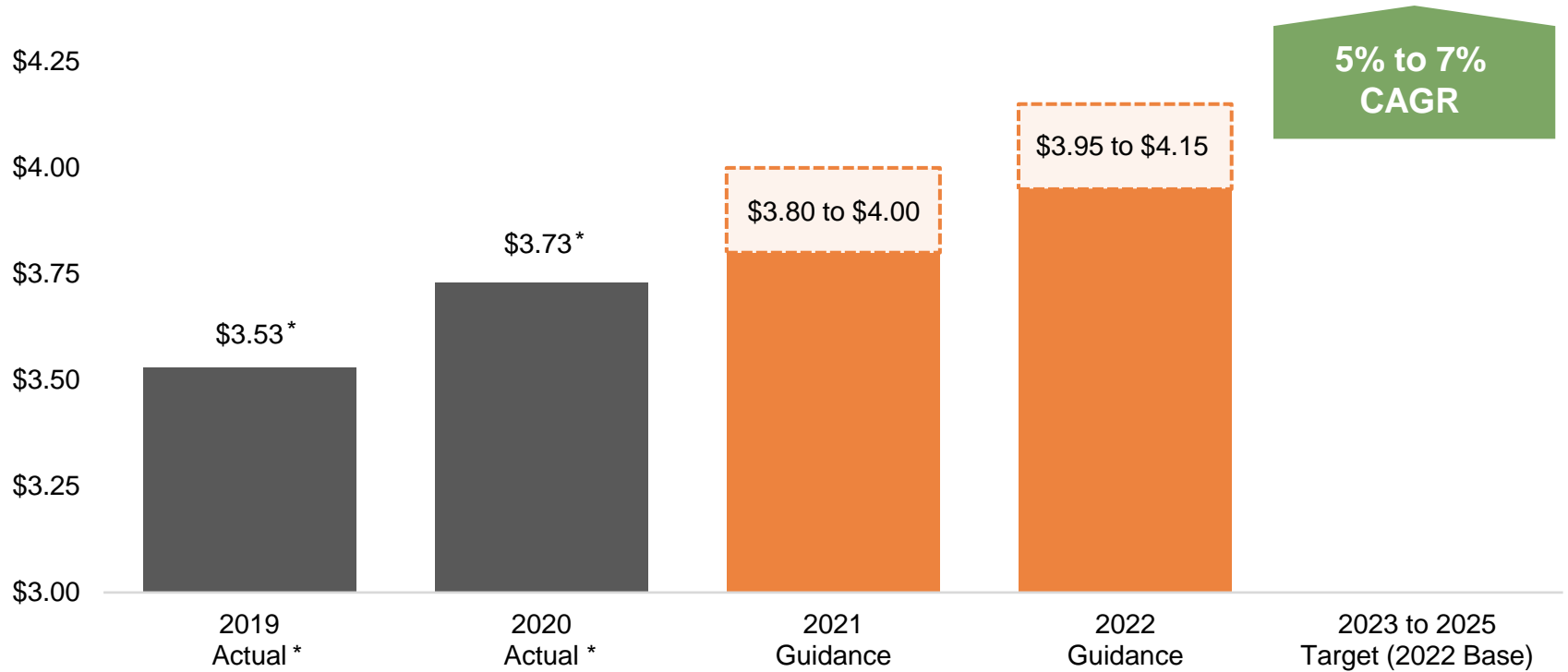
- New \$800 million, 9-month term loan enhances liquidity; expect to repay portion prior to maturity and term out remainder

### Liquidity as of Feb. 24, 2021

Cash	\$800 million
Revolver Capacity	\$500 million
Total Liquidity	\$1.3 billion

Note: Estimates base on period from Feb. 1-24; see 8-K filing on Feb. 24 for more detail

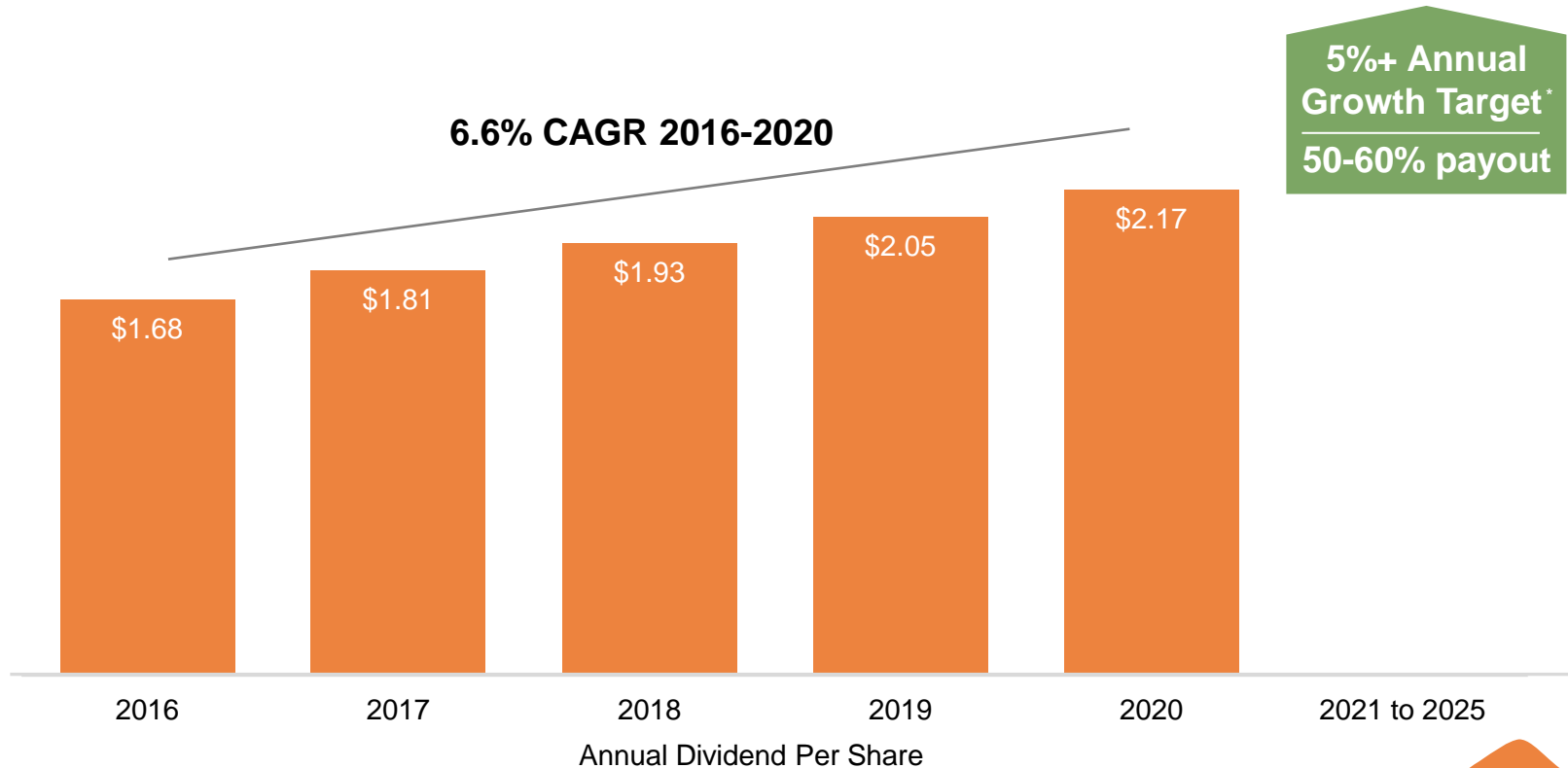
# Five-Year Earnings Outlook



\* EPS available for common stock, as adjusted, a non-GAAP measure; see Appendix for non-GAAP to GAAP reconciliation and guidance assumptions

# Strong Dividend Track Record

50 Consecutive Years of Annual Increases and 78 Consecutive Years Paid



\* Future dividends subject to board approval

# Investment Highlights by the Numbers

## Pure-Play Utility

97% 

Assets utility-owned or contracted to our regulated utilities

49%  51%  
Electric Natural Gas

Balanced operating income mix with complementary seasonality

## Strong Outlook

5% to 7%

Long-term EPS growth target 2023-2025 CAGR off 2022 base



5%+

Annual dividend growth <sup>1</sup>  
3.8% yield as of Feb. 26, 2021  
50 consecutive years of increase

## Sustainability

1.0 TCIR <sup>2</sup> 

Safety culture with results better than industry average

70%  50%  
Electric Natural Gas

GHG emissions intensity reduction goals <sup>3</sup>

11 of 12 

Independent directors and 4 diverse directors

Note: based on information as of Dec. 31, 2020; Electric businesses include Electric Utilities, Power Generation and Mining

<sup>1</sup> Future dividends subject to board approval

<sup>2</sup> Total case incident rate is defined as the average number of work-related injuries incurred per 200,000 hours worked during a one-year period (2019 utility industry average of 2.2)

<sup>3</sup> Reduction goals of 70% by 2040 for electric operations and 50% by 2035 for gas utilities off a 2005 baseline

# Questions





# Appendix

- Business Overview
- Revenue by Customer Class
- Electric Utilities, Gas Utilities
- Power Generation and Mining
- Regulatory
- Capital Investment
- Environment, Social and Governance
- Other Financial Information, Non-GAAP information and reconciliations
- Values & Mission

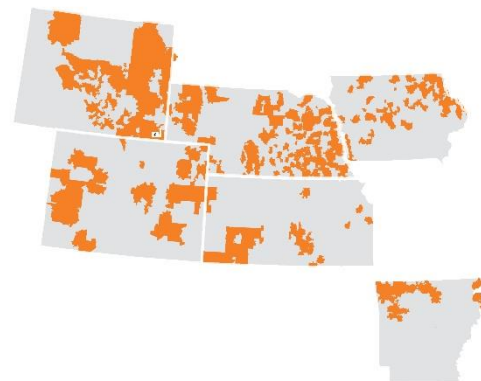
# Operations Overview

## Electric Utilities, Power Generation & Mining\*



- Three electric utilities which generate, transmit and distribute electricity to approximately 216,000 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 (992 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 (49-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 interconnections in U.S.)

## Natural Gas Utilities\*



- 7 natural gas utilities^ which distribute natural gas to approximately 1,083,000 customers in AR, CO, IA, KS, NE and WY
- 4,774 miles of intrastate gas transmission pipelines and 41,838 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
- 52,000 customers served through Choice Gas Program (unbundled natural gas supply)

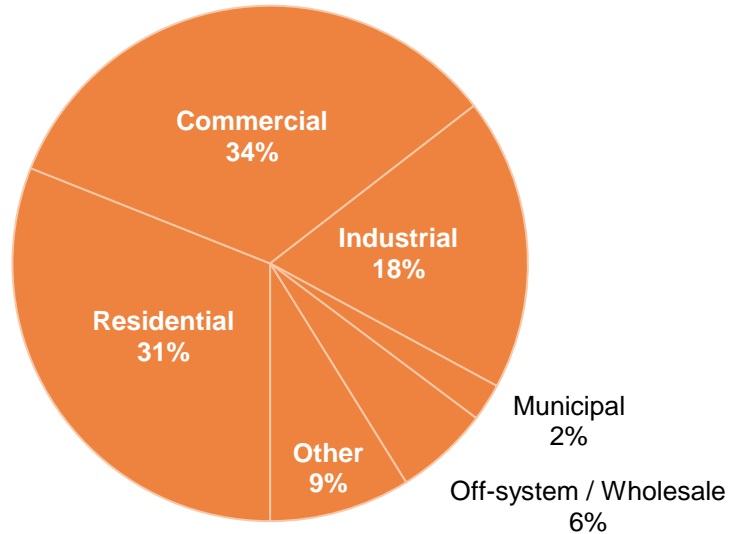
\* Information from 2020 Form 10-K Annual Report Filing as of Dec. 31, 2020

\*\* Includes 49.9% third party ownership of Black Hills Colorado IPP reported as noncontrolling interest

^ Excludes minor entities and Shoshone pipeline

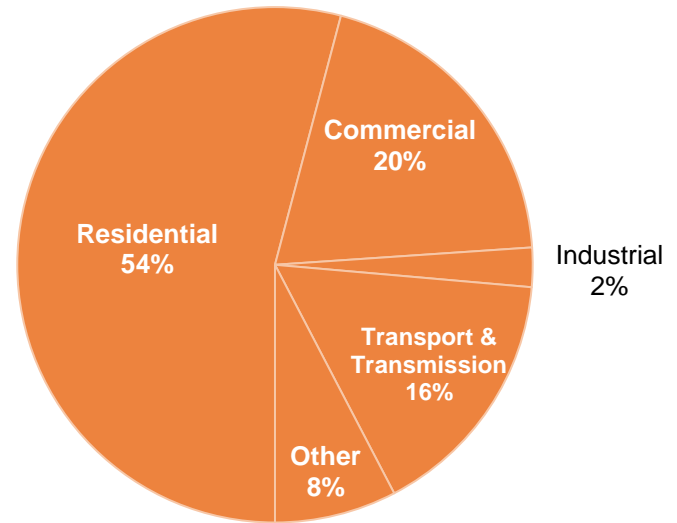
# Diverse Mix of Customer Class

## Electric Utilities Mix of Residential, Commercial and Industrial



Electric Utilities Revenue\*

## Gas Utilities Primarily Residential and Commercial



Gas Utilities Revenue\*

\* Information from 2020 10-K filing for year ending Dec. 31, 2020

# Integrated Electric Utility

## Power Generation and Mining

- 992 MW of utility-owned generation capacity
- 423 MW of generation capacity owned by Power Generation; 335 MW contracted to Electric Utilities

### Gillette Energy Complex

- 745 megawatts of mine-mouth generation on site (partially owned by third party)
- Efficient coal delivery under life of plant contracts
  - Fixed price plus escalators serving 450 MW
  - Cost Plus Return serving 295 MW
 (See mining contracts summary for more detail)

### Cheyenne Prairie

- Combined- Cycle Gas-Fired Plants
  - 95 MW – 2014 (100% owned: 58% SDE / 42% WYE)
- Gas-fired Combustion Turbine
  - 37 MW – 2014 (100% owned by WYE)

### Pueblo Airport Generating Station\*

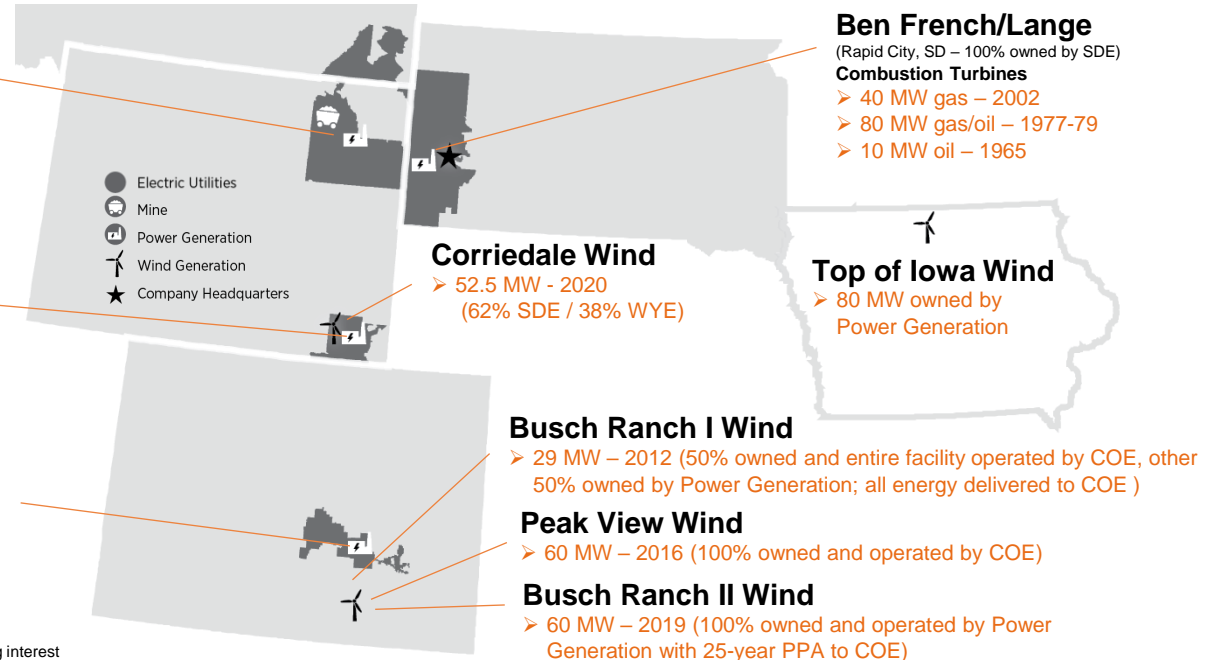
- Combined- Cycle Gas-Fired Plants
  - Two 100 MW Plants – 2012 (50.1%\* owned by Power Generation with 20-yr PPA to COE)
- Simple Cycle Gas-Fired Plants
  - Two 90 MW plants – 2011 (100% owned by COE)
- Gas-Fired Combustion Turbine
  - 40 MW – 2016 (100% owned by COE)

## Transmission Network

- 1,872 miles of electric transmission in SD, WY and CO

## Distribution Systems

- 7,020 miles of electric distribution in SD, WY and CO



\* 49.9% third party ownership of Black Hills Colorado IPP reported as noncontrolling interest  
Note: information from 2020 Form 10-K Annual Report Filing as of Dec. 31, 2020; totals approximated

# Full Service Natural Gas Utility

## Gas Supply

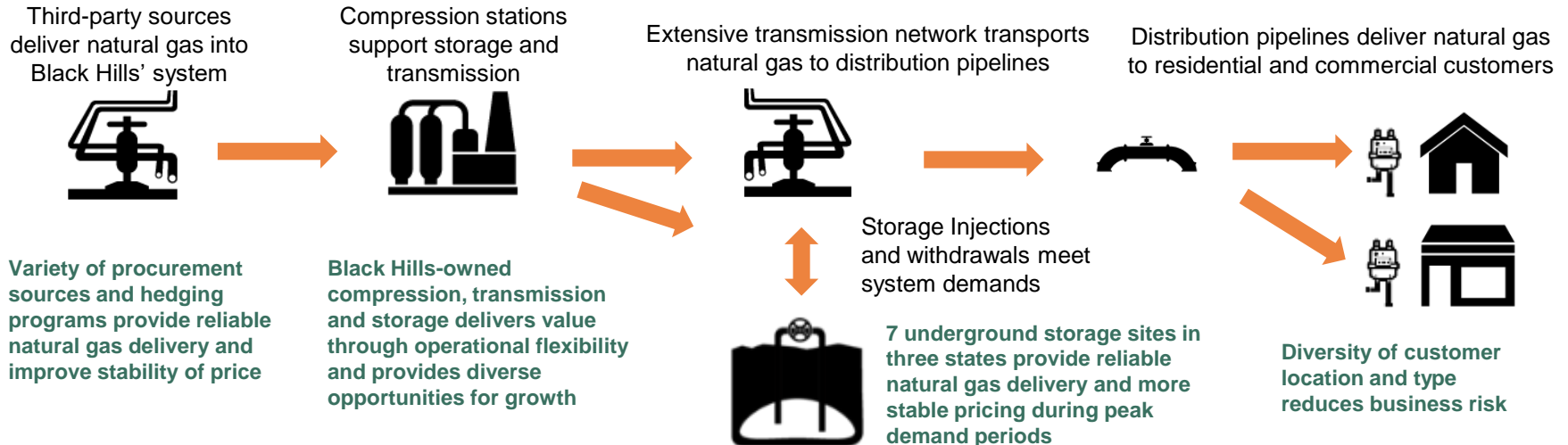
- Diverse procurement sources and hedging programs
- 560 miles of gathering lines

## Storage and Transmission

- 4,800 miles of intrastate transmission
- 49,000 horsepower of compression
- 7 natural gas storage sites in AR, CO and WY with over 53 million Mcf total capacity
- 149 million Dth natural gas transported in 2020

## Distribution

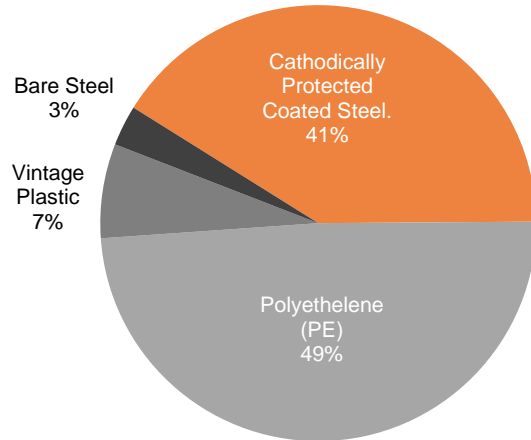
- 30,000-mile natural gas distribution system
- 1.1 million customers with 12,000 miles of service lines
- 98 million Dth natural gas distributed to customers in 2020



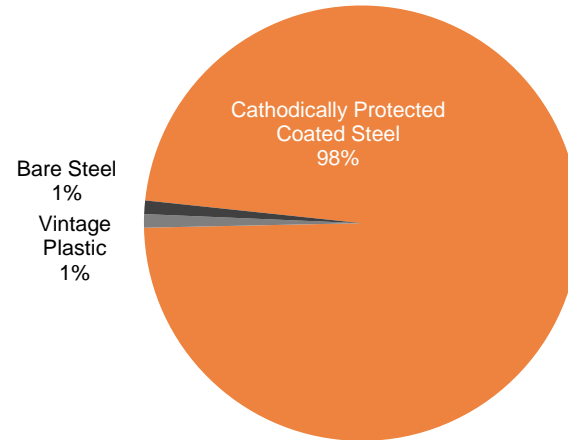
# Natural Gas Infrastructure

## Risk-Assessed Replacement of At-risk Materials

### 30,000-mile Distribution System Material Type



### 4,800-mile Transmission System Material Type

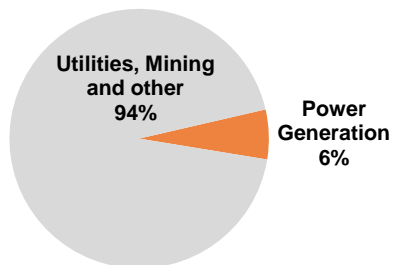


System miles from 2020 Form 10-K Annual Report Filing as of Dec. 31, 2020  
Material type information as of Dec. 31, 2019, from 2020 filing with Pipeline Hazardous Materials Safety Administration

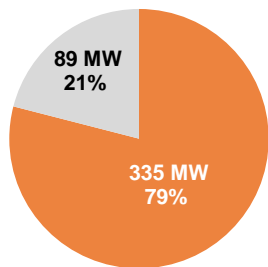
# Power Generation Contracts

Capacity Primarily Serves Black Hills' Electric Utilities

Percent of Total Company Revenue\*



Capacity Contracted to Electric Utilities



Contracted ■ Uncontracted ■

Plant	Owned Capacity	Contract Capacity	Contracted % Total Owned	Counter-Party	Expiration	Comments
<b>PAGS**</b>	200 MW	200 MW	47.2%	Colorado Electric (COE)	Dec. 31, 2031	Excess power and capacity for benefit of COE
<b>Wygen I</b>	68.9 MW	60 MW	14.2%	Wyoming Electric (WYE)	Dec. 31, 2021	Existing contract
					Dec. 31, 2032	New contract starting Jan. 1, 2022
<b>Busch Ranch I</b>	14.5 MW	14.5 MW	3.4%	COE	Oct. 16, 2037	
<b>Busch Ranch II</b>	60 MW	60 MW	14.2%	COE	Nov. 26, 2044	
<b>Top of Iowa</b>	80 MW					
<b>Total</b>	<b>423.4 MW</b>	<b>334.5 MW</b>	<b>79.0%</b>			

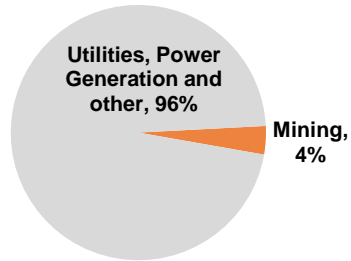
\* Information from 2020 Form 10-K Annual Report Filing as of Dec. 31, 2020; percentages in chart based on full-year 2020 revenue

\*\* A third party owns a 49.9% non-operating ownership of Colorado IPP (PAGS) which is reported as noncontrolling interest

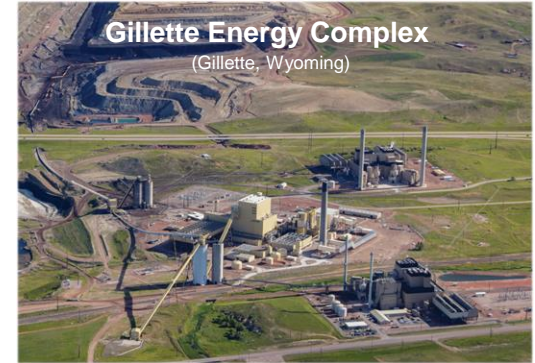
# Mining Contracts

93% of Production Serves Mine-Mouth Generation

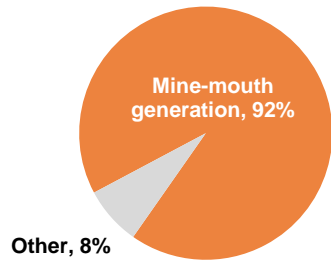
## Percent of Total Company Revenue\*



- Nearly half of 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 (new Wygen I contract in 2022 will increase share to ~60% of production under this recovery method)
- More than half (~40% share in 2022) of production under contract with price escalators using published indices



## Production Contracted



Plant	2021F Production (millions of tons)	Pricing	Price Reopener or Adjustment	Expiration	Contract Quantity
Wyodak Plant (80% owned by PacifiCorp)	1.6	Fixed w/ escalators	n/a	Dec. 2022	All plant usage
Wygen I	0.5	Fixed w/ escalators Cost plus return	n/a Jan. 1, 2022	Dec. 2021 Dec. 2032	All plant usage All plant usage
Wygen II	0.5	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
Neil Simpson II	0.5	Cost plus return	Annual True-Up	Life of plant	All plant usage
Other sales (truck)	0.3	Fixed	1-4 years	1-4 years	Various
<b>Total</b>	<b>3.9</b>				

\* Based on full-year revenue as of Dec. 31, 2020

Note differences in total due to rounding; information from 2020 Form 10-K Annual Report Filing as of Dec. 31, 2020, and new Wygen I contract to begin Jan. 1, 2022



# Regulatory



Placing our customers at the center of our business is an important part of our culture.

# Optimizing Regulatory Recovery

## Electric Utilities

	Environmental Cost	DSM/ Energy Efficiency	Transmission Expense	Fuel Cost	Transmission Cap-Ex	Purchased Power
South Dakota Electric (SD)	<input checked="" type="checkbox"/> <sup>1</sup>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> <sup>1</sup>	<input checked="" type="checkbox"/>
South Dakota Electric (WY)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
South Dakota Electric (FERC)					<input checked="" type="checkbox"/>	
Wyoming Electric		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Colorado Electric		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

## Gas Utilities

	DSM/ Energy Efficiency	Integrity Additions	Bad Debt	Weather Normal	Pension Recovery	Fuel Cost	Revenue Decoupling	Fixed Cost Recovery <sup>2</sup>
Arkansas Gas	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	39%
Colorado Gas	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>		47%
Colorado Gas Dist.	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>		36%
Iowa Gas	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>		70%
Kansas Gas		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		64%
Nebraska Gas		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		70%
Rocky Mountain Natural Gas <sup>3</sup>		<input checked="" type="checkbox"/>						
Wyoming Gas	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>		53%

Commission approved cost adjustment

<sup>1</sup> South Dakota cost adjustments for environmental and transmission capex included in rate moratorium; applies only to non-FERC jurisdictional assets

<sup>2</sup> Fixed cost recovery listed for residential customers is as of last rate base review

<sup>3</sup> RMNG, an intrastate transmission pipeline, provides natural gas transmission and wholesale services, has an SSIR recovery mechanism; other cost recovery mechanisms are not applicable to RMNG

# Estimated Rate Base by State and Segment

(in millions)

	2016	2017	2018	2019	2020
Colorado					\$639
South Dakota (all jurisdictions)					886
Wyoming					429
<b>Total Electric Utilities</b>	<b>\$1,570</b>	<b>\$1,650</b>	<b>\$1,706</b>	<b>\$1,747</b>	<b>\$1,954</b>
Arkansas					554
Colorado					474
Iowa					251
Kansas					212
Nebraska					585
Wyoming					387
<b>Total Gas Utilities</b>	<b>\$1,620</b>	<b>\$1,700</b>	<b>\$1,851</b>	<b>\$2,180</b>	<b>\$2,464</b>
<b>Total Utilities</b>	<b>\$3,190</b>	<b>\$3,350</b>	<b>\$3,557</b>	<b>\$3,927</b>	<b>\$4,418</b>

Note: estimated rate base at year-end calculated using state specific requirements and includes value of rate base recovered through riders

# Last Approved Utility Rate Review Results by Jurisdiction

Jurisdiction	Utility	Effective Date	Return on Equity	Capital Structure	Authorized Rate Base (in millions)
Arkansas	Arkansas Gas	Oct. 2018	9.61%	50.9% debt / 49.1% equity	\$451.5
Colorado	Colorado Electric	Jan. 2017	9.37%	47.61% debt / 52.39% equity	\$597.5
Colorado	Colorado Gas	July 2020	9.20%	49.85% debt / 50.15% equity	\$68.3
Colorado	Colorado Gas Dist	July 2020	9.20%	49.85% debt / 50.15% equity	\$162.9
Colorado	RMNG	June 2018	9.90%	53.4% debt / 46.6% equity	\$118.7
Iowa	Iowa Gas	Feb. 2011	Global Settlement	Global Settlement	\$109.2
Kansas	Kansas Gas	Jan. 2015	Global Settlement	Global Settlement	\$127.9
Nebraska	Nebraska Gas	March 2021	9.50%	50% debt / 50% equity	\$504.2
South Dakota	South Dakota Electric	Oct. 2014	Global Settlement	Global Settlement	\$543.9
Wyoming	South Dakota Electric	Oct. 2014	9.90%	46.68% debt / 53.32% equity	\$46.8
Wyoming	Wyoming Electric	Oct. 2014	9.90%	46% debt / 54% equity	\$376.8
Wyoming	Wyoming Gas	Mar. 2020	9.40%	49.77% debt / 50.23% equity	\$354.4

Note: Information from last approved rate review in each jurisdiction

\* Includes amounts to serve non-jurisdictional and agriculture customers

# Capital Investment for Customer Needs



We take a programmatic approach to maintaining, upgrading and replacing critical infrastructure to better serve our customers and communities.

# Base Capital Investment by Segment and Recovery

(in millions)

	2021F	2022F	2023F	2024F	2025F	2021-2025F
Minimal Lag Capital - Electric Utilities <sup>1</sup>	\$37	\$23	\$0	\$0	\$0	\$61
Rider Eligible Capital - Electric Utilities <sup>2</sup>	89	51	41	51	35	267
Growth Capital - Electric Utilities <sup>3</sup>	30	21	18	23	22	114
Other	83	85	84	82	97	431
<b>Electric Utilities</b>	<b>\$240</b>	<b>\$180</b>	<b>\$143</b>	<b>\$156</b>	<b>\$154</b>	<b>\$872</b>
Minimal Lag Capital - Gas Utilities <sup>1</sup>	\$106	\$81	\$76	\$105	\$42	\$410
Rider Eligible Capital - Gas Utilities <sup>2</sup>	178	169	164	161	161	833
Growth Capital - Gas Utilities <sup>3</sup>	52	55	57	58	58	279
Other	42	43	43	7	65	199
<b>Gas Utilities</b>	<b>\$377</b>	<b>\$347</b>	<b>\$339</b>	<b>\$330</b>	<b>\$326</b>	<b>\$1,720</b>
<b>Total Utilities</b>	<b>\$617</b>	<b>\$528</b>	<b>\$482</b>	<b>\$486</b>	<b>\$480</b>	<b>\$2,593</b>
Power Generation	10	9	6	4	5	34
Mining	9	9	9	9	10	47
Corporate	11	5	13	13	13	54
<b>Total Black Hills</b>	<b>\$647</b>	<b>\$550</b>	<b>\$510</b>	<b>\$512</b>	<b>\$508</b>	<b>\$2,727</b>

Incremental projects being evaluated for timing, cost and other factors

Expecting total investment of \$600+ million annually, or \$3+ billion 2021-2025

<sup>1</sup> Minimal Lag Capital - investment with regulatory lag of less than one year or incurred during expected regulatory test periods

<sup>2</sup> Rider Eligible Capital - capital expenditures recovered through state specific tariffs or FERC formula rates and meets minimal lag capital definition

<sup>3</sup> Growth Capital - generates immediate revenue on customer connections

Note: Some totals may differ due to rounding

# Base Utility Capital Investment by Type

(in millions)

	2021F	2022F	2023F	2024F	2025F	2021-2025F
Safety, Reliability and Integrity <sup>1</sup>	\$175	\$130	\$104	\$113	\$113	\$635
Growth <sup>2</sup>	30	21	18	23	22	114
General Plant	34	30	21	19	19	123
<b>Electric Utilities</b>	<b>\$240</b>	<b>\$180</b>	<b>\$143</b>	<b>\$156</b>	<b>\$154</b>	<b>\$872</b>
Safety, Reliability and Integrity <sup>1</sup>	292	259	257	254	253	1,315
Growth <sup>2</sup>	52	55	57	58	58	279
General Plant	34	34	26	19	14	126
<b>Gas Utilities</b>	<b>377</b>	<b>347</b>	<b>339</b>	<b>330</b>	<b>326</b>	<b>\$1,720</b>
<b>Total Utilities</b>	<b>\$617</b>	<b>\$528</b>	<b>\$482</b>	<b>\$486</b>	<b>\$480</b>	<b>\$2,593</b>

Incremental projects being evaluated for timing, cost and other factors.

<sup>1</sup> Safety, Reliability and Integrity Capital - capital expenditures related to improving or maintaining system integrity

<sup>2</sup> Growth Capital - generates immediate revenue on customer connections

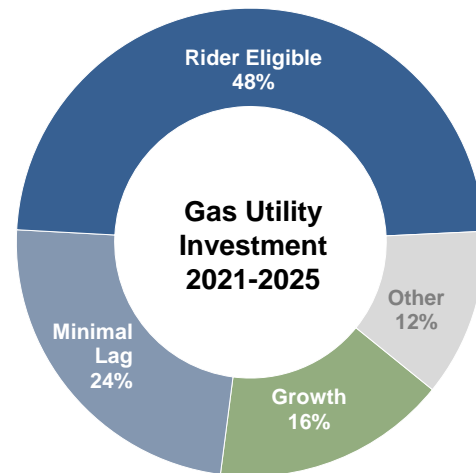
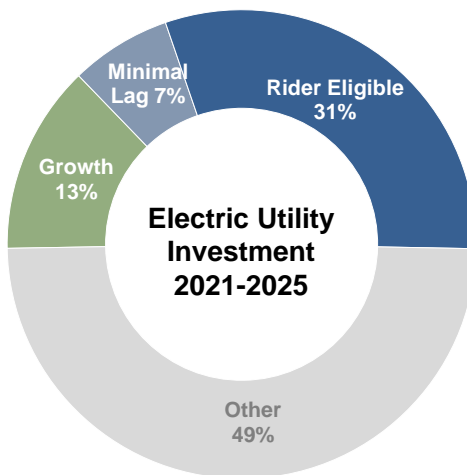
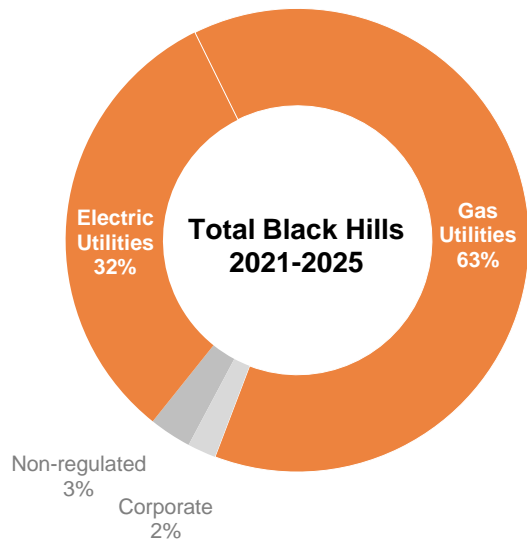
Note: Some totals may differ due to rounding

# Timely Investment Recovery

**95% of Investment in Regulated Utilities**

**51% with Timely Recovery for Electric Utilities\***

**88% with Timely Recovery for Gas Utilities\***



Note: charts illustrating base capital forecast

\* Growth Capital – generates immediate revenue on customer connections

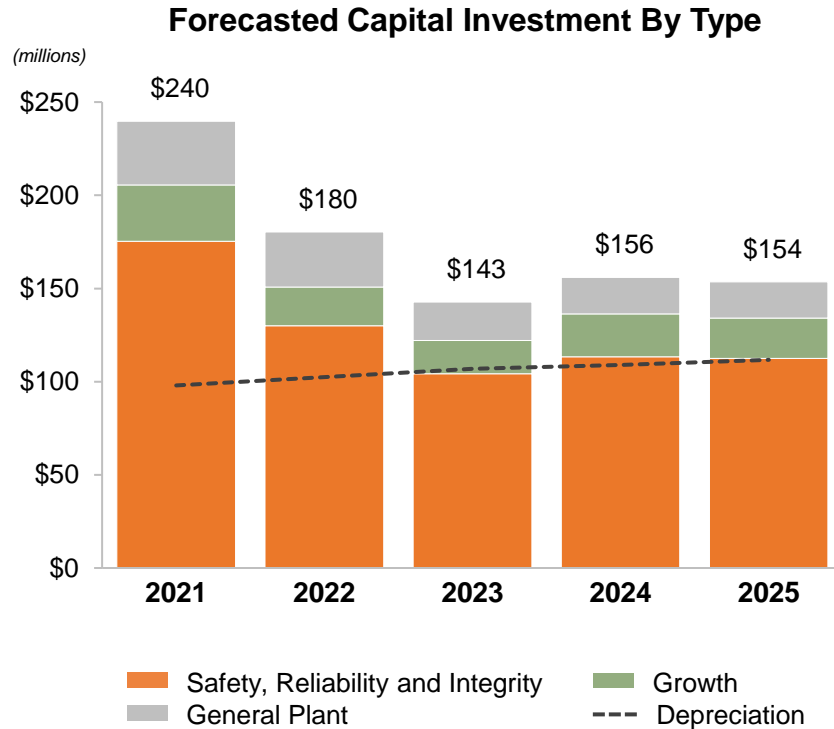
Minimal Lag Capital – capital expenditures with regulatory lag of less than one year or incurred during expected regulatory test periods

Rider Eligible Capital – capital expenditures recovered through state specific tariffs and meets Minimal Lag Capital definition

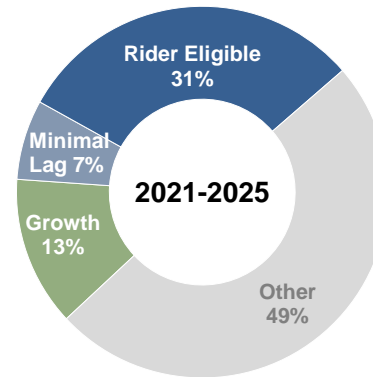


# Electric Utilities Capital Investment

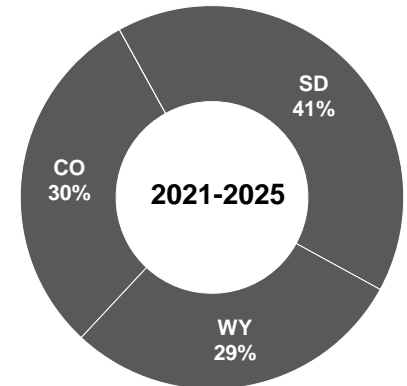
Five-year Base Forecast of \$0.9+ Billion Focused on Safety, System Integrity and Growth



51% with Timely Recovery\*



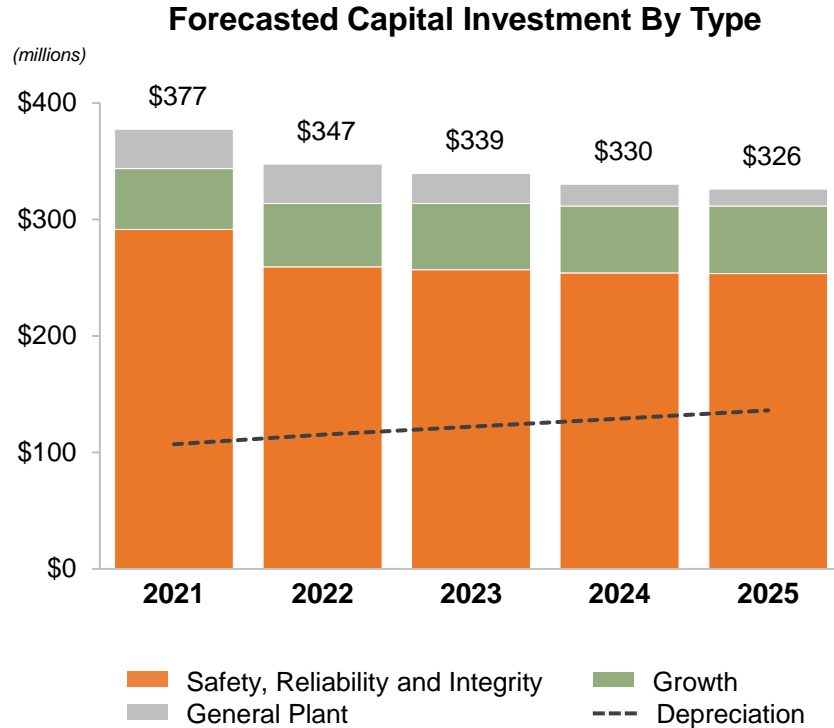
Forecasted Capital by State



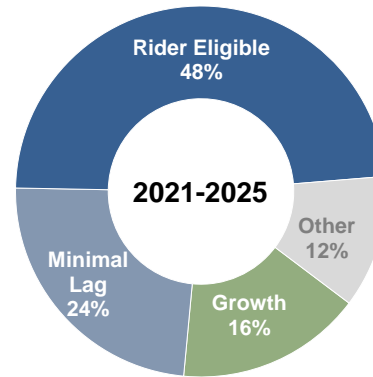
\* Growth Capital - generates immediate revenue upon customer connections  
 Minimal Lag Capital - capital expenditures with regulatory lag of less than one year or incurred during expected regulatory test periods  
 Rider Eligible Capital - capital expenditures recovered through state specific tariffs or FERC formula rates and meets Minimal Lag Capital definition

# Natural Gas Utilities Capital Investment

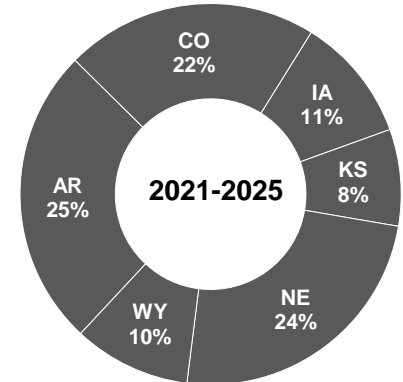
Five-year Base Forecast of \$1.7+ Billion Focused on Safety, System Integrity and Growth



**88% with Timely Recovery\***



**Forecasted Capital by State**



\* Growth Capital - generates immediate revenue upon customer connections  
 Minimal Lag Capital – capital expenditures with regulatory lag of less than one year or incurred during expected regulatory test periods  
 Rider Eligible Capital - capital expenditures recovered through state specific tariffs and meets Minimal Lag Capital definition

# Sustainability

The background of the slide features a silhouette of a wind farm against a vibrant sunset sky. The sun is positioned low on the horizon, creating a warm orange and yellow glow. Several wind turbines are visible, with the largest one in the center foreground and others scattered across the landscape. The sky is filled with soft, wispy clouds, and the overall scene conveys a sense of clean, renewable energy.

[See more on our corporate sustainability report at  
www.blackhillsenergy.com/sustainability](http://www.blackhillsenergy.com/sustainability)

The 52.5-megawatt Corriedale Wind Energy Project near Cheyenne, Wyoming started serving customers in 2020 through the Renewable Ready subscription-based program in South Dakota and Wyoming

# Enhancing ESG Profile

## Environmental

- Published greenhouse gas emission reduction goals, sustainability statements and updated sustainability report
- Responsibly adding renewable generation resources in all three electric jurisdictions through innovative programs  
Renewable Ready subscription-based program for SD and WY and Renewable Advantage request for proposals for 200MW of renewable energy in CO
- Achieved 2020 Gold Star status in Colorado's Environmental Leadership Program  
Gold Star every year since 2014
- Joined EPA's Methane Challenge Program  
Voluntarily reduce methane emissions beyond regulatory requirements through Best Management Practice Commitment
- Coal-free Colorado Electric generation fleet
- 88% of total revenues from natural gas, renewables and other non-coal related activities and services\*  
12% of revenues from mining and coal related activities\*

## Social

- Improved employee safety performance with goal to be industry leader in safety  
47% improvement in TCIR since 2014 and better than industry average
- Strong COVID-19 response  
Effective COVID-19 safeguards and financial assistance for those in need
- Strong community giving  
\$5.5 million in 2019 to local community organizations and accelerated 2020 donations to communities in response to COVID-19
- 2019 employee engagement survey score above utility average and high-performing companies
- 2019 50 Most Engaged Workplaces award (Achievers)
- 2019 EPA Energy Star Partner of the Year for improving residential efficiency

## Governance

- Diverse and experienced leadership  
Added two new highly experienced board members on Oct. 1, 2020
- Stock ownership requirement and compensation philosophy for officers align interests with stakeholders
- Well-established succession planning process with Board engagement

\* Revenue as a percent of total company revenue based on full year revenue as of Dec. 31, 2020

# Reducing Greenhouse Gas Emissions

Achieving Cleaner Energy Delivery Through Existing Technology

## Electric Operations

■ 40% by 2030\*

■ 70% by 2040\*

## Gas Utilities

■ 50% by 2035\*

Learn more at

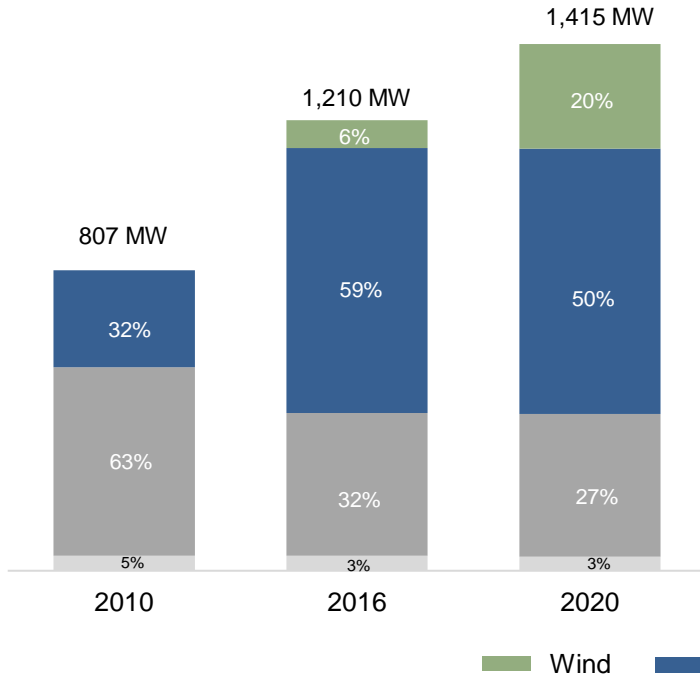
[www.blackhillsenergy.com/sustainability](http://www.blackhillsenergy.com/sustainability)



\* Reductions based on 2005 baseline

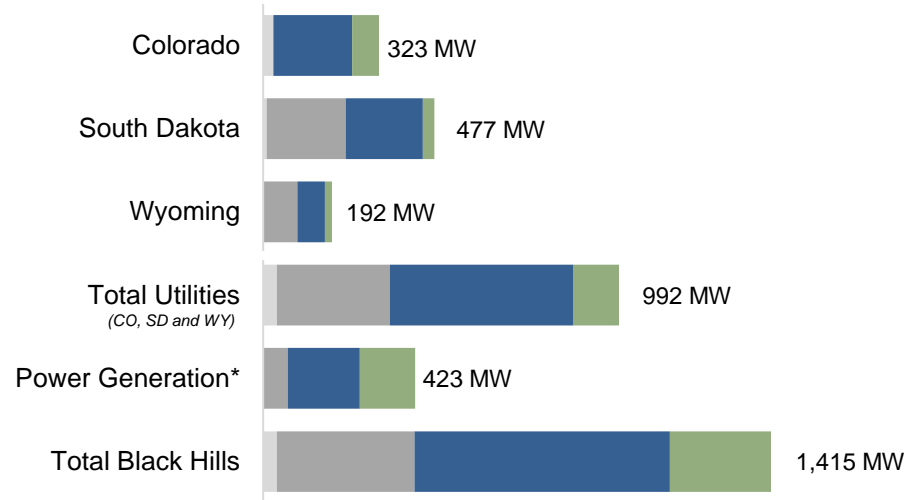
# Responsibly Integrating Renewable Energy

**Total Electric Generation Capacity \***



**Current Capacity Mix \***

(Dec. 31, 2020)



\* Total Black Hills ownership comprised of utility-owned capacity and capacity owned by Power Generation segment, which includes 49.9 percent ownership in Colorado IPP by a third party representing approximately 100 megawatts; excludes power purchase agreements from third parties

# Renewable Ready Subscription Program

Responsibly Added Renewable Resources for South Dakota and Wyoming

## Innovative Solution to Benefit Customers

- Subscription-based program provides access to renewable energy while keeping larger customers connected to Black Hills' systems
- Utility scale provides more attractive economics than distributed renewable projects
- Initial 40 megawatts expanded to 52.5 megawatts on strong customer demand

## Program Supplied by Corriedale Wind Project

- 52.5-megawatt wind farm placed in service in December 2020 in Wyoming
  - Jointly-owned asset of South Dakota and Wyoming electric utilities
  - Added “power-up” technology to improve efficiency



*52.5-Megawatt Corriedale Wind Energy Project near Cheyenne, Wyoming*

# Renewable Advantage

## Responsibly Expanding Renewable Resources in Colorado

### Supporting Emissions Reduction Goals

- Responsibly add renewable energy resources for the benefit of customers and communities
- Request for proposals for up to 200 megawatts of cost-effective, utility-scale renewable resources including wind, solar or battery storage to be in service by year-end 2023

### Strong Bid Response with Low Energy Costs

- 200-megawatt solar project to be constructed in Pueblo County, Colorado, is projected to:
  - Save customers \$66 million over 15 years
  - Provide \$178 million in direct and indirect economic benefits through state and local taxes, federal taxes
  - Increase Colorado renewable energy mix above 50% and significantly reduce carbon emissions in Colorado by approximately 70% since





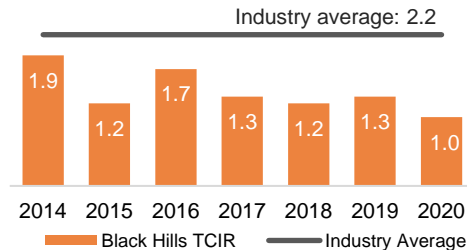
# Social Responsibility

## Safety Focus

*Dedicated "Ready" Safety Culture*

- TCIR better than industry average and 47% improved since 2014
- OSHA Voluntary Protection Program Star Status at Pueblo Airport Generating Station
- Strong safety culture including trainings and stop work authority
- Crisis response full-scale mock drills and response plans

### ⚠ Total Case Incident Rate\*



## Great Workplace

*Engaged and Inclusive*

- Achievers 50 Most Engaged Workplaces (2019)
- InHersight's 20 Best Utility Companies to Work For (2019)
- Diversity and inclusion programs
  - Aspire employee resource group for women
  - Veteran's engagement team (VET)
- Support of the Guard and Reserve (ESGR) supporting civilian employment of national guard members
- Department of Labor's Gold Medallion Award for veteran employment (2020)

## Community Support

*Developing Thriving Local Economies*

- \$1.46 billion direct economic impact\*\*
- Local economic development, community sponsorships
- Culture of encouraging volunteerism
- Black Hills Cares energy assistance
- Employee United Way contributions
- Donations to local nonprofits responding to COVID-19 needs
- Tree giveaway programs



In 2020, we donated  
**\$5.3 million to our communities**  
including \$628,000 by employees to 50 United Way agencies and affiliates across our service territories

\* 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)

\*\* 2019 estimated direct economic impact includes franchise fees, wages and benefits, property and other taxes, payments to suppliers, and other community impact

# Governance

## Diverse, Experienced Oversight and Alignment of Stakeholder Interests

### Board Composition

- 33% of board members are gender or ethnically diverse
- Average Board tenure of 5.7 years
- 11 of 12 directors are independent
- Independent board chair
- Diverse experience across multiple industries and sectors

### Corporate Governance

- Plurality plus voting policy
- Annual board and committee evaluations
- All board committees have authority to retain independent advisors paid for by company
- Code of Business Conduct applies to all employees and Board of Directors
- Code of Ethics for financial officers
- Hedging and pledging company stock prohibited
- Mandatory retirement age for directors
- Board engagement in succession planning process

### Compensation Policies

- Maintain robust stock ownership guidelines for directors and executives
- Annual advisory vote on executive compensation
- Board authority to claw back incentive compensation
- Compensation philosophy aligns compensation practices with stakeholder interests

# Other Financial Information



Following historic flooding in the Midwest in 2019, our team worked tirelessly to rebuild critical infrastructure and restore service to our customers.

# 2021 Earnings Guidance Assumptions

2021 EPS available for common stock, is expected to be in the range of \$3.80 to \$4.00, based on the following assumptions:

- Normal weather conditions for the balance of the year within our utility service territories including temperatures, precipitation levels and wind conditions
- Normal operations and weather conditions for planned construction, maintenance and/or capital investment projects
- Completion of utility regulatory dockets
- No significant unplanned outages at any of our generating facilities
- Production tax credits of \$20 million associated with wind generation assets
- Equity issuance of \$100 million to \$120 million through the at-the-market equity offering program in 2021
- Capital investment of \$647 million in 2021
- No material net impact from COVID-19
- Recovery of costs related to February extreme weather event

# 2022 Earnings Guidance Assumptions

2022 EPS available for common stock, is expected to be in the range of \$3.95 to \$4.15, based on the following assumptions:

- Normal weather conditions within our utility service territories including temperatures, precipitation levels and wind conditions
- Normal operations and weather conditions for planned construction, maintenance and/or capital investment projects
- Completion of utility regulatory dockets
- No significant unplanned outages at any of our generating facilities
- Adjusted contract price for Wygen I power purchase agreement beginning Jan. 1, 2022
- Production tax credits of \$20 million associated with wind generation assets
- Equity issuance of \$100 million to \$120 million in 2021 and \$60 million to \$80 million in 2022 through the at-the-market equity offering program
- Capital investment of \$647 million in 2021 and \$600 million in 2022
- No material net impact from COVID-19
- Recovery of costs related to February 2021 extreme weather event

# Income Statement

(in millions, except earnings per share)

	Fourth Quarter		Full Year	
	2019	2020	2019	2020
Revenue	\$ 477.7	\$ 486.4	\$ 1,734.9	\$ 1,696.9
Gross margin* (non-GAAP)	320.3	325.2	1,164.1	1,204.5
Operations and maintenance expense	(144.3)	(144.2)	(548.9)	(551.8)
Depreciation, depletion and amortization	(54.6)	(55.0)	(209.1)	(224.5)
<b>Operating income</b>	<b>121.4</b>	<b>126.0</b>	<b>406.0</b>	<b>428.3</b>
Interest expense, net	(35.2)	(36.4)	(137.7)	(143.5)
Impairment of investment	-	-	(19.7)	(6.9)
Other income (expense), net	(5.8)	(1.6)	(5.7)	(2.3)
<b>Income before taxes</b>	<b>80.4</b>	<b>88.0</b>	<b>242.9</b>	<b>275.7</b>
Income tax (expense)	(7.5)	(7.4)	(29.6)	(32.9)
Net income attributable to non-controlling interest	(3.7)	(3.3)	(14.0)	(15.2)
<b>Net income available to common stock</b>	<b>\$ 69.2</b>	<b>\$ 77.2</b>	<b>\$ 199.3</b>	<b>\$ 227.6</b>
Non-GAAP adjustments	-	-	15.2	5.3
<b>Net income available to common stock, as adjusted *</b>	<b>\$ 69.2</b>	<b>\$ 77.2</b>	<b>\$ 214.5</b>	<b>\$ 232.9</b>
<b>EPS - Net income available for common stock</b>	<b>\$ 1.13</b>	<b>\$ 1.23</b>	<b>\$ 3.28</b>	<b>\$ 3.65</b>
<b>EPS - Net income available for common stock, as adjusted *</b>	<b>\$ 1.13</b>	<b>\$ 1.23</b>	<b>\$ 3.53</b>	<b>\$ 3.73</b>
Diluted shares outstanding	61.4	62.7	60.8	62.4

\* Non-GAAP measure; defined and/or reconciled to GAAP in Appendix

# Capital Structure

(\$ in millions)

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
<b>Capitalization</b>					
Short-term Debt	\$ 355	\$ 325	\$ 4	\$ 94	\$ 243
Long-term Debt	3,140	3,137	3,533	3,527	3,528
<b>Total Debt</b>	<b>3,495</b>	<b>3,462</b>	<b>3,537</b>	<b>3,621</b>	<b>3,771</b>
Equity*	2,362	2,523	2,513	2,519	2,561
<b>Total Capitalization</b>	<b>\$ 5,857</b>	<b>\$ 5,985</b>	<b>\$ 6,051</b>	<b>\$ 6,140</b>	<b>\$ 6,332</b>
<b>Net Debt to Net Capitalization</b>					
Debt	\$ 3,495	\$ 3,462	\$ 3,537	\$ 3,621	\$ 3,771
Cash and Cash Equivalents	(10)	(54)	(32)	(7)	(6)
<b>Net Debt</b>	<b>3,486</b>	<b>3,408</b>	<b>3,506</b>	<b>3,614</b>	<b>3,764</b>
<b>Net Capitalization</b>	<b>\$ 5,848</b>	<b>\$ 5,931</b>	<b>\$ 6,019</b>	<b>\$ 6,133</b>	<b>\$ 6,326</b>
Debt to Capitalization	59.7%	57.8%	58.5%	59.0%	59.5%
Net Debt to Capitalization (Net of Cash)	59.6%	57.5%	58.2%	58.9%	59.5%
Long-term Debt to Total Debt	89.8%	90.6%	99.9%	97.4%	93.6%

\* Excludes noncontrolling interest

# 2020 COVID-19 Impacts as Forecasted

(\$5.7) million net operating income, or (\$0.07) EPS impact; within forecasted (\$0.05) to (\$0.10) range

## Year-to-date impacts as of Dec. 31, 2020 (in millions, pre-tax)

Lower electric commercial usage partially offset by higher residential usage	(\$1.0)
Lower natural gas transport usage	(\$0.5)
Higher than normal bad debt expense	(\$3.3)
Waived customer late fees	(\$2.1)
Sequestered mission critical employees (sequestration complete)	(\$2.6)
O&M savings from lower employee costs including travel, training and outside services	\$3.8
<b>Total net impact</b>	<b>(\$5.7)</b>



# 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

## 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.

# Non-GAAP Financial Measures

	Earnings, as adjusted (in millions)					Earnings Per Share, as adjusted				
	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
Net income (loss) available for common stock (GAAP)	\$ 73.0	\$ 177.0	\$ 258.4	\$ 199.3	\$ 227.6	\$ 1.37	\$ 3.21	\$ 4.66	\$ 3.28	\$ 3.65
Loss from discontinued operations (GAAP)	64.2	17.1	6.9	-	-	1.20	0.31	0.12	-	-
<b>Net income from continuing operations available for common stock (GAAP)</b>	<b>137.1</b>	<b>194.1</b>	<b>265.3</b>	<b>199.3</b>	<b>227.6</b>	<b>2.57</b>	<b>3.52</b>	<b>4.78</b>	<b>3.28</b>	<b>3.65</b>
<u>Adjustments, after tax</u>										
Acquisition / integration costs	29.7	2.8	-	-	-	0.56	0.05	-	-	-
Tax reform and other tax items	-	(11.7)	4.0	-	-	-	(0.21)	0.07	-	-
Legal restructuring - income tax benefit	-	-	(72.8)	-	-	-	-	(1.31)	-	-
Impairment of investment	-	-	-	15.2	5.3	-	-	-	0.25	0.08
Rounding	0.1	0.1	-	-	-	-	-	-	-	-
Total Non-GAAP adjustments	29.8	(8.8)	(68.8)	15.2	5.3	0.56	(0.16)	(1.24)	0.25	0.08
<b>Net income from continuing operations available for common stock, as adjusted (Non-GAAP)</b>	<b>\$ 166.9</b>	<b>\$ 185.3</b>	<b>\$ 196.5</b>	<b>\$ 214.5</b>	<b>\$ 232.9</b>	<b>\$ 3.13</b>	<b>\$ 3.36</b>	<b>\$ 3.54</b>	<b>\$ 3.53</b>	<b>\$ 3.73</b>

# Non-GAAP Financial Measures

## EBITDA

<i>(in thousands)</i>	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2019	2020	2019	2020
Net income	\$ 72,872	\$ 80,496	\$ 213,322	\$ 242,763
Depreciation, depletion and amortization	54,613	55,044	209,120	224,457
Interest expense, net	35,190	36,431	137,659	143,470
Income tax expense (benefit)	7,502	7,434	29,580	32,918
<b>EBITDA</b>	<b>\$ 170,177</b>	<b>\$ 179,405</b>	<b>\$ 589,681</b>	<b>\$ 643,608</b>
Less adjustments for unique items:				
Impairment of investment	—	—	19,741	6,859
<b>EBITDA, as adjusted</b>	<b>\$ 170,177</b>	<b>\$ 179,405</b>	<b>\$ 609,422</b>	<b>\$ 650,467</b>

# 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.



**BH**  
Black Hills Energy

**BH**  
Black Hills Energy

**BH**  
Black Hills Corporation  
Ready