

A NEW HORIZON

BKH 2018

BKH Broker Appreciation Luncheon

August 29, 2018



Discussion Agenda

Speakers

David Emery

Chairman and Chief Executive Officer

Richard Kinzley

Senior Vice President and Chief Financial Officer

Agenda

Introductions

Forward Looking Statements

Company Overview and Highlights

Strategic Overview

Financial Overview

Delivering for Shareholders

Questions

Forward Looking Statements

COMPANY INFORMATION

Black Hills Corporation

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This presentation includes “forward-looking statements” as defined by the Securities and Exchange Commission. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements are based on assumptions which we believe are reasonable based on current expectations and projections about future events and industry conditions and trends affecting our business. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation, the risk factors described in Item 1A of Part I of our 2017 Annual Report on Form 10-K and other reports that we file with the SEC from time to time, and the following:

- 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;
- Our ability to receive regulatory approval to build the Natural Bridge Pipeline;
- 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.

Company Overview



Our southern Colorado grid is one of the newest and cleanest in the nation, fueled entirely by natural gas and renewable energy. Our renewable energy portfolio will provide significant benefits to southern Colorado communities and Black Hills customers for years to come.

Investment Highlights



- Customer-focused, pure-play utility company
- Committed to continuing strong earnings growth
- 48 consecutive annual dividend increases with solid yield
- Maintain solid investment grade credit ratings

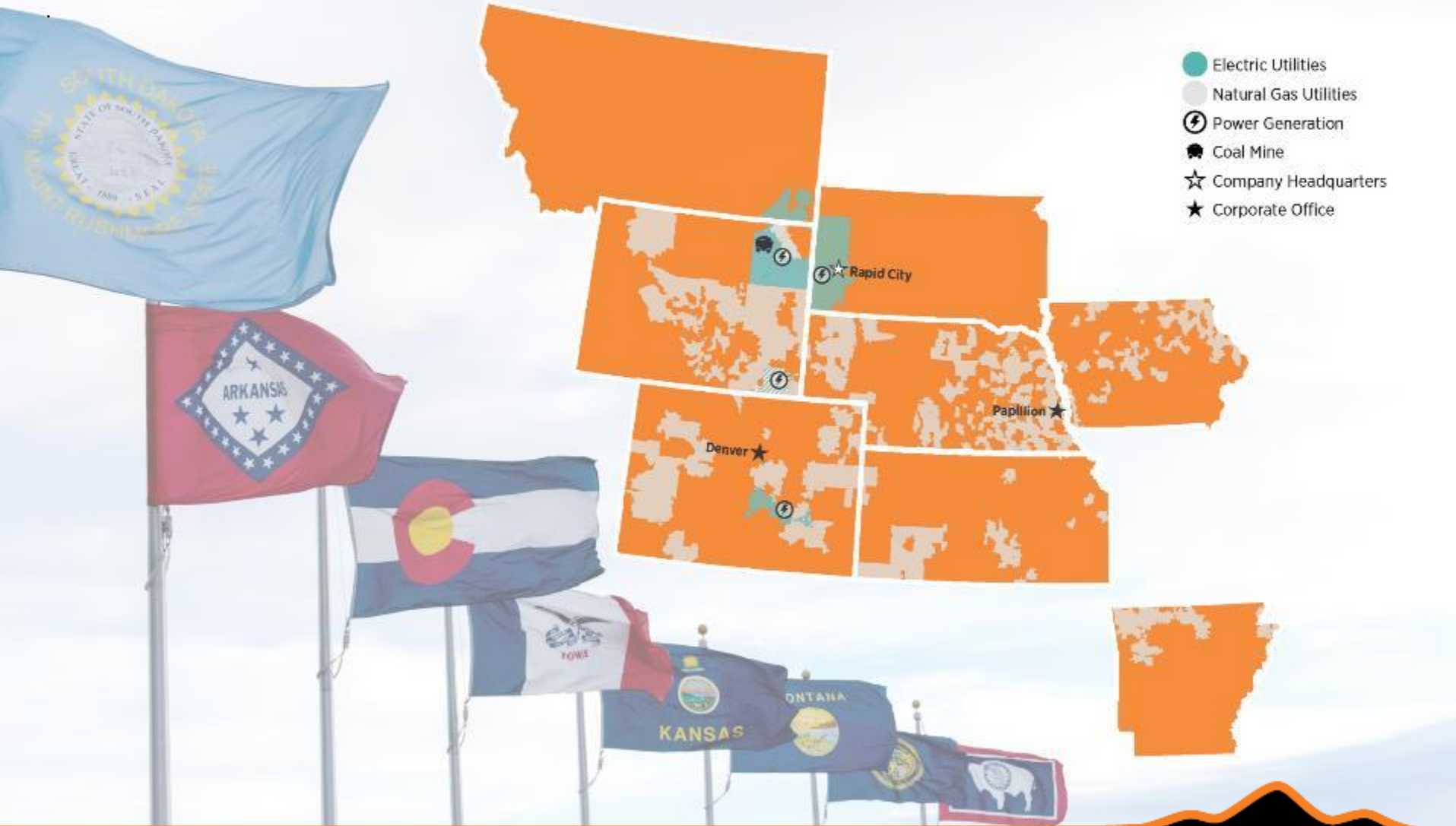
Black Hills Corporation Fast Facts

- Began serving electric customers in Deadwood, SD in 1883
- Black Hills Power incorporated 1941
- Listed on NYSE since 1980, trading under symbol BKH
- Only NYSE listed company headquartered in Rapid City
- Market capitalization of approximately \$3.2 billion
- Increased annual dividend for 48 consecutive years
- Average daily trading volume of approximately 580,000 shares year-to-date
- Beta of approximately 0.4



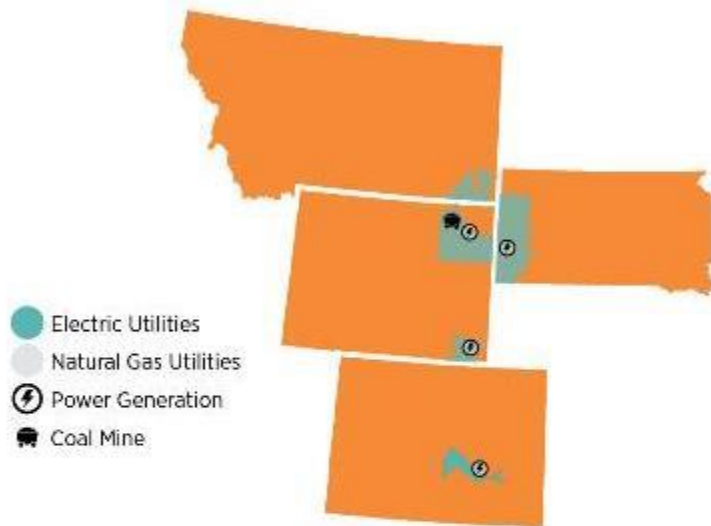
Black Hills Corporation Overview

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.*



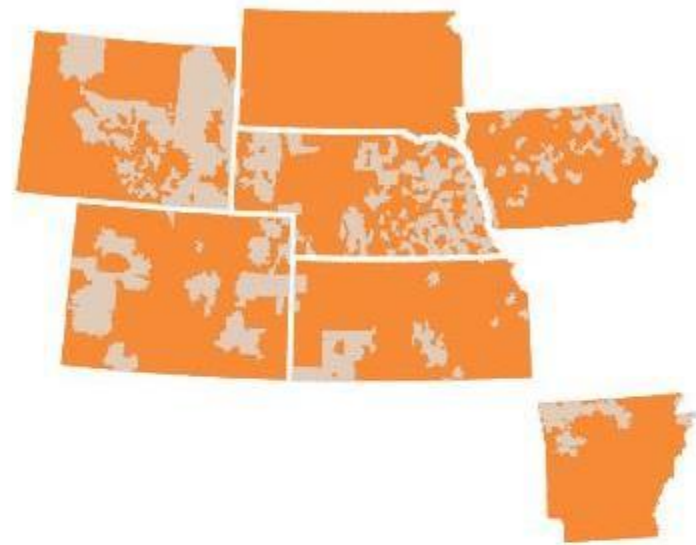
Operations Overview

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*



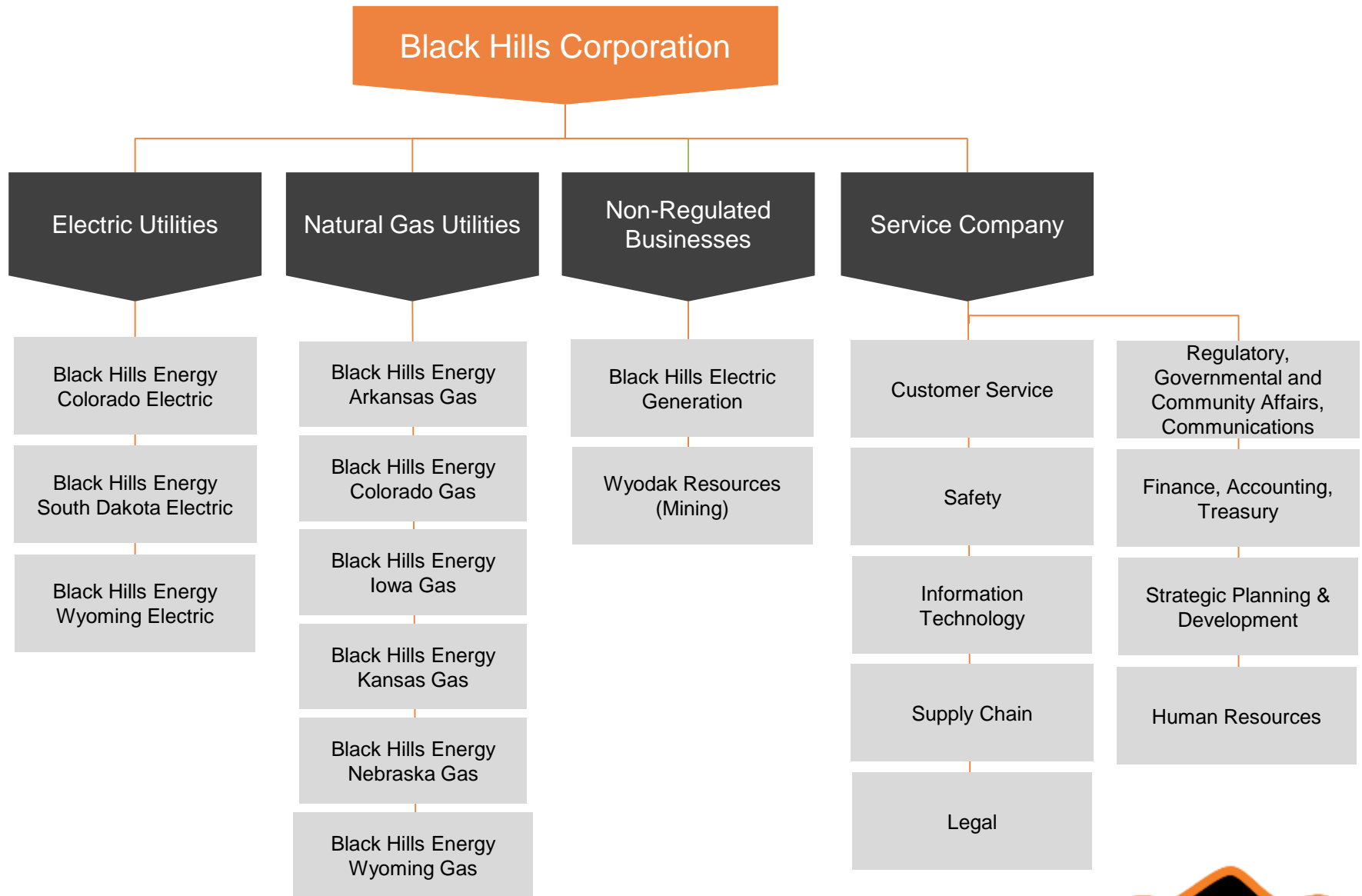
- 12 natural gas utilities^ which distribute natural gas to approximately 1,042,000 customers in AR, CO, IA, KS, NE and WY
- 4,656 miles of intrastate gas transmission pipelines and 40,455 miles of gas distribution mains and service lines
- Seven natural gas storage facilities in AR, CO and WY with 16.5 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

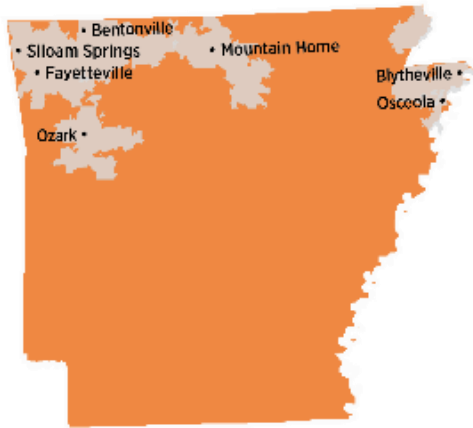
** Excludes 49.9 percent ownership interest in Colorado IPP owned by a third party

^ Excludes minor entities and Shoshone pipeline

Operating Structure

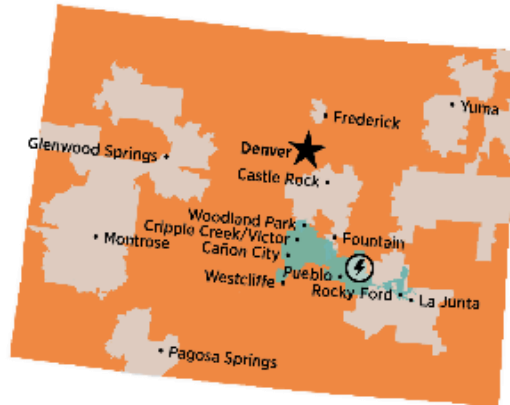


Operations Overview



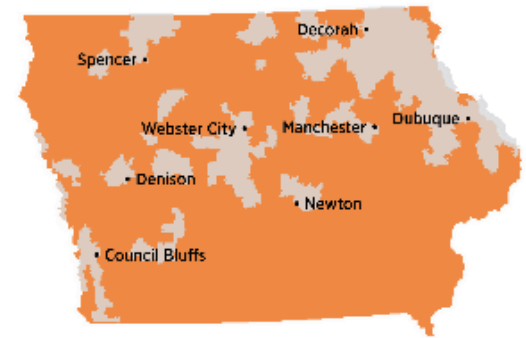
Arkansas Fast facts

- 169,300 customers
- 104 communities served
- 426 employees
- 6,499 miles of gas system infrastructure



Colorado Fast facts

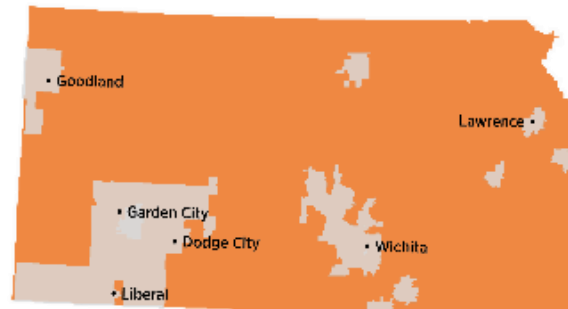
- 278,000 customers
- 125 communities served
- 438 employees
- 9,651 miles of gas system infrastructure
- 3,695 miles of transmission and distribution



Iowa Fast facts

- 157,400 customers
- 132 communities served
- 166 employees
- 5,593 miles of gas system infrastructure

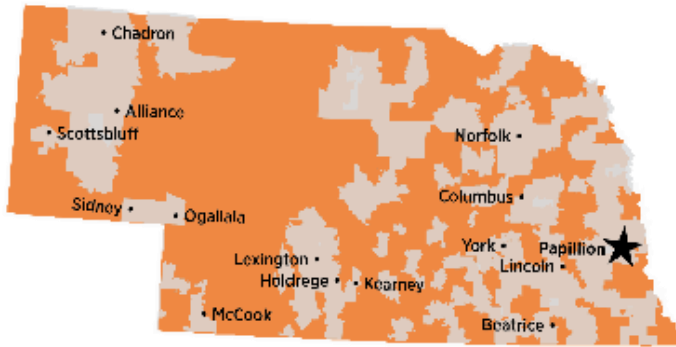
- Natural Gas Utilities
- Electric Utilities
- ⚡ Power Generation
- ★ Corporate Office



Kansas Fast facts

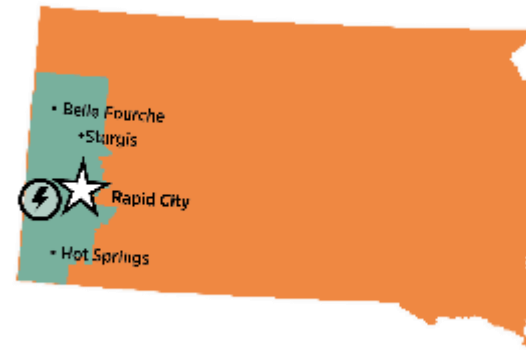
- 114,000 customers
- 64 communities served
- 145 employees
- 4,517 miles of gas system infrastructure

Operations Overview



Nebraska Fast facts

- 290,000 customers
- 294 communities served
- 499 employees
- 12,942 miles of gas system infrastructure



South Dakota Fast facts

- 69,500 customers
- 23 communities served
- 730 employees
- 3,814 total miles of transmission and distribution

- Natural Gas Utilities
- Electric Utilities
- Natural Gas and Electric Utilities
- ⚡ Power Generation
- ⛛ Coal Mine



Wyoming Fast facts

- 174,500 customers
- 57 communities served
- 418 employees
- 5,909 miles of gas system infrastructure
- 1,330 miles of transmission and distribution

YTD 2018 Highlights

Operational

- Set new all-time peak loads at Wyoming Electric (254 MW in July) and Colorado Electric (413 MW in June)
- Sold nearly all oil and gas assets with remaining asset sales and final accounting expected in third quarter; closed oil and gas office in August

Major Projects

- Constructing \$70 million, 175-mile transmission line from Rapid City to Stegall, NE; placed first 48-mile segment in service in July with remaining segment to be in service by the end of 2019
- Filed for approval to construct \$54 million, 35-mile pipeline in central Wyoming to provide additional sources of natural gas, increase capacity and improve reliability for customers by end of 2019
- Received approval for Black Hills Electric Generation to construct \$71 million, 60-megawatt wind farm to serve Colorado Electric through 25-year power purchase agreement

YTD 2018 Highlights

Regulatory

- Completed Wyoming Gas (Northwest Wyoming) rate review; increase of \$1 million in annual revenues effective Sept. 1
- Completed Rocky Mountain Natural Gas rate review; increase of \$1.1 million in annual revenues effective June 1 (safety and system integrity rider extended through 2021)
- Secured approval for Colorado Electric to contract with Black Hills Electric Generation for 60 megawatts of wind energy to meet state 30 percent renewable standard by 2019
- Finalized agreements to pass tax reform benefits to utility customers in Colorado, Iowa, Kansas and Nebraska; Arkansas, South Dakota and Wyoming in process

Financial

- Issued \$400 million of 4.35% senior unsecured notes due 2033 on Aug. 17
- Amended and restated \$750 million revolving credit facility with new maturity of 2023 and \$300 million term loan with new maturity of 2020
- Declared \$0.475 dividend per share for second quarter, equivalent to annual rate of \$1.90

2017 SOUTH DAKOTA COMMUNITY IMPACT



Sharing our energy with the
communities we serve.

\$113 MILLION

DIRECT ECONOMIC IMPACT

Includes franchise fees, contributions, compensation to 700 South Dakota employees, payments to suppliers and property, sales and use taxes paid.


\$46,000

LOW-INCOME ENERGY ASSISTANCE

Black Hills Cares helped many families in need with energy assistance in 2017.


215 ORGANIZATIONS

VOLUNTEERISM

140+ Employees in South Dakota shared their energy with 215 community organizations.

\$508,000

COMMUNITY GIVING

Funds provided in 2017 to dozens of worthy local organizations and nonprofits.

LIVE UNITED™
\$220,000

UNITED WAY DONATIONS

Employees gave over \$176,000, plus a 25% match from Black Hills Corporation Foundation to benefit United Way organizations.


70 FIRST RESPONDERS

TRAINING FOR OUR COMMUNITIES

Six trainings benefiting 70 first responders.

\$136,000

ECONOMIC DEVELOPMENT

Aided local organizations and Chambers of Commerce working to grow our communities in 2017.


\$8,000

ENERGY SAVING TREES

Invested in planting 242 trees in our communities in 2017.


26 HOMES

HOME WEATHERIZATION

In 2017, weatherization efforts benefited 26 homeowners in Black Hills communities.

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 48 consecutive annual increases*

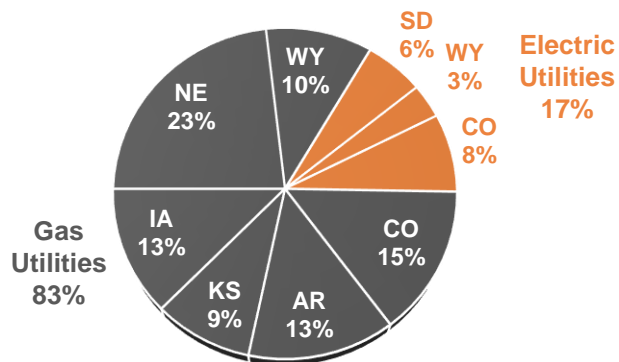
* Dividend percentage increase for 2018 reflects increase from actual annual dividend in 2017 compared to annual equivalent rate for 2018

Strength in Diversity

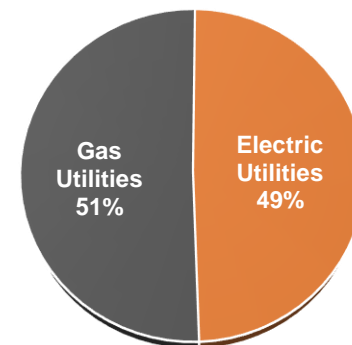
Reduces business risk and drives more predictable earnings



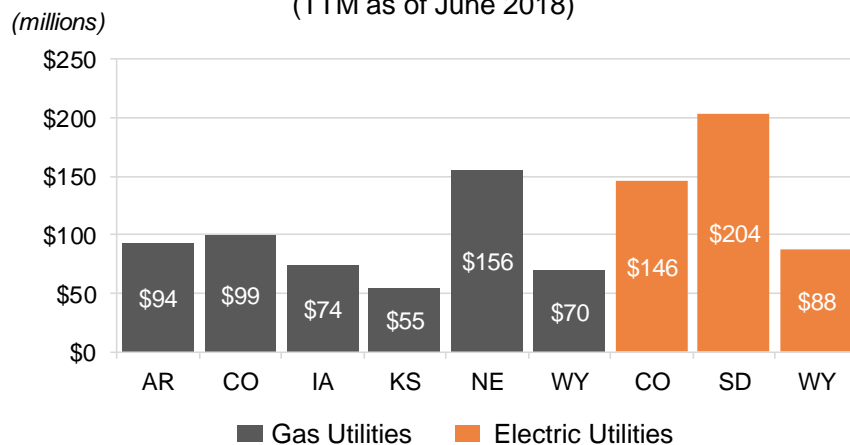
Percent of Customers by State¹



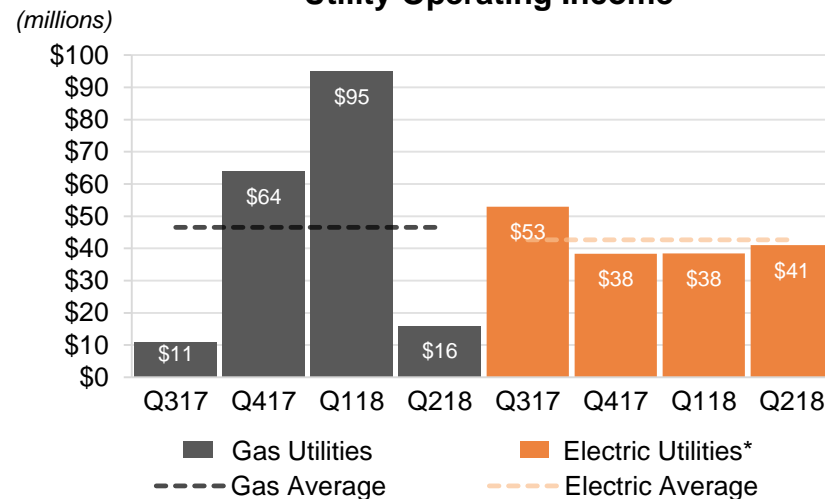
Utility Rate Base²



Gross Margin by State^{1*}
(TTM as of June 2018)



Utility Operating Income



* Non-GAAP measure, reconciled to GAAP in Appendix

¹ Montana data included in South Dakota totals

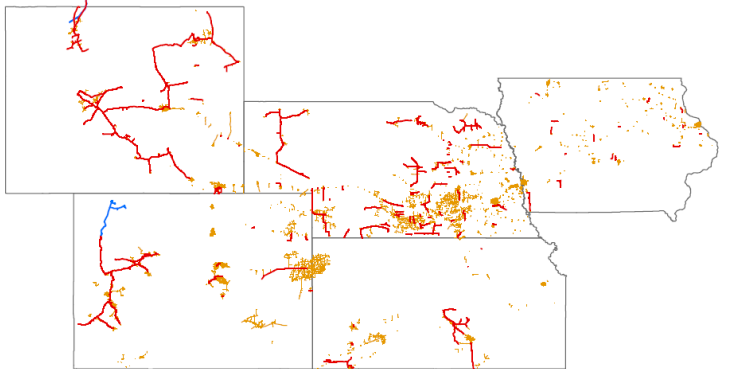
² Estimated utility rate base as of Dec. 31, 2017; see appendix for more detail

Note: TTM – trailing 12 months

Strategic Execution Delivers Opportunities

Acquisitions created larger transmission and distribution systems

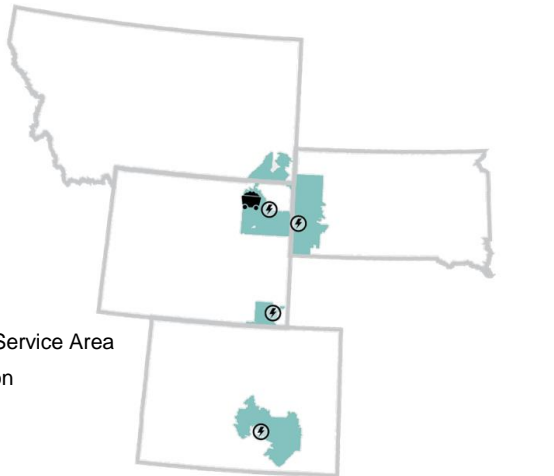
PROFITABLE
GROWTH



- Transmission Pipeline
- Gathering Pipeline
- Natural Gas Distribution Service Area



45,000-mile natural gas gathering, storage, transmission and distribution system



- Electric Utilities Service Area
- ⚡ Power Generation
- ⚒ Coal Mine



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

Setting Customer Rates

VALUED SERVICE

1 You expect safe, reliable energy.



2 We invest in infrastructure — like power plants, meters, pipelines and power lines — to meet your energy needs.



3 We pay for the infrastructure and the construction and operating costs of power plants, and you benefit from our improvements.



5 Your state commission looks at all of our past operating and infrastructure improvements costs. They decide how much money we need to continue providing reliable energy.



4 Your state commission allows us to recover our costs and earn a reasonable return on invested capital. The commission makes this decision in a rate case.



6 Your state commission can take from six to 12 months to decide how much money we need to cover the costs to meet your energy needs.



7 New rates appear on your bill.

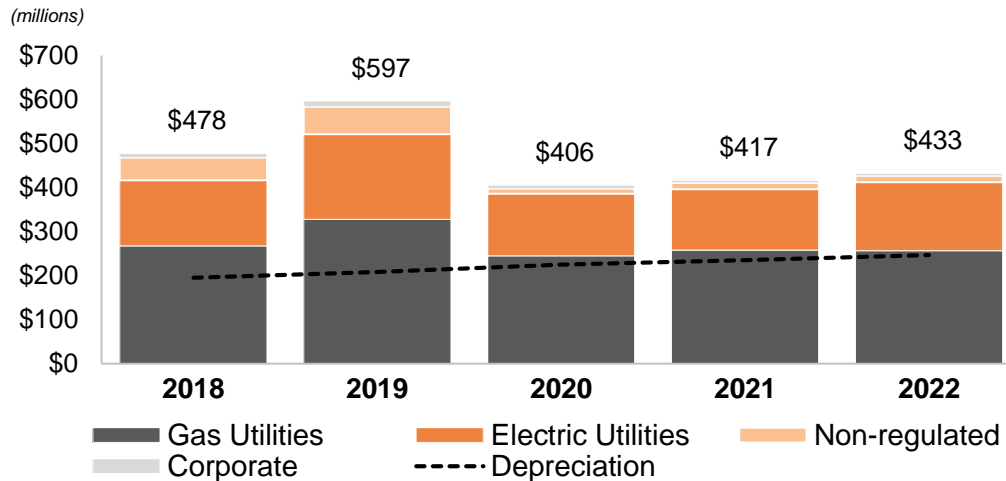


8 New rates stay in effect until the next time your state commission decides that the rates need to change.

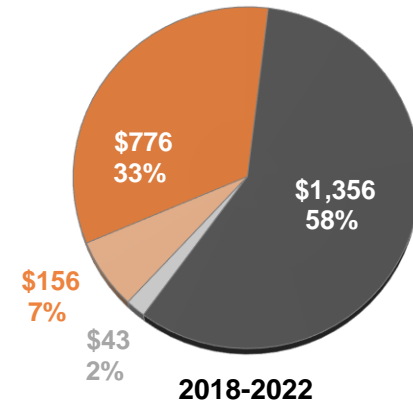
Utility Capital Investment Drives Growth



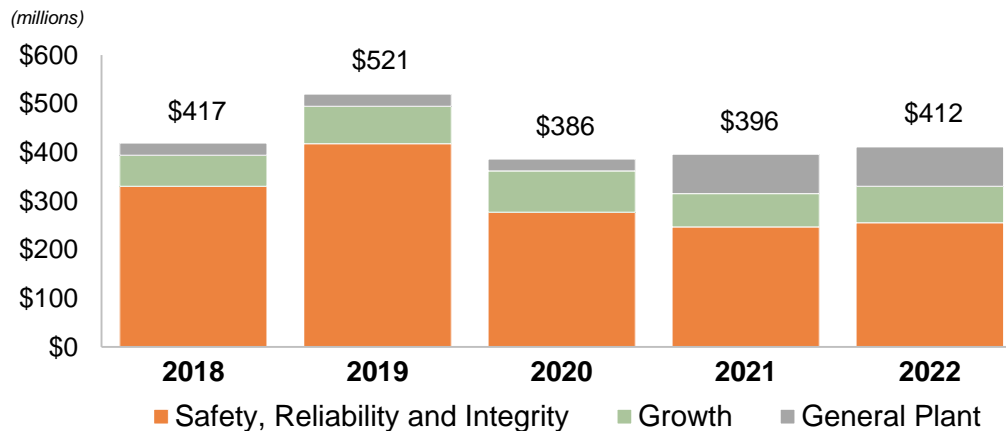
Total Forecasted Capital Investment By Segment*



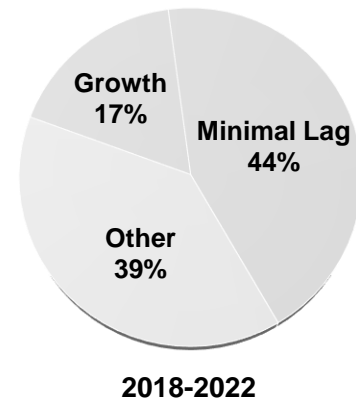
Total 5-year Forecast by Segment (in millions)



Utility Forecasted Capital Investment By Type



Utility 5-year Forecast by Recovery



*Excludes discontinued operations; see appendix for detail
 Integrity Capital – capital expenditures related to safety and reliability investment
 Growth Capital – generates immediate revenue on customer connections

Regulatory Update

VALUED
SERVICE

Jurisdiction	Date Filed	Annual Revenue Increase	ROE	Equity / Debt	Status
Arkansas Gas	12-15-17	\$18.5M	10.2%	54.7% / 45.3%	Seeking new rates in Q4 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
Colorado Electric 2016 Rate Review – Court Appeal	7-10-17				Communicated decision to not appeal to Colorado PUC

Passing Tax Reform Benefits To Customers

State	Status	Start Date	Annual Benefit to Customers
Arkansas	AR PSC Order	TBD	TBD
Colorado	Complete	July 2018	\$10.8M
Iowa	Complete	July 2018	\$2.2M
Kansas	Complete	April 2018	\$1.9M
Nebraska	Complete	July 2018	\$3.8M
South Dakota	Filed	TBD	TBD
Wyoming	In process	TBD	TBD

Utility Jurisdiction Simplification

Consolidation benefits customers, regulators, company and shareholders



Wyoming: Q4 2018 – legal entity consolidation filing; rate review to follow (evaluating which entities to include)

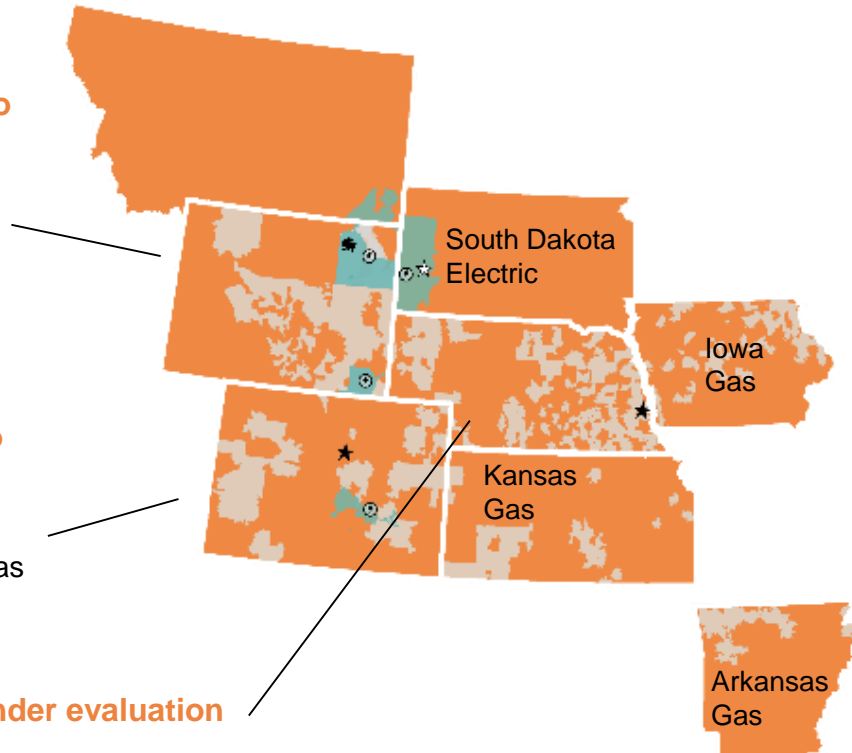
- Wyoming Gas
- Northeast Wyoming Gas
- Northwest Wyoming Gas
- Wyoming Gas Distribution*
- Wyoming Electric

Colorado: Q3 2018 – legal entity consolidation filing; rate review to follow

- Colorado Gas
- Colorado Gas Distribution*
- Rocky Mountain Natural Gas (intrastate pipeline)
- Colorado Electric

Nebraska: Need for rate review under evaluation

- Nebraska Gas
- Nebraska Gas Distribution*



* Former SourceGas entity acquired in 2016

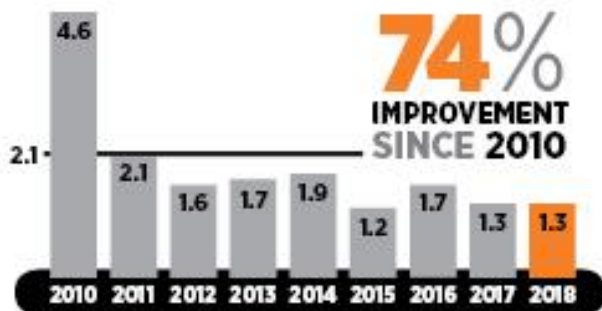
Operational Excellence

Delivering safe and reliable service to our customers



Enhanced Safety Performance

Total Case Incident Rate



2018 data is YTD through June 30 (Black Hills and Legacy SourceGas combined). TCIR is defined as the average number of work-related injuries incurred by 100 workers during a one-year period.

Governor's Safety Award – Wyodak Mine



For the fifth consecutive year, Wyodak Mine employees were awarded the Governor's Workplace Safety Award, presented last month by Wyoming Gov. Matt Mead at the annual Wyoming Safety & Workforce Summit in Cheyenne.

Employee Recognition



Forbes named Black Hills Corp. to its America's Best Midsize Employers list in 2018 (and previously in 2016).

Black Hills Energy Named as a Most Trusted Utility Brand

In June, a Cogent Reports study by Market Strategies International named Black Hills Energy - Midwest as a 2018 Most Trusted Utility Brand. The designation recognizes utilities who have earned the trust of their customers and are perceived to be industry leaders in innovation.

2018 Scorecard



Strategy

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

2018 Future Initiatives and Progress

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

Legend
 Completed
 Planned in 2018

Financial Update



Overhead view of trading floor at NYSE.

Earnings Per Share Analysis

	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Net Income from continuing operations available for common stock (GAAP)	\$ 0.41	\$ 0.52	\$ 1.17	\$ 2.50	\$ 0.45
<u>Adjustments (after tax)</u>					
Acquisition costs	0.01	0.01	0.02	—	—
Tax reform and other tax items	—	—	(0.21)	0.04	—
Legal restructuring - income tax benefit	—	—	—	(0.91)	—
Rounding	—	(0.01)	—	—	—
Total adjustments	0.01	—	(0.19)	(0.87)	—
Net Income from continuing operations available for common stock, as adjusted (Non-GAAP)*	\$ 0.42	\$ 0.52	\$ 0.98	\$ 1.63	\$ 0.45
 Trailing Twelve Months - Net Income from continuing operations available for common stock, as adjusted (Non-GAAP)*	 \$ 3.39				 \$ 3.58

* Non-GAAP measures; reconciled to GAAP in Appendix

Condensed Income Statement

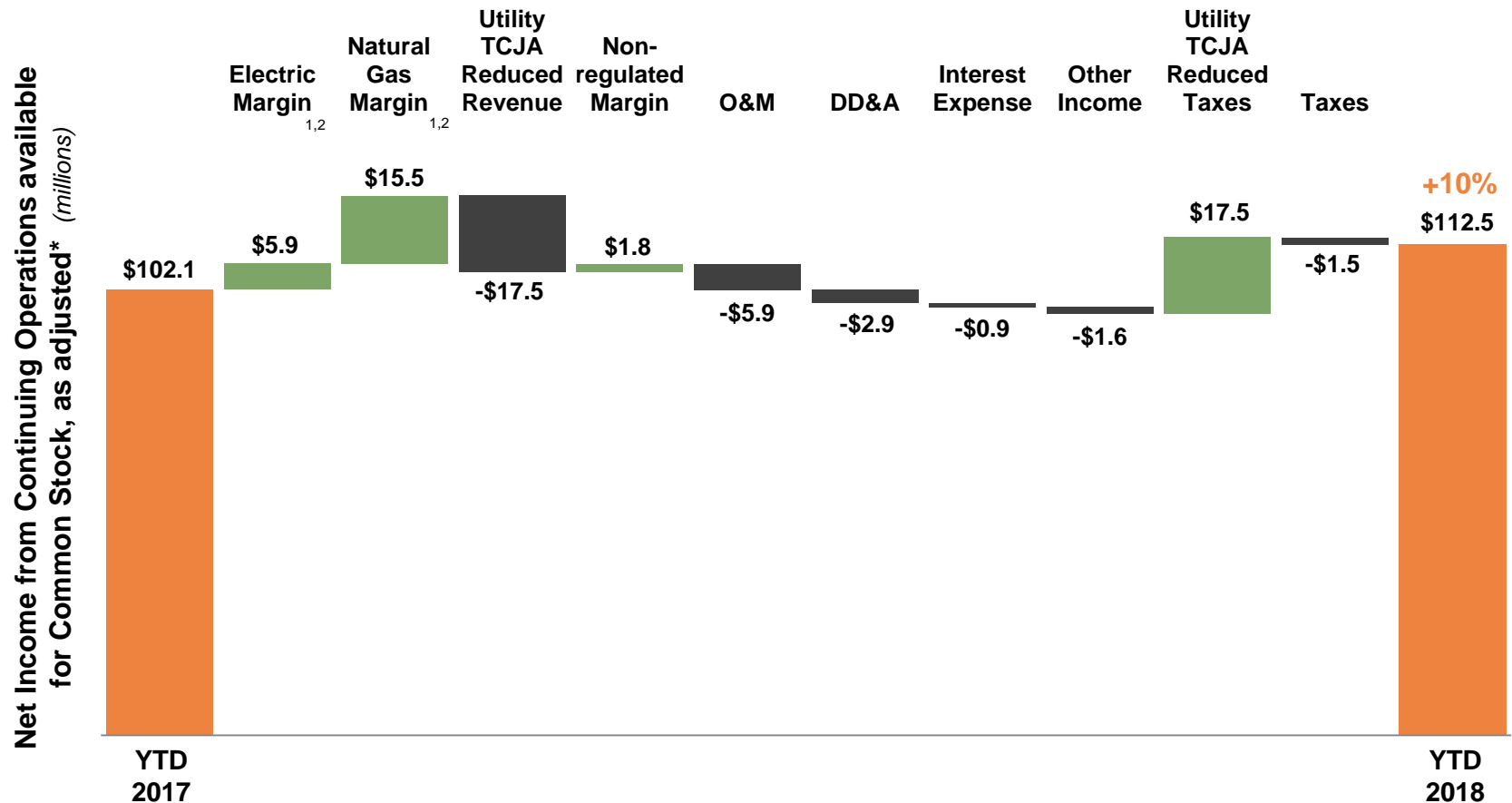
(in millions, except earnings per share)

	Six Months Ended June 30,	
	2017	2018
Revenue	\$ 889.4	\$ 931.1
Gross margin*	571.5	578.8
Operating expenses	(256.1)	(263.7)
DD&A	(93.5)	(97.3)
Acquisition costs	(1.9)	-
Operating income	220.0	217.8
Interest expense	(68.4)	(69.6)
Other income	1.1	(1.4)
Income taxes	(45.1)	19.3
Income from continuing operations	\$ 107.6	\$ 166.1
Non-controlling interest	(6.7)	(6.4)
Income from continuing operations available for common stock	\$ 100.9	\$ 159.7
Non-GAAP adjustments	1.2	(47.2)
Income from continuing operations, as adjusted*	\$ 102.1	\$ 112.5
EPS - Income from Cont. Ops avail. for common stock, as adjusted *	\$ 1.85	\$ 2.07
Diluted shares outstanding (in thousands)	55.2	54.4
EBITDA, as adjusted*	\$ 316.5	\$ 313.7

* Non-GAAP measures; defined and/or reconciled to GAAP in Appendix and on slide 27

Note: Full income statement included in appendix on slide 42

2018 YTD (June) Financial Drivers



* Non-GAAP measure; reconciled to GAAP in Appendix

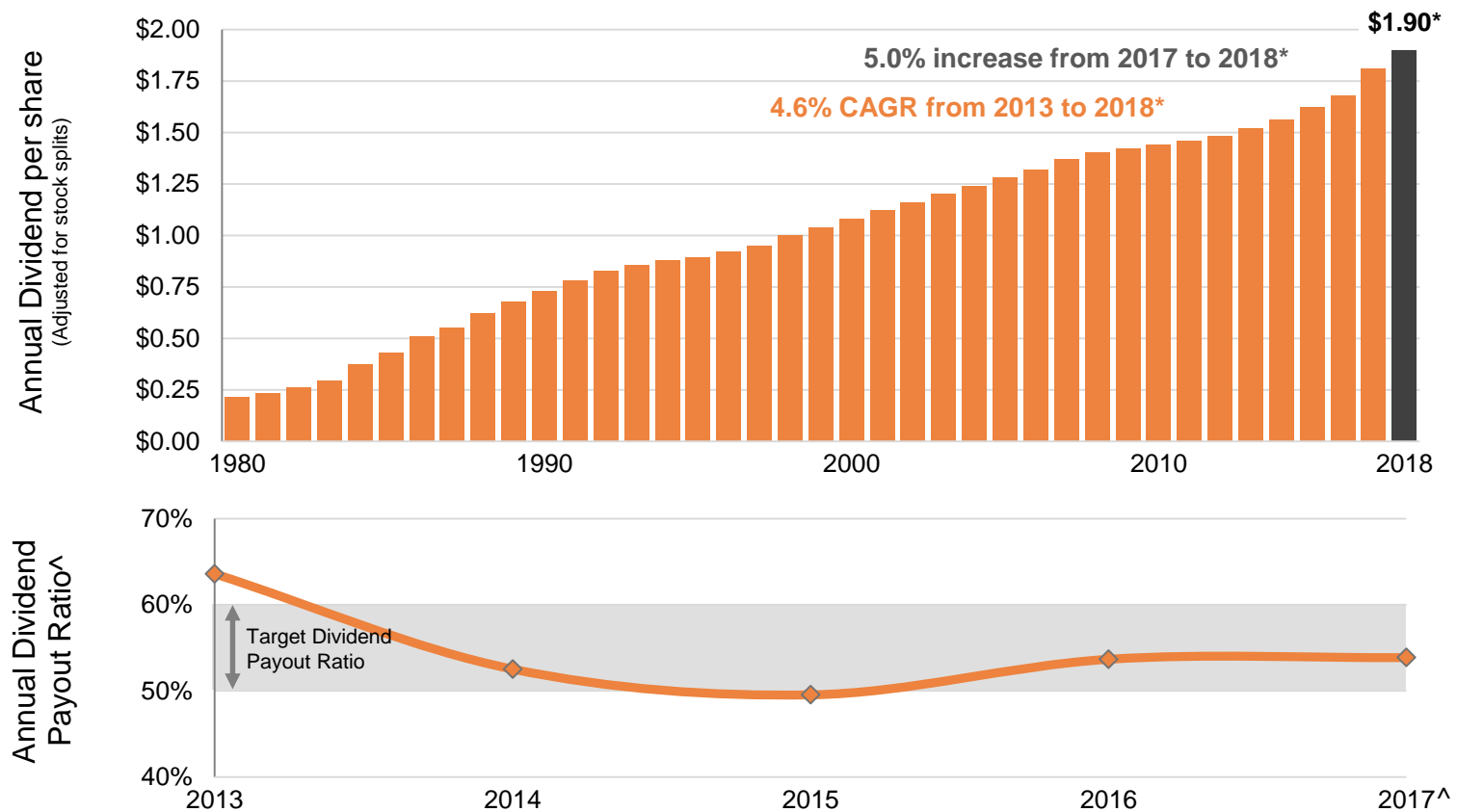
¹ Excludes reduced revenue from Tax Cuts and Jobs Act (TCJA)

² Utility margin impact of \$10.3 million (\$2.6 million electric and \$7.7 million natural gas) related to positive weather impacts - net of income taxes

Note: minor difference in total due to rounding

Strong Dividend Growth Track Record

Dividend Increased for 48 Consecutive Years



* Board of directors on July 25 approved a quarterly dividend of \$0.475 per share, equivalent to an annual rate of \$1.90 per share; increase from 2017 to 2018 compares the 2018 annual equivalent rate to the total dividends paid for 2017

[^] 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

Capital Structure

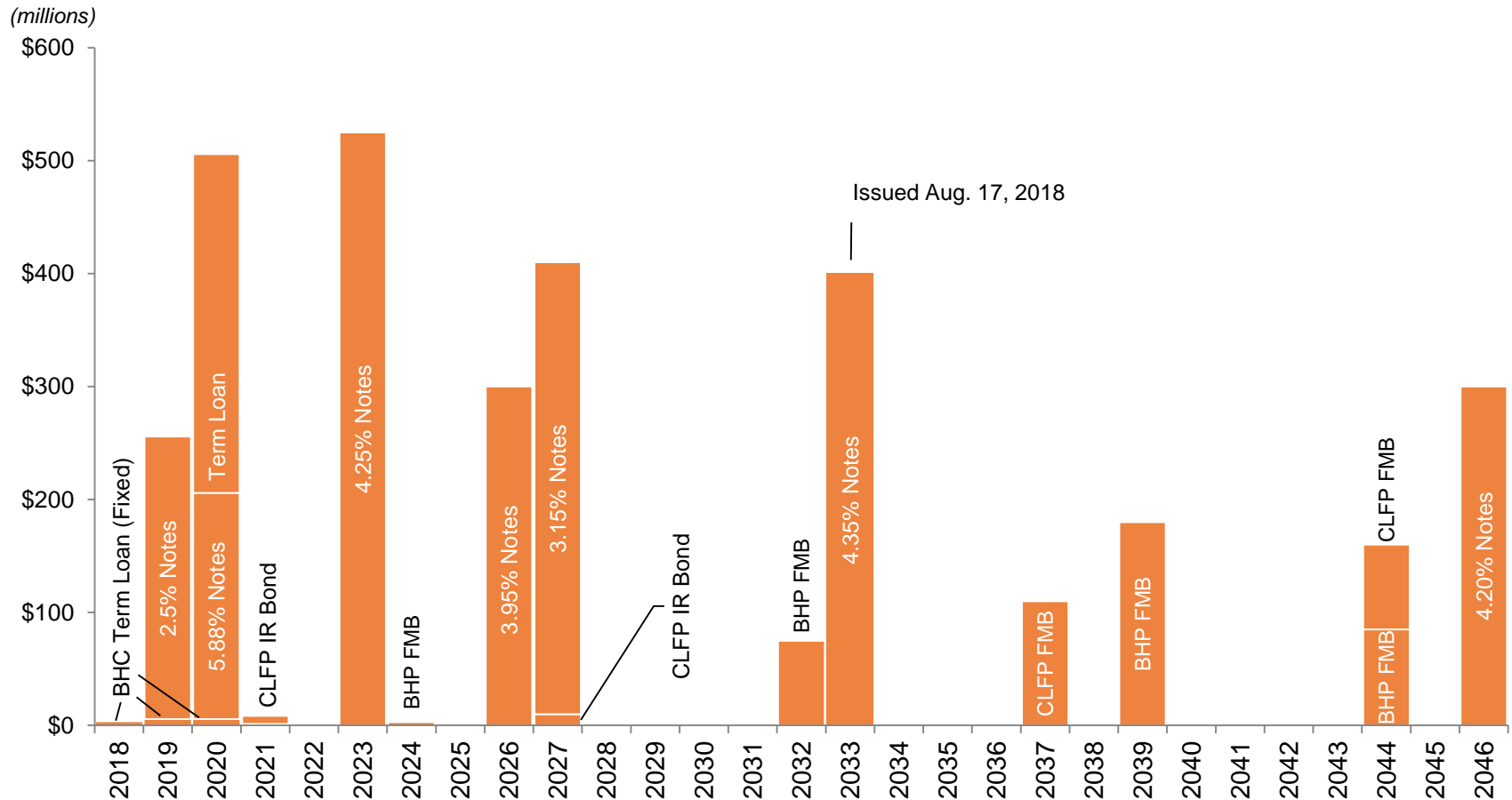
(in millions, except for ratios)

	Jun. 30, 2017	Sep. 30, 2017	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018
Capitalization					
Short-term Debt	\$ 114	\$ 231	\$ 217	\$ 420	\$ 378
Long-term Debt	3,160	3,110	3,109	2,859	2,858
Total Debt	3,274	3,341	3,326	3,279	3,236
Equity*	1,676	1,683	1,709	1,819	1,819
Total Capitalization	\$ 4,950	\$ 5,024	\$ 5,035	\$ 5,098	\$ 5,054
Net Debt to Net Capitalization					
Debt	\$ 3,274	\$ 3,341	\$ 3,326	\$ 3,279	\$ 3,236
Cash and Cash Equivalents	(12)	(14)	(15)	(31)	(9)
Net Debt	3,262	3,327	3,311	3,248	3,227
Net Capitalization	\$ 4,939	\$ 5,010	\$ 5,020	\$ 5,067	\$ 5,046
Debt to Capitalization	66.1%	66.5%	66.1%	64.3%	64.0%
Net Debt to Capitalization (Net of Cash)	66.1%	66.4%	66.0%	64.1%	64.0%
Long-term Debt to Total Debt	96.5%	93.1%	93.5%	87.2%	88.3%

* Excludes noncontrolling interest

Long-Term Debt Maturities

Total of \$3.2 billion



Credit Rating

Committed to maintaining strong investment-grade credit ratings

- S&P Global Ratings on August 9, 2018, upgraded its corporate credit rating of Black Hills Corp. to 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. 4, 2017, affirmed its corporate credit rating of Black Hills Corp. at BBB+ with a stable outlook

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

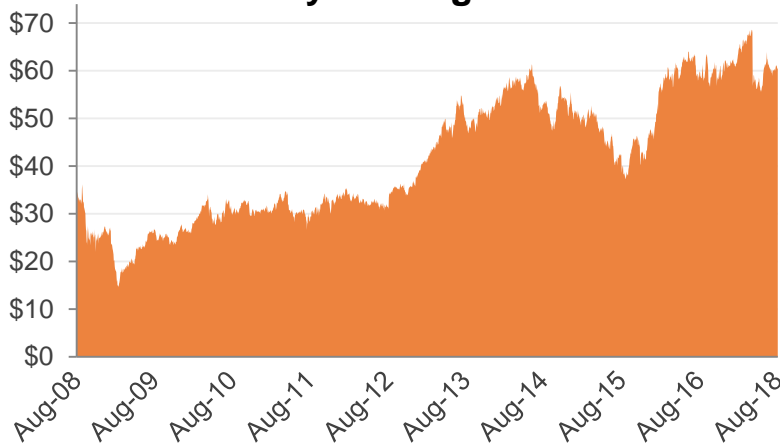
Delivering for Shareholders



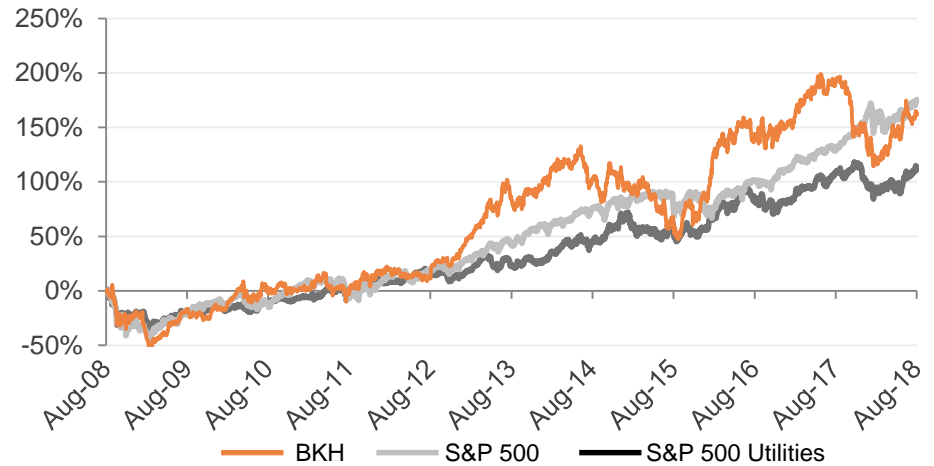
Delivering Long-term Value for Shareholders

Focused on strong long-term total shareholder return

BKH Daily Closing Stock Price *

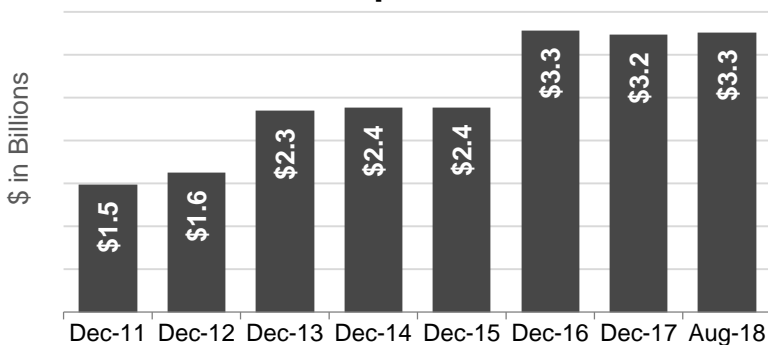


10-year Total Shareholder Return

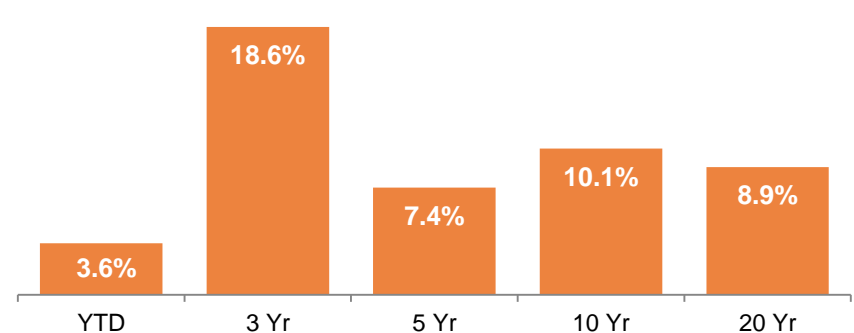


Source: S&P Global Market Intelligence

Market Capitalization



Annualized Total Return**



* Closing prices adjusted for dividends and stock splits

** Average annualized total returns from period ending Aug. 24, 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.

Black Hills Ringing in 135 Years

Black Hills is celebrating 135 years of delivering energy to customers by ringing the opening bell at the New York Stock Exchange on Thursday, Aug. 31



Watch live on CNBC's *Squawk on the Street*
at 7:30 a.m. MT
(Midcontinent channel 54 and Vast channel 66)



Black Hills Corp. rings closing bell in 2010

Investment Highlights



- Customer-focused, pure-play utility company
- Committed to continuing strong earnings growth
- 48 consecutive annual dividend increases with solid yield
- Maintain solid investment grade credit ratings

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

Corporate and Operations Overview

Utilities

Non-GAAP information and reconciliations

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

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

Simple Cycle Gas-Fired Plants

Two 90 MW plants - 2011

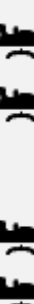
100% owned by COE

Gas-Fired Combustion Turbine

40 MW - 2016

100% owned by COE

Centralized work force control center and warehouse



Busch Ranch Wind Farm

29 MW - 2012

50% owned and Operated by COE

Peak View Wind Farm

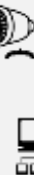
60 MW - 2016

100% owned and operated by COE

Busch Ranch II Wind Farm

60 MW - by 2019

To be 100% owned and operated by Power Generation



Power Generation and Mining



Transmission Network

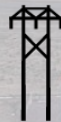


Distribution Systems

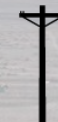


941 MW of generation capacity owned by Electric Utilities

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



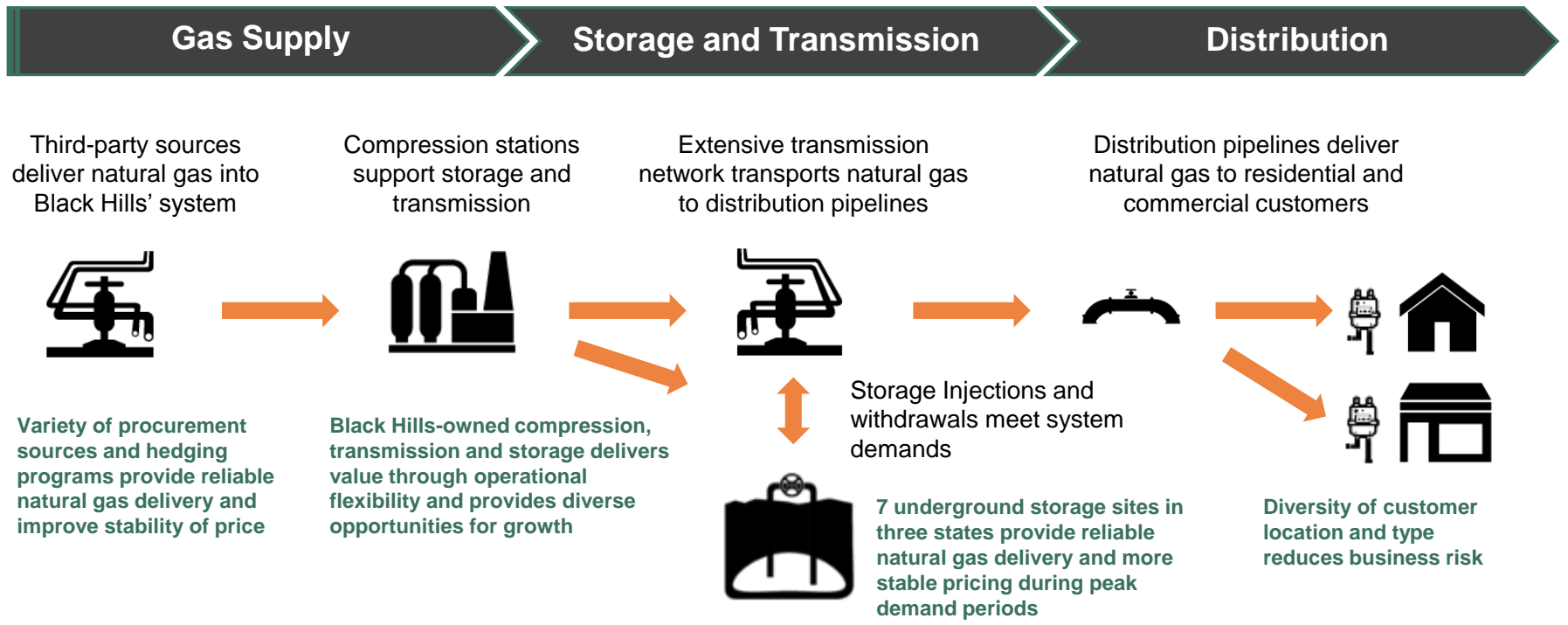
210,000 customers

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



- 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

Income Statement

(in millions, except earnings per share)

	Six Months Ended June 30,	
	2017	2018
Revenue	\$ 889.4	\$ 931.1
Gross margin*	571.5	578.8
Operating expenses	(256.1)	(263.7)
DD&A	(93.5)	(97.3)
Subtotal	221.9	217.8
Acquisition costs	(1.9)	-
Operating income	220.0	217.8
Interest expense	(68.4)	(69.6)
Other income	1.1	(1.4)
Income before taxes	152.7	146.8
Income taxes	(45.1)	19.3
Income from continuing operations	\$ 107.6	\$ 166.1
Loss from discontinued operations, net of tax	(2.2)	(4.8)
Net income before non-controlling interest	\$ 105.4	\$ 161.3
Non-controlling interest	(6.7)	(6.4)
Net Income available to common stock	\$ 98.7	\$ 154.9
Income from continuing operations available for common stock	\$ 100.9	\$ 159.7
Non-GAAP adjustments	1.2	(47.2)
Income from continuing operations, as adjusted*	\$ 102.1	\$ 112.5
EPS - Net income available for common stock	\$ 1.79	\$ 2.85
EPS - Income from Cont. Ops avail. for common stock, as adjusted *	\$ 1.85	\$ 2.07
Diluted shares outstanding (in thousands)	55.2	54.4
EBITDA, as adjusted*	\$ 316.5	\$ 313.7

* Non-GAAP measures; defined and/or reconciled to GAAP in Appendix and on slide 27

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)

YTD - June 30, 2018

	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate - I/C Elim	Total
Revenue	\$ 335,730	\$ 574,237	\$ 3,569	\$ 17,557	\$ -	\$ 931,093
Inter-company revenue	11,441	727	41,418	16,470	(70,056)	-
Total revenue (GAAP)	347,171	574,964	44,987	34,027	(70,056)	931,093
Less: - Inter-company capital lease	-	-	1,695	-	(1,695)	-
Revenue, as adjusted - (Non-GAAP)	\$ 347,171	\$ 574,964	\$ 46,682	\$ 34,027	\$ (71,751)	\$ 931,093
Less: Cost of Goods sold	(131,406)	(277,739)	-	-	56,845	(352,300)
Less: Inter-company capital lease	(3,274)	-	-	-	3,274	-
Gross margin, as adjusted - (Non-GAAP)	\$ 212,491	\$ 297,225	\$ 46,682	\$ 34,027	\$ (11,632)	\$ 578,793

YTD - June 30, 2017

	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate - I/C Elim	Total
Revenue	\$ 337,687	\$ 531,340	\$ 3,572	\$ 16,758	\$ -	\$ 889,357
Inter-company revenue	6,790	17	41,790	14,734	(63,331)	-
Total revenue (GAAP)	344,477	531,357	45,362	31,492	(63,331)	889,357
Less: - Inter-company capital lease	-	-	1,490	-	(1,490)	-
Revenue, as adjusted - (Non-GAAP)	\$ 344,477	\$ 531,357	\$ 46,852	\$ 31,492	\$ (64,821)	\$ 889,357
Less: Cost of Goods sold	(130,665)	(243,732)	-	-	56,456	(317,941)
Less: Inter-company capital lease	(2,888)	-	-	-	2,888	-
Gross margin, as adjusted - (Non-GAAP)	\$ 210,924	\$ 287,625	\$ 46,852	\$ 31,492	\$ (5,477)	\$ 571,416

Use of Non-GAAP Financial Measures

Operating Income, as adjusted

(in thousands, pre-tax)

QTD - June 30, 2018

Operating income (loss) (GAAP)

Capital lease adjustment

Operating income without capital lease (Non-GAAP)

Significant Unique Items:

Total adjustments

Operating income (loss), as adjusted (Non-GAAP)

	Electric Utilities	Gas Utilities	Power Generation	Mining	Corporate	Total
Operating income (loss) (GAAP)	\$ 39,592	\$ 16,485	\$ 10,292	\$ 3,825	\$ (643)	\$ 69,551
Capital lease adjustment	1,609	—	(1,415)	—	(194)	—
Operating income without capital lease (Non-GAAP)	41,201	16,485	8,877	3,825	(837)	69,551
Significant Unique Items:						
Total adjustments	—	—	—	—	—	—
Operating income (loss), as adjusted (Non-GAAP)	\$ 41,201	\$ 16,485	\$ 8,877	\$ 3,825	\$ (837)	\$ 69,551

Use of Non-GAAP Financial Measures

Earnings Per Share Analysis

	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Net income available for common stock (GAAP)	\$ 0.40	\$ 0.50	\$ 0.92	\$ 2.46	\$ 0.40
Loss from discontinued operations, after-tax (GAAP)	0.01	0.02	0.25	0.04	0.04
Rounding	-	-	-	-	0.01
Net Income from continuing operations available for common stock (GAAP)	\$ 0.41	\$ 0.52	\$ 1.17	\$ 2.50	\$ 0.45
Adjustments					
Acquisition costs	0.01	0.01	0.04	—	—
Tax reform and other tax items	—	—	(0.21)	0.04	—
Legal restructuring - income tax benefit	—	—	—	(0.91)	—
	0.01	0.01	(0.17)	(0.87)	—
Taxes on adjustments					
Acquisition costs	—	—	(0.01)	—	—
	—	—	(0.01)	—	—
Rounding	—	(0.01)	(0.01)	—	—
Total adjustments, net of tax	0.01	—	(0.19)	(0.87)	—
Net Income from continuing operations available for common stock, as adjusted (Non-GAAP)	\$ 0.42	\$ 0.52	\$ 0.98	\$ 1.63	\$ 0.45
Trailing Twelve Months - Net Income from continuing operations available for common stock, as adjusted (Non-GAAP)	\$ 3.39				\$ 3.58

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
<u>Adjustments (after tax)</u>					
Interest rate swaps - MTM	(0.44)	-	-	-	-
Costs associated with prepayment of BHW project financing (Net of interest savings)	0.15	-	-	-	-
Financing costs, net of interest savings (\$250M bond payoff)	0.13	-	-	-	-
Acquisition / integration costs	-	-	0.15	0.56	0.05
Tax reform and other tax items	-	-	-	-	(0.21)
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

For the Six Months Ended June 30,

(in thousands)

2017 2018

Income from continuing operations	\$	107,642	\$	166,144
Depreciation, depletion and amortization		93,527		97,299
Interest expense, net		68,391		69,529
Income tax expense (benefit)		45,040		(19,261)
Rounding		(1)		—
EBITDA (a Non-GAAP Measure)		314,599		313,711
Less adjustments for unique items:				
Acquisition costs		1,885		-
EBITDA, as adjusted	\$	316,484	\$	313,711

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.



BKH 2018



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