

2020 Third Quarter Review

Nov. 3, 2020



Forward-Looking Statements

COMPANY INFORMATION

Black Hills Corporation

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This presentation includes “forward-looking statements” as defined by the Securities and Exchange Commission. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. This includes, without limitations, our 2020 and 2021 earnings guidance and the impacts of the COVID-19 pandemic on our business. These forward-looking statements are based on assumptions which we believe are reasonable based on current expectations and projections about future events and industry conditions and trends affecting our business. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation, the risk factors described in Item 1A of Part I of our 2019 Annual Report on Form 10-K and other reports that we file with the SEC from time to time, and the following:

- The accuracy of our assumptions on which our earnings guidance is based;
- Our ability to obtain adequate cost recovery for our utility operations through regulatory proceedings and favorable rulings on periodic applications to recover costs for capital additions, plant retirements and decommissioning, fuel, transmission, purchased power and other operating costs, and the timing in which new rates would go into effect;
- Our ability to complete our capital program in a cost-effective and timely manner;
- Our ability to execute on our strategy, including targeting a 50 to 60 percent dividend payout ratio and continuing our track record of continuous annual dividend increases;
- Our ability to 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.

Discussion Agenda

Third Quarter Review

Linn Evans

President and Chief Executive Officer

Financial Update

Rich Kinzley

Senior Vice President and Chief Financial Officer

Strategic Update

Linn Evans

President and Chief Executive Officer

Q&A

COVID-19 Update

- Continuing to prioritize health and safety of coworkers and customers
 - Proactive actions across all business functions to safely and reliably serve our customers and communities while protecting all involved
 - Supporting local relief efforts and assisting families experiencing financial hardship – funding immediate basic needs including food insecurity, providing energy bill assistance through Black Hills Cares and supporting customers through various assistance options
 - Developed programs and benefits to support coworkers through pandemic
- Economies in our service territories remain open and vibrant
- Maintaining strong liquidity to operate business and fund capital program
- Large capital projects progressing on time with limited and manageable supply chain issues
- Pension plan remains approximately 85% funded through pandemic
- Most states approved tracking of costs related to COVID-19 - see slide 39
- Disconnects for nonpayment reinstated in Q3 in all states except Arkansas
- Financial impacts trending as expected – net EPS impact of (\$0.05) to (\$0.10) in 2020

Third Quarter Review



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

Strong Forward Outlook

2020 EPS*

Increased EPS guidance to \$3.60 to \$3.70 from \$3.45 to \$3.65

2021 EPS*

Initiated EPS guidance of \$3.75 to \$3.95

Capital Investment

Increased 2020 to 2024 forecast by \$239 million, or 7%, to \$2.9 billion

Dividend

Increased quarterly dividend by 5.6%
Maintaining 50% to 60% dividend payout target

* EPS available for common stock, as adjusted is a non-GAAP measure; see Appendix for non-GAAP to GAAP reconciliation. 2020 and 2021 guidance based on assumptions listed in the Appendix.

Strategic Execution

- ✓ Obtained final approval from FERC to continue providing 60 megawatts of baseload capacity and energy to Wyoming Electric from Wygen I power plant
- ✓ Filed \$13.5 million Colorado Gas rate review and rider request
- ✓ Advanced \$17.3 million Nebraska Gas rate review and rider request
- ✓ Maintained more than \$600 million of liquidity
- ✓ Published first ESG reports based on EEI/AGA jointly-developed templates
- ✓ Appointed two highly experienced board members
- ✓ Achieved 50 consecutive years of dividend increases



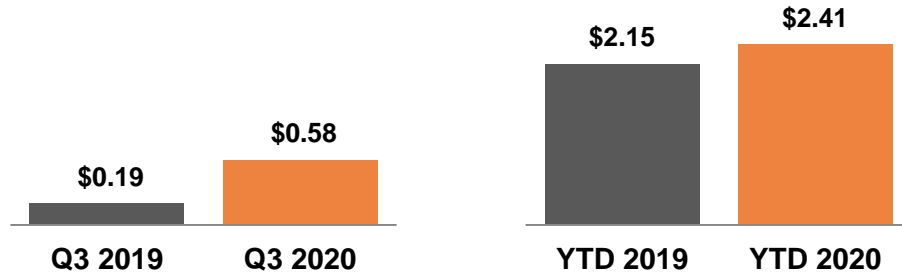
Financial Update



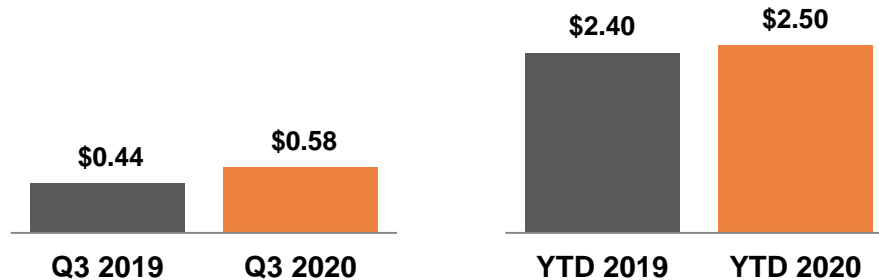
Cheyenne Prairie Generating Station is one of the most advanced, reliable and efficient power generation facilities in the country.

Third Quarter Financial Review

EPS available for common stock (GAAP)



EPS, as adjusted (Non-GAAP)*

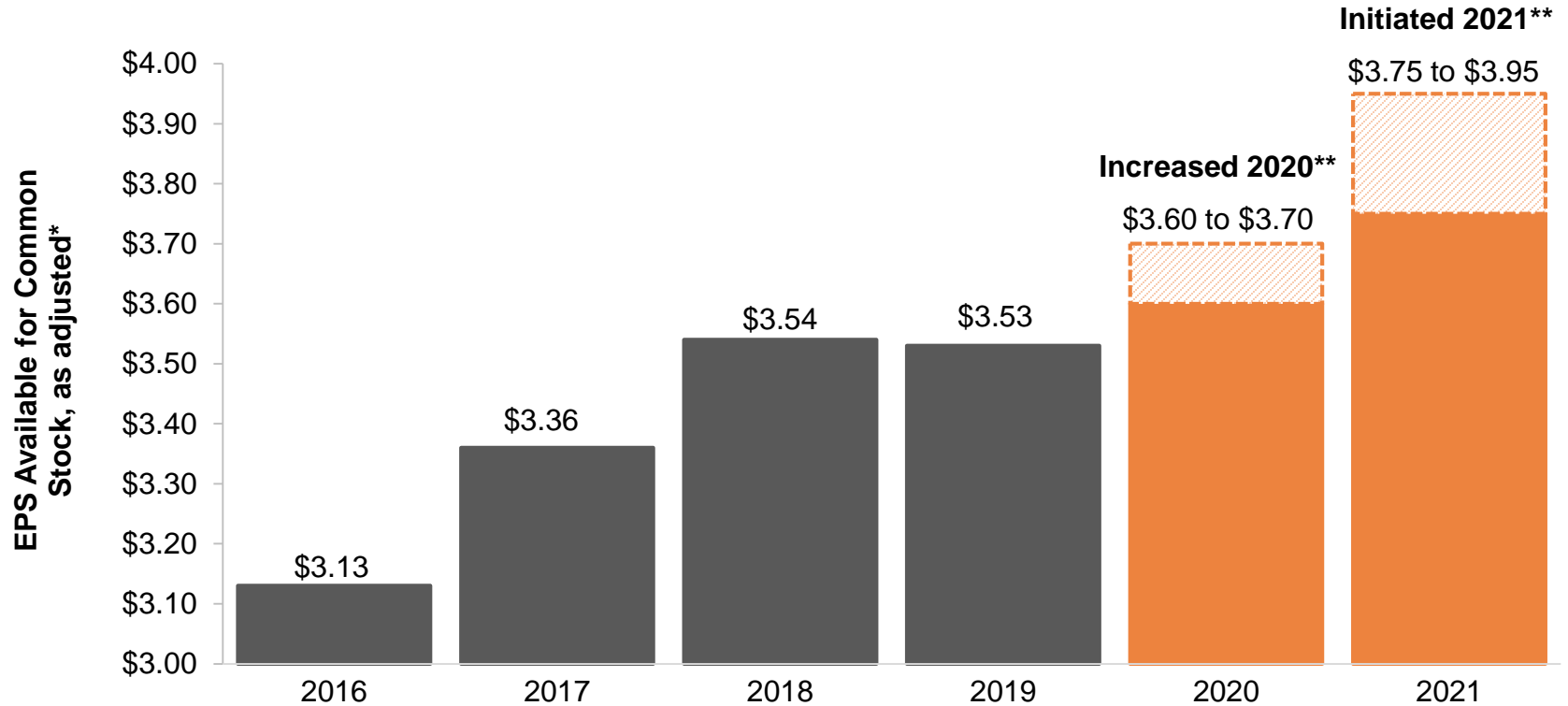


* EPS available for common stock, as adjusted is a non-GAAP measure; see slide 11 for detail

Financial Drivers

- Strong Q3 earnings growth driven by investment recovery, customer growth, production tax credits and favorable weather
- Q3 weather benefit of \$0.05 versus normal and \$0.11 versus prior year

Earnings Guidance Update



* EPS available for common stock, as adjusted is a non-GAAP measure; see Appendix for non-GAAP to GAAP reconciliation

** 2020 and 2021 guidance based on assumptions listed in the Appendix

Trailing Five Quarters Earnings Per Share

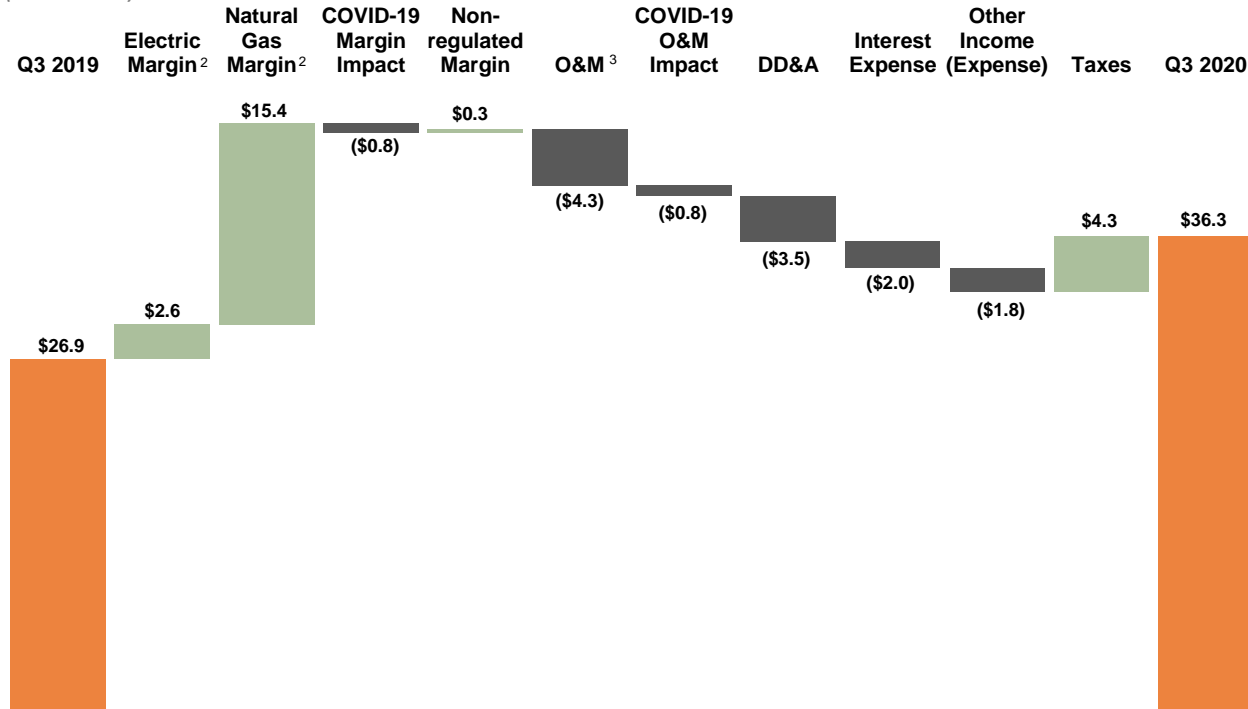
5% Growth in Trailing 12-month EPS, as Adjusted*

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
EPS available for common stock (GAAP)	\$ 0.19	\$ 1.13	\$ 1.51	\$ 0.33	\$ 0.58
<u>Special Items:</u>					
Impairment of investment (after tax)	0.25	—	0.08	—	—
EPS, as adjusted (Non-GAAP)*	\$ 0.44	\$ 1.13	\$ 1.59	\$ 0.33	\$ 0.58
Trailing 12 Months EPS, as adjusted*	\$ 3.46				\$ 3.63

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

Third Quarter Earnings Drivers

Change in Net Income Available for Common Stock, as Adjusted¹
(in millions)



Earnings Drivers

- ▲ New rates and riders
- ▲ Customer growth
- ▲ Weather
- ▲ Production tax credits for new wind assets
- ▼ Higher O&M³
- ▼ Higher depreciation on larger asset base
- ▼ Higher long-term debt balance
- ▼ COVID-19 impacts

¹ Non-GAAP measure; see Income Statement in Appendix

² Positive utility margin impact of \$6.8 million (\$6.6 million natural gas positive impact and \$0.2 million electric positive impact), net of tax, related to weather

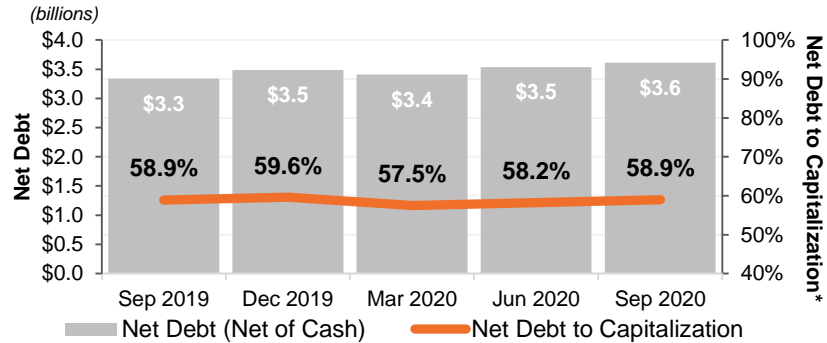
³ O&M increased \$2.4 million, net of tax, due to the early retirement of certain power generation segment assets

Solid Financial Position

Committed to Solid Investment-Grade Credit Ratings

S&P	Moody's	Fitch
BBB+	Baa2	BBB+
Stable outlook	Stable outlook	Stable outlook
Affirmed April 10, 2020	Affirmed Dec. 20, 2019	Affirmed Aug. 20, 2020

Capital Structure

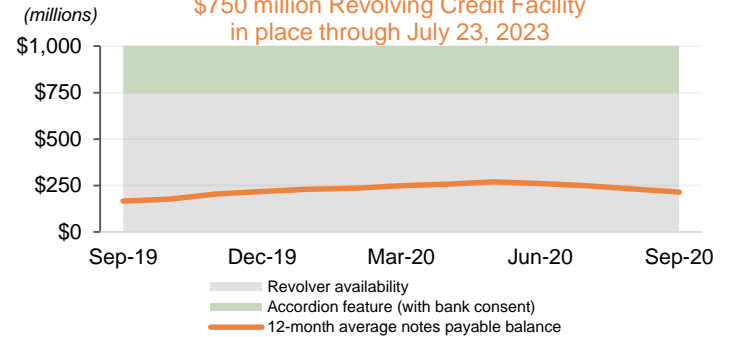


* Excludes noncontrolling interest; see Appendix for detailed capital structure

Strong Liquidity and Debt Profile

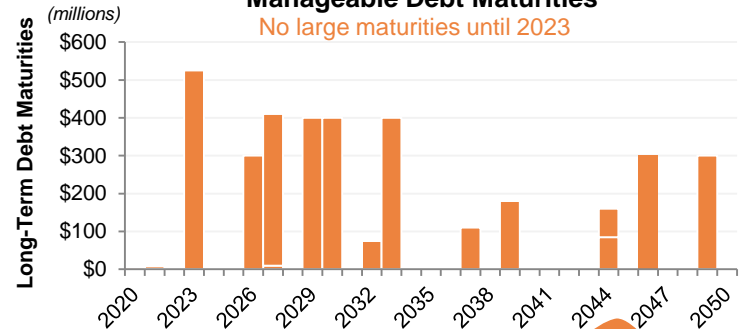
Ample Access to Liquidity

\$750 million Revolving Credit Facility in place through July 23, 2023



Manageable Debt Maturities

No large maturities until 2023

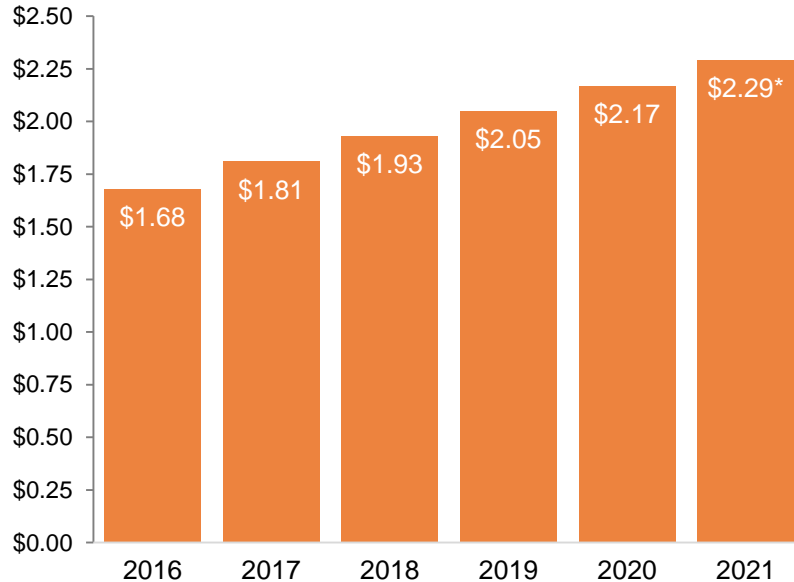


Strong Dividend Growth Track Record

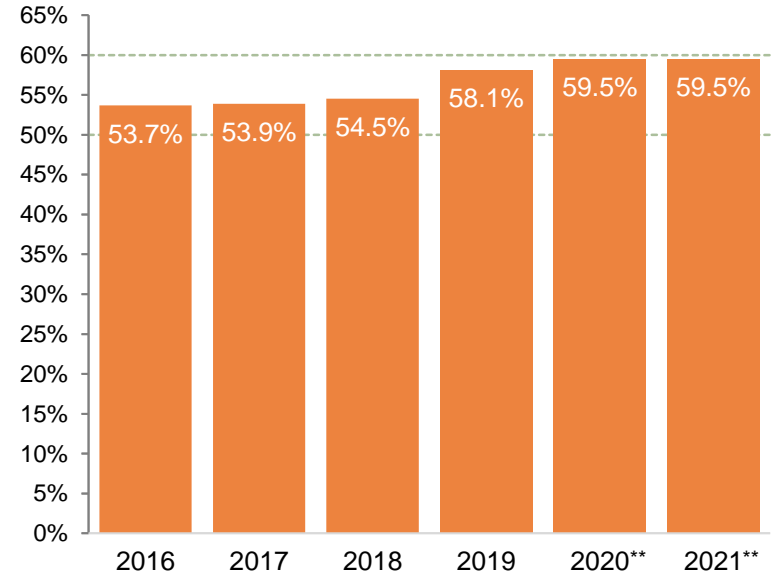
50 Consecutive Years of Annual Increases and 78 Consecutive Years Paid



Annual Dividend Per Share
6.4% Five-Year CAGR (2016-2021)



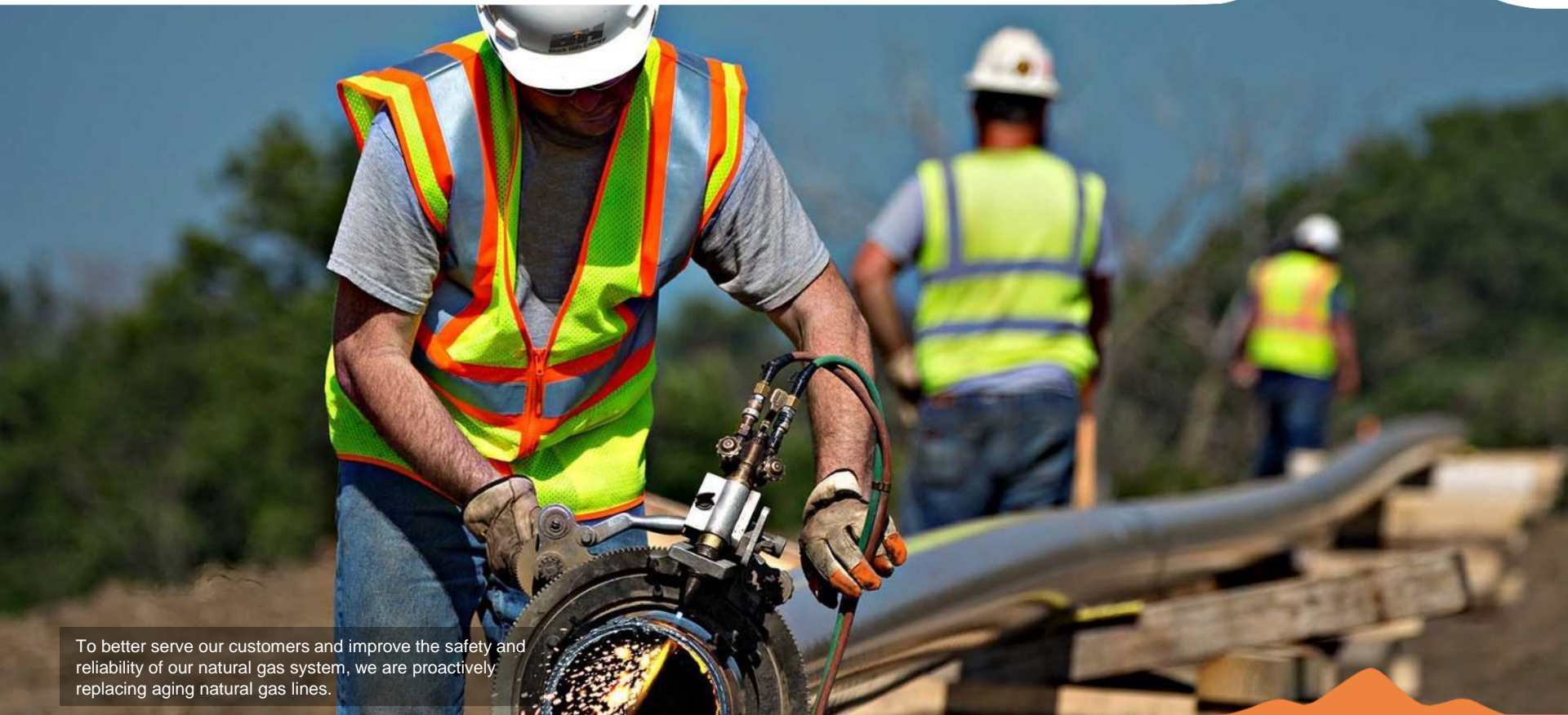
Target Annual Payout Ratio of 50% to 60%



* On Oct 27, board of directors approved a quarterly dividend of \$0.565 per share which represents a current annualized rate of \$2.26 per share for 2021. Subject to board approval, an annual dividend increase of \$0.12 in the fourth quarter of 2021 would result in an expected annual payout of \$2.29 per share for 2021

** Annual dividend payout ratio is calculated by dividing annual dividend per share by earnings from continuing operations, as adjusted, per share, a non-GAAP measure reconciled to GAAP in Appendix; 2020-2021 payout ratios are based on midpoint of earnings guidance range - see Appendix for guidance ranges and assumptions

Strategic Update



To better serve our customers and improve the safety and reliability of our natural gas system, we are proactively replacing aging natural gas lines.

READY. for Customers

READY. for Shareholders

Safety & Integrity

Customer Experience

Growth

Earnings Growth

Dividend Growth

Aligning People + Processes + Technology + Analytics

Strong Total Returns

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

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

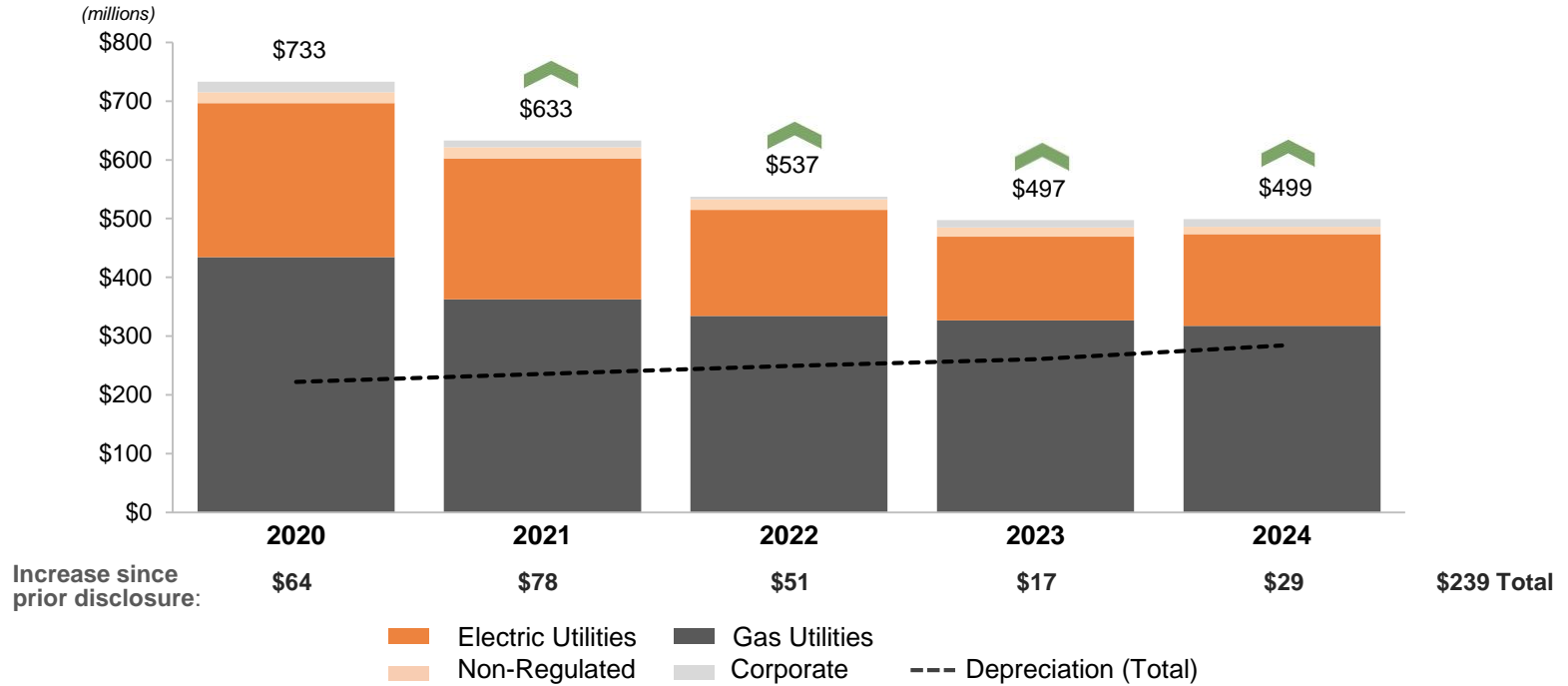
- Capacity and infrastructure enhancements
- Data centers
- Responsible integration of additional renewable energy resources
- Natural gas burner tip saturation

- \$2.9 billion capital plan (2020-2024)
- Incremental opportunities likely
- Programmatic approach drives recurring base of utility investment
- Timely investment recovery

- 50 years of consecutive annual dividend increases
- Targeting 50% to 60% payout

Investing for Customer Needs Drives Growth

Capital Forecast Increased \$239 million to \$2.9 billion



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

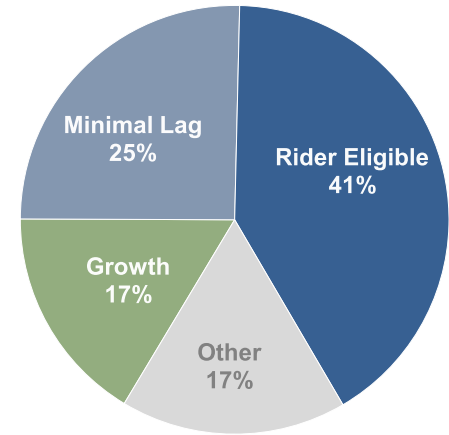
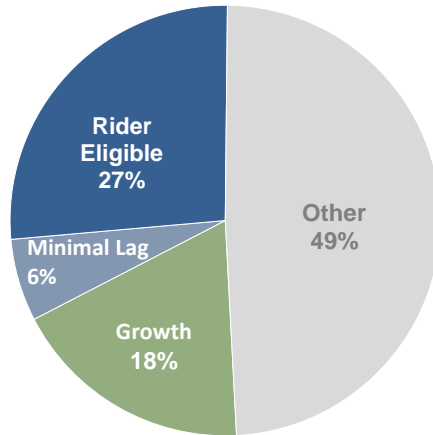
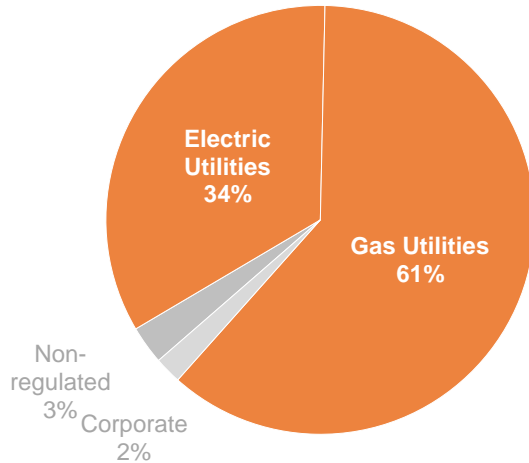
Timely Investment Recovery

\$2 Billion of Capital Investment Receives Timely Recovery

95% of Investment in Regulated Utilities

51% with Timely Recovery for Electric Utilities*

83% with Timely Recovery for Gas Utilities*



* 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

Regulatory Progress

Rate review and consolidation requests

Jurisdiction	Filing Date	Annual Revenue Increase	ROE	Debt / Equity	Status
Colorado Gas (Proceeding #20AL-0380G)	Sept. 11, 2020	\$13.5 million*	9.95%*	50.0% / 50.0%*	Discovery ongoing; final rates expected in Q1 2021
Nebraska Gas (Application # NG-109)	June 1, 2020	\$17.3 million*	10.0%*	50.0% / 50.0%*	Hearing held Oct. 28 regarding settlement agreement; new rates expected by Q1 2021

Other major activity

Description	Filing Date	State	Filing Type	Status
Renewable Advantage (Program to add 200MW of renewable energy through power purchase agreement)	-	Colorado	Request for Proposals	Preferred bid approved by Colorado PUC; negotiations in process for PPA with project expected to be in service by end of 2023.
Corriedale Wind Energy Project (Serving Renewable Ready)	Dec. 18, 2018	Jointly filed in SD, WY	CPCN**	Fully in service in Q4 2020
Wyoming Electric / BH Wyoming PPA	Aug. 2, 2019	WY / FERC	PPA approval	Approved by FERC on Oct. 15

* As requested in filing

** Certificate of Public Convenience and Necessity

Focused on ESG for Sustainable Growth

Environmental

- On Nov. 5, publishing 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
- 86% of total revenues from natural gas, renewables and other non-coal related activities and services*
14% of revenues from mining and coal related activities*

Social

- Improved employee safety performance with goal to be industry leader in safety
32% 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, 2019

Black Hills Corp. Investment Highlights

Low-risk Utility

- 92% of assets are regulated
- Diverse and complementary natural gas and electric utility businesses
- Stable and growing territories with constructive regulatory relationships and vibrant economies
- Timely recovery of investments

Customer-Focused Investments

- Forecast of \$2.9 billion in capital investment (2020-2024) with incremental opportunities expected
- Long-term, programmatic approach
- Investments focused on safety, reliability and growth
- Innovative solutions to serve growing interest in renewable energy

Solid Financial Position and Sustainable Growth

- Committed to investment-grade credit ratings
- Maintaining strong liquidity
- Dividend track record of sustainable growth; 50 consecutive years of annual increases and 78 years of paying cash dividends

Questions



Appendix

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- 34-35 Earnings Guidance Assumptions
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- 40-44 Non-GAAP Information and Reconciliations
- 45-46 Strategic Objectives, Values & Mission

2020 Scorecard

PROFITABLE GROWTH

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

VALUED SERVICE

- Invest in the replacement of existing utility infrastructure to maintain the safety and reliability of electric and gas systems.
- Cost effectively add renewable resources to energy supply portfolio

BETTER EVERY DAY

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

GREAT WORKPLACE

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

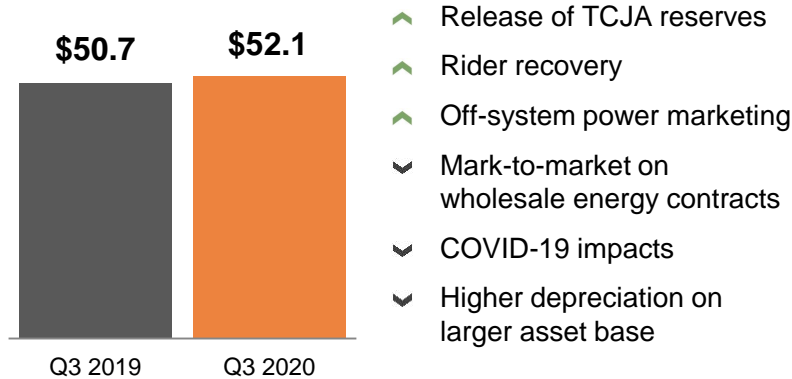
2020 Future Initiatives and Progress

- | | | | |
|--|---|---|--|
| <input checked="" type="checkbox"/> Increase annual dividend for 50th consecutive year | <input type="checkbox"/> Improve Net Promoter Scores | <input type="checkbox"/> Improve productivity and efficiency, as measured by: | <input type="checkbox"/> Achieve safety TCIR of 1.19 |
| <input type="checkbox"/> Place Corriedale wind project in service | <input type="checkbox"/> Improve JDP OCSAT scores | <input type="checkbox"/> Non-fuel O&M as a percentage of gross margin | <input type="checkbox"/> Achieve PMVI rate of 2.36 |
| <input checked="" type="checkbox"/> Advance jurisdiction consolidation | <input type="checkbox"/> Enhance customer self-service options | <input type="checkbox"/> Utilize robotic process automation | <input type="checkbox"/> Conduct quarterly engagement pulse surveys to measure employee sentiment and organizational culture to continuously improve our employees' experience |
| <input checked="" type="checkbox"/> Complete Nebraska Gas legal consolidation | <input type="checkbox"/> File Colorado Electric Resource Plan | <input type="checkbox"/> Evaluate enterprise data & analytics maturity and design roadmap | <input type="checkbox"/> Achieve 80% employee engagement in BHC Virgin Pulse wellness program |
| <input checked="" type="checkbox"/> File Nebraska Gas rate review | <input checked="" type="checkbox"/> Obtain approval to add up to 200MW of cost-effective renewable energy in Colorado (Renewable Advantage) | <input type="checkbox"/> Identify and evaluate investment opportunities for assets that align with our electric and natural gas value chain | <input type="checkbox"/> Continue to expand availability and participation in diversity affinity groups |
| <input checked="" type="checkbox"/> Complete 2019 Colorado Gas rate review (filed new rate review in 2020) | <input checked="" type="checkbox"/> Advance ESG reporting practices by disclosing industry-aligned metrics | <input type="checkbox"/> Define strategy and opportunities for renewable and liquefied natural gas | |
| <input type="checkbox"/> Execute data center recruitment strategy to support electric utility load growth | <input checked="" type="checkbox"/> Provide incentive to add electric vehicle charging stations in our territories | <input type="checkbox"/> Complete planned plant maintenance to maintain strong long-term generation availability | |
| <input type="checkbox"/> Enhance electric system reliability through implementation of distribution system integrity program | | <input type="checkbox"/> Reduce third-party gas line hits | |
| <input type="checkbox"/> Enhance gas utility system safety and reliability by completing 2020 programmatic capital projects | | | |

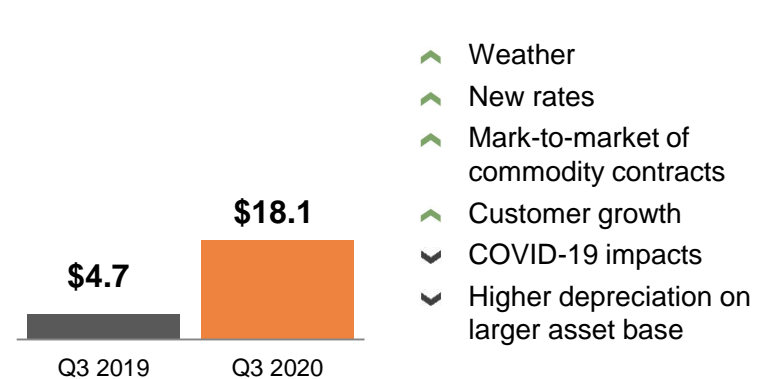
Q3 2020 Operating Income by Segment

(in millions)

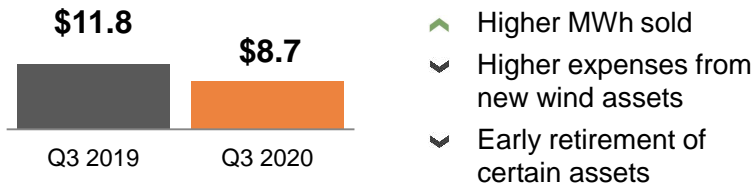
Electric Utilities



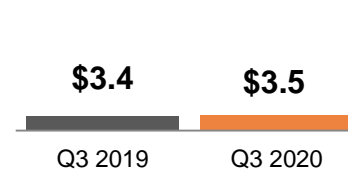
Gas Utilities



Power Generation*



Mining



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

Income Statement

(in millions, except earnings per share)

	Third Quarter	
	2019	2020
Revenue	\$ 325.5	\$ 346.6
Gross margin* (non-GAAP)	252.0	274.9
Operations and maintenance expense	(129.6)	(136.3)
Depreciation, depletion and amortization	(51.9)	(56.3)
Operating income	70.6	82.2
Interest expense, net	(33.5)	(36.0)
Impairment of investment	(19.7)	-
Other income (expense), net	0.6	(1.2)
Income before taxes	18.0	45.0
Income tax (expense)	(2.5)	(4.7)
Net income	\$ 15.4	\$ 40.3
Net income attributable to non-controlling interest	(3.7)	(4.1)
Net income available to common stock	\$ 11.7	\$ 36.3
Non-GAAP adjustments	15.2	-
Net income available to common stock, as adjusted (Non-GAAP)	\$ 26.9	\$ 36.3
EPS - Net income available for common stock	\$ 0.19	\$ 0.58
EPS - Net income available for common stock, as adjusted *	\$ 0.44	\$ 0.58
Diluted shares outstanding (in millions)	61.1	62.6
EBITDA, as adjusted*	\$ 123.0	\$ 137.4

* Non-GAAP measure; defined and/or reconciled to GAAP in Appendix and on slide 11

Capital Structure

(in millions, except for ratios)

Capitalization

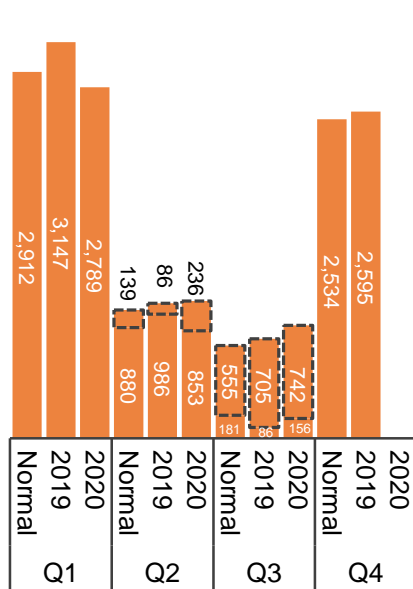
	Sep. 30, 2019	Dec. 31, 2019	Mar. 31, 2020	Jun. 30, 2020	Sep. 30, 2020
Short-term Debt	\$ 301	\$ 355	\$ 325	\$ 4	\$ 94
Long-term Debt	3,049	3,140	3,137	3,533	3,527
Total Debt	3,350	3,495	3,462	3,537	3,621
Equity*	2,329	2,362	2,523	2,513	2,519
Total Capitalization	\$ 5,679	\$ 5,857	\$ 5,985	\$ 6,051	\$ 6,140
Net Debt to Net Capitalization					
Debt	\$ 3,350	\$ 3,495	\$ 3,462	\$ 3,537	\$ 3,621
Cash and Cash Equivalents	(13)	(10)	(54)	(32)	(7)
Net Debt	3,337	3,486	3,408	3,506	3,614
Net Capitalization	\$ 5,666	\$ 5,848	\$ 5,931	\$ 6,019	\$ 6,133
Debt to Capitalization	59.0%	59.7%	57.8%	58.5%	59.0%
Net Debt to Capitalization (Net of Cash)	58.9%	59.6%	57.5%	58.2%	58.9%
Long-term Debt to Total Debt	91.0%	89.8%	90.6%	99.9%	97.4%

* Excludes noncontrolling interest

Utility Weather and Demand

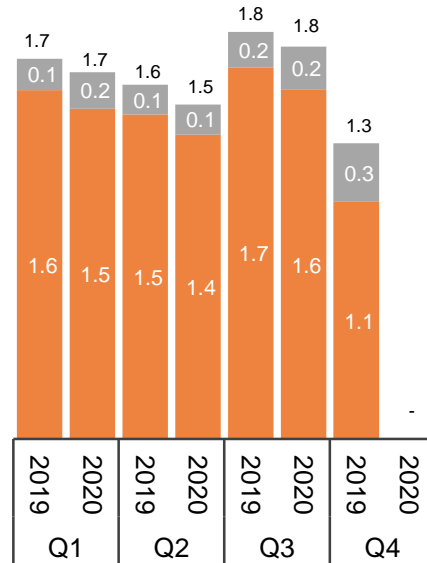
Electric Degree Days

Total for all electric service areas weighted by customer count



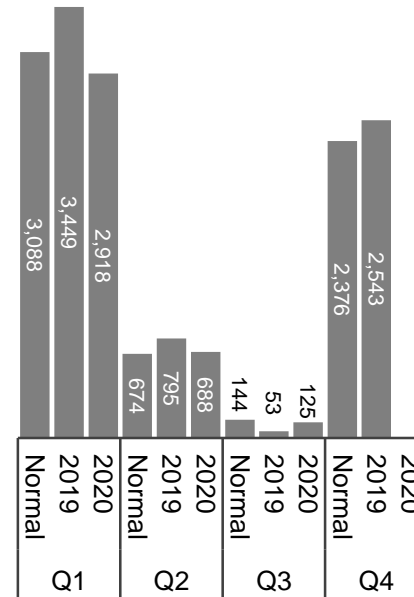
Electric Utility Total MWh Sales

(in millions)



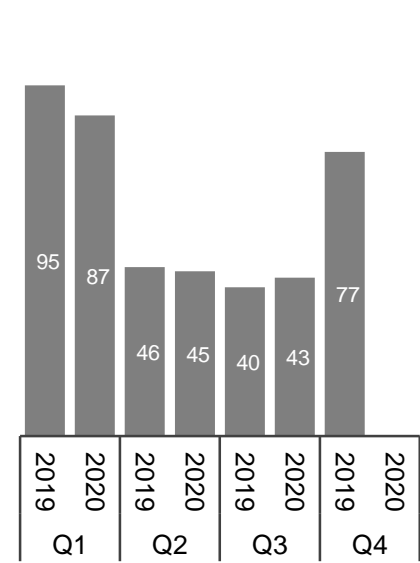
Gas Degree Days*

Total for all natural gas service areas weighted by customer count



Gas Utility Total Dth Sales

(in millions)



█ Electric heating degree days
 Electric cooling degree days

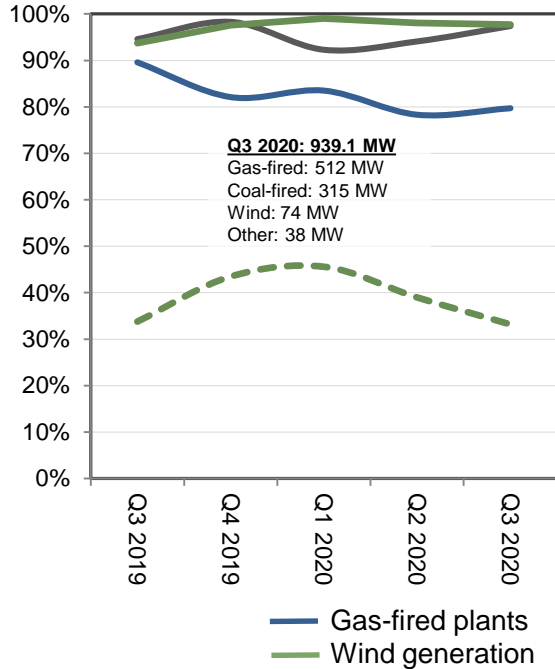
█ Utility customer sales
█ Off-system sales

* Gas Degree Days excludes Kansas data due to weather normalization in the state

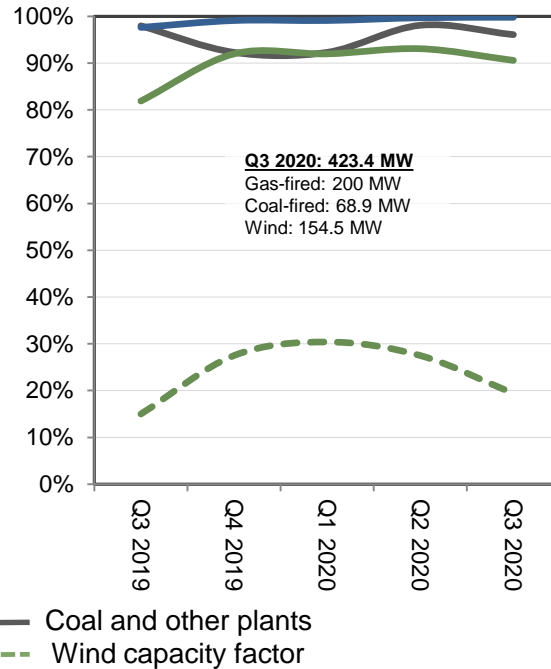
Note: normal degree days listed for prior quarters based on data as of 2019; current quarter normal based on average of currently available data

Electric Generation and Mining Performance

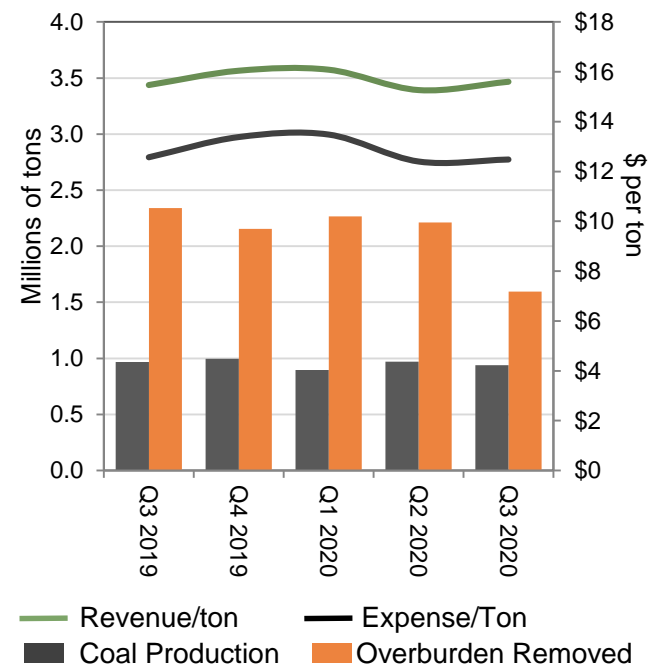
Utility-owned Generation Availability



IPP Generation Contract Availability



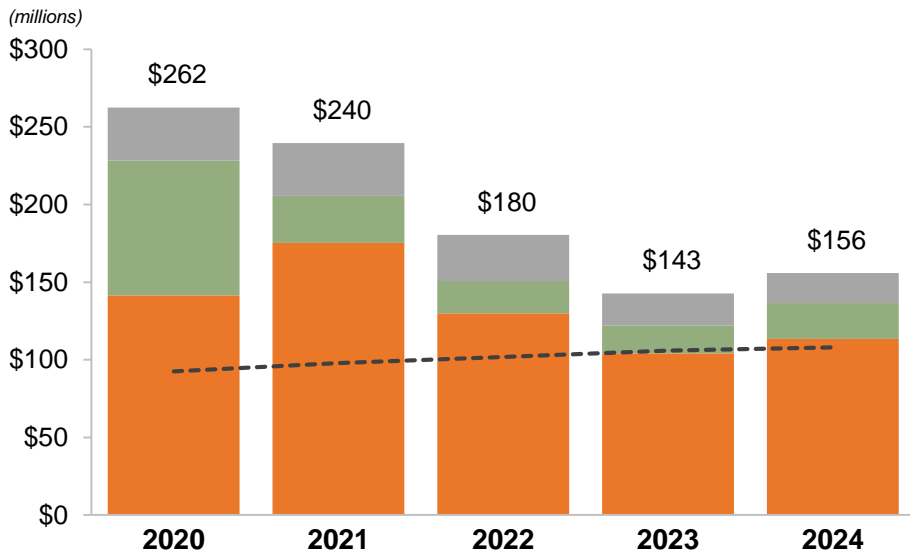
Mining Revenue and Expense per Ton Sold



Electric Utilities Capital Investment

Forecast increased \$73 million to \$1.0 billion

Forecasted Capital Investment By Type

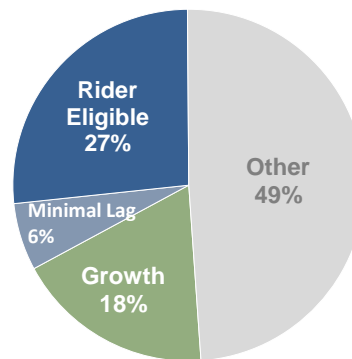


Change since prior disclosure:

2020	\$16	2021	\$37	2022	\$10	2023	\$6	2024	\$3	Total	\$73
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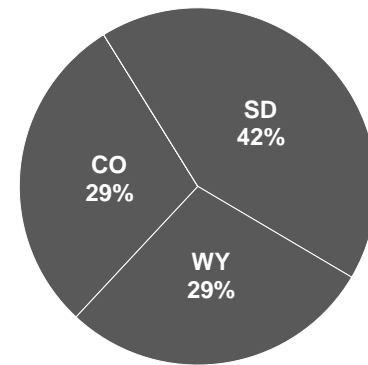
- Safety, Reliability and Integrity
- Growth
- General Plant
- Depreciation

Forecasted Capital Investment Recovery*



2020-2024

Forecasted Capital by State



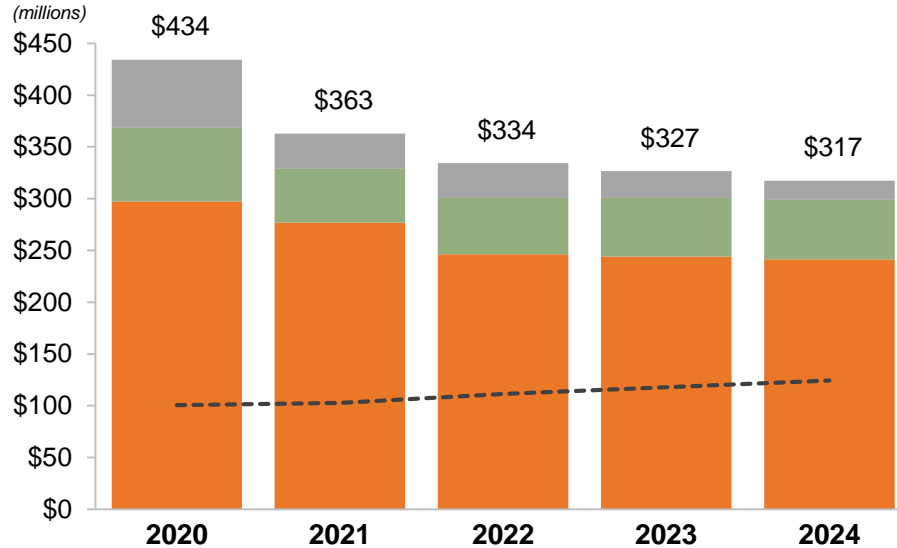
2020-2024

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

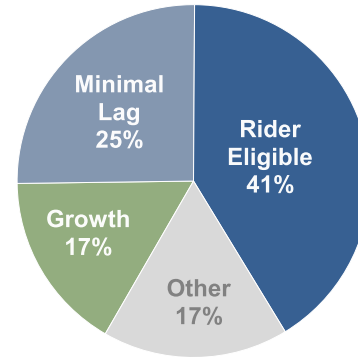
Forecast increased \$181 million to \$1.8 billion

Forecasted Capital Investment By Type



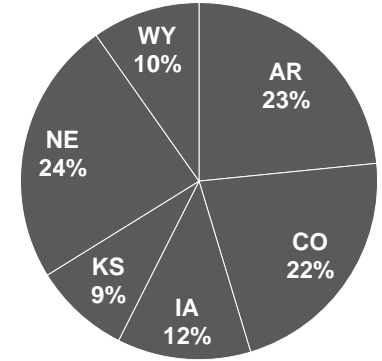
█ Safety, Reliability and Integrity █ Growth
█ General Plant --- Depreciation

Forecasted Capital Investment Recovery*



2020-2024

Forecasted Capital by State



2020-2024

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

Capital Investment by Recovery

(in millions)

Capital Investment By Segment and Recovery	2020F	2021F	2022F	2023F	2024F	2020-2024F
Minimal Lag Capital - Electric Utilities ¹	\$0	\$37	\$23	\$0	\$0	\$61
Rider Eligible Capital - Electric Utilities ²	29	89	51	41	51	261
Growth Capital - Electric Utilities ³	87	30	21	18	23	179
Other	147	83	85	84	82	481
Electric Utilities	\$262	\$240	\$180	\$143	\$156	\$981
Minimal Lag Capital - Gas Utilities ¹	\$122	\$65	\$81	\$76	\$105	\$449
Rider Eligible Capital - Gas Utilities ²	113	163	156	151	148	732
Growth Capital - Gas Utilities ³	71	52	55	57	58	292
Other	128	82	43	43	7	303
Gas Utilities	\$434	\$363	\$334	\$327	\$317	\$1,776
Total Utilities	\$697	\$602	\$515	\$469	\$473	\$2,757
Power Generation	10	10	9	6	4	39
Mining	8	9	9	9	9	45
Corporate	18	11	5	13	13	59
Total	\$733	\$633	\$537	\$497	\$499	\$2,899

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

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

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

3. Growth Capital - generates immediate revenue on customer connections

Note: Some totals may differ due to rounding

Utility Capital Investment by Type

(in millions)

Utility Capital Investment by Type	2020F	2021F	2022F	2023F	2024F	2020-2024F
Safety, Reliability and Integrity ¹	\$141	\$175	\$130	\$104	\$113	\$664
Growth ²	87	30	21	18	23	179
General Plant	34	34	30	21	19	138
Electric Utilities	\$262	\$240	\$180	\$143	\$156	\$981
Safety, Reliability and Integrity ¹	297	277	246	244	241	1,306
Growth ²	71	52	55	57	58	292
General Plant	66	34	34	26	19	178
Gas Utilities	434	363	334	327	317	\$1,776
Total Utilities	\$697	\$602	\$515	\$469	\$473	\$2,757

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

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

² Growth Capital - generates immediate revenue on customer connections

Note: Some totals may differ due to rounding

2020 Earnings Guidance Assumptions

Black Hills increased its guidance for 2020 EPS available for common stock, as adjusted*, to be in the range of \$3.60 to \$3.70, based on the following updated assumptions:

- Net impact from COVID-19 of (\$0.05) to (\$0.10) per share
- Normal weather conditions for the remainder 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
- Completion of construction and placing in service the Corriedale Wind Energy Project by year-end 2020
- No significant unplanned outages at any of our generating facilities
- Production tax credits of \$14 million associated with wind generation assets
- No additional equity issuances in 2020
- Capital investment of \$733 million in 2020

* EPS available for common stock, as adjusted is a non-GAAP measure; see slide 11 and slide 44 in Appendix for detail; we are not able to provide forward-looking quantitative GAAP to non-GAAP reconciliation for 2020 earnings guidance, as adjusted, because we do not know if any unplanned or unique events may occur.

2021 Earnings Guidance Assumptions

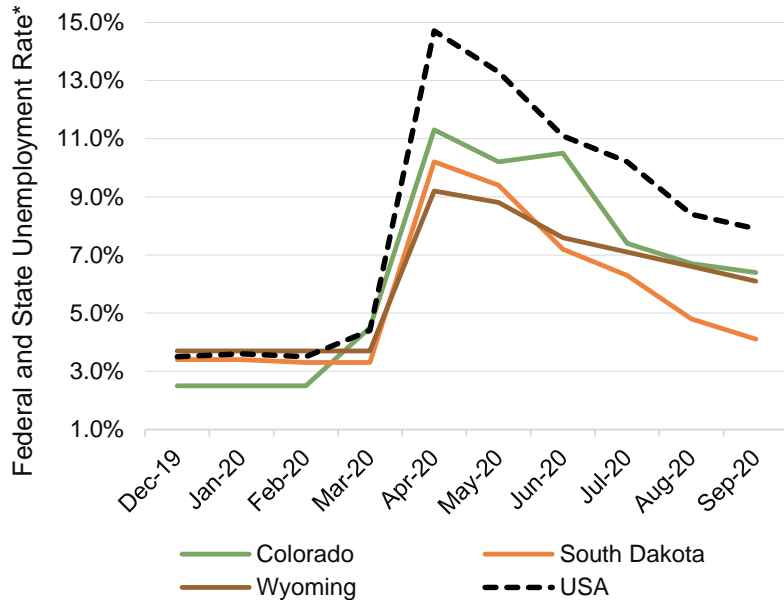
Black Hills initiated its guidance for 2021 EPS available for common stock, as adjusted*, to be in the range of \$3.75 to \$3.95, based on the following assumptions:

- 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
- Completion of construction and placing in service the Corriedale Wind Energy Project by year-end 2020
- No significant unplanned outages at any of our generating facilities
- Production tax credits of \$19 million associated with wind generation assets
- Equity issuance of \$80 million to \$100 million through the at-the-market equity offering program in 2021
- Capital investment of \$733 million in 2020 and \$633 million in 2021
- No material net impact from COVID-19

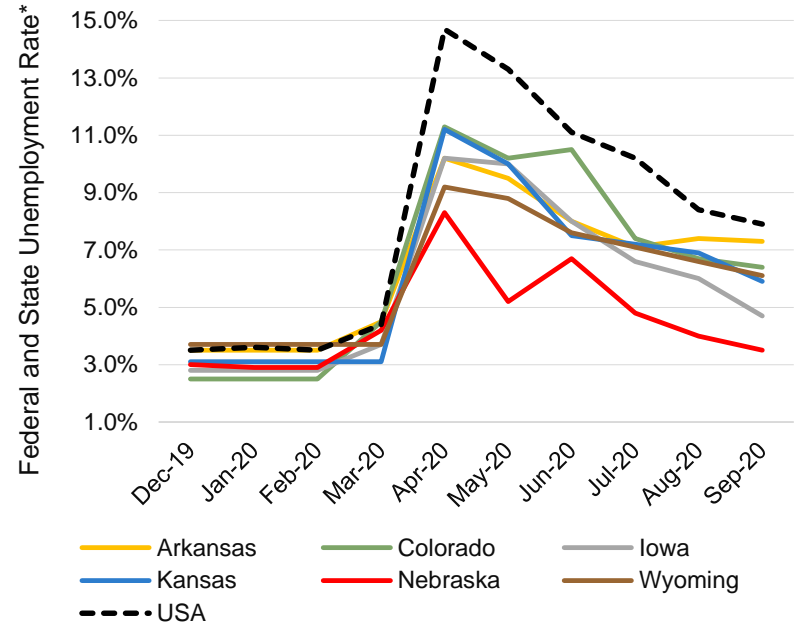
* EPS available for common stock, as adjusted is a non-GAAP measure; see Appendix for detail; we are not able to provide forward-looking quantitative GAAP to non-GAAP reconciliation for 2021 earnings guidance, as adjusted, because we do not know if any unplanned or unique events may occur.

Midwest Employment Better than U.S. Average

Black Hills Electric Utility States



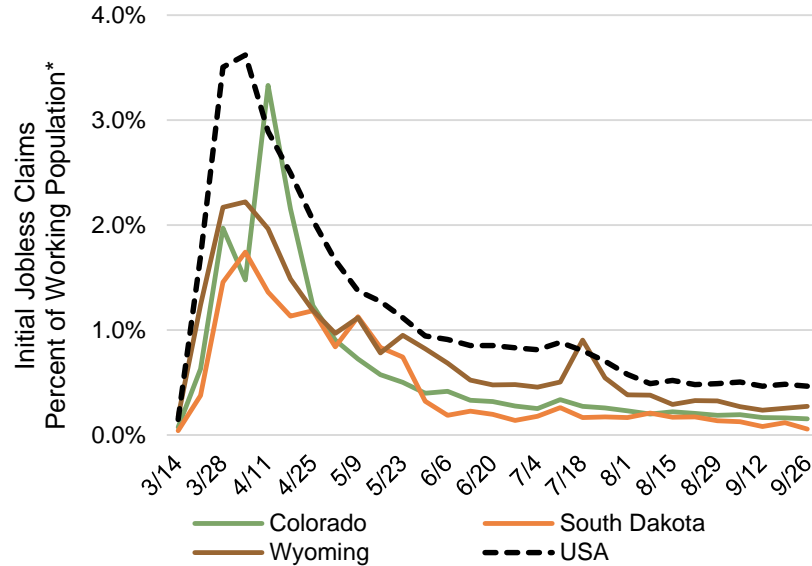
Black Hills Gas Utility States



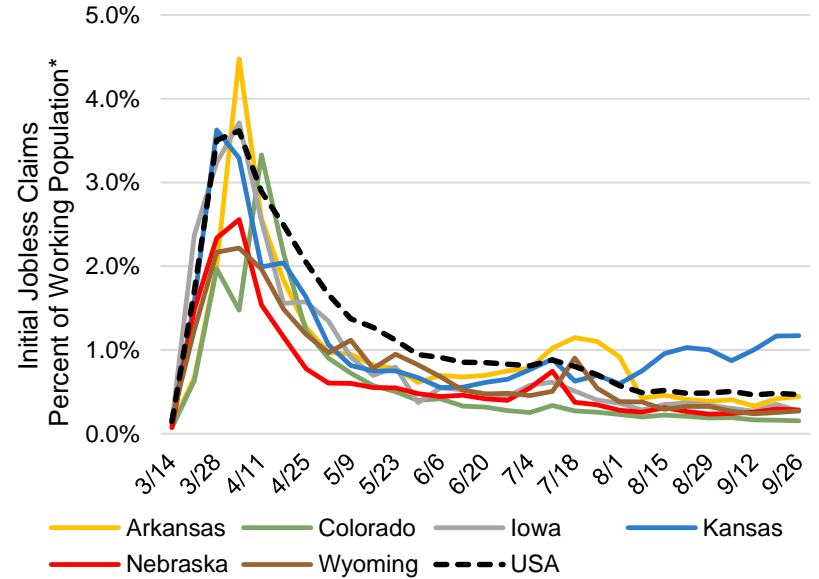
* Data from Bureau of Labor Statistics – unemployment rate for population 16 years of age and over

Midwest Jobless Claims Lower than U.S. Average

Black Hills Electric Utility States



Black Hills Gas Utility States



* Data from Bureau of Labor Statistics – Employment Status of the Non-institutional Population

COVID-19 Impacts Trending as Forecasted

Forecasted net impact of (\$0.05) to (\$0.10) EPS in 2020

\$5.1 million net operating income impact incurred year-to-date

Year-to-date impacts as of Sept. 30, 2020 (in millions)

Lower electric commercial usage partially offset by higher residential usage	(\$1.1)
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Lower natural gas transport usage	(\$0.5)
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Higher bad debt expense than normal	(\$3.7)
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Waived customer late fees	(\$1.8)
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Sequestered mission critical employees (sequestration complete)	(\$2.6)
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O&M savings from lower employee costs including travel and outside services	\$4.6
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Regulatory Treatment of COVID-19 Impacts

Disconnect policies reinstated except for Arkansas

State	Disconnect Policy (waived through)*	Late Fee Policy (waived through)	Deferred Accounting Treatment**
Arkansas	December 12	Not waived	Additional costs and bad debt net of savings
Colorado	September 7	November 5	Incremental bad debt expense over an 18-month period
Iowa	August 24	August 24	Additional costs, bad debt and lost revenues net of savings
Kansas	August 1	December 31	Additional costs, bad debt and lost revenues net of savings
Nebraska	August 15	August 24	Additional costs, bad debt and lost revenues net of savings
South Dakota	July 13	July 13	No request
Wyoming	August 10	August 10	Additional costs, bad debt and lost revenues net of savings

* Identifies date customer communication will be initiated to begin the disconnect process and is subject to change

** Allows for the company to track and record as, a regulatory asset, financial items as noted. Authorization to recover is not included in the approval of deferred accounting treatment

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

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

Non-GAAP Financial Measures

Earnings Per Share, as adjusted	2014	2015	2016	2017	2018	2019
Net income (loss) available for common stock (GAAP)	\$ 2.93	\$ (0.71)	\$ 1.37	\$ 3.21	\$ 4.66	\$ 3.28
(Income) loss from discontinued operations (GAAP)	0.04	3.83	1.20	0.31	0.12	-
Net income from continuing operations available for common stock (GAAP)	2.97	3.12	2.57	3.52	4.78	3.28
<u>Adjustments (after tax)</u>						
Acquisition / integration costs	-	0.15	0.56	0.05	-	-
Tax reform and other tax items	-	-	-	(0.21)	0.07	-
Legal restructuring - income tax benefit	-	-	-	-	(1.31)	-
Impairment of investment	-	-	-	-	-	0.25
Total Non-GAAP adjustments	-	0.15	0.56	(0.16)	(1.24)	0.25
Net income from continuing operations available for common stock; as adjusted (Non-GAAP)	\$ 2.97	\$ 3.27	\$ 3.13	\$ 3.36	\$ 3.54	\$ 3.53

Non-GAAP Financial Measures

EBITDA

<i>(in thousands)</i>	For the Three Months Ended September 30,	
	2019	2020
Net Income	\$ 15,395	\$ 40,349
Depreciation, depletion and amortization	51,884	56,348
Interest expense, net	33,487	36,041
Income tax expense (benefit)	2,508	4,651
EBITDA (a Non-GAAP Measure)	\$ 103,274	\$ 137,389
Less adjustments for unusual items:		
Impairment of investment	19,741	—
EBITDA, as adjusted	\$ 123,015	\$ 137,389

2020 Guidance Reconciliation

Non-GAAP Earnings Guidance Adjustments

	Low	High
Earnings per share (GAAP)	\$ 3.52	\$ 3.62
Adjustments*:		
Impairment of investment	0.11	0.11
Tax on Adjustments*:		
Impairment of investment	(0.03)	(0.03)
Earnings per share, as adjusted (Non-GAAP)	\$ 3.60	\$ 3.70

* Additional adjustments may occur in the fourth quarter. Adjustments shown reflect the actual adjustments made year to date through Sept. 30, 2020.

Strategic Objectives

Utility growth company focused on long-term total shareholder returns

PROFITABLE GROWTH

Achieve consistent growth that creates value.

EARNINGS: Lead industry peers in earnings growth

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

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

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

VALUED SERVICE

Deliver reliable, highly valued products and services.

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

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

BETTER EVERY DAY

Continuously improve to achieve industry leading results.

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

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

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

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

GREAT WORKPLACE

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

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

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

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

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

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

VISION

Be the Energy Partner of Choice.

MISSION

Improving Life with Energy.

COMPANY VALUES



Agility

We embrace change and challenge ourselves to adapt quickly to opportunities.



Customer Service

We are committed to providing a superior customer experience every day.



Partnership

Our partnerships with shareholders, communities, regulators, customers and each other make us all stronger.



Communication

Consistent, open and timely communication keeps us focused on our strategy and goals.



Integrity

We hold ourselves to the highest standards based on a foundation of unquestionable ethics.



Respect

We respect each other. Our unique talents and diversity anchor a culture of success.



Creating Value

We are committed to creating exceptional value for our shareholders, employees, customers and the communities we serve...always.



Leadership

Leadership is an attitude. Everyone must demonstrate the care and initiative to do things right.



Safety

We commit to live and work safely every day.

