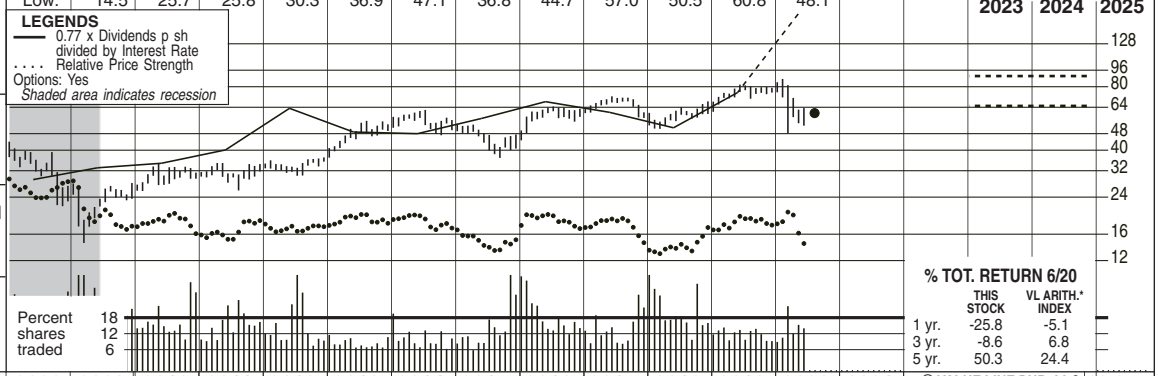
BLACK HILLS CORP. NYSE-BKH

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
60.02	16.9	(Trailing: 18.1 Median: 19.0)	0.82	3.7%	VALUE LINE

TIMELINESS 3 Lowered 9/20/19
SAFETY 2 Raised 5/1/15
TECHNICAL 4 Lowered 7/24/20
BETA 1.00 (1.00 = Market)

High:	28.0	34.5	34.8	37.0	55.1	62.1	53.4	64.6	72.0	68.2	82.0	87.1
Low:	14.5	25.7	25.8	30.3	36.9	47.1	36.8	44.7	57.0	50.5	60.8	48.1

Target Price Range
2023 | 2024 | 2025



18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$46-$114	$80 (35%)

2023-25 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	90	(+50%)	14%
Low	65	(+10%)	6%

Institutional Decisions

	3Q2019	4Q2019	1Q2020
to Buy	145	144	139
to Sell	133	137	143
Hld's(000)	53817	53772	54065

% TOT. RETURN 6/20

	THIS STOCK	VL ARITH.* INDEX
1 yr.	-25.8	-5.1
3 yr.	-8.6	6.8
5 yr.	50.3	24.4

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
34.54	41.97	19.69	18.41	26.03	32.58	33.29	28.96	26.55	28.67	31.20	25.48	29.47	31.38	29.24	28.22	*25.50*	*26.55*	Revenues per sh	*29.00*
4.46	4.81	5.04	5.29	2.95	5.41	4.88	4.01	5.59	5.93	6.25	5.67	6.28	7.15	6.61	7.02	*7.15*	*7.50*	"Cash Flow" per sh	*8.75*
1.74	2.11	2.21	2.68	.18	2.32	1.66	1.01	1.97	2.61	2.89	2.83	2.63	3.38	3.47	3.53	*3.55*	*3.70*	Earnings per sh A	*4.25*
1.24	1.28	1.32	1.37	1.40	1.42	1.44	1.46	1.48	1.52	1.56	1.62	1.68	1.81	1.93	2.05	*2.17*	*2.31*	Div'd Decl'd per sh B ■	*2.75*
2.80	4.18	9.24	6.92	8.51	8.90	12.04	10.03	7.90	7.97	8.92	8.90	8.89	6.09	7.62	13.31	*10.65*	*8.65*	Cap'l Spending per sh	*7.25*
22.43	22.29	23.68	25.66	27.19	27.84	28.02	27.53	27.88	29.39	30.80	28.63	30.25	31.92	36.36	38.42	*40.60*	*42.35*	Book Value per sh C	*46.75*
32.48	33.16	33.37	37.80	38.64	38.97	39.27	43.92	44.21	44.50	44.67	51.19	53.38	53.54	60.00	61.48	*62.75*	*64.00*	Common Shs Outst'g D	*64.00*
17.1	17.3	15.8	15.0	NMF	9.9	18.1	31.1	17.1	18.2	19.0	16.1	22.3	19.5	16.8	21.2	*Bold figures are*		Avg Ann'l P/E Ratio	*18.5*
.90	.92	.85	.80	NMF	.66	1.15	1.95	1.09	1.02	1.00	.81	1.17	.98	.91	1.13	*Value Line*		Relative P/E Ratio	*1.05*
4.2%	3.5%	3.8%	3.4%	4.2%	6.2%	4.8%	4.6%	4.4%	3.2%	2.8%	3.5%	2.9%	2.7%	3.3%	2.7%	*estimates*		Avg Ann'l Div'd Yield	*3.5%*

CAPITAL STRUCTURE as of 3/31/20
Total Debt $3461.8 mill. **Due in 5 Yrs** $861.1 mill.
LT Debt $3136.9 mill. **LT Interest** $131.7 mill.
(LT interest earned: 3.1x)
Leases, Uncapitalized Annual rentals $1.0 mill.

Pension Assets-12/19 $434.3 mill. **Oblig** $485.4 mill.

Pfd Stock None

Common Stock 62,749,727 shs. as of 4/30/20

MARKET CAP: $3.8 billion (Mid Cap)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		23-25
1307.3	1272.2	1173.9	1275.9	1393.6	1304.6	1573.0	1680.3	1754.3	1734.9	*1600*	*1700*	Revenues ($mill)	*1850*
64.6	40.4	86.9	115.8	128.8	128.3	140.3	186.5	192.5	214.5	*220*	*235*	Net Profit ($mill)	*265*
26.4%	31.1%	35.5%	34.7%	33.7%	35.8%	25.1%	28.7%	19.2%	13.0%	*13.0%*	*13.0%*	Income Tax Rate	*13.0%*
28.0%	65.0%	5.4%	2.4%	2.4%	2.7%	5.3%	2.7%	1.4%	3.3%	*2.0%*	*2.0%*	AFUDC % to Net Profit	*2.0%*
51.9%	51.4%	43.2%	51.6%	47.9%	56.0%	66.5%	64.5%	57.5%	57.1%	*55.0%*	*53.5%*	Long-Term Debt Ratio	*52.0%*
48.1%	48.6%	56.8%	48.4%	52.1%	44.0%	33.5%	35.5%	42.5%	42.9%	*45.0%*	*46.5%*	Common Equity Ratio	*48.0%*
2286.3	2489.7	2171.4	2704.7	2643.6	3332.7	4825.8	4818.4	5132.4	5502.2	*5690*	*5850*	Total Capital ($mill)	*6200*
2495.4	2789.6	2742.7	2990.3	3239.4	3259.1	4469.0	4541.4	4854.9	5503.2	*5940*	*6255*	Net Plant ($mill)	*6875*
4.4%	3.3%	5.5%	5.5%	6.1%	4.9%	4.0%	5.2%	5.0%	4.9%	*5.0%*	*5.0%*	Return on Total Cap'l	*5.5%*
5.9%	3.3%	7.1%	8.9%	9.4%	8.8%	8.7%	10.9%	8.8%	9.1%	*8.5%*	*8.5%*	Return on Shr. Equity	*9.0%*
5.9%	3.3%	7.1%	8.9%	9.4%	8.8%	8.7%	10.9%	8.8%	9.1%	*8.5%*	*8.5%*	Return on Com Equity E	*9.0%*
.7%	NMF	1.8%	3.7%	4.3%	3.8%	3.3%	5.3%	3.9%	3.8%	*3.5%*	*3.5%*	Retained to Com Eq	*3.0%*
87%	NMF	75%	58%	54%	57%	62%	52%	55%	58%	*61%*	*62%*	All Div'ds to Net Prof	*66%*

ELECTRIC OPERATING STATISTICS

	2017	2018	2019
% Change Retail Sales (KWH)	+.9	+2.7	+2.1
Avg. Indust. Use (MWH)	18376	19789	21406
Avg. Indust. Revs. per KWH (¢)	7.69	7.41	7.38
Capacity at Yearend (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	1094	1104	1022
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+.8	+.8	+1.1
Fixed Charge Cov. (%)	296	276	278

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '17-'19 to '23-'25
Revenues	1.5%	.5%	*-.5%*
"Cash Flow"	4.5%	3.0%	*4.0%*
Earnings	7.0%	7.0%	*3.5%*
Dividends	3.5%	5.0%	*6.0%*
Book Value	3.0%	4.0%	*4.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	547.5	341.9	335.6	455.3	1680.3
2018	575.4	355.7	322.0	501.2	1754.3
2019	597.8	333.9	325.5	477.7	1734.9
2020	537.1	*300*	*300*	*462.9*	*1600*
2021	*565*	*330*	*315*	*490*	*1700*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	1.42	.41	.52	1.03	3.38
2018	1.59	.45	.32	1.11	3.47
2019	1.73	.24	.44	1.13	3.53
2020	1.73	*.35*	*.42*	*1.05*	*3.55*
2021	*1.75*	*.40*	*.45*	*1.10*	*3.70*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2016	.42	.42	.42	.42	1.68
2017	.445	.445	.445	.475	1.81
2018	.475	.475	.475	.505	1.93
2019	.505	.505	.505	.535	2.05
2020	.535	.535			

BUSINESS: Black Hills Corporation is a holding company for Black Hills Energy, which serves 214,000 electric customers in CO, SD, WY and MT, and 1.1 million gas customers in NE, IA, KS, CO, WY, and AR. Has coal mining sub. Acq'd Cheyenne Light 1/05; utility ops. from Aquila 7/08; SourceGas 2/16. Discont. telecom in '05; oil marketing in '06; gas marketing in '11; gas & oil E&P in '17. Electric rev. breakdown: res'l, 30%; comm'l, 35%; ind'l, 18%; other, 17%. Generating sources: coal, 30%; other, 12%; purch., 58%. Fuel costs: 33% of revs. '19 deprec. rate: 3.2%. Has 2,900 employees. Chairman: David R. Emery. Pres. & CEO: Linn Evans. Inc.: SD. Address: 7001 Mount Rushmore Rd., P.O. Box 1400, Rapid City, SD 57709-1400. Tel.: 605-721-1700. Internet: www.blackhillscorp.com.

Upon issuing first-quarter results in early May, Black Hills Corporation trimmed its earnings guidance for 2020. The company reduced its targeted range by a dime a share, from $3.55-$3.75 to $3.45-$3.65. This was largely due to the expected net effects of the coronavirus problem, which was expected to reduce share net by $0.05-$0.10. We are sticking with our 2020 estimate of $3.55, which is now at the midpoint of Black Hills' targeted range.

We lowered our 2021 share-profit estimate by a dime, to $3.70. We figure the economy will be in better shape next year. However, any growth from Black Hills' utility operations will come off a lower base.

The company filed a gas rate case in Nebraska. This followed the consolidation of Black Hills' two utilities in the state into one entity. The request was for an increase of $17.3 million, based on a 10% return on equity and a 50% common-equity ratio. An order is expected no later than the first quarter of 2021. This might come too late for some of the seasonally strong first period.

Other rate applications are probably coming. Black Hills has asked for reconsideration or a rehearing for an unfavorable gas rate decision in Colorado that had a modest negative effect on earnings. Another rate case there might be coming. Black Hills hired a head of regulatory affairs for Colorado, which might help. A gas rate filing is probably upcoming in Arkansas, but the timing has not yet been determined.

Black Hills has probably completed its major financing moves for 2020. In February, before the market turmoil began, the company raised $100 million through the sale of 1.2 million common shares. In June, the parent issued $400 million of 10-year notes at an attractive rate of 2.5%.

This stock has an average dividend yield for a utility. The stock price has declined 24% this year, which is understandable in view of the reduction in earnings guidance. Total return potential is strong for the next 18 months, but not nearly as impressive for the 3- to 5-year period.

Paul E. Debbas, CFA *July 24, 2020*

(A) Dil. EPS. Excl. nonrec. gains (losses): '08, ($1.55); '09, (28¢); '10, 10¢; '15, ($3.54); '16, ($1.26); '17, 14¢; '18, $1.31; '19, (25¢); gains (losses) on disc. ops.: '08, $4.12; '09, 7¢; '11, 23¢; '12, (16¢); '17, (31¢); '18, (12¢). '19 EPS don't sum due to rounding. Next egs. due early Aug. (B) Div'ds pd. early Mar., Jun., Sept., & Dec. ■ Div'd reinv. plan avail. (C) Incl. def'd chgs. In '19: $25.06/sh. (D) In mill. (E) Rate base: Net orig. cost. Rate all'd on com. eq. in SD in '15: none; in CO in '17: 9.37%; earn. on avg. com. eq., '19: 9.4%. Reg. Climate: Avg.

Company's Financial Strength	A
Stock's Price Stability	75
Price Growth Persistence	65
Earnings Predictability	75

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