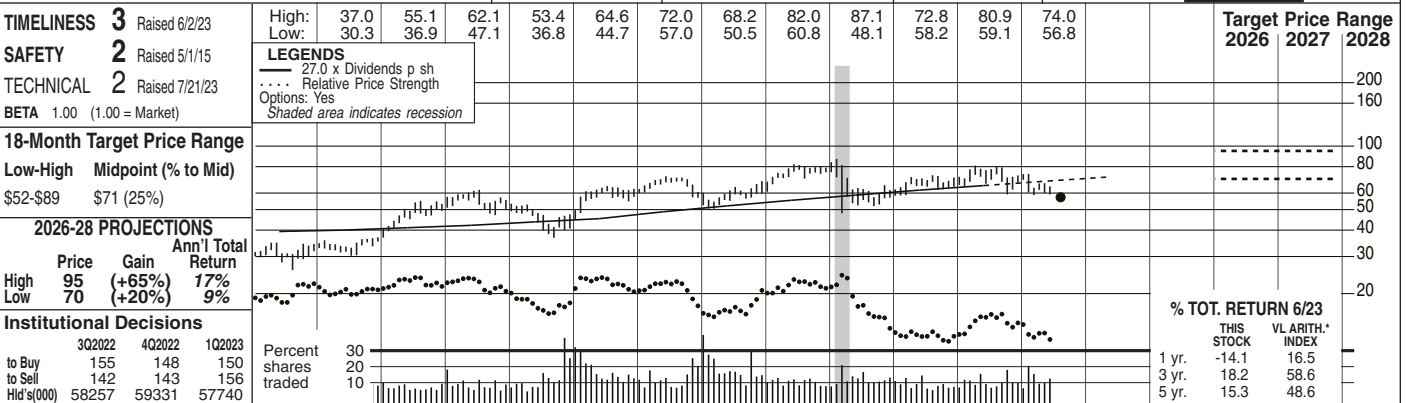


# BLACK HILLS CORP. NYSE-BKH

RECENT PRICE **57.23** P/E RATIO **15.3** (Trailing: 14.7; Median: 18.0) RELATIVE P/E RATIO **0.88** DIV'D YLD **4.5%** VALUE LINE



2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC	26-28
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	27.02	30.11	38.60	<b>38.50</b>	<b>38.40</b>	Revenues per sh	<b>39.45</b>
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	7.41	7.41	7.85	<b>7.75</b>	<b>8.00</b>	"Cash Flow" per sh	<b>9.25</b>
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	3.73	3.74	3.97	<b>3.75</b>	<b>3.90</b>	Earnings per sh A	<b>4.50</b>
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	2.29	2.41	<b>2.53</b>	<b>2.65</b>	Div'd Decl'd per sh B	<b>3.01</b>
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	12.22	10.47	9.14	<b>9.30</b>	<b>9.50</b>	Cap'l Spending per sh	<b>9.25</b>
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	40.79	43.05	45.31	<b>46.75</b>	<b>48.70</b>	Book Value per sh C	<b>55.00</b>
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	62.79	64.74	66.10	<b>67.50</b>	<b>69.00</b>	Common Shs Outst'g D	<b>71.00</b>
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	17.0	17.7	18.1	<b>Bold figures are Value Line estimates</b>		Avg Ann'l P/E Ratio	<b>18.0</b>
.80	NMF	.66	1.15	1.95	1.09	1.02	1.00	.81	1.17	.98	.91	1.13	.87	.96	1.04			Relative P/E Ratio	<b>1.00</b>
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%	3.4%	3.5%	3.4%			Avg Ann'l Div'd Yield	<b>3.7%</b>

**CAPITAL STRUCTURE as of 3/31/23**  
 Total Debt \$4479.4 mill. Due in 5 Yrs \$1835.0 mill.  
 LT Debt \$3954.4 mill. LT Interest \$190.0 mill.  
 (Total Interest Coverage: 2.7x)  
 Leases, Uncapitalized Annual rentals \$2.4 mill.

**Pension Assets-12/22** \$323.1 mill. Oblig \$358.4 mill.

**Pfd Stock** None

**Common Stock** 66,660,004 shs. as of 4/28/23

**MARKET CAP: \$3.8 billion (Mid Cap)**

**ELECTRIC OPERATING STATISTICS**

	2020	2021	2022
% Change Retail Sales (KWH)	-7	+1.5	+3.5
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (c)	NA	NA	NA
Capacity at Yearend (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	1050	1078	1107
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+9	+1.0	+1.0

Fixed Charge Cov. (%) 285 259 281

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '20-'22 of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '20-'22
Revenues	1.0%	2.0%	3.5%
"Cash Flow"	4.5%	3.5%	3.5%
Earnings	9.5%	5.5%	3.0%
Dividends	4.5%	6.0%	4.5%
Book Value	4.5%	7.5%	4.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2020	537.0	326.9	346.6	486.4	1696.9
2021	633.4	372.6	380.6	562.5	1949.1
2022	823.6	474.2	462.6	791.4	2551.8
2023	921.2	475	465	738.8	2600
2024	930	485	480	755	2650

Cal-endar	EARNINGS PER SHARE A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2020	1.59	.33	.58	1.23	3.73
2021	1.54	.40	.70	1.11	3.74
2022	1.82	.52	.54	1.11	3.97
2023	1.73	.40	.52	1.10	3.75
2024	1.77	.43	.55	1.15	3.90

Cal-endar	QUARTERLY DIVIDENDS PAID B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2019	.505	.505	.505	.535	2.05
2020	.535	.535	.535	.565	2.17
2021	.565	.565	.565	.595	2.29
2022	.595	.595	.595	.625	2.41
2023	.625	.625	.625	.655	2.54

**BUSINESS:** Black Hills Corporation is a holding company for Black Hills Energy, which serves 220,431 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 utility ops. from Aquila 7/08; SourceGas 2/16. Discontinued gas marketing in '11; gas & oil E&P in '17. Electric rev. breakdown: residential, 35%; commercial, 39%; industrial, 23%; other, 3%. Generating sources: coal, 35%; gas, 19%; wind, 11%; purchased, 35%. Fuel costs: 38% of revs. '22 deprec. rate: 3.2%. Has 2,982 employees. Chairman: Steven R. Mills. President & CEO: Linn Evans. Inc.: SD. Address: 7001 Mount Rushmore Rd., P.O. Box 1400, Rapid City, SD 57709-1400. Telephone: 605-721-1700. Internet: www.blackhillscorp.com.

**Black Hills stock has been the worst year-to-date performer among electric utilities.** The shares are down 19% in 2023, versus the 6% average decline for all electric utilities under *Value Line's* coverage. While many interest-rate sensitive issues are under water this year, BKH's weakness extends back to last year's third quarter, when the negative year-over-year quarterly earnings comparisons began. February's cut in the company's long-term profit growth objectives, to 4%-6% from 5%-7%, off of this year's scaled back earnings outlook of \$3.65-\$3.85 a share, accelerated the stock's decline. Inflation was cited as the primary problem. Given the individual circumstances of various utilities, some are more equipped to handle the challenging macro environment of elevated commodity/labor costs and higher interest rates without suffering from extreme regulatory lag. It depends in part on to what extent a company can bill in real time for certain increases in expenses. Black Hills primarily has to file for rate relief. In that vein, the company recently applied to charge higher gas and electric delivery prices in its varied service areas.

**With a heavy weighting towards natural gas customers, Black Hills won't benefit as much as some utility peers will from secular growth trends in "clean energy."** The company has a decent resource plan in place, which is focused on adding renewable power sources in its electric territories. Colorado leadership is progressive on the green-energy front, legislating that 80% of electric power generation in the state come from non-emitting sources. As such, Black Hills is adding a combination of solar, wind power, and battery storage totalling 520 megawatts by 2030. Of this, 50% will be utility owned, with the remainder under long-term contracts. South Dakota and Wyoming are a little more conservative in their forays into clean energy. Combined, the utility has gotten the okay to expand renewables by 120 mw through 2026. **The decrease in valuation has this issue's total return prospects comparing favorably to its industry's 10% median.** But we'd caution that the stock does not appear to have found equilibrium in response to leadership's new outlook.

*Anthony J. Glennon* July 21, 2023

(A) Diluted EPS. Excl. nonrec. gains/(losses): '15, (\$3.54); '16, (\$1.26); '17, 1.4c; '18, \$1.31; '19, (25c); '20, (8c); '21, (8c); '22, (8c); '23, (8c); '24, (8c). (B) Div'ds paid in early March, June, Sept., and Dec. (C) Div'd reinv. plan avail. (D) Incl. deferred chgs. In '22: \$1.75 bill., \$26.45/sh. (E) In mill. (F) Rate base: Net org. cost. Rate allowed on com. eq. in '15: none specified; in CO in '17: 9.37%. Regulatory Climate: Average.

**Company's Financial Strength** A  
**Stock's Price Stability** 85  
**Price Growth Persistence** 40  
**Earnings Predictability** 95

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