Black Hills Corporation (BKH)

Updated May 26th, 2026 by Jonathan Weber

Key Metrics

Current Price:	$75	**5 Year CAGR Estimate:**	7.2%	**Market Cap:**	$5.7B
Fair Value Price:	$74	**5 Year Growth Estimate:**	4.0%	**Ex-Dividend Date:**	08/07/26[1]
% Fair Value:	101%	**5 Year Valuation Multiple Estimate:**	-0.3%	**Dividend Payment Date:**	08/15/26[2]
Dividend Yield:	3.7%	**5 Year Price Target**	$90	**Years Of Dividend Growth:**	56
Dividend Risk Score:	A	**Sector:**	Utilities	**Rating:**	Hold

Overview & Current Events

Black Hills Corporation is an electric utility that provides electricity and natural gas to customers in Colorado, Iowa, Kansas, Montana, Nebraska, South Dakota, and Wyoming. Black Hills was founded in 1941, and the company is headquartered in Rapid City, South Dakota. Black Hills Corporation has increased its dividend for more than 50 years in a row, which makes it a Dividend King thanks to five decades of dividend raises.

Black Hills Corporation reported its first quarter earnings results on May 7th. The company generated revenues of $781 million during the quarter, which was 3% less than the revenues that Black Hills Corporation was able to generate during the previous year's quarter. The revenue performance was down from +6% one quarter earlier.

Black Hills Corporation generated earnings-per-share of $1.79 during the first quarter, which was a little below the consensus analyst estimate. Earnings-per-share were down $0.08 versus the previous year's quarter. Q4 and Q1 are seasonally stronger quarters due to higher natural gas demand for heating, which was again showcased by the above-average profitability during the most recent quarter. Black Hills Corporation forecasts earnings-per-share of $4.25 to $4.45 for the current fiscal year. The company earned $4.10 in fiscal 2025, thus the current guidance implies that earnings-per-share will grow nicely and hit a new record high this year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$3.13	$3.36	$3.54	$3.53	$3.73	$3.74	$3.97	$3.91	$3.91	$4.10	***$4.35***	***$5.29***
DPS	$1.68	$1.81	$1.93	$2.05	$2.17	$2.31	$2.40	$2.52	$2.60	$2.70	***$2.81***	***$3.59***
Shares[3]	53	54	58	61	63	64	65	68	70	73	***75***	***80***

Black Hills' profitability has been somewhat volatile over the last decade. On average, earnings-per-share grew by 3% to 4% annually in the 2015-to-2025 time frame, which is a solid growth rate for a utility.

The swings in Black Hills' profits are primarily based on the impact that weather conditions have on the demand for electricity, for cooling in summer, and natural gas, for heating in winter. Black Hills' growth over the coming years depends on several factors. This includes rate reviews, which drive revenues and profits per kWh. Another factor is the expansion of the company's existing assets via new utility infrastructure. Black Hills regularly adds new projects to its growth investment backlog. Black Hills' growth investments include new electric transmission lines and new natural gas infrastructure. Rate reviews will allow Black Hills to recover investments into its existing systems, thereby more or less guaranteeing increasing revenues over time as long as volumes on existing systems remain unchanged in the long run, which should lead to rising profits down the road. Once the company had exited its oil business, the increased focus on its core utility business was a positive for Black Hills, as this allows for more consistent and reliable growth that is not really influenced by commodity price movements. We forecast a mid-single digit earnings-per-share growth rate in the long run, but there could be some ups and downs over the years, e.g. due to the timing of investments.

---

[1] Estimated date
[2] Estimated date
[3] In Millions

Black Hills Corporation (BKH)

Updated May 26th, 2026 by Jonathan Weber

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	22.3	19.7	17.8	22.4	16.1	19.0	17.6	14.1	15.1	17.1	***17.2***	***17.0***
Avg. Yld.	2.9%	2.7%	3.3%	2.6%	3.6%	3.3%	3.6%	4.6%	4.4%	3.9%	***3.7%***	***4.0%***

Black Hills Corporation trades for just above 17 times this year's expected net profits right now. Black Hills' valuation has moved in a wide range throughout the past. The company was valued at less than 10 times profits during the midst of the Great Recession, but at as much as 20+ times earnings in other years. Shares trade close to our fair value estimate right now, while the dividend is at a solid level of around 4% today.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	54%	54%	55%	58%	58%	62%	60%	64%	66%	66%	***65%***	***68%***

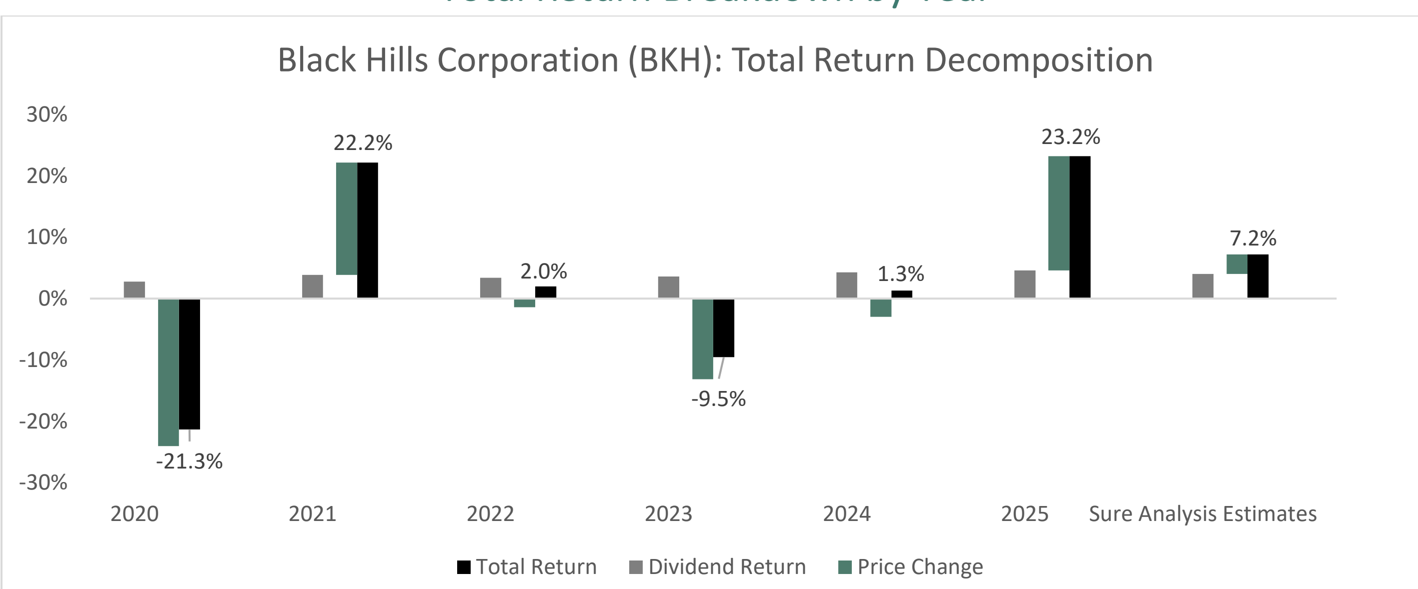
Overall, Black Hills Corporation's dividend payout ratio increased between 2014 and 2024. Today, the company pays out roughly two-thirds of its net profits in the form of dividends. It should be noted that Black Hills Corporation was not able to cover its dividend with net profits in some years during the Great Recession, but the company nevertheless raised its dividend during those years, and its decades-long dividend growth track record gives investors assurance that a dividend cut is very unlikely from this utility company.

Demand for electricity and gas is not very cyclical, although it is dependent upon weather conditions to some degree. Thus, Black Hills should remain profitable under most circumstances. The fact that customers tend to stick with their provider means that Black Hills operates a relatively stable business model. The company should also be able to weather future recessions reasonably well, which creates appeal for more conservative investors.

Final Thoughts & Recommendation

Black Hills is a relatively small utility company, but it has a compelling dividend growth track record, having raised its dividend annually for more than five decades in a row. We believe that it is likely that the company will continue to grow its earnings and its dividend over the coming years. The company's shares trade slightly above our fair value estimate right now and promise solid but not great total returns, which is why we rate the stock a hold for now.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

Black Hills Corporation (BKH)

Updated May 26th, 2026 by Jonathan Weber

Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	1,539	1,680	1,754	1,735	1,697	1,949	2,552	2,331	2,128	2,310
Gross Profit	438	474	451	460	483	465	520	547	573	606
Gross Margin	28.4%	28.2%	25.7%	26.5%	28.5%	23.9%	20.4%	23.5%	26.9%	26.2%
Operating Profit	381	417	397	407	427	405	453	480	506	539
Operating Margin	24.8%	24.8%	22.6%	23.4%	25.2%	20.8%	17.8%	20.6%	23.8%	23.3%
Net Profit	147	208	280	213	243	251	271	276	284	300
Net Margin	9.5%	12.4%	15.9%	12.3%	14.3%	12.9%	10.6%	11.8%	13.3%	13.0%
Free Cash Flow	(134)	102	31	(313)	(226)	(742)	(20)	389	(25)	(146)
Income Tax	59	73	(24)	30	33	7	25	26	36	44

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	6,542	6,659	6,963	7,558	8,089	9,132	9,618	9,620	10,386	11,189
Cash & Equivalents	16	18	24	14	11	14	27	93	23	190
Accounts Receivable	259	248	269	256	266	322	508	350	351	389
Inventories	104	113	117	117	117	151	207	161	154	172
Goodwill & Int.	1,308	1,307	1,314	1,313	1,311	1,310	1,309	1,308	1,307	1,306
Total Liabilities	4,807	4,839	4,676	5,094	5,426	6,245	6,528	6,315	6,801	7,283
Accounts Payable	152	161	211	194	183	218	310	186	229	312
Long-Term Debt	3,217	3,115	2,957	3,150	3,540	4,127	4,132	4,401	4,250	4,701
Shareholder's Equity	1,615	1,709	2,182	2,362	2,561	2,787	2,995	3,215	3,501	3,824
LTD/E Ratio	2.05	1.95	1.44	1.48	1.47	1.63	1.56	1.37	1.25	1.23

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	2.6%	3.2%	4.1%	2.9%	3.1%	2.9%	2.9%	2.9%	2.8%	2.8%
Return on Equity	9.2%	11.7%	13.6%	9.0%	9.5%	9.1%	9.1%	8.6%	8.2%	8.0%
ROIC	3.5%	4.1%	5.3%	3.7%	3.9%	3.6%	3.6%	3.6%	3.6%	3.6%
Shares Out.	53	54	58	61	63	64	65	68	70	73
Revenue/Share	28.89	30.48	31.62	28.54	27.18	30.78	39.25	34.74	30.44	31.56
FCF/Share	(2.52)	1.86	0.56	(5.15)	(3.61)	(11.72)	(0.30)	5.79	(0.36)	(2.00)

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.