

Q2 2024 Earnings Conference Call

August 6, 2024



Forward-Looking Statement

Except for historical information contained here, the statements in this release are forward-looking and made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “believe,” “can,” “could,” “estimate,” “expect,” “future,” “goal,” “intend,” “likely,” “may,” “outlook,” “plan,” “possible,” “potential,” “predict,” “probable,” “projected,” “should,” “target,” “will,” “would” and similar words and expressions are intended to identify forward-looking statements. Such statements are based upon the current beliefs and expectations of management. Forward-looking statements made herein, which may include statements regarding 2024 earnings and earnings per share, long-term earnings, earnings per share growth and earnings mix, anticipated levels of energy generation from renewable resources, anticipated reductions in carbon dioxide emissions, future investments and capital expenditures, rate base levels and rate base growth, future raw materials costs, future raw materials availability and supply constraints, future operating revenues and operating results, and expectations regarding regulatory proceedings, as well as other assumptions and statements, involve known and unknown risks and uncertainties that may cause our actual results in current or future periods to differ materially from the forecasted assumptions and expected results.

The Company’s risks and uncertainties include, among other things, uncertainty of future investments and capital expenditures, rate base levels and rate base growth, risks associated with energy markets, the availability and pricing of resource materials, inflationary cost pressures, attracting and maintaining a qualified and stable workforce, changing macroeconomic and industry conditions that impact the demand for our products, pricing and margin, long-term investment risk, seasonal weather patterns and extreme weather events, counterparty credit risk, future business volumes with key customers, reductions in our credit ratings, our ability to access capital markets on favorable terms, assumptions and costs relating to funding our employee benefit plans, our subsidiaries’ ability to make dividend payments, cybersecurity threats or data breaches, the impact of government legislation and regulation including foreign trade policy and environmental, health and safety laws and regulations, changes in tax laws and regulations, the impact of climate change including compliance with legislative and regulatory changes to address climate change, expectations regarding regulatory proceedings, including state utility commission approval of resource plans, assigned service areas, the siting and construction of major facilities, capital structure, and allowed customer rates, and operational and economic risks associated with our electric generating and manufacturing facilities. These and other risks are more fully described in our filings with the Securities and Exchange Commission, including our most recently filed Annual Report on Form 10-K, as updated in subsequently filed Quarterly Reports on Form 10-Q, as applicable. Forward-looking statements speak only as of the date they are made, and we expressly disclaim any obligation to update any forward-looking information.

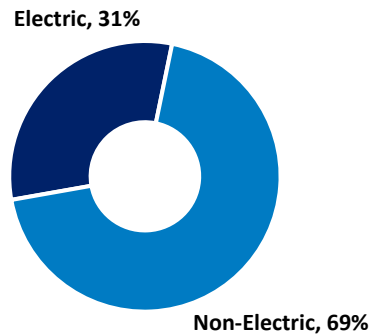
Company Overview



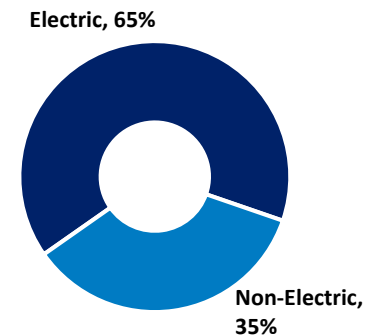
Electric Platform Highlights

- Attractive rate base growth
- Constructive regulatory environments
- Affordable customer rates

Expected 2024 Earnings Mix



Long Term Earnings Mix Target



Manufacturing Platform Highlights

- Enhanced consolidated ROE
- Organic growth opportunities
- Diversified end markets

Financial Summary and Highlights

	Q2 2024		Q2 2023	
<i>(in millions, except per share data)</i>				
Operating Revenues	\$	342.3	\$	337.7
Net Income	\$	87.0	\$	82.0
Diluted EPS	\$	2.07	\$	1.95

Midpoint of 2024 Earnings Guidance Increased to \$6.92 from \$6.38, or a ROE of 18.7%

Q2 2024 Diluted EPS

Up 6%

- Strong Plastics and Manufacturing segment performance

Electric segment earnings

Down 6%

- Impact of unfavorable weather and lower transmission revenue, partially offset by the interim rate increase in North Dakota, lower operating and maintenance expenses and higher commercial and industrial sales

Manufacturing segment earnings

Up 15%

- Higher margins at BTD due to impact from the timing of pass-through steel cost fluctuations and a favorable product mix, partially offset by lower sales volumes, lower profit margins at T.O. Plastics and lower scrap sales at BTD

Plastics segment earnings

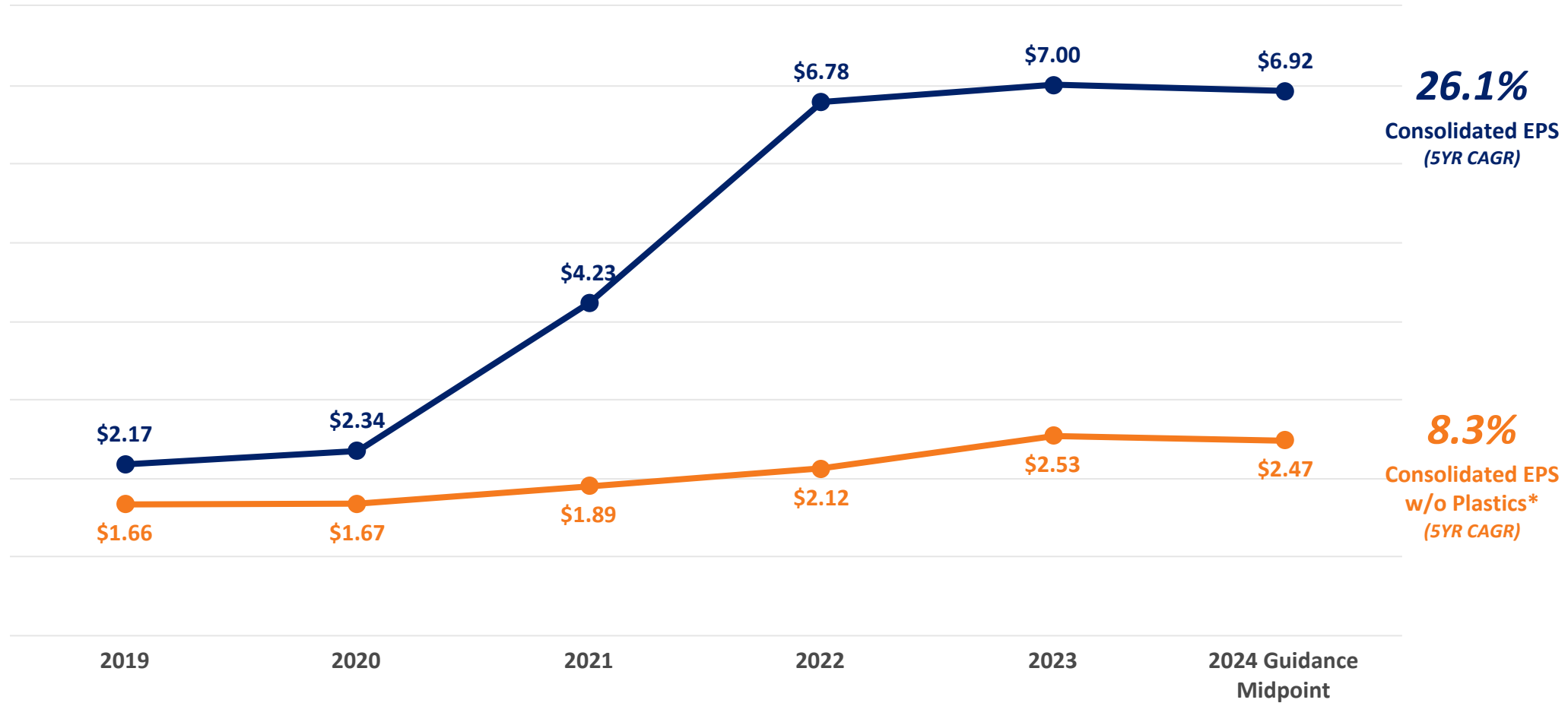
Up 9%

- Increased sales volumes driven by customer sales volume growth and distributor and end market demand, partially offset by lower sales prices

2024 Indicated Dividend of \$1.87 Per Share

Up 6.9%

Earnings Per Share Growth



**Consolidated EPS w/o Plastics is a non-GAAP financial measure management uses to assess the financial results of the business exclusive of the impact of the earnings generated by our Plastics segment which have benefited from favorable industry conditions*

Electric Platform



Electric Operations

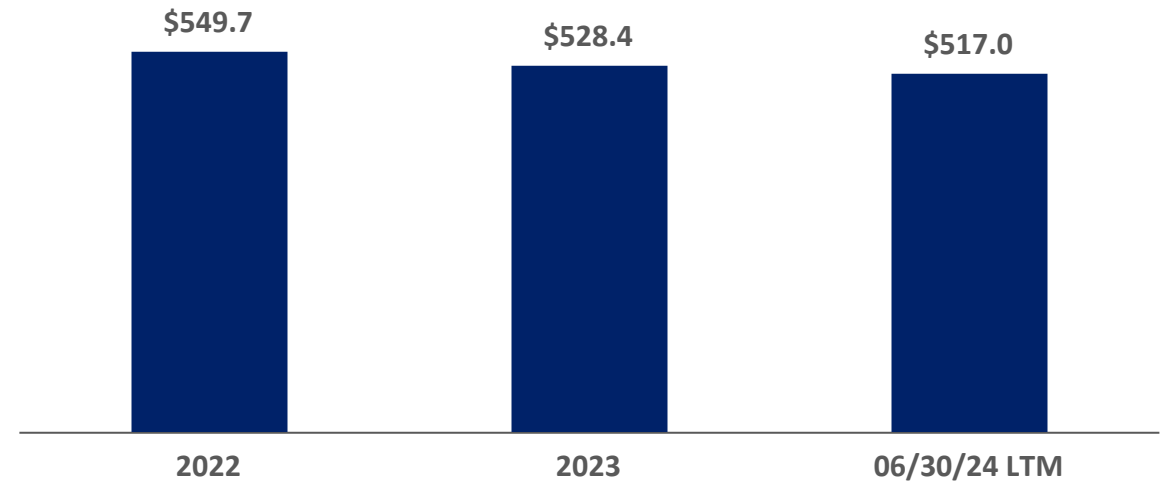


- Vertically integrated, regulated utility with generation, transmission and distribution facilities
- Serve more than 133,000 residential, commercial and industrial customers
- Service area encompasses approximately 70,000 square miles of western Minnesota, eastern North Dakota and northeastern South Dakota

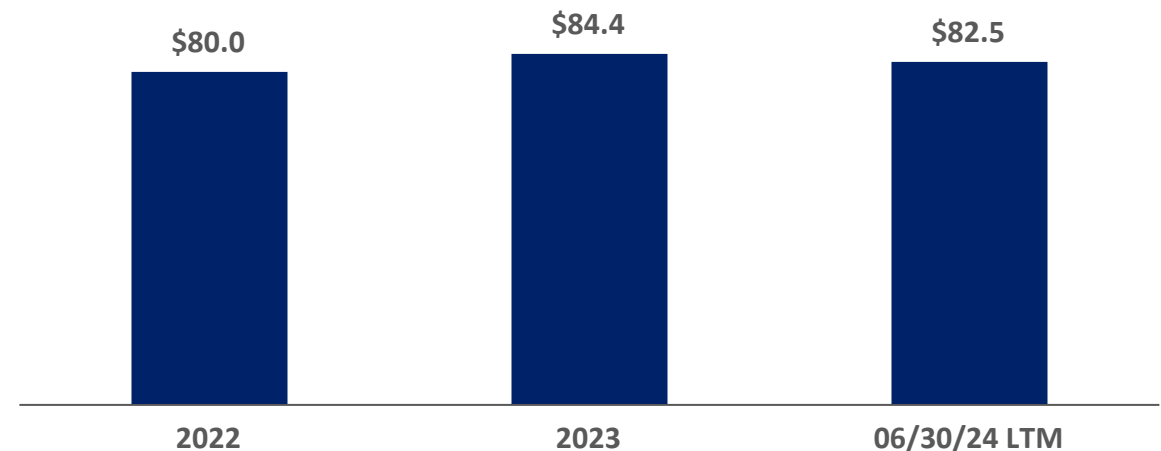
Highlights

- Significant rate base growth opportunities in the 5-year planning period and beyond, including:
 - Renewable generation and storage
 - Wind repowering
 - Up to 300 MW of solar generation, 200 MW of wind generation and 75 MW of battery storage
 - Transmission investment
 - MISO Long Range Transmission Planning (LRTP)
 - Joint Targeted Interconnection Queue (JTIQ)
 - Technology and infrastructure
 - Advanced metering infrastructure
- Opportunity for potential new large loads
- Constructive regulatory environments
- Electric rates significantly below national and regional averages

Operating Revenue (in millions)*



Net Income (in millions)*

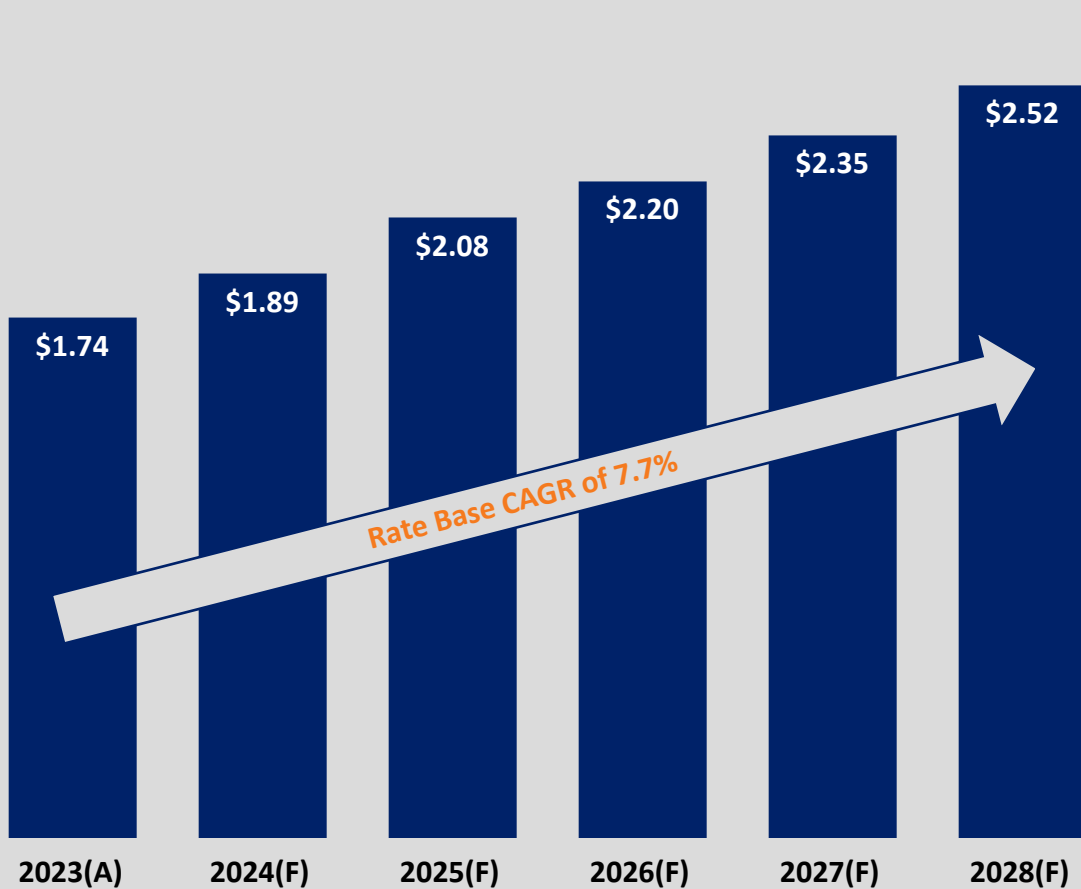


* Operating revenues have decreased due to the pass-through of lower energy costs and higher tax credits and net income has decreased due to impact of unfavorable weather

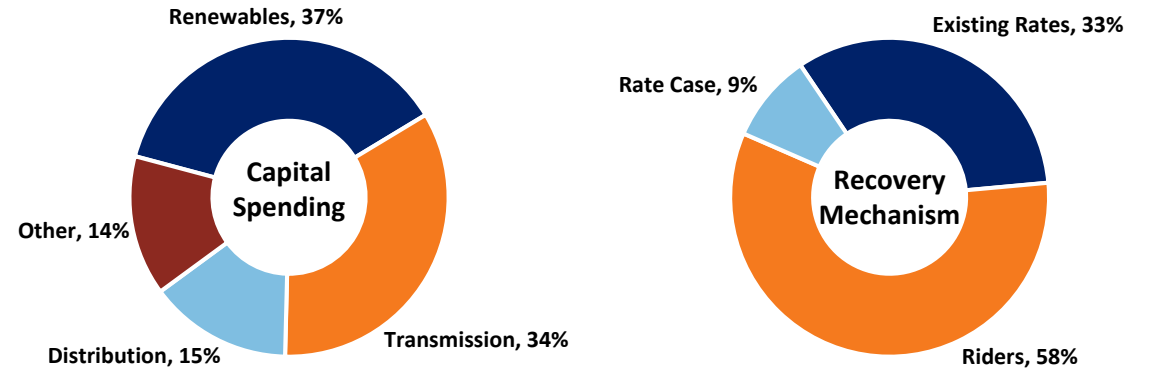
Rate Base Growth

Rate Base

\$ in billions



\$1.3B of Capital Spending from 2024 to 2028



2018 to 2023

9%
Rate Base
Growth
(CAGR)

Translated To

9%
Earnings
Growth
(CAGR)

Advanced Metering Infrastructure (AMI)

Project	AMI
Description	Transition to advanced meters
Est. Completion Date	2025
Otter Tail Power Investment	~ \$60 million
Recovery Mechanism	Riders

Project Summary

- Upgrading more than 174,000 electric meters that enables automated meter reading
- AMI lays the groundwork for improved outage response and two-way communication with our systems
- Infrastructure integrates data and systems, allowing us to better understand peak energy use and offer energy and cost-saving options to customers
- Project expected to reduce operating expenses through technology enabled savings

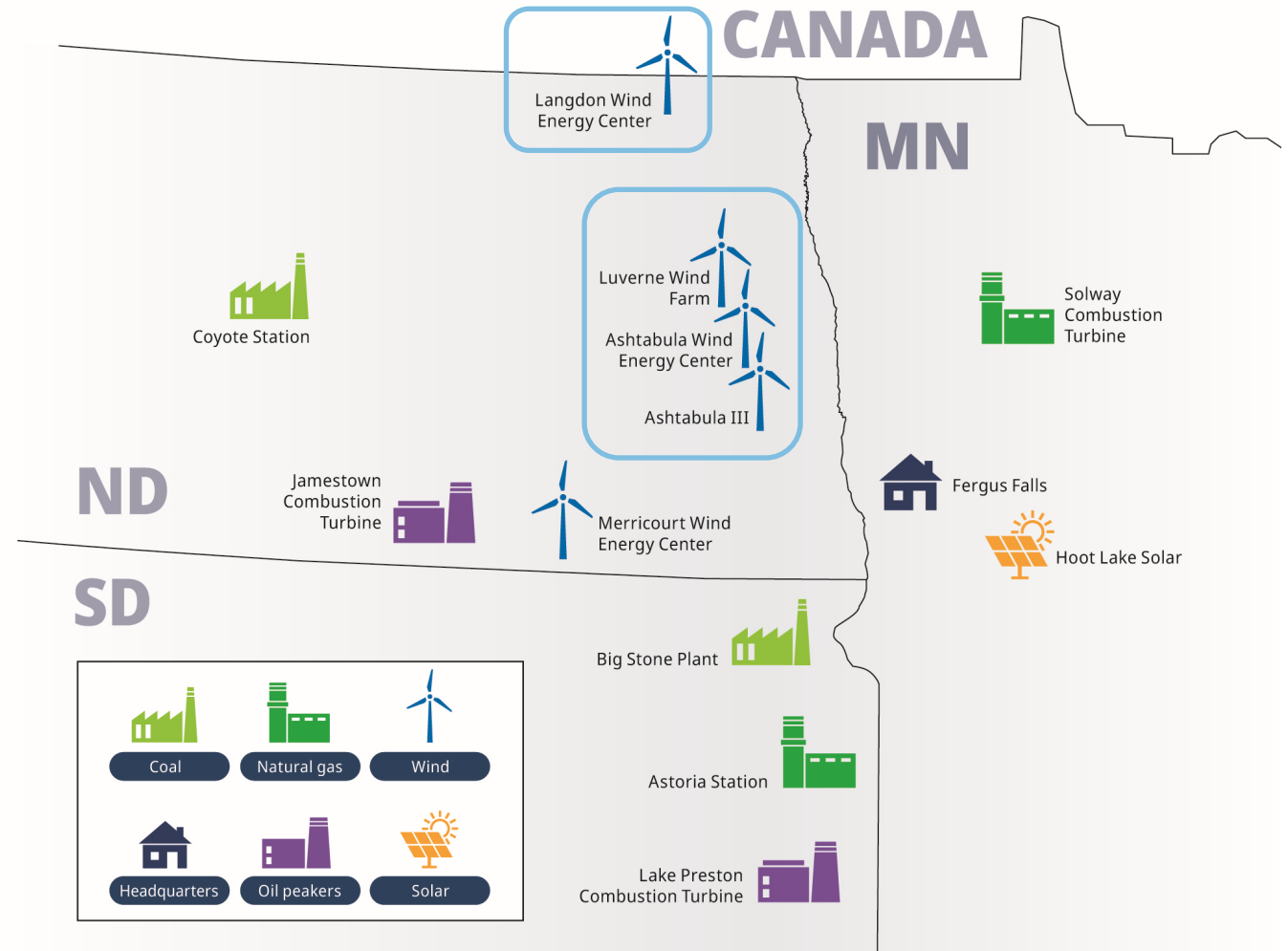


Wind Repowering

Project	Wind Repowering
Description	Equipment upgrades at wind facilities
Est. Completion Date	2024 and 2025
Otter Tail Power Investment	~ \$230 million
Recovery Mechanism	Riders

Project Summary

- Develop and perform equipment upgrades at the Langdon, Ashtabula, Luverne and Ashtabula III wind energy facilities
- Expect completion of wind repowering at Langdon in 2024 and remaining sites in 2025
- Qualifies for IRA production tax credits
- Repowering is anticipated to lower customer bills through increased output and tax credits, demonstrating our continued focus and commitment to customer affordability



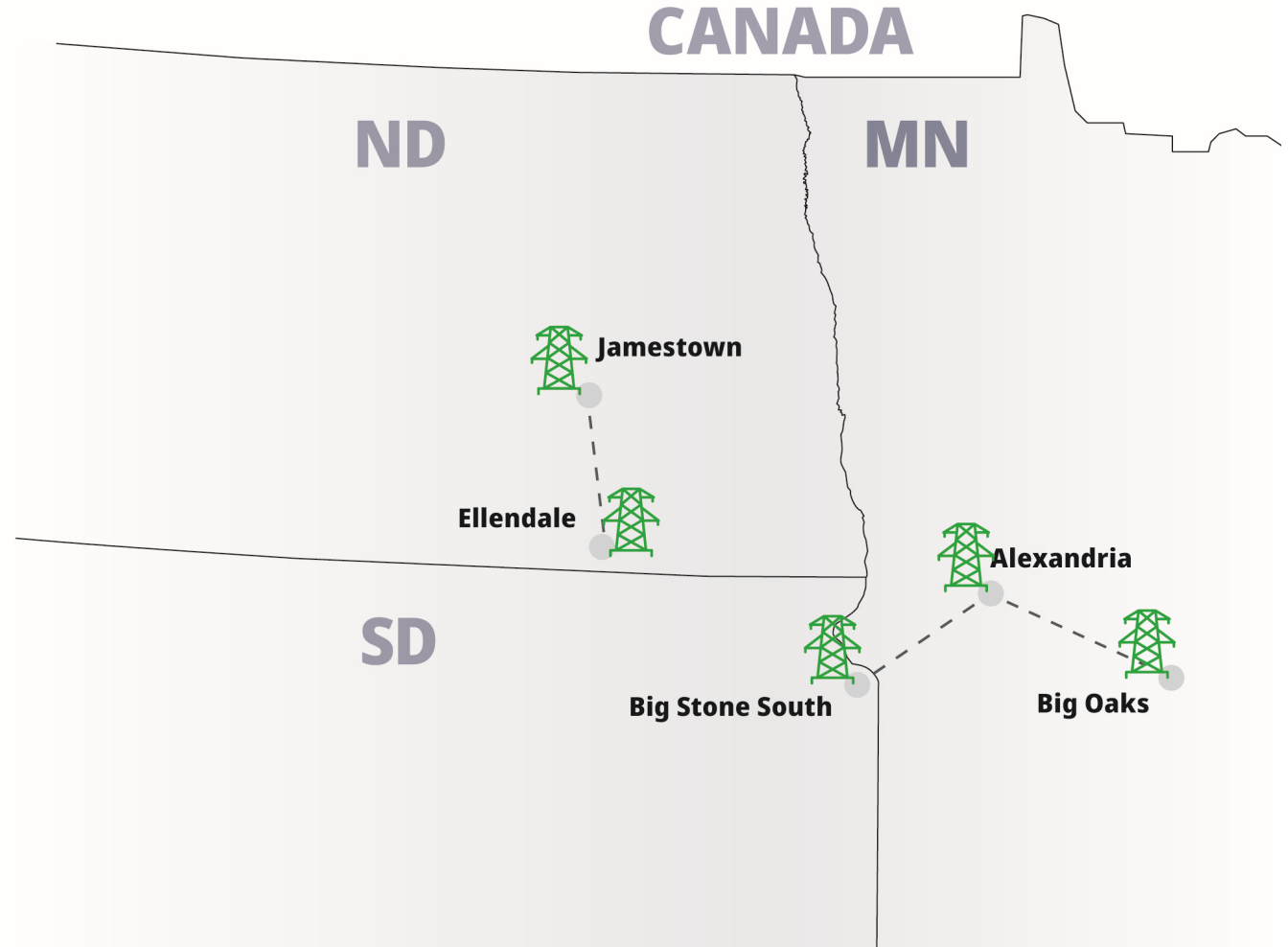
Note: The map only depicts our material generation assets

MISO Long Range Transmission Planning (LRTP)

Project	MISO LRTP
Description	LRTP Tranche 1 Transmission Projects
Est. Completion Date	2032
Otter Tail Power Investment	~ \$420 million
Recovery Mechanism	MISO Tariff

Project Summary

- MISO's approved Long Range Transmission Plan includes two 345 kV projects in Otter Tail Power's service territory
 - Jamestown - Ellendale
 - Big Stone South - Alexandria - Big Oaks
- Currently in development phase of these projects, including permitting and right of way related efforts
- Approximately 70% of the total capital investment is expected to occur before 2029



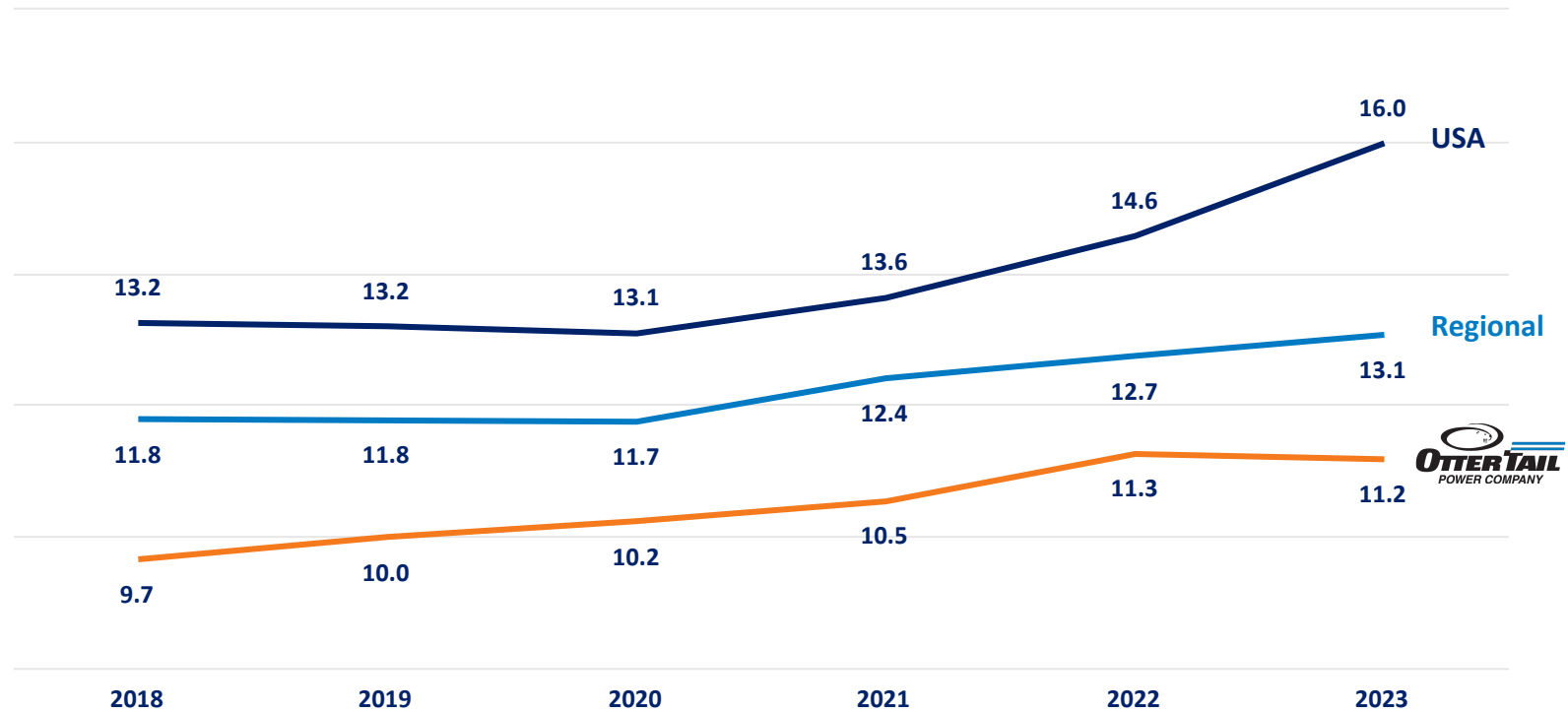
Affordability

Otter Tail Power's 2023 rates:
15% below regional average
30% below national average

We expect to continue to keep customer bills low through:

- Inflation Reduction Act tax credits
- MISO recovery of transmission investments
- Reducing energy costs with renewable generation additions
- Savings from technology enabled efficiencies

Average Summer Residential Rate in Cents per kWh



Source: Typical Bills and Average Rates Report, Edison Electric Institute
The report surveys typical electrical bills for investor-owned utility companies in the United States

Key Regulatory Matters

Description	MN	ND	SD	Notes
Integrated Resource Plan (IRP)	X	X	Informational Only	MN: Commission approved renewable resource additions, treating Coyote Station as an emergency resource and on-site fuel storage at Astoria Station
Advance Determination of Prudence (ADP) for on-site LNG fuel storage at Astoria Station		X		ND Commission denied the ADP in Jul-24
General Rate Case	TBD	X	TBD	ND rate case filed: Nov-23 ND amended application filed: Jul-24 Expect final outcome of ND rate case in late 2024 MN and SD: Dependent on results of annual cost of service studies
Certificate of Need (CON) and Route Filings for MISO LRTP Projects	X	X	X	Expect ruling on MN CON in Q4 2024, and estimate route and facility permits to be filed in MN, ND and SD, as applicable, throughout 2024
Capital Recovery Riders	X	X	X	Annual updates to ensure timely recovery

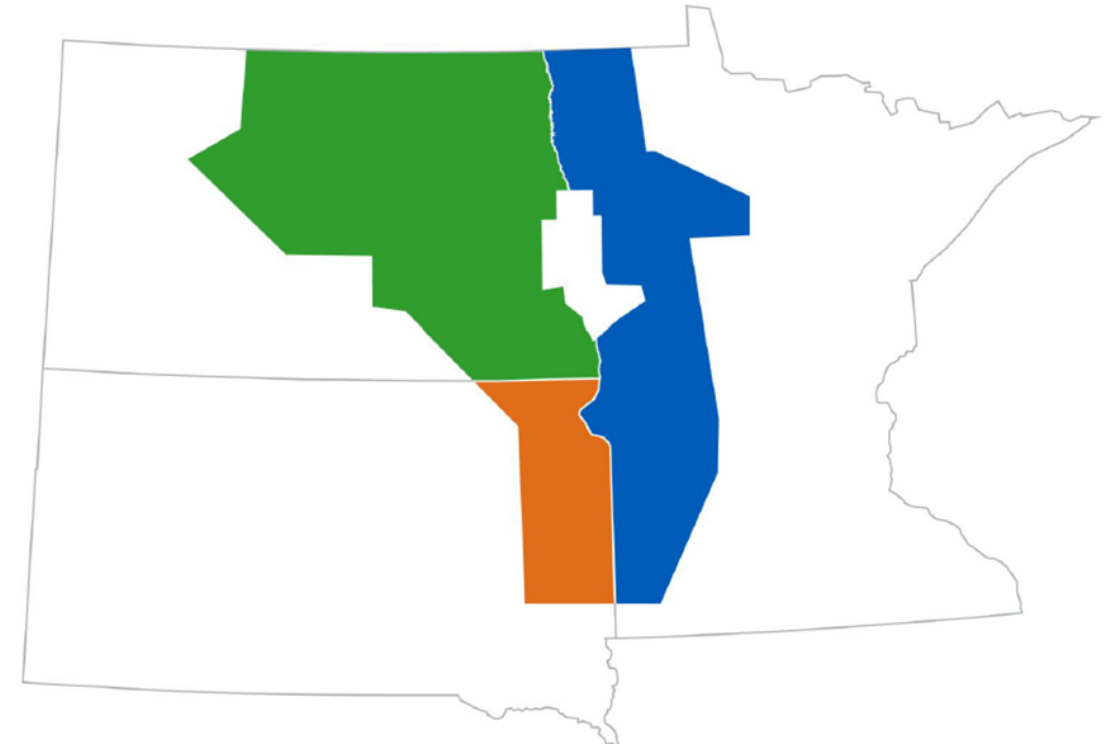
Integrated Resource Plan (IRP)

Minnesota

- In May 2024, the MN Commission approved Otter Tail Power's Resource Plan. The decision authorizes:
 - Adding 200 to 300 MW of solar generation by 2027, and 150 to 200 MW of wind generation and 20 to 75 MW of battery storage by 2029
 - Designating the MN portion of Coyote Station as an emergency-only resource starting as early as 2026
 - Commencing activities to no longer serve MN customers with capacity or energy from Coyote Station as soon as feasible and no later than 2031
 - Adding on-site fuel storage at Astoria Station
- Otter Tail Power will seek recovery of resource additions in future filings

North Dakota

- ND Commission analysis supports continued use of existing resources and expects them to be sufficient to meet forecasted load without additional resources in the next 5 years
- ND Commission denied the advanced determination of prudence for the proposed on-site fuel storage project at Astoria Station in Jul-24



North Dakota Rate Case

North Dakota Rate Case

- Filed with the North Dakota Public Service Commission (NDPSC) in November 2023
- Amended rate case filing in July 2024 with the NDPSC, proposing to increase net revenues by approximately \$23 million, or 10.9%
- Requested the following:
 - 10.6% return on equity (ROE) (current 9.77%)
 - 53.5% equity layer (current 52.5%)
- In December 2023, the NDPSC approved our request to implement interim rates on January 1, 2024, resulting in an average net increase of 6%. No changes will be made to interim rates due to amended filing
- Anticipate the final outcome of the case will occur in late 2024



Regulatory Framework

	Minnesota	North Dakota	South Dakota
Renewable Generation	Rider Recovery	Rider Recovery	Phase-In Rider
Transmission Projects	Rider Recovery	Rider Recovery	Rider Recovery
Non-Renewable Generation	Rate case	Rider or Rate Case	Phase-In Rider
Customer and Distribution Technology	Rider Recovery	Rider Recovery	Phase-In Rider
Cost of Energy	Trued Up Annually	Trued Up Monthly	Trued Up Monthly
Revenue Adjustments due to Weather or Load Changes	Decoupling Mechanism	Filed for Revenue Adjustment for Load Changes	Adjustment in Phase-In Rider for Specific Load
Allowed ROE	9.48%	9.77%	8.75%

Generally, rider recovery is incorporated into base rate recovery during the next general rate review

A constructive regulatory environment provides for timely recovery of capital and a fair economic return

We plan to recover approximately 90% of our 5-year capital expenditures through existing riders, rates, MISO tariffs and direct billings to non-OTP customers

Manufacturing Platform



Manufacturing Operations



- Contract metal fabrication – stamping, machining, tube bending, tool & die, laser cutting, welding, painting, assembly. A one stop shop for customer needs
- Growth opportunities with existing customer base and expansion with new customers
- Ability to pass through commodity exposure to customers



- Manufacturer of plastic thermoformed horticultural containers, contract life science, industrial packaging and material handling components

Highlights

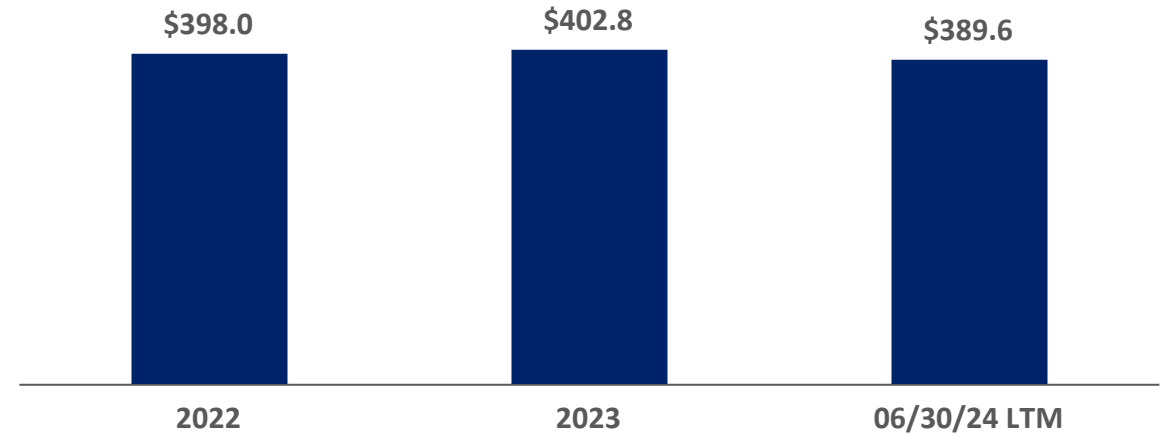
BTD

- Higher margins driven by positive impact from the timing of pass-through steel cost fluctuations, as well as favorable product mix compared to same time last year
- End market demand remains mixed and expect conditions to soften further in second half of 2024
- Georgia expansion project underway, and expect to complete the project in early 2025

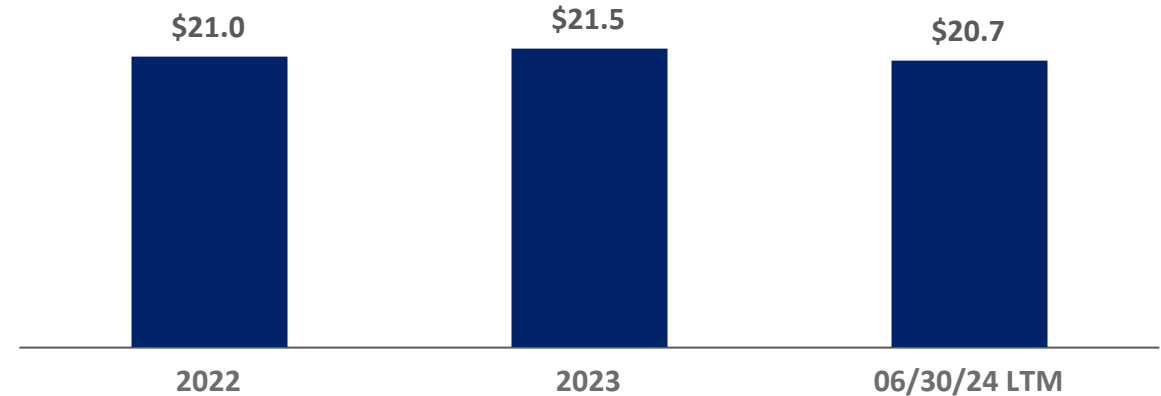
T.O. Plastics

- Decreased horticulture sales volumes as customers and distributors continue to reduce inventory levels

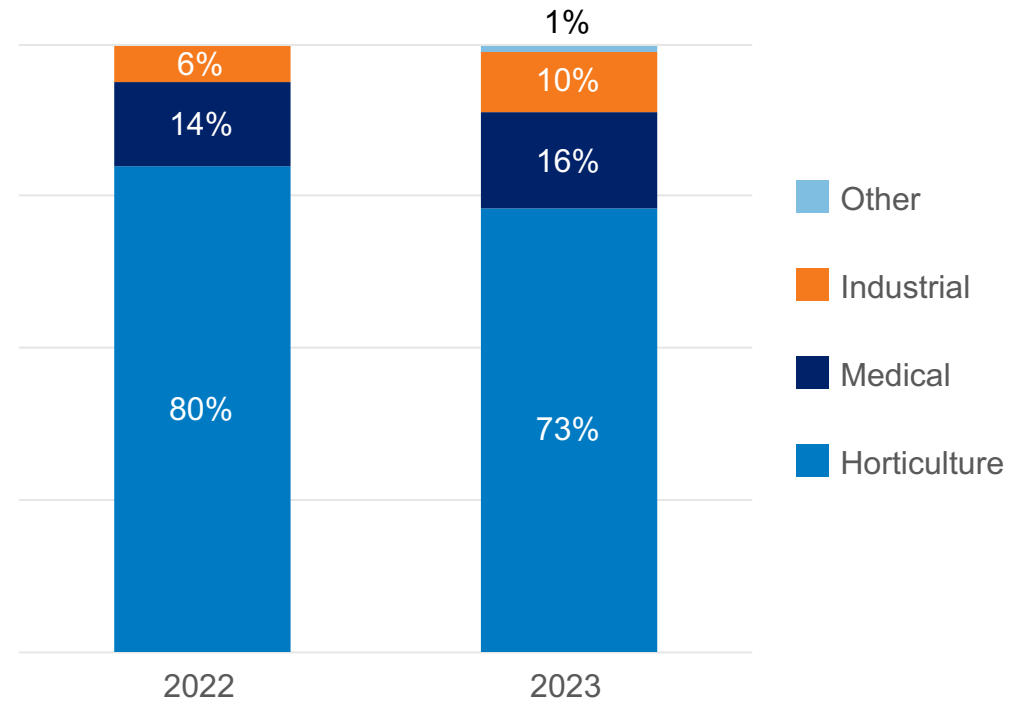
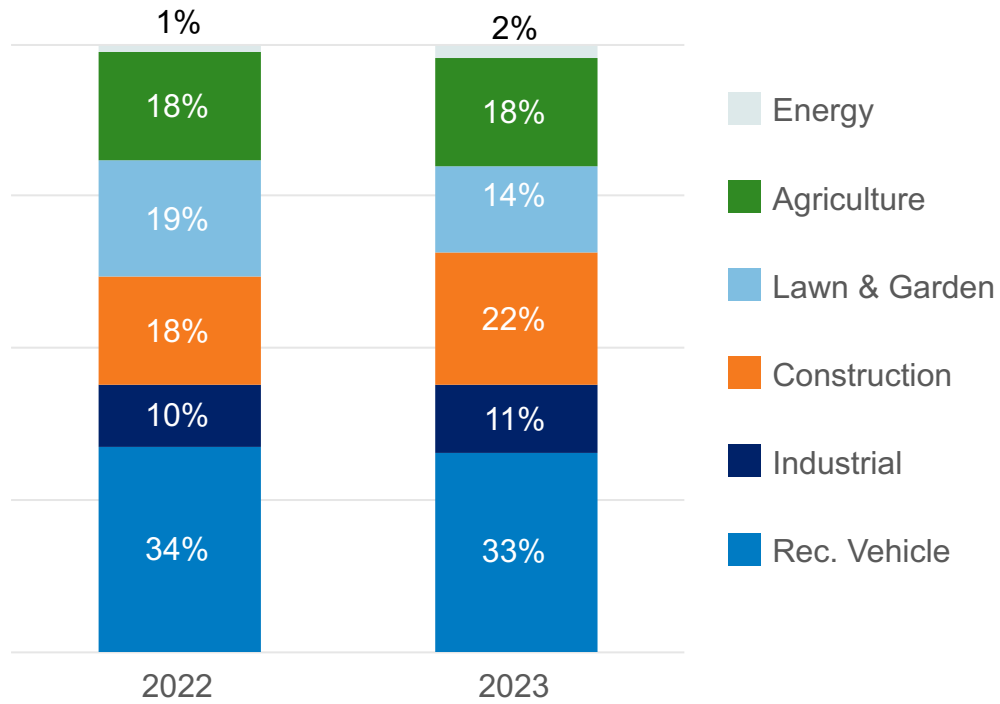
Operating Revenue (in millions)









Net Income (in millions)



Manufacturing Sales by End Market



End Market Outlook - Manufacturing Segment

End Market	2024 Outlook	Comments
BTD Manufacturing		
Recreational Vehicles (ATVs, UTVs, etc.)		<ul style="list-style-type: none"> • Dealer inventory has risen to levels in which production is likely to be negatively impacted in the second half of 2024 • Inflation and interest rate environment impacting discretionary spending, especially at entry and lower-model levels
Lawn & Garden		<ul style="list-style-type: none"> • Dealer inventory growing and residential demand has weakened as it normalizes to pre-COVID levels • Discretionary spending is being impacted by inflation and interest rate environment
Construction		<ul style="list-style-type: none"> • Inventory levels grew in Q2 2024 and production schedules have slowed in the second half of 2024 for residential construction • Overall construction end-market forecasting a softness of ~10%
Agriculture		<ul style="list-style-type: none"> • Large agricultural volume is softening with grain commodity prices under pressure • Small agricultural demand has softened ~15-30% for low horsepower and utility tractors
Power Generation <i>(component of Industrial end market)</i>		<ul style="list-style-type: none"> • Strong demand continues for commercial industry we serve • Emergency back-up power for data centers driving demand
T.O. Plastics		
Horticulture		<ul style="list-style-type: none"> • Elevated distributor and grower inventory levels from precautionary buying during the pandemic led to reduced demand • Backlog levels stabilizing as industry supply chain challenges have abated and lead times have returned to pre-pandemic levels • Sell-through to end-users is estimated to be flat / stable

Plastics Operations

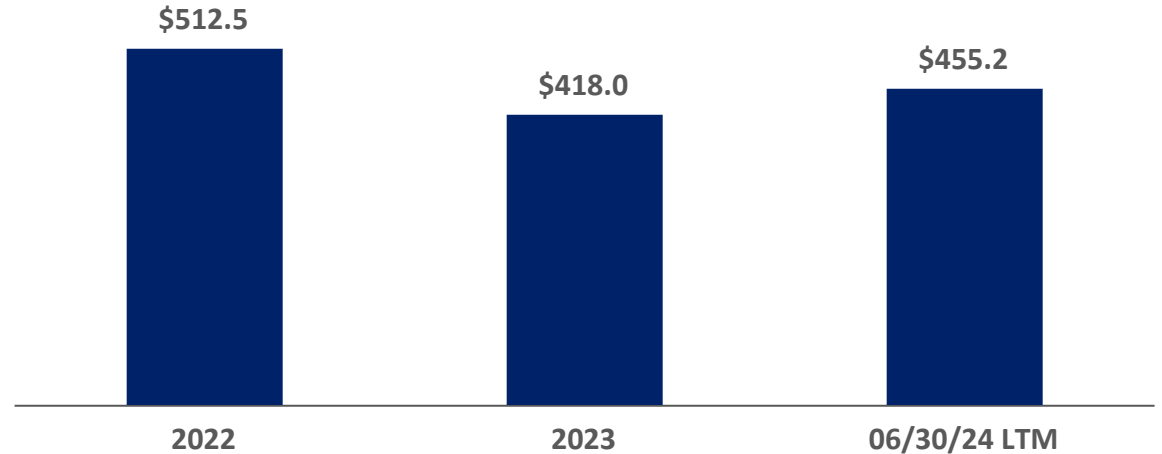


- Manufactures and sells polyvinyl chloride (PVC) pipe to distributors. Pipe is used in municipal water, rural water, wastewater and storm drainage systems
- Plants located in Fargo, ND & Phoenix, AZ
- Approximate production capacity of 350 mm lbs. of PVC

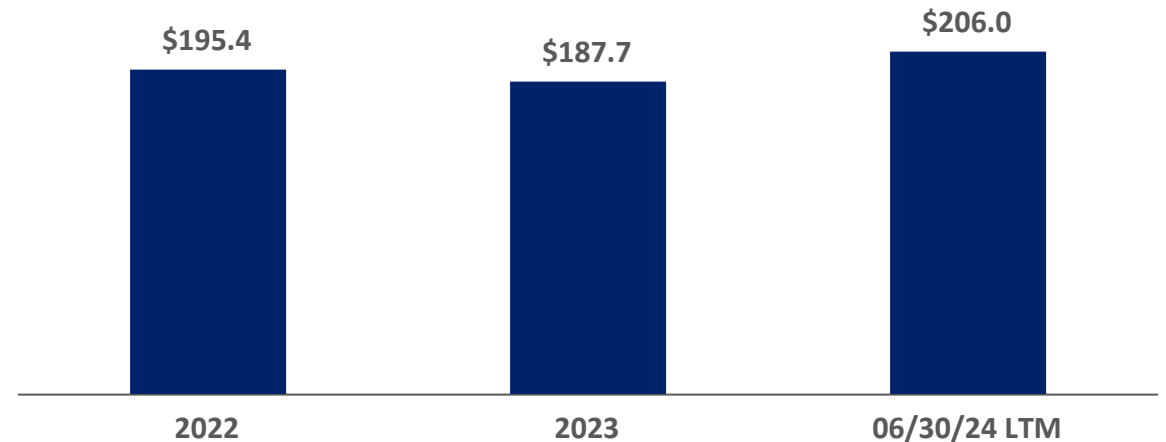
Highlights

- Higher sales volumes driven by customers sales volume growth and distributor and end market demand following distributor destocking efforts last year, partially offset by lower sales prices
- Sales prices continue to decline but at a slower rate than originally anticipated
- Vinyltech plant upgrades and expansion projects underway
 - Expect to add 26 million pounds of large diameter capacity in late 2024
 - In early 2026, expect to bring another line online and add another 26 million pounds of capacity

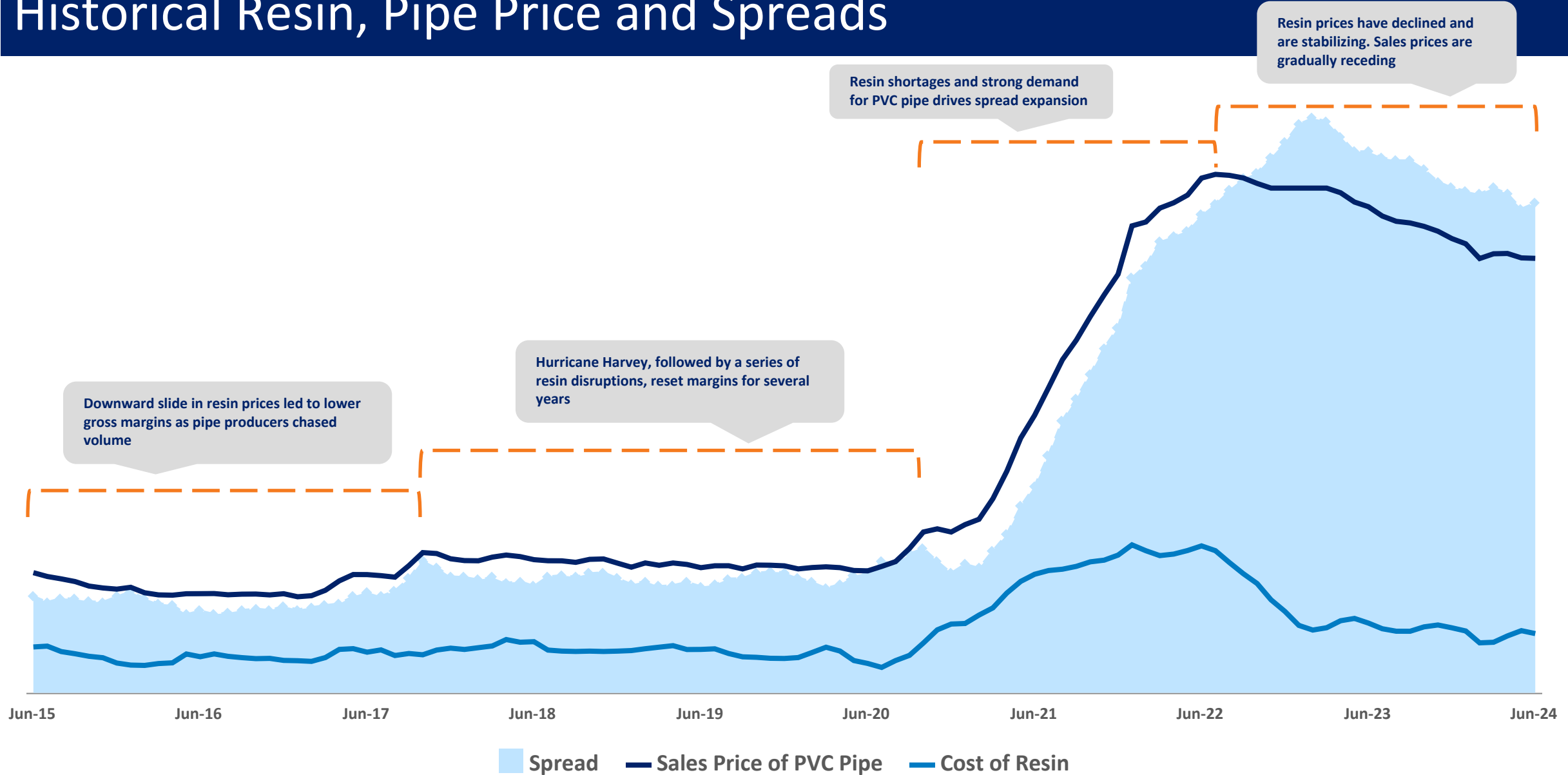
Operating Revenue (in millions)



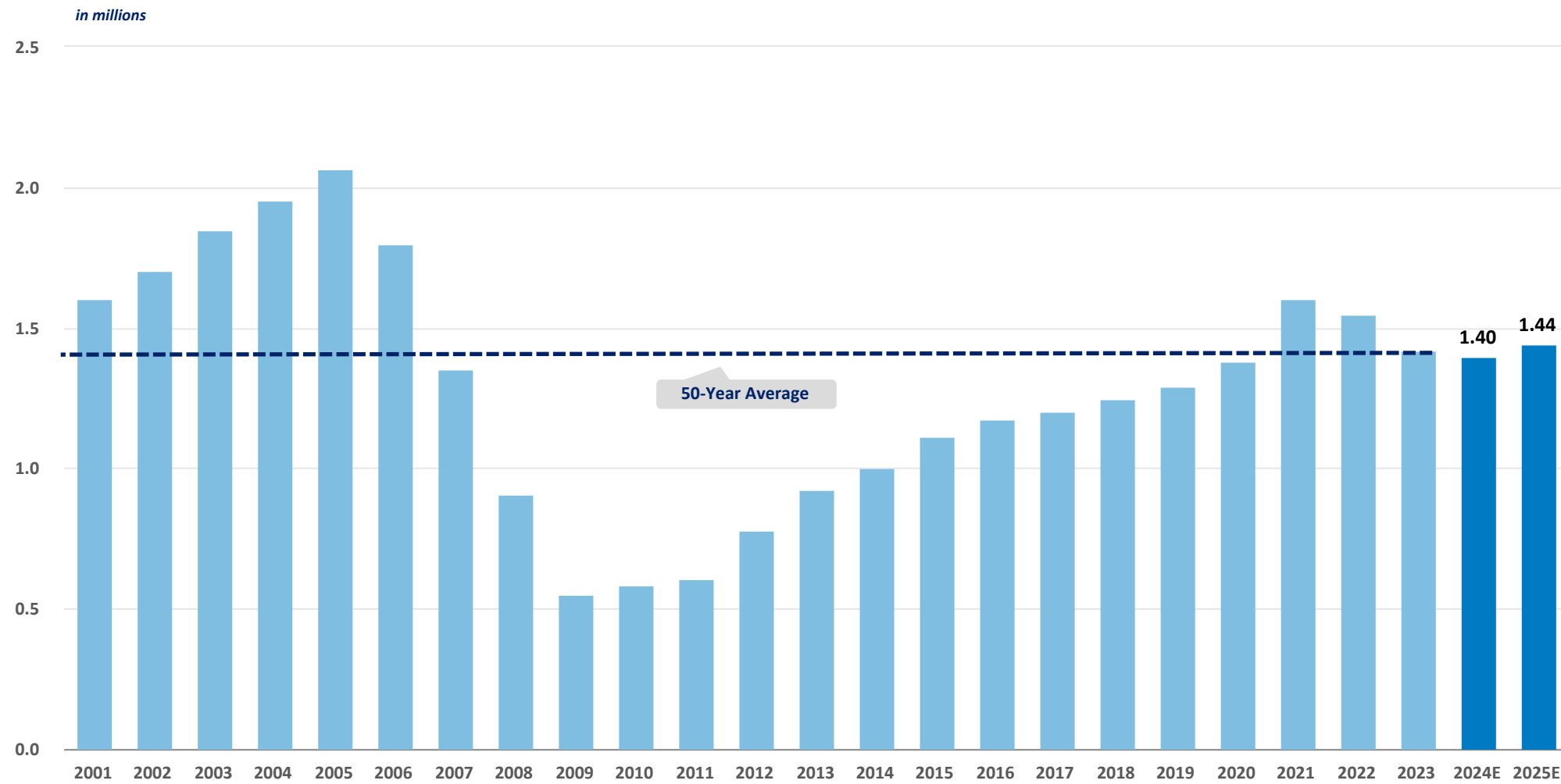
Net Income (in millions)



Historical Resin, Pipe Price and Spreads



Annual U.S. Housing Starts



Source: U.S. Census Bureau, U.S. Department of Commerce and Wells Fargo Economics

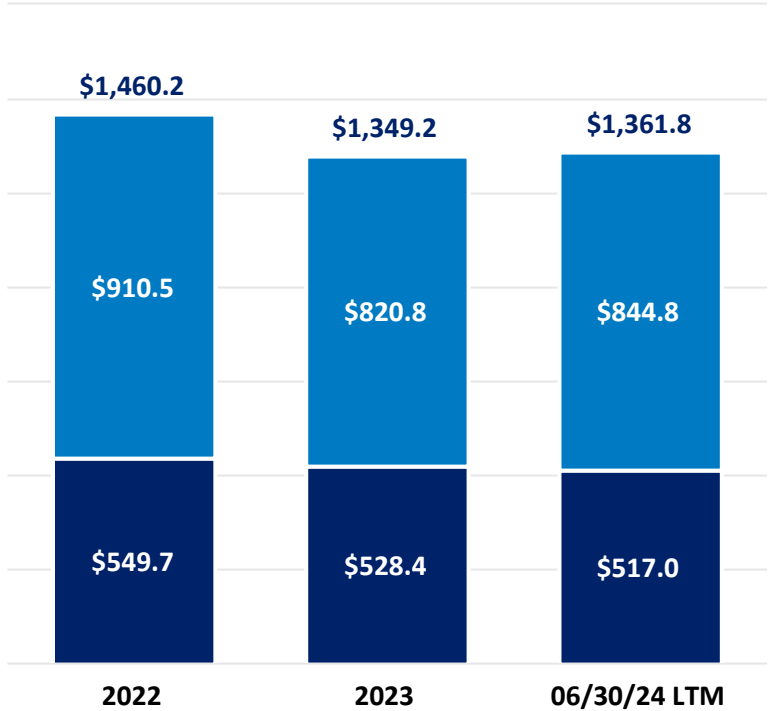
FINANCIAL UPDATE

Financial Overview

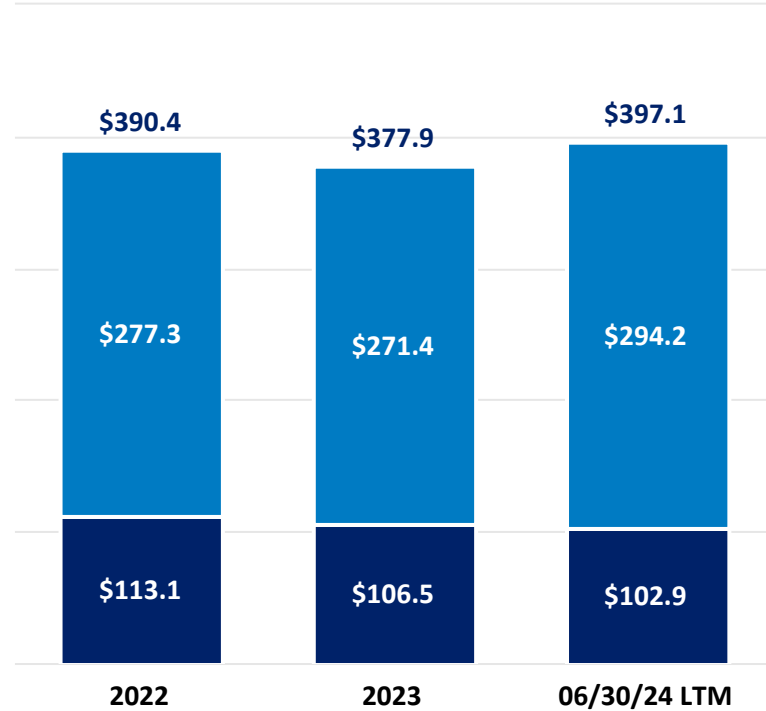
\$ in millions

Elevated Plastics segment earnings impacting Operating Income & Net Income in all periods presented

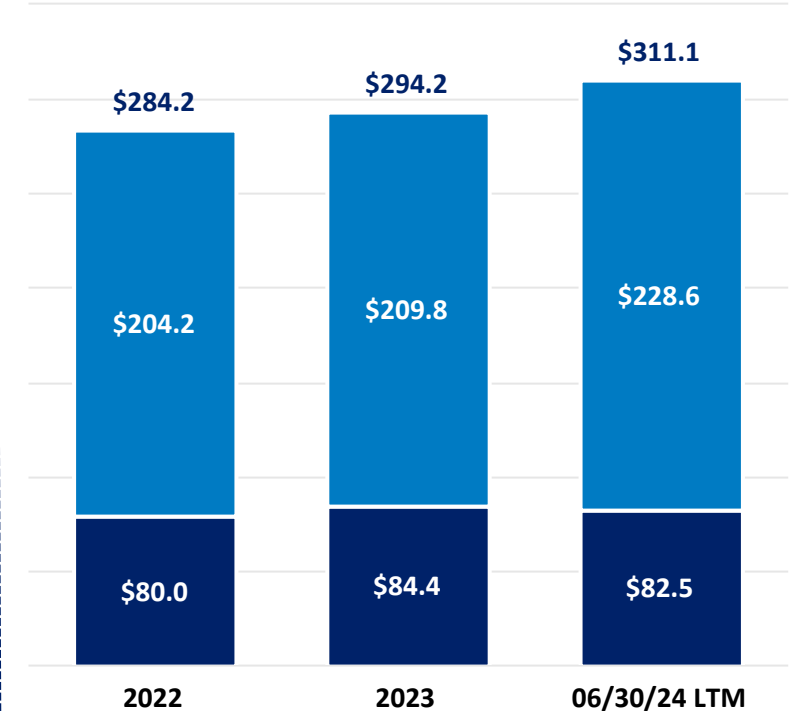
Operating Revenues



Operating Income



Net Income



■ Electric Platform
 ■ Manufacturing Platform
(incl. unallocated corporate costs)

Diluted EPS: Q2 2023 vs Q2 2024

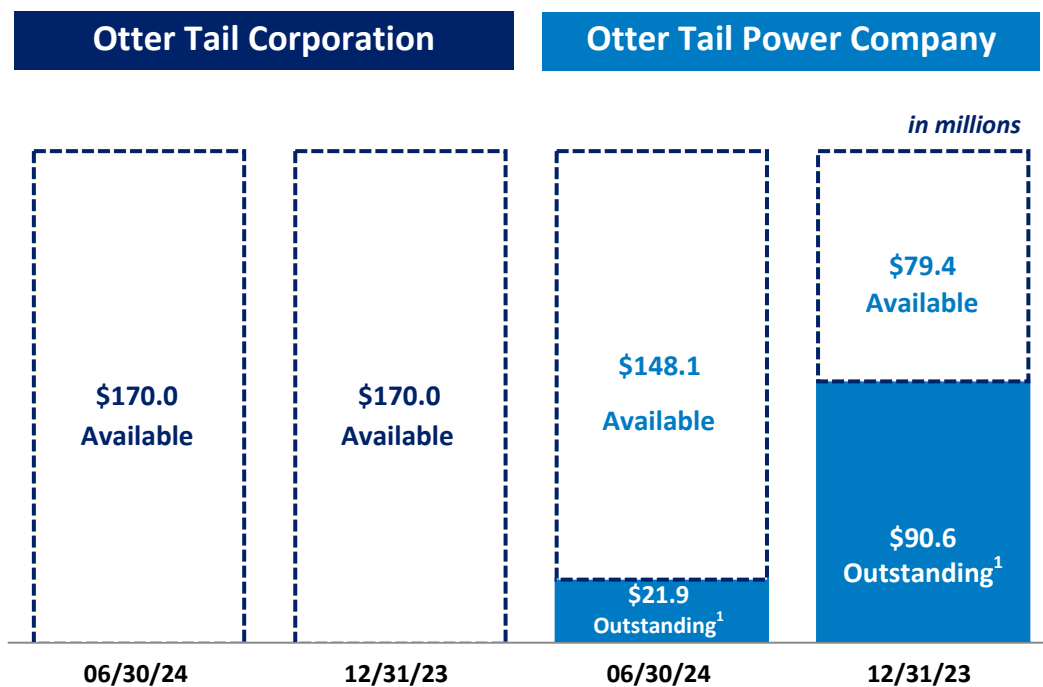
		Electric	Manufacturing	Plastics	Corporate	Total
	Q2 2023 DILUTED EARNINGS PER SHARE	\$ 0.47	\$ 0.14	\$ 1.32	\$ 0.02	\$ 1.95
Electric	ND interim revenue	0.05	—	—	—	0.05
	O&M expense	0.02	—	—	—	0.02
	Sales volume	0.02	—	—	—	0.02
	Impact of unfavorable weather	(0.07)	—	—	—	(0.07)
	Transmission revenue	(0.04)	—	—	—	(0.04)
	Depreciation expense and property taxes	(0.01)	—	—	—	(0.01)
Manufacturing	Product pricing and favorable product mix	—	0.12	—	—	0.12
	Sales volume	—	(0.05)	—	—	(0.05)
	Gross profit margin	—	(0.03)	—	—	(0.03)
	Scrap revenue	—	(0.02)	—	—	(0.02)
Plastics	Sales volume	—	—	0.37	—	0.37
	Gross profit margin	—	—	(0.24)	—	(0.24)
	SG&A expense	—	—	(0.01)	—	(0.01)
Corporate	Investment income	—	—	—	0.03	0.03
	Gains on COLI policies	—	—	—	(0.02)	(0.02)
	Q2 2024 DILUTED EARNINGS PER SHARE	\$ 0.44	\$ 0.16	\$ 1.44	\$ 0.03	\$ 2.07

Diluted EPS: YTD 2023 vs YTD 2024

		Electric	Manufacturing	Plastics	Corporate	Total
	YTD 2023 DILUTED EARNINGS PER SHARE	\$ 1.02	\$ 0.31	\$ 2.12	\$ (0.01)	\$ 3.44
Electric	ND interim revenue	0.11	—	—	—	0.11
	Sales volume	0.05	—	—	—	0.05
	Rider revenue	0.02	—	—	—	0.02
	AFUDC equity	0.02	—	—	—	0.02
	O&M expense	0.01	—	—	—	0.01
	Impact of unfavorable weather	(0.17)	—	—	—	(0.17)
	Depreciation expense and property taxes	(0.04)	—	—	—	(0.04)
	Transmission revenue	(0.04)	—	—	—	(0.04)
	Interest expense	(0.01)	—	—	—	(0.01)
Manufacturing	Product pricing and favorable product mix	—	0.12	—	—	0.12
	Sales volume	—	(0.09)	—	—	(0.09)
	Gross profit margin	—	(0.03)	—	—	(0.03)
	Scrap revenue	—	(0.02)	—	—	(0.02)
Plastics	Sales volume	—	—	0.87	—	0.87
	Gross profit margin	—	—	(0.42)	—	(0.42)
	SG&A expense	—	—	(0.02)	—	(0.02)
Corporate	Investment income	—	—	—	0.06	0.06
	Gains on COLI policies	—	—	—	(0.02)	(0.02)
	YTD 2024 DILUTED EARNINGS PER SHARE	\$ 0.97	\$ 0.29	\$ 2.55	\$ 0.03	\$ 3.84

Liquidity, Cap Structure and Credit Ratings

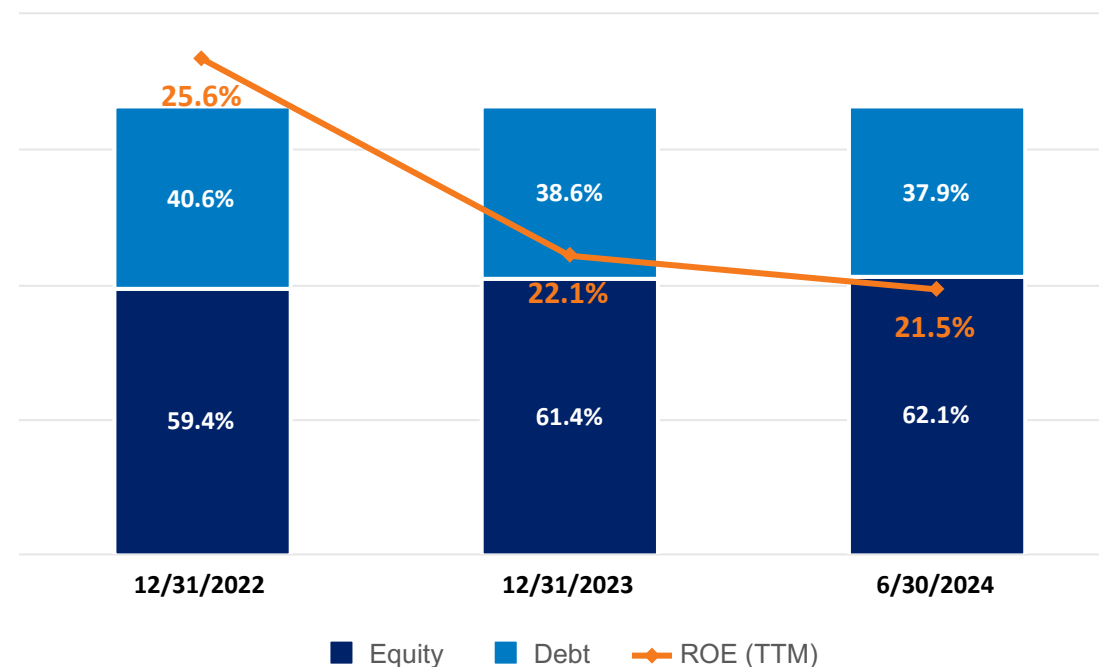
Liquidity: Line of Credit Availability



¹Amounts include outstanding letters of credit

Expiration Date: October 29, 2027

Consolidated Capital Structure & ROE



Credit Ratings

	Otter Tail Corporation			Otter Tail Power Company		
	Moody's	Fitch	S&P	Moody's	Fitch	S&P
Corporate Credit / Long-Term Issuer Default	Baa2	BBB	BBB	A3	BBB+	BBB+
Senior Unsecured Debt	N.A.	BBB	N.A.	N.A.	A-	N.A.
Outlook	Stable	Stable	Stable	Negative	Stable	Stable
Date of Last Review	Jul. 2024	Sep. 2023	Jan. 2024	Jul. 2024	Sep. 2023	Sep. 2023

2024 Earnings Guidance

<i>Diluted EPS</i>	<i>Actual 2023</i>	<i>2024 Guidance May 6, 2024</i>		<i>2024 Guidance August 6, 2024</i>	
		<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>
Electric	\$ 2.01	\$ 2.13	\$ 2.17	\$ 2.13	\$ 2.17
Manufacturing	0.51	0.45	0.49	0.36	0.40
Plastics	4.47	3.78	3.97	4.35	4.54
Corporate	0.01	(0.13)	(0.10)	(0.07)	(0.04)
Total	\$ 7.00	\$ 6.23	\$ 6.53	\$ 6.77	\$ 7.07
<i>Return on Equity</i>	<i>22.1 %</i>	<i>17.1 %</i>	<i>17.8 %</i>	<i>18.3 %</i>	<i>19.0 %</i>

Capital Expenditures

<i>in millions</i>	2023	2024	2025	2026	2027	2028	Total 2024-2028
Electric Segment							
Renewables		\$ 118	\$ 93	\$ 33	\$ 113	\$ 129	\$ 486
Transmission		51	85	111	98	100	445
Distribution		38	39	36	38	39	190
Other		67	37	30	27	25	186
Electric Segment Total	\$ 241	\$ 274	\$ 254	\$ 210	\$ 276	\$ 293	\$ 1,307
Manufacturing & Plastics Segments	46	79	35	27	25	26	192
Total Capital Expenditures	\$ 287	\$ 353	\$ 289	\$ 237	\$ 301	\$ 319	\$ 1,499
Electric Segment Average Rate Base	\$ 1,742	\$ 1,890	\$ 2,080	\$ 2,200	\$ 2,350	\$ 2,520	
Rate Base Growth		8.5 %	10.1 %	5.8 %	6.8 %	7.2 %	
Rate Base CAGR = 7.7%							

Five Year Financing Plan

Long-Term Financing

2024
(Actual)

2025-2028
(Planned)

\$ in millions

LONG-TERM DEBT

Otter Tail Power

Issuances	\$	120	\$	420
Retirements		—		(42)

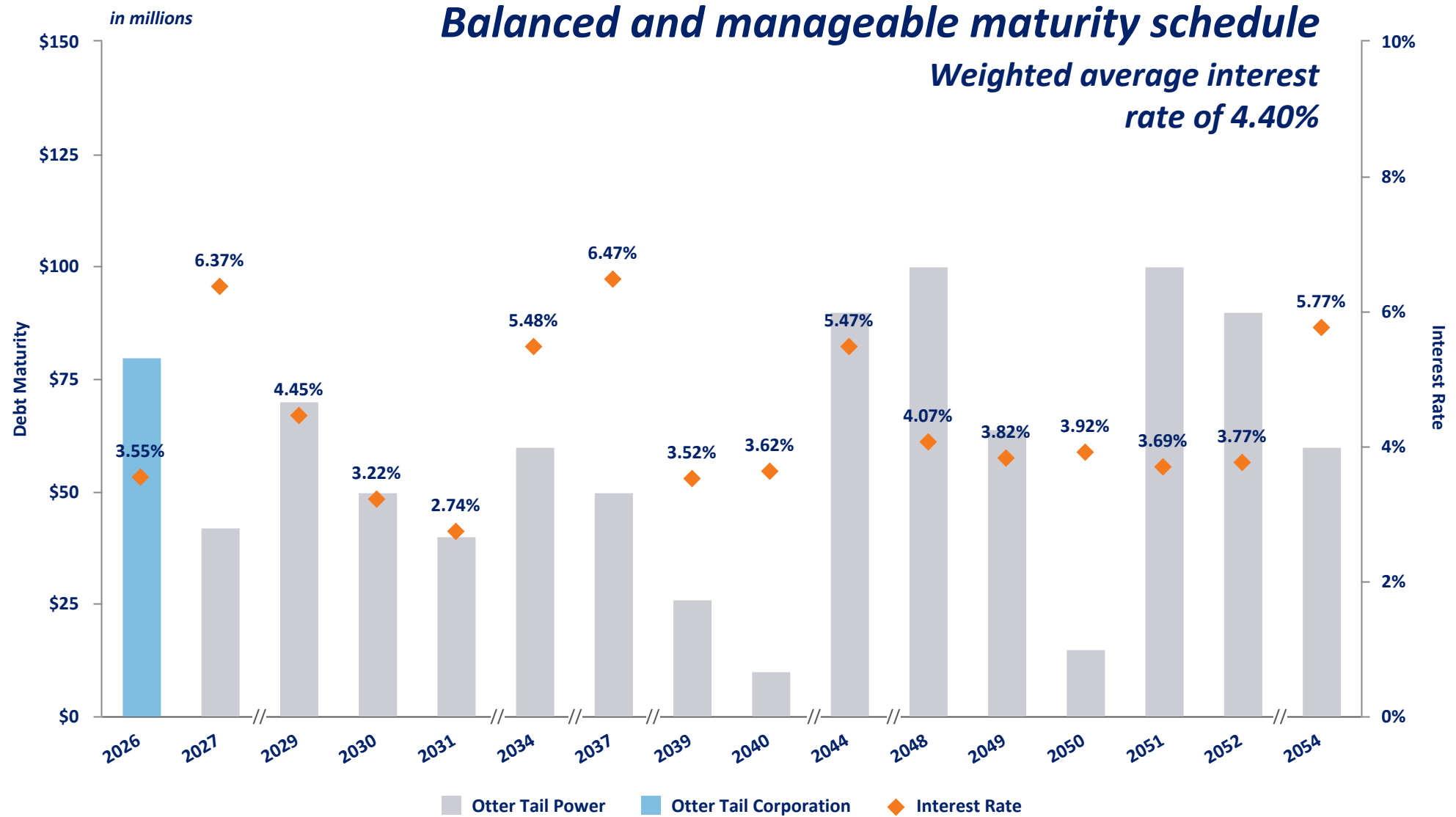
Otter Tail Corporation (Parent)

Issuances		—		—
Retirements		—		(80)

Net Debt Increase	\$	120	\$	298
--------------------------	-----------	------------	-----------	------------

EQUITY - No material external equity issuances planned in next five years

Bond Maturity Schedule

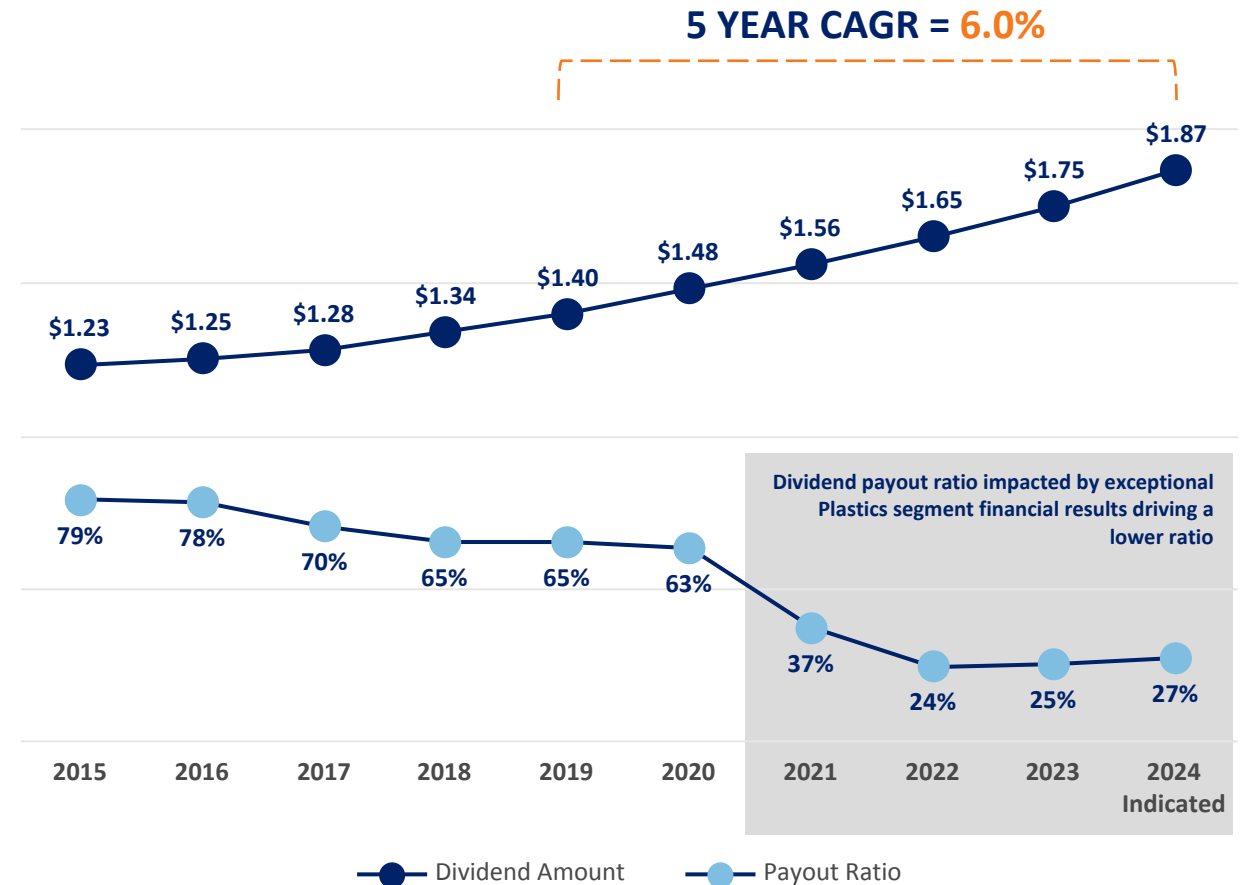


History of Dividend Growth

Our Dividend Story

- Paid annual dividend without interruption since 1938
- 6.9% increase, or \$0.12 per share, indicated for 2024
- Strong balance sheet, ample liquidity, history of cash generation and enhanced shareholder returns

Dividend Growth & Payout Ratio



OTTR Investment Targets

Total Shareholder Return

8-10%

Long-Term EPS Growth Rate

5-7%

Dividend Yield

~ 3%

Dividend Growth Rate

5-7%

(Targeted
payout ratio
50-60%)

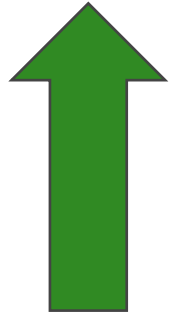
Balanced Growth and Income Strategy

- Attractive rate base growth at our electric utility with a proven track record of converting rate base growth into earnings growth
- Manufacturing and Plastics businesses provide opportunity for enhanced returns
- Above average returns on equity coupled with strong balance sheet, liquidity position and equity ratio

Appendix

Cleaner Energy Future

By 2030, We are Targeting:



55%

Our owned and contracted energy generation will be 55% renewable
(Does not include MISO market purchases)

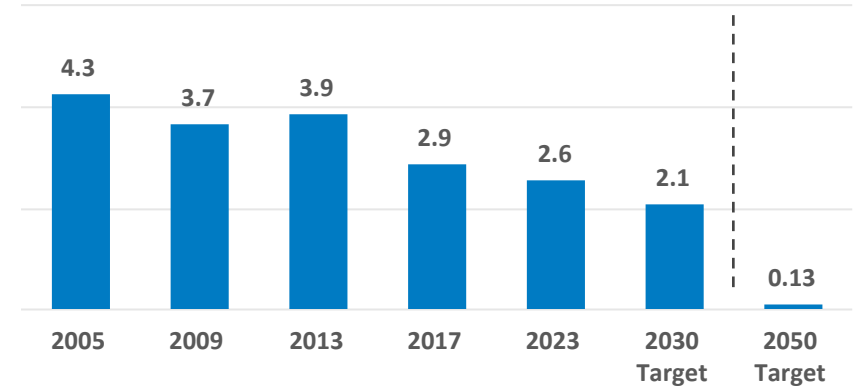
50%

Our carbon emissions from owned generation resources will be 50% below 2005 levels

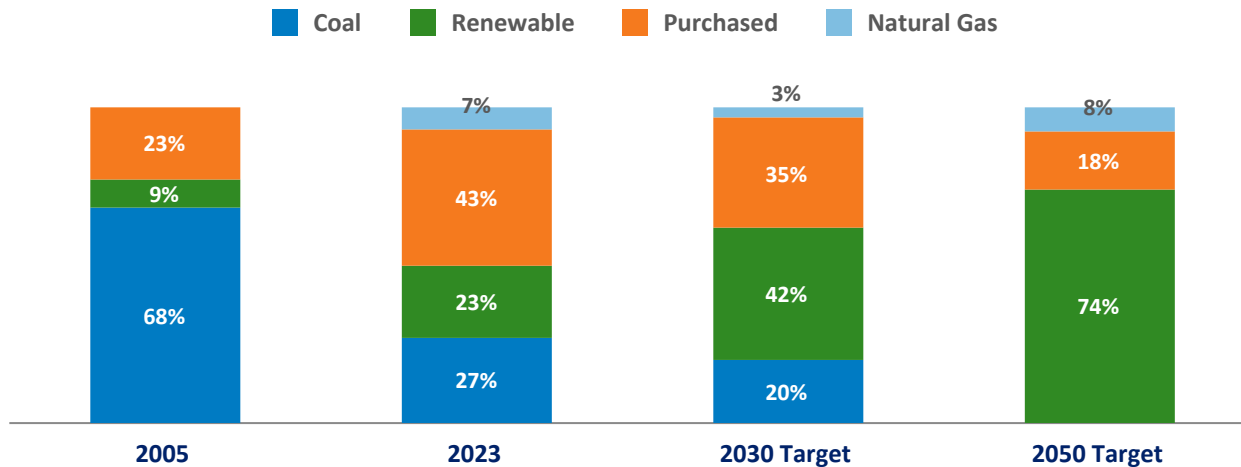


Carbon emission targeted to be 97% below 2005 levels by 2050 on our owned generation

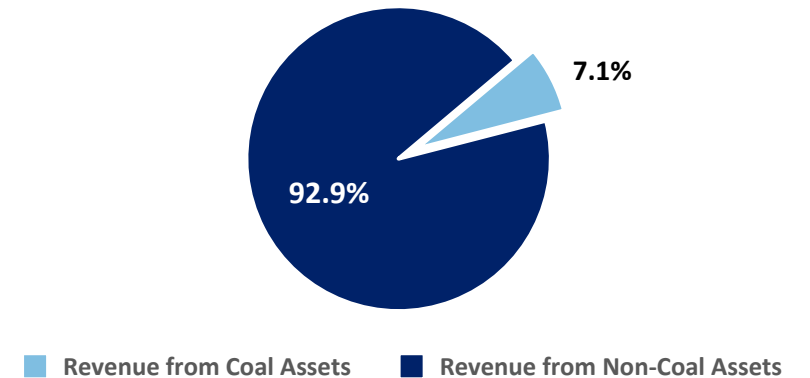
Otter Tail Power Scope 1 CO2 Emissions
(in million short tons)



Otter Tail Power Energy Resource Mix



2023 Consolidated Revenues from Coal Assets



Note: Consolidated revenues include estimated returns on coal generation facility rate base investment, fuel expenses, O&M's, depreciation, property taxes, and coal conversion costs

Values in Action



Safety - We provide safe workplaces and require safe work practices

- Published an Occupational Health and Safety Policy, committing to:
 - Safety as our top priority;
 - Development of and training on safe work methods; and
 - Implementation of a safety program
- Our 2023 Total Recordable Incident Rate was 1.67 (peer benchmark 2.32)

People - We build respectful relationships and create inclusive environments, where all people can thrive

- Published a Human Rights Policy, honoring and protecting the rights of our employees while working with our suppliers to encourage healthy, safe and respectful workplaces
- 2023 Diversity, Equity and Inclusion data
 - Diverse and experienced board - 90% independent; 40% female; 10% racially and ethnically diverse; balanced tenure profile (30% 0-5 years; 20% 6-10 years; 50% > 10 years)
 - Total workforce diversity - 18% female; 18% diverse

Community - We improve the communities where we work and live

- In 2023, our two foundations gave nearly \$1.2 million to strengthen our companies' communities
 - We focused our support on the following areas of emphasis: community, civic and cultural development, education, environment and health and human services



OTTER TAIL
CORPORATION

www.ottertail.com