Q3 2022 EARNINGS CONFERENCE CALL

November 1, 2022

OTTER TAIL CORPORATION

FORWARD-LOOKING STATEMENT

Except for historical information contained here, the statements in this presentation are forward-looking and made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words "anticipate," "believe," "could," "estimate," "expect," "goal," "intend," "may," "outlook," "plan," "possible," "potential," "projected," "should," "will," "would" and similar words and expressions are intended to identify forward-looking statements and 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. Forward-looking statements made herein, which include statements regarding future earnings, earnings per share, dividend levels and shareholder returns, 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 material costs, future operating revenues and operating results, continuous improvement efforts, and expectations regarding the outcomes of 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 the impact and duration of the COVID-19 pandemic, long-term investment risk, increased cost or delays in our rate base investments, the outcome of regulatory proceedings and approvals for cost recovery, 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, cyber security threats or data breaches, the impact of government legislation and regulation, including foreign trade policy and environmental laws and regulations, the impact of climate change, including compliance with legislative and regulatory changes to address climate change, operational and economic risks associated with our electric generating and manufacturing facilities, risks associated with energy markets, the availability and pricing of resource materials, attracting and maintaining a qualified and stable workforce, and changing macroeconomic and industry conditions. 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

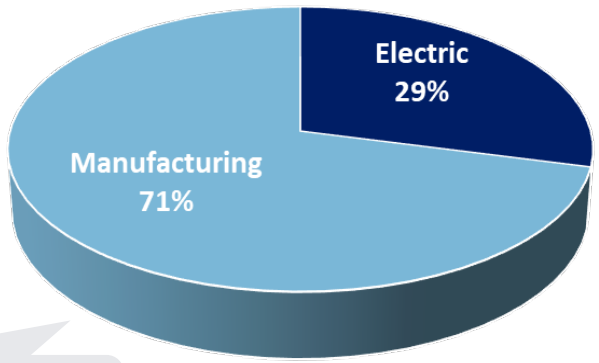
OTTER TAIL CORPORATION

- ELECTRIC PLATFORM
  - OTTER TAIL POWER COMPANY
- MANUFACTURING PLATFORM
  - MANUFACTURING SEGMENT
    - BTD
    - T.O. PLASTICS
  - PLASTICS SEGMENT
    - northern pipe products
    - VINYLTECH VT PVC • PIPE

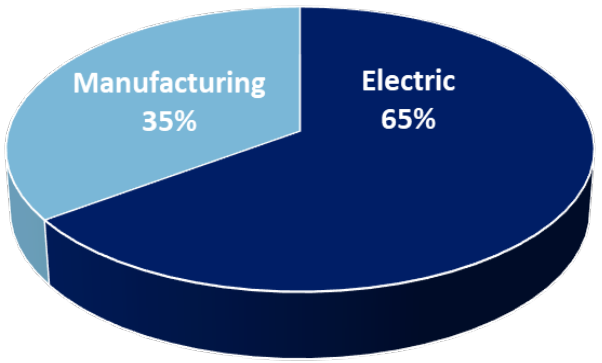
Electric Platform

- Competitive low-cost operations
- Constructive regulatory environment
- Attractive rate base growth

Expected 2022 Earnings Mix



Long-term Earnings Mix



Manufacturing Platform

- Long-term growth potential
- Capacity utilization
- Diversification

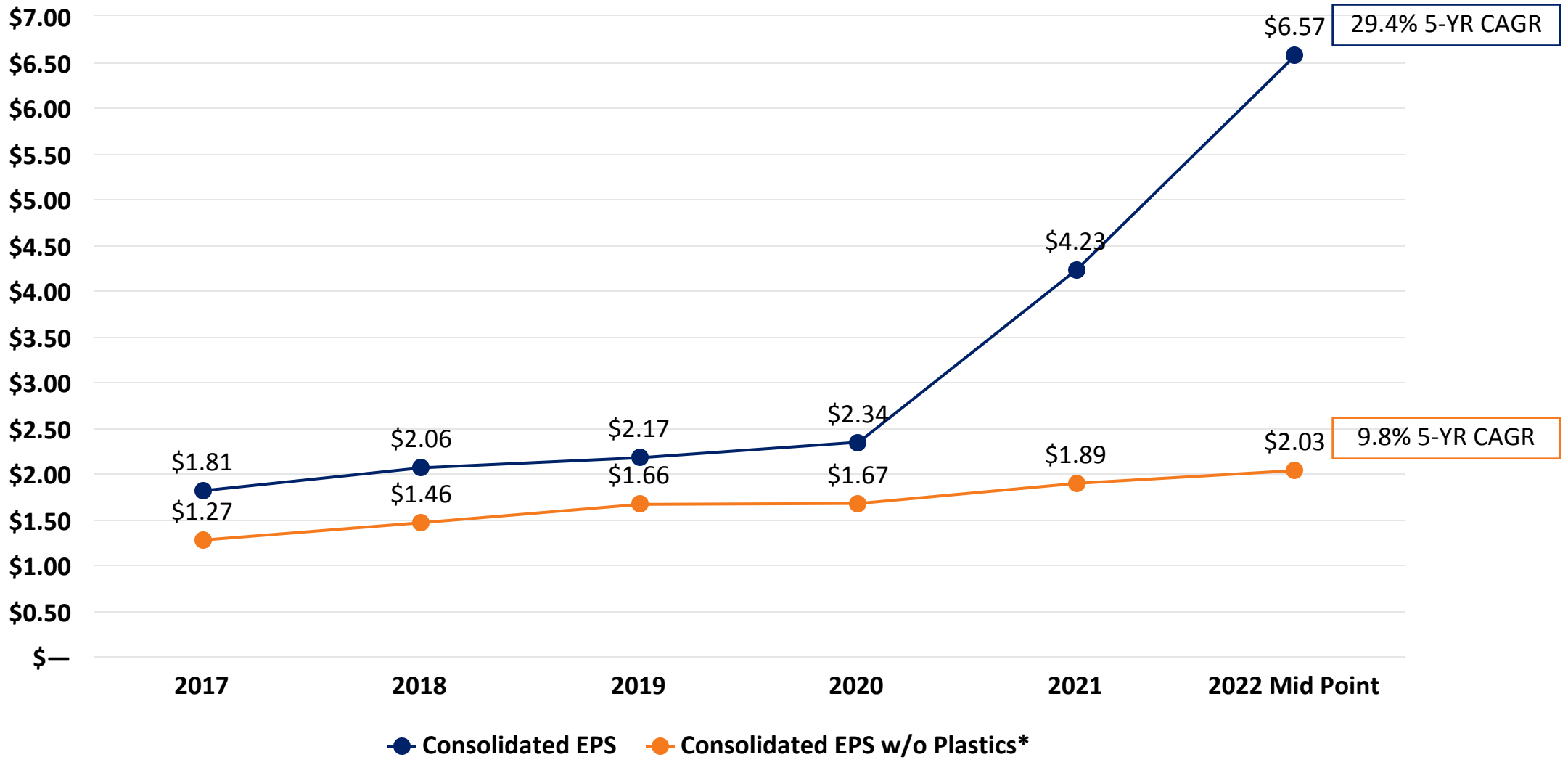
2022 earnings mix is driven by stronger than expected market conditions in Plastic Segment

Q3 2022 FINANCIAL SUMMARY AND HIGHLIGHTS

		Q3 2022		Q3 2021
Operating Revenues *(in millions)*	$	383.9	$	316.3
Net Income *(in millions)*	$	84.2	$	52.8
Diluted EPS	$	2.01	$	1.26

- Q3 2022 diluted earnings per share of $2.01, up 60% from 2021
- 2022 diluted earnings per share guidance range of $6.42-$6.72 which reflects a 52%-59% increase from the 2021 reported annual diluted earnings per share of $4.23.
- Electric Segment earnings increased $2.3 million, or 10.3% primarily due to increased commercial and industrial sales.
- Manufacturing Segment earnings increased $2.0 million, or 48.1%. The increase in earnings was due to increases in sales.
- Plastics Segment earnings increased $27.6 million, or 97.1% driven by higher pipe prices and improved operating margins resulting from unique market conditions.
- Strong Balance Sheet, investment grade credit ratings, and supportive regulatory environment.

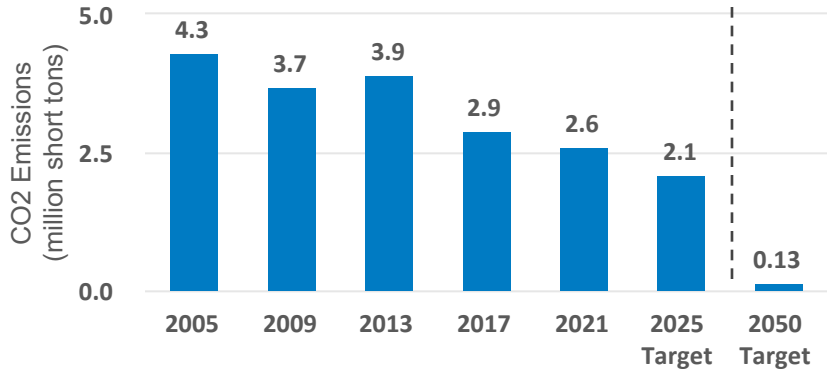
Earnings Per Share Growth



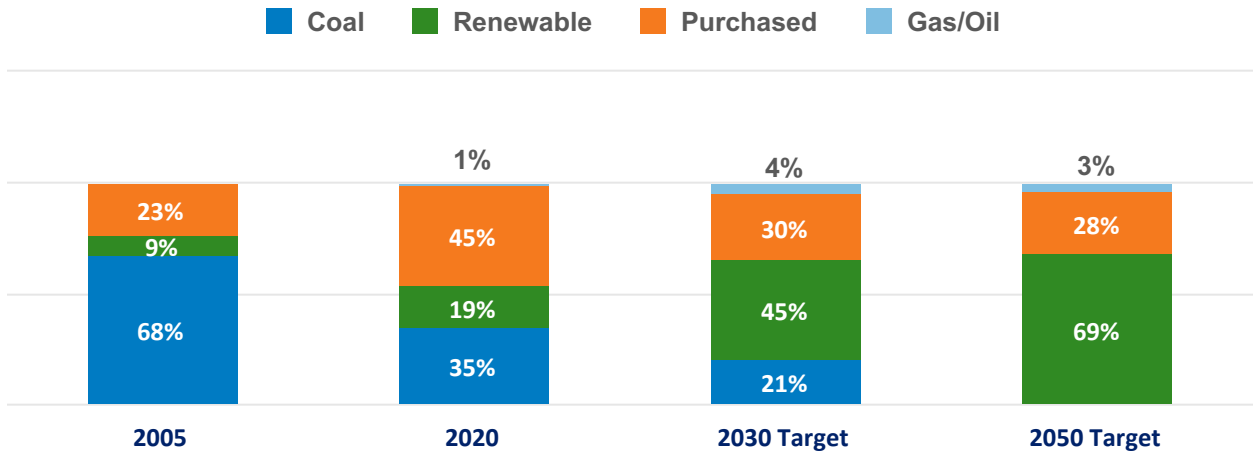
*Consolidated EPS w/o Plastics is a non-GAAP financial measure management uses to assess the financial results of the business exclusive of the impact of the earnings generated by our Plastics segment in 2021 and anticipated in 2022 which are impacted by unique and extraordinary industry supply and demand dynamics which have led to segment operating margins significantly in excess of historical levels.

CLEANER ENERGY FUTURE

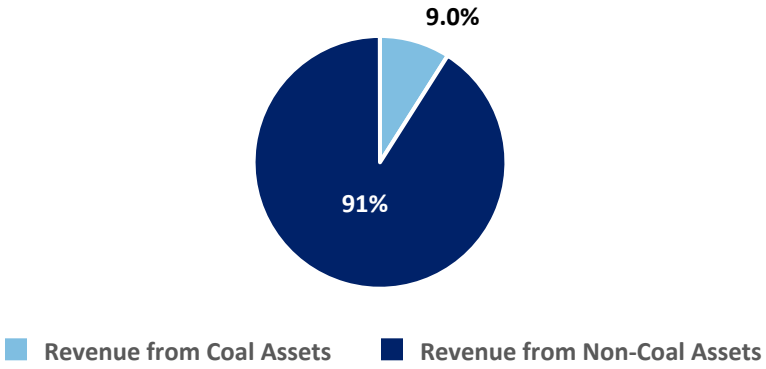
Otter Tail Power Company CO2 Trend (Owned Resources) 2005 - 2025



OTP Energy Resource Mix



Consolidated Revenues from Coal Assets

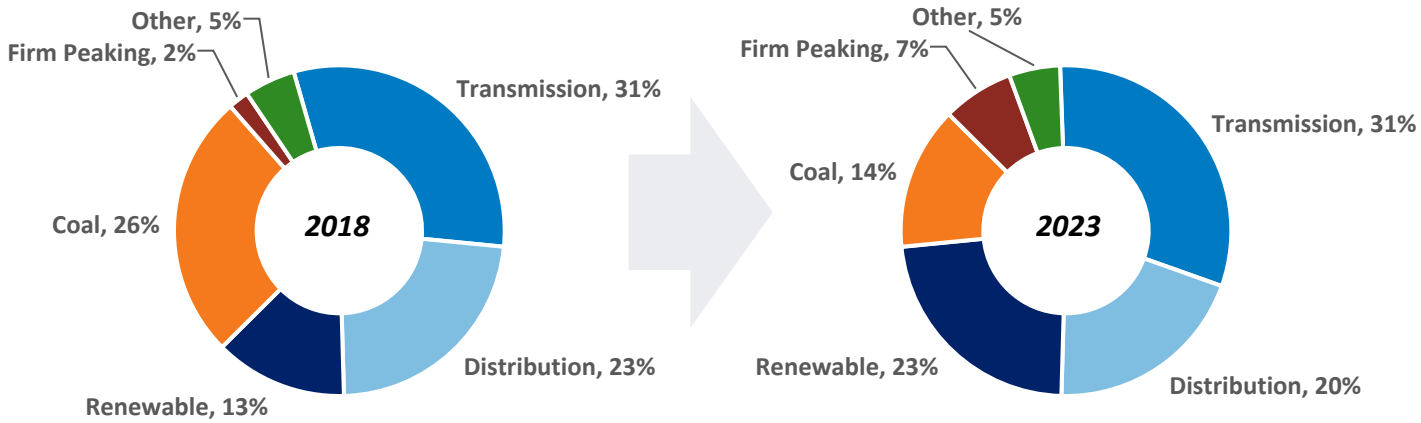


Footnotes:

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

2) By 2022, the combination of the Hoot Lake Plant retirement and completion of Merricourt Wind Farm and Astoria Gas Plant result in a reduction in revenue and earnings from coal.

OTP Asset Profile



ESG HIGHLIGHTS

By 2025, We are Targeting:

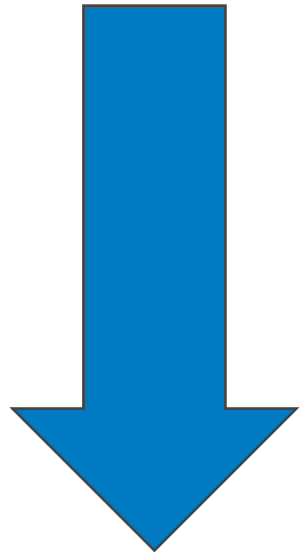


50%

Our owned and contracted energy generation will be more than 50% renewable (Does not include MISO market purchases).

50%

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



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

Visit www.otpsustainability.com to view the Otter Tail Power 2021 ESG Report

ESG HIGHLIGHTS - Human Capital

We are focused on the health and safety of our employees and creating a culture of inclusion, excellence, and learning.

Safety - Safety is one of our core values. We focus on the safety of our employees and have implemented safety programs and management practices to promote a culture of safety. Safety is also a metric used and evaluated in determining annual incentive compensation.

Workforce Stability - Retaining, recruiting, and developing our employees is an important factor in our continued success and growth. We regularly evaluate our employee retention and turnover rates.

Management and Workforce Demographics - We manage our workforce demographics and the Compensation and Human Capital Management Committee of the Board oversees policies and programs related to diversity, equity, and inclusion.

Leadership Development and Succession Planning - We extend leadership development throughout the organization to build enterprise-wide understanding of our culture, strategy and processes. Our leadership and training opportunities as well as succession planning provide for continuity across the organization.

Employee Engagement - To enhance employee engagement, we provide skill progression and technical training programs support and enhance the prospects of a stable and skilled workforce. We have undertaken a multi-year series of employee engagement surveys. We use the feedback to help shape the future of our organization.

Code of Business Ethics - The Code of Business Ethics is part of our culture and training and is expected of every employee, officer, and director.

ELECTRIC PLATFORM

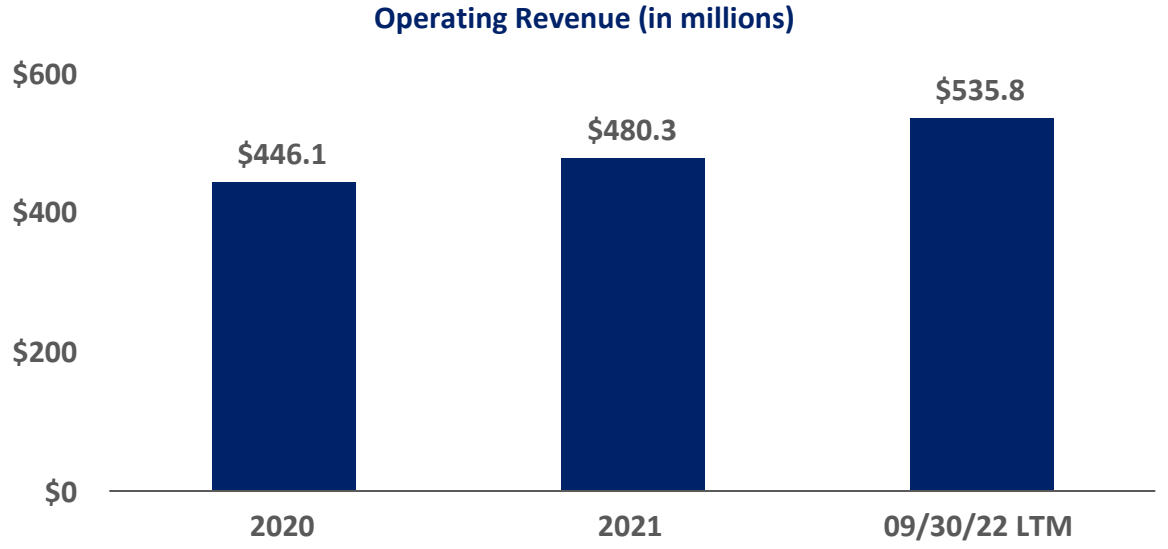


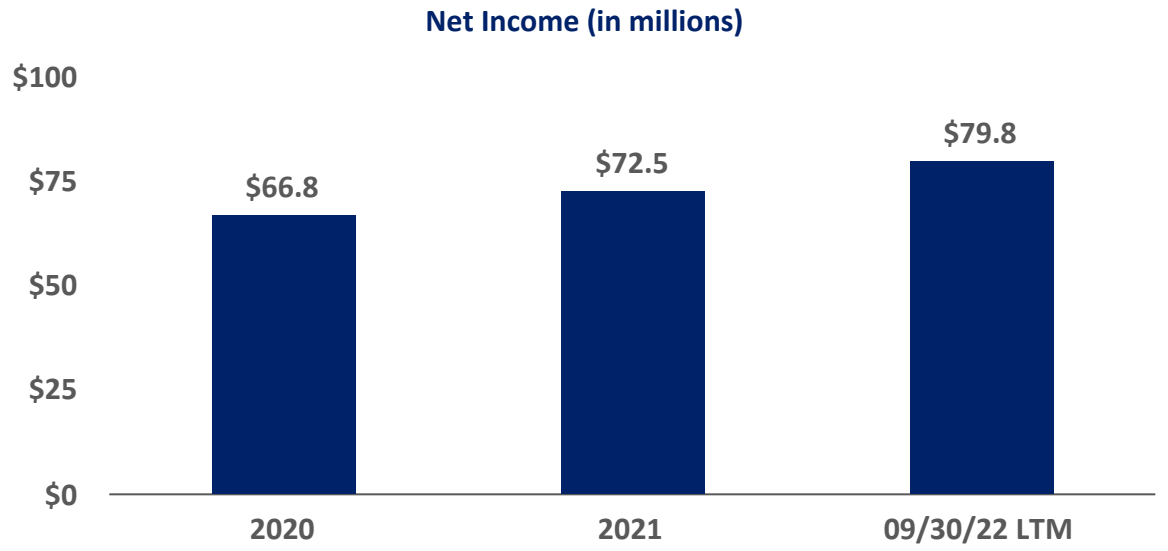
ELECTRIC OPERATIONS

OTTER TAIL POWER COMPANY

Highlights

- Rate base growth opportunities:
  - Renewable generation - Hoot Lake Solar, Ashtabula Wind III purchase, and wind repowering
  - Technology & infrastructure - Advanced Metering Infrastructure
  - Transmission assets - MISO Long Range Transmission Planning (LRTP)
- Constructive regulatory environments
- New data mining and crypto infrastructure load as well as agricultural processing load



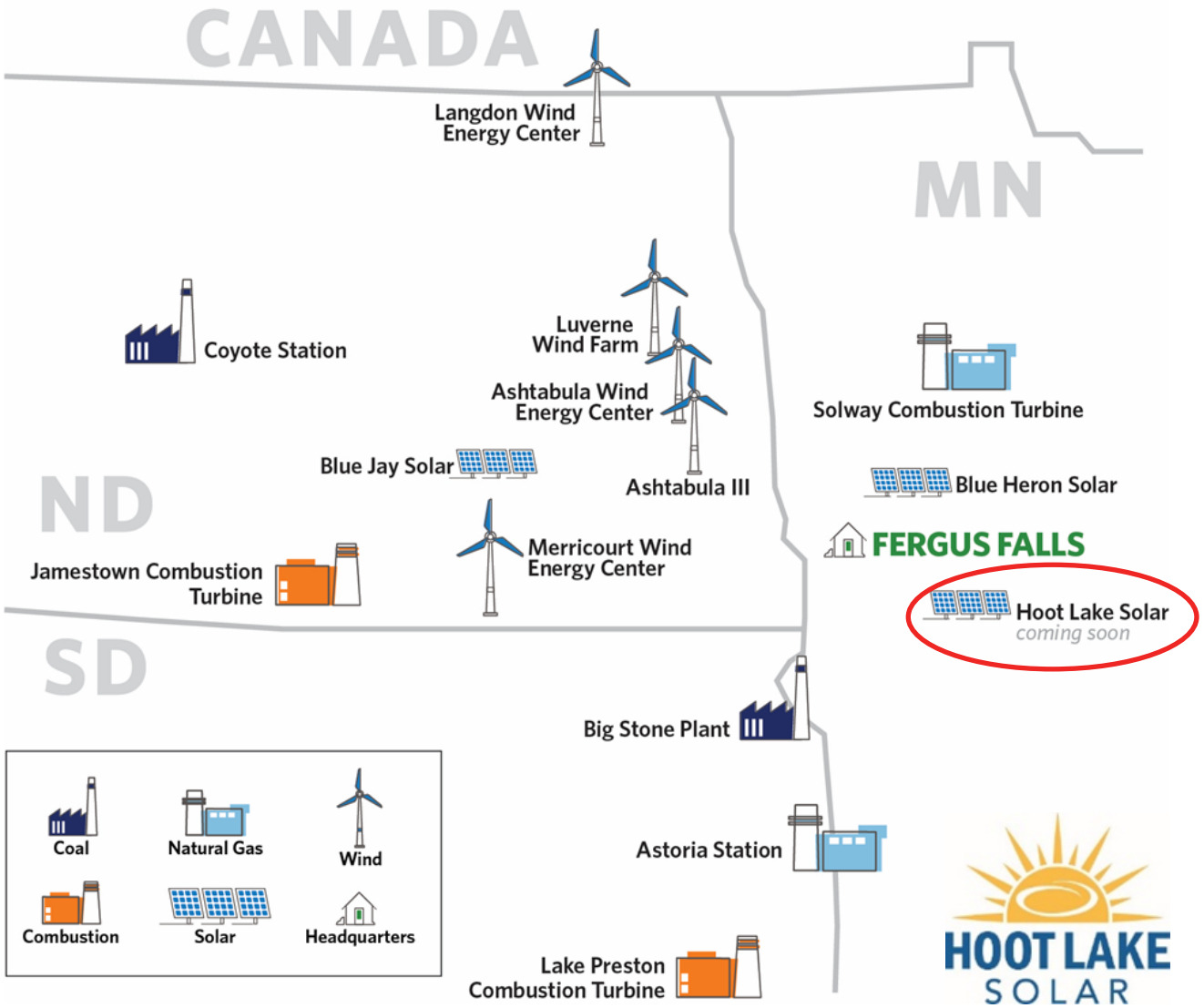


HOOT LAKE SOLAR

Project	Hoot Lake Solar
Description	49-MW self-build solar
Schedule	2020-2023
Otter Tail Power Cost	~ $60 million

Project Summary

- Qualifies for investment tax credit of 40% after IRA passage; safe harbor equipment secured
- Eligible to meet utility scale portion of MN Solar Energy Standard (1.5% of retail sales)
- MPUC approved 100% of costs and benefits to be assigned through MN renewable rider
- City of Fergus Falls approved environmental assessment worksheet and conditional use permit
- Thin-film solar panel and all other major contracts in place
- Construction began May 2022
- Anticipate completion in 2023

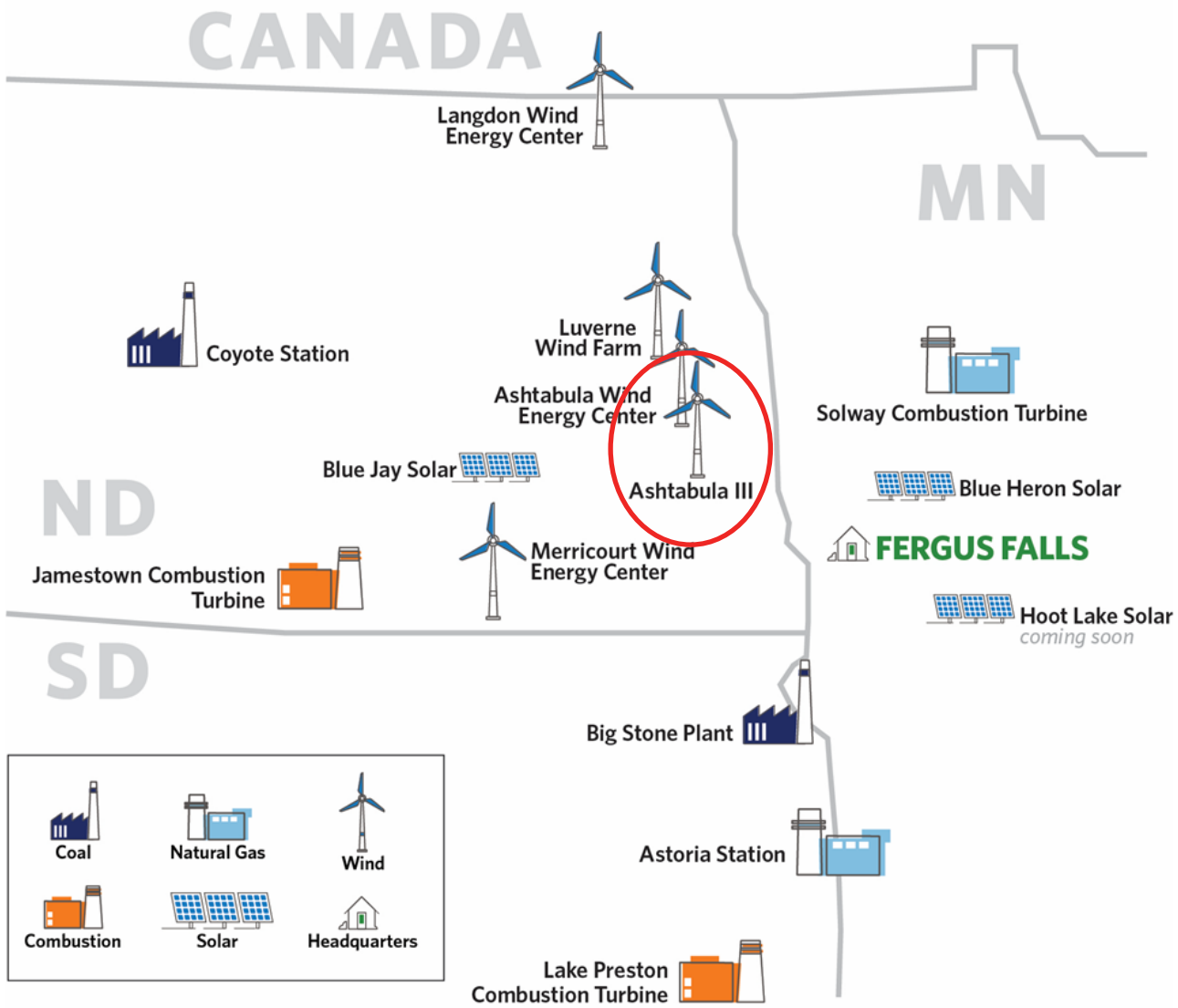


ASHTABULA WIND III PURCHASE

Project	Ashtabula Wind III
Description	62.4-MW wind farm
Schedule	Expected closing in early 2023
Otter Tail Power Cost	~ $50 million

Project Summary

- Purchase power agreement (PPA) with NextEra Energy began in 2013
- Exercised option to purchase operational assets of AWIII LLC
- Due diligence is occurring
- FERC ownership approval has been received
- North Dakota PSC has approved the Certificate of Public Convenience and Necessity (CPCN) and rider recovery
- Minnesota PUC approval granted on October 6, 2022
- South Dakota phase-in rider filing approved in August 2022



MISO Long Range Transmission Planning (LRTP)

Project	MISO LRTP
Description	LRTP Tranche 1 Transmission Projects
Schedule	In Development
Otter Tail Power Cost	~$330 million

Project Summary

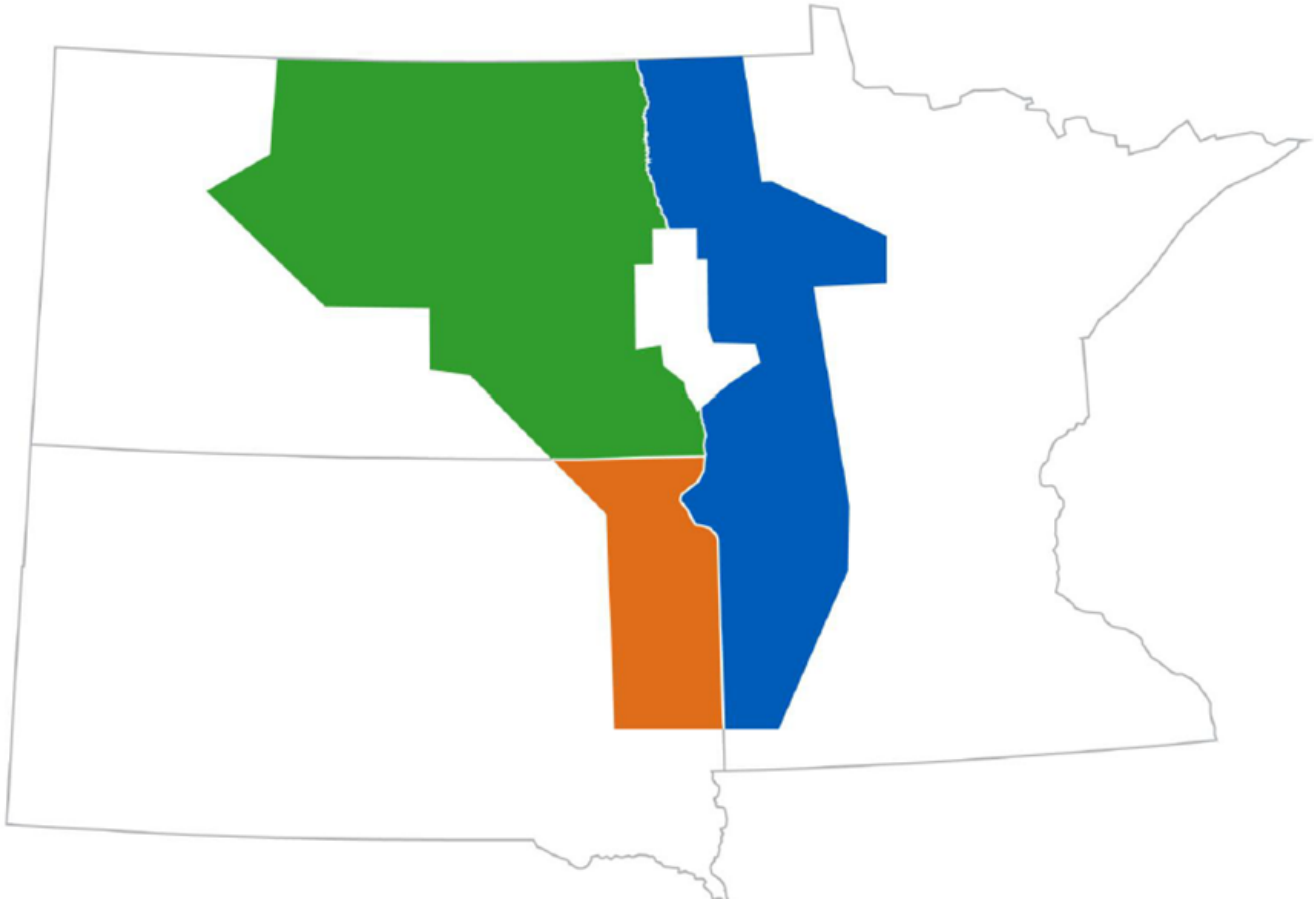
- MISO recently approved its Long Range Transmission Plan with includes two projects in Otter Tail Power service territory:
  - Jamestown - Ellendale
  - Big Stone South - Alexandria - Cassie's Crossing
- Currently in initial development phases of these projects
- OTP is the owner of the Ellendale and Big Stone South substations
- Approximately $122 million of the capital investment is expected to occur before 2028



MN INTEGRATED RESOURCE PLAN/ND REGIONAL HAZE PLAN

Project Summary

- Filed September 2021, jointly in MN, ND, & SD
- Required filing in Minnesota. North Dakota recently passed legislation requiring an IRP filing, but specific rulemaking is not complete.
- Preferred 5-year plan, requested authority to:
  - Add dual fuel capability at Astoria Station.
  - Add 150 MW of solar at a location yet to be determined.
  - Commence the process of withdrawal from 35% ownership interest in coal-fired Coyote Station.
- The North Dakota Department of Environmental Quality (DEQ) State Implementation Plan (SIP) was filed with the EPA in August 2022. DEQ's SIP did not include additional control requirements for Coyote Station and public comment process is complete.
- The EPA has provided preliminary comments indicating they view additional controls at Coyote as being cost-effective.
- On October 14, 2022, Otter Tail Power submitted a supplemental filing to update its 2022 Integrated Resource Plan (2022 IRP), requesting the procedural schedule in Minnesota be amended to provide additional time to update our modeling given significant changes in the energy industry since the original 2022 IRP filing. Specifically, our request was prompted by developments including FERC's approval of MISO's new seasonal resource adequacy construct, MISO's proposal to significantly increase winter and spring planning reserve margins requirements, and enactment of the Inflation Reduction Act. If granted permission, we plan to file an updated resource plan in March 2023.

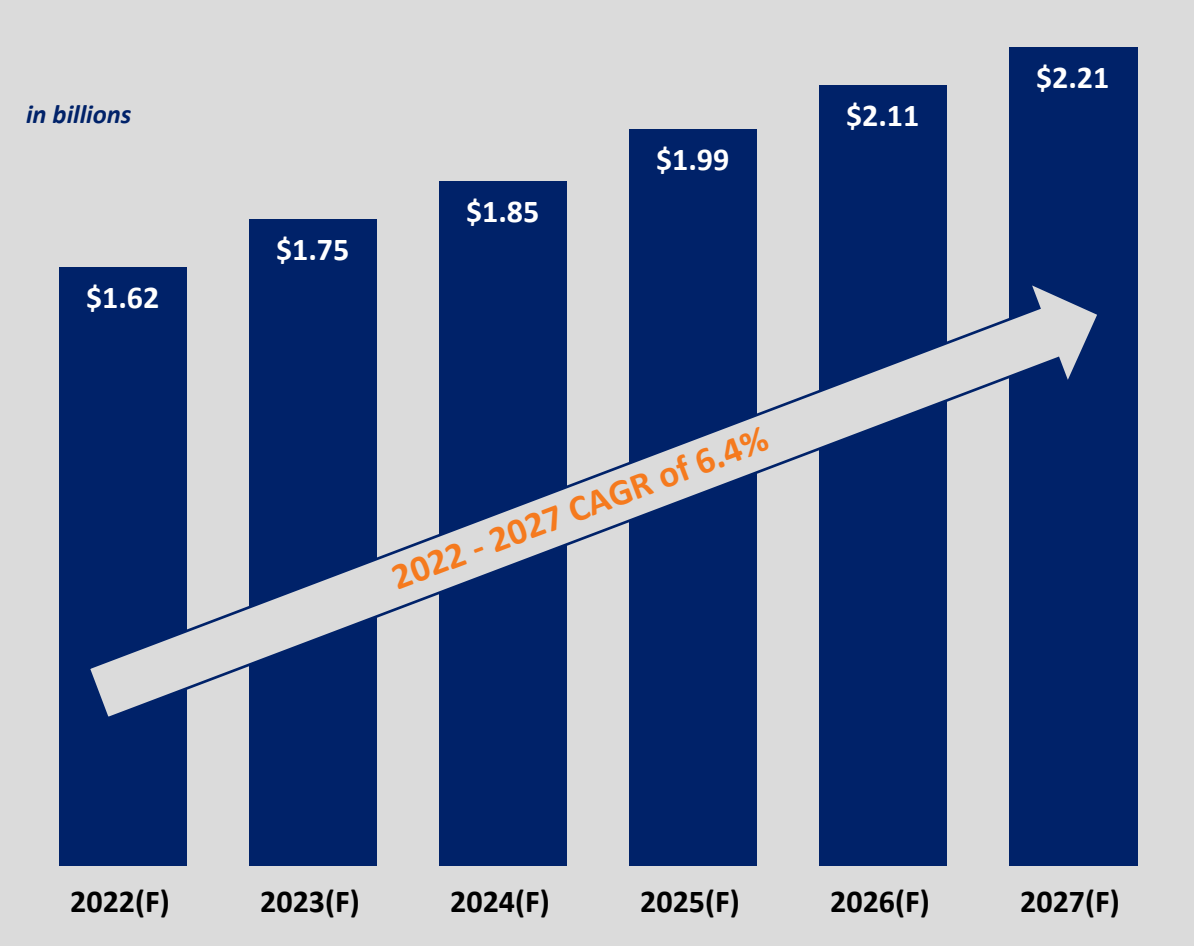


RATE BASE PROJECTS

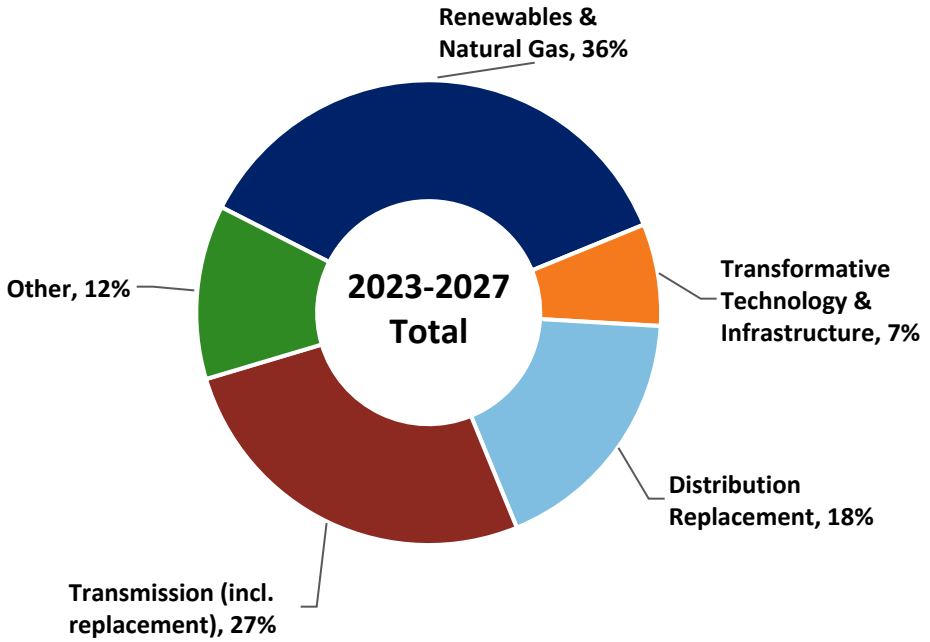
Project	Our Investment *(millions)*	In Service	% Complete	Recovery Mechanisms
Hoot Lake Solar	~ $60	2023	~ 55%	Rider/General Rate Case - MN
Advanced Metering Infrastructure and Grid Modernization (Innovation 2030)	~ $145	2019 - 2024	~ 25%	Rider/General Rate Case - MN, ND, & SD
Ashtabula Wind III: Option to buy 62.4MW wind farm	~ $50	Close early 2023	~ 60%	Rider/General Rate Case - MN & ND General Rate Case - SD Seeking addition to phase-in rider in SD
Astoria Station dual fuel (IRP filing)	~ $60-$90	2026	0%	General Rate Case - MN, ND, & SD
MISO Tranche 1 - Jamestown-Ellendale	~$162	2028	0%	Rider/General Rate Case - MN, ND, & SD
MISO Tranche 1 - Big Stone South-Alexandria-Cassie's Crossing	~$167	2032	0%	Rider/General Rate Case - MN, ND, & SD
Wind Repowering	~$197	2024-2026	0%	Rider/General Rate Case - MN & ND General Rate Case - SD

RATE BASE GROWTH

Rate Base



$1,057M of Capital Spending from 2023 to 2027



Recovery Mechanism	$ (millions)	%
Depreciation (rate base replacement)	$ 433	41 %
Riders	412	39
Rate Case	211	20
Total	**$ 1,057**	**100 %**

Material changes from the prior 5-year capital investment forecast include: updated MISO Tranche 1 transmission projects estimates, addition of wind repowering, moved solar generation project outside of 5-year window, and updated Astoria dual fuel project costs.

2022 KEY REGULATORY MATTERS

	Regulatory Matter	MN	ND	SD	Estimated Date
	Minnesota Electric Utility Infrastructure Costs (EUIC) Rider for Advanced Metering Infrastructure & Outage Management System	X			Q3 2022
	Minnesota Rate Review Finalized/Final Rate Implemented	X			Q3 2022
	Fuel Clause Adjustment Forecast Filing	X			Q4 2022
	Ashtabula III Purchase and Recovery Approvals	X	X		2022
	Annual Updates to Capital Recovery Riders	X	X	X	2022

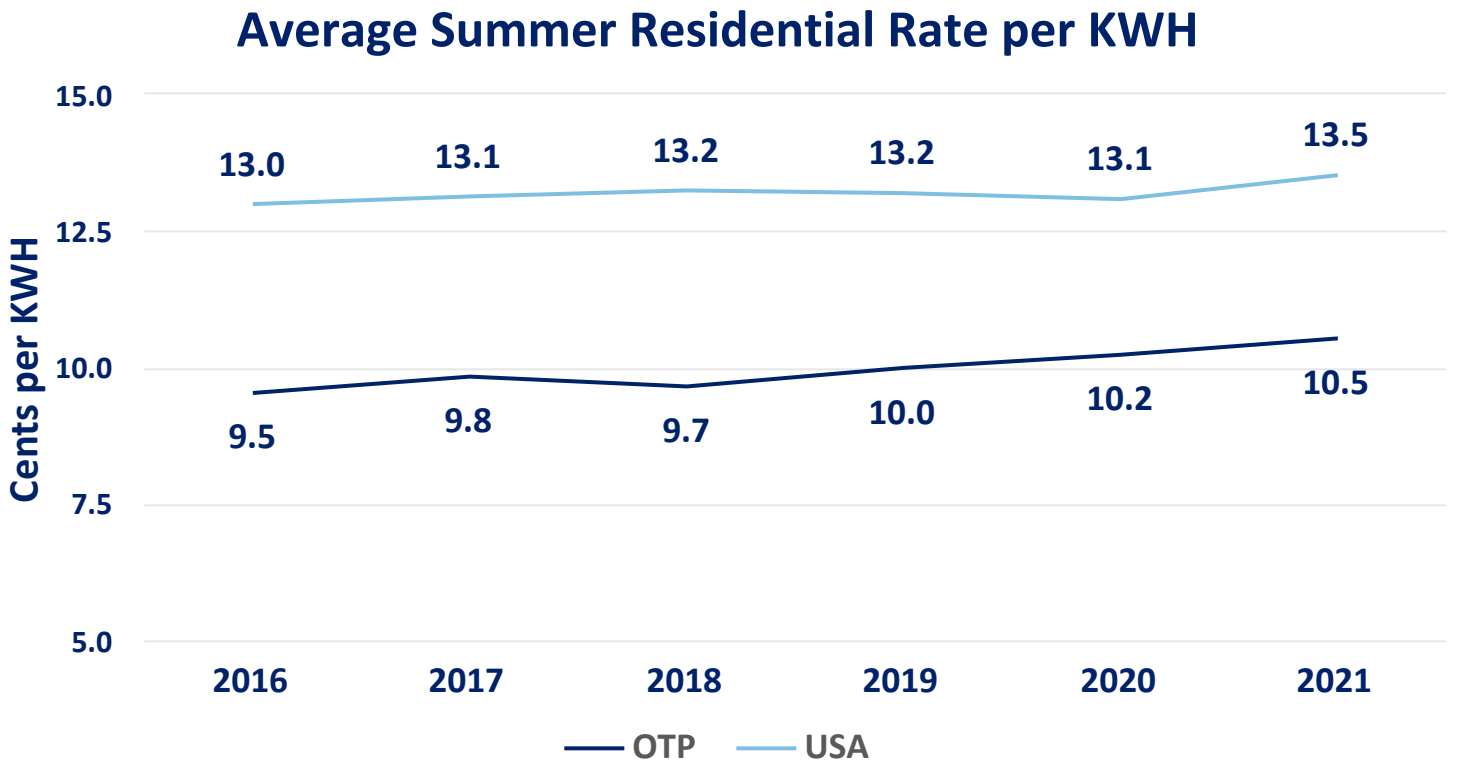
REGULATORY FRAMEWORK

	Minnesota	North Dakota	South Dakota
Renewable Riders	Rider recovery / Rate case	Rider recovery / Rate case	Phase-in rider / Rate case
Transmission Riders	Rider recovery / Rate case	Rider recovery / Rate case	Rider recovery / Rate case
Non-Renewable Generation	Rate case	In state preference / ADP/ Rate case (Astoria Station rider eligible)	Phase-in rider / Rate case
Environmental Riders	MN plants and outstate plants with ADP: Rider recovery / rate case	Rider recovery / Rate case	Rider recovery / Rate case
Fuel Clause	Trued up annually	Trued up monthly	Trued up monthly
Decoupling / Weather Normalization	Yes	No	No
Bad Debt Trackers	No	No	No
Allowed ROE	9.48%	9.77%	8.75%

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

We plan to recover approximately 39% of our five-year capital expenditures through riders (including phase-in mechanisms and direct billing generators).

Electric Rates



Otter Tail Power has maintained rates lower than the national average in recent years while major projects have been constructed and put in service.

Continuous improvement efforts have provided Otter Tail Power the ability to maintain competitive rates while executing on the capital investment plan.

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.

MANUFACTURING PLATFORM

BTD

T.O. PLASTICS

northern pipe products

VINYLTECH VT PVC • PIPE

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

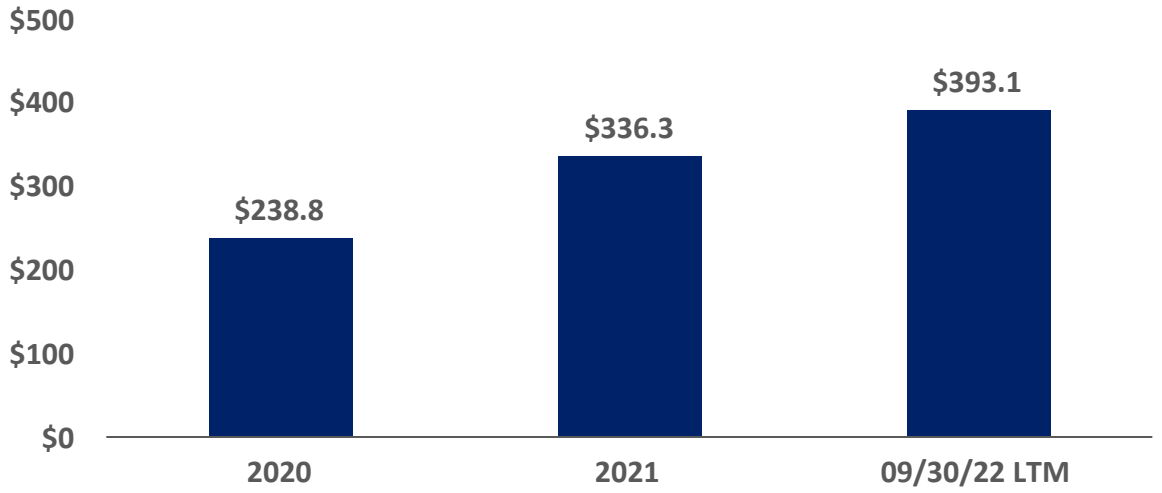
BTD

- Increased operating revenues driven by increased sales volumes
- End market demand remains strong and our customers' supply chains have continued to cause unpredictable shipments

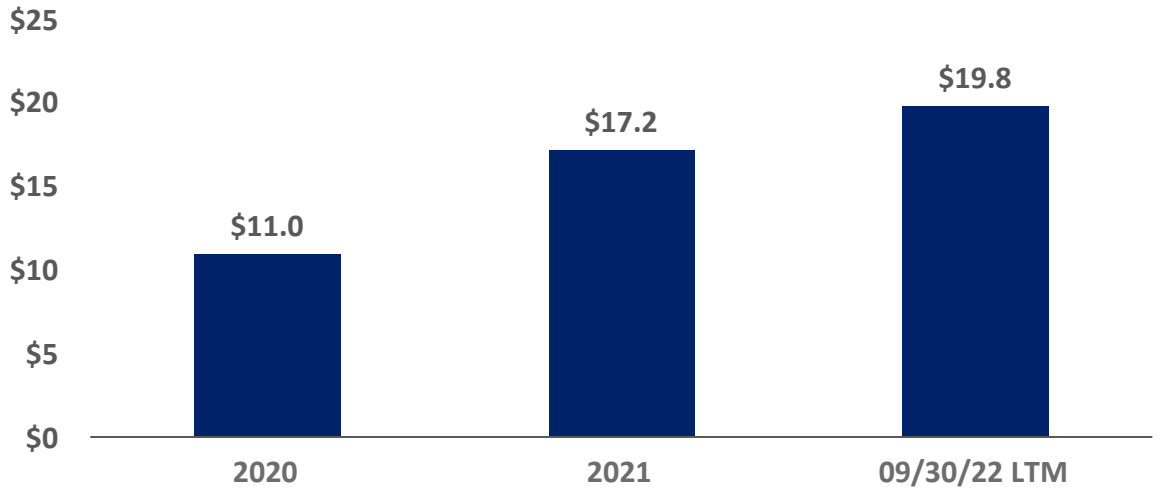
T.O. Plastics

- Continued strong horticulture sales and margin improvement
- Historically high backlog

Operating Revenue (in millions)



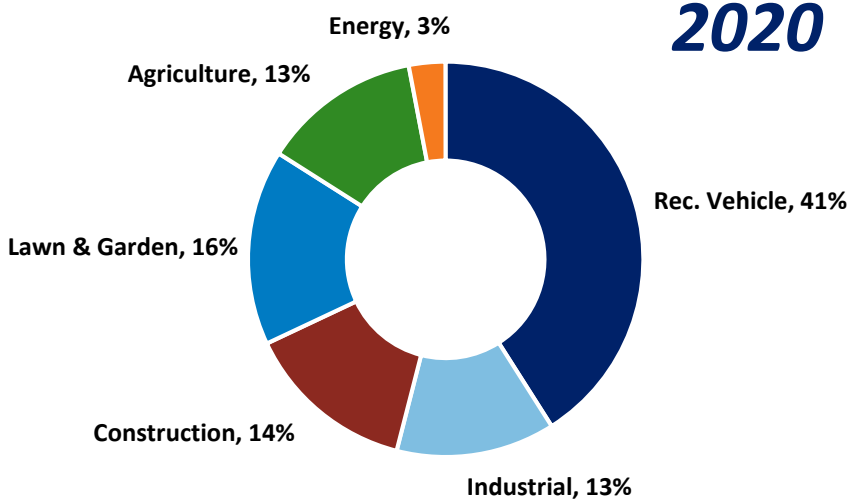
Net Income (in millions)



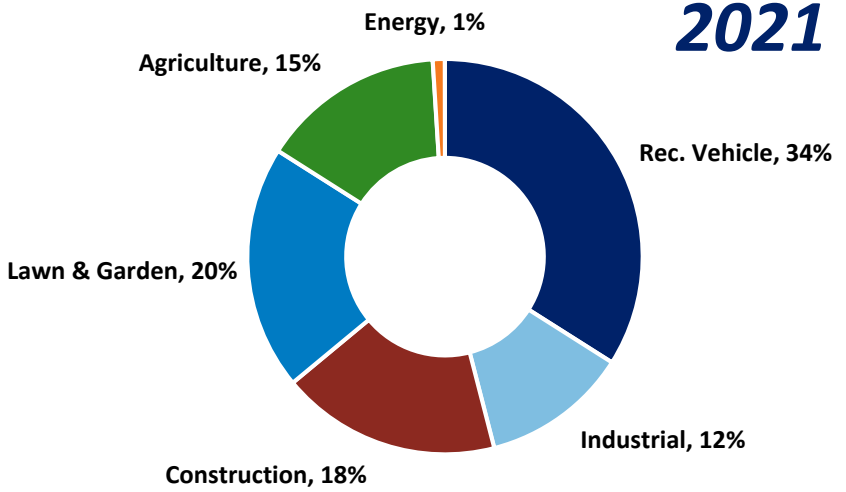
MANUFACTURING SALES BY END MARKETS

BTD

2020

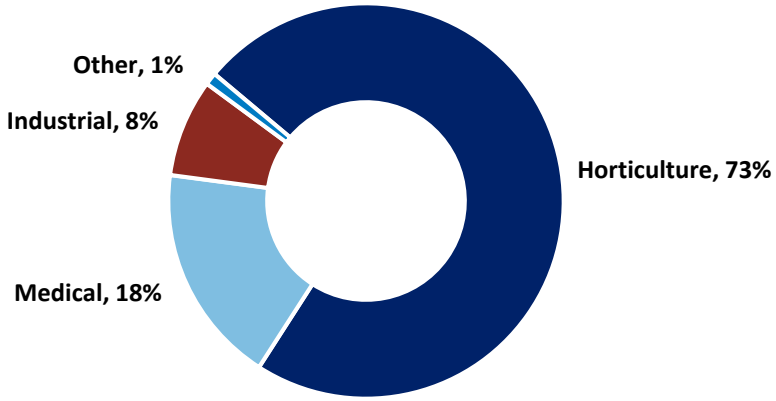


2021

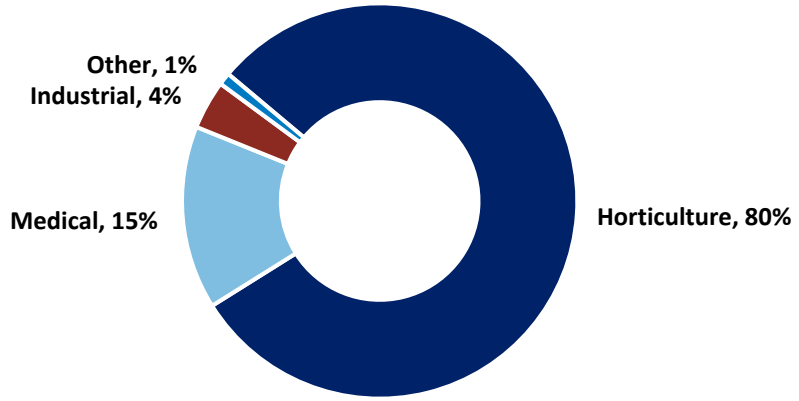


T.O. PLASTICS

2020



2021

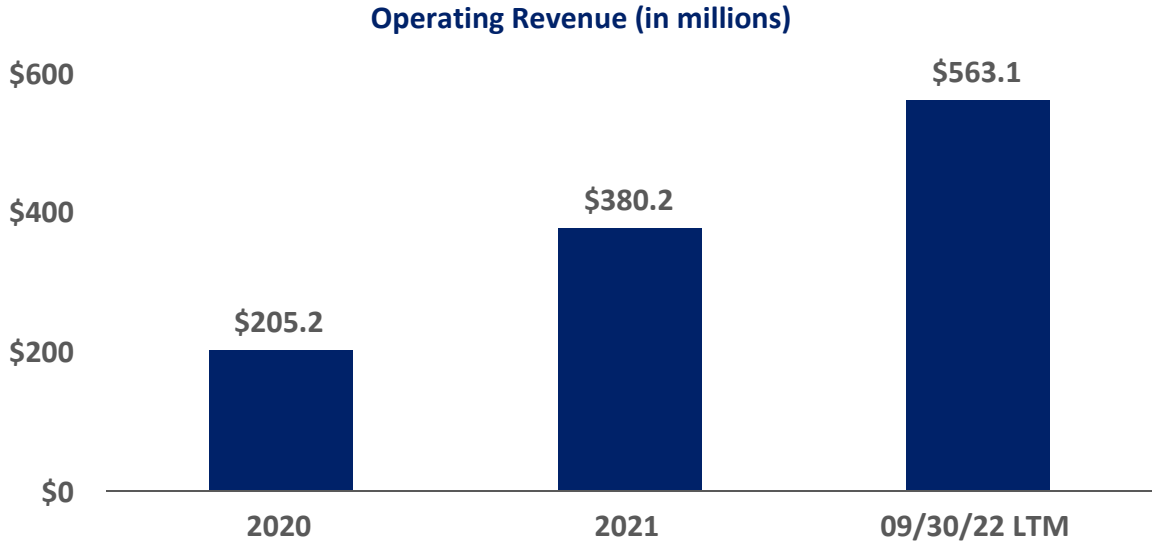


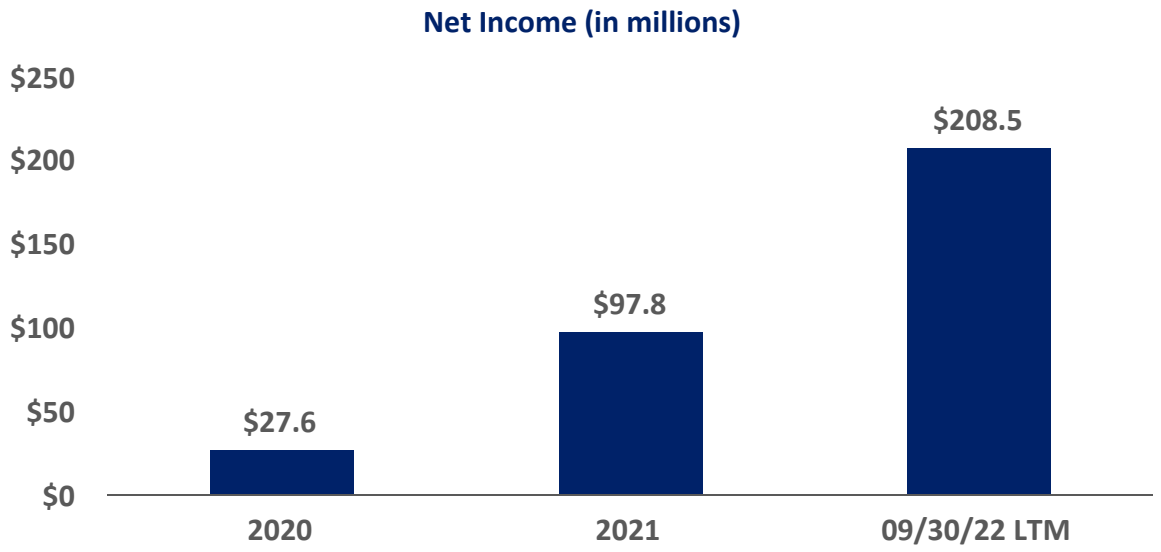
PLASTICS OPERATIONS

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

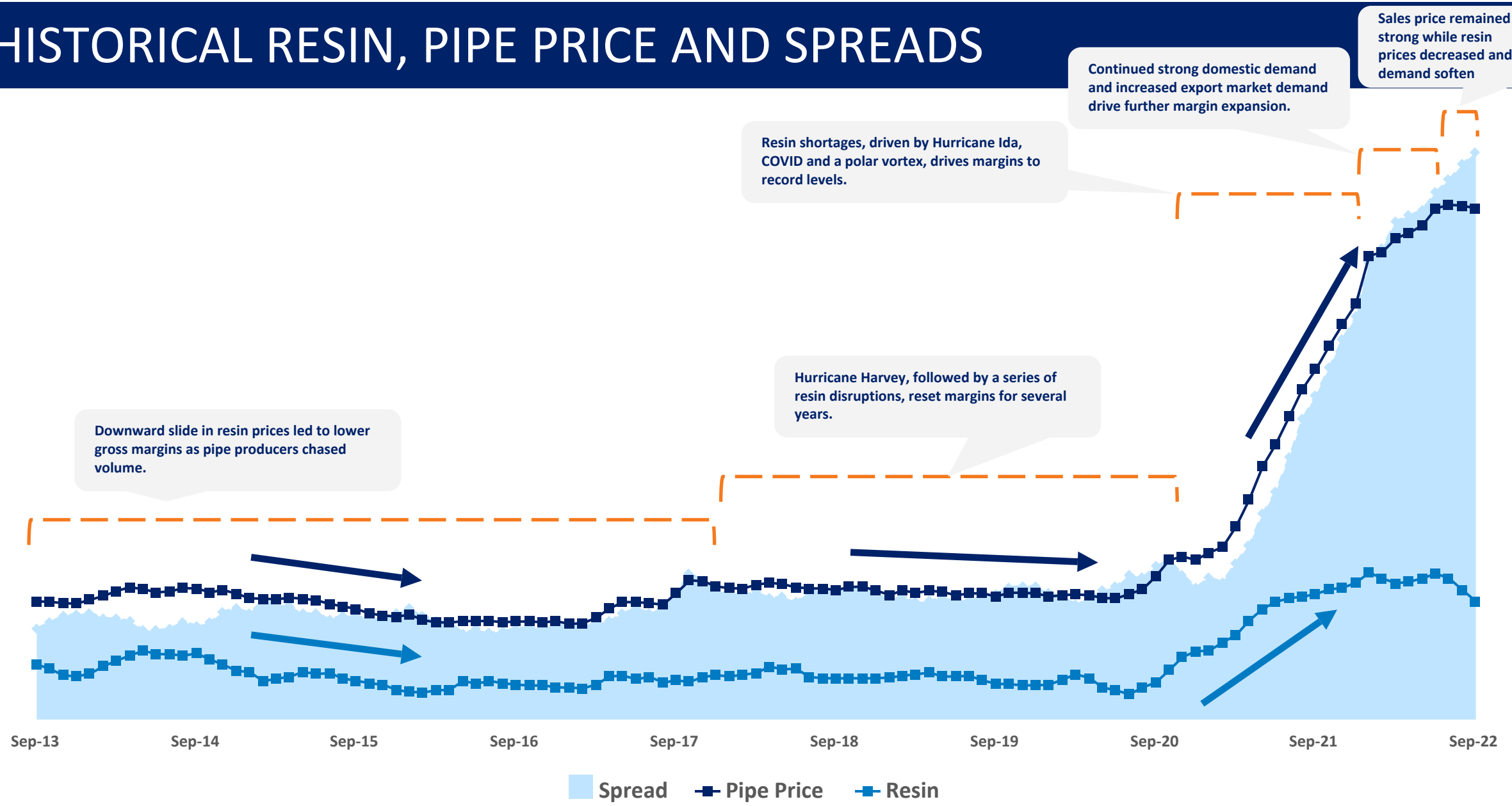
Highlights

- Unique market conditions resulted in significant increases in PVC pipe prices and operating margins at levels not previously experienced in the industry.
- Demand for PVC pipe began to soften during the third quarter
- Approvals received on permits for rail spur expansion at Vinyltech

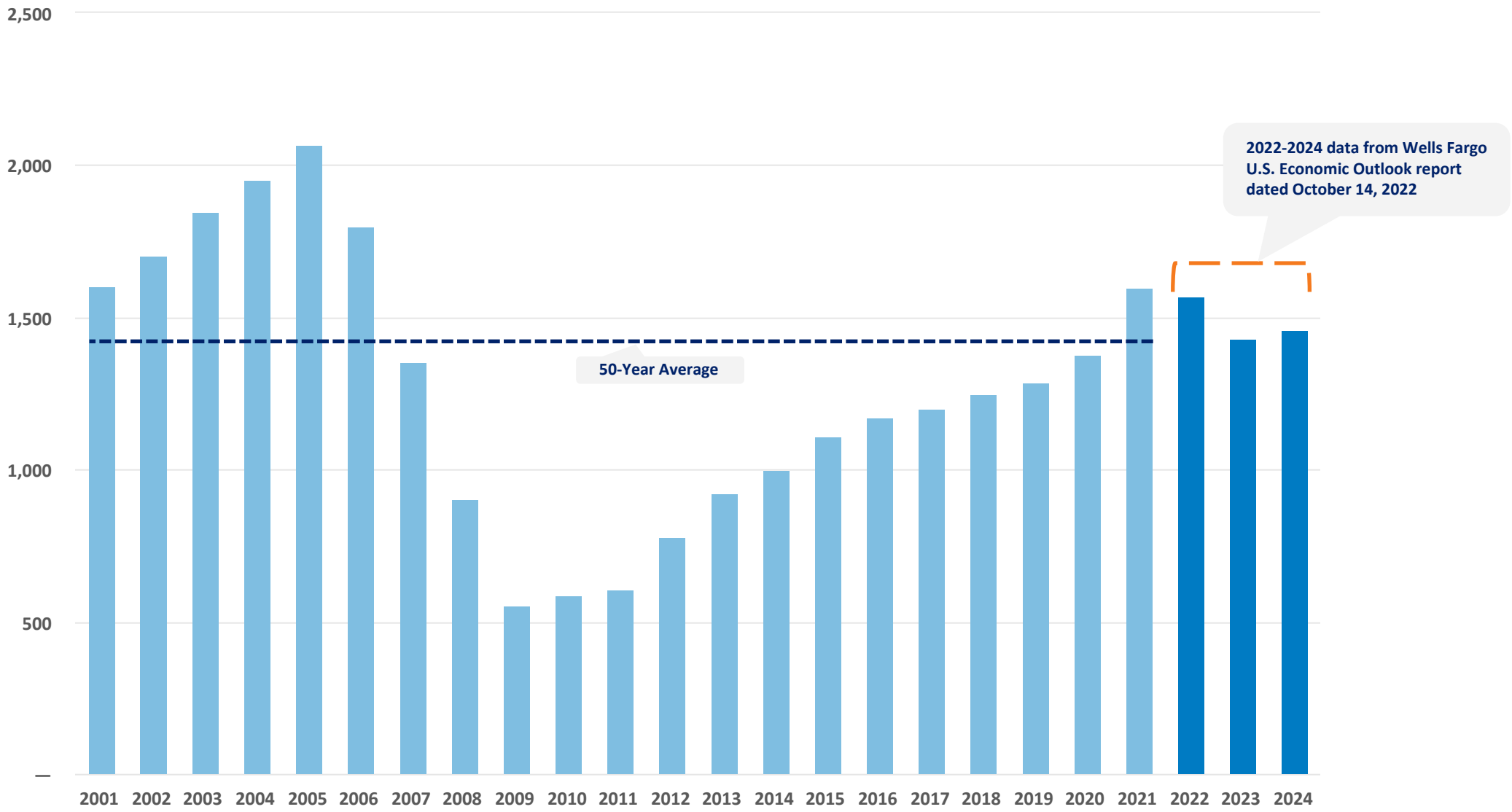




HISTORICAL RESIN, PIPE PRICE AND SPREADS



ANNUAL U.S. HOUSING STARTS

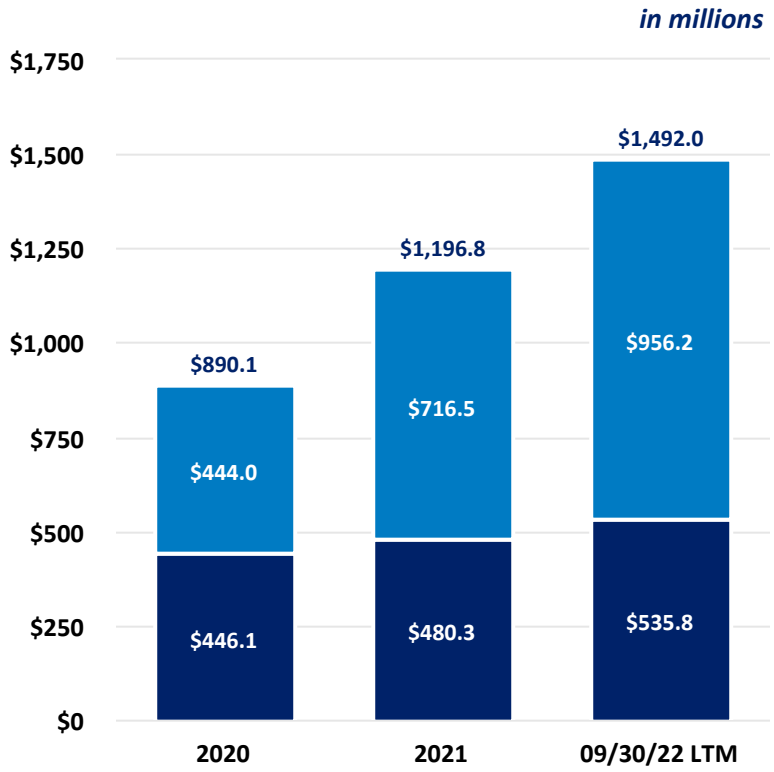


2001-2021 Source: www.census.gov

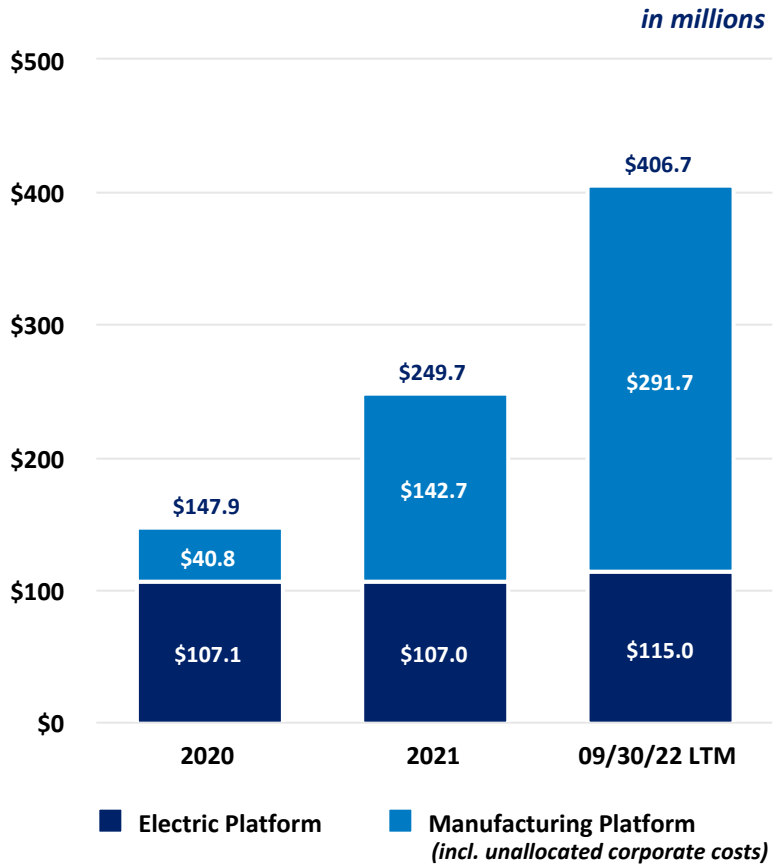
FINANCIAL UPDATE

FINANCIAL OVERVIEW

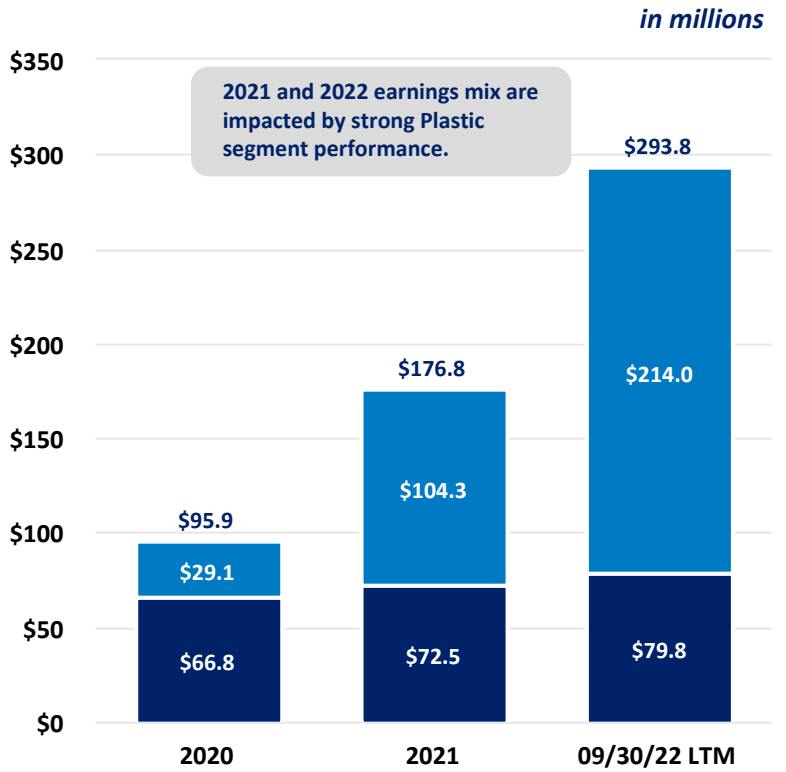
Operating Revenues



Operating Income



Net Income



DILUTED EPS: Q3 2021 vs Q3 2022

		Electric	Manufacturing	Plastics	Corporate	Total
	Q3 2021 DILUTED EARNINGS PER SHARE	**$ 0.54**	**$ 0.10**	**$ 0.68**	**$ (0.06)**	**$ 1.26**
Electric	Commercial & industrial sales volumes and increased rates in Minnesota	0.08	—	—	—	0.08
	Q3 2021 interim rate refund adjustment	0.05	—	—	—	0.05
	Decrease in nonservice cost of postretirement benefits	0.01	—	—	—	0.01
	Increase in O&M expense	(0.05)	—	—	—	(0.05)
	Increase in effective tax rate	(0.02)	—	—	—	(0.02)
	Impact of unfavorable weather	(0.02)	—	—	—	(0.02)
Manufacturing	Increase in sales volume	—	0.05	—	—	0.05
	Net decrease in O&M, depreciation and interest expense	—	0.02	—	—	0.02
	Decrease in scrap revenue	—	(0.02)	—	—	(0.02)
Plastics	Increase in gross profit margin resulting from unique supply and demand dynamics	—	—	0.77	—	0.77
	Decrease in sales volume	—	—	(0.12)	—	(0.12)
Corporate	Decrease in interest expense	—	—	—	0.01	0.01
	Income tax benefit	—	—	—	0.01	0.01
	Increase in O&M expense	—	—	—	(0.02)	(0.02)
	Q3 2022 DILUTED EARNINGS PER SHARE	**$ 0.59**	**$ 0.15**	**$ 1.33**	**$ (0.06)**	**$ 2.01**

DILUTED EPS: YTD 2021 vs YTD 2022

		Electric	Manufacturing	Plastics	Corporate	Total
	YTD 2021 DILUTED EARNINGS PER SHARE	**$ 1.33**	**$ 0.36**	**$ 1.44**	**$ (0.14)**	**$ 2.99**
Electric	Commercial & industrial sales volumes and increased rates in Minnesota	0.20	—	—	—	0.20
	Finalization of Minnesota interim rates	0.07	—	—	—	0.07
	Impact of favorable weather	0.05	—	—	—	0.05
	Decrease in nonservice cost of postretirement benefits	0.04	—	—	—	0.04
	Q3 2021 interim rate refund adjustment	0.04	—	—	—	0.04
	Increase in O&M expense	(0.15)	—	—	—	(0.15)
	Coyote Station maintenance costs	(0.06)	—	—	—	(0.06)
	Increase in effective tax rate	(0.02)	—	—	—	(0.02)
Manufacturing	Increase in sales volume	—	0.08	—	—	0.08
	Decrease in scrap revenue	—	(0.01)	—	—	(0.01)
Plastics	Increase in gross profit margin resulting from unique supply and demand dynamics	—	—	2.80	—	2.80
	Decrease in sales volume	—	—	(0.13)	—	(0.13)
	Increase in O&M expense	—	—	(0.04)	—	(0.04)
Corporate	Increase in O&M expense	—	—	—	(0.08)	(0.08)
	Market based losses on COLI policies and other investments	—	—	—	(0.07)	(0.07)
	Income tax benefit	—	—	—	0.05	0.05
	Decrease in interest expense	—	—	—	0.02	0.02
	YTD 2022 DILUTED EARNINGS PER SHARE	**$ 1.50**	**$ 0.43**	**$ 4.07**	**$ (0.22)**	**$ 5.78**

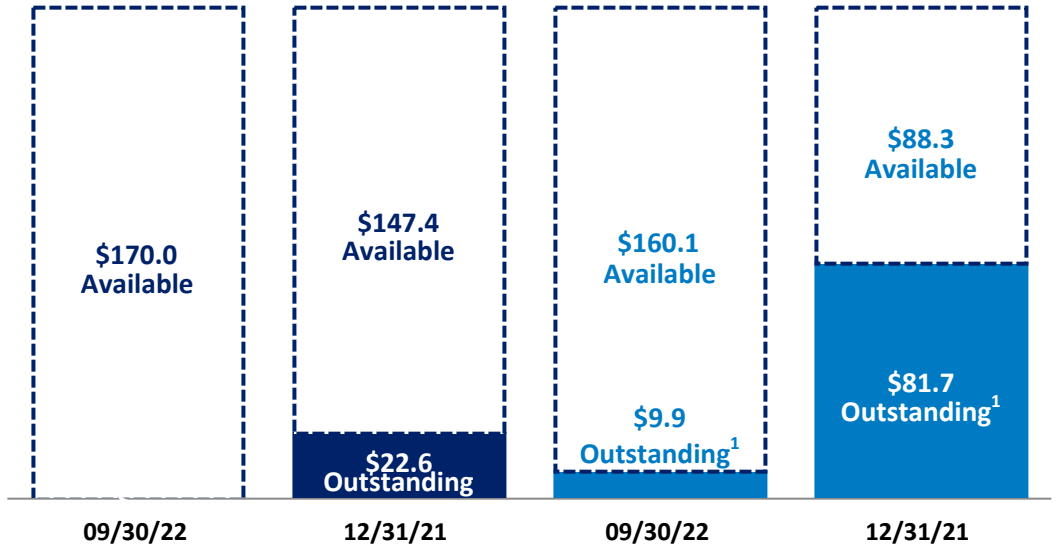
LIQUIDITY, CAP STRUCTURE & CREDIT RATINGS

Liquidity: Line of Credit Availability

Otter Tail Corporation | **Otter Tail Power Company**

Borrowing Capacity of $170M

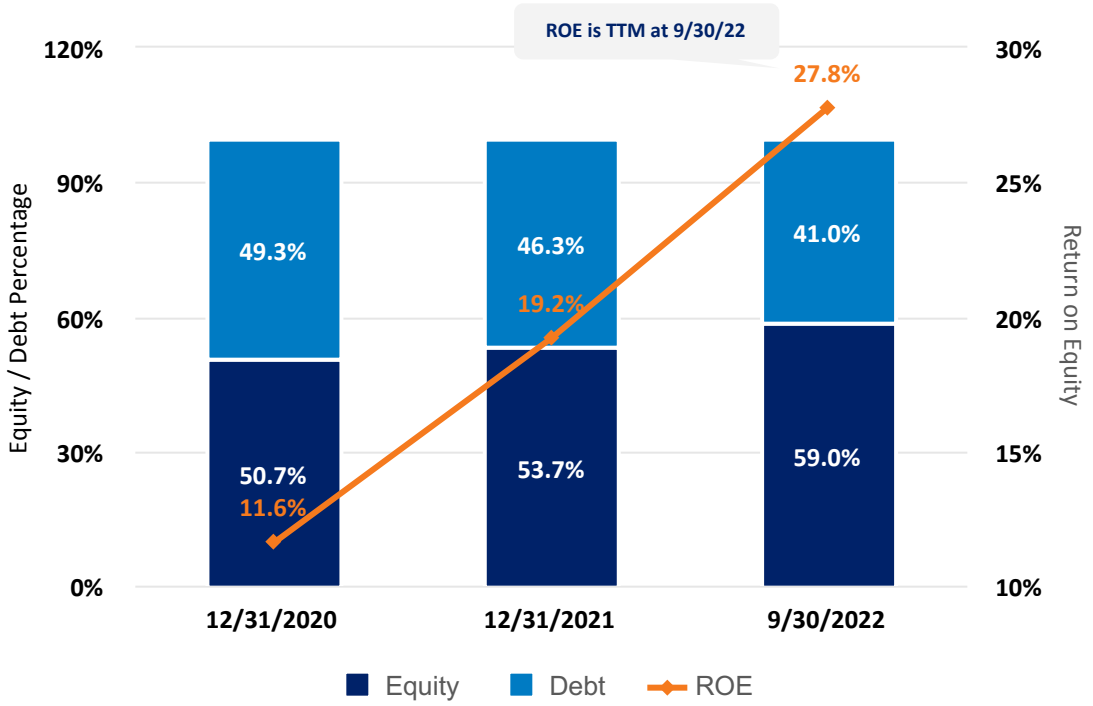
in millions



[1]*Amounts 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.	BBB+	BBB+
Outlook	Stable	Stable	Stable	Stable	Stable	Stable

2022 EARNINGS GUIDANCE

Diluted EPS	*Actual 2021*	*2022 Guidance February 14, 2022* Low	High	*2022 Guidance August 1, 2022* Low	High	*2022 Guidance October 31, 2022* Low	High	*% Change Feb to Oct Guidance Midpoint*
Electric	$ 1.73	$ 1.81	$ 1.85	$ 1.84	$ 1.88	$ 1.90	$ 1.94	4.9 %
Manufacturing	0.41	0.42	0.46	0.42	0.46	0.47	0.51	11.4 %
Plastics	2.34	1.81	2.00	4.96	5.15	4.45	4.64	138.6 %
Corporate	(0.25)	(0.26)	(0.23)	(0.39)	(0.36)	(0.40)	(0.37)	57.1 %
Total	$ 4.23	$ 3.78	$ 4.08	$ 6.83	$ 7.13	$ 6.42	$ 6.72	67.2 %
Return on Equity	19.2 %	15.3 %	16.3 %	25.9 %	26.8 %	24.4 %	25.3 %	

Pension Assumptions and Recovery

Funding Status	Allocation			Actuarial Assumptions		EPS Sensitivity		Projected Contributions ($mm)		
	Risk Management	Return Enhancement	Other	Discount Rate	RoR	Discount Rate	RoR	2022	2023	2024
93%	50%	47%	3%	3.03%	6.3%	$0.03/25bps	$0.02/25bps	$20	NA	NA

Consideration	Minnesota	North Dakota	South Dakota
Rate Base Treatment	Elimination of both asset and liability resulting in net rate base increase	Asset and liability included in rate base calculation	Asset and liability included in rate base calculation
Pension Expense	Forecasted pension expense used(5-year average commonly used prior to the recent case)	Forecasted expense used	Historical average (usually 5 years)

Assumptions based on treatment in last rate case

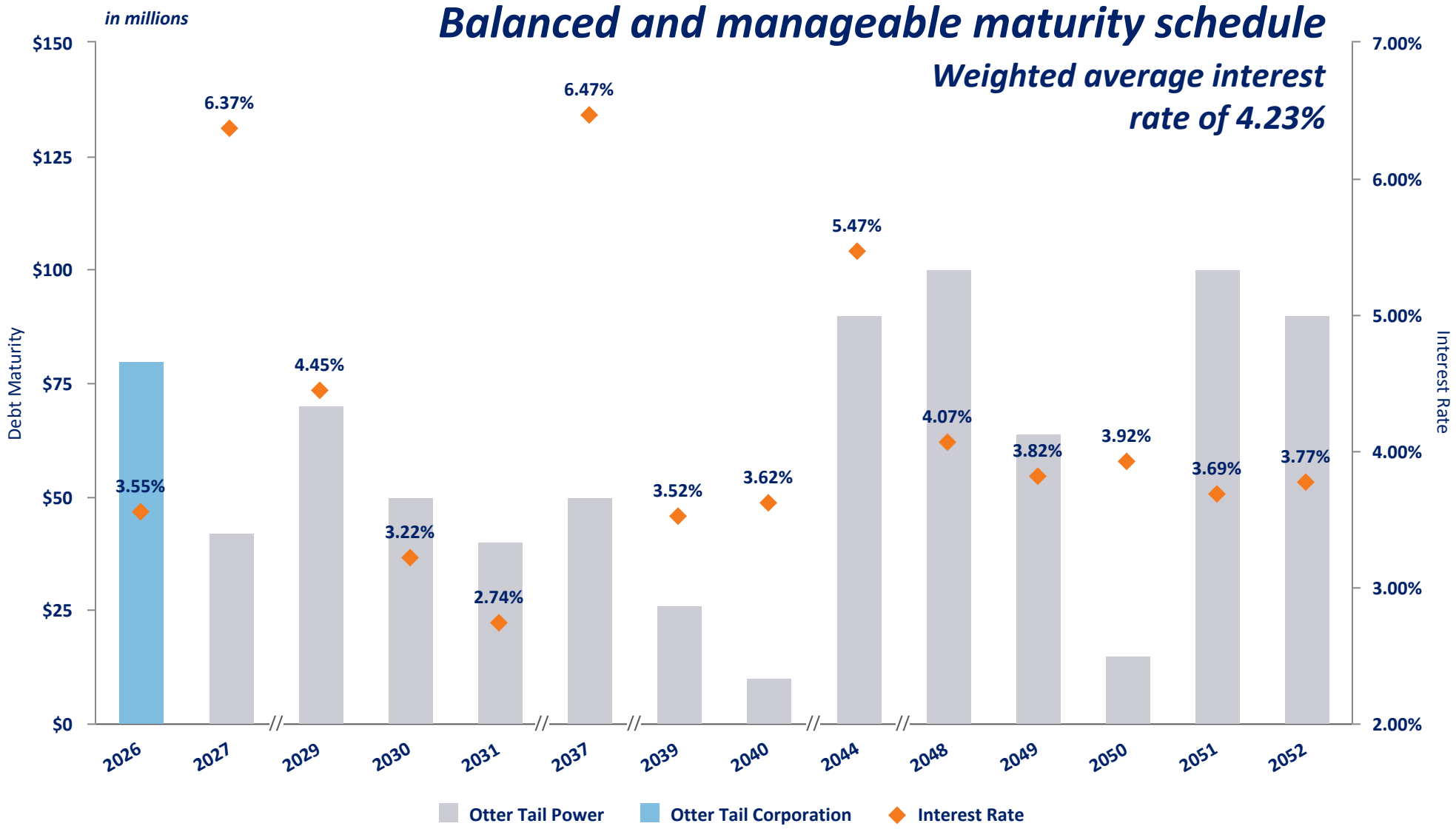
FIVE YEAR FINANCING PLAN

in millions

	Long-Term Financing	
	2022 (Actual)	**2023-2026** (Planned)
LONG-TERM DEBT		
Otter Tail Power		
Issuances	**$ 90.0**	**$ 190.0**
Retirements	**(30.0)**	**—**
Otter Tail Corporation (Parent)		
Issuances	**$ —**	**$ 80.0**
Retirements	**—**	**(80.0)**
Net Debt Increase	**$ 60.0**	**$ 190.0**

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

BOND MATURITY SCHEDULE



CAPITAL EXPENDITURES

in millions	2022	2023	2024	2025	2026	2027	Total 2023-2027
Electric Segment							
Renewables & Natural Gas Generation	$ 33	$ 88	$ 119	$ 88	$ 79	$ 10	$ 384
Technology & Infrastructure	9	33	30	6	5	1	75
Distribution Plant Replacements	40	33	37	38	38	43	189
Transmission (incl. replacements)	38	34	36	46	87	78	281
Other	30	26	25	30	25	22	128
Electric Segment Total	$ 150	$ 214	$ 247	$ 208	$ 234	$ 154	$ 1,057
Manufacturing & Plastics Segments	34	48	53	29	25	24	179
Total Capital Expenditures	**$ 184**	**$ 262**	**$ 300**	**$ 237**	**$ 259**	**$ 178**	**$ 1,236**
Electric Segment Average Rate Base	$ 1,620	$ 1,750	$ 1,850	$ 1,990	$ 2,110	$ 2,210	--
Rate Base Growth	--	8.0 %	5.7 %	7.6 %	6.0 %	4.7 %	--

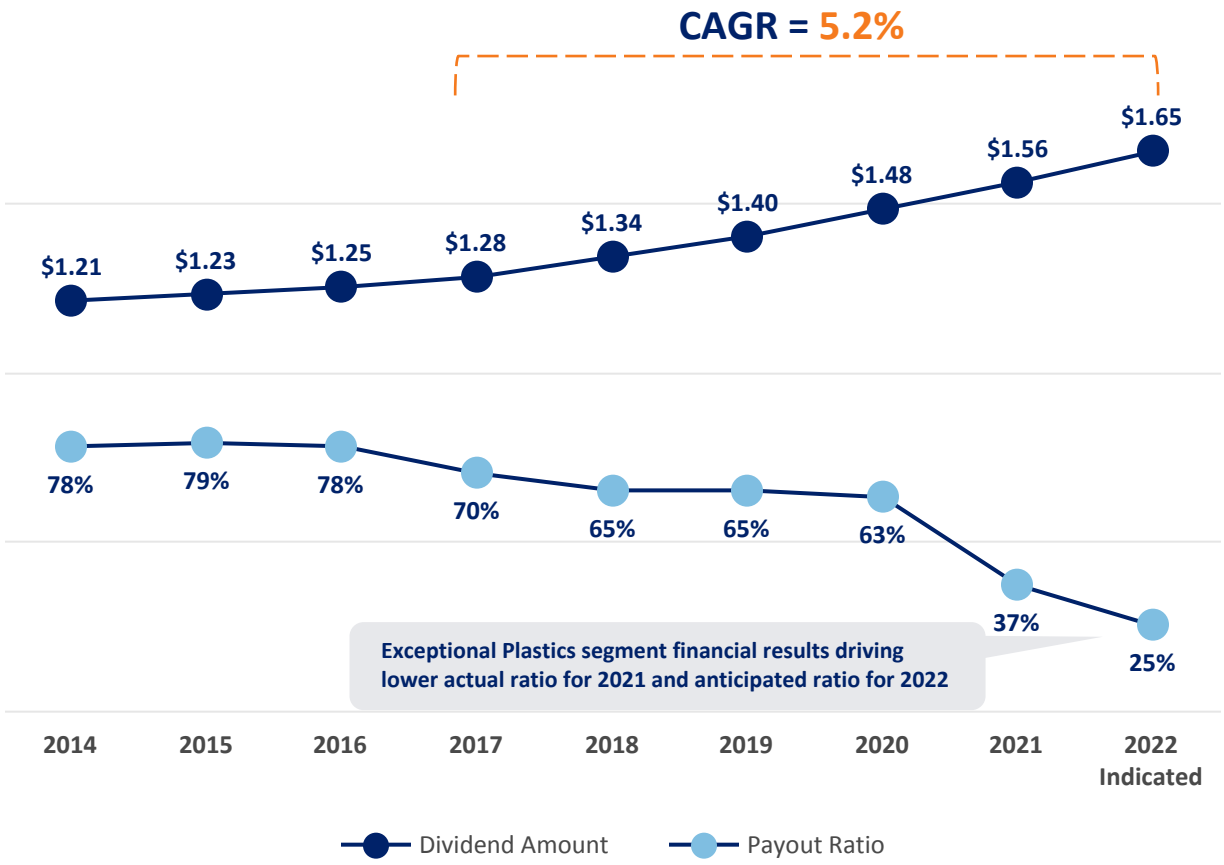
Rate Base CAGR = 6.4%

HISTORY OF DIVIDEND GROWTH

Our Dividend Story

- Paid annual dividend without interruption since 1938
- 5.8% increase, or $0.09/share, indicated for 2022
- Strong balance sheet, ample liquidity, history of cash generation and commitment to enhancing shareholder returns

Dividend Growth & Payout Ratio



OTTR INVESTMENT THEME

Financial Performance Targets	
Total Shareholder Return[1]	8-10%
Long-Term EPS Growth Rate[2]	5-7%
Dividend Yield	~ 3%
Long-Term Targeted Dividend Payout Ratio	55-65%
Dividend Growth Rate	5-7%
Equity Layer	55-60%

[1] *Defined as EPS growth rate plus dividend yield*
[2] *New target using 2024 as the base year*

Balanced Growth & Income Strategy

- Strong and stable regulated electric operations provide cash flow to support dividends
- Manufacturing businesses provide above average earnings growth potential
- Attractive dividend growth and yield
- Strong returns on equity

Successful Manufacturing Businesses

- Platform of companies enhances OTTR's earnings growth
- Organic growth opportunities exist
- Utilization of existing capacity
- Operational excellence

Stable & Growth Utility Base

- Competitive, low cost integrated electric operations
- Rate base growth (~6.4% 2022-2027 CAGR) with supportive regulatory environments
- Investment opportunity in generation, transmission, distribution refurbishment, and renewables

Investment Grade Credit Quality

- Investment grade senior unsecured credit ratings
- Committed to maintaining investment grade credit ratings; operations are managed in a way that reflects this commitment



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