Q2 2023 Earnings Conference Call

August 1, 2023



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," "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 2023 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, 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, cyber security threats or data breaches, the impact of government legislation and regulation including foreign trade policy and environmental, health and safety laws and regulations, the impact of climate change including compliance with legislative and regulatory changes to address climate change, expectations regarding regulatory proceedings, 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

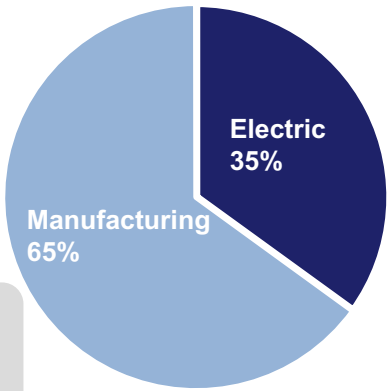
OTTER TAIL CORPORATION

- **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

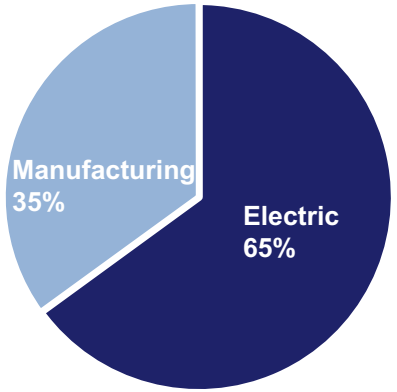
- Competitive low-cost operations
- Constructive regulatory environments
- Attractive rate base growth

Expected 2023 Earnings Mix



2023 earnings mix is driven by continued elevated Plastic segment earnings

Long-Term Earnings Mix



Manufacturing Platform

- Long-term organic growth potential
- Diversification
- Enhanced ROE

Financial Summary and Highlights

(in millions, except per share data)	Q2 2023	Q2 2022
Operating Revenues	$ 337.7	$ 400.0
Net Income	$ 82.0	$ 85.9
Diluted EPS	$ 1.95	$ 2.05

Q2 2023 Diluted EPS — **Down 5%** *(down 9% YTD)*

- Expected Plastics segment earnings decline from record Q2 2022

Electric segment earnings — **Up 4%** *(up 13% YTD)*

- Increased recovery of rate base investments, including Ashtabula III and Hoot Lake Solar
- Lower pension and other postretirement plan costs

Manufacturing segment earnings — **Down 21%** *(up 10% YTD)*

- Higher sales volumes and product price increases at BTD offset by inflationary cost pressures and lower productivity
- Lower sales volumes of horticulture products

Plastics segment earnings — **Down 13%** *(down 22% YTD)*

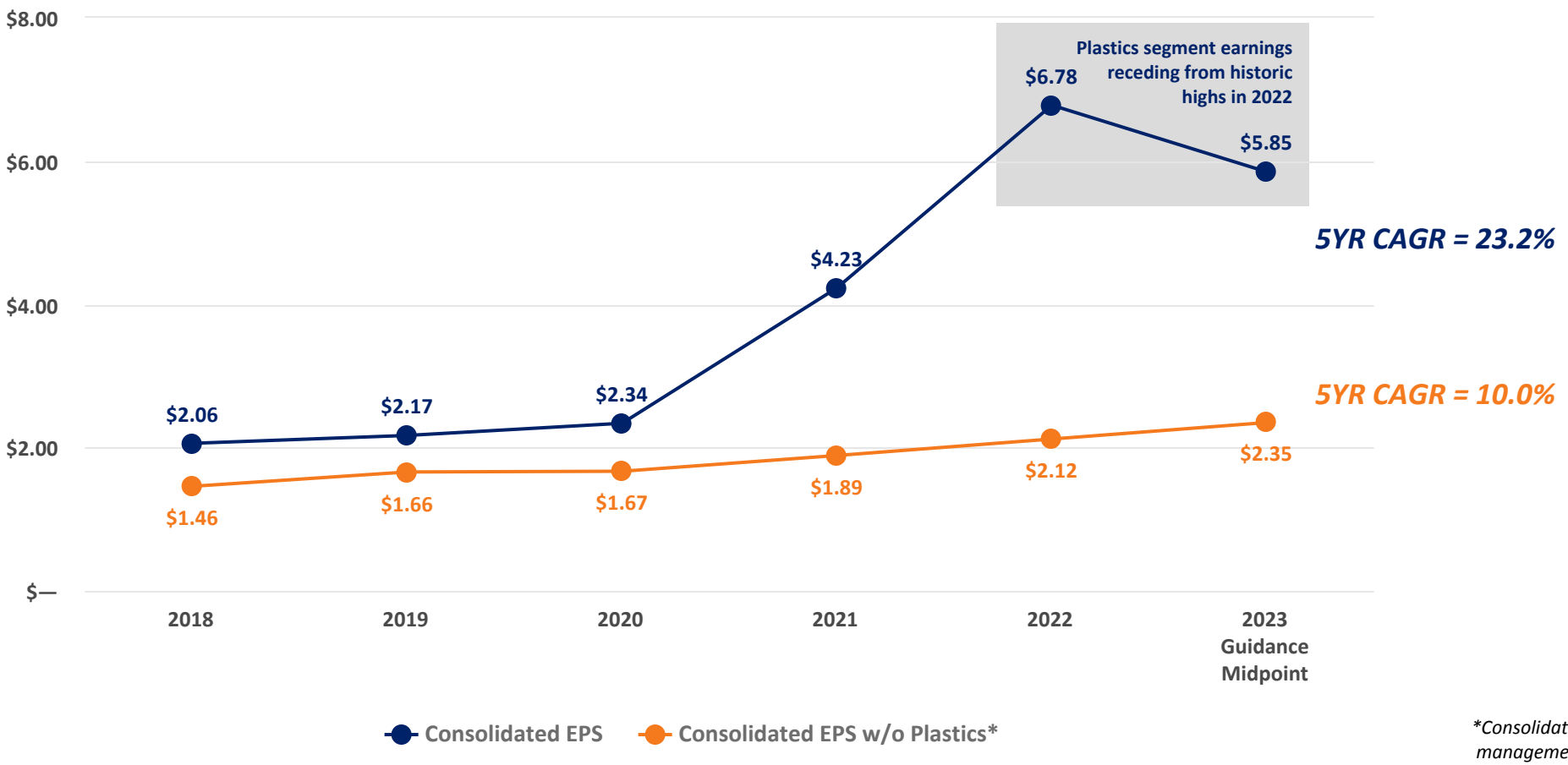
- Decreased sales volumes driven by end market softness and distributor inventory management
- Volume decline partially offset by higher operating margins

2023 Indicated Dividend of $1.75 Per Share — **Up 6.1%**

Strong Financial Position

A strong balance sheet, investment grade credit ratings and a supportive regulatory environment provide financial strength and flexibility

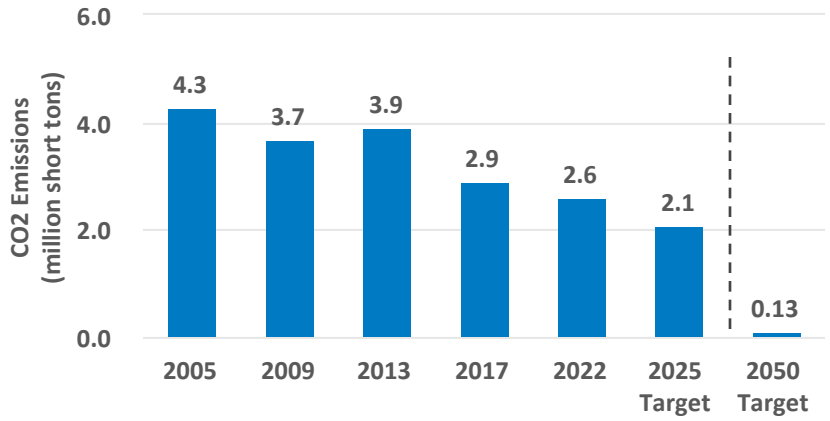
Earnings Per Share Growth



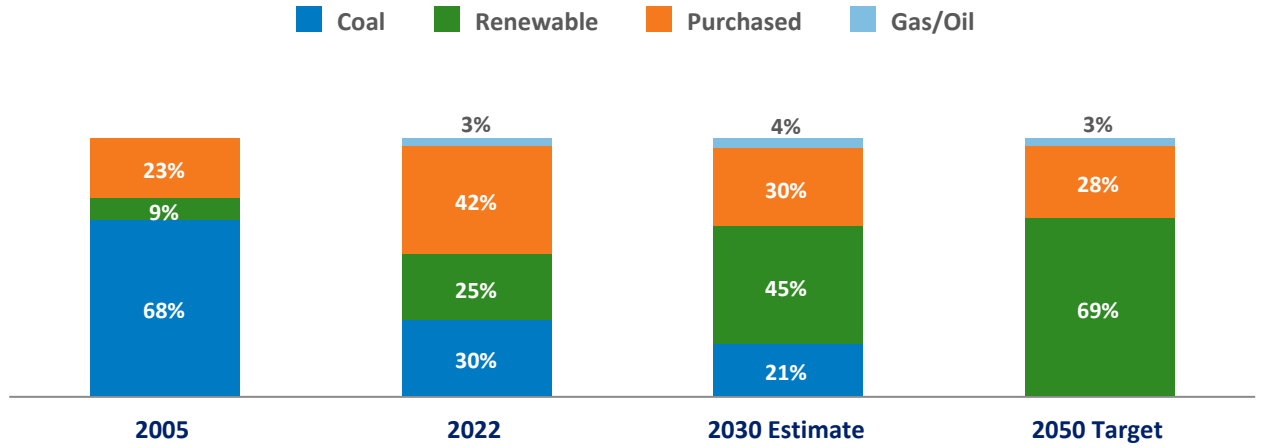
**Consolidated EPS w/o Plastics is a non-GAAP financial measure management uses to assess the financial results of the business exclusive of the impact of the earnings generated by our Plastics segment which have benefited from extraordinary industry supply and demand dynamics beginning in 2021 that has led to segment operating margins significantly in excess of historical amounts*

Cleaner Energy Future

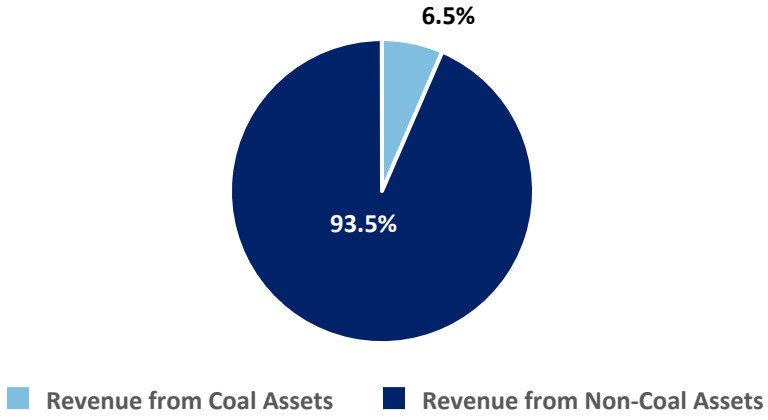
Otter Tail Power CO2 Trend



Otter Tail Power Energy Resource Mix

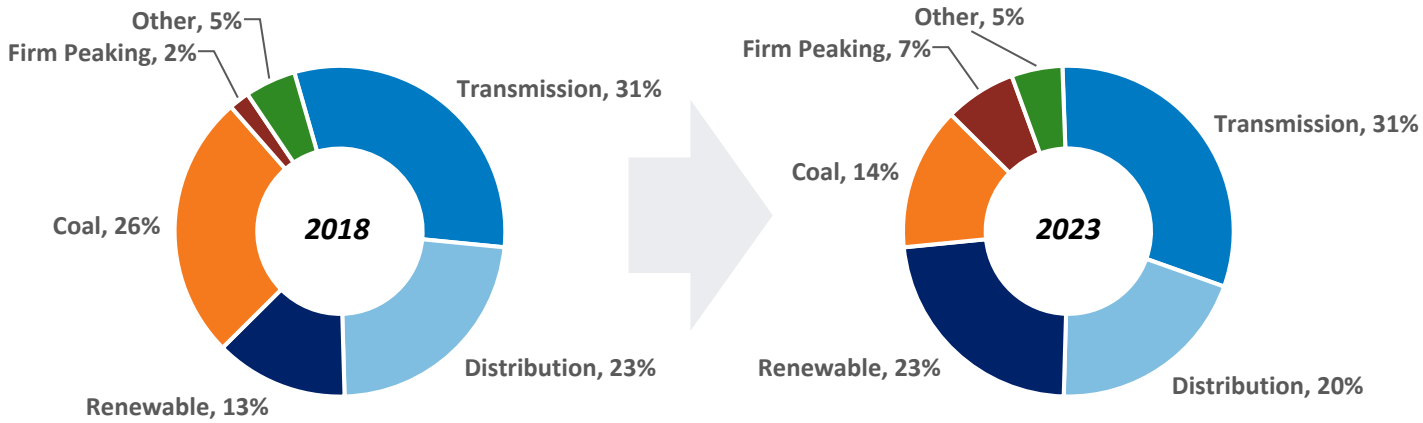


Consolidated Revenues from Coal Assets



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

Otter Tail Power Asset Profile



ESG Highlights

By 2025, We are Targeting:



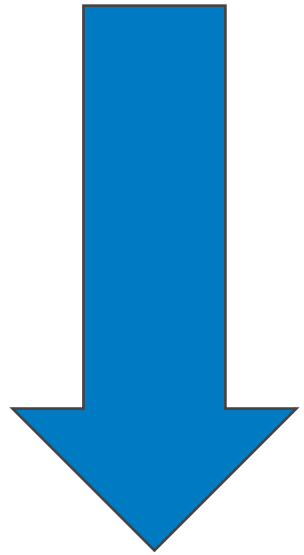
50%

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 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

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

Leadership Development and Succession Planning - We invest in 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

Diversity, Equity and Inclusion - We expect and are committed to diversity, equity and inclusion as a part of who we are, what we value and how we achieve individual, business and community success. We have implemented education initiatives for all employees, aimed at inclusive leadership and a respectful workplace, focused on identities and culture, unconscious bias, the power of diverse teams, and culturally sensitive conversations

Code of Business Ethics - Our Code of Business Ethics is a foundational part of our culture

Electric Platform



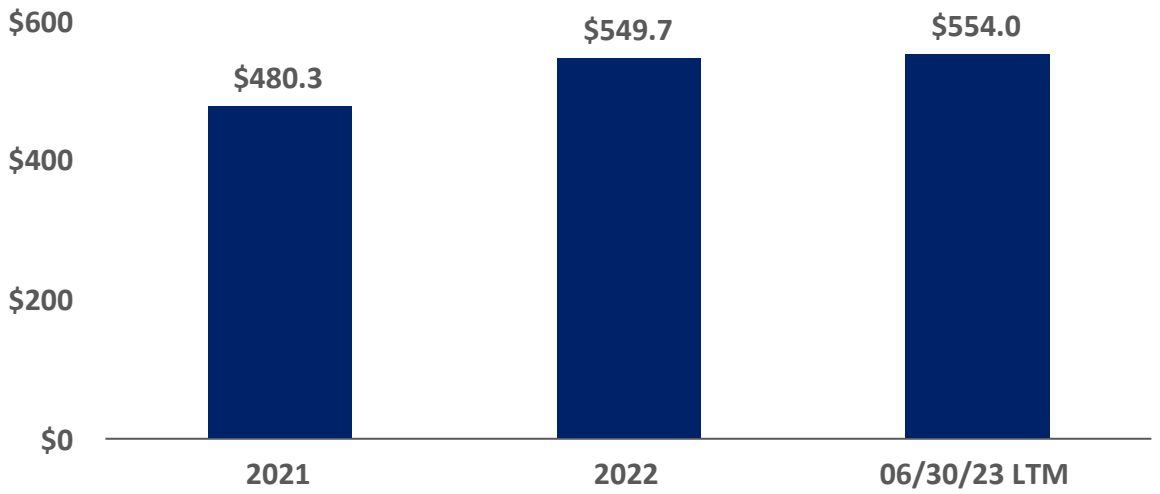
Electric Operations

- 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

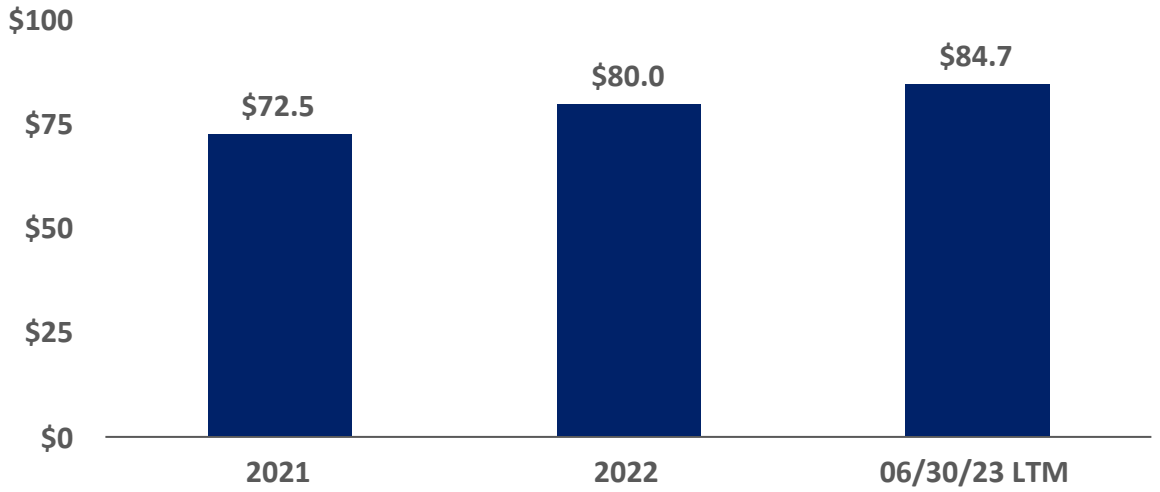
Highlights

- Rate base growth opportunities:
  - Renewable generation - Hoot Lake Solar and wind repowering
  - IRP includes additional investments in wind and solar generation resources
  - Technology & infrastructure - Advanced Metering Infrastructure
  - Transmission investments - MISO Long Range Transmission Planning (LRTP)
- Constructive regulatory environments
- New data mining and crypto infrastructure load as well as agricultural processing load

Operating Revenue (in millions)



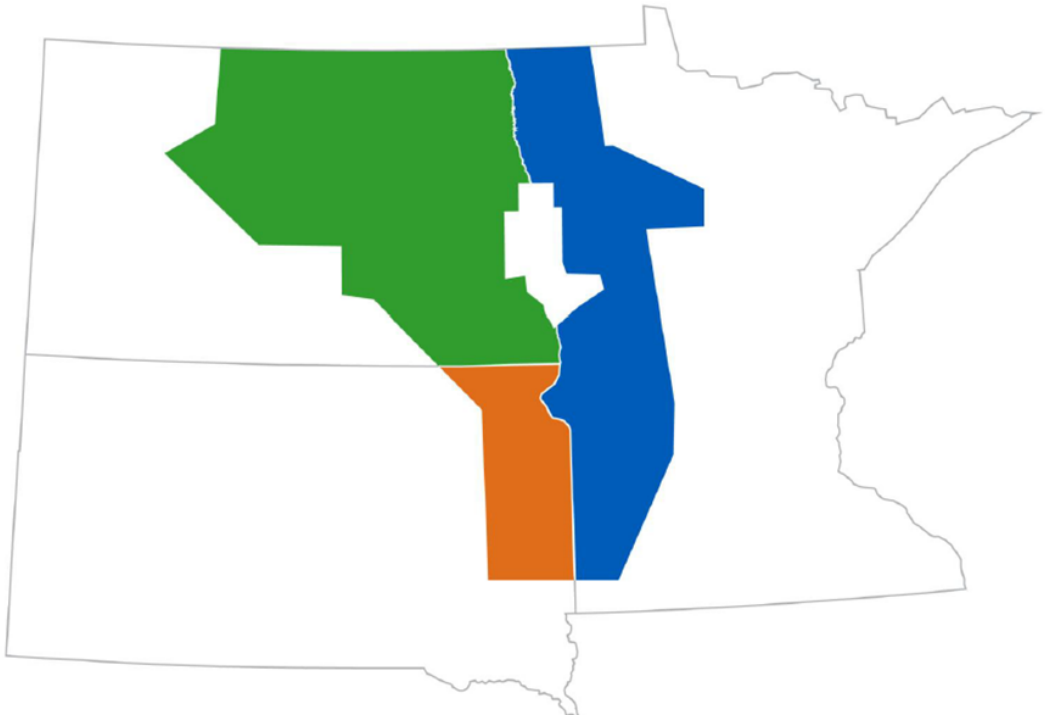
Net Income (in millions)



Integrated Resource Plan & Environmental Regulation

Integrated Resource Plan (IRP)

- Supplemental IRP filed March 2023, jointly in MN, ND, & SD
- Required filing in MN and ND
- Preferred 5-year plan, requested authority to:
  - Add on-site LNG fuel storage at Astoria Station
  - Add 200 MW of solar generation in 2027-2028
  - Commence activities to add 200 MW of wind generation in 2029
  - Withdraw from our 35% ownership interest in coal-fired Coyote Station should major non-routine capital investments be required
- In May, the Minnesota Public Utilities Commission decided to reintegrate the Astoria Station onsite fuel decision timeline with the remainder of the IRP, and we anticipate a hearing in early 2024



Environmental Regulation

- The North Dakota Department of Environmental Quality (DEQ) Regional Haze State Implementation Plan (SIP) was filed with the EPA in August 2022. The DEQ's SIP did not include additional control requirements for Coyote Station. The EPA has provided preliminary comments indicating they view additional controls at Coyote as being cost-effective
- In the first half of 2023, the EPA has been very active in releasing proposed legislation, including Section 111(d) and changes to the existing MATS rules. Otter Tail Power has formed project teams to evaluate the rules and the potential impact to operations, specifically our coal-based generation

Rate Base Projects

Project	Our Investment *(millions)*	In Service	% Complete	Recovery Mechanisms
Hoot Lake Solar	~ $62	2023	~ 92%	Rider/General Rate Case - MN
Advanced Metering Infrastructure and Grid Modernization (Innovation 2030)	~ $145	2019 - 2028	~ 25%	Rider/General Rate Case - MN, ND, & SD
Wind Repowering	~$230	2024-2025	0%	Rider/General Rate Case - MN & ND General Rate Case - SD
Astoria Station Dual Fuel (IRP filing)	~ $60-$90	2027	1%	General Rate Case - MN, ND, & SD
MISO Tranche 1 **Jamestown-Ellendale***	~$190	2028	1%	MISO Tariff
MISO Tranche 1 **Big Stone South-Alexandria-Big Oaks***	~$220	2031 - 2032	1%	MISO Tariff

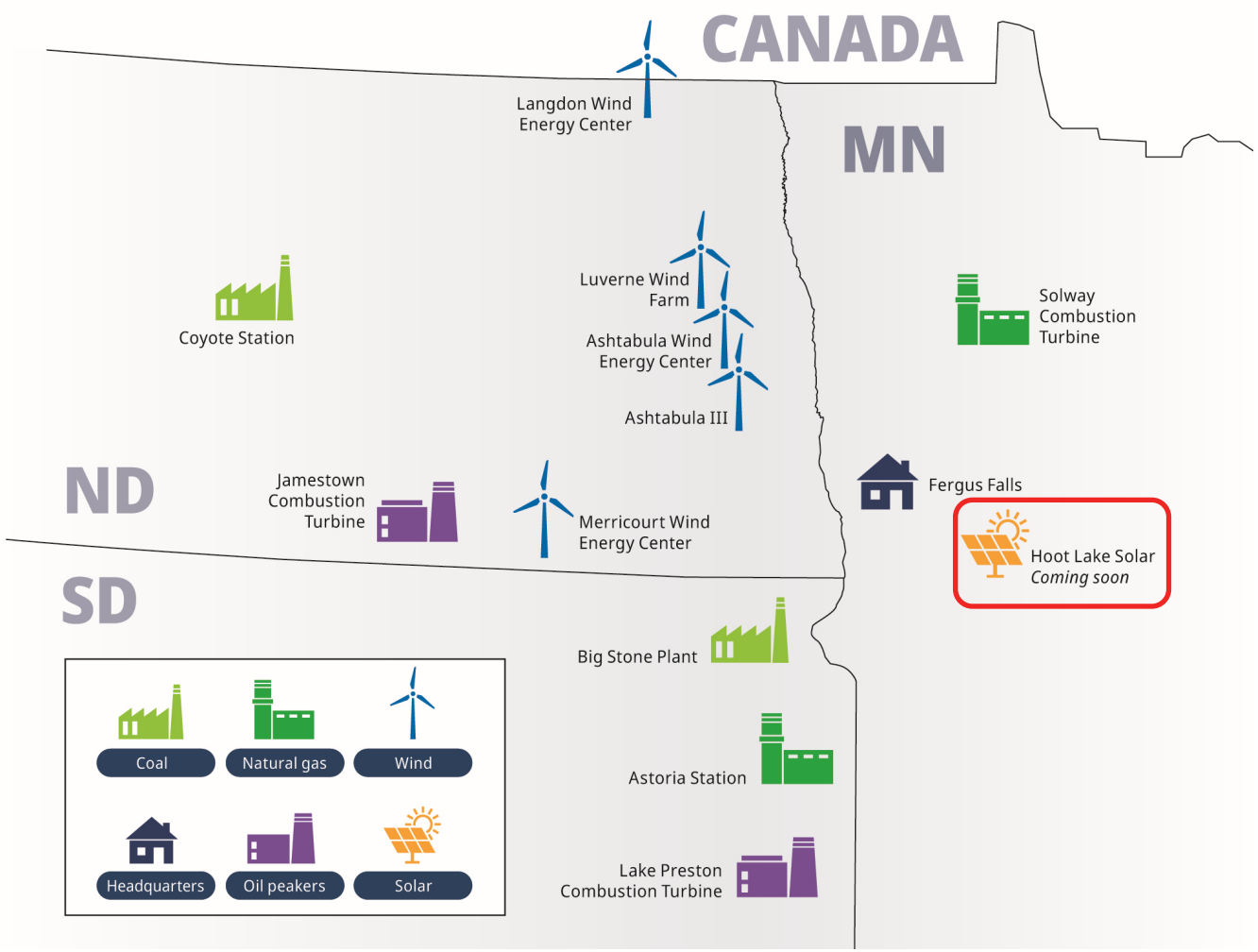
**Note: The majority of the capital spending for these projects are outside our 5yr capital investment plan ending in 2027*

Hoot Lake Solar

Project	Hoot Lake Solar
Description	49-MW self-build solar
Schedule	2020-2023
Otter Tail Power Cost	~ $62 million

Project Summary

- Qualifies for investment tax credit of 40% after IRA passage
- 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
- All thin-film solar panels are on site
- Construction began May 2022
- Anticipate completion in Q3 2023



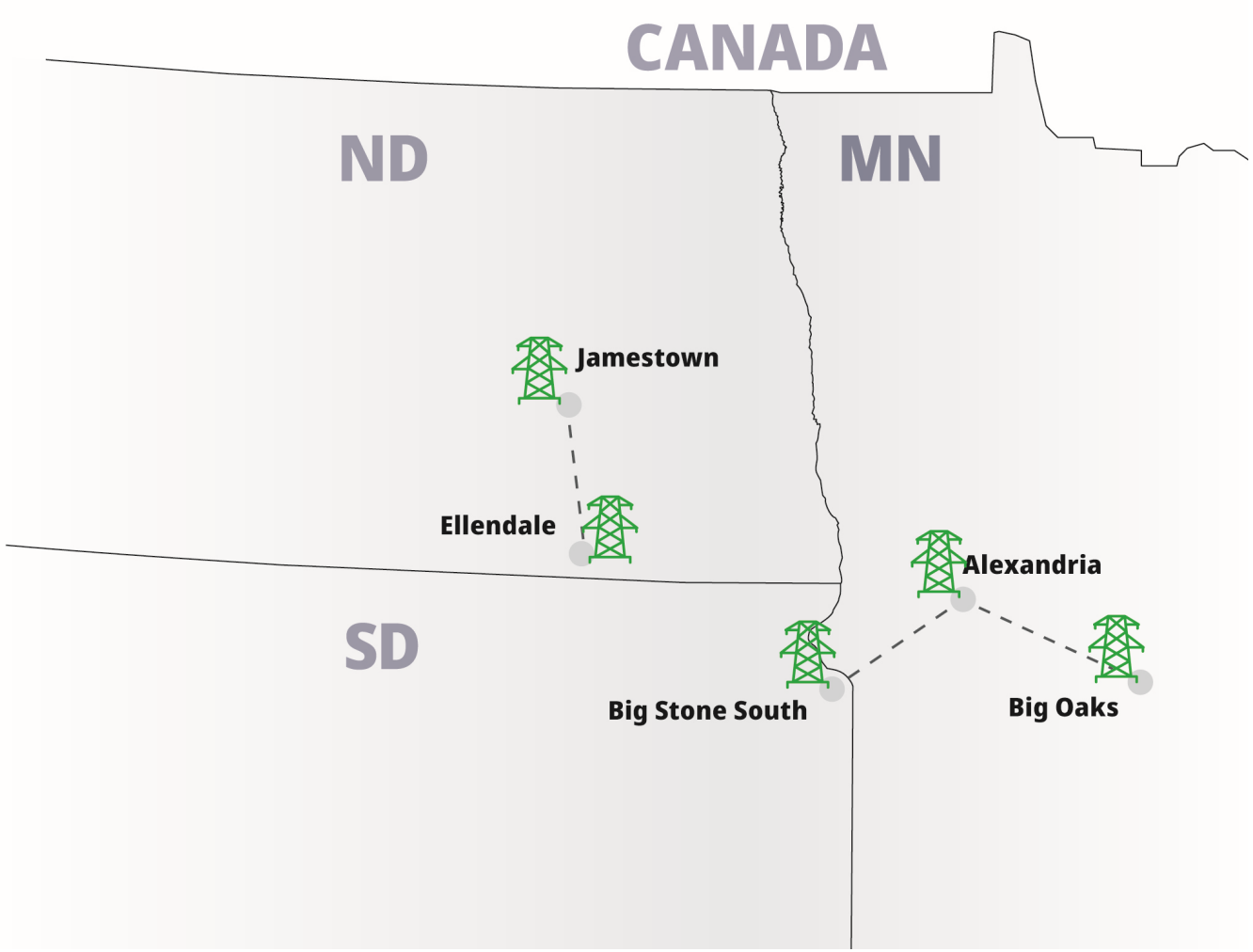
Note: The map only depicts our material generation assets

MISO Long Range Transmission Planning (LRTP)

Project	MISO LRTP
Description	LRTP Tranche 1 Transmission Projects
Schedule	In development
Otter Tail Power Cost	~$410 million

Project Summary

- MISO recently approved its Long Range Transmission Plan which includes two 345kV projects in Otter Tail Power service territory:
  - Jamestown - Ellendale
  - Big Stone South - Alexandria - Big Oaks
- Currently in initial development phases of these projects
- OTP is the owner of the Jamestown and Big Stone South substations
- Approximately $120 million of the capital investment is expected to occur before 2028

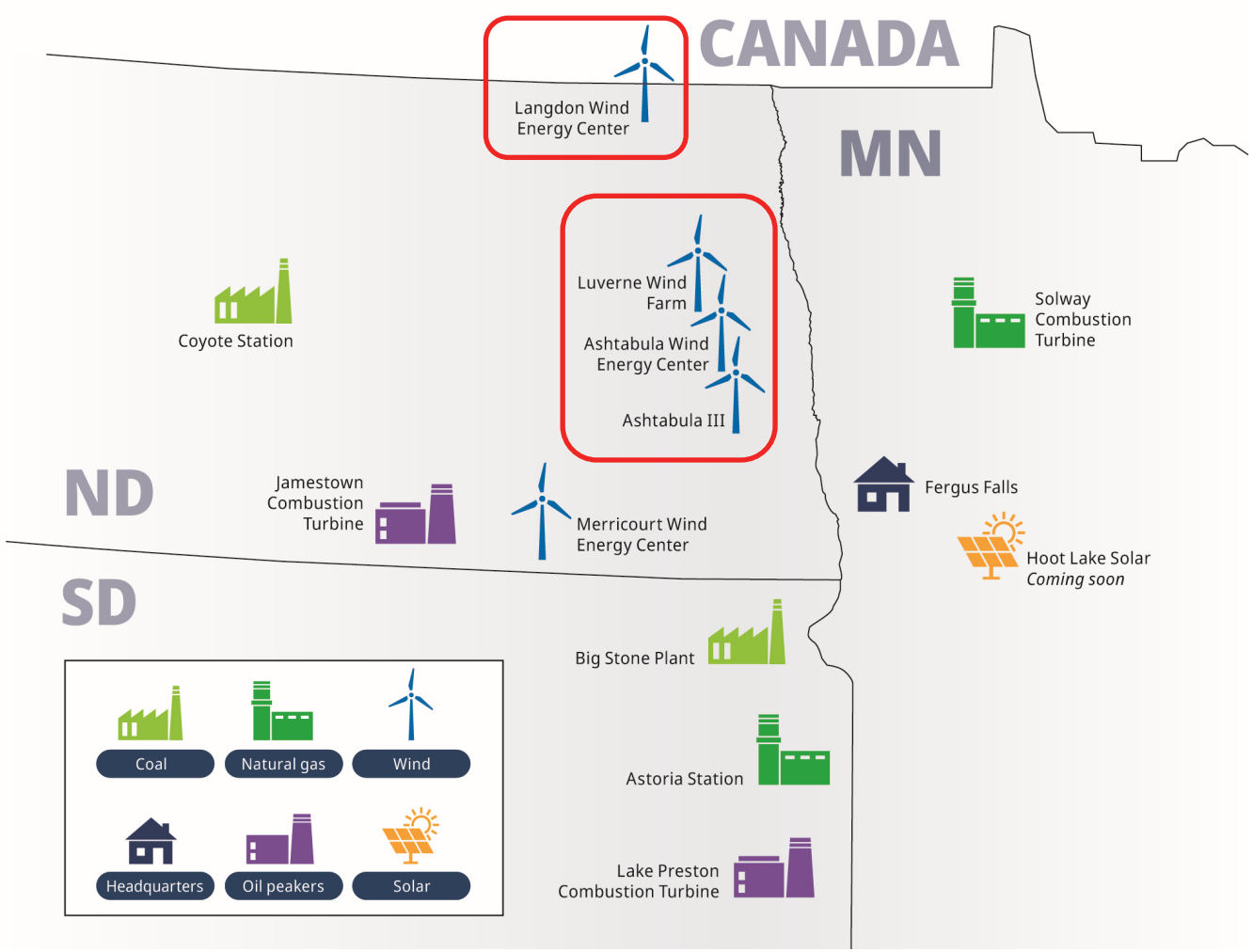


Wind Repowering

Project	Wind Repowering
Description	Equipment upgrades at wind facilities
Schedule	In development
Otter Tail Power Cost	~$230 million

Project Summary

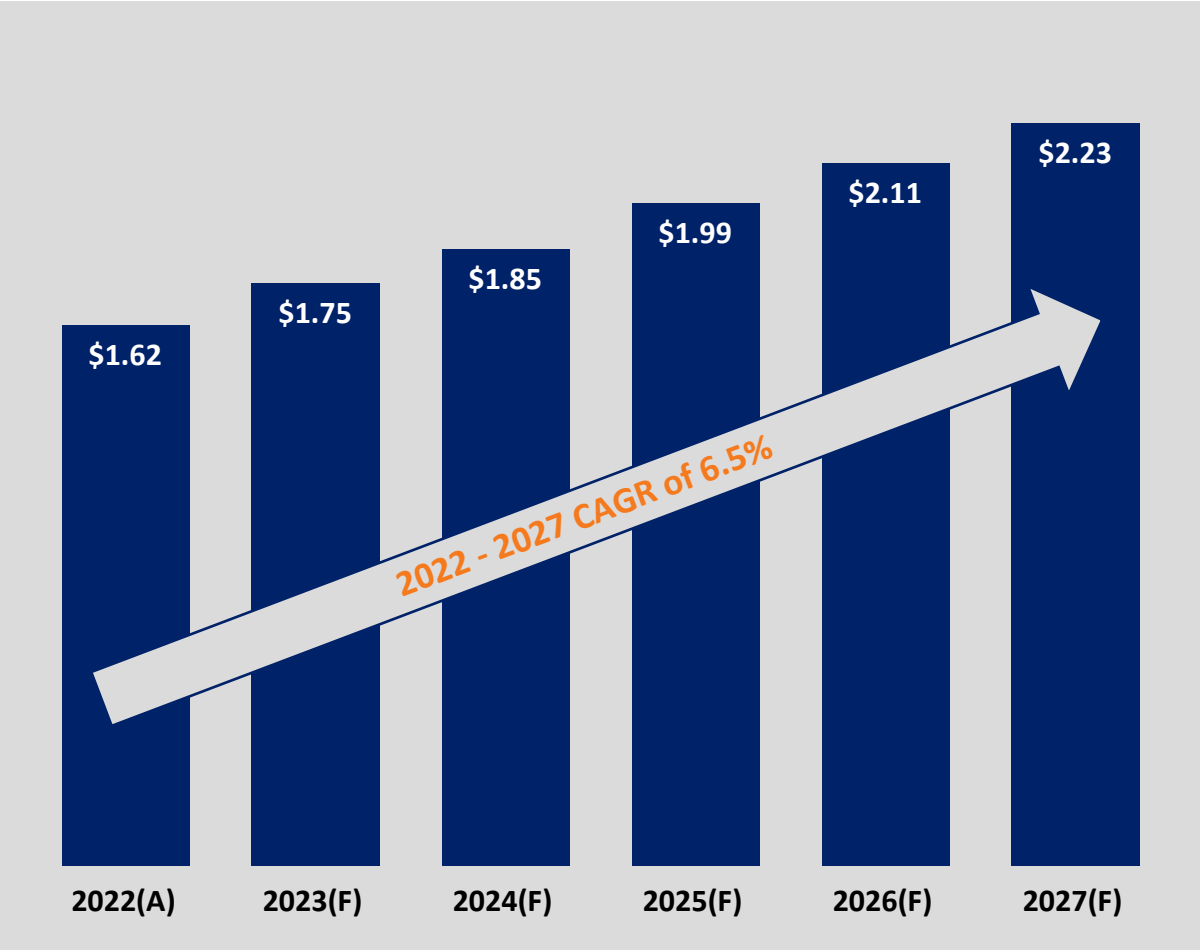
- Upgrade and refurbishment of wind turbines at the Langdon, Ashtabula, Luverne, and Ashtabula III wind energy facilities in 2024 and 2025
- The project is currently under development
- Targeting the wind repowering at Langdon to be operational in the 2nd half of 2024
- Remainder of the projects are expected to be operational in 2025
- Qualifies for production tax credits after IRA passage
- Repowering is anticipated to lower customer bills, demonstrating our continued focus and commitment to customer affordability



Note: The map only depicts our material generation assets

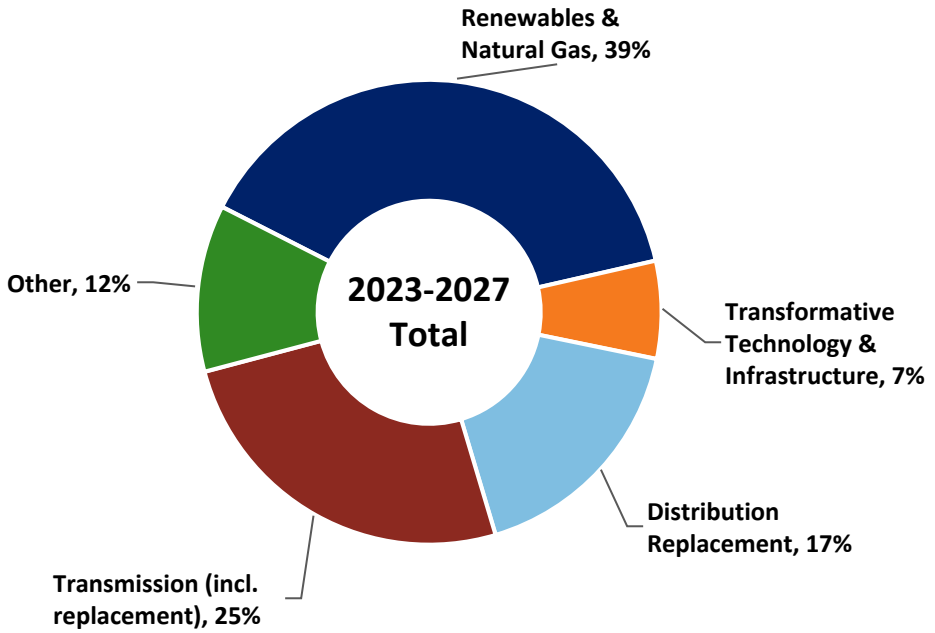
Rate Base Growth

Rate Base



$ in billions

$1.1B of Capital Spending from 2023 to 2027



Recovery Mechanism	$ (millions)	%
Depreciation (rate base replacement)	$ 430	39 %
Riders	452	41
Rate Case	220	20
Total	**$ 1,102**	**100 %**

Key Regulatory Filings

Regulatory Filing	MN	ND	SD	Status / Est. Date
Supplemental IRP Filing	X	X	X	✓
Astoria Dual Fuel Advance Determination of Prudence (ADP)		X		✓
Energy Conservation and Optimization (ECO) Triennial Filing (2024-2026)*	X			✓
Fuel Clause Adjustment Forecast Filing	X			✓
Energy Efficiency Triennial Filing (2024-2026)			X	Q3 2023
General Rate Case		TBD		Q4 2023**
Annual Updates to Capital Recovery Riders	X	X	X	2023

✓ ***Completed***

**Note: Previously known as the Conservation Improvement (CIP) Triennial Filing*

*** Note: As we complete our internal cost of service studies this year, we will determine whether a North Dakota general rate case will be filed in late 2023*

Regulatory Framework

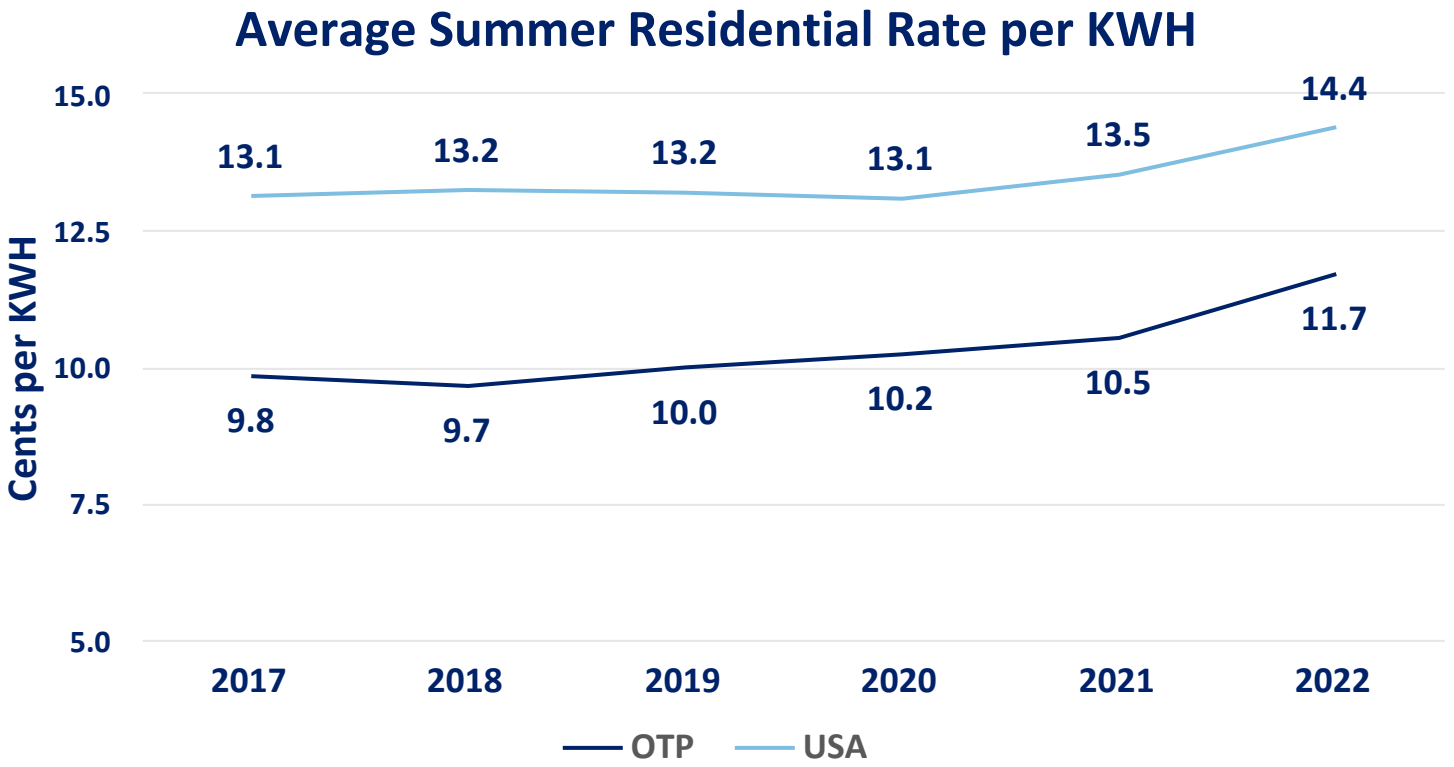
	Minnesota	North Dakota	South Dakota
Renewable Riders	Rider recovery / Rate case	Rider recovery / Rate case	Phase-in rider / Rate case
Transmission Riders	Rider recovery / Rate case	Rider recovery / Rate case	Rider recovery / Rate case
Non-Renewable Generation	Rate case	In state preference / ADP/ Rate 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%

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 41% 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 its 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

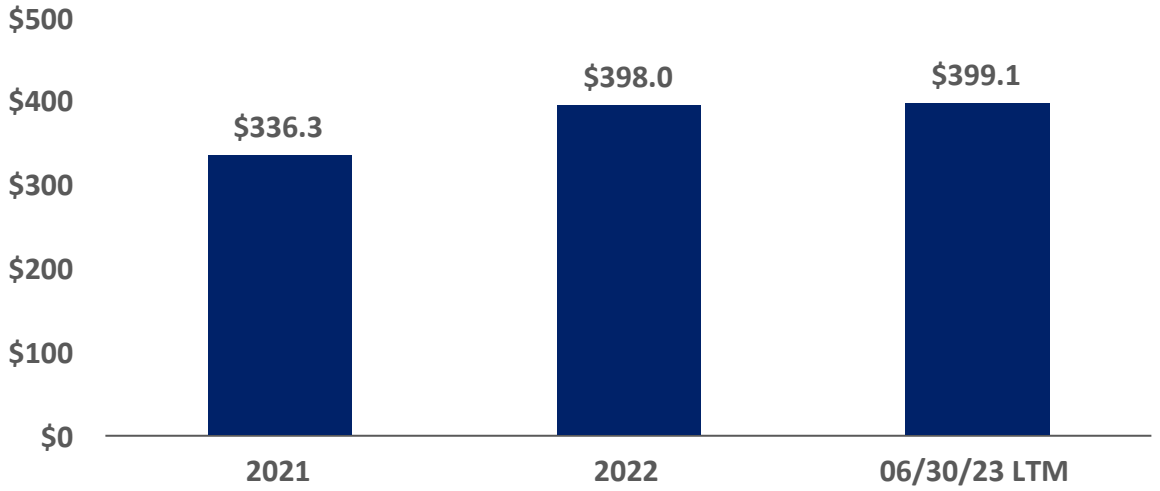
BTD

- Increased sales volumes and product price increases offset the revenue impact of lower steel prices
- End market demand is mixed, customer supply chains are improving
- Georgia expansion project

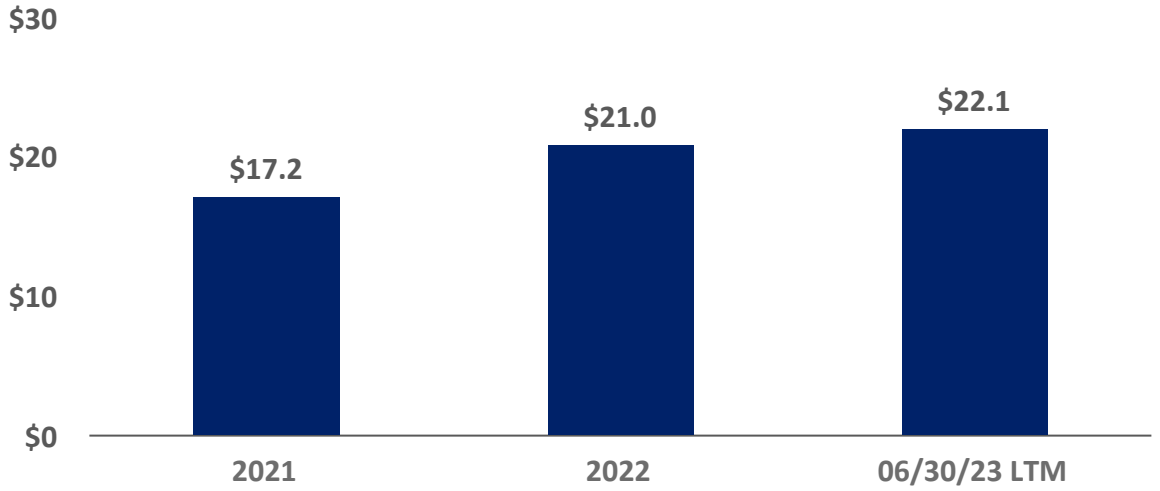
T.O. Plastics

- Horticulture sales softening as lead times have improved and order backlog has decreased

Operating Revenue (in millions)

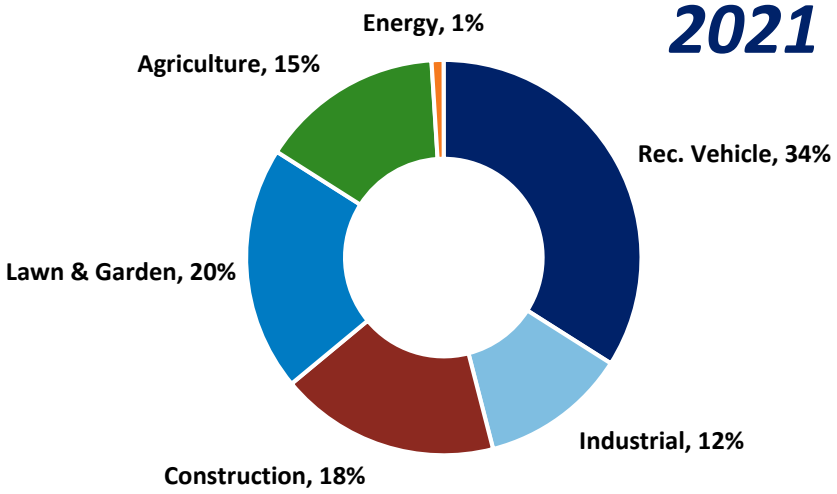


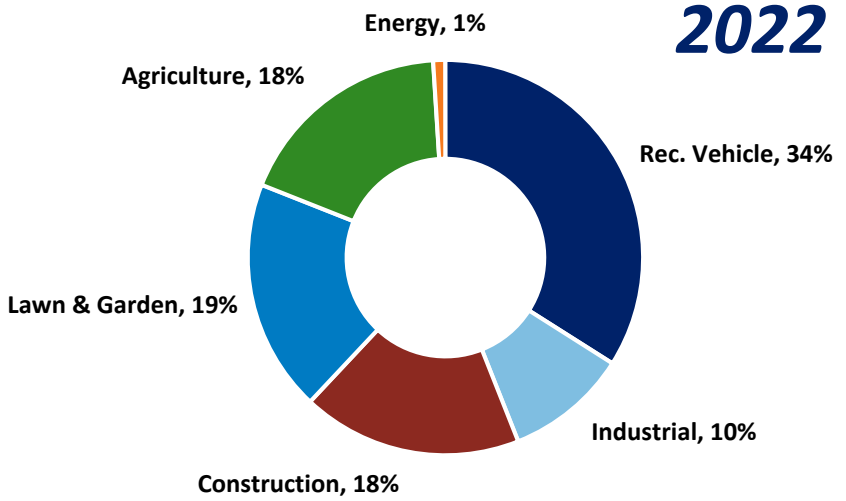
Net Income (in millions)



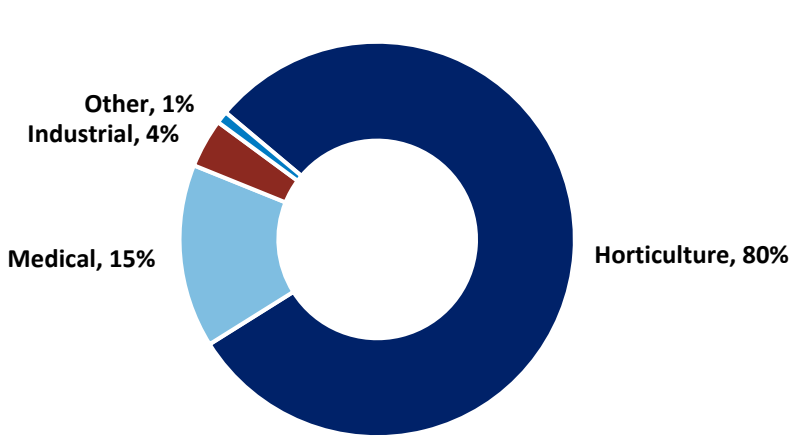
Manufacturing Sales by End Market

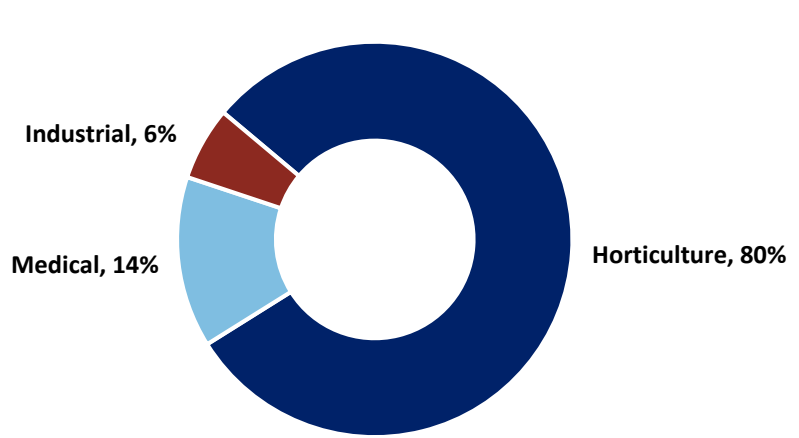
BTD





T.O. PLASTICS





End Market Outlook - Manufacturing Segment

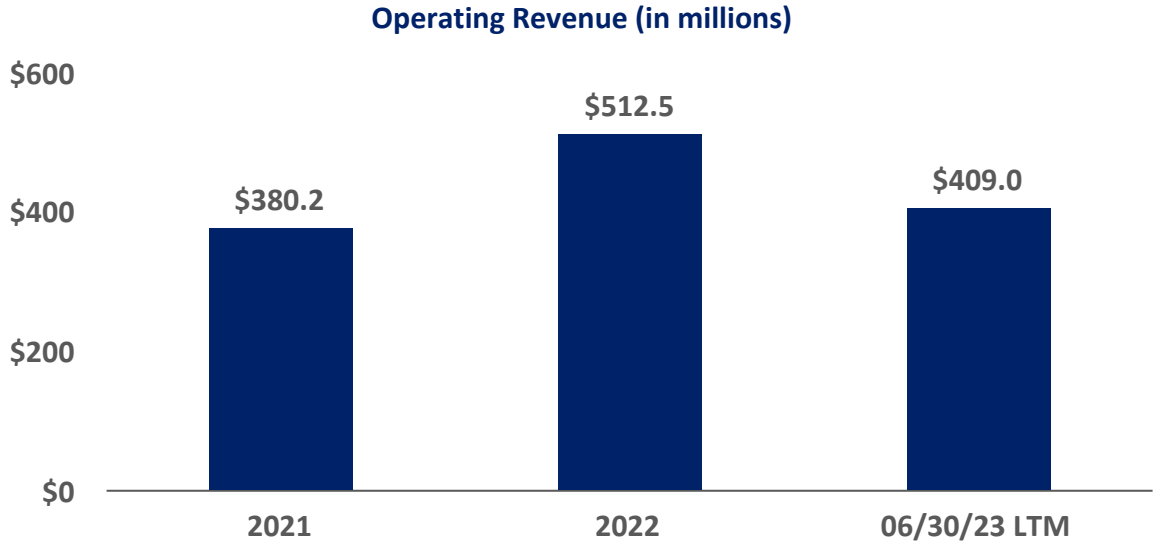
End Market	2023 Outlook	Comments
BTD Manufacturing		
Recreational Vehicles		• Dealer inventory starting to build to healthy levels, inventory of premium models continues to lag • Inflation and interest rate environment expected to impact discretionary spending • Demand remains high for specific models while softening for lower-end and entry level models
Lawn & Garden		• Decreased housing starts, resulting in less new homebuyer volume • Discretionary spending expected to be impacted by inflation and interest rate environment • Dealer inventory improving and residential demand has started to normalize to pre-covid levels
Construction		• Broad mix of end market models from light construction to heavy construction (offset volume) • Inventory remains low with fleet replacement needs, specifically within heavy construction • Oil and gas projects have softened significantly
Agriculture		• Strong retail demand continues with large agriculture products with slight softening from low HP and utility tractors • Inventory has started to build as OEM's able to ramp-up production as supply chain issues improve • Commodity environment remains steady and farm cash receipts are strong
Power Generation *(component of Industrial end market)*		• Strong demand continues for commercial industry we serve • Inventory remains low • Amazon, Google and Facebook driving demand for data center back-up power
T.O. Plastics		
Horticulture		• Elevated distributor and grower inventory levels from precautionary buying during the pandemic leading to reduced demand • Backlog levels declining as industry supply chain challenges abate and lead times normalize • CEA (controlled environment agriculture) market for fruits and vegetables continuing to expand

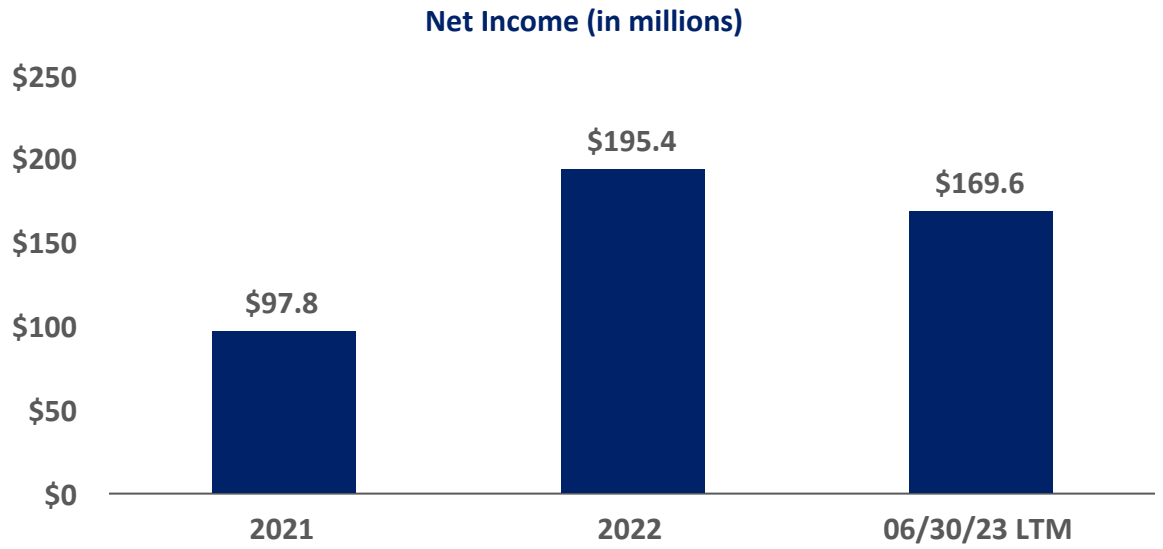
Plastics Operations

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

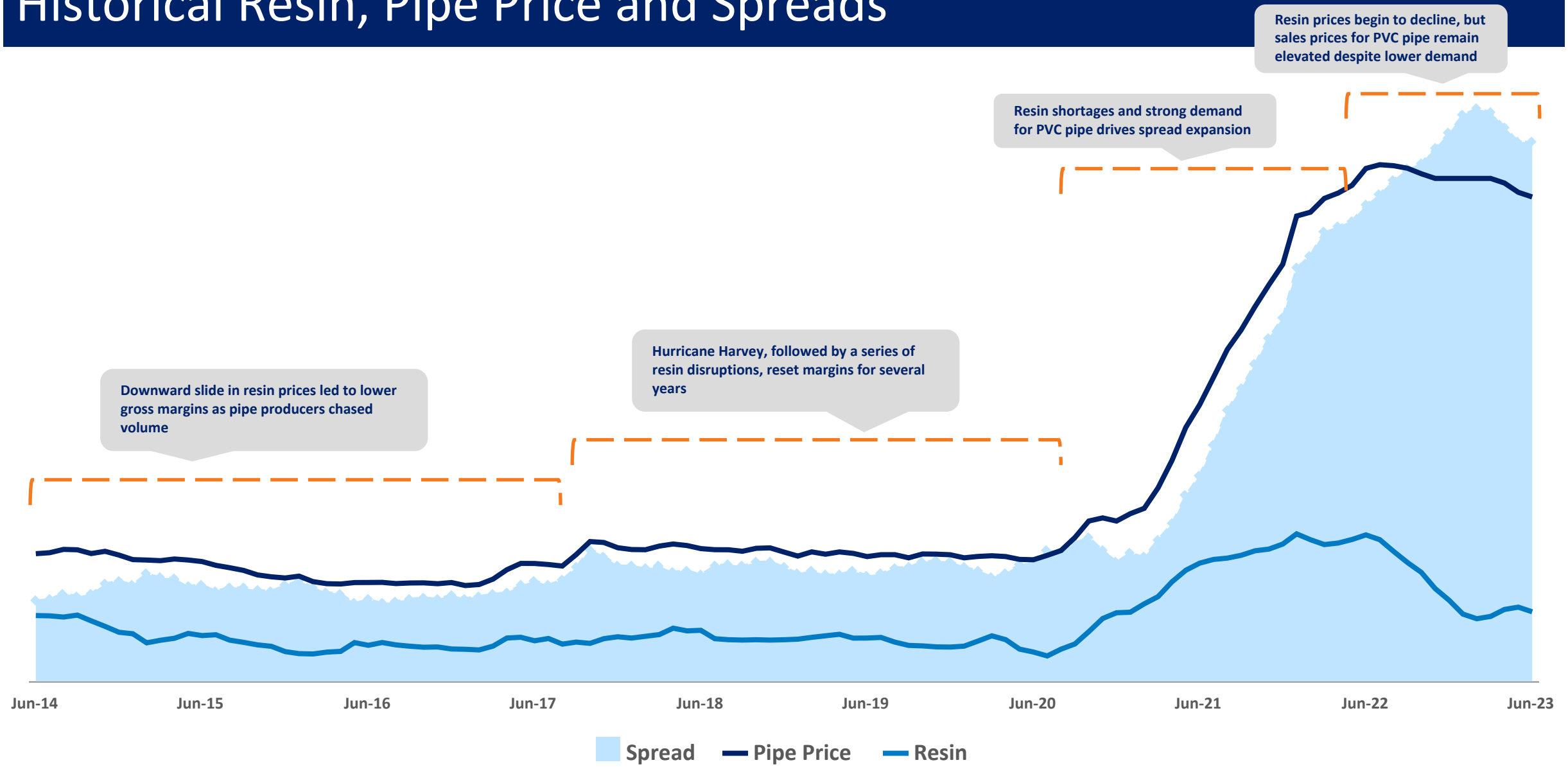
Highlights

- Unique market conditions beginning in 2021 resulted in significant increases in PVC pipe prices and operating margins at levels not previously experienced
- Distributors continue to manage inventory levels amid uncertain market conditions, resulting in reduced sales volumes in Q2 2023 as compared to the same time last year
- Vinyltech plant upgrades and expansion underway. We currently expect to bring this additional capacity online in the second half of 2024

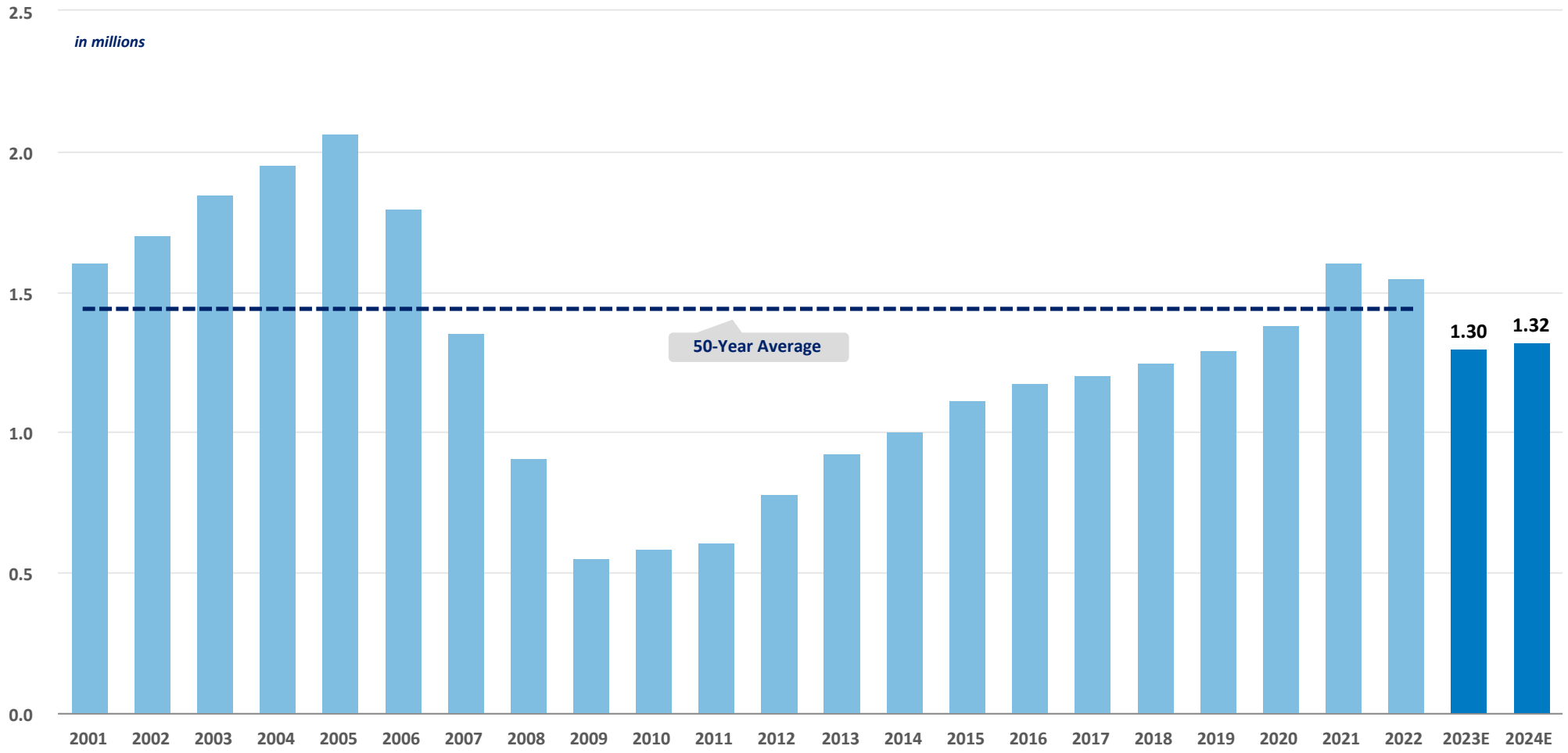




Historical Resin, Pipe Price and Spreads



Annual U.S. Housing Starts



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

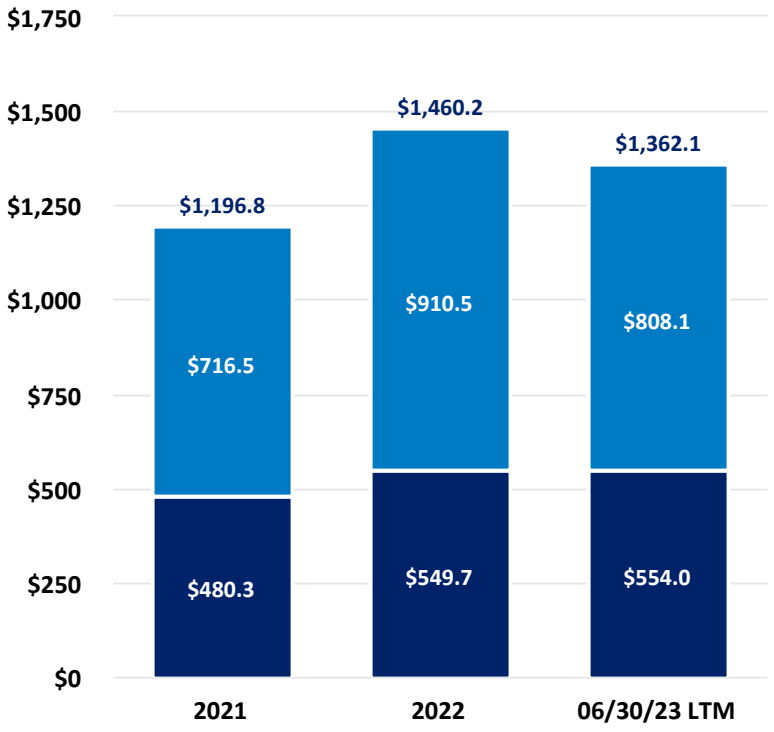
FINANCIAL UPDATE

Financial Overview

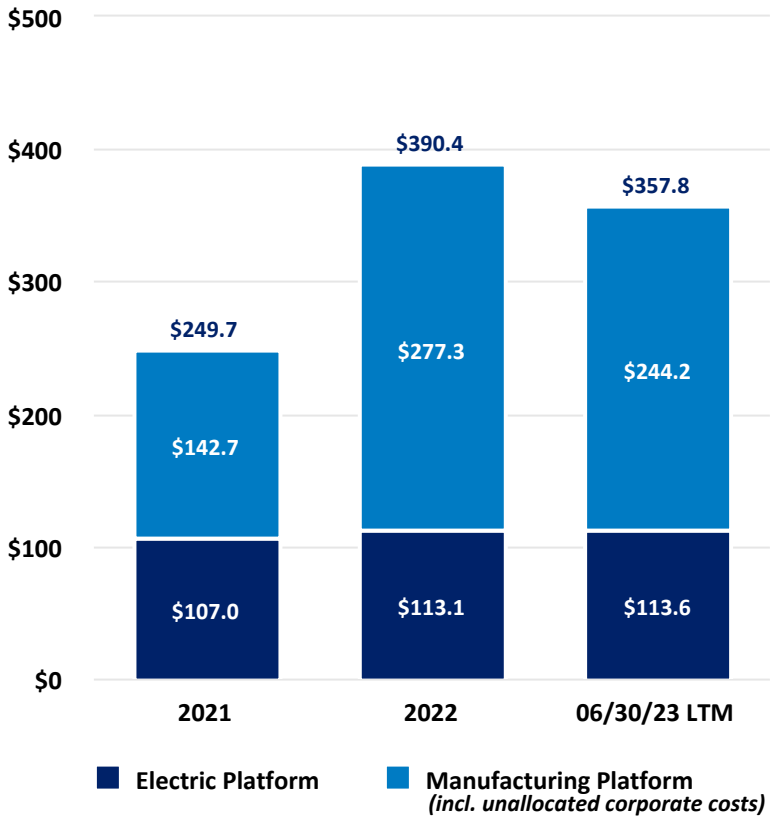
Elevated Plastics segment earnings impacting Operating Income & Net Income in all periods presented

$ in millions

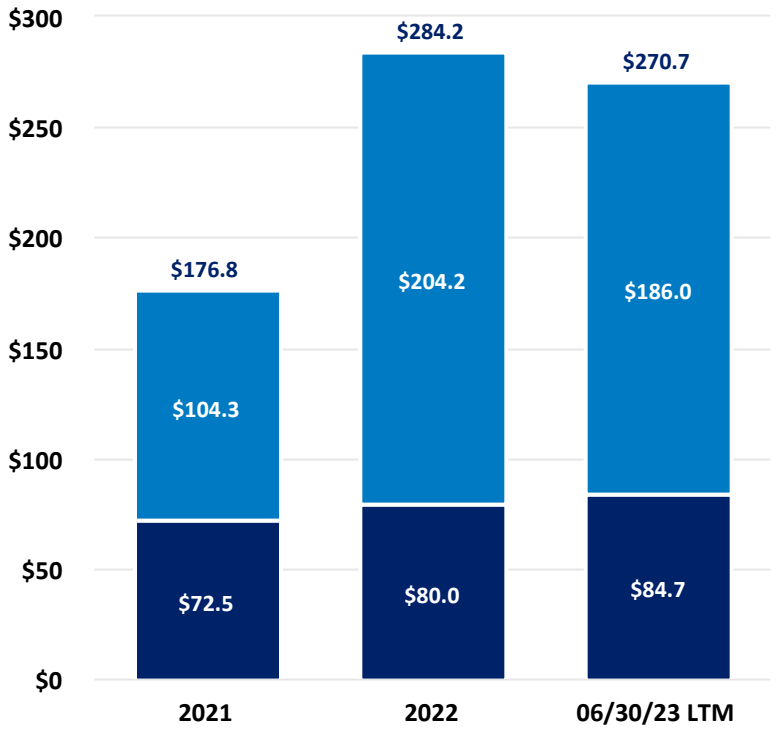
Operating Revenues



Operating Income



Net Income



Diluted EPS: Q2 2022 vs Q2 2023

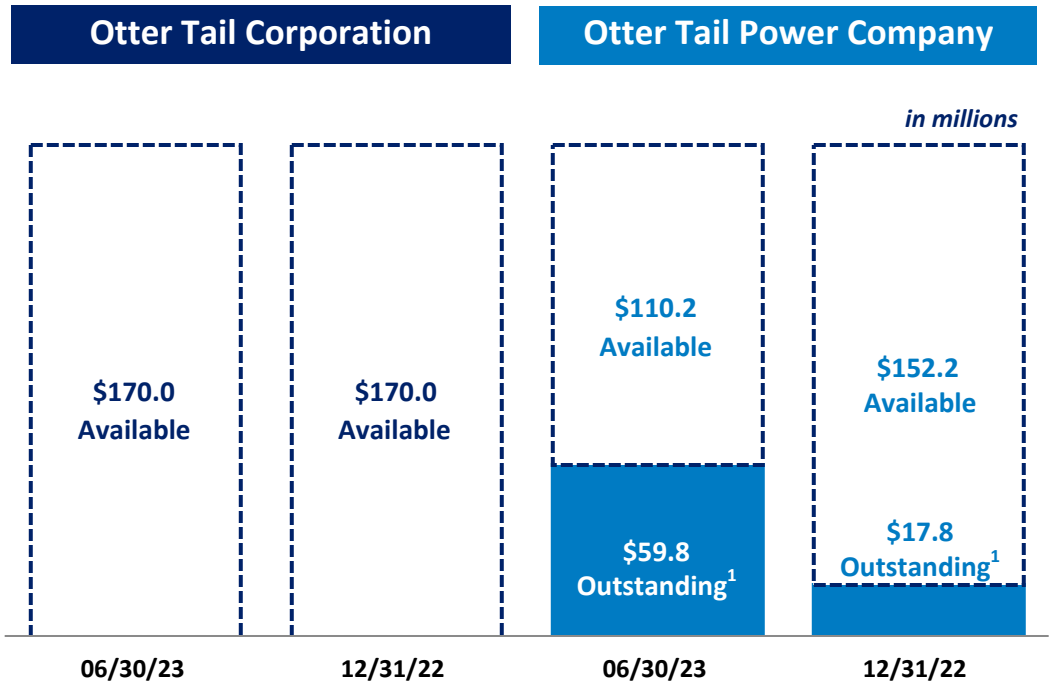
		Electric	Manufacturing	Plastics	Corporate	Total
	Q2 2022 DILUTED EARNINGS PER SHARE	**$ 0.45**	**$ 0.18**	**$ 1.52**	**$ (0.10)**	**$ 2.05**
Electric	Transmission services revenue, net of expenses	0.05	—	—	—	0.05
	Rider revenues	0.04	—	—	—	0.04
	Commercial & industrial sales volumes	0.03	—	—	—	0.03
	Pension plan costs	0.03	—	—	—	0.03
	Finalization of Minnesota interim rates in 2022	(0.07)	—	—	—	(0.07)
	O&M expense	(0.04)	—	—	—	(0.04)
	Depreciation, amortization and interest expense	(0.02)	—	—	—	(0.02)
Manufacturing	Product pricing and favorable product mix	—	0.09	—	—	0.09
	Sales volume	—	0.03	—	—	0.03
	Labor and non-labor cost increases	—	(0.09)	—	—	(0.09)
	Unfavorable cost absorption	—	(0.05)	—	—	(0.05)
	O&M and depreciation expense	—	(0.02)	—	—	(0.02)
Plastics	Gross profit margin	—	—	0.21	—	0.21
	Sales volume	—	—	(0.41)	—	(0.41)
Corporate	Gains on COLI policies and other investments	—	—	—	0.07	0.07
	Earnings on cash balance investments	—	—	—	0.03	0.03
	Gain recognized on death benefits under COLI policies	—	—	—	0.01	0.01
	O&M expense	—	—	—	0.01	0.01
	Q2 2023 DILUTED EARNINGS PER SHARE	**$ 0.47**	**$ 0.14**	**$ 1.32**	**$ 0.02**	**$ 1.95**

Diluted EPS: YTD 2022 vs YTD 2023

		Electric	Manufacturing	Plastics	Corporate	Total
	YTD 2022 DILUTED EARNINGS PER SHARE	**$ 0.91**	**$ 0.28**	**$ 2.74**	**$ (0.16)**	**$ 3.77**
Electric	Commercial & industrial sales volumes	0.08	—	—	—	0.08
	Rider revenues	0.08	—	—	—	0.08
	Pension plan costs	0.07	—	—	—	0.07
	Transmission services revenue, net of expenses	0.04	—	—	—	0.04
	Finalization of Minnesota interim rates in 2022	(0.07)	—	—	—	(0.07)
	O&M expense	(0.07)	—	—	—	(0.07)
	Interest expense	(0.02)	—	—	—	(0.02)
Manufacturing	Product pricing and favorable product mix	—	0.25	—	—	0.25
	Sales volume	—	0.10	—	—	0.10
	Labor and non-labor cost increases	—	(0.16)	—	—	(0.16)
	Unfavorable cost absorption	—	(0.09)	—	—	(0.09)
	O&M and depreciation expense	—	(0.06)	—	—	(0.06)
	Scrap revenue	—	(0.01)	—	—	(0.01)
Plastics	Gross profit margin	—	—	0.41	—	0.41
	O&M expense	—	—	0.01	—	0.01
	Sales volume	—	—	(1.04)	—	(1.04)
Corporate	Gains on COLI policies and other investments	—	—	—	0.10	0.10
	Earnings on cash balance investments	—	—	—	0.04	0.04
	Gain recognized on death benefits under COLI policies	—	—	—	0.01	0.01
	YTD 2023 DILUTED EARNINGS PER SHARE	**$ 1.02**	**$ 0.31**	**$ 2.12**	**$ (0.01)**	**$ 3.44**

Liquidity, Cap Structure and Credit Ratings

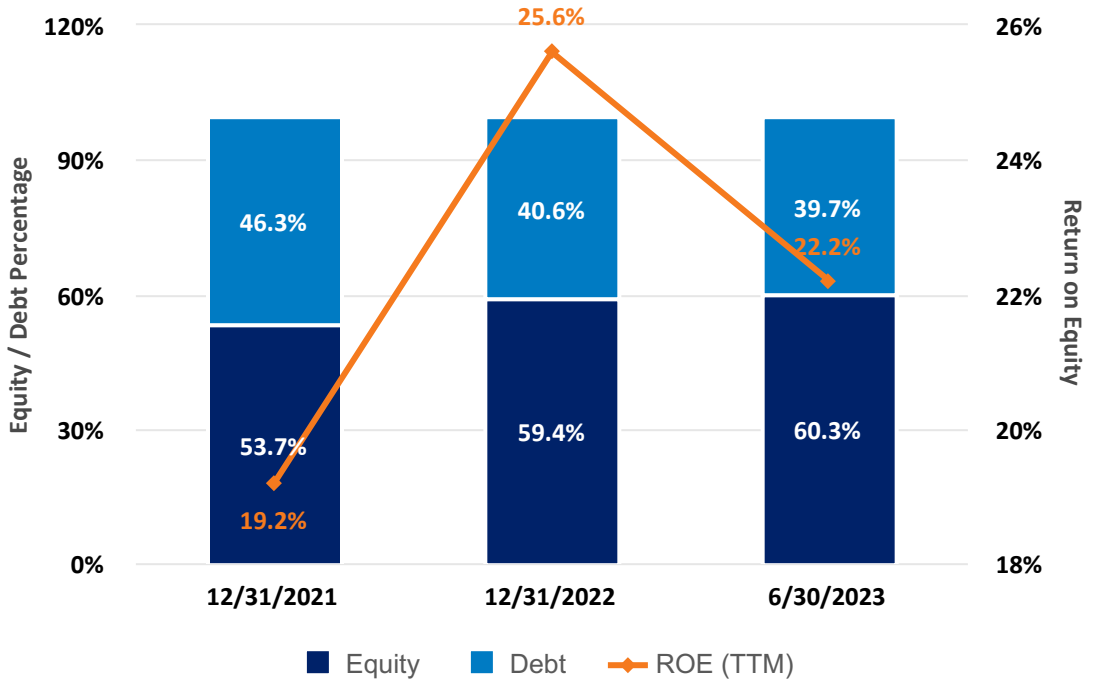
Liquidity: Line of Credit Availability



[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
Date of Last Review	*Oct. 2022*	*Feb. 2023*	*Feb. 2023*	*Oct. 2022*	*Feb. 2023*	*Sep. 2022*

2023 Earnings Guidance

Diluted EPS	*Actual 2022*	*2023 Guidance May 1, 2023* Low	*2023 Guidance May 1, 2023* High	*2023 Guidance July 31, 2023* Low	*2023 Guidance July 31, 2023* High
Electric	**$ 1.91**	**$ 2.00**	**$ 2.04**	**$ 2.00**	**$ 2.04**
Manufacturing	**0.50**	**0.47**	**0.51**	**0.47**	**0.51**
Plastics	**4.66**	**2.30**	**2.49**	**3.40**	**3.59**
Corporate	**(0.29)**	**(0.22)**	**(0.19)**	**(0.17)**	**(0.14)**
Total	**$ 6.78**	**$ 4.55**	**$ 4.85**	**$ 5.70**	**$ 6.00**
Return on Equity	***25.6 %***	***14.9 %***	***15.7 %***	***18.4 %***	***19.2 %***

Pension Assumptions and Recovery

	Asset Allocation			Actuarial Assumptions		EPS Sensitivity		Actual / Projected Contributions *(in millions)*		
Funded Status	Risk Management	Return Enhancement	Other	Discount Rate	RoR	Discount Rate	RoR	2022	2023[1]	2024
102%	51%	48%	1%	5.51%	7.00%	$0.03 *(per 25bps)*	$0.02 *(per 25 bps)*	$ 20.0	$ —	$ —

[1] *There are no minimum required pension contributions in 2023*

Consideration	Minnesota	North Dakota	South Dakota
Rate Base	Asset and liability excluded	Asset and liability included	Asset and liability included
Pension Expense	Forecasted expense *(5-year average commonly used prior to the recent case)*	Forecasted expense	Historical average *(usually 5 years)*

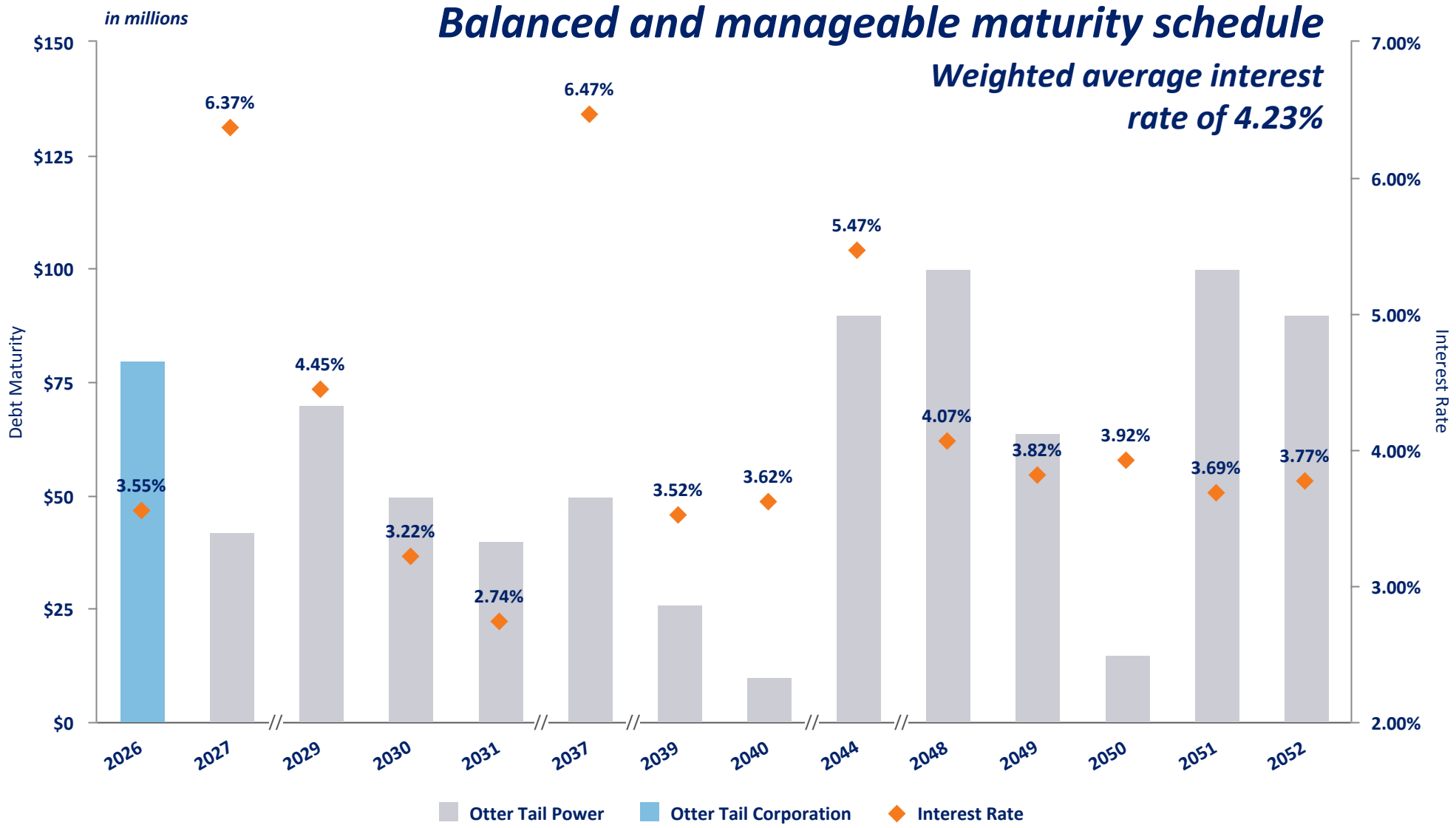
** Based on treatment in most recent rate case in each jurisdiction*

Five Year Financing Plan

in millions	Long-Term Financing 2022 (Actual)	Long-Term Financing 2023-2027 (Planned)
LONG-TERM DEBT		
Otter Tail Power		
Issuances	$ 90.0	$ 290.0
Retirements	(30.0)	(42.0)
Otter Tail Corporation (Parent)		
Issuances	—	80.0
Retirements	—	(80.0)
Net Debt Increase	$ 60.0	$ 248.0

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		$ 88	$ 119	$ 88	$ 85	$ 49	$ 429
Technology & Infrastructure		33	30	6	5	1	75
Distribution Plant Replacements		33	37	38	38	43	189
Transmission (incl. replacements)		34	36	46	87	78	281
Other		26	25	30	24	23	128
Electric Segment Total	$ 148	$ 214	$ 247	$ 208	$ 239	$ 194	$ 1,102
Manufacturing & Plastics Segments	23	48	53	29	25	24	179
Total Capital Expenditures	**$ 171**	**$ 262**	**$ 300**	**$ 237**	**$ 264**	**$ 218**	**$ 1,281**
Electric Segment Average Rate Base	$ 1,624	$ 1,748	$ 1,851	$ 1,990	$ 2,111	$ 2,230	
Rate Base Growth		7.6 %	5.9 %	7.5 %	6.1 %	5.6 %	

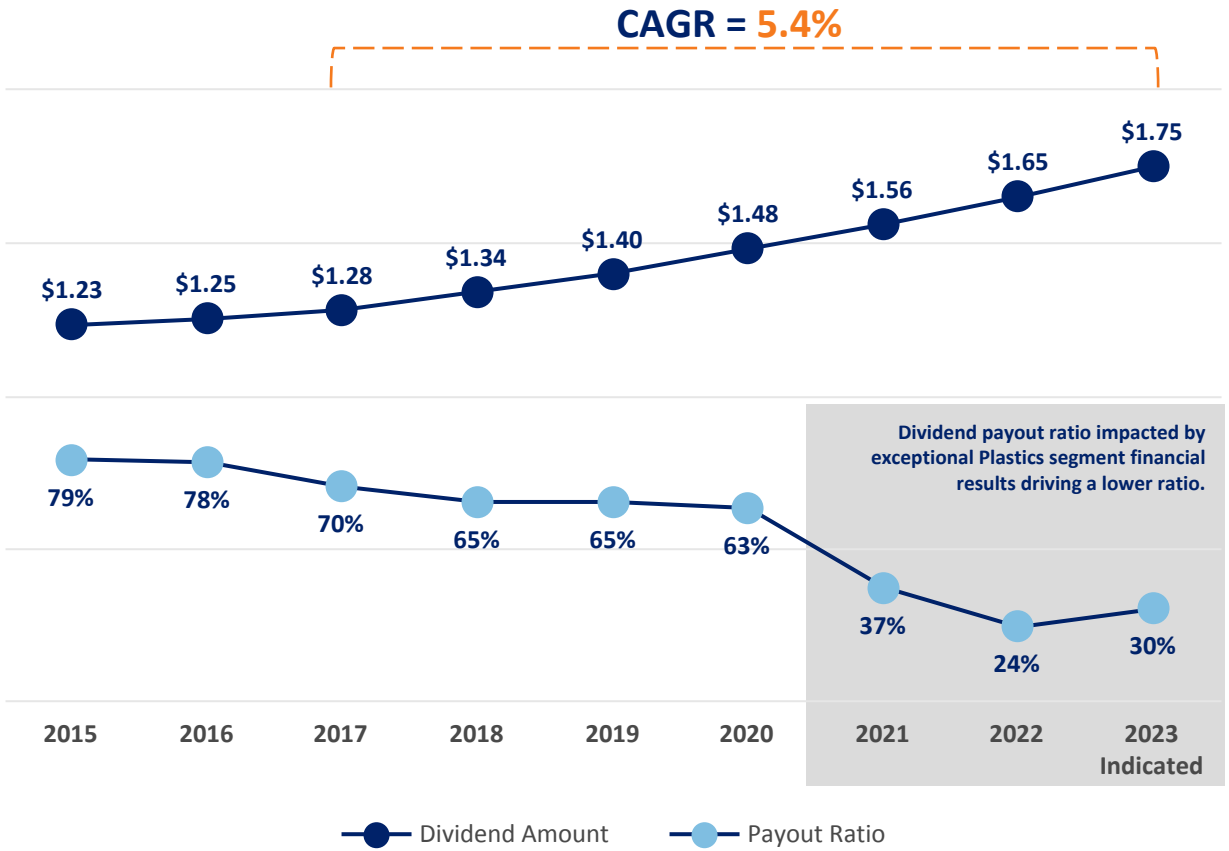
Rate Base CAGR = 6.5%

History of Dividend Growth

Our Dividend Story

- Paid annual dividend without interruption since 1938
- 6.1% increase, or $0.10 per share, indicated for 2023
- 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	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*

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 (~6.5% 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
- Strong balance sheet and equity ratio coupled with available liquidity
- Committed to maintaining investment grade credit ratings; operations are managed in a way that reflects this commitment



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