Q3 2023 Earnings Conference Call

October 31, 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

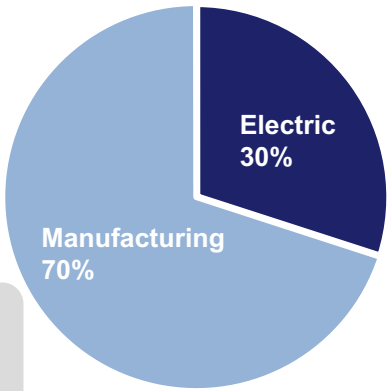
OTTER TAIL CORPORATION

- **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

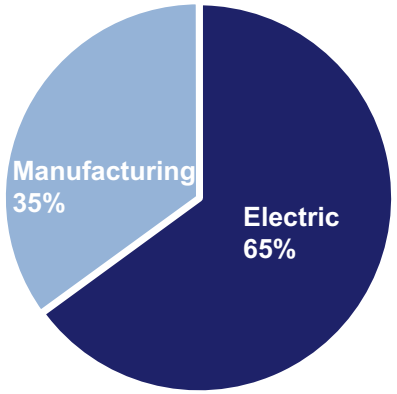
- Competitive low-cost operations
- Constructive regulatory environments
- Attractive rate base growth

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)	*Q3 2023*	*Q3 2022*
Operating Revenues	$ 358.1	$ 383.9
Net Income	$ 92.0	$ 84.2
Diluted EPS	$ 2.19	$ 2.01

Midpoint of 2023 Earnings Guidance Increased to $6.86 from $5.85

Q3 2023 Diluted EPS — **Up 9%** *(down 3% YTD)*

- Strong financial performance within Manufacturing and Plastics

Electric segment earnings — **Down 1%** *(up 7% YTD)*

- Higher operating and maintenance expenses, driven by higher labor costs and strategic spending, increased depreciation and the impact of unfavorable weather partially offset by recovery of rate base investments, increased commercial and industrial sales and lower pension costs

Manufacturing segment earnings — **Up 20%** *(up 14% YTD)*

- Product price increases and higher sales volumes at BTD Manufacturing, resulting in increased profit margins
- Lower sales volumes of horticulture products at T.O. Plastics

Plastics segment earnings — **Up 6%** *(down 13% YTD)*

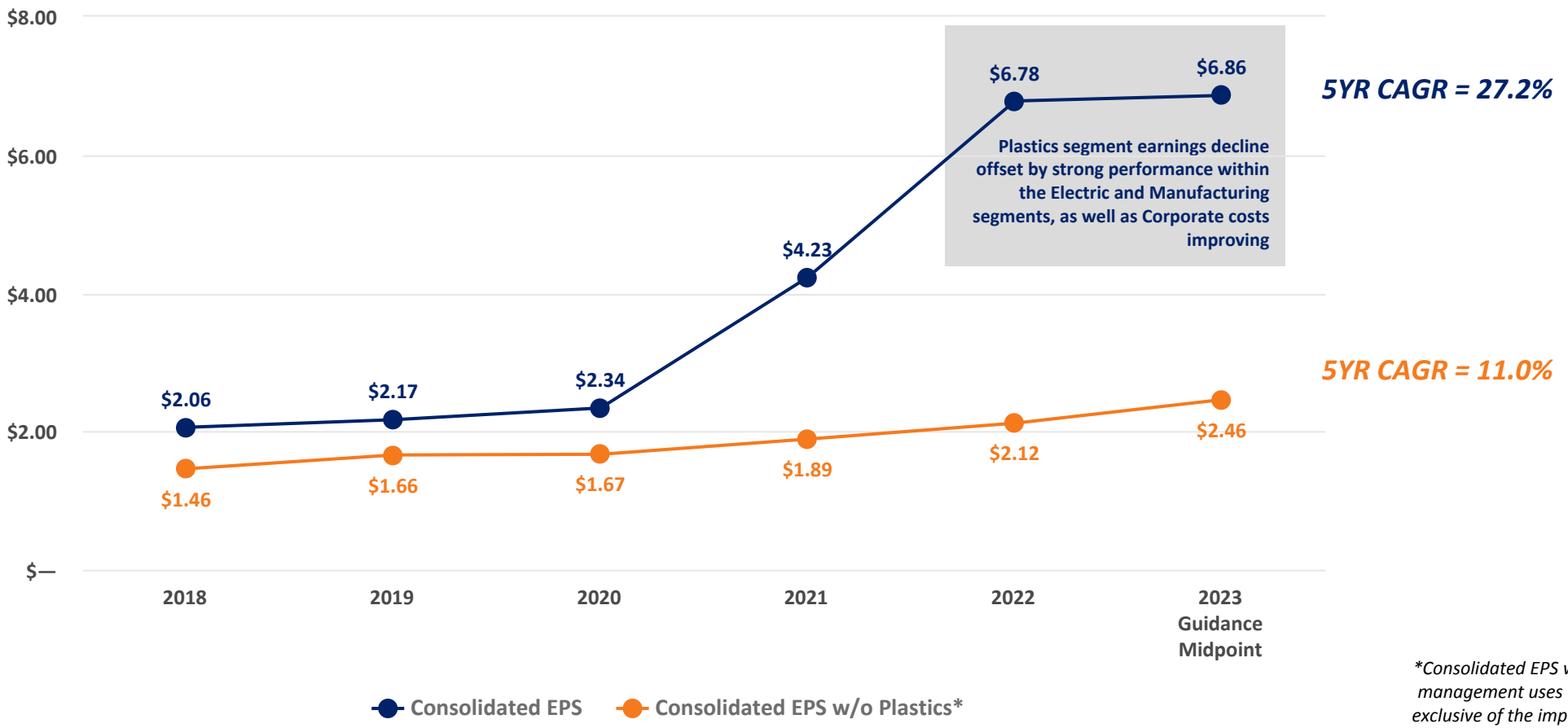
- Increased profit margins due to widening of resin spreads, as well as a decrease in input material costs
- Sales volumes relatively flat

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

Strong Financial Position

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

Earnings Per Share Growth



Plastics segment earnings decline offset by strong performance within the Electric and Manufacturing segments, as well as Corporate costs improving

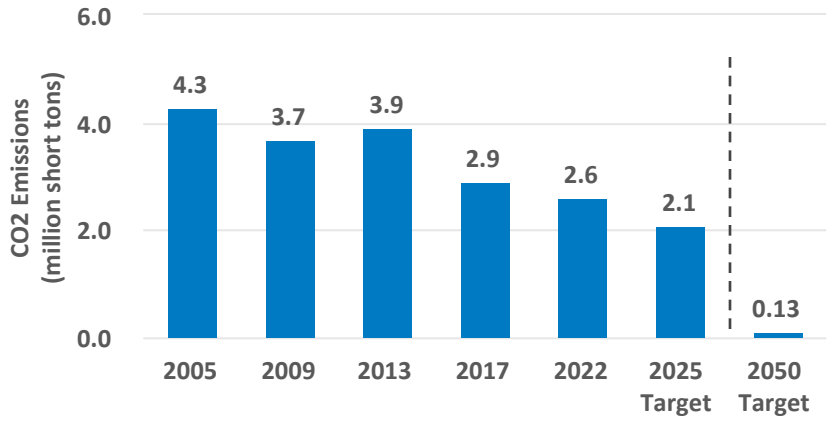
5YR CAGR = 27.2%

5YR CAGR = 11.0%

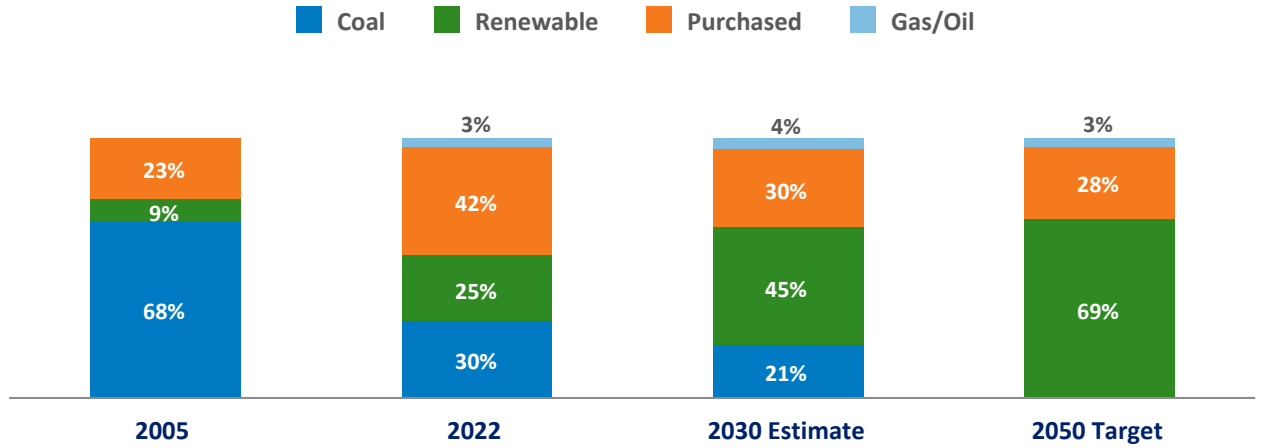
**Consolidated EPS w/o Plastics is a non-GAAP financial measure management uses to assess the financial results of the business exclusive of the impact of the earnings generated by our Plastics segment which have benefited from extraordinary industry supply and demand dynamics beginning in 2021 that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

Cleaner Energy Future

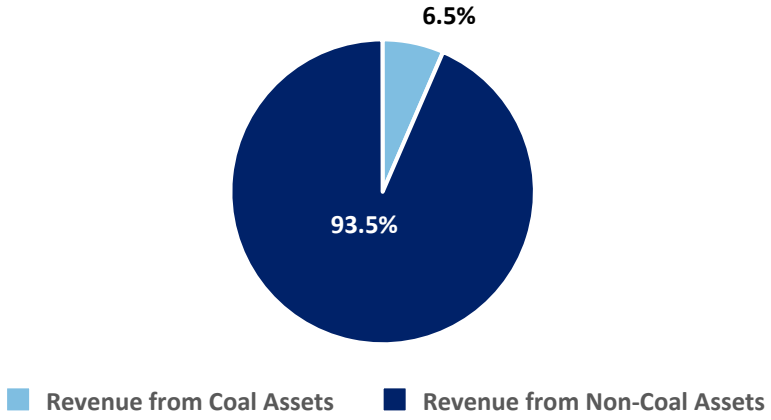
Otter Tail Power CO2 Trend



Otter Tail Power Energy Resource Mix

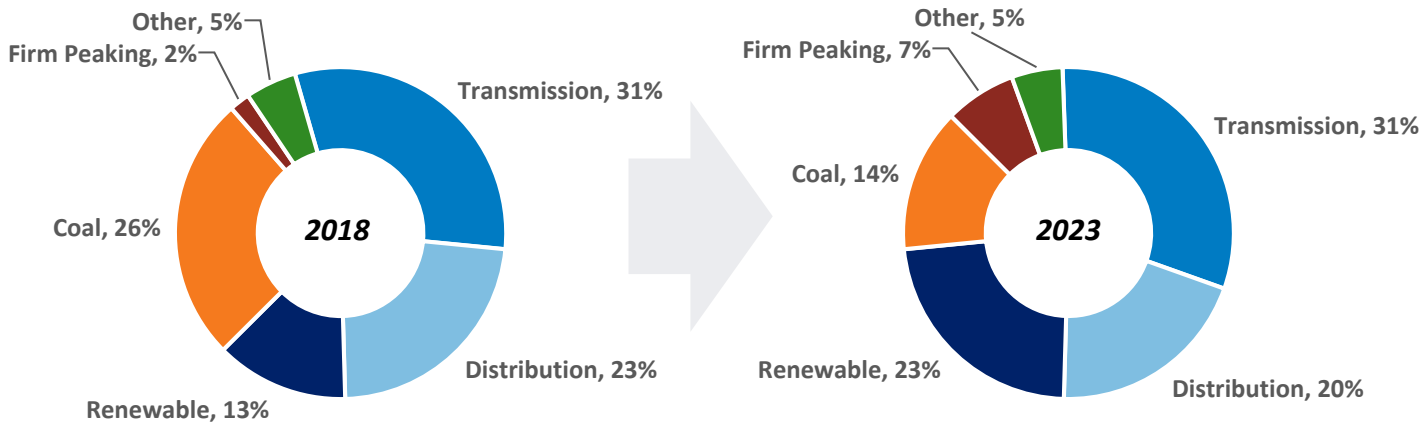


Consolidated Revenues from Coal Assets



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:



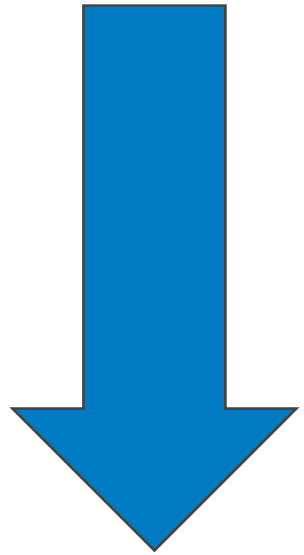
50%

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



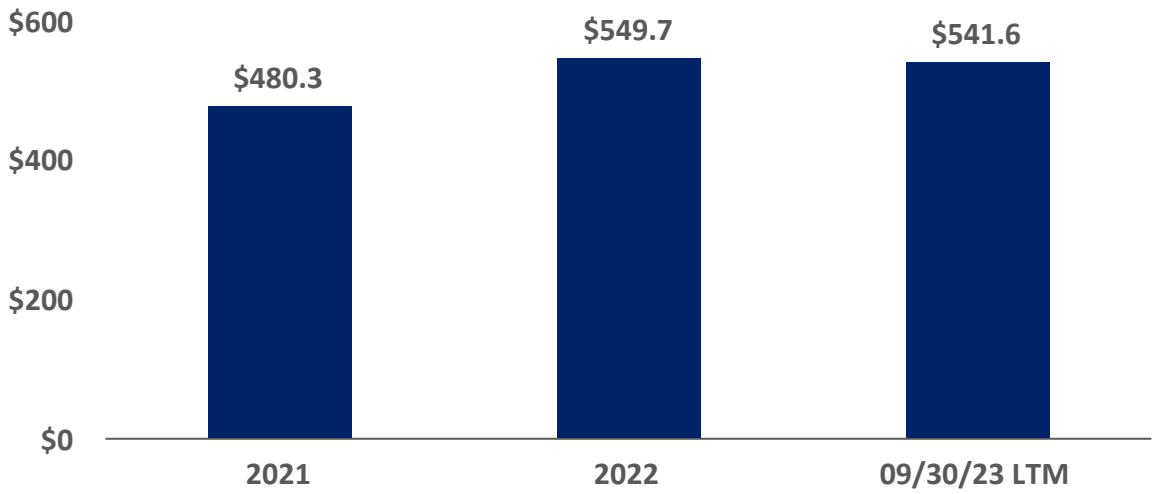
Electric Operations

- 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

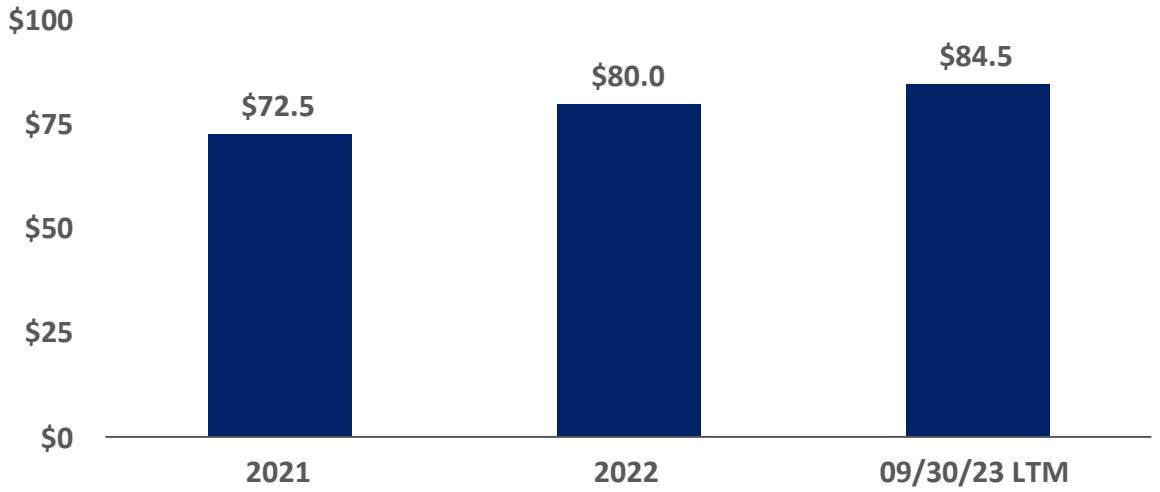
Highlights

- Rate base growth opportunities:
  - Renewable generation - wind repowering
  - IRP includes additional investments in wind and solar generation resources
  - Technology and infrastructure - Advanced Metering Infrastructure
  - MISO Long Range Transmission Planning (LRTP)
  - Joint Targeted Interconnection Queue (JTIQ) transmission investment opportunity
- Constructive regulatory environments
- New data mining and crypto infrastructure load as well as agricultural processing load
- Filing a General Rate Case in North Dakota on November 2, 2023

Operating Revenue (in millions)



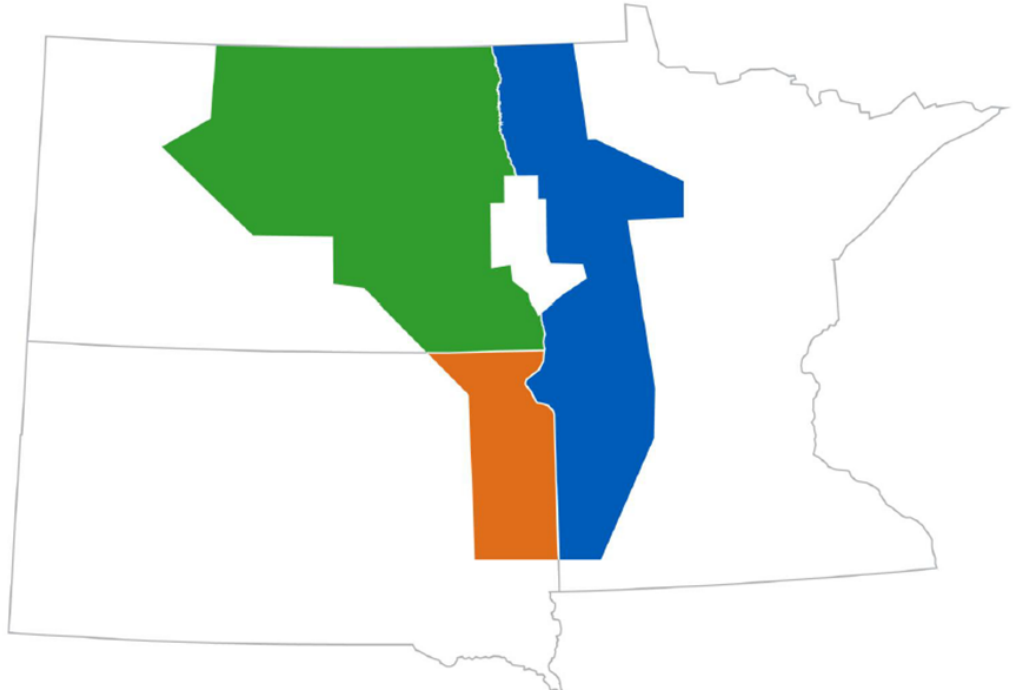
Net Income (in millions)



Integrated Resource Plan & Environmental Regulation

Integrated Resource Plan (IRP)

- Supplemental IRP filed March 2023, jointly in MN, ND, & SD
- 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
- An informal hearing is scheduled with the North Dakota Public Service Commission in November 2023. The Astoria Advance Determination of Prudence (ADP) hearing is scheduled for December
- We anticipate a hearing with the Minnesota Public Utilities Commission 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 EPA has not acted on North Dakota's Regional Haze SIP. If the EPA were to require upgrades, we anticipate Coyote would have to comply by December 2028. Environmental organizations recently filed a notice of intent to sue the EPA under the Clean Air Act for failing to take final action on Regional Haze SIPs
- During 2023, the EPA has been very active in proposing regulations that may impact our coal-based generation, including a proposed rulemaking under Clean Air Act Section 111(d) and changes to the existing MATS rules. Depending on the specifics of the final rules, capital investment costs and/or ongoing operating costs may be necessary to achieve compliance. Final rules are expected sometime in 2024

Rate Base Projects

Project	Our Investment *(millions)*	In Service	% Complete	Recovery Mechanisms
Hoot Lake Solar	~ $62	2023	100%	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	~ 15%	Rider/General Rate Case - MN & ND General Rate Case - SD
Astoria Station Dual Fuel (IRP filing)	~ $80	2027	1%	General Rate Case - MN, ND, & SD
MISO Tranche 1 Jamestown-Ellendale*	~$230	2028	1%	MISO Tariff
MISO Tranche 1 Big Stone South-Alexandria-Big Oaks*	~$190	2031 - 2032	1%	MISO Tariff

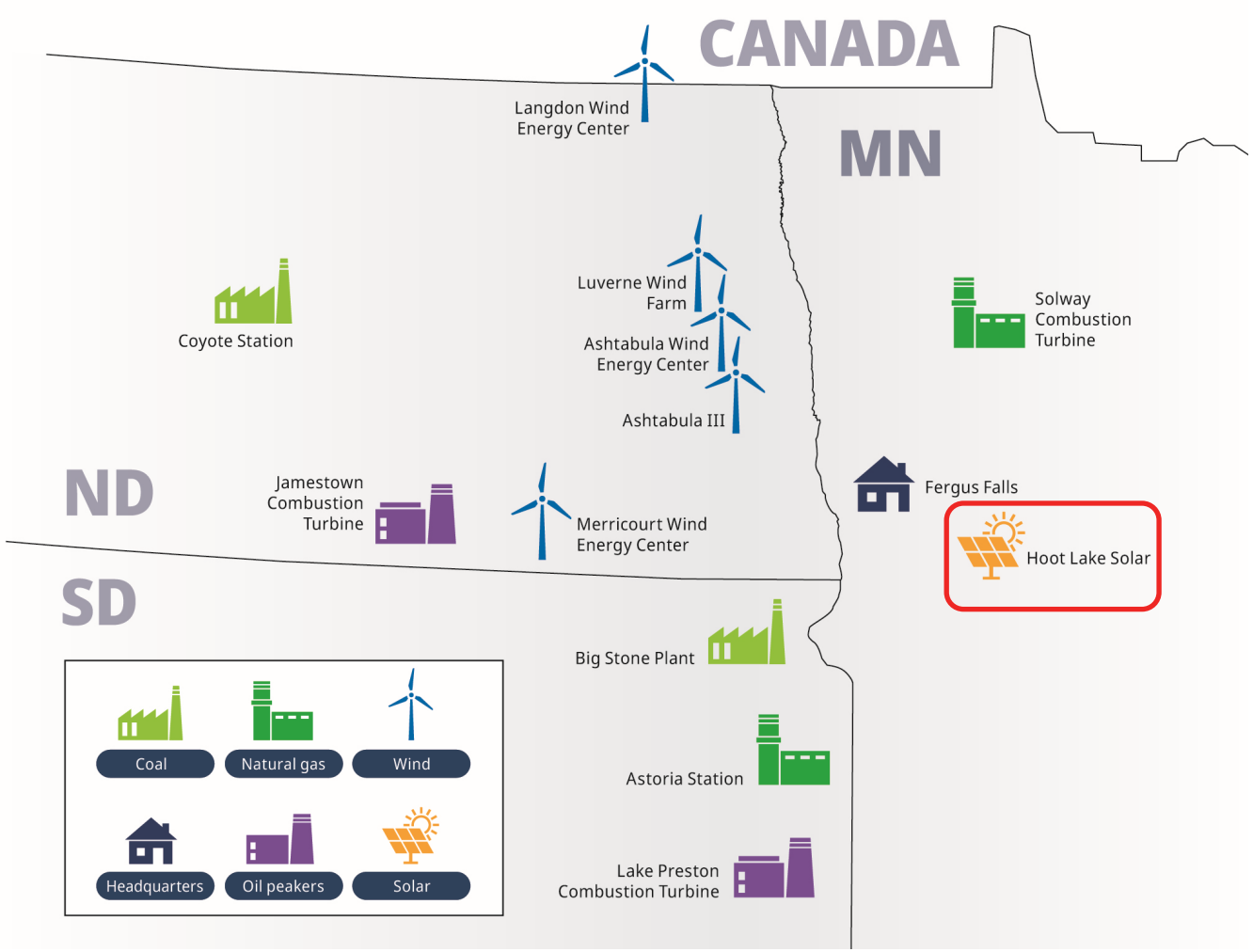
**Note: The majority of the capital spending for these projects are outside our 5yr capital investment plan ending in 2027*

Hoot Lake Solar

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

Project Summary

- 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
- Construction began May 2022
- Fully operational in August 2023



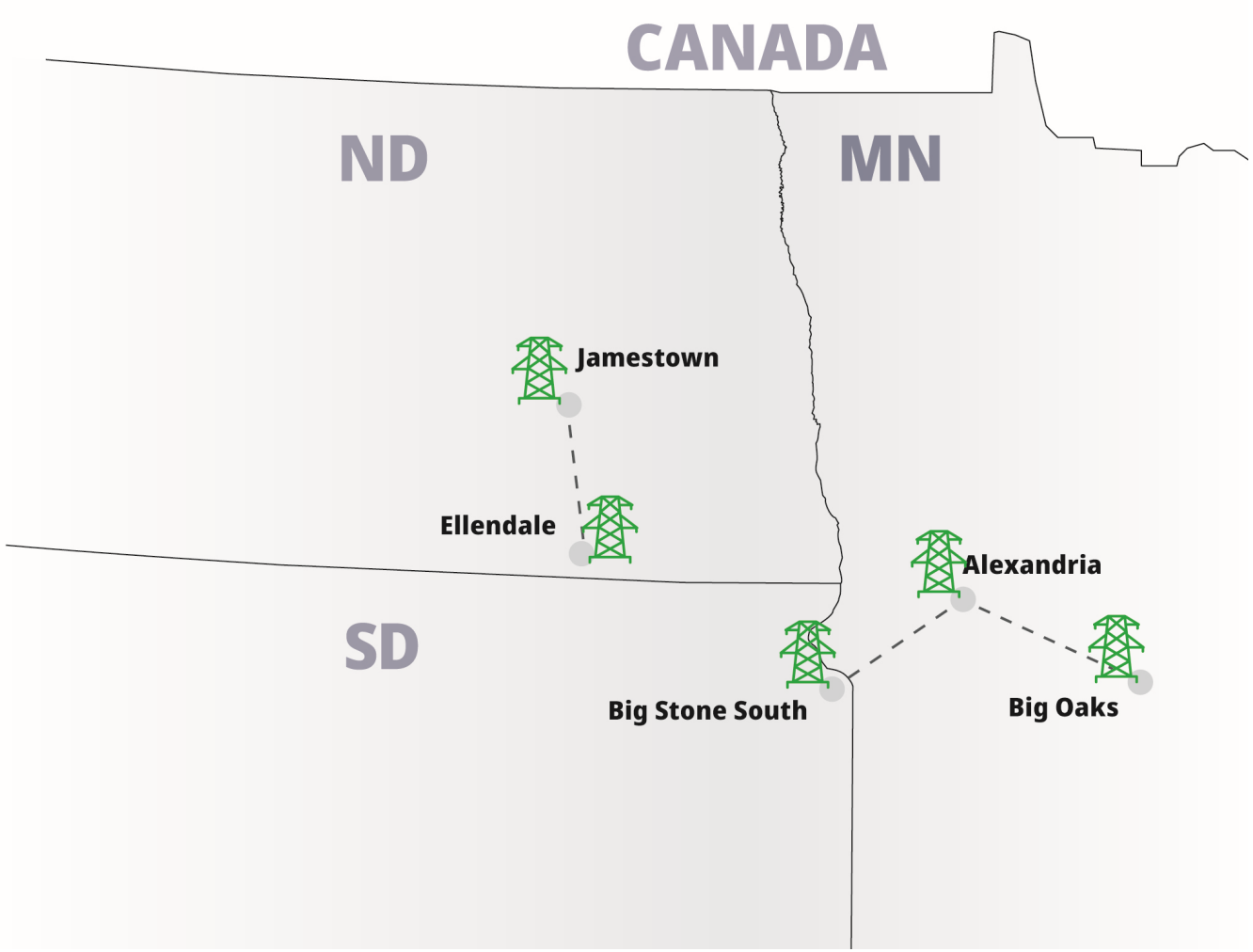
Note: The map only depicts our material generation assets

MISO Long Range Transmission Planning (LRTP)

Project	MISO LRTP
Description	LRTP Tranche 1 Transmission Projects
Schedule	In development
Otter Tail Power Cost	~$420 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

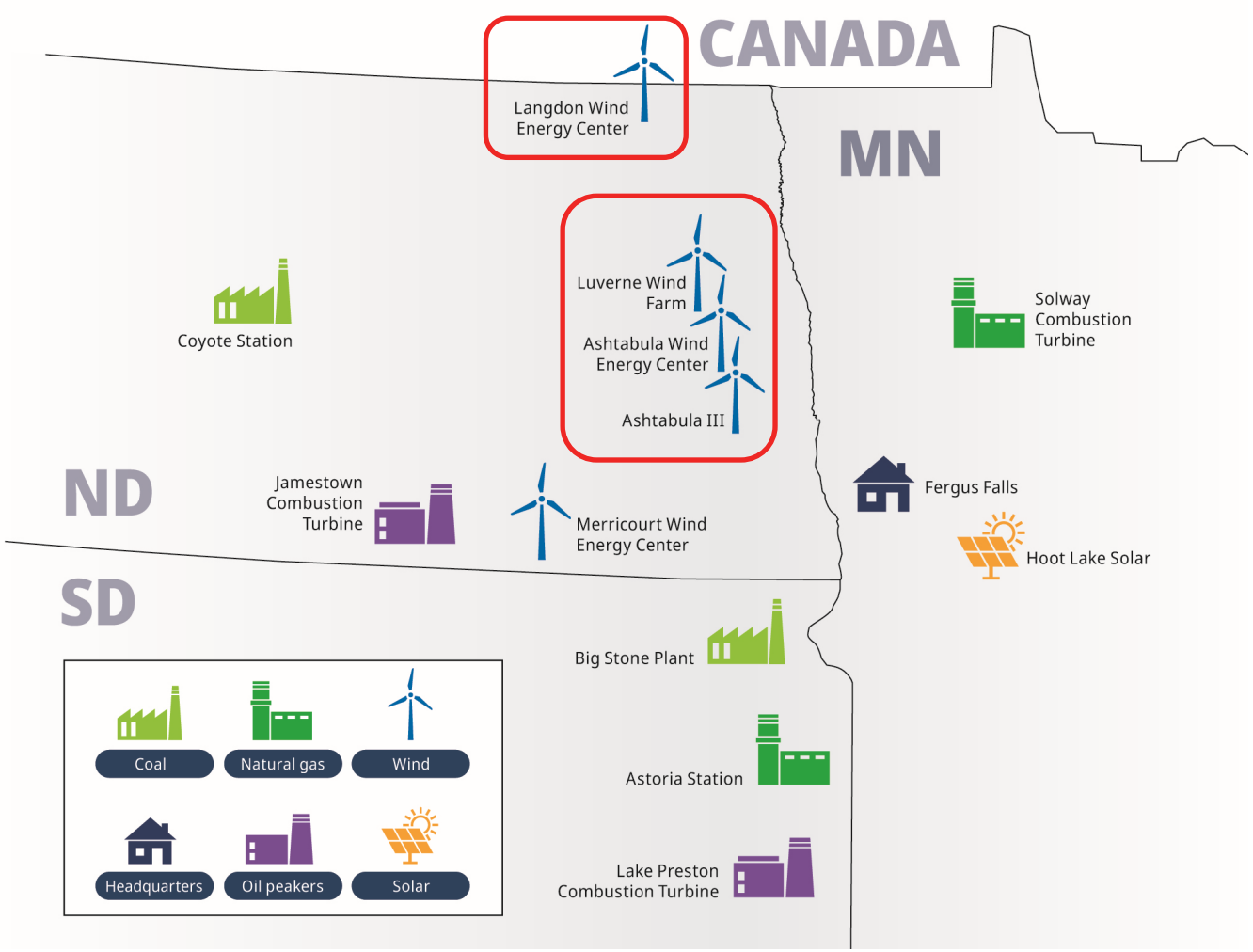


Wind Repowering

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

Project Summary

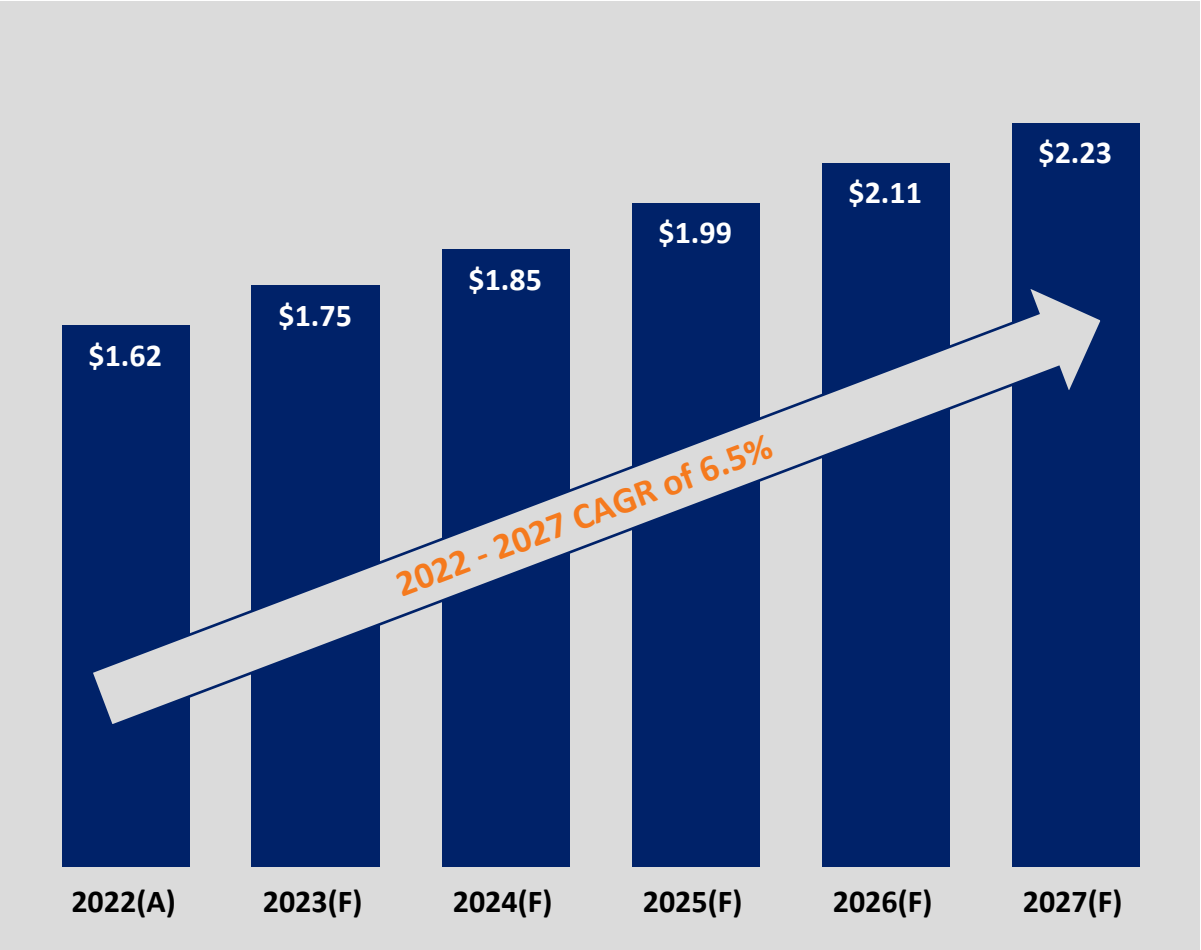
- Upgrade and refurbishment of wind turbines at the Langdon, Ashtabula, Luverne, and Ashtabula III wind energy facilities in 2024 and 2025
- The project is currently under development and we recently signed contracts with GE for the project
- Targeting the wind repowering at Langdon to be operational 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

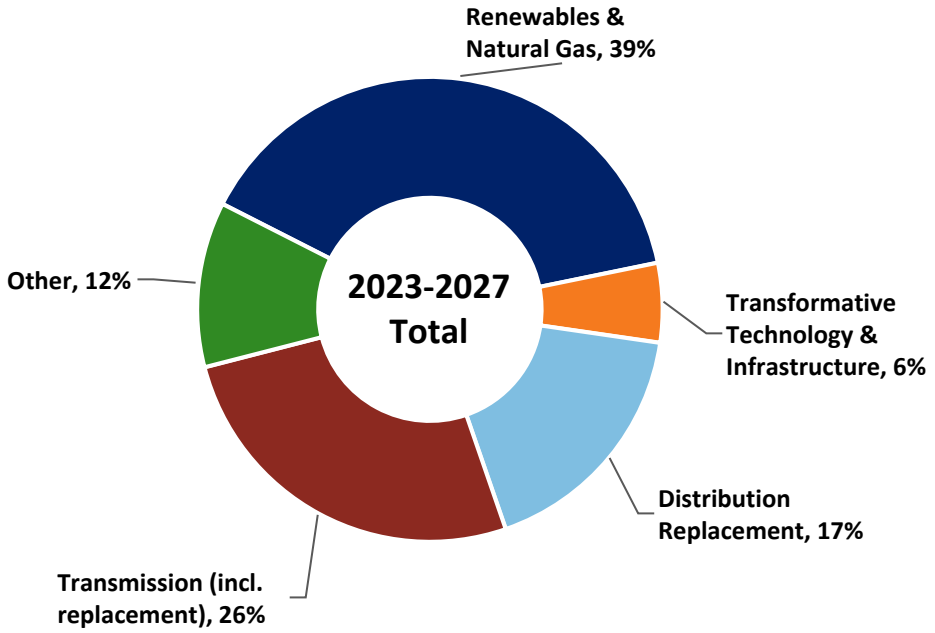
Rate Base Growth

Rate Base



$ in billions

$1.1B of Capital Spending from 2023 to 2027



Recovery Mechanism	$ (millions)	%
Depreciation (rate base replacement)	$ 430	38 %
Riders	488	43
Rate Case	220	19
Total	**$ 1,138**	**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) Filing		X		✓
Energy Conservation and Optimization (ECO) Triennial Filing (2024-2026)*	X			✓
Fuel Clause Adjustment Forecast Filing	X			✓
General Rate Case		X		Q4 2023
Annual Updates to Capital Recovery Riders	X	X	X	2023
Certificate of Need and Route Filings for MISO LRTP Projects	X	X	X	2023/2024

✓ ***Filing Completed***

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

North Dakota Rate Case

North Dakota Rate Case

- Will be filed with the North Dakota Public Service Commission on November 2, 2023
- Proposing to increase net revenues from North Dakota rates by approximately $17 million, or 8.4%. Even with this requested increase, Otter Tail Power Company will continue to have some of the lowest rates in the country
- Last North Dakota rate case was filed 6 years ago
- Requesting the following:
  - 10.6% return on equity (ROE) (current 9.77%)
  - 53.5% equity layer (current 52.5%)
- Interim rates expected to start January 1, 2024 and we expect the case to be finalized sometime in 2024



Regulatory Framework

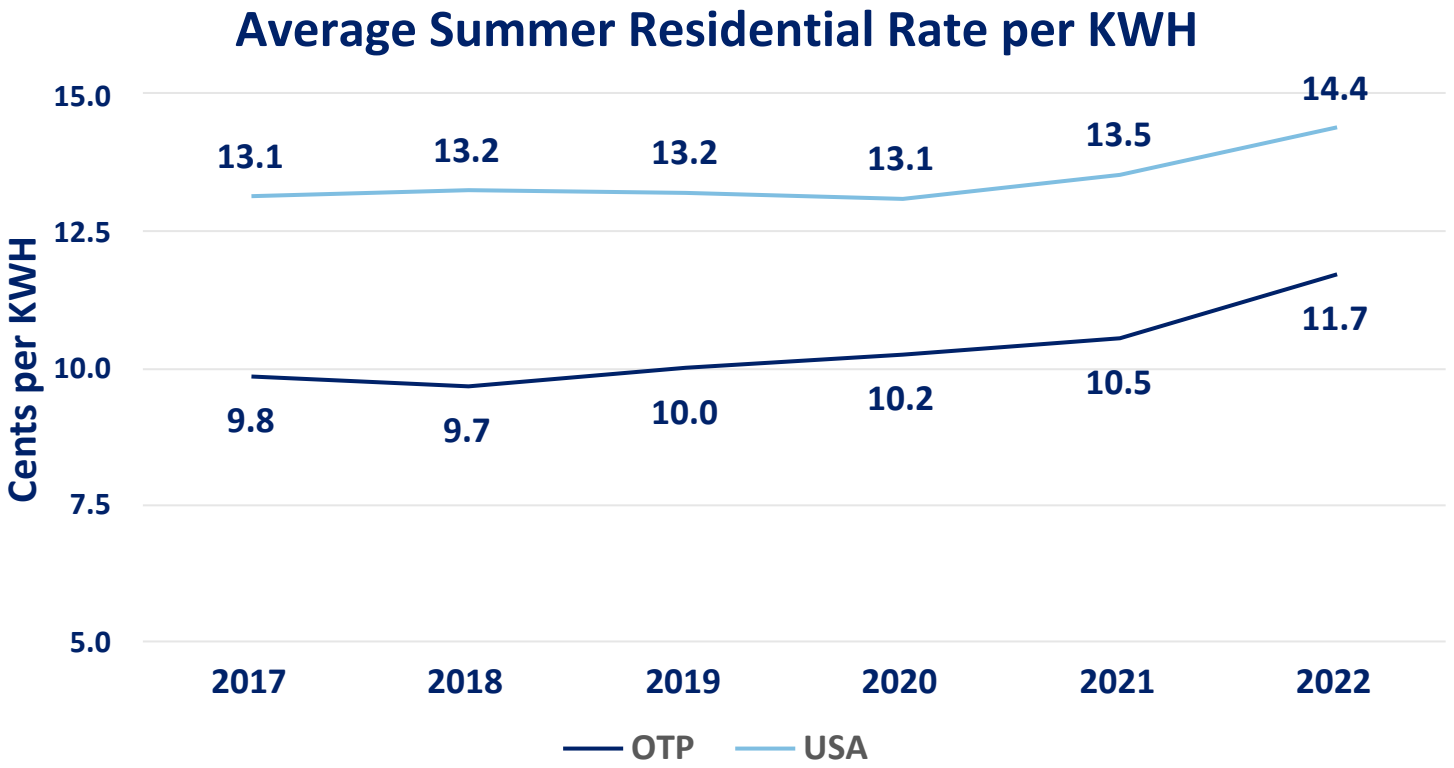
	Minnesota	North Dakota	South Dakota
Renewable Riders	Rider recovery / Rate case	Rider recovery / Rate case	Phase-in rider / Rate case
Transmission Riders	Rider recovery / Rate case	Rider recovery / Rate case	Rider recovery / Rate case
Non-Renewable Generation	Rate case	In state preference / ADP/ Rate 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 43% 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

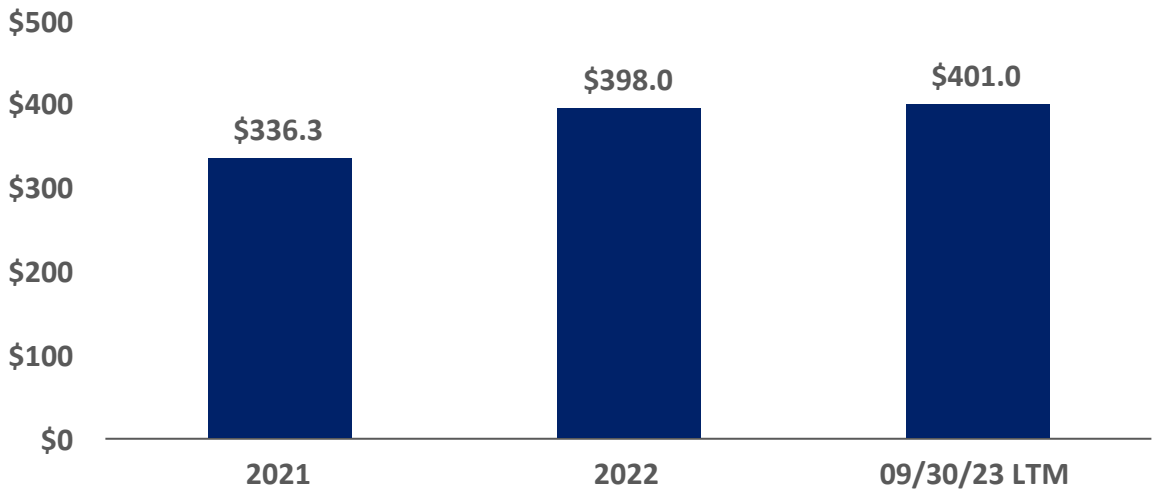
BTD

- Product price increases and higher sales volumes, resulting in increased profit margins
- End market demand is mixed, increased sales volumes largely driven by winning additional work with existing customers
- Georgia expansion project is currently underway. We expect to bring this additional capacity online in Q1 2025

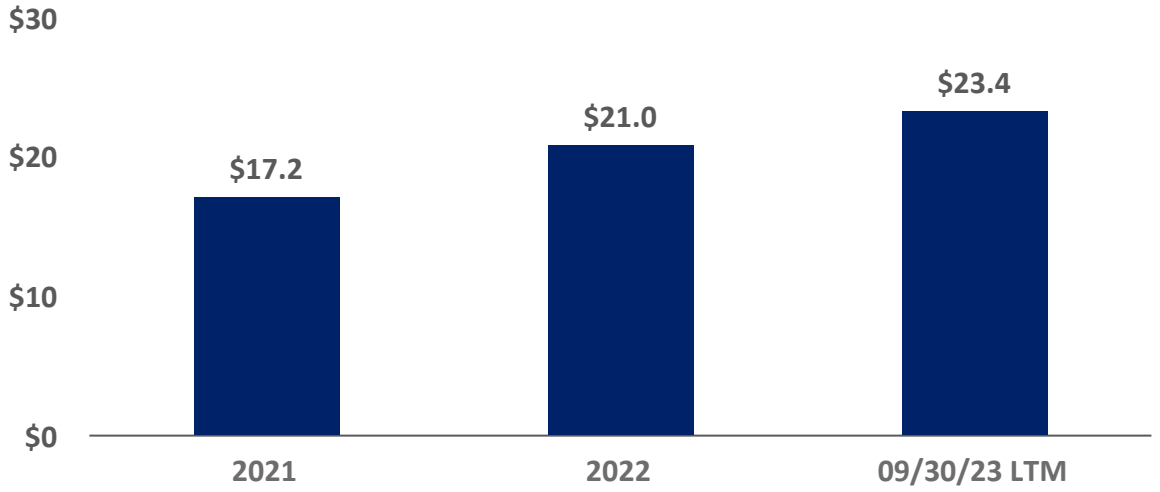
T.O. Plastics

- Decreased horticulture sales volumes as lead times have improved and order backlog has decreased

Operating Revenue (in millions)

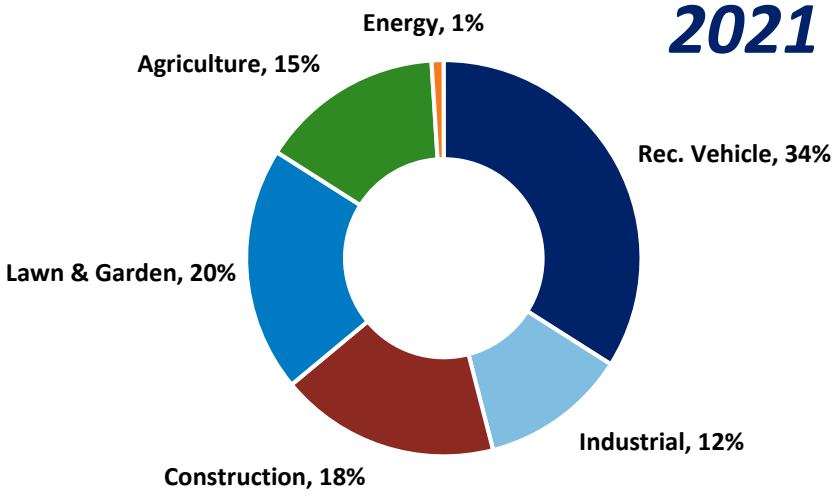


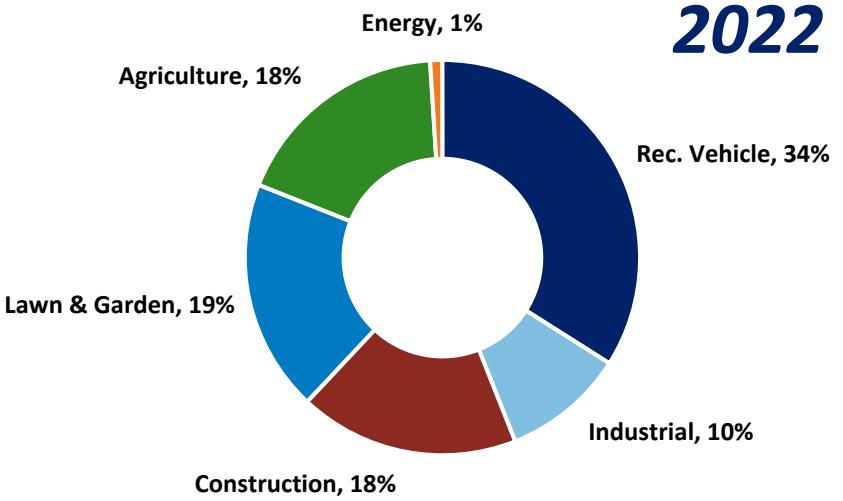
Net Income (in millions)



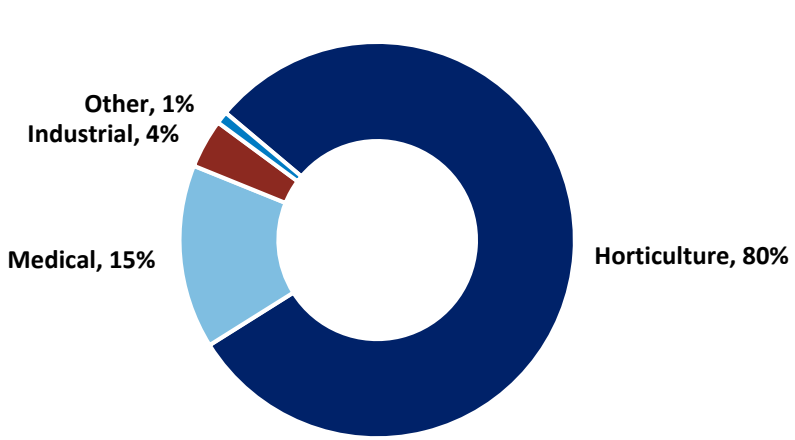
Manufacturing Sales by End Market

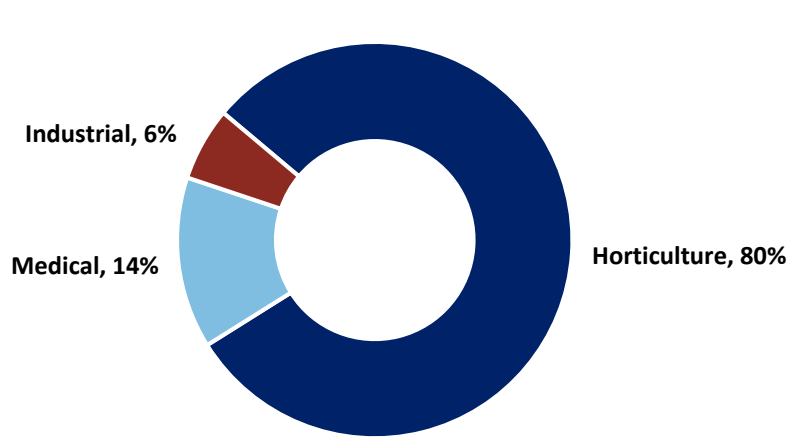
BTD





T.O. PLASTICS





End Market Outlook - Manufacturing Segment

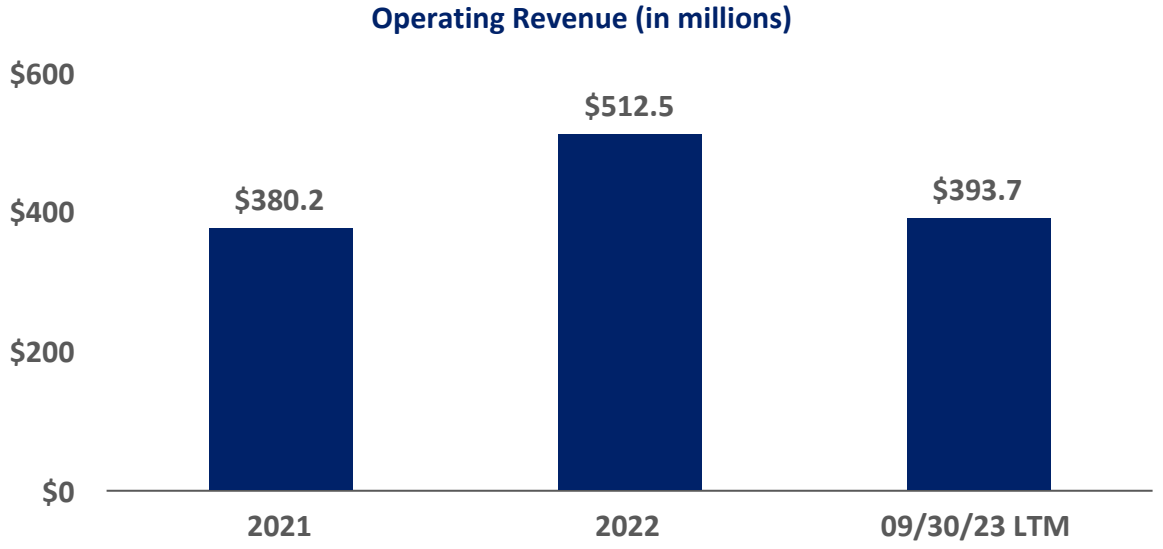
End Market	2023 Outlook (Previous)	2023 Outlook (Current)	Comments
BTD Manufacturing			
Recreational Vehicles			• Dealer inventory at healthy levels, except for premium models (still low inventory for these models) • Inflation and interest rate environment impacting discretionary spending, especially at entry and lower-model levels • Demand remains strong for specific models, demand softening for entry and lower-end models
Lawn & Garden			• Housing starts remain relatively low, driving down new homebuyer volume • Discretionary spending is being impacted by inflation and interest rate environment • Dealer inventory growing and residential demand has softened as it normalizes 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
Agriculture			• Strong retail demand continues for large agriculture products while softening for low HP and utility tractors • Inventory has started to build as OEM's production improves • Anticipating volume to normalize to historic levels from 2022/2023 levels
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

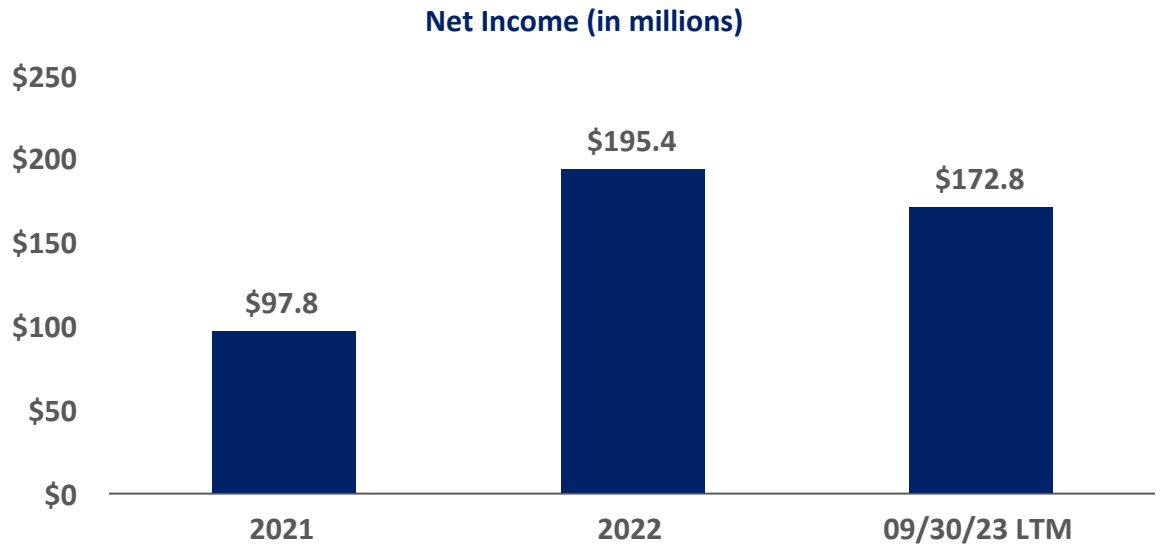
Plastics Operations

- 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

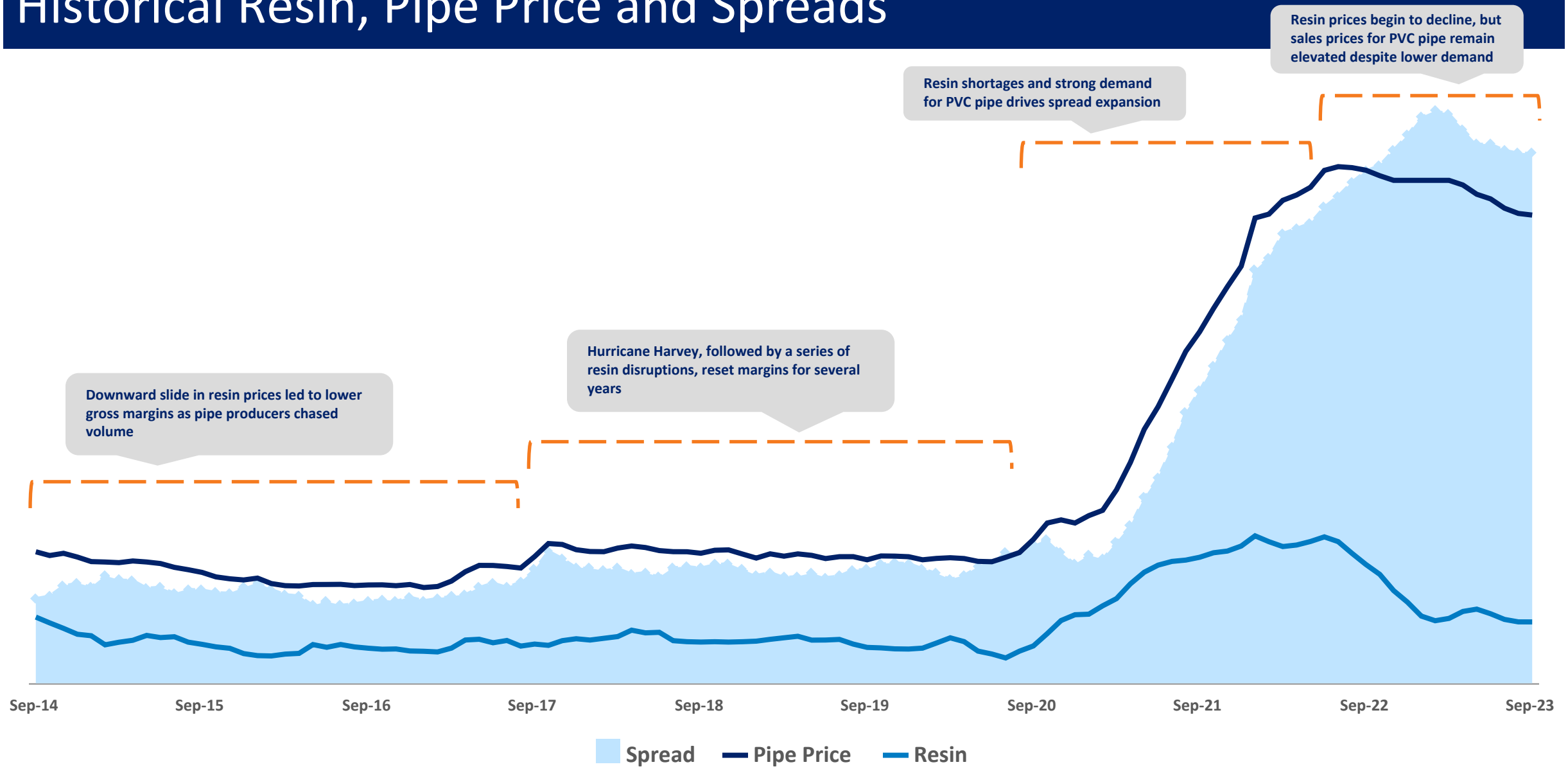
Highlights

- Unique market conditions beginning in 2021 resulted in significant increases in PVC pipe prices and operating margins at levels not previously experienced
- We believe customers are generally finished with destocking of inventory. Sales volumes were relatively flat in Q3 2023 as compared to the same time last year
- Vinyltech plant upgrades and expansion underway. We currently expect to bring 26 million pounds of additional capacity online in the second half of 2024

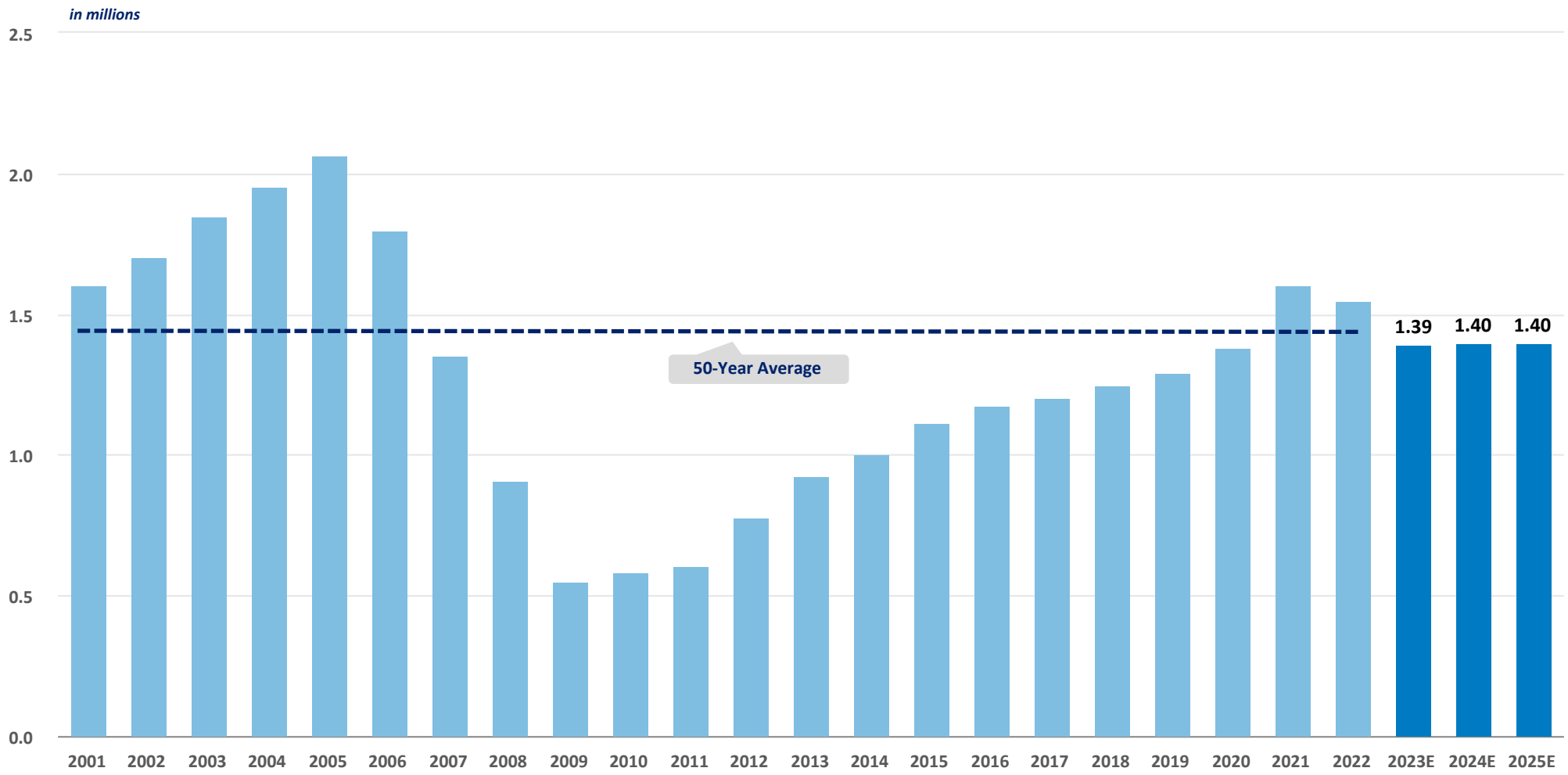




Historical Resin, Pipe Price and Spreads



Annual U.S. Housing Starts



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

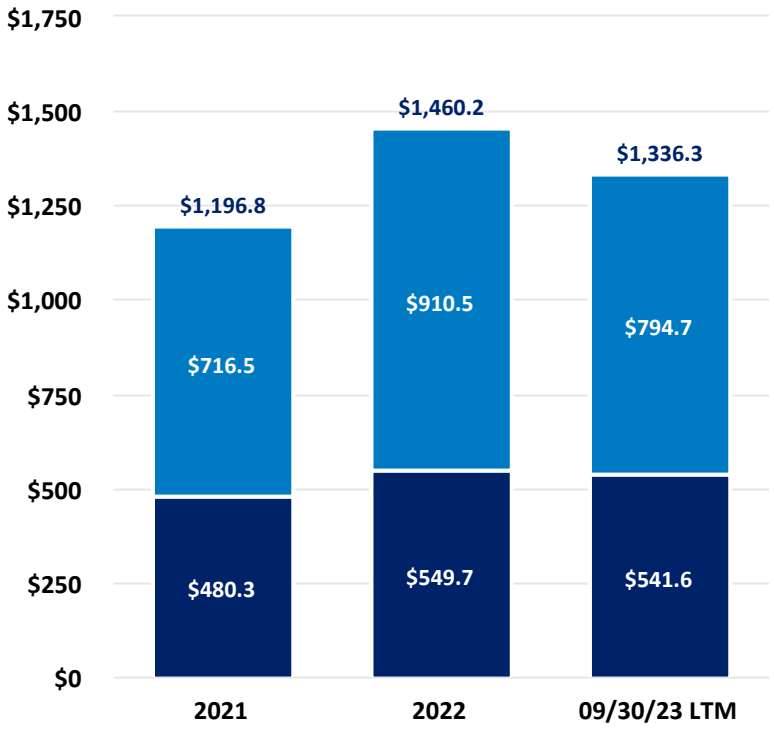
FINANCIAL UPDATE

Financial Overview

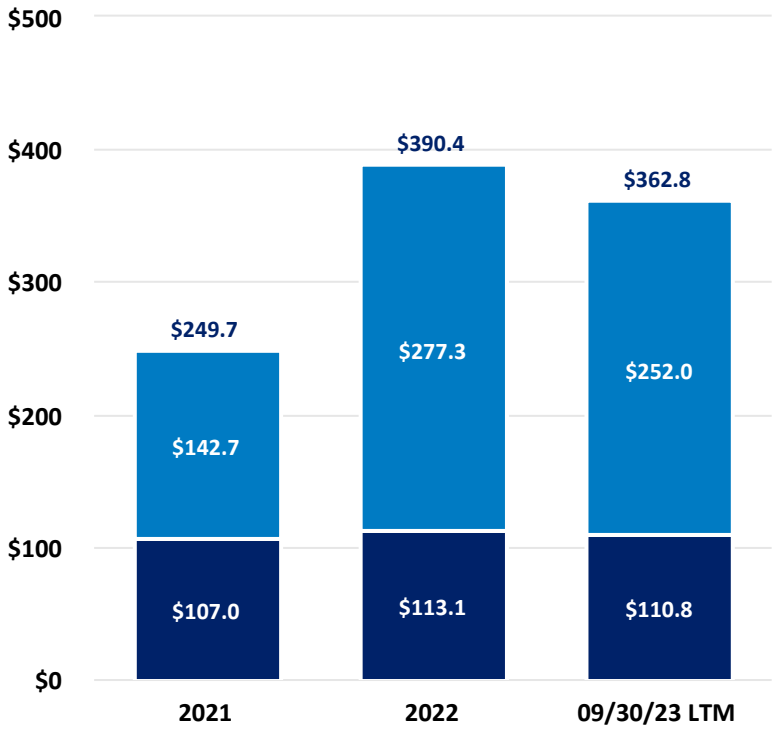
Elevated Plastics segment earnings impacting Operating Income & Net Income in all periods presented

$ in millions

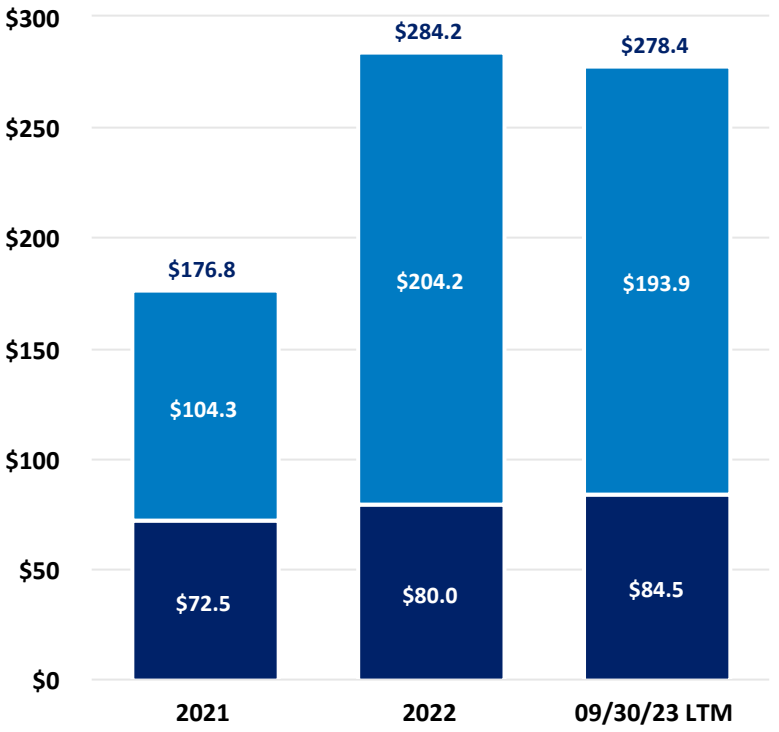
Operating Revenues



Operating Income



Net Income



Electric Platform

Manufacturing Platform
(incl. unallocated corporate costs)

Diluted EPS: Q3 2022 vs Q3 2023

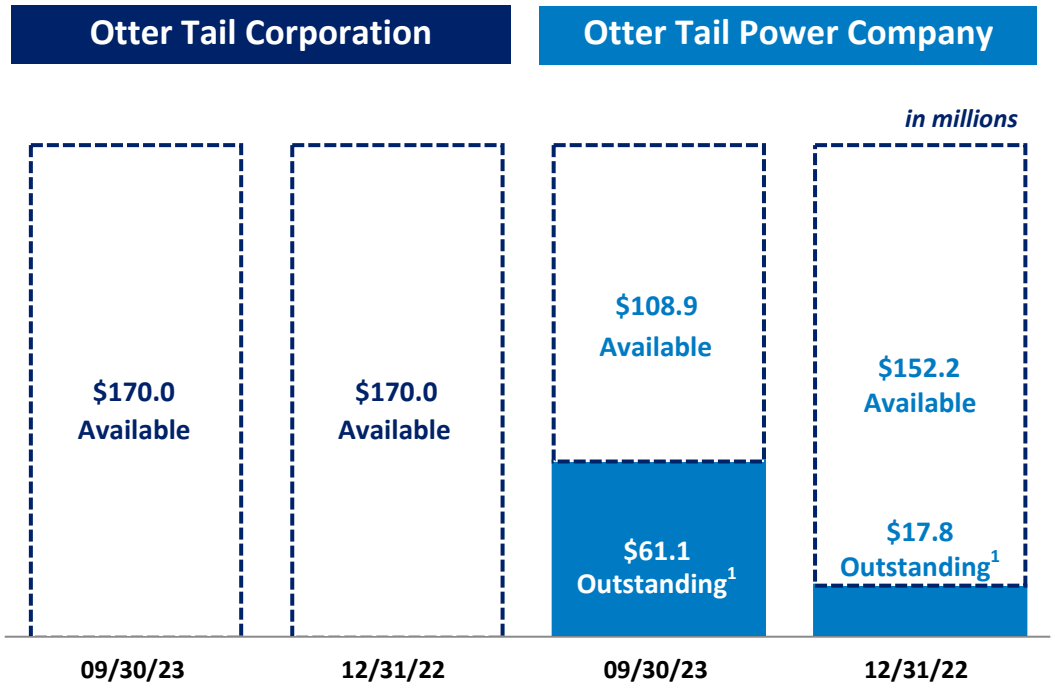
		Electric	Manufacturing	Plastics	Corporate	Total
	Q3 2022 DILUTED EARNINGS PER SHARE	**$ 0.59**	**$ 0.15**	**$ 1.33**	**$ (0.06)**	**$ 2.01**
Electric	Rider revenues	0.05	—	—	—	0.05
	Pension plan costs	0.04	—	—	—	0.04
	Commercial & industrial sales volumes	0.01	—	—	—	0.01
	O&M expense	(0.07)	—	—	—	(0.07)
	Depreciation and amortization expense	(0.02)	—	—	—	(0.02)
	Impact of unfavorable weather conditions	(0.02)	—	—	—	(0.02)
Manufacturing	Product pricing and favorable product mix	—	0.08	—	—	0.08
	Sales volume	—	0.03	—	—	0.03
	R&D tax credits	—	0.02	—	—	0.02
	Labor and non-labor cost increases	—	(0.06)	—	—	(0.06)
	O&M and depreciation expense	—	(0.04)	—	—	(0.04)
Plastics	Gross profit margin	—	—	0.10	—	0.10
	Sales volume	—	—	(0.02)	—	(0.02)
Corporate	O&M expense	—	—	—	0.05	0.05
	Earnings on cash balance investments	—	—	—	0.03	0.03
	Q3 2023 DILUTED EARNINGS PER SHARE	**$ 0.58**	**$ 0.18**	**$ 1.41**	**$ 0.02**	**$ 2.19**

Diluted EPS: YTD 2022 vs YTD 2023

		Electric	Manufacturing	Plastics	Corporate	Total
	YTD 2022 DILUTED EARNINGS PER SHARE	**$ 1.50**	**$ 0.43**	**$ 4.07**	**$ (0.22)**	**$ 5.78**
Electric	Rider revenues	0.12	—	—	—	0.12
	Pension plan costs	0.11	—	—	—	0.11
	Commercial & industrial sales volumes	0.09	—	—	—	0.09
	Transmission services revenue, net of expenses	0.05	—	—	—	0.05
	O&M expense	(0.15)	—	—	—	(0.15)
	Finalization of Minnesota interim rates in 2022	(0.07)	—	—	—	(0.07)
	Depreciation, amortization and interest expense	(0.05)	—	—	—	(0.05)
Manufacturing	Product pricing and favorable product mix	—	0.33	—	—	0.33
	Sales volume	—	0.13	—	—	0.13
	R&D tax credits	—	0.02	—	—	0.02
	Labor and non-labor cost increases	—	(0.22)	—	—	(0.22)
	O&M and depreciation expense	—	(0.11)	—	—	(0.11)
	Unfavorable cost absorption	—	(0.10)	—	—	(0.10)
Plastics	Gross profit margin	—	—	0.54	—	0.54
	O&M expense	—	—	0.02	—	0.02
	Sales volume	—	—	(1.10)	—	(1.10)
Corporate	Gains on COLI policies and other investments	—	—	—	0.11	0.11
	Earnings on cash balance investments	—	—	—	0.08	0.08
	O&M expense	—	—	—	0.05	0.05
	YTD 2023 DILUTED EARNINGS PER SHARE	**$ 1.60**	**$ 0.48**	**$ 3.53**	**$ 0.02**	**$ 5.63**

Liquidity, Cap Structure and Credit Ratings

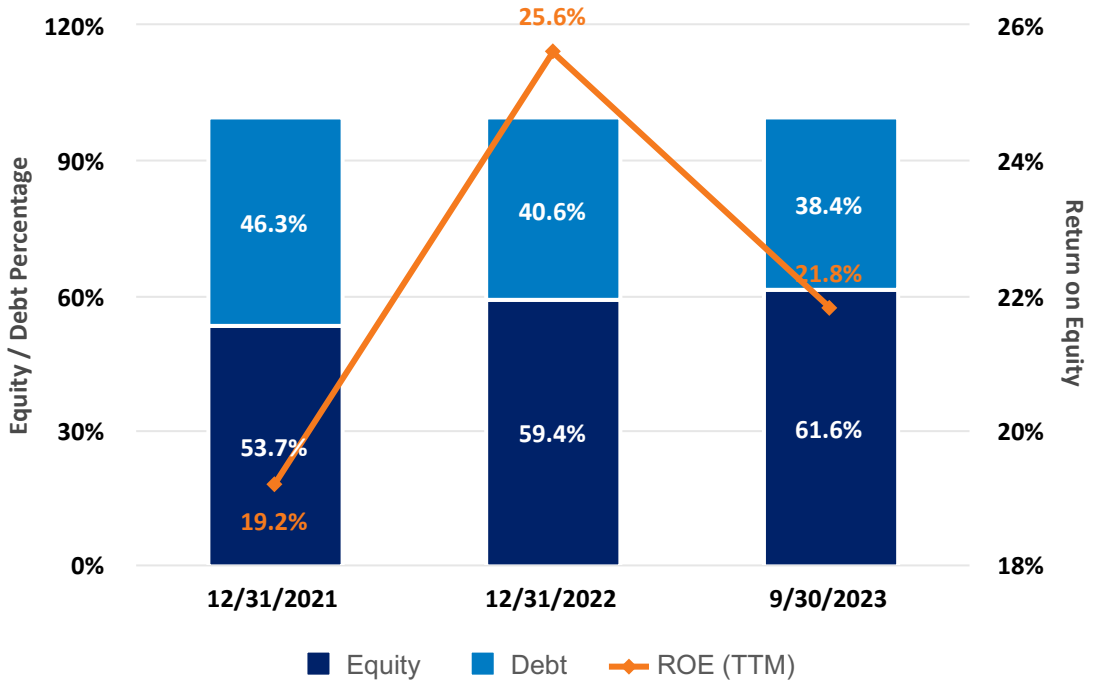
Liquidity: Line of Credit Availability



[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.	A-	BBB+
Outlook	Stable	Stable	Stable	Stable	Stable	Stable
Date of Last Review	*Oct. 2022*	*Sep. 2023*	*Feb. 2023*	*Oct. 2022*	*Sep. 2023*	*Sep. 2023*

2023 Earnings Guidance

Diluted EPS	*Actual 2022*	*2023 Guidance July 31, 2023* Low	*2023 Guidance July 31, 2023* High	*2023 Guidance October 30, 2023* Low	*2023 Guidance October 30, 2023* High
Electric	**$ 1.91**	**$ 2.00**	**$ 2.04**	**$ 2.01**	**$ 2.04**
Manufacturing	**0.50**	**0.47**	**0.51**	**0.49**	**0.52**
Plastics	**4.66**	**3.40**	**3.59**	**4.34**	**4.45**
Corporate	**(0.29)**	**(0.17)**	**(0.14)**	**(0.08)**	**(0.05)**
Total	**$ 6.78**	**$ 5.70**	**$ 6.00**	**$ 6.76**	**$ 6.96**
Return on Equity	***25.6 %***	***18.4 %***	***19.2 %***	***21.4 %***	***21.9 %***

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*

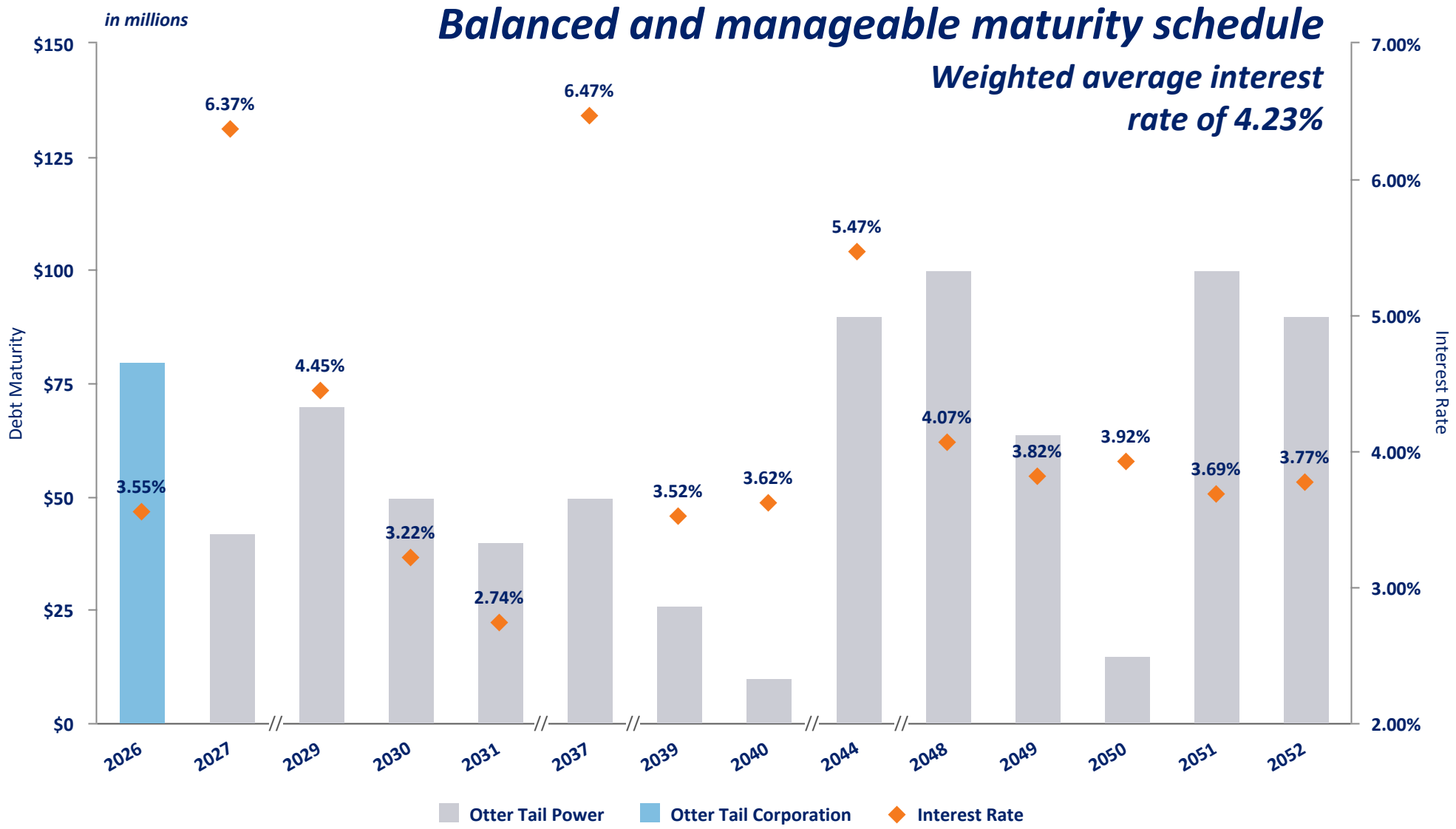
Five Year Financing Plan

$ in millions

	Long-Term Financing	
	2022 (Actual)	**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		$ 106	$ 119	$ 88	$ 85	$ 49	$ 447
Technology & Infrastructure		21	30	6	5	1	63
Distribution Plant Replacements		42	37	38	38	43	198
Transmission (incl. replacements)		52	36	46	87	78	299
Other		29	25	30	24	23	131
Electric Segment Total	$ 148	$ 250	$ 247	$ 208	$ 239	$ 194	$ 1,138
Manufacturing & Plastics Segments	23	50	53	29	25	24	181
Total Capital Expenditures	**$ 171**	**$ 300**	**$ 300**	**$ 237**	**$ 264**	**$ 218**	**$ 1,319**
Electric Segment Average Rate Base	$ 1,624	$ 1,746	$ 1,851	$ 1,990	$ 2,111	$ 2,230	
Rate Base Growth		7.5 %	6.0 %	7.5 %	6.1 %	5.6 %	

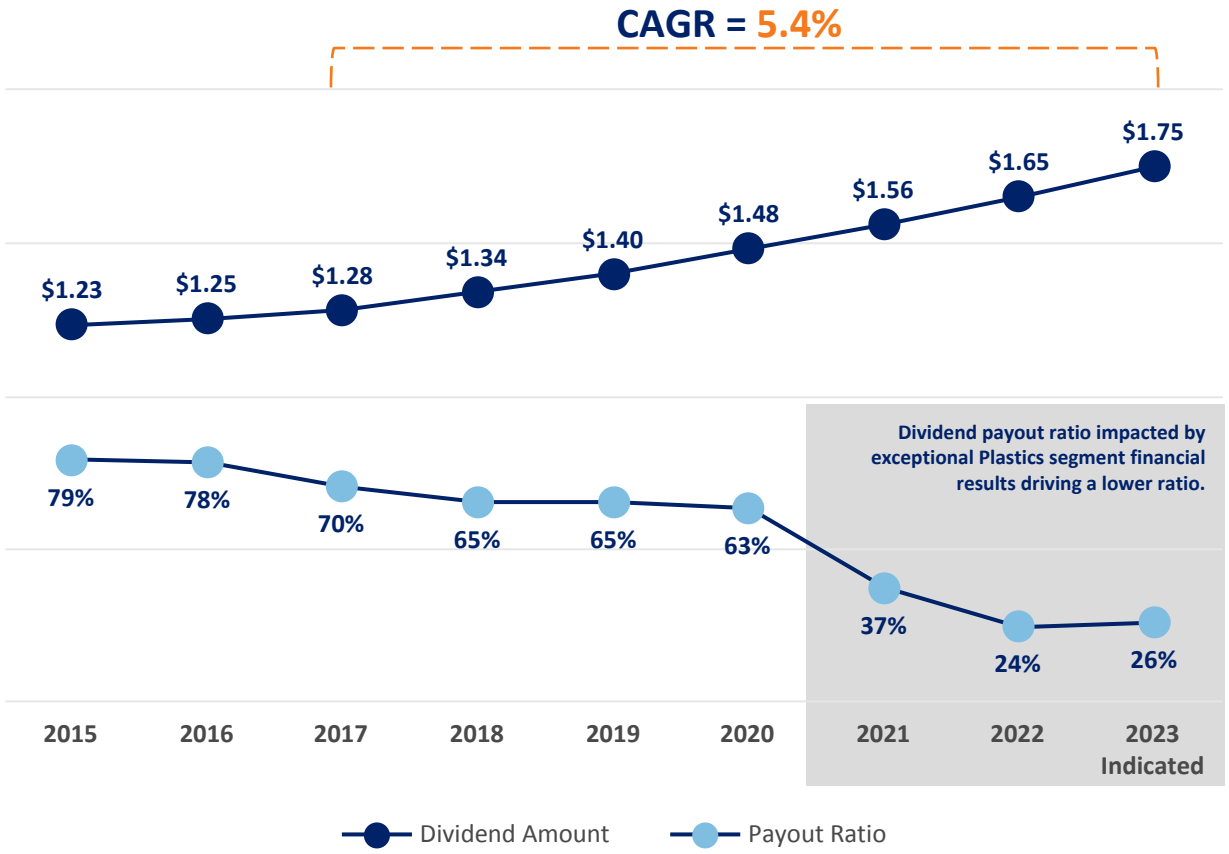
Rate Base CAGR = 6.5%

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

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

Successful Manufacturing Businesses

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

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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