Q4 2024

Earnings Conference Call

OTTER TAIL CORPORATION



Forward Looking Statement

Except for historical information contained here, the statements in this release are forward-looking and made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “believe,” “can,” “could,” “estimate,” “expect,” “future,” “goal,” “intend,” “likely,” “may,” “opportunity,” “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 2025 earnings and earnings per share, long-term earnings, earnings per share growth and earnings mix, anticipated levels of energy generation from renewable resources, anticipated reductions in carbon dioxide emissions, future investments and capital expenditures, rate base levels and rate base growth, future raw materials costs, future raw materials availability and supply constraints, future operating revenues and operating results, and expectations regarding regulatory proceedings, as well as other assumptions and statements, involve known and unknown risks and uncertainties that may cause our actual results in current or future periods to differ materially from the forecasted assumptions and expected results.

The Company’s risks and uncertainties include, among other things, uncertainty of future investments and capital expenditures; rate base levels and rate base growth; risks associated with energy markets; the availability and pricing of resource materials; inflationary cost pressures; attracting and maintaining a qualified and stable workforce; changing macroeconomic and industry conditions that impact the demand for our products, pricing and margin; long-term investment risk; seasonal weather patterns and extreme weather events; future business volumes with key customers; reductions in our credit ratings; our ability to access capital markets on favorable terms; assumptions and costs relating to funding our employee benefit plans; our subsidiaries’ ability to make dividend payments; cybersecurity threats or data breaches; the impact of government legislation and regulation including foreign trade policy and environmental; health and safety laws and regulations; changes in tax laws and regulations; the impact of climate change including compliance with legislative and regulatory changes to address climate change; expectations regarding regulatory proceedings, assigned service areas, the construction of major facilities, capital structure, and allowed customer rates; actual and threatened claims or litigation; 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.

Investor Relations Contacts

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Company Overview

OTTER TAIL CORPORATION

ELECTRIC

Founded in 1907

Serve approximately 134,000 customers in MN, ND, SD

Regulated and vertically integrated electric utility

OTTER TAIL POWER COMPANY

MANUFACTURING

Owned and operated for over 20 years

Diverse end-markets

High utilization of asset base

BTD

T.O. PLASTICS

northern pipe products

VINYLTECH VT PVC • PIPE

Investment Thesis

1. **Strategic diversification** for growth over long-term cycles
2. Internally financed investment: **Growth without equity needs**
3. Long-term EPS growth rate: **6-8%**
4. Uninterrupted dividend for 86 years, part of **9-11%** TSR target
5. **Utility industry leading ROE** and **TSR** track record
6. Targeted earnings mix: **65% Electric / 35% Manufacturing**

Key Highlights

Financial Results

- Record YTD diluted EPS: $7.17
- ROE: 19.3%
- Converted rate base growth to electric segment earnings growth at approximately 1:1

Positioned for Future Growth

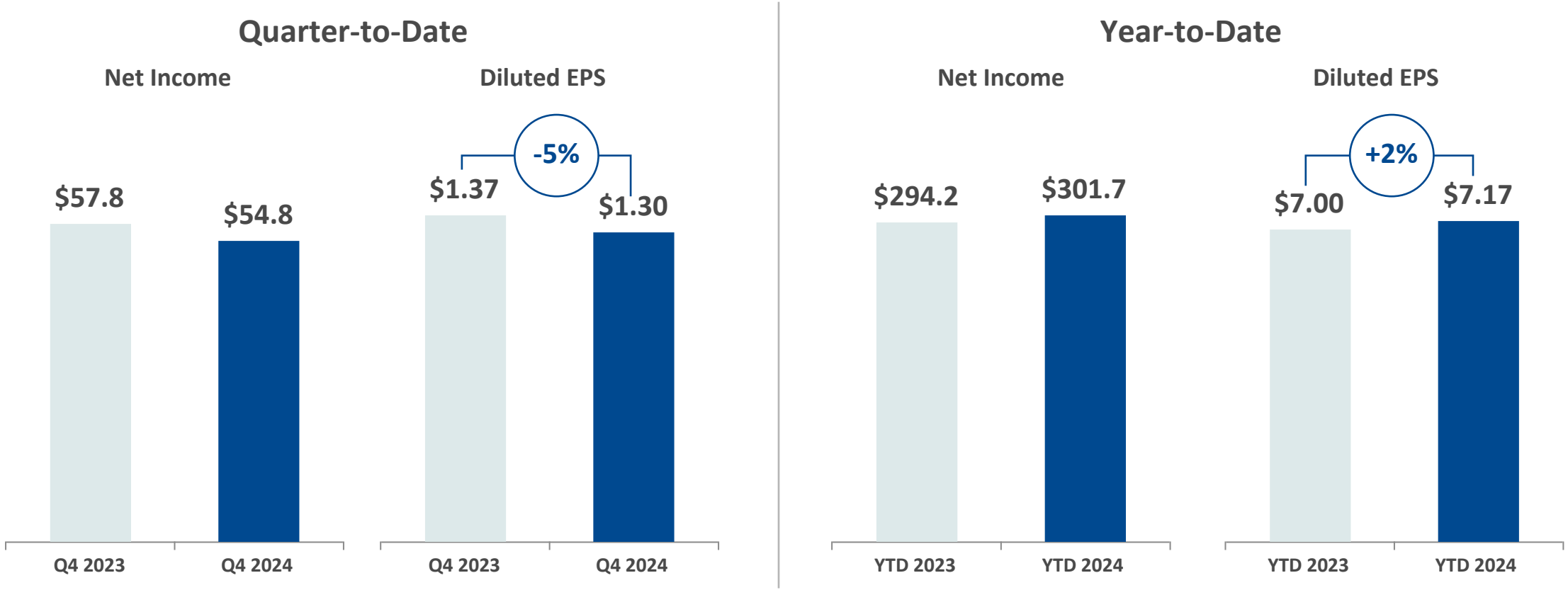
- Fully settled North Dakota rate case
- Completed Phase 1 of Vinyltech expansion project
- Rate base CAGR updated to 9.0% from 7.7% and increased long-term financial targets

2025 Outlook

- Indicated dividend: $2.10 (12.3% increase from 2024 annual dividend)
- Initiated 2025 earnings guidance of $5.68 to $6.08 (projected ROE of 14.2%)

Financial Summary

$ in millions, except per share data



2025 EPS Guidance Midpoint: $5.88

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Electric Platform

OTTER TAIL POWER COMPANY

North Dakota Rate Case

Amended request (July 2024)

- Net revenue increase: $23M
- ROE: 10.6%
- Equity layer: 53.5%

Interim rates

- Effective January 1, 2024
- Average net increase of 6%

ND Public Service Commission Approval of Settlement Agreement

December 2024

Net revenue increase:	ROE:	Equity layer:
$13.1M (6.18% increase)	**10.1%**[1] (previous 9.77%)	**53.5%** (previous 52.5%)

Final outcome achieved 57% of amended request; considering adjustments for rider treatment and time period recovery, effective final outcome achieved 70%[2]

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[1] Earnings above a 10.20% return on equity will be shared with 70% refunded to North Dakota customers
[2] A compliance filing affirming details of the case was made on February 7, 2025, and remains subject to final approval by the North Dakota Public Service Commission

Project Updates

Advanced Metering Infrastructure

Est. investment:
$60M

Est. completion date:
2025

Recovery mechanism:
Approved riders

Wind Repowering

Est. investment:
$230M

Est. completion date:
2024 and **2025**

Recovery mechanism:
Approved riders

Solway Solar

Est. investment:
$100M

Est. completion date:
2026

Recovery mechanism:
Planning to pursue rider recovery in MN and SD

Abercrombie Solar

Est. investment:
$450M

Est. completion date:
2028

Recovery mechanism:
Planning to pursue rider recovery in MN and SD

Project Updates

Continued

MISO LRTP[1] Tranche 1

Est. investment:
$475M

Est. completion date:
2032

Recovery mechanism:
MISO tariff with state riders

MISO LRTP Tranche 2.1

Est. investment:
$700M

Est. completion date:
2034

Recovery mechanism:
MISO tariff with state riders

JTIQ[2]

Est. investment:
$450M

Est. completion date:
2034

Recovery mechanism:
MISO tariff with state riders

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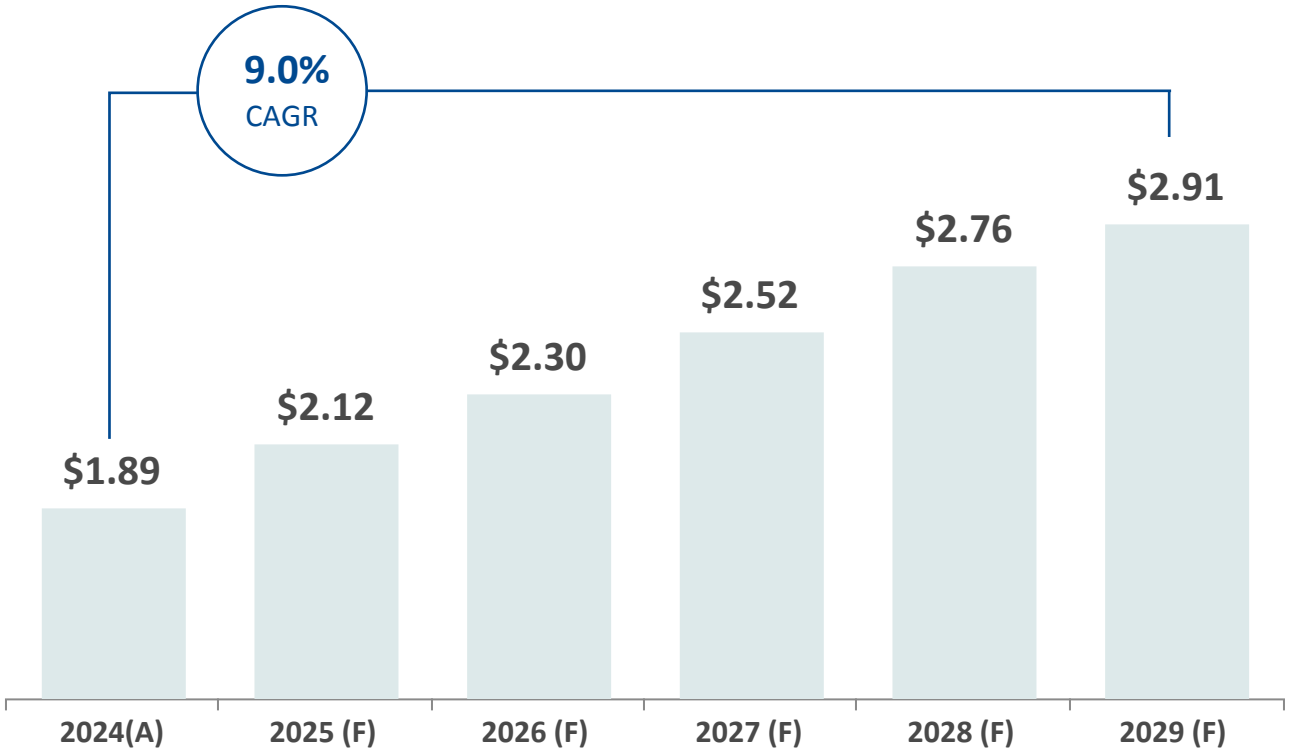
[1] Long Range Transmission Planning
[2] Joint Targeted Interconnection Queue

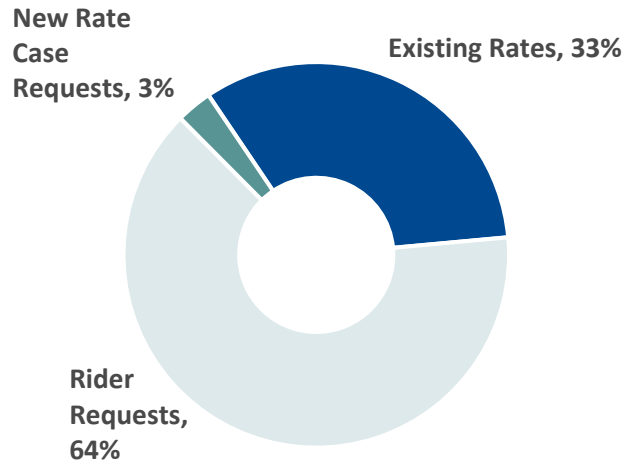
Rate Base Growth

Significant Rate Base Growth Plan

$ in billions



Expected Recovery Mechanisms



Expect to convert rate base growth into electric earnings growth near a 1:1 ratio

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Load Growth Opportunities

Well positioned to attract large loads

- Approved tariffs in place
- Locations identified with minimal delivery costs to site
- Attractive service territory - low energy prices and high renewable production

Load growth opportunity driven by

- Data centers
- Crypto mining
- Clean fuel
- Agriculture processing

Benefits of adding large loads

- Supports rate affordability for existing customers
- Capital investment and earnings opportunity

Phases to Secure Large Load

Existing Opportunity

1	Letter of Intent	→	970 MW
2	Term Sheet	→	150 MW
3	Electric Service Agreement	→	0 MW

No large load additions included in load growth forecast

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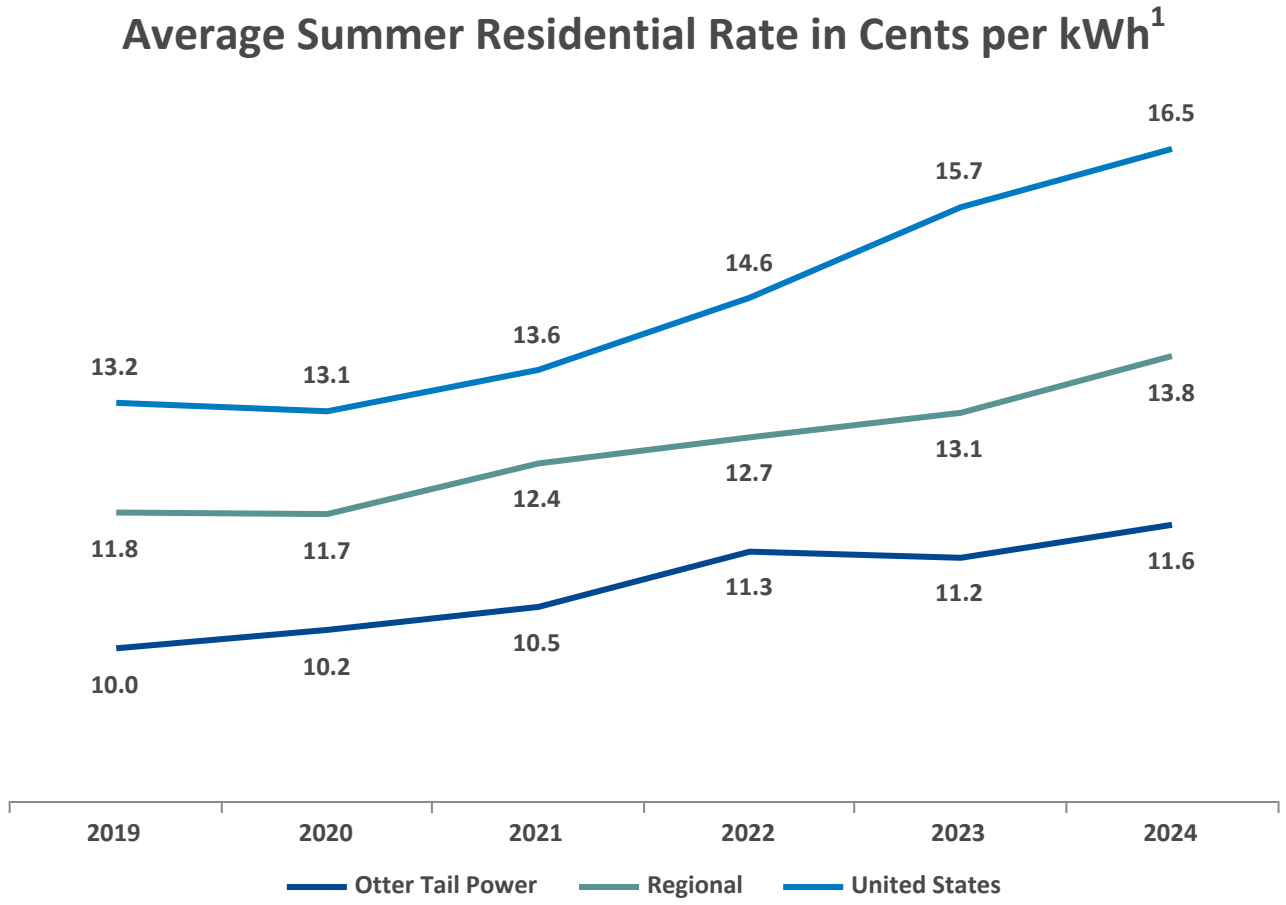
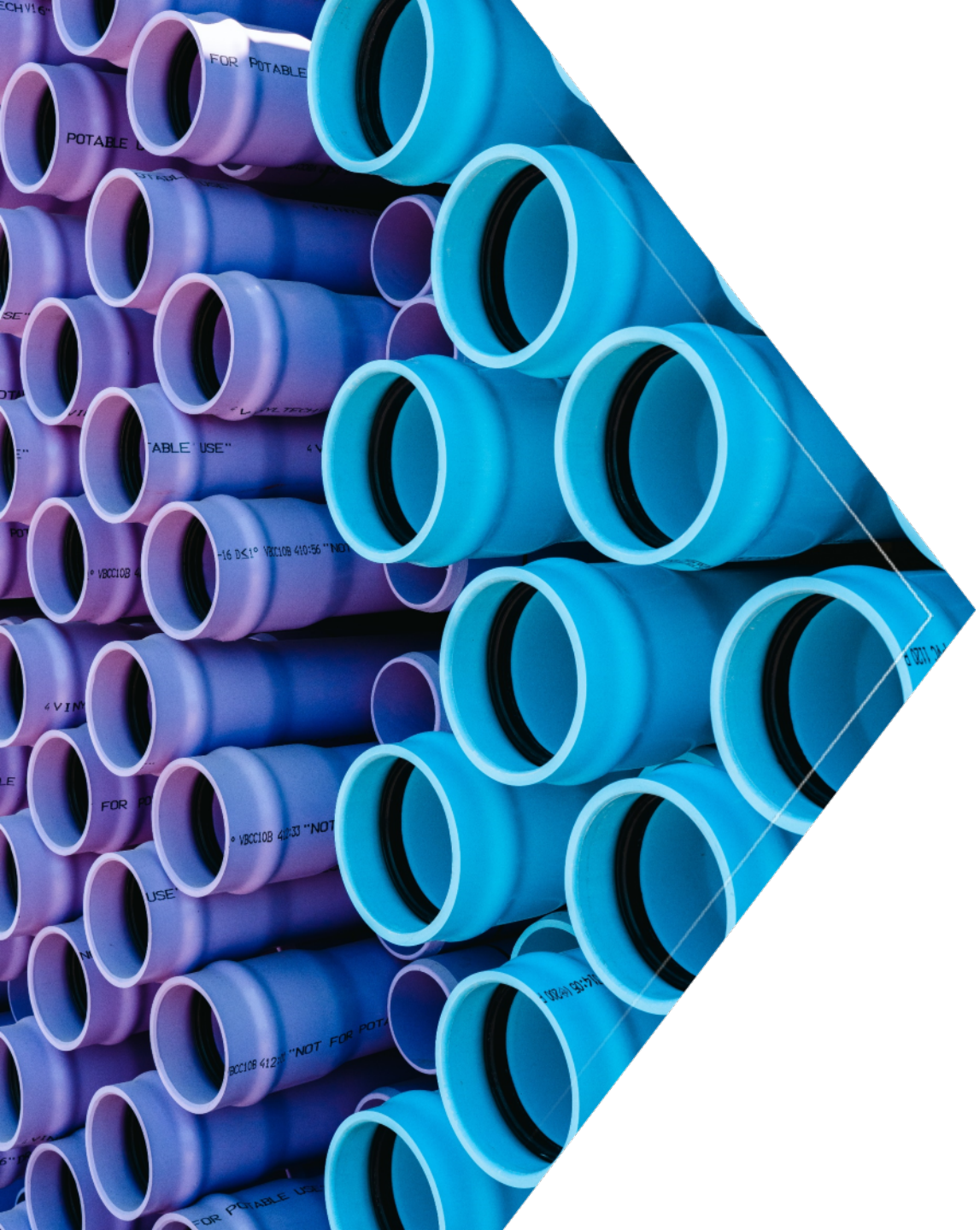
Customer Affordability

Otter Tail Power's 2024 rates
16% below regional average
30% below national average

Balanced approach: Investing to ensure safe, reliable, efficient and increasingly clean electric service while maintaining affordability



[1] Source: Edison Electric Institute, Typical Bills and Average Rates Report



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Manufacturing Platform

BTD

T.O. PLASTICS

northern pipe products

VINYLTECH VT PVC • PIPE

Industry Outlook: Manufacturing

BTD Manufacturing and T.O. Plastics

Increased dealer inventory levels, higher levels of used inventory available, inflationary pressures and higher interest rates negatively impacting end-market demand

Internal focus on managing costs through down-cycle

Long-term fundamentals remain strong

Recreational Vehicle



Lawn & Garden



Construction



Agriculture



Power Generation



Horticulture



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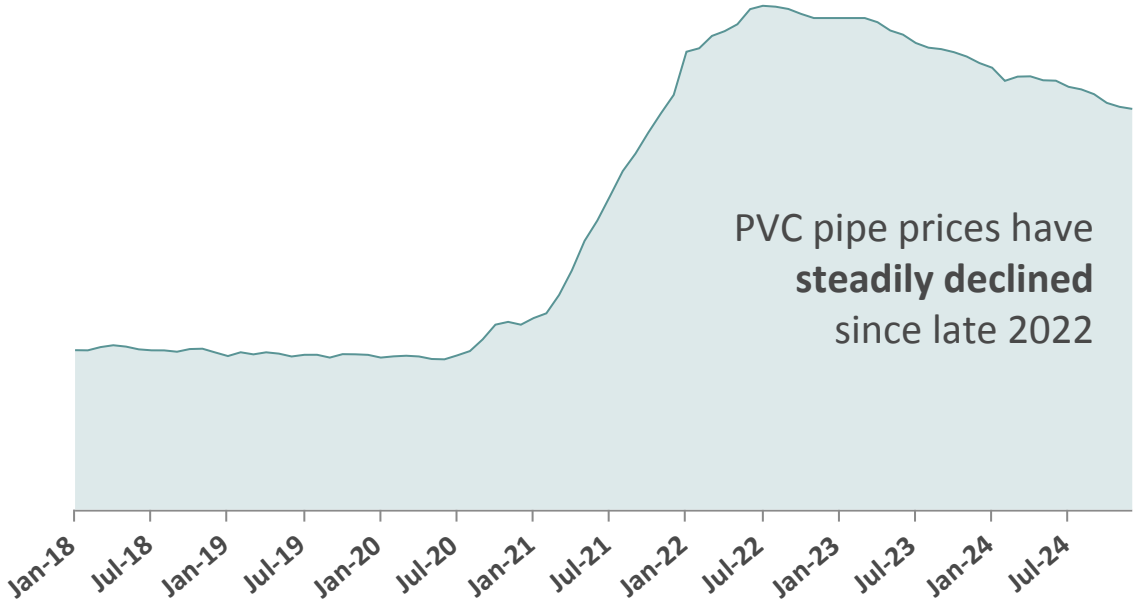
Plastics Pricing and Volume Trends

Northern Pipe Products and Vinyltech Corporation

Historical Sales Price of PVC Pipe[1]



2024 Trends[1]

	Q4	YTD
Sales Prices	↓ 11%	↓ 12%
Sales Volumes	↑ 23%	↑ 27%
Material Input Costs	↑ 2%	↓ 13%

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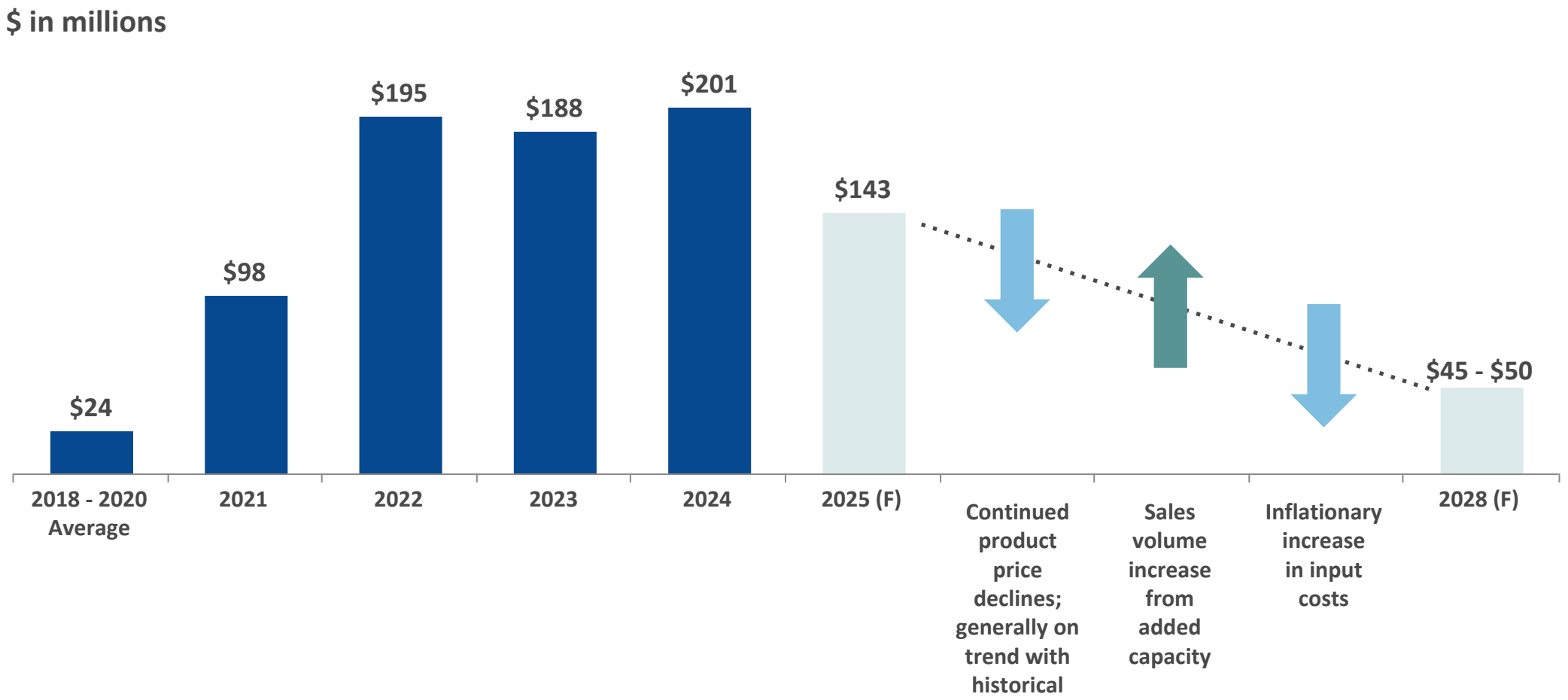
[1] Internal data only

Normalized Plastics Earnings

Northern Pipe Products and Vinyltech Corporation



Expansion Projects

Vinyltech Corporation

- Estimated completion dates:
  - Phase 1 - Q4 2024 (completed)
  - Phase 2 - early 2026
- Multi-phase expansion project, increasing production capacity (including large-diameter pipe) and resin and pipe storage
- Production capacity impact: +15% (Phase 1 and 2)



BTD Georgia

- Estimated completion date: early 2025
- Increasing capacity to grow with customers as they expand in Southeast market
- Opportunity to generate up to $35 million in incremental annual revenue



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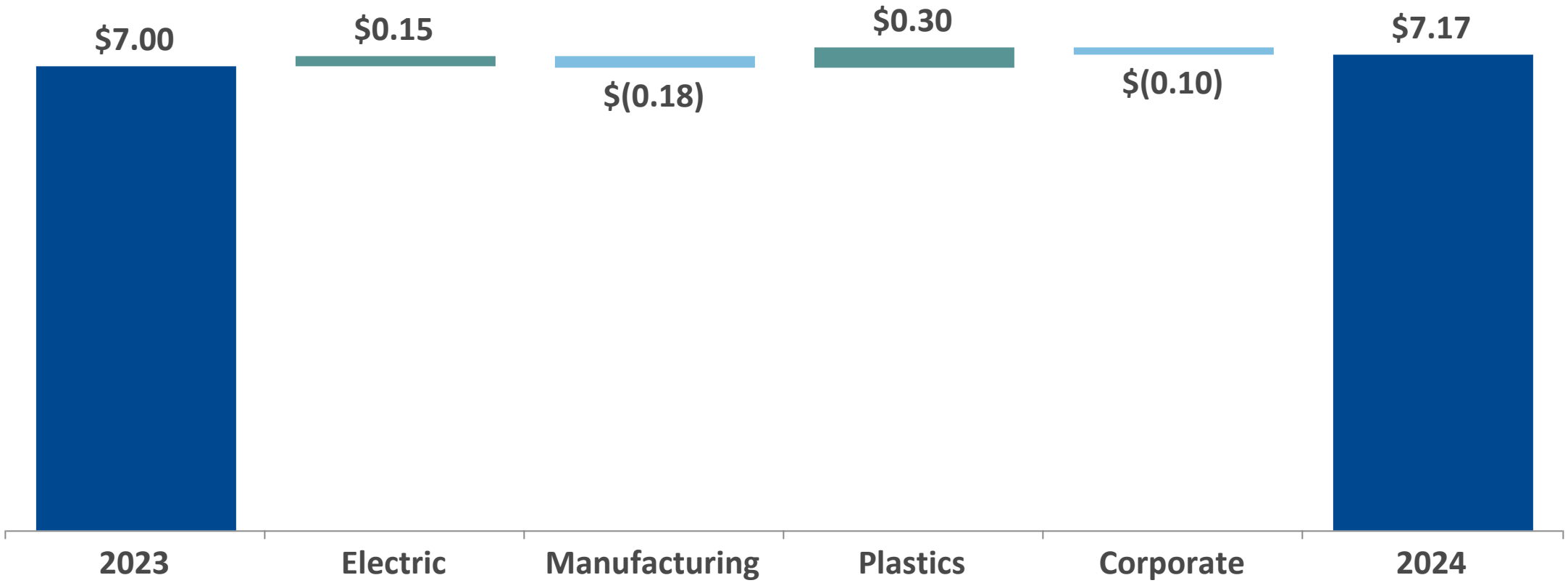
Financial Results

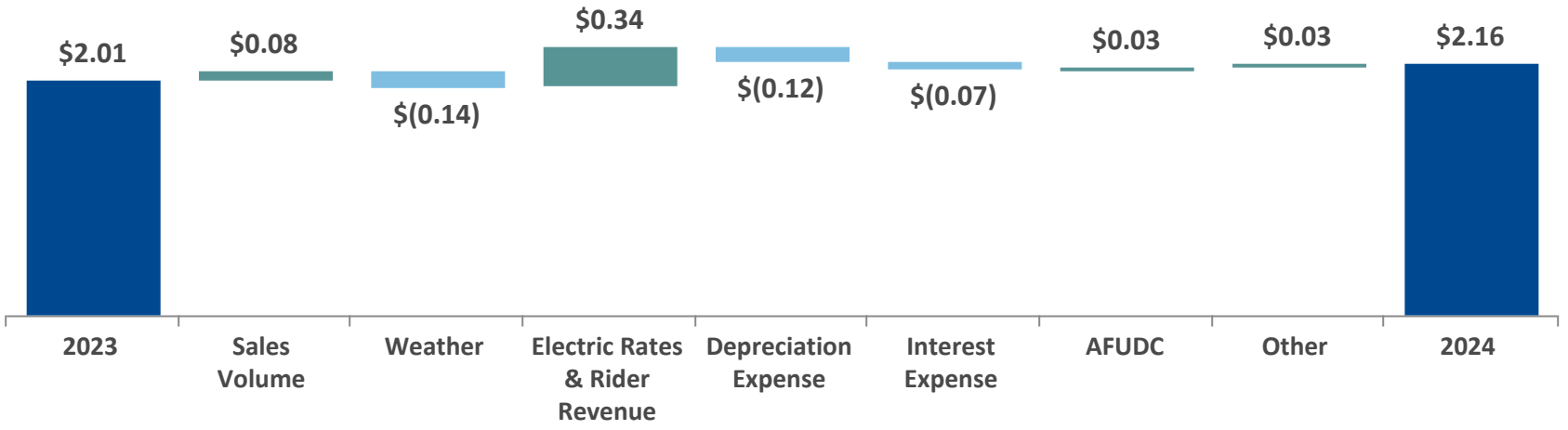
Annual Diluted EPS



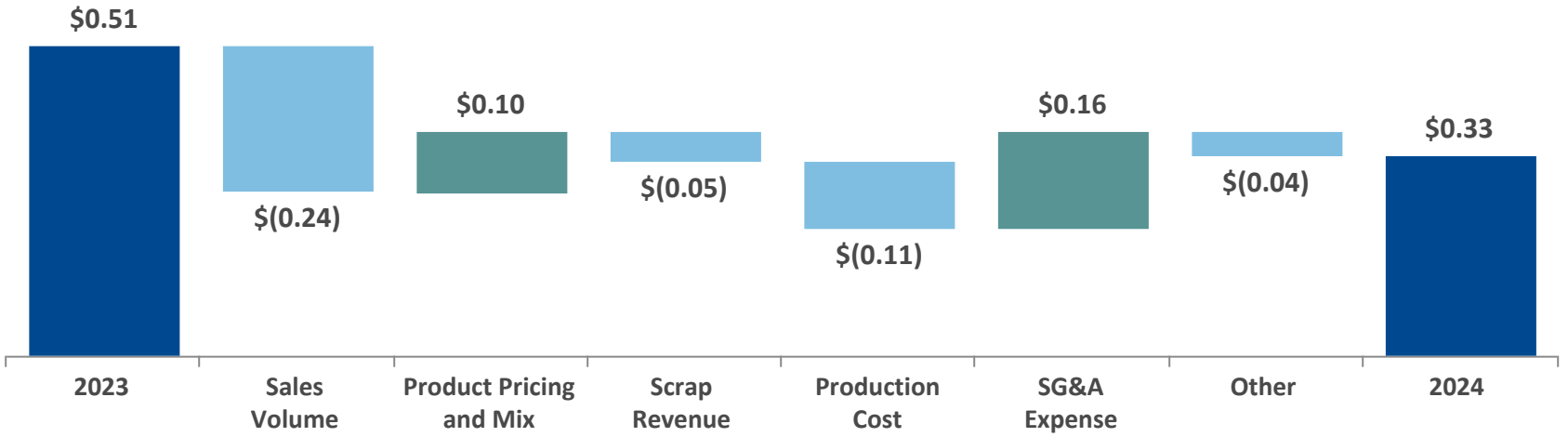
Annual Diluted EPS

Segment Level Detail

Electric



Manufacturing



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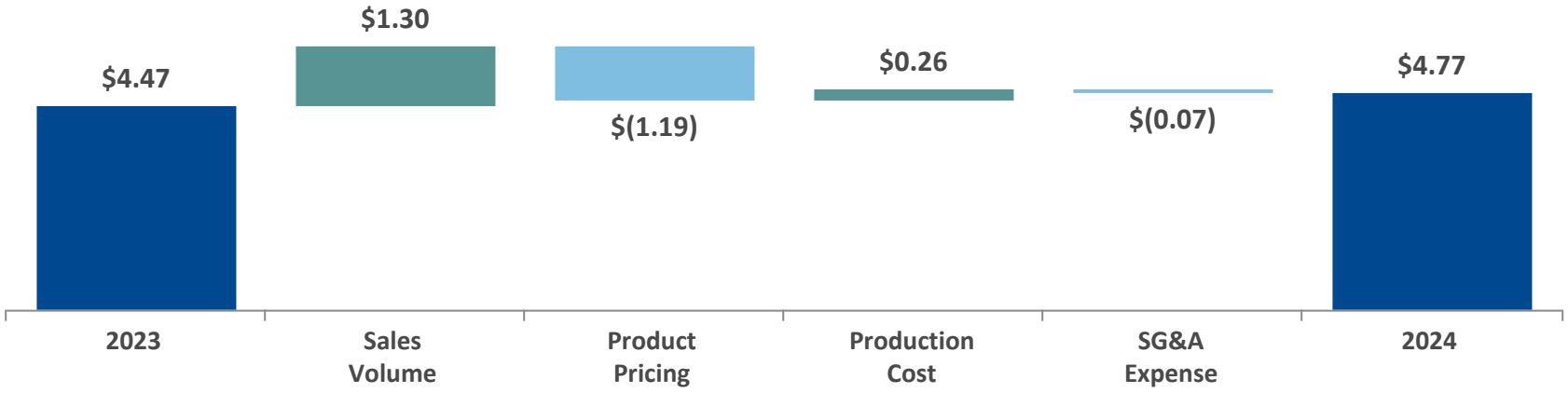
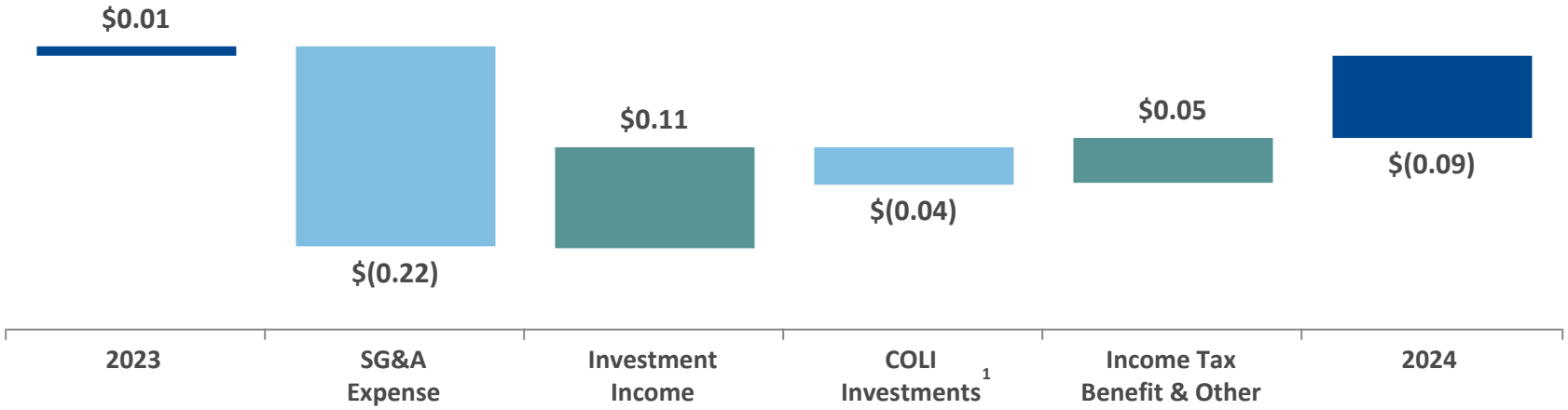
Annual Diluted EPS

Segment Level Detail

Plastics



Corporate

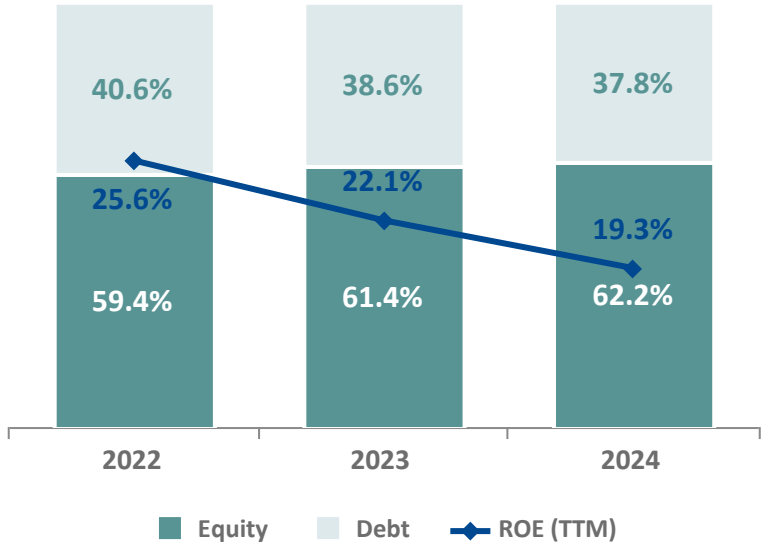


[1] Market-based returns on corporate-owned life insurance (COLI) policy investments

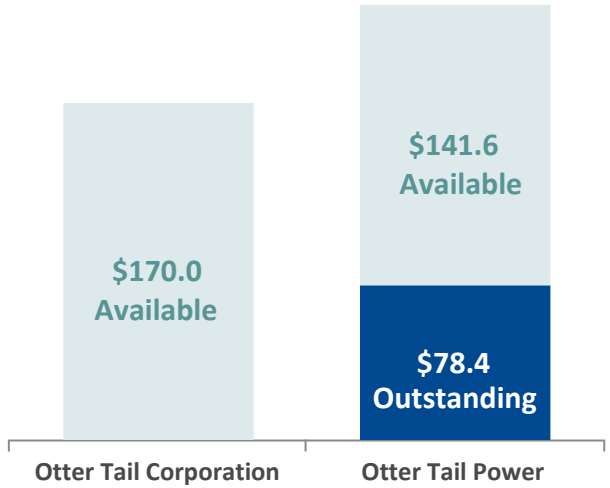
Balance Sheet

$ in millions

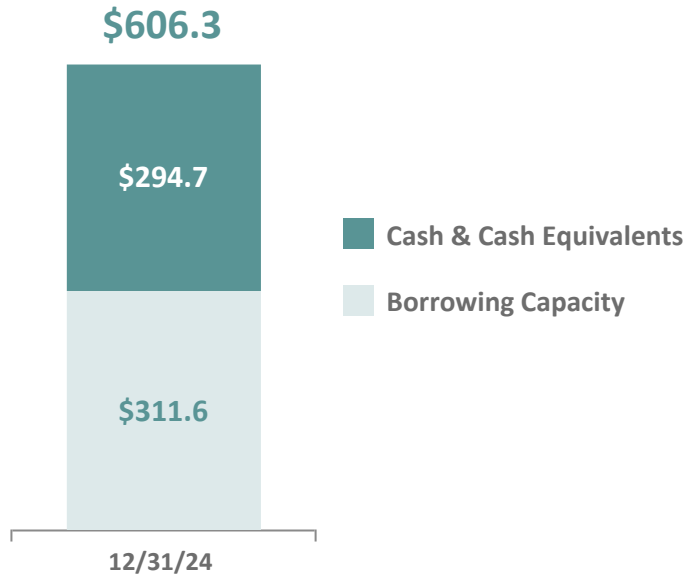
Consolidated Capital Structure and Return on Equity



Line of Credit Availability



Available Liquidity



Credit Ratings	Otter Tail Corporation			Otter Tail Power Company		
	Moody's	Fitch	S&P	Moody's	Fitch	S&P
Corporate credit / long-term issuer default	Baa2	BBB	BBB	A3	BBB+	BBB+
Senior unsecured debt	N.A.	BBB	N.A	N.A.	A-	N.A.
Outlook	Stable	Stable	Stable	Negative	Stable	Stable

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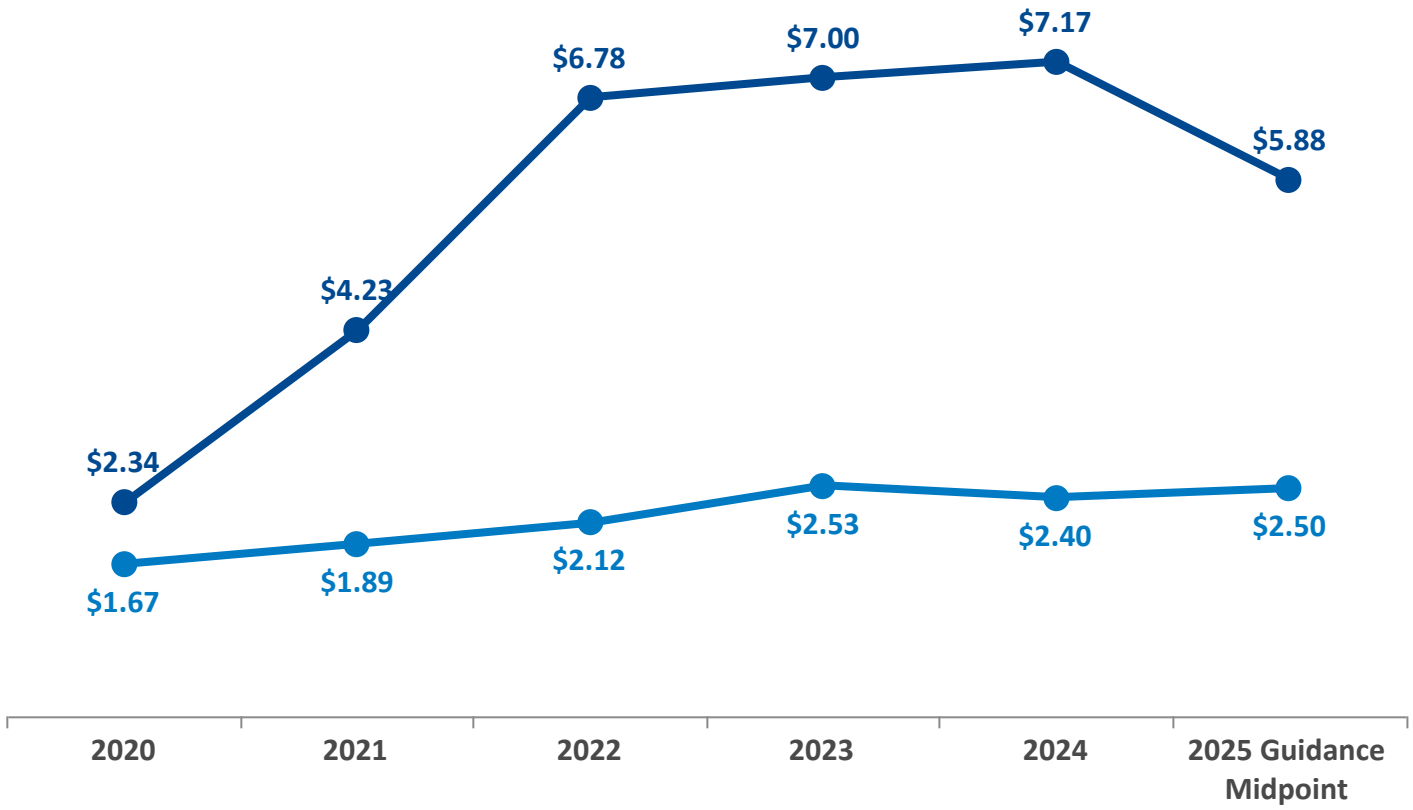
2025 Outlook

Diluted EPS	Actual 2023	Actual 2024	2025 Guidance Low	2025 Guidance High
Electric	$ 2.01	$ 2.16	$ 2.29	$ 2.35
Manufacturing	0.51	0.33	0.21	0.27
Plastics	4.47	4.77	3.26	3.50
Corporate	0.01	(0.09)	(0.08)	(0.04)
Total	**$ 7.00**	**$ 7.17**	**$ 5.68**	**$ 6.08**
Return on Equity	**22.1 %**	**19.3 %**	**13.8 %**	**14.6 %**

EPS Growth



Consolidated EPS *(5YR CAGR)*: 20.2%

Consolidated EPS w/o Plastics[1] *(5YR CAGR)*: 8.4%

Proven track record of delivering EPS growth in line or above target with and without the impact of Plastics

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[1] 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

Capital Expenditures

$ in millions

	2025 (F)	2026 (F)	2027 (F)	2028 (F)	2029 (F)	Total
Electric						
Renewable Generation	$ 101	$ 127	$ 118	$ 179	$ 4	$ 529
Transmission	59	93	162	114	100	528
Distribution	37	37	36	37	34	181
Other	54	51	31	27	25	188
Electric Total	$ 251	$ 308	$ 347	$ 357	$ 163	$ 1,426
Manufacturing & Plastics	27	27	27	25	23	129
Total	**$ 278**	**$ 335**	**$ 374**	**$ 382**	**$ 186**	**$ 1,555**

$650M

Incremental investment opportunity for Electric in later part of 5-year period

Driven by:

- Up to 200 MW of wind generation
- Up to 75 MW of battery storage
- Dual-fuel additions
- Delivery investment relating to new large loads

Every $100M of incremental capital investment increases our rate base CAGR by ~ 75 basis points

Financing Plan

$ in millions

	2025 (F)	2026 - 2029 (F)	5YR Total
Long-Term Debt			
Otter Tail Power Company			
Issuances	$ 100	$ 515	$ 615
Retirements	—	(112)	(112)
Otter Tail Corporation			
Issuances	—	—	—
Retirements	—	(80)	(80)
Net Debt Increase	$ 100	$ 323	$ 423
Equity	$ —	$ —	$ —

Financing plan supports utility investments without external equity over 5-year period

Dividend and Payout Ratio



86 consecutive years of dividend payments

Indicated dividend for 2025: $2.10 (12.3% increase)

Targeted dividend growth rate (2025 base year): 6-8%

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Investment Targets

Total Shareholder Return: 9-11%

Long-term EPS growth rate: 6-8%[1]

Dividend yield: ~ 3%

Dividend Growth Rate: 6-8%

Targeted payout ratio: 50-60%

Long-Term Earnings Mix:
65% Electric / 35% Manufacturing

Key underlying assumptions

Consolidated:

- Long-term earnings mix target reached in 2028

Electric:

- Rate base CAGR: 9.0%
- Long-term EPS growth rate: approximates rate base CAGR

Plastics:

- Normal earnings of $45-$50M in 2028

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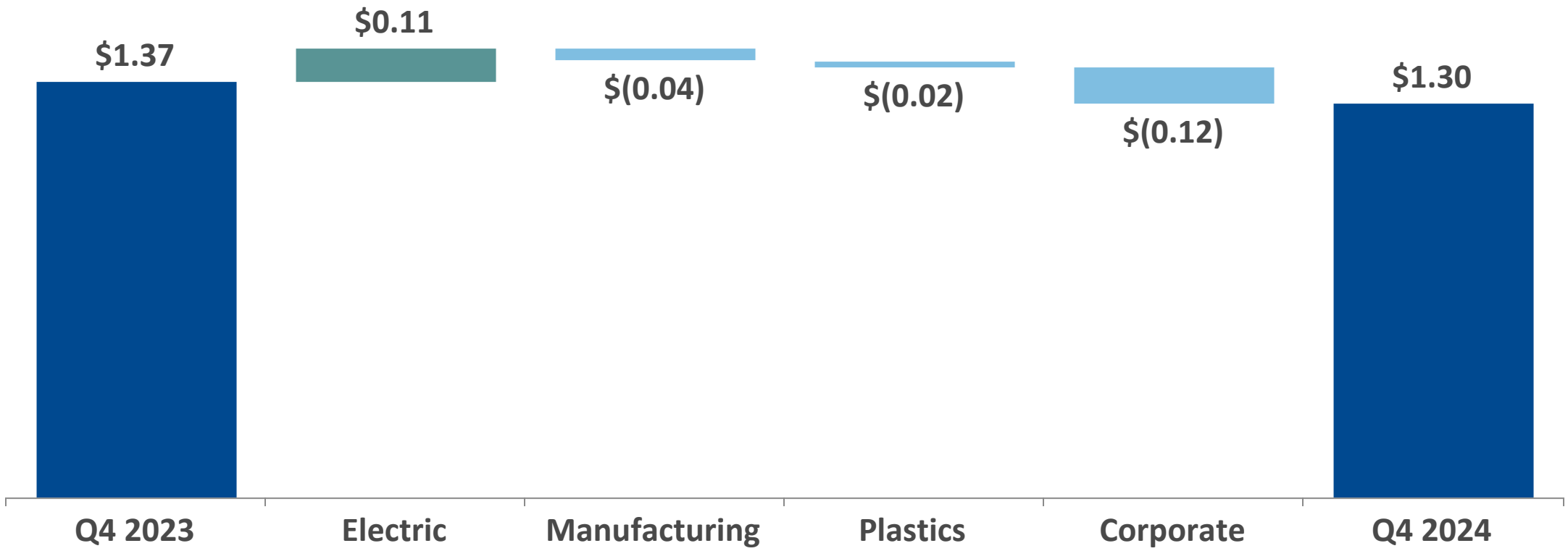
[1] Once Plastics segment earnings have normalized



Appendix

QTD Diluted EPS



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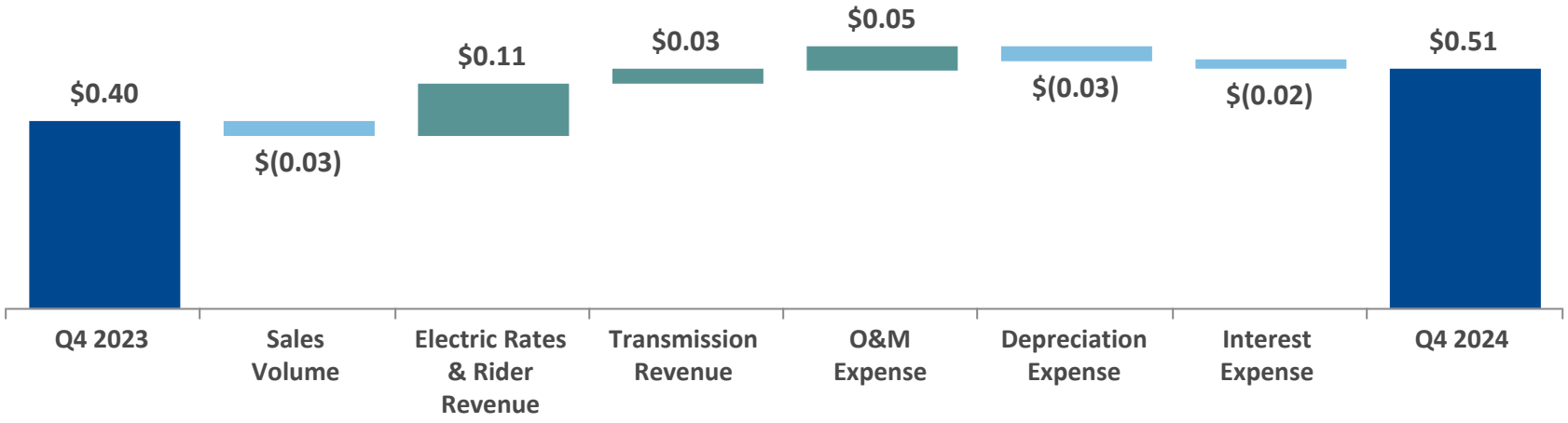
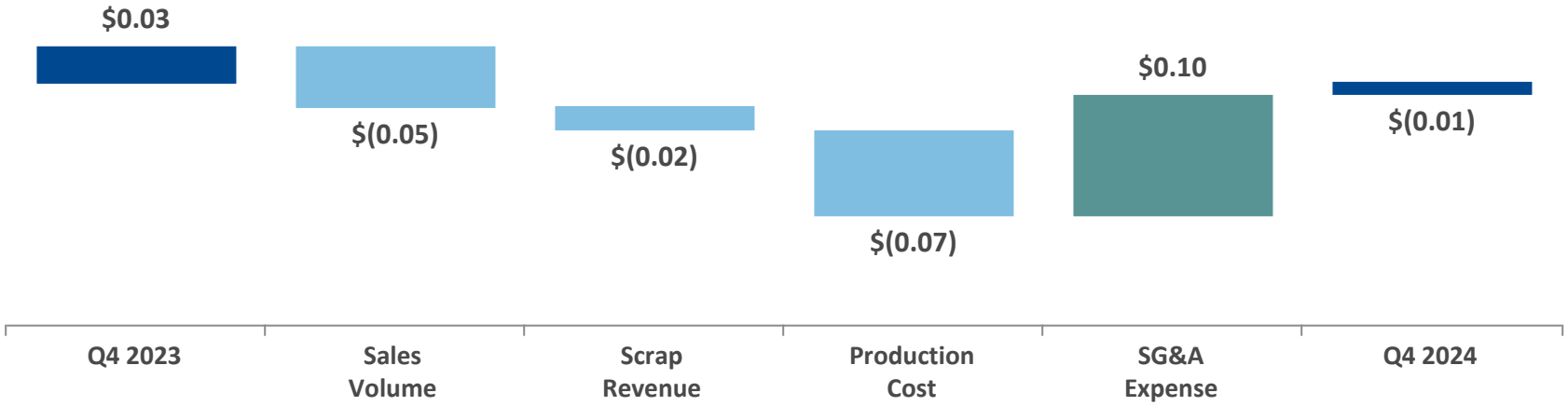
QTD Diluted EPS

Segment Level Detail

Electric



Manufacturing

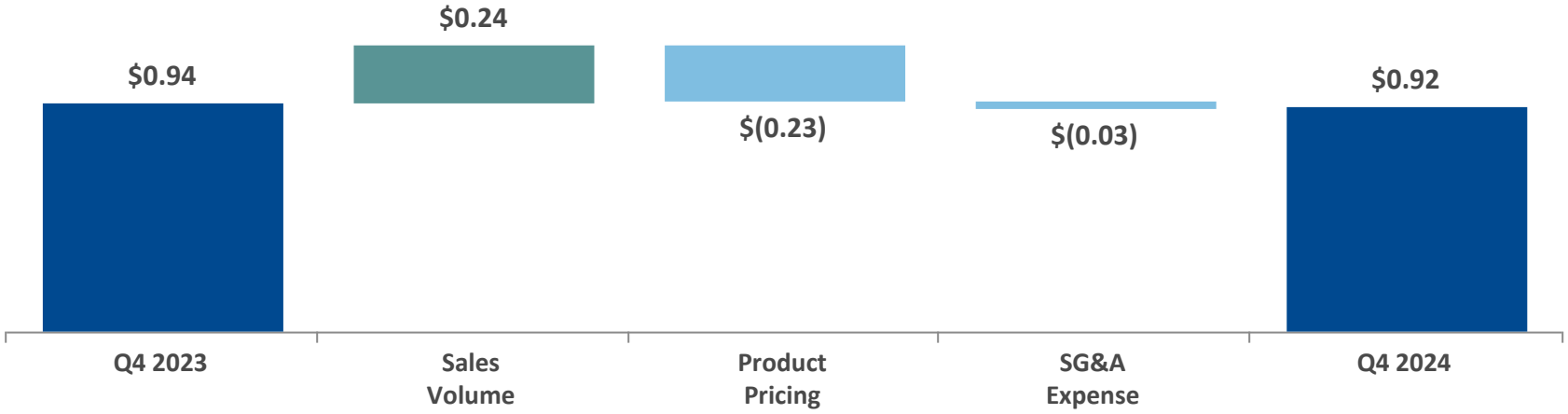


OTTER TAIL CORPORATION

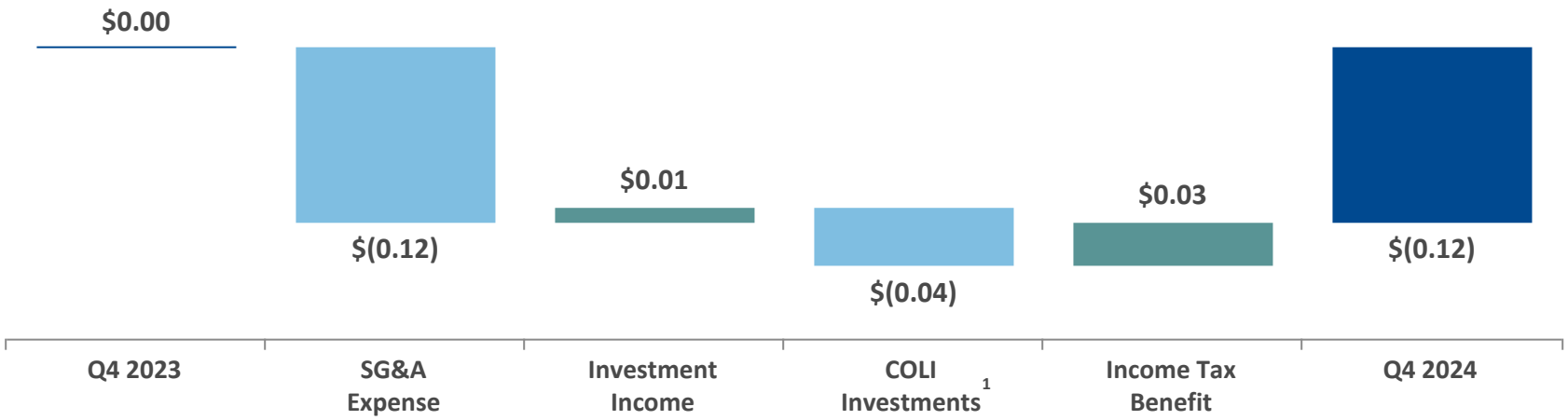
QTD Diluted EPS

Segment Level Detail

Plastics



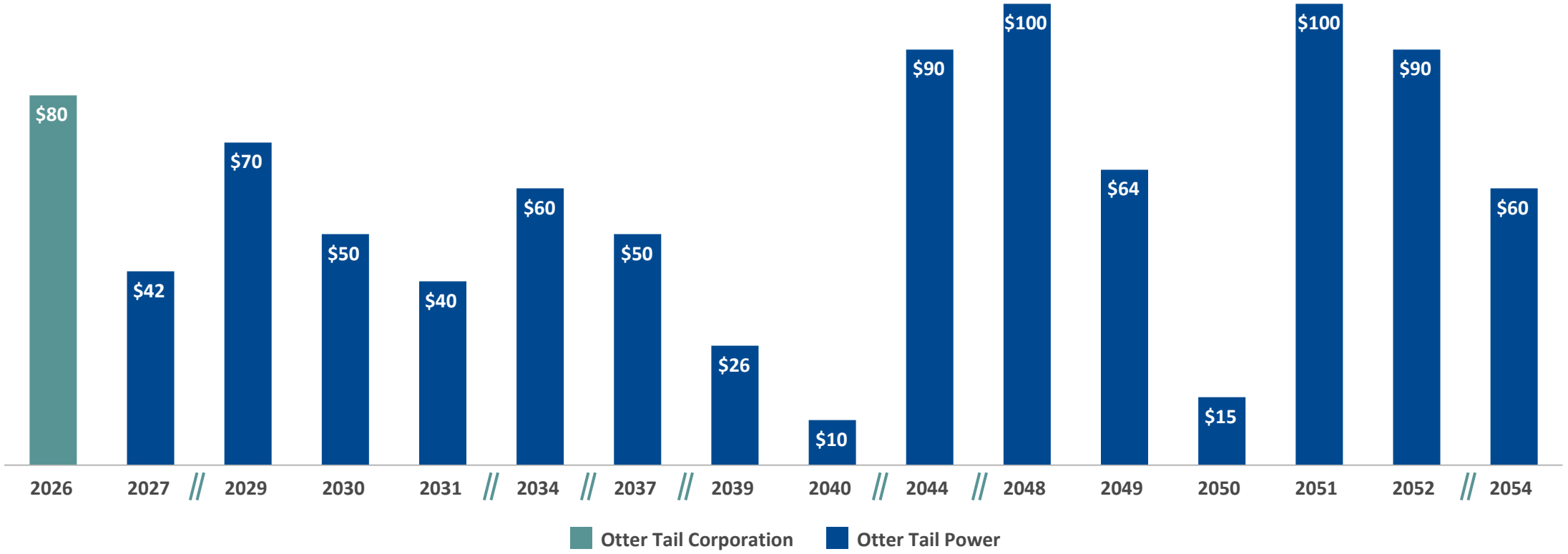
Corporate



[1] Market-based returns on corporate-owned life insurance (COLI) policy investments

Debt Maturity Schedule

Weighted average interest rate: **4.40%**



Otter Tail Power Regulatory Framework

	Jurisdiction		
	Minnesota	**North Dakota**	**South Dakota**
Utility Commissioners	Appointed	Elected	Elected
Rate Case Test Year	Future	Future	Historical[1]
Allowed Return on Equity	9.48%	10.10%	8.75%
Earnings Sharing Mechanism	No	Yes[2]	Yes[3]
Rider Recovery for:			
Renewable Generation	Yes	Yes	Yes
Non-Renewable Generation	No	Yes	Yes
Transmission	Yes	Yes	Yes
Customer and Distribution Technology	Yes	Yes	Yes
Cost of Energy Recovery Adjustment	Annually	Monthly	Monthly
Decoupled Rates (Residential and Commercial)	Yes	No	No

[1] Historical test year with known and measurable adjustments
[2] Earnings above a 10.20% return on equity will be shared with 70% refunded to North Dakota customers
[3] Earnings above an 8.75% ROE up to a maximum of a 9.50% ROE due to weather-normalized revenue will be shared with 50% refunded to South Dakota customers. Earnings in excess of a 9.50% ROE will 100% be refunded to South Dakota customers