

2023 Earnings Conference Call

February 13, 2024

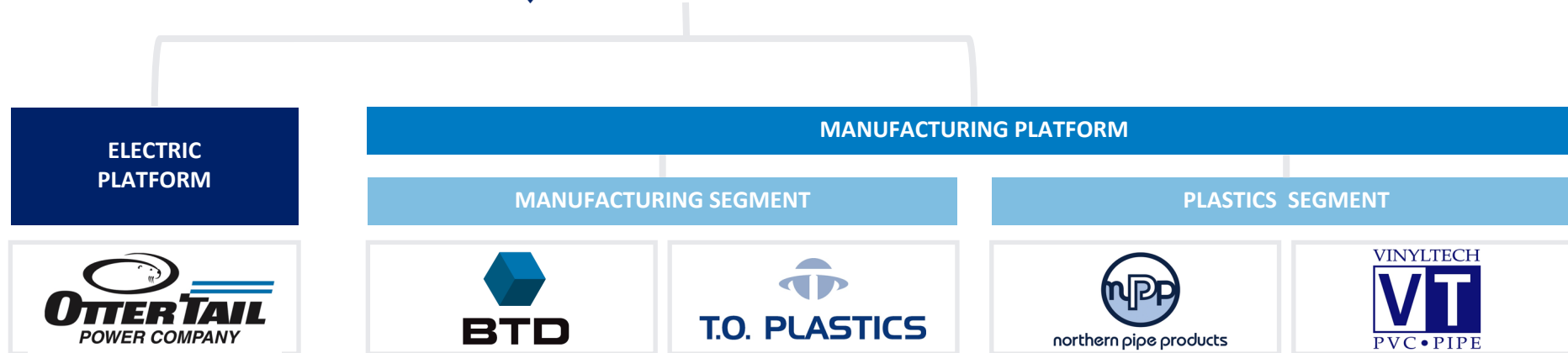


Forward-Looking Statement

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

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

Company Overview

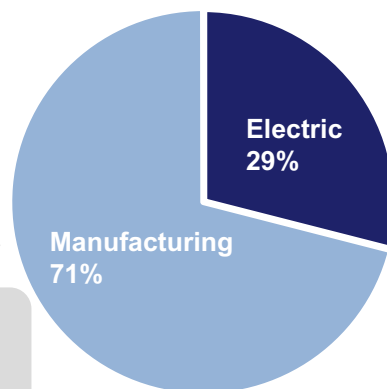


Electric Platform

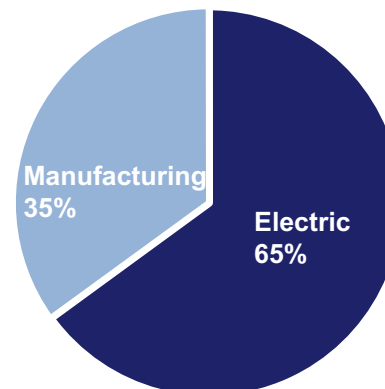
- Customer rates below regional and national averages
- Constructive regulatory environments
- Attractive rate base growth

2023 earnings mix was driven by continued elevated Plastic segment earnings

2023 Earnings Mix



Long-Term Earnings Mix



Manufacturing Platform

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

2023 Financial Summary and Highlights

Financial Results

(\$ in millions, except per share data)	2023		2022	
Operating Revenues	\$	1,349.2	\$	1,460.2
Net Income	\$	294.2	\$	284.2
Diluted EPS	\$	7.00	\$	6.78
Return on Equity		22.1 %		25.6 %
Cash From Operating Activities	\$	404.5	\$	389.3

Diluted EPS By Segment

	2023		2022	
Electric	\$	2.01	\$	1.91
Manufacturing		0.51		0.50
Plastics		4.47		4.66
Corporate		0.01		(0.29)
Total	\$	7.00	\$	6.78

Record Financial Results

Up 4%

- We produced record breaking earnings in 2023, driven by strong financial results across our segments, as well as corporate cost savings

85th Consecutive Year of Dividend Payments

- 2023 dividends paid to common shareholders was \$1.75 per share, a 6% increase from 2022. The indicated annual dividend for 2024 is \$1.87 per share, a 7% increase

Electric segment earnings

Up 6%

- Increased commercial and industrial sales, lower pension costs and recovery of rate base investments

Manufacturing segment earnings

Up 2%

- Favorable product mix and higher sales volumes at BTD Manufacturing, partially offset by lower sales volumes at T.O. Plastics

Plastics segment earnings

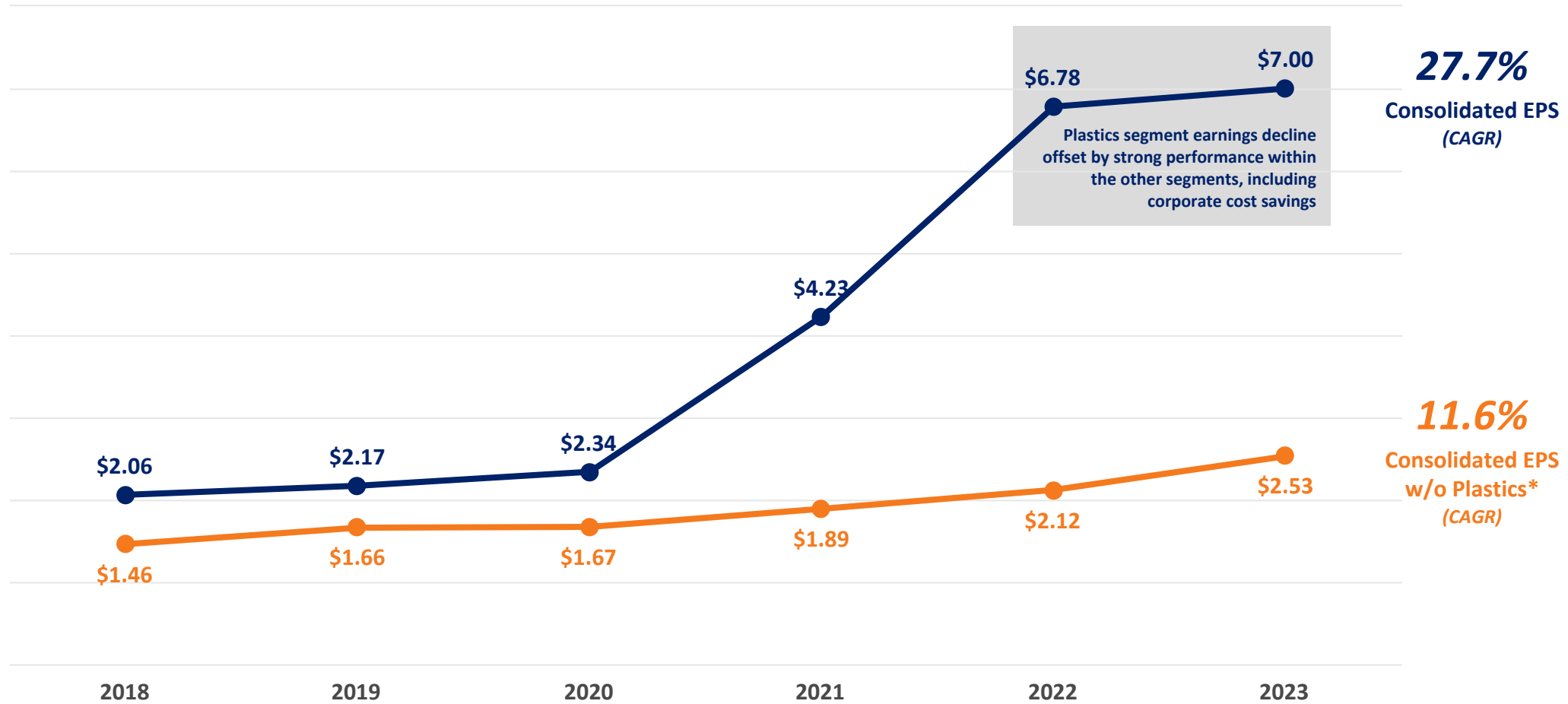
Down 4%

- Decrease in sales volumes partially offset by an increase in gross profit margins

Corporate cost center earnings

- Driven by returns earned on our short-term investments funded by the significant cash flows generated by our businesses over the last three years

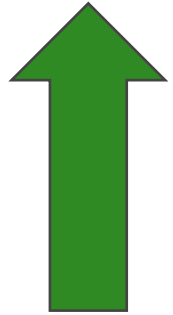
Earnings Per Share Growth



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

Cleaner Energy Future

By 2030, We are Targeting:



55%

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

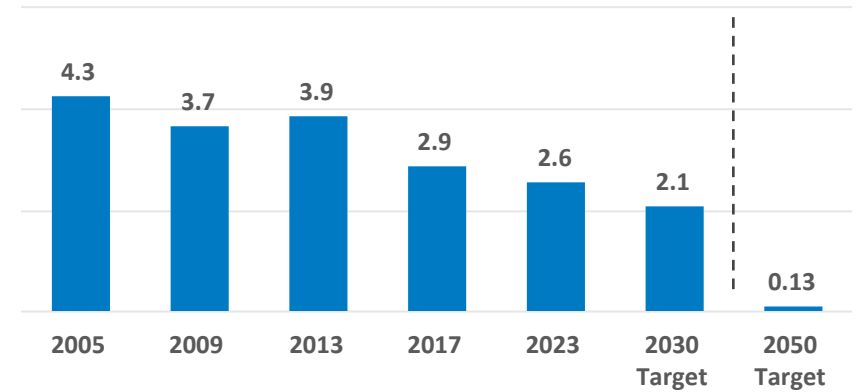
50%

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



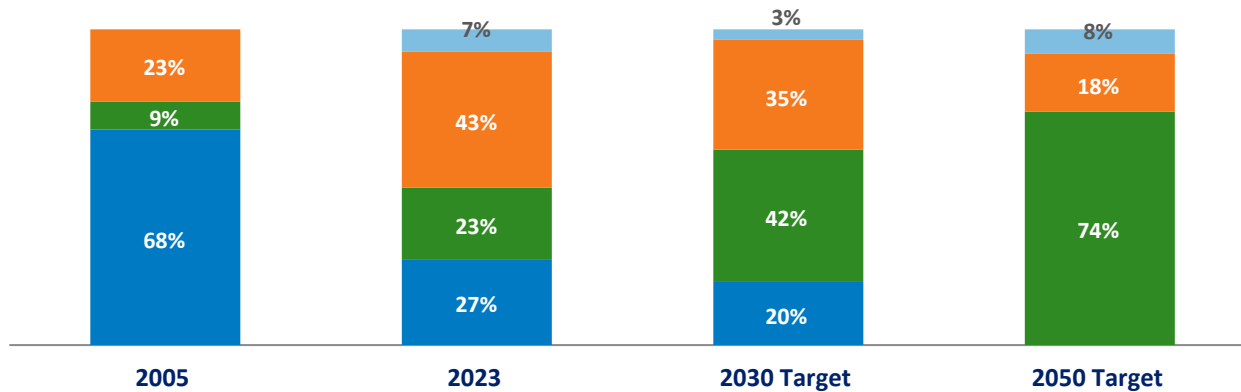
Carbon emission targeted to be 97% below 2005 levels by 2050 on our owned generation

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

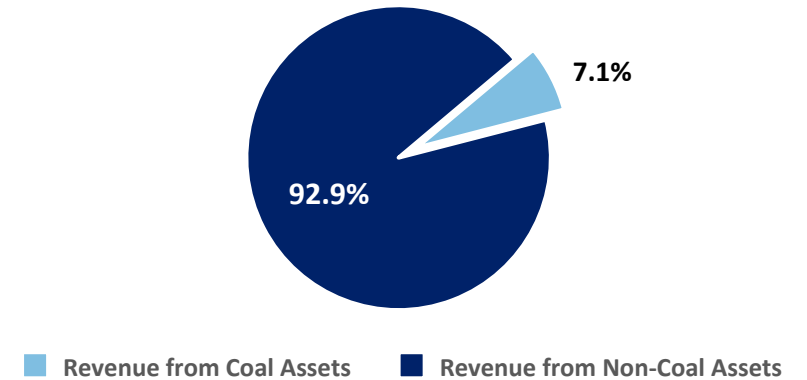


Otter Tail Power Energy Resource Mix

Coal Renewable Purchased Natural Gas



2023 Consolidated Revenues from Coal Assets



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

Values in Action



Safety - We provide safe workplaces and require safe work practices

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

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

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

Community - We improve the communities where we work and live

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

Electric Platform



Electric Operations

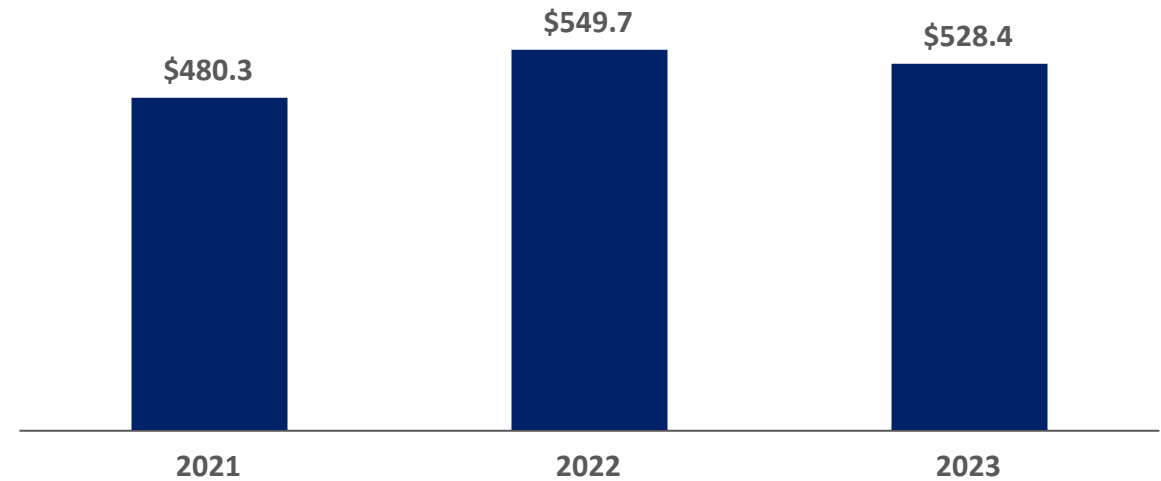


- Vertically integrated, regulated utility with generation, transmission and distribution facilities
- Serve more than 133,000 residential, commercial and industrial customers
- Service area encompasses approximately 70,000 square miles of western Minnesota, eastern North Dakota and northeastern South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

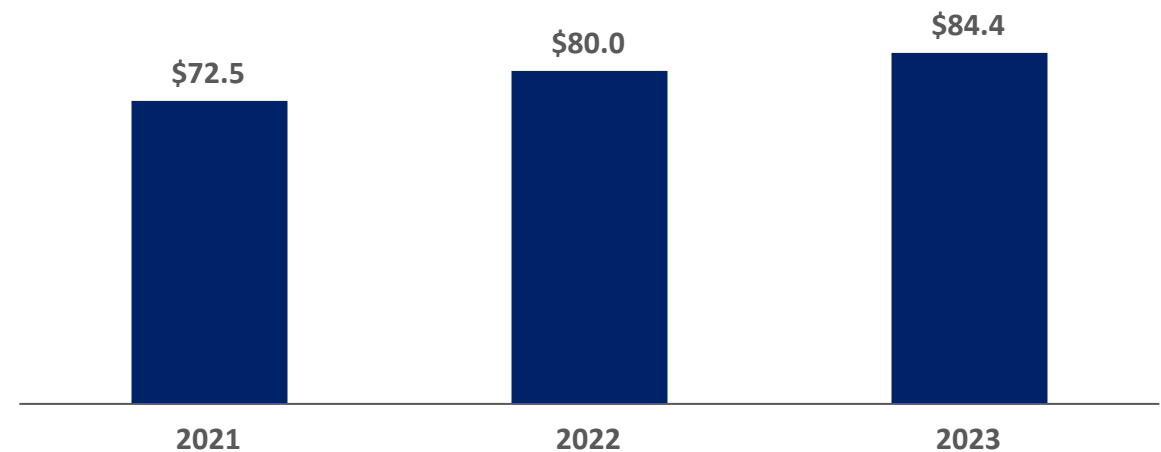
Highlights

- Significant rate base growth opportunities in the 5-year planning period and beyond, including:
 - Renewable generation
 - Wind repowering
 - Resource plan proposed renewable additions of 350 MW
 - Transmission investment
 - MISO Long Range Transmission Planning (LRTP)
 - Joint Targeted Interconnection Queue (JTIQ)
 - Technology and infrastructure
 - Advanced metering infrastructure
- Constructive regulatory environments
- Electric rates significantly below national and regional averages

Operating Revenue (in millions)



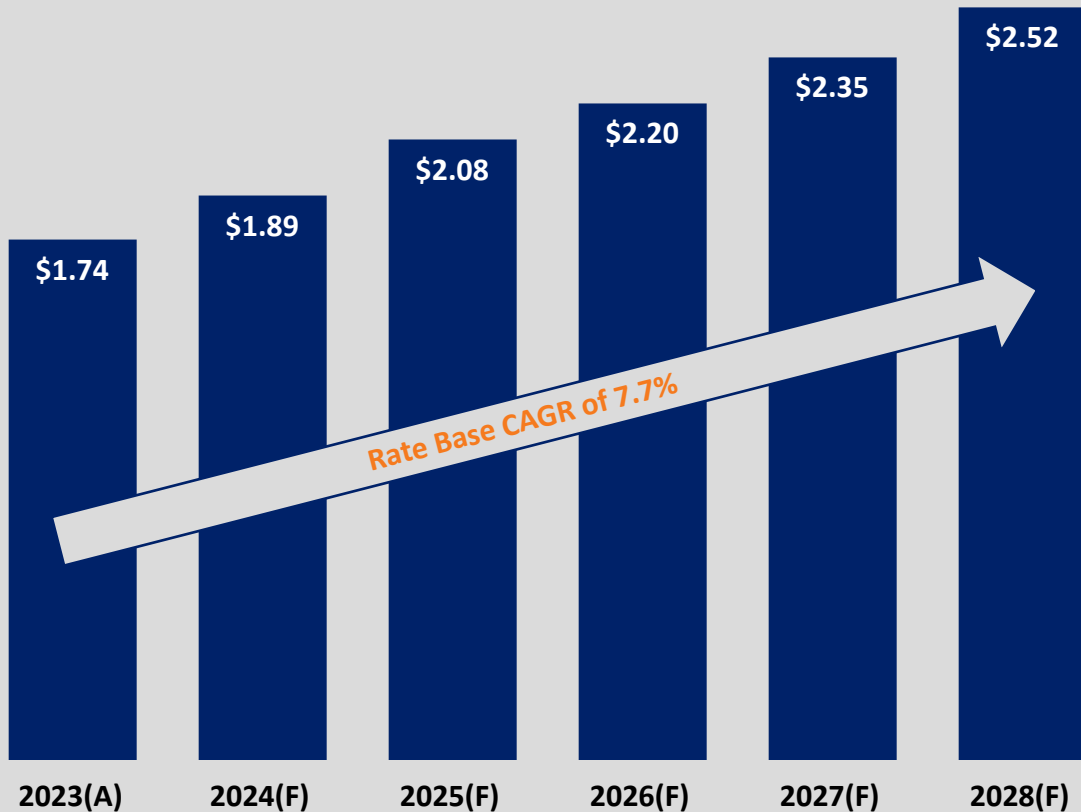
Net Income (in millions)



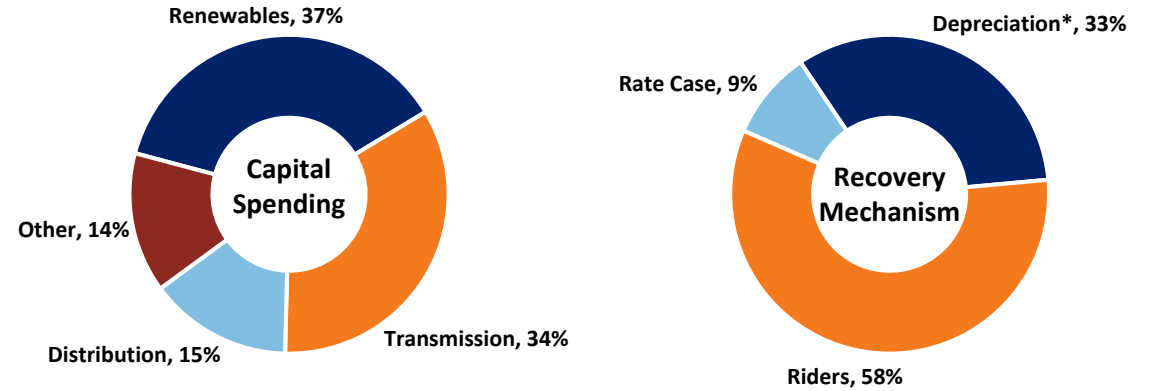
Rate Base Growth

Rate Base

\$ in billions



\$1.3B of Capital Spending from 2024 to 2028



* Rate base replacement

2018 to 2023

9%
Rate Base
Growth
(CAGR)

Translated To

9%
Earnings
Growth
(CAGR)

Advanced Metering Infrastructure (AMI)

Project	AMI
Description	Transition to advanced meters
Est. Completion Date	2025
Otter Tail Power Cost	~ \$60 million
Recovery Mechanism	Rider until next rate case

Project Summary

- Upgrading more than 174,000 electric meters that enable two-way communication with our systems
- AMI lays the groundwork for improved outage response and communication
- Infrastructure integrates data and systems, allowing us to better understand peak energy use and offer energy and cost-saving options to customers
- Pilot program deployed in December 2023
- Project expected to reduce operating expenses through technology enabled savings

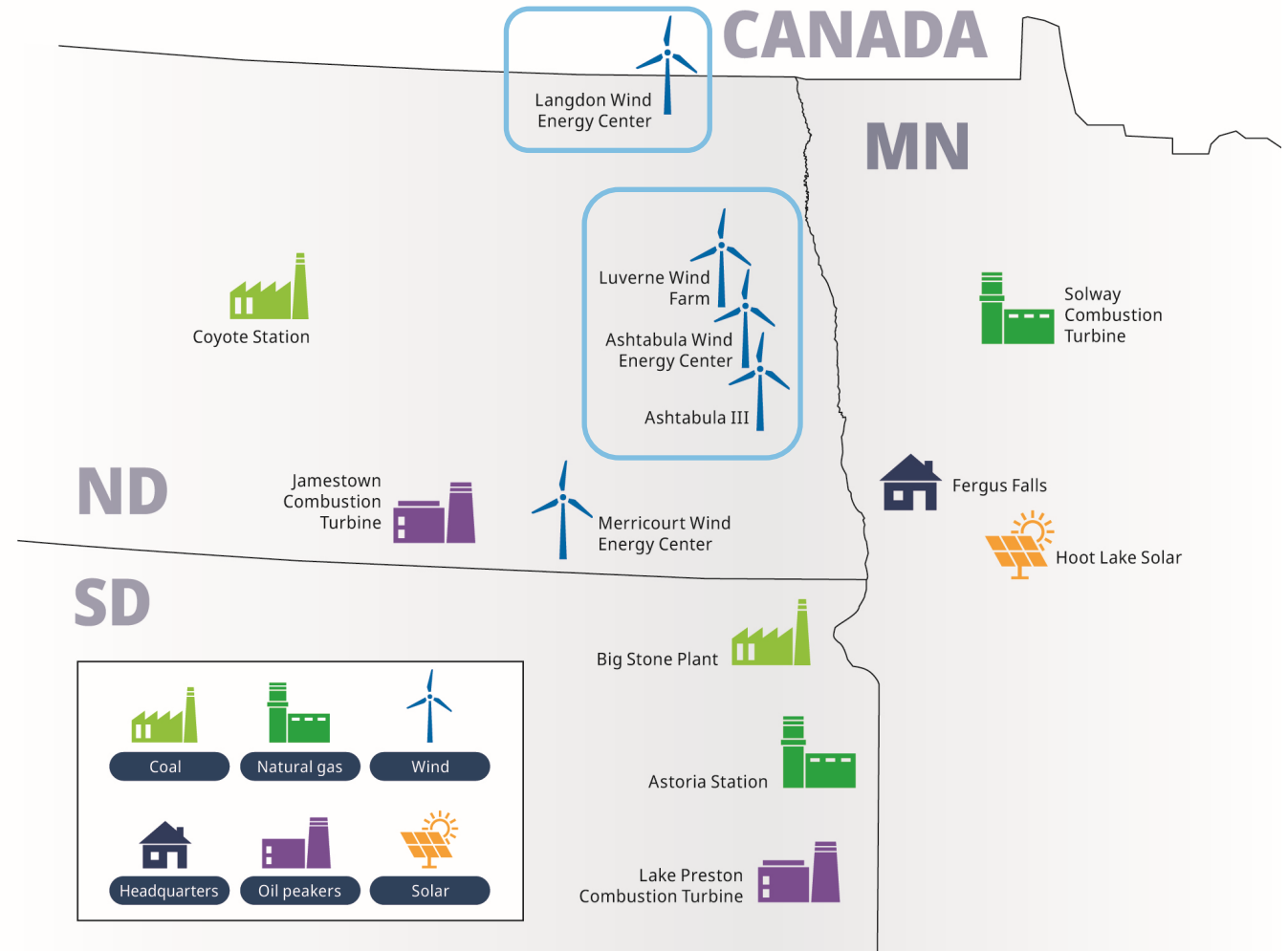


Wind Repowering

Project	Wind Repowering
Description	Equipment upgrades at wind facilities
Est. Completion Date	2024 and 2025
Otter Tail Power Cost	~ \$230 million
Recovery Mechanism	MN & ND - Rider until next rate case SD - Rate case

Project Summary

- Upgrade and refurbishment of wind turbines at the Langdon, Ashtabula, Luverne, and Ashtabula III wind energy facilities
- Expect completion of 40 MW wind repowering at Langdon in 2024 and remaining 160 MW 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



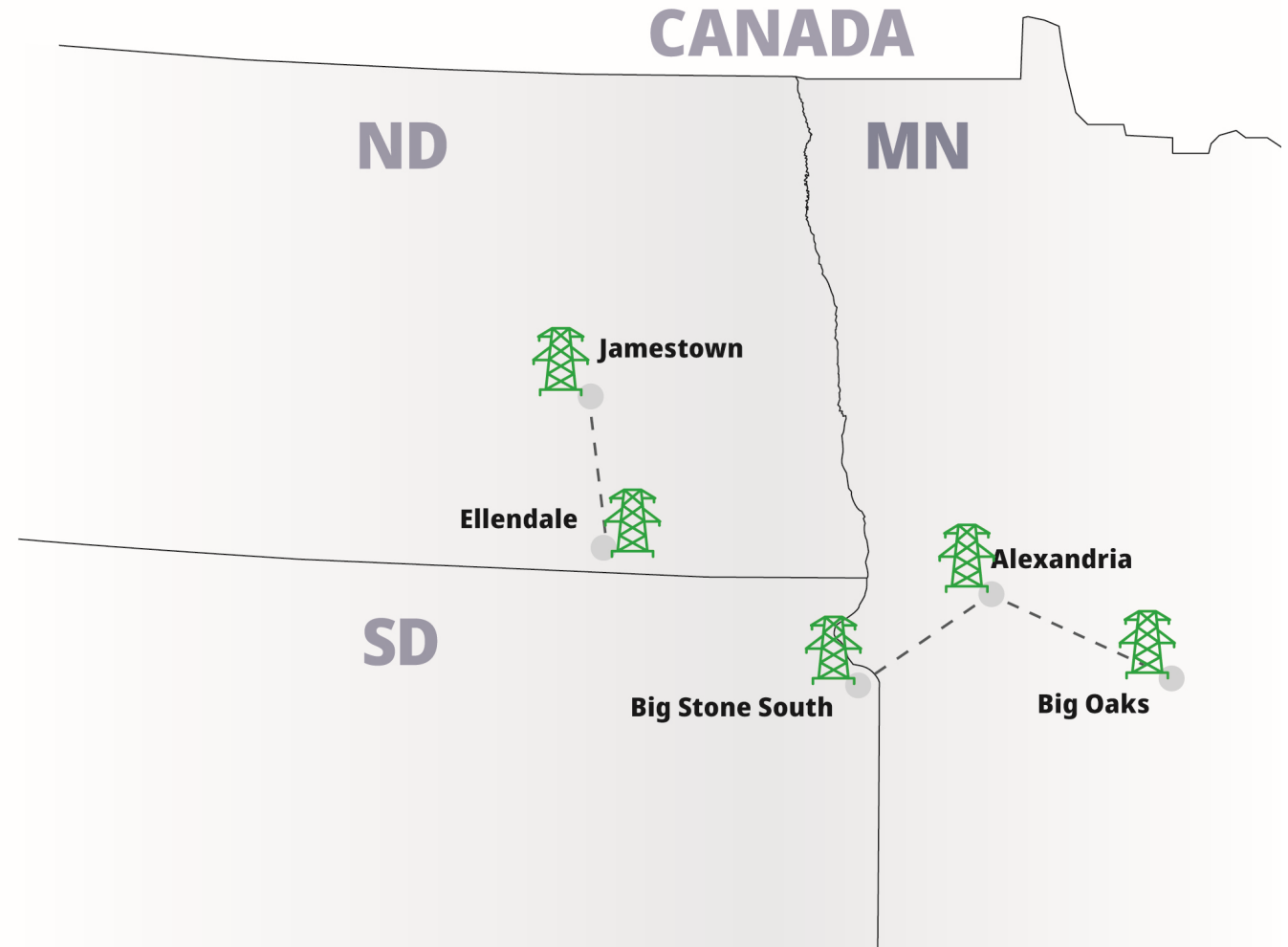
Note: The map only depicts our material generation assets

MISO Long Range Transmission Planning (LRTP)

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

Project Summary

- MISO's approved Long Range Transmission Plan includes two 345 kV projects in Otter Tail Power's service territory
 - Jamestown - Ellendale
 - Big Stone South - Alexandria - Big Oaks
- Currently in initial development phases of these projects
- OTP is the owner of the Jamestown and Big Stone South substations
- Approximately 70% of the total capital investment is expected to occur before 2029



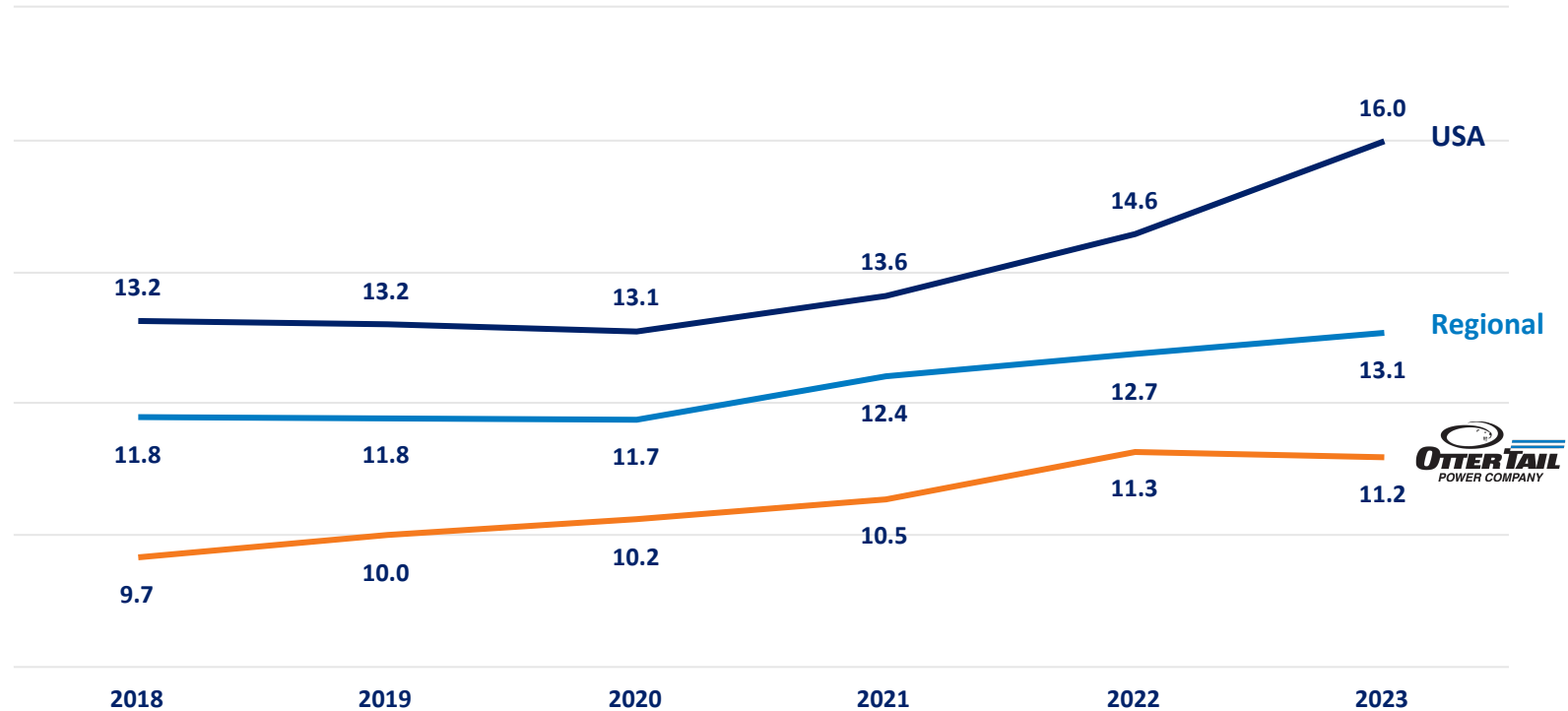
Affordability

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

We expect to continue to keep customer bills low through:

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

Average Summer Residential Rate in Cents per kWh



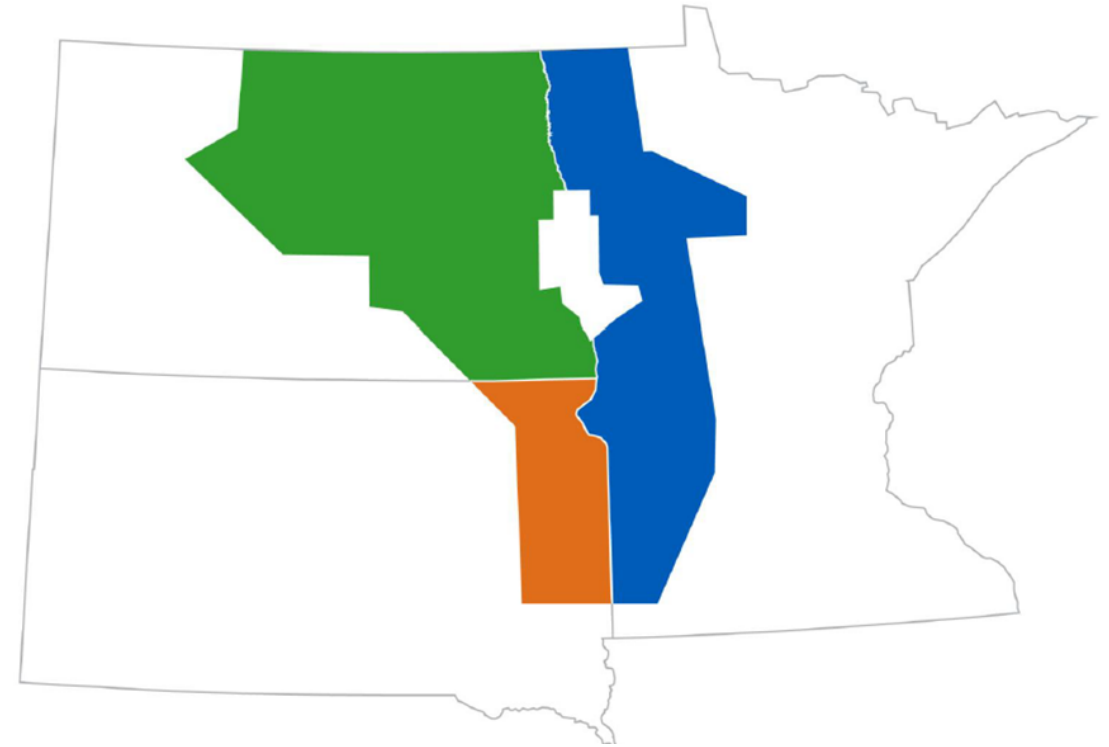
Source: Typical Bills and Average Rates Report, Edison Electric Institute
The report surveys typical electrical bills for investor-owned utility companies in the United States

Key Regulatory Matters

Description	MN	ND	SD	Notes
Integrated Resource Plan	X	X	Informational Only	Original filing: Sep-21 Supplemental filing(s): Mar-23 and Dec-23 (MN only) Expect increased clarity in 2024
General Rate Case	TBD	X	TBD	ND: Rate case filed in Nov-23 MN and SD: Dependent on results of annual cost of service study Expect conclusion on ND rate case in 2024
Certificate of Need (CON) and Route Filings for MISO LRTP Projects	X	X	X	Expect ruling on MN CON in 2024, and estimate route and facility permits to be filed in MN, ND and SD, as applicable, in 2024
Capital Recovery Riders	X	X	X	Annual updates to ensure timely recovery

Integrated Resource Plan (IRP)

- Supplemental IRP filed March 2023, jointly in MN, ND & SD
- Additional supplemental IRP filed December 2023 in MN requesting to separate Otter Tail Power's resource planning by jurisdiction
 - Separate resource plans by jurisdiction *may* result in *new generation resources* being assigned to a single jurisdiction
 - Resources assigned to a single jurisdiction would provide energy and capacity to and be recoverable from customers from that jurisdiction only
- Preferred plan for MN includes:
 - Add 200 MW of solar generation
 - Add 150 MW of wind generation
 - Add on-site LNG fuel storage at Astoria Station
 - Limit dispatch of MN portion of Coyote Station to extreme weather events to ensure reliability
 - Withdraw from ownership interest in Coyote Station should a major, non-routine capital investment be required
- Expect increased clarity on our 5-year generation resource plan in 2024



North Dakota Rate Case

North Dakota Rate Case

- Filed with the North Dakota Public Service Commission (NDPSC) in November 2023
- Last North Dakota rate case was filed 6 years ago
- Proposed 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
- Requested the following:
 - 10.6% return on equity (ROE) (current 9.77%)
 - 53.5% equity layer (current 52.5%)
- In December 2023, the NDPSC approved our request to implement interim rates on January 1, 2024. With the approval of interim rates, customers will see an average net increase of 6.03%



Regulatory Framework

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

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

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

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

Manufacturing Platform



Manufacturing Operations



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



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

Highlights

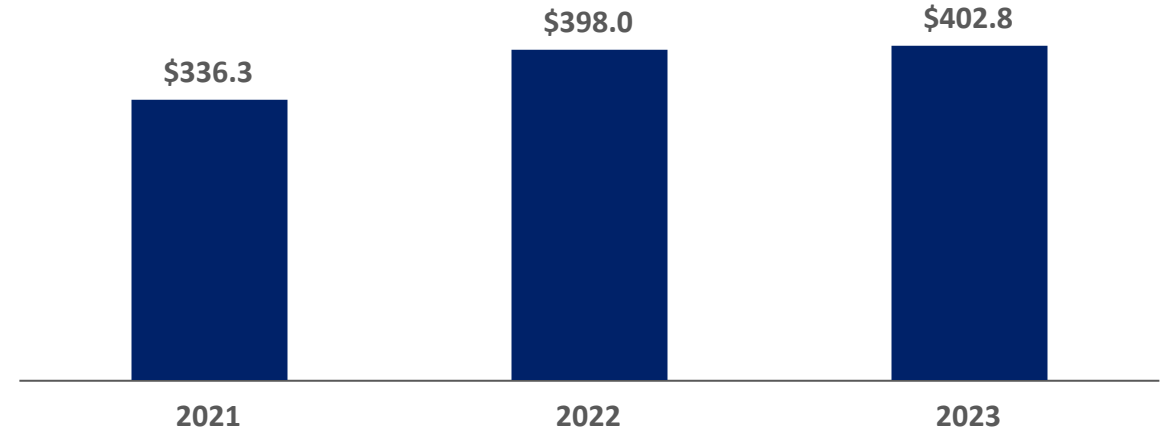
BT D

- Product pricing, favorable product mix and higher sales volumes, resulting in increased profit margins
- End market demand mixed, increased sales volumes largely driven by growth with existing customers
- Georgia expansion project underway, and expect to finish the project in early 2025

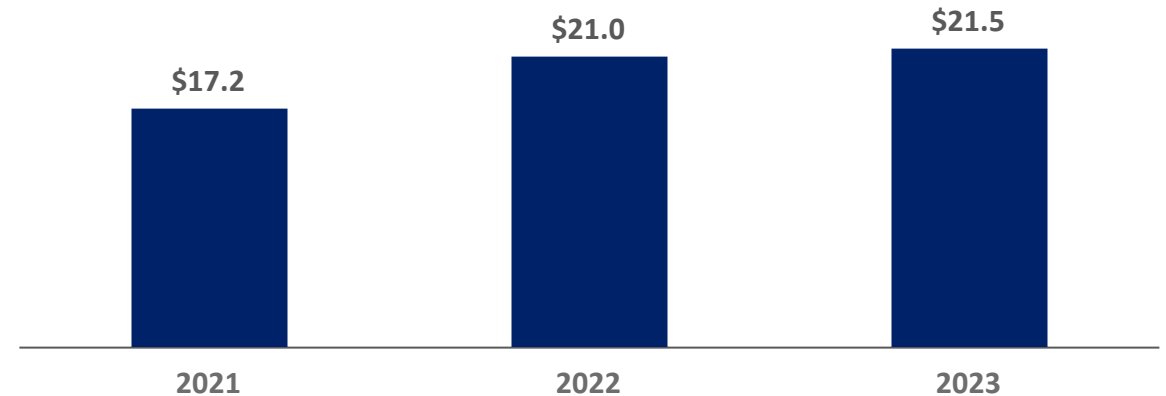
T.O. Plastics

- Decreased horticulture sales volumes as lead times have normalized and customers are reducing their inventory and returning to normal seasonal buying patterns

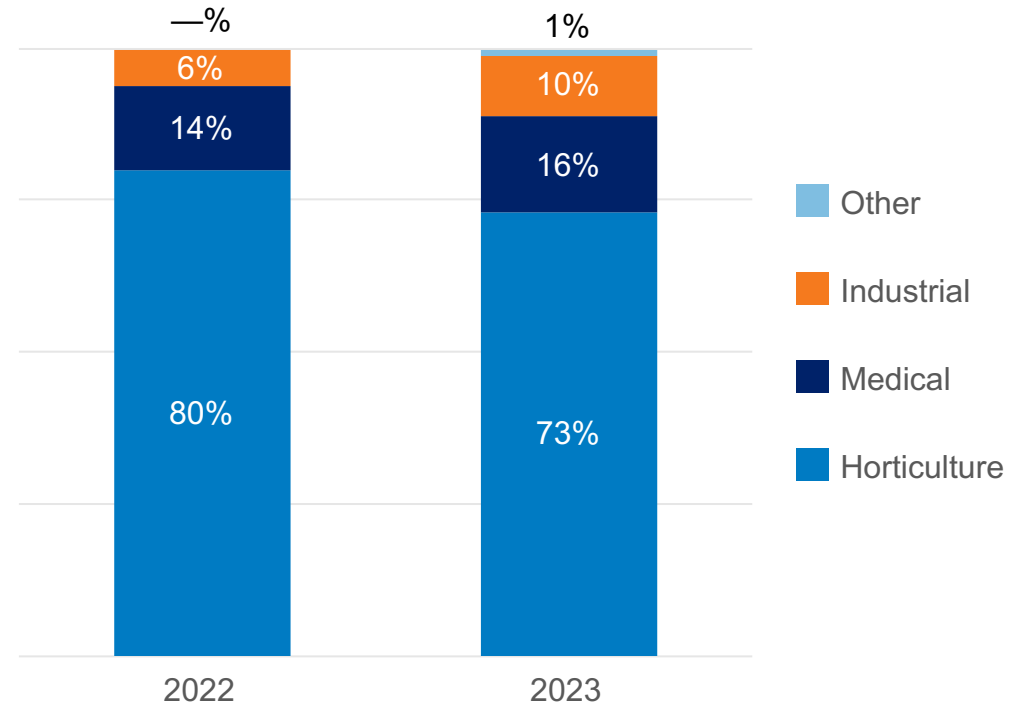
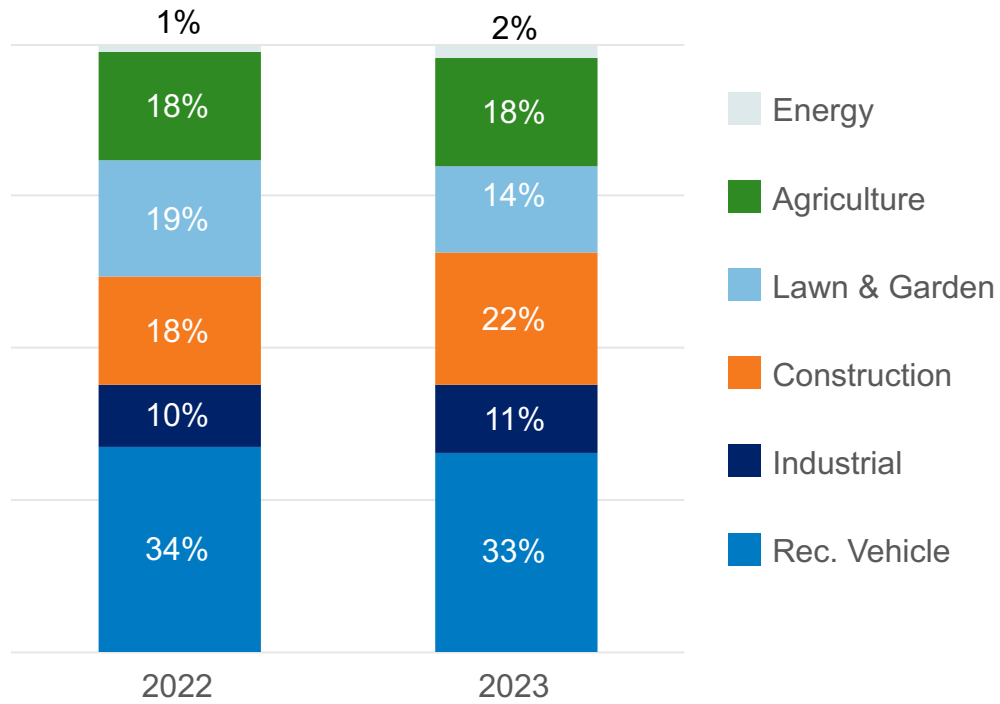
Operating Revenue (in millions)









Net Income (in millions)



Manufacturing Sales by End Market



End Market Outlook - Manufacturing Segment

End Market	2024 Outlook	Comments
BTD Manufacturing		
Recreational Vehicles (ATVs, UTVs, etc.)		<ul style="list-style-type: none"> • Dealer inventory 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
Lawn & Garden		<ul style="list-style-type: none"> • Dealer inventory growing and residential demand has softened as it normalizes to pre-COVID levels • Discretionary spending is being impacted by inflation and interest rate environment
Construction		<ul style="list-style-type: none"> • Inventory remains low for specific heavy equipment such as large excavators and earth moving equipment • Overall construction end-market forecasting a softness of ~5-10%
Agriculture		<ul style="list-style-type: none"> • Anticipating large agriculture volume to normalize to historic levels as 2022/2023 volume peaked as market was underserved • Overall agriculture end-market forecasting a softness of ~10%
Power Generation <i>(component of Industrial end market)</i>		<ul style="list-style-type: none"> • Strong demand continues for commercial industry we serve • Amazon, Google and Facebook driving demand for data center back-up power
T.O. Plastics		
Horticulture		<ul style="list-style-type: none"> • Elevated distributor and grower inventory levels from precautionary buying during the pandemic leading to reduced demand • Backlog levels stabilizing as industry supply chain challenges have abated and lead times have returned to pre-pandemic levels • CEA (controlled environment agriculture) market for fruits and vegetables continuing to expand

Plastics Operations

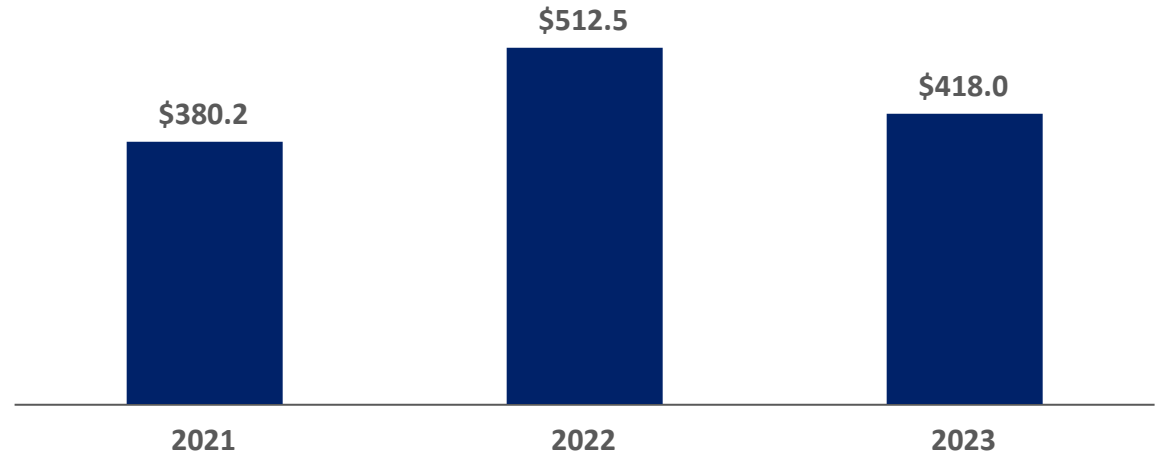


- Manufactures and sells polyvinyl chloride (PVC) pipe to distributors. Pipe is used in municipal water, rural water, wastewater, and storm drainage systems
- Plants located in Fargo, ND & Phoenix, AZ
- Approximate production capacity of 350 mm lbs. of PVC

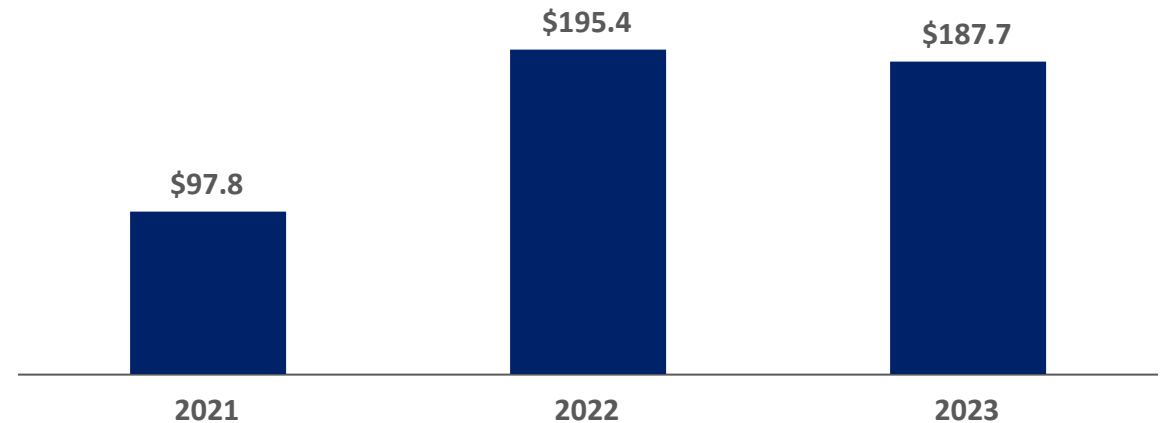
Highlights

- Gross profit margins higher in 2023 as compared to 2022 as the cost of PVC resin and other input costs decreased more rapidly than the sales prices
- Sales volumes decreased in 2023 from 2022 primarily due to distributor destocking efforts
- Vinyltech plant upgrades and expansion underway
 - Expect to bring 26 million pounds of large diameter capacity online in 2nd half of 2024
 - Phase 2 - will add another line in early 2026, providing an additional 26 million pounds of capacity

Operating Revenue (in millions)



Net Income (in millions)



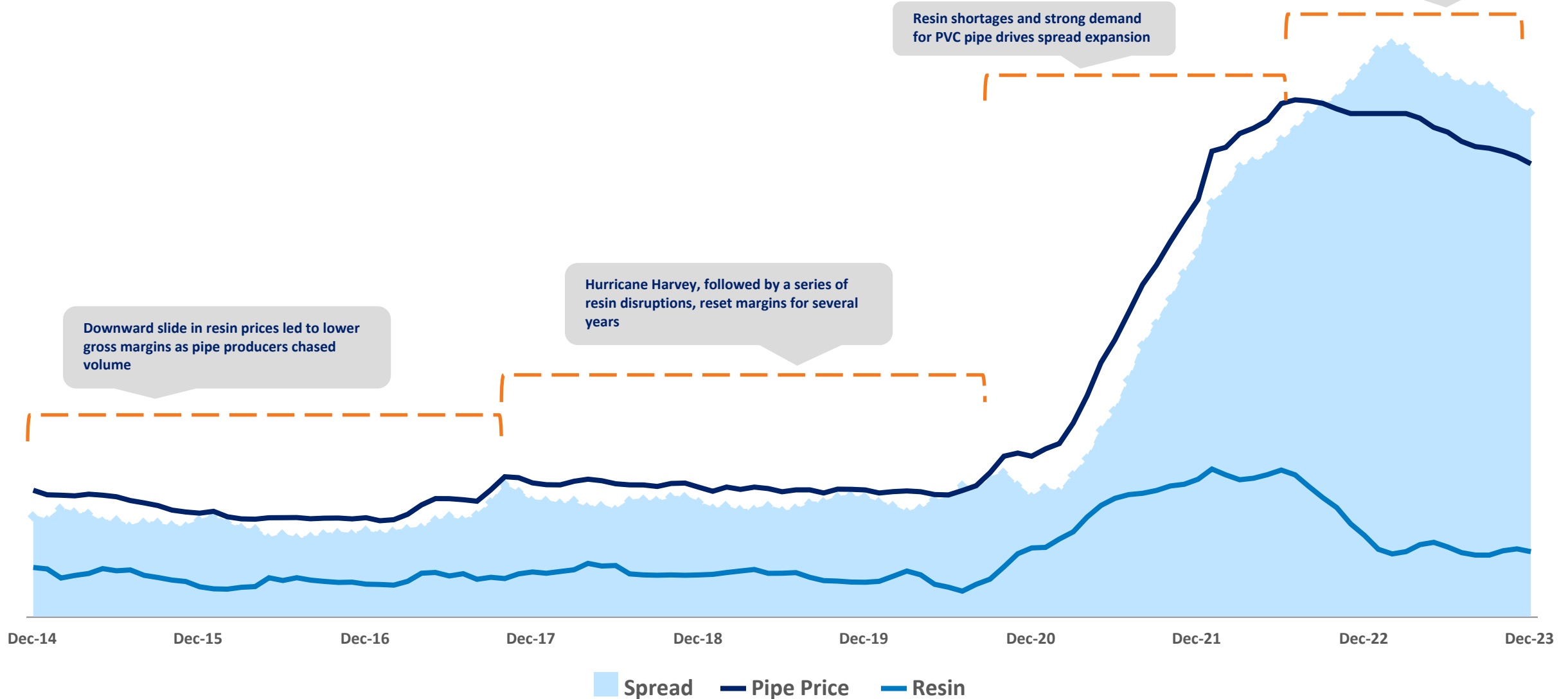
Historical Resin, Pipe Price and Spreads

Resin prices have declined and seemingly leveled off. Sales prices are gradually receding

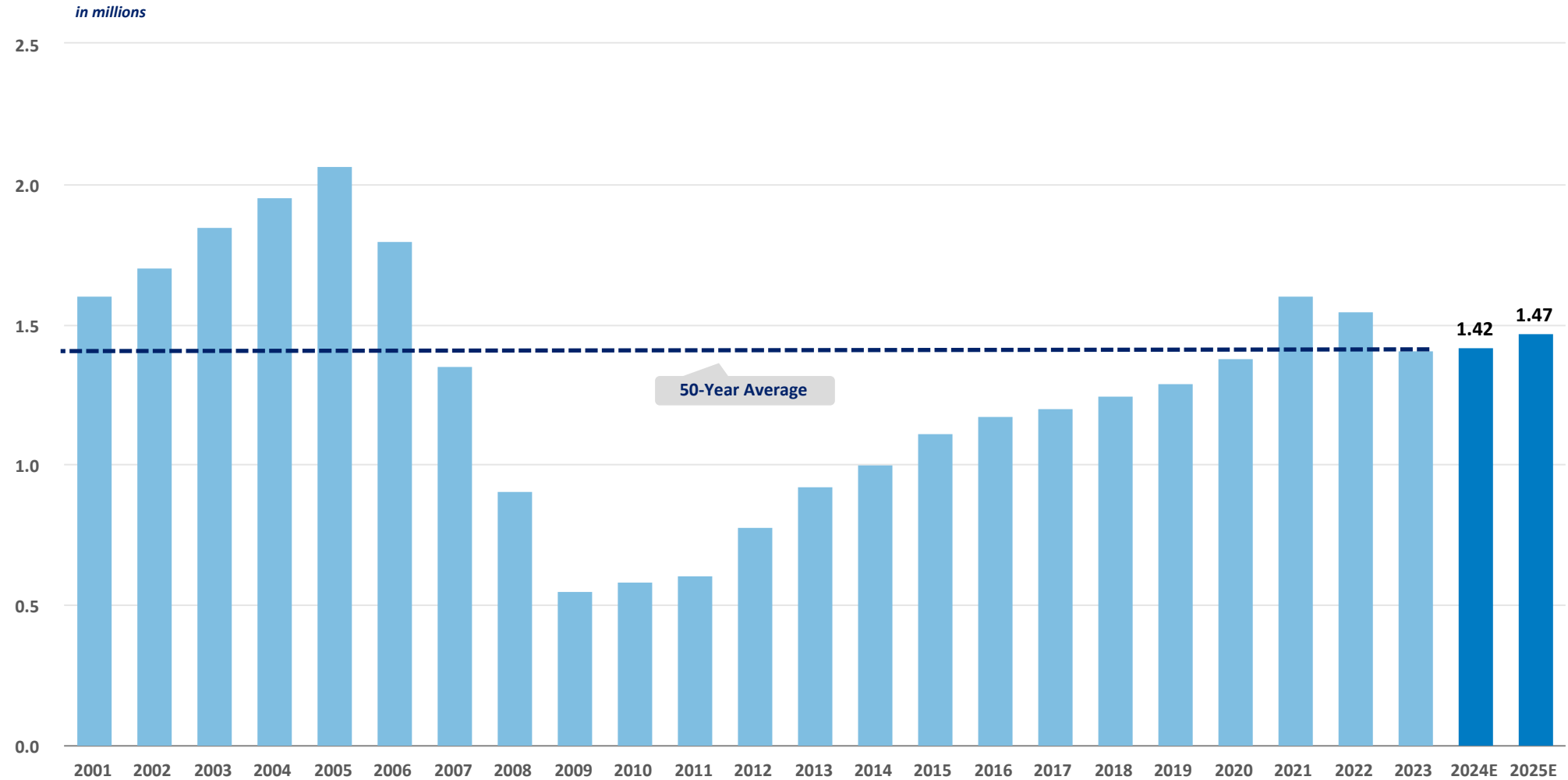
Resin shortages and strong demand for PVC pipe drives spread expansion

Hurricane Harvey, followed by a series of resin disruptions, reset margins for several years

Downward slide in resin prices led to lower gross margins as pipe producers chased volume



Annual U.S. Housing Starts



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

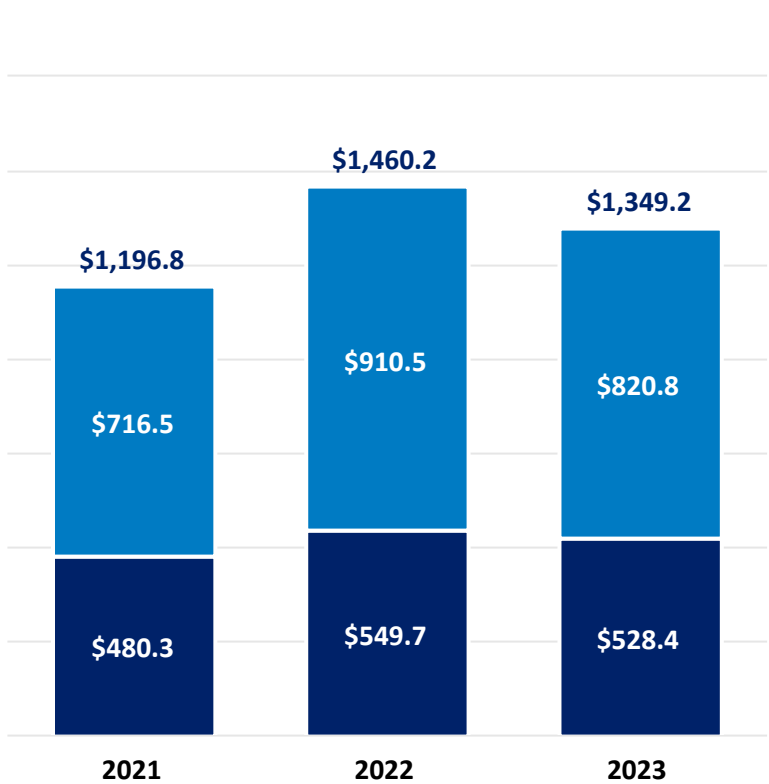
FINANCIAL UPDATE

Financial Overview

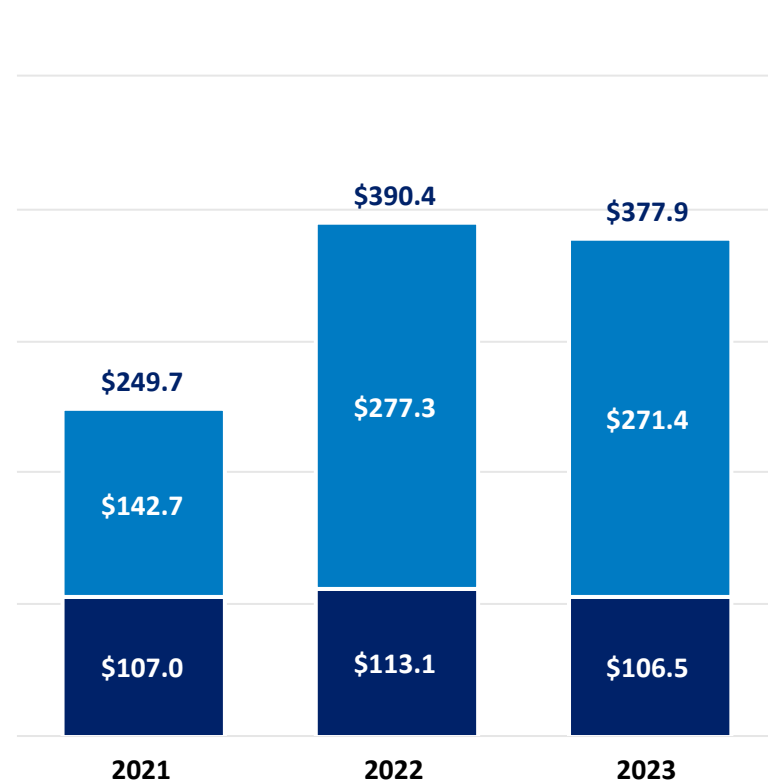
\$ in millions

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

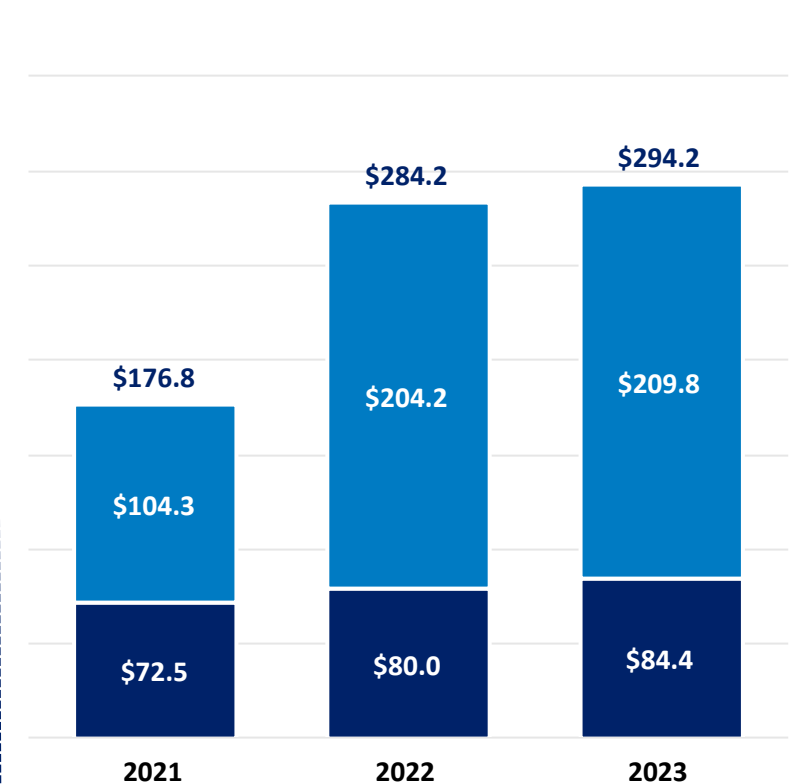
Operating Revenues



Operating Income



Net Income



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

Diluted EPS: Q4 2022 vs Q4 2023

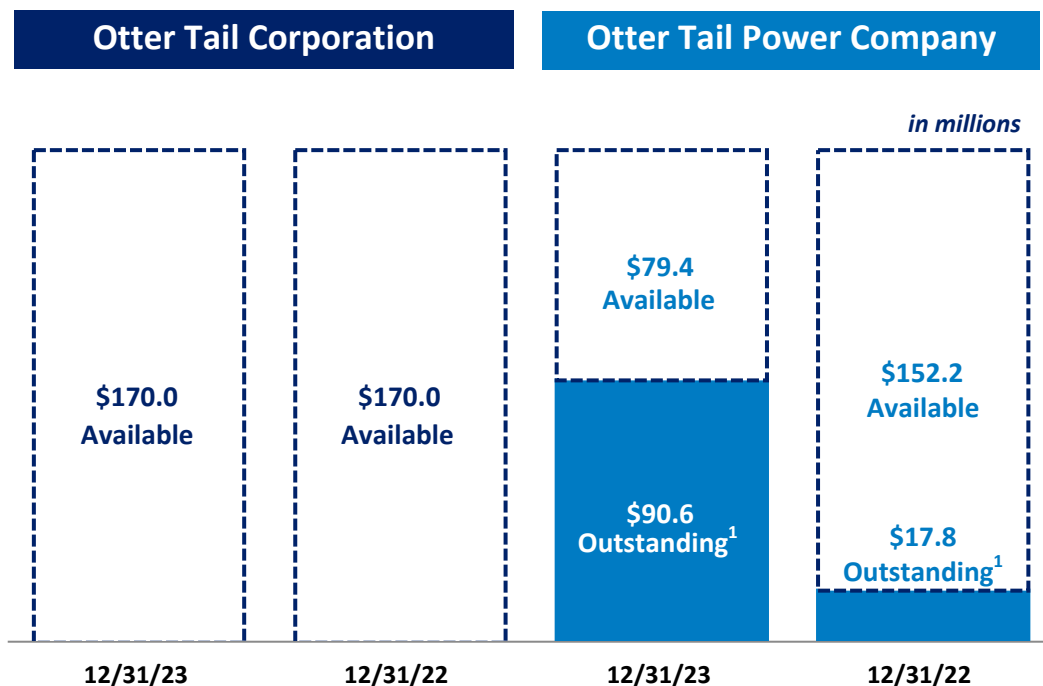
		Electric	Manufacturing	Plastics	Corporate	Total
	Q4 2022 DILUTED EARNINGS PER SHARE	\$ 0.41	\$ 0.07	\$ 0.59	\$ (0.07)	\$ 1.00
Electric	Sales volumes	0.07	—	—	—	0.07
	Pension plan costs	0.06	—	—	—	0.06
	Rider revenues	0.04	—	—	—	0.04
	Impact of unfavorable weather	(0.08)	—	—	—	(0.08)
	Transmission services revenue	(0.05)	—	—	—	(0.05)
	O&M expense	(0.03)	—	—	—	(0.03)
	Depreciation, property taxes and interest	(0.02)	—	—	—	(0.02)
Manufacturing	Product pricing and favorable product mix	—	0.07	—	—	0.07
	Sales volume	—	0.02	—	—	0.02
	Labor and non-labor cost increases	—	(0.07)	—	—	(0.07)
	O&M and depreciation expense	—	(0.06)	—	—	(0.06)
Plastics	Sales volume	—	—	0.40	—	0.40
	Gross profit margin	—	—	(0.04)	—	(0.04)
	O&M expense	—	—	(0.01)	—	(0.01)
Corporate	Earnings on cash balance investments	—	—	—	0.05	0.05
	O&M expense	—	—	—	0.02	0.02
	Q4 2023 DILUTED EARNINGS PER SHARE	\$ 0.40	\$ 0.03	\$ 0.94	\$ 0.00	\$ 1.37

Diluted EPS: 2022 vs 2023

		Electric	Manufacturing	Plastics	Corporate	Total
	2022 DILUTED EARNINGS PER SHARE	\$ 1.91	\$ 0.50	\$ 4.66	\$ (0.29)	\$ 6.78
Electric	Commercial & industrial sales volumes	0.19	—	—	—	0.19
	Pension plan costs	0.17	—	—	—	0.17
	Rider revenue	0.17	—	—	—	0.17
	O&M expense	(0.17)	—	—	—	(0.17)
	Impact of unfavorable weather	(0.09)	—	—	—	(0.09)
	Finalization of Minnesota interim rates in 2022	(0.07)	—	—	—	(0.07)
	Depreciation and property taxes	(0.04)	—	—	—	(0.04)
	Interest expense	(0.03)	—	—	—	(0.03)
Manufacturing	Product pricing and favorable product mix	—	0.40	—	—	0.40
	Sales volume	—	0.15	—	—	0.15
	Labor and non-labor cost increases	—	(0.28)	—	—	(0.28)
	O&M and depreciation expense	—	(0.17)	—	—	(0.17)
	Unfavorable cost absorption	—	(0.09)	—	—	(0.09)
Plastics	Gross profit margin	—	—	0.54	—	0.54
	Sales volume	—	—	(0.73)	—	(0.73)
Corporate	Earnings on cash balance investments	—	—	—	0.13	0.13
	Gains on COLI policies and other investments	—	—	—	0.10	0.10
	O&M expense	—	—	—	0.07	0.07
	2023 DILUTED EARNINGS PER SHARE	\$ 2.01	\$ 0.51	\$ 4.47	\$ 0.01	\$ 7.00

Liquidity, Cap Structure and Credit Ratings

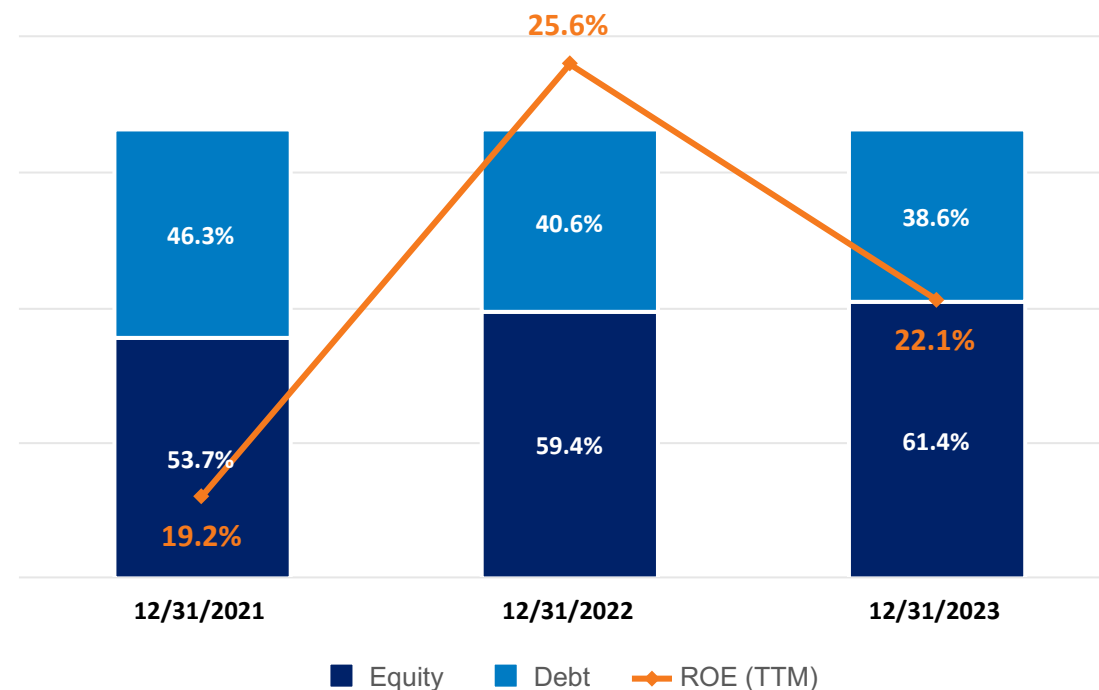
Liquidity: Line of Credit Availability



¹Amounts include outstanding letters of credit

Expiration Date: October 29, 2027

Consolidated Capital Structure & ROE



Credit Ratings

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

2024 Earnings Guidance

<i>Diluted EPS</i>	<i>Actual</i>		<i>2024 Guidance</i>	
	<i>2022</i>	<i>2023</i>	<i>Low</i>	<i>High</i>
Electric	\$ 1.91	\$ 2.01	\$ 2.13	\$ 2.17
Manufacturing	0.50	0.51	0.51	0.55
Plastics	4.66	4.47	2.62	2.81
Corporate	(0.29)	0.01	(0.13)	(0.10)
Total	\$ 6.78	\$ 7.00	\$ 5.13	\$ 5.43
<i>Return on Equity</i>	<i>25.6 %</i>	<i>22.1 %</i>	<i>14.3 %</i>	<i>15.1 %</i>

Capital Expenditures

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

Five Year Financing Plan

Long-Term Financing

2023
(Actual)

2024-2028
(Planned)

\$ in millions

LONG-TERM DEBT

Otter Tail Power

Issuances	\$	—	\$	540
Retirements		—		(42)

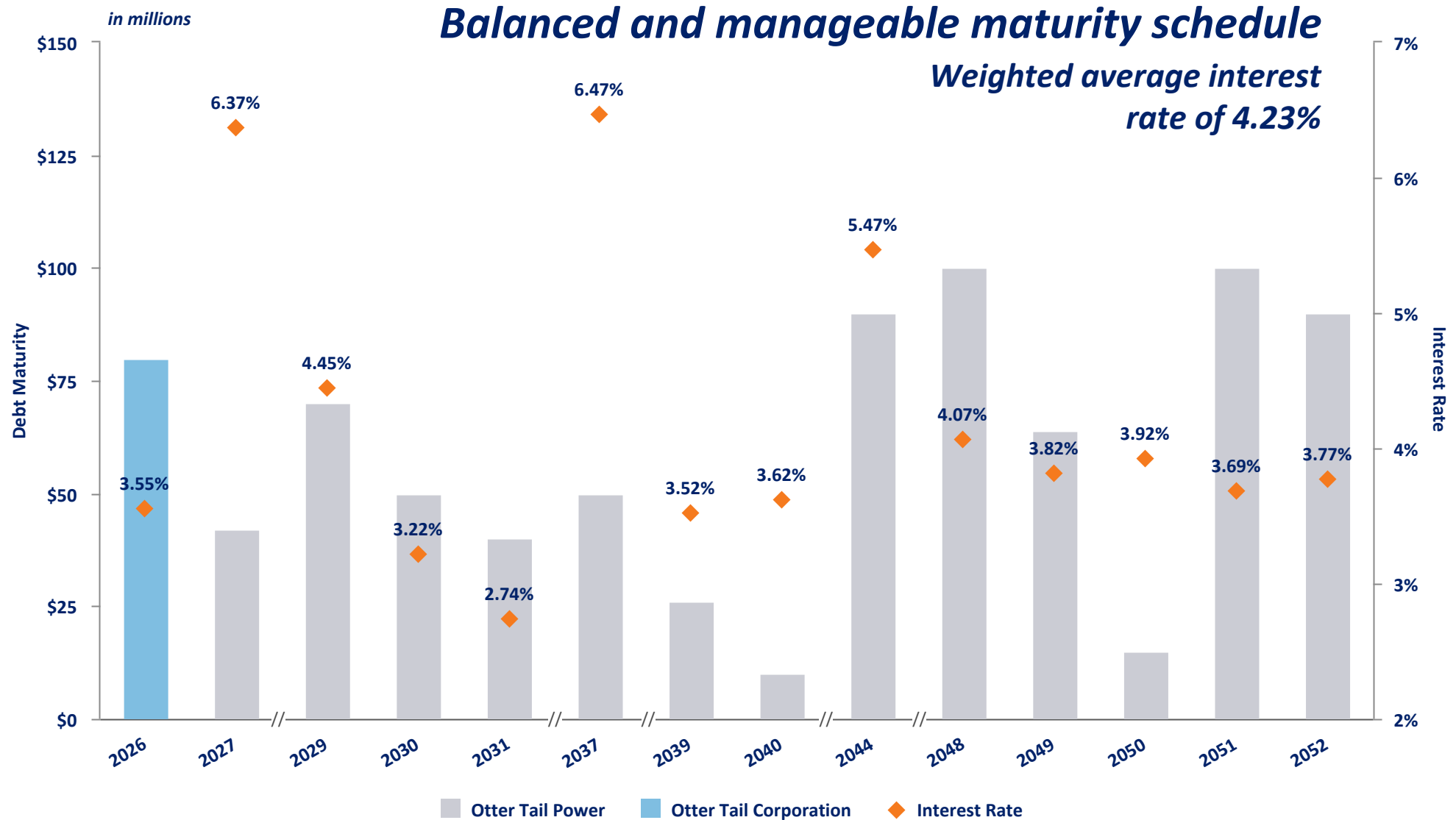
Otter Tail Corporation (Parent)

Issuances		—		—
Retirements		—		(80)

Net Debt Increase	\$	—	\$	418
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EQUITY - No material external equity issuances planned in next five years

Bond Maturity Schedule

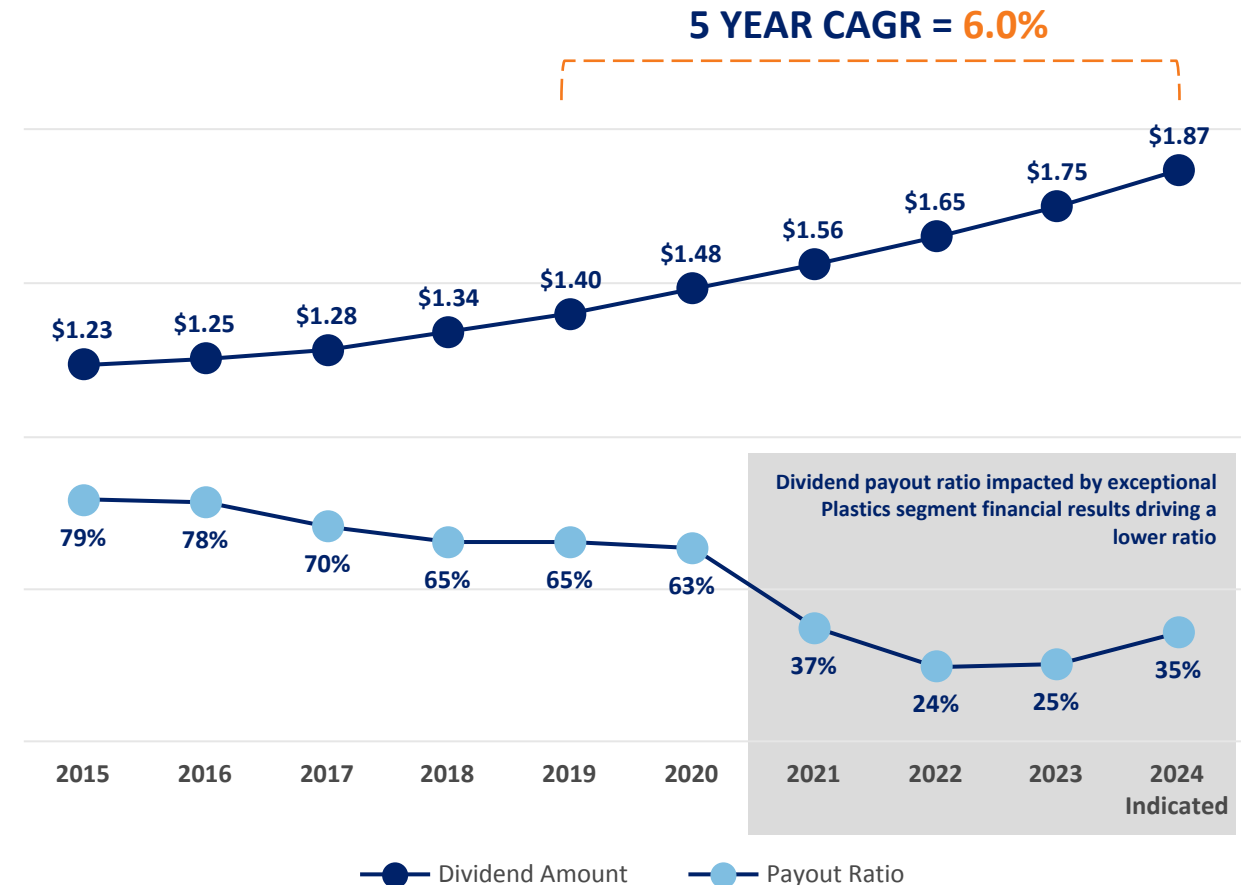


History of Dividend Growth

Our Dividend Story

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

Dividend Growth & Payout Ratio



OTTR Investment Targets

Total Shareholder Return

8-10%

Long-Term EPS
Growth Rate

5-7%

Dividend Yield

~ 3%

Dividend
Growth
Rate

5-7%

(Targeted
payout ratio
50-60%)

Balanced Growth and Income Strategy

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



OTTER TAIL
CORPORATION

www.ottertail.com