

Q1 2025

# Earnings Conference Call



# Safe Harbor

## 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



## ELECTRIC

Founded in 1907

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

Regulated and vertically  
integrated electric utility



## MANUFACTURING

Owned and operated  
for over 20 years

Diverse end-markets

High utilization of asset base



northern pipe products



## Investment Thesis

1

**Strategic diversification** for growth over long-term cycles

4

Uninterrupted dividend for 86 years, part of **9-11%** TSR target

2

Internally financed investment:  
**Growth without equity needs**

5

**Utility industry leading ROE** and **TSR** track record

3

Long-term EPS growth rate: **6-8%**

6

Targeted earnings mix:  
**65% Electric / 35% Manufacturing**

# Key Highlights

## Financial Results

- Q1 Results On Target - Earnings of \$68.1M; Diluted EPS of \$1.62
- ROE (trailing twelve months): 18.3%
- Available liquidity of \$607M

## Positioned for Future Growth

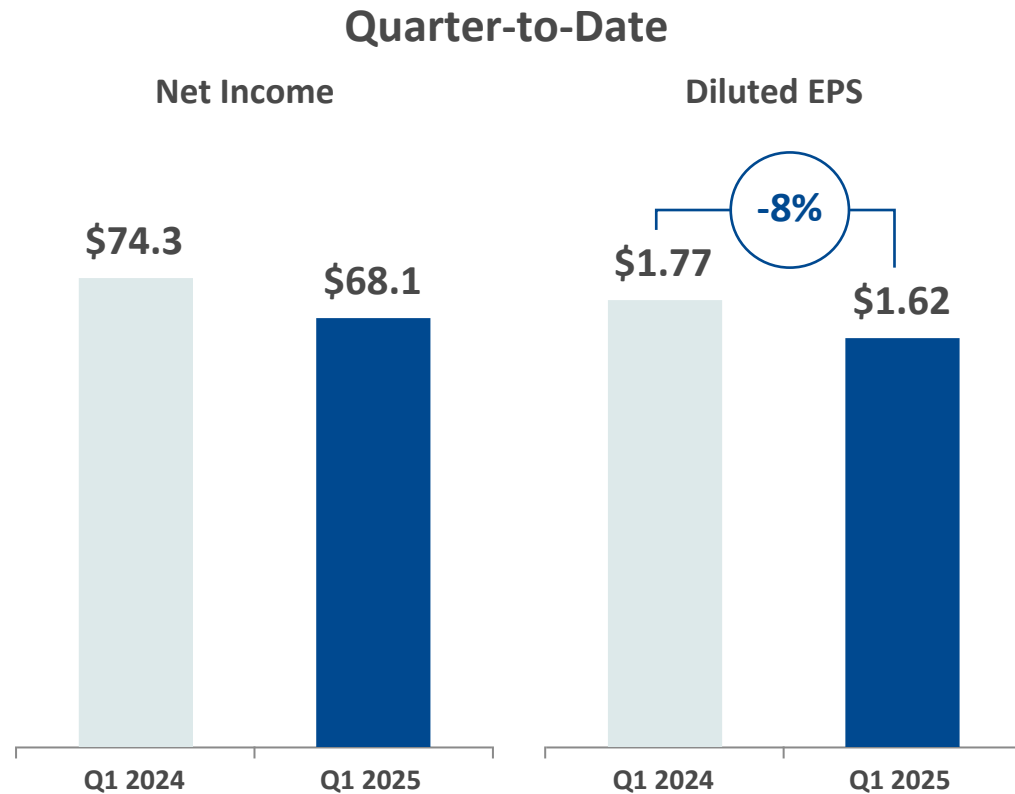
- Robust Electric segment capital investment plan
- Final rates in North Dakota rate case implemented in March 2025
- Service agreement reached with new large load electric customer
- BTD Georgia facility expansion complete
- New large diameter PVC pipe line at Vinyltech performing well

## 2025 Outlook

- Affirming 2025 earnings guidance of \$5.68 to \$6.08

# Financial Summary

\$ in millions, except per share data



## Affirming 2025 EPS Guidance

Guidance Midpoint: **\$5.88**

Projected ROE: **14.2%**

Electric segment earnings growth: **7%**

# Operating Environment

Segment	Risks & Mitigations
Electric	<p><b>Tariffs</b></p> <ul style="list-style-type: none"> <li>• Risk of increased CapEx cost, which may alter investment recovery timing or requested amount</li> <li>• Many major materials can be sourced domestically, from different countries or qualify under USMCA</li> <li>• No bi-lateral power purchase agreements with Canadian suppliers</li> </ul> <p><b>IRA Changes</b></p> <ul style="list-style-type: none"> <li>• Bipartisan congressional support for continuation of tax credits with active advocacy, including from EEI, outlining benefits of tax credits for renewable generation</li> <li>• Near-term renewable projects expected to qualify under existing technology-specific rules</li> <li>• Anticipate transferability to continue for existing and in-process projects</li> <li>• MN Clean Energy Law supportive of renewable generation investments</li> </ul>
Manufacturing	<p><b>Tariffs</b></p> <ul style="list-style-type: none"> <li>• Substantially all steel sourced domestically</li> <li>• Ability to pass through higher domestic steel costs to our customers</li> <li>• Extent and duration of tariffs may create sales volume risk and/or opportunities</li> <li>• Monitoring for end market demand changes; leadership team experienced in managing through economic cycles</li> </ul>
Plastics	<p><b>Tariffs</b></p> <ul style="list-style-type: none"> <li>• All PVC resin domestically sourced</li> <li>• Product demand remains robust; monitoring for changes in residential and commercial development activity</li> </ul>

## Tariff Impact:

Manageable impact; significant economic downturn is primary risk

## IRA Changes:

No anticipated near-term risk; potential impact to longer-term renewable capital investments

# Electric Platform





# North Dakota Rate Case

Constructive Outcome Achieved

## Final Rates

- Implemented March 2025

## Interim rates

- Effective January 1, 2024
- No refund of interim rates required

## ND Public Service Commission Approval of Settlement Agreement

December 2024

Net revenue  
increase:  
**\$13.1M**  
(6.18% increase)

ROE:  
**10.1%<sup>1</sup>**  
(previous 9.77%)

Equity layer:  
**53.5%**  
(previous 52.5%)

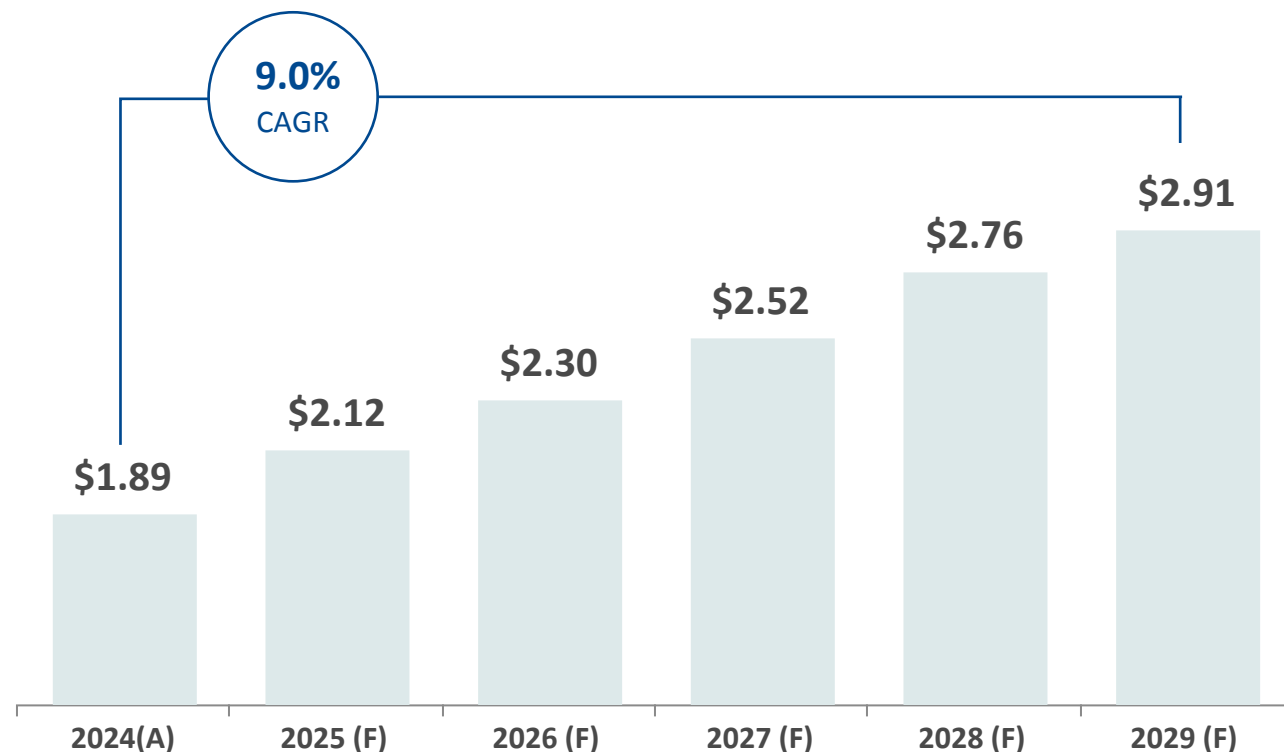


# Rate Base Investment Plan

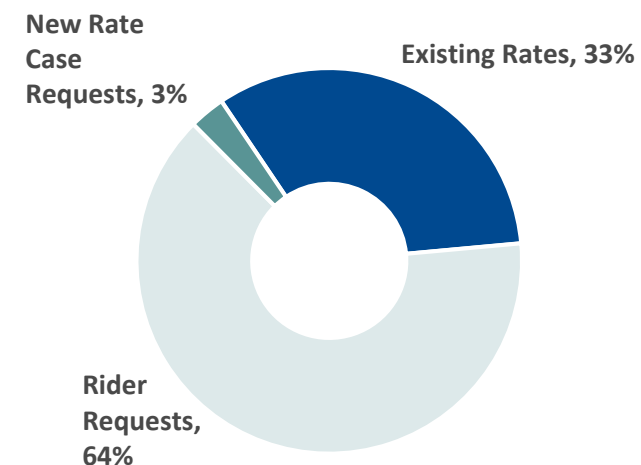
Customer-Focused Plan with Limited Rate Case Recovery Needed

## Significant Rate Base Growth

\$ in billions



## Expected Capital Investment Recovery Mechanisms



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

# Project Updates

## Advanced Metering Infrastructure

Est. investment:  
**\$60M**

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Est. completion date:  
**2025**

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Recovery mechanism:  
**Approved riders**

## Wind Repowering

Est. investment:  
**\$230M**

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

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Recovery mechanism:  
**Approved riders**

## Solway Solar

Est. investment:  
**\$100M**

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Est. completion date:  
**2026**

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Recovery mechanism:  
Filed request for rider  
recovery in MN and SD

## Abercrombie Solar

Est. investment:  
**\$450M**

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Est. completion date:  
**2028**

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Recovery mechanism:  
Filed request for rider  
recovery in MN and SD

# Project Updates

Continued

## MISO LRTP<sup>1</sup> Tranche 1

Est. investment:  
**\$475M**

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Est. completion date:  
**2032**

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Recovery mechanism:  
**MISO tariff with  
state riders**

## MISO LRTP Tranche 2.1

Est. investment:  
**\$700M**

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Est. completion date:  
**2034**

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Recovery mechanism:  
**MISO tariff with  
state riders**

## JTIQ<sup>2</sup>

Est. investment:  
**\$450M**

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Est. completion date:  
**2034**

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Recovery mechanism:  
**MISO tariff with  
state riders**

# 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

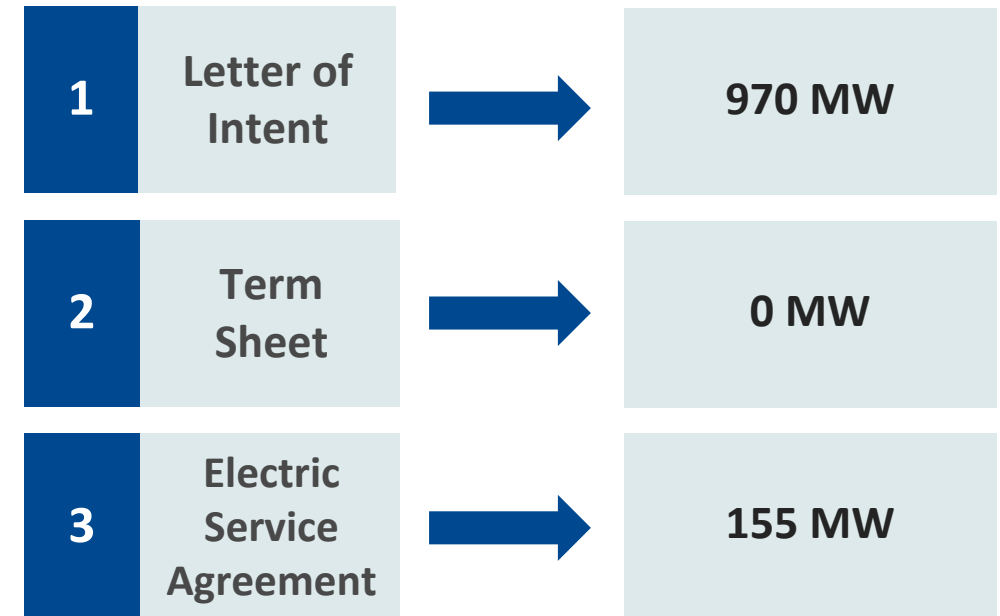
- Data centers
- Crypto mining
- Clean fuel
- Agriculture processing

## Benefits of adding large loads

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

## Phases to Secure Large Load

Existing Opportunity



**Phase 1 large load additions not included in load growth forecast**

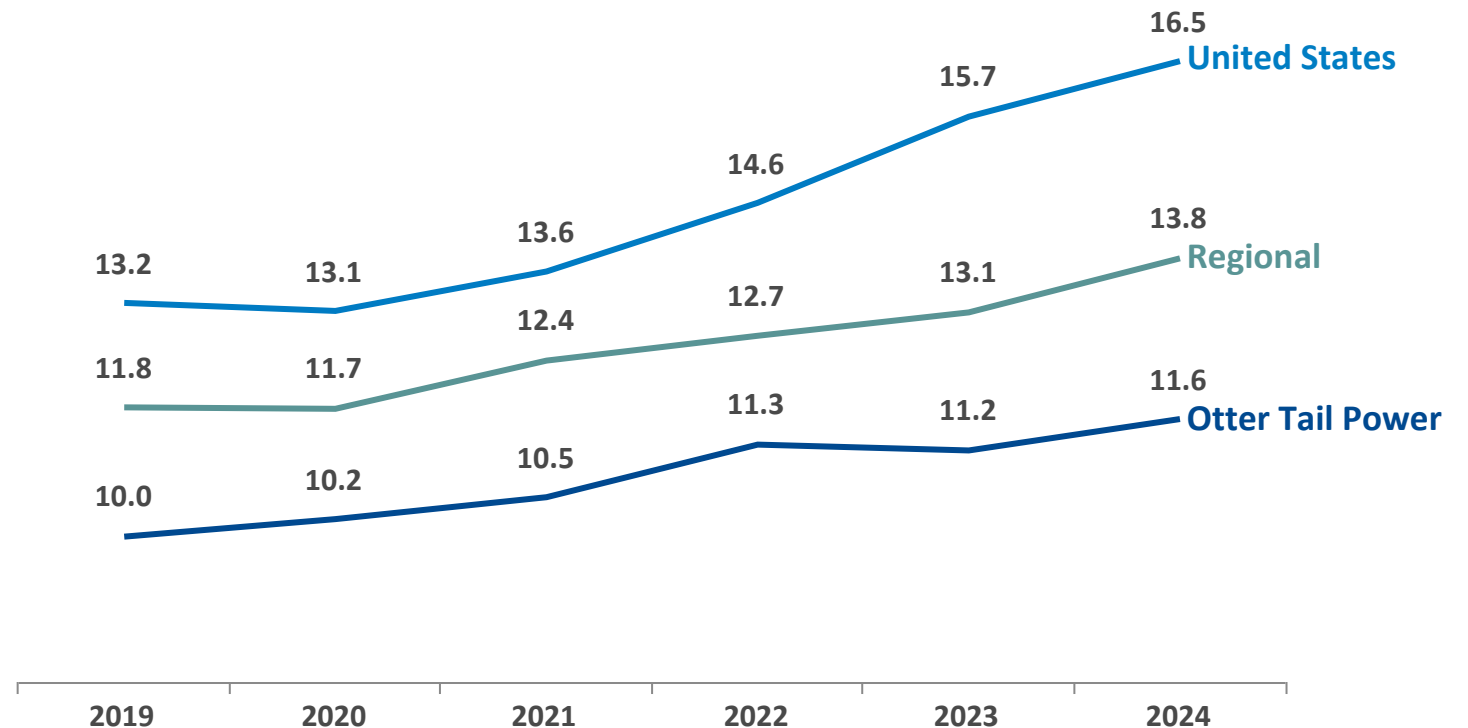
# Customer Rates and Affordability

A Proven Record of Providing Affordable Service

**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

Average Summer Residential Rate in Cents per kWh<sup>1</sup>



# Manufacturing Platform



# Industry Outlook: Manufacturing

BTD Manufacturing and T.O. Plastics

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

Internal focus on managing costs  
through down-cycle

Long-term fundamentals remain  
strong

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## Recreational Vehicle



## Lawn & Garden



## Construction



## Agriculture



## Power Generation



## Horticulture

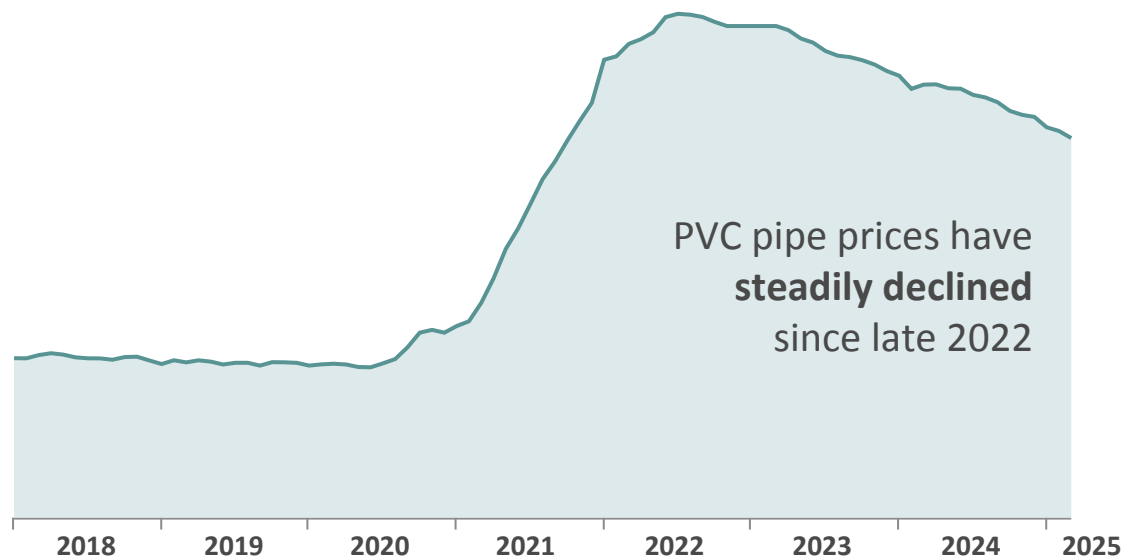




# Plastics Pricing and Volume Trends

Northern Pipe Products and Vinyltech Corporation

## Historical Sales Price of PVC Pipe<sup>1</sup>



## 2025 Trends<sup>1</sup>

	Q1
Sales Prices	↓ 11%
Sales Volumes	↑ 13%
Material Input Costs	↓ 9%

# Expansion Projects

## Positioned for Long-Term Growth

### Vinyltech Corporation

- Completion dates:
  - Phase 1 - Q4 2024
  - Phase 2 - early 2026 (estimated)
- Multi-phase expansion project, increasing production capacity (including large-diameter pipe) and resin and pipe storage
- Production capacity impact: +15% (Phase 1 and 2)
- Demand and production from new extrusion line exceeded forecast in Q1 2025

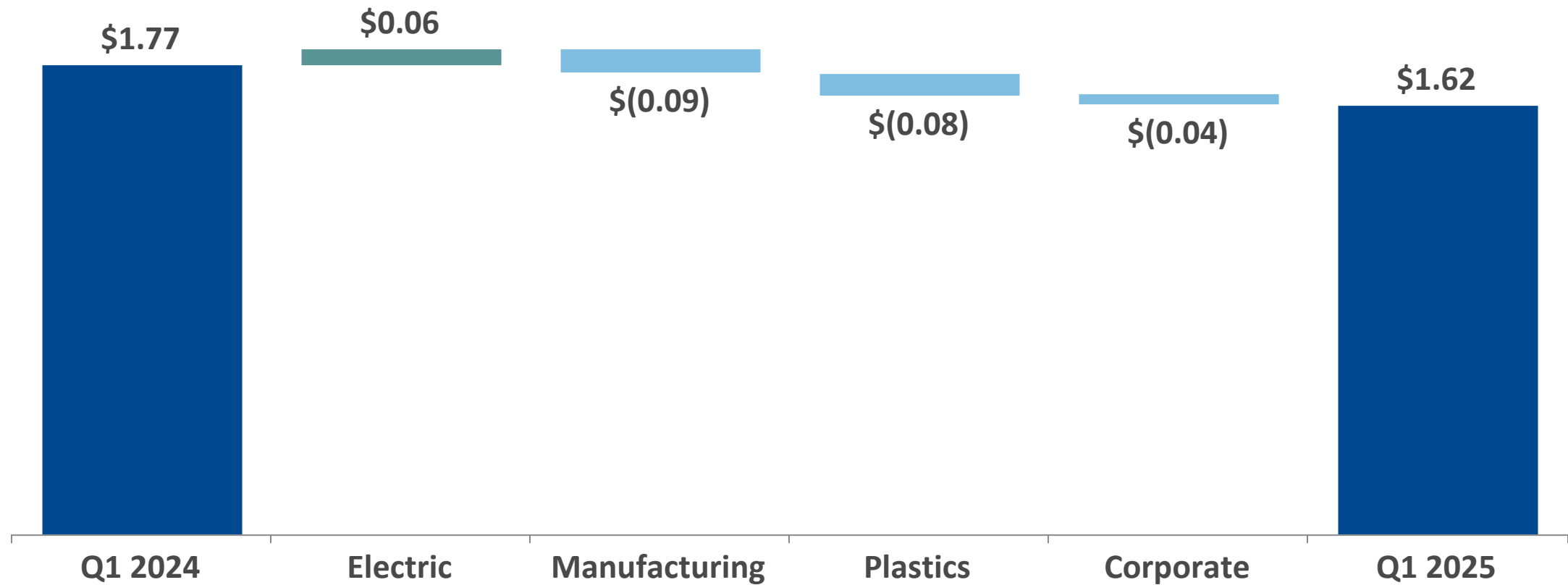
### BTD Georgia

- Completion date: Q1 2025
- Increasing capacity to grow with customers as they expand in Southeast market
- Opportunity to generate up to \$35 million in incremental annual revenue



# Financial Results

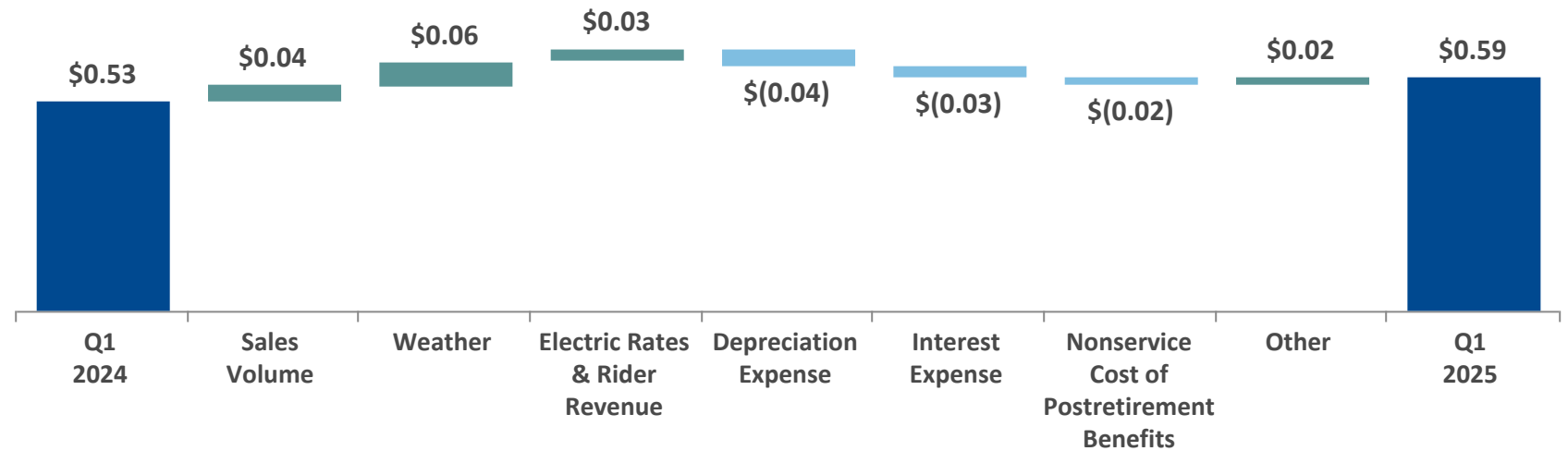
# QTD Diluted EPS



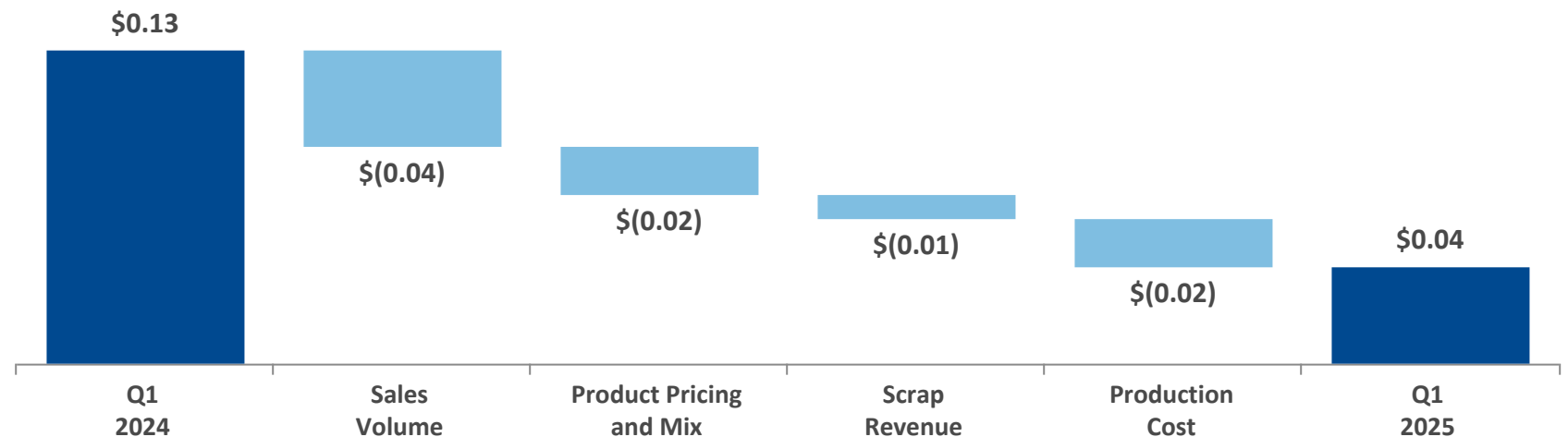
# QTD Diluted EPS

## Segment Level Detail

### Electric

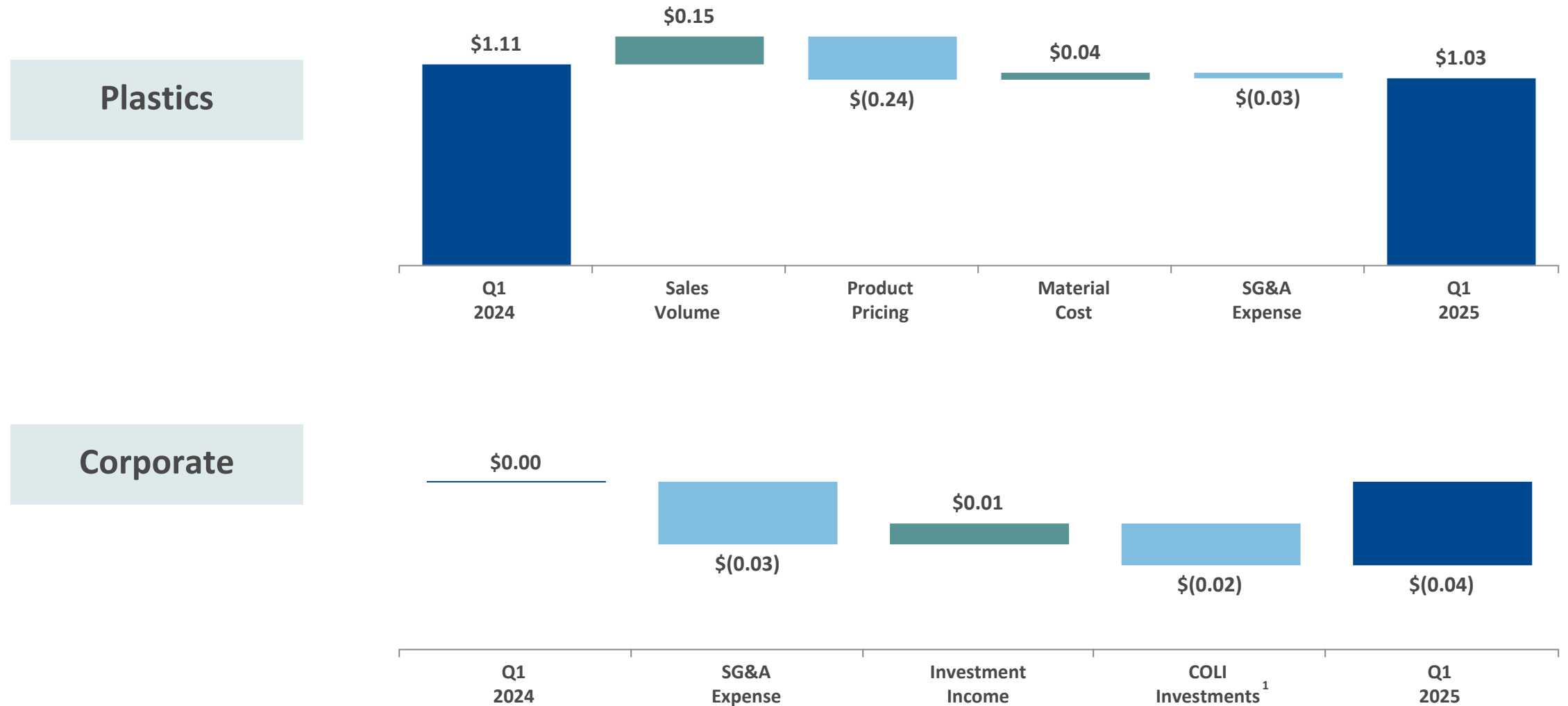


### Manufacturing



# QTD Diluted EPS

## Segment Level Detail

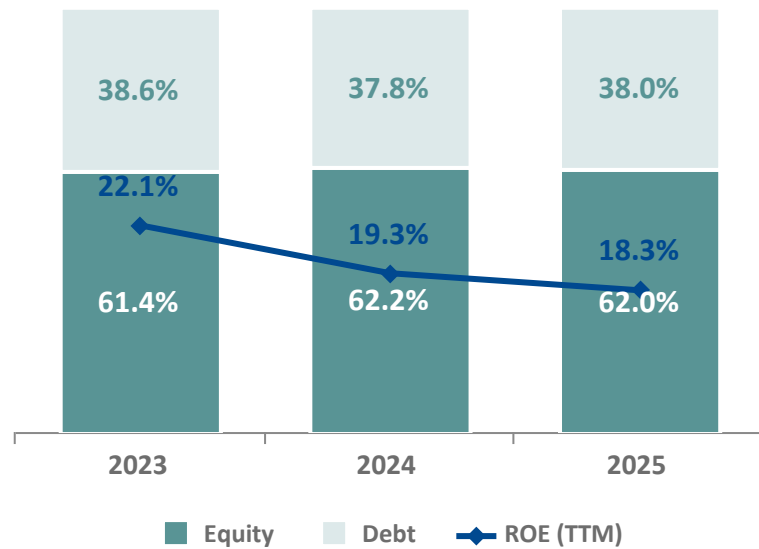




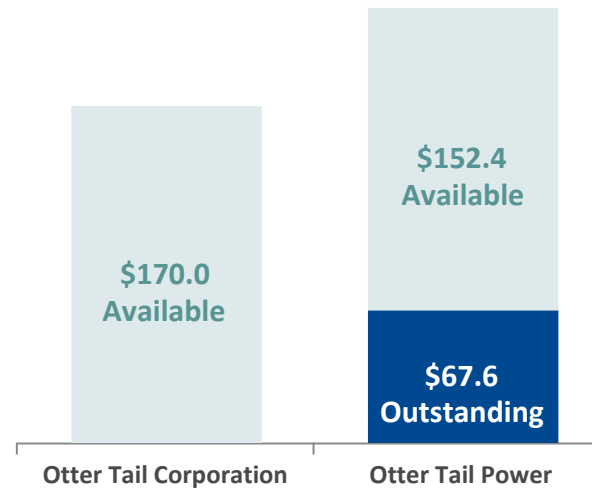
# Balance Sheet

\$ in millions

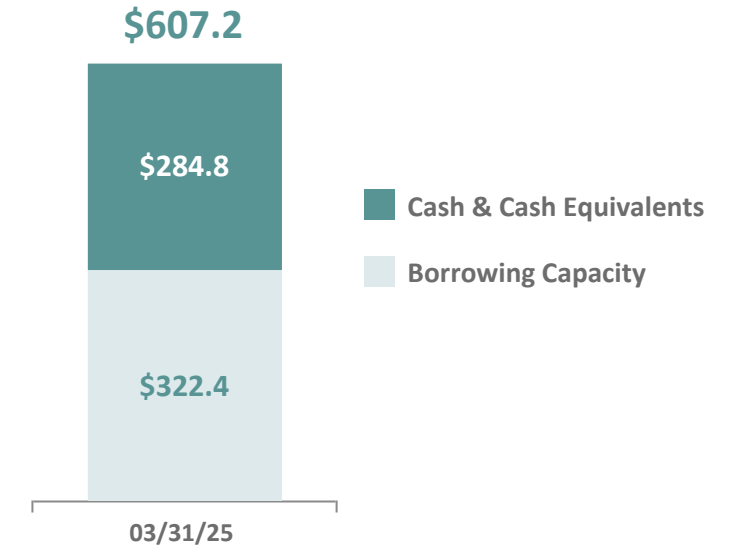
Consolidated Capital Structure and Return on Equity



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



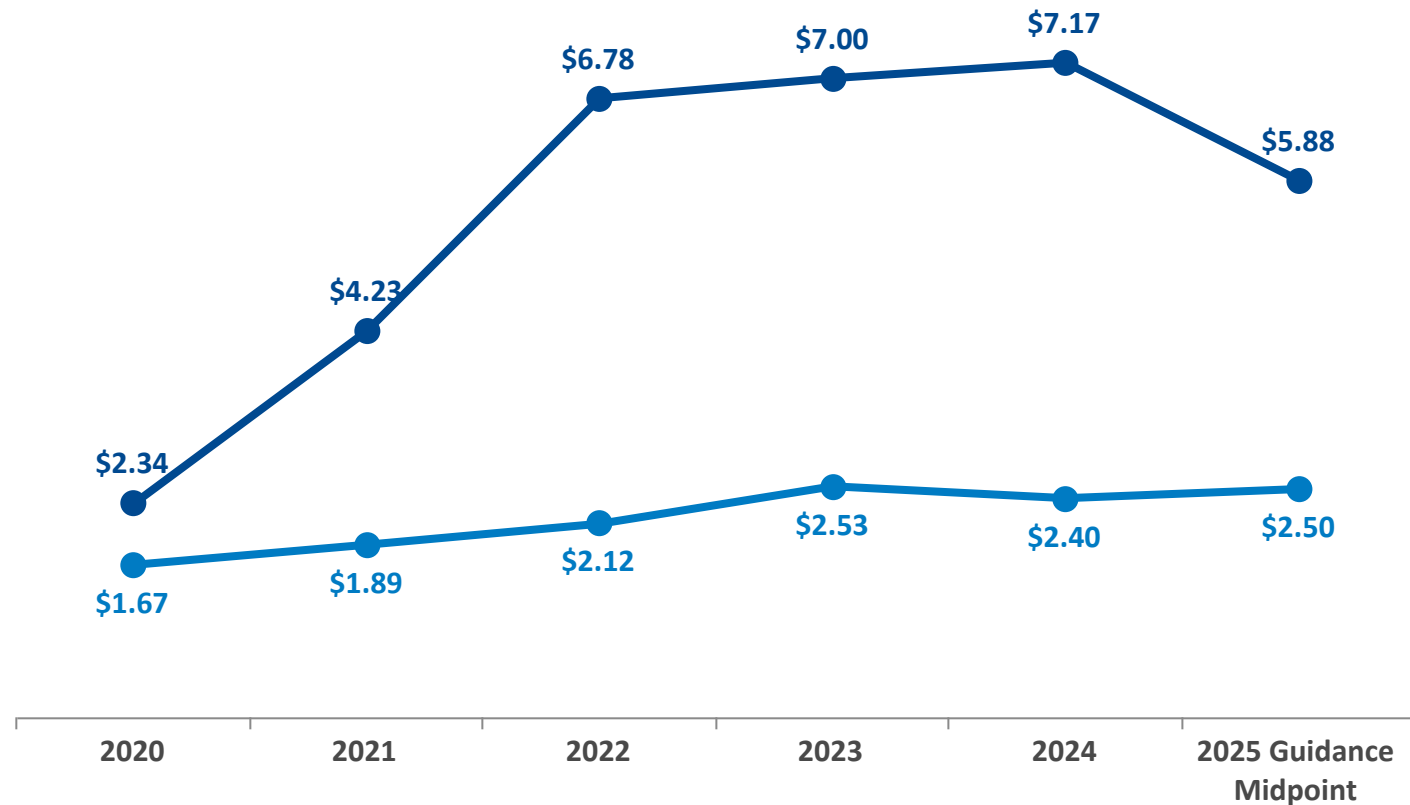
# 2025 Outlook

## Affirming Guidance

Diluted EPS	Actual		2025 Guidance	
	2023	2024	Low	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)
<b>Total</b>	<b>\$ 7.00</b>	<b>\$ 7.17</b>	<b>\$ 5.68</b>	<b>\$ 6.08</b>
Return on Equity	22.1 %	19.3 %	13.8 %	14.6 %

# EPS Growth

Robust Growth Across Our Business



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

**Consolidated EPS w/o**  
**Plastics<sup>1</sup> (5YR CAGR): 8.4%**

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

# Capital Expenditures

## Customer-Focused Capital Investment Plan

<i>in millions</i>	2025 (F)	2026 (F)	2027 (F)	2028 (F)	2029 (F)	Total
<b>Electric</b>						
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
<b>Electric Total</b>	\$ 251	\$ 308	\$ 347	\$ 357	\$ 163	\$ 1,426
<b>Manufacturing &amp; Plastics</b>	27	27	27	25	23	129
<b>Total</b>	\$ 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

# Financing Plan

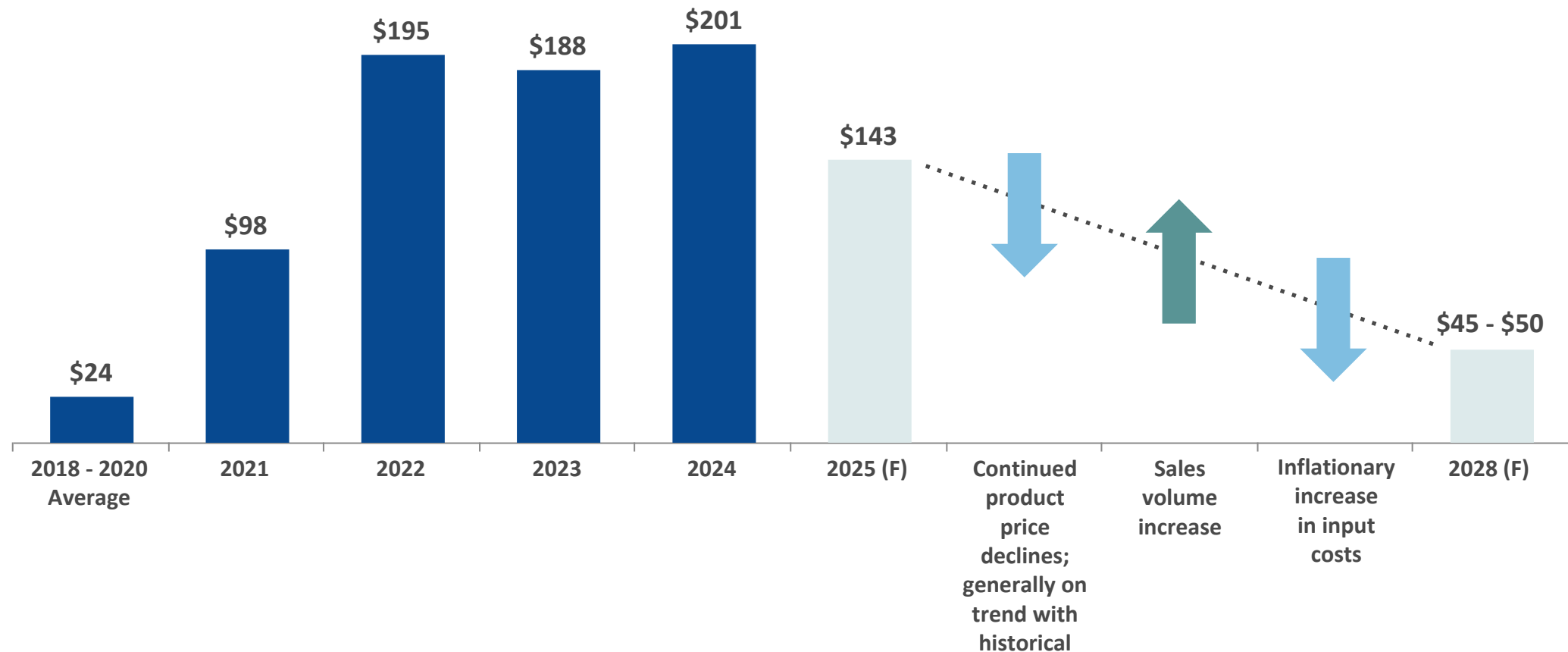
Supportive of Electric Segment Capital Plan with No Equity Needs

<i>in millions</i>	2025	2026 - 2029 (F)	5YR Total
<b>Long-Term Debt</b>			
<b>Otter Tail Power Company</b>			
Issuances	\$ 100	\$ 515	\$ 615
Retirements		(112)	(112)
<b>Otter Tail Corporation</b>			
Issuances			
Retirements		(80)	(80)
<b>Net Debt Increase</b>	\$ 100	\$ 323	\$ 423
<b>Equity</b>	\$ 0	\$ 0	\$ 0

# Normalized Plastics Earnings

Northern Pipe Products and Vinyltech Corporation

\$ in millions



# Investment Targets

**Total Shareholder Return: 9-11%**

**Long-term EPS growth  
rate: 6-8%<sup>1</sup>**

**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



# Appendix



# Otter Tail Power Regulatory Framework

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

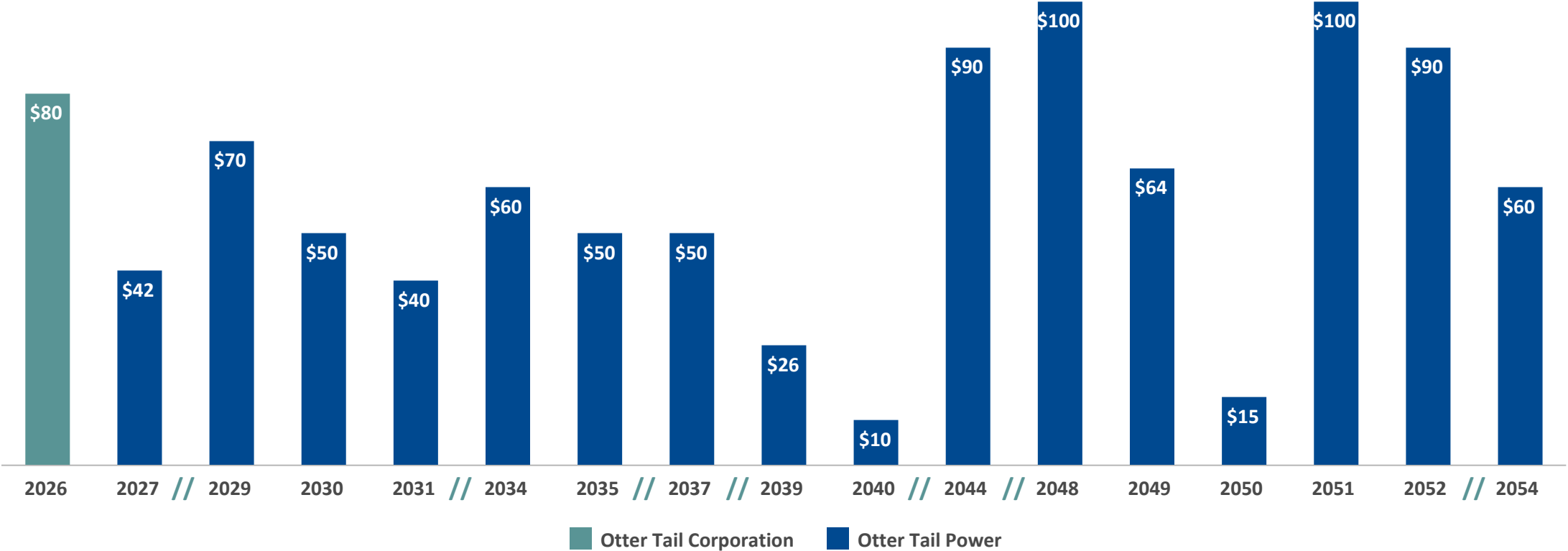
<sup>1</sup> Historical test year with known and measurable adjustments

<sup>2</sup> Earnings above a 10.20% return on equity will be shared with 70% refunded to North Dakota customers

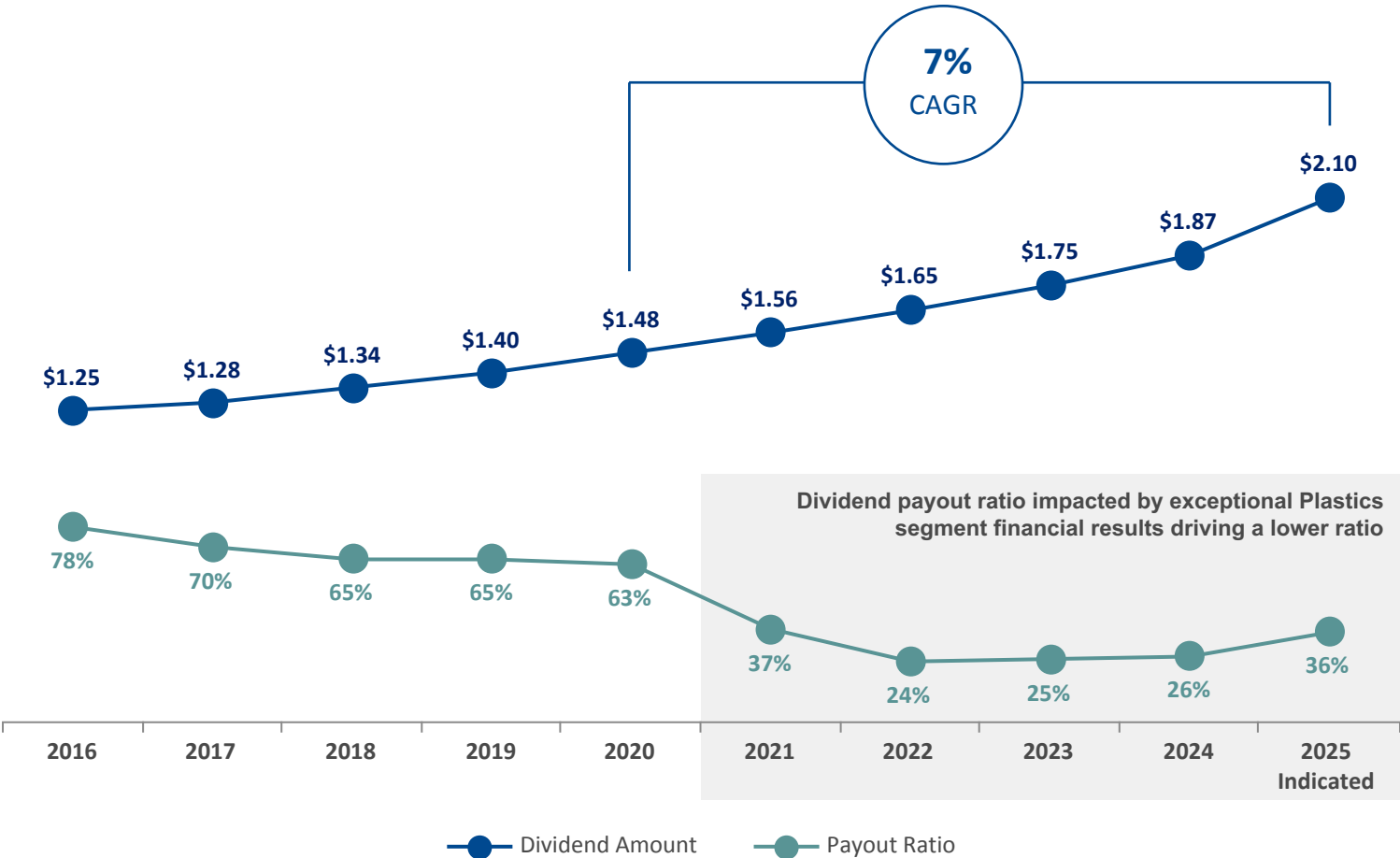
<sup>3</sup> Earnings above an 8.75% ROE up to a maximum of a 9.50% ROE due to weather-normalized revenue will be shared with 50% refunded to South Dakota customers. Earnings in excess of a 9.50% ROE will 100% be refunded to South Dakota customers

# Debt Maturity Schedule

Weighted average  
interest rate: **4.46%**



# 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%