

Q3 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," "confident," "could," "estimate," "expect," "future," "goal," "intend," "likely," "may," "optimistic," "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 executive orders, 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.

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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

**Best in class utility:**  
EPS growth rate of 10%

2

**Strategic diversification:**  
Enhances consolidated ROE  
and cash flow

3

**Internally financed growth:**  
No external equity needs  
through 2030

# Key Highlights

## Financial Results

- Consolidated quarterly earnings exceeded our expectations; Q3 2025 diluted EPS of \$1.86
- ROE (trailing twelve months) of 16% on an equity layer of 64%

## Positioned for Future Growth

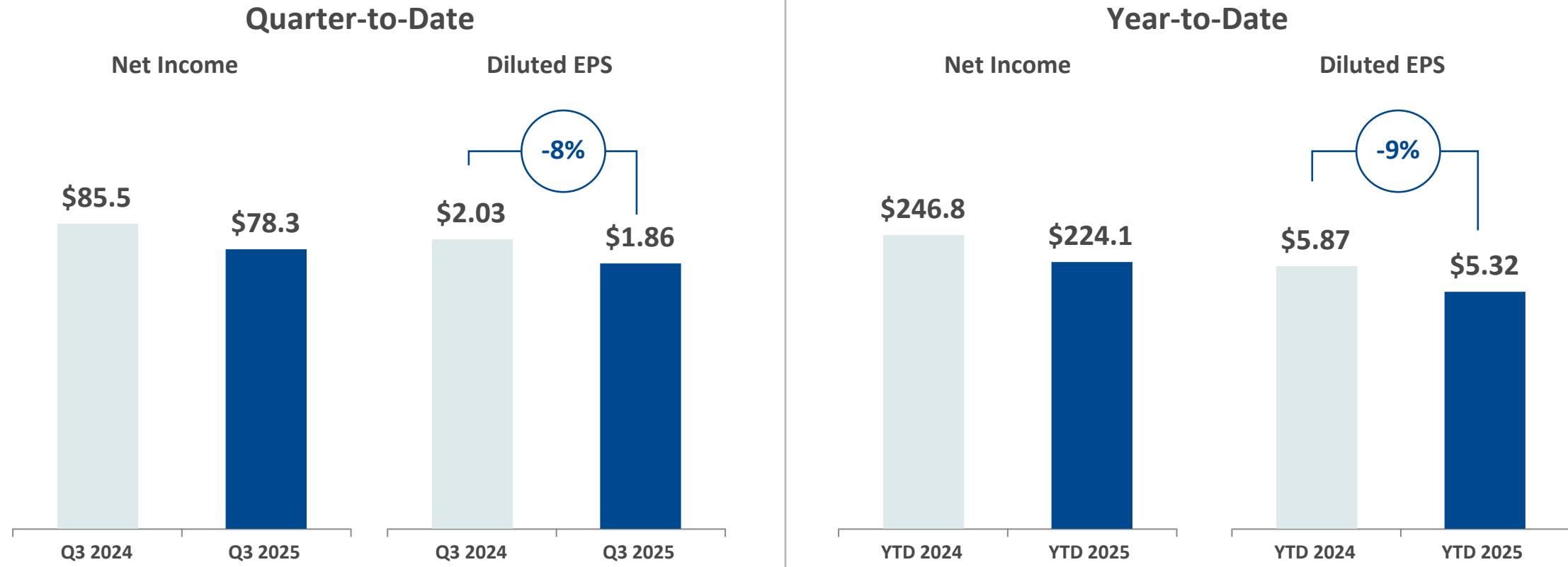
- Rate base growth CAGR updated to 10% from 9%
- Increased long-term EPS growth rate target to 7-9% from 6-8% (2028 base year)
- Filed Minnesota rate case
- Phase 2 of Vinyltech expansion project progressing well; expect to complete in early 2026

## 2025 Outlook

- Increasing EPS guidance midpoint to \$6.47 from \$6.26
- Plastics segment EPS guidance midpoint increasing by approximately \$0.20
- Increasing Electric segment year-over-year EPS growth to 8% from 7%

# Financial Summary

\$ in millions, except per share data



Increased 2025 EPS Guidance Midpoint to \$6.47 (+3%)



# Electric Platform



# Minnesota Rate Case

Docket 25-359

- Last rate request filed in 2020
- Proposed interim rates of \$31.8 million (12.6% increase) expected to go into effect January 2026
  - Interim rates subject to Commission approval and refund
- Final rate implementation expected in mid-2027

## Request Filed with the Minnesota Public Utilities Commission

October 2025

Net revenue increase:  
**\$44.8M**  
(17.7% increase)

ROE:  
**10.65%**  
(existing 9.48%)

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

# South Dakota Rate Case

Docket EL25-022

- Last requested rate review was in 2018
- Interim rates of \$5.7 million to go into effect December 1, 2025, subject to refund
- Procedural schedule:
  - Staff and intervenor testimony: January 20, 2026
  - Rebuttal testimony: February 9, 2026
  - Hearing: February 24-26, 2026
  - Decision expected in first half of 2026

## Request Filed with the South Dakota Public Utilities Commission (SDPUC)

June 2025

**Net revenue increase:  
\$5.7M**  
(12.5% increase)

**ROE:  
10.8%**  
(existing 8.75%)

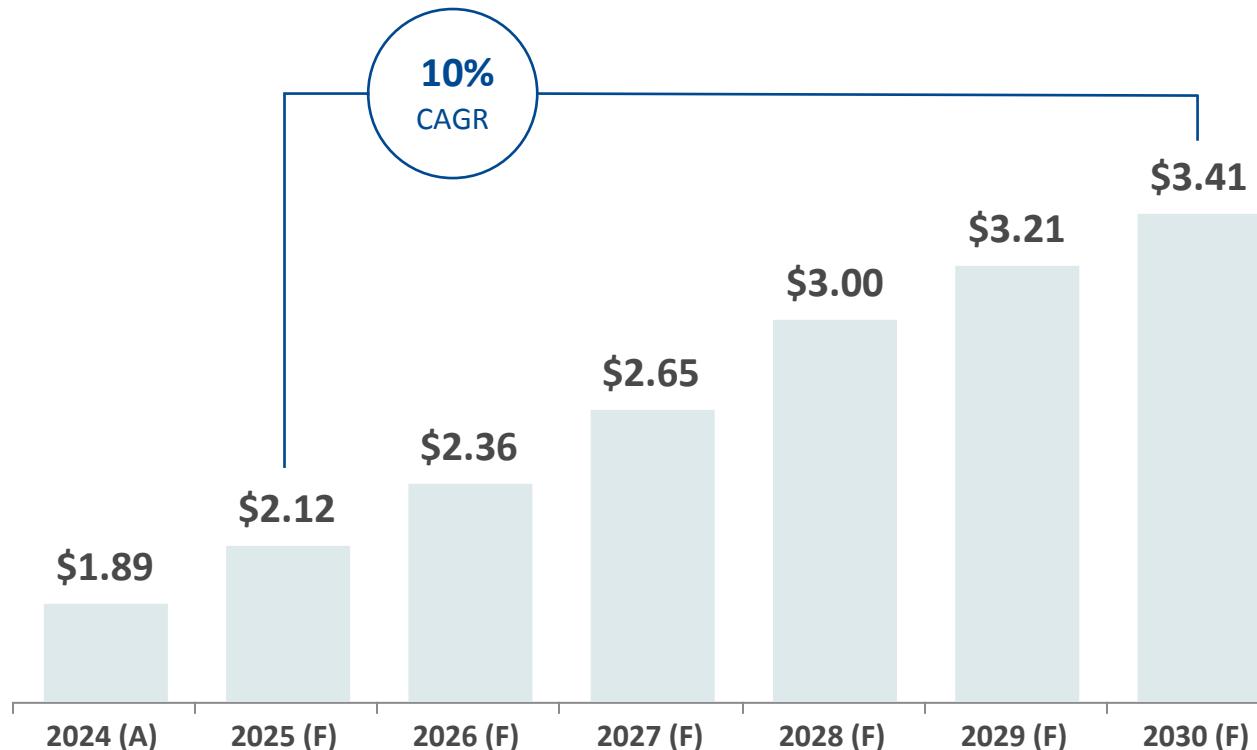
**Equity layer:  
53.54%**  
(existing 52.92%)

# Rate Base Investment Plan

## Uplifted Rate Base Growth CAGR

### Significant Rate Base Growth

\$ in billions



**1:1**

Conversion of rate base growth  
into Electric EPS growth

**~ 90%**

of our capital investment is  
expected to be recovered  
through riders and existing rates

# Generation Project Updates

## Wind Repowering

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

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

Recovery mechanism:  
**Approved riders and  
existing rates**

## Solway Solar

Est. investment:  
**\$80M**

Est. completion date:  
**2026-2027**

Recovery mechanism:  
**Approved riders**  
in MN and SD

## Abercrombie Solar

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

Est. completion date:  
**2028**

Recovery mechanism:  
**Approved riders**  
in MN and SD

# Transmission Project Updates

## MISO LRTP<sup>1</sup> 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<sup>2</sup>

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

Est. completion date:  
**2034**

Recovery mechanism:  
**MISO tariff with  
generator payments**

# 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 market energy prices and high renewable production

## Load growth opportunity driven by

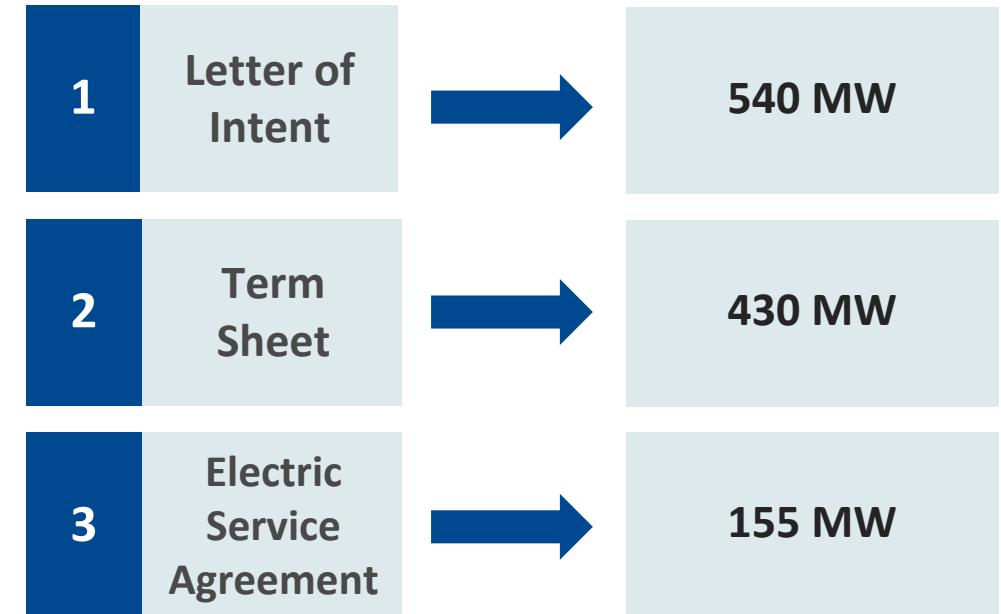
- Data centers
- Crypto mining
- Clean fuel
- Agriculture processing

## Benefits of adding large loads

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

## Phases to Secure Large Load

Existing Opportunity



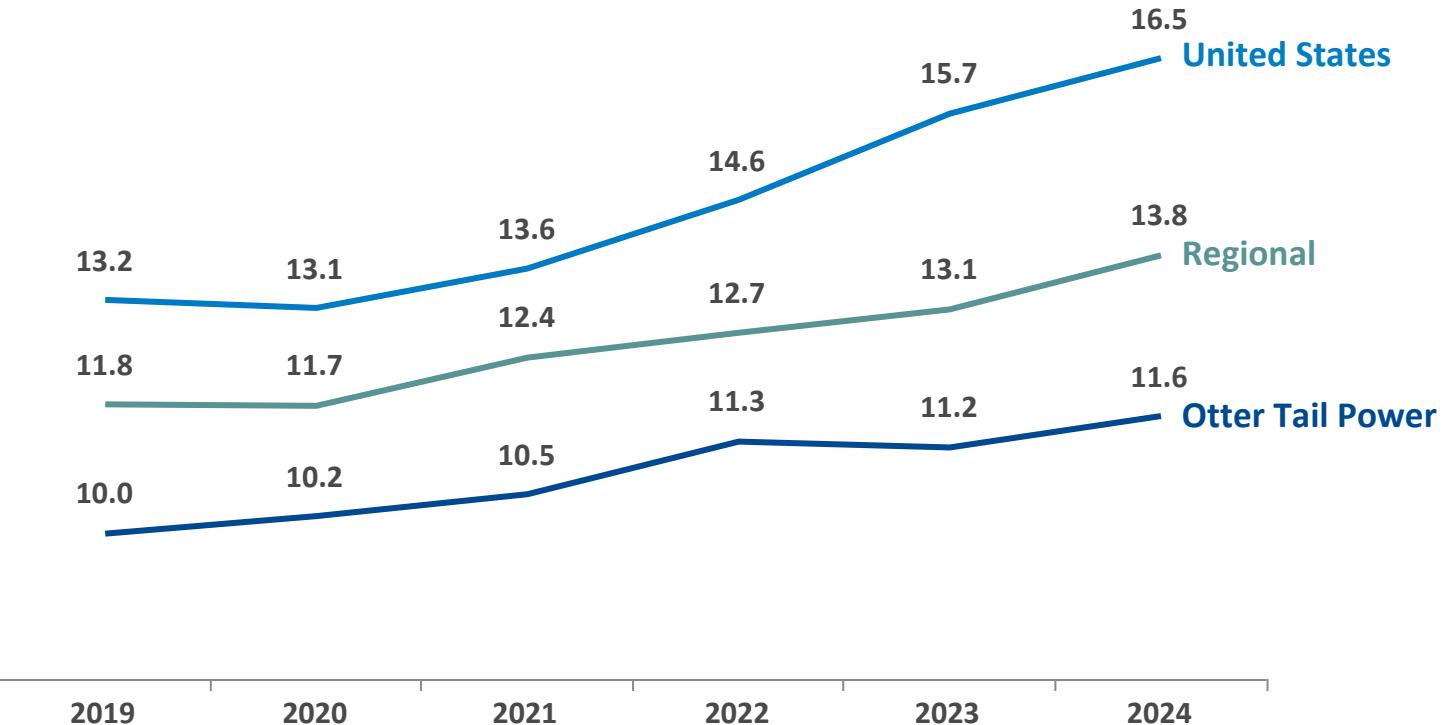
Phase 1 and 2 large load additions not included in load growth forecast

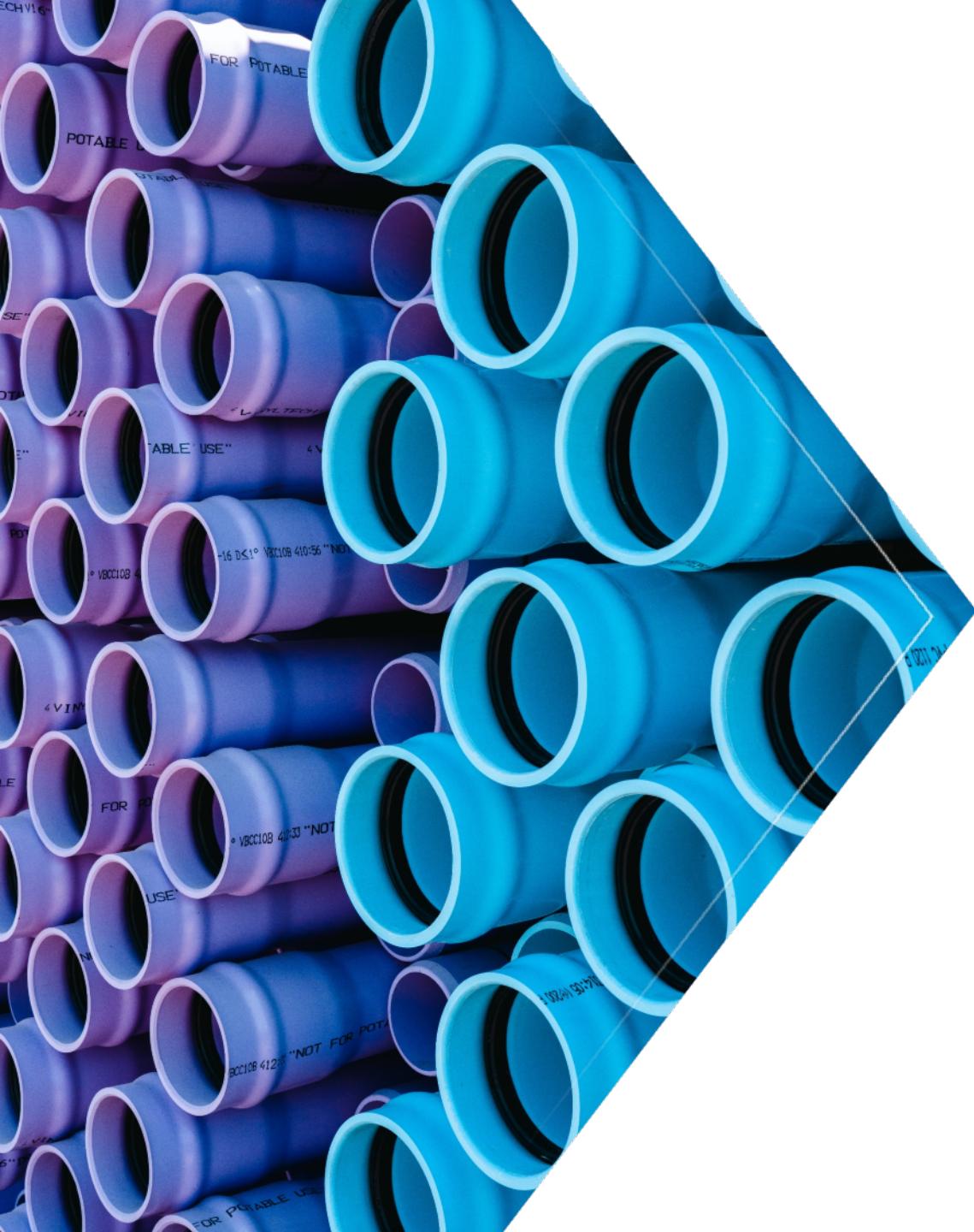
# Customer Rates and Affordability

**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**

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





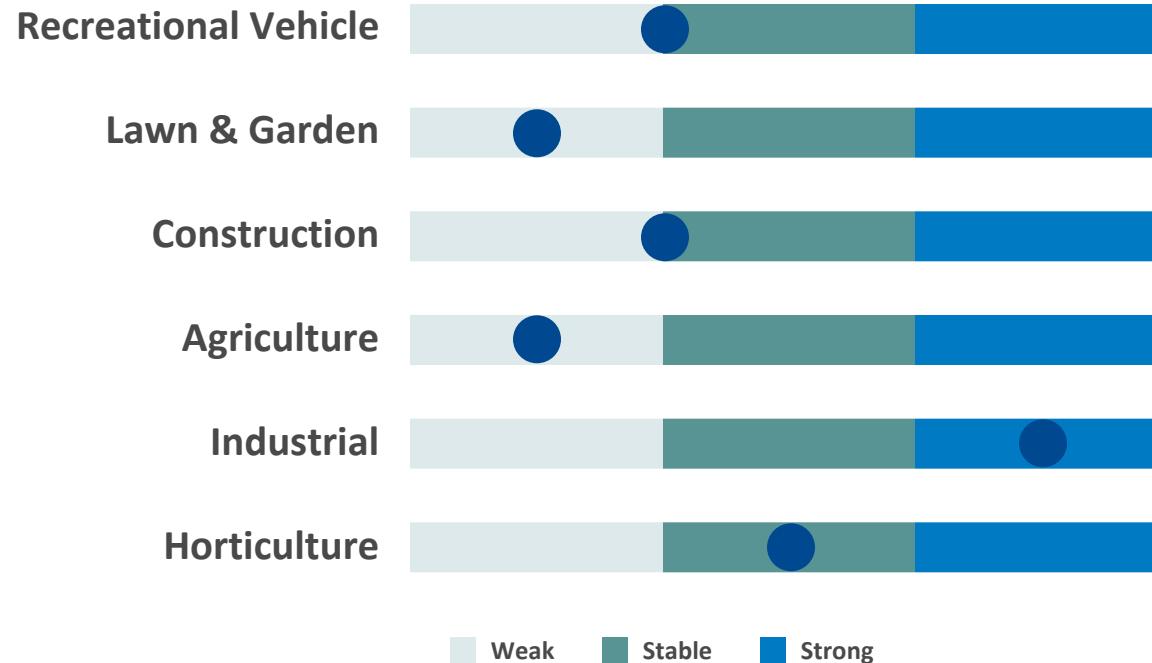
# Manufacturing Platform



# Industry Conditions: Manufacturing

BTD Manufacturing and T.O. Plastics

## Industries Served      Industry Conditions



**End market demand negatively impacted by:**

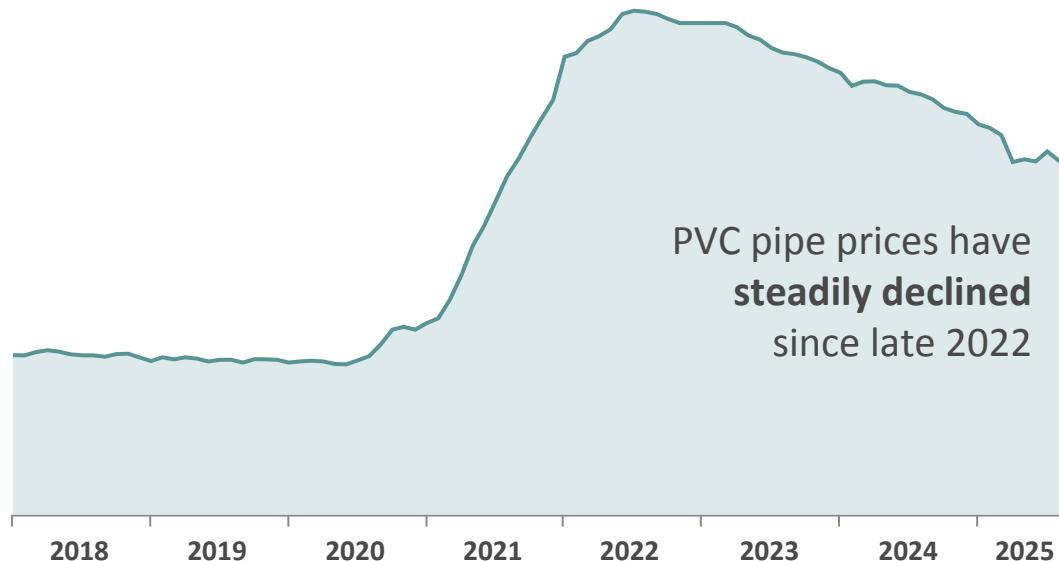
- Higher levels of new and used inventory
- Challenging macroeconomic backdrop, including higher interest rates and unknown impact of tariffs

**Long-term fundamentals remain strong**

# Plastics Pricing and Volume Trends

Northern Pipe Products and Vinyltech Corporation

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



## 2025 Year-Over-Year Trends<sup>1</sup>

	QTD	YTD
Sales Prices	⬇️ 17%	⬇️ 14%
Sales Volumes	⬆️ 4%	⬆️ 9%
Material Input Costs	⬇️ 16%	⬇️ 13%

# 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
- Plastics segment production capacity impact: +15% (Phase 1 and 2)



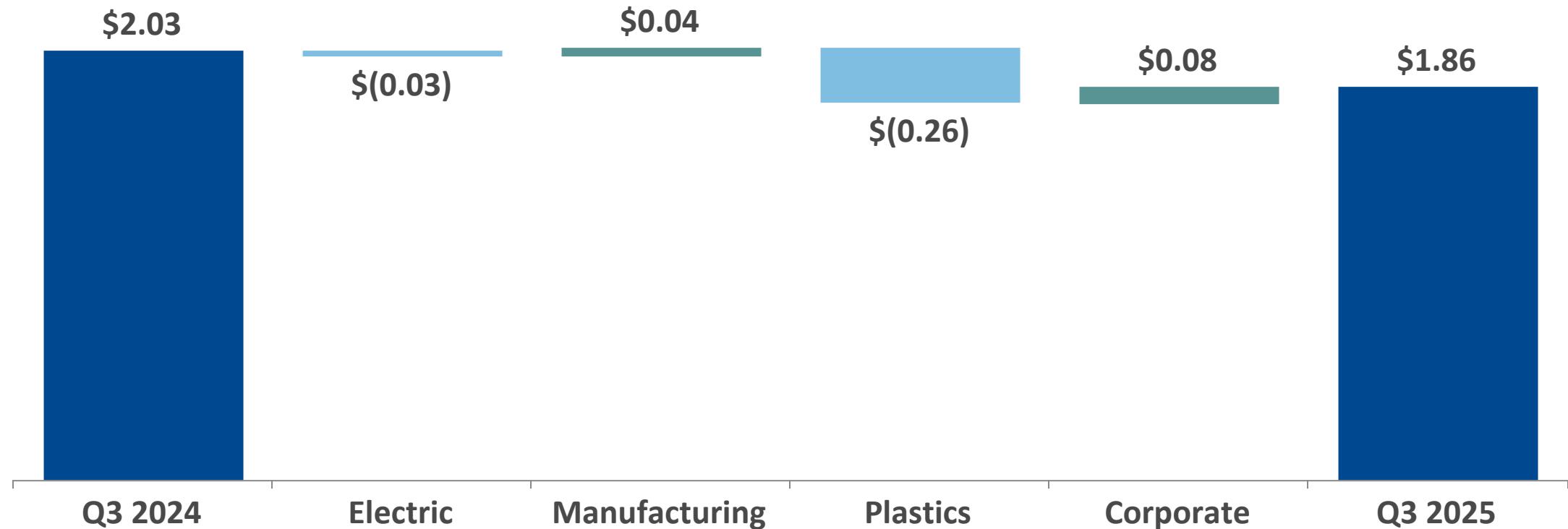
### BTD Georgia

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



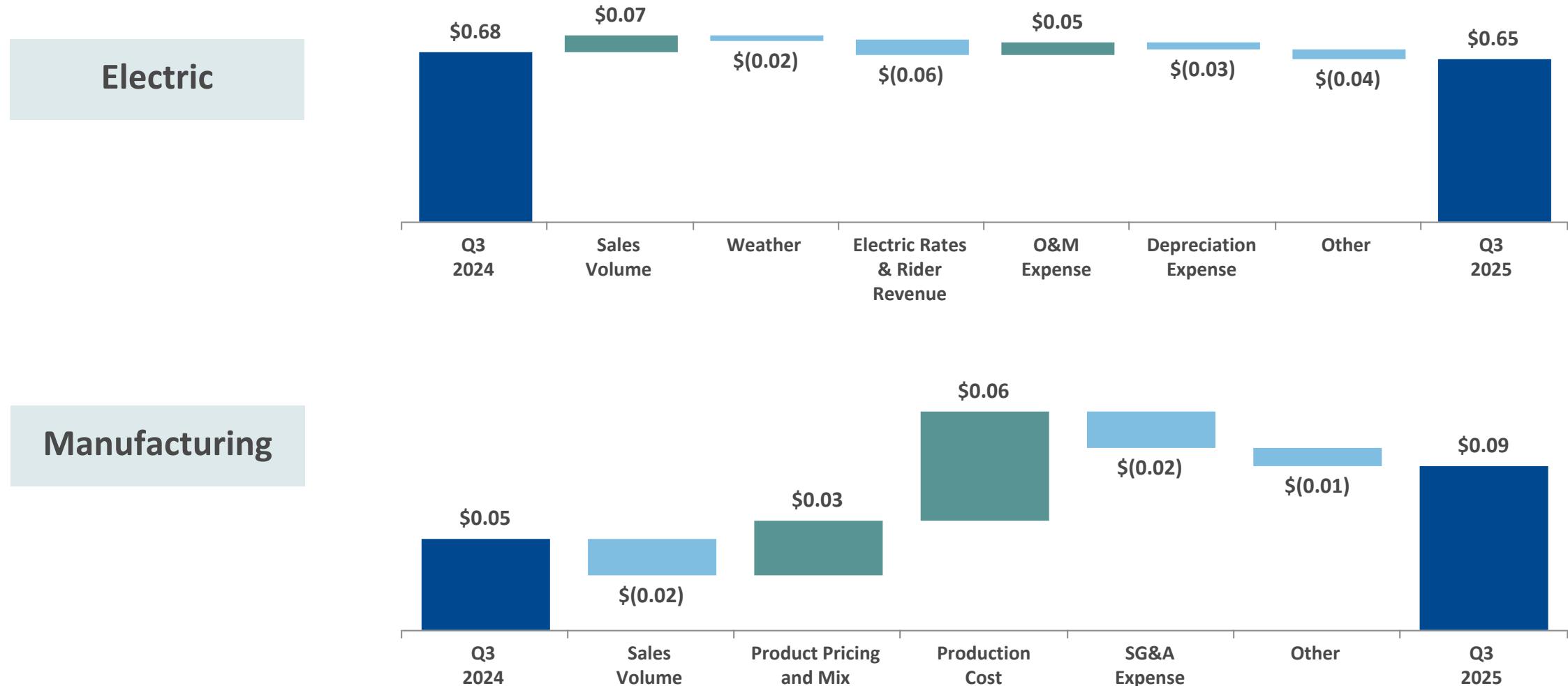
# Financial Results

# QTD Diluted EPS



# QTD Diluted EPS

## Segment Level Detail



# QTD Diluted EPS

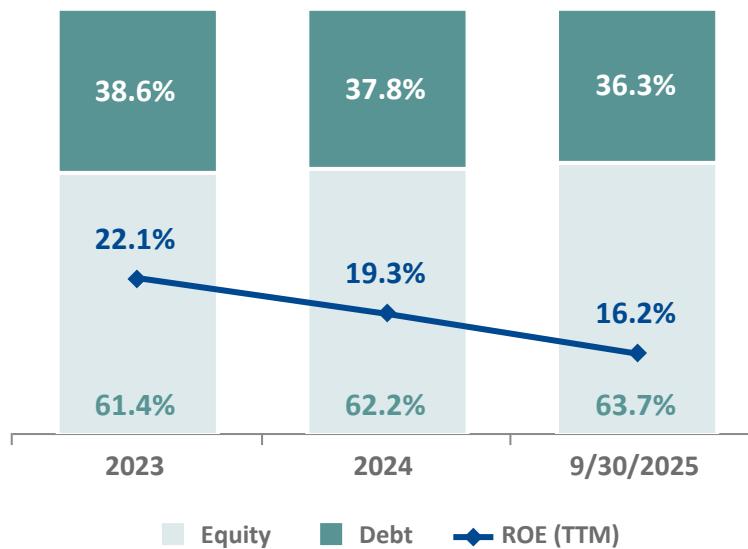
## Segment Level Detail



# Balance Sheet

\$ in millions

## Consolidated Capital Structure and Return on Equity



## Line of Credit Availability



## Cash and Cash Equivalents



Credit Ratings		Otter Tail Corporation			Otter Tail Power Company		
		Moody's	Fitch	S&P	Moody's	Fitch	S&P
Long-term issuer default		Baa2	BBB	BBB	Baa1	BBB+	BBB+
Senior unsecured debt		N.A.	BBB	N.A.	N.A.	A-	N.A.
Outlook		Stable	Stable	Stable	Stable	Stable	Stable

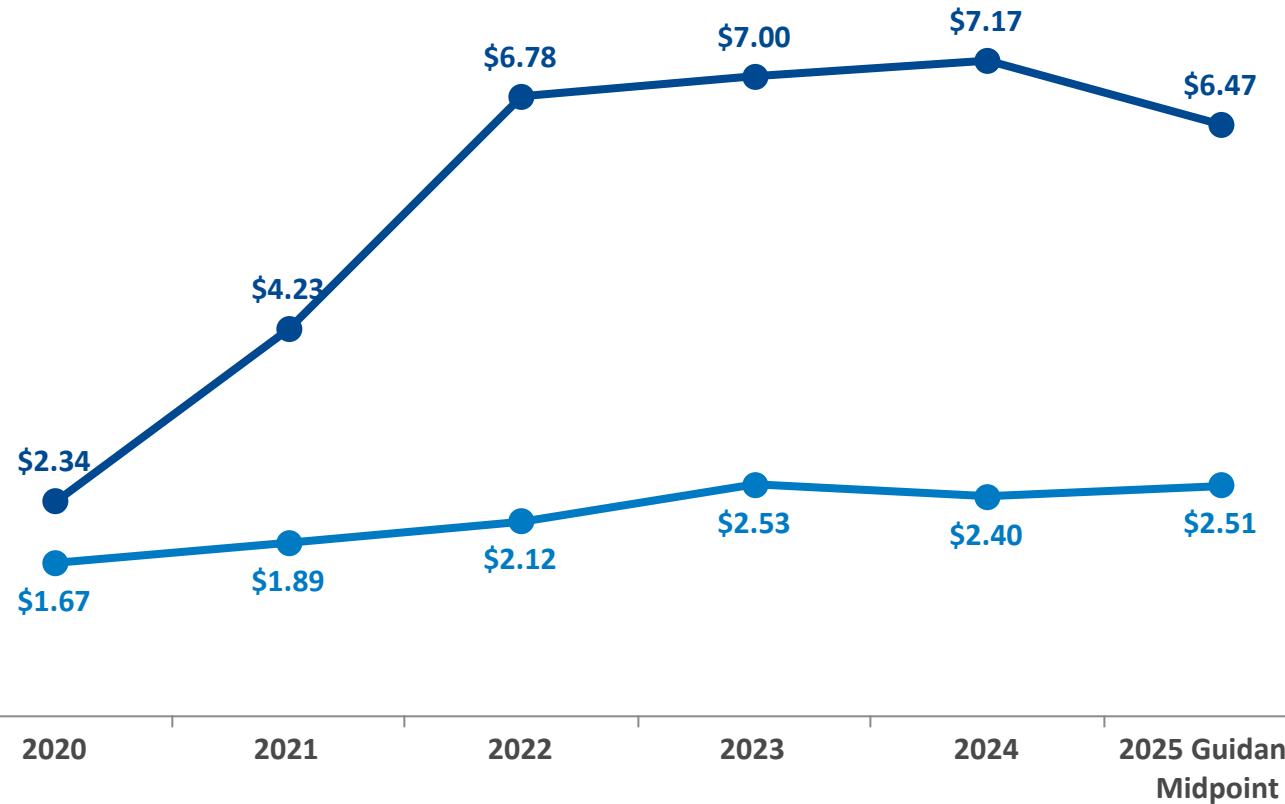
# 2025 Outlook

## Increasing and Narrowing Guidance

Diluted EPS	Actual		2025 Guidance August 4, 2025				2025 Guidance November 3, 2025			
	2023	2024	Low	High	Low	High	Low	High	Low	High
Electric	\$ 2.01	\$ 2.16	\$ 2.29	\$ 2.35	\$ 2.31	\$ 2.35				
Manufacturing	0.51	0.33	0.21	0.27	0.22	0.26				
Plastics	4.47	4.77	3.64	3.88	3.86	4.05				
Corporate	0.01	(0.09)	(0.08)	(0.04)	(0.07)	(0.04)				
<b>Total</b>	<b>\$ 7.00</b>	<b>\$ 7.17</b>	<b>\$ 6.06</b>	<b>\$ 6.46</b>	<b>\$ 6.32</b>	<b>\$ 6.62</b>				
<b>Return on Equity</b>	<b>22.1 %</b>		<b>19.3 %</b>		<b>14.5 %</b>		<b>15.3 %</b>		<b>15.1 %</b>	

# EPS Growth

## Robust Growth Across Our Business



Consolidated EPS (5YR CAGR):  
22.6%

Consolidated EPS w/o  
Plastics<sup>1</sup> (5YR CAGR): 8.5%

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>	2026 (F)	2027 (F)	2028 (F)	2029 (F)	2030 (F)	Total
<b>Electric</b>						
Renewable Generation	\$ 169	\$ 177	\$ 154	\$ 4	\$ 6	\$ 510
Transmission	88	183	208	206	309	994
Distribution	50	49	53	54	57	263
Other	47	37	24	23	20	151
<b>Electric Total</b>	<b>\$ 354</b>	<b>\$ 446</b>	<b>\$ 439</b>	<b>\$ 287</b>	<b>\$ 392</b>	<b>\$ 1,918</b>
<b>Manufacturing &amp; Plastics</b>	<b>31</b>	<b>27</b>	<b>29</b>	<b>23</b>	<b>19</b>	<b>129</b>
<b>Total</b>	<b>\$ 385</b>	<b>\$ 473</b>	<b>\$ 468</b>	<b>\$ 310</b>	<b>\$ 411</b>	<b>\$ 2,047</b>

**\$350M**

Incremental investment opportunity for Electric

### Driven by:

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

# Financing Plan

\$ in millions

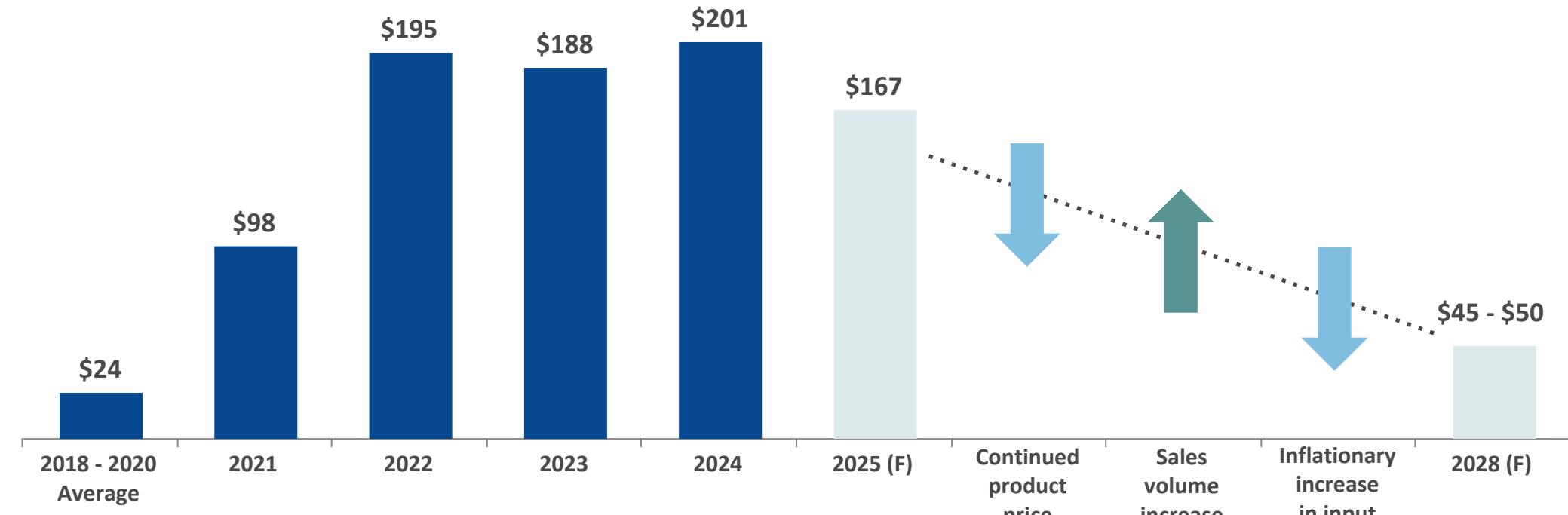
	2026 (F)	2027 - 2030 (F)	5YR Total
<b>Long-Term Debt</b>			
<b>Otter Tail Power Company</b>			
Issuances	\$ 120	\$ 620	\$ 740
Retirements		(162)	(162)
<b>Otter Tail Corporation</b>			
Issuances			
Retirements		(80)	(80)
<b>Net Debt Increase</b>	\$ 40	\$ 458	\$ 498
<b>Equity</b>	\$ 0	\$ 0	\$ 0

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

# Normalized Plastics Earnings

Northern Pipe Products and Vinyltech Corporation

\$ in millions



# Investment Targets

**Total Shareholder Return: 10-12%**

**Long-term EPS growth rate: 7-9% (2028 base year)**

**Dividend yield: ~ 3%**

**Dividend Growth Rate: 6-8%**

Targeted payout ratio: 50-60%

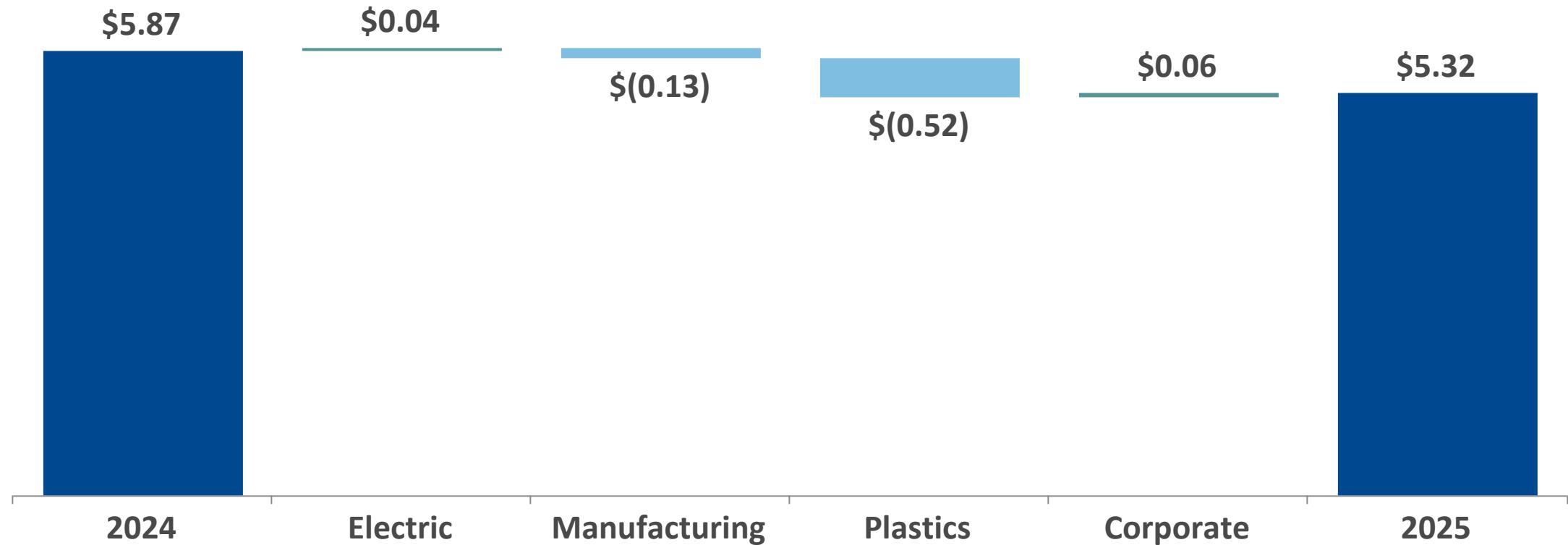
**Long-Term Earnings Mix:  
70% Electric / 30% Manufacturing**

## **Key underlying assumptions**

- Electric segment long-term EPS growth rate approximates rate base CAGR
- Plastics segment earnings of \$45M-\$50M in 2028
- Long-term earnings mix target reached in 2028

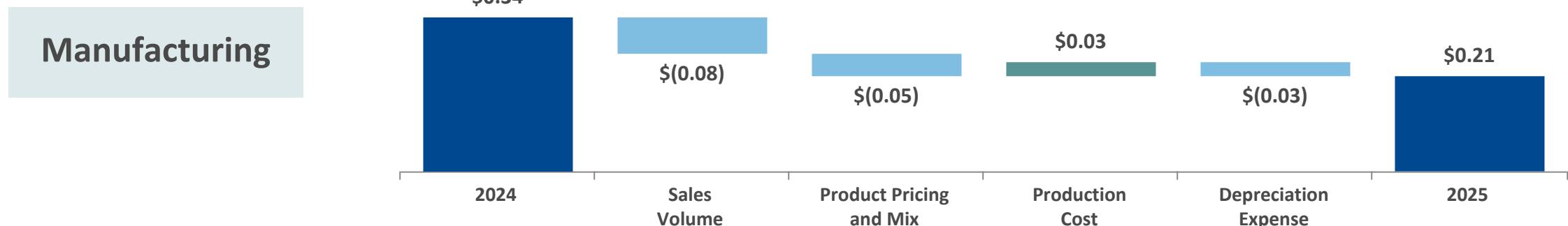
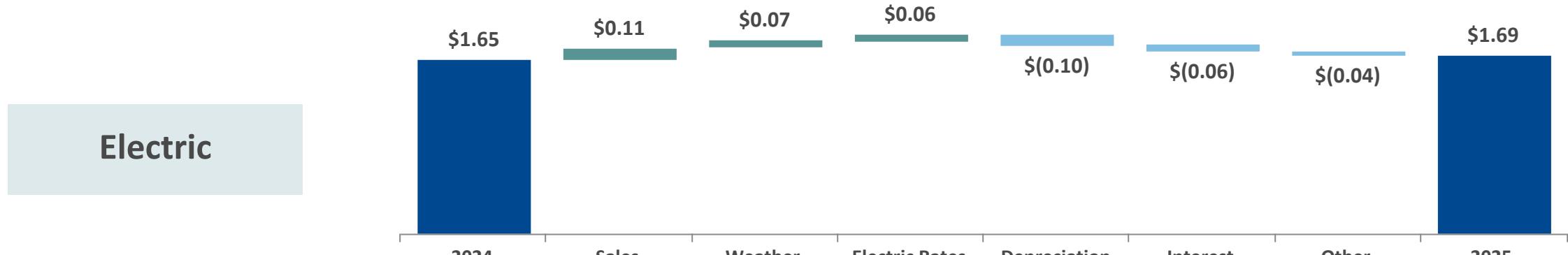
# Appendix

# YTD Diluted EPS



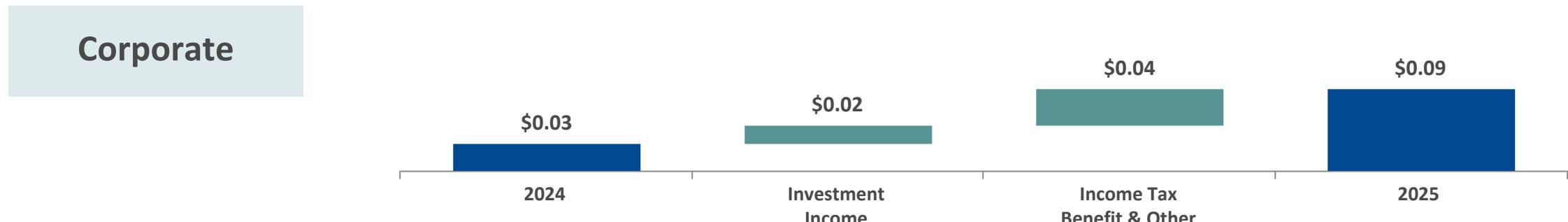
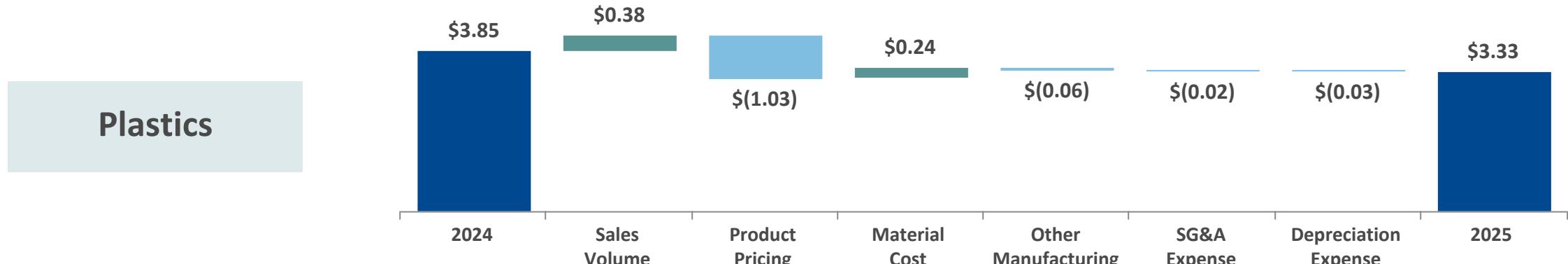
# YTD Diluted EPS

## Segment Level Detail



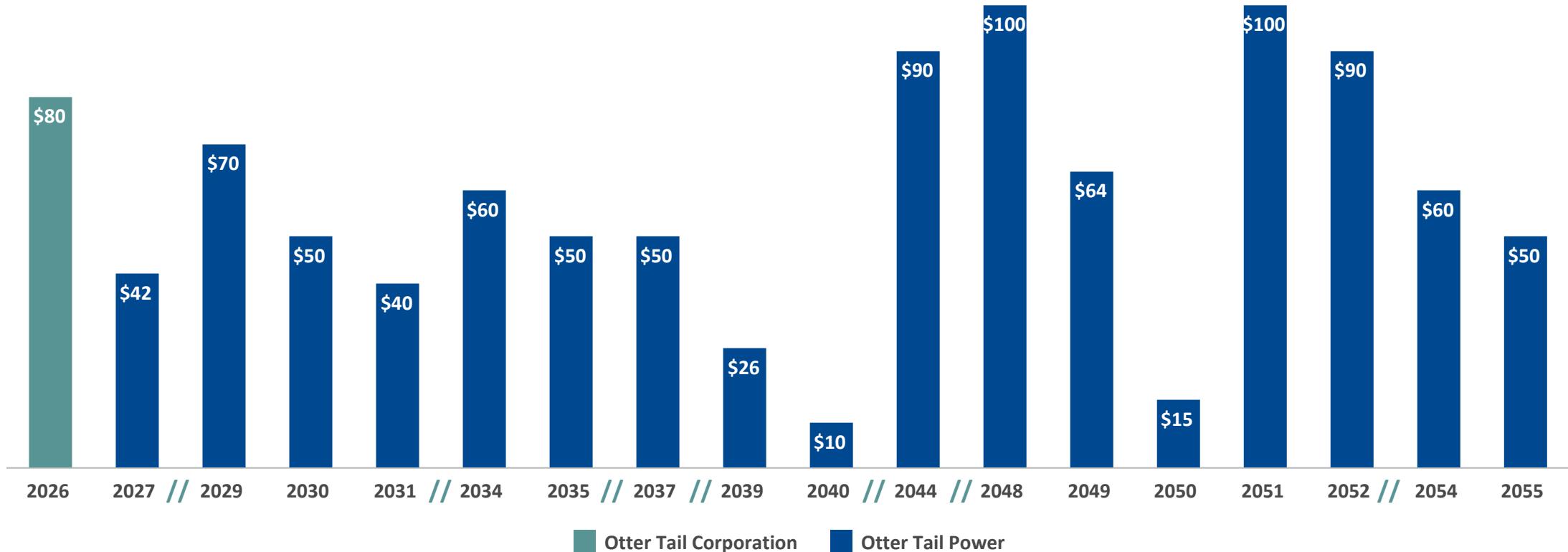
# YTD Diluted EPS

## Segment Level Detail

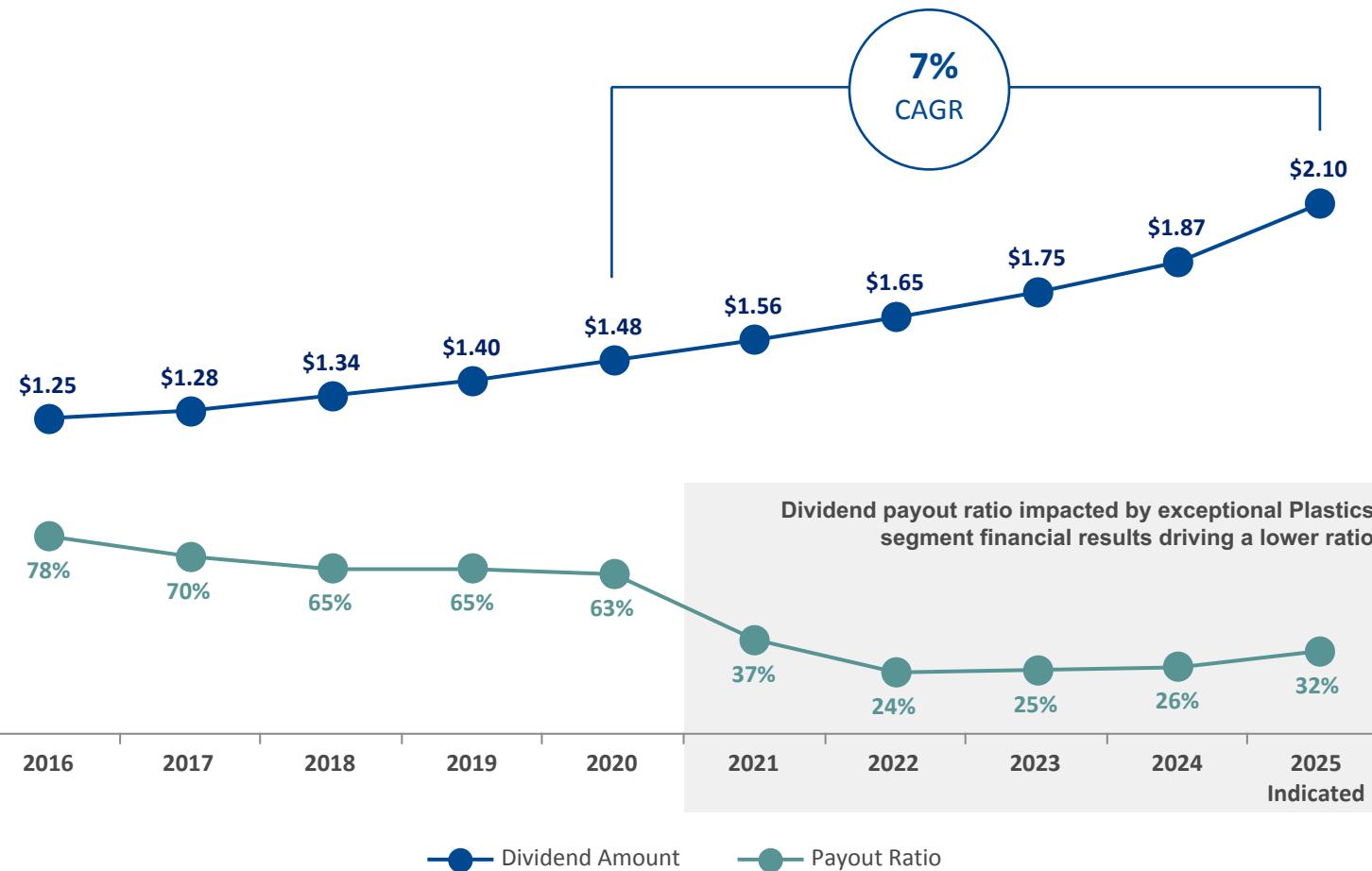


# Debt Maturity Schedule

Weighted average  
interest rate: **4.53%**



# 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%

# 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