

ADAGE CAPITAL MANAGEMENT
ANALYST MEETING

October 18, 2019

Forward-Looking Statement

Except for historical information, all other information provided in this presentation consists of "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These "forward-looking statements" are subject to risks and uncertainties which could cause actual results to differ materially from those projected, anticipated, or implied. The most significant of these risks and uncertainties are discussed or identified in Otter Tail Corporation's public filings made with the Securities and Exchange Commission. Otter Tail Corporation undertakes no obligation to publicly update or revise any forward-looking statements.

These presentations may include measures of financial performance and presentations of financial information that are not defined by generally accepted accounting principles (GAAP). Management understands that there are material limitations on the use of non-GAAP measures. Non-GAAP measures are not substitutes for GAAP measures for the purpose of analyzing financial performance. These non-GAAP measures are not in accordance with, or an alternative for, measures prepared in accordance with, generally accepted accounting principles and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. This information should not be construed as an alternative to the reported results, which have been determined in accordance with GAAP.

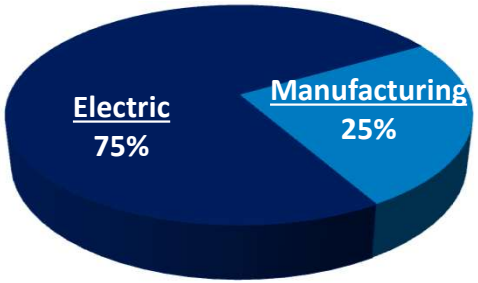
Agenda

- Business Overview
- ESG Highlights
- Electric Platform
- Manufacturing Platform
- Financial Update

BUSINESS OVERVIEW



Target earnings contributions



Electric

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

Manufacturing

- Long-term growth potential
- Capacity utilization
- Diversification

Strategic Outlook

- High performing electric utility
  - Strong pipeline of rate base growth for at least 5 years
  - Supportive regulatory treatment
  - Solid management in place
  - History of excellence
- Disciplined, focused set of manufacturing companies
  - Incremental earnings growth
  - Premium return
- Commitment to strategy and talent development
  - Execution and performance throughout the corporation

OTTER TAIL CORPORATION ESG Highlights

Environmental

- ✓ We estimate by 2022 approximately 30% of the energy we produce to serve our customers will come from renewable resources.
- ✓ We will retire our Hoot Lake Coal Plant, our oldest coal-fired plant, in 2021.
- ✓ By 2022 we expect our carbon dioxide emissions from owned resources to be 33% lower than 2005 levels.

Social

- ✓ Otter Tail continues to provide shareholder value while maintaining electric rates 30% lower than the national average.
- ✓ Contributed $2 million dollars to Otter Tail Corporation Foundation established in 2018 to help improve the quality of life in the areas in which we do business.
- ✓ Regularly conduct employee engagement surveys.

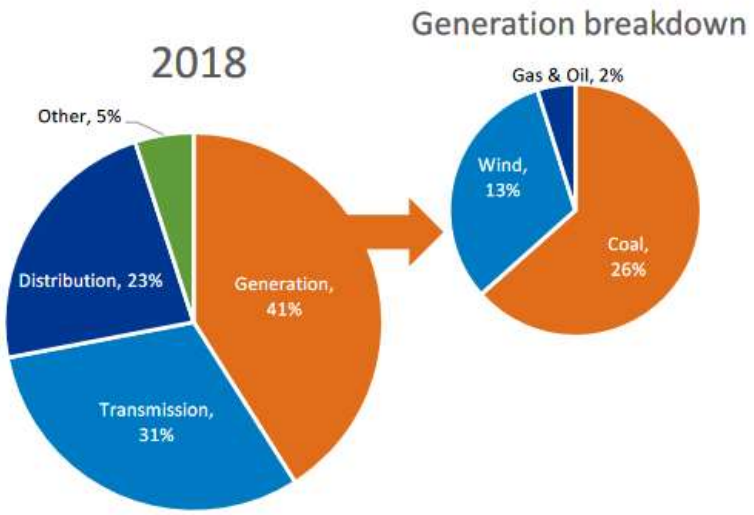
Governance

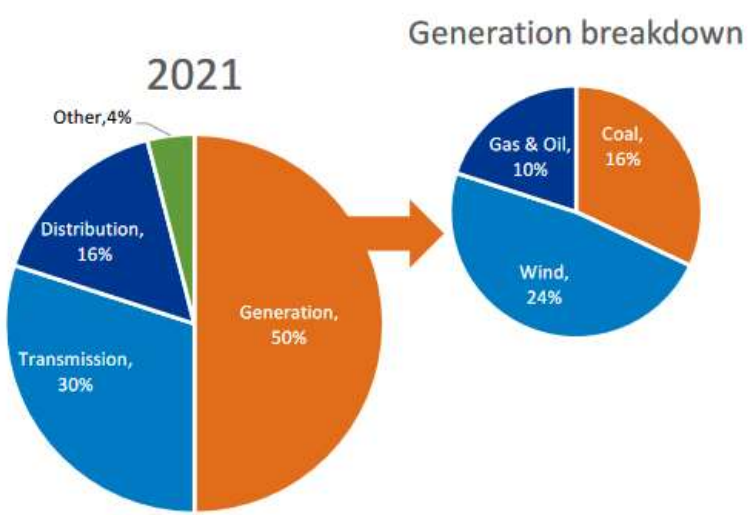
- ✓ Otter Tail Corporation has 8 out of 9 directors that are independent.
- ✓ Two of Otter Tail's directors are women.
- ✓ Our executive compensation calls for an annual advisory vote.
- ✓ Our board structure includes a separate independent Chair and Chief Executive Officer.

ESG Highlights - Environmental

ASSET PROFILE

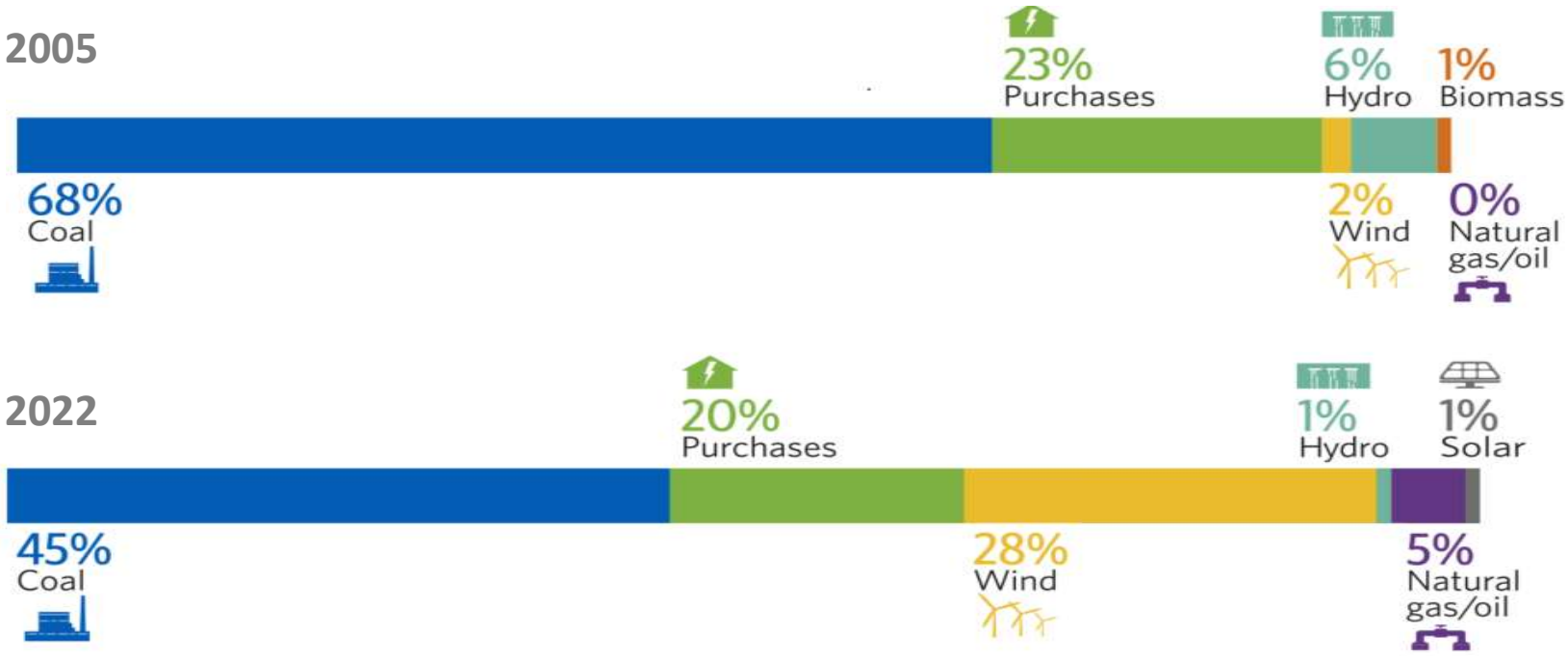
Net property and equipment as of December 31, 2018



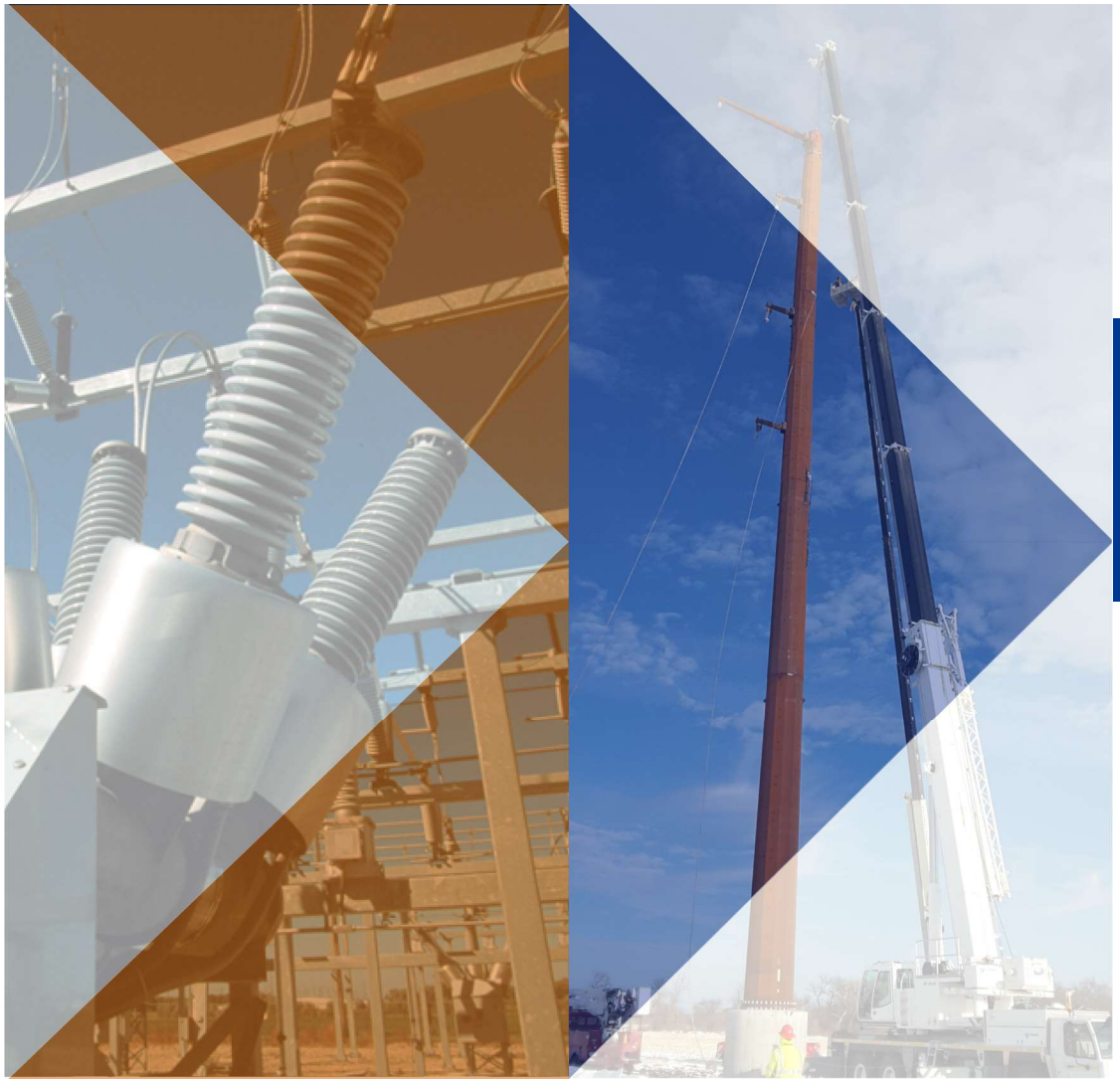


ESG Highlights

ENERGY RESOURCE MIX



Otter Tail Power Company does not own all the renewable energy certificates (RECs) generated by contracted wind and solar, and periodically sells its own RECs with proceeds benefiting retail customers. Accordingly, we cannot represent that 100% of carbon-free energy in the portfolio was delivered to our customers.



ELECTRIC PLATFORM

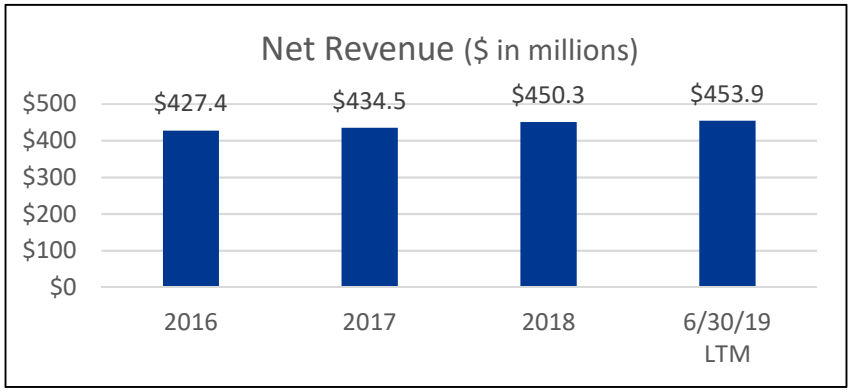
OTTER TAIL POWER COMPANY

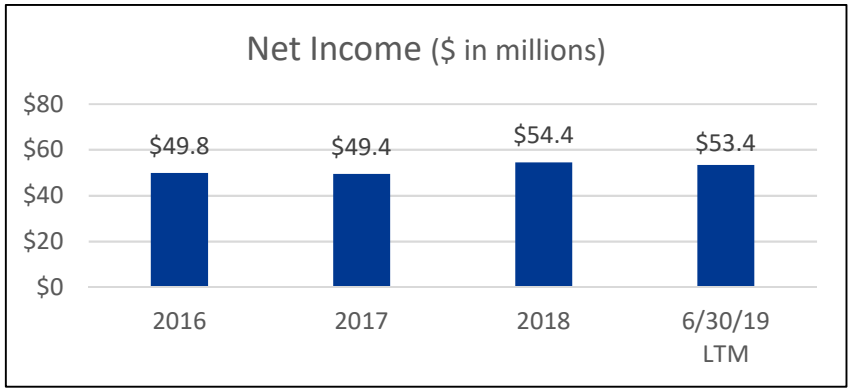
Electric Operations

OTTER TAIL POWER COMPANY

Highlights

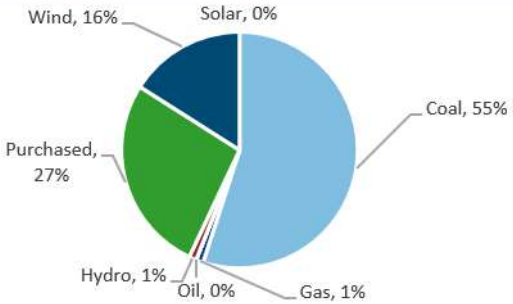
- Rate base growth opportunities
  - Merricourt Wind Energy Center
  - Astoria Station
  - SD transmission reliability project
- Rate case activity – SD
- Industrial load growth
- Constructive regulatory environment
- Rates approximately 30% lower than the national average
  Typical Bills and Average Rates Report,
  Edison Electric Institute, December 2018





Electric Operations

Energy by Source - 2018

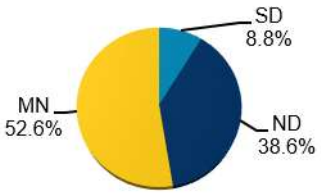


Service Area*

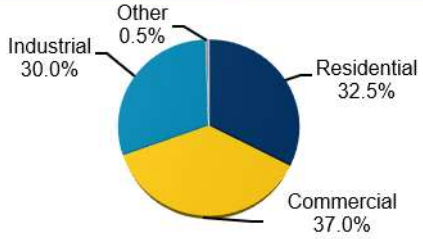


* Service area excludes Fargo, Minot and Grand Forks, ND.

Electric Retail Revenues by State – 2018

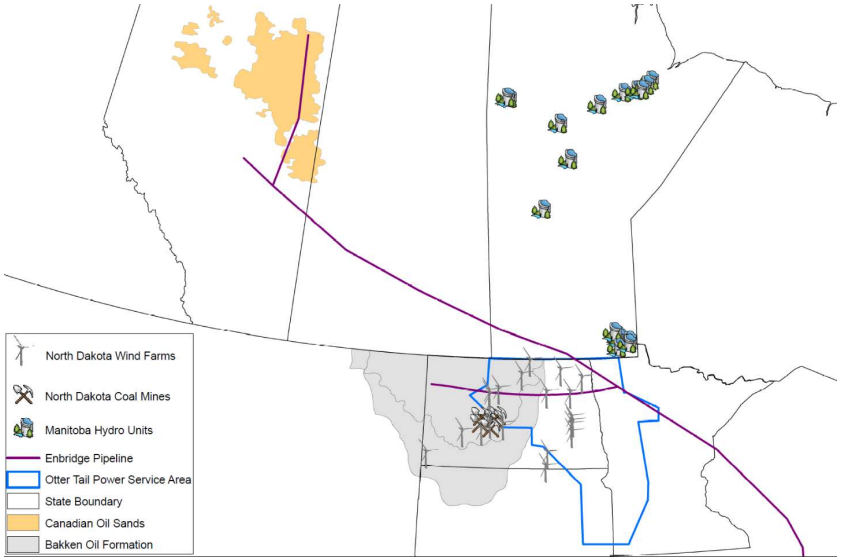


Electric Revenues by Customer – 2018



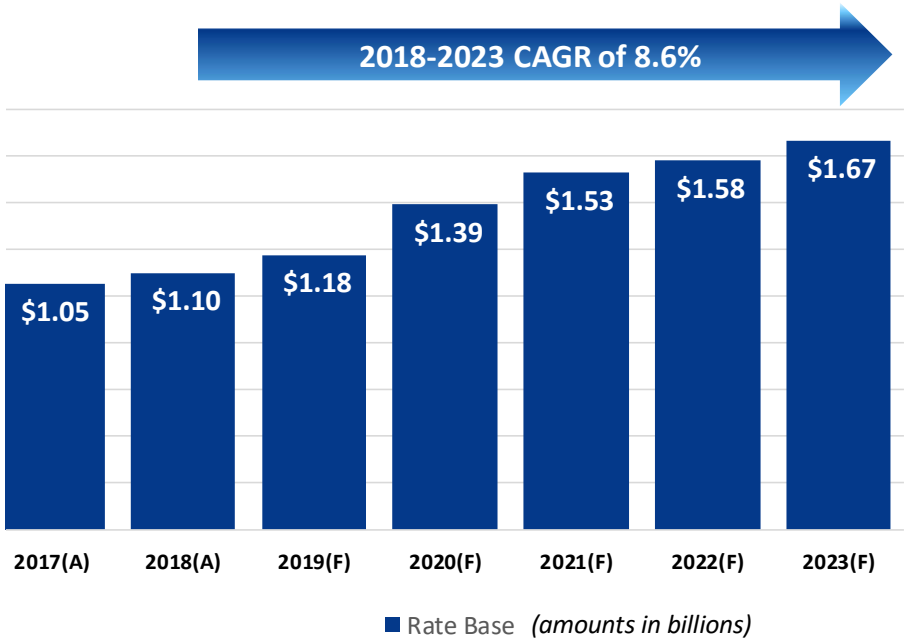
Competitive Advantage



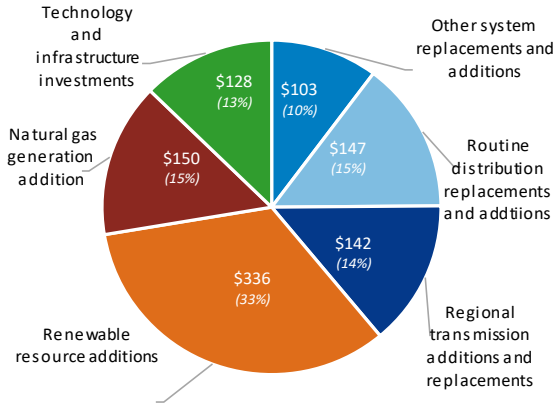


Otter Tail Power has executed well on its rate base growth projects in terms of safety, construction, cost recovery and operational performance. It remains positioned for substantial growth over the next several years.

Rate Base Growth



Capital spending of $1.0 billion for 2019 to 2023 is divided among:



Recovery Mechanism	Amount *(in Millions)*	Percentage
Depreciation *(Rate Base Replacement)*	$327	33%
Riders	507	50%
Rate Case	172	17%
Total	**$1,006**	**100%**

Rate Case Outcomes

INCREASE	NORTH DAKOTA (with Tax Cuts and Jobs Act) 2018 Test Year	SOUTH DAKOTA 2017 Test Year (with Transmission Rider Adj.)
Original requested increase	$9.7M	$6.3M
Original effective requested increase	$7.1M	$3.7M
Final effective increase	$4.6M	$2.6M
PERCENT OF INCREASE		
Percent of increase REQUESTED	6.6%	11.1%
Percent of increase GRANTED	4.9%	7.7%
ROE		
ROE granted	9.77%	8.75%
Current value of 10 basis points	$250K	$55K
BREAKDOWN OF AMOUNT GRANTED		
Percent of O&M granted	97.6%	99.6%
Overall base increase granted	$7.2M	$4.8M
FINAL GRANTED		
Percent of request granted	64%	69%
Key takeaways	Approved generation rider for Astoria Station and renewable rider for Merricourt Wind Energy Center.	Approved phase-in plan to recover on Astoria and Merricourt while under construction and suspends filing another rate case until those projects are in service for as least one year.

Regulatory Framework

Riders	Minnesota	North Dakota	South Dakota
Wind projects	Rider recovery / Rate case	Rider recovery / Rate case	Rate case
Transmission	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)	Rate stability plan / Rate case
Environmental	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
Rate cases	Forward-looking test year	Forward-looking test year	Historical test year with known-and-measurable adjustments
Allowed ROE	9.41%	9.77%	8.75%

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

We recover approximately 50% of our five-year capital expenditures through riders. (including phase-in mechanisms and direct billing generators).

Rate Base Projects

Project	Our investment (Millions)	In service	Percent complete	Recovery mechanisms
Big Stone South – Brookings Co. (CapX2020 and MVP)	$73	2017	100%	Rider/Base Rates
Big Stone South – Ellendale (MVP)	$115	2019	100%	Rider
Merricourt Wind Energy Center	$270	2020	19%	Rider/General Rate Case
SD transmission reliability project	$39	Phase I 2019 Phase II 2021	98% 5%	Rider/General Rate Case
Self-fund transmission	$37	2020	0%	Facility Service Agreement
Solar investment	$30	2022	0%	Rider/General Rate Case
Astoria Station 245 MW natural gas simple-cycle combustion turbine	$158	2021	5%	Rider/General Rate Case
Innovation 2030	$145	2019-2024	<1%	Rider/General Rate Case
Ashtabula III: option to buy 62.4 MW wind farm	$50	Option to purchase 2022	NA	Rider/General Rate Case

Merricourt Wind Energy Center

Project	Merricourt Wind Energy Center
Description	150 MWs
Schedule	2017 - 2020
OTP cost	$270 million

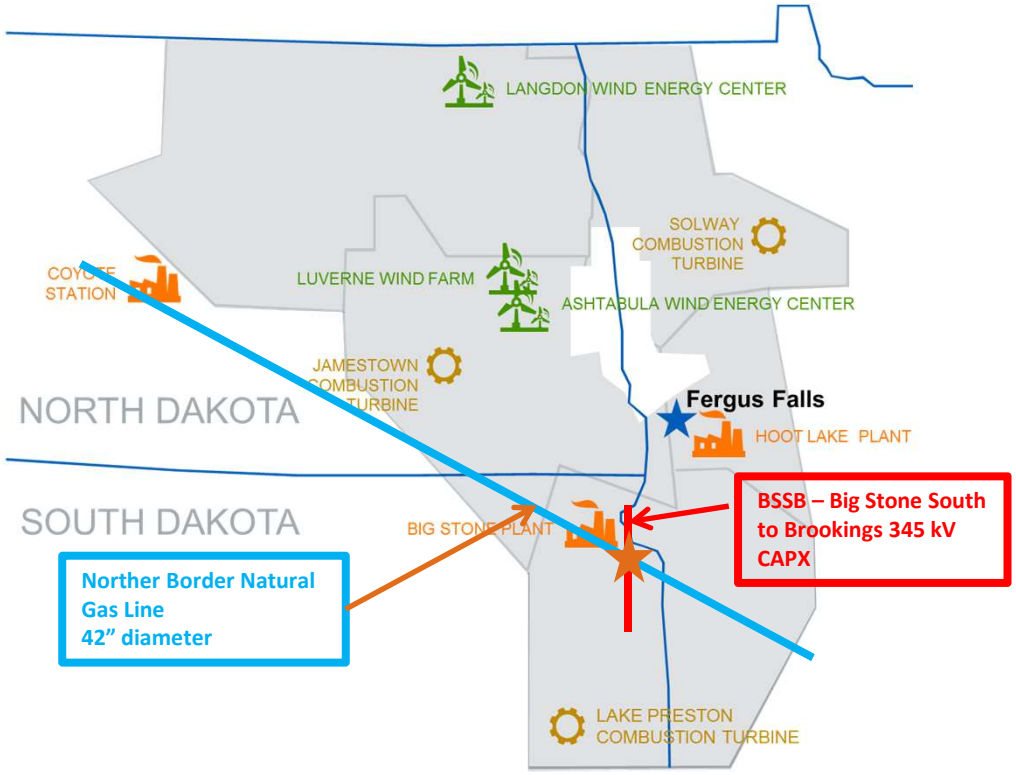
- MN Resource Plan approved on March 16, 2017, allows up to 200 MW's of wind by 2020.
- Anticipate a capacity factor between 50% and 55%.
- Turbines qualify for safe harbor.
- ND PSC approved Advance Determination of Prudence.
- Approved in Minnesota for rider recovery with a cost cap.
- FERC approved Generator Interconnection Agreement in April 2019.
- Otter Tail Power Company closed on the purchase of certain development assets from EDF and issued notice to proceed for construction in July 2019.



Astoria Station

Project	Astoria Station Natural Gas Plant
Description	245-MW simple cycle unit
Schedule	2019 - 2021
OTP cost	$158 million

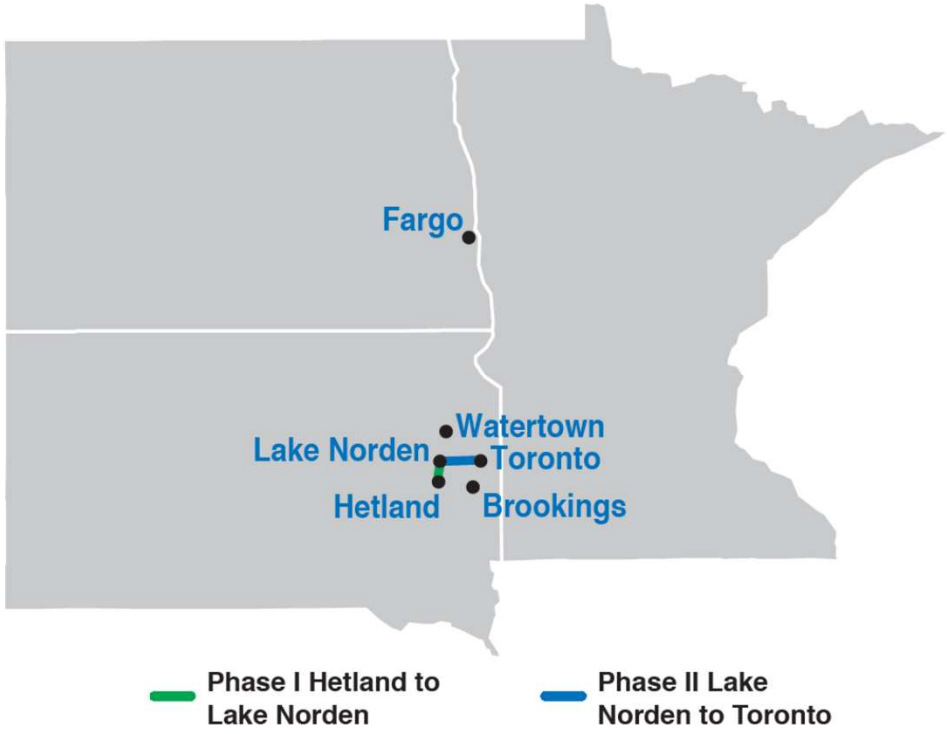
- Location intersects Big Stone–Brookings 345-KV line and Northern Border Pipeline.
- MN Resource Plan approved in March 2017.
- ND PSC approved Advance Determination of Prudence and use of generation cost recovery rider.
- SDPUC issued site permit in August 2018.
- MISO February 2016 Queue Cycle interconnection costs for the project are within budget.
- FERC approved Generator Interconnection agreement in January 2019.
- Project secured turbine supply and long-term service agreement.
- Construction started in Q2 2019.



South Dakota Transmission Reliability Project

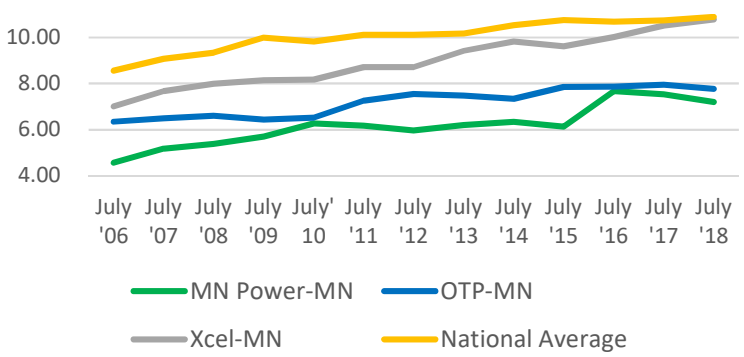
Project	South Dakota Reliability Project
Description	115-KV transmission line
Schedule	Phase I - In service March 2019 Phase II - In service March 2021
OTP cost	$39 million

- Transmission line to improve reliability in the southern end of our service territory.
- Capital project recovered through a transmission rider.

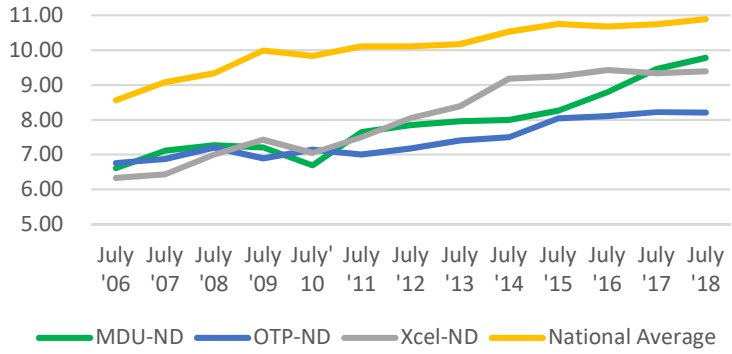


Rate Trends

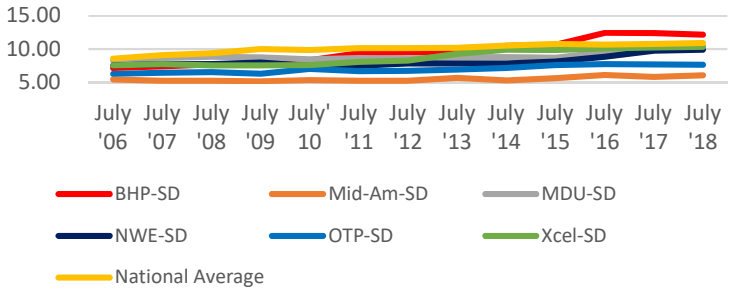
Total Avg Rates per kWh - **MINNESOTA**

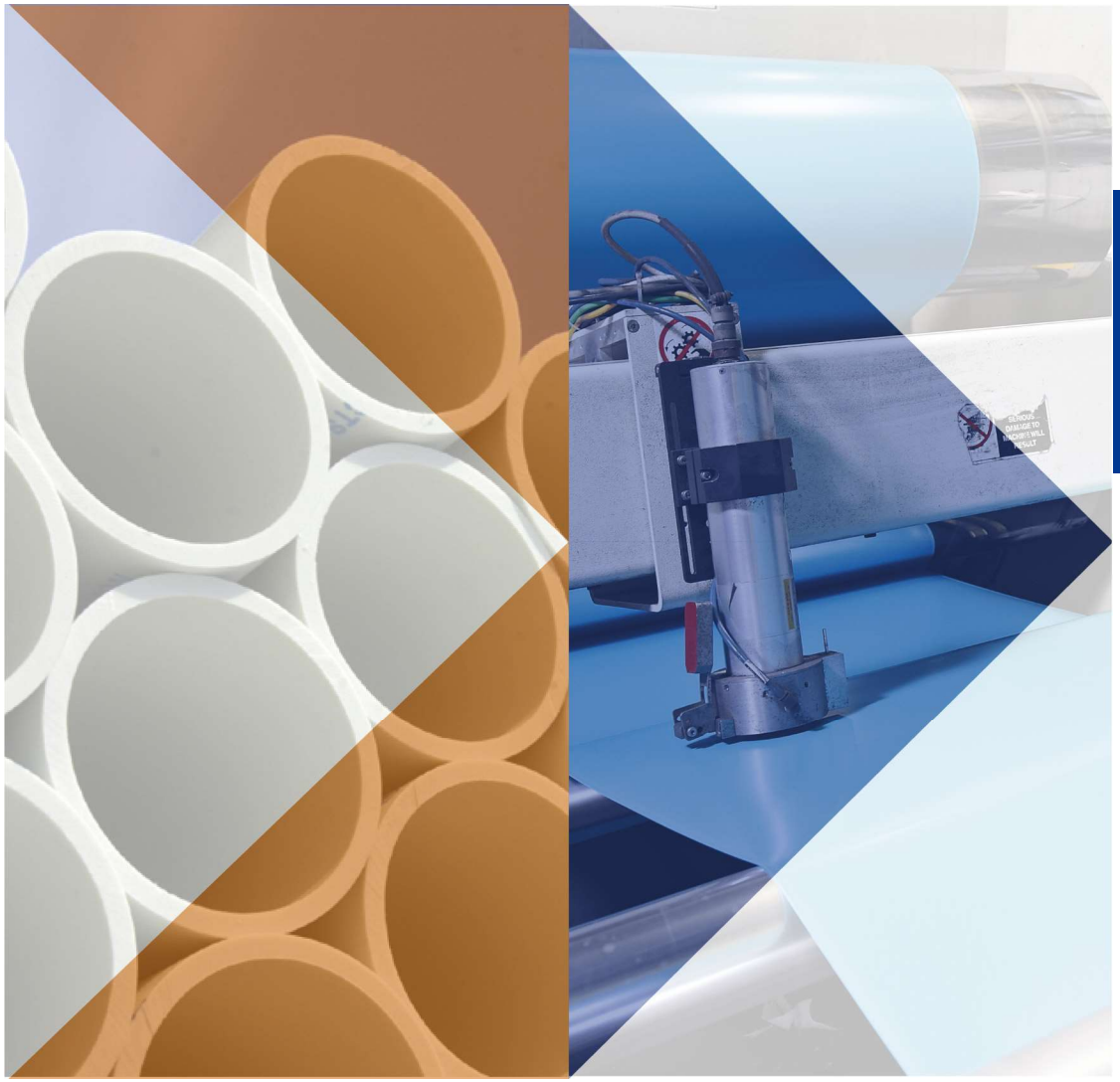


Total Avg Rates per kWh – **NORTH DAKOTA**



Total Avg Rates per kWh – **SOUTH DAKOTA**





MANUFACTURING PLATFORM

BTD

nPP

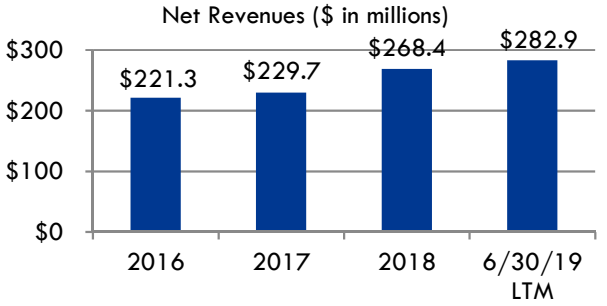
T.O. PLASTICS

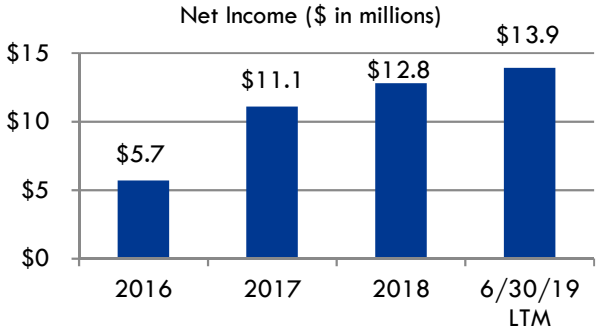
VINYLTECH VT PVC • PIPE

Manufacturing

- Contract metal fabrication – stamping, machining, tube bending, welding, painting, assembly
- Growth opportunities with existing customer base and expansion with new customers

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





Highlights

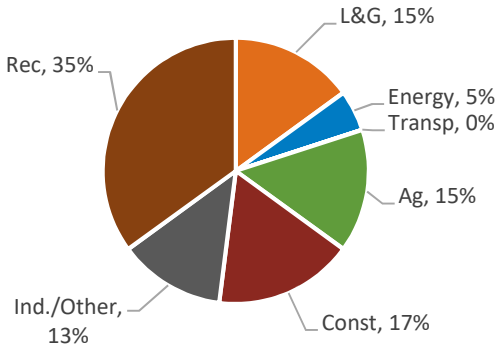
- Improved return on sales metrics at BTD.
- Improved financial results at BTD Georgia.
- BTD was recognized by *The Fabricator,* an industry leading publication, with its 2018 Industry Award.
- BTD also was recognized in December 2018 by Honda with its Challenging Spirit Award for exceptional customer support and performance exceeding expectations.

Manufacturing Locations

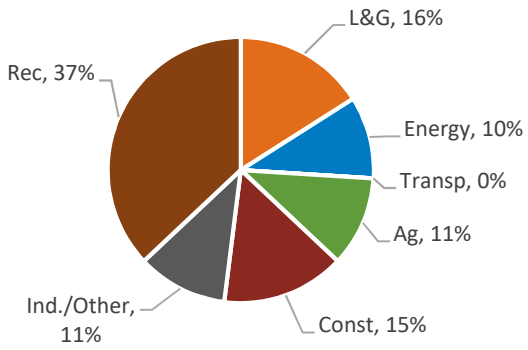


Manufacturing Sales by End Markets

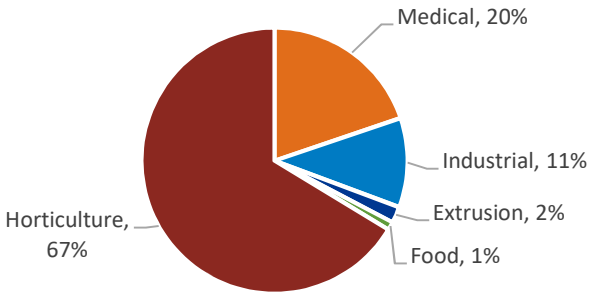
2018 BTD



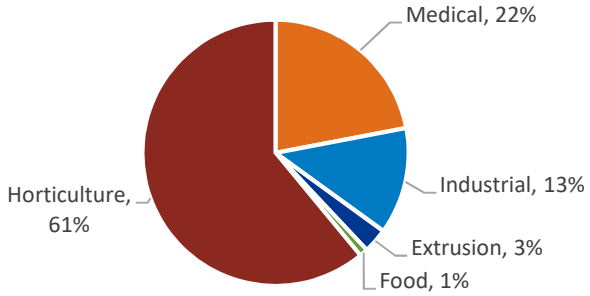
2017 BTD



2018 T.O. Plastics, Inc.



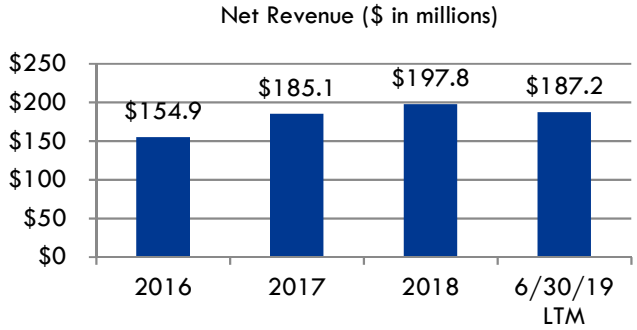
2017 T.O. Plastics, Inc.

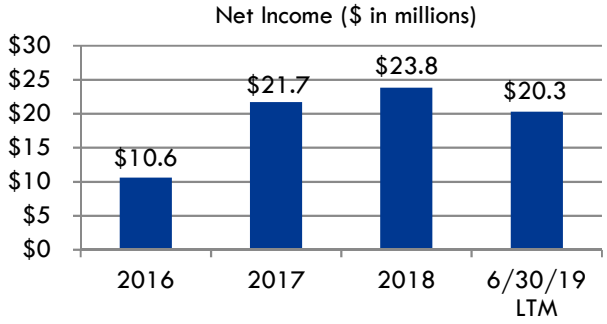


Plastics

- Manufactures PVC (polyvinyl chloride) pipe in ND
- Approximate production capacity of 150 mm lbs of PVC (~ 2.5% of total market)

- Manufactures PVC pipe in AZ
- Current capacity of 150 mm lbs (~ 2.5% of total market)

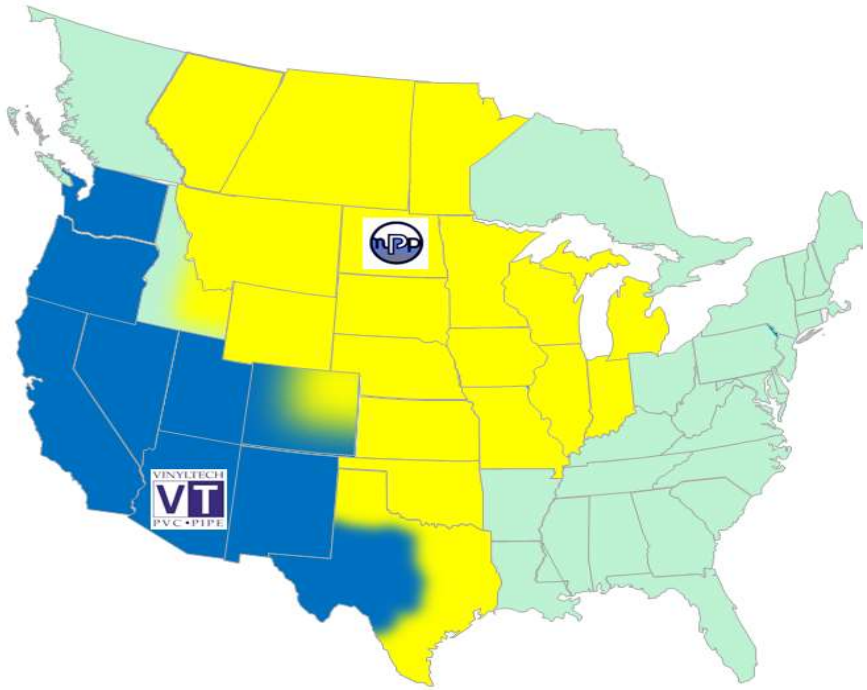




Highlights

- Managing business well in diverse business cycles
- Operational excellence
- Sensitive to economic conditions
- Excellent customer service provides competitive advantage
- Earnings impacted by an estimated $.09 per share due to hurricane-related dynamics in 2017

OTTER TAIL CORPORATION Plastics Locations

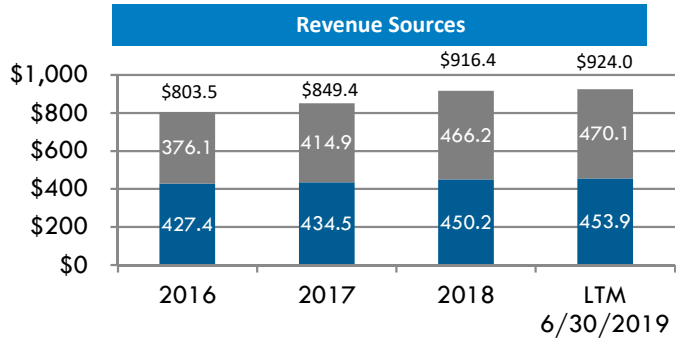


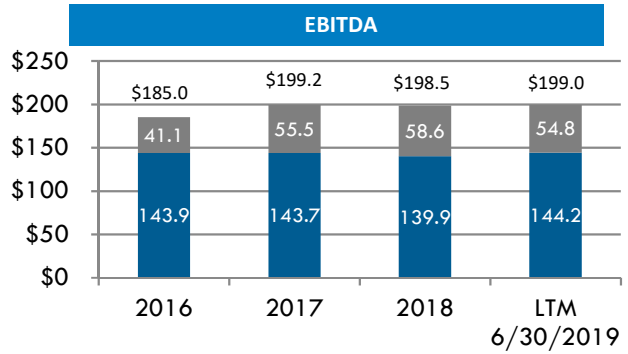
NPP
17 States Served:
East Idaho, Montana, Wyoming, Colorado, North & South Dakota, Nebraska, Kansas, Oklahoma, Minnesota, Iowa, Missouri, East Texas, Wisconsin, Illinois, Michigan & Indiana.
3 Canadian Provinces Served: Alberta, Saskatchewan, Manitoba

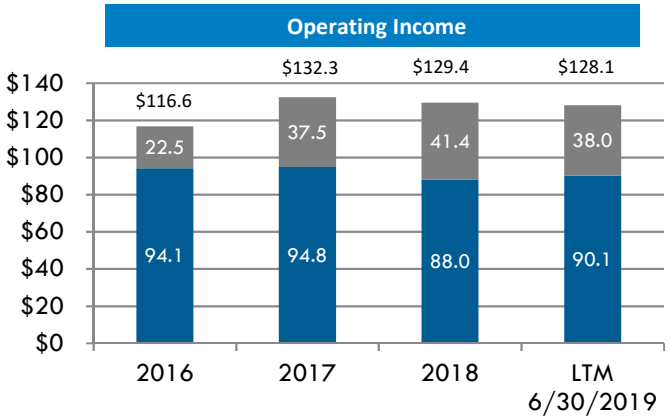
VT
9 States Served: Arizona, California, Nevada, New Mexico, Colorado, Oregon, Washington, Utah and Western Texas

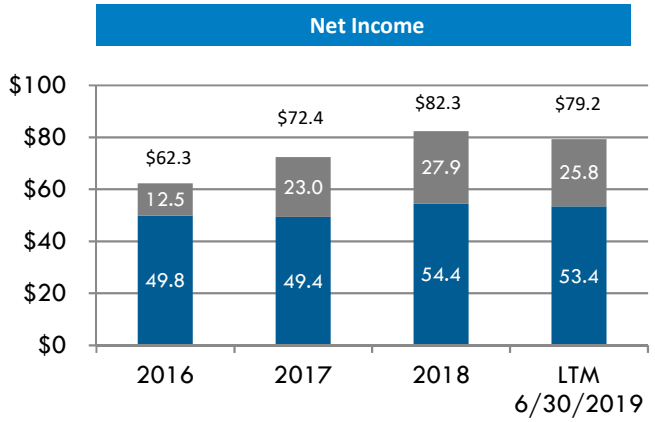
FINANCIAL UPDATE

Financial Overview ($ in Millions)









Electric Platform Manufacturing Platform (including unallocated corporate costs)

Q2 2019 Financial Summary

	Q2 2019	Q2 2018
Operating Revenues (in millions)	$229.2	$226.3
Net Income (in millions)	$15.4	$18.7
Diluted EPS	$.39	$.47

- Reaffirms 2019 consolidated earnings per share guidance range of $2.10-$2.25 per diluted share.
- Electric segment's earnings decreased primarily due to increased maintenance and material expense from extended outage at Coyote Station and milder weather conditions quarter over quarter.
- SDPUC approved ROE of 8.75% representing a $2.6 million revenue increase.
- Closed on the purchase of certain assets with notice to begin construction on Merricourt Wind Energy Center. Also began construction on Astoria Station natural gas-fired combustion turbine electric generation facility.
- Manufacturing segment's earnings increased primarily due to improved performance at BTD.
- Plastic segment's earnings decreased due to lower pipe sale prices resulting in lower operating margins, but remain in line with our 2019 earnings expectations.
- Strong balance sheet, investment-grade senior unsecured credit ratings and solid regulatory environment.

Q2 2018 compared with Q2 2019

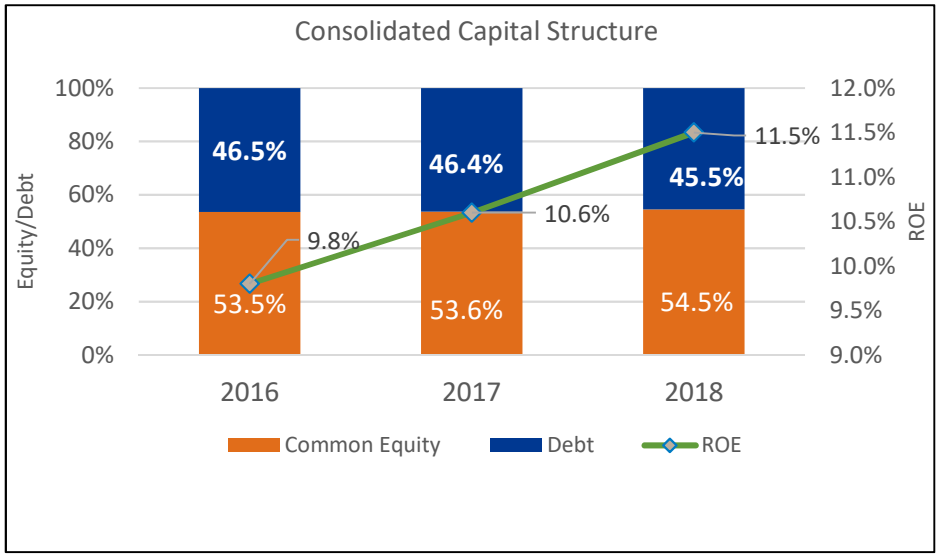
		Q2 EPS 2018 vs. Q2 EPS 2019				
		Electric	Manufacturing	Plastics	Corporate	Consolidated
	Q2 2018 Diluted Earnings per Share	**$0.26**	**$0.09**	**$0.16**	**($0.04)**	**$0.47**
Electric	Increase in MN transmission and ND generation riders	0.02				0.02
	Lower provisions for TCJA between quarters	0.02				0.02
	Increased cost recovery requirement in base rates and renewable riders from expired PTC's	0.02				0.02
	Interim revenues, net of interim rate refund	0.01				0.01
	Net increase in O&M, primarily generation plant maintenance	(0.04)				(0.04)
	Impact of milder weather	(0.03)				(0.03)
	Increase in depreciation and property tax expense	(0.03)				(0.03)
	Reduction in Federal production tax credits	(0.02)				(0.02)
	Decrease in kwh sales, non weather related	(0.01)				(0.01)
	Other	(0.01)				(0.01)
Manufacturing	Increase in gross margin		0.02			0.02
	Increase in O&M		(0.01)			(0.01)
Plastics	Impact on margins from lower sales prices and lower material costs			(0.02)		(0.02)
	Impact on margins sold from higher lbs of pipe sold			0.01		0.01
Corporate	Increase in certain employee benefit costs				(0.01)	(0.01)
	Q2 2019 Diluted Earnings per Share	**$0.19**	**$0.10**	**$0.15**	**($0.05)**	**$0.39**

OTTER TAIL CORPORATION YTD EPS 2018 VS. YTD EPS 2019

		YTD June EPS 2018 vs. YTD June EPS 2019				
		Electric	Manufacturing	Plastics	Corporate	Consolidated
	YTD June 2018 Diluted EPS	**$0.68**	**$0.20**	**$0.33**	**($0.08)**	**$1.13**
Electric	Increased cost recovery requirement in base rates and renewable riders from expired PTC's	0.05				0.05
	Increase in MN transmission and ND generation riders	0.03				0.03
	Reversal of SD TCJA recorded in 2018	0.03				0.03
	Interim revenues, net of interim rate refund	0.03				0.03
	Lower provisions for TCJA between quarters	0.02				0.02
	YTD favorable weather impact	0.02				0.02
	Decrease in other revenues	(0.02)				(0.02)
	Reduction in Federal production tax credits	(0.05)				(0.05)
	Increase in depreciation and property tax expense	(0.05)				(0.05)
	Decrease in kwh sales, non weather related	(0.04)				(0.04)
	Increase in O&M expenses, including generation plant maintenance	(0.02)				(0.02)
	Other	(0.02)				(0.02)
Manufacturing	Increase in gross margin		0.05			0.05
	Increase in O&M		(0.03)			(0.03)
Plastics	Impact on margins from lower sales prices			(0.06)		(0.06)
	Impact on margins from lower lbs of pipe sold			(0.03)		(0.03)
Corporate	Increase in cash value of corporate owned life insurance				0.01	0.01
	YTD June 2019 Diluted EPS	**$0.66**	**$0.22**	**$0.24**	**($0.07)**	**$1.05**

Liquidity, Cap Structure & Credit Ratings

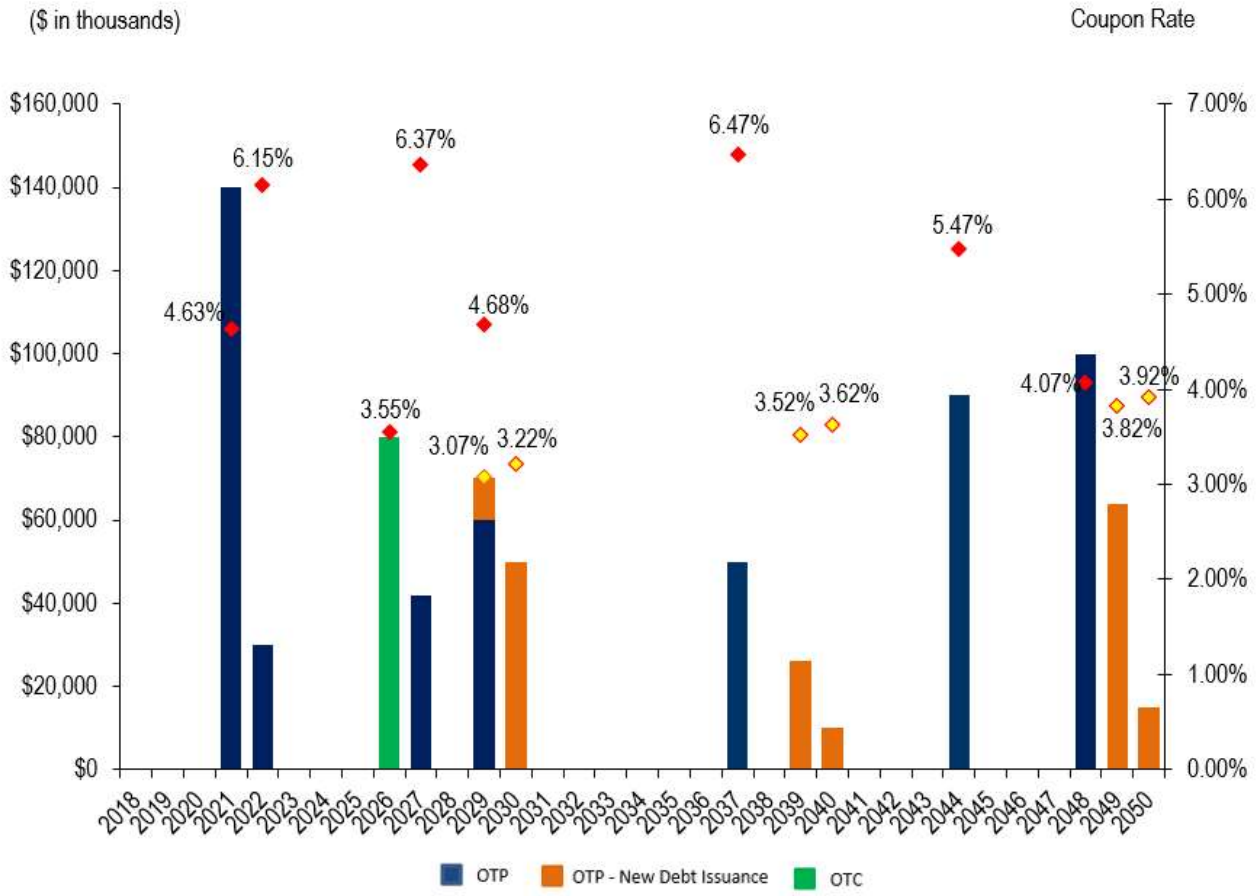
	OTP	OTC
Line of Credit Facilities	$ 170,000,000	$ 130,000,000
Outstanding		
Borrowings	22,801,375	13,800,956
Letters of Credit	8,765,500	-
Unused Amount at 06/30/19	$ 138,433,125	$ 116,199,044
Unused Amount at 12/31/18	$ 160,316,000	$ 120,785,000
Expiration Date	**October 31, 2023**	**October 31, 2023**



Otter Tail Corporation	Moody's	Fitch	S&P
Corporate Credit/Long-term Issuer Default Rating	Baa2	BBB-	BBB
Senior Unsecured Debt	N.A.	BBB-	N.A.
Outlook	Stable	Stable	Stable

Otter Tail Power Company	Moody's	Fitch	S&P
Corporate Credit/Long-term Issuer Default Rating	A3	BBB	BBB+
Senior Unsecured Debt	N.A.	BBB+	BBB+
Outlook	Stable	Stable	Stable

Bond Maturity Schedule



OTTER TAIL CORPORATION 2019 Earnings Guidance

Diluted Earnings Per Share	2018 EPS by Segment	2019 Guidance February 18, 2019		2019 Guidance May 6, 2019		2019 Guidance August 5, 2019	
		Low	High	Low	High	Low	High
Electric	$1.36	$1.46	$1.49	$1.48	$1.51	$1.48	$1.51
Manufacturing	$0.32	$0.37	$0.41	$0.35	$0.39	$0.33	$0.37
Plastics	$0.60	$0.44	$0.48	$0.44	$0.48	$0.46	$0.50
Corporate	($0.22)	($0.17)	($0.13)	($0.17)	($0.13)	($0.17)	($0.13)
Total	$2.06	$2.10	$2.25	$2.10	$2.25	$2.10	$2.25
Return on Equity	11.5%	11.5%	12.3%	11.5%	12.3%	11.5%	12.3%

Costs in second-half 2018 not expected in last half 2019

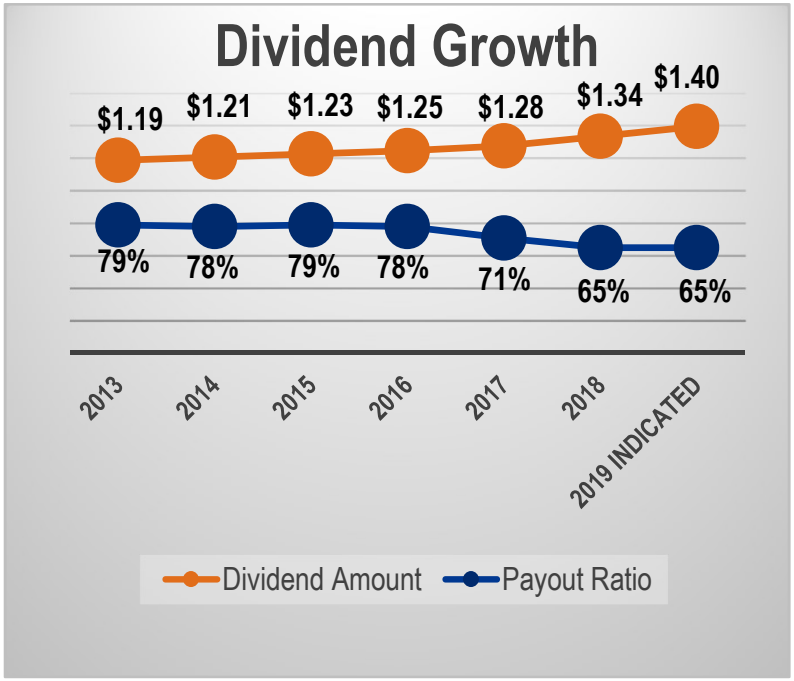
Costs in last half of 2018	After-tax impact	EPS
Key items:		
Electric segment		
Big Stone Plant outage	$ 2,300,000	$ 0.06
OTP Foundation contribution	370,000	0.01
Corporate		
OTC Foundation contribution	1,500,000	0.04
OTC Uncertain tax positions	600,000	0.02
OTC Valuation allowance	600,000	0.02
Total		$ 0.15

Capital Expenditures

(in millions)	2018	2019	2020	2021	2022	2023	Total
Capital Expenditures:							
Electric Segment:							
Renewables and Natural Gas Generation		$125	$ 264	$ 15	$ 82	$ 0	$ 486
Transformative Technology and Infrastructure		2	7	18	47	54	128
Transmission (includes replacements)		43	42	21	19	17	142
Other		43	45	58	49	55	250
Total Electric Segment	$ 87	$ 213	$ 358	$ 112	$ 197	$ 126	$1,006
Manufacturing and Plastics Segments	18	20	18	19	23	19	99
Total Capital Expenditures	$ 105	$ 233	$ 376	$ 131	$ 220	$ 145	$1,105
Total Electric Utility Ending Rate Base	$ 1,112	$1,176	$1,394	$1,531	$1,581	$1,665	

History of Dividend Growth

- Consecutive annual dividends without interruption paid since 1938
- Indicated increase of $.06/share (4.5%)
- Strong balance sheet, liquidity, cash generation profile and our commitment to enhancing shareholder returns



Investment Highlights

Balanced Growth and Income Strategy

Strong and stable regulated electric operations provide cash flow to support dividends

Manufacturing businesses provide above average earnings growth potential

Strong dividend yield

Strong returns on equity

Stable and Growing Utility Base

Competitive, low cost integrated electric operations

Regulated rate base capex over the next 5 years will drive growth

- Investment opportunity in generation, transmission 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

Company is committed to maintaining investment grade credit ratings and will manage its operations in a way that reflects this commitment