MUI Virtual Investor Meeting
October 7, 2020

FORWARD-LOOKING STATEMENT

This presentation contains statements that may be considered forward-looking statements. Such statements contain the word “expect,” “anticipates” or words of similar meaning, or speak to management’s expectations regarding the EPS growth goals, sales, total shareholder returns, financing activities and rate base growth. These statements speak of Otter Tail’s plans and expectations. Actual results could differ materially, because the realization of those results is subject to many uncertainties including: regulatory approvals and results; the direct or indirect impacts from the novel coronavirus (COVID-19) pandemic on our sales, our operations and our ability to complete construction projects; unanticipated construction costs or delays; economic conditions in the states we do business in; and other factors, some of which are discussed in more detail in Otter Tail’s Form 10-K for the year ended December 31, 2019 or in our other SEC Filings. The information in this presentation was prepared as of August 3, 2020. Otter Tail undertakes no obligation to update any forward-looking information statement to reflect developments after the statement is made.

AGENDA

- Business Overview
- Electric Platform
- ESG Highlights
- Manufacturing Platform
- COVID-19 Impacts & Mitigation Efforts
- Financial Update

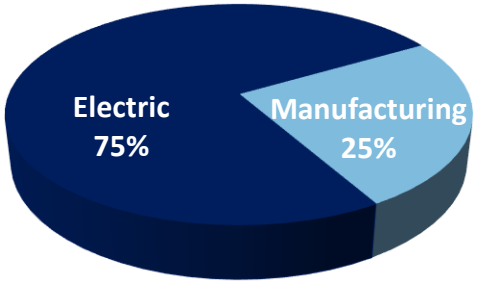
BUSINESS OVERVIEW

COMPANY 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

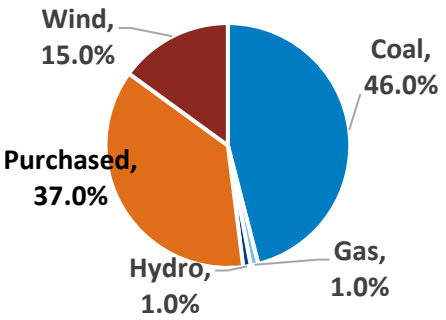
ELECTRIC UTILITY

OTTER TAIL POWER COMPANY



ELECTRIC OPERATIONS

Energy by Source - 2019

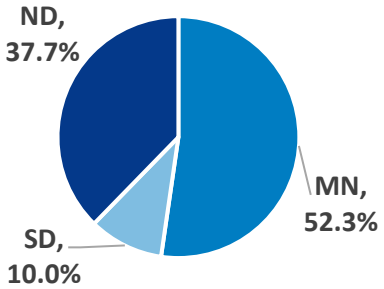


Service Area*

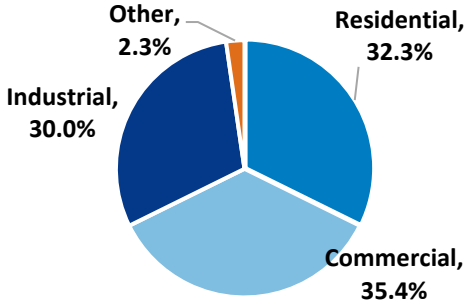


* Service area excludes Fargo, Minot and Grand Forks, ND.

Revenues by State - 2019



Revenues by Customer - 2019



MERRICOURT WIND ENERGY CENTER

Project	Merricourt Wind Energy Center
Description	150 megawatts Capacity factor ~ 50% to 55%
Schedule	2017 – 2020 Construction started Q3 2019
OTP cost	$260 million



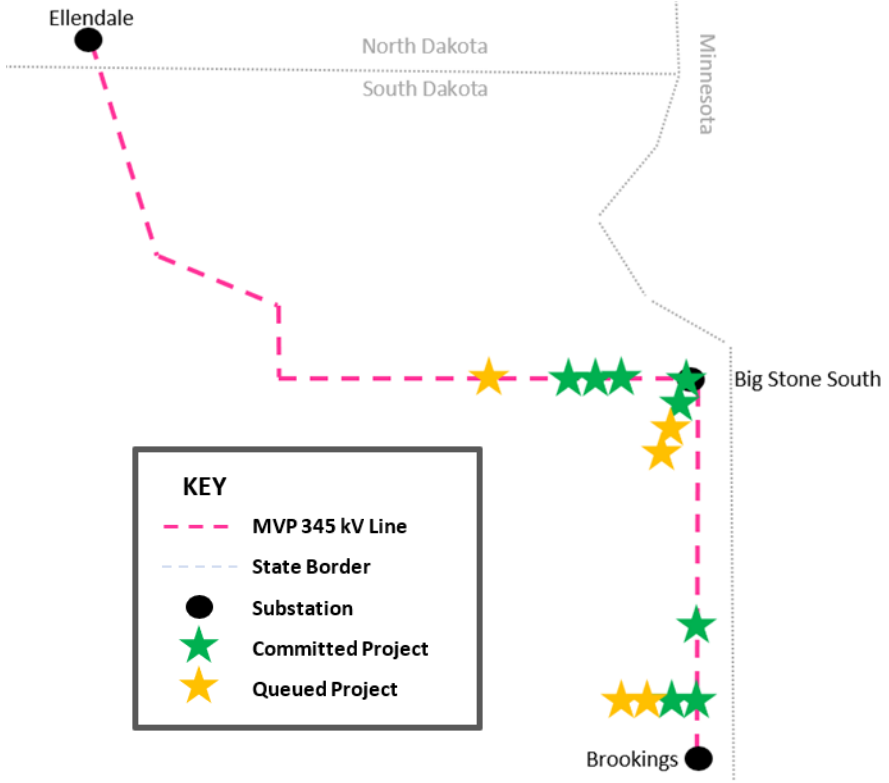
ASTORIA STATION

Project	Astoria Station Natural Gas Plant
Description	245-megawatt simple cycle unit
Schedule	2020 – 2021 Construction started Q2 2019
OTP cost	$154 million



SELF-FUND TRANSMISSION PROJECTS

Project	Self-Fund Transmission Projects
Description	OTP to fund transmission upgrades associated with new generator interconnections.
Schedule	2019 - 2021
OTP cost	~$50 million



ADVANCING ECONOMIC RECOVERY

Minnesota Relief and Recovery Proposal – Potential Projects.

- 12 projects submitted with estimated total cost of $153-173 million



Renewable Generation ~$60 million



Infrastructure and Reliability Improvements ~$18 million



Technology Advancement ~$71 million



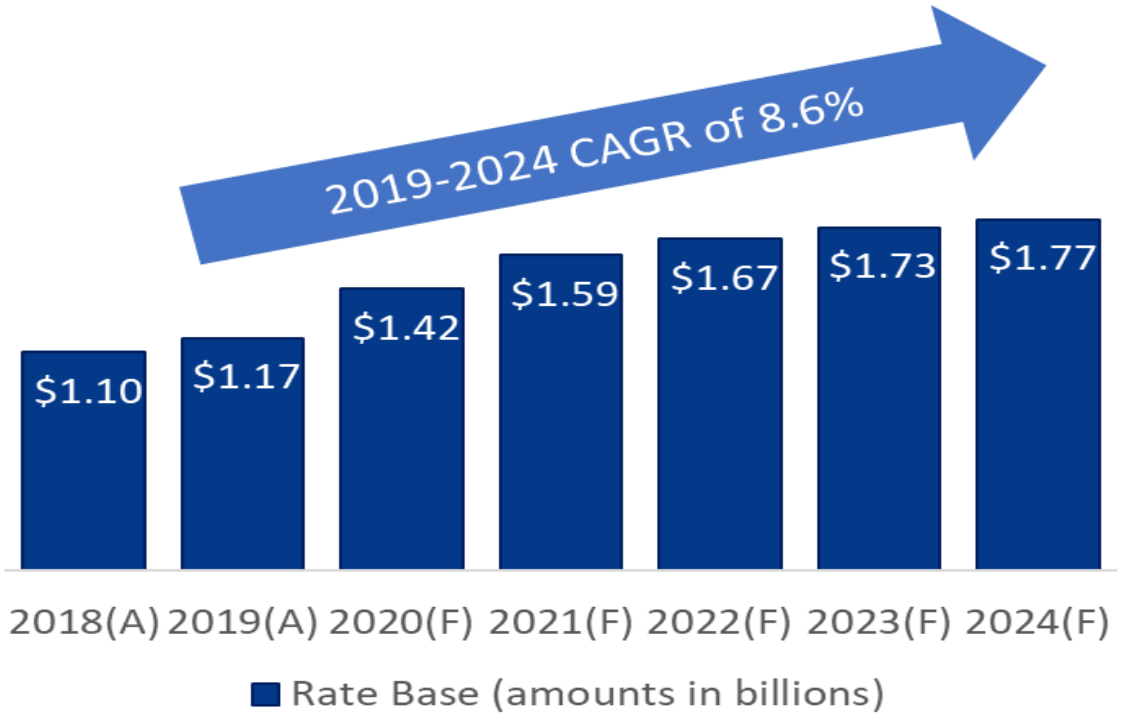
Electric Vehicle Infrastructure/Conservation and Building Upgrades ~$14 million

HOOT LAKE SOLAR PROJECT



- Nearly 50 MW solar farm on soon-to-be retired Hoot Lake Plant.
- Will include around 170,000 solar panels, generating enough energy to power approximately 10,000 homes each year

RATE BASE GROWTH

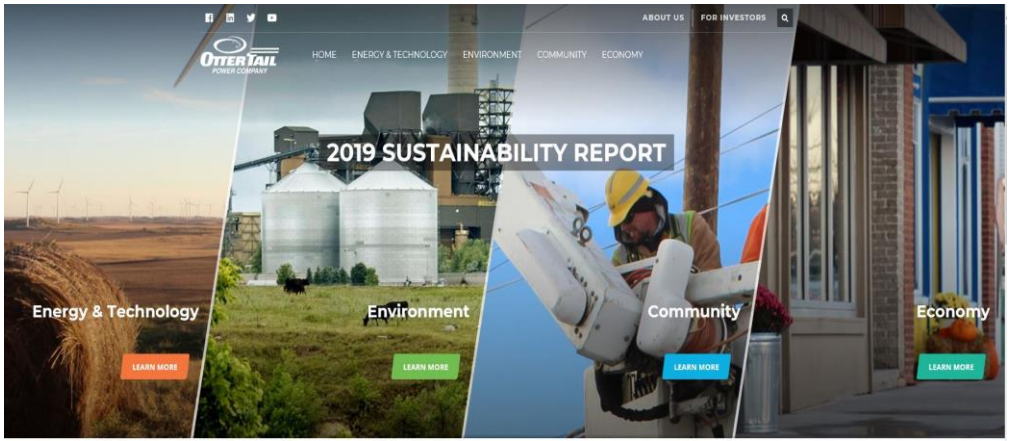


ESG HIGHLIGHTS

Environmental

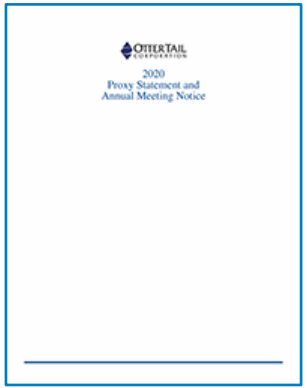
Social

Governance



https://www.ottertail.com/custompage/Index?KeyGenPage=351348





https://www.ottertail.com/annual-report-and-proxy-statement/Index?KeyGenPage=1073752420

These 3 documents provide details of Otter Tail Corporation's ESG practices

ESG HIGHLIGHTS

2022 Projections

30%

RENEWABLE RESOURCES

that we own or secure through power purchase agreements

30%

CARBON REDUCTION

from 2005 levels

30%

LOWER RATES

compared to the national residential average

MANUFACTURING PLATFORM

BTD

northern pipe products

T.O. PLASTICS

VINYLTECH VT PVC • PIPE

CUSTOM METAL FABRICATOR

BTD



CUSTOM PLASTIC PARTS MANUFACTURER

T.O. PLASTICS



PLASTICS SEGMENT

northern pipe products

VINYLTECH VT PVC • PIPE



COVID-19 OVERVIEW

KEY COVID-19 FINANCIAL RISKS

	Potential Impacts	Mitigation Factors
Electric Segment	• Lower commercial and industrial sales volumes • Increased bad debt expense and waived late fees • Personal protection equipment costs • Sequestration/quarantine-related costs • Potential capital project delays	• Higher margin residential usage • O&M expense reductions • Rigorous COVID-19 safety programs and project management • Filed for COVID-19 Cost Treatment Orders in all three jurisdictions
Manufacturing Segment	• Decreased revenue due to temporary customer plant shutdowns and lower sell-through • Lower scrap revenue	• Reduced approximately 180 positions or 16% of total workforce across all its sites. • O&M expense reductions
Plastic Segment	• Compressed margins	• O&M expense reductions
Parent/Liquidity	• Volatile capital markets	• No 2020 debt maturities • Adequate liquidity under credit facilities • No further 2020 pension contributions • As of the end of Q2, 2020, up to $28 million of remaining equity needs under ATM, DRIP, and ESPP

FINANCIAL UPDATE

2020 EARNINGS GUIDANCE

Diluted Earnings Per Share	2019 EPS by Segment	2020 Guidance February 17, 2020		2020 Guidance May 5, 2020		2020 Guidance August 3, 2020	
		Low	High	Low	High	Low	High
Total	$2.17	$2.22	$2.37	$2.00	$2.25	$2.10	$2.30
Return on Equity	11.6%	11.0%	11.7%	9.9%	11.1%	10.4%	11.4%

COVID-19 STRONG LIQUIDITY POSITION

	December 31, 2019		July 31, 2020	
	OTC	OTP	OTC	OTP
Total Credit Capacity	$170.0	$170.0	$170.0	$170.0
Outstanding				
Borrowings	(6.0)		(45.9)	
Letters of Credit		(15.5)		(7.7)
Unused	$164.0	$154.5	$124.1	$162.3
Expiration Date			October 31, 2024	October 31, 2024

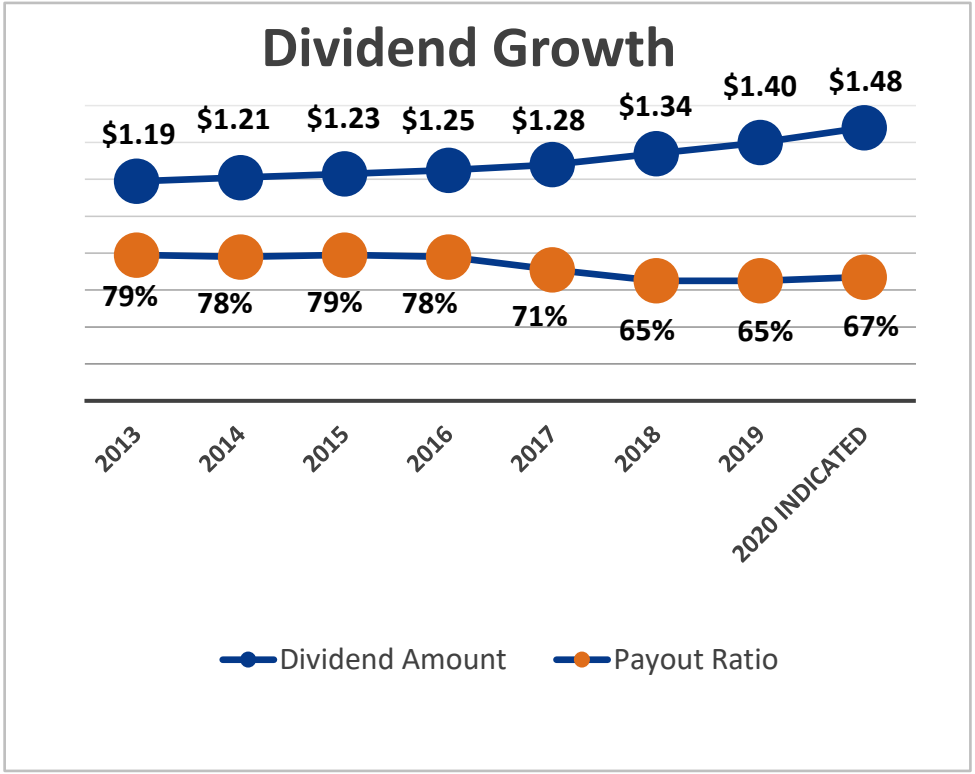
CREDIT RATINGS

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	Negative

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

HISTORY OF DIVIDEND GROWTH

- Consecutive annual dividends without interruption paid since 1938.
- Indicated increase of $.08/share (5.7%).
- Strong balance sheet, liquidity, cash generation profile, and commitment to enhancing shareholder returns.

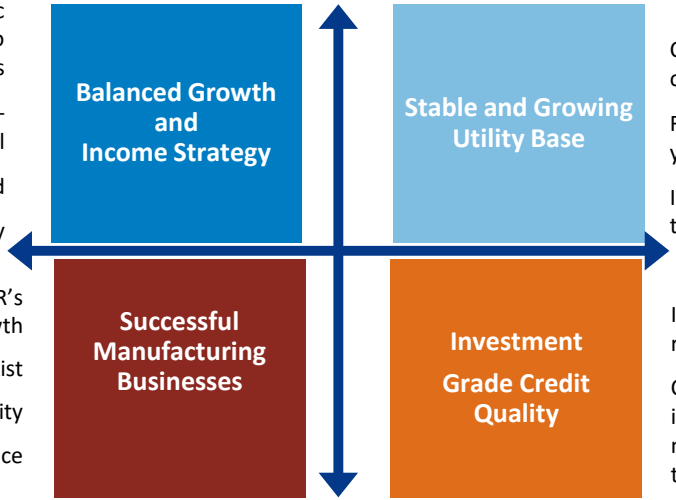


INVESTMENT HIGHLIGHTS

5-7% EPS growth-based off from 2019 EPS

Total Shareholder Return ~ 8-10%

Dividend yield ~ 3%
Dividend growth in line with EPS growth while maintaining a Payout ratio of 60-70%



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

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

Platform of companies enhances OTTR's earnings growth

Organic growth opportunities exist

Utilization of existing capacity

Operational excellence

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

THANK YOU