



THIRD QUARTER ENDED SEPTEMBER 30, 2017
EARNINGS CONFERENCE CALL

November 2, 2017

FORWARD-LOOKING STATEMENTS

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.

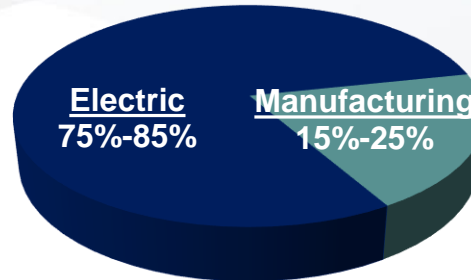
- Chuck MacFarlane, President and Chief Executive Officer
- Kevin Moug, Senior Vice President and Chief Financial Officer



Target earnings contributions

Electric

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



Manufacturing

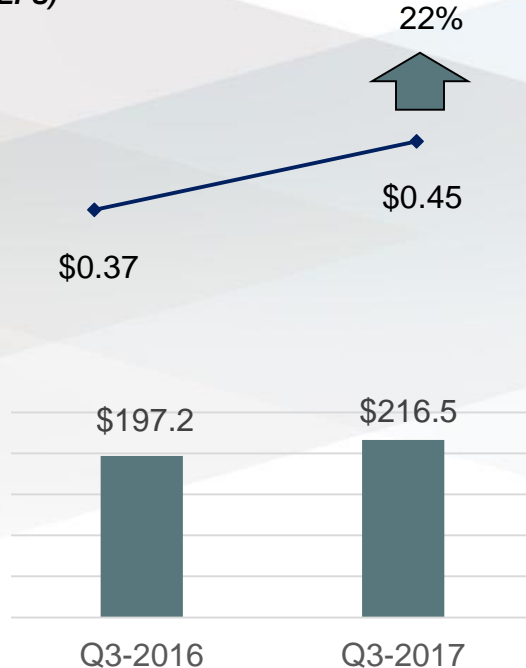
- ☐ Long-term growth potential
- ☐ Capacity utilization
- ☐ Diversification

Q3 2017 FINANCIAL SUMMARY

(\$'s in millions, except EPS)

EPS from
continuing
Ops

Revenue



- Electric segment's earnings decrease due to lower interim rate revenue along with lower environmental & transmission cost recovery rider revenue as a result of the reduction in allowed ROE granted by Minnesota Public Utilities Commission in its final order of the utility's 2016 general rate case.
- Manufacturing segment's earnings increase due to increased sales and improved margins at both BTD and T.O. Plastics. Earnings also benefit from lower interest costs.
- Plastic segment's revenues and earnings increase significantly due to an increase in pounds of PVC pipe sold as well as an increase in PVC pipe prices. Increases driven by improved profitability from normal business operations and strong customer demand in reaction to hurricanes impacting the gulf coast region.
- Strong balance sheet, investment grade senior unsecured credit ratings, and solid regulatory environment.
- Raised 2017 consolidated earnings per share guidance range to \$1.75-\$1.85 from \$1.65-\$1.80 per diluted share based on strong YTD results.

RATE BASE PROJECTS

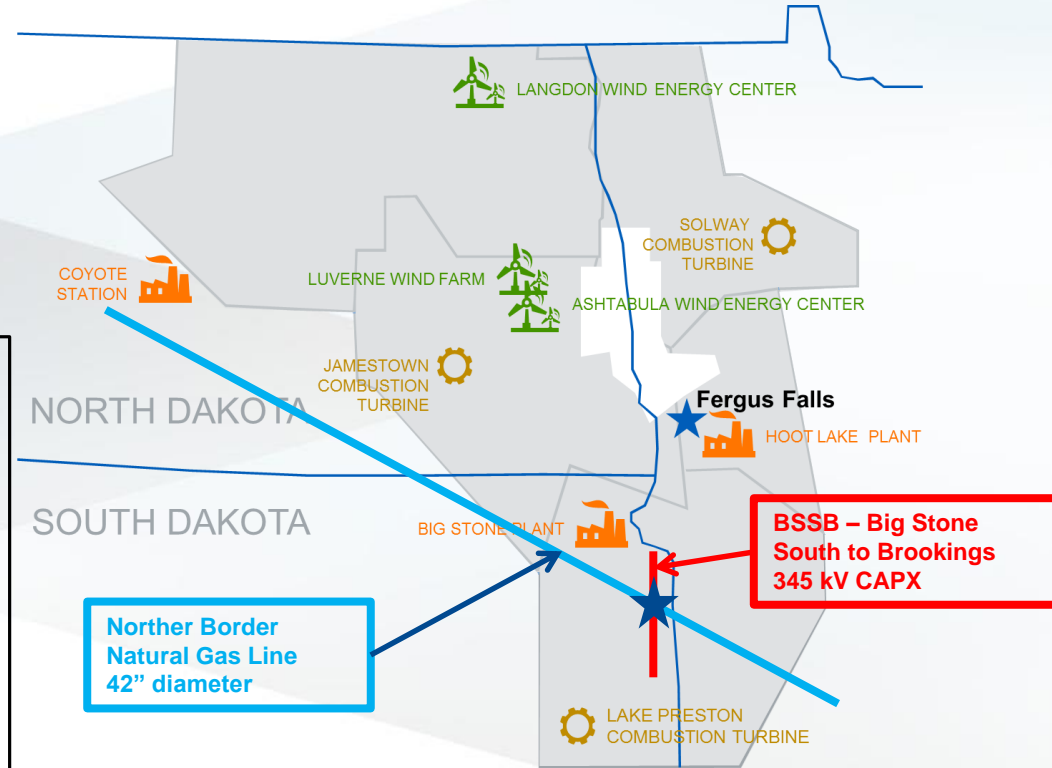
Project	Our investment			Recovery mechanisms
	(Millions)	In-service	Percent complete	
Fargo – St. Cloud (CapX2020)	\$81	2015	100%	Rider
Brookings Co. – Hampton (CapX2020)	\$26	2015	100%	Rider
Big Stone Plant AQCS	\$200	2015	100%	Rider
Big Stone South – Brookings Co. (CapX2020 and MVP)	\$97	2017	100%	Rider
Big Stone South – Ellendale (MVP)	\$153	2019	65%	Rider
Merricourt Wind farm	\$220-\$270	2019	1.5%	Rider/General Rate Case in SD
Solar investment	\$30	2021	0%	Rider
Astoria Gas Plant (Hoot Lake Plant replacement): 250 MW natural gas simple-cycle combustion turbine	\$165	2021	2%	General rate case
Ashtabula III: option to buy 62.4 MW wind farm	\$50	Option to purchase 2023	NA	Rider/General Rate Case in SD

ASTORIA STATION – NATURAL GAS PLANT

Project	Astoria Station Natural Gas Plant
Description	250 MW Simple Cycle
Schedule	2019 - 2021
OTP cost	\$165 million

Astoria

- MN Resource Plan approved on March 16, 2017.
- Location intersects 345 KV line and Northern Border Pipeline.
- SD Permitting and site engineering progressing.
- MISO interconnection process is ongoing.
- NE of Brookings, SD ~ 25 Miles.
- Reached settlement with ND PSC staff on Advanced Determination of Prudence.
- Anticipate commission action before year end.



MERRICOURT WIND FARM

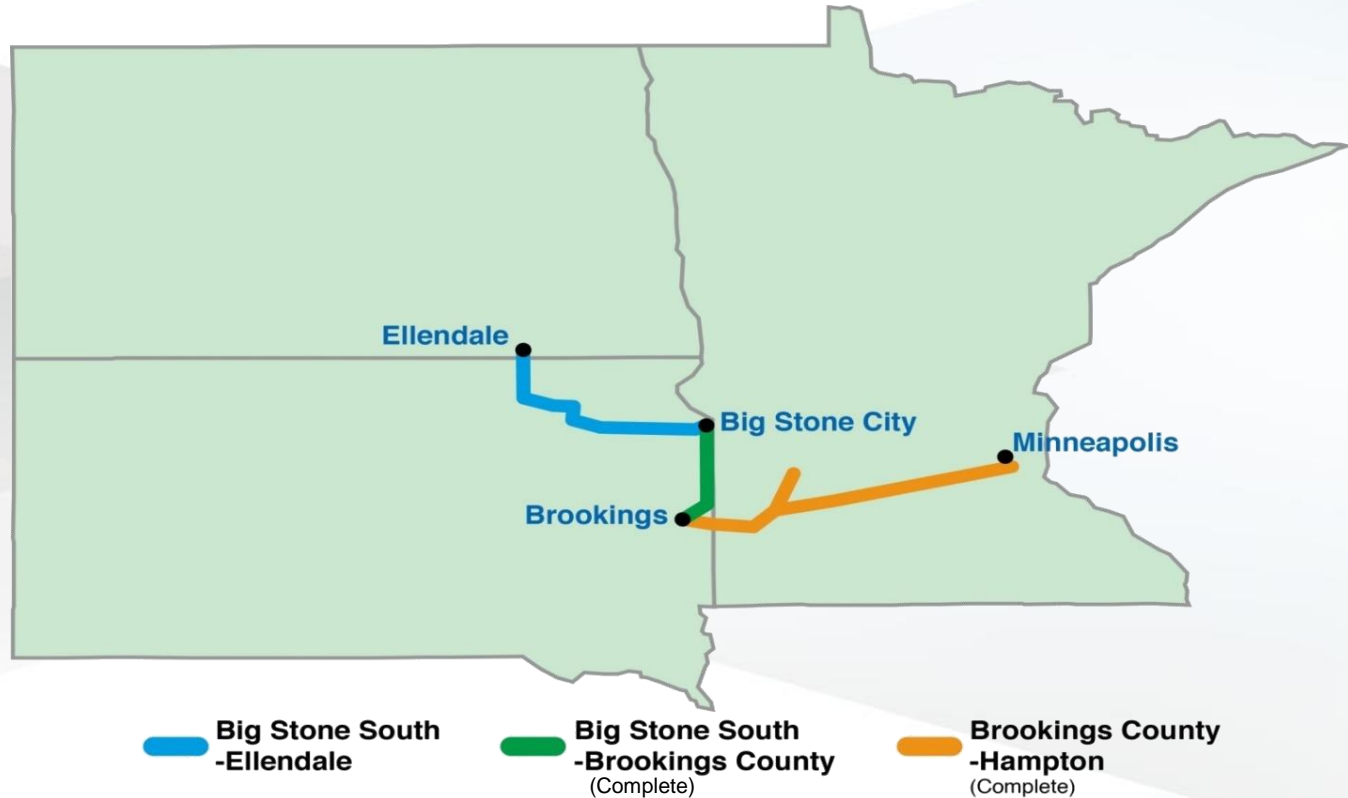
Project	Merricourt Wind Farm
Description	150 MWs
Schedule	2017-2019
OTP cost	\$220 - \$270 million

Merricourt

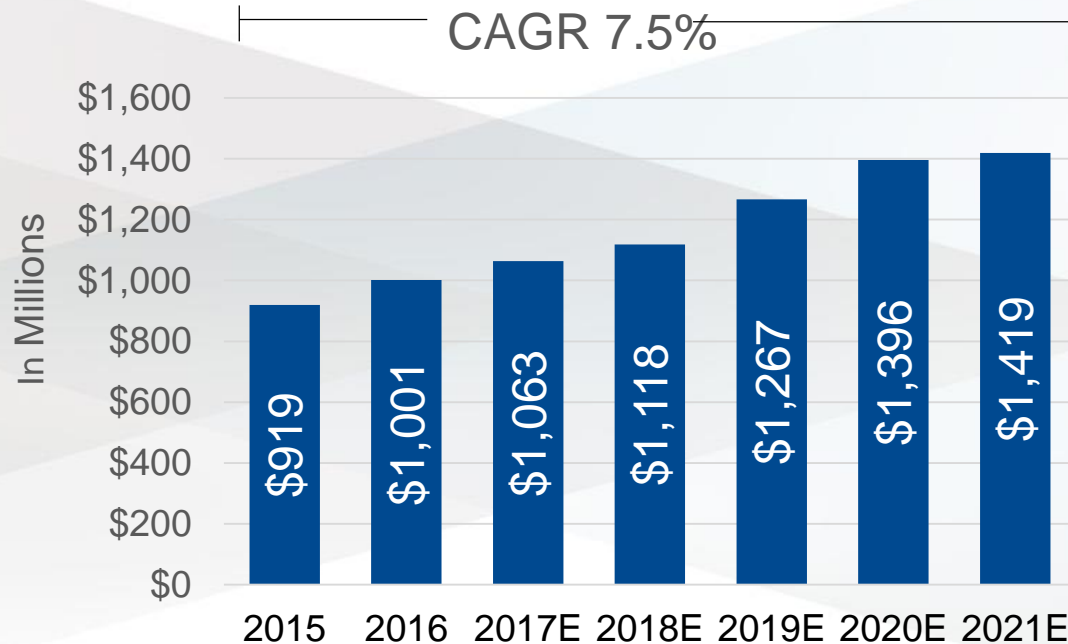
- MN Resource Plan approved on March 16, 2017 allows for 200 MWs of wind by 2020.
- Turnkey agreements have been signed with EDF.
- ND PSC has issued a site permit, amendment needed.
- MISO interconnection process is ongoing.
- Turbines qualify for safe harbor.
- Reached settlement with ND PSC staff on Advanced Determination of Prudence. Anticipate commission action before year end.
- Anticipate a capacity factor greater than 50%.



BIG STONE AREA TRANSMISSION



RATE BASE GROWTH CHART



Capital spending of \$862 million for 2017 to 2021 is divided among:

- Regional transmission projects
- Natural gas generation
- Renewable generation
- Ongoing system replacements

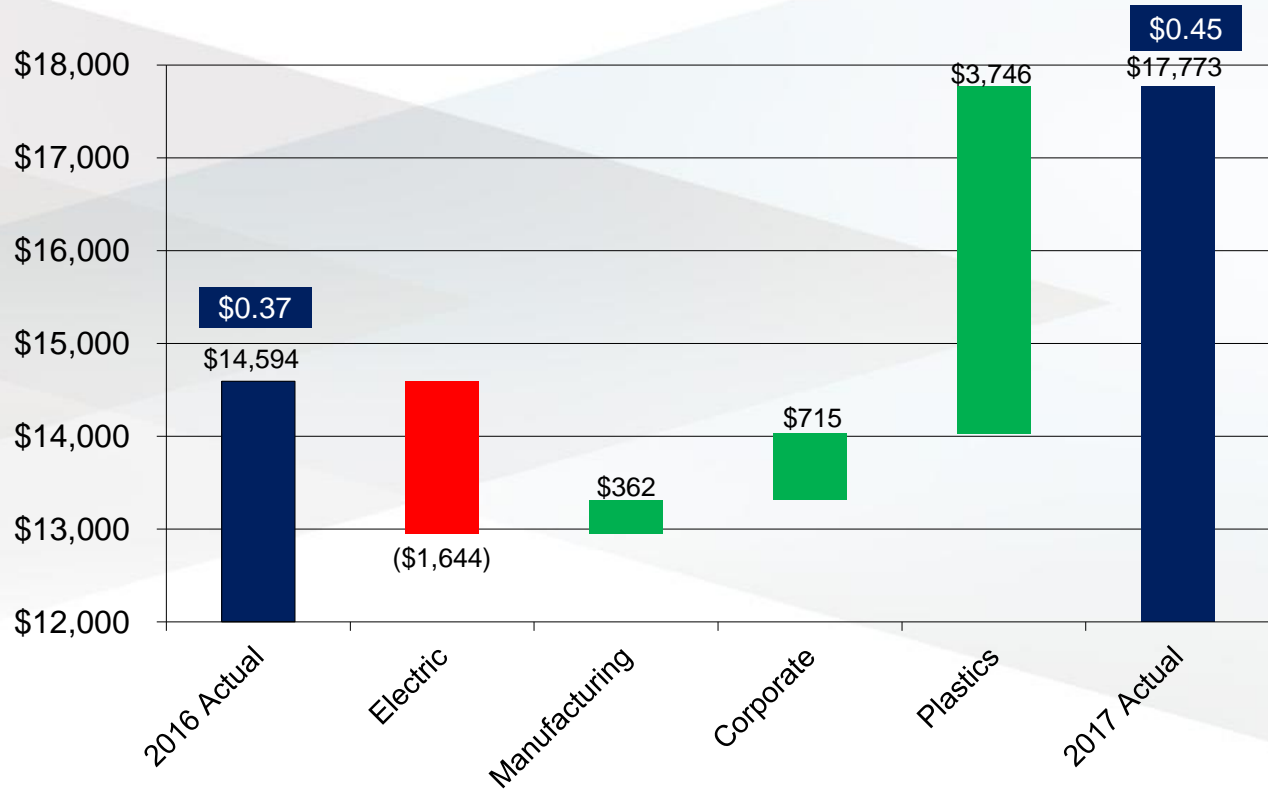
REGULATORY FRAMEWORK

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	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 years	Forward-looking test years	Historical test year with known-and-measurable post-test-year adjustments
Allowed ROE	9.41%	10.3% As requested in Nov. 2, 2017 rate case filing	8.5% Return on Rate Base

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.

2017 3RD QUARTER EARNINGS FROM CONTINUING OPERATIONS WALK THROUGH



Q3 EPS 2017 VS. Q3 EPS 2016

		Q3 EPS 2016 vs. Q3 EPS 2017				Consolidated
		Electric	Manufacturing	Plastics	Corporate	
Q3 '16 Diluted EPS from continuing operations		\$0.32	\$0.03	\$0.06	(\$0.04)	\$0.37
Electric	Decrease in Interim rate revenues, TCR and ECR rider revenues	(0.02)				(0.02)
	Weather	(0.01)				(0.01)
	Decrease in industrial sales	(0.01)				(0.01)
Manufacturing	Increase in gross margins		0.01			0.01
	Decrease in interest expense		0.01			0.01
	Increase in O&M expenses		(0.01)			(0.01)
Plastics	Impact on September from Gulf Coast hurricanes			0.04		0.04
	Improved business operations due to higher lbs. sold and increased sales prices			0.05		0.05
Corporate	Reduction in O&M expenses				0.02	0.02
Q3 '17 Diluted EPS from continuing operations		\$0.28	\$0.04	\$0.15	(\$0.02)	\$0.45

SEPT. YTD EPS 2017 VS. SEPT. YTD EPS 2016

		YTD September EPS 2016 vs. YTD September EPS 2017				Consolidated
		Electric	Manufacturing	Plastics	Corporate	
YTD September 2016 Diluted EPS from continuing operations		\$0.89	\$0.16	\$0.21	(\$0.09)	\$1.17
Electric	Interim rate increase, net of estimated refund	0.04				0.04
	Weather	0.01				0.01
	Decreased revenue from industrial sales	(0.02)				(0.02)
	Decrease in O&M expenses	0.01				0.01
	Decrease in depreciation expense	0.02				0.02
	Impact of increased common shares outstanding	(0.03)				(0.03)
Manufacturing	Increase in gross margins		0.01			0.01
	Decrease in interest expense		0.02			0.02
	Increase in O&M expenses		(0.02)			(0.02)
Plastics	Impact on September from Gulf Coast hurricanes			0.04		0.04
	Improved business operations due to higher lbs. sold and increased sales prices			0.08		0.08
Corporate	Excess tax benefit- 2014 performance shares				0.02	0.02
	Nontaxable corporate-owned life insurance benefit proceeds in 2016				(0.02)	(0.02)
	Decrease in O&M expenses				0.03	0.03
YTD September 2017 Diluted EPS from continuing operations		\$0.92	\$0.17	\$0.33	(\$0.06)	\$1.36

2017 EARNINGS GUIDANCE

		2017 Guidance					
	2016 EPS by Segment	February 6, 2017		August 7, 2017		November 1, 2017	
Diluted Earnings Per Share		Low	High	Low	High	Low	High
Electric	\$1.29	\$1.31	\$1.34	\$1.31	\$1.34	\$1.27	\$1.29
Manufacturing	\$0.15	\$0.17	\$0.21	\$0.17	\$0.21	\$0.19	\$0.21
Plastics	\$0.27	\$0.26	\$0.30	\$0.31	\$0.35	\$0.43	\$0.45
Corporate	(\$0.11)	(\$0.14)	(\$0.10)	(\$0.14)	(\$0.10)	(\$0.14)	(\$0.10)
Total – Continuing Operations	\$1.60	\$1.60	\$1.75	\$1.65	\$1.80	\$1.75	\$1.85
Return on Equity	9.8%	9.3%	10.2%	9.7%	10.5%	10.2%	10.8%

INVESTMENT HIGHLIGHTS

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

Balanced Growth and Income Strategy

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

Platform of companies enhances OTTR's earnings growth

Organic growth opportunities exist

Utilization of existing capacity

Operational excellence

Successful Manufacturing Businesses

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