# Otter Tail Corporation (OTTR)

*Updated May 22nd, 2026, by Kody Kester*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $86 | **5 Year CAGR Estimate:** | 2.4% | **Market Cap:** | $3.6B |
| **Fair Value Price:** | $84 | **5 Year Growth Estimate:** | 0.0% | **Ex-Dividend Date:** | 08/14/26[1] |
| **% Fair Value:** | 103% | **5 Year Valuation Multiple Estimate:** | -0.6% | **Dividend Payment Date:** | 09/09/26[1] |
| **Dividend Yield:** | 2.7% | **5 Year Price Target** | $84 | **Years Of Dividend Growth:** | 13 |
| **Dividend Risk Score:** | F | **Sector:** | Utilities | **Rating:** | Hold |

## Overview & Current Events

Otter Tail Corporation (OTTR) traces its roots to 1907 with its electric utility founded in Fergus Falls, Minnesota. Today, the company operates through three segments: an electric utility serving customers in Minnesota, North Dakota, and South Dakota; a manufacturing segment producing metal parts and assemblies; and a plastics segment manufacturing PVC pipe products. OTTR generated over $1.3 billion in total operating revenue in 2025 across these diversified operations and has a market capitalization of approximately $3.6 billion.

On May 4, 2026, the company shared its earnings report for the first quarter ended March 31, 2026. OTTR's total operating revenue edged 2.9% higher year-over-year to $347 million during the quarter. The company's Electric operating revenue jumped 10.8% over the year-ago period to $165.9 million in the quarter. That was driven by a combination of higher rates, greater fuel recovery revenues, increased commercial sales volumes, and the recovery of its investments through riders. This more than offset the 3.5% decline in Product operating revenue to $181.2 million for the quarter. That was mostly due to standardized pricing headwinds within the Plastics segment (the average sales price of PVC pipe dropped 19%), which more than canceled out the stronger operational performance in the Manufacturing segment during the quarter. OTTR's diluted EPS rose by 6.8% year-over-year to $1.73 in the quarter. This topped the analyst consensus for the quarter by $0.31.

## Growth on a Per-Share Basis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EPS** | $1.60 | $1.86 | $2.06 | $2.17 | $2.34 | $4.23 | $6.78 | $7.00 | $7.17 | $6.55 | ***$5.60*** | ***$5.60*** |
| **DPS** | $1.25 | $1.28 | $1.34 | $1.40 | $1.48 | $1.56 | $1.65 | $1.75 | $1.87 | $2.10 | ***$2.31*** | ***$2.95*** |
| **Shares[2]** | 39.4 | 39.6 | 39.7 | 40.2 | 41.5 | 41.6 | 41.6 | 41.7 | 41.8 | 41.9 | ***42.0*** | ***42.5*** |

Since 2016, OTTR's diluted EPS has compounded by 17% annually. Much of this growth was due to a cyclical peak in the Plastics segment. Now, with the segment facing substantial cyclical pressures, we think that OTTR's diluted EPS will remain flat through 2031. Of note, we expect continued declines in diluted EPS over the next few years, with a return to high single-digit percentage annual diluted EPS growth in the second half of the forecast period (powered by 10% annual rate base growth in the Electric segment through its $1.9 billion five-year capital investment plan). Currently, the earnings mix is about evenly split between Electric and Non-Electric. As the Plastics segment normalizes, this should return to a 70%/30% split. Since OTTR has no external equity needs through at least 2030, we expect the share count to remain relatively flat, with only marginal stock-based compensation vesting pushing the share count a bit higher.

[1] Estimated dates based on past dividend dates.

[2] Share count is in millions.

# Otter Tail Corporation (OTTR)

*Updated May 22nd, 2026, by Kody Kester*

## Valuation Analysis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | *2025* | *Now* | *2031* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Avg. P/E** | 25.5 | 23.9 | 24.1 | 23.7 | 18.2 | 16.9 | 8.7 | 12.1 | 10.3 | 12.4 | ***15.4*** | ***15.0*** |
| **Avg. Yld.** | 3.1% | 2.9% | 2.7% | 2.7% | 3.5% | 2.2% | 2.8% | 2.1% | 2.5% | 2.6% | ***2.7%*** | ***3.5%*** |

Over the last decade, OTTR's P/E ratio has ranged from as low as the high single digits in the peak profit year of 2022 to as much as the mid-20s in 2016. The average P/E ratio over that time was nearly 18. Adjusting for the fact that OTTR isn't a pure-play utility, this is why we think that a fair value P/E ratio of 15 is reasonable. Relative to the current-year P/E ratio of 15.4, shares look fully valued right now.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Payout** | 78% | 69% | 65% | 65% | 63% | 37% | 24% | 25% | 26% | 32% | **41%** | **53%** |

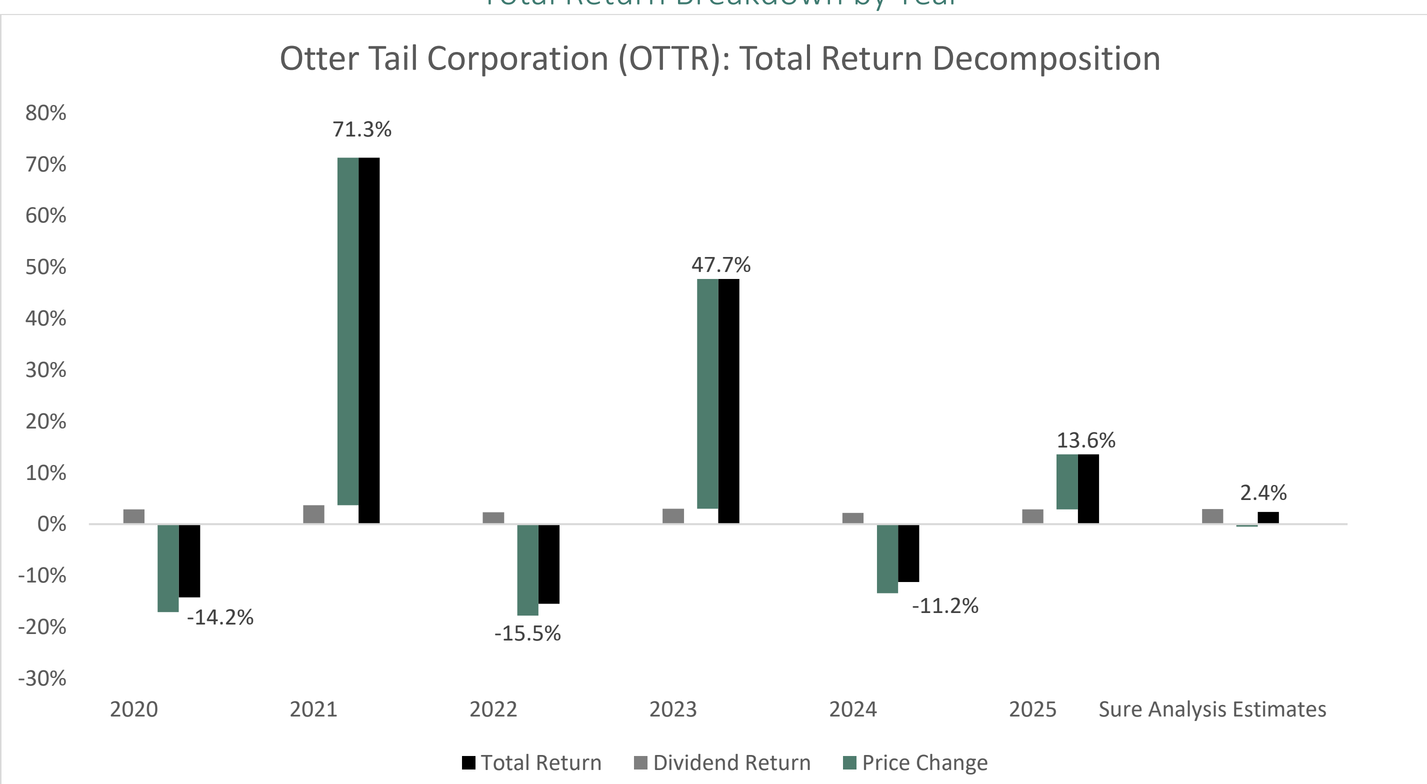
OTTR's competitive advantage of a diversified business model also works to its disadvantage in recessionary periods. The non-utility businesses (more specifically, the Plastics segment right now) are weighing on financial results. As this business stabilizes and becomes a smaller part of the earnings mix again, we expect growth to pick back up.

OTTR is financially stable, with a BBB S&P credit rating and a stable outlook. The payout ratio is quite low for a regulated utility, which is why we think that it can build on its 13-year dividend growth streak with 5% annual dividend growth over the next several years.

## Final Thoughts & Recommendation

OTTR's 2.7% dividend yield, flat diluted EPS, and 0.6% annual valuation multiple contraction potential could generate 2.4% annual total returns over the medium term. This is why we're reiterating our Hold rating.

## Total Return Breakdown by Year




*Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.*

# Otter Tail Corporation (OTTR)

*Updated May 22nd, 2026, by Kody Kester*

## Income Statement Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 804 | 849 | 916 | 920 | 890 | 1,197 | 1,460 | 1,349 | 1,331 | 1,304 |
| Gross Profit | 125 | 147 | 145 | 151 | 165 | 267 | 408 | 395 | 399 | 361 |
| Gross Margin | 15.6% | 17.3% | 15.8% | 16.4% | 18.5% | 22.3% | 28.0% | 29.2% | 30.0% | 27.7% |
| D&A Exp. | 73 | 73 | 75 | 78 | 82 | 91 | 93 | 98 | 107 | 118 |
| Operating Profit | 111 | 132 | 129 | 135 | 148 | 250 | 390 | 378 | 384 | 344 |
| Operating Margin | 13.8% | 15.6% | 14.1% | 14.7% | 16.6% | 20.9% | 26.7% | 28.0% | 28.8% | 26.3% |
| Net Profit | 62 | 72 | 82 | 87 | 96 | 177 | 284 | 294 | 302 | 276 |
| Net Margin | 7.7% | 8.5% | 9.0% | 9.4% | 10.8% | 14.8% | 19.5% | 21.8% | 22.7% | 21.2% |
| Free Cash Flow | (2) | 36 | 34 | (33) | (169) | 50 | 210 | 109 | 33 | 88 |
| Income Tax | 20 | 27 | 15 | 17 | 20 | 36 | 73 | 69 | 65 | 46 |

## Balance Sheet Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Assets | 1,912 | 2,216 | 2,253 | 2,475 | 2,766 | 2,949 | 3,070 | 3,417 | 3,829 | 4,135 |
| Cash & Equivalents | - | 16 | 1 | 21 | 1 | 2 | 119 | 230 | 295 | 441 |
| Accounts Receivable | 88 | 91 | 99 | 99 | 105 | 164 | 134 | 148 | 132 | 133 |
| Inventories | 84 | 88 | 106 | 98 | 92 | 148 | 146 | 150 | 149 | 159 |
| Goodwill & Int. Ass. | 53 | 51 | 50 | 49 | 48 | 47 | 46 | 56 | 55 | 55 |
| Total Liabilities | 1,242 | 1,519 | 1,524 | 1,694 | 1,895 | 1,959 | 1,852 | 1,974 | 2,160 | 2,273 |
| Accounts Payable | 89 | 85 | 96 | 121 | 131 | 135 | 104 | 94 | 114 | 94 |
| Long-Term Debt | 539 | 603 | 609 | 708 | 780 | 779 | 838 | 835 | 967 | 1,065 |
| Shareholder's Equity | 670 | 697 | 729 | 781 | 871 | 991 | 1,217 | 1,443 | 1,668 | 1,862 |
| LTD/E Ratio | 0.87 | 0.87 | 0.84 | 0.92 | 0.99 | 0.88 | 0.70 | 0.64 | 0.62 | 0.61 |

## Profitability & Per Share Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Return on Assets | 3.3% | 3.5% | 3.7% | 3.7% | 3.7% | 6.2% | 9.4% | 9.1% | 8.3% | 6.9% |
| Return on Equity | 9.7% | 10.6% | 11.6% | 11.5% | 11.6% | 19.0% | 25.7% | 22.1% | 19.4% | 15.6% |
| ROIC | 5.1% | 5.7% | 6.2% | 6.1% | 5.9% | 9.8% | 14.4% | 13.3% | 11.9% | 9.7% |
| Shares Out. | 39.4 | 39.6 | 39.7 | 40.2 | 41.5 | 41.6 | 41.6 | 41.7 | 41.8 | 42.1 |
| Revenue/Share | 20.75 | 21.37 | 22.97 | 23.01 | 21.76 | 28.62 | 34.82 | 32.09 | 31.63 | 30.96 |
| FCF/Share | (0.06) | 0.92 | 0.84 | (0.82) | (4.13) | 1.20 | 5.01 | 2.59 | 0.77 | 2.10 |

*Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.*