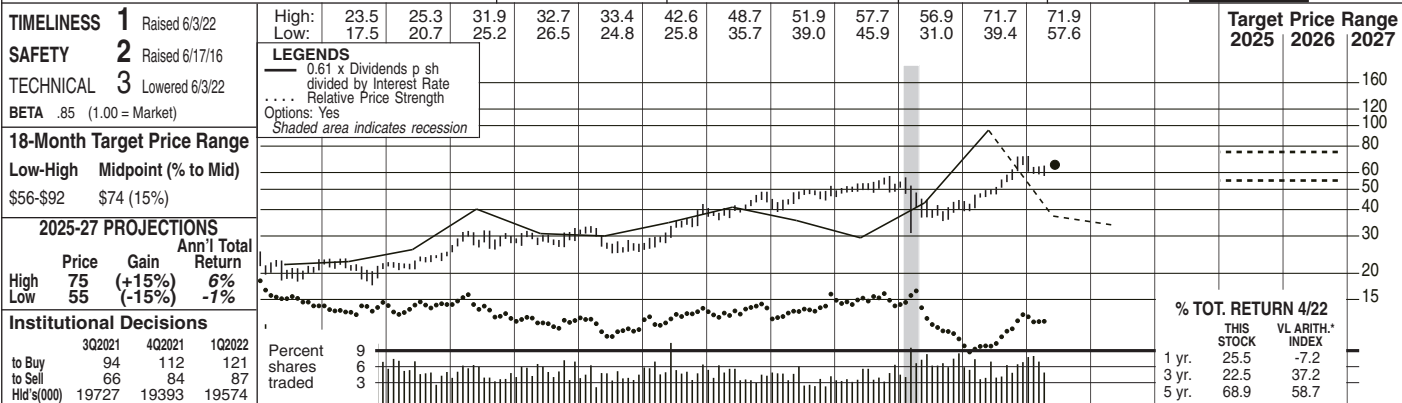


OTTER TAIL CORP. NDQ-OTTR

RECENT PRICE **65.37** P/E RATIO **12.3** (Trailing: 12.5; Median: 20.0) RELATIVE P/E RATIO **0.74** DIV'D YLD **2.6%** VALUE LINE



2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	© VALUE LINE PUB. LLC	25-27
37.43	41.50	37.06	29.03	31.08	29.86	23.76	24.63	21.48	20.60	20.42	21.47	23.10	22.90	21.46	28.80	32.80	28.90	Revenues per sh	32.25
3.39	3.55	2.81	2.76	2.60	2.36	2.71	3.02	3.09	3.14	3.44	3.70	3.96	4.11	4.29	6.45	7.65	6.45	"Cash Flow" per sh	6.75
1.69	1.78	1.09	.71	.38	.45	1.05	1.37	1.55	1.56	1.60	1.86	2.06	2.17	2.34	4.23	5.30	4.00	Earnings per sh ^A	3.75
1.15	1.17	1.19	1.19	1.19	1.19	1.19	1.19	1.21	1.23	1.25	1.28	1.34	1.40	1.48	1.56	1.65	1.76	Div'd Decl'd per sh ^B	2.20
2.35	5.43	7.51	4.95	2.38	2.04	3.20	4.53	4.40	4.23	4.10	3.36	2.66	5.16	8.96	4.14	4.35	5.90	Cap'l Spending per sh	6.25
16.67	17.55	19.14	18.78	17.57	15.83	14.43	14.75	15.39	15.98	17.03	17.62	18.38	19.46	21.00	23.84	27.55	29.80	Book Value per sh ^C	34.25
29.52	29.85	35.38	35.81	36.00	36.10	36.17	36.27	37.22	37.86	39.35	39.56	39.66	40.16	41.47	41.55	41.75	41.90	Common Shs Outst'g ^D	42.50
17.3	19.0	30.1	31.2	NMF	NMF	21.7	21.1	18.8	18.2	20.2	22.1	22.2	23.5	18.3	12.3	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	17.5
.93	1.01	1.81	2.08	NMF	NMF	1.38	1.19	.99	.92	1.06	1.11	1.20	1.25	.94	.66			Relative P/E Ratio	.95
3.9%	3.5%	3.6%	5.4%	5.7%	5.6%	5.2%	4.1%	4.1%	4.3%	3.9%	3.1%	2.9%	2.7%	3.5%	3.0%			Avg Ann'l Div'd Yield	3.4%

CAPITAL STRUCTURE as of 3/31/22		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	© VALUE LINE PUB. LLC		25-27	
Total Debt	\$861.8 mill. Due in 5 Yrs	\$207.8 mill.															Revenues (\$mill)	1370	
LT Debt	\$734.1 mill.	LT Interest	\$31.6 mill.														Net Profit (\$mill)	165	
(LT interest earned: 9.7x)																	Income Tax Rate	20.0%	
Leases, Uncapitalized Annual rentals \$5.0 mill.																	AFUDC % to Net Profit	4.0%	
Pension Assets-12/21 \$387.2 mill.																	Long-Term Debt Ratio	42.5%	
Pfd Stock None																	Common Equity Ratio	57.5%	
Oblig \$416.7 mill.																	Total Capital (\$mill)	2525	
Common Stock 41,630,655 shs. as of 4/27/22																	Net Plant (\$mill)	2700	
MARKET CAP: \$2.7 billion (Mid Cap)																	Return on Total Cap'l	7.5%	
ELECTRIC OPERATING STATISTICS																	Return on Shr. Equity ^E	11.5%	
2019 2020 2021																	Return on Com Equity	11.5%	
% Change Retail Sales (KWH)		-2	-3.9	+3													Retained to Com Eq	5.0%	
Avg. Indust. Use (MWH)		NA	NA	NA													All Div'ds to Net Prof	57%	
Avg. Indust. Revs. per KWH (c)		NA	NA	NA															
Capacity at Peak (Mw)		NA	NA	NA															
Peak Load, Winter (Mw)		NA	NA	NA															
Annual Load Factor (%)		NA	NA	NA															
% Change Customers (yr-end)		+1	NA	NA															

BUSINESS: Otter Tail Corporation is the parent of Otter Tail Power Company, which supplies electricity to 133,000 customers in Minnesota (52% of retail electric revenues), North Dakota (38%), and South Dakota (10%). Electric rev. breakdown: residential, 32%; commercial & farms, 36%; industrial, 30%; other, 2%. Generating sources: coal, 38%; wind & other, 18%; purchased, 44%. Fuel costs: 10% of revenues. Also has operations in manufacturing and plastics (62% of '21 operating income). '21 deprec. rate: 2.9%. Has 2,500 employees. Chairman: Nathan I. Partain. President & CEO: Charles S. MacFarlane. Inc.: Minnesota. Address: 215 South Cascade St., P.O. Box 496, Fergus Falls, Minnesota 56538-0496. Tel.: 866-410-8780. Internet: www.ottertail.com.

Otter Tail Corporation's results continue to benefit from what management describes as "unique supply and demand market conditions" experienced by its Plastics division. This is why earnings surged in 2021. The company had expected these conditions to return to normal sometime in 2022, which is why we estimated an earnings decline (to \$3.95 a share) in our March report. However, the rise in prices of the PVC pipe that the company builds has soared even more than the cost of manufacturing it, thereby lifting Otter Tail's profitability materially. Management had expected to see a price decline in the quarter.

The company raised its earnings guidance for 2022 upon reporting first-quarter results in early May. Otter Tail's previous targeted range was \$3.78-\$4.08 a share. Its revised guidance is \$5.15-\$5.45. We raised our estimate from \$3.95 to \$5.30. Management stated that it expects to see elevated earnings from its Plastics operation into 2023. Accordingly, we raised our estimate for next year from \$2.90 a share to \$4.00. Although this would be a sharp decline from the estimated 2022 tally, it would still be well above Otter Tail's profits prior to 2021. **Otter Tail Power has some projects in various stages of development.** A 49-megawatt solar facility is expected to be completed in 2023 at a cost of approximately \$60 million. All major contracts are in place, so supply-chain problems that are affecting the solar business shouldn't be a problem. The utility is spending about \$145 million through 2024 to install advanced meters and modernize its electric grid. Otter Tail wants to exercise its option to buy a 62-mw wind farm at a cost of \$50 million. This is expected to close in early 2023. The cost of these investments will be recovered through general rate cases or riders (surcharges) on customers' bills in Minnesota. **After a stellar showing in 2021, the price of this timely stock has retreated 9% this year.** This is understandable after the quotation soared 68% last year, thanks to earnings that far exceeded Otter Tail's initial guidance. Total return potential is below the median for the next 18 months and low for 2025-2027. *Paul E. Debbas, CFA June 10, 2022*

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2019	246.0	229.2	228.6	215.7	919.5
2020	234.7	192.8	235.8	226.8	890.1
2021	261.7	285.6	316.3	333.2	1196.8
2022	374.9	380.1	310	305	1370
2023	310	305	300	295	1210

(A) Dil. EPS. Excl. nonrec. gains (loss): '10, (44c); '11, 26c; '13, 2c; gains (losses) from disc. ops.: '06, 1c; '11, (\$1.11); '12, (\$1.22); '13, 2c; '14, 2c; '15, 2c; '16, 1c; '17, 1c. '19 EPS don't sum due to rounding. Next earnings report due early Aug. (B) Div'ds histor. pd. in early Mar., Jun., Sept., & Dec. ■ Div'd reinv. plan avail. (C) Incl. intang. In '21: \$4.14/sh. (D) In mill. (E) Rate all'd on com. eq. in MN in '22: 9.48%; in ND in '18: 9.77%; in SD in '19: 8.75%; earned on avg. com. eq., '21: 19.2%. Regul. Climate: MN, ND, Avg.; SD, Above Avg. Company's Financial Strength **A** Stock's Price Stability **100** Price Growth Persistence **65** Earnings Predictability **85**