



HA Sustainable Infrastructure Capital (HASI)

Updated February 24th, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	\$29	5 Year CAGR Estimate:	11.6%	Market Cap:	\$3.34 B
Fair Value Price:	\$25	5 Year Growth Estimate:	9.0%	Ex-Dividend Date:	04/04/2025
% Fair Value:	112%	5 Year Valuation Multiple Estimate:	-2.3%	Dividend Payment Date:	04/18/2025
Dividend Yield:	5.9%	5 Year Price Target	\$39	Years Of Dividend Growth:	7
Dividend Risk Score:	C	Retirement Suitability Score:	A	Rating:	Buy

Overview & Current Events

HA Sustainable Infrastructure Capital is a U.S. public company focused on climate change solutions, investing in energy efficiency, renewable energy, and sustainable infrastructure. Its \$6.6 billion portfolio is split into three divisions: Behind-the-Meter (47%) for solar, storage, and efficiency projects; Grid-Connected (39%) for large-scale solar and wind; and Fuels, Transport, & Nature (14%) for renewable gas, fleet decarbonization, and ecological restoration. Investments yield an 8.3% return, with annual revenue of \$383.6 million. The company is based in Annapolis, Maryland. In December 2023, Hannon Armstrong's Board approved a plan to revoke its Real Estate REIT election and become a taxable C-Corporation, effective January 1st, 2024.

On February 13th, 2025, HA Sustainable Infrastructure Capital reported its Q4 and full-year 2024 results for the period ending December 31st, 2024. For the fourth quarter, total revenues increased to about \$101 million, up 17% year-over-year growth. This increase was primarily driven by higher interest and securitization asset income, which offset lower rental income due to asset sales.

Adjusted EPS for Q4 2024 was \$0.62, reflecting a 17% increase compared to the prior-year period. This growth was due to higher adjusted net investment income, which rose to \$71.6 million, reflecting a 25% year-over-year increase. The company also recorded a gain on asset sales of \$18.3 million in Q4, up from \$15.7 million in the prior year. For the full year 2024, Adjusted EPS reached \$2.45, marking a 10% increase from 2023's \$2.23.

The company continued its growth trajectory by closing \$2.3 billion in new investments in 2024, with portfolio assets growing by 6% to \$6.6 billion and managed assets increasing by 11% to \$13.7 billion. New portfolio asset yields topped 10.5%, up from over 9% in 2023.

HASI's pipeline remained strong, with more than \$5.5 billion in identified asset opportunities. Management extended its outlook for adjusted EPS CAGR of 8% to 10% through 2027, reaffirming its long-term growth expectations from the 2024 baseline. The company expects the dividend payout ratio to decline to a range of 55% to 60% of Adjusted EPS by 2027.

On February 17th, 2025, HA Sustainable Infrastructure Capital raised its dividend by 1.2% to a quarterly rate of \$0.42.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
AEPS¹	\$0.21	\$0.32	\$0.57	\$0.75	\$1.40	\$1.55	\$1.88	\$2.08	\$2.23	\$2.45	\$2.67	\$4.11
DPS	\$1.08	\$1.23	\$1.32	\$1.32	\$1.34	\$1.36	\$1.40	\$1.50	\$1.58	\$1.66	\$1.68	\$2.36
Shares²	30.8	40.3	50.4	52.8	63.9	72.4	80.0	87.5	101.8	115.5	118.6	150.0

HASI's AEPS has been growing rapidly, in line with its asset portfolio. We expect the company to keep taking advantage of the cheap financing available for green assets to maintain this growth. We have applied an AEPS growth rate of 9% through 2030, in line with management's AEPS growth guidance midpoint of 9% through 2027 due to strong investment

¹Adjusted (formerly distributable) earnings per share

² Share count is in millions.

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yields produced by the company's assets. We retain our dividend growth estimate of 7%, which reflects management's target of a payout ratio between 55% and 60%.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/AEPS	90.4	65.6	42.1	24.6	20	15.9	29.2	16.3	12.00	11.2	10.7	9.5
Avg. Yld.	6.3%	5.7%	6.0%	6.6%	4.6%	4.6%	2.6%	4.4%	5.9%	6.1%	5.9%	6.0%

HASI's historical P/E ratio reflects the market's expectations for the company's rapid AEPS growth, hence the prolonged premium. We have set our fair P/AEPS multiple at 9.5, which reflects both the higher equity risk premium investors ought to require from a YieldCo in the current environment and the company's growth prospects. Thus, at a P/AEPS of 10.7, we believe that HASI is overvalued. The stock features a yield of 5.9%, which income investors are likely to appreciate, considering the bold dividend growth guidance.

Safety, Quality, Competitive Advantage, & Recession Resiliency

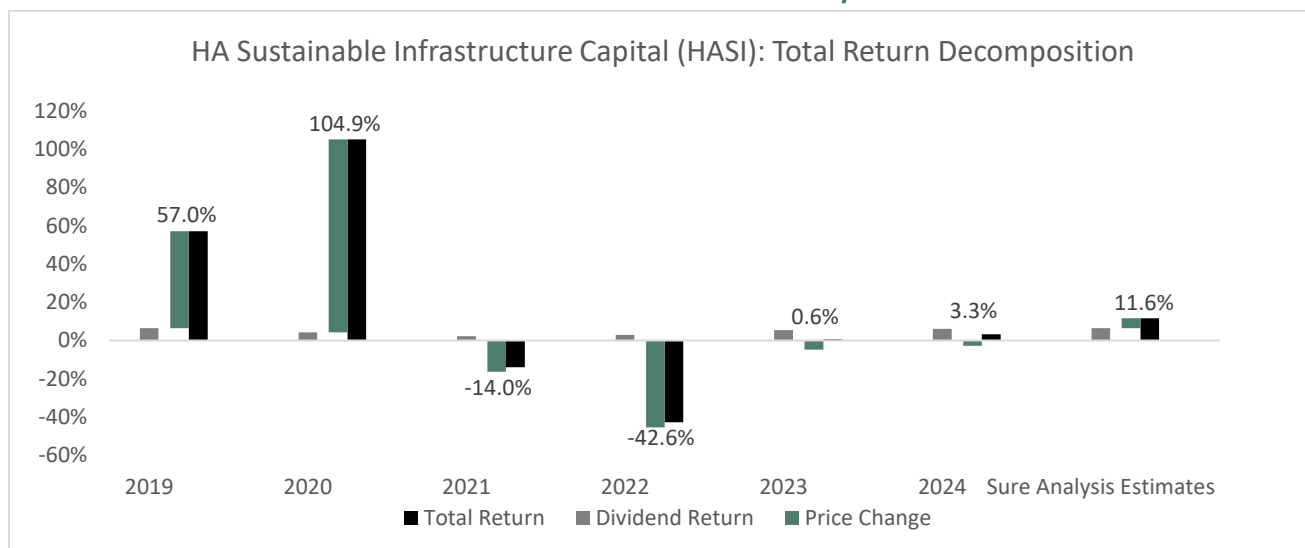
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	514%	384%	232%	176%	96%	88%	74%	72%	71%	68%	63%	57%

HASI maintains a solid footing by focusing on long-term, contract-based investments in renewable energy and energy efficiency projects, often backed by creditworthy counterparties. These contractual agreements create relatively predictable cash flows, helping to insulate HASI from broader market volatility. Although rising interest rates can affect financing costs, the company's diversified portfolio and active risk management have historically supported a stable dividend. The environmental, social, and governance (ESG) theme has lost traction globally lately. Still, HASI's emphasis on climate solutions remains quite relevant, in line with its notable opportunity backlog. We believe the dividend is set to remain well-covered, especially given management's forward looking guidance.

Final Thoughts & Recommendation

Despite its small market cap, HASI is one of the leading diversified renewable energy asset operators. Management has proven its skills in rapidly growing HASI's infrastructure portfolio while its backlog stands at an all-time high. We now forecast annualized returns of 11.6% through 2030, powered by the stock's 5.9 % yield, our adjusted EPS and DPS growth estimates, offset by the possibility of valuation headwinds. Shares earn a buy rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	26.2	32.2	42.1	62.8	84.7	141.5	142.7	218	155.5	290
SG&A Exp.	5.9	7.3	8.3	11.2	15.1	14.7	14.9	20	30	31
D&A Exp.	2.6	4.0	7.7	3.6	4.5	3.6	3.6	3.8	4	3
Net Profit	9.6	8.0	14.7	30.9	41.6	81.6	82.4	127	41.5	149
Net Margin	36.7%	24.7%	34.8%	49.1%	49.1%	57.6%	57.7%	58.3%	26.7%	51.4%
Free Cash Flow	5.1	18.5	56.9	11.7	58.8	29.5	72.3	13.3	0.2	100
Income Tax	0.0	0.1	0.1	0.9	2.1	8.1	-2.8	17.2	7.4	32

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	26.2	32.2	42.1	62.8	84.7	141.5	3459	4148	4760	6552
Cash & Equivalents	5.9	7.3	8.3	11.2	15.1	14.7	286.3	226	156	63
Total Liab.	2.6	4.0	7.7	3.6	4.5	3.6	2249	2582	3095	4411
Accounts Payable	9.6	8.0	14.7	30.9	41.6	81.6	59.9	---	---	---
Long-Term Debt	337	635	911	975	1428	1242	1393	2189	2493	4247
Total Equity	5.1	18.5	56.9	11.7	58.8	29.5	1203	1545	1629	2092
LTD/E Ratio	0.0	0.1	0.1	0.9	2.1	8.1	1.8	1.61	1.83	2030

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	1.2%	0.6%	0.9%	1.5%	1.9%	3.6%	2.8%	3.3%	0.9%	2.6%
Return on Equity	4.6%	2.3%	2.9%	5.1%	5.8%	9.4%	7.7%	9.2%	2.6%	7.8%
ROIC	1.4%	0.7%	1.0%	1.7%	2.0%	3.7%	2.9%	3.4%	1.0%	2.7%
Shares Out.	20.7	30.8	40.3	50.4	52.8	64.8	74.4	87.7	90.6	109.5
Revenue/Share	1.27	1.05	1.04	1.25	1.60	2.18	1.92	2.49	1.72	2.65
FCF/Share	0.25	0.60	1.41	0.23	1.11	0.46	0.99	0.15	0.00	0.91

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

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