



# HA Sustainable Infrastructure Capital (HASI)

Updated August 15<sup>th</sup>, 2025 by Nikolaos Sismanis

## Key Metrics

<b>Current Price:</b>	\$27	<b>5 Year CAGR Estimate:</b>	13.1%	<b>Market Cap:</b>	\$3.37 B
<b>Fair Value Price:</b>	\$25	<b>5 Year Growth Estimate:</b>	9.0%	<b>Ex-Dividend Date:</b>	10/03/2025
<b>% Fair Value:</b>	105%	<b>5 Year Valuation Multiple Estimate:</b>	-1.0%	<b>Dividend Payment Date:</b>	10/17/2025
<b>Dividend Yield:</b>	6.3%	<b>5 Year Price Target</b>	\$39	<b>Years Of Dividend Growth:</b>	7
<b>Dividend Risk Score:</b>	C	<b>Sector:</b>	Financials	<b>Rating:</b>	Hold

## 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. The company's \$14.6 billion portfolio is split into three divisions: Behind-the-Meter (43%) for solar, storage, and efficiency projects; Grid-Connected (27%) for large-scale solar and wind; Fuels, Transport, & Nature (22%) for renewable gas, fleet decarbonization, and ecological restoration; and Next Frontier assets (8%) representing newer categories. 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 1<sup>st</sup>, 2024.

On August 7<sup>th</sup>, 2025, HA Sustainable Infrastructure Capital reported its Q2 2025 results for the period ending June 30th, 2025. For the second quarter, total revenues declined to about \$86 million, reflecting a 9% year-over-year decrease. This decline was primarily driven by a significantly lower gain on sale of assets compared to the prior-year quarter, which had benefited from the timing of larger transactions

Adjusted EPS for Q2 2025 was \$0.60, representing a 5% decrease compared to the prior-year period. This soft decline was mainly due to an \$18 million drop in gain on asset sales, partially offset by strong growth in adjusted recurring net investment income, which increased to \$85 million, up 25% year-over-year. The company recorded a gain on asset sales of \$7.8 million in Q2, compared to \$25.8 million in the year-ago quarter

HASI continued its growth trajectory by closing \$189 million in new investments during Q2, bringing year-to-date transaction volume to \$894 million. Portfolio assets grew by 16% year-over-year to \$7.2 billion and managed assets rose 13% to \$14.6 billion. New portfolio asset yields remained above 10.5%, consistent with 2024 levels and significantly higher than the 9%+ yields seen in 2023

HASI's pipeline remained strong, increasing to more than \$6.0 billion in identified asset opportunities. Management reaffirmed its outlook for an adjusted EPS CAGR of 8% to 10% through 2027, maintaining its long-term growth expectations from the 2023 baseline. The company also reiterated its expectation that the dividend payout ratio will decline to a range of 55% to 60% of Adjusted EPS by 2027.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>AEPS<sup>1</sup></b>	\$0.21	\$0.32	\$0.57	\$0.75	\$1.40	\$1.55	\$1.88	\$2.08	\$2.23	\$2.45	<b>\$2.67</b>	<b>\$4.11</b>
<b>DPS</b>	\$1.08	\$1.23	\$1.32	\$1.32	\$1.34	\$1.36	\$1.40	\$1.50	\$1.58	\$1.66	<b>\$1.68</b>	<b>\$2.36</b>
<b>Shares<sup>2</sup></b>	30.8	40.3	50.4	52.8	63.9	72.4	80.0	87.5	101.8	115.5	<b>137.7</b>	<b>200.0</b>

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

<sup>1</sup>Adjusted (formerly distributable) earnings per share

<sup>2</sup> 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	10.0	9.5
Avg. Yld.	6.3%	5.7%	6.0%	6.6%	4.6%	4.6%	2.6%	4.4%	5.9%	6.1%	6.3%	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, we believe that HASI is slightly overvalued. The stock features a yield of 6.3%, which income investors are likely to appreciate, considering the bold dividend growth guidance.

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

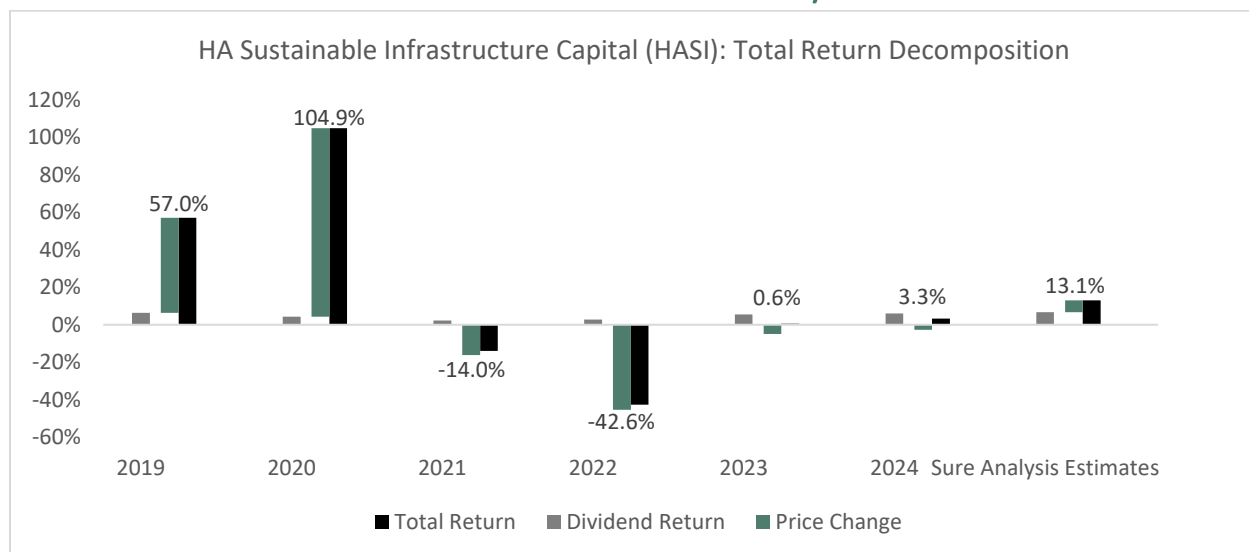
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	514%	384%	232%	176%	96%	88%	74%	72%	71%	68%	63%	57%

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 13.1% through 2030, powered by the stock's 6.3 % yield, our adjusted EPS and DPS growth estimates, offset by the possibility of a very soft valuation headwind. Shares earn a hold rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	32.2	42.1	62.8	84.7	141.5	142.7	218	155.5	290	389
SG&A Exp.	7.3	8.3	11.2	15.1	14.7	14.9	20	30	31	33
D&A Exp.	4.0	7.7	3.6	4.5	3.6	3.6	3.8	4	3	1
Net Profit	8.0	14.7	30.9	41.6	81.6	82.4	127	41.5	149	200
Net Margin	24.7%	34.8%	49.1%	49.1%	57.6%	57.7%	58.3%	26.7%	51.4%	51.4%
Free Cash Flow	18.5	56.9	11.7	58.8	29.5	72.3	13.3	0.2	100	5.9
Income Tax	0.1	0.1	0.9	2.1	8.1	-2.8	17.2	7.4	32	70

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	32.2	42.1	62.8	84.7	141.5	3459	4148	4760	6552	7080
Cash & Equivalents	7.3	8.3	11.2	15.1	14.7	286.3	226	156	63	130
Total Liab.	4.0	7.7	3.6	4.5	3.6	2249	2582	3095	4411	4,675
Accounts Payable	8.0	14.7	30.9	41.6	81.6	59.9	---	---	---	276
Long-Term Debt	635	911	975	1428	1242	1393	2189	2493	4247	4400
Total Equity	18.5	56.9	11.7	58.8	29.5	1203	1545	1629	2092	1883
LTD/E Ratio	0.1	0.1	0.9	2.1	8.1	1.8	1.61	1.83	2030	1.88

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.6%	0.9%	1.5%	1.9%	3.6%	2.8%	3.3%	0.9%	2.6%	2.9%
Return on Equity	2.3%	2.9%	5.1%	5.8%	9.4%	7.7%	9.2%	2.6%	7.8%	8.8%
ROIC	0.7%	1.0%	1.7%	2.0%	3.7%	2.9%	3.4%	1.0%	2.7%	3.0%
Shares Out.	30.8	40.3	50.4	52.8	64.8	74.4	87.7	90.6	109.5	130.5
Revenue/Share	1.05	1.04	1.25	1.60	2.18	1.92	2.49	1.72	2.65	2.98
FCF/Share	0.60	1.41	0.23	1.11	0.46	0.99	0.15	0.00	0.91	0.04

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

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