



# Avista Corp. (AVA)

Updated May 12<sup>th</sup>, 2026, by Kody Kester

## Key Metrics

<b>Current Price:</b>	\$41	<b>5 Year CAGR Estimate:</b>	11.6%	<b>Market Cap:</b>	\$3.4B
<b>Fair Value Price:</b>	\$46	<b>5 Year Growth Estimate:</b>	5.5%	<b>Ex-Dividend Date:</b>	05/19/2026
<b>% Fair Value:</b>	89%	<b>5 Year Valuation Multiple Estimate:</b>	2.4%	<b>Dividend Payment Date:</b>	06/12/2026
<b>Dividend Yield:</b>	4.8%	<b>5 Year Price Target</b>	\$60	<b>Years Of Dividend Growth:</b>	24
<b>Dividend Risk Score:</b>	D	<b>Sector:</b>	Utilities	<b>Rating:</b>	Hold

## Overview & Current Events

Avista Corp. (AVA) is an electric and natural gas utility operating primarily in the states of Washington, Idaho, Oregon, and Alaska. In addition to its regulated utility business, the company also operates other businesses, including venture funds, real estate investments, and other investments. Founded in 1889, this \$3.4 billion market cap company has raised its dividend every year for the past 24 years.

On May 5<sup>th</sup>, AVA shared its earnings report for the first quarter ended March 31<sup>st</sup>, 2026. The company's operating revenue decreased by 7.6% year-over-year to \$570 million during the quarter. The exit from the Colstrip coal-fired power plant at the start of 2026 resulted in the removal of revenues specifically related to the recovery of Colstrip-related costs. As a regulated utility, AVA was required to pass lower resource costs (-19.5% to \$206 million) onto customers as well. These were partially offset by stronger contributions from alternative revenue programs (i.e., decoupling mechanisms) in the quarter. AVA's non-GAAP diluted EPS rose by 8.9% over the year-ago period to \$1.10 for the quarter (new general rate cases in Washington and Idaho, and reduced depreciation and amortization from the Colstrip exit helped the bottom line). That topped the analyst consensus during the quarter by \$0.07.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$2.15	\$1.79	\$2.07	\$2.97	\$1.90	\$2.10	\$2.12	\$2.24	\$2.29	\$2.55	<b>\$2.62</b>	<b>\$3.42</b>
<b>DPS</b>	\$1.37	\$1.43	\$1.49	\$1.55	\$1.62	\$1.69	\$1.76	\$1.84	\$1.90	\$1.96	<b>\$1.97</b>	<b>\$2.23</b>
<b>Shares<sup>1</sup></b>	64.2	65.5	65.7	67.2	69.2	71.5	75.0	78.1	80.0	81.4	<b>82.6</b>	<b>95.0</b>

Over the last decade, AVA's diluted EPS have gradually moved higher. In the past five years, the utility's EPS have grown by 4.5% annually. Moving forward, we believe that Avista can generate 5.5% annual diluted EPS growth through 2031, off an anticipated 2026 base of \$2.62 (the midpoint of \$2.52 to \$2.72 guidance for 2026, which was pressured by an estimated \$0.12 per share impact from a customer giving a notice of intent to return to procuring power independently sooner than expected).

That's because the utility plans to spend roughly \$3.4 billion on capital expenditures from 2026 through 2030, which will support customer growth and system maintenance for the benefit of customers. This is expected to generate a 5% to 6% annual rate base growth over that period. Additionally, these estimates don't include any incremental capital that would arise from transmission projects like the North Plains Connector or new large load customers (these could push rate base growth toward 8%). As a utility, AVA is partially reliant on share issuances to raise cash for its planned capex. As a result, we believe that the share count will continue to rise by about 3% annually over the medium term. That would increase AVA's share count from 82.6 million today to around 95 million in 2031.

<sup>1</sup> Share count is in millions.



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## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	18.6	28.8	20.5	16.2	21.1	20.2	20.9	16.0	16.0	15.2	15.6	17.5
Avg. Yld.	3.4%	2.8%	3.5%	3.2%	4.0%	4.0%	4.0%	5.1%	5.2%	5.1%	4.8%	3.7%

Since 2016, AVA's shares have been priced at a P/E ratio as low as the mid-teens and as much as the upper 20s. The average P/E ratio over that time was over 19. Looking ahead, we believe that AVA's fair value P/E ratio will be approximately 17.5. That's based on our assumption that the 10-year U.S. Treasury yield will be somewhat elevated versus its 10-year average in the years to come. Compared to the current P/E ratio of 15.6, this implies that AVA's shares are moderately undervalued.

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

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	64%	80%	72%	52%	85%	80%	83%	82%	83%	77%	75%	65%

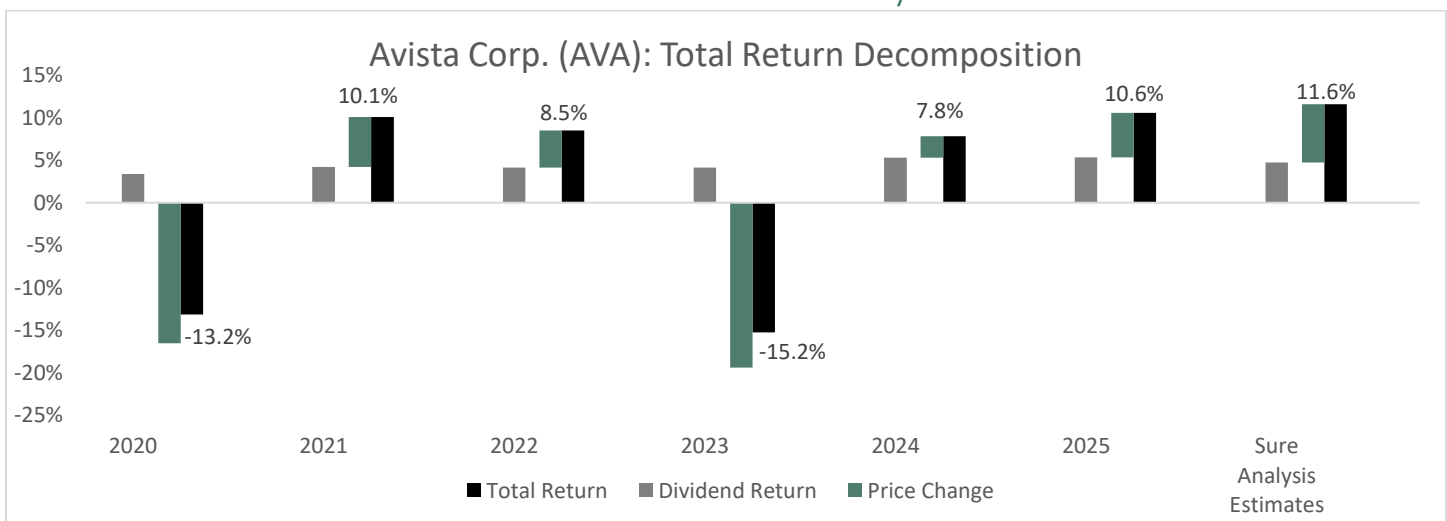
As a regulated utility, AVA's core competitive advantage is also what limits its growth, since regulated utilities operate as government-backed monopolies. The benefit is that they don't have to worry about new competition coming in and disrupting their business. At the same time, the regulations they operate under make it difficult to grow the business.

Financially, AVA is well-positioned. The company has only \$25 million in debt maturities through 2028, with only \$67 million in maturities in 2032 and \$17 million in 2034. As of March 31<sup>st</sup>, 2026, AVA also had \$156 million in available liquidity. That helps support the company's investment-grade, BBB credit rating from S&P. AVA's estimated dividend payout ratio for 2026 of 75% is meaningfully above its targeted payout ratio of between 60% and 70%. This is why we believe that the company will build on its 24-year dividend growth streak with rather modest dividend growth over the next few years, before returning to higher dividend growth. We're modeling a 2.5% average annual dividend growth rate through 2031, which would improve the payout ratio to 65% (the midpoint of its targeted range).

## Final Thoughts & Recommendation

AVA's 4.8% dividend yield, 5.5% annual earnings growth prospects, and 2.4% annual valuation multiple expansion potential could generate 11.6% annual total returns through 2031. This is a respectable return profile. We still think there are more favorable utility options with comparable total returns, however. Thus, we're maintaining 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.



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	1,442	1,446	1,397	1,346	1,322	1,439	1,710	1,752	1,938	1,964
<b>Gross Profit</b>	395	414	372	336	339	338	304	367	422	475
<b>Gross Margin</b>	27.4%	28.6%	26.6%	24.9%	25.7%	23.5%	17.8%	21.0%	21.8%	24.2%
<b>D&amp;A Exp.</b>	165	176	187	206	224	232	253	265	274	289
<b>Operating Profit</b>	290	307	265	230	233	228	190	258	306	354
<b>Op. Margin</b>	20.1%	21.2%	19.0%	17.1%	17.6%	15.9%	11.1%	14.7%	15.8%	18.0%
<b>Net Profit</b>	137	116	137	197	129	147	155	171	180	193
<b>Net Margin</b>	9.5%	8.0%	9.8%	14.6%	9.8%	10.2%	9.1%	9.8%	9.3%	9.8%
<b>Free Cash Flow</b>	(49)	(0)	(59)	(44)	(73)	(173)	(328)	(52)	1	(101)
<b>Income Tax</b>	78	83	26	31	7	12	(17)	(34)	3	24

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	5,310	5,741	6,001	6,281	6,710	7,173	7,761	8,028	8,228	8,644
<b>Cash &amp; Equivalents</b>	9	16	15	10	14	22	13	35	30	19
<b>Acc. Receivable</b>	180	186	166	167	164	203	256	217	205	220
<b>Inventories</b>	53	58	64	67	67	85	108	160	193	236
<b>Goodwill &amp; Int.</b>	58	58	58	52	52	52	52	52	52	52
<b>Total Liabilities</b>	3,661	4,011	4,227	4,341	4,680	5,019	5,427	5,543	5,637	5,935
<b>Accounts Payable</b>	116	107	108	110	107	133	203	143	125	163
<b>Long-Term Debt</b>	1,734	1,821	1,915	2,067	2,180	2,315	2,456	2,688	2,767	2,913
<b>Total Equity</b>	1,649	1,730	1,773	1,939	2,030	2,155	2,335	2,485	2,591	2,709
<b>LTD/E Ratio</b>	1.12	1.11	1.19	1.16	1.18	1.21	1.25	1.22	1.21	1.22

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	2.7%	2.1%	2.3%	3.2%	2.0%	2.1%	2.1%	2.2%	2.2%	2.3%
<b>Return on Equity</b>	8.6%	6.9%	7.8%	10.6%	6.5%	7.0%	6.9%	7.1%	7.1%	7.3%
<b>ROIC</b>	4.1%	3.2%	3.6%	4.9%	3.0%	3.2%	3.1%	3.2%	3.2%	3.3%
<b>Shares Out.</b>	64.2	65.5	65.7	67.2	69.2	71.5	75.0	78.1	80.0	81.4
<b>Revenue/Share</b>	22.57	22.31	21.18	20.29	19.41	20.53	23.40	22.90	24.59	24.23
<b>FCF/Share</b>	(0.76)	(0.00)	(0.90)	(0.67)	(1.08)	(2.46)	(4.48)	(0.67)	0.01	(1.25)

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

### Disclaimer

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