

Initiating Coverage:

NextEra Energy, Inc. (\$NEE)

The Next Era Is Closer Than You Think

Key Takeaway: NextEra Energy, Inc. (\$NEE) is one of the largest electric power and energy infrastructure companies in North America, and an established leader in the global renewable energy industry. As of the last fiscal year, NEE attains roughly 72GW of net generation and storage capacity, underscored by a diversified portfolio of assets consisting of natural gas, wind, solar, and nuclear generation facilities and battery storage facilities.

There is growing confidence surrounding the future of renewable energy, and NEE is at the heart of it. The second quarter's earnings call marked a fortified rebound from the previous fiscal quarter – a 3-month period that ripped through the company's stock price following a disappointing end to 2024. The passage of the HR1 Budget Reconciliation Act (a.k.a. the One Big Beautiful Bill Act (OBBBA)) in early 2025 accelerated the phase-down of renewable tax credits, creating uncertainty for NEE's growth pipeline and culminating in a 52-week low of \$61.72 in April. However, with demand for electricity rising, a growing and healthy Florida economy, and strategic additions to its power generation and storage portfolio, NEE has positioned itself to remain a mainstay in renewable energy for years to come.

Facility Expansion in the Southern United States: This past June, DEMCO and NEE announced the opening and operation of Amite Solar, LLC. The opening of the energy center represents a milestone for NEE, marking the first utility-scale energy facility to be opened in Louisiana. Amite Solar aims to deliver reliable, American-made energy to local communities at a low cost, while also providing an additional boost to Louisiana's economy. Tax funds generated from the project are estimated to be in the region of \$16mn, which are planned to be reinvested back into local schools, roads, and other key public services, a strong commitment made by NEE to invest not only in energy, but the future of Louisiana's communities.

Renewal of Point Beach Nuclear Plant: The end of September came with good news for NEE, which saw the U.S Nuclear Regulatory Commission approve the license renewal for Point Beach Nuclear Plant, extending operations through 2050 and 2053. As Wisconsin's only remaining nuclear plant, Point Beach currently provides almost 14% of the state's total electrical supply, producing enough energy to run almost a million households. Furthermore, the economic benefits felt are similar to those of Amite Solar, with Point Beach providing over 400 permanent jobs, more than \$80,000 in annual community donations, and active employee engagement with local schools, youth sports, and government. This extension reflects America's recognition and belief in the efficiency and reliability of NEE's operations, as well as NEE's commitment to remaining a cornerstone of Wisconsin's energy supply.

Valuation: We initiate coverage with a \$100.00 PT.



Consortium Research Group
E&S | Electric Utilities
October 11th, 2025

Stock Rating: Overweight

Price Target: \$100.00

Price: \$83.35

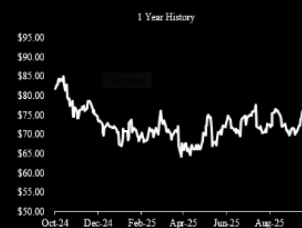
Potential Upside/Downside: 19.91%

Ticker: NEE

Market Cap: \$171.6bn

Shares Outstanding: 2,059.3mm

Dividend Yield: 2.70%



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Company Overview

Two Industry Leaders: Founded in 1925, NextEra Energy, Inc. operates two distinct subsidiaries - Florida Power & Light (FPL) and NextEra Energy Resources (NEER), which are both market leaders in their respective fields of electric utility and renewables. FPL remains the largest electric utility in the US with over 6.0 MM customer accounts and ~36GW in operation. Based in the fastest-growing US state, FPL has remained committed to reinvesting in cost-effective and reliable electricity generation, integrating these principles into its long-term strategy to provide low-cost power, propelling Florida's economy towards a promising future.

NEER is the leading electric energy infrastructure company in NA with ~39GW of capacity plus a ~30GW backlog. Serving 49 US states and 4 Canadian provinces, NEER has earned a strong reputation as one of the nation's leading energy providers, leveraging all forms of energy across renewables, storage, natural gas, and nuclear. Their commitment to embedding community engagement within their solutions underscores their commitment to sustainable growth, creating endless possibilities for the future of American energy.

Distinctive Business Model: NextEra Energy's business model combines the levels of revenue and risk from regulated utility and renewable resources. FPL generates predictable revenue from rate-regulated returns on distribution, transmission, and generation. On the other hand, NEER can pursue growth with long-term power purchase agreements for solar, wind, storage, and nuclear, with agreements generally spanning 10-20 years. This balance of steady cash flow streams and innovative growth provides NextEra Energy with the opportunity to invest at scale in clean energy, maximize tax incentives, and maintain the largest energy transition company in North America.

An Expanding Energy Portfolio: As mentioned above, the Point Beach Nuclear Plant has been licensed to operate for another 20 years, strengthening NEE's operations across different regions in the United States. This plant is just one of many license-renewed nuclear facilities that demonstrate NEER's intention of becoming a mainstay across all different sectors of energy. In addition, the company is exploring the opportunity to restart the Duane Arnold nuclear power plant in Iowa - another avenue for offering clean baseload generated capacity in the Midwest. Along with its extensive pipeline of renewable and storage projects, these investments depict NextEra's vision of developing a more diversified portfolio that offers long-term sustainable growth and further reinforces its leadership in America's energy transition.

Industry Overview

A Long-awaited Rebound: Following decades of stagnant growth, electrical energy is back in high demand. The world's largest economies are growing – more households, more infrastructure, rising rates of urbanization – and so is the demand for the companies that intend to keep these communities powered up. Additionally, the general AI boom has fueled this growth, driving data expansion and a resurgence in industrial manufacturing. Generative AI can require as much as 30x more electricity than a standard Google search, so significant capital investment into data center infrastructure is now necessary to support growing computing capabilities. It's safe to say that electric power utilities have risen to the challenge, with planned increases in expenditure towards grid modernization, advanced energy storage, and transmission upgrades, enabling the industry to have its best increase in year-on-year growth since 2017.

The Evolution of Smart Meters: In the past two decades, there has been an increase in the use of smart meters by utilities and consumers in the energy industry. The purpose of smart meters is to help more effectively integrate wind, solar, and other renewables into the grid, while decreasing the log of non-technical issues and improving grid performance in general. Advanced metering infrastructure (AMI) systems have been part of this trend for the

past several years, providing a reliable two-way communication line between customers and utilities. Through real-time data collection, dynamic load management, and enhanced analytics, AMI systems have been an effective way to achieve optimal performance of grid operations on behalf of utilities and provide customers with greater visibility into how they can more efficiently manage their energy consumption.

The Rise of Distributed Energy Resources: Distributed energy resources, rooftop solar PV, microgrids, small-scale batteries, and electric vehicles—are changing the structures of the centralized utility model. More generation and storage are occurring geographically close to the point of use, resulting in more flexibility, reduced transmission costs, and better clean generation. Moreover, they utilize policies to evolve into net metering and interconnection, and utilities are altering their operating systems to accommodate and manage two-way energy flow into the grid. This transition will improve some reliability aspects of the grid, provide more demand-side resources at peak, and make strong advancements in creating a more intelligent and reliable energy system.

Peer Comparisons

Comparable Companies					
\$mm					
Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM
The Southern Company (NYSE:SO)	\$103,999	\$176,887	24.4x	\$28,363	\$13,364
Duke Energy Corporation (NYSE:DUK)	\$96,068	\$186,289	20.3x	\$30,848	\$15,374
Exelon Corporation (NasdaqGS:EXC)	\$45,793	\$93,920	17.2x	\$23,766	\$7,712
American Electric Power Company, Inc. (NasdaqGS:AEP)	\$60,999	\$108,281	16.7x	\$20,667	\$8,573
NextEra Energy, Inc.	\$164,867	\$266,463	27.9x	\$25,899	\$14,643
Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	1 Yr Rev Growth Rate LF
The Southern Company (NYSE:SO)	13.2x	48.7%	47.1%	27.8%	8.5%
Duke Energy Corporation (NYSE:DUK)	12.1x	51.9%	49.8%	27.2%	4.3%
Exelon Corporation (NasdaqGS:EXC)	12.2x	41.8%	32.4%	19.9%	4.5%
American Electric Power Company, Inc. (NasdaqGS:AEP)	12.6x	48.8%	41.5%	25.4%	5.9%
NextEra Energy, Inc.	18.2x	62.0%	56.5%	32.1%	0.2%
High	18.20x	62.0%	56.5%	32.1%	8.5%
75th Percentile	13.24x	51.9%	49.8%	27.8%	5.9%
Average	13.67x	50.6%	45.5%	26.5%	4.7%
Median	12.63x	48.8%	47.1%	27.2%	4.5%
25th Percentile	12.18x	48.7%	41.5%	25.4%	4.3%
Low	12.12x	41.8%	32.4%	19.9%	0.2%
NextEra Energy, Inc. Relative Valuation					
Implied Enterprise Value (25th Percentile)					\$ 178,328
Implied Enterprise Value (Median)					\$ 184,957
Implied Enterprise Value (75th Percentile)					\$ 193,815
Implied Share Price (25th Percentile)					\$ 46.74
Implied Share Price (Median)					\$ 49.96
Implied Share Price (75th Percentile)					\$ 54.26

Source: CapIQ

Investment Theses

A Shifting Supply Chain: The inception of the OBBBA and the macroeconomic uncertainty caused by tariff threats have bred more issues for renewable companies like NEE. Foreign Entity of Concern restrictions have added an extra layer of toil for companies seeking tax credits, with a tougher requirement being levied on the proportion of raw materials and critical technology that can be sourced from Prohibited Foreign Entities, in this case, foreign suppliers. For example, commencing 2026, at least 55% of energy storage project components must be sourced from U.S.-based companies for the seeking company to be eligible for tax credits (specifically 45Y tech-neutral clean electricity production credits). These conditions are just one of many that have fueled investor pessimism, but NEE's unique position as a market leader will enable it to navigate these policies effectively.

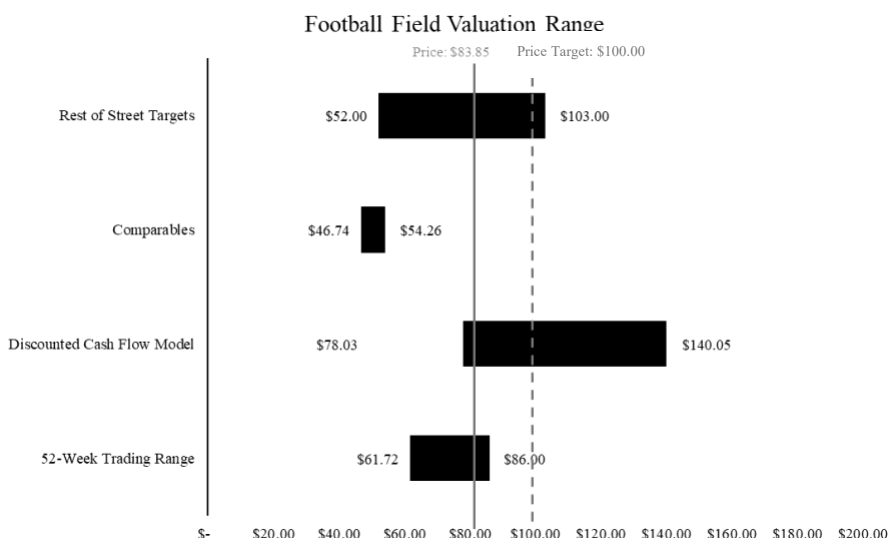
This has begun to be reflected in their shift away from Southeast Asian suppliers, which were heavily impacted by tariffs, to domestic suppliers over the last couple of years. Wind turbines and other components have begun to be sourced domestically, and their plants in Florida have also began manufacturing required components. NEE has strong relationships with many suppliers, often being their largest customers due to their sizeable market presence. This should provide them with strong bargaining power, enough to pass on any tariff impact with calculated and beneficial deals. Furthermore, CEO John Ketchum revealed at the Q1 earnings call that only 0.2% (\$150mn) of the company's proposed \$75bn CapEx budget was exposed to new tariffs, with the intent to bring this down even further through these strategic movements. As NEE continues to embrace the shift to domestically sourced materials and leverage its immense bargaining power, they are well-positioned to offset tariff pressures, fortify its supply chain, and sustain growth amid shifting trade and policy movements.

Overlooked Financial Resilience: Revenue misses have been a big talking point when it comes to NEE – in fact, the last time the company managed to beat revenue estimates was in Q4 of 2023, nearly 2 years ago. Despite this, the stock has risen 43.87% since then, as investors have turned to their ability to beat earnings estimates as a source of optimism surrounding their stock. Despite declining revenue and margins in the last financial year and Q1 of 2025, NEE has remained resilient in generating solid cash flow from core operations and accumulating increased retained earnings, suggesting that the underlying performance of NEE has remained stable despite difficult headwinds.

Secondly, NEE has historically leveraged a large proportion of its growing assets, and this has raised questions regarding interest rate fluctuations, over-leveraging, and liquidity. While this is true, a few ratios should be observed to paint a clearer picture of NEE's financial health. As of the recent Q2 earnings call, NEE currently attains a 1.84x short-term debt ratio, an improvement from 2.12x the previous year but a downturn from 1.80x the previous quarter. What we observe is a marked improvement in NEE's ability to reduce over-leveraging fears and meet their financial obligations. Conversely, that also points to an improvement in the current ratio, up to 0.54x from 0.47x year-over-year (2025 Q2), further highlighting NEE's growing liquidity. NEE's strong approved credit ratings should calm investor worries surrounding their financial health and stability, providing them with the optimism that the company can confidently continue to sustain operations amidst a challenging macroeconomic environment.

Price Target & Valuation

Our analysis gives (\$NEE) a price target of \$100.00 and an Overweight weight rating.



Potential Downsides to Our Rating

The One Big Beautiful Bill: While NEE has done well in navigating issues relating to supply and tariff risks, other aspects of the OBBBA bring forth other headwinds for renewable developers. With the accelerated phase-out of wind and solar tax credits, NEE are facing compressed and fast-approaching deadlines to commence qualifying projects, thereby potentially missing out on key incentives and benefits.

FPL's Concentration & Changing Weather Conditions: Despite having a firm grasp on the electrical utility market in Florida, it runs the risk of overreliance on the strong performance of the state's economy. A negative macroeconomic occurrence is likely to have strongly felt consequences in Florida, likely resulting in an overdependence on NEER to carry the load for NEE. Furthermore, general occurrences of extreme weather may inflict damage upon NEER and FPL's facilities, requiring the incurrence of additional costs in repairing and replacing damaged property, dampening margins and investor sentiment.

Interest Rate Sensitivity: As a capital-intensive utility, NEE will be quite sensitive to interest movements. Rising rates can put downward pressure on margins by increasing financing costs for large-scale infrastructure projects and reducing their subsequent returns. Despite NEE having a strong balance sheet and the recent cut in interest rates this past September, there is no guarantee that favorable borrowing conditions will persist in the long term, so NEE will have to be prepared for such circumstances.

Our Price Target: \$100.00

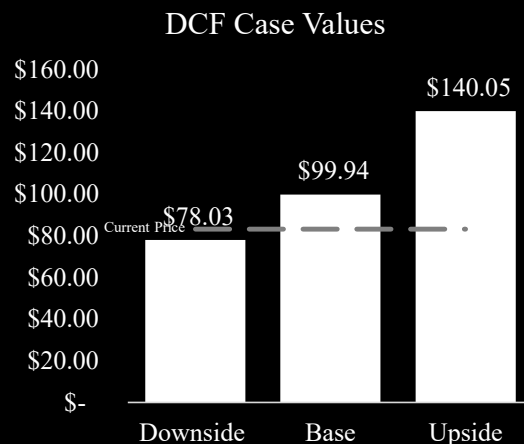
Our PT is based on a 15x 2030 EV/EBIT and 1.8% TGR. We assume growing demand for electricity is maintained and FPL continues its work to match this, with NEE also continuing to strengthen its market presence across the U.S. with strategic acquisitions of nuclear plants and other facilities. This scenario also reflects a situation where NEE's transition to domestic suppliers is smooth sailing and not rushed, thereby enabling them to take advantage of some credits to commence project developments starting in 2026.

Our Upside Case: \$140.00

Our upside case is based on a 15.5x 2030 EV/EBIT and 2% TGR. Our scenario assumes rapid expansion in FPL driven by a thriving economy, with NEER also growing expansively. Additionally, we assume NEE's transition to domestic suppliers is done with maximum efficiency, enabling them to capture most available tax credits and kickstart numerous project developments.

Our Downside Case: \$78.00

Our downside case is based on a 14.5x EV/EBIT and 1.5% TGR. This case reflects a scenario of steady growth amongst FPL and NEER, but not enough for rapid expansion. This is further characterized by a slowdown in Florida's economy, not necessarily hindering growth, but causing a slowdown. It also reflects a scenario where NEE fails to fully transition into domestic suppliers, thereby missing tax credit incentives that would accelerate project developments.



Projections

Income Statement (\$mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	24,753	28,700	34,091	40,946	49,723	26.2%
EBITDA	12,896	14,700	15,000	18,631	23,370	21.9%
EBIT	7,362	9,500	10,568	13,000	16,160	30.0%
NOPAT	4,919	2,745	3,289	9,071	7,023	12.6%
Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	52.1%	51.2%	44.0%	45.5%	47.0%	48.0%
EBIT Margin	29.7%	33.1%	31.0%	31.8%	32.5%	31.6%
Revenue Growth	-12.0%	15.9%	18.8%	20.1%	21.4%	12.9%
EBIT Growth	-26.9%	29.0%	11.2%	23.0%	24.3%	12.1%
Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	-16.0x	-14.9x	-17.9x	-27.7x	-155.3x	-46.4x
EV/Sales	10.0x	8.6x	7.2x	6.0x	5.0x	7.4x
EV/EBITDA	19.1x	16.8x	16.5x	13.3x	10.6x	15.2x
FCF Yield	-6.3%	-6.7%	-5.6%	-3.6%	-0.6%	-4.6%

About \$NEE

NextEra Energy (NYSE: NEE), founded in 1925, operates as a leading electric power and renewable energy company in North America. The company develops, generates, and distributes electricity across the U.S. through both regulated and non-regulated operations. Its two main segments—Florida Power & Light (FPL) and NextEra Energy Resources (NEER)—combine stable utility earnings with large-scale renewable growth, making it unique among U.S. utilities. NextEra's key goal is to drive the clean energy transition while maintaining reliable, affordable power for millions of customers.

Disclosures & Ratings

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Appendix

NextEra Energy, Inc.
Discounted Cash Flow

Active Case:	2 Base
Current Share Price	\$83.35

DCF Analysis (\$mm)											
	FY2020 12/31/2020	FY2021 12/31/2021	FY2022 12/31/2022	FY2023 12/31/2023	FY2024 12/31/2024	FY2025 12/31/2025	FY2026 12/31/2026	FY2027 12/31/2027	FY2028 12/30/2028	FY2029 12/30/2029	FY2030 12/31/2030
Stub						0.78	1.78	2.78	3.78	4.78	5.78
Discount Period						0.11	0.72	1.72	2.72	3.72	4.72
Revenue	17,997	17,069	20,956	28,114	24,753	28,700	34,091	40,946	49,723	61,040	75,743
Revenue Growth	0%	-5%	23%	34%	-12%	16%	19%	20%	21%	23%	24%
Nextera Energy Resources	5,046	3,053	3,720	9,672	7,542	9,000	11,070	13,754	17,262	21,879	28,006
Florida Power & Light (L)	13,060	14,102	17,282	18,365	17,019	19,500	22,815	26,979	32,240	38,929	47,494
Corporate and Other	(109)	(86)	(46)	77	192	200	206	213	222	232	243
EBIT	4,963	3,093	3,875	10,077	7,362	9,500	10,568	13,000	16,160	20,296	25,753
EBIT Margin	28%	18%	18%	36%	30%	33%	31%	32%	33%	33%	34%
Tax Expense	44	348	586	1,006	339	500	666	787	937	1,126	1,365
Effective Tax Rate	1%	11%	15%	10%	5%	5%	6%	6%	6%	6%	5%
NOPAT	4,919.00	2,745.00	3,289.00	9,071.00	7,023.00	9,000.00	9,902.41	12,213.96	15,222.76	19,169.52	24,387.64
D&A	4,295	4,189	4,772	5,939	5,534	5,200	4,432	5,630	7,210	9,309	12,119
Capex	14,365	15,802	19,060	24,928	24,330	24,000	22,159	22,265	21,754	20,220	17,042
Changes in NWC	(1,129)	(1,787)	(175)	1,610	(1,457)	1,300	1,364	1,535	1,740	1,984	2,272
UFCF	(4,022)	(7,081)	(10,824)	(11,528)	(10,316)	(11,100)	(9,189)	(5,956)	(1,062)	6,275	17,192
PV of FCF						(11,027)	(8,803)	(5,377)	(903)	5,029	12,984
Weighted Average Cost of Capital (\$mm)						Terminal Value		Terminal Value			
						Perpetuity Growth Method		Exit Multiple Method			
Market Risk Premium	4.33%				2034 FCF	\$17,192		2034 EBIT	\$25,753		
Beta	0.65				Growth	1.80%		EV/EBIT Exit Multiple	15.0x		
Risk Free Rate	4.39%				Terminal Value	\$397,510		Terminal Value	\$386,288		
Cost of Equity	4.84%				PV of Terminal Value	\$300,221		PV of Terminal Value	\$291,745		
Weighted Average Cost of Debt	4.20%				PV of Projection Period	-\$8,095		PV of Projection Period	-\$8,095		
Tax Rate	6.30%				PV of Terminal Value	\$300,221		PV of Terminal Value	\$291,745		
Cost of Debt	1.28%				Implied TEV	\$292,125		Implied TEV	\$283,649		
Total Equity	\$172,383				(-) Debt	\$83,560		(-) Debt	\$83,560		
Total Debt	\$82,073				(+) Cash	\$1,487		(+) Cash	\$1,487		
Equity/Total Capitalization	67.35%				Implied Equity Value	\$210,052		Implied Equity Value	\$201,576		
Debt/Total Capitalization	32.65%				Basic Shares Outstanding	2059		Diluted Shares Outstanding	2,059		
WACC	6.12%				Implied Share Price	\$102.00		Implied Share Price	\$97.89		
					Upside/Downside	22.38%		Upside/Downside	17.4%		
					Implied Exit BF EV/EBIT	11.3x		Implied PGR	0.2%		
					Blended Share Price						
					Perpetuity Growth Method				50%		
					Exit Multiple Method				50%		
					Blended Share Price	\$99.94			\$99.94		
					Upside/Downside	19.91%			19.91%		