



NextEra Energy (NYSE:NEE) - Utilities

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Investment Thesis

Drivers of Thesis:

- NEE has shown large increases in growth and is expected to **continue large amounts of growth in the future**. One main driver of its future growth is NEE's promise to achieve Real-Zero (carbon emissions free) by no later than 2045. After a large YoY growth in 2022 of 22.77%, we expect NEE to continue to grow at a positive rate in the future. We forecast that NEE is going to grow 19.23% in 2023 then continue to grow at a slower rate throughout the forecasted years.
- **NEE is the owner** of the largest electric utility company in the United States, **Florida Power & Light Company (FPL)**. NEE has another subsidiary which is the largest generator of renewable wind and solar energy. That subsidiary is **NextEra Energy Renewables (NEER)**. Both subsidiaries are expected to show growth in the future as the economy shifts to a focus of renewable energy.

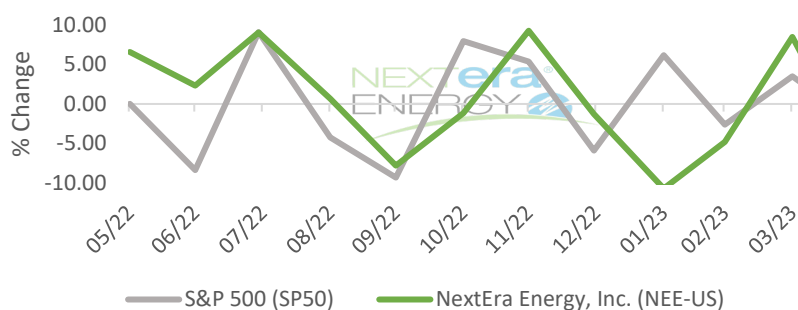
Risks of Thesis

- Recent raising inflation rates have proven to slow growth in both the economy and the market itself. **FED rates are now at a range of 4.75-5.00% and are expected to increase again in May**. These increasing rates are causing a **decrease in the housing markets which will affect the housing market and specifically housing starts** which is a key driver for the economic utility industry.
- In the Utilities industry, rates that companies pay their customers are regulated at the state and federal level, depending on the state. The **rates in Florida are regulated at the state level** which affect FPL. This allows for limited growth within the company.

Executive Summary

We recommend a **HOLD** rating as NextEra Energy will experience rapid growth in renewable energy services and continue its dominance as a leader in rate-regulated utility companies. Despite the economic turmoil with rising interest rates and a low performing market, we believe that NEE will continue to have consistent growth in future years. NEE is a mature company that has a lower sensitivity to the market turmoil and has consistent dividend growth and a high payout ratio. Utility companies remain strong during times of uncertainty within the market. NEE's high position within the utilities sector secure its spot as a must have in any portfolio.

12 Month Performance vs S&P 500



HOLD

Current Price: \$78.54

Target Price: \$84.79

Company Description

NextEra Energy (NEE) is an electric power and infrastructure company in North America. The company delivers clean energy solutions through two subsidiaries: Florida Power & Light (FPL) and NextEra Energy Renewables (NEER). FPL is America's largest electric utility providing electricity to an estimated 5.8 million customer accounts. NEER has a strategic focus on clean energy assets such as renewable generation facilities, battery storage, and elective transmission facilities. The subsidiary is the world's largest generator of renewable energy sourced from the wind and sun. NextEra Energy is headquartered in Juno Beach, Florida.

Financial Data

Price Data

Current Price	\$78.85
52 Week High	\$91.35
52 Week Low	\$67.22

Model Prices

DCF	\$84.79
DDM	\$106.86
Relative PE	\$36.75

Key Statistics

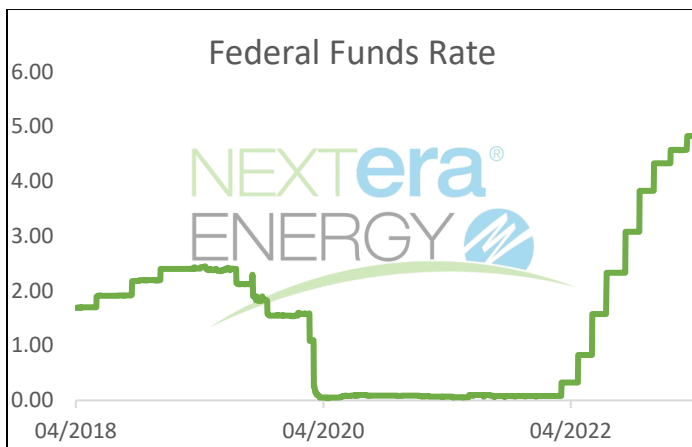
Market Capitalization	\$159.54 M
Shares Outstanding	1.95 B
EPS 2023E	1.80
P/E Ratio (TTM)	37.55
Forward P/E Ratio	25.13
Forward Dividend	\$1.87

Financial Profile

2023E ROE	5.47%
2023E ROA	4.18%
2022 Revenue	\$20.96 M
2023E Revenue	\$24.98 M

Interest Rates:

Interest rate levels impact a company’s ability to invest in new projects, issue debt, and affect consumer demand. The Federal Reserve steers the direction of the domestic economy towards stable, healthy growth by adjusting the federal funds rate. The federal funds target rate guides the interest rates that banks borrow from each other in the overnight lending market. As rates increase or decrease, the effect trickles down to influence the borrowing, saving, and treasury bond rates.



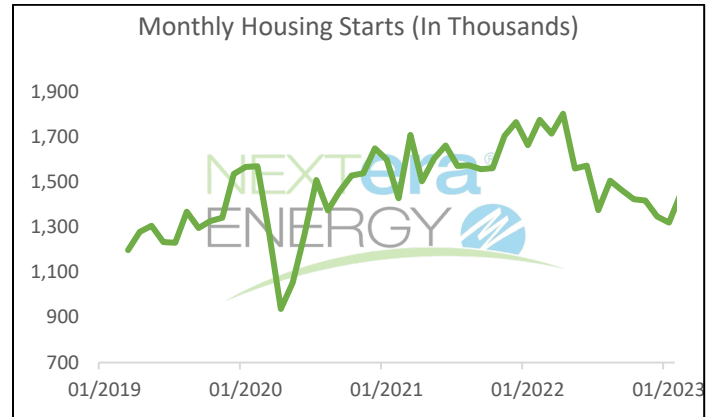
Source: FRED¹

Since March 2022, the FED has increased the benchmark federal funds rate to a target range between 4.75-5.00% to get inflation down to 2%.² Inflation measured by the Consumer Price Index rose 0.1% month-over-month and 5% year-over-year in March.³ Because of this, we expect two more rate increases this year causing the federal funds target rate to increase to 5.5-5.75%. As interest rates increase, so does the cost of debt, making it more expensive for companies to issue bonds. When looking at the cost of debt, we specifically highlight the 10-year treasury yield. For utility companies, long-term yields are the best indicator of their cost of debt due to the longer duration of their debt holdings. As of April 17, 2023, the current bond yield is 3.60%, which is higher than the previous year at 2.84%.⁴ NextEra Energy could be negatively impacted in the short and medium term due to increased interest rates and persistent inflation. However, we believe that NextEra’s ability to adjust the rates it charges customers will be able to offset this loss.

Housing Starts:

There is a direct relationship between housing starts and residential utilities. Housing starts refers to the number of new residential and private construction projects that have begun during a month. The more houses that are being built, the more electricity is being generated and used.

Since the housing market crash in 2008, there has been an increase in new privately owned housing starts in the US. The graph below, from the St. Louis FRED, depicts the number of housing starts in the US since 2000.

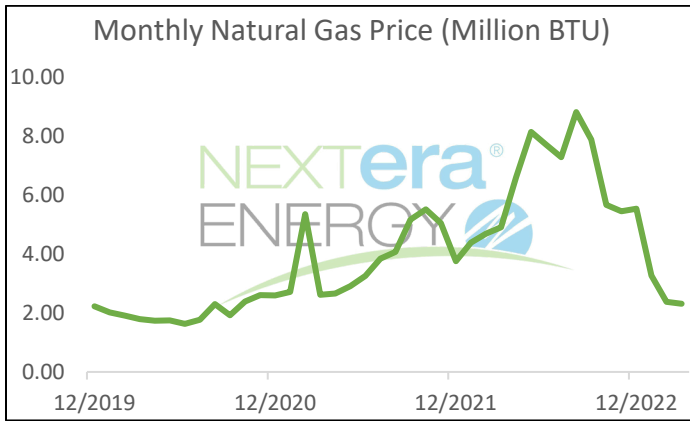


Source: FRED⁵

Mortgage rates also have a large impact on housing starts. The 30-Year Fixed mortgage rate was at 6.27% as of April 14, 2023⁶, which increased from 4.72%⁶ a year prior. Rising interest rates decrease a homebuyer’s borrowing capacity and demand and as a result, housing starts decreased by 17.98%⁷ from 2022 levels. However, during February, housing starts in the U.S. surged 9.8% from a month earlier to 1.45 million.⁸ This was the highest in the past five months, and we believe this is an indicator that confidence is being restored in the housing market. Going forward, we predict that housing starts will drop to 1.4 million. This is due to the rising interest rate environment that may sway builders and consumers from producing homes.

Natural Gas and Supply Prices

Natural gas makes up most of the energy output for NextEra, its subsidiaries, and the United States. In 2020, Natural Gas made up 72.8% of Florida Power and Light’s output.¹² In the U.S., natural gas makes up 32% of primary energy consumption.⁹ Natural gas prices are primarily a function of supply and demand. Increases in demand lead to higher prices, whereas decreases in demand lead to lower prices.



Source: FRED¹⁰

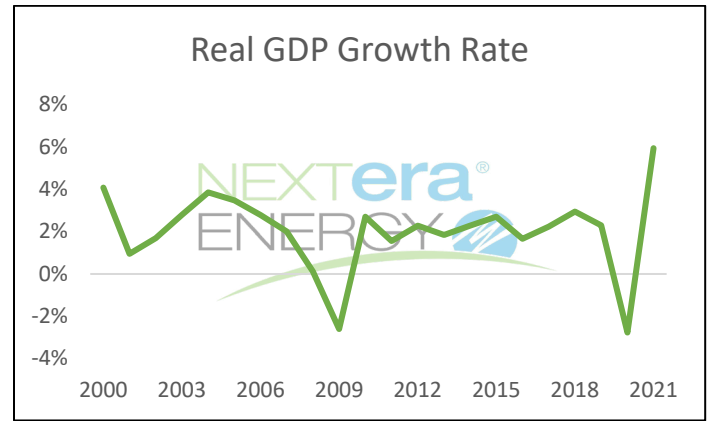
Fueled by the fallout of the Russia-Ukraine war, natural gas prices reached levels not seen since 2008. On August 22, 2022, natural gas prices reached \$9.71/ Metric Million British Thermal Units (MMBtu).¹¹ The increase in natural gas prices increased fuel costs for NextEra by 41% in 2022.¹²

As of April 8, 2023, natural gas prices are at a three-year low of \$2.26 MMBtu.¹³ Due to a mild winter, natural gas inventories are ending the withdrawal season 19% above the five-year average supply.¹⁴ The warmer weather also reduces demand for natural gas, lowering the price. Because of these factors, we predict that prices will remain around \$2.30 MMBtu for 2023.

Real Gross Domestic Product (GDP) Growth

Real GDP Growth refers to the percentage increase in a country's goods and services produced, after adjusting for inflation. Real GDP is used to measure the standards of living, economic output, and productivity of a country. When Real GDP rises, this indicated economic growth, which increases the electricity demand.

In 2022, Real GDP growth grew by just 0.9% YoY after a contraction in Q1 and Q2.¹⁵ This contraction followed a large rebound from the pandemic when the economy grew by 5.7% in 2021. This loss in economic growth was caused by inflation, supply chain problems, and a tight labor market.¹⁶



Source: FRED¹⁷

The economy rebounded in the second half of 2022 with six months of positive economic growth leading into 2023. The Federal Reserve Bank of St. Louis predicts that GDP will again grow by less than 1% in 2023, with growth slipping below zero in the third quarter.¹⁸ This aligns with our predictions for 2023 due to the persistent inflation, rising interest rates, and tight credit conditions. After 2023, we predict that real GDP growth will return to levels around 2% growth YoY. The decrease in GDP will result in less energy demand and decreased revenues in 2022, but we anticipate normal levels to continue after this.

Industry Analysis

Industry Description:

The Electric Utilities industry is composed of businesses whose purpose is to generate, transport, store, and provide energy solutions to commercial, residential, and wholesale consumers. The electric energy that these companies produce cannot be stored, it must be instantaneously generated and delivered based on demand. These businesses make money by charging consumers on a rate basis which determines the return on equity (ROE) that the company can realize. The rates are heavily regulated by government agencies to ensure fair pricing. The rates can be regulated by either the state or federal government, depending on which state. These companies play a crucial role in ensuring a consistent supply of electricity to customers.

Within the industry, firms differentiate themselves by the number of various energy solutions they provide for clients that are both in the residential and retail settings. Electric utility companies generate clean electricity

through wind, solar, and nuclear power. Another way that firms differentiate themselves is how much these companies spend on Capital Expenditures because for operations to function smoothly, these companies require expensive infrastructure.

Porter's Five Forces

Degree of Rivalry/Competition – Very Low

Utility companies have exclusive rights to serve customers within an area of service. Franchise agreements are made between cities and companies that lays out how the utility can operate on public property. Public officials guarantee the company's ROE to protect consumers. The rate regulation is also a big component as to why the competition within the industry is low.

Bargaining Power of Customers – Low

The residential consumer has little to no opportunity to bargain with the supplier because electric rates are set by regulators acting to protect the consumer. Industrial customers have more bargaining power as companies tend to have higher consumption than residential companies. The reason for this is because Industrial companies are more sensitive to economic activity and can change their demand and output based on those conditions.

Bargaining Power of Supplier – High

Commodities like natural gas are a natural function of supply and demand. This gives energy suppliers a lot of bargaining power because they provide the necessary inputs to produce electricity. Utility companies can often change the fuel source that is used, but this will increase the costs that the company pays which will hurt the company's net income in the future.

Threat of Substitutes - Very Low

There is a very low threat of substitutes due to the high cost of replacing infrastructure and the lack of efficient alternatives. Rate-regulated electricity is currently the gold standard for energy infrastructure. If customers that are affected by the regulated rates want to switch from electricity to gas, there is going to be a high switching price.

Threat of New Entrants (Low)

In the Electric Utilities sector, barriers to entry are high. This is due to the large amount of capital investment

necessary, and the state or local government-sanctioned monopoly utilities businesses. With the government-regulated rates, new companies are going to find it challenging to enter this sector because they will be making the same amount per customer as the already existing companies within the geographical location. It is unlikely that competition will arise in this industry, besides what is already existing.

Recent Developments and Trends

Electric Vehicle Sales

One major trend that affects this industry is the increased interest in Electric Vehicles. In 2021, global sales for EVs doubles, and this number is expected to continue to grow¹⁹. President Biden has stated that the U.S. goal is to have 50% of the market share be electric vehicles by 2033, some states are starting to push in the direction to require that all cars be electric. California has a regulation in place that will require 100% of vehicle sales to be electric by 2035. Some of those states include Nevada, Minnesota, Virginia, New York, and Vermont.²⁰ When people are wanting to charge their car at home, that is going to cause an increase in the use of their electricity and this increase will benefit both FPL and NEE in whole.

ESG Reporting

There has been an increase in interest in renewable energy within the U.S. as ESG reporting has become more popular and favorable ESG ratings can boost a company's access to sustainability-linked financing such as green bonds, which will lower their cost of capital²¹. Companies have been becoming more aware of changes within the environment and social issues and have "see a growing need to identify [and] address them"²¹. NEE currently has an ESG rating of "average" according to FactSet²². The areas that NEE excels in are "Environment" and "Human Capital". These areas are important when it comes to ESG rating as the human capital rating shows how they treat their employees and works, and the environment depicts how well the company cares about the environment and shows initiatives to protect their environment through their business.

Inflation Reduction Act (IRA)

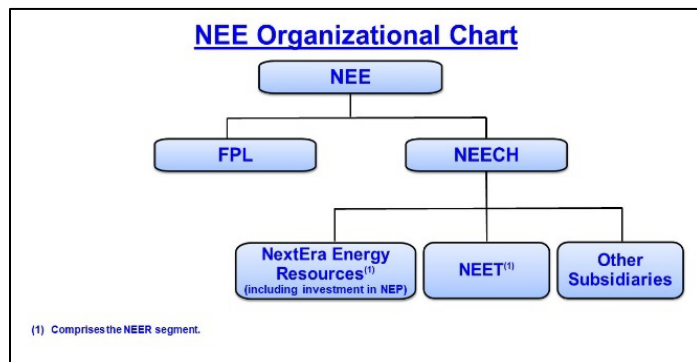
The Inflation Reduction Act (IRA) became effective on 1/1/2023. This is said to be the most significant climate legislation in U.S. history. This legislation offers "funding, programs, and incentives to accelerate the transition to a clean energy economy"²³. The IRA incentives companies

to take advantage of its offering such as tax credits²³. The IRA offers a new EV tax credit for the U.S. Public that if one were to buy an EV in 2023, the person qualifies for a tax credit of up to \$7,500²³. These incentives many people to buy new EVs which will in turn benefit NEE, as explained in the section prior.

Company Analysis

NextEra Energy (NEE):

NextEra Energy is a leading energy utility company that is headquartered in Juno Beach, Florida. It is one of the largest energy infrastructure companies in North America. NEE is the owner and operates based on two large subsidiaries, Florida Power and Light Company (FPL), and NextEra Energy Renewables (NEER). FPL, the largest electric utility company in America, focuses on investing in generation, transmission, and distribution facilities to deliver clean energy to its 5.8 million customers¹². NEER, the largest generator of renewable solar and wind energy as well as battery storage, is focused on clean energy assets such as renewable generation facilities and battery storage projects, and electric transmission facilities within both U.S. and Canada¹². NEECH is a wholly owned subsidiary of NEE. NEECH provides funding for NEE’s operating subsidiaries that are other than FPL. NEET, one of the operating subsidiaries, is a rate-regulated transmission subsidiary of NEE.

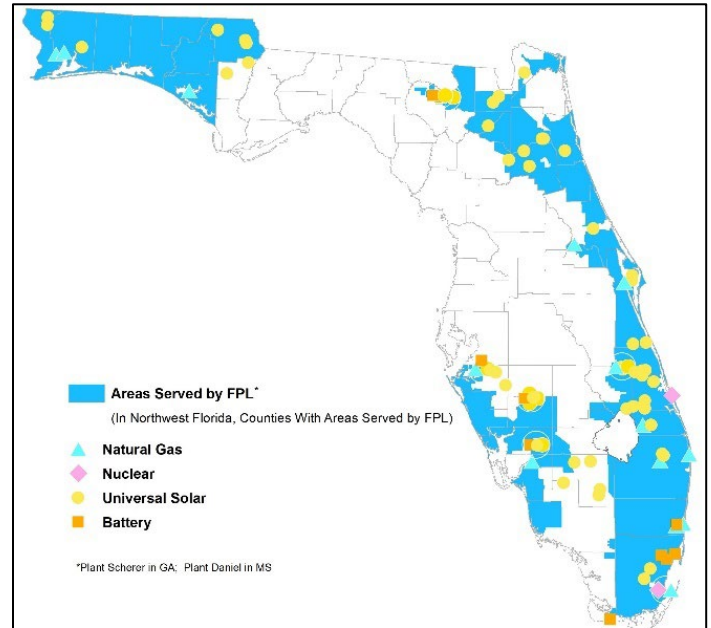


Source: SEC¹²

Florida Power and Light (FPL):

FPL is the rate-regulated side of NEE’s main business. FPL is focused on the generation, transmission, distribution, and sale of electric energy in Florida. FPL provides reliable electricity to approximately 5.8 million accounts, which equates to more than 12 million people. FPL also owns and operates a retail gas business, which

serves around 119,000 residential and commercial customers within the state of Florida. 89% of FPL’s customer accounts come from residential customers. The regions that FPL mostly operates in are the east and lower west coasts of the state as well as nine counties throughout the northwest corner of the state (see figure below)¹²

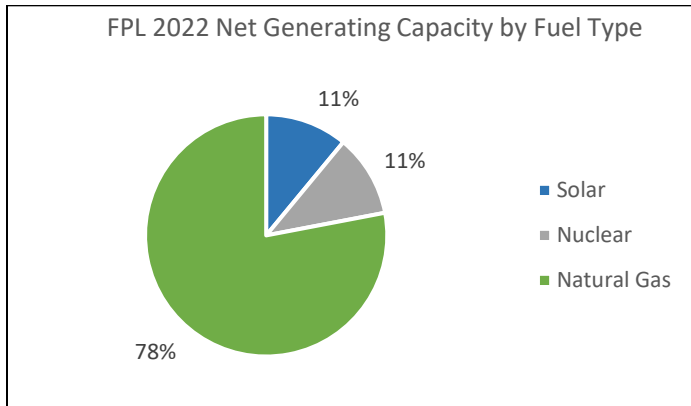


Source: SEC¹²

On December 31, 2022, FPL was able to serve its 12 million customers through its 32,100 MW of net generating capacity and approximately 88,000 circuit miles of transmission and distribution lines¹². Revenues from FPL are derived from tariff-based sales that result from providing electricity to retail customers. A majority of NEE’s revenue comes from FPL and its services. In 2022, FPL’s revenues totaled 17,282 billion which was 82.47% of NEE’s total revenue for the year¹².

The Florida Public Service Commission (FPSC) oversees the rates that FPL provides its customers on the retail level. FPSC sets its rates that are intended to let the company collect revenues from customers that are equal to the costs of providing those services, which includes a reasonable return on invested capital (ROIC)¹². The FPSC uses *Base Rates* to help companies achieve that equivalent level of revenue and costs. When setting a cost-based rate for its customers, companies must maintain a strategy to operate at low costs. There is currently a pending ruling that could potentially increase the revenues that FPL would create from these base rates, as well as increase the company’s ROE. Currently, the company operates under a regulatory ROE of 10.55, with a range of 9.60 – 11.60%¹².

FPL uses different fuel sources at its facilities that help the company produce electricity for its customers. FPL can do this by achieving an economical fuel mix that can respond to developments in the industry and the market. The largest portion of the fuel mix is from natural gas sources at 76%. The other fuels come from nuclear and solar, both at 11% (see figure below)¹².

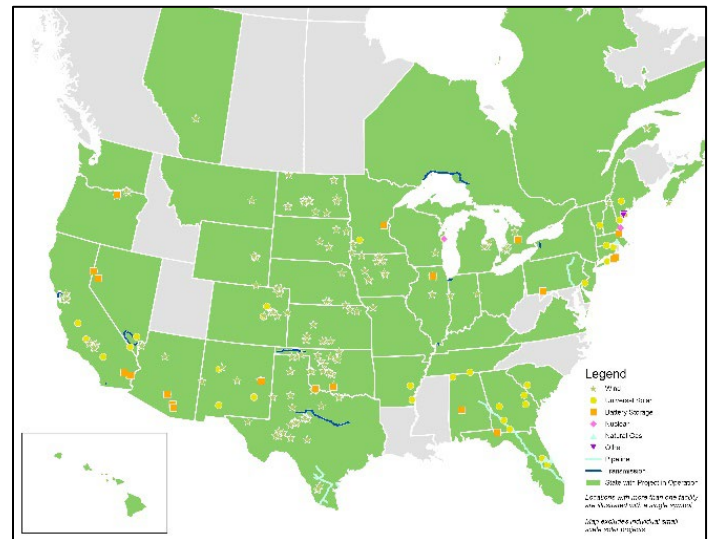


Source: SEC¹²

We estimate that FPL will have an increase in revenue within the next couple of years due to several factors. The main factors include the increase in the total population of Florida, which had the highest population growth rate in 2022²⁴, and an increase in capital expenditures to reach Real-Zero. Real-Zero is a main priority of FPL’s CEO, Eric Silagy, and hopes to achieve zero carbon emissions while maintaining low costs for customers²⁵. We have forecasted FPL’s revenue to experience YoY growth of 19.85% and 12.68% within the next two years respectively.

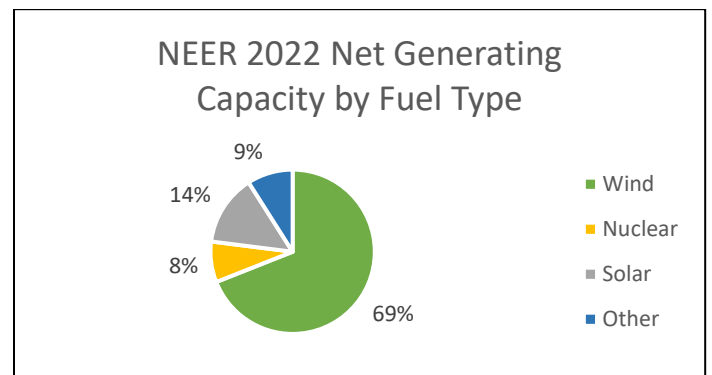
NextEra Energy Renewables (NEER):

NEER is part of NEE’s company that focuses on rate-regulated clean energy. NEER’s strategy has a strong emphasis on the development, construction, and operation of long-term assets that focus on clean energy. NEER operates in both U.S. and Canada (see figure below) and includes investments in businesses that have a clean energy focus. With approximately 27,400 MW of total generating capacity, NEER is one of the largest generators of electric power in the U. S¹². In 2022, NEER made 3,720 billion in revenues, which accounted for 17.75% of NEE’s total revenue. NEER’s revenue from contracts with customers is derived primarily from the sale of energy commodities, electric capacity, and transmission¹². NEER has a share of 32.2% ownership interest in a 303-mile natural gas pipeline that is being built in Virginia and West Virginia and has other ownership interests in pipelines that are in Texas, Nevada, and Canada (see graph below).



Source: SEC¹²

NEER is the world’s largest generator of renewable energy from wind and solar sources and the world leader in battery storage. The graph below depicts the generation by fuel type for NEER in the 2022 year (other is primarily natural gas) which represented 25,534 MW of total net generating capacity. The overall generating capacity is renewable energy from wind, which is over 2/3 of the capacity with the other generating capacity being either solar, nuclear, or natural gas.



Source: SEC¹²

Competitor Analysis

Company Name	Market Cap (\$ Billions)	Gross Profit (\$ Billions)	ROE
NextEra Energy	\$149.26	\$10.14	68.30%
Southern Corporation	\$78.22	\$10.82	10.19%
Duke Energy Corporation	\$78.01	\$12.21	73.40%
American Electric Power Co	\$47.42	\$7.66	98.50%
Exelon Corporation	\$40.48	\$10.18	69.00%

Source: Yahoo Finance²⁶

Duke Energy Corporation (DUK)

DUK is an energy company that operates within the United States and is headquartered in Charlotte, North Carolina. DUK has two main segments that it operates through, Electric utilities and Infrastructure (EU&I) and Gas Utilities Infrastructure (GU&I). EU&I focuses on the generation and distribution of electricity within the Carolinas, Florida, and the Midwest. EU&I primarily uses coal, natural gas, and renewable sources like wind and solar to generate electricity. In 2022, DUK reported \$28.77 billion in total revenue with a profit margin of 9.01%. Their operations in Florida make themselves a main competitor to FPL and their growing renewable segment gives DUK the potential to compete with NEER.²⁷

American Electric Power Company (AEP)

AEP is a public electric utility company that is headquartered in Columbus, Ohio. AEP operates through four main segments, with the Vertically Integrated Utilities segment being their largest as it accounts for 58% of AEP's total revenue. AEP distributes electricity to over 5.4 million customers in 10 states. Most of their generating capacity is generated through coal. According to management guidance, AEP is expecting to spend \$8 billion on capital expenditures in each of the subsequent years illustrating a big step in growth for the company. AEP's step-in growth puts it in competition with NEE, despite having little geographical competition.²⁸

Exelon Corporation (EXC)

Exelon is a utility services holding company that is headquartered in Chicago, Illinois. EXC can serve 10 million customers located in Delaware, New Jersey, Illinois, Maryland, Pennsylvania, and Washington D.C. EXC operates through six main segments, but has two main segments, Commonwealth Edison Company (ComEd) and Potomac Electric Power Company (PepCo). ComEd and PepCo account for 28% and 27% of EXC's total revenue respectively. Out of the other companies, EXC has the lowest market cap and is also trading at the lowest price.²⁹

Southern Company (SO)

SO focuses on the generation and sale of electricity and mainly operates through three main segments. The biggest segment, Traditional Electric Operating Company (TEOC), is a direct competitor of FPL due to it supplying electricity within the state of Florida. TEOC is responsible for over half of SO's total revenue,

approximately 67% in 2022. Other states that SO does business in include Georgia, Virginia, New Jersey, Tennessee and Maryland. Within these comparable companies, SO has the second largest market cap, second to NEE.³⁰

Comparable Summary

Despite strong recent performance from competitors, NEE is still able to set itself apart from its competitors and remain at the top of sector. NEE has an above average ROA and ROE that can compete with the others. NEE can be strong not only in Florida with FPL but also across the U.S. and into Canada due to its presence in the renewable wind and solar space and its strong recent financial performance. These reasons allow NEE to continue to grow and continue to lead these competitors within the electric utilities sector.

Valuation Analysis

Valuation Approach:

In order to value NextEra Energy accurately, we started by gathering historical numbers back to the year of 2013. This allowed us to get a grasp of how NEE has performed and grown over the past ten years. While analyzing the historical data, we also considered how the economy and the industry has grown over the years. This helped us gauge how NEE was affected by both economic and sector growth. In order to come to a final intrinsic value, we constructed discounted cash flow, economic profit, dividend discount, and relative valuation models. Our assumptions are based on future forecasts that we estimated using historical data and trends that have affected NEE over the years.

Revenue Decomposition:

To begin our valuation, we started with forecasting the revenue that NEE would make over the years. We forecast that there is going to be a 19.23% growth to a price point of \$24,986 billion within the year of 2023. Following 2023, growth is going to decrease down to rates of 12.42%, 7.65%, 5.78%, and 4.76% for the years of 2024, 2025, 2026, and 2027 respectively.

The majority of NEE's revenue stems from the FPL segment. In 2022, FPL was 82.47% of NEE's total revenue. We kept this number in mind when forecasting FPL's revenue. FPL's revenue is mostly growing from an increase in customer accounts, which we have forecasted to grow substantially causing a 19.85% growth in revenue to \$20,182 billion in 2023. In subsequent years, revenue for FPL is forecasted to grow 12.68%, 7.56%, 5.51%,

4.49% in 2024, 2025, 2026, and 2027 respectively. As mentioned earlier, Florida had the fastest growing population within the year of 2022, and we believe that the population of Florida is going to continue to grow which is a big reason for a jump in revenue as well as a steady increase throughout the forecasted years. This assumption causes the number of customer accounts to continue to grow which will increase FPL's revenue.

NEER is forecasted to grow at a higher rate in the future years of the model than we forecasted for FPL due to recent push in NEE's business strategy to focus on renewable energy and wanting to reach Real Zero by 2045. We have NEER to earn 4,321 billion in revenue for the year 2023, which is a 16.15% growth from 2022. In years 2024 through 2027, we forecast NEER is to grow at an average growth rate of 8.07%. NEE is increasing the amount of Capex that is going towards NEER and that growth is shown within our revenue forecast.

Fuel, Purchased Power, & Interchange expenses:

We have forecasted that fuel, purchase power and interchange expenses are going to gradually decrease in the coming years. In the future, we believe that NEE will be able to operate at lower costs. Another reason that we foresee this expense decreasing is that the company is going to make a push into utilizing more renewable sources which will allow the company to pay less for fuel. Renewable sources are more cost efficient for most companies and when NEE shifts to majority renewable sources, they will see their costs decrease, and this expense will illustrate that decrease.

Other Operations and Maintenance Expense (O&M):

These types of expenses include repair costs to plants and transmission line that are part of normal operations for NEE. We forecasted this expense as an average historical percentage of sales figure. We chose to forecast O&M this way because of how constant this expense has remained over the past ten years; however, we used an average of the past four years for a more accurate representation of this expense within recent history. We concluded that an average growth of 21.02% was sufficient for this expense over the years.

Depreciation and Amortization Expense:

The next major line item that we had to forecast is Depreciation and Amortization expense (D&A). D&A is an important expense because it represents a major portion of what is deducted from revenue. To start, we found historical depreciation expenses and the beginning Property Plant and Equipment (PP&E) in order to find the historical rates for each year. After finding each rate from

the previous years, we decided to use a four-year average of 4.39% which is then multiplied by that years beginning PP&E to find the amount of depreciation expense for the year. Using a four-year average encompasses the most recent years and how the company has depreciated instead of using numbers that could be outdated. For example, using data from 2015 might not accurately show how the company operates in current times.

WACC

A key component of the valuation models is the Weighted Average Cost of Capital, or WACC. First, we had to find the Cost of Equity and the Cost of Debt which will be explained in more depth in the following paragraphs. The other components that were needed was the Market Value of Equity and the Market Value of Debt. To find the market value of equity, we needed to use the total shares outstanding and the current share price. We used the share price as of the close on April 14th. To get the market value of the debt we used the current values of NEE's debt. These numbers are then added to find the market value of the firm. All these data points, including the firm's beta, are multiplied together to come to a WACC of 5.00%. This number is important to our model as it will be used within the discount cash flows and economic profit models.

Cost of Equity

We calculated the Cost of Equity by using the CAPM approach. This approach involves taking the beta times the market risk premium then adding that to the risk-free rate. The market risk premium is calculated by taking the risk-free rate of the market and subtracting that from the equity risk premium. Next, we used a beta that is a 5-year monthly beta that is measured against the S&P 500. The value of the beta that we used is 0.44 with illustrated that NEE is less sensitive to overall changes within the market³¹. Using these values, our Cost of Equity equaled 5.66%.

Cost of Debt

In order to calculate our Cost of Debt, we needed to find a pre-tax cost of debt by taking the yield to maturity of an NEE corporate bond. WE decided to use a YTM of a corporate bond that expires in 2032 which represents a 10-year bond from the end of the last full fiscal year. The YTM that we used for our model was 4.39%. Next, subtracting the pre-tax cost of debt from the risk-free rate, we can find our implied default premium of 0.83%. Lastly, to get the after tax-cost of debt, we multiplied the pre-tax cost of debt by the marginal tax rate of 22% to give us a cost of debt of 3.42%.

Valuation Models

Discount Cash Flow (DCF) Model

In our DCF Model, we forecasted NEE's free cash flow (FCF) for the next 5 years, which is the extent to our forecast horizon. On year five, or 2027, we computed a continuing value (CV) which will resemble future cash flows that uses a stable growth rate. Within the CV calculation, there are three important figures, the CV growth of NOPLAT, CV year ROIC, and the WACC. First, the CV growth of NOPLAT that we chose was 3.00%. This number was chosen as we believe this represents a stable growth of the market, even in today's times of uncertainty and volatility. Next, the CV year ROIC was computed by taking the NOPLAT divided by the Beginning Invested Capital in the year 2027, which computed to a value of 7.45%. Lastly, the CV formula requires the WACC, the value of 5.00% that was explained in the previous section. This formula calculated a value of \$215 billion, this value represents the future cash flows of NEE. After finding the CV value, we then had to find the present value (PV) of the FCF for years 2023-2026. To do this, we took the FCF for each year and discounted that value by the WACC. The sum of each of the discounted FCF and the CV equal the value of the operating assets. Next, we must make non-operating adjustments and subtract the value of total debt, which is all values of debt on the balance sheet. After all adjustments are made, this equates to a value of equity of \$165 billion. That value is then divided by the number of outstanding shares that will then give us an intrinsic value per share. The value per share that we computed was \$84.79 as of today.

Economic Profit (EP) Model

When done correctly, the Economic Profit and DCF model will end with the same intrinsic value per share. However, the EP uses a different set of values to compute the operating assets. This model discounts NEE's economic profit and uses a different CV value than before. On the "Drivers" excel sheet, EP is calculated by taking that year's beginning invested capital and multiplying it by the change in ROIC and the WACC. To find the CV value for this model, the values used are, the CV year EP, CV growth of NOPLAT, CV year ROIC and the WACC. The EP CV we calculated was \$111 billion. Next, we had to discount the EP for each year and add those values to the EP CV. That sum equaled to an operating asset of \$223 billion (note that this is the same value of the operating assets in the DCF model). Next, the same adjustments of non-operating assets and debt are made as

explained in the prior section to reach a value of equity. This value is then divided by the total number of shares outstanding to come to a final intrinsic value per share of \$84.79, the same value as the DCF model.

Dividend Discount

The next model is the dividend discount model. This model includes three main assumptions, CV growth of EPS, CV year ROE, and Cost of Equity. For cost of equity, we are used the same cost of equity that was explained before in the WACC section. We estimated CV growth of EPS to be 3.00%. Next, CV year ROE is calculated by taking that year's net income divided by the beginning total stockholder's equity. The CV year ROE that we calculated was 13.89%. Using these assumptions, we calculated a P/E multiple and multiplied that by the CV year EPS to find the future stock price of the year 2027. That future stock price is then discounted by the Cost of Equity and then added to the discount cash flows of the discounted dividend per share for each of the forecasted year. The implied value for today is \$106.86 per share. Compared to our DCF/EP price, this is very high. The reason that this share price is very high is due to the high P/E multiple of 28.32. This multiple was high due to the high ROE in the CV year of 2027. This model's final number indicated that NEE is trading at a high volume on a P/E basis.

Relative Valuation Model

For our relative valuation model, we began by looking at seven comparable companies within the electric utilities sector. Companies that were included, but not limited to, are the ones that were described in the company analysis section of this report. We first took the average of the P/E ratio from the companies. This computed to 17.02 and 15.97 for 2023 and 2024 respectively. Using those averages, we multiplied that by our forecasted P/E for NEE for 2023 and 2024. This calculation gave us a final price of \$36.75 for 2023 and \$44.93 for 2024. These numbers are substantially lower than our DCF/EP and Dividend Discount prices. The reason for that is because of the low EPS that was forecasted for NEE in 2023 and 2024.

Sensitivity Analysis

FPL Average Account Growth Rate vs Fuel, Purchased Power, and Interchange Percentage of Sales Growth

		FPL Account Average Growth Rate							
		84.79	2.14%	2.24%	2.34%	2.44%	2.54%	2.64%	2.74%
Fuel, purchased power and Interchange % of Sales	1.12%	63.39	65.12	66.85	68.59	70.34	72.09	73.86	
	0.12%	69.00	70.73	72.46	74.20	75.95	77.70	79.47	
	-0.88%	74.40	76.12	77.86	79.60	81.35	83.10	84.86	
	-1.88%	79.58	81.31	83.05	84.79	86.53	88.29	90.05	
	-2.88%	84.57	86.30	88.03	89.77	91.52	93.27	95.03	
	-3.88%	89.36	91.08	92.82	94.56	96.30	98.06	99.82	
	-4.88%	93.95	95.68	97.41	99.15	100.90	102.66	104.42	

For the first sensitivity table, we decided to compare a significant operating expense, Fuel, Purchased Power and Interchange, against the average growth rate for FPL accounts, which is a big driver towards FPL revenue, and therefore NEE revenue. We chose to do FPL revenue instead of overall NEE revenue because this expense is one that affects FPL more than other parts of the overall company. Looking at the Fuel, Purchased Power, and Interchange percentage, one can see how big of an impact this expense has on the overall intrinsic value. For context, a 1.00% increase in this expense will cause around a \$5.00 decrease in the stock price.

Risk-Free Rate Vs Pre-Tax Cost of Debt

		Risk Free Rate							
		84.79	3.26%	3.36%	3.46%	3.56%	3.66%	3.76%	3.86%
Pre-Tax Cost of Debt	4.09%	103.97	98.59	93.61	89.00	84.71	80.71	76.98	
	4.19%	102.16	96.92	92.06	87.56	83.37	79.46	75.81	
	4.29%	100.40	95.29	90.55	86.16	82.06	78.24	74.66	
	4.39%	98.68	93.70	89.08	84.79	80.78	77.04	73.54	
	4.49%	97.01	92.15	87.64	83.45	79.53	75.87	72.44	
	4.59%	95.38	90.64	86.24	82.13	78.31	74.72	71.37	
	4.69%	93.79	89.16	84.86	80.85	77.11	73.60	70.31	

For this sensitivity table, we decided to put the Risk-Free Rate and the Pre-Tax Cost of Debt against each other. Looking at the table we can see how sensitive the stock price is to the Risk-Free Rate. For example, an increase from 3.36% to 3.46% in the risk-free rate caused almost a \$4.00 decrease in the stock price. This drastic change is mostly due to the Risk-Free Rate's impact on the overall WACC calculation. Risk-Free Rate is used in both the Cost of Equity and the Cost of Debt. In contrast, when the Pre-Tax Cost of Debt increases, the stock price decreases.

Normal Cash Estimate vs Current Dividend Yield

		Normal Cash Estimate							
		84.79	2.82%	2.92%	3.02%	3.12%	3.22%	3.32%	3.42%
Current Dividend Yield	2.19%	84.89	84.88	84.87	84.86	84.85	84.84	84.83	
	2.29%	84.87	84.86	84.85	84.83	84.82	84.81	84.80	
	2.39%	84.84	84.83	84.82	84.81	84.80	84.79	84.78	
	2.49%	84.82	84.81	84.80	84.79	84.78	84.76	84.75	
	2.59%	84.79	84.78	84.77	84.76	84.75	84.74	84.73	
	2.69%	84.77	84.76	84.75	84.74	84.73	84.72	84.71	
	2.79%	84.75	84.73	84.72	84.71	84.70	84.69	84.68	

In the third sensitivity table, we compared the normal cash estimate to a range of possible current dividend yields. The Current Dividend Yield for NEE is 2.49%, however we chose to scale this value by 0.10% in both directions to see how the change would affect the stock price. The effects were very minimal, around \$0.03 per change in 0.10%. The normal cash number is what affected the amount of cash that is used to start the non-operating adjustments within the DCF/EP calculation and the ROIC and invested capital within the driver's sheet. This value also does not affect the stock price much, causing only a \$0.01 increase when decreasing the estimate by 0.10%.

Beta vs Equity Market Risk Premium (ERP)

		BETA							
		84.79	0.14	0.24	0.34	0.44	0.54	0.64	0.74
ERP	4.48%	212.64	151.83	115.12	90.55	72.94	59.71	49.40	
	4.58%	210.14	149.41	112.92	88.57	71.15	58.08	47.91	
	4.68%	207.69	147.06	110.78	86.65	69.42	56.51	46.47	
	4.78%	205.29	144.76	108.71	84.79	67.75	54.99	45.08	
	4.88%	202.94	142.52	106.69	82.98	66.12	53.52	43.74	
	4.98%	200.63	140.33	104.73	81.23	64.55	52.10	42.45	
	5.08%	198.37	138.20	102.83	79.53	63.03	50.73	41.20	

Both values included in this table are key components of the WACC calculations. The values in this table show how important the WACC is to determine the final stock price. There are drastic changes within the stock price for every data change. For example, when the beta decreases by 0.10, there is a decrease of approximately \$24 in the stock price. On the other hand, when the ERP increases the stock price will decrease. A higher ERP will lead to a higher WACC to discount the cash flows with, and this will compute a lower stock price.

Depreciation Rate vs Marginal Tax Rate

		Depreciation Rate							
		84.79	4.09%	4.19%	4.29%	4.39%	4.49%	4.59%	4.69%
Marginal Tax Rate	21.57%	90.52	88.79	87.08	85.39	83.71	82.04	80.39	
	21.67%	90.31	88.58	86.88	85.18	83.51	81.84	80.19	
	21.77%	90.09	88.38	86.67	84.98	83.31	81.64	80.00	
	21.87%	89.88	88.17	86.47	84.78	83.11	81.45	79.80	
	21.97%	89.67	87.96	86.26	84.58	82.90	81.25	79.60	
	22.07%	89.46	87.75	86.06	84.37	82.70	81.05	79.41	
	22.17%	89.25	87.54	85.85	84.17	82.50	80.85	79.21	

In the next sensitivity table, we compared Depreciation Rate and a range of possible Marginal Tax Rates. For the model, the marginal tax rate we used was 21.87% and this table shows how if the tax rate increases, the stock price will be lower due to NEE paying more in taxes and will make net income smaller. Depreciation Rate will affect the amount that NEE pays in depreciation expense which is a major expense on the income statement. When we see depreciation rate increase, we see that the stock price decreases.

CV Growth of NOPLAT vs CV growth of EPS

		CV Growth of NOPLAT							
		84.79	2.25%	2.50%	2.75%	3.00%	3.25%	3.50%	3.75%
CV growth of EPS	2.25%	69.26	73.40	78.46	84.79	92.91	103.74	118.89	
	2.50%	69.26	73.40	78.46	84.79	92.91	103.74	118.89	
	2.75%	69.26	73.40	78.46	84.79	92.91	103.74	118.89	
	3.00%	69.26	73.40	78.46	84.79	92.91	103.74	118.89	
	3.25%	69.26	73.40	78.46	84.79	92.91	103.74	118.89	
	3.50%	69.26	73.40	78.46	84.79	92.91	103.74	118.89	
	3.75%	69.26	73.40	78.46	84.79	92.91	103.74	118.89	

For the final sensitivity table, we decided to put the continuing value growth of NOPLAT against the CV growth of Earnings Per Share (EPS). What is interesting about this table is that the stock price will increase with an increase in NOPLAT but stay constant with increase in EPS. NOPLAT, which represents profit after taxes, will increase the stock price. On the other hand, an increase in EPS does not cause the price to increase.

Important Disclaimer

This report was created by students enrolled in the Applied Equity Valuation (FIN:4250) class at the University of Iowa. The report was originally created to offer an internal investment recommendation for the University of Iowa Krause Fund and its advisory board. The report also provides potential employers and other interested parties with an example of the students' skills, knowledge, and abilities. Members of the Krause Fund are not registered investment advisors, brokers or officially licensed financial professionals. The investment advice contained in this report does not represent an offer or solicitation to buy or sell any of the securities mentioned. Unless otherwise noted, the facts and figures included in this report are from publicly available sources. This report is not a complete compilation of data, and its accuracy is not guaranteed. From time to time, the University of Iowa, its faculty, staff, students, or the Krause Fund may hold a financial interest in the companies mentioned in this report.

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NextEra Energy Inc.

Revenue Decomposition

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
Revenue	17,997	17,069	20,956	24,986	28,090	30,239	31,987	33,509
Revenue growth rate	-6.29%	-5.16%	22.77%	19.23%	12.42%	7.65%	5.78%	4.76%
Florida Power and Light								
Residential	7,444	7,756	9,332	11,185	12,603	13,556	14,303	14,945
Residential growth rate	11.01%	4.19%	20.32%	19.85%	12.68%	7.56%	5.51%	4.49%
Commerical	4,049	4,513	5,530	6,628	7,469	8,033	8,476	8,856
Commercial growth rate	-5.12%	11.46%	22.55%	19.85%	12.68%	7.56%	5.51%	4.49%
Wholesale	392	423	691	829	934	1,004	1,060	1,107
Wholesale growth rate	7.12%	7.98%	63.40%	19.85%	12.68%	7.56%	5.51%	4.49%
Other	1,175	1,410	1,728	2,071	2,334	2,510	2,649	2,768
Other Growth Rate	37.72%	19.98%	22.55%	19.85%	12.68%	7.56%	5.51%	4.49%
Florida Power and Light Total	13,060	14,102	17,282	20,713	23,340	25,104	26,488	27,676
FPL growth rate	7.12%	7.98%	22.55%	19.85%	12.68%	7.56%	5.51%	4.49%
NEER	5,046	3,053	3,720	4,321	4,800	5,188	5,554	5,890
NEER growth rate	-10.52%	-39.50%	21.85%	16.15%	11.10%	8.07%	7.06%	6.05%
Corporate and Other	(109)	(86)	(46)	(48)	(50)	(52)	(55)	(57)
Corporate and Other growth rate	-4.39%	-21.10%	-46.51%	4.50%	4.50%	4.50%	4.50%	4.50%
Revenue from Electric	18,106	17,155	21,002	25,034	28,140	30,292	32,042	33,566
Percentage of revenue from electric								
Florida Power & Light	72.13%	82.20%	82.29%	82.74%	82.94%	82.87%	82.67%	82.45%
NEER	27.87%	17.80%	17.71%	17.26%	17.06%	17.13%	17.33%	17.55%
Revenue from Customer Accounts								
Florida Power and Light								
Residential	11,623	12,551	15,381	18,434	20,772	22,343	23,574	24,632
Commercial	1,437	1,551	1,901	2,278	2,567	2,761	2,914	3,044
Customer Accounts								
Florida Power & Light (thousands)	5,137	5,214	5,800	5,941	6,086	6,235	6,387	6,542
Account growth rate	1.49%	1.50%	11.23%	2.44%	2.44%	2.44%	2.44%	2.44%
Revenue per Account (dollars)	2.54	2.70	2.98	3.49	3.83	4.03	4.15	4.23
Revenue per Account growth rate	5.55%	6.38%	10.17%	17.00%	10.00%	5.00%	3.00%	2.00%
Generating Capacity								
Florida Power & Light Total MW	28,141	28,564	32,100	32,582	33,070	33,566	34,070	34,581
Revenue per MW	0.46	0.49	0.54	0.64	0.71	0.75	0.78	0.80
Generating Capacity growth rate	4.45%	6.38%	9.05%	18.08%	11.02%	5.97%	3.95%	2.94%
NEER Total MW	27,300	24,600	33,800	34,138	34,479	34,824	35,172	35,524
Revenue per MW	0.18	0.12	0.11	0.13	0.14	0.15	0.16	0.17
Generating Capacity growth rate	-19.04%	-32.86%	-11.32%	15.00%	10.00%	7.00%	6.00%	5.00%

NextEra Energy Inc.

Income Statement

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
Operating Revenues	17,997	17,069	20,956	24,986	28,090	30,239	31,987	33,509
Fuel, purchased power & interchange expenses	3,539	4,527	6,389	6,269	6,150	6,035	5,921	5,809
Other operations & maintenance expenses	3,751	3,953	4,428	5,252	5,905	6,357	6,724	7,044
Storm restoration costs	183	28	-	-	-	-	-	-
Depreciation & amortization expenses	4,052	3,924	4,503	4,875	5,447	5,696	5,846	6,000
Taxes other than income taxes & other expenses - net	1,709	1,801	2,077	2,495	2,851	3,029	3,215	3,375
Total operating expenses - net	13,234	14,233	17,397	18,891	20,353	21,116	21,706	22,228
Gains (losses) on disposal of businesses or assets - net	353	77	522	531	540	550	560	569
Operating Income (Loss)	5,116	2,913	4,081	6,626	8,277	9,673	10,841	11,850
Other income (deductions) - net								
Interest income	38	-	-	96	60	156	172	261
Interest expense	1,950	1,270	585	2,852	3,020	3,205	3,220	3,329
Equity in earnings (losses) of equity method investees	(1,351)	666	203	262	295	318	336	352
Allowance for equity funds used during construction	93	142	112	113	113	114	115	115
Gains (losses) on disposal of investments & other property	50	70	80	80	80	80	80	80
Change in unrealized gains (losses) on equity securities held	163	267	(461)	(461)	(461)	(461)	(461)	(461)
Other net periodic benefit income	200	257	202	277	318	352	376	372
Other income (deductions) - net	54	130	200	200	200	200	200	200
Total other income (deductions) - net	54	130	(249)	(2,284)	(2,415)	(2,446)	(2,402)	(2,410)
Income (loss) before income taxes	2,413	3,175	3,832	4,341	5,862	7,227	8,438	9,440
Income taxes	44	348	586	949	1,282	1,580	1,845	2,064
Net income (loss)	2,369	2,827	3,246	3,392	4,580	5,647	6,593	7,375
Net income (loss) attributable to noncontrolling interests	550	746	901	856	963	1,036	1,096	1,149
Net income attributable to NextEra Energy, Inc.	2,919	3,573	4,147	4,248	5,543	6,683	7,689	8,524
Basic Earnings Per Share (EPS)	1.49	1.82	2.10	2.16	2.81	3.39	3.90	4.33
Total Shares Outstanding (millions)	1960	1963	1,973	1,986	2,005	2,024	2,043	2,061
Weighted Average Shares Outstanding	1,959	1,963	1,973	1,968	1,970	1,969	1,969	1,969
Annual Dividends Per Share	1.40	1.54	1.70	1.87	2.06	2.26	2.49	2.74

NextEra Energy Inc.

Balance Sheet

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
ASSETS								
Current Assets:								
Cash and Cash Equivalents	1,105	639	1,601	545	3,239	3,659	6,119	7,046
Customer Receivables - Net	2,263	3,378	4,349	4,060	4,871	5,605	5,828	5,893
Other Receivables	711	730	744	906	1,082	1,157	1,188	1,258
Materials, Supplies and Fuel Inventory	1,552	1,561	1,934	2,118	2,491	2,700	2,839	2,945
Regulatory Assets	377	1,125	2,165	1,297	1,700	2,129	2,288	2,131
Derivatives	570	689	1,590	1,647	1,705	1,766	1,829	1,894
Other Current Assets	804	1,166	1,107	1,129	1,152	1,175	1,198	1,222
Total Current Assets	7,382	9,288	13,490	11,703	16,241	18,191	21,290	22,389
Property Plant and Equipment - Net	91,803	99,348	111,059	124,079	129,762	133,171	136,680	140,040
Special Use Funds	7,779	8,922	7,496	7,924	8,399	8,955	9,555	10,238
Investment in equity method Investees	5,728	6,159	6,582	6,714	6,848	6,985	7,125	7,267
Prepaid benefit costs	1,707	2,243	1,832	2,325	2,705	3,042	3,255	3,211
Regulatory assets	3,712	4,578	5,992	5,638	6,501	7,363	8,027	8,293
Derivatives	1,647	1,135	1,935	2,004	2,075	2,149	2,226	2,305
Goodwill	4,254	4,844	4,854	4,854	4,854	4,854	4,854	4,854
Other assets	3,672	4,395	5,695	6,187	6,721	7,108	7,391	7,630
Total other assets	120,302	131,624	145,445	159,724	167,866	173,627	179,111	183,838
Total assets	127,684	140,912	158,935	171,427	184,107	191,818	200,401	206,227
Current Liabilities								
Commercial paper	1,551	1,382	1,709	2,553	2,773	2,935	3,053	3,152
Other short-term debt	458	700	1,368	657	714	756	786	812
Current portion of long-term debt	4,138	1,785	6,633	6,848	7,702	1,218	7,329	2,095
Accounts payable	4,615	6,935	8,312	7,798	8,767	9,438	9,983	10,458
Customer deposits	474	485	560	671	761	825	863	906
Accrued interest & taxes	519	525	719	745	771	799	827	856
Derivatives	311	1,263	2,102	2,177	2,254	2,335	2,418	2,504
Accrued construction-related expenditures	991	1,378	1,760	1,976	2,219	2,491	2,797	3,141
Regulatory liabilities	245	289	350	399	444	495	518	539
Other current liabilities	2,256	2,695	3,182	3,469	3,900	4,198	4,441	4,652
Total current liabilities	15,558	17,437	26,695	27,293	30,304	25,488	33,016	29,116
Other Liabilities and Deferred Credit								
Long-term debt	41,944	50,960	55,256	58,733	61,823	68,438	64,654	67,862
Asset retirement obligations	3,057	3,082	3,245	3,787	4,113	4,353	4,529	4,676
Deferred income taxes	8,020	8,310	9,072	10,649	11,719	12,712	13,148	13,613
Regulatory liabilities	10,735	11,273	9,626	13,952	15,974	16,986	17,178	18,646
Derivatives	1,199	1,713	2,909	3,013	3,120	3,231	3,346	3,465
Other liabilities & deferred credits	2,242	2,468	2,696	3,080	3,659	3,983	4,110	4,304
Total other liabilities & deferred credits	67,197	77,806	82,804	93,214	100,409	109,702	106,963	112,567
Total liabilities	82,755	95,243	109,499	120,507	130,713	135,191	139,979	141,683
EQUITY								
Common stock and Additional paid-in Capital	11,242	11,291	12,740	12,833	12,926	13,020	13,113	13,206
Retained earnings (accumulated deficit)	25,363	25,911	26,707	27,241	28,659	30,763	33,368	36,248
Accumulated other comprehensive income (loss)	(92)	-	(218)	(218)	(218)	(218)	(218)	(218)
Noncontrolling interests	8,416	8,467	10,207	11,063	12,026	13,063	14,159	15,307
TOTAL EQUITY	44,929	45,424	48,326	50,920	53,394	56,627	60,422	64,544
TOTAL LIABILITIES, REDEEMABLE								
NONCONTROLLING INTERESTS AND EQUITY	127,684	140,912	158,935	171,427	184,107	191,818	200,401	206,227

NextEra Energy Inc.

Historical Cash Flow Statement

Fiscal Years Ending Dec. 31

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net income (loss)	1908	2469	2762	3005	5320	5776	3388	2,369	2,827	3,246
Cash Flow from Operating										
Adjustments to reconcile net income to net cash provided by (used in) operating activities:										
Depreciation & amortization	2163	2551	2831	3077	2357	3911	4216	4,052	3,924	4,503
Nuclear fuel & other amortization	358	345	372	300	272	236	262	263	290	287
Unrealized losses (gains) on marked to market derivative contracts - net	-	-	-	-44	436	54	-108	533	2,005	1,378
Unrealized losses (gains) on equity securities held in NEER's nuclear decommissioning funds - net	0	0	0	0	0	0	0	(163)	(267)	461
Foreign currency transaction losses (gains)	-	-	-	13	-25	16	17	45	(94)	(104)
Deferred income taxes	877	1205	1162	1230	-875	1463	258	(78)	436	534
Cost recovery clauses & franchise fees	-166	-67	176	94	82	-225	155	(121)	(599)	(1,465)
Equity in losses (earnings) of equity method investees	-25	-	-	-	-	-358	-66	1,351	(666)	(203)
Distributions of losses (earnings) from equity method investees	33	-	-	-	-	328	438	456	526	541
Losses (gains) on disposal of businesses, assets & investments - net	-	-	-	-	-1225	-191	-461	(403)	(146)	(602)
Recoverable storm-related costs	-	-	-	-223	-108	-	-180	(69)	(138)	(811)
Other adjustments - net	175	155	-23	-94	90	156	-213	189	(326)	-
Change in Operating Assets and Liabilities:										
Current assets	-	-	-	-120	-353	-631	123	(364)	(1,267)	(1,340)
Noncurrent assets	-	-	-	-67	-60	-220	-93	(234)	(324)	(89)
Current liabilities	-	-	-	-24	766	163	116	(6)	1,053	1,702
Noncurrent liabilities	-	-	-	-12	-7	83	231	-	52	139
Net cash flows from operating activities	5102	5500	6116	6336	6413	6593	8155	7,983	7,553	8,262
Cash Flows from Investing Activities										
Capital expenditures of Florida Power & Light Company	-2691	-3067	-3428	-3776	-5174	-5012	-5560	(6,477)	(6,626)	(9,067)
Independent power & other investments of NextEra Energy Resources, LLC	-3454	-3514	-4505	-5396	-5295	-6994	-6385	(6,851)	(8,247)	(9,541)
Nuclear fuel purchases	-371	-287	-361	-283	-197	-267	-315	(245)	(275)	(223)
Other capital expenditures, acquisitions & other investments	-166	-149	-83	-181	-74	-731	-37	(25)	(147)	(452)
Sale of independent power investments & other investments of NextEra Energy Resources, LLC	165	307	52	658	178	1617	1163	1,012	2,761	1,564
Proceeds from sale or maturity of securities in special use funds & other investments	4405	4621	4851	3776	3207	3410	4008	3,916	4,995	3,857
Purchases of securities in special use funds & other investments	-4470	-4767	-4982	-3829	-3244	-3733	-4160	(4,100)	(5,310)	(4,586)
Other investing activities - net	66	-246	107	-59	149	120	274	83	40	89
Net cash flows from investing activities	-6123	-6361	-8005	-8110	-8918	-10950	-16177	(13,699)	(13,591)	(18,359)
Cash Flows from Financing Activities										
Issuances of long-term debt, including premiums & discounts	4371	5054	5772	5657	8354	4399	13919	12,404	16,683	13,856
Retirements of long-term debt	-2396	-4750	-3972	-3310	-6780	-3102	-5492	(6,103)	(9,594)	(4,525)
Proceeds from differential membership investors	448	978	761	1859	1414	1841	1604	3,522	2,779	4,158
Net change in commercial paper	-	-	-768	-106	1419	1062	-234	(965)	(169)	327
Proceeds from other short-term debt	-	-	-	500	450	5665	200	2,158	-	1,755
Repayments of other short-term debt	-	-	-	-662	-2	-455	-4765	(2,100)	(257)	(1,125)
Payments from (to) related parties under a cash sweep & credit support agreement - net	-	-	-	-	-	-	-	-	47	240
Issuances of common stock, net	842	633	1298	537	55	718	1494	(92)	14	1,460
Proceeds from sale of noncontrolling interests	-	-	-	-	-	-	-	501	65	-
Dividends on common stock	-1122	-1261	-1385	-1612	-1845	-2101	-2408	(2,743)	(3,024)	(3,352)
Other financing activities - net	-230	-34	-143	-246	-680	-372	-391	(406)	(737)	(565)
Net cash flows from financing activities	1130	1000	1883	2495	2933	7634	3873	6,174	5,807	12,229
Effects of currency translation on cash, cash equivalents & restricted cash	-	-	-	-	26	-7	4	(20)	1	(7)
Net increase (decrease) in cash, cash equivalents & restricted cash	-	-	-	-	454	3270	-4145	438	(230)	2,125
Cash, cash equivalents & restricted cash at beginning of year	-	-	-	-	1529	1983	5253	1,108	1,546	1,316
Cash, cash equivalents & restricted cash at end of year	-	-	-	-	1983	5253	1108	1,546	1,316	3,441

NextEra Energy Inc.

Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2023E	2024E	2025E	2026E	2027E
Net income (loss)	4,248	5,543	6,683	7,689	8,524
Adjustments to reconcile net income to net cash provided by (used in) operating activities:					
Depreciation & amortization	4,875	5,447	5,696	5,846	6,000
Change in deferred income taxes	1,577	1,071	993	435	466
Changes in Asset Retirement Obligations	542	326	240	175	147
Changes (increases or decreases) in working capital accounts:					
Assets					
Change in receivables	289	(811)	(733)	(223)	(65)
Changes in other receivables	(162)	(175)	(75)	(31)	(70)
Change in Materials, Supplies and Fuel inventories	(184)	(373)	(209)	(139)	(106)
Changes in regulatory assets	868	(403)	(429)	(159)	157
Changes in long term regulatory assets	354	(863)	(862)	(664)	(266)
Changes in other current assets	(22)	(23)	(23)	(23)	(24)
Changes in other non-current assets	(492)	(534)	(387)	(283)	(239)
Change in prepaid expenses and other current assets	(493)	(380)	(337)	(213)	44
Liabilities					
Change in accounts payable	(514)	969	671	545	475
Change in customer deposits	111	90	64	39	43
Change in accrued interest & taxes	26	27	27	28	29
Change in accrued construction-related expenditures	216	243	273	306	344
Change in current regulatory liabilities	49	45	51	24	21
Change in non-current regulatory liabilities	4,326	2,022	1,012	192	1,468
Change in other current liabilities	287	431	298	243	211
Change in other non-current liabilities and deferred credits	384	579	323	127	194
Net Cash Provided by operating activities	16,286	13,227	13,275	13,916	17,353
CASH FLOWS FROM INVESTING ACTIVITIES					
Changes in special use funds	(428)	(476)	(555)	(600)	(683)
(Increase) decrease in investments in equity method investees	(132)	(134)	(137)	(140)	(142)
Capital expenditures (change in gross PPE)	(17,895)	(11,130)	(9,105)	(9,355)	(9,360)
Derivatives - Current Asset	(57)	(59)	(61)	(63)	(65)
Derivatives - Non-Current Asset	(69)	(71)	(74)	(77)	(79)
Derivatives - Current Liability	75	77	80	83	86
Derivatives - Non-Current Liability	104	107	111	115	119
Change in Goodwill	-	-	-	-	-
Net Cash Used for Investing Activities	(18,402)	(11,685)	(9,740)	(10,036)	(10,125)
CASH FLOWS FROM FINANCING ACTIVITIES					
Change in commercial paper	844	220	162	118	99
Change in other short term debt	(711)	57	42	30	26
Changes in long term debt	3,477	3,091	6,615	(3,784)	3,209
Changes in current portion of long-term debt	215	854	(6,484)	6,111	(5,234)
Changes in common stock and additional paid-in capital	93	93	93	93	93
Changes in Non Controlling Interest	856	963	1,036	1,096	1,149
Changes in accumulated other comprehensive income	-	-	-	-	-
Payment of dividends	(3,714)	(4,124)	(4,579)	(5,084)	(5,644)
Repurchases of common stock	-	-	-	-	-
Net cash provided by financing activities	1,060	1,152	(3,115)	(1,419)	(6,302)
Cash Increase	(1,056)	2,694	419	2,461	927
Cash at Beginning of year	1,601	545	3,239	3,659	6,119
Cash, cash equivalents & restricted cash at end of year	545	3,239	3,659	6,119	7,046

NextEra Energy Inc.

Common Size Income Statement

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
Operating Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Fuel, purchased power & interchange expenses	19.66%	26.52%	30.49%	25.09%	21.90%	19.96%	18.51%	17.34%
Other operations & maintenance expenses	20.84%	23.16%	21.13%	21.02%	21.02%	21.02%	21.02%	21.02%
Storm restoration costs	1.02%	0.16%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation & amortization expenses	22.51%	22.99%	21.49%	19.51%	19.39%	18.84%	18.28%	17.91%
Taxes other than income taxes & other expenses - net	9.50%	10.55%	9.91%	9.99%	10.15%	10.02%	10.05%	10.07%
Total operating expenses - net	73.53%	83.39%	83.02%	75.61%	72.46%	69.83%	67.86%	66.34%
Gains (losses) on disposal of businesses or assets - net	1.96%	0.45%	2.49%	2.13%	1.92%	1.82%	1.75%	1.70%
Operating Income (Loss)	28.43%	17.07%	19.47%	26.52%	29.47%	31.99%	33.89%	35.36%
Other income (deductions) - net								
Interest expense	10.84%	7.44%	2.79%	11.41%	10.75%	10.60%	10.07%	9.93%
Equity in earnings (losses) of equity method investees	-7.51%	3.90%	0.97%	1.05%	1.05%	1.05%	1.05%	1.05%
Allowance for equity funds used during construction	0.52%	0.83%	0.53%	0.45%	0.40%	0.38%	0.36%	0.34%
Gains (losses) on disposal of investments & other proper	0.28%	0.41%	0.38%	0.32%	0.28%	0.26%	0.25%	0.24%
Change in unrealized gains (losses) on equity securities f	0.91%	1.56%	-2.20%	-1.85%	-1.64%	-1.52%	-1.44%	-1.38%
Other net periodic benefit income	1.11%	1.51%	0.96%	1.11%	1.13%	1.16%	1.17%	1.11%
Total other income (deductions) - net	0.30%	0.76%	-1.19%	-9.14%	-8.60%	-8.09%	-7.51%	-7.19%
Income (loss) before income taxes	13.41%	18.60%	18.29%	17.38%	20.87%	23.90%	26.38%	28.17%
Income taxes	0.24%	2.04%	2.80%	3.80%	4.56%	5.23%	5.77%	6.16%
Net income (loss)	13.16%	16.56%	15.49%	13.58%	16.30%	18.67%	20.61%	22.01%
Net income (loss) attributable to noncontrolling interests	3.06%	4.37%	4.30%	3.43%	3.43%	3.43%	3.43%	3.43%
Net income attributable to NextEra Energy, Inc.	16.22%	20.93%	19.79%	17.00%	19.73%	22.10%	24.04%	25.44%

NextEra Energy Inc.

Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
ASSETS								
Current Assets:								
Cash and Cash Equivalents	6.14%	3.74%	7.64%	2.18%	11.53%	12.10%	19.13%	21.03%
Customer Receivables - Net	12.57%	19.79%	20.75%	16.25%	17.34%	18.53%	18.22%	17.59%
Other Receiveables	3.95%	4.28%	3.55%	3.63%	3.85%	3.83%	3.71%	3.75%
Materials, Supplies and Fuel Inventory	8.62%	9.15%	9.23%	8.48%	8.87%	8.93%	8.88%	8.79%
Regulatory Assets	2.09%	6.59%	10.33%	5.19%	6.05%	7.04%	7.15%	6.36%
Derivatives	3.17%	4.04%	7.59%	6.59%	6.07%	5.84%	5.72%	5.65%
Other Current Assets	4.47%	6.83%	5.28%	4.52%	4.10%	3.88%	3.75%	3.65%
Total Current Assets	41.02%	54.41%	64.37%	46.84%	57.82%	60.16%	66.56%	66.82%
Other Assets								
Property Plant and Equipment - Net	510.10%	582.04%	529.96%	496.60%	461.95%	440.39%	427.30%	417.92%
Special Use Funds	43.22%	52.27%	35.77%	31.71%	29.90%	29.61%	29.87%	30.55%
Investment in equity method Investees	31.83%	36.08%	31.41%	26.87%	24.38%	23.10%	22.27%	21.69%
Prepaid benefit costs	9.48%	13.14%	8.74%	9.31%	9.63%	10.06%	10.18%	9.58%
Regulatory assets	20.63%	26.82%	28.59%	22.56%	23.14%	24.35%	25.09%	24.75%
Derivatives	9.15%	6.65%	9.23%	6.59%	6.07%	5.84%	5.72%	5.65%
Goodwill	23.64%	28.38%	23.16%	19.43%	17.28%	16.05%	15.18%	14.49%
Other assets	20.40%	25.75%	27.18%	24.76%	23.93%	23.51%	23.11%	22.77%
Total other assets	668.46%	771.13%	694.05%	639.26%	597.61%	574.18%	559.96%	548.63%
Total assets	709.47%	825.54%	758.42%	686.10%	655.42%	634.33%	626.51%	615.44%
Current Liabilities								
Commercial paper	8.62%	8.10%	8.16%	10.22%	9.87%	9.70%	9.54%	9.41%
Other short-term debt	2.54%	4.10%	6.53%	2.63%	2.54%	2.50%	2.46%	2.42%
Current portion of long-term debt	22.99%	10.46%	32.68%	30.83%	27.42%	4.03%	22.91%	6.25%
Accounts payable	25.64%	40.63%	39.66%	31.21%	31.21%	31.21%	31.21%	31.21%
Customer deposits	2.63%	2.84%	2.67%	2.69%	2.71%	2.73%	2.70%	2.71%
Accrued interest & taxes	2.88%	3.08%	3.43%	2.98%	2.75%	2.64%	2.59%	2.56%
Derivatives	1.73%	7.40%	10.03%	8.71%	8.03%	7.72%	7.56%	7.47%
Accrued construction-related expenditures	5.51%	8.07%	8.40%	7.91%	7.90%	8.24%	8.75%	9.37%
Regulatory liabilities	1.36%	1.69%	1.67%	1.60%	1.58%	1.64%	1.62%	1.61%
Other current liabilities	12.54%	15.79%	15.18%	13.88%	13.88%	13.88%	13.88%	13.88%
Total current liabilities	86.45%	102.16%	127.39%	109.24%	107.88%	84.29%	103.22%	86.89%
Other Liabilities and Deferred Credit								
Long-term debt	233.06%	298.55%	263.68%	235.07%	220.09%	226.32%	202.13%	202.52%
Asset retirement obligations	16.99%	18.06%	15.48%	15.16%	14.64%	14.40%	14.16%	13.95%
Deferred income taxes	44.56%	48.68%	43.29%	42.62%	41.72%	42.04%	41.10%	40.63%
Regulatory liabilities	59.65%	66.04%	45.93%	55.84%	56.87%	56.17%	53.70%	55.65%
Derivatives	6.66%	10.04%	13.88%	12.06%	11.11%	10.68%	10.46%	10.34%
Other liabilities & deferred credits	12.46%	14.46%	12.87%	12.33%	13.03%	13.17%	12.85%	12.84%
Total other liabilities & deferred credits	373.38%	455.83%	395.13%	373.07%	357.46%	362.78%	334.40%	335.93%
Total liabilities	459.83%	557.99%	522.52%	482.31%	465.34%	447.07%	437.62%	422.82%
EQUITY								
Common stock and Additional paid-in Capital	62.47%	66.15%	60.79%	51.36%	46.02%	43.06%	40.99%	39.41%
Retained earnings (accumulated deficit)	140.93%	151.80%	127.44%	109.03%	102.03%	101.73%	104.32%	108.18%
Accumulated other comprehensive income (loss)	-0.51%	0.00%	-1.04%	-0.87%	-0.78%	-0.72%	-0.68%	-0.65%
Noncontrolling interests	46.76%	49.60%	48.71%	44.28%	42.81%	43.20%	44.27%	45.68%
TOTAL EQUITY	249.65%	266.12%	230.61%	203.80%	190.08%	187.26%	188.90%	192.62%
TOTAL LIABILITIES, REDEEMABLE								
NONCONTROLLING INTERESTS AND EQUITY	709.47%	825.54%	758.42%	686.10%	655.42%	634.33%	626.51%	615.44%

NextEra Energy Inc.

Value Driver Estimation

Fiscal Years Ending Dec. 31

	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
NOPLAT:								
Operating Revenues	17,997	17,069	20,956	24,986	28,090	30,239	31,987	33,509
Less: Fuel, purchased power & interchange expenses	3,539	4,527	6,389	6,269	6,150	6,035	5,921	5,809
Less: Other operations & maintenance expenses	3,751	3,953	4,428	5,252	5,905	6,357	6,724	7,044
Less: Storm restoration costs	183	28	-	-	-	-	-	-
Less: Depreciation & amortization expenses	4,052	3,924	4,503	4,875	5,447	5,696	5,846	6,000
Less: Taxes other than income taxes & other expenses - net	1,709	1,801	2,077	2,495	2,851	3,029	3,215	3,375
EBITA	4,763	2,836	3,559	6,094	7,737	9,123	10,281	11,281
Adjusted Taxes								
Income Tax Provision	44	348	586	949	1,282	1,580	1,845	2,064
Tax Shield From Non-Operating Expenses:								
Plus: Tax Shield on gains (losses) on disposal of businesses or assets	77	17	114	116	118	120	122	125
Plus: Tax Shield on Interest	417	272	125	610	646	686	689	712
Tax on Non-Operating Income:								
Less: Equity in earnings (losses) of equity method investees	(289)	152	43	57	65	69	73	77
Less: Allowance for equity funds used during construction	20	32	24	25	25	25	25	25
Less: Interest income	8	-	-	21	13	34	38	57
Less: Gains on disposal of investments and other property - net	11	16	17	17	17	17	17	17
Less: Change in unrealized gains (losses) on equity securities held in NextE	35	61	(99)	(101)	(101)	(101)	(101)	(101)
Less: Other net periodic benefit income	43	59	43	61	69	77	82	81
Less: Other Income (deductions) - net	12	30	43	44	44	44	44	44
Total Adjusted Taxes	700	287	753	1,552	1,914	2,220	2,478	2,700
Change in Deferred Taxes	(78)	436	534	1,577	1,071	993	435	466
NOPLAT	3,985	2,985	3,340	6,120	6,893	7,895	8,239	9,046
Invested Capital (IC):								
Operating Current Assets								
Normal Cash	562	533	655	781	878	945	999	1,047
Customer Receivables - Net	2,263	3,378	4,349	4,060	4,871	5,605	5,828	5,893
Other Receivables	711	730	744	906	1,082	1,157	1,188	1,258
Materials, Supplies and Fuel Inventory	1,552	1,561	1,934	2,118	2,491	2,700	2,839	2,945
Regulatory Assets	377	1,125	2,165	1,297	1,700	2,129	2,288	2,131
Other Current Assets	804	1,166	1,107	1,129	1,152	1,175	1,198	1,222
Total Current Operating Assets	6,269	8,493	10,954	10,292	12,174	13,711	14,341	14,496
Non Interest-Bearing Current Liabilities								
Accounts payable	4,615	6,935	8,312	7,798	8,767	9,438	9,983	10,458
Customer deposits	474	485	560	671	761	825	863	906
Accrued construction-related expenditures	991	1,378	1,760	1,976	2,219	2,491	2,797	3,141
Regulatory liabilities	245	289	350	399	444	495	518	539
Other current liabilities	2,256	2,695	3,182	3,469	3,900	4,198	4,441	4,652
Total Non Interest-Bearing Current Liabilities	8,581	11,782	14,164	14,314	16,091	17,447	18,603	19,697
Plus: Net Operating Working Capital	(2,312)	(3,289)	(3,210)	(4,022)	(3,917)	(3,736)	(4,262)	(5,201)
Plus: Net Property, Plant, and Equipment	91,803	99,348	111,059	124,079	129,762	133,171	136,680	140,040
Plus: Net Other Operating Assets								
Regulatory assets	3,712	4,578	5,992	5,638	6,501	7,363	8,027	8,293
Other assets	3,672	4,395	5,695	6,187	6,721	7,108	7,391	7,630
Total Net Other Operating Assets	7,384	8,973	11,687	11,825	13,222	14,471	15,418	15,923
Less: Other Operating Liabilities								
Regulatory liabilities	10,735	11,273	9,626	13,952	15,974	16,986	17,178	18,646
Other liabilities & deferred credits	2,242	2,468	2,696	3,080	3,659	3,983	4,110	4,304
Total Other Operating Liabilities	12,977	13,741	12,322	17,033	19,633	20,969	21,288	22,950
Total Invested Capital (IC)	83,898	91,291	107,214	114,849	119,434	122,938	126,548	127,812
Free Cash Flow (FCF):								
NOPLAT	3,985	2,985	3,340	6,120	6,893	7,895	8,239	9,046
Change in IC	8,319	7,393	15,922	7,635	4,586	3,503	3,610	1,264
FCF	(4,333.92)	(4,408.33)	(12,582.87)	(1,515.28)	2,307.64	4,391.93	4,628.66	7,781.61
Return on Invested Capital (ROIC):								
NOPLAT	3,985	2,985	3,340	6,120	6,893	7,895	8,239	9,046
Beginning IC	75,579	83,898	91,291	107,214	114,849	119,434	122,938	126,548
ROIC	5.27%	3.56%	3.66%	5.71%	6.00%	6.61%	6.70%	7.15%
Economic Profit (EP):								
Beginning IC	75,579	83,898	91,291	107,214	114,849	119,434	122,938	126,548
x (ROIC - WACC)	0.27%	-1.45%	-1.35%	0.70%	1.00%	1.61%	1.70%	2.14%
EP	203.67	(1,213.28)	(1,228.31)	755.10	1,146.60	1,919.16	2,087.37	2,714.08

NextEra Energy Inc.*Weighted Average Cost of Capital (WACC) Estimation***Cost of Equity:**

Risk-Free Rate	3.56%
Beta	0.44
Equity Risk Premium	4.78%
Cost of Equity	5.66%

ASSUMPTIONS:

10 year treasury bond
5YR Monthly Beta, Against S&P 500
Damodaran implied of March 1st, 2023

Cost of Debt:

Risk-Free Rate	3.56%
Implied Default Premium	0.83%
Pre-Tax Cost of Debt	4.39%
Marginal Tax Rate	22%
After-Tax Cost of Debt	3.42%

10 year treasury bond

YTM on NEE's 10 yr Bond maturing in 20

Market Value of Common Equity:

Total Shares Outstanding (Millions)	1973
Current Stock Price	\$78.85
MV of Equity	155,571.05

MV Weights

70.54%

Market Value of Debt:

Short-Term Debt	3,077.00
Current Portion of LTD	6,633.00
Long-Term Debt	55,256.00
MV of Total Debt	64,966.00

29.46%

Market Value of the Firm**220,537.05**

100.00%

Estimated WACC

5.00%

NextEra Energy Inc.

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:

CV Growth of NOPLAT	3.00%
CV Year ROIC	7.15%
WACC	5.00%
Cost of Equity	5.66%

Fiscal Years Ending Dec. 31	2023E	2024E	2025E	2026E	2027E
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DCF Model:

Free Cash Flow (FCF)	(1,515.28)	2,307.64	4,391.93	4,628.66	
Continuing Value (CV)					262,005.54
PV of FCF	(1,443.07)	2,092.95	3,793.52	3,807.48	215,522.77

Value of Operating Assets: 223,773.65

Non-Operating Adjustments

Excess Cash	946
Derivatives	1,590
Special Use Funds	7,496
Investment In equity Method Inv	6,582
Prepaid Benefit Costs	1,832
Derivatives	(974)
Noncontrolling Interests	(10,207)

Debt:

Commercial Paper	(1,709)
Other ST Debt	(1,368)
Current Portion LTD	(6,633)
Net LTD	(55,256)
ESOP	(330)

Value of Equity 165,743.04

Shares Outstanding 1,973

Intrinsic Value of Last FYE \$ 84.006

Implied Price as of Today \$ 84.786

EP Model:

Economic Profit (EP)	755.10	1,146.60	1,919.16	2,087.37	
Continuing Value (CV)					135,457.95
PV of EP	719.11	1,039.92	1,657.67	1,717.05	111,426.16

Total PV of EP 116,559.91

Invested Capital (last FYE) 107,213.74

Value of Operating Assets: 223,773.65

Non-Operating Adjustments

Excess Cash	946
Derivatives	1,590
Special Use Funds	7,496
Investment In equity Method Inv	6,582
Prepaid Benefit Costs	1,832
Derivatives	(974)
Noncontrolling Interests	(10,207)

Debt:

Commercial Paper	(1,709)
Other ST Debt	(1,368)
Current Portion LTD	(6,633)
Net LTD	(55,256)
ESOP	(330)

Value of Equity 165,743.04

Shares Outstanding 1,973.00

Intrinsic Value of Last FYE \$ 84.006

Implied Price as of Today \$ 84.786

NextEra Energy Inc.*Dividend Discount Model (DDM) or Fundamental P/E Valuation Model*

Fiscal Years Ending Dec. 31	2023E	2024E	2025E	2026E	2027E
EPS	\$ 2.16	\$ 2.81	\$ 3.39	\$ 3.90	\$ 4.33
Key Assumptions					
CV growth of EPS	3.00%				
CV Year ROE	12.21%				
Cost of Equity	5.66%				
Future Cash Flows					
P/E Multiple (CV Year)					28.32
EPS (CV Year)					\$ 4.33
Future Stock Price					\$ 122.59
Dividends Per Share	1.87	2.06	2.26	2.49	
Discounted Cash Flows	1.77	1.84	1.92	2.00	98.35
Intrinsic Value as of Last FYE	\$ 105.88				
Implied Price as of Today	\$ 106.86				

NextEra Energy Inc.*Relative Valuation Models*

Ticker	Company	Price	EPS		P/E 23	P/E 24
			2023E	2024E		
DUK	Duke Energy Corporation	\$95.84	\$5.63	\$5.98	17.02	16.02
D	Dominion Energy, Inc.	\$55.51	\$3.84	\$3.79	14.46	14.65
EXC	Exelon Corporation	\$41.28	\$2.37	\$2.51	17.42	16.45
SO	Southern	\$69.34	\$3.62	\$4.01	19.15	17.29
XEL	Xcel Energy	\$66.54	\$3.37	\$3.60	19.74	18.48
PCG	PG&E	\$15.84	\$1.11	\$1.24	14.27	12.77
AEP	American Electric Power	\$90.10	\$5.28	\$5.59	17.06	16.12
Average					17.02	15.97

NEE NextEra Energy Inc. \$78.85 2.16 2.81 36.5 28.0

Implied Relative Value:

P/E (EPS23) \$ 36.75

P/E (EPS24) \$ 44.93

NextEra Energy Inc.

Key Management Ratios

Fiscal Years Ending Dec. 31	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E
Liquidity Ratios:											
Current Ratio (CA/CL)	63.72%	36.40%	0.53	0.47	0.53	0.51	0.43	0.54	0.71	0.64	0.77
Quick Ratio (Cash + Customer Receivables + Other Recievables)	39.63%	20.54%	0.25	0.26	0.27	0.25	0.20	0.30	0.41	0.40	0.49
Cash Ratio (Cash / CL)	15.26%	3.63%	0.04	0.07	0.04	0.06	0.02	0.11	0.14	0.19	0.24
Asset-Management Ratios:											
Total Asset Turnover (Operating Revenues/Total Assets)	17.58%	16.13%	0.16	0.14	0.12	0.13	0.15	0.15	0.16	0.16	0.16
Fixed Asset Turnover (Operating Revenues/Total Other Assets)	94.20%	62.01%	0.68	0.15	0.13	0.14	0.16	0.17	0.17	0.18	0.18
Day Sales Outstanding (Total Recievables/(annual sales / 365))	58.1	64.8	53.35	60.32	87.84	88.71	72.55	77.36	81.62	80.06	77.90
Financial Leverage Ratios:											
Debt To Assets Ratio (Total Debt / Total Assets)	0.36x	0.36x	0.36	0.38	0.39	0.41	0.40	0.40	0.38	0.38	0.36
Debt To Capital Ratio (Total Debt / (TD + TSE))	54.32%	50.20%	0.51	0.52	0.55	0.57	0.57	0.58	0.56	0.56	0.53
Debt to EBITDA Ratio (Total Debt / EBITDA)	4.57x	4.60x	4.45	5.25	8.02	7.57	5.98	5.32	4.77	4.54	4.14
Profitability Ratios:											
Return on Equity (NI/Beg TSE)	21.00%	19.58%	9.06%	5.73%	6.29%	7.15%	7.02%	8.99%	10.58%	11.64%	12.21%
Return on Assets (NI/ Beg TA)	5.91%	5.90%	3.27%	2.01%	2.21%	2.30%	2.13%	2.67%	3.07%	3.44%	3.68%
Operating Income Margin (Operating Income / Revenue)	30.97%	25.59%	27.87%	28.43%	17.07%	19.47%	26.52%	29.47%	31.99%	33.89%	35.36%
Payout Policy Ratios:											
Dividend Payout Ratio (Dividend/EPS)	0.00%	31.64%	63.94%	93.96%	84.62%	80.95%	86.61%	73.11%	66.66%	63.75%	63.25%

NextEra Energy Inc.*Valuation of Options Granted under ESOP*

Current Stock Price	\$78.85
Risk Free Rate	3.56%
Current Dividend Yield	2.52%
Annualized St. Dev. of Stock Returns	24.56%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	10,699,410	49.67	5.70	\$ 30.83	\$ 329,875,518
Total	10,699,410	\$ 49.67	5.70	\$ 40.13	\$ 329,875,518

NextEra Energy Inc.*Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding*

Number of Options Outstanding (shares): 10,699,410
Average Time to Maturity (years): 5.70
Expected Annual Number of Options Exercised: 1,877,089

Current Average Strike Price: \$ 49.67
Cost of Equity: 5.66%
Current Stock Price: \$78.85

Fiscal Years Ending Dec. 31	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Increase in Shares Outstanding:	1,877,089.47	1,877,089.47	1,877,089.47	1,877,089.47	1,877,089.47	1,877,089.47	1,877,089.47	1,877,089.47	1,877,089.47	1,877,089.47
Average Strike Price:	\$ 49.67	\$ 49.67	\$ 49.67	\$ 49.67	\$ 49.67	\$ 49.67	\$ 49.67	\$ 49.67	\$ 49.67	\$ 49.67
Increase in Common Stock Account:	93.24	93.24	93.24	93.24	93.24	93.24	93.24	93.24	93.24	93.24
Share Repurchases (\$)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Expected Price of Repurchased Shares:	\$ 78.85	\$ 81.35	\$ 83.93	\$ 86.60	\$ 89.34	\$ 92.18	\$ 95.10	\$ 98.12	\$ 101.24	\$ 104.45
Number of Shares Repurchased:	-	-	-	-	-	-	-	-	-	-
Shares Outstanding (beginning of the year)	1,968	1,986	2,005	2,024	2,043	2,061	2,080	2,099	2,118	2,136
Plus: Shares Issued Through ESOP	18.771	18.771	18.771	18.771	18.771	18.771	18.771	18.771	18.771	18.771
Less: Shares Repurchased in Treasury	-	-	-	-	-	-	-	-	-	-
Shares Outstanding (end of the year)	1,986	2,005	2,024	2,043	2,061	2,080	2,099	2,118	2,136	2,155

NextEra Energy Inc.
Sensitivity Tables

		FPL Account Average Growth Rate							
		84.79	2.14%	2.24%	2.34%	2.44%	2.54%	2.64%	2.74%
Fuel, purchased power and intercharge % of Sales Y/Y Change	1.12%		63.39	65.12	66.85	68.59	70.34	72.09	73.86
	0.12%		69.00	70.73	72.46	74.20	75.95	77.70	79.47
	-0.88%		74.40	76.12	77.86	79.60	81.35	83.10	84.86
	-1.88%		79.58	81.31	83.05	84.79	86.53	88.29	90.05
	-2.88%		84.57	86.30	88.03	89.77	91.52	93.27	95.03
	-3.88%		89.36	91.08	92.82	94.56	96.30	98.06	99.82
	-4.88%		93.95	95.68	97.41	99.15	100.90	102.66	104.42

		BETA							
		84.79	0.14	0.24	0.34	0.44	0.54	0.64	0.74
ERP	4.48%		212.64	151.83	115.12	90.55	72.94	59.71	49.40
	4.58%		210.14	149.41	112.92	88.57	71.15	58.08	47.91
	4.68%		207.69	147.06	110.78	86.65	69.42	56.51	46.47
	4.78%		205.29	144.76	108.71	84.79	67.75	54.99	45.08
	4.88%		202.94	142.52	106.69	82.98	66.12	53.52	43.74
	4.98%		200.63	140.33	104.73	81.23	64.55	52.10	42.45
	5.08%		198.37	138.20	102.83	79.53	63.03	50.73	41.20

		Risk Free Rate							
		84.79	3.26%	3.36%	3.46%	3.56%	3.66%	3.76%	3.86%
Pre- Tax Cost of Debt	4.09%		103.97	98.59	93.61	89.00	84.71	80.71	76.98
	4.19%		102.16	96.92	92.06	87.56	83.37	79.46	75.81
	4.29%		100.40	95.29	90.55	86.16	82.06	78.24	74.66
	4.39%		98.68	93.70	89.08	84.79	80.78	77.04	73.54
	4.49%		97.01	92.15	87.64	83.45	79.53	75.87	72.44
	4.59%		95.38	90.64	86.24	82.13	78.31	74.72	71.37
	4.69%		93.79	89.16	84.86	80.85	77.11	73.60	70.31

		Depreciation Rate							
		84.79	4.09%	4.19%	4.29%	4.39%	4.49%	4.59%	4.69%
Marginal Tax Rate	21.57%		90.52	88.79	87.08	85.39	83.71	82.04	80.39
	21.67%		90.31	88.58	86.88	85.18	83.51	81.84	80.19
	21.77%		90.09	88.38	86.67	84.98	83.31	81.64	80.00
	21.87%		89.88	88.17	86.47	84.78	83.11	81.45	79.80
	21.97%		89.67	87.96	86.26	84.58	82.90	81.25	79.60
	22.07%		89.46	87.75	86.06	84.37	82.70	81.05	79.41
	22.17%		89.25	87.54	85.85	84.17	82.50	80.85	79.21

		Normal Cash Estimate							
		84.79	2.82%	2.92%	3.02%	3.12%	3.22%	3.32%	3.42%
Current Dividend Yield	2.19%		84.89	84.88	84.87	84.86	84.85	84.84	84.83
	2.29%		84.87	84.86	84.85	84.83	84.82	84.81	84.80
	2.39%		84.84	84.83	84.82	84.81	84.80	84.79	84.78
	2.49%		84.82	84.81	84.80	84.79	84.78	84.76	84.75
	2.59%		84.79	84.78	84.77	84.76	84.75	84.74	84.73
	2.69%		84.77	84.76	84.75	84.74	84.73	84.72	84.71
	2.79%		84.75	84.73	84.72	84.71	84.70	84.69	84.68

		CV Growth of NOPLAT							
		84.79	2.25%	2.50%	2.75%	3.00%	3.25%	3.50%	3.75%
CV Growth of EPS	2.25%		69.26	73.40	78.46	84.79	92.91	103.74	118.89
	2.50%		69.26	73.40	78.46	84.79	92.91	103.74	118.89
	2.75%		69.26	73.40	78.46	84.79	92.91	103.74	118.89
	3.00%		69.26	73.40	78.46	84.79	92.91	103.74	118.89
	3.25%		69.26	73.40	78.46	84.79	92.91	103.74	118.89
	3.50%		69.26	73.40	78.46	84.79	92.91	103.74	118.89
	3.75%		69.26	73.40	78.46	84.79	92.91	103.74	118.89