Lisbon School of Economics & Management
Universidade de Lisboa

MASTERS IN
FINANCE

MASTERS FINAL WORK
PROJECT

EQUITY RESEARCH:
NEXTERA ENERGY

DARIO RODRIGUEZ BARBOZA

JULY 2025

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Abstract

This Master Final Work presents a comprehensive valuation of NextEra Energy, Inc. (NEE), a leading U.S.-based utility and renewable energy company, with the objective of determining its intrinsic value and providing an informed investment recommendation. The analysis applies a three-way approach valuation framework, combining Discounted Cash Flow (DCF) model, Discounted Dividend Model (DDM), and Relative Valuation based on trading multiples, including EV/EBITDA and P/E ratios, benchmarked against a selected peer group of utilities and renewable energy companies.

The core DCF model yields a 2026F midyear target price of $74.59 per share, which is below the current market price of $72.19 as of 14th May 2025, suggesting an upside potential of 3.32% in 12-month horizon. As such, the analysis supports a Hold recommendation, particularly for short- to medium-term investors, with Low Risk. While the relative valuation provides more upside potential depending on peer comparables, it does not sufficiently offset the recommendation implied by the intrinsic valuation.

The report also assesses NEE's Environmental, Social, and Governance (ESG) profile, which remains a key differentiator in the utility and energy sector. The company has consistently ranked among ESG leaders due to its ambitious carbon reduction targets, large-scale investments in solar and wind infrastructure, and commitment to ethical governance practices. NEE's ESG strategy enhances its resilience to regulatory risks and positions it favorably amid the ongoing energy transition, though this long-term value creation may not yet be fully captured in near-term price performance.

While NEE exhibits strong fundamentals and industry-leading sustainability practices, the current market valuation appears to already reflect much of its growth potential. Consequently, the recommendation leans toward holding the stock, considering a 12-month investment time horizon.

JEL classification: G00; G10; G30; G32; G34; G35.

Keywords: NextEra Energy Inc, Renewable Energy, Equity Research, Valuation, Sustainability

Resumo

Este trabalho final de mestrado apresenta uma avaliação abrangente da NextEra Energy, Inc. (NEE), uma empresa norte-americana líder no setor de serviços públicos e energias renováveis, com o objetivo de determinar o seu valor intrínseco e fornecer uma recomendação de investimento fundamentada. A análise segue uma abordagem de avaliação tripla, combinando o modelo de Fluxos de Caixa Descontados (DCF), o modelo de Dividendos Descontados (DDM) e uma Avaliação Relativa com base em múltiplos de mercado, incluindo os rácios EV/EBITDA e P/E, comparando a NEE com um grupo selecionado de empresas do setor de serviços públicos e energias renováveis.

O modelo principal de DCF aponta para um preço-alvo a meio do ano de 2026 de $74.59 por ação, o que se situa acima do preço de mercado atual de $72,19 (a 14 de maio de 2025), sugerindo um potencial de valorização de 3.32% num horizonte de 12 meses. Assim, a análise suporta uma recomendação de Manter, especialmente para investidores com horizontes de curto a médio prazo e um perfil de risco baixo. Embora a avaliação relativa aponte para um maior potencial de valorização dependendo dos comparáveis utilizados, este não é suficiente para contrariar a perspetiva sugerida pela avaliação intrínseca.

O relatório analisa também o perfil Ambiental, Social e de Governação (ESG) da NEE, que continua a ser um fator diferenciador no setor energético. A empresa tem-se destacado de forma consistente entre os líderes em ESG, graças às suas metas ambiciosas de redução de emissões de carbono, aos seus investimentos de grande escala em energia solar e eólica, e ao compromisso com práticas de governação ética. A estratégia ESG da NEE reforça a sua resiliência face a riscos regulatórios e posiciona-a favoravelmente no contexto da transição energética em curso, embora esta criação de valor de longo prazo possa ainda não estar totalmente refletida no desempenho do preço da ação no curto prazo.

Embora a NEE apresente fundamentos sólidos e práticas de sustentabilidade líderes no setor, a avaliação atual de mercado parece já refletir grande parte do seu potencial de crescimento. Consequentemente, a recomendação inclina-se para manter a posição ou reduzir ligeiramente a exposição, dependendo da tolerância ao risco e do horizonte de investimento do investidor.

Classificação JEL: G00; G10; G30; G32; G34; G35.

Palavras-chave: NextEra Energy Inc, Energias Renováveis, Equity Research, Avaliação, Sustentabilidade

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I already told them once, as they can recall, but I want to say thank you to my friends in Lisbon. My family away from home. I'm so thankful for sharing this experience with all of you, so many memories forever. Antonio and Felipe, my brothers, thank you for all the laughs and advice. Merisa, my baby, thank you.

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Disclaimer

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Recommendation System

Level of Risk	SELL	REDUCE	HOLD/NEUTRAL	BUY	STRONG BUY
High Risk	0%≤	>0% & ≤10%	>10% & ≤20%	>20% & ≤45%	>45%
Medium Risk	-5%≤	>-5% & ≤5%	>5% & ≤15%	>15% & ≤30%	>30%
Low Risk	-10%≤	>-10% & ≤0%	>0% & ≤10%	>10% & ≤20%	>20%

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Definitions and Acronyms

	$ or USD	United States Dollar
A	AEP	American Electric Power
	APV	Adjusted Present Value
B	Bn	Billion(s)
C	CAGR	Compound Annual Growth Rate
	CAPEX	Capital Expenditure
	CAPM	Capital Asset Pricing Model
	CEO	Chief Executive Officer
	CFO	Cashflow from Operating Activities
	COGS	Costs Of Goods Sold
	CO_2	Carbon Dioxide
	CRP	Country Risk Premium
D	D	Debt
	D&A	Depreciation and Amortization
	DCF	Discounted Cash Flow
	DDM	Dividend Discount Model
	DEI	Diversity, Equity and Inclusion
	DPS	Dividend per Share
E	E	Equity
	EBIT	Earnings Before Interest and Taxes
	EBITDA	Earnings Before Interest, Taxes, Depreciation
	EIA	U.S. Energy Information Administration
	EPA	Environmental Protection Agency
	EPS	Earnings per Share
	ESG	Environmental, Social and Governance
	EV	Enterprise Value
F	FAD	Forward Annual Dividend
	FCFE	Free Cash Flow to Equity
	FCFF	Free Cash Flow to the Firm
	FCF	Free Cash Flow
	FPL	Florida Power and Light
G	G	Sustainable Growth Rate
	GW	Gigawatt(s)
I	ICR	Interest Coverage Ratio
	IEA	International Energy Agency
	IMF	International Monetary Fund
	ITC	Investment Tax Credits
	ISS	Institutional Shareholder Services
K	kWh	Kilowatt(s) per Hour
L	LCOE	Levelized Cost of Electricity
	LNG	Liquified Natural Gas
M	M&A	Mergers and Acquisitions
	MSCI	Morgan Stanley Capital International
	MV	Multiples Valuation
	MW	Megawatt(s)
N	NCI	Non-Controlling Interests
	NEE	NextEra Energy
	NEECH	NextEra Energy Capital Holdings
	NEER	NextEra Energy Resources
	NOPAT	Net Operating Profits After Taxes
	NWC	Net Working Capital
O	OPEX	Operational Expenditures
P	PER	Price Earnings Ratio
	PPA	Power Purchase Agreement
	PP&E	Plant, Property and Equipment
	PTC	Production Tax Credits
	PT	Price Target
	PV	Photovoltaic or Present Value
R	R&D	Research and Development
	REC	Renewable Energy Credit
	RFR	Risk-free rate
	ROA	Return on Assets
	ROCE	Return on Capital Employed
	ROE	Return on Equity
	ROIC	Return on Invested Capital
	RPS	Renewable Portfolio Standards
S	SARD	Sum of Absolute Rank Differences
	SG&A	Selling, General & Administrative
	SGR	Sustainable Growth Rate
	S&P	Standard & Poor's
T	TOTIT	Taxes Other Than Income Taxes
	Tc	Corporate tax rate
	TV	Terminal Value
U	US	United States of America
	UN	United Nations Organization
W	WACC	Weighted Average Cost of Capital
	WC	Working Capital
	WEO	World Economic Outlook

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NextEra Energy, Inc

Hold
Low Risk
Regulated Electric / Utilities
NYSE

1. Research Snapshot

Ticker:	Closing Price:	Target Price	Target Date	Upside Potential
NEE	$72.19	$74.59	30/06/26	3.32%

Recommendation: **Hold**. The valuation of NEE based on a **Discounted Cash Flow (DCF)** with a perpetuity growth model suggests an **intrinsic value and 12-month Target Price (PT) of $74.59**. This implies an **upside of 3.32%** from its **current share price of $72.19 as of 14th May 2025**, as seen in **Table 1 and Figure 1**, and suggests that the stock may be trading at a **slight discount**. The model reflects a more **conservative outlook**, highlighting possible **market mispricing**, where **short-term risks** — such as rising interest rates, inflationary pressures, or policy volatility — **may not be fully priced into the current valuation**. If the market reassesses these risks, the share price could **converge toward its intrinsic value**, leading to a **potential moderate capital gain** in the short term. However, given NEE's solid fundamentals and long-term strategic positioning, **the upside appears limited**, and the company remains fundamentally sound.

Business Model and Drivers

NEE stands out as a leader in renewable energy, driven by an **aggressive, expansive strategy that has involved investing $47 billion** over the last five years in Capital Expenditures (CAPEX), resulting in over $24Bn in revenue in 2024 (see **Table 2**). Over the last decade, the company has spent significant resources **on building and expanding renewable energy projects, like wind and solar farms, as well as battery storage systems** (NextEra Energy, 2025a). NEE's main drivers of profitability and growth are i) **renewable energy leadership**, ii) **regulatory and policy environment**, and iii) **operational efficiencies and scale**.

Investment in Sustainability and Development

A key to NEE's success is its commitment to innovation. They are **actively investing in research and development (R&D)** to create the next generation of energy solutions. An example of this is their focus on **using artificial intelligence (AI) and machine learning to improve energy management**. This commitment to sustainability is also aligned with wider **environmental, social, and governance (ESG) goals, making the company more attractive to investors**. As the world moves towards greener energy, the **companies that prioritize sustainability are likely to gain favor** among institutional investors (NextEra Energy, 2024b).

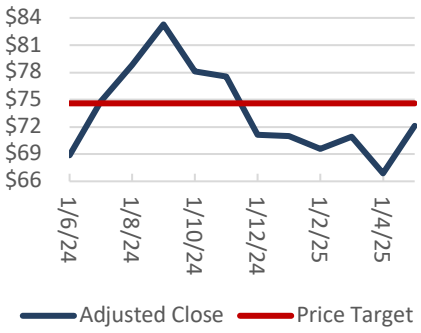
Based on the DCF results, the **recommendation is to maintain a neutral stance on the stock**, **with moderate risk, and a time horizon of one year.** For **investors currently holding the stock**, the slight undervaluation does not provide a compelling reason to invest immediately, especially if they are long-term oriented. However, **for prospective investors**, the current price **does not present a significant margin of safety**, and as such, it may be prudent to wait for a more attractive entry point before initiating a position. **The gap between market price and conservative models suggests potential upside** if macro conditions improve or if expected growth fails to materialize.

Table 1. NEE Key Statistics as of 14th May 2025

Current Share Price	**$72.19**
Market Cap. (Bn)	$148.71
Shares Outstanding (M)	2,060.00
52 week High	$86.10
52 week Low	$61.72
Avg 3M daily Volume (M)	12.20
Dividend yield (%)	0.028

Source: Yahoo Finance, 2025

Figure 1. 12-Month Stock Price vs Target Price



Source: Yahoo Finance. Adapted by the Author

Table 2. Financial Highlights. In $Bn except %

	2024	2025F	2026F
REVENUES	24,753	26,361	28,072
EBITDA	12,941	13,888	14,790
EBITDA MG.	52.3%	52.7%	52.7%
NET INC	5,698	5,694	5,912
NET INC MG.	23.0%	21.6%	21.1%
CFO	13,260	14,007	14,905
CAPEX	7,992	9,720	10,400
INT COV R	5.93	5.57	5.33
DEBT RATIO	43.30%	44.78%	46.56%
ROE	11.37%	11.14%	11.39%
ROIC	3.69%	3.44%	3.32%
ROCE	14.93%	15.12%	15.81%

Source: Author's Analysis

2. Business Description

NEE is a leading renewable energy company and the world's **largest utility company by market capitalization, with 72 Gigawatts (GW) of generating capacity**. Founded in 1925 and headquartered in Juno Beach, Florida, **NEE operates through its subsidiaries, Florida Power & Light (FPL) and NextEra Energy Resources (NEER)**, as shown in **Figure 2**. The company is at the forefront of the clean energy transition, focusing on the **development and operation of renewable energy projects, including wind, solar, and energy storage**, while maintaining a **strong presence in natural gas and nuclear energy** (NextEra Energy, Inc., 2024c).

NEE is led by a seasoned executive team and a board committed to transparency and stakeholder value. **CEO John W. Ketchum oversees the company's ambitious growth strategies**, supported by a strong focus on governance and sustainability (NextEra Energy, 2025).

NEE has an extensive geographic footprint, operating across **North America and select international markets**. In the United States, the company maintains comprehensive utility and renewable energy operations with a **strong focus on the Southeast, Midwest, and Southwest regions** (NextEra Energy, 2024c). In Canada, NEE supports the nation's renewable energy goals by developing wind and solar projects, visually shown in **Figures 3 and 4**. In Mexico, the company is involved in energy projects that **facilitate the transition to cleaner energy within Latin America**. Additionally, NEE is gradually establishing a presence in Europe, with a limited but growing focus on renewable energy development in the region (NextEra Energy, Inc., 2024a).

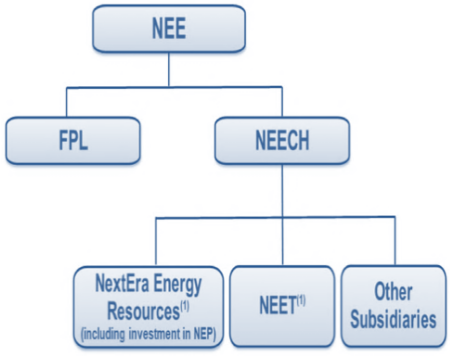
2.1 Vision and Mission

NEE's vision and mission encapsulate its **commitment to sustainability, innovation, and value creation.** So, its vision is to **create a sustainable energy future** by being the world's leader in clean energy. Their mission is **to deliver innovative solutions** that power a better world and to lead the global transition to clean energy by advancing renewable technologies. Another mission is to **enhance energy efficiency and empower communities** through reliable and affordable energy solutions and to **achieve long-term carbon neutrality while fostering economic growth and environmental stewardship** (NextEra Energy, 2025).

The mission is operationalized through specific strategic objectives.

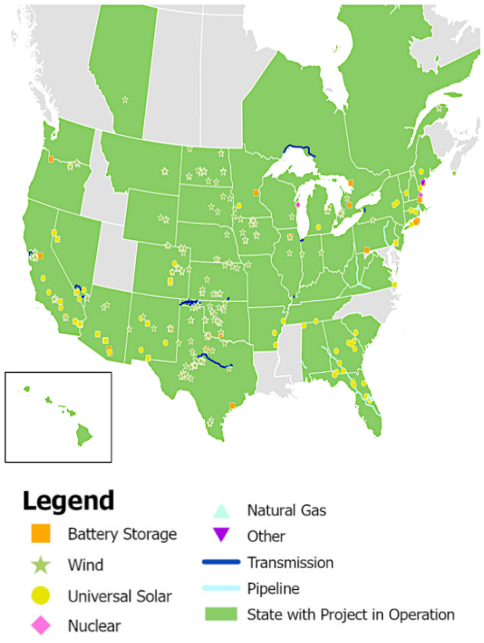
- **Accelerate Renewable Energy Deployment**: Expand investments in wind, solar, and energy storage projects to address growing energy demands sustainably.
- **Commit to Carbon Neutrality**: Achieve net-zero carbon emissions by 2045 through a combination of renewable energy generation, nuclear power, and green hydrogen technologies.
- **Innovate in Energy Technology**: Pioneer advancements in smart grids, AI-driven energy management, and hybrid renewable-storage solutions to address intermittency challenges.
- **Empower Communities**: Provide equitable access to renewable energy, create jobs in the green sector, and contribute to economic growth in underserved regions.
- **Deliver Stakeholder Value**: Balance sustainability with financial growth by

Figure 2. NEE Organizational Chart



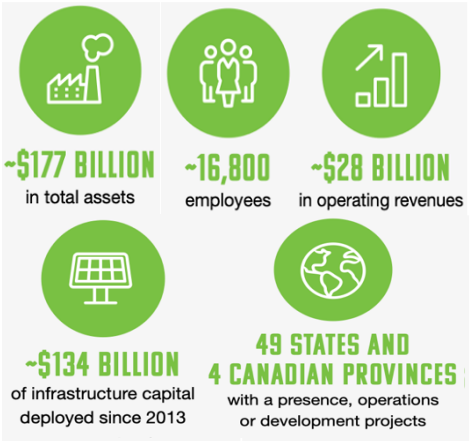
Source: NextEra Energy 2024c

Figure 3. NEE Operations in U.S. and Canada



Source: NextEra Energy 2024c

Figure 4. NEE Company Snapshot 2024



Source: NextEra Energy 2024b

leveraging disciplined investments and strategic partnerships.

- **Preserve Environmental Integrity**: Minimize environmental impact through sustainable project design and proactive habitat conservation efforts.

2.2 Business Segments

NEE offers a diverse range of energy solutions that align with its commitment to sustainability and innovation.

a) **Electric Utilities**: Operated through FPL, NEE serves over 12 million Floridians, ensuring reliable and affordable energy delivery through natural gas, solar, and nuclear electricity production, as shown in **Figure 5**.
- Incorporates natural gas power plants to maintain operational efficiency.
- Focuses on modernizing infrastructure to meet future energy demands.

b) **Renewable Energy**: As the global leader in wind and solar energy production, NEER provides cutting-edge renewable mixes (see **Figure 6)**
- Develops onshore and offshore wind farms designed to maximize energy output.
- Implements large-scale solar photovoltaic (PV) systems tailored for utility applications.
- Offers integrated solutions that combine renewable generation with advanced energy storage.

c) **Energy Storage**: Pioneering large-scale battery deployments, NEE enhances grid stability and renewable energy reliability.
- Develops lithium-ion battery systems optimized for high-capacity storage.
- Integrates hybrid systems that combine renewable sources like solar and wind with storage technology.

d) **Nuclear Energy**: NEE maintains a robust portfolio of nuclear power plants, providing dependable, zero-carbon electricity (see **Figure 7**).
- Leverages advanced reactor technologies to prioritize both safety and efficiency. **Energy Efficiency Solutions**: Designed to empower customers and optimize energy consumption.
- Introduces smart metering technologies to enable real-time energy monitoring.

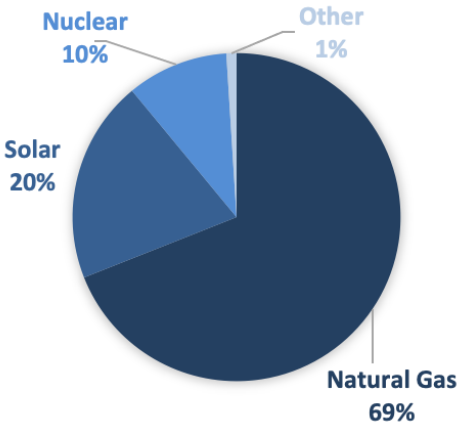
e) **Natural Gas Infrastructure**: Supports the transitional energy landscape through advanced gas operations.
- Offers liquefied natural gas (LNG) solutions tailored for modern energy requirements.
- Operates extensive gas pipeline networks for efficient fuel transportation and management.

NextEra Energy, 2024, provides this information in their annual report.

2.3 Business Model

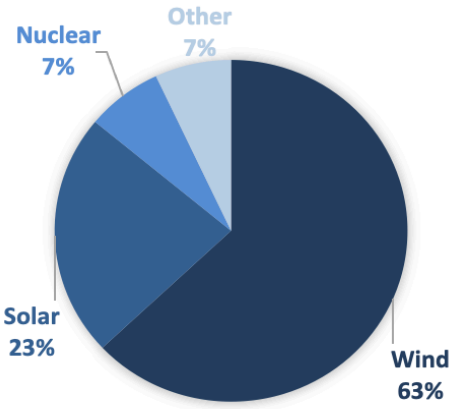
The business operations of NEE are founded upon a **vertically integrated model that marries regulated utility functions with competitive renewable energy initiatives**, aiming to foster profitability and sustainable growth over the long term. Central to this business framework is FPL, **the largest regulated utility in the United States**. FPL generates stable revenue through electricity sales and infrastructure development, **operating under a regulatory model that ensures reliable returns while prioritizing customer affordability**. Notably, by **decoupling**

Figure 5. FPL 2024 Energy Mix by Fuel Type MW



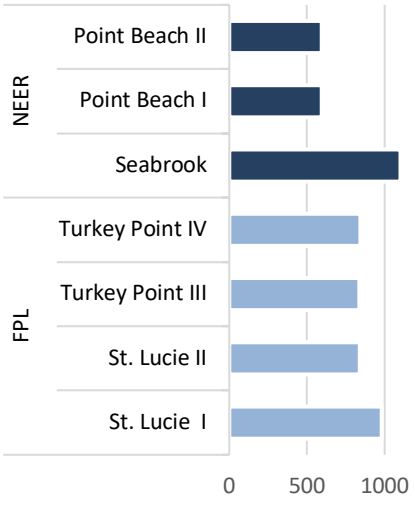
Source: NextEra Energy 2024c.
Adapted by Author

Figure 6. NEER 2024 Energy Mix by Fuel Type MW



Source: NextEra Energy 2024c.
Adapted by Author

Figure 7. FPL and NEER 2024 Nuclear Facilities and Generating Capacity in MW

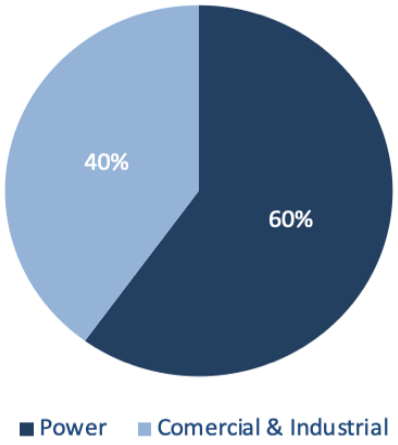


Source: NextEra Energy 2024c.
Adapted by Author

revenue growth from electricity consumption, FPL achieves a level of stability that is resistant to fluctuations in usage patterns (NextEra Energy, 2025a).

With the help of NEER, NEE's operations extend to the **development, ownership, and management of renewable energy assets**, encompassing wind, solar, and energy storage projects. These ventures are supported by **long-term Power Purchase Agreements (PPAs)**, which provide a steady revenue stream from both the power and commercial industrial sectors (see **Figure 8**). NEER's participation in **wholesale energy markets positions the company advantageously to capitalize** on the escalating demand for clean energy solutions (NextEra Energy, 2025b). The integration of energy storage technologies with **renewable sources facilitates the storage of surplus energy**, which can be deployed during periods of peak demand. Additional revenue is generated **through Renewable Energy Credits (RECs) and energy efficiency services**, including initiatives related to smart grid technologies and demand response programs. NEE's strategic **investment in high-yield projects, such as solar farms, offshore wind developments, and advanced energy storage solutions**, is pivotal in reinforcing its business model. (NextSprints Team, 2024).

Figure 8. NEER' 2020-2024 Signed PPA's



Source: NextEra Energy 2025b.
Adapted by Author

2.4 Key Drivers of Profitability

NEE's profitability is primarily driven by its leadership in renewable energy, the regulatory environment, and its operational efficiency.

I. Renewable Energy Leadership

NEE's extensive portfolio of **wind and solar energy projects is the cornerstone of its profitability**. As a major player in the renewable energy sector, the company **benefits from the global shift toward sustainable energy**. The growing demand for clean energy drives consistent revenue growth, with **renewable projects contributing a substantial portion of the company's earnings**. NextEra's leadership in this space positions it to capture long-term growth as the world increasingly embraces renewable sources (NextEra Energy, 2024c).

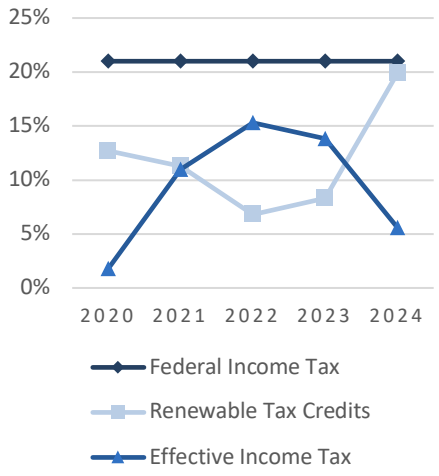
II. Regulatory and Policy Environment

The regulatory landscape is a key driver for NEE's profitability. Government incentives, **such as tax credits and subsidies for renewable energy projects**, provide favorable conditions for the company to expand its operations, as shown in **Figure 9**. Additionally, NEE is well-positioned to **benefit from policies aimed at carbon reduction and energy transition**, as its clean energy initiatives align with global environmental goals. These favorable regulatory conditions ensure stable revenue streams and support continued investment in renewable energy. However, the **latest government position towards sustainable energy will affect NEE negatively** as President Trump decided to favor fossil fuel energy production (Chu, 2025).

III. Operational Efficiency and Scale

NEE's operational efficiency plays a crucial role in driving profitability. By optimizing its **renewable energy assets and implementing cost-saving measures**, the company maximizes output while **minimizing operational expenses** (see **Table 3**). Additionally, **the company's large developments enable it to achieve economies of scale**, reducing the per-unit cost of energy production. This operational efficiency **enhances profit margins** and ensures that NEE can remain competitive in a rapidly evolving energy market (NextEra Energy, 2025b).

Figure 9. NEE Historical Federal Income Tax vs Effective Income Tax



Source: NextEra Energy, 2024c.
Adapted by the Author

Table 3. NEE's Historical PP&E Breakdown ($'M)

	2022	2023	2024
Electric Plant in Service	**124,963**	**139,049**	**151,677**
Nuclear Fuel	**1,684**	**1,564**	**1,676**
Construction Work in Progress	**15,675**	**18,652**	**21,658**
PP&E Gross	**142,322**	**159,265**	**175,001**
Accumulated D&A	**(31,263)**	**(33,489)**	**(36,159)**
PP&E Net	**111,059**	**125,776**	**138,852**

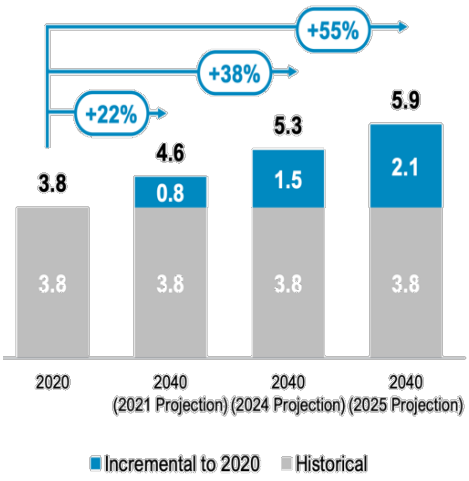
Source: NextEra Energy, 2024c.
Adapted by the Author

2.5 Strategic Positioning

Growing Renewable Energy Market

The renewable energy market is on a trajectory of substantial growth, projected to advance at a **compound annual growth rate (CAGR) exceeding 8% through 2030**. This expansion is primarily driven by a growing global commitment to **sustainable practices and the widespread adoption of clean energy solutions**. Factors such as corporate sustainability objectives, which ask for a transition to **environmentally friendly energy sources**, further amplify the demand for clean energy solutions, a trend reflected in the **upward trajectory indicated by forecasts** (see **Figure 10**)(IEA, 2024b; NextEra Energy, 2025b). Federal and state incentives like **tax credits and subsidies enhance the financial viability of renewable energy initiatives**. Moreover, NEE's advancements in energy storage technologies are instrumental in **improving the reliability and integration of intermittent renewable sources** such as wind and solar, thereby ensuring effective grid operations and reinforcing its **competitive posture in an increasingly dynamic energy landscape** (NextEra Energy, 2024c).

Figure 10. U.S. Power Demand Growth Forecast in Thousands TWh



Source: NextEra Energy, 2025b

Risks and Challenges

NEE confronts various **risks and challenges that could undermine its dominant position** in the energy sector. Changes in the regulatory environment could significantly **disrupt the company's operational framework and financial outcomes** by modifying compliance obligations or altering subsidy structures. Additionally**, market volatility poses significant challenges** to revenue consistency and profitability. Legislative measures, such as the **recently passed tax bill by the US House of Representatives** that diminishes incentives for renewable energy and reduces tax credits for sustainable enterprises, could worsen the conditions (see **Table 4**) (Srivastava, 2025). Furthermore, while the integration of **emerging technologies is vital for innovation and competitive resilience**, it requires ongoing and considerable investment, which can exert financial and operational pressures on the company. Lastly, **climate-related risks, typified by the rising frequency and severity of extreme weather events**, introduce both physical and operational challenges that have the potential to **disrupt energy generation, transmission, and infrastructure**.

Table 4. NEE Income Taxes Breakdown

	2023	2024
Federal Income Tax Rate	**21.0%**	**21.0%**
Increases (Reductions) Resulting from:		
State Income Taxes	1.4%	3.7%
Taxes Attributable to NCI	3.0%	4.3%
Renewable Tax Credits	(8.3%)	(19.9%)
Amortization of Deferred Regulatory Credit	(2.5%)	(2.7%)
Other	(0.8%)	(0.8%)
Effective Inc. Tax Rate	**13.8%**	**5.6%**

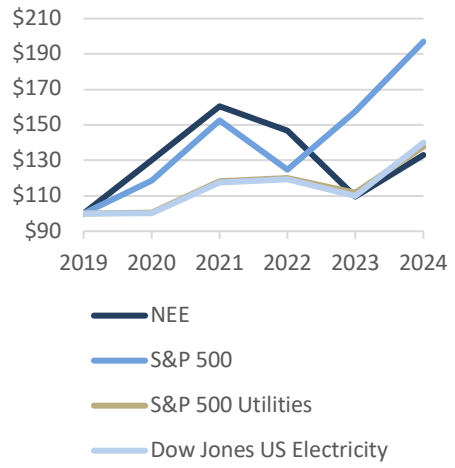
Source: NextEra Energy 2024c. Adapted by the Author

Financial Performance and Future Outcome

NEE's financial performance and outlook highlight its **leadership in the renewable energy sector** and its strategic commitment to long-term sustainability and growth. In 2023, the company reported **revenues exceeding $21 billion, with a net income of approximately $4.6 billion**, reflecting the robust contributions from its renewable energy portfolio, **which boasts over 25 GW of installed capacity**. This performance was bolstered by capital investments surpassing $10 billion, underscoring its dedication to expanding clean energy assets. NEE's financial performance can also be h**ighlighted by its ROI compared to several market indexes**, where the company has performed above average in the past 5 years. (see **Figure 11**) (NextEra Energy, 2024c).

NEE has set ambitious goals to achieve **net-zero carbon emissions by 2045**. These include adding 30 GW of renewable energy capacity by 2030, **significantly expanding battery storage** installations to enhance grid stability and scaling green hydrogen projects to decarbonize industrial sectors. These initiatives demonstrate the company's **proactive approach to addressing the growing global demand for sustainable energy** solutions while maintaining its competitive edge in the rapidly evolving energy market (NextEra Energy, 2025a).

Figure 11. Comparison of 5 Year Cumulative Total Return on $100 Investment



Source: NextEra Energy 2024c. Adapted by the Author

3. Management and ESG

3.1 Leadership Structure

NEE's management team is led by **Chairman, President, and Chief Executive Officer (CEO) John W. Ketchum**, who assumed the roles of President and CEO in March 2022 and became Chairman in July 2022. Under his leadership, the company **continues to advance its position as a leading clean energy provider**. Supporting Mr. Ketchum is **Armando Pimentel**, who serves as President and CEO of FPL, a subsidiary of NEE and **the largest investor-owned electric utility in the nation**. Mr. Pimentel was appointed to this position in February 2023 (NextEra Energy, 2025a).

The executive team also includes **Kirk Crews, Executive Vice President, Finance, and Chief Financial Officer**, and **Bob Coffey, Executive Vice President and Chief Nuclear Officer**, among others (see **Table 5**). NEE's governance framework emphasizes transparency and stakeholder value, with a board of directors committed to these principles. The company's commitment to environmental, social, and governance (ESG) factors **has been recognized by S&P Global Ratings**, which evaluated NEE's readiness for ESG factors as either good, strong, or leading—the top three possible grades (NextEra Energy, 2025a).

The management's strategic vision is clearly **aligned with its commitment to sustainability and innovation**. The team has established aggressive growth objectives, including **achieving net-zero carbon emissions by 2045** and significantly **expanding renewable energy capacity**. This vision is supported by investments in next-generation energy technologies, such **as green hydrogen, advanced battery storage, and AI-driven energy management systems** (NextEra Energy, 2025b).

Table 5. NEE's Officers

John W. Ketchum	**Chairman, President and Chief Executive Officer, NextEra Energy, Inc. Chairman, Florida Power & Light Company**
Armando Pimentel	**President and Chief Executive Officer, Florida Power & Light Company**
Brian Bolster	**President and Chief Executive Officer, NextEra Energy Resources**
Michael Dunne	**Executive Vice President, Finance and Chief Financial Officer**
Kirk Crews	**Executive Vice President, Chief Risk Officer**
Charles E. Sieving	**Executive Vice President, Chief Legal, Environmental and Federal Regulatory Affairs Officer**
Will Gough	**Vice President, Controller and Chief Accounting Officer**
Bob Coffey	**Nuclear Division and Chief Nuclear Officer NextEra Energy, Inc.**

Source: NextEra Energy, 2025a.
Adapted by Author

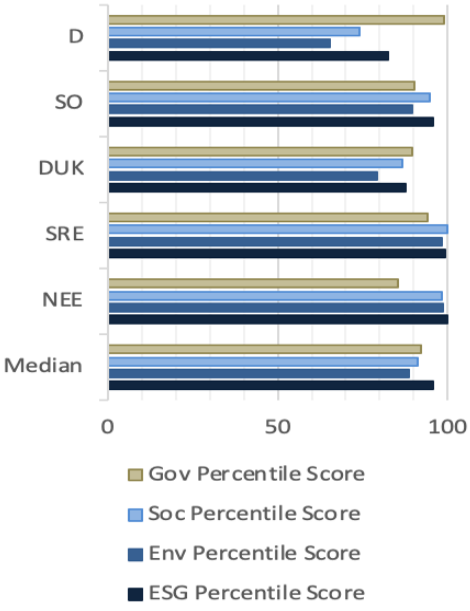
3.2 Environmental, Social and Governance

NEE demonstrates **superior overall ESG performance relative to its peers**. The company **ranks in the 100th percentile** for its overall ESG score, significantly **outperforming the peer median of 95.8**. Across environmental, social, and governance dimensions, **NEE scores 98.6, 98.3, and 85.4 percentiles,** respectively, each notably above the **median peer scores of 88.5, 91.3, and 92.05** (see **Figure 12**) (Bloomberg, 2025)**.**

While **slightly trailing in governance compared to the peer median**, NEE's environmental and social scores are outstanding. Additionally, **NEE holds an AA rating from Morgan Stanley Capital International (MSCI)** and maintains a moderate **Sustainalytics ESG Risk Score of 25.05,** close to the peer median of 24.99. Its **Institutional Shareholder Services (ISS) Quality Score of 4 and ESG Disclosure Score of 64.33** indicate robust transparency and governance practices.

Although NEE maintains an exceptional ESG profile and leads in environmental and social categories, **Sempra slightly outperforms NEE in the overall ESG score** and governance metrics, **reflecting its strength in corporate governance and disclosure practices**. In general, these results position NEE as an ESG leader within its sector, reflecting strong sustainability performance and stakeholder engagement (Bloomberg, 2025).

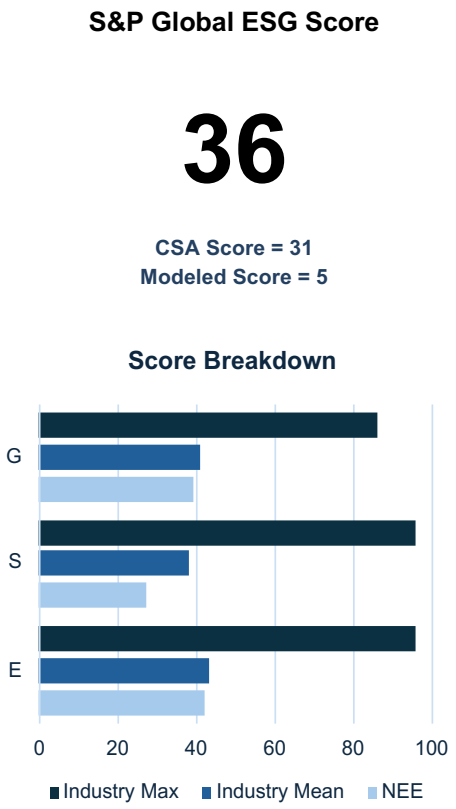
Figure 12. NEE ESG Scores vs Peers



Source: Bloomberg 2025.
Adapted by the Author

ESG factors are deeply embedded in NEE's corporate strategy, reflecting the **company's commitment to sustainability, social responsibility, and robust governance.** These factors are highlighted in the S&P Global ESG score shown in **Figure 13.** Below is an in-depth analysis of NEE's ESG initiatives, performance, and benchmarks.

Figure 13. NEE's S&P Global ESG Score Breakdown 2024



Source: S&P Global, 2024. Adapted by the Author

3.3 Environmental Impact (E)

Renewable Energy Leadership

NEE is a global leader in clean energy, producing more renewable energy from wind and solar than any other company worldwide. **The company's renewable portfolio accounts for over 25 GW** of installed capacity, with **plans to add 30 GW by 2030**, focusing on **wind, solar, battery storage, and green hydrogen technologies** (NextEra Energy, 2024b).

Performance Metrics

- **Reduced carbon dioxide (CO_2) emissions by 40%** over the past decade, making it one of the cleanest energy producers in the U.S. (NEE Sustainability Report, 2024).
- Leader in deploying **utility-scale battery storage, enabling grid reliability and maximizing renewable resource efficiency**.
- Certified as an **Environmental Stewardship Partner** by the U.S. Environmental Protection Agency (EPA).

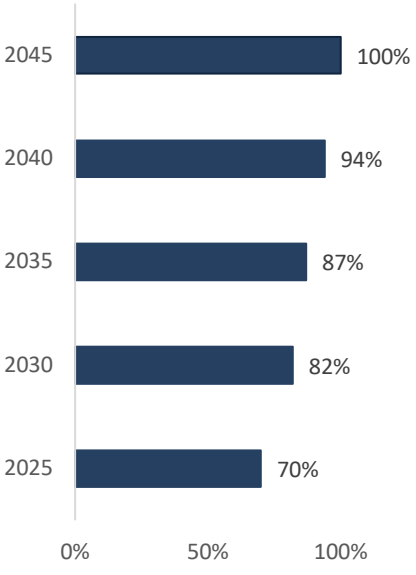
Environmental Stewardship

NEE integrates habitat and biodiversity conservation into its operations. Examples include the **preservation of migratory bird paths in its wind farms and the minimization of environmental impac**t during solar farm development (NextEra Energy, 2024b).

Carbon Neutrality Goals

NEE has set ambitious targets for achieving **net-zero carbon emissions by 2045** (see **Figure 14**). This includes the **transition of their energy mix away from fossil fuels through investments in advanced clean energy technologies and energy storage systems.** Notably, the company has committed to eliminating carbon emissions from its operations without relying on offsets (NextEra Energy, 2025b).

Figure 14. NEE CO2 Emission Reduction Goal



Source: NEE 2024 Sustainability Report. Adapted by the Author

3.4 Social Impact (S)

Workforce Diversity and Inclusion

NEE **emphasizes diversity, equity, and inclusion** (DEI), with initiatives to hire and retain a workforce reflective of the communities it serves. **In 2024, 40% of leadership roles were held by women and people of color**, as shown by **Table 6** (NextEra Energy, 2024b).

Community Engagement

The company has a robust approach to community development, investing in local economies through job creation and tax contributions. For instance, its **renewable projects have contributed over $100 million annually in property taxes to rural communities.**

Energy Affordability and Access

Through its subsidiary, FPL, NEE **ensures affordable electricity for over 12 million people**. The company has made efforts to expand energy access to underserved communities, including implementing programs to reduce energy poverty.

3.5 Governance (G)

Board Structure and Leadership

NEE has a well-structured **board comprising 11 members, the majority of whom are independent.** The board emphasizes diversity, **with 45% of members representing underrepresented groups**. The leadership team is **highly experienced in clean energy, finance, and regulatory affairs**, fostering a culture of strategic oversight and accountability (NextEra Energy, 2024b).

Ethics and Compliance

The company has a **zero-tolerance policy for unethical behavior**, with a robust compliance program that includes mandatory ethics training for all employees. Its **Code of Business Conduct & Ethics is regularly reviewed and updated** to align with industry best practices.

Cybersecurity and Risk Management

To address emerging threats, **NEE has invested heavily in cybersecurity and infrastructure resilience.** Its cybersecurity program includes partnerships with federal agencies and private organizations to monitor and mitigate risks.

ESG Ratings and Recognition

NEE has established itself as a **global leader in ESG performance.** The company **holds an AA ESG rating from MSC**I, reflecting its strong performance across environmental and social metrics (MSCI, 2025). In recognition of its innovation in clean energy, **NEE received the S&P Global Platts Energy Transition Award**, underscoring its leadership in renewable energy development (NextEra Energy, 2025a). S&P Global highlights a **lower Society score** and a **higher Climate Strategy score** for NEE compared to the industry mean, as shown in **Figure 15.**

It is important to point out that both **the cost of equity and debt of a publicly traded company are influenced by the ESG score**. Gonçalves, Dias, and Barros (2022) found that more **socially responsible firms are penalized by lenders with higher interest rates by 1.32 b.p. for a 10% ESG score increase, whereas investors reward more sustainable firms with lower required equity premiums of 1.42 b.p. for the same increase in ESG score.** NEE needs to find the right balance between ESG score and **Weighted Average Cost of Capital (WACC)** to get the most favorable capital structure.

Despite the effort towards a more socially responsible firm, **NEE faces several challenges in ESG implementation**. Regulatory risk remains a concern, as **shifts in federal or state environmental policies could result in increased compliance costs**. In addition, the **high capital intensity required to scale emerging technologies** such as green hydrogen and advanced battery storage presents financial hurdles. The company **must continuously meet evolving stakeholder expectations**, which demand transparency, innovation, and consistent leadership in sustainability.

Table 6. NEE's 2024 Workforce and Management Demographics

Women and minorities in the workforce	
Women	25%
Minorities	41%
Intern Women	40%
Intern Minorities	53%

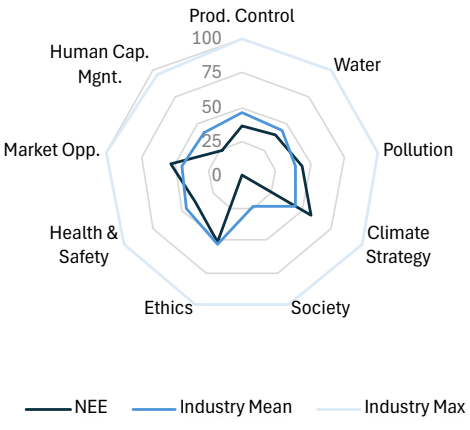
Women and minorities in management	
Women	27%
Minorities	29%

Ethnic diversity in the workforce	
White	59%
Hispanic / Latino	23%
African American	10%
Asian	5%
Other Minorities	2%

Ethnic diversity in management	
White	71%
Hispanic / Latino	14%
African American	8%
Asian	8%
Other Minorities	2%

Source: NextEra Energy, 2024b. Adapted by the Author

Figure 15. NEE Company vs Industry Sustainability Dimension



Source: S&P Global, 2024. Adapted by the Author

4. Industry Overview and Competitive Positioning

4.1 Energy Sector Landscape

According to the International Energy Agency (IEA), **electricity use has grown twice as fast as the overall energy demand** over the last decade (IEA, 2024b). They hope to meet this increase in demand with an **extensive supply of renewable energy**, encouraging **governments, organizations, and companies to choose clean energy sources**. IEA estimates that with these efforts, the renewable **energy capacity will increase from 4,250 GW in 2023 to almost 10,000 GW in 2030** (IEA, 2024b).

The global energy sector is undergoing a significant transition towards clean energy sources (see **Figure 16**), **driven by the increasing power demand and the need to decrease operational costs**. Goldman Sachs Research (2024) estimates that **data center power demand will increase by 160% by 2030,** pushed by the Artificial Intelligence (AI) revolution. This shift in technological advancements **includes energy storage, grid efficiency, and declining costs** associated with renewable energy production. Additionally, regulatory changes and government policies aimed at **reducing carbon emissions are reshaping the energy landscape** (IEA, 2024a).

4.2 Renewable Energy Market

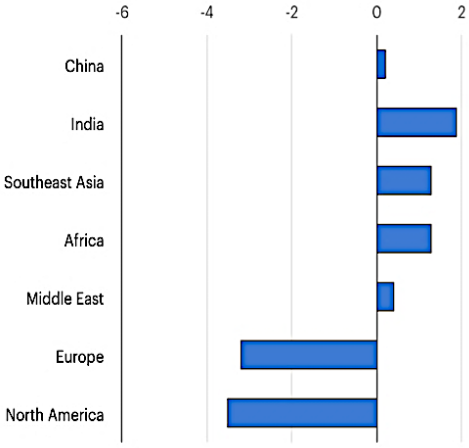
The renewable energy market has experienced considerable growth in recent years. Global renewable energy capacity **reached 2,799 GW in 2023**, marking **a 10% increase from the previous year** (IEA, 2024b). According to Annex (2023), **investment in renewable energy projects exceeded $350 billion just in the first half of 2023**, demonstrating strong confidence in the sector (see **Figure 17**). The declining levelized cost of electricity (LCOE) for wind and solar power has further bolstered this expansion, with **wind energy costs averaging $0.03 per kilowatt-hour (kWh) and solar energy at $0.05 per kWh**, making them competitive with traditional fossil fuel-based generation (IEA, 2024b).

4.3 U.S. Energy Policy and Regulations

The U.S. government has played a significant role **in shaping the renewable energy sector through policies and regulations**. Many states have **implemented Renewable Portfolio Standards (RPS)**, which mandate that a specific percentage of energy generation comes from renewable sources (Energy Information Administration, 2024). On a federal level, initiatives such as **the Inflation Reduction Act provide tax credits and subsidies to encourage investments in renewable infrastructure** (see **Figure 18**). These regulatory measures have created a favorable environment for the expansion of renewable energy projects (U.S. Department of Energy, 2022).

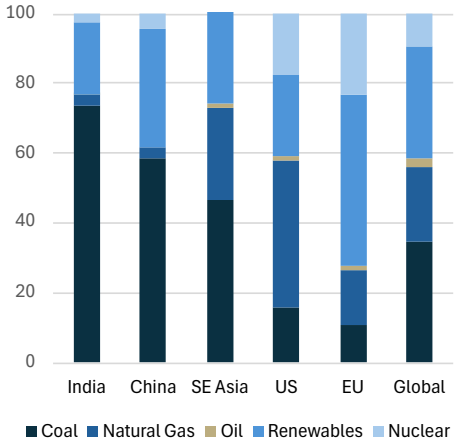
However, the 2024 election result that placed republican party leader, **Donald Trump, as the head of state of the U.S. has intervened in the playing field**. The president of the U.S. says that he is **going to favor fossil fuel energy production, such as gas and oil, before clean energy sources** due to the U.S.'s abundance of these commodities (Chu, 2025). Trump's actions in his first months in office include **pulling out of the Paris Climate Agreement and ordering the**

Figure 16. Forecasted Change in Global Oil Demand in Selected Regions 2023-2030 in mb/d



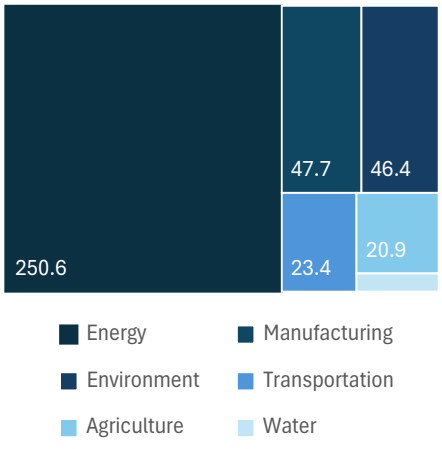
Source: IEA, 2024b

Figure 17. Electricity Generation Mix for Selected Regions 2024 (%)



Source: IEA, 2025. Adapted by the Author

Figure 18. Inflation Reduction Act Investments by Sector ($'Bn)



Source: McKinsey. 2025. Adapted by the Author

Department of the Interior to suspend all clean energy development. These political decisions are setting the U.S. back in the clean energy race, against players like China and the European Union (Milman, 2025).

4.4 Key Industry Players

The energy sector in the United States is highly competitive, with several major players leading the transition to renewable energy. Among them, **Duke Energy, Dominion Energy**, and **American Electric Power (AEP)** have made substantial investments in clean energy projects and are strong players in the industry (see **Figure 19**). Duke Energy currently **serves approximately 7.9 million** customers and **has expanded its renewable energy portfolio significantly**. Similarly, **Dominion Energy has committed to achieving net-zero emissions by 2050**, while AEP remains one of the largest electricity providers in the country (MarketBeat, 2025). One of the biggest competitors, Iberdrola, is **not being considered due to the operating region**, which doesn't align with the rest of the peers for this project.

4.5 Competitive Positioning of NextEra Energy

Market Share and Industry Position

NEE is the largest producer of wind and solar energy globally and **holds a dominant position in the U.S. renewable energy market**. As of 2024, the company operates **approximately 26.5 GW of renewable energy capacity, representing a 22.7% market share** in the sector. Through its subsidiary, FPL, NEE **provides electricity to about 5.7 million customer accounts, covering 47.5% of the Florida electricity market** (NextEra Energy, 2024c).

Competitive Advantages

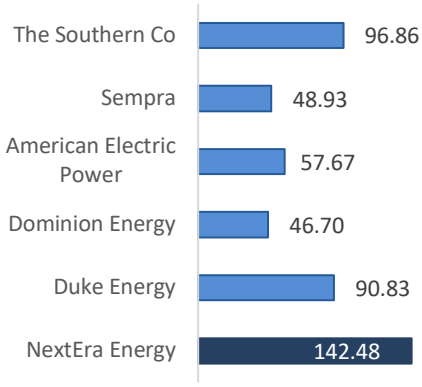
NEE benefits from several competitive advantages that reinforce its leadership position in the renewable energy sector. The company's **large-scale operations enable cost efficiencies, with wind and solar energy production costs significantly lower than traditional fossil fuel-based** generation. Moreover, NEE invests heavily in technological innovation, with an **annual research and development (R&D) budget of $486 million** aimed at advancing energy storage and grid management technologies (see **Figure 20**)(NextEra Energy, 2024c). Additionally, the company has established **strategic partnerships with major corporations, including an 860 MW agreement with Google** to supply renewable energy (Penrod, 2024).

Comparison with Competitors

Compared to its industry rivals, **NEE holds a stronger position in the renewable energy market**. **Duke Energy**, for instance, **operates approximately 18.3 GW of renewable capacity, accounting for a 15.7% market share**, while **Southern Company maintains a 13.4% market share with 15.6 GW** of renewable generation. **International competitors, such as Iberdrola, have also expanded their presence in the U.S. market, operating 38 GW of renewable energy capacity** worldwide, highlighted by **Figure 21**, which describes high industry rivalry. Despite this growing competition, NEE's aggressive expansion strategy and investment in innovation continue to solidify its leadership in the sector (MarketBeat, 2025).

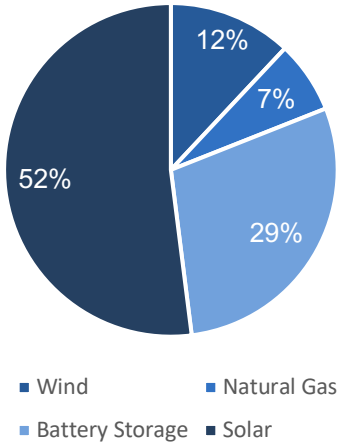
For a deeper comparison with competitors and industry, Porter's Five Forces, PESTEL, and SWOT analysis can be found in Appendix 3.1 to 3.3.

Figure 19. Key Industry Players Market Cap ($'Bn)



Source: Bloomberg. Adapted by the Author

Figure 20. U.S Planned Utility-Scale Electric-Generating Capacity Additions (2025) (63 GW Total)



Source: EIA,2025. Adapted by the Author

Figure 21. Energy Industry Porter's 5 Forces

Legend	
Low	1
Low to Moderate	2
Moderate	3
Moderate to High	4
High	5

Source: Author's Analysis

5. Investment Summary

A **HOLD recommendation** is assigned to **NextEra Energy (NYSE: NEE)** with a **12-month PT of $74.59 PPS**. At current market levels, the stock appears to be **fairly valued**, with limited **upside potential of 3.32%** in the **short to medium term** against the closing price of $72.19 per share (see **Figure 22**). NEE possesses solid fundamentals, a leading position in renewable energy, and **consistent financial performance**; these strengths appear to be fully reflected in its current trading price. NEE appears to be **trading at a discount** as the DCF model suggests a fair value that is **above the current market price**. This implies that the stock is priced above its fundamental cash flow-generating capacity, potentially due to i) **weak investor expectations surrounding its renewable energy strategy,** ii) **ESG positioning**, and iii) **long-term growth outlook**. While NEE's dividend payout has grown at an annual average rate of roughly 10.0% its heavy **reliance on debt to finance expansion** is questionable. While this discount may reflect optimism about future performance, it **also introduces upside risk** if the company fails to deliver on projected growth or if market conditions shift.

Valuation Methods

The valuation analysis incorporates three methodologies: **DCF**, **DDM**, and **RV**. Each method provides a different perspective on the **company's intrinsic value and collectively supports the Hold recommendation**, with PT ranging from $56.46 to $76.69 per share (see **Figure 23**).

The **DCF model** is considered the most robust valuation tool for NEE, given its **capital-intensive structure** and **long-term investment horizon**. The **FCFF discounted at the WACC** rate was used as the primary model, **followed by the APV approach** that considers NEE changing capital structure to determine the tax shield. The results of this model indicate that the stock is fairly priced relative to its intrinsic value.

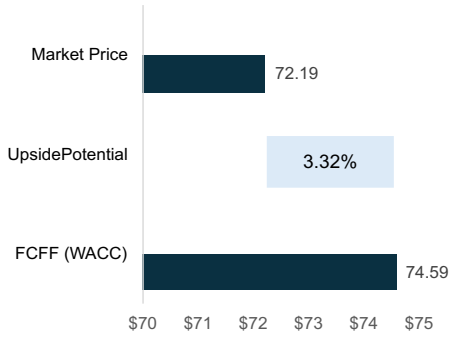
The **Dividend Discount Model** is particularly relevant for utilities, as it values the stock based on expected future dividends and dividend growth. Given NextEra's **track record of steady dividend payments and increases**, the DDM serves as a useful supplementary method. The implied value derived from this model was slightly below that of the DCF, yet within a reasonable range.

To complement the intrinsic approaches, a **Multiples Based Valuation** was conducted using a peer group that includes **The Southern Company, Duke Energy, American Electric Power, and Sempra**. These companies were selected based on their comparable size, regulatory environments, and business models. The results from **EV-based multiples suggest a valuation closer to current market levels**, while **equity-based multiples produce more conservative estimates**. This spread reflects differences in capital structure, accounting effects, and investor sentiment toward earnings quality.

Investment Risks

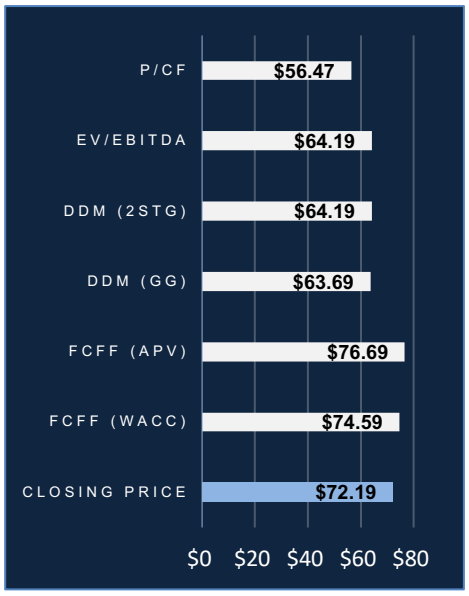
NEE faces several investment risks that could impact its valuation and future performance. A primary concern is **interest rate risk**, as rising rates increase financing costs and **reduce investor appetite for dividend-paying utilities** (see **Figure 24**). Additionally, NEE is exposed to **regulatory and policy uncertainty**, particularly **related to renewable energy incentives, environmental regulations, and utility rate structures**, which could affect project profitability and long-term planning. **Market valuation risk** exists, **as NEE trades at a premium to many of its peers**, making the stock vulnerable to multiple compression if investor sentiment shifts or macroeconomic conditions worsen.

Figure 22. NEE's 12-Months PT vs Market Price



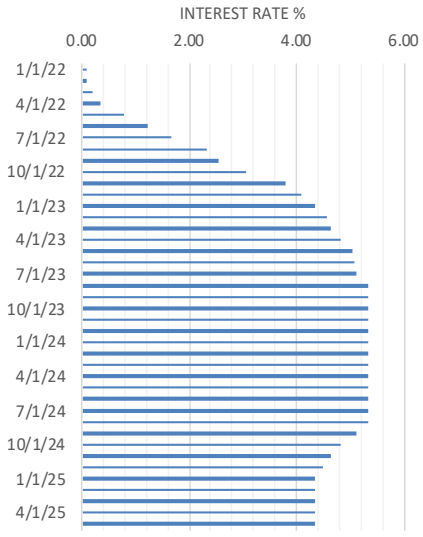
Source: Author's Analysis

Figure 23. Summary of Valuation Methods PPS vs Closing Price on 14th May 2025



Source: Author's Analysis

Figure 24. FRED Historical Federal Funds Effective Rate



Source: FRED. Adapted by the Author

6. Valuation

For NEE's valuation, refer to the forecasted financial statements **in Appendix 1.1 – 1.3**, as well as the breakdown of the valuation models used found in **Appendix 2.1 – 2.9**. Other complementary data and tables can be found in **Appendix 1 – Financial Statements**.

6.1 Forecast Drivers

Revenue

The revenue forecast for NEE was calculated by considering the company's historical 5-year growth rate and the inflation in the US and Canada. NEE has had a **Compounded Annual Growth Rate (CAGR) from 2020-2024 of 4.56**% after **assuming a 1.94% inflation discount rate**. This CAGR rate was used as a base year-over-year (YoY) growth rate for the forecasted periods 2025F-2029F, plus the forecasted **average inflation rate in the US and Canada** (see **Appendix 1.6**).

The forecasted inflation rates in the US and Canada were taken from the Statista web page and then **averaged to consider both countries**, given the fact that it's the territories where NEE operates, which ranged from 1.94% in 2025F to 2.05% in 2029F. Operating revenues in 2024 **decreased by 11.95%** due to the impact of **non-qualifying commodity hedges caused by changes in energy prices** NextEra Energy, 2025b) (see **Figure 25**). However, this analysis assumes a steady increase in revenue streams from NEE's two primary subsidiaries for the 5-year forecast.

Operating Expenses

Costs of Goods Sold (COGS) forecast, which include **fuel, purchased power, interchange, operations, and maintenance,** were calculated as a percentage of the operating revenues. The result is a **decrease of 3.88% in the gross profit margin** compared to 2023 and assumes a **constant margin throughout 2025F-2029F**. This decrease is in line with the transition to renewable energies and more efficient operations (see **Appendix 1.1 and 1.4)**.

Capital Expenditures

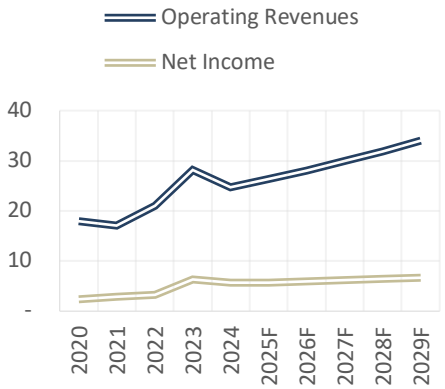
While NEE's PP&E has historically grown at an annual rate ranging **from 8.22% in 2021 to 13.25% in 2023**, the forecast assumes a **constant growth rate of 7%** going forward. This more conservative estimate reflects the **company's shift toward operational maturity**, a more selective capital allocation strategy, and the expectation of a moderate pace of asset growth given regulatory and macroeconomic constraints (see **Figure 26, Appendix 1.2 and 1.3**).

Depreciation, amortization, and impairment (DAI) were projected as a **percentage of average gross PP&E**. The forecasted rate is based on the **historical average observed over the past five years, 3.87%**, during which DAI consistently represented a stable proportion of the asset base (see **Figure 27**).

Tax Rate

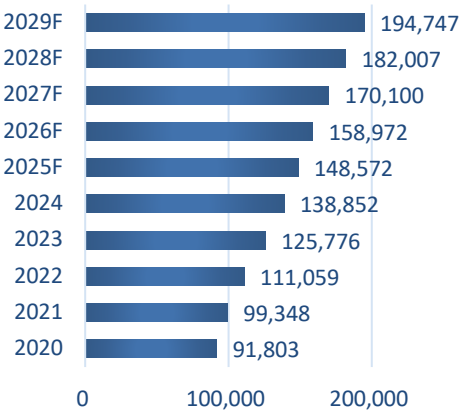
A tax rate of 9.50% is applied in the forecast, reflecting NEE's effective tax rate rather than the statutory U.S. **federal corporate tax rate of 21%**. This lower rate accounts for the **significant renewable tax credits and the amortization of deferred tax credits the company receives**. Historically, these factors have consistently reduced NEE's effective tax burden, justifying the use of a lower rate in forward-looking projections.

Figure 25. Operating Revenue vs Net Income Historical vs Forecasted ($'Bn)



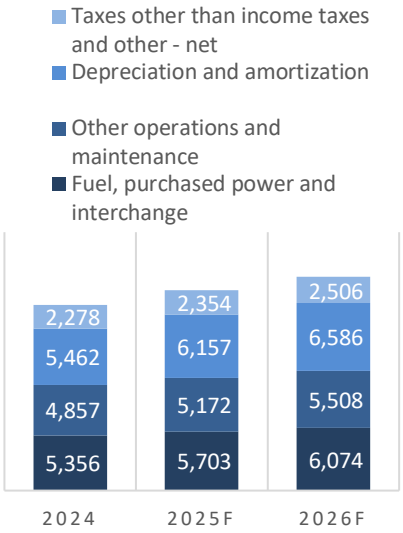
Source: Author's Analysis

Figure 26. PP&E Growth Historical and Forecasted ($'M)



Source: Author's Analysis

Figure 27. Operating Expenses Breakdown 2024-2026F ($'M)



Source: Author's Analysis

Weighted Average Cost of Capital Assumptions

The WACC was calculated using the formula below. Where $\boldsymbol{R_e}$ is the cost of equity, $\boldsymbol{R_d}$ is the cost of debt, D is the market value of debt, E is the market value of equity, and $\boldsymbol{tc}$ is the corporate tax rate.

$$WACC = R_e * \frac{E}{D+E} + R_d * \frac{D}{D+E} * (1 - tc)$$

In this research, the R_e was calculated using the **Capital Asset Pricing Model (CAPM) and resulted in 9.19%**. The R_d was estimated as the percentage of the interest expense over the financial debt, **resulting in 2.71%, assuming a debt-to-equity ratio of 1.36** for 2024. These estimates yield a **WACC of 5.00%**, which is used as the discount rate (see **Table 7** and **Appendix 2.1 and 2.2**).

In this report, three different valuation models were considered to find the Enterprise and Equity Value of NEE.

Table 7. Discount Rate Assumptions

Weighted Average Cost of Capital (WACC)	
Cost of Debt (Kd)	**2.71%**
Risk Free Rate	4.52%
Market Rate Return 5Y	11.39%
Equity Risk Premium	6.87%
Beta (5Y Monthly)	0.68
Cost of Equity (Ke)	**9.19%**
Total Equity ($'Bn)	50.10
Total Debt ($'Bn)	82.33
Tax Rate (5y Average)	9.50%
WACC	**5.00%**

Source: Author's Analysis

6.2 Discounted Cash Flow Model (DCF)

The DCF model valuation method is used to **estimate the intrinsic value** of a firm based on its projected future cash flows, discounted back to the present value. The key aspect of this model is that **it considers the current value of the company to be the present value of its future cash flows**. For NEE, the forecasted periods were 5 years, starting in 2025 and ending in 2029.

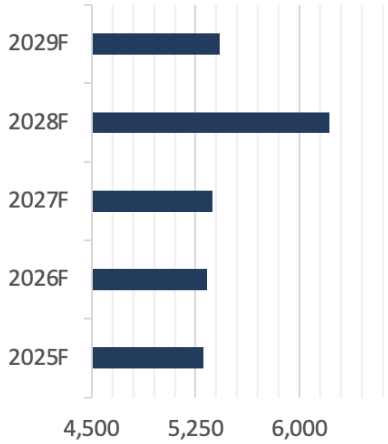
Free Cash Flow to the Firm (FCFF)

The first step in this model is to calculate the Free Cash Flow (FCF) for the forecasted years, using the formula that considers the EBIT times the tax rate, plus **Non-Cash Changes,** subtracted by the net increase in **Net Working Capital (NWC**) and the net increase in **CAPEX**, seen in **Figure 28.** Next is computing the **Terminal Value (TV)** using the perpetuity growth model, which is given by the formula below.

$$TV = \frac{FCFF_t * (1+g)}{WACC - g}$$

In this case, the $FCFF_t$ is the **Free Cash Flow to the Firm** in the last forecasted year (2029) and the growth rate is the **sustainable growth rate (SGR)** in the last 5 years, adjusted for inflation, which is **$5,421.07 million and 2.92% respectively**. The input of these numbers results in a **TV of $267.7 billion**, which must be discounted by the appropriate rate and added to the discounted cash flows. After adding these values, the model predicts an **Enterprise Value of $233,607 million** and, after subtracting the net debt and noncontrolling interests, predicts an **Equity Value of $142,803 million**. The Equity Value divided by the number of outstanding shares (2,060 million) results in a **PPS of $69.32** according to the DCF valuation model (see **Table 8** and **Appendix 2.3**). To adjust to the PT, this result was **compounded forward using the WACC rate and an 18-month time horizon**, yielding **a PPS of $74.59**. The current market price of the share is $72.19, meaning that the stock is **undervalued by roughly 3.32%.** This outcome suggests **upside** potential, but not enough to issue a buy recommendation considering the low risk held by the valuation.

Figure 28. Free Cash Flow in Forecasted Years ($'M)



Source: Author's Analysis

Table 8. DCF Model. FCFF Results

FCFF Model (M'$ except PPS)	
Enterprise Value NEE	**233,607**
Cash	1,487
Debt	82,333
Non-Controlling Interests	9,958
Equity Value NEE	**142,803**
Number of shares	2,060
Estimated PPS	**74.59**
Current share price	72.19

Source: Author's Analysis

Adjusted Present Value (APV)

The APV model separates a firm's value into two components:

The value of the firm if it were fully **equity-financed** (**unlevered firm value**), and the present value of financing benefits, mainly the **tax shield from debt**. The model is expressed as:

$$APV = V_U + PV_{TS}$$

Where V_U is the **value of the unlevered firm,** calculated by discounting the FCFF using the unlevered cost of equity (Ra). The Ra was calculated by **unlevering the company's beta** of and then using it in the CAPM formula, resulting in a Ra **value of 6.11%.** The PV_{TS} stands for the present value of the tax savings from interest payments **discounted at the cost of debt**.

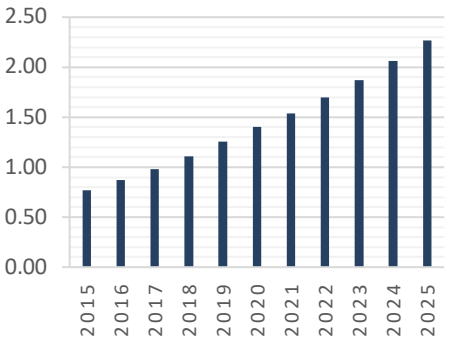
The APV valuation of NEE resulted in a **price per share of $76.69**, which is somewhat above the current market price of $72.19, a 6,23% price difference. (see **Table 9** and **Appendix 2.4**). The small deviation **implies that NEE is trading near its intrinsic value**, and that the market is largely in line with the firm's underlying operational and financial fundamentals. Therefore, the stock may be considered fairly valued, supporting a **Hold** recommendation.

Table 9. DCF Model. APV Results

APV Model (M'$ except PPS)	
Beta Unlevered	0.23
Cost of Equity Unlevered	6.11%
Adj. Present Value NEE	**153,134**
Non-Controlling Interests	9,958
Equity Value NEE	**144,541**
Number of shares	2,060
Estimated PPS	**76.69**
Current share price	72.19

Source: Author's Analysis

Figure 29. Forward Annual DPS ($)



Source: Author's Analysis

6.3 Dividend Discount Model (DDM)

DDM estimates a company's intrinsic value by projecting future dividend payments and discounting them to the present using the cost of equity. In the **Gordon growth model**, the formula given is:

$$P_0 = \frac{D_1}{R_e - g}$$

Where D_1 is next year's DPS, and g is the perpetual DPS growth rate. The DPS growth rate was calculated using the **last 3 years' CAGR on their forward annual dividend**, seen in **Figure 29** and **Appendix 2.5**.

In the two-stage model**, dividends grow at a higher rate of 10.62% for an initial period (five years) and then at a lower, stable rate of 2.92% thereafter**. The present value of each dividend is calculated during the high-growth phase, and a terminal value is added at the transition to the stable phase:

$$P_0 = \sum_{t=1}^{n} \frac{D_t}{(1+r)^t} + \frac{P_n}{(1+r)^t}$$

The DDM provides a more conservative valuation for NEE, with a **PPS of $58.78 under the two-stage growth model** and $**58.33 using a Gordon perpetuity model** (see **Appendix 2.6** and **2.7**). Both estimates fall notably **below the current market price of $72.19**, suggesting that the stock may be **overvalued based on its dividend-paying capacity** (see **Tables 10** and **11**). These results indicate that the market could be placing a **higher emphasis on growth expectations or non-dividend value drivers not fully captured by the DDM framework**. Nevertheless, the valuation highlights a potential disconnect between dividend-based returns and market pricing, **warranting caution for income-focused investors.**

Table 10. DDM Model. Perpetuity Approach

DDM Gordon Growth Model	
Dividend at time 0 (D0)	2.27
Dividend at time 1 (D1)	2.38
Cost of Equity (Re)	9.19%
Perpetual DPS Growth Rate	4.93%
Forward Value of PPS	**63.69**
Current PPS	72.19

Source: Author's Analysis

Table 11. DDM Model. Two Stage Approach

DDM Two Stage Model	
DPS at time 0	2.27
Growth Rate 5Y (g0)	10.62%
Growth Rate Perpetuity (g1)	2.92%
Cost of Equity (Re)	9.19%
Forward Value of PPS	**64.19**
Current PPS	72.19

Source: Author's Analysis

6.4 Multiples Based Valuation (MBV)

Sum of Absolute Rank Difference (SARD) Approach

SARD estimates a company's value by comparing it to **similar companies using valuation multiples** (see **Appendix 2.8 and 2.9**)**.** This method identifies the most comparable peers for the MBV using several financial indicators. The chosen multiples for this valuation include **EV/EBITDA, EV/EBIT, Price-to-Cash Flow (P/CF), and Price-to-Earnings (P/E)**. Each multiple captures a different aspect of value and is sensitive to capital structure, accounting policies, and market sentiment. Using the SARD approach, the selected peer group includes **The Southern Company, Duke Energy Corporation, American Electric Power, and Sempra**—all large U.S.-based regulated utilities with similar business models, capital structures, and risk profiles to NEE (see **Table 12**).

Table 12. MBV NEE's Peers

Rank	Company	SARD Score
0	NEE US	16
1	SO US	20
2	AEP US	21
3	DUK US	26
4	SRE US	30

Source: Author's Analysis

The **EV-based multiples** (EV/EBITDA and EV/EBIT) yield the **highest valuations**, suggesting that NEE appears **fairly valued or slightly undervalued** relative to peers. The closeness between these two metrics also indicates a stable depreciation and amortization profile. On the other hand, **equity-based multiples** such as **P/CF and P/E** result in **lower implied prices**, particularly the P/E multiple. This divergence may reflect lower accounting earnings **due to higher depreciation or interest expenses**, or market skepticism about earnings quality and growth sustainability.

Overall, the valuation range spans from **$51.17 to $64.75**, **reflecting differing perspectives on profitability, capital intensity, and risk** and displaying downside potential against **the closing price of $72.19** (see **Table 13** and **Appendix 2.9**). Given the nature of the utility sector—typically characterized by **stable cash flows and high capital expenditures**—the EV/EBITDA and EV/EBIT multiples are often more **reliable indicators of intrinsic value**. Nonetheless, incorporating equity-based multiples provides a broader view, particularly from a shareholder's perspective.

Table 13. Multiples Based Valuation Results

EV/EBITDA	
Peer Median	13.57x
EBITDA	$16,116.00
Enterprise Value	**$218,686.06**
Equity Value	**$132,230.06**
# Shares Outstanding	2,060.00
Share Price	**$64.19**
EV/EBIT	
Peer Median	21.47x
EBIT	10,237.00
Enterprise Value	$219,837.53
Equity Value	$133,381.53
Share Price ($)	**64.75**
P/CF	
Peer Median	8.77x
CF Operations	$13,260.00
Equity Value	$116,319.37
# Shares Outstanding	2,060.00
Share Price ($)	**56.47**
P/E	
Peer Median	18.50x
Earnings	$5,698.00
Equity Value	$94,301.90
# Shares Outstanding	2,060.00
Share Price ($)	**51.17**

Source: Author's Analysis

6.5 Monte Carlo Simulation on WACC Sensitivity

To assess the sensitivity of the valuation **to uncertainty in the cost of capital, a Monte Carlo Simulation was conducted on the WACC** (see **Table 14** and **Appendix 2.10 - 2.11**). While the base case DCF valuation assumes a WACC of 5.00%, **the parameter is inherently uncertain, given its dependence on volatile market** inputs such as the risk-free rate, equity risk premium, beta estimates, and capital structure assumptions. In order to capture this uncertainty, the WACC was modeled as a normally distributed variable **with a mean of 5.00% and a standard deviation of 0.30%.**

A total of **100,000 simulations were run**, each drawing a WACC value from the specified distribution and computing a corresponding **equity value using a standard five-year DCF model with a terminal growth rate of 2.92%**. For each simulation, the enterprise value was adjusted for **net debt and divided by the number of outstanding shares to obtain the implied share price.**

The simulation produced a **mean target price of $81.82 and a median of $79.34**, indicating that the central tendency of the distribution points to a **valuation above**

Table 14. Monte Carlo Simulation Inputs and Results

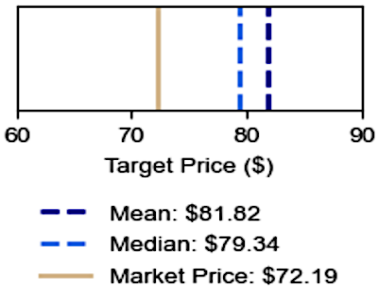
Marker	Quantity
Trials	100,000
Mean WACC	5.00%
Standard Deviation	0.30%
Confidence Interval	95.0%
Terminal G Rate	2.92%
Net Debt (M)	$70,888
Outstanding Shares	2,060
Mean PT	$81.82
Median PT	$79.34
5th Percentile	$54.46
95th Percentile	$123.86
Current Share Price	**$72.19**

Source: Python. Author's Analysis

the current market price of $72.19, as seen in **Figure 30.** The **95% confidence interval ranged from $54.46 to $123.86**, reflecting a wide potential valuation range under different WACC scenarios. Importantly, **31.90% of the simulations yielded a target price below the current market price**, suggesting a moderate probability that the stock is currently overvalued based on discount rate sensitivity alone.

These results reinforce the robustness of the DCF valuation and **support the overall Hold recommendation**. While the **intrinsic value remains close to current market pricing**, the low probability of **significant overvaluation suggests limited short-term upside**, particularly for risk-averse investors. Furthermore, the simulation **enhances the reliability of the investment thesis** by introducing a probabilistic risk framework into the valuation process.

Figure 30. Simulation vs Market Price



Source: Python. Author's Analysis

7. Financial Analysis

Growth and Profitability

NEE's performance has been consistent with the energy demand in the US and Canada over the last decade, and it is expected to continue rising at a constant rate. Even though the company **decreased the CAGR 25F-29F by 1.35% compared to the CAGR 20-24,** its revenues are expected to account for roughly $34.0 billion.

The **gross profit margin is expected to increase by 1.22%** over the 5 forecasted years in comparison to 2024. This increase is likely **due to lower fuel and purchased power costs,** which have been historically declining. On the other hand, the net profit margin is anticipated to **decrease from 23.02% in 2024 to 19.60% explained by a small increase in interest rates and taxes**.

Return On Invested Capital (ROIC) has historically ranged between 2.07% and 5.77%, but it's **forecasted to stabilize at around 3.77%**. On the same line, **Return On Capital Employed (ROCE)** is projected to recover with ranges of 15.12% in 2025F to 18.88% in 2029F (see **Figure 31**).

Return On Assets (ROA) is forecasted to **decline from 3.00% in 2024 to 2.53% in 2029F**, mainly driven by the company's capital investment, but still in a healthy range for a utilities company. **Return On Equity (ROE),** on the other hand, **is projected to increase by 1.62% in the forecasted years to reach 12.76%**, a solid percentage, but it is important to consider the increasing debt in the following years.

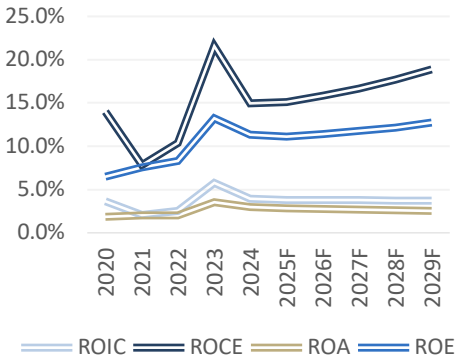
Leverage and Solvency

NEE is seeing a **rising Debt to Equity Ratio (D/E)** both in the historical and forecasted years. The D/E is expected to increase **to 2.17 in 2029F, a 0.70 climb in the forecasted years**. This increase highlights NEE's growth strategy, relying on debt issuance to fund its assets and projects. Over the five-year forecast period, the **Interest Coverage Ratio (ICR) is projected to fall by 0.95** (see **Figure 32**)**.** This drop reflects a moderate deterioration in the company's ability to cover interest expenses through operating earnings. The reduction is primarily **attributed to the anticipated increase in debt financing to support capital expenditures.** While the ratio remains at a comfortable level, the downward trend highlights the **importance of maintaining stable operating income** to preserve financial flexibility.

Liquidity Performance

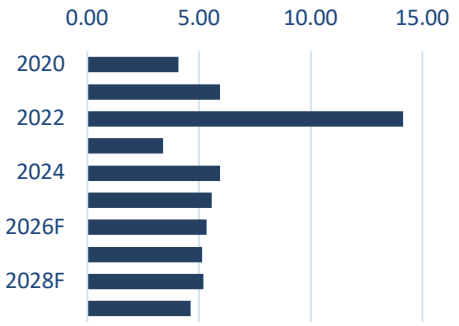
NEE's **Current Ratio is projected to decline by 2.72%** over the forecasted period, indicating a slight weakening in short-term liquidity (see **Figure 33**). This trend

Figure 31. Profitability Ratios Summary



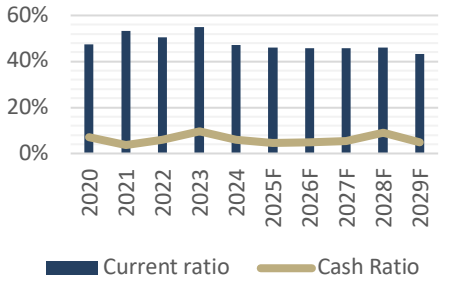
Source: Author's Analysis

Figure 32. ICR Historical and Forecasted



Source: Author's Analysis

Figure 33. Current Ratio vs Cash Ratio



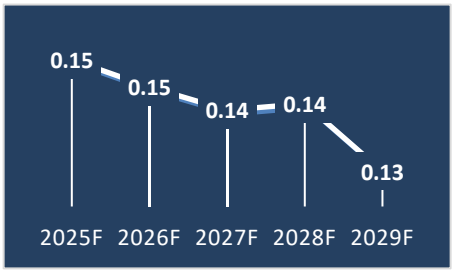
Source: Author's Analysis

suggests that **current liabilities are expected to grow** at a faster pace than current assets, possibly due to **increases in short-term obligations or a reallocation of working capital**. In contrast, the **Cash Ratio is expected to increase by 0.44%,** reflecting a stronger immediate liquidity position. This improvement implies a greater proportion of highly liquid assets relative to current liabilities, which enhances the **company's ability to meet its short-term obligations**.

Cash Flow Generation

NEE's **Debt Coverage** remains strong over the five-year forecast with an **average ratio of 0.14, indicating sufficient coverage on interest-bearing debt** (see **Figure 34**). Dividend Coverage is expected to **fall in the forecasted years by 26%,** but will still be in a healthy range. **Operational Cash to EBIT** will remain constant, displaying strong earnings quality.

Figure 34. Debt Coverage 5-year Forecast



Source: Author's Analysis

8. Investment Risks

While NEE remains a leader in the **renewable energy industry with solid growth outlooks**, potential investors must consider several key threats that **may affect the company's future performance**. These risks include **regulatory and policy environments, market dynamics, operational challenges, interest rate threat, geopolitical influences, and technological developments**. These risks were categorized by likelihood and impact to better visualize the possible threats to the company (see **Figure 35**).

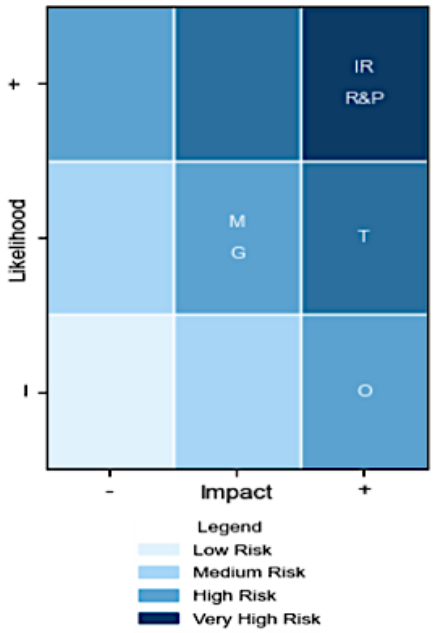
Regulatory and Policy Risk (R&P)

NEE's operations are **heavily swayed by government regulations and public policy**. The company's ability to succeed relies heavily on **government encouragements for renewable energy, environmental guidelines, and utility pricing structures**. Currently, NEE benefits from federal tax credits and various state mandates **that favor wind and solar projects.** However, changes in legislation—such as the reduction or elimination of **production tax credits (PTCs) and investment tax credits (ITCs)**—could adversely affect project economics and investment returns (Badlam et al., 2022; U.S. EIA, 2025). Moreover, shifts in energy policy at the federal or state level, **especially under changing political leadership**, may negatively impact NEE's ability to continue its growth operations (Kearney & Kumar, 2025).

Market Risk (M)

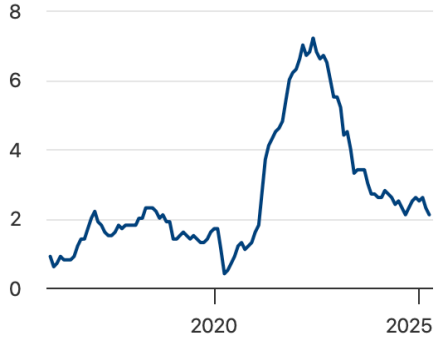
The energy market itself also poses medium risks for the company. NEE operates in a **competitive environment where economic factors are constantly changing**. Although the company **uses long-term contracts to stabilize its business through PPAs**, the broader electricity market is affected by **varying demand and commodity prices**, along with competition from both renewable and traditional energy sources. In certain areas, **market saturation, falling electricity prices, or aggressive bidding can pressure profit margins** (Yahoo Finance, 2024). Additionally, **inflation and fluctuating interest rates can also influence project financing** and investor confidence, **making it a challenging landscape in the energy sector** for utilities like NEE (see **Figure 36**) (Federal Reserve Bank of St. Louis, 2025).

Figure 35. Risk Matrix NEE



Source: Python. Author's Analysis

Figure 36. U.S 10-Year Inflation Rate (%)



Source: Federal Reserve, 2025

Operational Risk (O)

On the operational side, **handling large-scale energy projects comes with its own set of risks**. These include potential **delays in construction, rising costs, equipment failures, and the impact of natural disasters**. Since NEE operates across different regions and manages various types of assets, navigating different **regulations and geographic challenges can become quite complex**. Unexpected issues, such as **underperforming turbines or solar panels, supply chain delays, or weather-related outages** (like hurricanes in Florida), can result in lost revenue, costly repairs, and damage to the company's reputation (Reuters, 2024a).

Interest Rate Risk (IR)

Interest rates represent another area of risk for NEE. The company **relies significantly on borrowing and equity markets to fund its growth**, and while it has solid credit ratings, rising interest rates can **increase the cost of loans and affect capital expenditures**. Higher interest expenses can **squeeze profit margins and impact important financial metrics**, like the interest coverage ratio. If financial conditions worsen or there are negative changes in the market, **any downgrade in credit ratings could restrict access to better financing options** (see **Table 15**). Given NEE's significant capital expenditure needs, it's essential for the company to **effectively manage its cash flow and liquidity** to support both dividends and investment goals (Reuters, 2024b).

Geopolitical Risk (G)

Even though NEE primarily operates in the U.S., global **geopolitical tensions can still have indirect effects**. Issues like international conflicts, **trade restrictions, or tariffs, especially involving Asia**—where many solar panels and critical materials are sourced—can pose risks (see **Figure 37**). Any disruptions **could delay projects or drive up costs**, which is problematic for NEE. Ongoing geopolitical uncertainty **can also lead to fluctuations in energy markets**, impacting both commodity prices and investor confidence overall (Kearney & Kumar, 2025).

Technological Risk (T)

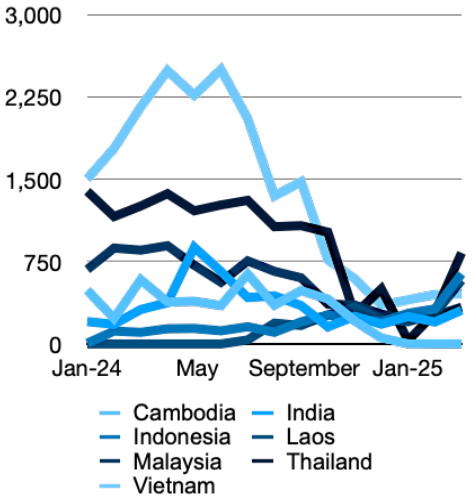
The **rapid pace of technological advances in the renewable energy field** brings both opportunities and challenges for NEE. While innovations—like improved **battery storage systems, hydrogen technologies, and small modular nuclear reactors**—might open new avenues, they could also disrupt existing business models. If competitors **introduce better technologies before NEE adapts**, **it could lose its edge**. Moreover, as energy systems become more digitized, there's a growing **risk of cyber threats that could jeopardize the security** of the grid and overall operations.

Table 15. Credit Ratings Summary

	S&P	MOODYS	FITCH
NEE			
Corporate Credit Rating	A-	Baa1	A-
Outlook	Stable	Stable	Stable
FPL			
Corporate Credit Rating	A	A1	A
First Mortgage Bonds	A+	Aa2	AA-
Senior Unsecured	A	A1	A+
Commercial Paper	A-1	P-1	F1
NEECH			
Corporate Credit Rating	A-	Baa1	A-
Debentures	BBB+	Baa1	A-
Commercial Paper	A-2	P-2	F2

Source: NEE 2025. Adapted by the Author

Figure 37. Monthly U.S. c-Si Solar Panel Imports (MW)



Source: Solar Power World. Adapted by the Author

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Appendices

Appendix 1 – Financial Statements

Appendix 1.1 – Income Statement

Description ($'M)	Years End December 31									
	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
OPERATING REVENUES	17,997.00	17,069.00	20,956.00	28,114.00	24,753.00	26,360.51	28,072.41	29,930.58	31,908.75	34,017.66
OPERATING EXPENSES										
Fuel, purchased power and interchange	(3,539.00)	(4,527.00)	(6,389.00)	(5,457.00)	(5,029.00)	(5,355.59)	(5,703.40)	(6,080.91)	(6,482.81)	(6,911.27)
Other operations and maintenance	(3,751.00)	(3,981.00)	(4,428.00)	(4,681.00)	(4,857.00)	(5,172.42)	(5,508.33)	(5,872.94)	(6,261.09)	(6,674.90)
GROSS PROFIT	**10,707.00**	**8,561.00**	**10,139.00**	**17,976.00**	**14,867.00**	**15,832.49**	**16,860.68**	**17,976.72**	**19,164.84**	**20,431.48**
Storm restoration costs	(183.00)	-	-	-		-	-	-	-	-
Depreciation and amortization	(4,052.00)	(3,924.00)	(4,503.00)	(5,879.00)	(5,462.00)	(6,156.62)	(6,585.56)	(7,044.92)	(7,536.29)	(8,061.94)
Taxes other than income taxes and other - net	(1,709.00)	(1,801.00)	(2,077.00)	(2,265.00)	(2,278.00)	(2,353.50)	(2,506.34)	(2,672.24)	(2,848.86)	(3,037.14)
Total operating expenses - net	**13,234.00**	**14,233.00**	**17,397.00**	**18,282.00**	**17,626.00**	**19,038.14**	**20,303.63**	**21,671.02**	**23,129.06**	**24,685.26**
Gains on disposal of businesses/Assets	353.00	77.00	522.00	405.00	352.00	409.44	436.03	464.89	495.61	528.37
Operating Income	**5,116.00**	**2,913.00**	**4,081.00**	**10,237.00**	**7,479.00**	**7,731.81**	**8,204.81**	**8,724.44**	**9,275.30**	**9,860.76**
Other Income (Deductions)										
Interest expense	(1,950.00)	(1,270.00)	(585.00)	(3,324.00)	(2,235.00)	(2,516.46)	(2,796.58)	(3,103.91)	(3,445.44)	(3,783.77)
Equity in earnings (losses) of equity method investees	(1,351.00)	666.00	203.00	(648.00)	(246.00)	(6.25)	(6.25)	(6.25)	(6.25)	(6.25)
Allowance for equity funds used during construction	93.00	142.00	112.00	161.00	198.00	198.00	198.00	198.00	198.00	198.00
Gains on disposal of investments and other property	50.00	70.00	80.00	125.00	163.00	166.15	169.58	173.05	176.60	180.24
NEER's nuclear decommissioning funds	163.00	267.00	(461.00)	159.00	107.00	107.00	107.00	107.00	107.00	107.00
Other net periodic benefit income	200.00	257.00	202.00	245.00	235.00	254.10	275.09	297.79	322.36	348.99
Other - net	92.00	130.00	200.00	333.00	336.00	357.82	381.06	406.28	433.13	461.76
Total other income (deductions) - net	**(2,703.00)**	**262.00**	**(249.00)**	**(2,949.00)**	**(1,442.00)**	**(1,439.64)**	**(1,672.10)**	**(1,928.04)**	**(2,214.60)**	**(2,494.03)**
Income Before Taxes	**2,413.00**	**3,175.00**	**3,832.00**	**7,288.00**	**6,037.00**	**6,292.17**	**6,532.71**	**6,796.41**	**7,060.70**	**7,366.74**
Income Taxes	(44.00)	(348.00)	(586.00)	(1,006.00)	(339.00)	(597.70)	(620.54)	(645.59)	(670.70)	(699.77)
Net Income	**2,369.00**	**2,827.00**	**3,246.00**	**6,282.00**	**5,698.00**	**5,694.47**	**5,912.16**	**6,150.81**	**6,390.00**	**6,666.97**
Net Income Attributable to Noncontrolling Interests	550.00	746.00	901.00	1,028.00	1,248.00	1,248.00	1,248.00	1,248.00	1,248.00	1,248.00
Net Income Attributable to NEE	**2,919.00**	**3,573.00**	**4,147.00**	**7,310.00**	**6,946.00**	**6,942.47**	**7,160.16**	**7,398.81**	**7,638.00**	**7,914.97**
Earnings Per Share										
Basic	1.49	1.82	2.10	3.61	3.38	3.38	3.49	3.60	3.72	3.86
Dilluted	1.48	1.81	2.10	3.60	3.37	3.37	3.48	3.59	3.71	3.84

Source: Bloomberg. Author's Analysis

Appendix 1.2 - Statement of Financial Position

Description ($´M)	December 31,									
	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Assets										
Current assets:										
Cash and cash equivalents	1,105.00	639.00	1,601.00	2,690.00	1,487.00	1,251.25	1,436.11	1,808.69	3,256.18	1,920.65
Customer receivables	2,263.00	3,378.00	4,349.00	3,609.00	3,336.00	4,187.72	4,459.68	4,754.88	4,259.54	5,404.16
Other receivables	711.00	730.00	744.00	944.00	1,180.00	1,256.63	1,338.24	1,426.82	1,521.12	1,621.66
Materials, supplies and fuel inventory	1,552.00	1,561.00	1,934.00	2,106.00	2,214.00	2,357.78	2,510.90	2,677.10	2,854.04	3,042.67
Regulatory assets	377.00	1,125.00	2,165.00	1,460.00	1,417.00	1,509.02	1,607.02	1,713.39	1,826.63	1,947.36
Derivatives	570.00	689.00	1,590.00	1,730.00	879.00	824.18	877.70	935.80	997.64	1,063.58
Contract assets	-	-	318.00	1,487.00	252.00	236.28	251.63	268.28	286.01	304.92
Other	804.00	1,166.00	789.00	1,335.00	1,186.00	1,263.02	1,345.04	1,434.08	1,528.86	1,629.90
Total current assets	**7,382.00**	**9,288.00**	**13,490.00**	**15,361.00**	**11,951.00**	**12,885.89**	**13,826.33**	**15,019.04**	**16,530.03**	**16,934.89**
Non-current assets:										
Property, plant and equipment - net	91,803.00	99,348.00	111,059.00	125,776.00	138,852.00	148,571.64	158,971.65	170,099.67	182,006.65	194,747.11
Special use funds	7,779.00	8,922.00	7,496.00	8,698.00	9,800.00	10,471.67	11,189.38	11,956.28	12,775.74	13,651.37
Investment in equity method investees	5,728.00	6,159.00	6,582.00	6,156.00	6,118.00	6,229.70	6,343.44	6,459.25	6,577.18	6,697.26
Prepaid benefit costs	1,707.00	2,243.00	1,832.00	2,112.00	2,496.00	2,621.98	2,754.32	2,893.34	3,039.38	3,192.78
Regulatory assets	3,712.00	4,578.00	5,992.00	4,801.00	4,828.00	5,141.54	5,475.44	5,837.87	6,223.71	6,635.04
Derivatives	1,647.00	1,135.00	1,935.00	1,790.00	1,774.00	1,889.21	2,011.90	2,145.07	2,286.84	2,437.98
Goodwill	4,254.00	4,844.00	4,854.00	5,091.00	4,866.00	5,182.01	5,518.54	5,883.82	6,272.69	6,687.27
Other	3,672.00	4,395.00	5,695.00	7,704.00	9,459.00	10,073.29	10,727.46	11,437.54	12,193.46	12,999.35
Total non-current assets	**120,302.00**	**131,624.00**	**145,445.00**	**162,128.00**	**178,193.00**	**190,181.03**	**202,992.13**	**216,712.84**	**231,375.65**	**247,048.17**
TOTAL ASSETS	**127,684.00**	**140,912.00**	**158,935.00**	**177,489.00**	**190,144.00**	**203,066.92**	**216,818.46**	**231,731.88**	**247,905.68**	**263,983.06**
Liabilities and Equity										
Current liabilities:										
Commercial paper	1,551.00	1,382.00	1,709.00	4,650.00	1,670.00	1,355.13	1,443.13	1,538.66	1,640.35	1,748.76
Other short-term debt	458.00	700.00	1,368.00	255.00	217.00	245.21	277.09	313.12	353.83	399.83
Current portion of long-term debt	4,138.00	1,785.00	6,633.00	6,901.00	8,061.00	8,901.34	9,829.29	10,853.97	11,985.47	13,234.93
Accounts payable	4,615.00	6,935.00	8,312.00	8,504.00	6,982.00	7,081.34	7,182.09	7,284.27	7,387.91	7,493.02
Customer deposits	474.00	485.00	560.00	638.00	694.00	697.00	742.26	791.39	843.70	899.46
Accrued interest and taxes	519.00	525.00	719.00	970.00	1,016.00	1,896.45	2,107.55	2,339.16	2,596.55	2,851.52
Derivatives	311.00	1,263.00	2,102.00	845.00	1,073.00	1,193.22	1,326.90	1,475.56	1,640.88	1,824.72
Accrued construction-related expenditures	991.00	1,378.00	1,760.00	1,861.00	2,346.00	2,811.46	3,369.26	4,037.74	4,838.84	5,798.88
Regulatory liabilities	245.00	289.00	350.00	340.00	279.00	279.00	279.00	279.00	279.00	279.00
Other	2,256.00	2,695.00	3,182.00	2,999.00	3,017.00	3,498.79	3,726.00	3,972.64	4,235.20	4,515.11
Total current liabilities	**15,558.00**	**17,437.00**	**26,695.00**	**27,963.00**	**25,355.00**	**27,958.93**	**30,282.58**	**32,885.51**	**35,801.72**	**39,045.23**
Long-term debt	41,944.00	50,960.00	55,256.00	61,405.00	72,385.00	80,440.15	89,391.69	99,339.38	110,394.07	121,189.70
Asset retirement obligations	3,057.00	3,082.00	3,245.00	3,403.00	3,671.00	3,844.01	4,025.16	4,214.86	4,413.50	4,621.49
Deferred income taxes	8,020.00	8,310.00	9,072.00	10,142.00	11,749.00	12,936.39	14,243.78	15,683.30	17,268.29	19,013.48
Regulatory liabilities	10,735.00	11,273.00	9,626.00	10,049.00	10,635.00	9,874.68	9,703.38	9,535.06	9,369.65	9,207.11
Derivatives	1,199.00	1,713.00	2,909.00	2,741.00	2,008.00	2,753.29	2,932.09	3,126.17	3,332.78	3,553.05
Other	2,242.00	2,468.00	2,696.00	2,762.00	3,480.00	3,374.62	3,593.77	3,831.65	4,084.89	4,354.87
Total non-current liabilities and deferred credits	**67,197.00**	**77,806.00**	**82,804.00**	**90,502.00**	**103,928.00**	**113,223.13**	**123,889.88**	**135,730.41**	**148,863.19**	**161,939.71**
TOTAL LIABILITIES	**82,755.00**	**95,243.00**	**109,499.00**	**118,465.00**	**129,283.00**	**141,182.05**	**154,172.46**	**168,615.92**	**184,664.91**	**200,984.94**
EQUITY										
Common stock	20.00	20.00	20.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00
Additional paid-in capital	11,222.00	11,271.00	12,720.00	17,365.00	17,260.00	17,260.00	17,260.00	17,260.00	17,260.00	17,260.00
Retained earnings	25,363.00	25,911.00	26,707.00	30,235.00	32,946.00	33,969.86	34,731.00	35,200.96	35,325.77	35,083.12
Accumulated other comprehensive loss	(92.00)	0.00	(218.00)	(153.00)	(126.00)	(126.00)	(126.00)	(126.00)	(126.00)	(126.00)
Total Common Shareholder Equity	**36,513.00**	**37,202.00**	**39,229.00**	**47,468.00**	**50,101.00**	**51,124.86**	**51,886.00**	**52,355.96**	**52,480.77**	**52,238.12**
Reedemable noncontrolling interests	0.00	(245.00)	(1,110.00)	1,256.00	401.00	401.00	401.00	401.00	401.00	401.00
Noncontrolling interests	8,416.00	8,467.00	10,207.00	10,300.00	10,359.00	10,359.00	10,359.00	10,359.00	10,359.00	10,359.00
TOTAL EQUITY	**44,929.00**	**45,424.00**	**48,326.00**	**59,024.00**	**60,460.00**	**61,884.86**	**62,646.00**	**63,115.96**	**63,240.77**	**62,998.12**
TOTAL LIABILITIES AND EQUITY	**127,684.00**	**140,912.00**	**158,935.00**	**177,489.00**	**190,144.00**	**203,066.92**	**216,818.46**	**231,731.88**	**247,905.68**	**263,983.06**

Source: Bloomberg. Author's Analysis

Appendix 1.3 - Cash Flow Statement

Description ($´M)	December 31,									
	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
CASH FLOWS FROM OPERATING ACTIVITIES										
Net income	2,369.00	2,827.00	3,246.00	6,282.00	5,698.00	5,694.47	5,912.16	6,150.81	6,390.00	6,666.97
Adj to reconcile NI to net cash provided by (used in) operating activities:										
Depreciation and amortization	4,052.00	3,924.00	4,503.00	5,879.00	5,462.00	6,156.62	6,585.56	7,044.92	7,536.29	8,061.94
Nuclear fuel and other amortization	263.00	290.00	287.00	272.00	299.00	-	-	-	-	-
Unrealized losses (gains) on marked to market derivative contracts - net	533.00	2,005.00	1,378.00	(1,949.00)	(492.00)	6.25	6.25	6.25	6.25	6.25
Unrealized losses (gains) on equity securities held in NEER's nuclear decommissioning funds	-	(267.00)	461.00	(159.00)	(107.00)	(107.00)	(107.00)	(107.00)	(107.00)	(107.00)
Foreign currency transaction losses (gains)	45.00	(94.00)	(104.00)	92.00	(85.00)	-	-	-	-	-
Deferred income taxes	(78.00)	436.00	534.00	708.00	1,308.00	1,187.39	1,307.39	1,439.52	1,585.00	1,745.18
Cost recovery clauses and franchise fees	(121.00)	(599.00)	(1,465.00)	1,104.00	1,016.00	-	-	-	-	-
Equity in losses (earnings) of equity method investees	1,351.00	(666.00)	(203.00)	648.00	246.00	(198.00)	(198.00)	(198.00)	(198.00)	(198.00)
Distributions of earnings from equity method investees	456.00	526.00	541.00	712.00	811.00	-	-	-	-	-
Gains on disposal of businesses, assets and investments - net	(403.00)	(146.00)	(602.00)	(530.00)	(515.00)	-166.15	-169.58	-173.05	-176.60	-180.24
Recoverable storm-related costs	(69.00)	(138.00)	(811.00)	(399.00)	(676.00)	-	-	-	-	-
Other - net	189.00	(59.00)	85.00	34.00	135.00	-	-	-	-	-
Changes in operating assets and liabilities:						-	-	-	-	-
Current assets	(364.00)	(1,267.00)	(1,340.00)	58.00	(382.00)	(1,170.64)	(755.58)	(820.13)	(63.50)	(1,740.40)
Current liabilities	(6.00)	1,053.00	1,702.00	(1,109.00)	767.00	2,603.93	2,323.66	2,602.93	2,916.21	3,243.51
Net cash provided by operating activities	**7,983.00**	**7,553.00**	**8,262.00**	**11,301.00**	**13,260.00**	**14,006.86**	**14,904.86**	**15,946.24**	**17,888.66**	**17,498.22**
CASH FLOWS FROM INVESTING ACTIVITIES										
Capital expenditures of FPL	(7,489.00)	(7,408.00)	(9,067.00)	(9,302.00)	(7,992.00)	(9,719.64)	(10,400.01)	(11,128.02)	(11,906.98)	(12,740.47)
Independent power and other investments of NEER	(6,851.00)	(8,247.00)	(9,541.00)	(15,565.00)	(16,215.00)	(313.54)	(333.90)	(362.43)	(385.84)	(411.34)
Nuclear fuel purchases	(245.00)	(275.00)	(223.00)	(185.00)	(399.00)	-	-	-	-	-
Other capital expenditures	(25.00)	(147.00)	(452.00)	(61.00)	(123.00)	(316.01)	(336.53)	(365.28)	(388.87)	(414.57)
Proceeds from the sale of Florida City Gas business	-	-	-	924.00	-	-	-	-	-	-
Sale of independent power and other investments of NEER	1,012.00	2,761.00	1,564.00	1,883.00	2,659.00	(4.70)	(6.74)	(8.81)	(10.93)	(13.08)
Proceeds from sale or maturity of securities in special use funds and other investments	3,916.00	4,995.00	3,857.00	4,875.00	5,445.00	(870.96)	(947.94)	(1,039.57)	(1,127.79)	(1,222.76)
Purchases of securities in special use funds and other investments	(4,100.00)	(5,310.00)	(4,586.00)	(5,926.00)	(5,623.00)	-	-	-	-	-
Other - net	83.00	40.00	89.00	(110.00)	(16.00)	(6,454.90)	(6,903.21)	(7,389.71)	(7,903.35)	(8,453.26)
Net cash used in investing activities	**(13,699.00)**	**(13,591.00)**	**(18,359.00)**	**(23,467.00)**	**(22,264.00)**	**(17,679.75)**	**(18,928.33)**	**(20,293.83)**	**(21,723.76)**	**(23,255.48)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Issuances of long-term debt, including premiums and discounts	12,404.00	16,683.00	13,856.00	13,857.00	24,769.00	8,055.15	8,951.54	9,947.69	11,054.69	10,795.63
Retirements of long-term debt	(6,103.00)	(9,594.00)	(4,525.00)	(7,978.00)	(10,113.00)	-	-	-	-	-
Proceeds from differential membership investors	3,522.00	2,779.00	4,158.00	2,745.00	2,257.00	-	-	-	-	-
Net change in commercial paper	(965.00)	(169.00)	327.00	2,941.00	(2,980.00)	-	-	-	-	-
Proceeds from other short-term debt	2,158.00	-	1,755.00	1,980.00	6,575.00	-	-	-	-	-
Repayments of other short-term debt	(2,100.00)	(257.00)	(1,125.00)	(2,613.00)	(6,613.00)	-	-	-	-	-
Payments from related parties under a cash sweep and credit support agreement	(2.00)	47.00	240.00	1,213.00	(1,371.00)	-	-	-	-	-
Issuances of common stock/equity units - net	(92.00)	14.00	1,460.00	4,514.00	48.00	-	-	-	-	-
Change in non current liabilities						52.59	407.82	453.33	493.09	535.71
Proceeds from sale of noncontrolling interests	501.00	65.00	-	-		-	-	-	-	-
Dividends on common stock	(2,743.00)	(3,024.00)	(3,352.00)	(3,782.00)	(4,235.00)	(4,670.61)	(5,151.03)	(5,680.86)	(6,265.19)	(6,909.62)
Other - net	(406.00)	(737.00)	(565.00)	(728.00)	(1,337.00)	-	-	-	-	-
Net cash provided by financing activities	**6,174.00**	**5,807.00**	**12,229.00**	**12,149.00**	**7,000.00**	**3,437.13**	**4,208.34**	**4,720.16**	**5,282.59**	**4,421.72**
Effects of currency translation on cash, cash equivalents and restricted cash	(20.00)	1.00	(7.00)	(4.00)	(14.00)					
Net increase (decrease) in cash, cash equivalents and restricted cash	438.00	(230.00)	2,125.00	(21.00)	(2,018.00)	(235.75)	184.87	372.58	1,447.49	(1,335.54)
Cash, cash equivalents and restricted cash at beginning of year	1,108.00	1,546.00	1,316.00	3,441.00	3,420.00	1,487.00	1,251.25	1,436.11	1,808.69	3,256.18
Cash, cash equivalents and restricted cash at end of year $	**1,546.00**	**1,316.00**	**3,441.00**	**3,420.00**	**1,402.00**	**1,251.25**	**1,436.11**	**1,808.69**	**3,256.18**	**1,920.65**

Source: Bloomberg. Author's Analysis

Appendix 1.4 - Key Financial Ratios

	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Liquidity Ratios										
Current ratio	47.45%	53.27%	50.53%	54.93%	47.13%	46.09%	45.66%	45.67%	46.17%	43.37%
Acid test ratio	37.47%	44.31%	43.29%	47.40%	38.40%	37.66%	37.37%	37.53%	38.20%	35.58%
Cash Ratio	7.10%	3.66%	6.00%	9.62%	5.86%	4.48%	4.74%	5.50%	9.10%	4.92%
Solverncy Ratios										
Debt to Equity Ratio (D/E)	1.07	1.21	1.34	1.24	1.36	1.47	1.61	1.78	1.97	2.17
Total Debt to Total Assets Ratio	0.65	0.68	0.69	0.67	0.68	0.70	0.71	0.73	0.74	0.76
Interest Bearing Debt Ratio	0.38	0.39	0.41	0.41	0.43	0.45	0.47	0.48	0.50	0.52
Long Term Debt Ratio	0.53	0.55	0.52	0.51	0.55	0.56	0.57	0.59	0.60	0.61
Short Term Ratio	0.12	0.12	0.17	0.16	0.13	0.14	0.14	0.14	0.14	0.15
Interest Coverage Ratio	4.09	5.95	14.12	3.40	5.93	5.57	5.33	5.14	5.19	4.62
Activity Ratios										
Inventory Turnover	11.60	10.93	10.84	13.35	11.18	11.18	11.18	11.18	11.18	11.18
Days Sales Outstanding	31.48	33.38	33.69	27.34	32.65	32.65	32.65	32.65	32.65	32.65
Accounts Receivables Turnover	7.95	5.05	4.82	7.79	7.42	6.29	6.29	6.29	7.49	6.29
Days AR Outstanding	45.90	72.23	75.75	46.86	49.19	57.99	57.99	57.99	48.72	57.99
Accounts Payables Turnover	3.90	2.46	2.52	3.31	3.55	3.72	3.91	4.11	4.32	4.54
Days AP Outstanding	93.60	148.30	144.77	110.41	102.95	98.05	93.38	88.83	84.51	80.40
Fixed Asset Turnover	0.20	0.17	0.19	0.22	0.18	0.18	0.18	0.18	0.18	0.17
Total Asset Turnover	0.14	0.12	0.13	0.16	0.13	0.13	0.13	0.13	0.13	0.13
Profitability Ratios										
Gross Profit Margin	71.57%	82.93%	80.53%	63.59%	69.79%	70.67%	70.77%	70.85%	70.93%	71.01%
EBITDA Margin	49.06%	59.94%	59.04%	42.68%	47.72%	47.31%	47.31%	47.31%	47.31%	47.31%
EBIT Margin	26.47%	16.61%	16.98%	34.97%	28.79%	27.78%	27.67%	27.60%	27.51%	27.43%
Net Profit Margin	13.16%	16.56%	15.49%	22.34%	23.02%	21.60%	21.06%	20.55%	20.03%	19.60%
Return on Assets (ROA)	1.86%	2.01%	2.04%	3.54%	3.00%	2.80%	2.73%	2.65%	2.58%	2.53%
Return on Invested Capital (ROIC)	3.63%	2.07%	2.57%	5.77%	3.93%	3.81%	3.78%	3.76%	3.74%	3.74%
Return on Equity (ROE)	6.49%	7.60%	8.27%	13.23%	11.37%	11.14%	11.39%	11.75%	12.18%	12.76%
Dupont Analysis										
Net Profit Margin	13.16%	16.56%	15.49%	22.34%	23.02%	21.60%	21.06%	20.55%	20.03%	19.60%
Asset Turnover	14.09%	12.11%	13.19%	15.84%	13.02%	12.98%	12.95%	12.92%	12.87%	12.89%
Equity Multiplier	3.50	3.79	4.05	3.74	3.80	3.97	4.18	4.43	4.72	5.05
Return on Debt (ROD)	4.93%	5.16%	5.00%	8.58%	6.92%	6.26%	5.86%	5.49%	5.14%	4.88%
Return on Capital Employed (ROCE)	14.01%	7.83%	10.40%	21.57%	14.93%	15.12%	15.81%	16.66%	17.67%	18.88%
EPS	1.48	1.81	2.10	3.60	3.37	3.37	3.48	3.59	3.71	3.84
DPS	1.39	1.53	1.69	1.86	2.06	2.27	2.50	2.76	3.04	3.35
Dividend Payout Ratio	115.79%	106.97%	103.27%	60.20%	74.32%	82.02%	87.13%	92.36%	98.05%	103.64%
Cash Flow Ratios										
Debt Coverage	0.17	0.14	0.13	0.15	0.16	0.15	0.15	0.14	0.14	0.13
Dividend Coverage	0.86	0.93	0.97	1.66	1.35	1.22	1.15	1.08	1.02	0.96
Operational Cash to EBIT	1.56	2.59	2.02	1.10	1.77	1.81	1.82	1.83	1.93	1.77

Source: Bloomberg. Author's Analysis

Appendix 1.5 - Forecasting Assumptions

Income Statement Head of Account	Assumption used
Operating expenses	Based in growth in revenue except D&A
Taxes other than income tax	Last year % of revenue.
Gains on disposal of businesses/Assets	Last 5 years average % of revenue.
Interest expense	rate
Equity in earnings (losses) of equity method investees	Same as the previous year.
Allowance for equity funds used during construction	Same as the previous year.
Gains on disposal of investments and other property	This is based on the average of change in the last four years.
NEER's nuclear decommissioning funds	Same as the previous year
Other net periodic benefit income	Based in the assumption of forecasted growth rate
Other - net	Based in the assumption of forecasted growth rate
Income Taxes	Based in the assumption of the average tax rate

Balance Sheet Head of Account	Assumption used
Assets	
Customer receivables	Calculated as historical growth rate average last 4 years
Other receivables	Assumed the forecasted constant growth rate
Materials, supplies and fuel inventory	Calculated as historical growth rate average last 4 years
Regulatory assets	Based on the previous year depreciation and amortization rate.
Derivatives	Same rate as revenue grows.
Contract assets	Assumed account as percentage of revenues
Other	Same as previous year
Property, plant and equipment	Assumed a 7% growth rate, considering a more realistic and stable forecast.
Special use funds	This is based on the average of change in the last four years
Investment in equity method investees	Same as previous year
Prepaid benefit costs	This is based on the average of change in the last four years
Regulatory assets	Based on the last year depreciation and amortization rate
Derivatives	Same rate as revenue grows
Goodwill	Based on the last year depreciation and amortization rate
Other	Same as previous year
Liabilities	
Commercial paper	Same rate as revenue grows
Other short-term debt	This is based on the average of change in the last four years
Current portion of long-term debt	Assumed a hsitorical growth rate based on the last 4 years
Accounts payable	Same rate as last year change
Customer deposits	Based on the previous year average revenue growth rate
Accrued interest and taxes	Calculated as the last year average interest expense growth rate
Derivatives	Same rate as previous year change
Accrued construction-related expenditures	This is based on the average of change in the last four years
Regulatory liabilities	Same as previous year
Other	This is based on the average of change in the last four years
Long-term debt	Assumed a 11.13% growth in they first four years and 9.11% in the last year
Asset retirement obligations	Same as previous year
Deferred income taxes	Assumed a hsitorical growth rate based on the last 4 years
Regulatory liabilities	This is based on the average of change in the last four years
Derivatives	Same rate as previous year change
Other	This is based on the average of change in the last four years

Source: Author's Analysis

Appendix 1.6 - Revenue Forecast Breakdown

Forecasted Growth Rate Description	2025F	2026F	2027F	2028F	2029F
US Inflation	2.00%	2.10%	2.10%	2.10%	2.10%
Canada Inflation	1.87%	2.02%	2.00%	2.00%	2.02%
Average inflation US & Canada	1.94%	1.94%	2.06%	2.05%	2.05%
Average Growth Rate - last 5 years	4.56%	4.56%	4.56%	4.56%	4.56%
Forecasted Growth Rate	6.49%	6.49%	6.62%	6.61%	6.61%

Historical Growth Rate Description	$'M
in 2020	17,997.00
in 2024 (actual)	24,753.00
in 2024 (excluding inflation till 2020)	22,491.13
Growth Rate in 5 Years	4.56%
Quarterly Growth Rate	1.14%

Source: Author's Analysis

Note: the annual revenue growth rate was determined by calculating the Compound Annual Growth Rate (CAGR) of NextEra Energy's revenues over the past five years, providing a stable and historical basis for projecting future performance. To reflect expected changes in the economic environment, the average forecasted inflation rates for the United States and Canada were added to the historical CAGR. This adjustment accounts for anticipated price level increases and aligns the revenue growth assumption with broader macroeconomic trends relevant to NEE's operations in both markets.

Description ($'M) Total Revenue	Units	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Revenues from energy sales and services and other	Thousands	17,997.00	17,069.00	20,956.00	28,114.00	24,753.00	26,360.51	28,072.41	29,930.58	31,908.75	34,017.66
% growth	Percentage		-5.16%	-5.16%	22.77%	34.16%	6.49%	6.49%	6.62%	6.61%	6.61%
Auxiliar Data											
US Inflation	Thousands	1.20%	4.70%	8.00%	4.10%	2.9%	2.00%	2.10%	2.10%	2.10%	2.10%
% growth	Percentage		291.67%	70.21%	-48.75%	-29.27%	-31.03%	5.00%	0.00%	0.00%	0.00%
Canada Inflation	Thousands	0.72%	3.40%	6.80%	3.88%	2.44%	1.87%	2.02%	2.00%	2.00%	2.02%
% growth	Percentage		372.22%	100.00%	-42.94%	-37.11%	-51.80%	8.02%	-0.99%	0.00%	1.00%
Average inflation	Percentage	0.96%	4.05%	7.40%	3.99%	2.67%	1.94%	2.06%	2.05%	2.05%	2.06%
Revenues by segment											
FPL	Thousands	11,662.00	14,102.00	17,282.00	18,365.00	17,019.00	18,124.25	19,301.27	20,578.86	21,938.95	23,388.94
% growth	Percentage		20.92%	22.55%	6.27%	-7.33%	6.49%	6.49%	6.62%	6.61%	6.61%
NEER	Thousands	5,046.00	3,053.00	3,720.00	9,672.00	7,542.00	8,031.79	8,553.39	9,119.56	9,722.29	10,364.85
% growth	Percentage		-39.50%	21.85%	160.00%	-22.02%	6.49%	6.49%	6.62%	6.61%	6.61%
Gulf Power	Thousands	1,398.00	-	-	-		-	-	-	-	-
% growth	Percentage		-	-	-		-	-	-	-	-
Corp and other	Thousands	(109.00)	(86.00)	(46.00)	77.00	192.00	204.47	217.75	232.16	247.50	263.86
% growth	Percentage		-21.10%	-46.51%	-267.39%	149.35%	6.49%	6.49%	6.62%	6.61%	6.61%
Total Revenue	**Thousands**	**17,997.00**	**17,069.00**	**20,956.00**	**28,114.00**	**24,753.00**	**26,360.51**	**28,072.41**	**29,930.58**	**31,908.75**	**34,017.66**
% growth	Percentage		-5.16%	22.77%	34.16%	-11.95%	6.49%	6.49%	6.62%	6.61%	6.61%

Source: Author's Analysis

Appendix 1.7 - Common-Size Income Statement

Commons Size IS	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
OPERATING REVENUES	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
OPERATING EXPENSES	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Fuel, purchased power and interchange	-19.66%	-26.52%	-30.49%	-19.41%	-20.32%	-20.32%	-20.32%	-20.32%	-20.32%	-20.32%
Other operations and maintenance	-20.84%	-23.32%	-21.13%	-16.65%	-19.62%	-19.62%	-19.62%	-19.62%	-19.62%	-19.62%
GROSS PROFIT	**59.49%**	**50.16%**	**48.38%**	**63.94%**	**60.06%**	**60.06%**	**60.06%**	**60.06%**	**60.06%**	**60.06%**
Storm restoration costs	-1.02%	-	-	-	0.00%	-	-	-	-	-
Depreciation and amortization	-22.51%	-22.99%	-21.49%	-20.91%	-22.07%	-23.36%	-23.46%	-23.54%	-23.62%	-23.70%
Taxes other than income taxes and other - net	-9.50%	-10.55%	-9.91%	-8.06%	-9.20%	-8.93%	-8.93%	-8.93%	-8.93%	-8.93%
Total operating expenses - net	73.53%	83.39%	83.02%	65.03%	71.21%	72.22%	72.33%	72.40%	72.49%	72.57%
Gains on disposal of businesses/Assets	1.96%	0.45%	2.49%	1.44%	1.42%	1.55%	1.55%	1.55%	1.55%	1.55%
Operating Income	**28.43%**	**17.07%**	**19.47%**	**36.41%**	**30.21%**	**29.33%**	**29.23%**	**29.15%**	**29.07%**	**28.99%**
Other Income (Deductions)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Interest expense	-10.84%	-7.44%	-2.79%	-11.82%	-9.03%	-9.55%	-9.96%	-10.37%	-10.80%	-11.12%
Equity in earnings (losses) of equity method investees	-7.51%	3.90%	0.97%	-2.30%	-0.99%	-0.02%	-0.02%	-0.02%	-0.02%	-0.02%
Allowance for equity funds used during construction	0.52%	0.83%	0.53%	0.57%	0.80%	0.75%	0.71%	0.66%	0.62%	0.58%
Gains on disposal of investments and other property	0.28%	0.41%	0.38%	0.44%	0.66%	0.63%	0.60%	0.58%	0.55%	0.53%
NEER's nuclear decommissioning funds	0.91%	1.56%	-2.20%	0.57%	0.43%	0.41%	0.38%	0.36%	0.34%	0.31%
Other net periodic benefit income	1.11%	1.51%	0.96%	0.87%	0.95%	0.96%	0.98%	0.99%	1.01%	1.03%
Other - net	0.51%	0.76%	0.95%	1.18%	1.36%	1.36%	1.36%	1.36%	1.36%	1.36%
Total other income (deductions) - net	-15.02%	1.53%	-1.19%	-10.49%	-5.83%	-5.46%	-5.96%	-6.44%	-6.94%	-7.33%
Income Before Taxes	**13.41%**	**18.60%**	**18.29%**	**25.92%**	**24.39%**	**23.87%**	**23.27%**	**22.71%**	**22.13%**	**21.66%**
Income Taxes	-0.24%	-2.04%	-2.80%	-3.58%	-1.37%	-2.27%	-2.21%	-2.16%	-2.10%	-2.06%
Net Income	**13.16%**	**16.56%**	**15.49%**	**22.34%**	**23.02%**	**21.60%**	**21.06%**	**20.55%**	**20.03%**	**19.60%**
Net Income Attributable to Noncontrolling Interests	3.06%	4.37%	4.30%	3.66%	5.04%	4.73%	4.45%	4.17%	3.91%	3.67%
Net Income Attributable to NEE	**16.22%**	**20.93%**	**19.79%**	**26.00%**	**28.06%**	**26.34%**	**25.51%**	**24.72%**	**23.94%**	**23.27%**

Source: Author's Analysis

Appendix 1.8 - Common-Size Balance Sheet

Common Size Balance Sheet	December 31,									
	2020	2021	2022	2023	2024	2025F	2026F	2027F	2028F	2029F
Assets										
Current assets:										
Cash and cash equivalents	0.87%	0.45%	1.01%	1.52%	0.78%	0.62%	0.66%	0.78%	1.31%	0.73%
Customer receivables	1.77%	2.40%	2.74%	2.03%	1.75%	2.06%	2.06%	2.05%	1.72%	2.05%
Other receivables	0.56%	0.52%	0.47%	0.53%	0.62%	0.62%	0.62%	0.62%	0.61%	0.61%
Materials, supplies and fuel inventory	1.22%	1.11%	1.22%	1.19%	1.16%	1.16%	1.16%	1.16%	1.15%	1.15%
Regulatory assets	0.30%	0.80%	1.36%	0.82%	0.75%	0.74%	0.74%	0.74%	0.74%	0.74%
Derivatives	0.45%	0.49%	1.00%	0.97%	0.46%	0.41%	0.40%	0.40%	0.40%	0.40%
Contract assets	-	-	0.20%	0.84%	0.13%	0.12%	0.12%	0.12%	0.12%	0.12%
Other	0.63%	0.83%	0.50%	0.75%	0.62%	0.62%	0.62%	0.62%	0.62%	0.62%
Total current assets	5.78%	6.59%	8.49%	8.65%	6.29%	6.35%	6.38%	6.48%	6.67%	6.42%
Non-current assets:										
Property, plant and equipment - net	71.90%	70.50%	69.88%	70.86%	73.02%	73.16%	73.32%	73.40%	73.42%	73.77%
Special use funds	6.09%	6.33%	4.72%	4.90%	5.15%	5.16%	5.16%	5.16%	5.15%	5.17%
Investment in equity method investees	4.49%	4.37%	4.14%	3.47%	3.22%	3.07%	2.93%	2.79%	2.65%	2.54%
Prepaid benefit costs	1.34%	1.59%	1.15%	1.19%	1.31%	1.29%	1.27%	1.25%	1.23%	1.21%
Regulatory assets	2.91%	3.25%	3.77%	2.70%	2.54%	2.53%	2.53%	2.52%	2.51%	2.51%
Derivatives	1.29%	0.81%	1.22%	1.01%	0.93%	0.93%	0.93%	0.93%	0.92%	0.92%
Goodwill	3.33%	3.44%	3.05%	2.87%	2.56%	2.55%	2.55%	2.54%	2.53%	2.53%
Other	2.88%	3.12%	3.58%	4.34%	4.97%	4.96%	4.95%	4.94%	4.92%	4.92%
Total non-current assets	94.22%	93.41%	91.51%	91.35%	93.71%	93.65%	93.62%	93.52%	93.33%	93.58%
TOTAL ASSETS	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Liabilities and Equity										
Current liabilities:										
Commercial paper	1.21%	0.98%	1.08%	2.62%	0.88%	0.67%	0.67%	0.66%	0.66%	0.66%
Other short-term debt	0.36%	0.50%	0.86%	0.14%	0.11%	0.12%	0.13%	0.14%	0.14%	0.15%
Current portion of long-term debt	3.24%	1.27%	4.17%	3.89%	4.24%	4.38%	4.53%	4.68%	4.83%	5.01%
Accounts payable	3.61%	4.92%	5.23%	4.79%	3.67%	3.49%	3.31%	3.14%	2.98%	2.84%
Customer deposits	0.37%	0.34%	0.35%	0.36%	0.36%	0.34%	0.34%	0.34%	0.34%	0.34%
Accrued interest and taxes	0.41%	0.37%	0.45%	0.55%	0.53%	0.93%	0.97%	1.01%	1.05%	1.08%
Derivatives	0.24%	0.90%	1.32%	0.48%	0.56%	0.59%	0.61%	0.64%	0.66%	0.69%
Accrued construction-related expenditures	0.78%	0.98%	1.11%	1.05%	1.23%	1.38%	1.55%	1.74%	1.95%	2.20%
Regulatory liabilities	0.19%	0.21%	0.22%	0.19%	0.15%	0.14%	0.13%	0.12%	0.11%	0.11%
Other	1.77%	1.91%	2.00%	1.69%	1.59%	1.72%	1.72%	1.71%	1.71%	1.71%
Total current liabilities	12.18%	12.37%	16.80%	15.75%	13.33%	13.77%	13.97%	14.19%	14.44%	14.79%
Long-term debt	32.85%	36.16%	34.77%	34.60%	38.07%	39.61%	41.23%	42.87%	44.53%	45.91%
Asset retirement obligations	2.39%	2.19%	2.04%	1.92%	1.93%	1.89%	1.86%	1.82%	1.78%	1.75%
Deferred income taxes	6.28%	5.90%	5.71%	5.71%	6.18%	6.37%	6.57%	6.77%	6.97%	7.20%
Regulatory liabilities	8.41%	8.00%	6.06%	5.66%	5.59%	4.86%	4.48%	4.11%	3.78%	3.49%
Derivatives	0.94%	1.22%	1.83%	1.54%	1.06%	1.36%	1.35%	1.35%	1.34%	1.35%
Other	1.76%	1.75%	1.70%	1.56%	1.83%	1.66%	1.66%	1.65%	1.65%	1.65%
Total non-current liabilities and deferred credits	52.63%	55.22%	52.10%	50.99%	54.66%	55.76%	57.14%	58.57%	60.05%	61.34%
TOTAL LIABILITIES	64.81%	67.59%	68.90%	66.74%	67.99%	69.52%	71.11%	72.76%	74.49%	76.14%
EQUITY										
Common stock	0.02%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Additional paid-in capital	8.79%	8.00%	8.00%	9.78%	9.08%	8.50%	7.96%	7.45%	6.96%	6.54%
Retained earnings	19.86%	18.39%	16.80%	17.03%	17.33%	16.73%	16.02%	15.19%	14.25%	13.29%
Accumulated other comprehensive loss	-0.07%	0.00%	-0.14%	-0.09%	-0.07%	-0.06%	-0.06%	-0.05%	-0.05%	-0.05%
Total Common Shareholder Equity	28.60%	26.40%	24.68%	26.74%	26.35%	25.18%	23.93%	22.59%	21.17%	19.79%
Reedemable noncontrolling interests	0.00%	-0.17%	-0.70%	0.71%	0.21%	0.20%	0.18%	0.17%	0.16%	0.15%
Noncontrolling interests	6.59%	6.01%	6.42%	5.80%	5.45%	5.10%	4.78%	4.47%	4.18%	3.92%
TOTAL EQUITY	35.19%	32.24%	30.41%	33.26%	31.80%	30.48%	28.89%	27.24%	25.51%	23.86%
TOTAL LIABILITIES AND EQUITY	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Author's Analysis

Appendix 2 – Valuation Models

Appendix 2.1 - WACC

Weighted Average Cost of Capital	
Cost of Debt (Kd)	2.71%
Risk free rate	4.52%
Market Return (10Y)	11.39%
Equity Risk Premium	6.87%
Beta (5Y Monthly)	0.68
Cost of Equity (Ke)	9.19%
Total Equity ($'M)	50,101.00
Total Debt ($'M)	82,333.00
Corporate Tax Rate (5Y Avg)	9.50%
WACC	5.00%

Source: Author's Analysis

Appendix 2.2 – Market Return Indices

S&P 500 Annual Return		
Year	Adjusted Closing Price	Change %
2024	$5,428.24	26.72%
2023	$4,283.73	4.55%
2022	$4,097.49	-4.12%
2021	$4,273.41	32.80%
2020	$3,217.86	10.45%
2019	$2,913.36	6.09%
2018	$2,746.21	12.13%
2017	$2,449.08	16.92%
2016	$2,094.65	1.63%
2015	$2,061.07	6.71%
2014	$1,931.38	

Source: Yahoo Finance. Authors Analysis

Note: the market return rate was estimated using the average annual return of the S&P 500 index based on its 10-year historical closing prices, providing a representative benchmark for long-term equity market performance. The levered beta, which measures the stock's volatility relative to the market, was obtained directly from Bloomberg to ensure accuracy and consistency with industry standards. The risk-free rate (RFR) was derived from the yield on the 10-year U.S. Treasury bond, reflecting the return on a virtually risk-free investment. These components were then used to compute the cost of equity through the Capital Asset Pricing Model (CAPM).

Appendix 2.3 – Discounted Cash Flow Model I (FCFF) in $'M except percentages and PPS

Discounted Cash Flow Model (DCF)	Forecasted				
Free Cash Flow to the Firm (FCFF)	2025F	2026F	2027F	2028F	2029F
Eearning Before Interest and Taxes	7,731.81	8,204.81	8,724.44	9,275.30	9,860.76
Tax Rate	9.50%	9.50%	9.50%	9.50%	9.50%
EBIT*(1-t)	6,997.36	7,425.43	7,895.70	8,394.24	8,924.09
Capital Expenditures	9,719.64	10,400.01	11,128.02	11,906.98	12,740.47
Depreciation	6,156.62	6,585.56	7,044.92	7,536.29	8,061.94
Changes in Net Working Capital	(1,872.65)	(1,723.08)	(1,556.03)	(2,193.46)	(1,175.51)
Free Cash Flow	**5,306.99**	**5,334.05**	**5,368.64**	**6,217.01**	**5,421.07**
Sustainable Growth Rate	**2.92%**				
Terminal value (FCF*(1+g)/(Wacc-g))					267,712.04
Cashflows	**5,306.99**	**5,334.05**	**5,368.64**	**6,217.01**	**273,133.11**
WACC	5.00%	5.00%	5.00%	5.00%	5.00%
Discount factor @ WACC	0.95	0.91	0.86	0.82	0.78
Discounted cashflows	**5,054.07**	**4,837.76**	**4,637.08**	**5,113.93**	**213,964.18**
Enterprise Value Nextera Energy	**233,607.02**				
Cash	1,487.00				
Debt	82,333.00				
Non Controlling Interests	9,958.00				
Equity Value NextEra Energy	**142,803.02**				
Number of shares	2,060.00				
Estimated PPS	**69.32**				
Forward PPS	**74.59**				
Current share price	72.19	Closing price on 14/05/25			

Source: Author's Analysis

Appendix 2.4 – Discounted Cash Flow Model II (APV) in $'M Except Percentages and PPS

Discounted Cash Flow Model (DCF)	Forecasted				
Adjusted Present Value Method	2025F	2026F	2027F	2028F	2029F
Eearning Before Interest and Taxes	7,731.81	8,204.81	8,724.44	9,275.30	9,860.76
Tax Rate	9.50%	9.50%	9.50%	9.50%	9.50%
EBIT*(1-t)	6,997.36	7,425.43	7,895.70	8,394.24	8,924.09
Capital Expenditures	9,719.64	10,400.01	11,128.02	11,906.98	12,740.47
Depreciation	6,156.62	6,585.56	7,044.92	7,536.29	8,061.94
Changes in Net Working Capital	(1,872.65)	(1,723.08)	(1,556.03)	(2,193.46)	(1,175.51)
Free Cash Flow	**5,306.99**	**5,334.05**	**5,368.64**	**6,217.01**	**5,421.07**
Sustainable Growth Rate	**2.92%**				
Terminal Value					174,840.58
Cash Flows	**5,306.99**	**5,334.05**	**5,368.64**	**6,217.01**	**180,261.65**
Cost of Equity Levered	9.19%	9.19%	9.19%	9.19%	9.19%
Total Debt	129,283.00				
Total Equity	60,460.00				
Beta Unlevered	0.23				
Cost of Equity Unlevered (Ra)	6.11%	6.11%	6.11%	6.11%	6.11%
Discount Factor at Ra	0.94	0.89	0.84	0.79	0.74
Discounted Cash Flows	**5,001.34**	**4,737.34**	**4,493.46**	**4,903.84**	**133,997.52**
Net Present Value Unlevered	**153,133.50**				
Interest on Debt	2,516.46	2,796.58	3,103.91	3,445.44	3,783.77
Tax Rate	9.50%	9.50%	9.50%	9.50%	9.50%
Cost of Debt (rd)	2.71%	2.71%	2.71%	2.71%	2.71%
Tax Shield PV	**232.72**	**251.79**	**272.08**	**294.03**	**314.37**
PV of Tax Shield	1,365.00				
Adjusted Present Value (APV) NEE	**154,498.50**				
Non Controlling Interests	9,958				
Equity Value NextEra Energy	**144,540.50**				
Number of shares	2,060.00				
Estimated PPS	**70.17**				
Forward PPS	**76.69**				
Current share price	72.19	Closing price on 14/05/25			

Source: Author's Analysis

Appendix 2.5 – Historical Q1 Dividend and Forward Annual Dividend Calculation

Year	Q1 Dividend	FAD	Growth
2025	0.567	2.27	10.1%
2024	0.515	2.06	10.0%
2023	0.468	1.87	10.1%
2022	0.425	1.70	10.4%
2021	0.385	1.54	10.0%
2020	0.350	1.40	11.6%
2019	0.314	1.25	13.0%
2018	0.278	1.11	12.9%
2017	0.246	0.98	13.0%
2016	0.218	0.87	13.0%
2015	0.193	0.77	6.2%
2014	0.181	0.73	9.8%
2013	0.165	0.66	10.0%
2012	0.150	0.60	9.1%
2011	0.138	0.55	10.0%
2010	0.125	0.50	-

Source: Bloomberg. Author's Analysis

Appendix 2.6 – DDM Model I (GG) in $

Discounted Dividend Model Gordon Growth	
Dividend at time 0 (D0)	2.27
Dividend at time 1 (D1)	2.38
Cost of Equity (Re)	9.19%
Perpetual Dividend Growth Rate	4.93%
Present Value of PPS	**55.82**
Forward Value of PPS	**63.69**
Current PPS	72.19

Source: Author's Analysis

Note: the forward annual dividend (FAD) was calculated by annualizing the most recent quarterly dividend reported in NEE's Q1 financial statements. This involved multiplying the Q1 per-share dividend by four, assuming a consistent payout across all quarters for the year.

Appendix 2.7 – DDM Model II (Two Stage) in $

Discounted Dividend Model Two Stage	2025F	2026F	2027F	2028F	2029F
DPS at time 0 (D0)	2.27	2.27	2.27	2.27	2.27
Growth Rate 15Y	10.62%	10.62%	10.62%	10.62%	10.62%
Forecasted DPS	2.51	2.78	3.07	3.40	3.76
Sustainable Growth Rate (g2)	**2.92%**				
Terminal value (D5*(1+g2)/(Re-g2))					61.66
Cashflows	**2.51**	**2.78**	**3.07**	**3.40**	**65.42**
Cost of Equity (Re)	9.19%	9.19%	9.19%	9.19%	9.19%
Discount factor @ Re	0.916	0.839	0.768	0.703	0.644
Discounted cashflows	2.30	2.33	2.36	2.39	42.15
Present Value of PPS	**56.26**				
Forward Value of PPS	**64.19**				
Current PPS	72.19 Closing Price on 14/05/25				

Source: Author's Analysis

Appendix 2.8 – Multiples Based Valuation SARD Peer Ranking Criteria

SARD Approach	Market Cap	Rank	ROE	Rank	Debt/EBITDA	Rank	Revenue	Rank	EPS Growth	Rank	SARD Score	Rank
NextEra Energy	**142.48**	1	13.59%	2	6.60	2	24.75	4	4.12%	7	16	**1**
Southern Co/ The	96.86	3	14.09%	1	5.24	8	26.72	3	12.62%	5	20	**2**
Duke Energy Inc	90.83	4	9.95%	8	5.80	6	30.36	2	4.15%	6	26	5
Dominion Energy Inc	46.70	7	9.73%	9	6.08	3	14.46	7	-31.11%	9	35	8
American Electric Power	54.62	5	12.66%	3	5.89	5	19.72	5	18.10%	3	21	**3**
Consolidated Edison Inc	37.63	9	8.60%	10	4.68	9	15.26	6	98.00%	1	35	8
Xcel Energy Inc	39.68	8	10.41%	7	6.04	4	13.70	8	4.09%	8	35	8
Entergy Corp	35.47	10	10.85%	5	5.74	7	11.93	10	46.56%	2	34	7
Sempra	48.93	6	10.96%	4	7.05	1	13.35	9	-57.00%	10	30	**6**
Iberdrola SA	108.69	2	10.60%	6	3.91	10	44.93	1	16.47%	4	23	**4**

Source: Bloomberg and Author's analysis

Appendix 2.9 – Multiples Based Valuation

Name	Ticker	Mkt Cap (USD)	P/E	EV/EBIT	EV/EBITDA	EV/SALES	P/CF
NextEra Energy Inc	**NEE US**	**142,477,858,915.47**	**18.87**	**22.93**	**14.39**	**8.31**	**9.76**
Southern Co/The	SO US	96,861,048,065.60	20.55	22.54	13.57	6.11	10.58
Duke Energy Corp	DUK US	90,826,064,525.87	18.50	20.41	12.04	5.70	8.77
American Electric Power	AEP US	54,618,770,433.37	17.42	19.15	11.42	4.68	8.38
Sempra	SRE US	48,929,357,760.19	16.60	24.37	14.81	6.28	8.71
Mean			**18.27**	**21.88**	**13.25**	**6.22**	**9.24**
Median			**18.50**	**21.47**	**13.57**	**6.11**	**8.77**

	Median	Mean
EV/EBITDA	**13.57**	**13.25**
EBITDA	16,116.00	16,116.00
Enterprise Value	218,686.06	213,478.98
Cash & Equivalents	1,487.00	1,487.00
Non Operating Assets	20,784.00	20,784.00
Non Operating Liabilities	16,436.00	16,436.00
Debt	82,333.00	82,333.00
Minority Interests	9,958.00	9,958.00
Equity Value	132,230.06	127,022.98
# Shares outstanding	2,060.00	2,060.00
Share Price ($)	**64.19**	**61.66**

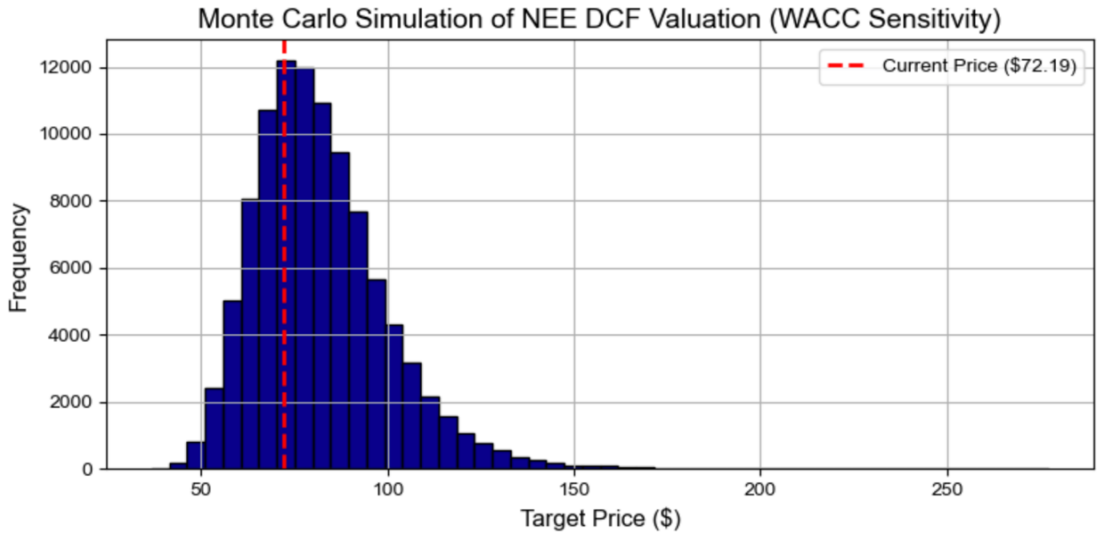
	Median	Mean
EV/EBIT	**21.47**	**21.88**
EBIT	10,237.00	10,237.00
Enterprise Value	219,837.53	223,997.03
Cash & Equivalents	1,487.00	1,487.00
Non Operating Assets	20,784.00	20,784.00
Non Operating Liabilities	16,436.00	16,436.00
Debt	82,333.00	82,333.00
Minority Interests	9,958.00	9,958.00
Equity Value	133,381.53	137,541.03
# Shares outstanding	2,060.00	2,060.00
Share Price ($)	**64.75**	**66.77**

	Median	Mean
P/E	**18.50**	**18.27**
Earnings	5,698.00	5,698.00
Equity Value	105,402.74	104,083.37
# Shares Outstanding	2,060.00	2,060.00
Share Price ($)	**51.17**	**50.53**

	Median	Mean
P/CF	**8.77**	**9.24**
CF Operations	13,260.00	13,260.00
Equity Value	116,319.37	122,520.28
# Shares Outstanding	2,060.00	2,060.00
Share Price ($)	**56.47**	**59.48**

Source: Bloomberg and Author's Analysis

Appendix 2.10 – Monte Carlo Simulation WACC Sensitivity



Source: Python. Author's Analysis

Appendix 2.9b – NEE Target Price Sensitivity to WACC and Terminal Growth Rate

Source: Python. Author's Analysis

Appendix 3 – Industry Overview

Appendix 3.1 - Porter's Five Forces Analysis NEE

1. Threat of New Entrants | Low - 1

- **High capital intensity**: Building large-scale renewable energy infrastructure (solar farms, wind turbines, transmission lines) requires significant upfront investment, which deters new entrants.
- **Regulatory complexity**: Operating in the energy sector involves navigating complex federal and state regulations, obtaining permits, and meeting environmental compliance standards.
- **Economies of scale**: As one of the largest renewable energy producers in the U.S., NEE enjoys lower costs per unit of output, which enhances its competitiveness and raises entry barriers.

2. Bargaining Power of Suppliers | Low to Moderate - 2

- **Diverse supplier base**: The growth of the global renewable industry has expanded the number of suppliers for solar panels, wind turbines, and battery systems, reducing supplier concentration.
- **Large-scale procurement**: NEE's purchasing volume allows it to negotiate favorable contracts and terms, lowering overall input costs.
- **Technology dependency**: In some cases, reliance on specialized components or limited suppliers (e.g., rare earth materials, advanced inverters) can increase supplier power, particularly during global supply chain disruptions.

3. Bargaining Power of Buyers | Low - 1

- **Essential service**: Electricity is a necessity with no practical substitute, especially in regulated utility markets where customers cannot choose providers.
- **Long-term contracts**: The use of PPAs locks in prices and volumes over 15–25 years, reducing customers' ability to renegotiate or switch providers (IEA, 2024b).
- **Value-added offerings**: NEE focuses on ESG, cost-effective renewable solutions, and grid reliability, enhancing its appeal to customers, reducing buyer power.
- **Limited switching options**: In many service areas, utility customers are captive and cannot easily switch providers, which lowers price sensitivity and increases pricing power for NEE.

4. Threat of Substitutes | Moderate - 3

- **Distributed generation**: Customers are increasingly adopting rooftop solar, microgrids, and residential battery storage, which can reduce reliance on utility-scale generation.
- **Energy efficiency and conservation**: Advances in energy-efficient technologies reduce overall demand for electricity and can impact long-term growth.
- **Mitigation through innovation**: NEE invests in distributed energy resources, storage solutions, and smart grid technologies to stay ahead of substitution risks.
- **Grid dependence**: Despite alternatives, most customers still rely on grid-connected energy due to reliability, scale, and affordability, limiting the immediate threat.

5. Industry Rivalry | Moderate to High - 4

- **Growing number of competitors**: Both traditional utilities and new renewable energy entrants are investing in clean energy, increasing competitive intensity.

- **Price competition**: Although PPAs provide pricing stability, there is pressure to offer lower bids in auctions and competitive markets.
- **Differentiation factors**: Companies compete on project delivery speed, reliability, ESG alignment, and cost per megawatt-hour—areas where NEE has a strong track record.
- **Consolidation trend**: Mergers and acquisitions in the sector may increase rivalry in the short term but could also strengthen competitive positions and improve efficiency in the long run.

Appendix 3.2 – PESTEL Analysis NEE

Political

- **Regulatory Support for Renewables**: NEE benefits from U.S. federal and state-level incentives promoting clean energy, such as tax credits for solar and wind energy (e.g., Inflation Reduction Act of 2022).
- **Geopolitical Stability**: Operating primarily in the U.S. shields NEE from most geopolitical volatility, although trade tensions and international policy shifts may affect equipment supply chains (e.g., solar panels).
- **Policy Risk**: Changes in political leadership could result in regulatory uncertainty or shifts in clean energy policies, potentially impacting project development timelines and costs.

Economic

- **Interest Rates and Capital Costs**: As a capital-intensive company, NEE is sensitive to interest rate fluctuations. Rising rates increase the cost of financing renewable projects.
- **Economic Growth and Energy Demand**: Long-term U.S. economic growth supports increased electricity consumption, especially in high-demand sectors like data centers.
- **Inflation and Supply Chain Costs**: Persistent inflation can affect materials (e.g., steel, batteries) and project delivery costs, though some impacts are mitigated by long-term contracts.

Social

- **Sustainability Expectations**: Consumers and institutional investors increasingly favor companies with strong ESG performance. NEE is seen as a leader in this regard.
- **Public Support for Clean Energy**: Broad public approval for renewable energy supports NEE's long-term strategy and enhances its brand reputation.

Technological

- **Energy Storage and Smart Grids**: NEE invests heavily in grid modernization, AI-powered predictive maintenance, and large-scale battery storage to support reliability and decarbonization.
- **Hydrogen and Emerging Tech**: The company is exploring green hydrogen and other advanced technologies, though scalability and cost remain challenges.
- **Digital Innovation**: Integration of digital platforms for customer engagement and demand response improves efficiency and service quality.

Environmental

- **Climate Change and Extreme Weather**: NEE faces physical risks from hurricanes and storms (especially in Florida), which may damage infrastructure and disrupt operations.
- **Decarbonization Goals**: The company's long-term emissions reduction targets align with global climate commitments and position it for continued growth in renewables.
- **Natural Resource Constraints**: Land and water usage for large-scale solar and wind projects must be managed responsibly to avoid environmental and community conflicts.

Legal

- **Energy Regulation Compliance**: NEE must navigate complex regulatory environments governed by FERC, NERC, and state utility commissions.

- **Litigation Risks**: As with other utilities, NEE could face lawsuits related to outages, environmental impact, or project delays.
- **Tax and Subsidy Laws**: Compliance with tax credit eligibility criteria (e.g., Investment Tax Credit, Production Tax Credit) is essential to its business model.

Appendix 3.3 – SWOT Analysis NEE

Strengths

- **Market leader** in renewable energy, particularly wind and solar, through its subsidiary (NEER).
- **Diversified business model** combining stable, regulated utility operations (FPL) with growth-oriented unregulated renewables.
- **Strong free cash flow generation and investment-grade credit ratings** ensure robust financial health and funding capacity.
- **Consistent ESG leadership**, with ambitious carbon neutrality goals and significant investments in sustainable infrastructure.
- **Advanced technological capabilities** in areas such as battery storage and hydrogen development provide a competitive edge.

Weaknesses

- **High capital intensity** requires continuous large-scale investments, exposing the company to financing risks, due to high upfront investment requirements, dependency on external financing, sensitivity to policy changes and delayed ROI.
- **Significant exposure to Florida's regulated market** increases geographic and regulatory concentration.
- **Sensitivity to macroeconomic conditions**, especially interest rate fluctuations, affects project viability and valuation.
- **Limited international operations** may constrain diversification and global growth potential.

Opportunities

- **Strong regulatory and policy support for renewables** at both federal and state levels enhances long-term project economics.
- **Emerging technologies** (e.g., green hydrogen, smart grids, and utility-scale storage) offer avenues for future expansion.
- **Growing global and institutional investor demand for ESG**-aligned assets supports favorable capital market positioning.
- **Potential to expand renewable footprint** across new U.S. states and diversify service offerings as energy demand evolves.

Threats

- **Regulatory uncertainty**, including potential changes to tax incentives or utility rate structures, may impact profitability.
- **Increasing competition** in the renewable energy sector could lead to margin compression and project delays.
- **Physical risks from climate change** (e.g., hurricanes, wildfires) may disrupt operations and elevate costs.
- **Rising interest rates and inflation** pose valuation challenges, particularly for long-duration infrastructure assets.

Artificial Intelligence Disclaimer

AI Disclaimer

This project report was developed with strict adherence to the academic integrity policies and guidelines set forth by ISEG, Universidade de Lisboa. The work presented herein is the result of my own research, analysis, and writing, unless otherwise cited. In the interest of transparency, I provide the following disclosure regarding the use of artificial intelligence (AI) tools in the creation of this thesis/internship report/project:

I disclose that AI tools were employed during the development of this thesis as follows:

- AI-based research tools were used to assist in the literature review and data collection.
- AI-powered software was utilized for data analysis and visualization.
- Generative AI tools were consulted for brainstorming and outlining purposes. However, all final writing, synthesis, and critical analysis are my own work. Instances where AI contributions were significant are clearly cited and acknowledged.

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I understand the importance of maintaining academic integrity and take full responsibility for the content and originality of this work.

Dario Rodriguez Barboza, 30th June 2025.