

NextEra Energy, Inc (NYSE: NEE) USD Equity Analysis

February 14, 2025



Target Price: \$84.91

Current Price: \$68.60

Recommendation: Buy

Company Overview:

NextEra Energy, Inc. (NYSE: NEE) is a leading clean energy company headquartered in Juno Beach, Florida. It operates through two primary segments:

1. Florida Power & Light Company (FPL): The largest electric utility in the U.S., serving over 5.8 million customer accounts in Florida.
2. NextEra Energy Resources: The world's largest generator of renewable energy from wind and solar, with a growing portfolio of battery storage projects.

NextEra Energy is a Fortune 200 company, consistently recognized for its leadership in sustainability, corporate responsibility, and operational efficiency. With a market capitalization of approximately \$142.93 billion, it is the largest electric utility holding company in the U.S. by market cap. The company's revenue streams are diversified across renewable energy (wind and solar), nuclear power, natural gas, and regulated utilities.

Company Statistics:

Recent Performance (FY24):

Gross Revenue: \$24.75B

Net Income: \$6.66B

Expected Revenue: \$29.7B

Market Cap: \$142.6B

52-Week Range: 53.95 – 86.10

Last Price: \$68.60

P/E Ratio: 21.4x

P/B Ratio: 2.83x

Beta: 1.03

EPS (TTM): \$3.40

DPS: \$2.06

Net Income Margin: 28.06%

Operating Margin: 30.21%

ROE: 14.2%

ROA: 3.78%

Debt-to-Equity: 135.28%

Leverage Ratio: 3.77x

(5-Year CAGR):

- **Revenue:** 5.21%
- **Total Assets:** 10.07%
- **Total Debt:** 13.83%
- **Total Equity:** 7.80%

Investment Positives:

- **Renewable Energy Leadership and Growth:** NextEra Energy dominates the renewable energy sector, achieving a record 30% increase in its renewable and storage backlog in 2024 (adding 12 gigawatts), driven by strong demand for clean energy solutions.
- **Strong Financials and Dividends:** With an 8% year-over-year increase in adjusted EPS in 2024 and over 10% compound annual growth since 2021, NextEra delivers reliable dividend growth, supported by stable cash flows from its regulated utility (FPL) and renewable operations.
- **Strategic Investments and Innovation:** The company plans to invest \$120 billion over four years to expand its energy fleet to 100-121 gigawatts, focusing on advanced battery storage to address renewable intermittency and meet growing grid stability needs.
- **Geographic and Regulatory Advantages:** Florida's growing population and high electricity demand provide a stable customer base for FPL, ensuring long-term growth for NextEra's regulated business.
- **ESG and Climate Alignment:** NextEra's renewable energy focus aligns with global decarbonization goals and ESG trends, appealing to environmentally conscious investors.
- **Favourable Macro Environment:** The global push for net-zero emissions and incentives from the U.S. Inflation Reduction Act create strong tailwinds for NextEra's growth and investment case.

Investment Negatives:

- **Regulatory Risks:** Changes in policies or incentives could hurt profitability.
- **Interest Rate Sensitivity:** Rising rates may increase borrowing costs and pressure margins.
- **Operational Risks:** Project delays or supply chain issues could raise costs and reduce revenue.
- **Market Competition:** New entrants and technologies could challenge market share.
- **Environmental Costs:** Stricter regulations and nuclear liabilities may increase expenses.
- **High Debt Levels:** Significant leverage could strain finances if cash flows weaken.
- **Geopolitical Risks:** Global supply chain disruptions or trade issues could impact operations.

Analyst Recommendations:

- 62.5% of analysts recommend a **Buy** rating for NextEra Energy (Bloomberg).

Company	Rating	Target Price
Morgan Stanley	Overweight	\$94
JP Morgan	Buy	\$90
Goldman Sachs	Buy	\$90

Financial Performance:

(\$M)	FY 2021	FY 2022	FY 2023	FY 2024
Revenue	17,069.0	20,956.0	28,114.0	24,753.0
Operating Profit	2,913.0	4,081.0	10,237.0	7,479.0
Net Profit	3,573.0	4,147.0	7,310.0	6,946.0
Total Asset	140,912.0	158,935.0	177,489.0	190,144.0
Total Equity	45,669.0	49,346.0	59,024.0	60,861.0
ROAE	\$ 2.66	\$ 2.77	\$ 4.35	\$ 3.78
EPS	\$ 1.82	\$ 2.10	\$ 3.61	\$ 3.37

Financial Analysis:

December 2024 FY:

- Net Income (GAAP): \$6.946 billion (\$3.37/share), down 5% from \$7.310 billion (\$3.60/share) in 2023.
- Adjusted Net Income: \$7.063 billion (\$3.43/share), up 8.2% YoY from \$6.441 billion (\$3.17/share) in 2023.
- Adjusted EPS Growth: Delivered 10% CAGR since 2021, the highest among top 10 power companies.
- Cash Flow from Operations: Grew by 17%+ in 2024.
- Renewables and Storage Growth: Added 12 GW to its backlog, including 3.3 GW since Q3 2024, marking its third consecutive record year for origination.

2025 Outlook

- 2025 Adjusted EPS Guidance: NextEra Energy expects adjusted earnings per share to be in the range of \$3.45 - \$3.70.
- 2026 Adjusted EPS Guidance: Adjusted EPS is projected to be between \$3.63 and \$4.00.
- The company plans to grow dividends per share at a rate of approximately 10% annually through at least 2026, based on the 2024 dividend base.

52 Week	Price	Volume ('000)
High	\$85.43	32,424.62
Low	\$54.97	3,001.83
Average	\$72.82	10,823.86
Current	\$68.60	15,172.98

