

NextEra Energy (NYSE: NEE)

No Buy

November 12th, 2026

DAILY BREAD.

University of Florida

NEXTera ENERGY

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I. Company Overview



Company Overview

NextEra Energy is a leading North American energy company operating through Florida Power & Light and NextEra Energy Resources, providing regulated electricity and developing energy generation, storage, and transmission infrastructure.

Dominion Merge

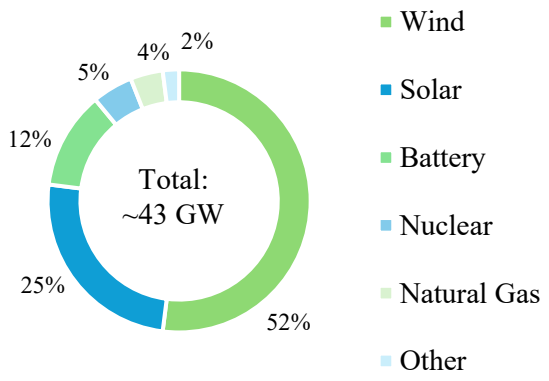
74.5% | $67 Billion all-stock merge | 25.5%

NEXTera ENERGY — Equity Stake — Dominion Energy

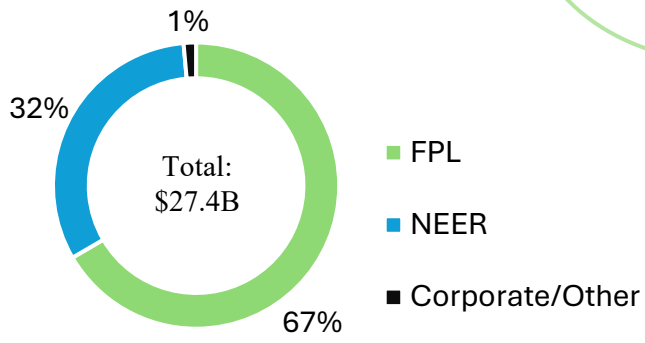
Segments

- FPL: Largest electric utility in the U.S.
- NEXTera ENERGY RESOURCES: Largest energy infrastructure developer in the U.S.

NEER Energy Portfolio

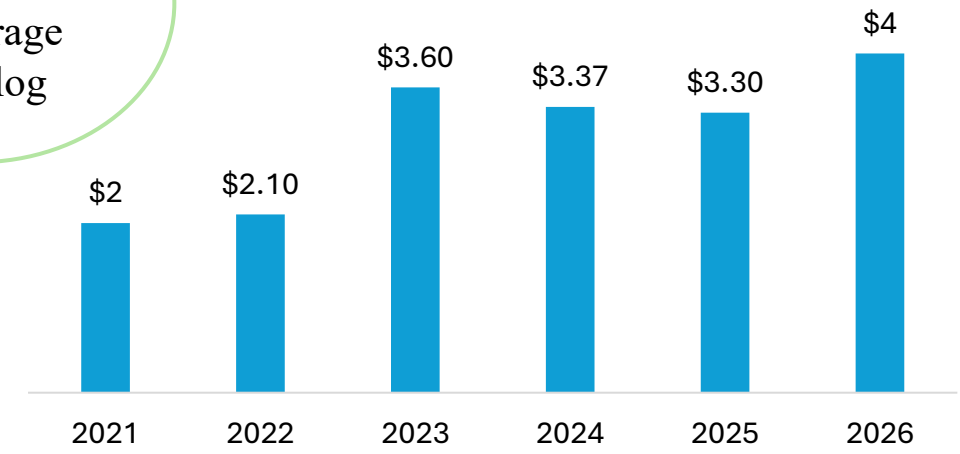


Revenue by Segments



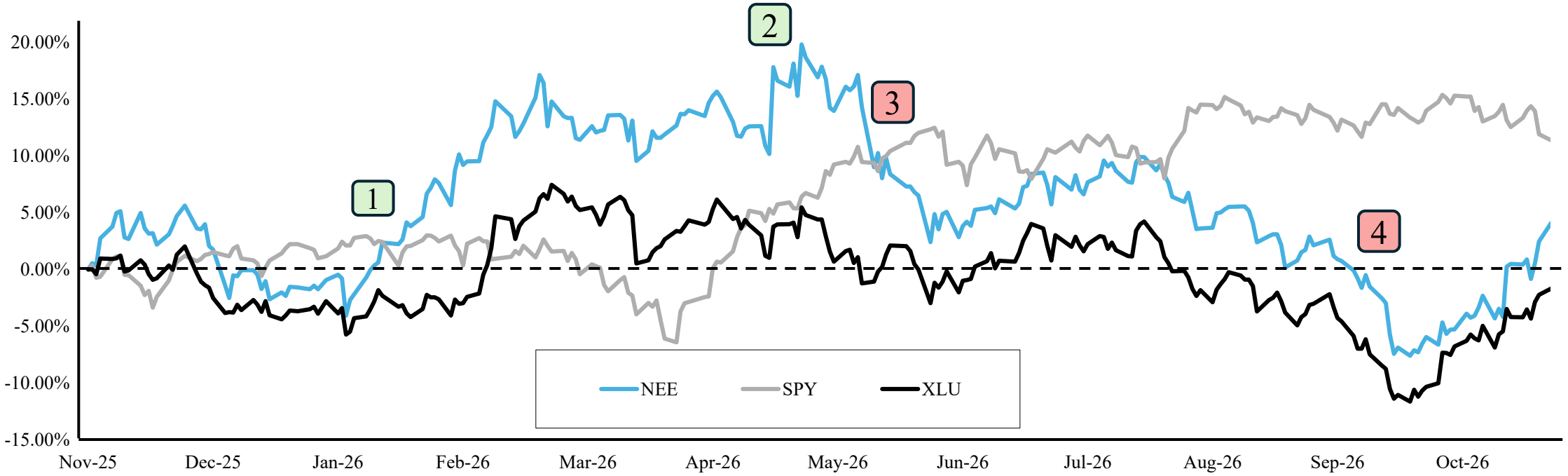
~36.7 GW Renewables & Storage Backlog

EPS



Key Price Movements

NEE's share price declined as acquisition uncertainty and financing concerns challenged earlier growth expectations.



1

(1/6/2026) Inflation: 2.4%
GDP up ~2% from Q4 2025
Expected 3 following rate cuts
NEE Locked in 15-25yr PPAs
(Google, Meta, WPPI)

2

(4/30/26) Closed at $97.88
10.1% EPS increase YoY: $1.09,
(expectations of $0.98-$1.03)
4 GW of new generation projects
AIDC bottleneck is power

3

(5/18/26) Inflation: 4.2%
171 bps difference in 10yr
treasury and NEE dividend yield
Announced $67B merger with
Dominion

4

(10/16/2026) 25 bps fed rate hike
$1.9B DOE loan for Iowa project
NEE falls 8%, XLU falls 6.6%
99% shareholder merge approval
16.5 GW fed energy hub projects

II. Industry Overview



Industry Overview

$2,386.6 B
2025 Mkt Size

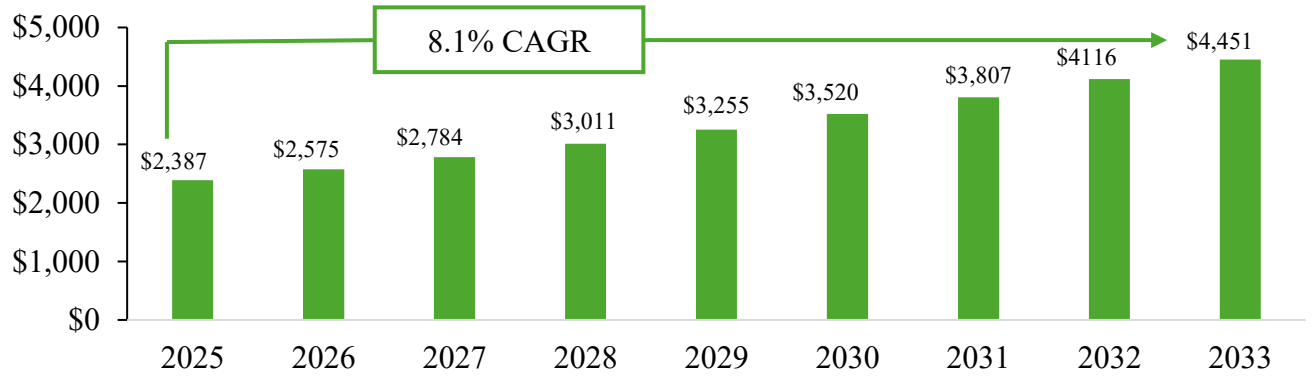
$2,574.5 B
2026E Mkt Size

8.1%
Projected CAGR

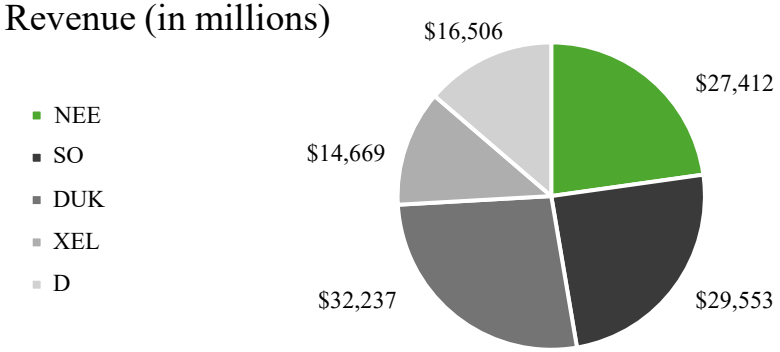
Global Power Generation Market

Key Industry Drivers

- Data centers are increasing electricity demand
- Renewables require new storage and grid upgrades
- Grid upgrades help reduce power outages during severe weather
- Digital tools help utilities manage demand and outages



Revenue (in millions)



Sub-Industries

- Regulated Electric Utility
- Clean Energy Generation & Infrastructure
- Energy Transmission
- Energy Storage

III. Investment Thesis



Demand Growth Requires Significant Investment

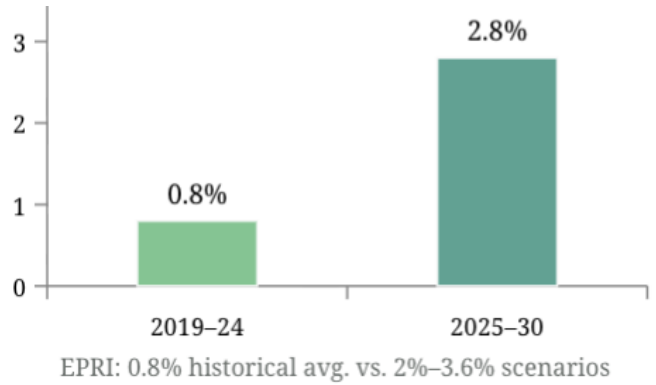
Rising electricity demand supports NEE's development pipeline, but future earnings depend on project execution and capital efficiency.

A Structural Growth Opportunity

Electricity Demand is Accelerating

4,211 B kWh

U.S. electricity sales forecast for 2027 (+2% YoY)



EPRI: 0.8% historical avg. vs. 2%–3.6% scenarios

- AI adoption and data center expansion
- Growing domestic manufacturing
- Expanding electrification and grid infrastructure

NextEra is Positioning to Capture It

PROJECT STAR, TEXAS

6.47 GW

$22.3B energy campus

Designed to support adjacent 5 GW data-center campus; first resources targeted as early as 2029, subject to approvals.

FEDERAL ENERGY HUBS

16.5 GW

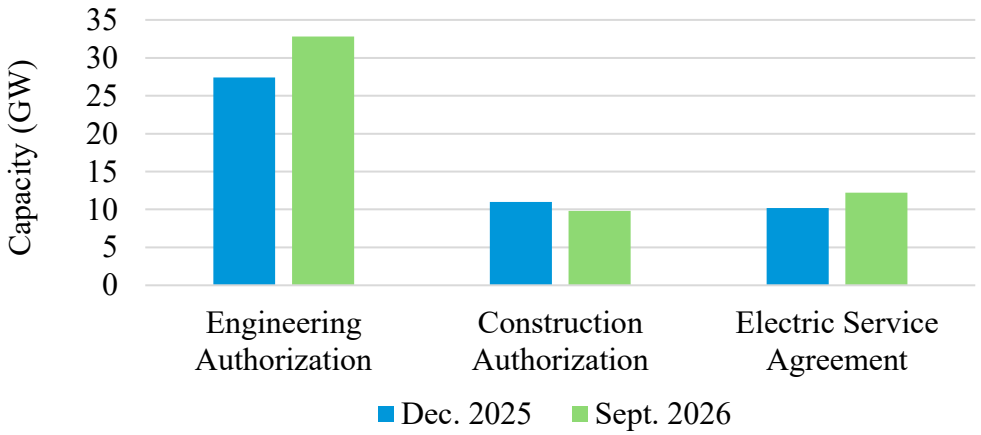
$5.7 B initial funding

NextEra expects to earn fees for developing, building and operating three partner-funded hubs without investing its own capital.

Dominion Raises the Stakes for NextEra

The merger offers faster growth, but shareholder costs and execution risks could limit its value.

Dominion Virginia Data-Center Pipeline



What Shareholders Are Taking On

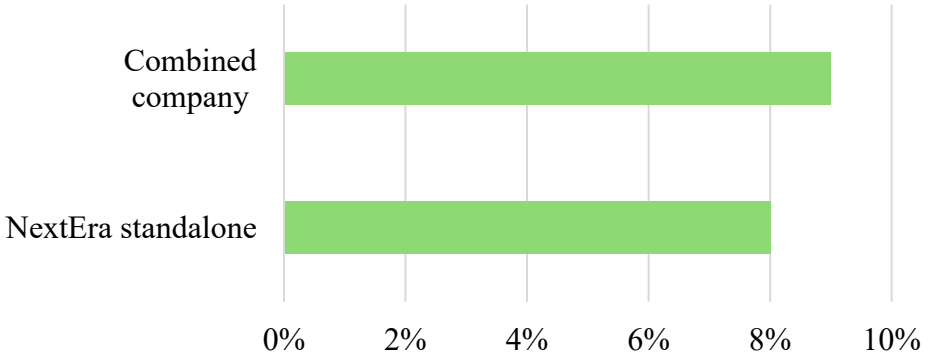
$2.25B
Shareholder-funded credits

25.5%
Dominion holders' ownership

8%+ → 9%+
Expected EPS growth uplift

~11%
Expected Regulatory Capital Growth

Growth Depends on Execution



What Could Limit Shareholder Returns

Regulatory Conditions
Approval requirements could change the deal's economics.

Shareholder Costs
Customer credits and integration costs could limit shareholder gains.

Execution Requirements
Dominion's earnings and efficiencies must offset added shares.

Merger costs and execution risks could outweigh earnings growth benefits

Earnings Growth Does Not Eliminate Valuation Risk

Despite continued earnings growth, NEE's valuation remains sensitive to financing costs and future capital requirements.

What Is Weighing on NEE

- Dominion transaction approval uncertainty
- . Higher rates can raise borrowing and project-financing costs
- Large grid, generation and storage investments require capital

The Price/Performance Gap

-16.05%
NEE 6-month return

+9.7%
Q3 adjusted EP5 YOY

$81.02 share price | Oct. 28, 2026

Q3 adjusted EPS: $1.24 vs $1.13

Florida Power & Light Is Still Growing

+9.2% YoY growth in FPL's regulated investment base in Q3 2026.

How the Pullback Could Translate Into Upside

TODAY: Market Concerns → IF EXECUTION CONTINUES: earnings growth + project delivery → POTENTIAL RE-RATING: improved sentiment

IV. Competitive Advantages

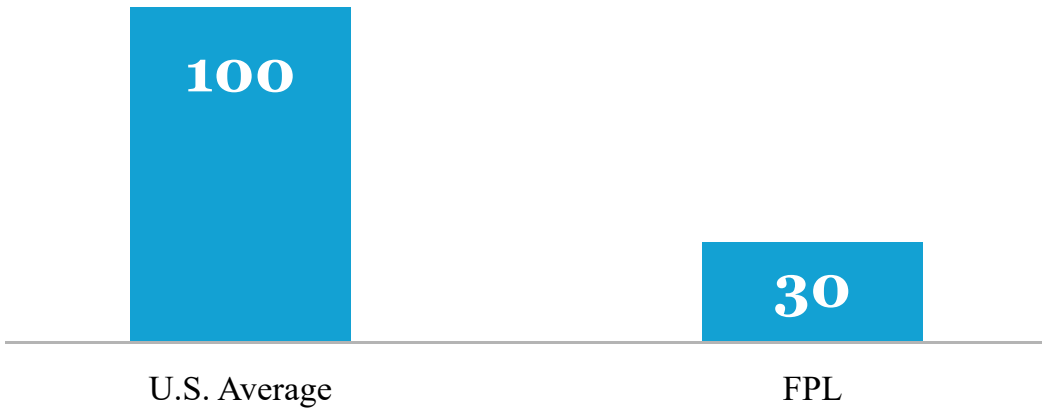


Operating Cost Leadership

FPL's efficient operating model supports customer affordability, reliability, and sustained infrastructure investment.

Operating Cost Efficiency

Non-fuel O&M cost per MWh



U.S. average = 100; FPL ≈ 30

Competitive Advantage

70%+

Lower non-fuel O&M costs versus the national average

Lower costs support affordable service and long-term capital investment.

Customer Value & Reliability

37%
Lower residential bills vs. U.S. average

60%+
Better reliability vs. national benchmark

Affordable, reliable electricity strengthens FPL's regulatory position and supports future rate-base investment.

Development Scale Creates Opportunity and Execution Exposure

NEE's established energy portfolio supports development growth, but backlog conversion remains dependent on project execution.

Established Development Platform

~ 30 GW
Renewables & storage backlog

~ 43 GW
NEER Energy Portfolio

Competitive Advantage

An established asset base and pipeline support repeatable development and execution.

How the Platform Creates a Competitive Advantage

Development Expertise
Experience across permitting, interconnection, and construction creates execution barriers.

Technology Breadth
Wind, solar, and storage expertise supports a broader range of project bids.

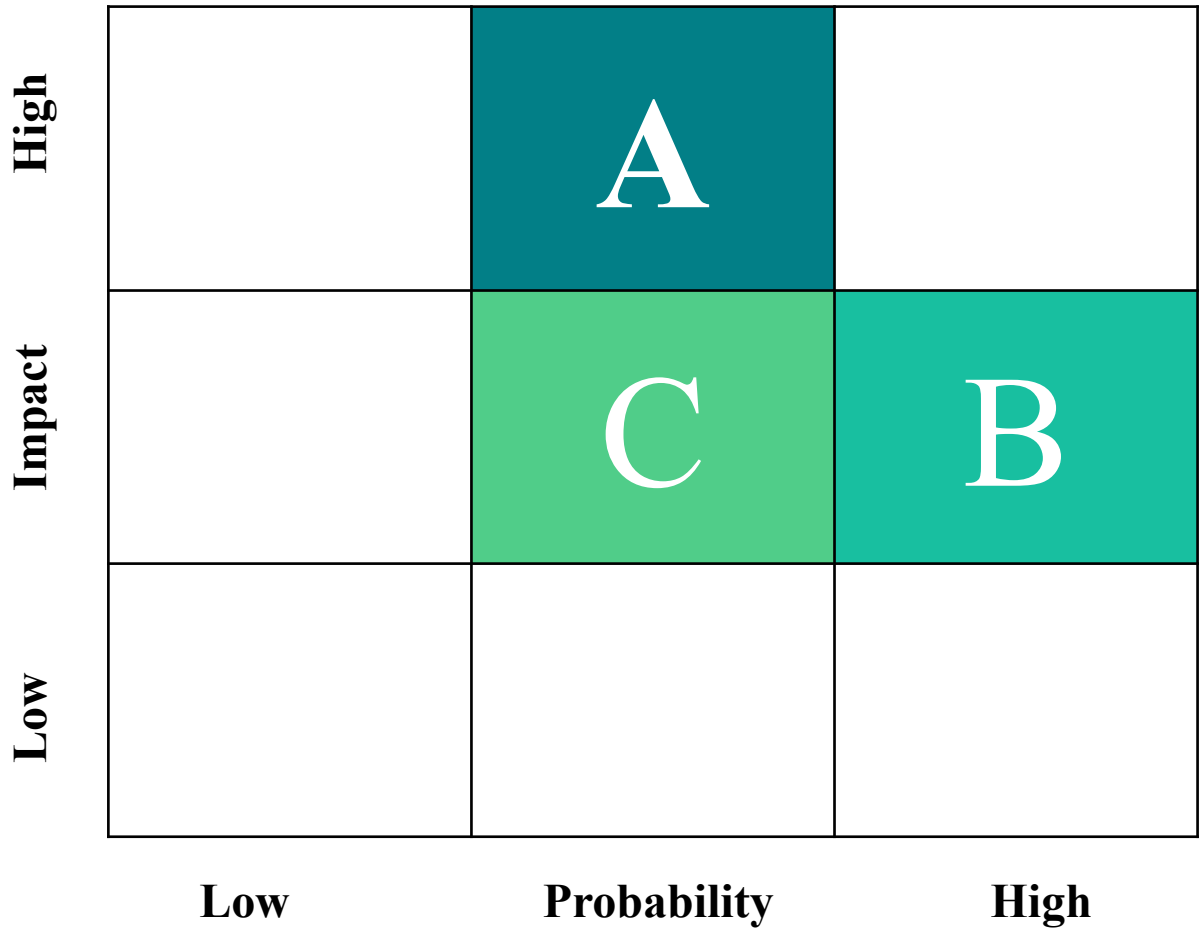
Capital & Execution
Financing access and project teams support simultaneous large-scale developments.

V. Risks to Thesis



Risks

NEE's premium valuation remains exposed to merger uncertainty, substantial capital requirements, and project execution risks.



A

Dominion Merger Approval: Regulatory delays or rejection could prevent expected merger benefits and trigger a $4.83B termination fee under specified conditions.

Implication: Shareholders have approved the transaction, but it does not eliminate integration, regulatory, and operating efficiency risks. H2 2027 closing decision remains uncertain

B

Financing and Dilution: NEE projects $29.43B in 2027 CapEx and $22.86B in 2028. Dominion shareholders would own 25.5% of the combined company.

Implication: $52.29B in planned two-year investment pressures near-term FCF, while share issuance dilutes existing shareholders' ownership.

C

Growth Execution: NEE's 36.7 GW renewables and storage backlog includes projects scheduled through 2032. It added 3.7 GW in Q3 2026.

Implication: Project delays or cancellations could postpone expected earnings, challenging the company's 8%+ standalone adjusted EPS growth outlook.

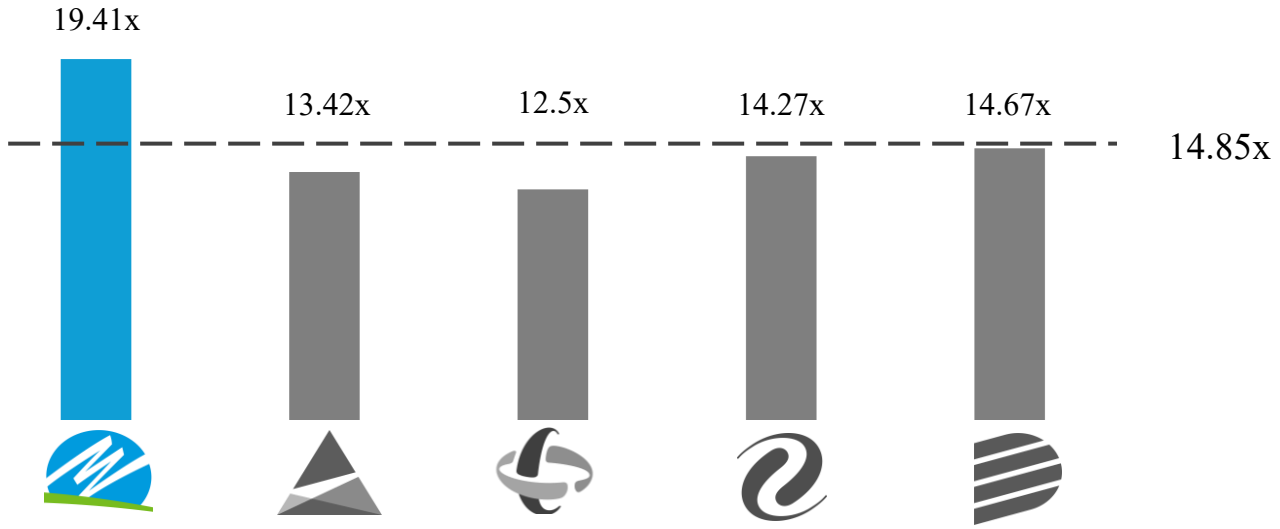
VI. Valuation



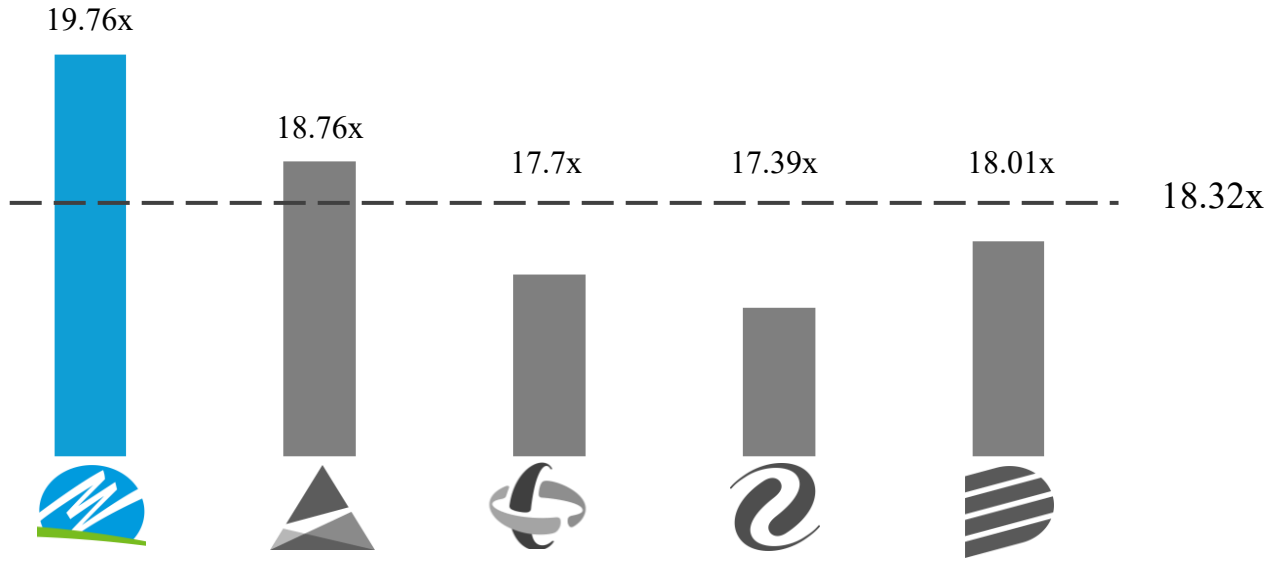
Operating Multiples

= mean

EV/EBITDA



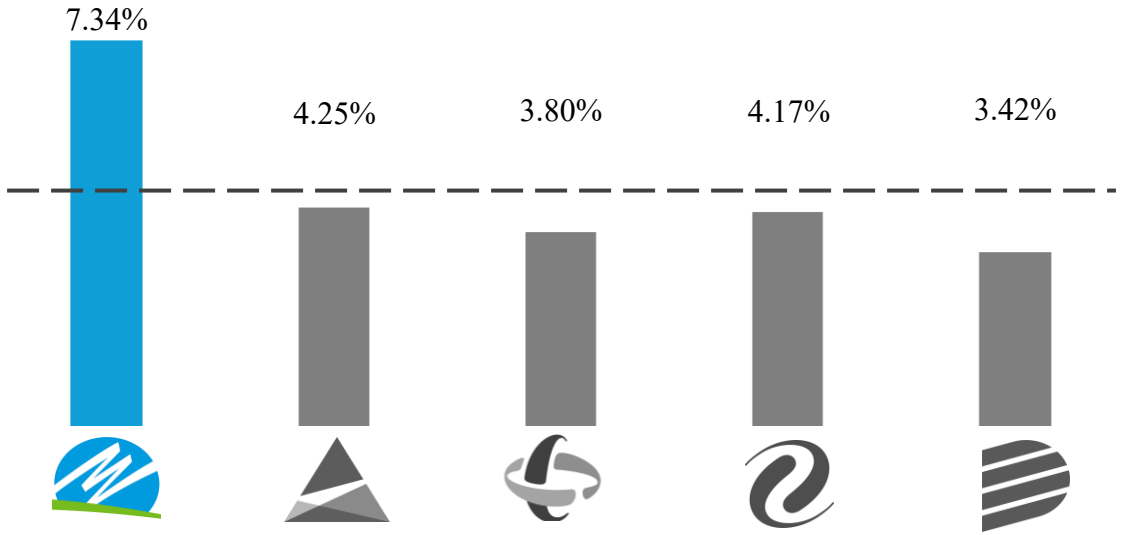
Forward P/E



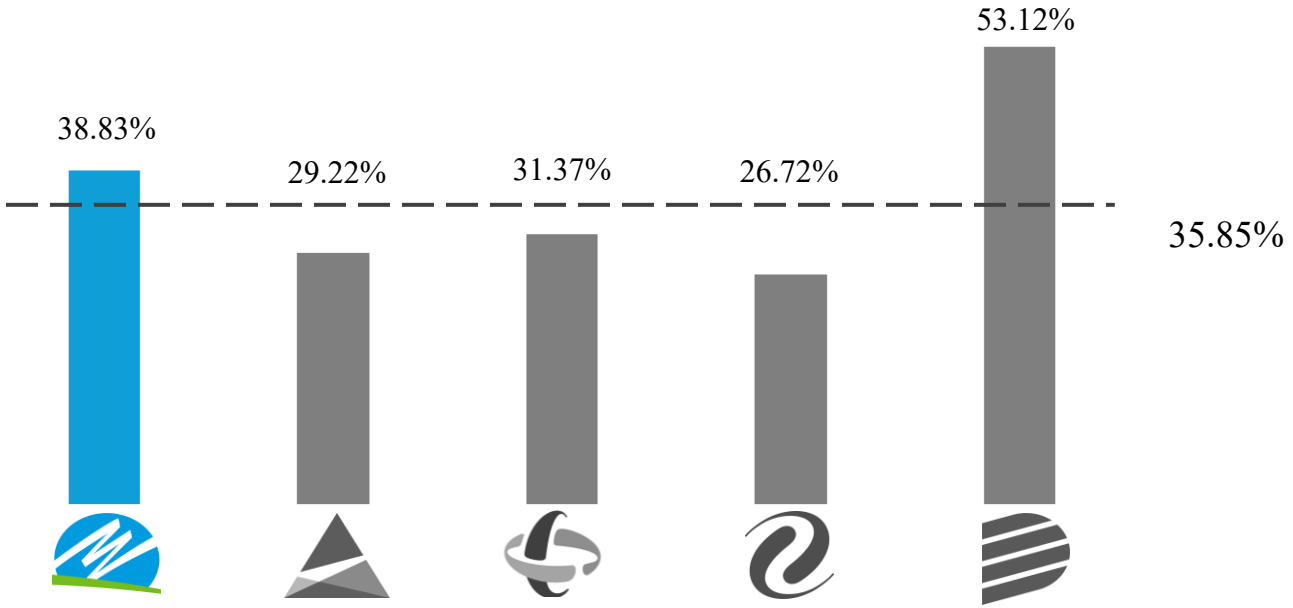
Operating Margins

= mean

ROIC



Gross Margin



Intrinsic Valuation

NEE's significant capital requirements limit free cash flow, while its premium valuation reflects expectations for continued growth.

DCF Inputs

WACC

6.72%

Terminal Growth

3.5%

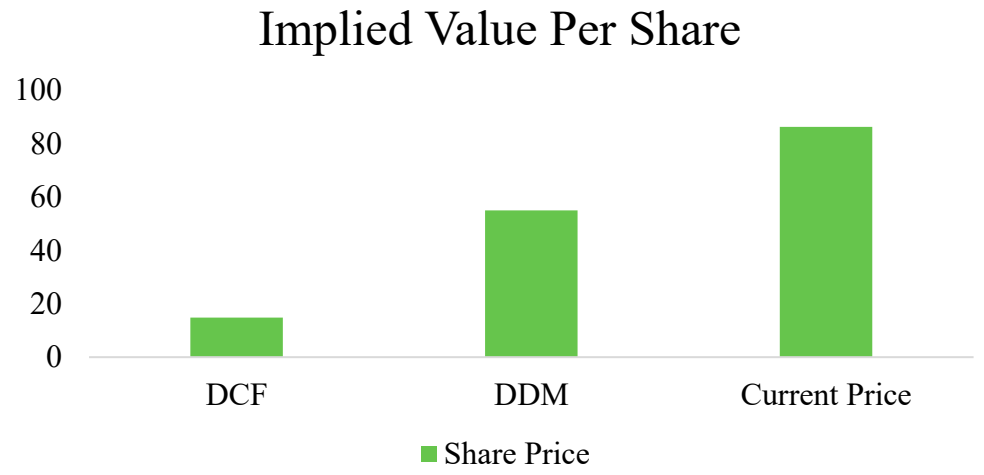
2027 CapEx

$29.43B

2030 FCF

$2.85B

Valuation Results



Growth Priced In

- 19.41x EV/EBITDA vs. 13.72x peer average
- 19.76x forward P/E vs. 17.97x peer average
- 30 GW backlog supports growth expectations

Valuation Constraints

- Huge CapEx requirements and reliance
- Negative near-term free cash flow
- Dominion integration & future financing requirements

VII. Q&A Welcome



Appendix



DCF Assumptions

NextEra Energy (NEE) - DCF *$ in millions except per share*									
1. ASSUMPTIONS (drivers)	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**Terminal**
Revenue growth %		-11.95%	10.74%	7.2%	13.0%	10.0%	8.0%	6.0%	3.5%
EBITDA margin %	55.88%	50.86%	53.26%	53.3%	53.6%	53.9%	54.2%	54.5%	54.5%
D&A % of revenue	20.91%	22.07%	24.00%	25.0%	25.0%	26.0%	26.0%	25.0%	25.0%
Capex % of revenue	88.7%	98.3%	87.7%	70.8%	87.8%	62.0%	39.1%	41.0%	32.5%
Change in NWC % of change in revenue			21.2%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

DCF FCF

2. FREE CASH FLOW BUILD	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E		
Revenue	$28,114	$24,753	$27,412	$29,671	$33,529	$36,882	$39,832	$42,222	$43,700	
Operating Expenses	($12,403)	($12,164)	($12,812)	($13,857)	($15,557)	($17,002)	($18,243)	($19,211)	($19,883)	
EBITDA	$15,711	$12,589	$14,600	$15,815	$17,971	$19,879	$21,589	$23,011	$23,816	
Gain on Disposal of Business/Asset	$405	$352	$260	-	-	-	-	-	-	
D&A	($5,879)	($5,462)	($6,580)	($7,418)	($8,382)	($9,589)	($10,356)	($10,556)	($10,925)	
EBIT	$10,237	$7,479	$8,280	$8,397	$9,589	$10,290	$11,233	$12,455	$12,891	
Interest Expense	($3,324)	($2,235)	($4,572)							
Other income	$375	$793	$822							
EBT	$7,288	$6,037	$4,530							
Income Tax (Benefit)	$1,006	$339	($802)							
Net Income	$6,282	$5,698	$5,332							
NOPAT	$8,475	$6,727	$9,440	$7,725	$8,439	$8,644	$9,098	$9,840	$10,184	
Plus: D&A	$5,879	$5,462	$6,580	$7,418	$8,382	$9,589	$10,356	$10,556	$10,925	
Less: capex	$24,928	$24,330	$24,053	$21,000	$29,430	$22,860	$15,580	$17,310	$14,202	
Less: increase in NWC			$564	$226	$386	$335	$295	$239	$148	
Unlevered free cash flow	($10,574)	($12,141)	($8,597)	($6,083)	($12,995)	($4,963)	$3,580	$2,846	$6,759	
Discount period (years)				0.25	1.25	2.25	3.25	4.25		
Discount factor				0.984	0.922	0.864	0.810	0.759	1.000	
PV of unlevered FCF				$ (1,496)	$ (11,981)	$ (4,287)	$ 2,898	$ 2,159		

3. DISCOUNT RATE & TERMINAL INPUTS										
Tax rate	13.8%	5.6%	(17.7%)	8%	12%	16%	19%	21%	21%	
WACC				6.72%	6.72%	6.72%	6.72%	6.72%	6.72%	
Terminal growth rate									3.50%	approx. long-run inflation plud modest real growth

DCF Valuation

4. VALUATION	
Sum of PV of FCF	$ (12,707)
Terminal value	$ 210,142
PV of terminal value	$ 159,416
Enterprise value	$ 146,709
Plus: cash	$5,579
Less: total debt	$109,674
Less: noncontrolling interests	$11,367
Equity value	$31,247
Diluted shares outstanding (mm)	2,098
Implied value per share	$ 14.89
Current share price	$ 86.27
Upside / (downside)	(82.7%)

WACC

WACC Calculation		
Cost of Equity	8.30%	
Cost of Debt	5.20%	average market yield on NEE bonds
Weight of Equity	62.26%	
Weight of Debt	37.74%	
Total Equity	180,930	
Total Debt	109,674	
Total	290,604	
Current Treasury Yield (risk free rate)	4.99%	Current 10yr from Bloomberg
NEE Beta	0.75	Consensus
Equity Risk Premium	4.41%	Damodaran's Implied ERP on NYU Site: 4.41% as of 11/1/2026
Tax rate	21%	
WACC	6.72%	

DDM

NextEra Energy (NEE) - DDM

$ in millions except per share

1. ASSUMPTIONS (drivers)	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E	Terminal
Diluted EPS growth %		-6.39%	-2.08%	21.21%	8.90%	9.50%	10.00%	9.00%	3.00%
Dividend per share (DPS) growth %		10.16%	10.00%	10.01%	6.00%	6.00%	7.00%	8.50%	3.00%

2. DIVIDEND BUILD	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E	Terminal
Diluted EPS ($)	$ 3.6	$ 3.4	$ 3.3	$ 4.0	$ 4.4	$ 4.8	$ 5.2	$ 5.7	$ 5.9
Dividend per share ($)	$ 1.9	$ 2.1	$ 2.3	$ 2.5	$ 2.6	$ 2.8	$ 3.0	$ 3.3	$ 3.3
Payout ratio (DPS / EPS)	51.9%	61.1%	68.7%	62.32%	60.66%	58.72%	57.12%	56.86%	56.86%
Diluted shares outstanding (mm)	$ 2,031	$ 2,059	$ 2,071	$ 2,094	$ 2,115	$ 2,136	$ 2,157	$ 2,179	$ 2,201
Total dividends paid ($mm)	$ 3,798	$ 4,242	$ 4,692	$ 5,220	$ 5,589	$ 5,983	$ 6,466	$ 7,086	$ 7,371
Discount period (years)				0.25	1.25	2.25	3.25	4.25	5.25
Discount factor				0.9802693	0.9051633	0.8358119	0.7717739	0.7126424	
PV of dividend per share ($)				$ 0.61	$ 2.39	$ 2.34	$ 2.31	$ 2.32	

2. COST OF EQUITY & TERMINAL INPUTS	
Cost of equity	8.30%
Terminal dividend growth rate	3%

2.VALUATION	
Sum of PV of dividends ($/share)	$ 9.97
Terminal value ($/share)	$ 63.22
PV of terminal value ($/share)	$ 45.06
Implied value per share	$ 55.03
Current share price	$ 86.27
Upside / (downside)	-36.21%