



# NextEra Energy Inc. (NEE)

Updated April 24<sup>th</sup>, 2025 by Kay Ng

## Key Metrics

<b>Current Price:</b>	\$66	<b>5 Year Annual Expected Total Return:</b>	11.5%	<b>Market Cap:</b>	\$137B
<b>Fair Value Price:</b>	\$72	<b>5 Year Growth Estimate:</b>	7.0%	<b>Ex-Dividend Date<sup>1</sup>:</b>	06/03/25
<b>% Fair Value:</b>	93%	<b>5 Year Valuation Multiple Estimate:</b>	1.5%	<b>Dividend Payment Date<sup>1</sup>:</b>	06/17/25
<b>Dividend Yield:</b>	3.4%	<b>5 Year Price Target</b>	\$100	<b>Years Of Dividend Growth:</b>	31
<b>Dividend Risk Score:</b>	B	<b>Sector:</b>	Utilities	<b>Rating:</b>	Buy

## Overview & Current Events

NextEra Energy (NEE) is an electric utility with two operating segments, Florida Power & Light (“FPL”) and NextEra Energy Resources (“NEER”). FPL is the largest U.S. electric utility by retail megawatt hour sales and customer numbers. The rate-regulated electric utility serves about 5.9 million customer accounts in Florida. NEER is the largest generator of wind and solar energy in the world. NEE was founded in 1925. NEE generates roughly 80% of its revenues from FPL.

NextEra Energy reported its Q1 2025 financial results on 04/24/25. For the quarter, the company reported revenues of \$6.3 billion (up 9.0% year over year), translating to adjusted earnings of \$2.0 billion (up 8.8% year over year). On a per-share basis, adjusted earnings climbed 8.8% to \$0.99.

The utility added ~3.2 GW of new renewables and storage projects to its backlog across ~0.2 GW of wind, ~2.0 GW of solar, ~0.9 GW of battery storage, and ~0.1 GW of re-powering, bringing its backlog to over ~27.7 GW. The utility raised its quarterly dividend by 10% to \$0.5665 per share.

Management maintained its 2025 adjusted EPS guidance range at \$3.45-\$3.70. So, we continue to use the midpoint of \$3.58 for our 2025 EPS estimate.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	\$6.06	\$5.78	\$6.70	\$7.70	\$8.37	\$2.31	\$2.55	\$2.90	\$3.17	\$3.43	<b>\$3.58</b>	<b>\$5.02</b>
<b>DPS</b>	\$3.08	\$3.48	\$3.93	\$4.44	\$5.00	\$1.40	\$1.54	\$1.70	\$1.87	\$2.06	<b>\$2.27</b>	<b>\$3.25</b>
<b>Shares<sup>1</sup></b>	461	468	471	477	491	1,972	1,975	1,993	2,054	2,062	<b>2,061</b>	<b>2,205</b>

The stock had a 4:1 stock split in October 2020. This is why its EPS appears to be much lower in 2020 in the table above. We also adjusted its 2020 dividend-per-share (DPS) accordingly. Although there were some years where profits declined sequentially, as they did between 2015 and 2016, NextEra Energy’s EPS rose relatively consistently during the last decade.

NextEra Energy’s earnings did not take a significant hit during the last financial crisis, as EPS dropped by just 2% between 2008 and 2009. Between 2015 and 2024, NextEra Energy grew its EPS by 9.5% a year. The company’s future growth will be generated through organic investments and acquisitions.

For example, there was NEE’s acquisition of Gulf Power in January 2019, and it also acquired GridLiance in Q1 2021 to expand its rate-regulated/long-term contracted business. NEER commissioned ~8.7 GW of renewable and storage projects in 2024. At the end of 2024, its backlog stood at ~25 GW. Its renewable projects should drive the segment’s profits going forward.

NEE forecasts that its adjusted EPS will rise by about 6.9% a year through 2027. We use an EPS growth rate of 7.0% and estimate a dividend growth rate of 7.5% through 2030, believing that interest rates decreasing somewhat will help improve growth.

<sup>1</sup> Projected dividend dates; Shares in millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	16.9	20.7	23.3	22.6	25.7	30	32.7	29.2	22.7	21.8	18.5	20.0
Avg. Yld.	3.0%	2.9%	2.8%	2.6%	2.3%	2.3%	1.9%	2.0%	2.7%	2.8%	3.4%	3.2%

Until 2023, NextEra Energy's valuation had risen persistently over the prior ten years. We expect NEE to continue with a good growth rate but slower than in the last decade. We think a multiple of about 20 is fair. The stock appears to be fairly valued based on our estimated EPS for 2025.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	51%	60%	59%	58%	60%	61%	60%	59%	59%	60%	63%	65%

NextEra Energy has established a compelling dividend growth track record over the last decade. This was possible due to earnings growth and a rising payout ratio. NEE is aiming for dividend growth of about 10% annually through at least 2026, but its EPS is expected to grow more slowly.

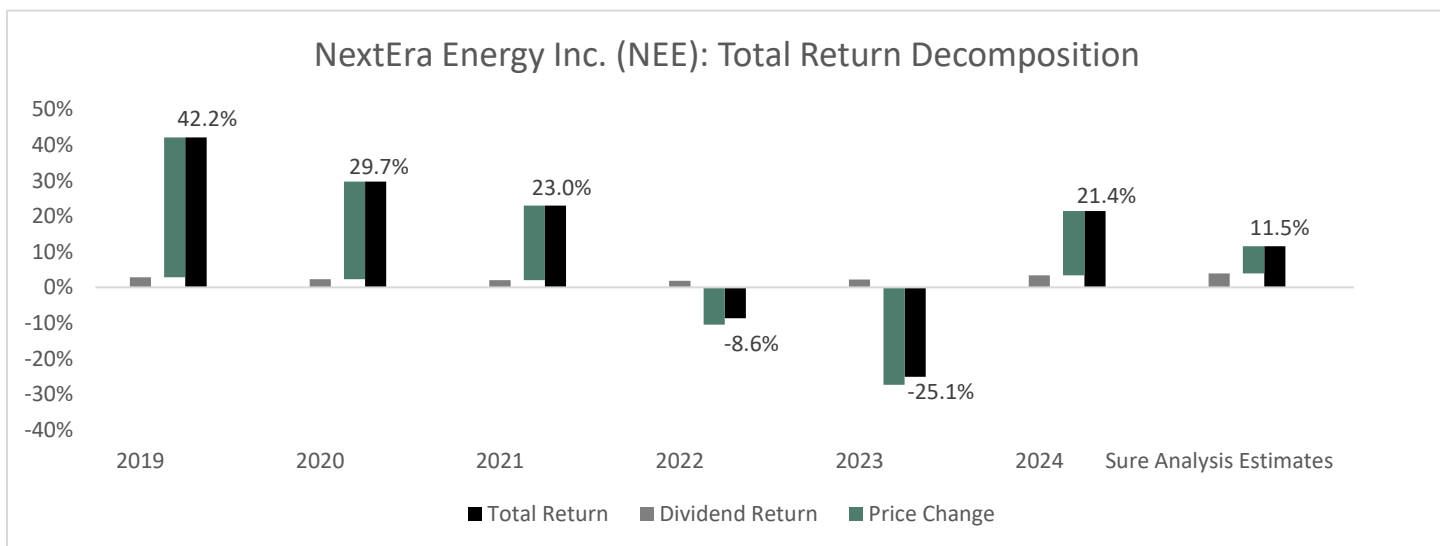
This trend can't continue forever. Eventually, it'll need to align dividend growth with earnings growth if not have dividend growth slower than earnings growth to provide better safety for the dividend. Currently, the dividend is safe as NEE earns stable profits and maintains a sustainable payout ratio.

Because of the regulations that are levied upon utilities, there are fewer competitive risks. As one of the biggest utilities in the United States, NEE also benefits from massive scale, which serves as a competitive advantage. Its focus on higher-growth renewable energy projects will allow NextEra Energy to continue growing faster than its peers. Utilities have low cyclicalities, which is why economic downturns will do little harm (if at all) to NextEra Energy's bottom line.

## Final Thoughts & Recommendation

NextEra Energy looks more attractive than many of its peers in terms of its earnings growth track record, its earnings growth outlook, its dividend growth projections, and the strength of its renewable portfolio. The stock appears to be fairly valued. We estimate a rate of return of 11.5% from a dividend yield of 3.4%, 7.0% EPS growth, and 1.5% from P/E expansion. Therefore, Sure Dividend rates NEE as a "Buy".

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	17,486	16,138	17,173	16,727	19,204	17,997	17,069	20,956	28,110	24,753
Gross Profit	8,890	8,617	9,644	9,665	11,201	10,707	8,589	10,139	17,980	14,867
Gross Margin	50.8%	53.4%	56.2%	57.8%	58.3%	59.5%	50.3%	48.4%	64.0%	60.1%
D&A Exp.	3,203	3,428	2,638	4,147	4,478	4,315	4,212	4,790	6,151	5,761
Operating Profit	4,732	4,240	5,924	4,299	5,248	5,039	3,006	3,559	9,832	7,127
Operating Margin	27.1%	26.3%	34.5%	25.7%	27.3%	28.0%	17.6%	17.0%	35.0%	28.8%
Net Profit	2,752	2,906	5,380	6,638	3,769	2,919	35,73	4,147	7,310	6,946
Net Margin	15.7%	18.0%	31.3%	39.7%	19.6%	16.2%	20.9%	19.8%	26.0%	28.1%
Free Cash Flow	2,217	2,129	1,053	634	-2,922	224	-277	-1480	1,753	4,746
Income Tax	1,228	1,379	-660	1,576	448	44	348	586	1,006	339

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	82,479	89,993	97,963	103,702	117,691	127,684	140,912	158,935	177,490	190,144
Cash & Equivalents	571	1,292	1,714	638	600	1,105	639	1,601	2,690	1,487
Accounts Receivable	1,784	1,784	2,220	2,302	2,282	2,263	3,378	4,349	3,609	4,768
Inventories	1,259	1,289	1,273	1,223	1,328	1,552	1,561	1,934	2,106	2,214
Goodwill & Intang.			2,051	1,599	4,204	4,254	4,844	4,854	5,091	4,866
Total Liabilities	59,367	64,662	68,432	66,289	76,331	82,755	95,488	109,499	118,460	129,283
Accounts Payable	2,529	3,447	3,235	2,386	3,631	4,615	6,935	8,312	8,504	6,982
Long-Term Debt	29,687	30,840	35,025	37,712	42,583	48,091	54,827	64,966	73,210	72,385
Shareholder's Equity	22,574	24,341	28,236	34,144	37,005	36,513	37,202	39,229	47,470	50,101
LTD/E Ratio	1.32	1.27	1.24	1.10	1.15	1.32	1.47	1.66	1.54	1.44

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	3.5%	3.4%	5.7%	6.6%	3.4%	2.4%	2.7%	2.8%	4.3%	3.8%
Return on Equity	13.0%	12.4%	20.5%	21.3%	10.6%	7.9%	9.7%	10.9%	16.9%	11.6%
ROIC	5.4%	5.3%	8.9%	9.5%	4.7%	3.3%	3.7%	3.9%	5.9%	4.7%
Shares Out.	461	468	471	477	491	1,972	1,975	1,987	2,031	2,059
Revenue/Share	9.63	8.66	9.09	8.77	9.89	9.14	8.65	10.55	13.84	12.02
FCF/Share	1.22	1.14	0.56	0.33	-1.50	0.11	-0.14	-0.74	0.86	2.31

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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