

## NextEra Energy

# New Year, New NEE? We will see – Reiterate Neutral

Reiterate Rating: NEUTRAL | PO: 61.00 USD | Price: 60.35 USD

## Still in a holding pattern pending “clean bill of health”

We reiterate our Neutral rating on shares of NextEra Energy (NEE) ahead of 4Q23 earnings. We expect mgmt. to reiterate the growing opportunity set at Energy Resources (NEER) while emphasizing the advantages of scale as smaller competitors continue to face delays. We see this as a potential avenue for NEE to take share among renewable developers through tuck-in acquisitions of later-stage projects all while maintaining market leading returns: origination activity likely robust. Expect clear pivot to Data Centers from Hydrogen. Emphasis on further solar cost declines even in last 2-months. Still, we believe investors remain acutely focused on the utility business (FPL) and see muted upside for shares pending a “clean bill of health” in the 10K: expecting mildly positive 4Q results but real re-rating tied to financials (with focus on Florida & FEC). Meanwhile, do *not* see NEP as a ‘ripe’ issue for any developments (asset sales, maybe). Reiterate Neutral on balanced risk-reward.

## 4Q23 preview: earnings quality should turn from supply

We forecast 4Q23 EPS for NEE of \$0.50, which compares to consensus of \$0.49 and is essentially flat year-over-year (YoY). We look for growth at FPL to continue in-line with recent quarters. At NEER, we look for contributions from new investments to remain strong. In the first three quarters of 2023, new investments contributed growth of \$0.07/sh, \$0.10/sh, and \$0.11/sh, and we model \$0.10/sh growth in 4Q23. Conversely, we model a YoY decline for Customer Supply & Trading (CST) of \$0.07/sh. In the first three quarters of 2023, CST contributed \$0.19/sh of growth following \$0.12/sh of growth in 2022. While our forecast deviates from this pattern, mgmt. has indicated it expects new investments to “carry the flag” in terms of earnings contribution.

## A return to former premium: two-step recovery

NEE has seen its relative premium to the group erode over the past several quarters from over 30% at the start of 2023 to ~10% currently: still about the single highest of all of its utility peers. FPL holds a +20% premium to utility peers; NEER valuation is ‘just’ in-line with unregulated peers. Overall, our \$61 PO (\$57 prior) implies a 11% premium to peers. Our PO is increased following our latest MtM (see pg. 6 for details). Rates have helped shares regain but successful 1) origination (2GW+) 2) clean ‘bill’ and 3) ‘Clean’ 10k disclosure should play into the ‘next’ leg of rerating ahead.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	2.54	2.90	3.14	3.40	3.69
GAAP EPS	1.81	2.10	3.14	3.40	3.69
EPS Change (YoY)	10.0%	14.2%	8.3%	8.3%	8.5%
Consensus EPS (Bloomberg)			3.13	3.40	3.65
DPS	1.54	1.70	1.87	2.06	2.23
Valuation (Dec)					
P/E	24.0x	21.0x	19.4x	18.0x	16.5x
GAAP P/E	33.7x	29.1x	19.4x	18.0x	16.5x
Dividend Yield	2.5%	2.8%	3.1%	3.4%	3.7%
EV / EBITDA*	29.7x	25.4x	17.3x	15.6x	13.9x
Free Cash Flow Yield*	-6.9%	-8.9%	-8.7%	-8.6%	-11.7%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 11.

**BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Refer to important disclosures on page 12 to 14. Analyst Certification on page 9. Price Objective Basis/Risk on page 9.**

12646894

Timestamp: 17 January 2024 06:00AM EST

17 January 2024

### Equity

#### Key Changes

(US\$)	Previous	Current
Price Obj.	57.00	61.00
2023E Rev (m)	25,394.5	25,361.4
2024E Rev (m)	27,263.4	27,135.9
2025E Rev (m)	29,469.5	29,349.3
2023E EPS	3.11	3.14

#### Julien Dumoulin-Smith

Research Analyst  
BofAS  
+1 646 855 5855  
[julien.dumoulin-smith@bofa.com](mailto:julien.dumoulin-smith@bofa.com)

#### Paul Zimbardo

Research Analyst  
BofAS  
+1 646 855 1470  
[paul.zimbardo@bofa.com](mailto:paul.zimbardo@bofa.com)

#### Cameron Lochridge

Research Analyst  
BofAS  
+1 337 962 0696  
[cameron.lochridge@bofa.com](mailto:cameron.lochridge@bofa.com)

### Stock Data

Price	60.35 USD
Price Objective	61.00 USD
Date Established	17-Jan-2024
Investment Opinion	B-2-7
52-Week Range	47.15 USD - 86.47 USD
Mrkt Val (mn) / Shares Out (mn)	122,131 USD / 2,023.7
Free Float	99.9%
Average Daily Value (mn)	644.97 USD
BofA Ticker / Exchange	NEE / NYS
Bloomberg / Reuters	NEE US / NEE.N
ROE (2023E)	12.7%
Net Dbt to Eqty (Dec-2022A)	127.3%
ESGMeter <sup>TM</sup>	High

**ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".**

NEER: NextEra Energy Resources



# iQprofile<sup>SM</sup> NextEra Energy

## iQmethod<sup>SM</sup> – Bus Performance\*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	2.1%	2.6%	4.4%	4.5%	4.6%
Return on Equity	11.1%	12.2%	12.7%	13.0%	13.2%
Operating Margin	17.1%	19.5%	33.6%	35.2%	36.6%
Free Cash Flow	(8,524)	(11,021)	(10,700)	(10,683)	(14,406)

## iQmethod<sup>SM</sup> – Quality of Earnings\*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	1.5x	1.4x	1.4x	1.4x	1.5x
Asset Replacement Ratio	4.1x	4.3x	4.5x	4.4x	4.9x
Tax Rate	11.0%	15.3%	23.2%	24.2%	25.6%
Net Debt-to-Equity Ratio	117.8%	127.3%	131.2%	131.0%	129.1%
Interest Cover	2.3x	7.0x	3.8x	4.0x	4.1x

## Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	17,069	20,956	25,361	27,136	29,349
% Change	-5.2%	22.8%	21.0%	7.0%	8.2%
Gross Profit	12,696	14,567	19,496	21,013	22,839
% Change	-12.2%	14.7%	33.8%	7.8%	8.7%
EBITDA	7,503	8,787	12,890	14,275	15,986
% Change	-4.0%	17.1%	46.7%	10.8%	12.0%
Net Interest & Other Income	262	(249)	(1,391)	(1,444)	(1,519)
<b>Net Income (Adjusted)</b>	<b>5,021</b>	<b>5,742</b>	<b>6,379</b>	<b>7,055</b>	<b>7,762</b>
<b>% Change</b>	<b>10.3%</b>	<b>14.4%</b>	<b>11.1%</b>	<b>10.6%</b>	<b>10.0%</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	2,827	3,246	5,478	6,154	6,861
Depreciation & Amortization	3,922	4,503	4,368	4,713	5,244
Change in Working Capital	(523)	412	0	0	0
Deferred Taxation Charge	474	534	828	872	1,089
Other Adjustments, Net	853	(433)	(1,670)	(1,670)	(1,670)
Capital Expenditure	(16,077)	(19,283)	(19,704)	(20,752)	(25,930)
<b>Free Cash Flow</b>	<b>-8,524</b>	<b>-11,021</b>	<b>-10,700</b>	<b>-10,683</b>	<b>-14,406</b>
<b>% Change</b>	<b>-28.6%</b>	<b>-29.3%</b>	<b>2.9%</b>	<b>0.2%</b>	<b>-34.8%</b>
Share / Issue Repurchase	14	1,460	2,000	2,000	2,500
Cost of Dividends Paid	(3,024)	(3,352)	(3,687)	(4,056)	(4,401)
Change in Debt	6,710	10,528	4,423	5,243	5,375

## Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	1,316	3,441	1,000	1,000	1,000
Trade Receivables	4,108	5,093	5,093	5,093	5,093
Other Current Assets	3,864	8,397	8,397	8,397	8,397
Property, Plant & Equipment	99,348	111,059	125,182	138,122	154,488
Other Non-Current Assets	32,276	34,386	34,386	34,386	34,386
<b>Total Assets</b>	<b>140,912</b>	<b>162,376</b>	<b>174,058</b>	<b>186,998</b>	<b>203,364</b>
Short-Term Debt	3,867	9,710	9,710	9,710	9,710
Other Current Liabilities	13,570	20,426	20,426	20,426	20,426
Long-Term Debt	50,960	55,256	59,679	64,921	70,296
Other Non-Current Liabilities	26,846	27,548	31,017	34,617	40,647
<b>Total Liabilities</b>	<b>95,243</b>	<b>112,940</b>	<b>120,832</b>	<b>129,674</b>	<b>141,079</b>
<b>Total Equity</b>	<b>45,424</b>	<b>48,326</b>	<b>52,117</b>	<b>56,214</b>	<b>61,175</b>
<b>Total Equity &amp; Liabilities</b>	<b>140,667</b>	<b>161,266</b>	<b>172,948</b>	<b>185,888</b>	<b>202,254</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 11.

## Company Sector

Electric Utilities

## Company Description

NextEra Energy consists of two main business operating segments: the Florida regulated utilities (primarily Florida Power & Light) and NextEra Energy Resources, a deregulated generator of predominantly wind, natural gas, nuclear and solar powered assets in North America. Moreover, it also holds an ownership position in the YieldCo NextEra Energy Partners (NEP). Other businesses include gas pipelines, electric transmission, and other novel energy businesses.

## Investment Rationale

We rate NextEra Energy (NEE) Neutral with the increased regulatory/political overhang set to persist. NEE has one of the highest EPS CAGR in the utilities sector driven by the company's best-in-class Florida utility operations and long track record of success in renewables development. Shares trade at a material premium to utility peers that appropriately reflects the higher growth prospects.

## Stock Data

Average Daily Volume 10,687,100

## Quarterly Earnings Estimates

	2022	2023
Q1	0.74A	0.85E
Q2	0.81A	0.89E
Q3	0.85A	0.86E
Q4	0.51A	0.55E



## Is '24 a rebound year? Rates hold the key

A steady increase in interest rates over the past several quarters has resulted in a gradual decline in NEE's relative valuation to peers. As the largest developer of renewable energy resources in the US, NEE is uniquely exposed to rate movements. While the utility business (FPL) is able to pass through elevated financing costs to customers, the unregulated business does not have this luxury. Mgmt. emphasized the fact that returns on renewables projects remain well above industry averages in the high-teens/low-twenties. Still, with limited ability to independently verify these levels of returns, we believe the path to prior premium levels is regaining execution. Do not expect surprises here with a focus on steady execution, improve earnings quality composition of 4Q & '24 too, and finally ongoing successful origination (still need to make headway against accelerating targets). We see peer confidence from the likes of AES as also enabling recent re-rating along with lower rates. Stress do not expect meaningful positive reaction to results, even if benign & successful in showing progress pending the real update: 10K disclosure in weeks after earnings update. We call it a "holding pattern" pending resolution of regulatory concerns at FPL (specifically FEC). Even then, FEC may not yet be resolved by time of 10K given timeline; moreover, even if nominal total paid, this will leave question of what 'next'? Related, see potential positive read from DUK on its own likely success in a Florida rate case this year (expect developments in coming weeks) as a positive indicator to construct (not entirely a surprise). On balance, *quality matters*: both of its regulatory disclosures and its earning composition.

**Updates really tied to mid-year Analyst Day: even then, don't expect big updates.. steady roll forward remains the key.**

In terms of updates, look for mid-March disclosure transparency and 'mini-Analyst day' to help frame up what the company is doing of late – but do *not* look for any material updates around this. Rather, look its typical June Analyst Day timing for meaningful disclosures: even here too, we actually expect few notable highlights, particularly given 'excitement' in 2023: on balance, roll-forward of EPS targets enabled by ongoing renewable build with modest inclusion of further 'new' investments including transmission among segments called out.

**Don't expect any updates on NEP, but remember that NEE doesn't need it either.**

For as much as NextEra Partners (NEP) remains a broader 'liability' in our view to NEE, we see clear reason for the two names to increasingly bifurcate as NEE refocuses on organic growth ex-asset recycle vehicle. NEE doesn't need NEP, contrary to some investor perceptions; the question remains whether any eventual reset will still create perception issues back to NEE. Don't necessarily see need for 'new' recycling partner yet for NEE purposes to be sure. This will become a growing focus thru '24 to be sure, but we see numerous likely partners could reconstitute their arrangements with NEE to step in.

Overall, we reiterate Neutral on shares given the return of the single widest premium to the group for NEE vs Utility peers. Yes, we could see this expand indeed upon successful de-risking disclosures, it's not obvious from these levels without clear affirmation.

**Exhibit 1: NEE relative premium to S&P 500 Utilities Sector (P/E FY2) vs. UST 10Yr**

Premium valuation compression shows high correlation to interest rates



Source: Bloomberg

BofA GLOBAL RESEARCH

**BofA Global Research Reports****Title: Subtitle**

[US Utilities & Clean Tech: Our Clean Energy Year Ahead: Top 10 Trends in '24: Progress in Shadow of IRA](#)

[US Utilities & Clean Tech: Year Ahead 2024: Our 24 Themes. Utilities set for a rebound but regulatory risks lurk](#)

[NextEra Energy: New investments to drive growth anew – Takeaways from our CEO Fireside](#)

[NextEra Energy: The latest on key debates & financing plan post 3Q](#)

[NextEra Energy: The key measures to watch: equity needs, new origination & tax credits](#)

[NextEra Energy: 'Day After Debates': Feeling the pulse of investor sentiment across the globe](#)

[NextEra Energy: End of an Era? Time \(and Rates\) Will Tell – Reiterate Neutral and Cut PO](#)

[NextEra Energy: Day two debates: What are clients focused on after NEP growth reset](#)

[NextEra Energy: NEE sells FL utilities in a surprise. Cuts NEP growth outlook due to financing.](#)

[NextEra Energy: Downgrade to Neutral: Eclipse over Florida prevents further positive re-rating](#)

**Primary Author**

Julien Dumoulin-Smith

Julien Dumoulin-Smith

Julien Dumoulin-Smith

Julien Dumoulin-Smith

Julien Dumoulin-Smith

Julien Dumoulin-Smith

Julien Dumoulin-Smith

Julien Dumoulin-Smith

Julien Dumoulin-Smith

Julien Dumoulin-Smith

**Date Published**

09 January 2024

08 January 2024

29 November 2023

26 October 2023

19 October 2023

13 October 2023

04 October 2023

28 September 2023

27 September 2023

26 January 2023



## 4Q23 preview: forecasting in-line quarter, LT unchanged

We forecast 4Q23 EPS for NEE of \$0.50, which compares to Consensus of \$0.49. We look for growth at FPL to continue in-line with recent quarters. At NEER, we look for contributions from new investments to remain strong. In the first three quarters of 2023, new investments contributed growth of \$0.07/sh, \$0.10/sh, and \$0.11/sh, and we model \$0.10/sh growth in 4Q23. Conversely, we model a YoY decline for Customer Supply & Trading (CST) of \$0.07/sh. In the first three quarters of 2023, CST contributed \$0.19/sh of growth following \$0.12/sh of growth in 2022.

### Exhibit 2: NEE EPS walk

We forecast 4Q23 EPS of \$0.50

NextEra Energy (NEE) Earnings Walk	FY23	1Q23A	2Q23A	3Q23A	4Q23A
Prior Period (FY22)	\$2.90	\$0.74	\$0.81	\$0.85	\$0.51
FPL New Rates + Growth	\$0.22	\$0.05	\$0.05	\$0.05	\$0.06
FPL NW New Rates + Growth	\$0.02	\$0.00	\$0.01	\$0.01	\$0.01
Rates + Growth	\$0.24	\$0.06	\$0.06	\$0.06	\$0.07
Other (O&M, D&A, interest, etc.)	\$0.08	\$0.04	\$0.03	\$0.00	\$0.00
FPL	\$0.32	\$0.10	\$0.09	\$0.06	\$0.07
New Investment	\$0.38	\$0.07	\$0.10	\$0.11	\$0.10
Existing Assets & Storage Assets	-\$0.10	-\$0.03	-\$0.06	-\$0.02	\$0.00
Customer Supply & Trading	\$0.12	\$0.06	\$0.09	\$0.04	-\$0.07
Gas Infrastructure	\$0.02	-\$0.01	\$0.00	\$0.01	\$0.01
Transmission	\$0.01	\$0.00	\$0.00	\$0.00	\$0.01
NEER Base	\$0.42	\$0.10	\$0.13	\$0.14	\$0.06
Other (D&A, interest, taxes, etc.)	-\$0.08	\$0.00	-\$0.03	-\$0.02	-\$0.03
Interest	-\$0.11	-\$0.02	-\$0.03	-\$0.03	-\$0.03
New Debt	-\$0.11	-\$0.04	-\$0.03	-\$0.03	-\$0.02
NEER	\$0.11	\$0.04	\$0.04	\$0.06	-\$0.03
Corporate & Other	-\$0.11	-\$0.03	-\$0.04	-\$0.01	-\$0.03
Dilution	-\$0.07	-\$0.01	-\$0.02	-\$0.02	-\$0.01
Current Period	\$3.15	\$0.84	\$0.88	\$0.94	\$0.50
FY23 Diluted Shares	2,028	2,005	2,023	2,033	2,052
FY22 Diluted Shares	1,979	1,974	1,973	1,979	1,993
Consensus Estimates	\$3.13	\$0.77	\$0.82	\$0.89	\$0.49
FY23 Guidance/Historical Quarters	2.98-3.13	\$0.78	\$0.85	\$0.89	\$0.53
BofA vs Consensus	1%	10%	7%	5%	3%
BofA vs Guidance/Historical Quarters	3%	8%	3%	5%	-5%

Source: Company filings, Bloomberg, BofA Global Research estimates

BofA GLOBAL RESEARCH

### Exhibit 3: NEE earnings dashboard

We maintain our estimates in the out years

EPS by Business	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Growth '22-'26	Growth '22-'30
FPL	1.70	1.92	2.08	2.21	2.34	2.47	2.61	2.75	2.89	8.3%	6.9%
FPL NW	0.17	0.20	0.24	0.25	0.27	0.28	0.30	0.31	0.31	11.3%	7.6%
NextEra Energy Resources	1.14	1.23	1.26	1.40	1.51	1.63	1.75	1.90	2.07	7.3%	7.8%
NextEra Energy Transmission	0.08	0.08	0.10	0.13	0.15	0.17	0.20	0.22	0.24	18.6%	15.3%
NextEra Water	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.02	0.02	46.8%	30.4%
RNG Marketing	0.02	0.03	0.03	0.04	0.05	0.06	0.07	0.08	0.08	33.3%	22.7%
Other	(0.20)	(0.31)	(0.33)	(0.34)	(0.36)	(0.39)	(0.40)	(0.41)	(0.43)	15.7%	9.9%
Consolidated	2.90	3.14	3.40	3.69	3.96	4.25	4.55	4.86	5.18	8.3%	7.5%
Prior Estimates		3.11	3.40	3.69							
Guidance	2.80-2.90	2.98-3.13	3.23-3.43	3.45-3.70	3.63-4.00						
Consensus	2.88	3.13	3.40	3.65	3.84						
BofAe YoY Growth (%)	14.0%	8.4%	8.1%	8.5%	7.4%	7.2%	7.1%	6.8%	6.6%		
BofAe New EPS vs Prior		1.1%	0.0%	0.0%							
BofA vs Street	0.6%	0.6%	0.0%	1.1%	3.2%	N/A	N/A	N/A	N/A		
BofAe vs Guidance Midpoint	1.8%	2.9%	2.1%	3.2%	7.7%	7.8%	7.8%	7.5%	6.9%		

Source: Company filings, Bloomberg, BofA Global Research estimates

BofA GLOBAL RESEARCH

## Revisiting NEP CAFD and CEPF encumbrance

Below we show an updated look at NextEra Energy Partners' (NEP) cash available for distribution (CAFD). We update the below table to reflect our revised view of CAFD encumbered by NEP's convertible equity portfolio financings (CEPF). Based solely on CEPF agreements per 8Ks filed by NEE, we see ~37% of NEP's run-rate CAFD guidance as 'at-risk' to the extent minimum CEPF buyouts are not exercised. In a separate analysis we used our own estimates of portfolio CAFD, which implied ~65% of run-rate CAFD was encumbered by CEPFs. We believe this delta illustrates the difficulty investors face in pricing in these complexities.

### Exhibit 4: NEP CAFD analysis

Based solely on calculations derived from NEP 8Ks, we see 37% of run-rate CAFD encumbered by CEPFs

<b>CAFD Run-Rate Guidance</b>	<b>\$775</b>					
<b>Total CAFD Encumbered by CEPFs</b>	<b>\$288</b>					
<b>% of Run-Rate Guidance</b>	<b>37.1%</b>					
	<b>NEP Renewables II</b>	<b>NEP Pipelines</b>	<b>STX Midstream</b>	<b>Genesis Holdings</b>	<b>NEP Renewables III</b>	<b>NEP Renewables IV</b>
Date Announced	March 4, 2019	September 30, 2019	November 1, 2019	November 2, 2020	October 22, 2021	November 18, 2022
Date Closed	June 11, 2019	November 13, 2019	December 4, 2019	December 18, 2020	December 22, 2021	December 15, 2022
Counterparty/Counterparties	KKR	BlackRock	ELG	KKR, HOOP, CAAT, Varma	Apollo	Ontario Teachers'
Initial Investment (\$Mn)	\$900	\$170	\$750	\$1,100	\$824	\$888
(A) CAFD Split	\$9	\$1	\$21	\$48	\$40	\$25
Effective Cash Coupon	1.0%	0.5%	2.8%	4.4%	4.8%	2.8%
Share of Portfolio CAFD						
(B) Normal Course	5.0%	1.0%	12.5%	25.0%	65.0%	17.0%
If Minimum Buyout not Exercised	99.0%	99.0%	75-99%	65-99%	99.0%	84.2%
% Bought out To-Date (Incl. STX Proceeds)	100%	100%	100%	0%	0%	0%
<b>Portfolio CAFD (\$Mn) - (A)/(B)</b>	<b>\$180</b>	<b>\$85</b>	<b>\$168</b>	<b>\$194</b>	<b>\$61</b>	<b>\$146</b>
Less: CAFD to CEPF Holder (A)	(\$9)	(\$1)	(\$21)	(\$48)	(\$40)	(\$25)
<b>CAFD to NEP (\$Mn) - BofAe</b>	<b>\$171</b>	<b>\$84</b>	<b>\$147</b>	<b>\$145</b>	<b>\$21</b>	<b>\$121</b>

Source: Company filings, BofA Global Research estimates

BofA GLOBAL RESEARCH

## See current premium as appropriate given backdrop

We value NEE using a sum-of-the-parts (SotP) analysis. Our FPL valuation implies a 20% premium to regulated utility peers, while our NEER valuation is in-line with unregulated peers. Overall, our \$61 PO (\$57 prior) implies a 11% premium to peers. Our PO is increased following our latest MtM. Regulated electric peer P/E (2025E) moves to 14.9x from 14.8x, regulated water P/E (2025E) moves to 21.4x from 21.2x, unregulated EV/EBITDA (2025E) moves to 10.0x from 9.5x, and DevCo discount rate moves to 12% from 14%.

### Exhibit 5: NEE SotP summary

We arrive at a \$61 PO

<b>NextEra Energy (NEE) Simplified SOTP:</b>	<b>2025</b>	<b>Metric</b>	<b>Multiple</b>	<b>Prem (Disc.)</b>	<b>\$/Sh</b>	<b>Prior</b>
Utilities (FPL, Gulf Power, Transmission, Water)	\$2.59	EPS	17.7x	19%	\$46.00	\$46.00
Unregulated Energy Resources	\$8,836	EBITDA	10.3x	3%	\$19.00	\$16.00
NextEra Energy Partners (NEP) LP Stake	\$98	Shares	\$28.88	\$/sh	\$1.00	\$1.00
NextEra Energy Partners (NEP) GP Stake	\$0	FCF	N/A		\$2.00	\$2.00
Corporate & Other	(\$0.48)	EPS	14.7x	-1%	(\$7.00)	(\$7.00)
<b>NextEra Energy</b>	<b>\$3.69</b>	<b>EPS</b>	<b>16.5x</b>	<b>11%</b>	<b>\$61.00</b>	<b>\$57.00</b>
Dividend Yield					3.4%	
<b>Total Return Potential</b>					<b>3.3%</b>	

Source: Company filings, Bloomberg, BofA Global Research estimates

BofA GLOBAL RESEARCH





**Exhibit 6: NEE detailed SotP**

We arrive at a \$61 PO – sticking with Neutral as still reflect real ‘Devco’ renewable pipeline value

**NextEra Energy Sum of the Parts Valuation - 2025E**

All figures in \$mn except per share			Metric Valuation Metric		Valuation			Equity Value		
Utility-Business										
	2025 EPS	Peer	Prem/ Discount	Low	Base	High	Low	Base	High	
Group Peer Multiple - Electric	-	14.9x	-	-	-	-	-	-	-	
Group EPS '21-'25 CAGR - Electric	-	5.00%	-	-	-	-	-	-	-	
		15.6x								
Florida Power & Light	\$2.21 P/E		2.2x	16.9x	17.9x	18.9x	\$37.23	\$39.44	\$41.64	
NextEra Transmission	\$0.13 P/E		2.2x	16.9x	17.9x	18.9x	\$2.17	\$2.30	\$2.42	
NextEra Water	\$0.01 P/E		0.0x	20.4x	21.4x	22.4x	\$0.17	\$0.17	\$0.18	
Florida Power & Light NW (Gulf)	\$0.25 P/E		2.2x	16.9x	17.9x	18.9x	\$4.21	\$4.46	\$4.71	
Utility-Business value per share							\$43.8	\$46.4	\$49.0	
NextEra Energy Resources (Non-utility Business)			Valuation Metric		Valuation			Enterprise Value		
	2025EBITDA	Peer	Prem/ Discount	Low	Base	High	Low	Base	High	
Contracted Assets										
Contracted Renewables	\$3,705 EV/EBITDA	10.0x	0.0x	9.0x	10.0x	11.0x	\$33,347	\$37,053	\$40,758	
NPV of Renewable Development ('24+)	DCF				12%		\$25,990	\$25,990	\$25,990	
Contracted Nuclear	\$607									
Point Beach	\$477 DCF			10%	10%	10%	\$2,295	\$2,295	\$2,295	
Contracted Gas (MA, NJ, NY)	\$59 EV/EBITDA			9.0x	10.0x	11.0x	\$531	\$590	\$649	
Texas pipelines (NET)	\$200 EV/EBITDA			9.0x	10.0x	11.0x	\$1,800	\$2,000	\$2,200	
Less: NEP EBITDA (adjusted for Equity Earnings)	-\$1,337 EV/EBITDA		0.0x	9.0x	10.0x	11.0x	-\$12,033	-\$13,370	-\$14,707	
Plus: DCF of Existing Tax Credits	\$2,947 DCF			8%	8%	8%	\$2,947	\$2,947	\$2,947	
Plus: DCF of Future Tax Credits	\$19,930 DCF			10%	10%	10%	\$19,930	\$19,930	\$19,930	
Less: DCF of Future DMI Benefits	-\$4,931 DCF			10%	10%	10%	-\$4,931	-\$4,931	-\$4,931	
Merchant Assets										
Merchant Wind (Texas) - Open	\$382 EV/EBITDA		-1.5x	7.5x	8.5x	9.5x	\$2,863	\$3,245	\$3,626	
Hedge Value	-\$140 DCF			8%	8%	8%	\$31	\$31	\$31	
Other	-\$5 EV/EBITDA		-1.0x	8.0x	9.0x	10.0x	-\$43	-\$48	-\$53	
Merchant Nuclear (Seabrook Plant in ISO-NE/NH)	\$260 DCF			8%	10%	10%	\$2,103	\$2,103	\$2,103	
Oleander & Stanton	\$92 EV/EBITDA		-1.0x	8.0x	9.0x	10.0x	\$737	\$829	\$921	
Other Assets										
Pipelines	\$474 EV/EBITDA		1.0x	10.0x	11.0x	12.0x	\$4,740	\$5,214	\$5,688	
Gas Infrastructure (E&P)	\$758 EV/EBITDA		-6.0x	3.0x	4.0x	5.0x	\$2,274	\$3,032	\$3,790	
Customer Supply & Trading	\$1,133 EV/EBITDA		-4.0x	5.0x	6.0x	7.0x	\$5,665	\$6,798	\$7,931	
RNG	\$123 DCF @ 10%		Implied Multiple ->		5.3x		\$643	\$643	\$643	
Less: Allocated Corporate G&A	-\$350 EV/EBITDA			9.0x	10.0x	11.0x	-\$3,150	-\$3,500	-\$3,850	
Total NEER	\$8,836				10.3x		\$85,740	\$90,851	\$95,961	
Less Debt										
NEE Total Debt							\$80,006	\$80,006	\$80,006	
-FP&L & Gulf Debt							-\$26,918	-\$26,918	-\$26,918	
-Transmission, Water, RNG Associated Debt							-\$1,961	-\$1,961	-\$1,961	
NEER & NECH Debt							\$51,127	\$51,127	\$51,127	
NextEra Energy Resource Equity Value							\$34,613	\$39,724	\$44,834	
Corporate & Other	-\$0.48 P/E		0.0x	14.6x	15.6x	16.6x	-\$6.98	-\$7.46	-\$7.93	
Total Equity Value per share excl. NEP							\$53.3	\$57.8	\$62.3	
NextEra Energy Partners										
	NEE Owned Shares	NEP Share (\$/sh)								
LP Market Value per Share	97.62	\$29					\$2,819	\$1.34	\$1.34	
GP Fee Value per Share							\$4,248	\$2.02	\$2.02	
NEP Equity Value per share							\$3.4	\$3.36	\$3.4	
Total NextEra Energy Value per Share							\$57.00	\$61.00	\$66.00	
Shares Outstanding									2103.4	
NTM Dividend								\$2.06		
Dividend Yield								3.37%		
Current Share Price								\$61.04		
Total Potential Return								3.3%		

Source: Company filings, Bloomberg, BofA Global Research estimates

BofA GLOBAL RESEARCH





## Price objective basis & risk

### NextEra Energy (NEE)

Our \$61 PO is derived using an sum-of-the-parts (SOTP) approach, with the utilities and parent segment valued on a 2025E P/E basis, and the generation segment valued on a 2025E EV/EBITDA basis. In addition, we include NEE's ownership stake in NextEra Energy Partners (NEP) as well as the value of fixed fee IDR (DCF, at 10% disc rate). We assign 25E peer multiples of 14.9x for electric and 21.4x for water (grossed up by 5% and 7%, respectively, to reflect capital appreciation) with discount/premium to reflect the growth/risk profile of the businesses. We apply a 15% premium for FPL and Gulf. For NEER, we apply a peer EV/EBITDA multiple of 10.0x, which we adjust depending on asset type. We give contracted renewables an in line multiple with peers. We utilize a DCF (12% discount rate) of new renewable for projects beyond 2024 and include a 12x terminal multiple. We value contracted nuclear on a DCF approach using an 10% discount rate. We apply a 1x premium multiple to pipelines, -6.0x discount to gas infrastructure and -4x discount for supply and trading given lower asset quality, a 0x premium for contracted gas peakers and 1x discount for merchant peakers (other), again based on asset quality.

Risks to our PO are: 1) regulatory/political/legislative outcomes, 2) weather and natural disasters, 3) commodity price changes, 4) fluctuations in stock prices for NextEra Energy Partners, 5) renewable development margins & margin, and 6) election commission review.

## Analyst Certification

I, Julien Dumoulin-Smith, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

### North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Alliant Energy Corporation	LNT	LNT US	Julien Dumoulin-Smith
	Array Technologies	ARRY	ARRY US	Julien Dumoulin-Smith
	Atlantica Sustainable Infrastructure	AY	AY US	Julien Dumoulin-Smith
	Atmos Energy Corporation	ATO	ATO US	Julien Dumoulin-Smith
	CenterPoint Energy	CNP	CNP US	Julien Dumoulin-Smith
	Cheniere Energy Inc	LNG	LNG US	Julien Dumoulin-Smith
	Clearway Energy	CWENA	CWEN/A US	Julien Dumoulin-Smith
	Clearway Energy	CWEN	CWEN US	Julien Dumoulin-Smith
	CMS Energy	CMS	CMS US	Julien Dumoulin-Smith
	Consolidated Edison	ED	ED US	Julien Dumoulin-Smith
	DTE Energy	DTE	DTE US	Julien Dumoulin-Smith
	Duke Energy	DUK	DUK US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	ENLT	ENLT US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	XENLF	ENLT IT	Julien Dumoulin-Smith
	Entergy	ETR	ETR US	Paul Zimbardo
	First Solar, Inc.	FSLR	FSLR US	Julien Dumoulin-Smith
	Fluence Energy	FLNC	FLNC US	Julien Dumoulin-Smith
	Hannon Armstrong	HASI	HASI US	Julien Dumoulin-Smith
	Hydro One	YH	H CN	Dariusz Lozny, CFA
	MDU Resources Group, Inc.	MDU	MDU US	Dariusz Lozny, CFA
	Nextrackr Inc	NXT	NXT US	Julien Dumoulin-Smith
	NiSource Inc	NI	NI US	Julien Dumoulin-Smith
	NorthWestern Corporation	NWE	NWE US	Julien Dumoulin-Smith
	NRG Energy	NRG	NRG US	Julien Dumoulin-Smith
	PG&E Corporation	PCG	PCG US	Julien Dumoulin-Smith
	PNM Resources Inc.	PNM	PNM US	Julien Dumoulin-Smith



## North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Portland General Electric Company	POR	POR US	Julien Dumoulin-Smith
	PPL Corporation	PPL	PPL US	Paul Zimbardo
	Public Service Enterprise Group	PEG	PEG US	Julien Dumoulin-Smith
	Sempra Energy	SRE	SRE US	Julien Dumoulin-Smith
	Sunnova Energy	NOVA	NOVA US	Julien Dumoulin-Smith
	SunRun	RUN	RUN US	Julien Dumoulin-Smith
	TPI Composites	TPIC	TPIC US	Julien Dumoulin-Smith
	Vistra Energy	VST	VST US	Julien Dumoulin-Smith
	Xcel Energy Inc	XEL	XEL US	Julien Dumoulin-Smith
<b>NEUTRAL</b>				
	AES	AES	AES US	Julien Dumoulin-Smith
	Algonquin Power & Utilities Corp	AQN	AQN US	Dariusz Lozny, CFA
	Algonquin Power & Utilities Corp	YAQN	AQN CN	Dariusz Lozny, CFA
	AltaGas	YALA	ALA CN	Cameron Lochridge
	Ameren Corporation	AEE	AEE US	Julien Dumoulin-Smith
	Ameresco	AMRC	AMRC US	Julien Dumoulin-Smith
	American Electric Power	AEP	AEP US	Julien Dumoulin-Smith
	Bloom Energy	BE	BE US	Julien Dumoulin-Smith
	ChargePoint Holdings	CHPT	CHPT US	Cameron Lochridge
	Constellation Energy Corp	CEG	CEG US	Paul Zimbardo
	Emera Inc	YEMA	EMA CN	Dariusz Lozny, CFA
	Essential Utilities	WTRG	WTRG US	Julien Dumoulin-Smith
	Evergy, Inc	EVRG	EVRG US	Julien Dumoulin-Smith
	Exelon	EXC	EXC US	Paul Zimbardo
	Generac Holdings Inc.	GNRC	GNRC US	Julien Dumoulin-Smith
	Idacorp	IDA	IDA US	Paul Zimbardo
	Maxon Solar Technologies	MAXN	MAXN US	Julien Dumoulin-Smith
	New Fortress Energy	NFE	NFE US	Cameron Lochridge
	NextEra Energy	NEE	NEE US	Julien Dumoulin-Smith
	NextEra Energy Partners	NEP	NEP US	Julien Dumoulin-Smith
	OGE Energy Corp	OGE	OGE US	Julien Dumoulin-Smith
	Ormat Technologies	ORA	ORA US	Julien Dumoulin-Smith
	Pinnacle West	PNW	PNW US	Julien Dumoulin-Smith
	Southern Company	SO	SO US	Julien Dumoulin-Smith
	Southwest Gas Holdings	SWX	SWX US	Julien Dumoulin-Smith
	TransAlta Corp	TAC	TAC US	Dariusz Lozny, CFA
	TransAlta Corporation	YTA	TA CN	Dariusz Lozny, CFA
<b>UNDERPERFORM</b>				
	Allete Inc	ALE	ALE US	Julien Dumoulin-Smith
	American Water Works	AWK	AWK US	Julien Dumoulin-Smith
	Avangrid	AGR	AGR US	Paul Zimbardo
	Avista	AVA	AVA US	Julien Dumoulin-Smith
	Black Hills Corporation	BKH	BKH US	Julien Dumoulin-Smith
	Dominion Energy	D	D US	Paul Zimbardo
	Edison International	EIX	EIX US	Paul Zimbardo
	Enphase Energy	ENPH	ENPH US	Julien Dumoulin-Smith
	Eversource Energy	ES	ES US	Paul Zimbardo
	FirstEnergy	FE	FE US	Julien Dumoulin-Smith
	Fortis	YFTS	FTS CN	Julien Dumoulin-Smith
	Fortis Inc	FTS	FTS US	Julien Dumoulin-Smith
	FREYR Battery	FREY	FREY US	Julien Dumoulin-Smith
	FTC Solar	FTCI	FTCI US	Julien Dumoulin-Smith
	Hawaiian Electric Industries	HE	HE US	Julien Dumoulin-Smith
	MGE Energy	MGEE	MGEE US	Julien Dumoulin-Smith
	New Jersey Resources Corp	NJR	NJR US	Julien Dumoulin-Smith
	ONE Gas, Inc.	OGS	OGS US	Julien Dumoulin-Smith
	SolarEdge Technologies	SEDG	SEDG US	Julien Dumoulin-Smith
	Spire	SR	SR US	Julien Dumoulin-Smith
	Stem, Inc.	STEM	STEM US	Julien Dumoulin-Smith
	SunPower Corp.	SPWR	SPWR US	Julien Dumoulin-Smith
	UGI Corp.	UGI	UGI US	Julien Dumoulin-Smith
	WEC Energy Group Inc	WEC	WEC US	Julien Dumoulin-Smith

## iQmethod<sup>SM</sup> Measures Definitions

### Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

### Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

### Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

### Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

### Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash &amp; Equivalents

EBIT

### Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

### Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

### Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

### Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

iQmethod<sup>SM</sup> is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

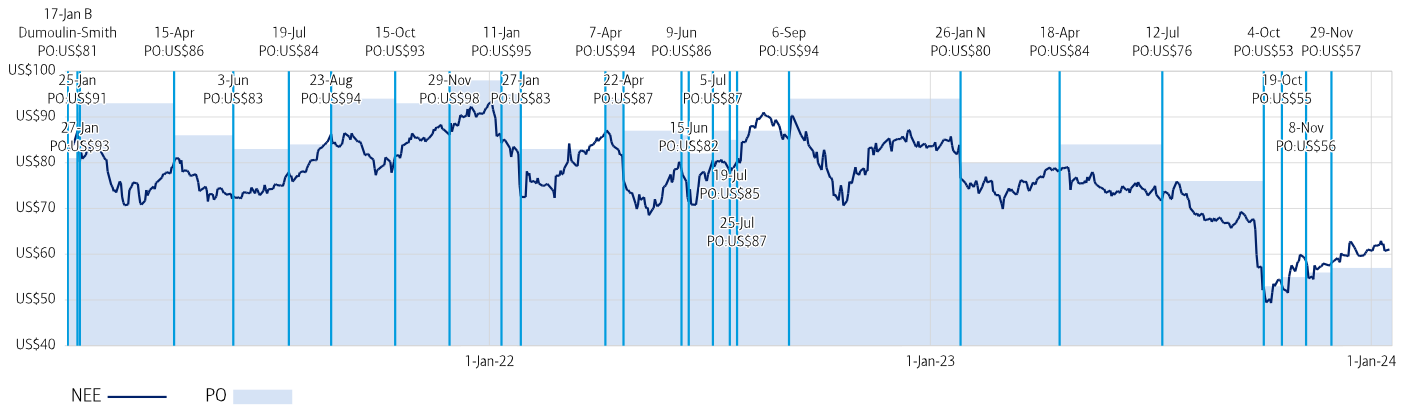
iQdatabase<sup>®</sup> is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

iQprofile<sup>SM</sup>, iQmethod<sup>SM</sup> are service marks of Bank of America Corporation. iQdatabase<sup>®</sup> is a registered service mark of Bank of America Corporation.

# Disclosures

## Important Disclosures

### NextEra Energy (NEE) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

### Equity Investment Rating Distribution: Utilities Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	72	46.45%	Buy	52	72.22%
Hold	45	29.03%	Hold	32	71.11%
Sell	38	24.52%	Sell	21	55.26%

### Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

**FUNDAMENTAL EQUITY OPINION KEY:** Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R2</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

**INCOME RATINGS**, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. **Coverage Cluster** is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

Price Charts for the securities referenced in this research report are available on the [Price Charts website](#), or call 1-800-MERRILL to have them mailed.

BofAS or one of its affiliates acts as a market maker for the equity securities recommended in the report: NextEra Energy.

The issuer is or was, within the last 12 months, an investment banking client of BofAS and/or one or more of its affiliates: NextEra Energy.

BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: NextEra Energy.

The issuer is or was, within the last 12 months, a non-securities business client of BofAS and/or one or more of its affiliates: NextEra Energy.

BofAS or an affiliate has received compensation for investment banking services from this issuer within the past 12 months: NextEra Energy.

BofAS or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer or an affiliate of the issuer within the next three months: NextEra Energy.

BofAS together with its affiliates beneficially owns one percent or more of the common stock of this issuer. If this report was issued on or after the 9th day of the month, it reflects the ownership position on the last day of the previous month. Reports issued before the 9th day of a month reflect the ownership position at the end of the second month preceding the date of

the report: NextEra Energy.

BoFA or one of its affiliates is willing to sell to, or buy from, clients the common equity of the issuer on a principal basis: NextEra Energy.

The issuer is or was, within the last 12 months, a securities business client (non-investment banking) of BoFA and/or one or more of its affiliates: NextEra Energy.

BoFA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

## Other Important Disclosures

From time to time research analysts conduct site visits of covered issuers. BoFA Global Research policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits.

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BoFA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

Officers of BoFA or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Refer to [BoFA Global Research policies relating to conflicts of interest](#).

**'BoFA Securities' includes BoFA Securities, Inc. ('BoFA') and its affiliates. Investors should contact their BoFA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. 'BoFA Securities' is a global brand for BoFA Global Research.**

### Information relating to Non-US affiliates of BoFA Securities and Distribution of Affiliate Research Reports:

BoFA and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by The Financial Service Board; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BoFASE (France): BoFA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BoFA Securities Europe SA ("BoFASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BoFASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BoFASE's share capital can be found at [www.bofaml.com/BoFASEdisclaimer](http://www.bofaml.com/BoFASEdisclaimer); BoFA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BoFA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BoFA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSCF); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Canadian Investment Regulatory Organization; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; Merrill Lynch (Argentina): Merrill Lynch Argentina SA, regulated by Comisión Nacional de Valores; BoFA Japan: BoFA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BoFA India: BoFA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.

This information: has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BoFASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BoFA Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSCF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BoFA India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BoFA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BoFA Securities entities, including BoFA Europe and BoFASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BoFA Securities group. You may be contacted by a different BoFA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the [Electronic Communications Disclaimers](#) for further information.

This information has been prepared and issued by BoFA and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BoFA and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BoFA and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BoFA and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

### General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BoFA Securities.

This document provides general information only, and has been prepared for, and is intended for general distribution to, BoFA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the

prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the issuer or the market that is anticipated to have a short-term price impact on the equity securities of the issuer. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned herein. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

BofAS or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofAS or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information.

In the event that the recipient received this information pursuant to a contract between the recipient and BofAS for the provision of research services for a separate fee, and in connection therewith BofAS may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofAS has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofAS). If such recipient uses the services of BofAS in connection with the sale or purchase of a security referred to herein, BofAS may act as principal for its own account or as agent for another person. BofAS is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

#### **BofA ESGMeter Methodology:**

ESGMeter is a proprietary metric based on quantitative analysis and fundamental analyst inputs that reflects our assessment of a company's Environmental, Social and Governance-related attributes. The ESGMeter is intended to indicate a company's likelihood of experiencing stronger financial stability (higher return on equity and lower earnings and price volatility) over the next three years relative to peer group. There are three ESGMeter levels - Low, Medium, and High - which indicate whether a company has attributes most likely to translate into superior financial stability (in the case of a High level) or weaker financial stability (in the case of a Low level) over the next three years relative to its peer group. A Medium level suggests that a company exhibits ESG characteristics that are likely associated with financial stability results in line with its peer group over the next three years. Full details of our methodology, financial stability definition and disclaimers are available at [BofA ESGMeter methodology](#). ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating.

ESGMeter is independent of the BofA Global Research fundamental equity analyst's investment rating, volatility risk rating, income rating or price objective for that company.

#### **Copyright and General Information:**

Copyright 2024 Bank of America Corporation. All rights reserved. iQDatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BofA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Securities. BofA Global Research information is distributed simultaneously to internal and client websites and other portals by BofA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Securities.

Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BofAS or any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BofA Securities is under no obligation to update this information and BofA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BofA Securities will not update any fact, circumstance or opinion contained herein.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BofA Securities policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BofAS or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Securities nor any officer or employee of BofA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.