

Equity Research Report: NextEra Energy, Inc.

Income Summarization

NextEra Energy's total revenue for the fiscal year 2023 was \$24.753 billion, a decline from \$28.114 billion in 2022, reflecting a 12% YoY decrease. Gross profit margin stood at 60.1%, a significant drop from 64% in 2022, indicating rising costs of goods sold. Operating income of \$7.127 billion in 2023, compared to \$9.832 billion in 2022, shows a 27.5% decline, suggesting operational inefficiencies. Net income attributable to NEE reached \$7.31 billion, up from \$4.147 billion in 2022, driven mainly by improved performance in FPL and NEER segments, partially offset by higher interest expenses. Diluted EPS rose to \$3.60 from \$2.10 in 2022, reflecting enhanced profitability and investor sentiment. These metrics highlight the company's resilience amid challenging economic conditions, though cost controls and operational efficiencies remain areas for improvement.

Business Highlights

FPL's net income increased by \$851 million in 2023, primarily due to investments in plant and the gain from selling FPL's ownership interest in the FCG business, highlighting robust growth and strategic asset divestiture. NEER's net income increased by \$3,273 million in 2023, mainly due to favorable non-qualifying hedge activity, higher earnings from new investments, and lower impairment charges, indicating successful expansion and improved operational efficiency.

Company Situation

NextEra Energy, Inc. (NEE) operates in the electric power and energy infrastructure sector, focusing on renewable energy and battery storage. Its core strengths lie in its large-scale renewable energy generation and its competitive advantage in battery storage technology. Key products include electricity from wind and solar sources, as well as battery storage solutions. Current industry trends include the expansion of renewable energy sources and technological advancements in battery storage, which align with NEE's strategic focus. Challenges include regulatory changes and competition from other renewable energy providers. NEE has responded with strategic initiatives like the acquisition of Gulf Power Company and the sale of assets to NEP, enhancing its renewable energy portfolio and operational efficiency. These moves aim to leverage market conditions and capitalize on growing demand for clean energy.

Risk Assessment

Top 3 Key Risks for NextEra Energy, Inc. (NEE): 1. Regulatory and legislative changes could hinder cost recovery and impact profitability. 2. Extensive environmental regulations and potential for operational disruptions pose significant financial and operational risks. 3. Market volatility and liquidity issues in energy markets could affect NEE's ability to manage operational and commodity risks effectively.

Financial Metrics

FY (USD mn)	2020	2021	2022	2023	2024
Operating Revenue	17997.0	17069.0	20956.0	28114.0	24753.0
Adjusted Net Profit	2919.0	2827.0	3246.0	7310.0	6946.0
Adjusted EPS	1.49	1.44	1.65	3.61	3.38
EBIT Margin	0.21	0.23	0.19	0.36	0.3
ROE	0.08	0.08	0.08	0.15	0.14
PE Ratio	51.78	64.81	50.8	16.84	21.23
EV/EBITDA	24.08	26.9	22.04	11.55	16.27
PB Ratio	4.14	4.92	4.2	2.59	2.94

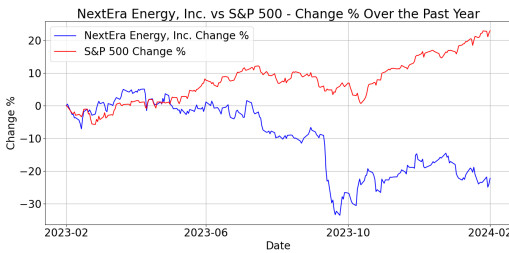
FinRobot

<https://ai4finance.org/>
<https://github.com/AI4Finance-Foundation/FinRobot>
Report date: 2024-02-16

Key data

Rating	buy
Target Price	Failed to retrieve data: 403
6m avg daily vol (USDmn)	12.86
Closing Price (USD)	55.19
Market Cap (USDmn)	116997.04
52 Week Price Range (USD)	47.92 - 74.11
BVPS (USD)	29.13

Share Performance



PE & EPS

