

North American Utilities

Model Updates: DUK, NEE, SO

We are updating our models for recent reports and filings. Please see our changes below.

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Equity Ratings and Price Targets

Company	Ticker	Mkt Cap (\$ mn)	Price (\$)	Rating		Price Target			
				Cur	Prev	Cur	End Date	Prev	End Date
Duke Energy Corp.	DUK US	70,261.23	91.13	N	n/c	101.00	Dec-24	98.00	n/c
NextEra Energy Inc.	NEE US	117,902.00	58.16	OW	n/c	67.00	Dec-24	65.00	n/c
The Southern Company	SO US	76,975.08	70.49	UW	n/c	72.00	Dec-24	69.00	n/c

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. n/c = no change. All prices as of 28 Nov 23.

See page 9 for analyst certification and important disclosures.

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Adj. EPS Estimate Changes

\$		FY23E			FY24E		
Company	BBG Ticker	Prev	Cur	Δ	Prev	Cur	Δ
Duke Energy Corp.	DUK US	5.57	5.57	0.03%	5.95	5.98	0.51%
NextEra Energy Inc.	NEE US	3.13	3.13	(0.09%)	3.40	3.40	(0.02%)
The Southern Company	SO US	3.60	3.60	(0.17%)	4.03	4.01	(0.38%)

Source: Bloomberg Finance L.P., J.P. Morgan estimates.

Investment Thesis, Valuation and Risks

Duke Energy Corp. (Neutral; Price Target: \$101.00)

Investment Thesis

Over the past several years, Duke has benefited from an active regulatory across multiple jurisdictions. However, EPS guidance reductions in recent years and realizing asset sale prices below expectations have weighed on investor confidence in DUK's ability to execute. Moreover, divergent political views in NC and SC could present integrated resource planning challenges. DUK's green growth outlook, NC regulatory progress, NC residential decoupling, and NC load growth opportunities represent positives, but we await successful operational execution against the EPS guidance CAGRs to gain more confidence.

Valuation

We raise our Dec '24 price target to \$101/share from \$98 using a sum-of-the-parts valuation on our 2024 EPS estimates. The Electric and Gas segments are valued using 16.0x and 16.0x multiples, respectively. The electric multiple lands slightly above peers to reflect positive regulatory process, particularly in North Carolina, partially offset by historical execution concerns. Higher peer average multiples contribute to our revised price target.

Risks to Rating and Price Target

- Regulated electric and gas utilities are subject to strict federal and state regulation, including determinations of allowed revenues. Any change to the regulations may cause future earnings to differ materially from current expectations.
- The company operates a fleet of nuclear power plants, exposing it to strict regulatory requirements. Changes to these requirements could significantly lower costs, resulting in actual results higher than our current earnings expectations.
- DUK's parent debt levels remain elevated. Inconsistent execution could provide downside to DUK's earnings growth.

Investment Thesis, Valuation and Risks

NextEra Energy Inc. (*Overweight; Price Target: \$67.00*)

Investment Thesis

Benefiting from significant size, scale, and a first-mover advantage, NEER continues to capture robust renewables growth, with material leverage to IRA benefits. However, NEP recently lowered distribution growth guidance, weighing on investor confidence. However, NEE reaffirmed all guidance. Still, investor conversations highlight 1) elevated scrutiny on the ability to execute against plan, with some extrapolating NEP's dividend cut as a potential read-through for future NEER development (which we do not agree with), 2) questions on NEER earning quality, 3) reigniting fears on the lack of transparency in the E&P and supply/trading businesses as well as lingering FEC concerns, and 4) ability to effectively communicate the NEE value proposition to investors. Nevertheless, we still see FPL as one of the best utilities in the country. We also see NEER benefitting from first mover advantage creating a wealth of advantaged data, a deep land and interconnection bank, IG bringing a material cost of capital advantage versus competitors, best-in-class operational development execution, and ability to co-locate battery storage. As such, we maintain our OW rating.

Valuation

We raise our YE 2024 price target to \$67/share from \$65 based on a sum-of-the-parts valuation. We value FP&L and Corporate using a 18.7x P/E multiple on our 2025 EPS estimates. Although modestly reduced, the multiples we apply represent a premium to peer group averages due to top-tier authorized and earned returns at Florida utilities. We value the NEER segment by applying EBITDA multiples to each individual asset class and backing out associated segment debt and estimated tax equity to arrive at an equity value in our SOTP valuation. Contracted Renewables account for the vast majority of our NEER segment valuation. Higher peer average multiples contribute to our revised price target.

Risks to Rating and Price Target

- Regulated electric utilities are subject to federal and state regulation, including determinations of allowed revenues. Any adverse change in the Florida regulatory environment could have a negative impact on the company's future earnings. Adverse FEC or DOJ developments could drive downside for NEE.
- Capital market funding risk.
- Earnings growth from NextEra's wind energy portfolio is sensitive to federal policy decisions, including the treatment of renewable generation tax credits.
- A portion of the company's earnings is derived from wholesale power sales in deregulated markets. Changes in the price of natural gas are highly correlated to the price of electricity and impact revenues accordingly. Additionally, changes in the price of fuel or fuel transportation such as uranium and rail services may have a material impact on gross margin.

Investment Thesis, Valuation and Risks

The Southern Company (*Underweight; Price Target: \$72.00*)

Investment Thesis

Southern benefits from constructive regulatory environments in GA, AL, and MS, which allow for strong ROEs on high equity layers versus peers. Portfolio optimization efforts have partially offset balance sheet pressures stemming from tax reform and Vogtle construction overruns. While Vogtle construction risk has largely wound down at this juncture, we see the current valuation as fully incorporating this progress. Moreover, we highlight potential future risk should a change in GA commissioner election construct yield a change in the commissioner profile, potentially resulting in a less favorable regulatory backdrop in GA. At this juncture, we see more upside elsewhere in our coverage universe.

Valuation

We raise our Dec '24 price target to \$72/share from \$69, based on a sum-of-the parts valuation using our 2025 EPS estimates. We incorporate a premium valuation to the Electric and Corporate & Other segments due to Vogtle progress and the favorable regulatory jurisdictions. Higher peer average multiples contribute to our revised price target.

Risks to Rating and Price Target

- Although largely complete, Vogtle construction risks remain, including upside risks.
- Vogtle fully entering service improves SO's balance sheet, which investors could ascribe a higher valuation to.
- Regulated earnings are subject to state regulations, including determinations of allowed revenues, primarily by various state utility commissions. Any meaningful positive or negative change to the regulatory environments may cause future earnings to differ materially from current expectations. Such changes could result from vagaries in political, consumer, or general regulatory sentiment.

Duke Energy Corp.: Summary of Financials

Income Statement - Annual						Income Statement - Quarterly					
	FY21A	FY22A	FY23E	FY24E	FY25E		1Q23A	2Q23A	3Q23A	4Q23E	
Revenue	25,097	28,768	29,593	31,116	31,929	Revenue	7,276A	6,578A	7,994A	7,745	
COGS	(6,960)	(10,058)	(10,219)	(10,277)	(10,277)	COGS	(2,675)A	(2,118)A	(2,628)A	(2,798)	
Gross profit	18,137	18,710	19,374	20,839	21,652	Gross profit	4,601A	4,460A	5,366A	4,947	
SG&A	(7,431)	(7,200)	(6,897)	(7,160)	(7,111)	SG&A	(1,699)A	(1,728)A	(1,822)A	(1,648)	
Adj. EBITDA	11,034	11,778	13,101	14,366	15,229	Adj. EBITDA	3,072A	2,930A	3,642A	3,457	
D&A	(4,990)	(5,086)	(5,234)	(5,424)	(5,654)	D&A	(1,227)A	(1,333)A	(1,353)A	(1,321)	
Adj. EBIT	6,044	6,692	7,867	8,943	9,576	Adj. EBIT	1,845A	1,597A	2,289A	2,136	
Net Interest	(2,280)	(2,439)	(2,986)	(3,223)	(3,517)	Net Interest	(720)A	(727)A	(774)A	(765)	
Adj. PBT	3,764	4,253	4,880	5,720	6,058	Adj. PBT	1,125A	870A	1,515A	1,370	
Tax	(192)	(342)	(471)	(925)	(977)	Tax	(155)A	(119)A	(42)A	(155)	
Minority Interest	329	81	(59)	(70)	(70)	Minority Interest	43A	(16)A	(69)A	(17)	
Adj. Net Income	4,027	4,060	4,292	4,619	4,905	Adj. Net Income	921A	701A	1,496A	1,183	
Reported EPS	4.93	5.05	5.51	5.98	6.34	Reported EPS	1.26A	0.94A	1.77A	1.53	
Adj. EPS	5.24	5.27	5.57	5.98	6.34	Adj. EPS	1.20A	0.91A	1.94A	1.53	
DPS	3.90	3.98	4.06	4.16	4.32	DPS	1.01A	1.01A	1.03A	1.03	
Payout ratio	79.0%	78.9%	73.8%	69.6%	68.2%	Payout ratio	79.5%A	107.5%A	57.9%A	66.8%	
Shares outstanding	769	770	771	772	774	Shares outstanding	770A	771A	771A	771	
Balance Sheet & Cash Flow Statement						Ratio Analysis					
	FY21A	FY22A	FY23E	FY24E	FY25E		FY21A	FY22A	FY23E	FY24E	FY25E
Cash and cash equivalents	520	603	0	0	0	Gross margin	72.3%	65.0%	65.5%	67.0%	67.8%
Accounts receivable	1,173	1,309	831	831	831	EBITDA margin	44.0%	40.9%	44.3%	46.2%	47.7%
Other current assets	8,247	11,310	11,818	12,424	13,090	EBIT margin	24.1%	23.3%	26.6%	28.7%	30.0%
Current assets	9,940	13,222	12,649	13,255	13,921	Net profit margin	16.0%	14.1%	14.5%	14.8%	15.4%
PP&E	111,408	111,748	117,850	124,031	131,183	ROE	8.6%	8.6%	9.1%	9.6%	9.8%
Other non current assets	48,239	53,116	52,164	52,162	52,094	ROA	2.4%	2.3%	2.4%	2.5%	2.5%
Total assets	169,587	178,086	182,663	189,448	197,198	ROCE	5.1%	5.2%	5.7%	5.8%	6.0%
Short term borrowings	6,691	8,106	7,188	9,355	12,425	SG&A/Sales	29.6%	25.0%	23.3%	23.0%	22.3%
Payables	3,629	4,754	3,539	3,539	3,539	Net debt/equity	1.4	1.5	1.6	1.6	1.6
Other short term liabilities	5,611	6,013	6,433	6,433	6,433	P/E (x)	17.4	17.2	16.3	15.2	14.4
Current liabilities	15,931	18,873	17,160	19,327	22,397	P/BV (x)	1.5	1.5	1.5	1.4	1.4
Long-term debt	60,448	67,061	70,758	72,845	74,786	EV/EBITDA (x)	9.9	10.0	9.6	9.0	8.9
Other long term liabilities	44,034	42,261	44,488	45,413	46,390	Dividend Yield	4.3%	4.4%	4.5%	4.6%	4.7%
Total liabilities	120,413	128,195	132,406	137,585	143,573	Sales/Assets (x)	0.2	0.2	0.2	0.2	0.2
Shareholders' equity	47,334	47,360	47,437	49,043	50,805	Interest cover (x)	4.8	4.8	4.4	4.5	4.3
Minority interests	1,840	2,531	2,820	2,820	2,820	Operating leverage	1969.2%	73.3%	611.7%	265.9%	270.8%
Total liabilities & equity	169,587	178,086	182,663	189,448	197,198	Revenue y/y Growth	5.1%	14.6%	2.9%	5.1%	2.6%
BVPS	61.55	61.51	61.53	63.43	65.53	EBITDA y/y Growth	43.2%	6.7%	11.2%	9.7%	6.0%
y/y Growth	2.9%	(0.1%)	0.0%	3.1%	3.3%	Tax rate	5.1%	8.0%	9.7%	16.2%	16.1%
Net debt/(cash)	66,619	74,564	77,946	82,200	87,210	Adj. Net Income y/y Growth	6.8%	0.8%	5.7%	7.6%	6.2%
Cash flow from operating activities	8,290	5,927	10,064	10,884	11,457	EPS y/y Growth	2.3%	0.7%	5.6%	7.4%	5.9%
o/w Depreciation & amortization	5,663	5,843	6,128	5,944	6,174	DPS y/y Growth	-	-	-	-	-
o/w Changes in working capital	(897)	(2,081)	(599)	(606)	(666)						
Cash flow from investing activities	(10,935)	(11,973)	(11,694)	(12,125)	(13,325)						
o/w Capital expenditure	(9,715)	(11,367)	(12,803)	(12,125)	(13,325)						
as % of sales	38.7%	39.5%	43.3%	39.0%	41.7%						
Cash flow from financing activities	2,609	6,129	1,998	(926)	(1,203)						
o/w Dividends paid	(3,114)	(3,179)	(3,228)	(3,213)	(3,343)						
o/w Net debt issued/(repaid)	3,758	7,478	5,983	2,087	1,941						
Net change in cash	(36)	83	368	(2,167)	(3,070)						
Adj. Free cash flow to firm	739	(3,197)	(42)	1,461	1,082						
y/y Growth	46.9%	(532.8%)	(98.7%)	(3608.6%)	(25.9%)						

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

NextEra Energy Inc.: Summary of Financials

Income Statement - Annual						Income Statement - Quarterly					
	FY21A	FY22A	FY23E	FY24E	FY25E		1Q23A	2Q23A	3Q23A	4Q23E	
Revenue	17,069	20,956	27,451	29,120	31,056	Revenue	6,716A	7,349A	7,172A	6,214	
COGS	(4,527)	(6,389)	(5,855)	(6,083)	(6,241)	COGS	(1,367)A	(1,359)A	(1,554)A	(1,575)	
Gross profit	12,542	14,567	21,596	23,038	24,815	Gross profit	5,349A	5,990A	5,618A	4,639	
SG&A	(5,705)	(5,984)	(6,461)	(5,859)	(6,156)	SG&A	(1,585)A	(1,697)A	(1,825)A	(1,354)	
Adj. EBITDA	8,369	8,921	15,157	17,379	18,859	Adj. EBITDA	4,176A	4,690A	2,956A	3,335	
D&A	(3,924)	(4,503)	(5,452)	(5,317)	(5,520)	D&A	(822)A	(1,494)A	(1,957)A	(1,179)	
Adj. EBIT	4,445	4,418	9,705	12,062	13,340	Adj. EBIT	3,354A	3,196A	999A	2,156	
Net Interest	(1,270)	(585)	(2,247)	(3,474)	(4,048)	Net Interest	(1,183)A	(135)A	(26)A	(903)	
Adj. PBT	3,175	3,833	7,458	8,588	9,292	Adj. PBT	2,171A	3,061A	973A	1,253	
Tax	(348)	(587)	(1,112)	(1,565)	(1,696)	Tax	(386)A	(497)A	46A	(275)	
Minority Interest	746	901	732	0	0	Minority Interest	301A	231A	200A	0	
Adj. Net Income	5,021	5,742	6,353	7,023	7,596	Adj. Net Income	1,678A	1,777A	1,920A	978	
Reported EPS	1.81	2.10	3.48	3.40	3.65	Reported EPS	1.04A	1.38A	0.60A	0.48	
Adj. EPS	2.55	2.90	3.13	3.40	3.65	Adj. EPS	0.84A	0.88A	0.94A	0.48	
DPS	1.54	1.70	1.87	2.05	2.24	DPS	0.47A	0.47A	0.47A	0.47	
Payout ratio	85.0%	81.1%	53.7%	60.2%	61.5%	Payout ratio	44.9%A	33.9%A	78.1%A	98.3%	
Shares outstanding	1,972	1,979	2,031	2,065	2,082	Shares outstanding	2,005A	2,027A	2,036A	2,057	
Balance Sheet & Cash Flow Statement						Ratio Analysis					
	FY21A	FY22A	FY23E	FY24E	FY25E		FY21A	FY22A	FY23E	FY24E	FY25E
Cash and cash equivalents	1,316	3,441	1,200	1,200	1,200	Gross margin	73.5%	69.5%	78.7%	79.1%	79.9%
Accounts receivable	4,108	5,093	4,961	4,961	4,961	EBITDA margin	49.0%	42.6%	55.2%	59.7%	60.7%
Other current assets	2,303	3,022	4,591	5,321	6,170	EBIT margin	26.0%	21.1%	35.4%	41.4%	43.0%
Current assets	9,288	13,490	12,826	13,556	14,405	Net profit margin	29.4%	27.4%	23.1%	24.1%	24.5%
PP&E	99,348	111,059	123,629	136,262	151,672	ROE	13.6%	15.0%	14.7%	14.3%	14.4%
Other non current assets	32,276	34,386	35,479	35,479	35,479	ROA	3.7%	3.8%	3.8%	3.9%	3.9%
Total assets	140,912	158,935	171,934	185,297	201,556	ROCE	4.5%	3.8%	7.4%	7.8%	7.7%
Short term borrowings	3,867	9,710	14,139	18,781	26,617	SG&A/Sales	33.4%	28.6%	23.5%	20.1%	19.8%
Payables	6,935	8,312	6,662	6,662	6,662	Net debt/equity	1.2	1.2	1.3	1.3	1.4
Other short term liabilities	6,635	8,673	7,695	7,695	7,695	P/E (x)	22.8	20.0	18.6	17.1	15.9
Current liabilities	17,437	26,695	28,496	33,138	40,974	P/BV (x)	3.1	2.9	2.5	2.4	2.2
Long-term debt	50,960	55,256	59,261	63,491	67,211	EV/EBITDA (x)	36.7	35.7	22.1	20.0	19.2
Other long term liabilities	26,846	27,548	27,592	28,289	29,065	Dividend Yield	2.6%	2.9%	3.2%	3.5%	3.9%
Total liabilities	95,243	109,499	115,349	124,918	137,250	Sales/Assets (x)	0.1	0.1	0.2	0.2	0.2
Shareholders' equity	37,202	39,229	47,112	50,905	54,833	Interest cover (x)	6.6	15.2	6.7	5.0	4.7
Minority interests	8,467	10,207	9,473	9,473	9,473	Operating leverage	(53.3%)	(2.7%)	386.1%	399.3%	159.4%
Total liabilities & equity	140,912	158,935	171,934	185,297	201,556	Revenue y/y Growth	(5.2%)	22.8%	31.0%	6.1%	6.6%
BVPS	18.98	19.74	22.96	24.60	26.30	EBITDA y/y Growth	(0.1%)	6.6%	69.9%	14.7%	8.5%
y/y Growth	1.9%	4.0%	16.3%	7.2%	6.9%	Tax rate	11.0%	15.3%	14.9%	18.2%	18.3%
Net debt/(cash)	53,511	61,525	72,200	81,072	92,628	Adj. Net Income y/y Growth	10.3%	14.4%	10.6%	10.5%	8.2%
Cash flow from operating activities	7,553	8,262	10,660	12,849	13,584	EPS y/y Growth	10.1%	14.0%	7.8%	8.7%	7.3%
o/w Depreciation & amortization	3,922	4,503	5,451	5,317	5,520	DPS y/y Growth	-	-	-	-	-
o/w Changes in working capital	(523)	412	(1,415)	(730)	(849)						
Cash flow from investing activities	(13,591)	(18,359)	(21,709)	(18,250)	(21,230)						
o/w Capital expenditure	(15,655)	(18,608)	(22,735)	(18,250)	(21,230)						
as % of sales	91.7%	88.8%	82.8%	62.7%	68.4%						
Cash flow from financing activities	5,807	12,229	8,896	759	(190)						
o/w Dividends paid	(3,024)	(3,352)	(3,785)	(4,229)	(4,668)						
o/w Net debt issued/(repaid)	6,663	8,533	8,612	4,230	3,720						
Net change in cash	(230)	2,125	(2,164)	(4,642)	(7,836)						
Adj. Free cash flow to firm	(6,971)	(9,851)	(10,163)	(2,560)	(4,337)						
y/y Growth	55.6%	41.3%	3.2%	(74.8%)	69.4%						

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

The Southern Company: Summary of Financials

Income Statement - Annual						Income Statement - Quarterly					
	FY21A	FY22A	FY23E	FY24E	FY25E		1Q23A	2Q23A	3Q23A	4Q23E	
Revenue	23,113	29,279	27,290	29,143	29,856	Revenue	6,480A	5,748A	6,980A	8,082	
COGS	(6,607)	(11,432)	(8,713)	(9,456)	(9,456)	COGS	(2,190)A	(1,389)A	(1,676)A	(3,458)	
Gross profit	16,506	17,847	18,577	19,687	20,400	Gross profit	4,290A	4,359A	5,304A	4,624	
SG&A	(9,243)	(8,814)	(8,269)	(7,868)	(7,978)	SG&A	(1,961)A	(1,957)A	(2,051)A	(2,300)	
Adj. EBITDA	7,978	9,908	11,251	12,637	13,240	Adj. EBITDA	2,589A	2,643A	3,492A	2,527	
D&A	(3,565)	(3,663)	(4,516)	(4,782)	(4,880)	D&A	(1,111)A	(1,112)A	(1,143)A	(1,150)	
Adj. EBIT	4,413	6,245	6,735	7,855	8,360	Adj. EBIT	1,478A	1,531A	2,349A	1,377	
Net Interest	(1,837)	(2,022)	(2,424)	(2,537)	(2,586)	Net Interest	(582)A	(610)A	(620)A	(612)	
Adj. PBT	2,576	4,223	4,312	5,317	5,775	Adj. PBT	896A	921A	1,729A	766	
Tax	(267)	(795)	(642)	(1,036)	(1,113)	Tax	(97)A	(98)A	(297)A	(150)	
Minority Interest	84	96	94	94	20	Minority Interest	63A	15A	(10)A	26	
Adj. Net Income	3,618	3,874	3,923	4,375	4,682	Adj. Net Income	867A	868A	1,547A	641	
Reported EPS	2.26	3.28	3.45	4.01	4.30	Reported EPS	0.79A	0.77A	1.30A	0.59	
Adj. EPS	3.41	3.60	3.60	4.01	4.30	Adj. EPS	0.79A	0.79A	1.42A	0.59	
DPS	2.62	2.70	2.80	2.86	2.99	DPS	0.70A	0.70A	0.70A	0.70	
Payout ratio	116.1%	82.4%	81.2%	71.3%	69.7%	Payout ratio	88.6%A	91.2%A	53.8%A	119.0%	
Shares outstanding	1,060	1,075	1,091	1,090	1,090	Shares outstanding	1,091A	1,092A	1,092A	1,090	
Balance Sheet & Cash Flow Statement						Ratio Analysis					
	FY21A	FY22A	FY23E	FY24E	FY25E		FY21A	FY22A	FY23E	FY24E	FY25E
Cash and cash equivalents	1,829	2,037	250	250	250	Gross margin	71.4%	61.0%	68.1%	67.6%	68.3%
Accounts receivable	1,806	2,138	2,230	2,230	2,230	EBITDA margin	34.5%	33.8%	41.2%	43.4%	44.3%
Other current assets	5,330	6,241	6,968	6,968	6,968	EBIT margin	19.1%	21.3%	24.7%	27.0%	28.0%
Current assets	8,965	10,416	9,448	9,448	9,448	Net profit margin	15.7%	13.2%	14.4%	15.0%	15.7%
PP&E	91,108	94,570	99,326	103,135	106,126	ROE	12.8%	13.2%	12.7%	13.7%	14.1%
Other non current assets	27,461	29,905	28,979	28,979	28,979	ROA	2.9%	3.0%	2.9%	3.1%	3.3%
Total assets	127,534	134,891	137,753	141,562	144,553	ROCE	5.0%	6.0%	6.4%	6.8%	7.1%
Short term borrowings	3,597	6,894	4,802	5,114	3,937	SG&A/Sales	40.0%	30.1%	30.3%	27.0%	26.7%
Payables	2,169	3,525	2,942	2,942	2,942	Net debt/equity	1.6	1.6	1.7	1.7	1.6
Other short term liabilities	5,155	5,305	5,470	5,470	5,470	P/E (x)	20.7	19.6	19.6	17.6	16.4
Current liabilities	10,921	15,724	13,214	13,526	12,349	P/BV (x)	2.7	2.5	2.5	2.4	2.3
Long-term debt	50,120	50,656	55,406	56,613	58,248	EV/EBITDA (x)	13.9	11.6	10.7	9.6	9.2
Other long term liabilities	33,926	33,979	33,950	34,986	36,099	Dividend Yield	3.7%	3.8%	4.0%	4.1%	4.2%
Total liabilities	94,967	100,359	102,570	105,126	106,696	Sales/Assets (x)	0.2	0.2	0.2	0.2	0.2
Shareholders' equity	28,165	30,408	31,255	32,510	33,930	Interest cover (x)	4.3	4.9	4.6	5.0	5.1
Minority interests	4,402	4,124	3,927	3,927	3,927	Operating leverage	(126.5%)	155.6%	(115.6%)	244.7%	263.3%
Total liabilities & equity	127,534	134,891	137,753	141,562	144,553	Revenue y/y Growth	13.4%	26.7%	(6.8%)	6.8%	2.4%
BVPS	26.57	27.92	28.67	29.83	31.13	EBITDA y/y Growth	(9.7%)	24.2%	13.6%	12.3%	4.8%
y/y Growth	(0.7%)	5.1%	2.7%	4.0%	4.4%	Tax rate	10.4%	18.8%	14.9%	19.5%	19.3%
Net debt/(cash)	51,888	55,513	59,958	61,478	61,934	Adj. Net Income y/y Growth	5.2%	7.1%	1.3%	11.5%	7.0%
Cash flow from operating activities	6,169	6,302	7,789	10,623	11,105	EPS y/y Growth	5.0%	5.6%	(0.2%)	11.7%	7.0%
o/w Depreciation & amortization	3,973	4,064	4,956	5,212	5,310	DPS y/y Growth	-	-	-	-	-
o/w Changes in working capital	(783)	160	(210)	0	0						
Cash flow from investing activities	(7,353)	(8,430)	(9,050)	(9,022)	(8,300)						
o/w Capital expenditure	(7,585)	(7,923)	(8,890)	(9,022)	(8,300)						
as % of sales	32.8%	27.1%	32.6%	31.0%	27.8%						
Cash flow from financing activities	1,945	2,336	718	(1,653)	(477)						
o/w Dividends paid	(2,777)	(2,907)	(3,034)	(3,121)	(3,261)						
o/w Net debt issued/(repaid)	3,935	2,974	4,892	1,468	2,784						
Net change in cash	761	208	(543)	(52)	2,327						
Adj. Free cash flow to firm	231	20	962	3,644	4,892						
y/y Growth	(70.8%)	(91.2%)	4625.8%	279.0%	34.2%						

Source: Company reports and J.P. Morgan estimates.

Note: \$ in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

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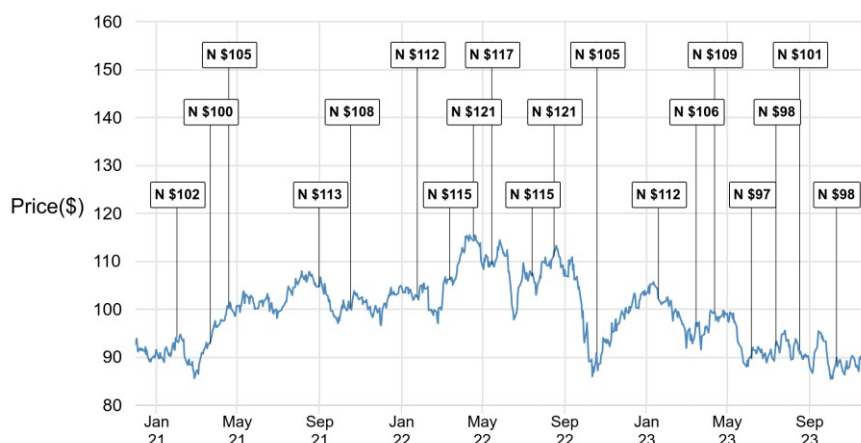
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Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Feb 14, 2002. All share prices are as of market close on the previous business day.

Date	Rating	Price (\$)	Price Target (\$)
01-Feb-21	N	94.00	102
22-Mar-21	N	92.72	100
19-Apr-21	N	100.67	105
01-Sep-21	N	104.66	113
18-Oct-21	N	100.35	108
25-Jan-22	N	102.58	112
14-Mar-22	N	106.14	115
18-Apr-22	N	114.85	121
16-May-22	N	109.30	117
15-Jul-22	N	106.95	115
16-Aug-22	N	110.98	121
19-Oct-22	N	90.81	105
19-Jan-23	N	102.25	112
16-Mar-23	N	96.83	106
13-Apr-23	N	99.41	109
07-Jun-23	N	89.75	97
13-Jul-23	N	92.36	98
17-Aug-23	N	91.70	101
11-Oct-23	N	88.94	98

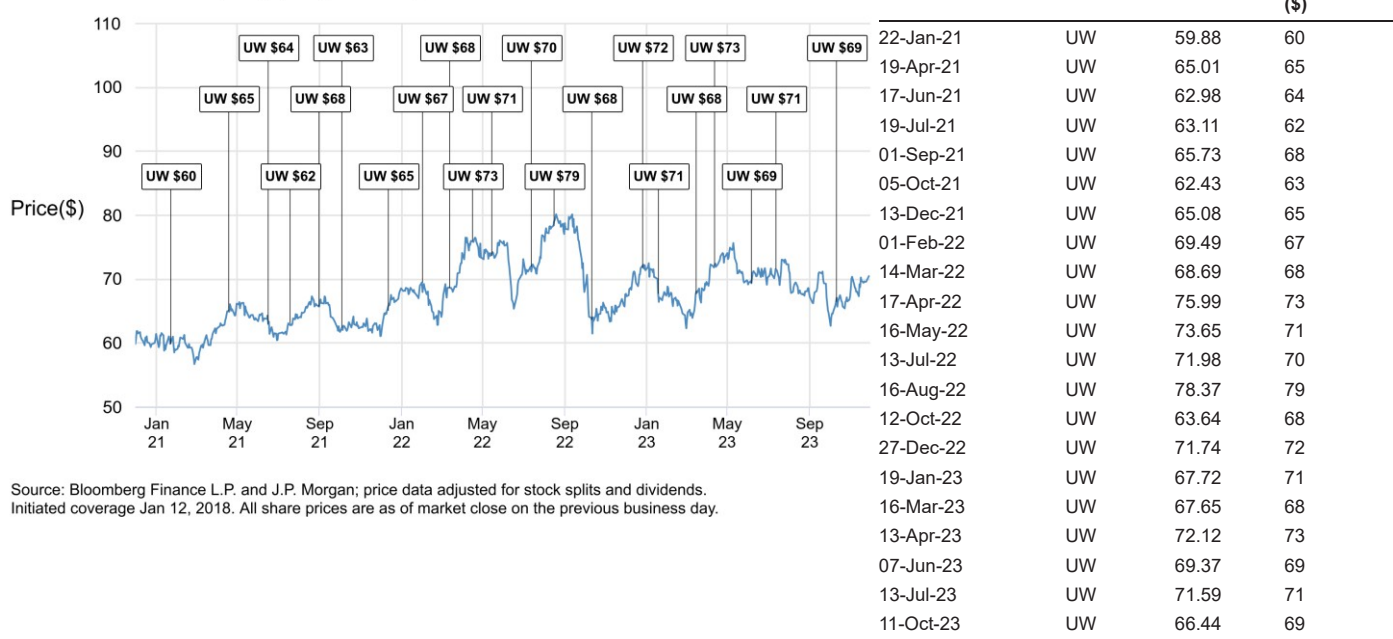
NextEra Energy Inc. (NEE, NEE US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage May 25, 2001. All share prices are as of market close on the previous business day.

Date	Rating	Price (\$)	Price Target (\$)
14-Jan-21	OW	81.84	90
22-Mar-21	OW	70.84	88
20-Apr-21	OW	79.79	91
17-Jun-21	OW	73.30	90
01-Sep-21	OW	83.99	103
06-Oct-21	OW	79.48	97
20-Jan-22	OW	82.59	94
06-Apr-22	OW	86.33	96
16-May-22	OW	69.80	86
13-Jul-22	OW	79.95	90
16-Aug-22	OW	91.00	106
12-Oct-22	OW	76.03	95
12-Dec-22	OW	84.51	99
19-Jan-23	OW	83.80	98
16-Mar-23	OW	75.52	93
07-Jun-23	OW	73.38	85
29-Aug-23	OW	68.02	80
28-Sep-23	OW	59.96	72
11-Oct-23	OW	51.58	65

The Southern Company (SO, SO US) Price Chart



Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Jan 12, 2018. All share prices are as of market close on the previous business day.

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