COMPANY PROFILE

NextEra Energy, Inc.

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COMPANY OVERVIEW

NextEra Energy, Inc. (NextEra or 'the company') is one of the leading providers of electricity-related services in the US. NextEra generates power through various sources such as coal, nuclear, oil and natural gas-fired facilities. The company also operates wind and solar power projects. It purchases electricity for resale to its customers and provides risk management services related to power and gas consumption. The company's principal subsidiaries include, Florida Power & Light Company (FPL) and NextEra Energy Resources (NEER) operates in the US, Canada and Spain. Through its subsidiraies the company natural gas liquids and oil production. The company is headquartered in Juno Beach, Florida, the US.

The company reported revenues of (US Dollars) US$17,195 million for the fiscal year ended December 2017 (FY2017), an increase of 6.4% over FY2016. In FY2017, the company's operating margin was 31%, compared to an operating margin of 28.5% in FY2016. In FY2017, the company recorded a net margin of 31.3%, compared to a net margin of 18% in FY2016.

The company reported revenues of US$4,069.0 million for the second quarter ended June 2018, an increase of 5.3% over the previous quarter.

KEY FACTS

Head Office	NextEra Energy, Inc. 700 Universe Boulevard Juno Beach Florida Juno Beach Florida USA
Phone	1 561 6944000
Fax	
Web Address	www.nexteraenergy.com
Revenue / turnover (USD Mn)	17,195.0
Financial Year End	December
Employees	13,900
New York Stock Exchange Ticker	NEE

SWOT ANALYSIS

NextEra Energy, Inc. (NextEra or 'the company') is one of the leading providers of electricity-related services in the US. Strong market position, established operations in Florida and strong financial performance are the major strengths, whereas, substantial debt remains a major area of concern. Fluctuations in oil and gas prices, regulatory risks and change in renewable energy incentive policy may impact the company performance. However, opening of new plants, demand for natural gas and power are likely to provide growth opportunities for the company.

Strength	**Weakness**
Strong Financial Performance Allows the Company to Strengthen Its Market Position Established operations in Florida Strong Market Position Allows Strengthening its Brand	Substantial Debt affects the Company Operations
Opportunity	**Threat**
New plants to Increase its Solar Panels Increasing Demand for Natural Gas Increasing population to Stimulate Demand for Power	Change in renewable energy incentive policy Regulatory risks Fluctuations in Oil and Gas Prices affect the company Operations

Strength

Strong Financial Performance Allows the Company to Strengthen Its Market Position

The company's financial performance strengthened in FY2017. Improving financial performance enables the company to provide higher returns to its shareholders thereby attract further investments. It also enables the company in allocating adequate funds for its operational contingencies. In FY2017, the company reported revenue of US$17,195 million as compared to US$16,155 million in FY2016, up by 6.4%. The growth in revenue is attributed to increase of revenue in FPL segment which increased by 9.9% compared to previous year, it is resulted due to growth in fuel, purchased and interchange. NextEra operating margin steadily grew over last five years. Its operating margin grew from 28.5% in FY2016 to 31% in FY2017. Growth in operating performance indicates the company's strong focus towards reducing cost and enhancing profitability. Its operating cost as percentage of sales declined from 71.5% in FY2016 to 69% in FY2017. The company's net profit margin increased from 18% in FY2016 to 31.3% in FY2017. In FY2017, the company reported return on equity of 19.1% as compared to 12% in FY2016.

Established operations in Florida

FPL, a key subsidiary and an operating segment of NextEra, is the largest electric utility in the state of Florida and one of the largest electric utilities in the US based on retail megawatt hour (MWh) sales. As of

FY2017, FPL held a capacity of approximately 26,600 MW and supplied electric service throughout most of the east and lower west coasts of Florida, serving ten million people through approximately. With approximately 98% of its power generation coming from natural gas, nuclear, and solar, FPL is also one of the cleanest electric utilities in the nation. Moreover, in FY2017, FPL held 181 franchise agreements with various municipalities and counties in Florida with varying expiration dates through 2048. These franchise agreements cover approximately 88% of FPL's retail customer base in Florida. FPL also provides service to 12 other municipalities and to 22 unincorporated areas.

Strong Market Position Allows Strengthening its Brand

NetxtEra's strong market position has built its brand equity and helped the company to establish itself as a leading provider of electric power to wholesale and retail customers in North America region. The company is one of the leading electric power company with generation capacity of more than 46,790 MW. It operates electric generation facilities in 32 states in the US, four provinces in Canada with 780MW power generating capacity and one in Spain with 99.8 MW of net generating capacity. The company’s subsidiary, through its subsidiary NEER, is one of the largest generators of renewable energy in North America from the wind and solar facilities. NEER is a clean energy company with approximately 19,060 MW of generation capacity. The company's subsidiary, FPL, is the largest electric utility in the state of Florida with generating capacity of approximately 26,600 MW in FY2017.

Weakness

Substantial Debt affects the Company Operations

NextEra has substantial debts, which may adversely affect its operations. The company reported total debt of US$35,081 million during FY2017, a year-on-year increase of 13.8%. The significant increase in debt limits its ability to obtain additional financing in future for working capital, and for other strategic initiatives. Substantial debts may adversely affect the company’s operations and may further weaken its financial position.

Opportunity

New plants to Increase its Solar Panels

The new growth strategies allow the company to strengthen itys market presence. In March 2018, the company’s subsidiary, FPL, in line with its strategy of advancing clean energy opened four newest solar power plants. These plants include FPL barefoot bay solar energy center, blue cypress solar energy center, loggerhead solar energy center and hammock solar energy center. These new plants demonstrate that it is possible to be both clean and affordable, and provides economic and environmental benefits to the customers. This helps the company to install ten million solar panels.

Increasing Demand for Natural Gas

NextEra could enhance its natural gas business further with the increasing demand for natural gas across the world. According to the World Oil Outlook 2017 (WOO 2017), the global demand for natural gas is expected to increase to almost 93 MMboe/d in 2040. This growth, at an average rate of 1.8% per annum, represents the largest increase among all energy sources. Vast recoverable reserves and a fast growing gas trade provide an opportunity for the increasing consumption of gas in the long term. Climate policies, which impose emission targets, will also favor the growth in demand for natural gas . The electricity sector is expected to account for the bulk of the global demand for energy, with contribution also from residential, industrial, and transportation sectors. The non-OECD regions are expected to account for a major part of the demand for gas in 2040, requiring about 29 MMboe/d. The OECD regions, led by the US and Europe, are expected to account for 32.5 MMboe/d.

Increasing population to Stimulate Demand for Power

The increase in demand for electricity in the US could provide ample growth opportunities to the company. According to in-house research, the country's total electricity consumption is expected to increase to 4,351 TWh by 2025. Improving economy and increasing population are likely to increase the demand for power. Increase in the use of electrical devices and equipment is expected to lead to growth in electricity consumption in the residential and commercial sectors. In line with the increasing demand, the total installed capacity in the US is expected to grow to 1,351.9 GW by 2025. The annual power generation in the country is expected to grow to 4,634.5 TWh by 2025.

Threat

Change in renewable energy incentive policy

NextEra depends heavily on government policies that support renewable energy. Government policy enhance the economic feasibility of developing and operating wind and solar energy projects in regions where NextEra operates or plans to develop and operate renewable energy facilities. The federal government, a majority of the 50 US states, and portions of Canada and Spain provide incentives, such as tax incentives, RPS, or feed-in tariffs that support the sale of energy from renewable energy facilities, such as wind and solar energy facilities. As a result of budgetary constraints, political factors or otherwise, governments from time to time may review their policies that support renewable energy. The governments also consider actions to make the policies less conducive to the development and operation of renewable energy facilities.

Any reductions to, or the elimination of, governmental incentives that support renewable energy, could result in, lack of a satisfactory market for the development of new renewable energy projects, NextEra abandoning the development of renewable energy projects, a loss of NextEra's investments in the projects and reduced project returns, any of which could have a material adverse effect on NextEra's business, financial condition, results of operations, and prospects.

Regulatory risks

The operations of NextEra and FPL are subject to complex and comprehensive federal, state and other regulation. This extensive regulatory framework, portions of which are more specifically identified in the following risk factors, regulates, among other things and to varying degrees, the company's industries, businesses, rates and cost structures, operation of nuclear power facilities, construction and operation of electricity generation. The other factors also includes transmission and distribution facilities and natural gas and oil production, natural gas, oil and other fuel transportation, processing and storage facilities, acquisition, disposal, depreciation and amortization of facilities and other assets, decommissioning costs and funding, service reliability, wholesale and retail competition, and commodities trading and derivatives transactions.

Such regulations have a material adverse effect on the business, financial condition, of the company in the market.

Fluctuations in Oil and Gas Prices affect the company Operations

The company's operations could be affected by the fluctuations in oil and natural gas prices in the past few years. Such fluctuations could affect the company’s business, operating results and financial condition. Oil prices are dependent on various factors beyond the company’s control, including supply of and demand for oil; weather conditions; and political conditions, among others. According to EIA’s Short Term Energy Outlook 2018, Brent crude oil prices averaged US$54/bbl in 2017 and are forecast to average US$60 /bbl in 2018 and US$61/bbl in 2019. West Texas Intermediate (WTI) crude oil spot prices are forecast to average US$4/bbl less than Brent prices in both 2018 and 2019. EIA expects global oil inventories to rise by 0.2 MMbbl/d in 2018 and 0.3 MMbbl/d in 2019. EIA expects the inventory builds in 2018 and 2019 to contribute to crude oil prices declining from the current levels. Henry Hub natural gas spot prices are forecast to average US$2.88 per million British thermal units (MMBtu) in 2018 and US$2.92/MMBtu in 2019, compared with the 2017 average of US$2.99/MMBtu. Prices are expected to decline slightly from 2017 levels based on strong expected production growth, which EIA forecasts will meet growing domestic consumption and exports.