



COMPANY UPDATE / PRICE TARGET CHANGE / ESTIMATE CHANGE

Key Metrics

NEE - NYSE (7/26/17)	\$145.49
Price Target	\$160.00
52-Week Range	\$145.58 - \$110.49
Shares Outstanding (mm)	471.0
Market Cap. (\$mm)	\$68,525
3-Mo. Average Daily Volume	1,809,000
Institutional Ownership	74.0%
Debt/Total Capital	52.0%
ROE (ttm)	13.6%
Book Value/Share (est.)	\$42.21
Price/Book Value	3.4x
Indicated Dividend / Yield	\$3.93 2.7%
Dividend Cycle	March, June, Sept., Dec.

EPS FY 12/31

	2016A	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q		--		--	--
2Q		--		--	--
3Q		--		--	--
4Q		--		--	--
Year	\$6.19	\$6.70	\$6.75	\$7.15	\$7.25
P/E	23.5x		21.5x		20.1x
Payout	56%		58%		54%

Note: Figures exclude non-recurring items

Revenue (\$mm)

	2016A	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q		--		--	--
2Q		--		--	--
3Q		--		--	--
4Q		--		--	--
Year	\$16,155	--	\$17,325	--	\$18,075

Company Description: NextEra Energy Inc. is a leading clean energy company with more than 45,000 megawatts of generating capacity. NextEra Energy's principal subsidiaries are Florida Power & Light Company, which serves more than 4.8 million customer accounts in Florida, and NextEra Energy Resources, LLC, which together with its affiliated entities is the world's largest generator of renewable energy from the wind and sun. Fuel sources: Natural Gas 54.8%, Nuclear 26.7%, Wind 10.0%, Coal 4.2%, Oil 3.2%, Hydro 1.2%, Solar 0.2%.

NextEra Energy

NEE -- NYSE -- Long-term Buy -- 2

Company posts strong 2Q results; maintain Long-term Buy and raise price target to \$160

Investment Highlights

- **NextEra Energy reported higher and better than expected second quarter earnings.** Adjusted second quarter earnings were \$1.86 per share versus \$1.67 per share in the second quarter of 2016, an increase of 11% and above the consensus estimate of \$1.76 per share. Both of NextEra's primary businesses contributed higher earnings during the quarter. Florida Power & Light posted earnings of \$1.12 per share compared to \$0.96 per share a year ago. Results were helped by continued investments in its regulated utility operations and customer growth of 64,000. Energy Resources, the competitive energy business of NextEra Energy, had earnings of \$0.74 per share versus \$0.67 per share in 2016's second quarter. This segment benefitted from strong contributions from new investments.
- **Management reaffirms guidance.** NextEra expects this year's earnings to be in a range of \$6.35 to \$6.85 per share and 2018 earnings in a range of \$6.80 to \$7.30 per share. NextEra expects a compound annual growth rate of 6% to 8% through 2020, off a 2016 base.
- **The company's proposed acquisition of Oncor, representing large utility operations in Texas, has been terminated.** On July 6, Energy Future Holdings provided a written notice terminating the merger which was originally agreed upon in July of 2016. NextEra intends to seek a \$275 million termination fee.
- **We maintain our Long-term Buy rating and are raising our two-year price target to \$160 per share.** We continue to believe NEE has an attractive fundamental outlook and that both of the company's primary businesses appear poised to deliver sustained significant long-term growth. While we would not chase the stock given its strength this year, NEE continues to represent, in our view, a strong core holding for utility investors looking for long-term capital appreciation and rising dividends.

**Note Important Disclosures on Pages 3 - 4.
Note Analyst Certification on Page 3.**

Outlook

We believe the company has a quite favorable long-term fundamental outlook. The company consistently delivers strong results and that was the case yet again in the second quarter. In June the company held an Analyst Day in which it discussed its long-term growth outlook for both of its primary business segments: Florida Power & Light and NextEra Energy Resources. Florida Power & Light should benefit from continued spending on capital projects, customer growth and a favorable Florida economy. We believe that FPL is well positioned to take advantage of new regulatory investments in the state, which could boost its growth rate from the recent 5% rate to closer to an 8% rate. We expect Energy Resources could continue to benefit from the strength in the demand for renewables. As a reminder, NextEra Energy Resources, together with its affiliates, is the world's largest generator of renewable energy from the wind and sun. This business continues to add new wind and solar projects at a significant pace. Energy Resources expects to bring a total of approximately 10,100 MW to 16,500 MW of renewables into service from 2017 through 2020.

NextEra continues to expect earnings to be in a range of \$6.35 to \$6.85 per share in 2017. For 2018, the company expects adjusted earnings per share to be in the range of \$6.80 to \$7.30 and in the range of \$7.85 to \$8.45 for 2020, implying a compound annual growth rate off a 2016 base of 6% to 8%. Management indicated it would be disappointed if it does not deliver financial results at or near the top of its guidance range. We have increased our 2017 and 2018 EPS estimates to \$6.75 and \$7.25, respectively.

Rating

We continue our Long-term Buy rating on NextEra Energy and regard NEE as one of the country's premier utilities. We believe this is a well-managed energy company with a strong track record of delivering good returns to shareholders. With an above industry average earnings and dividend growth outlook, we regard NEE as an excellent core holding for utility investors seeking total return. While the stock has performed well thus far this year, we believe it represents a fine core holding for long term accounts seeking capital appreciation and rising dividends.

Valuation

We are increasing our two year price target to \$160. The stock is currently trading about 20x estimated 2018 earnings. We believe due to its strong fundamental outlook and that NEE can maintain its premium valuation. Applying a similar multiple on estimated 2019 potential earnings of \$7.85 per share results in our \$160 price target. Our two year price target implies a potential two year total return of approximately 16%. This price target also assumes the company will increase its dividend by a 12% to 14% annual rate next year and 7% thereafter.

Suitability

We assign a 2 suitability rating to NextEra Energy. Both the company's regulated and nonregulated businesses have grown consistently over the years. This has allowed NEE to deliver above industry average earnings and dividend growth to its shareholders. Accordingly, we view NEE as a suitable holding for utility investors seeking growth and income.

Investment Risks

There exist a variety of risks that could prevent the stock from attaining our price objective. These would include economic weakness in NEE's service territory, resulting in lower customer growth, demand and usage; new and less favorable tax policies; unfavorable weather; unfavorable natural gas prices, which could potentially impact merchant energy profitability; significant cost increases on existing plant facilities; changing regulatory conditions at the federal or state levels; new potentially onerous legislation; higher interest rates which could raise the cost of capital; and higher oil costs.

Additional information is available upon request.

Analyst Certification

I, David B. Burks, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

Important Disclosures

Hilliard Lyons' analysts receive bonus compensation based on Hilliard Lyons' profitability. They do not receive direct payments from investment banking activity.

Investment Ratings

Buy - We believe the stock has significant total return potential in the coming 12 months.

Long-term Buy - We believe the stock is an above average holding in its sector, and expect solid returns to be realized over a longer time frame than our Buy rated issues, typically 2-3 years.

Neutral - We believe the stock is an average holding in its sector, is currently fully valued, and may be used as a source of funds if better opportunities arise.

Underperform - We believe the stock is vulnerable to a price set back in the next 12 months.

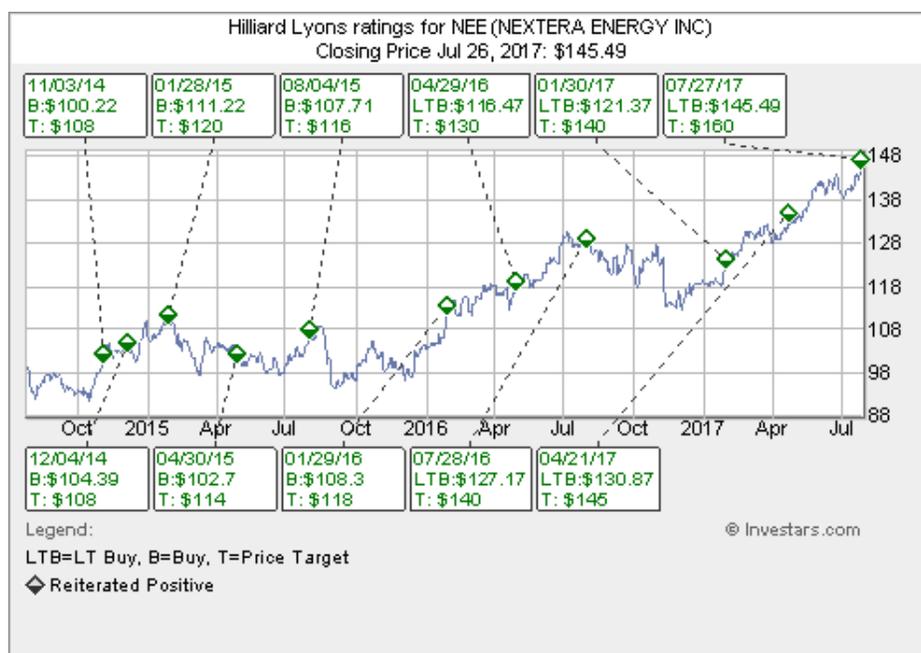
Suitability Ratings

1 - A large cap, core holding with a solid history

2 - A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks

3 - An above average risk/reward ratio could be due to small size, lack of product diversity, sporadic earnings or high leverage

4 - Speculative, due to small size, inconsistent profitability, erratic revenue, volatility, low trading volume or a narrow customer or product base



Note: Price targets accompanying Buy ratings reflect a one year time period while price targets accompanying Long-term Buy ratings reflect a two to three year time period.

Rating	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Buy	36	29%	14%	86%
Hold/Neutral	79	63%	5%	95%
Sell	10	8%	0%	100%

As of 7 July 2017

Other Disclosures

Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of J.J.B. Hilliard, W.L. Lyons, LLC or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed here.

J.J.B. Hilliard, W.L. Lyons, LLC is a multi-disciplined financial services firm that regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as placement agent in private transactions.

The information herein has been obtained from sources we believe to be reliable but is not guaranteed and does not purport to be a complete statement of all material factors. This is for informational purposes and is not a solicitation of orders to purchase or sell securities. Reproduction is forbidden unless authorized. All rights reserved.