



COMPANY UPDATE / PRICE TARGET CHANGE

Key Metrics

NEE - NYSE (10/26/17)	\$153.39
Price Target	\$170.00
52-Week Range	\$110.49 - \$156.00
Shares Outstanding (mm)	474.0
Market Cap. (\$mm)	\$72,706
3-Mo. Average Daily Volume	1,434,000
Institutional Ownership	74.0%
Debt/Total Capital	52.0%
ROE (ttm)	13.6%
Book Value/Share (est.)	\$55.25
Price/Book Value	2.8x
Indicated Dividend / Yield	\$3.93 2.6%
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	--	\$6.75	--	\$7.25
P/E	24.8x	--	22.7x	--	21.1x
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 positive 3Q results; maintain Long-term Buy and raise price target to \$170

Investment Highlights

- **NextEra Energy reported higher and better than expected third quarter earnings.** Adjusted third quarter earnings were \$1.85 per share versus \$1.74 per share in the third quarter of 2016, an increase of 6.3% and above the consensus estimate of \$1.78 per share. Both of NextEra's primary businesses contributed higher earnings during the quarter. Florida Power & Light posted earnings of \$1.19 per share compared to \$1.11 per share a year ago. Results were helped by continued investments in its regulated utility operations and customer growth of 62,000. Energy Resources, the competitive energy business of NextEra Energy, had earnings of \$0.62 per share versus \$0.60 per share in 2016's third quarter. This segment benefitted from contributions from new investments.
- **The company continues to add to its renewables backlog.** In recent months Energy Resources has added 760 MW of additional renewables projects to its backlog, including approximately 566 MW of new wind projects for 2018 delivery and about 165 MW of new solar projects for delivery between 2018 and 2020.
- **Management reaffirms guidance.** NextEra expects 2017 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. NEE anticipates 2020 EPS to be in a range of \$7.85 to \$8.45. NextEra expects a compound annual growth rate of 6% to 8% through 2020, off a 2016 base.
- **We maintain our Long-term Buy rating and are raising our two-year price target to \$170 per share.** We still 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. Although the stock has performed well thus far in 2017, 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 favorable long-term fundamental outlook. The company consistently delivers positive results and that was the case yet again in the third quarter when it delivered both higher and better than expected earnings. In our view, both of its primary business segments, Florida Power & Light and NextEra Energy Resources, are well positioned for future growth. 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. As an aside, we believe Florida Power & Light did an amazing job recently in dealing with the effects of Hurricane Irma. The company, with the help of other utilities from around the country, restored power to more than 4.4 million customers within 10 days after the hurricane left its service territory.

We expect Energy Resources, the competitive energy business of NextEra Energy, 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. In recent months this unit added 760 MW of additional renewables to its backlog, including approximately 566 MW of new wind projects for 2018 delivery, approximately 164 MW of new solar projects for delivery between 2018 and 2020 and a 30-MW battery storage project that will be paired with one of the solar power purchase agreements. The project is the largest combined solar and storage facility in the U.S. announced to date.

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 expects to earn at or near the top end of its guidance range. We are maintaining our 2017 and 2018 EPS estimates of \$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. In addition, we believe the company is well positioned to take advantage of the industry trend toward increased generation from renewables. In our view, NextEra is the industry leader with a large and growing footprint. 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 continue to believe it represents an excellent core holding for long term accounts seeking capital appreciation and rising dividends.

Valuation

We are increasing our two year price target to \$170. The stock is currently trading about 21x estimated 2018 earnings. We believe due to its strong fundamental outlook and pNEE can maintain its premium valuation. Applying a similar multiple on estimated 2020 potential earnings of \$8.15 per share (the midpoint of company guidance) results in our \$170 price target. Our two year price target implies a potential two year total return of approximately 17%. 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.

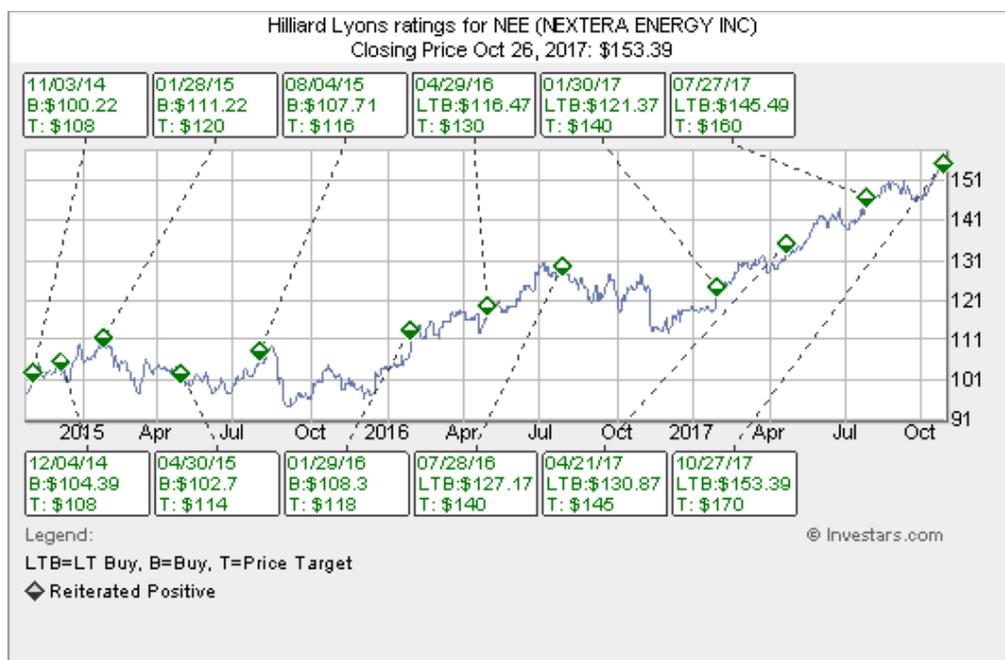
Suitability Ratings

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	39	32%	8%	92%
Hold/Neutral	74	60%	9%	91%
Sell	8	7%	0%	100%
Restriction	2	2%	100%	0%

As of 5 October 2017

Other Disclosures

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