(1) Third Quarter 2023 Earnings Conference Call

Kristin Rose:

Thank you, Vaishnavi.

Good morning everyone, and thank you for joining our third-quarter 2023 combined financial results conference call for NextEra Energy and NextEra Energy Partners.

With me this morning are John Ketchum, Chairman, President and Chief Executive Officer of NextEra Energy, Kirk Crews, Executive Vice President and Chief Financial Officer of NextEra Energy, Rebecca Kujawa, President and Chief Executive Officer of NextEra Energy Resources, and Mark Hickson, Executive Vice President of NextEra Energy, all of whom are also officers of NextEra Energy Partners, as well as Armando Pimentel, President and Chief Executive Officer of Florida Power & Light Company.

Kirk will provide an overview of our results and our executive team will then be available to answer your questions.

(2) Safe Harbor Statement and Non-GAAP Financial Information

We will be making forward-looking statements during this call based on current expectations and assumptions which are subject to risks and uncertainties. Actual results could differ materially from our forward-looking statements if any of our key assumptions are incorrect or because of other factors discussed in today's earnings news release, in the comments made during this conference call, in the risk factors section of the accompanying presentation, or in our latest reports and filings with the Securities and Exchange Commission, each of which can be found on our websites www.NextEraEnergy.com and www.NextEraEnergyPartners.com. We do not undertake any duty to update any forward-looking statements.

Today's presentation also includes references to non-GAAP financial measures. You should refer to the information contained in the slides accompanying today's presentation for definitional information and reconciliations of historical non-GAAP measures to the closest GAAP financial measure.

With that, I will turn the call over to Kirk.

Kirk Crews:

(3) NEXTERA ENERGY – OPENING REMARKS

Thanks, Kristin, and good morning.

NextEra Energy delivered strong third-quarter results, growing adjusted earnings per share approximately 10.6% year-over-year.

In the quarter, FPL continued to deliver outstanding value to its customers in what we believe has been one of the most constructive regulatory jurisdictions in the nation. FPL's bills are well below the national average and we are relentlessly focused on reliability and running the business efficiently.

Energy Resources extended its leadership position in renewable energy during the third quarter, with strong adjusted earnings growth and its best renewables and storage origination quarter in its history.

NextEra Energy has clear growth visibility through FPL's capital plan and Energy Resources' over 21-gigawatt renewable and storage backlog. With one of the strongest balance sheets in the sector and world-wide banking relationships, we believe NextEra Energy has both significant access to capital and cost of capital advantages and is well positioned to continue to deliver long-term value for shareholders.

Now, let's turn to FPL's detailed results.

(4) FPL – THIRD QUARTER 2023 RESULTS

For the third quarter of 2023, FPL's earnings per share increased 4 cents year-over-year.

(5) FPL – Third Quarter 2023 Drivers

The principal driver of this performance was FPL's regulatory capital employed growth of approximately 13.6% year-over-year. We continue to expect FPL to realize roughly 9% average annual growth in regulatory capital employed over our current rate agreement's four-year term, which runs through 2025.

FPL's capital expenditures were approximately $2.6 billion for the quarter, and we expect FPL's full-year 2023 capital investments to be between $9.0 and $9.5 billion.

For the 12 months ending September 2023, FPL's reported ROE for regulatory purposes will be approximately 11.8%. During the third quarter, we reversed roughly $245 million of reserve amortization, leaving FPL with a balance of over $1.2 billion.

Over the current four-year settlement agreement, we continue to expect FPL to make capital investments of between $32 to $34 billion. Our capital investment plan is well established and focused on enhancing what we believe is one of the best customer value propositions in the industry.

(6) FPL – FLORIDA ECONOMY & CUSTOMER CHARACTERISTICS

Key indicators show that the Florida economy remains healthy and Florida continues to be one of the fastest growing states in the country.

FPL's third quarter retail sales increased 3.0% from the prior year comparable period due to warmer weather, which had a positive year-over-year impact on usage per customer of approximately 2.0%. As a result, FPL observed solid underlying growth in third quarter retail sales of roughly 1.0% on a weather-normalized basis.

(7) ENERGY RESOURCES – THIRD QUARTER 2023 RESULTS

Now let's turn to Energy Resources, which reported adjusted earnings growth of approximately 21% year-over-year.

(8) ENERGY RESOURCES–ADJUSTED EPS CONTRIBUTION DRIVERS

Contributions from new investments increased 11 cents per share year-over-year while our existing clean energy portfolio declined 2 cents per share, which includes the impact of weaker year-over-year wind resource. The comparative contribution from our customer supply and trading and gas infrastructure businesses increased by 4 cents per share and 1 cent per share, respectively. All other impacts reduced earnings by 8 cents per share. This decline reflects higher interest costs of 6 cents per share, half of which is driven by new borrowing costs to support new investments.

(9) ENERGY RESOURCES – DEVELOPMENT HIGHLIGHTS

Energy Resources had a record quarter of new renewables and storage origination, adding approximately 3,245 megawatts to the backlog, which is the first time we have exceeded three gigawatts in a single quarter. Although we will remind you that signings can be lumpy quarter to quarter, we do believe this is a terrific sign of strong underlying demand for new renewable generation.

With these additions, our backlog now totals over 21 gigawatts after taking into account roughly 1,025 megawatts of new projects placed into service since our second quarter call. We also removed roughly 1,180 megawatts from our backlog, including roughly 800 megawatts of projects in New York following an adverse decision by the New York Public Service Commission two weeks ago. We are optimistic that these projects will ultimately move forward, but are removing them from backlog for now. The remaining megawatts were removed due to permitting challenges. Overall, we remain on track to achieve our renewable development expectations of roughly 33 to 42 gigawatts through 2026.

This quarter's backlog additions include roughly 455 megawatts to repower existing wind facilities, which includes Energy Resources' share of approximately 740 megawatts of repowers within the NextEra Energy Partners' portfolio, which I'm going to discuss in a few minutes. As a reminder, in a repower, we invest roughly 50% to 80% of the cost of a new build, are able to refresh and enhance the performance of the turbine equipment and start a new 10 years of production tax credits, collectively resulting in attractive returns. Energy Resources has previously repowered roughly 6 gigawatts of its approximately 23-gigawatt operating wind portfolio and we believe we will be able to repower much of our existing wind portfolio in the coming years.

Also included in the backlog additions are roughly 250 megawatts of stand-alone battery storage projects co-located with existing wind and solar facilities. The combination of the standalone storage tax credit and the ability to utilize existing interconnection capacity from our operating renewables and storage footprint positions us well to serve our customers' growing needs for capacity.

(10) NextEra Energy – Third Quarter 2023 Results

Turning now to our third quarter 2023 consolidated results, adjusted earnings from Corporate & Other decreased by 1 cent per share year-over-year.

(11) NextEra Energy Expectations

Our long-term financial expectations remain unchanged. We will be disappointed if we are not able to deliver financial results at or near the top end of our adjusted EPS expectations ranges in each year from 2023 through 2026.

From 2021 to 2026, we continue to expect that our average annual growth in operating cash flow will be at or above our adjusted EPS compound annual growth rate range. And we continue to expect to grow our dividends per share at roughly 10 percent per year through at least 2024, off a 2022 base.

As always, our expectations are subject to our caveats.

Going forward, we plan to fund the business in a manner similar to how we have historically done so at both FPL and Energy Resources. This includes utilizing cash flow from operations for roughly half of our funding needs, in addition to tax equity, project finance and corporate debt.

The sale of tax credits is serving as a new source of capital funding for NextEra Energy. We expect to transfer roughly $400 million in tax credits in 2023 and expect this amount to grow over the next couple of years to approximately $1.6 to $1.8 billion in 2026. This dynamic has reduced NextEra Energy's equity and capital recycling needs, including those previously met via sales to NextEra Energy Partners, which has historically averaged roughly $1 billion of annual cash proceeds.

Let me address future equity issuances specifically. Our balance sheet and financial discipline remain core to our strategy. As we find attractive investments for our customers and shareholders, we expect to fund those investments in a way that maintains the strength of our balance sheet. As a reminder, over the last five years, we have issued roughly $1.5 billion annually, on average, of equity in the form of equity units.

We do not expect to issue any equity for the balance of 2023 and expect our year-end credit metrics to exceed those specified by the agencies to support our current ratings. From 2024 through 2026, we would expect our total equity needs to be no more than $3 billion in total with continued reliance on equity units to satisfy our equity needs which have no dilution for the first three years.

We believe FPL and Energy Resources are well positioned to manage interest rate volatility in the current environment. At FPL, we primarily rely on the surplus mechanism to offset higher interest rates for the benefit of customers. In addition, FPL’s rate agreement already provided for an ROE adjustment to 11.8%, enabling it to earn a higher ROE in the current higher rate environment. We expect that FPL will be able to absorb much, and potentially all, of the cumulative effects of the current interest rate environment through the use of the surplus mechanism over the remaining settlement period. Consistent with the expiration of the current rate agreement, FPL expects to file a rate case in early 2025 for new rates effective 2026.

For Energy Resources and Corporate & Other, we now have $20.5 billion of interest rate hedges in place. While the amounts vary as we add and settle hedges, the tenor of the swaps are between 5 and 10 years and have a weighted average rate of roughly 3.75%. Swaps allow us to mitigate the impact of interest rate changes on Energy Resources’ backlog returns and Capital Holdings’ $12.8 billion of debt maturities from 2024 through 2026. Specifically, these swaps allow us to hedge the project-level debt funding we expect to issue on our renewables backlog, as well as a portion of the $12.8 billion of near-term maturities.

To put this all in perspective, NextEra Energy's sensitivity for an immediate 50 basis point upward shift in the yield curve has essentially no expected adjusted EPS impact on 2023 and 2024 and has, on average, 3 to 5 cents of expected adjusted EPS impact in 2025 and 2026, which is equivalent to approximately 1% of our adjusted EPS expectations. This sensitivity, of course, assumes we do not implement other offsetting initiatives including, among others, our normal process of cost reductions and capital efficiency opportunities.

Our backlog is in good shape and is benefiting from our interest rate swaps, global supply chain management capabilities and the ability to procure equipment, materials and balance of plant services at scale across our portfolio. The expected returns on equity for our backlog are mid-teens for solar and over twenty for wind and storage. As we have done historically, we price our power purchase agreements commensurate with current market conditions, including our current cost of capital, in order to maintain appropriate returns.

In addition, at the time of our final investment decision before we commit significant capital to our backlog projects, we are utilizing interest rate swaps on contracts that were entered into when rates were lower to maintain our return expectations.

We remain financially disciplined and pass on projects that don’t meet our return expectations. Going forward, we are encouraged by the trends we are seeing in lower equipment pricing for solar panels and batteries given increased competition globally and declining prices for materials, which we believe will help offset the impacts of higher interest rates on power purchase agreement prices.

We are optimistic that demand will remain resilient due to the factors you all know well, including the continued cost-competitiveness of renewable energy relative to alternative forms of generation. Importantly, to date, demand has remained strong, as evidenced by our substantial new additions to backlog this quarter.

(12) NextEra Energy Partners – Opening Remarks

Now let’s turn to NextEra Energy Partners.

As a reminder, the partnership is a financing vehicle that grows its distributions by acquiring assets with long-term, contracted, high quality cash flows and financing those acquisitions at low costs.

Over the years, NextEra Energy Partners has been able to rely on low-cost financing to help drive its distribution growth. To meet its financing needs in recent years, the partnership has relied primarily on convertible equity portfolio financings that have a low cash coupon during their term and convert into equity over time. A significant amount of the equity required to be issued to buy out these financings began coming due this year and over the next several years, which we believe contributed to the partnership's trading yield almost doubling at the same time interest rates were rising. Consequently, the partnership's cost of capital increased which made it difficult to support a 12% growth rate in a way that is sustainable and in the best interest of unit holders over the long term.

By reducing the growth rate to 6%, NextEra Energy Partners' LP distribution rate is now comparable to its peers and the partnership does not expect to require growth equity until 2027. In order to meet these objectives, the partnership is focused on first executing against its transition plans.

As a reminder, the transition plans include successfully entering into agreements to sell the Texas natural gas pipeline portfolio and Meade natural gas pipeline assets this year and in 2025, respectively. Doing so will enable the partnership to address the equity buyouts associated with the STX Midstream, the 2019 NEP Pipelines and NEP Renewables II convertible equity portfolio financings due through 2025. Through the period of our current financial expectations, that would leave a small equity buyout of roughly $147 million on the Genesis Holdings convertible equity portfolio financing in 2026.

The partnership is continuing its process to sell the Texas pipeline portfolio and expects to have an update on or before our fourth quarter call in January.

NextEra Energy Partners is focused on executing against its growth plan for unitholders. That plan involves organic growth, specifically repowerings of approximately 1.3 gigawatts of wind projects, as well as acquiring assets from Energy Resources or third parties at favorable yields. Importantly, NextEra Energy Partners does not expect to need an acquisition in 2024 to meet the 6% growth in distributions per unit target.

Today, we are announcing plans to repower approximately 740 megawatts of wind facilities through 2026, which require the final approval of our customer’s board of directors which is expected to be received in the near term. The repowerings are projected to generate attractive CAFD yields and the partnership expects to fund the repowerings with either tax equity or project specific debt.

Repowerings represent an efficient way to support the partnership’s growth targets. Overall, we are pleased with this progress and remain focused on executing additional repowering opportunities in the future across NextEra Energy Partners' roughly 8-gigawatt wind portfolio.

To minimize the volatility associated with changes in interest rates and support the growth plan, the partnership also executed roughly $1.9 billion to hedge refinancing costs for the 2024 and 2025 maturities. The resulting expected refinancing costs of the maturities are factored into our expectations.

(13) NEXTERA ENERGY PARTNERS – THIRD QUARTER 2023 DRIVERS

Turning to the detailed results, NextEra Energy Partners' third quarter adjusted EBITDA was $488 million and cash available for distribution was $247 million. New projects, which primarily reflect contributions from the approximately 1,100 net megawatts of new long-term contracted renewables projects acquired in 2022 and the approximately 690 net megawatts of new projects that closed in the second quarter of this year, contributed approximately $66 million of adjusted EBITDA and $32 million of cash available for distribution. The third quarter adjusted EBITDA contribution from existing projects increased by approximately $5 million year-over-year.

Third quarter results for adjusted EBITDA and cash available for distribution were positively impacted by the incentive distribution rights fee suspension and provided approximately $39 million of benefit this quarter, more than offsetting the cash available for distribution impacts of lower PAYGO payments driven by lower wind resource at existing projects.

Yesterday, NextEra Energy Partners' board declared a quarterly distribution of 86.75 cents per common unit, or $3.47 per common unit on an annualized basis, which reflects an annualized increase of 6% from its second-quarter 2023 distribution per common unit.

(14) NextEra Energy Partners Expectations

From a base of our second-quarter 2023 distribution per common unit at an annualized rate of $3.42, we continue to see 5 to 8 percent growth per year in LP distributions per unit, with a current target of 6 percent growth per year, as being a reasonable range of expectations through at least 2026. For 2023, we expect the annualized rate of the fourth quarter 2023 distribution that is payable in February of 2024 to be $3.52 per common unit.

NextEra Energy Partners expects run-rate contributions for adjusted EBITDA and cash available for distribution from its forecasted portfolio at

December 31, 2023, to be in the ranges of $1.9 to $2.1 billion and $730 to $820 million, respectively. As a reminder, year-end 2023 run-rate projections reflect calendar-year 2024 contributions from the forecasted portfolio at year-end 2023.

The adjusted EBITDA and related cash available for distributions associated with the Texas pipeline portfolio have been excluded from these run-rate financial expectations.

As always, our expectations are subject to our caveats.

While NextEra Energy Partners navigates through this current environment, it is important not to lose sight of the value of the underlying portfolio. NextEra Energy Partners is the seventh largest producer of electricity from the wind and the sun in the world, with over 10 gigawatts of renewables in operation. The partnership owns renewable projects that deliver high quality cash flows in 30 states, serving 94 customers with an average counterparty credit rating of BBB+ via contracts with an average remaining contract life of 14 years. We remain optimistic the partnership can be an attractive vehicle to own existing renewable assets over the long term. We want the partnership to be successful and, separately, to address a question we have been receiving from some investors, NextEra Energy has no plans to buy back NextEra Energy Partners.

(15) NEXTERA ENERGY AND NEXTERA ENERGY PARTNERS – LOGO

With that, I'll turn the call over to John.

John Ketchum:

Thanks, Kirk.

Let me briefly address NextEra Energy Partners. It's been a difficult year and we have a lot of work to do. As Kirk shared, we are focused on executing against our transition plans and look forward to providing an update on the Texas pipeline portfolio sales process on or before the fourth quarter earnings call. We are also focused on delivering LP distribution growth of 6% through at least 2026, and the repowerings we announced today are a good start towards achieving that objective.

At NextEra Energy, our foundations are rooted in FPL – the nation's largest electric utility, and NextEra Energy Resources – the world's leader in renewables. Both businesses have performed very well, complement each other and push one another to be even better. This is validated by the solid financial and operating results both continue to deliver, and the excellent progress we are making against our development expectations.

Over recent weeks, we met with many of our investors and have welcomed your feedback. In response, we have addressed many of the questions we heard from you in our remarks today and in the presentation materials you now have. Along those lines, I want to reiterate the solid fundamentals on which NextEra Energy is built and our outstanding prospects for future growth having just completed our annual strategy review process with our board of directors.

FPL remains among the best utilities in the United States, achieving top operational performance across key metrics while maintaining the industry's lowest cost structure, one of the cleanest emissions profiles and a customer bill that is roughly 30% lower than the national average. It is located in one of the fastest growing states with what we believe is one of the country's most constructive regulatory environments. FPL has, by far, the lowest non-fuel O&M of any large utility in the nation. Over the last 20 years, our relentless focus on costs, efficiency and low bills has saved customers nearly $15 billion in fuel costs alone. Year after year, FPL receives top accolades for reliability, despite operating on a peninsula and historically facing a high probability for hurricanes. It has plans to add approximately 20 gigawatts of solar over the next 10 years for the benefit of its customers, while under-grounding its distribution system to lower operating costs and withstand the impacts of hurricanes to help keep the Florida economy, which is now the 16th largest in the world, running on all cylinders. We believe FPL is the highest-quality, rate regulated utility in the country.

At Energy Resources, we are just getting started. Renewable penetration as part of the U.S. generating mix currently stands at roughly 16% and is expected to double, reaching over 30% by 2030. As the world's leader in renewable energy with an approximately 20% market share in U.S. renewables origination, Energy Resources stands to benefit significantly from the unstoppable shift towards electrification. Experience and scale matter, and with over 20 years of renewables experience, a 31-gigawatt operating portfolio, a development pipeline of roughly 300 gigawatts of renewables and storage projects, and roughly 150 gigawatts of interconnection queue positions, we are well positioned for future growth. In addition to our scale and competitive advantages that you all know well, our ability to finance cheaper with one of the strongest balance sheets in our sector provides us with an access to and cost of capital advantage. We believe all of this enables us to differentiate ourselves in a complex macroeconomic environment to build even more renewables at attractive returns.

In short, we believe Energy Resources has built the most competitive and complete renewable energy business in the world and is better positioned than ever to lead the decarbonization of the U.S. economy.

We have spent the last two decades building a world-class, clean energy platform powered by our greatest strength – our people – and a culture of continuous improvement that drives innovation and smart clean energy solutions. I want to extend my appreciation to our team today as we remain committed to serving our customers and providing long-term value for our shareholders.

Thank you, and now we welcome your questions.