

BUY: SO

Current Price: \$75.45

Target Price: \$87.56

Upside: 17%

BUY: Southern Company [NYSE: SO]

Lead Analyst: Michael Scorcio

Sector Head: Ethan Agro

Sector: Utilities & Renewables

Company Overview

Company Description

Southern Co. is a electric utility provider servicing the Southeastern and Southwestern United States

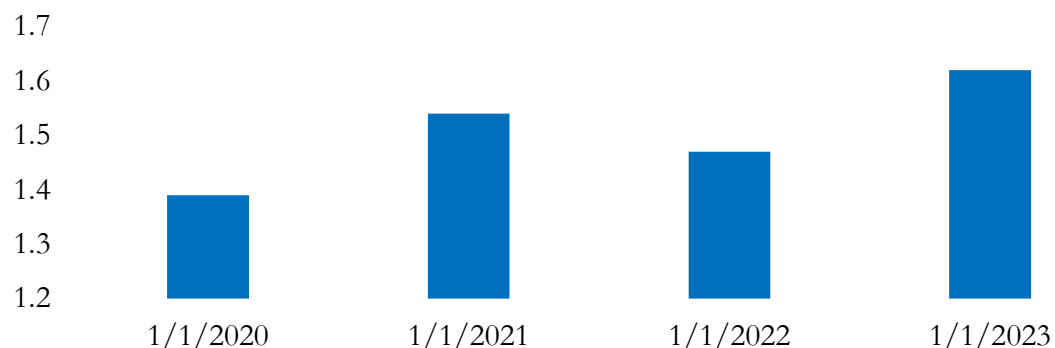
They are currently the only utility company in the US actively developing a varied portfolio of energy generation sources, spanning gas, coal, nuclear, as well as other forms of renewable energy

The firm is comprised of 7 subsidiary companies, with 44,000MW of capacity, and in excess of 29,000 employees

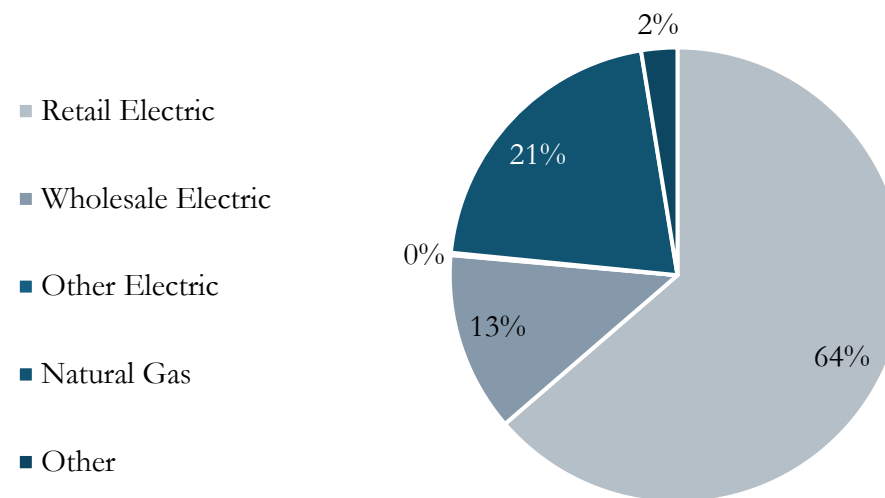
Second largest utility company by market size, serving an approximated 9 million customers across the United States

Relevant Metrics

D/E Ratio



Revenue Breakdown



Competitors



Industry Overview

Utilities Market

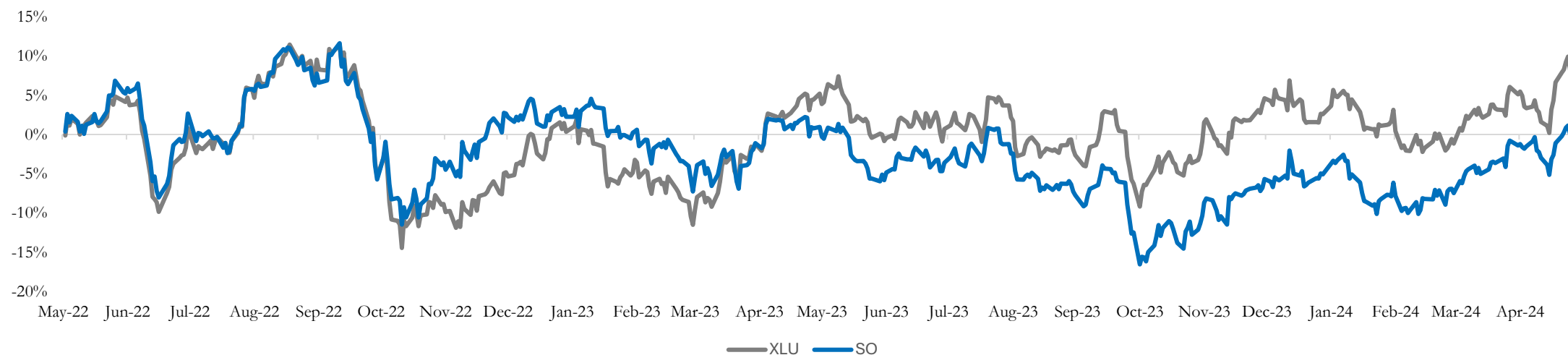
The Utilities Industry in the United States is projected to grow at a CAGR of 6.6% through the 2020s

Fueled primarily by expansion in renewable energy projects, the industry is well positioned for immense growth, while also constituting a relatively low risk investment environment

Infrastructure Buildout Imminent

- The past year has seen a significant number of large scale utility projects come to fruition
- Department of Energy (DOE) Revolver Loans with unused capital are set to fuel further buildouts, spread across a variety of US Utilities
- Decarbonization serves as an accelerating trend, and due to utility companies' major role in this transition, they are set to benefit from funding rollouts

Southern Company Amongst Utilities Index



Investment Thesis

Energy Transition Leader

Southern Company is a leading provider of carbon free energy, notably nuclear, which is beginning to gain momentum as an alternative to traditional renewables

With interest rate cuts priced in for the end of the year, the cost of debt will decrease, allowing for SO to finance projects at a lower cost of capital, increasing returns

Favorable Dividend Yield

Conversely, due to the current high interest rate environment, SO's 4.01% dividend yield presents a significant opportunity before rate cuts occur and reduce yields

Positioned for Performance

SO: A Leader in the Energy Transition



Company Description

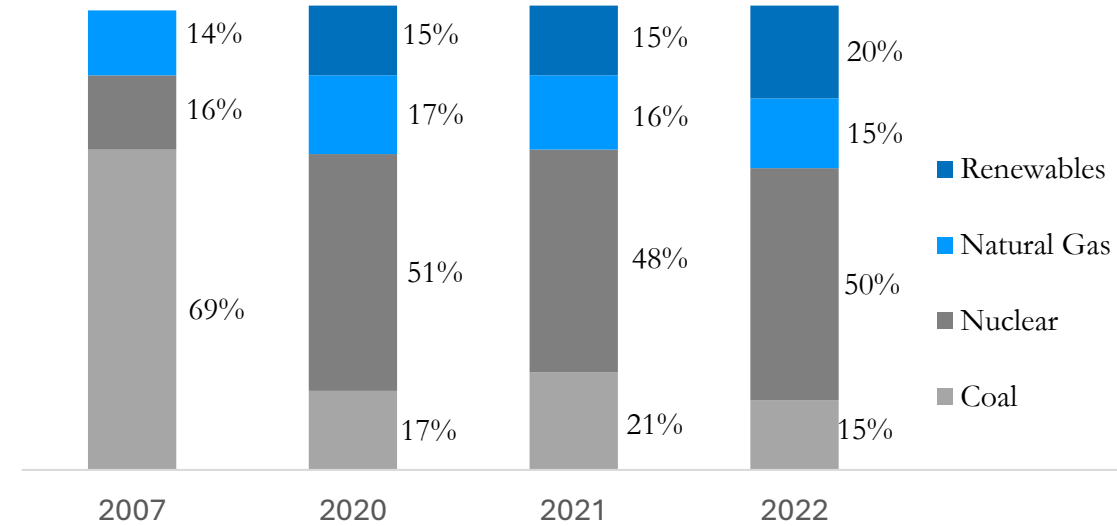
Southern Company stands as a frontrunner in the United States' slow yet steady progress in the ongoing Energy Transition

SO has invested billions of dollars in pursuit of this goal, with projects such as Georgia's Vogtle nuclear reactor serving as a waypoint for the future of Utilities in the country

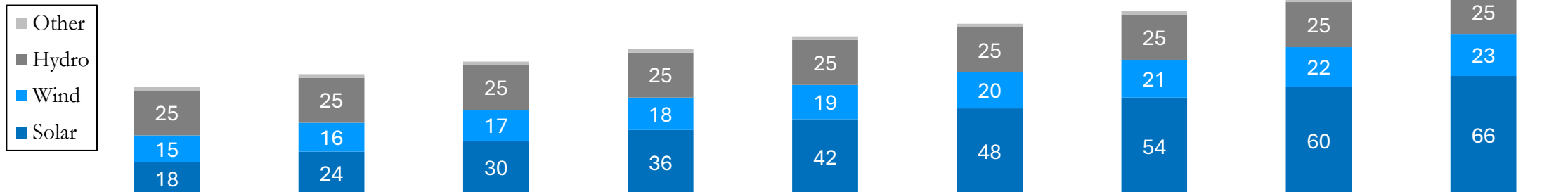
SO has set ambitious goals through the end of the decade in continuing its rapid expansion of carbon free electricity generation

Marked Growth in Renewable Projects by Megawatts

Revenue Breakdown



Utilities & Renewables



CapEx Expansion Through Rate Cuts



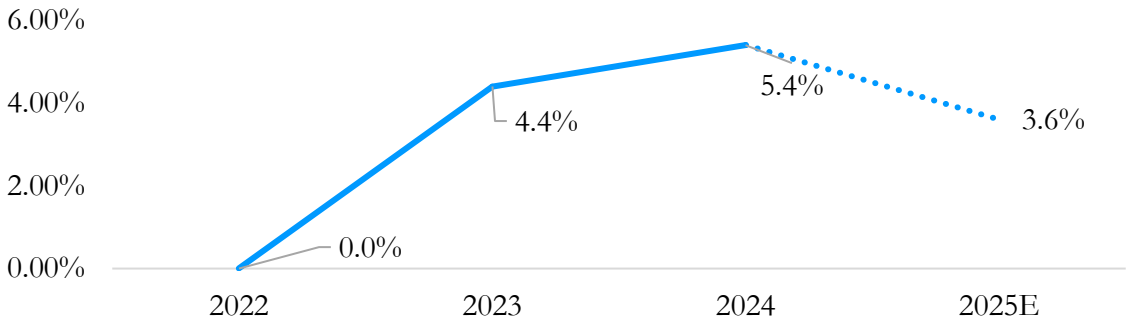
The Importance of CapEx in Utilities

A primary driver in utility revenue stems from Capital Expenditures, in which a utility may recoup costs of infrastructure projects through the passing on of related costs to the end user

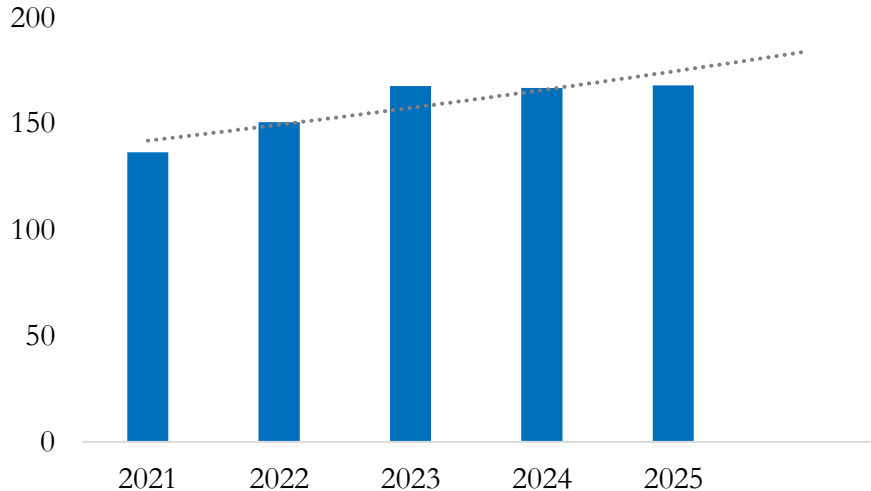
As interest rates are slated to be lowered through the end of 2024 and through 2025, Southern Company will face a reduced cost of debt

As SO's cost of capital is decreased, it may borrow more to build new infrastructure, and may collect additional revenue

Interest Rate Projections



US Utility CapEx Projections



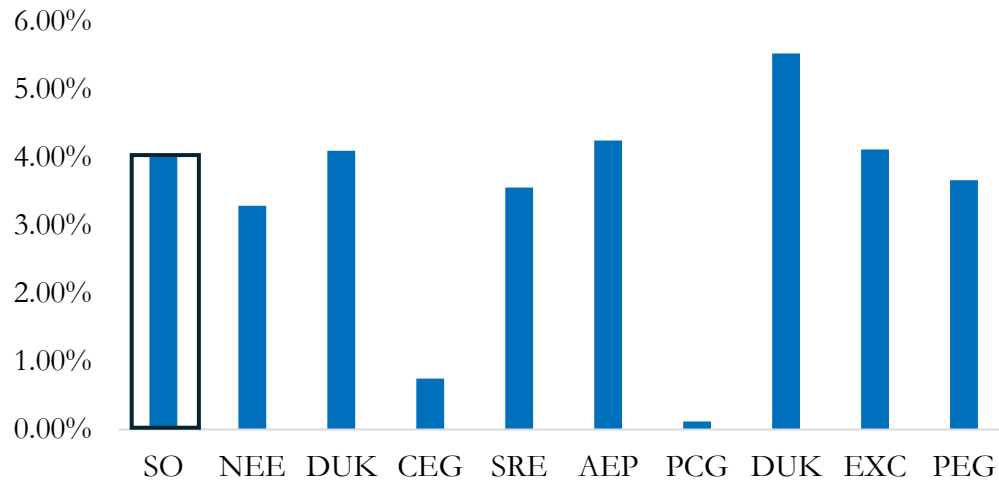
Competitors

Given the historical inverse relationship between utility share price and interest rates, a likelihood exists that as rates are cut, SO's share price will appreciate in kind

Despite the current high rate environment, utility performance has nonetheless proven to be extremely resilient, and will only improve as a result of the impending interest rate cuts

Dividend Yields: An Attractive Opportunity

Steady Portfolio Income Generation from Utilities

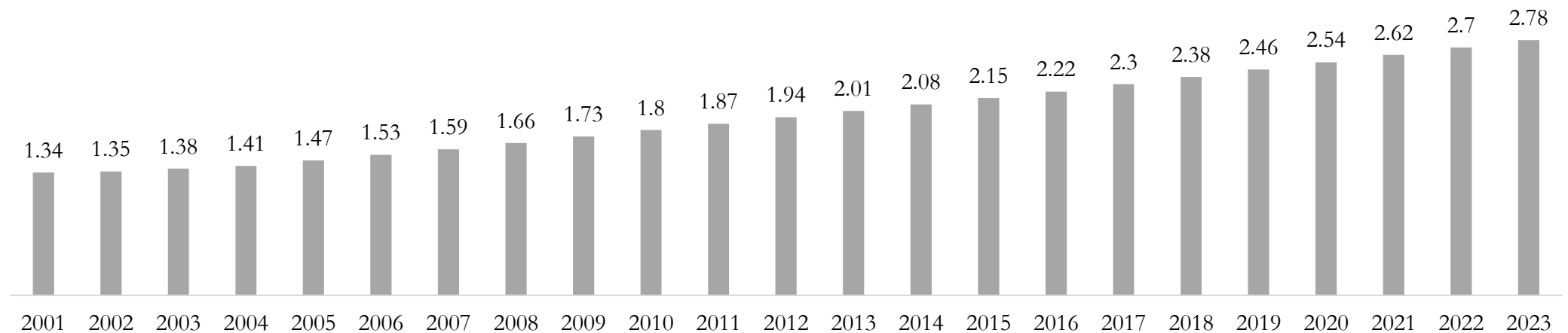


Dividend Information

Utilities as equities are among some of the most consistent high yield dividend earners, and are invaluable assets in terms of portfolio diversification

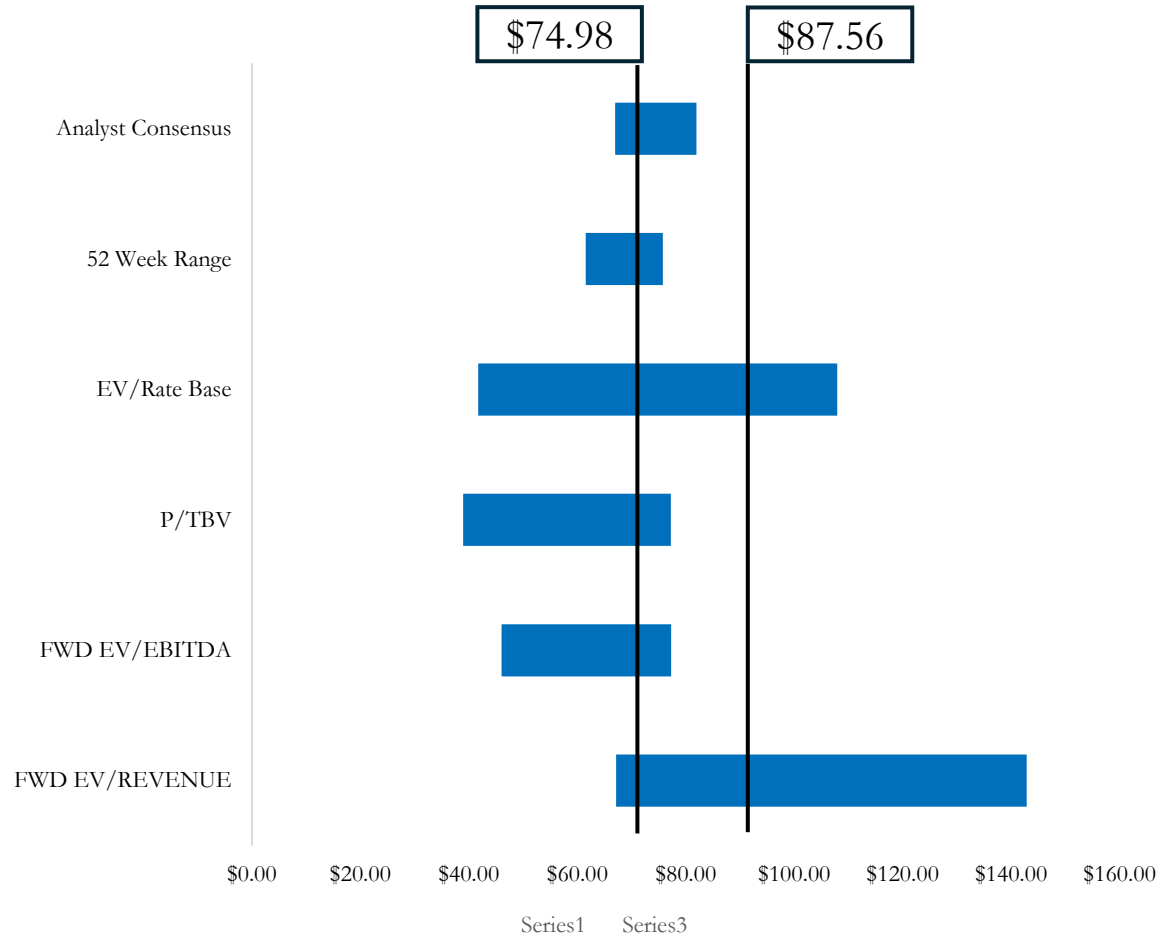
Given the likelihood of a reduction in interest rates in the near term, purchasing SO will lock in this high dividend yield, acting as a significant source of return

Southern Company Historical Dividends

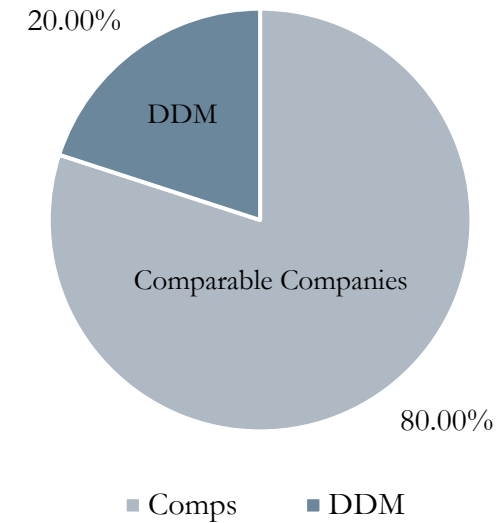


Valuation Analysis

Football Field



Weighting



Assumptions

Beta	2024E EPS	WACC	EV/Rate base
0.46	\$2.93	6.11%	1.41x

Risks



Bear Case:

P/FWD EPS 16.81x (\$67)

Southern Company, faced with trepidatious economic outlook and mounting CapEx costs, is unable to maintain prominence in ET Buildout and subsequently faces downward pressure upon share price

Base Case:

FWD EV/REV 4.87x (\$87)

Continuing with ongoing positive trends in utilities and renewables, Southern Company effectively utilizes its' position in the Utilities Industry to accelerate growth through new projects and successful rate-making procedures

Bull Case:

FWD EV/Rate Base 1.78x (\$100)

Propelled by federal infrastructure push and economic soft landing, Southern Company makes strides in nuclear and renewable energy development, cementing position as leading diversified utility provider in United States

BUY: SO

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Thank You!

Questions?

Appendix: Income Statement



Southern Company Income Statements (Millions USD)								
	FY 2021	FY 2022	FY 2023	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E
Operating Revenues:								
Retail Electric Revenues	14,852	18,197	16,343	17,111	17,796	18,472	19,081	19,654
Wholesale Electric Revenues	2,455	3,641	2,467	2,492	2,566	2,695	2,883	3,056
Other electric revenues	718	747	792	863	924	961	989	999
Natural gas revenues	4,380	5,962	4,702	4,467	4,297	4,164	4,268	4,345
Other revenues	708	732	949	1,120	1,198	1,249	1,287	1,312
Total Operating Revenues	23,113	29,279	25,253	26,053	26,781	27,540	28,509	29,367
Operating Expenses:								
Fuel	4,010	6,835	4,365	4,243	4,094	3,934	3,787	3,608
% of sales	17%	23%	17%	16%	15%	14%	13%	12%
Purchased power	978	1,593	883	650	642	632	626	616
% of sales	4%	5%	3%	2%	2%	2%	2%	2%
Cost of natural gas	1,619	3,004	1,644	1,670	1,690	1,710	1,742	1,765
% of sales	7%	10%	7%	6%	6%	6%	6%	6%
Cost of other sales	357	396	560	552	540	528	518	504
% of sales	2%	1%	2%	2%	2%	2%	2%	2%
Other operations and maintenance	5,902	6,573	6,093	6,025	5,926	5,819	5,738	5,617
% of sales	26%	22%	24%	23%	22%	21%	20%	19%
Depreciation and amortization	3,565	3,663	4,525	4,642	4,745	4,852	4,994	5,115
% of sales	15%	13%	18%	18%	18%	18%	18%	17%
Taxes other than income taxes	1,290	1,411	1,425	1,468	1,506	1,546	1,597	1,642
% of sales	6%	5%	6%	6%	6%	6%	6%	6%
Estimated loss on Plant Vogtle Units 3 and 4	1,692	183	(68)	0	0	0	0	0
% of sales	7%	1%	0%	0%	0%	0%	0%	0%
Impairment charges	2	251	-	-	-	-	-	-
% of sales	0.01%	0.86%	-	-	-	-	-	-
Total operating expenses	19,416	23,910	19,428	19,251	19,143	19,022	19,004	18,868
Operating Income	3,697	5,369	5,825	6,802	7,638	8,518	9,505	10,498
Other Income and (Expense):								
Allowance for equity funds used during construction	190	224	268	261	268	275	285	294
% of sales	1%	1%	1%	1%	1%	1%	1%	1%
Earnings from equity method investments	76	151	144	261	268	275	285	294
% of sales	0%	1%	1%	1%	1%	1%	1%	1%
Interest expense, net of amounts capitalized	(1,837)	(2,022)	(2,446)	(2,605)	(2,678)	(2,754)	(2,851)	(2,937)
% of sales	-8%	-7%	-10%	-10%	-10%	-10%	-10%	-10%
Other income (expense), net	449	500	553	521	536	551	570	587
% of sales	2%	2%	2%	2%	2%	2%	2%	2%
Total other income and (expense)	(1,122)	(1,147)	(1,481)	(1,563)	(1,607)	(1,652)	(1,711)	(1,762)
Earnings Before Income Taxes	2,575	4,222	4,344	5,239	6,031	6,865	7,794	8,736
Income taxes	267	795	496	496	496	496	496	496
Consolidated Net Income	2,308	3,427	3,848	4,743	5,535	6,369	7,298	8,240
Dividends on preferred stock of subsidiaries	15	11	-	-	-	-	-	-
Net loss attributable to noncontrolling interests	(99)	(107)	(127)	(127)	(127)	(127)	(127)	(127)
Consolidated Net Income Attributable to Southern Company	2,393	3,524	3,976					
Common Stock Data:								
Earnings per share -								
Basic	2.26	3.28	3.64					
Diluted	2.24	3.26	3.62					
Average number of shares of common stock outstanding - (in millions)								
Basic	1,061	1,075	1,092					
Diluted	1,068	1,081	1,098					

Appendix: Balance Sheet (Assets)



Consolidated Balance Sheet (in millions)								
	FY 2021	FY 2022	FY 2023	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E
Current Assets:								
Cash and cash equivalents	1,798	1,917	748					
Receivables —								
Customer accounts	1,806	2,128	2,030	2,436	3,654	5,481	8,222	12,332
Unbilled revenues	711	1,012	786	786	786	786	786	786
Under recovered fuel clause revenues	-	10	696	696	696	696	696	696
Other accounts and notes	523	637	519	519	519	519	519	519
Accumulated provision for uncollectible accounts	(78)	(71)	(68)	(68)	(68)	(68)	(68)	(68)
Receivables, net	2,962	3,716	3,963	2,962	3,716	3,963	3,569	3,670
Materials and supplies	1,543	1,664	1,989	1,732	1,732	1,732	1,732	1,732
Fossil fuel for generation	450	575	943	24	24	23	22	21
Natural gas for sale	362	438	420	656	656	656	656	656
Prepaid expenses	330	347	406	9	9	9	8	8
Assets from risk management activities, net of collateral	151	115	36	407	407	407	407	407
Regulatory assets – asset retirement obligations	219	332	274	6	6	5	5	5
Natural gas cost under recovery	266	108	-	361	361	361	361	361
Other regulatory assets	653	860	1,120	5	5	5	5	4
Other current assets	231	344	533	101	101	101	101	101
Total current assets	8,965	10,416	10,432	7,670	8,886	10,712	13,451	17,561
Property, Plant, and Equipment:								
In service	115,592	117,529	128,428					
Less: Accumulated depreciation	34,079	35,297	37,725					
Plant in service, net of depreciation	81,513	82,232	90,703					
Other utility plant, net	-	599	499					
Nuclear fuel, at amortized cost	824	843	858					
Construction work in progress	8,771	10,896	7,784					
Total property, plant, and equipment	91,108	94,570	99,844					
Other Property and Investments:								
Goodwill	5,280	5,161	5,161					
Nuclear decommissioning trusts, at fair value	2,542	2,145	2,424					
Equity investments in unconsolidated subsidiaries	1,282	1,443	1,368					
Other intangible assets, net of amortization of \$376 and \$340, respectively	445	406	368					
Miscellaneous property and investments	653	602	665					
Total other property and investments	10,202	9,757	9,986					
Deferred Charges and Other Assets:								
Operating lease right-of-use assets, net of amortization	1,701	1,531	1,432					
Deferred charges related to income taxes	824	866	886					
Prepaid pension costs	1,657	2,290	2,079					
Unamortized loss on reacquired debt	258	238	220					
Deferred under recovered retail fuel clause revenues	410	2,056	1,261					
Regulatory assets – asset retirement obligations, deferred	5,466	5,764	5,459					
Other regulatory assets, deferred	5,577	5,918	6,264					
Other deferred charges and assets	1,366	1,485	1,468					
Total deferred charges and other assets	17,259	20,148	19,069					
Total Assets	127,534	134,891	139,331					

Appendix: Balance Sheet (Liabilities & SE)



Current Liabilities:								
Securities due within one year	2,157	4,285	2,476					
Notes payable	1,440	2,609	2,314					
Accounts payable	2,169	3,525	2,898					
Customer deposits	479	502	503					
Accrued taxes -								
Accrued income taxes	50	60	8	39	39	39	39	39
Other accrued taxes	641	764	860	1	0	1	1	1
Accrued interest	533	614	652	755	755	755	755	755
Accrued compensation	1,070	1,127	1,151	11	10	10	10	9
Asset retirement obligations	697	694	744	600	600	600	600	600
Liabilities from risk management activities, net of collateral	-		294	8	8	8	8	7
Operating lease obligations	250	197	183	1,116	1,116	1,116	1,116	1,116
Natural gas cost over recovery	-		214	16	15	15	14	14
Other regulatory liabilities	563	382	141	712	717	724	717	719
Other current liabilities	872	965	1,029	10	10	10	9	9
Total current liabilities	10,921	15,724	13,467	3,267	3,270	3,277	3,269	3,270
Long-Term Debt	50,120	50,656	57,210					
Deferred Credits and Other Liabilities								
Accumulated deferred income taxes	8,862	10,036	10,990					
Deferred credits related to income taxes	5,401	5,235	4,674					
Accumulated deferred ITCs	2,216	2,133	2,067					
Employee benefit obligations	1,550	1,238	1,115					
Operating lease obligations, deferred	1,503	1,388	1,307					
Asset retirement obligations, deferred	10,990	10,146	9,573					
Other cost of removal obligations	2,103	1,903	1,957					
Other regulatory liabilities, deferred	485	733	715					
Other deferred credits and other liabilities	816	1,167	1,031					
Total deferred credits and other liabilities	33,926	33,979	33,429					
Total Liabilities	94,967	100,359	104,106					
Redeemable Preferred Stock of Subsidiaries:								
Cumulative preferred stock								
\$100 par or stated value - 4.20% to 4.92%	48	-						
Authorized - 10 million shares								
Outstanding - 2022: no shares; 2021: 0.5 million shares								
\$1 par value - 5.00%	243	-						
Authorized - 28 million shares								
Outstanding - 2022: no shares; 2021: 10 million shares								
Total redeemable preferred stock of subsidiaries (annual dividend requirement - \$15 million)	291	-						
Common Stockholders' Equity:								
Common stock, par value \$5 per share (Authorized - 1.5 billion shares)	5,279	5,417	5,423					
(Issued - 1.1 billion shares; Treasury - 1.0 million shares)								
Paid-in capital	11,950	13,673	13,775					
Treasury, at cost	(47)	(53)	(59)					
Retained earnings	10,929	11,538	12,482					
Accumulated other comprehensive loss	(237)	(167)	(177)					
Total common stockholders' equity	27,874	30,408	31,444					
Noncontrolling interests	4,402	4,124	3,781					
Total Stockholders' Equity	32,276	34,532	35,225					
Total Liabilities and Stockholders' Equity	127,534	134,891	139,331					

Appendix: Cash Flow Statement



Consolidated Statements of Cash Flows (in millions)								
	FY 2021	FY 2022	FY 2023	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E
Operating Activities:								
Consolidated net income	2,309	3,428	3,849					
Adjustments to reconcile consolidated net income to net cash provided from operating activities —								
Depreciation and amortization, total	3,973	4,064	4,986	4400	2264	1746	1205	776
as a % of CapEx	-52%	-51%	-55%	-53%	-53%	-53%	-53%	-53%
Deferred income taxes	(49)	670	63					
Utilization of federal investment tax credits	288	88	353					
Allowance for equity funds used during construction	(190)	(224)	(268)					
Pension, postretirement, and other employee benefits	(305)	(436)	(527)					
Settlement of asset retirement obligations	(456)	(455)	(617)					
Storm damage and reliability reserve accruals	288	430	124					
Stock based compensation expense	144	127	137					
Estimated loss on Plant Vogtle Units 3 and 4	1,692	183	(68)					
Impairment charges	91	251	-					
Retail fuel cost under recovery – long-term	(536)	(2,166)	(206)					
Natural gas cost under recovery – long-term	(207)	207	-					
Other, net	(89)	(25)	(138)					
Changes in certain current assets and liabilities —								
Receivables	(77)	(771)	482					
Retail fuel cost under recovery	(4)	(100)	686					
Fossil fuel for generation	99	(125)	(368)					
Materials and supplies	(130)	(160)	(345)					
Natural gas cost under recovery	(266)	158	108					
Other current assets	(270)	(186)	(106)					
Accounts payable	(8)	1,021	(863)					
Customer refunds	130	119	(157)					
Natural gas cost over recovery	-	-	214					
Other current liabilities	(258)	204	214					
Net cash provided from operating activities	6,168	6,301	7,552					
Investing Activities:								
Property additions	(7,586)	(7,923)	(9,095)	(8328)	(4285)	(3305)	(2281)	(1468)
as a % of sales	-33%	-27%	-36%	-32%	-16%	-12%	-8%	-5%
Nuclear decommissioning trust fund purchases	(1,598)	(1,125)	(1,142)					
Nuclear decommissioning trust fund sales	1,593	1,112	1,121					
Proceeds from dispositions	917	275	164					
Cost of removal, net of salvage	(442)	(694)	(592)					
Change in construction payables, net	(124)	203	18					
Payments pursuant to LTSAs	(188)	(190)	(99)					
Other investing activities	75	(133)	(43)					
Net cash used for investing activities	(7,353)	(8,475)	(9,668)					
Financing Activities:								
Increase (decrease) in notes payable, net	530	(337)	973					
Proceeds —								
Long-term debt	8,262	5,132	8,972					
Short-term borrowings	325	2,630	350					
Common stock	73	1,808	36					
Redemptions and repurchases —								
Long-term debt	(4,327)	(2,158)	(4,294)					
Short-term borrowings	(25)	(1,150)	(1,630)					
Preferred stock	-	(298)	-					
Capital contributions from noncontrolling interests	501	73	21					
Distributions to noncontrolling interests	(351)	(259)	(234)					
Payment of common stock dividends	(2,777)	(2,907)	(3,035)					
Other financing activities	(266)	(218)	(160)					
Net cash provided from financing activities	1,945	2,336	999					
Net Change in Cash, Cash Equivalents, and Restricted Cash	761	208	(1,116)					
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	1,068	1,829	2,037					
Cash, Cash Equivalents, and Restricted Cash at End of Year	1,829	2,037	921					
Supplemental Cash Flow Information:								
Cash paid during the period for —								
Interest (net of \$132, \$103, and \$92 capitalized, respectively)	1,718	1,758	2,184					
Income taxes, net	93	146	132					
Noncash transactions —								
Accrued property additions at year-end	866	1,024	1,027					
LTSAs credits utilized from the sale of spare parts	-	-	23					
Contributions from noncontrolling interests	89	15	-					
Contributions of wind turbine equipment	82	-	-					

Appendix: Revenue Build



Revenue Build	FY 2021	FY 2022	FY 2023	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E
Retail Electric Revenues	14,852	18,197	16,343	17,111	17,796	18,472	19,081	19,654
Wholesale Electric Revenues	2,455	3,641	2,467	2,492	2,566	2,695	2,883	3,056
Other electric revenues	718	747	792	863	924	961	989	999
Natural gas revenues	4,380	5,962	4,702	4,467	4,297	4,164	4,268	4,345
Other revenues	708	732	949	1,120	1,198	1,249	1,287	1,312
Total Operating Revenues	23,113	29,279	25,253	26,053	26,781	27,540	27,540	27,540
Growth:								
Retail Electric Revenues		22.5%	-10.2%	4.7%	4.0%	3.8%	3.3%	3.0%
Wholesale Electric Revenues		48.3%	-32.2%	1.0%	3.0%	5.0%	7.0%	6.0%
Other electric revenues		4.0%	6.0%	9.0%	7.0%	4.0%	3.0%	1.0%
Natural gas revenues		36.1%	-21.1%	-5.0%	-3.8%	-3.1%	2.5%	1.8%
Other revenues		3.4%	29.6%	18.0%	7.0%	4.3%	3.0%	2.0%

Appendix



Net Working Capital								
	FY 2021	FY 2022	FY 2023	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E
Current Assets								
Accounts receivable, net	2,962	3,716	3,963	3,578	3,678	3,782	3,915	4,033
<i>A/R Days</i>	47	46	57	50	50	50	50	50
Materials and supplies	1,543	1,664	1,989	1,732	1,732	1,732	1,732	1,732
as a % of revenue	24	21	29	24	24	23	22	22
Fossil fuel for generation	450	575	943	656	656	656	656	656
as a % of revenue	7	7	14	9	9	9	8	8
Natural gas for sale	362	438	420	407	407	407	407	407
as a % of revenue	6	5	6	6	6	5	5	5
Prepaid expenses	330	347	406	361	361	361	361	361
as a % of revenue	5	4	6	5	5	5	5	4
Assets from risk management activities, net of collateral	151	115	36	101	101	101	101	101
Regulatory assets – asset retirement obligations	219	332	274	275	275	275	275	275
as a % of revenue	3	4	4	4	4	4	4	3
Natural gas cost under recovery	266	108	0	125	125	125	125	125
as a % of revenue	4	1	0	2	2	2	2	2
Other regulatory assets	653	860	1,120	878	878	878	878	878
as a % of revenue	10	11	16	12	12	12	11	11
Other current assets	231	344	533	369	369	369	369	369
as a % of revenue	4	4	8	5	5	5	5	5
Current Liabilities								
Accounts Payable	2,169	3,525	2,898	2,857	2,937	3,020	3,126	3,221
<i>A/P Days</i>	34	44	42	40	40	40	40	40
Accrued income taxes	50	60	8	39	39	39	39	39
as a % of revenue	1	1	0	1	0	1	1	1
Other accrued taxes	641	764	860	755	755	755	755	755
as a % of revenue	10	10	12	11	10	10	10	9
Accrued interest	533	614	652	600	600	600	600	600
as a % of revenue	8	8	9	8	8	8	8	7
Accrued compensation	1,070	1,127	1,151	1,116	1,116	1,116	1,116	1,116
as a % of revenue	17	14	17	16	15	15	14	14
Asset retirement obligations	697	694	744	712	717	724	717	719
as a % of revenue	11	9	11	10	10	10	9	9
Liabilities from risk management activities, net of collateral	0	0	294	294	294	294	294	294
as a % of revenue	0	0	4	4	4	4	4	4
Operating lease obligations	250	197	183	210	210	210	210	210
as a % of revenue	4	2	3	3	3	3	3	3
Natural gas cost over recovery	0	0	214	214	214	214	214	214
as a % of revenue	0	0	0	0	0	0	0	0
Other regulatory liabilities	563	382	141	362	295	266	308	290
as a % of revenue	9	5	2	5	4	4	4	4
Other current liabilities	872	965	1,029	955	955	955	955	955
as a % of revenue	14	12	15	13	13	13	12	12
Total Current Assets	7,167	8,499	9,684	8,481	8,581	8,685	8,818	8,936
Total Current Liabilities	6,845	8,328	8,174	8,114	8,132	8,194	8,335	8,413
NWC	322	171	1,510	367	449	492	483	523
ΔNWC		(151)	1,339	(1,143)	82	42	(8)	40

Appendix: WACC



The Southern Company WACC	
Cost of Equity	
Beta	0.46
Risk Free Rate	4.11%
Expected Market Return	8.5%
Risk Premium	4.39400%
Cost of Equity	6.11%
Cost of Debt	
Credit Spread	1.47%
Pre-Tax Cost of Debt	5.58%
Tax Rate	11.40%
Cost of Debt	4.94%
Shares Outstanding	1,091,015,113
Share Price	\$69.29
Market Capitalization	75,596,437,180
Debt Outstanding	57,210,000,000
Total Capitalization	132,806,437,180
Weight of Equity	56.92%
Weight of Debt	43.08%
WACC	5.61%

Appendix: Comps (Part 1)



Southern Company	Comparable Companies Analysis	Ticker	Share Price	Market Cap	Shares Outstanding	Cash	Net Debt	Enterprise Value	Revenue	EBITDA	EBIT	EPS	FCFF	EV/Revenue	EV/EBITDA	EV/EBIT	EV/FCFF	P/E	
Southern Company		THE SOUTHERN COMPANY (XNYS:SO)	\$ 75.50	81,572	1,095		748	63,490	148,095	25,253	11,176	5,894	3.82	-2,156	5.86	13.25	25.13	-68.69	19.76
American Electric Power		AMERICAN ELECTRIC POWER COMPANY, INC. (XNAS:AEP)	\$ 88.21	46,418	527		379	42,380	86,014	18,982	7,128	2,724	5.07	-2,494	4.53	12.48	24.02	-34.49	5.07
Dominion Energy		Dominion Energy, Inc. (XNYS:D)	\$ 50.80	39,311	837		184	44,906	85,816	15,943	7,227	3,414	2.29	-3,663	5.96	12.98	24.95	-36.96	15.05
Exelon		EXELON CORPORATION (XNAS:EXC)	\$ 37.44	37,000	1,000		445	44,294	80,367	21,730	7,553	4,026	2.37	-2,705	3.70	10.60	19.92	-88.89	2.37
NextEra Energy		NEXTERA ENERGY, INC. (XNYS:NEE)	\$ 69.89	115,655	2,025		2,690	73,623	198,144	28,114	16,388	10,237	3.40	-14,863	7.05	12.04	19.33	-16.53	16.81
Xcel Energy		Xcel Energy Inc. (XNAS:XEL)	\$ 53.96	28,812	555		129	27,514	59,167	14,206	5,949	2,481	3.36	56	3.96	10.54	22.65	1056.55	3.36
														Minimum	3.70	10.54	19.33	(88.89)	2.37
														Quartile 1	3.90	10.96	20.60	(60.76)	3.79
														Median	5.20	12.26	23.34	(35.72)	10.05
														Quartile 3	6.23	12.86	24.72	(21.02)	16.37
														Maximum	7.05	13.25	25.13	1,056.55	19.76
														Average	5.18	11.98	22.67	135.17	10.40
														Minimum	28.04	44.37	3.73	0.09	0.01
														Quartile 1	32.54	50.65	3.85	0.09	(0.11)
														Median	62.60	70.07	4.10	0.09	(0.65)
														Quartile 3	86.47	78.96	4.23	0.09	(1.19)
														Maximum	105.33	84.88	4.27	0.12	(1.48)
														Average	62.13	65.92	4.04	0.10	(0.68)

Utilities & Renewables

Appendix: Comps (Part 2)



Utilities & Renewables

2024													
Revenue	EBITDA	EBIT	EPS	Rate Base	TBV	Forward Earnings	FCFF	EV/Revenue	EV/EBITDA	EV/EBIT	P/TBV	EV/Rate Base	P/FWD EPS
25,990	11,344	6,786	4.01	96,809.00	25,239.00	4.00	-1,090	5.70	13.05	21.83	3.23	1.53	18.87
20,610	8,148	2,724	4.15	71,191.90	24,803.40	5.61	-982	4.17	10.48	18.01	1.79	1.21	15.72
19,875	6,813	1,309	2.99	59,691.00	20,394.00	2.86	-2,338	5.38	11.78	19.31	2.00	1.44	17.76
21,730	7,976	4,382	2.43	71,779.00	19,125.00	2.43	-748	3.82	10.04	18.34	1.96	1.12	15.41
28,114	16,036	9,868	3.40	113,174.00	53,933.00	3.40	-5,352	7.00	12.84	20.08	3.35	1.75	20.55
15,842	5,949	2,481	3.58	31,660.00	17,616.00	3.57	-1,418	3.96	10.54	22.27	1.69	1.87	15.11
							Minimum	3.82	10.04	18.01	1.69	1.12	15.11
							Quartile 1	3.93	10.37	18.26	1.77	1.19	15.33
							Median	4.78	11.16	19.70	1.98	1.48	16.74
							Quartile 3	6.02	12.89	21.94	3.26	1.78	19.29
							Maximum	7.00	13.05	22.27	3.35	1.87	20.55
							Average	5.00	11.46	19.97	2.34	1.49	17.24
							Minimum	66.95	46.05	53.64	38.97	41.70	60.45
							Quartile 1	69.44	49.47	55.18	40.70	47.58	61.33
							Median	89.62	57.65	64.09	45.65	73.90	66.97
							Quartile 3	119.27	75.62	77.98	75.20	100.13	77.18
							Maximum	142.45	77.29	80.02	77.24	107.96	82.22
							Average	97.55	60.72	65.80	55.55	74.26	69.63

Appendix: DDM

Southern Company (NYSE: SO)
 Dividend Discount Model
 (Millions USD)

	FY 2023	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E
Stage 1 Dividends	0	1	2	3	4	5
Dividends Per Share	\$2.80	\$2.93	\$3.06	\$3.20	\$3.34	\$3.49
Cost of Equity	6.11%	6.11%	6.11%	6.11%	6.11%	6.11%
PV of Dividend	\$2.80	\$2.76	\$2.72	\$2.68	\$2.63	\$2.60

Share Price Calculation	
PV of Sum of Stage 1 Dividend	\$16.18
Stage 2 TV	\$105.86
PV of Stage 2 TV	\$78.70
Value per share	\$94.88

Time	DPS	DPS Difference	Yield	Y/Y Div. Growth
FY 2013	1.96		4.60%	
FY 2014	2.04	0.08	4.60%	4.08%
FY 2015	2.12	0.08	4.70%	3.92%
FY 2016	2.22	0.1	4.60%	4.72%
FY 2017	2.3	0.08	4.70%	3.60%
FY 2018	2.38	0.08	5.30%	3.48%
FY 2019	2.46	0.08	4.30%	3.36%
FY 2020	2.54	0.08	4.80%	3.25%
FY 2021	2.62	0.08	4.10%	3.15%
FY 2022	2.7	0.08	3.70%	3.05%
FY 2023	2.78	0.08	4.20%	2.96%
Historical Average (10 yrs)		0.082	4.51%	3.56%

Dividend Growth Rate	
Stage 1	4.51%
Stage 2	3.57%