

Company: Constellation Energy Corp.	Ticker: CEG	Price: \$364.10	Industry: Nuclear Power
Target Price: \$390 Stop Loss: \$291 (~20%) 52 Week H/L: \$376.78/\$161.35	TTM P/E: 38 Forward P/E: 31.75 EPS (TTM): \$9.58	Market Cap: \$113.747 B Avg. Volume: 2.29M Div Yield: 0.43%	

### Company Description

CEG is the largest producer of carbon free power in the United States providing 10% of the nation's carbon free energy. CEG has the largest fleet of nuclear plants with an industry leading 94% capacity factor. Recently, CEG has signed contracts with major tech companies such as Meta and Microsoft, providing power to their datacenters for years to come.

### Industry Review:

The energy production industry is split into two segments: Regulated utilities and Merchant Generators. Merchant generators such as CEG compete in unregulated power markets, earning revenue by signing PPAs for market prices. The U.S is gradually shifting towards carbon-free power, and nuclear energy is the most reliable generator in this category.

### Competitive Analysis:

Key players include Vistra (VST), NRG Energy (NRG), and Duke Energy (DUK). However, these companies are minority nuclear and generate most of their energy from fossil fuels and renewables, meaning that CEG is the only real majority nuclear energy provider. Additionally, CEG is signing contracts with several tech companies to provide clean, nuclear power to Microsoft, Meta, and others in the future. Finally, OB3 has cut subsidies and tax credits to renewables such as solar, wind, and hydro, but has left nuclear power alone. This allows CEG to generate billions in tax credits.

### Investment Thesis

Global energy consumption is constantly increasing. Electricity consumption for data centers and AI is expected to double by 2030 at a growth of ~15%/year. The company has years of expertise in this field and is signing several contracts with tech companies to provide power for their data centers. Additionally, with the shift to clean energy, nuclear will help with this transition.

### Risks

- Operational risks such as unplanned outages, refueling/maintenance, and safety
- Exposed to fluctuations in energy prices
- Nuclear fuel supply chain: Russian Uranium ban
- Policy risk: Changes to 45U and other tax credits



Equity value per share						
WACC:	Long term growth rate (g):					
	3.0%	3.5%	4.0%	4.5%	5.0%	
371.51	296.04	308.10	321.66	337.04	354.61	
12.0%	315.03	329.00	344.83	362.93	383.80	
11.5%	336.57	352.87	371.51	393.00	418.08	
11.0%	361.17	380.36	402.50	428.32	458.85	
10.5%	389.49	412.30	438.90	470.34	508.07	
10.0%						