Energy & Utilities Stock Pitch

Recommendation

Centrus (LEU)	
Sell	
Current Price	$206.92
Quantity	-2.15% of portfolio
Market Value	$8,276
(Gain/Loss)	~$6,942

XLE	
Sell	
Current Price	$59.39
Quantity	-0.83% of portfolio
Market Value	$3,207.06
(Gain/Loss)	~$1,413

Vistra (VST)	
Buy	
Current Price	$160.85
Purchase Order	+1.06% of portfolio
Market Value	$4,021.25
Price Target	**$226**

Vistra Corp (VST)

Based in Irving, TX

- Largest competitive power generator in the U.S. with integrated retail (5M+ customers)
- 4 non-regulated nuclear facilities (~6.4 GW), 2nd largest US nuclear operator behind CEG
- ~41 GW total capacity across nuclear, gas, coal, and battery storage

Investment Thesis

Micro

Largest competitive IPP with Integrated Retail and Multi-GW Nuclear

- 41 GW total capacity across nuclear, gas, coal, and battery storage
- Integrated retail arm (5M+ customers) hedges merchant-only volatility

Macro

AI Data Center Demand Driving Power Capacity Expansion

- 90 GW of incremental US data center demand projected by 2030 (vs. ~30 GW today)

Setup

20-Year Hyperscaler PPAs Lock In Nuclear Cash Flows

- AWS PPA at Comanche Peak (~1.2 GW) + Meta PPA across Perry/Davis-Besse/Beaver Valley (~2.6 GW)
- ~3.8 GW of contracted, investment-grade nuclear revenue running into 2040s

DCF Valuation

Unlevered Free Cash Flows							
	Actual	Forecasts					
Fiscal year ended	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	**CAGR**
Revenue	17,738	20,221	22,243	23,800	24,991	25,990	**7.94%**
% growth		14.0%	10.0%	7.0%	5.0%	4.0%	
EBITDA (GAAP Adjusted)	5,907	7,179	8,230	9,044	9,621	10,006	
% margin	33.3%	35.5%	37.0%	38.0%	38.5%	38.5%	
EBIT (GAAP Adjusted)	3,920	4,954	5,783	6,426	6,872	7,147	
% margin	22.1%	24.5%	26.0%	27.0%	27.5%	27.5%	
Tax on EBIT	623	892	1,041	1,157	1,237	1,287	
Tax rate	15.90%	18.00%	18.00%	18.00%	18.00%	18.00%	
NOPAT	**3,297**	**4,062**	**4,742**	**5,269**	**5,635**	**5,861**	

WACC: 8.66%

WACC Build	
Risk-free rate (Rf)	4.15%
Equity risk premium (ERP)	4.46%
Beta (5yr monthly, vs S&P 500)	1.45
Cost of equity (Ke = Rf + β×ERP)	10.62%
Pre-tax cost of debt (Kd)	5.10%
Tax rate (for Kd)	21.0%
After-tax cost of debt (Kd×(1-t))	4.03%
Equity (market cap)	53,232
Total debt (PF)	22,557
Total capital	75,789
Equity weight (E/V)	70.2%
Debt weight (D/V)	29.8%
WACC = (E/V)×Ke + (D/V)×Kd×(1-t)	**8.66%**

Bear	$135	Downside: -16%	8.83% WACC, 2% Growth Rate, 5.44% CAGR
Base	$226	Upside: +41%	8.66% WACC, 2.5% Growth Rate, 7.94% CAGR
Bull	$330	Upside: +105%	8.43% WACC, 3% Growth Rate, 10.51% CAGR

Comparable Companies

Company	EV/ EBITDA	P/E	Market Cap
VST	10.19x	17.57x	$53.0B
CEG	13.60x	26.48x	$111.8B
NRG	8.18x	16.71	$33.4B
TLN	11.40x	16.70x	$17.4B
NEE	16.34x	23.97x	$204.4B
Avg. (ex-VST)	12.38x	20.97x	

Vistra (VST)	Largest competitive IPP w/ integrated retail & non-reg nuclear
Constellation (CEG)	Largest U.S. non-reg nuclear operator
NRG Energy (NRG)	IPP + retail electricity provider (no nuclear)
Talen Energy (TLN)	Non-reg nuclear & gas IPP
NextEra (NEE)	Largest U.S. utility holding co.

VST trades at 10.2x EV/EBITDA, an 18% discount to the peer average (12.4x) and 25% discount to CEG, the closest nuclear-exposed comp

Risks

1. FERC Colocation ruling, whether data center agreements are “behind the meter,” contracting margins

2. ERCOT (Texas exposure), Severe weather can cause disruptions

3. Less Capex from hyperscalers, data center demand slows down

Recommendation: BUY | Target: $226 | +41% Upside | 12-18 Month Horizon

Key Takeaways:

- **Largest Competitive IPP w/ Retail Arm:** 41 GW capacity, 5M+ retail customers, only IPP combining both
- **Multi-GW Non-Reg Nuclear:** ~6.4 GW operating nuclear (2nd largest US operator behind CEG)
- **Hyperscaler PPAs Locked In:** 20-yr contracts with AWS (~1.2 GW Comanche Peak) and Meta (~2.6 GW Perry/Davis-Besse/Beaver Valley) — ~3.8 GW contracted into 2040s
- **Attractive Valuation:** 10.2x FY1 EV/EBITDA vs. peer avg 12.4x — 25% discount to CEG for similar nuclear exposure

Bottom Line:

Vertically integrated platform, scarce nuclear exposure, contracted hyperscaler cash flows, and discounted multiple support our BUY rating on Vistra Corp.

Thank You