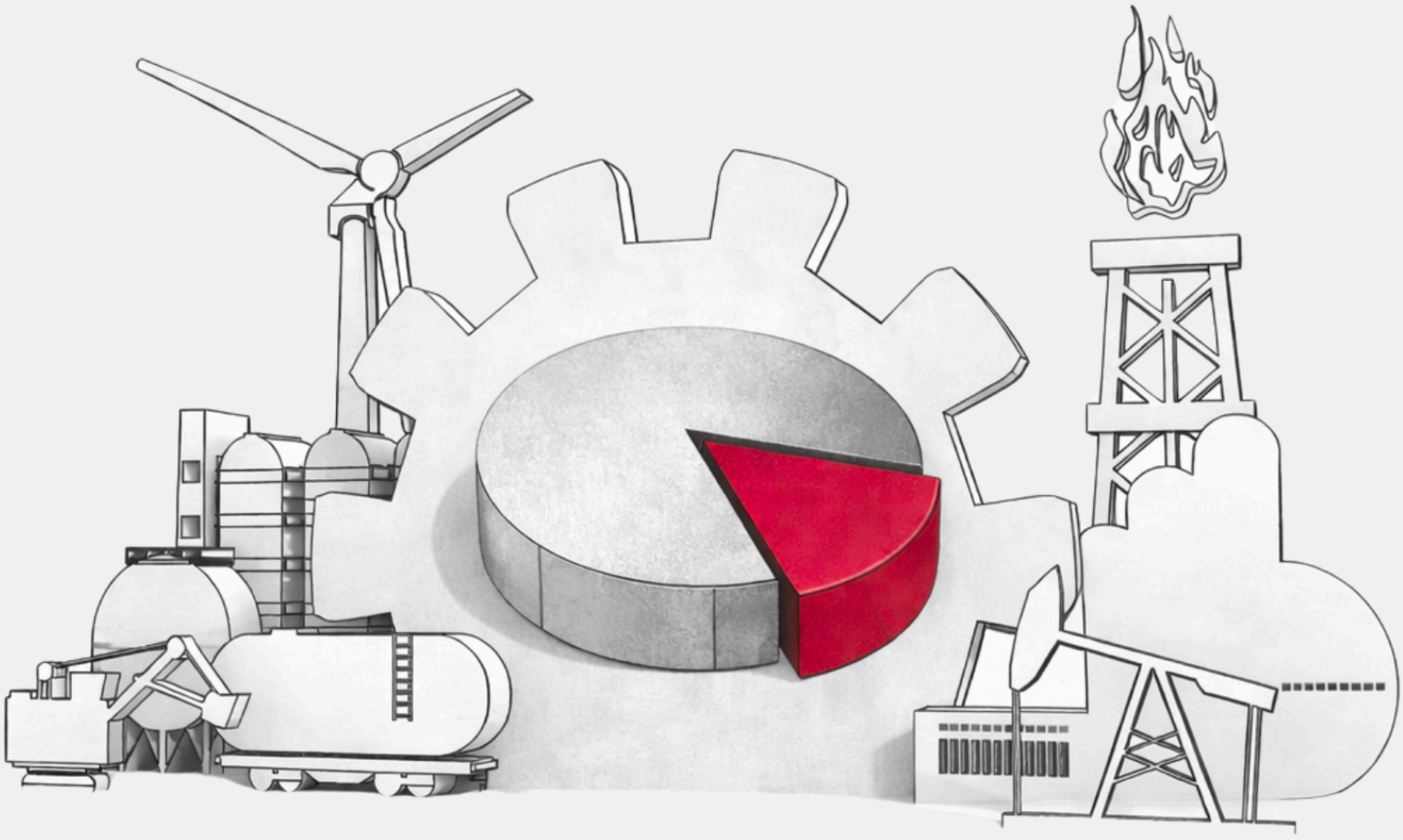
Confidential

BRAVOS RESEARCH

A Top-Down Equity Research Report

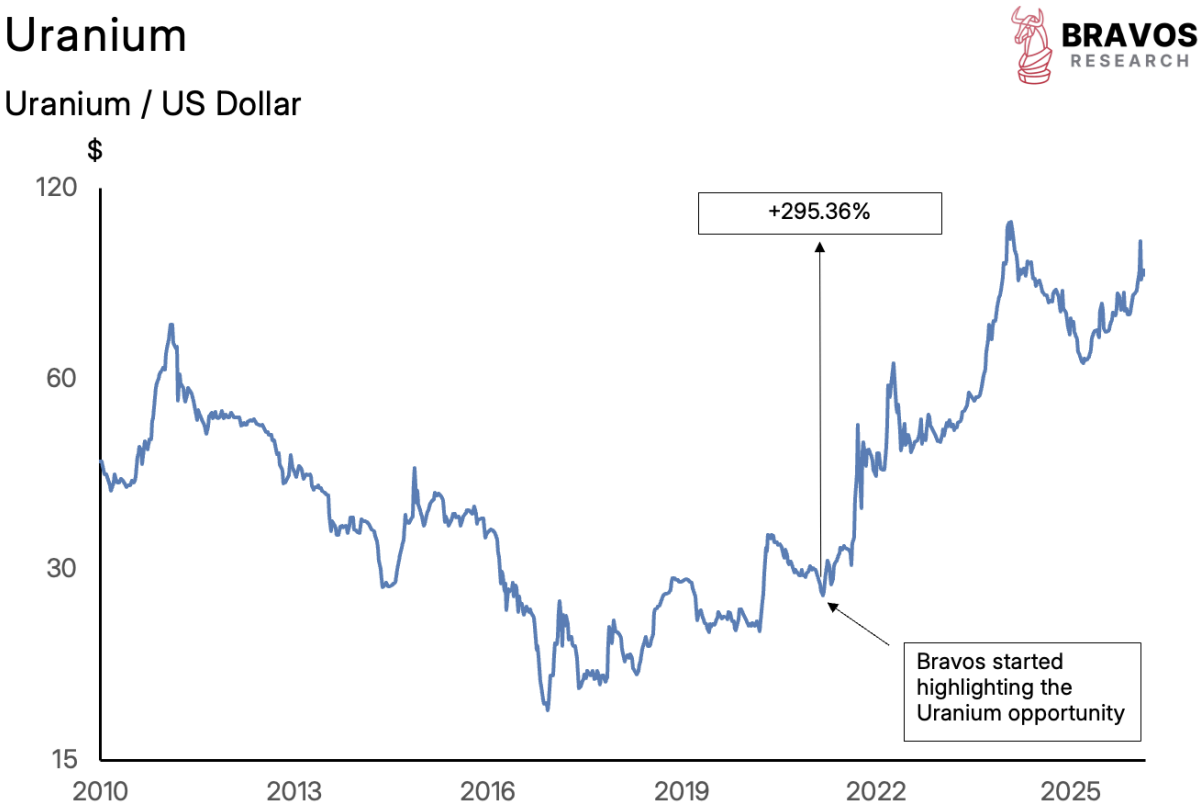
Investment Opportunities in an Era of Monetary Devaluation

By Peter Massaut
Founder of Bravos Research



The Inelasticity Trade: Why Uranium is Prone to a Parabolic Move

We first began discussing uranium in **February of 2021** soon after Bravos Research was founded, we highlighted that the metal was likely embarking on a new secular bull market and that CCJ (the world's largest Uranium producer) was the most attractive opportunity in the space at the time. Since then, the price of Uranium has more than **tripled** and CCJ has gone up by 8x. **But we believe the secular bull market is far from over, and it is currently embarking its second, steeper ascension.** From current levels, uranium prices could triple once again, and some Uranium-related stocks could offer even greater upside.

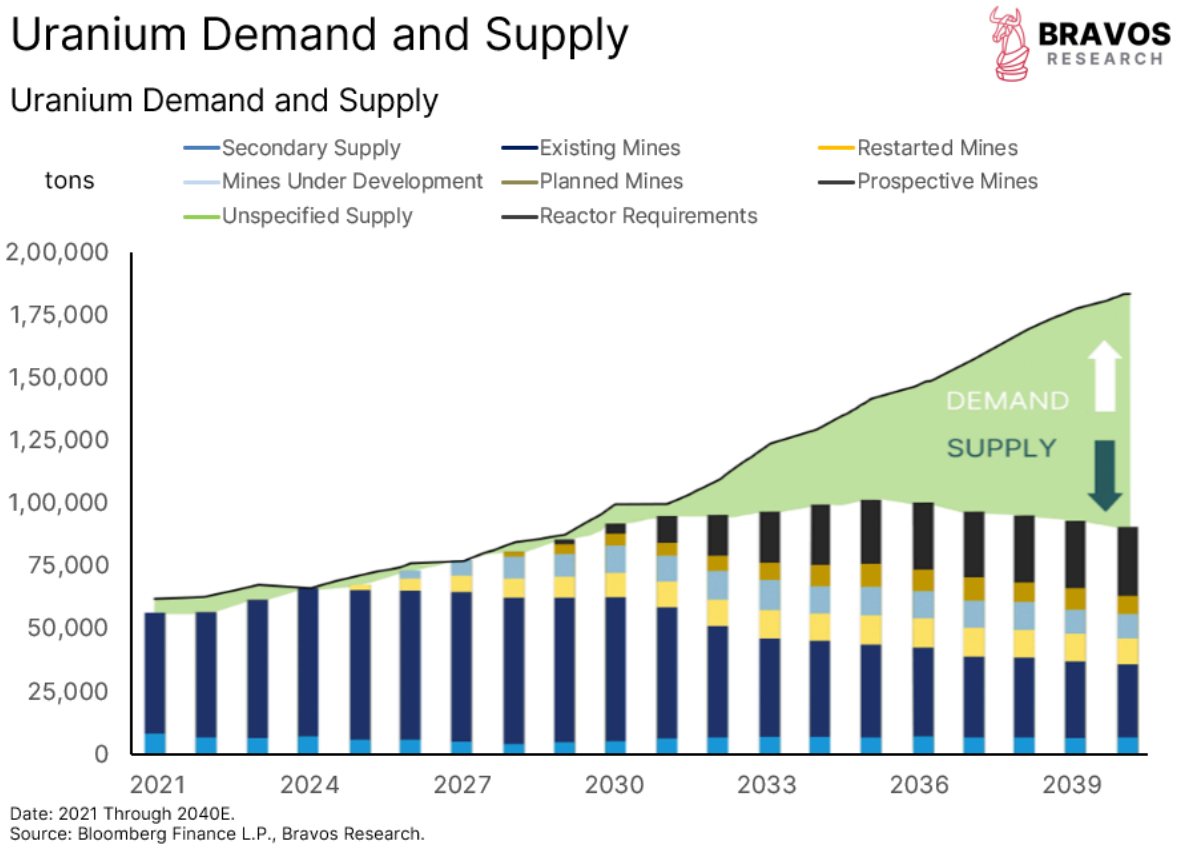


Date: 2010 Through February 2026.
Source: Bloomberg Finance L.P., Bravos Research.

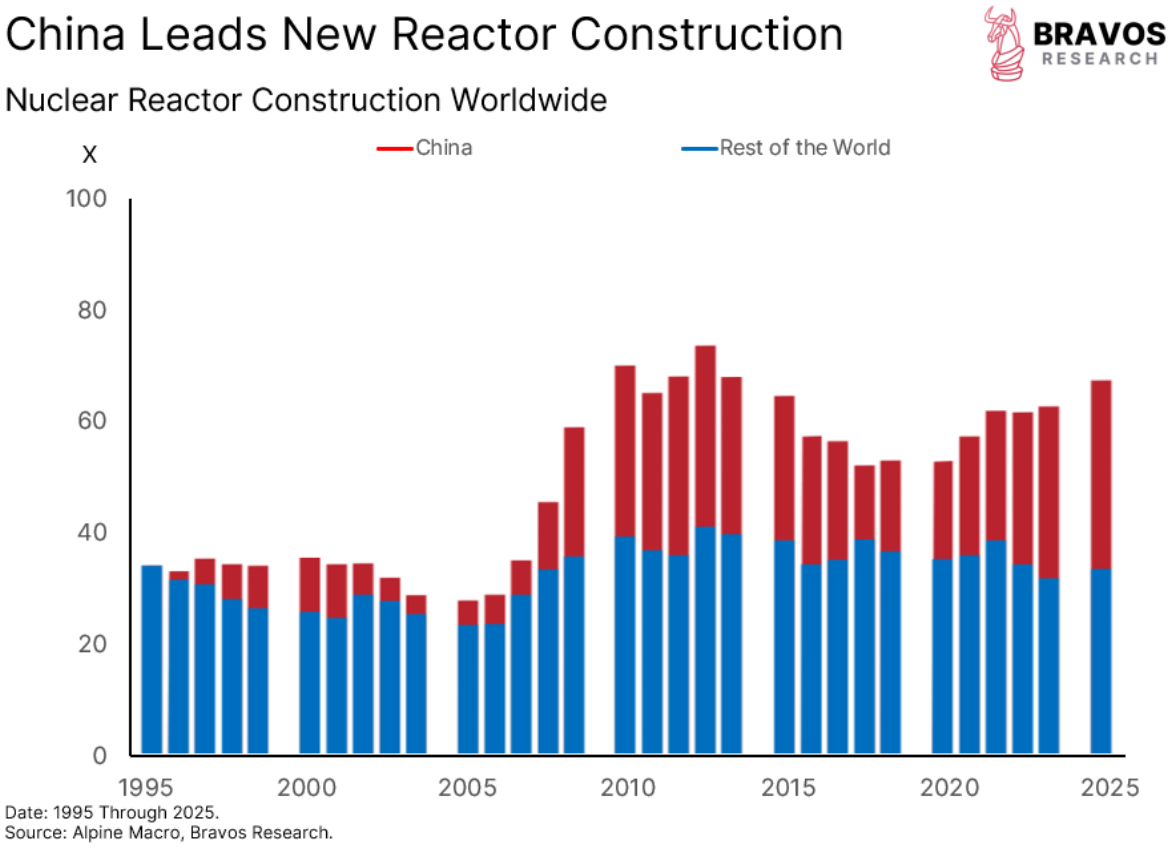
The fundamental case for uranium is rooted in the **persistent and worsening supply-demand imbalance**. Uranium supply currently sits at about **140 million pounds per year**, well below the **175 million pounds required** by the global reactor

fleet. The market is therefore already operating with an annual deficit of around **35 million pounds per year**, representing a **shortfall of 25% of total global uranium demand.**

More importantly, this gap is likely to continue getting bigger as long-term uranium requirements are expected to significantly outpace supply, with **global demand projected to reach approximately 400 million pounds by 2040**. A large part of this demand is coming from the changing geopolitical backdrop that has elevated energy sovereignty to a **national priority**. Nuclear power enables countries to secure baseload electricity independent of foreign oil and gas, making it increasingly central to long-term energy strategy.

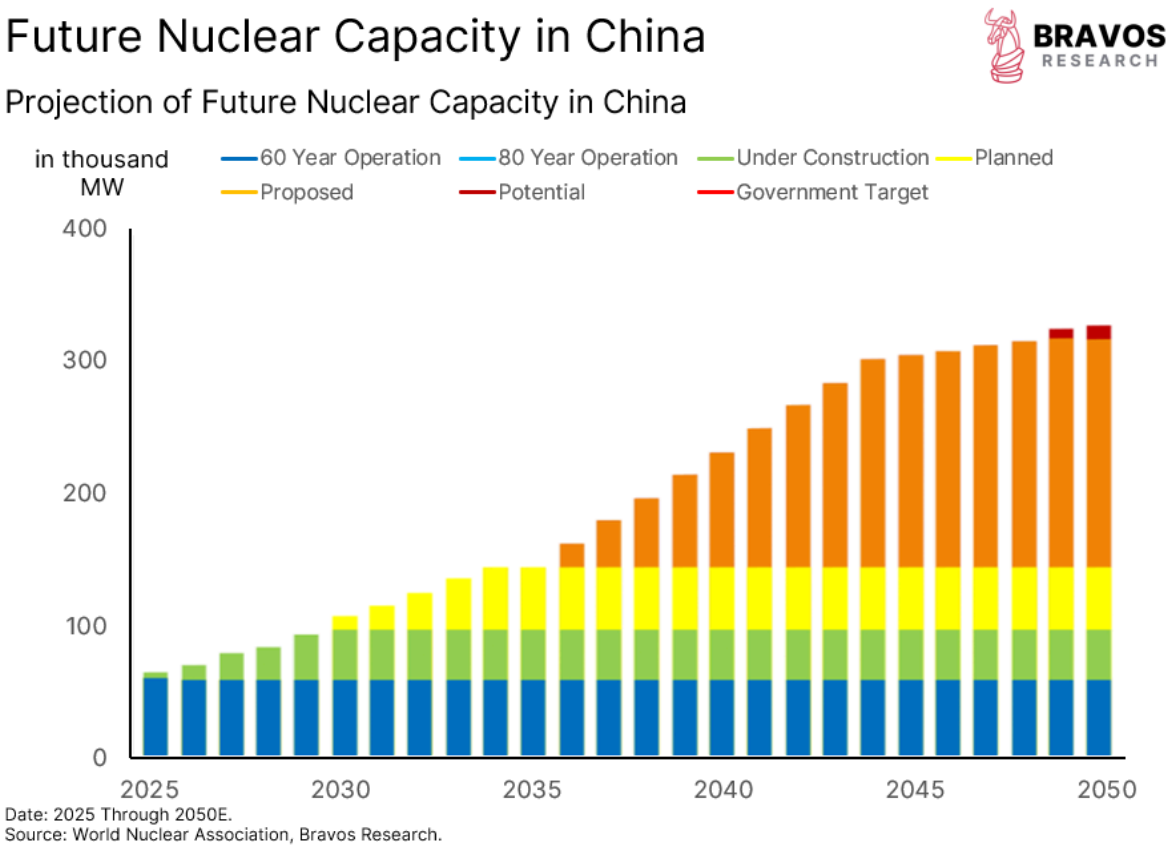


Today, nuclear power is entering a new global growth phase. We're already seeing **70 new reactors** that are currently under construction worldwide. China alone accounts for **37 of these builds**, accounting for more than half of the global total.



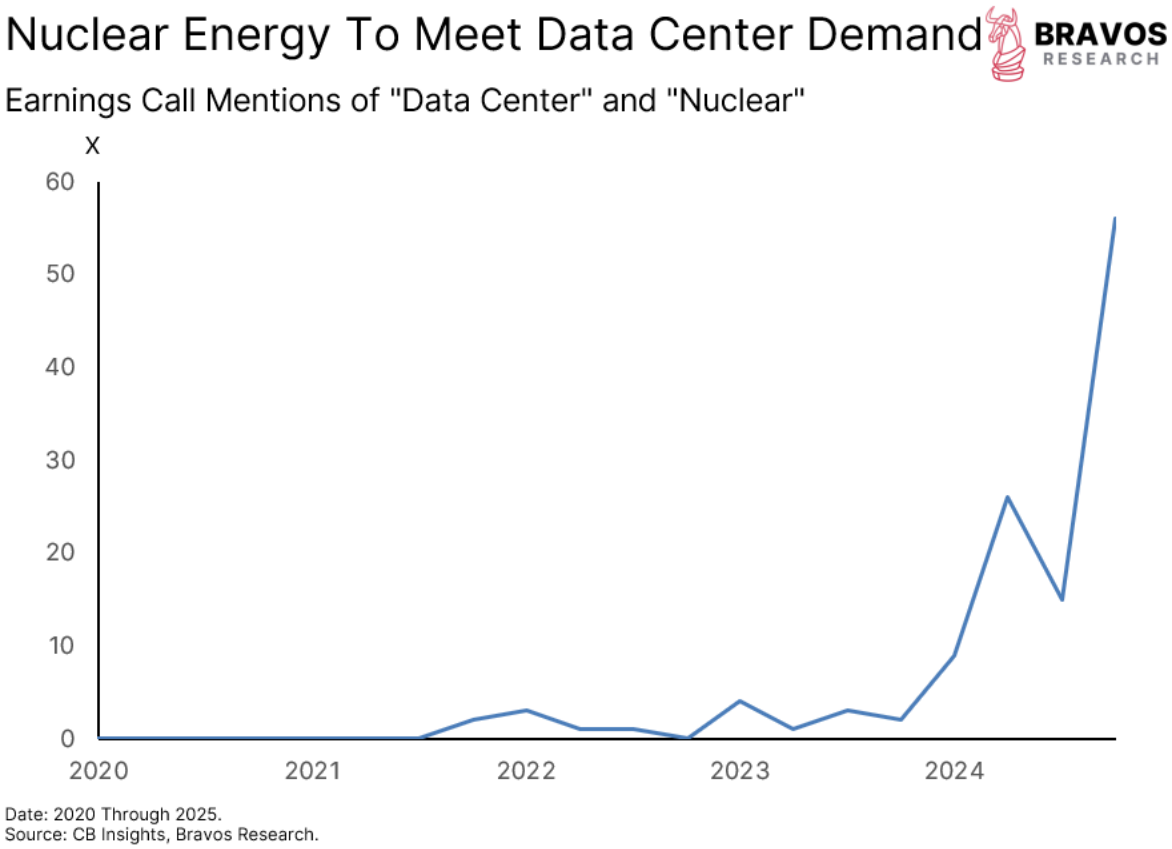
In fact, China's ambitions extend well beyond the current pipeline. While the reactors already built or currently breaking ground represent significant capacity, the country plans to further expand its nuclear footprint by **another 30% by 2035**.

Furthermore, there is a massive pipeline of proposed nuclear capacity scheduled for development between 2035 through 2050, which could help **China's nuclear capacity to more than double**. This is of course a long-duration buildout, but that is precisely what makes it powerful. **It creates a structural floor for long-term uranium demand.**



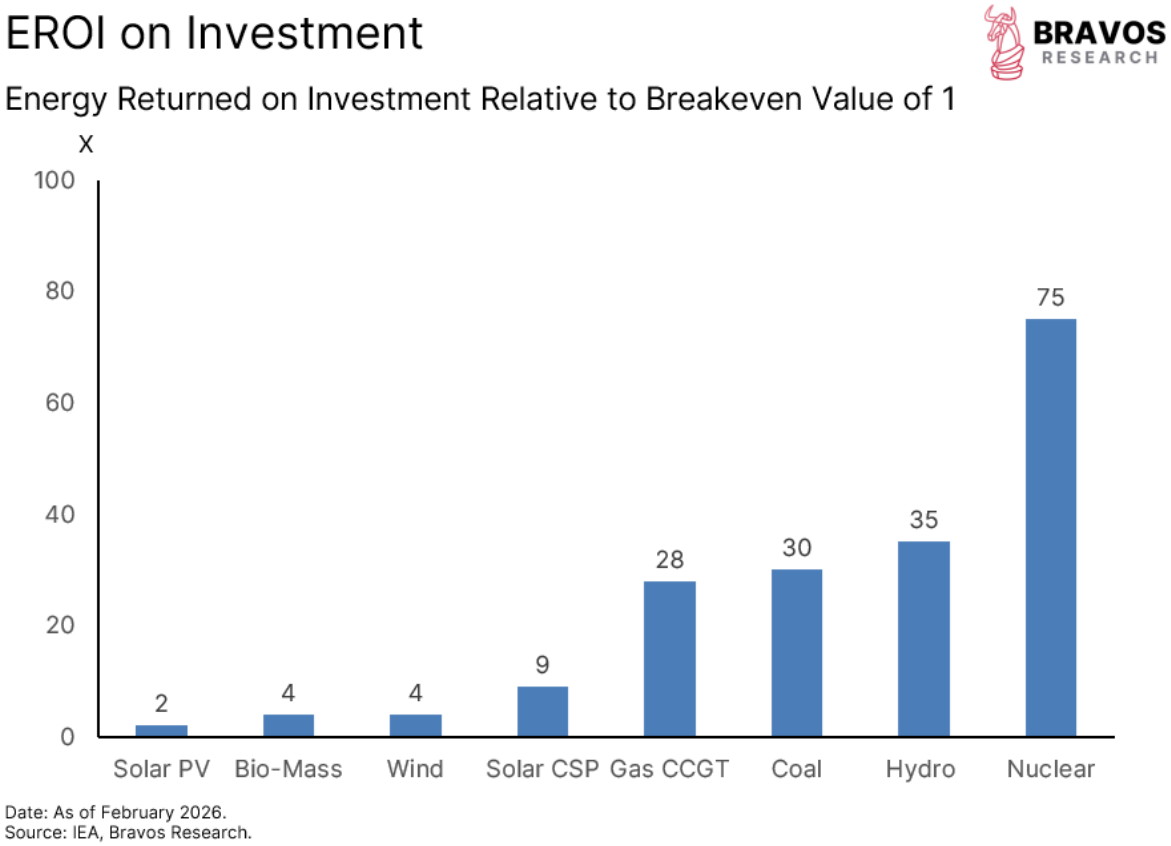
Layered on top of this structural demand is a nearer-term catalyst: **rapid expansion of artificial intelligence**. Next-generation data centers require dense, always-on baseload power that intermittent renewables cannot reliably provide on a standalone basis. As a result, **corporate interest in nuclear solutions is accelerating quickly.**

One way to quantify this shift is through earnings call language. Mentions of both **"data centers" and "nuclear"** on public company earnings calls rose from **0 in 2020 to 56 in 2024**, a trend that has still continued to build.



This AI-driven power demand sits within a broader electricity demand expansion. The International Energy Agency (IEA) projects that power consumption is projected to grow at an average annual rate of **3.6% between 2026 and 2030**, roughly **50% faster than the previous decade**.

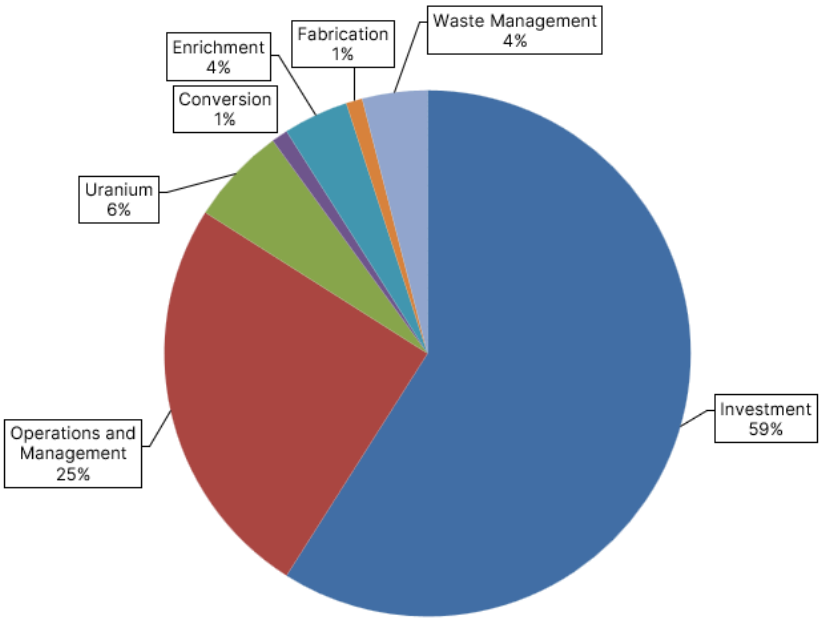
To meet this load growth, nuclear energy is likely to be a preferred source based on the Energy Returned on Investment (EROI). EROI is basically the ratio of energy produced by a power source to the energy required to build and operate it. The higher the EROI, the more units of energy is obtained for every unit of input. **Nuclear's EROI of 75 dwarfs the EROI for all other sources of energy that are below 50**. So nuclear energy efficiency translates directly into **acute, near-term demand** for uranium as grid operators scramble to fuel the rising electricity baseline.



Uranium's demand backdrop is especially powerful because uranium consumption is **highly price inelastic**. Fuel typically represents only about **10–11% of a nuclear plant's total generation cost**. Since the commodity makes up such a small share of operating expenses, utilities can absorb substantial price increases in uranium without it materially impacting their demand.

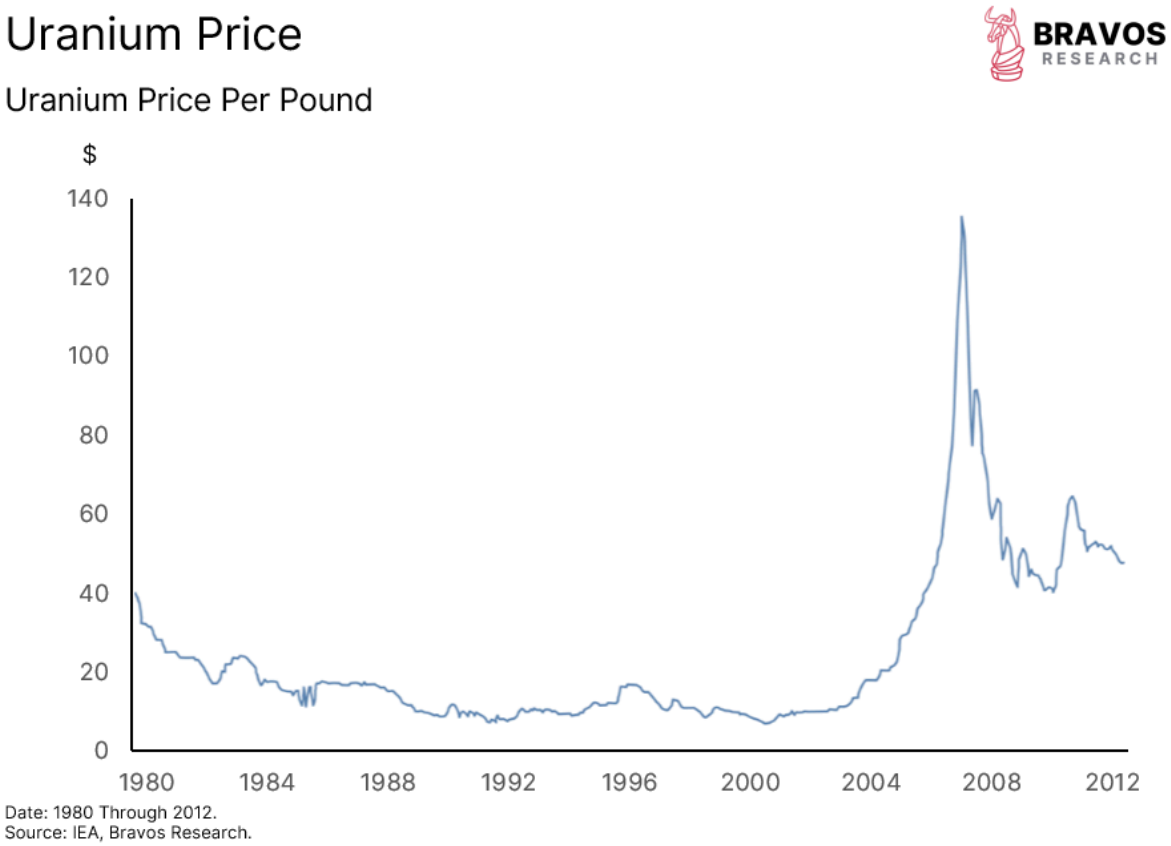
Nuclear Energy Generation Costs

Nuclear Electricity Generation Cost Breakdown



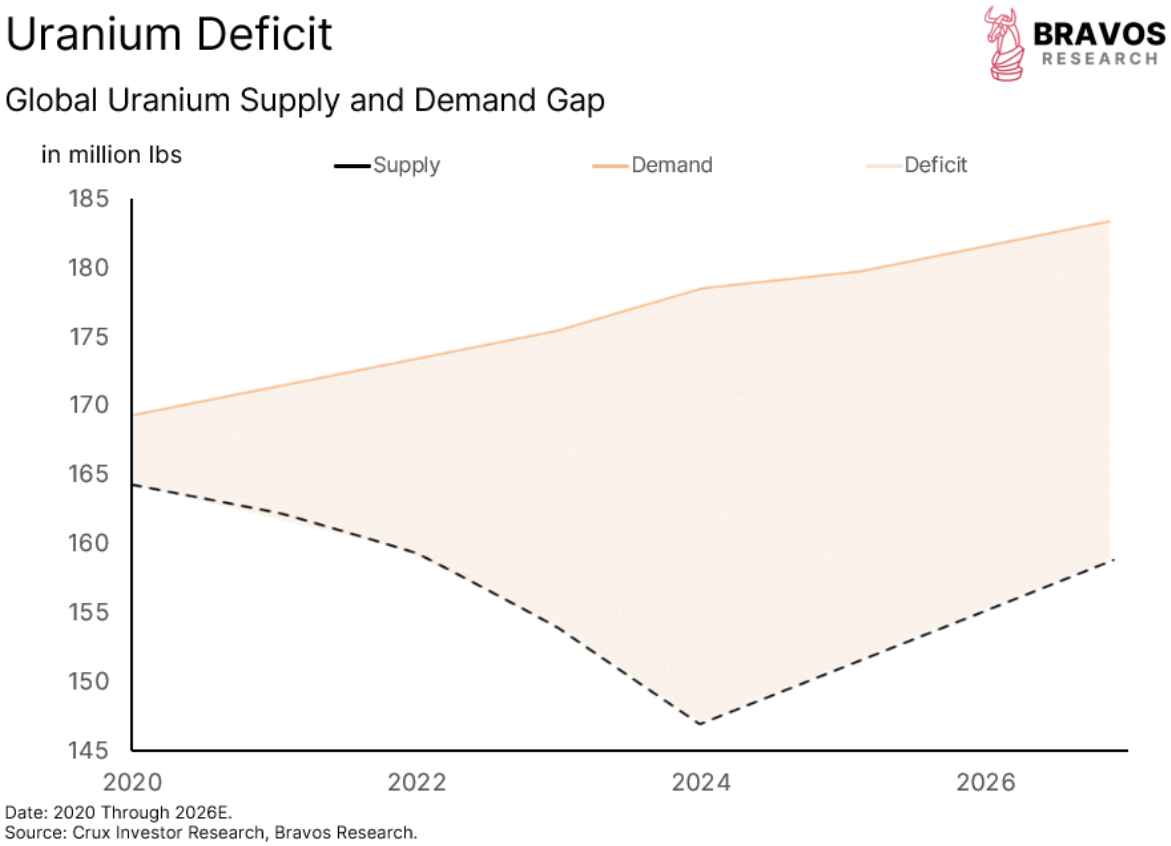
Date: As of February 2026.
Source: IEA, Bravos Research.

This inelasticity is why uranium is prone to **sharp, parabolic price behavior**. When demand rises against a constrained supply, utilities are forced to buy fuel at any price simply to keep the lights on. This dynamic played out in the last major cycle, when uranium prices rose **nearly 20-fold between 2000 and 2007**.



So today, the uranium market faces structural demand and acute demand, with a highly inelastic buyer base. But **what about supply?**

Well, we already know that there's an annual uranium deficit of around **35 million pounds** and the **shortfall is expected to persist in 2026**. Historically, secondary sources such as commercial inventories helped bridge this gap. However, these buffers are **finite and are being drawn down rapidly**. Industry projections suggest secondary supply could fall from **roughly 14% of the market today to only about 4% by 2050**, forcing much heavier reliance on primary mining.



At the same time, expanding mine supply is neither quick nor straightforward. Production is geographically concentrated, with **just 10 mines responsible for more than 70% of global output**. This concentration creates **operational fragility.**

That vulnerability became clear in late 2025 when the two largest producers downgraded their targets. **Kazatomprom** lowered its 2026 production outlook by roughly **8 million pounds**, effectively wiping out **5% of the world's primary supply**, citing sulfuric acid shortages and subsoil agreement changes. Simultaneously, **Cameco** trimmed guidance for its flagship McArthur River operation from **18 million pounds to about 15 million pounds** due to ground-freezing delays and labor constraints.

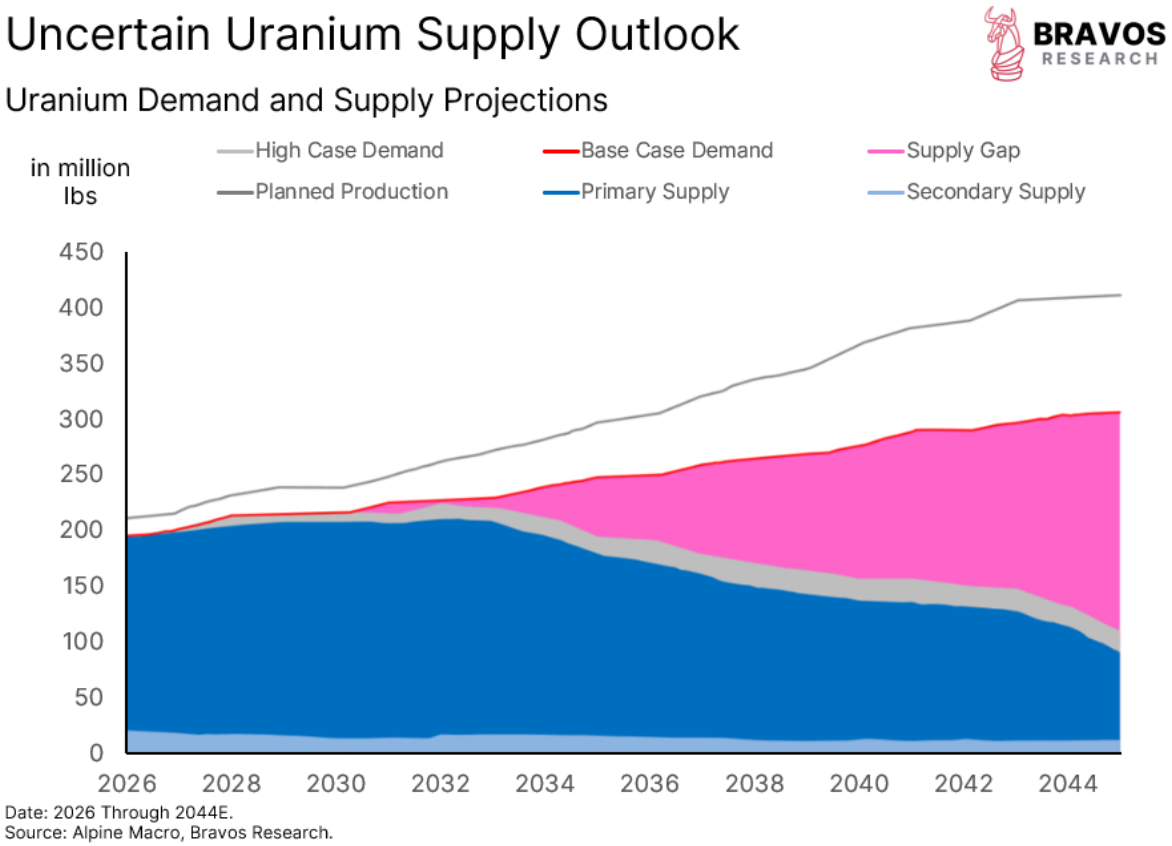
Unfortunately, the industry cannot simply turn on new mines to fill this void because of the extreme lead time involved. Advancing a uranium discovery through feasibility, permitting, and construction typically requires **an average of almost 17 years**.

Lead Time for Mines is Almost 17 Years

Average Lead Time for Mines

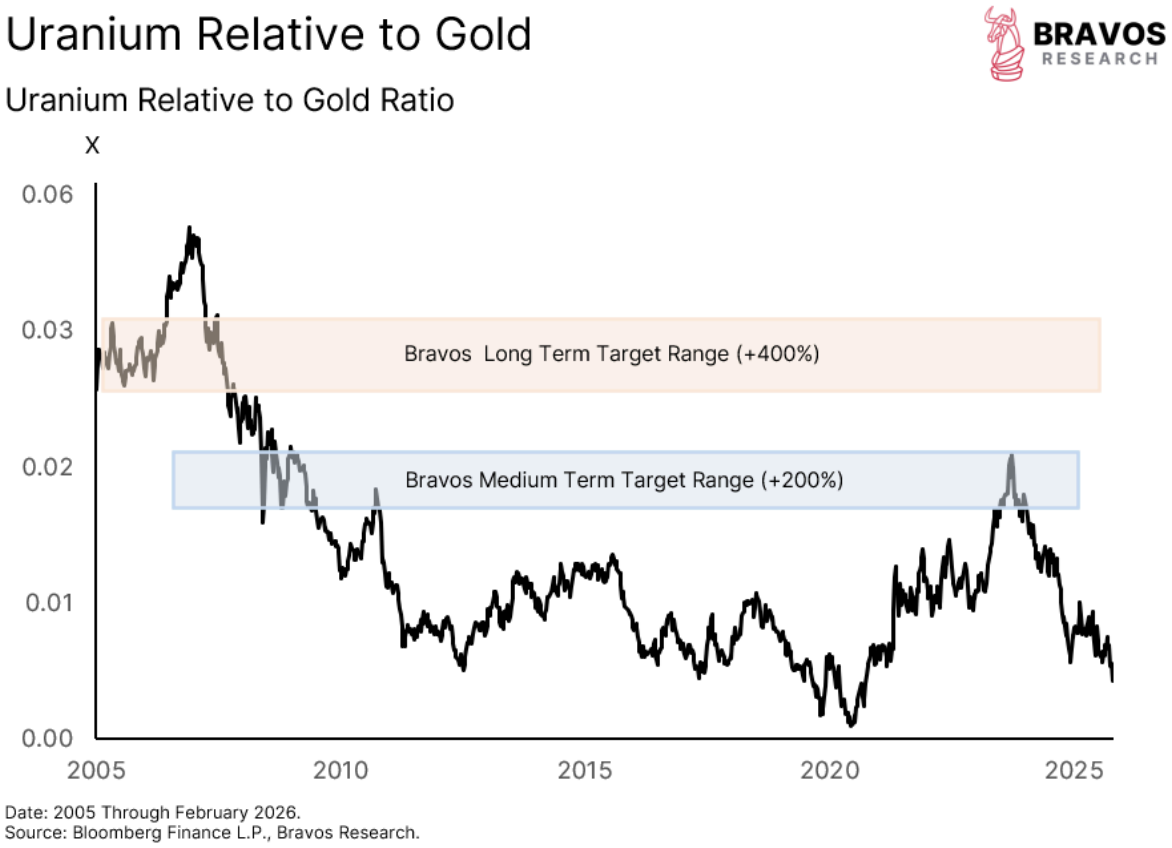
Date: As of 2023.
Source: IEA, Bravos Research.

Compounding this rigid timeline is the fact that output from currently operating and committed mines is expected to begin **declining from 2032 onwards**. As deposits deplete and project lead times stretch, global baseline production could fall around **220 million pounds in 2032 to roughly 110 million pounds by 2040**, essentially **cutting the supply in half**. As global uranium demand surges toward a projected 400 million pounds by 2040, the market is facing the potential for a **massive structural shortfall**.

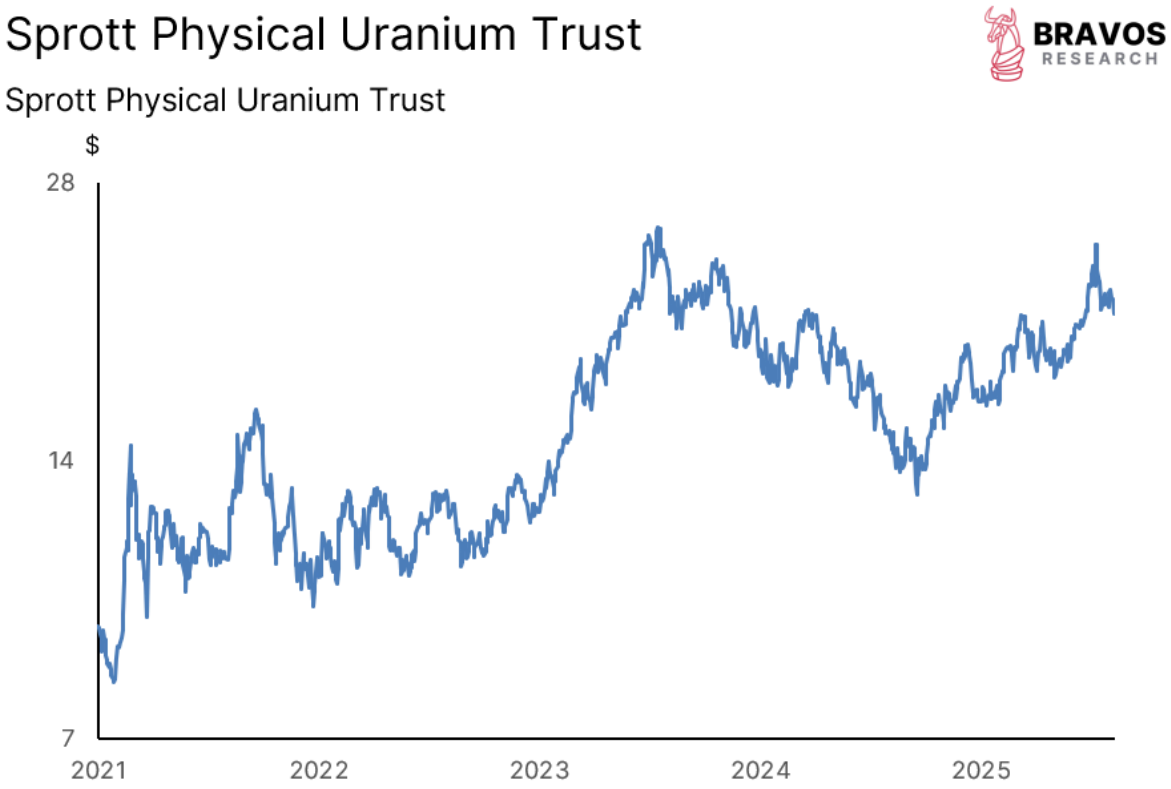


Despite this strong fundamental backdrop, **we believe uranium still remains heavily undervalued**. To establish a realistic price target, evaluating it in nominal dollar terms can obscure the picture in an environment of ongoing currency debasement. Instead, anchoring uranium to the price of gold shows that uranium is trading near **one of its lowest relative levels since the 2000s**. We do not expect this discount to persist as the market increasingly prices in the physical deficit.

In the long-term, we think that this ratio could revisit the euphoric levels of 2006 and 2007, which would imply a **400% upside for uranium**. But, in the medium-term, we think a more reasonable target would be a **mean-reversion back to 2024 levels**. This would represent a **200% rise for uranium**, effectively **tripling its price from here**.



From an execution standpoint, we will be trading the underlying uranium commodity through the **U.S.-based Sprott Physical Uranium Trust ETF (SRUUF)**, which offers direct exposure to this upside. Alongside the commodity itself, we will also take positions in **select equities operating at the bottleneck of the uranium market**.



Date: 2021 Through February 2026.
Source: Bloomberg Finance L.P., Bravos Research.

Stock 1: Nexgen Energy (NXE)

One of the most strategically important uranium assets today belongs to **NexGen Energy (NXE).** The company is still in its development-stage advancing its 100%-owned **Rook I Project** in Saskatchewan's Athabasca Basin, Canada. So NexGen is not a typical uranium producer yet, but directly controls minerals over a region that is known for extremely high-grade uranium deposits.

After 12-years of exploration and permitting work, the company has now reached what management describes as the **"finish line" regulatory catalyst**. In February 2026, the company completed the **Part 2 Canadian Nuclear Safety Commission hearings**, marking the final major federal review step. If approved at some point in the first half of 2026, it would essentially transition NexGen from a development-stage company into a **construction-ready uranium producer**.

Even the broader uranium market backdrop is working in NexGen's favor. The **World Nuclear Association** projects uranium demand to rise by **28–30% by 2030**, while output from many existing mines is expected to decline over that period. NexGen's Rook I, which is a **Tier-I grade project**, is the only "construction-ready" asset capable of producing **30 million lbs annually.** This equates to around **20% of today's annual uranium production**, thus filling a massive supply gap.

A Deposit That Stands Apart

The investment case ultimately begins with the quality of the Rook I deposit itself. Most uranium mines operate at grades between **0.1% and 0.2% U_3O_8**. Rook I, by contrast, carries an average grade of approximately **2.37% U_3O_8**, making it roughly **24 times richer than the global average**, with high-grade zones reaching as high as **16.65%**. To put this in perspective, to get 110 kg of uranium, a standard mine has to process **110,000 kg** of rock. NexGen only has to process around **4,500 kg**, leading to significantly lower operating costs and higher margins.

This creates a significant cost advantage for NexGen over its competitors. The high uranium grade means the company will have to move **95% less rock per pound of uranium produced** than its average peer. This also inherently makes the business less sensitive to input cost inflation. Management estimates that even

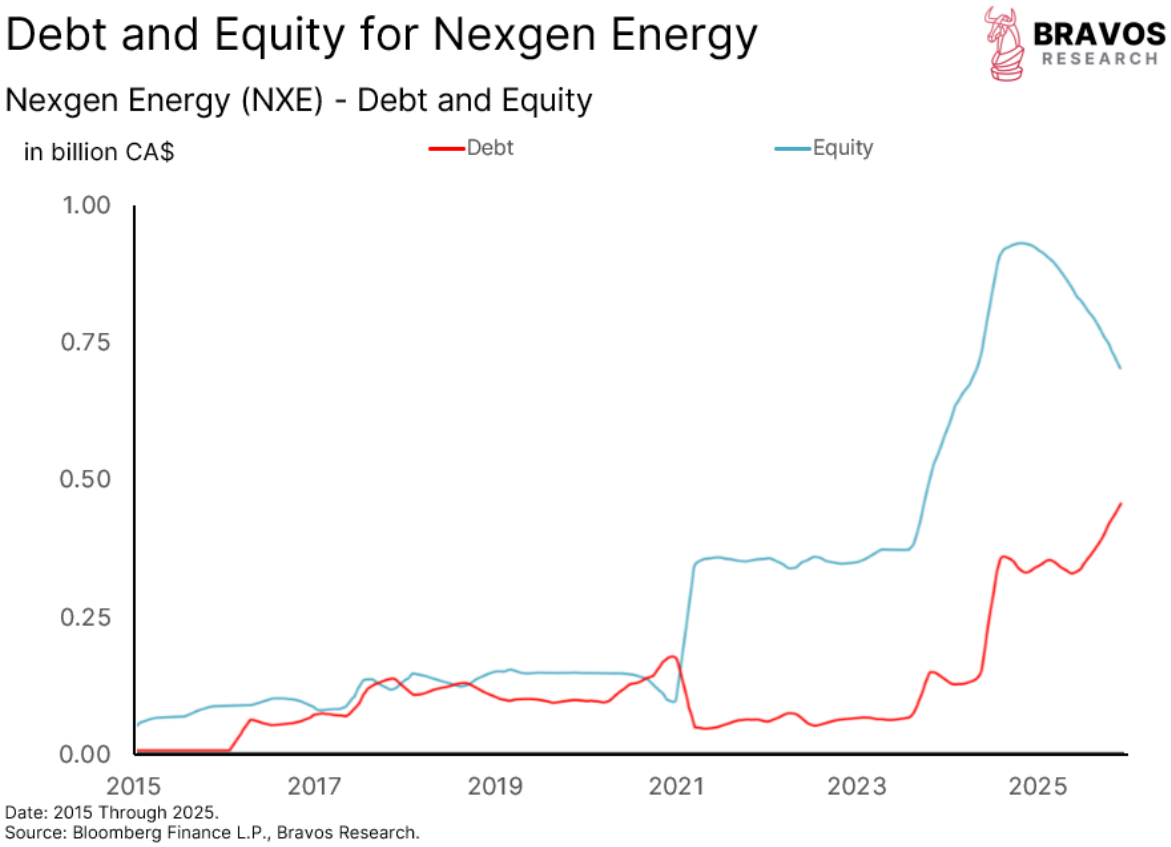
a **20% spike in diesel prices,** which could add **$10/lbs** to a typical miner's costs, would add **less than $0.50/lbs** to NexGen's cost. So, buying NXE today essentially means buying a piece of land with the most highly concentrated uranium deposits in the world that's likely to lead to extremely high profitability in the future.

Equally important is the geology. Rook I sits in solid, high-strength rock, which makes it significantly **easier and safer to mine underground**. This contrasts with more water-prone deposits in the Athabasca Basin that have historically created major technical challenges. Because of this geological advantage, engineers believe NexGen can execute development in just 4 years versus the typical 10+ years.

One of the most underappreciated aspects of the Rook I story is the project's unusually strong Indigenous support profile. During the February 2026 federal hearings, **all four identified Indigenous Nations in the project area expressed support** for the project. In the Canadian mining landscape, where legal challenges and permitting delays are common, this level of alignment represents a significant de-risking factor for the final approval.

Balance Sheet Progress — But Financing Still Required

The company currently reports approximately **$1.15 billion in total assets** against only **$470 million in liabilities.** Its debt-to-equity ratio has also improved significantly, falling from **190% in 2020 to 64.5%** more recently. This ratio measures how much debt the company uses relative to shareholder equity. For development-stage miners, ratios above roughly 100–150% are typically viewed as elevated, so NexGen's 64.5% level is now within a **healthier leverage range**.



During its first 5 years of operation, Rook I is projected to generate roughly **$1.4 billion in annual after-tax cash flow** with an estimated **14-month payback period**. For context, strong mining projects typically target payback periods in the **3 to 5-year range**, making NexGen's projected timeline exceptionally attractive.

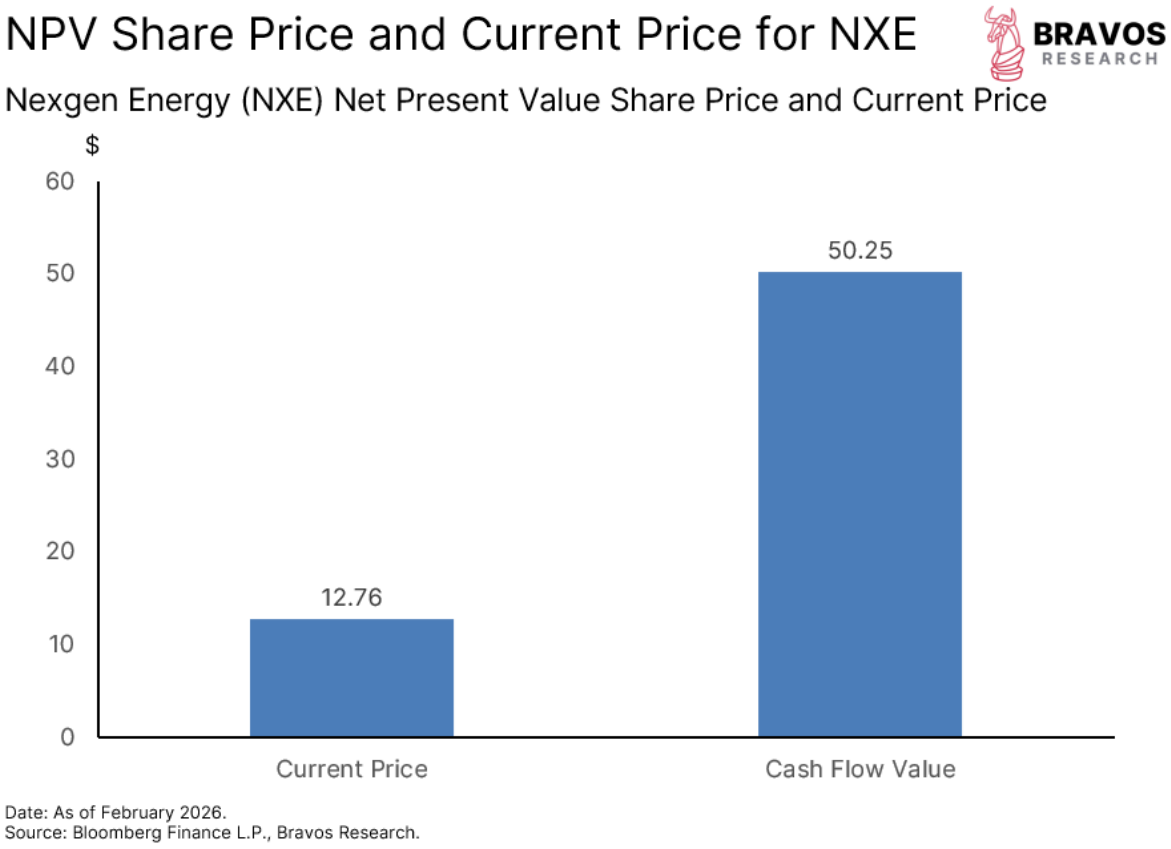
Company Valuation and Price Target

NexGen is not yet producing uranium, which means traditional metrics like earnings are not the right way to value the company today. Instead, the market primarily values NXE based on the estimated economic value of the uranium still in the ground. In mining, this is measured using something known as **Net Present Value (NPV)**, which is a forward-looking estimate of how much cash the project is expected to generate over its life, discounted back to today.

Based on current feasibility assumptions, Rook I carries an estimated **NPV of approximately $4.6 billion**, which is very attractive relative to NexGen's expected capex of $1.6 billion for the mine. Importantly, this value is highly sensitive to

uranium prices. Since a large portion of mining costs are relatively fixed once the operation is built, rising uranium prices tend to flow disproportionately into profit margins. As a result, a **2× increase in uranium prices can translate into more than a 3× increase in future mine profits**, giving NXE significant leverage to a tightening uranium market.

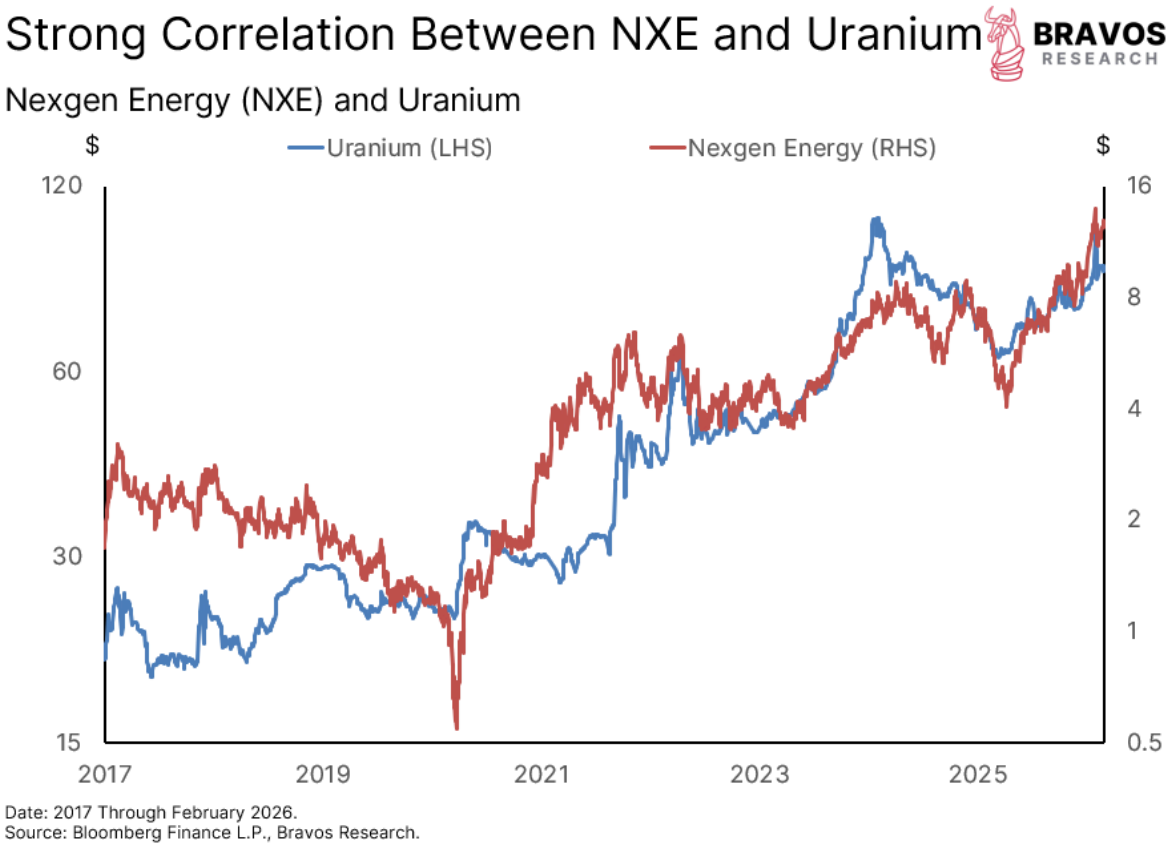
One way to estimate NXE's long-term value is through an NPV-based per-share framework. By allocating the project's expected NPV across NexGen's fully diluted share count, the modeled valuation comes out around **$50.25 per share**, implying nearly a **300% potential return from current levels**. Based on this framework, NXE is currently undervalued by **75%**.



Date: As of February 2026.
Source: Bloomberg Finance L.P., Bravos Research.

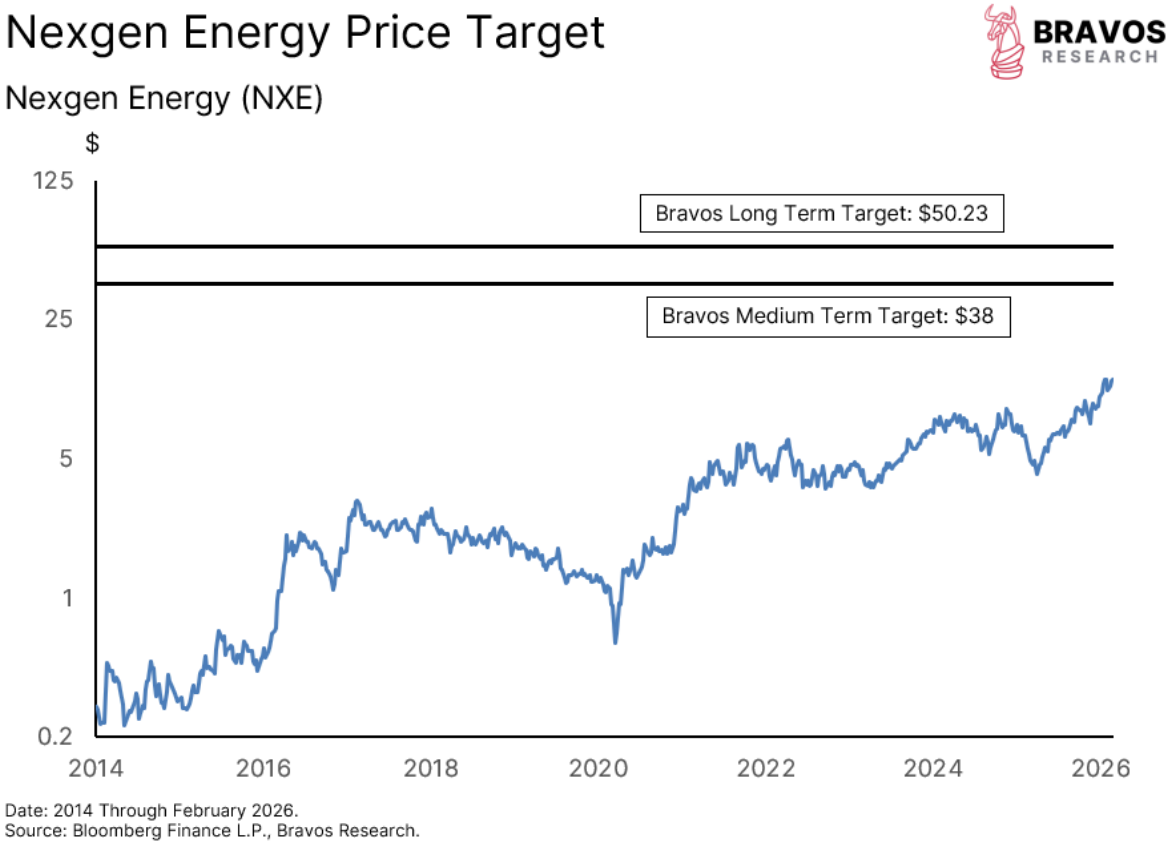
However, we think the bigger driver for NexGen in the medium-term is its uranium price leverage. NXE has historically shown a **strong correlation to uranium prices**. But more importantly, it has also demonstrated a tendency to outperform the commodity during rising price environments. This is a direct function of the

project's high-grade economics and future margin profile, making the company a **high-beta equity play on uranium**.



If uranium prices were to rise by **200% in the medium-term**, consistent with our broader uranium thesis, the project's future cash flow value would significantly expand. Historically, late-stage developers often see their equities move **multiple times the commodity move** as the market begins pricing in future production. But if NexGen were to simply see a **200% rise to match uranium's price rise**, it would re-rate the stock to around **$38.50**.

Of course, the key variables from here are **project timing and execution**. How quickly management can move Rook I toward construction, and ultimately production, will play a major role in how fast the market begins to price in the project. We have professional money managers helping our members capture trades during periods we view as most attractive, while continuing to reassess the opportunity as new data emerges.



Date: 2014 Through February 2026.
Source: Bloomberg Finance L.P., Bravos Research.

Stock 2: Denison Mines (DNN)

Denison's flagship **Phoenix Project** is a high-quality uranium asset in the Athabasca Basin, scheduled to begin production around **mid-2028**. While NexGen represents a **large-scale Tier-1 development story**, we view Denison as the **ultra-high-grade innovation play** within the uranium theme.

We already know that the average global uranium mine operates at grades between **0.1% and 0.2% U_3O_8**. Phoenix, by contrast, carries an average grade of approximately **11.4% U_3O_8**, making it more than **110 times richer than the global average**, with some zones reaching as high as **46%**. This average grade is also five times higher than that of NexGen's deposit. To put this in perspective, to produce **110 kg of uranium**, a typical mine must process roughly **110,000 kg of rock**, **NexGen** will have to process **4,500 kg**, while Denison needs to process only about **1,000 kg**. This positions Phoenix as the **highest-grade undeveloped uranium deposits globally.**

Where Denison begins to further diverge from NexGen is in the mining method. Phoenix is positioned to become the **first In-Situ Recovery (ISR) uranium mine in the Athabasca Basin**. Unlike NexGen's conventional underground development at Rook I, ISR allows Denison to effectively "wash" uranium out of the ground without building a large, complex underground mine.

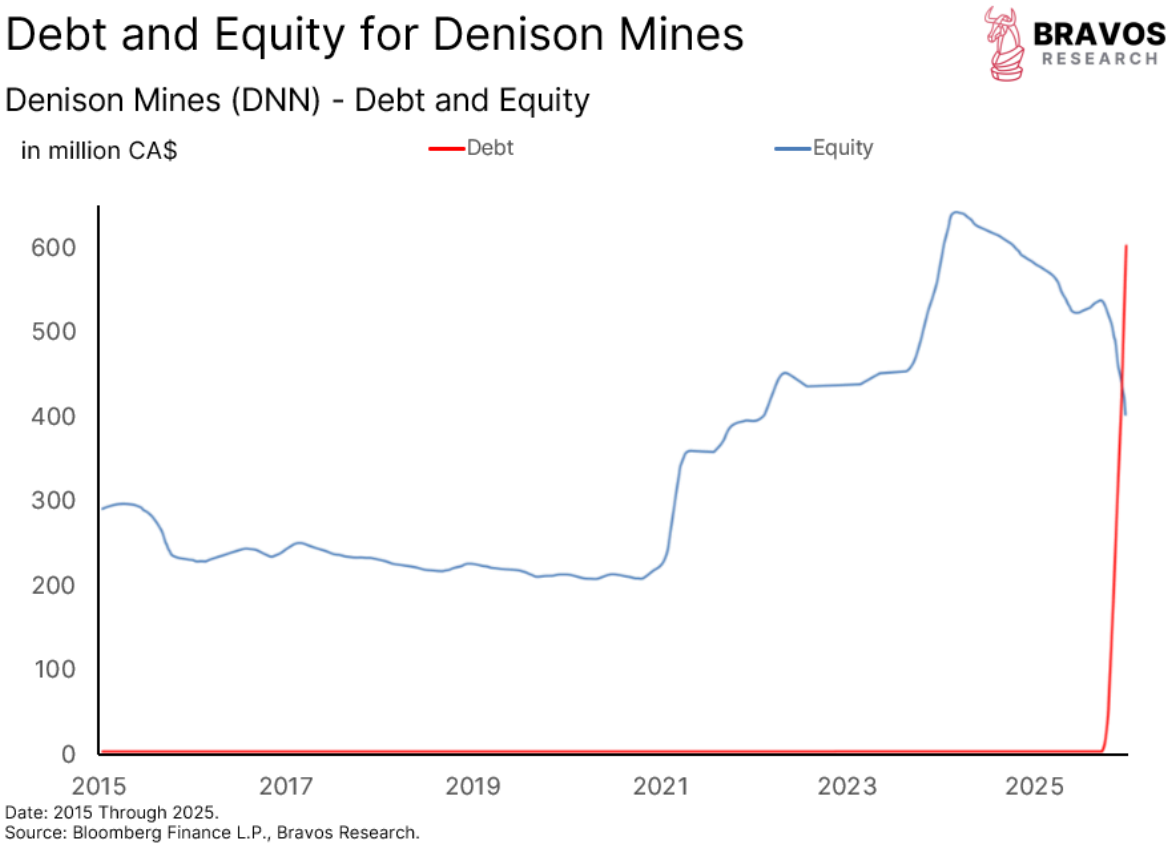
This approach introduces **two key structural advantages**, along with a different risk profile. First, ISR dramatically reduces labor intensity, making Denison far **less exposed to wage inflation** than traditional miners. Second, ISR operations typically require **lower sustaining capital and simpler surface infrastructure**, which can translate into extremely competitive operating costs if execution proceeds as planned.

However, this innovation also represents the key variable investors must monitor. While ISR has been proven globally, Phoenix will be the **first large-scale ISR application in this specific Athabasca geology.** So, Denison carries more **technical execution risk** than a conventional build like NexGen's. In exchange for that risk, investors are gaining exposure to what could become **one of the lowest-cost uranium producers in the sector.**

Strong Margins and Balance Sheet Strength

Based on current feasibility work, Phoenix is projected to deliver an **all-in sustaining cost of roughly $16.04 per pound**, placing it among the lowest-cost uranium projects globally. At a uranium price of **$89/lbs**, this implies operating margins above **80%**. So, for every $100 of uranium sold, Denison could retain roughly **$82 in operating profit**. For context, most S&P 500 companies operate on **10–15% margins**.

Unlike many developers, Denison is in its construction phase from a position of relative financial strength. The company currently holds **over $700 million in liquidity** across cash, investments, and physical uranium holdings. While the company's debt-to-equity ratio has risen from 0% to **148.6% in just the last few months**, the key context is that Denison could theoretically fund the entire **$440 million Phoenix mine** using their existing liquidity if needed. So the recent ramp up in debt actually reflects **capital structure choices** rather than balance sheet distress.



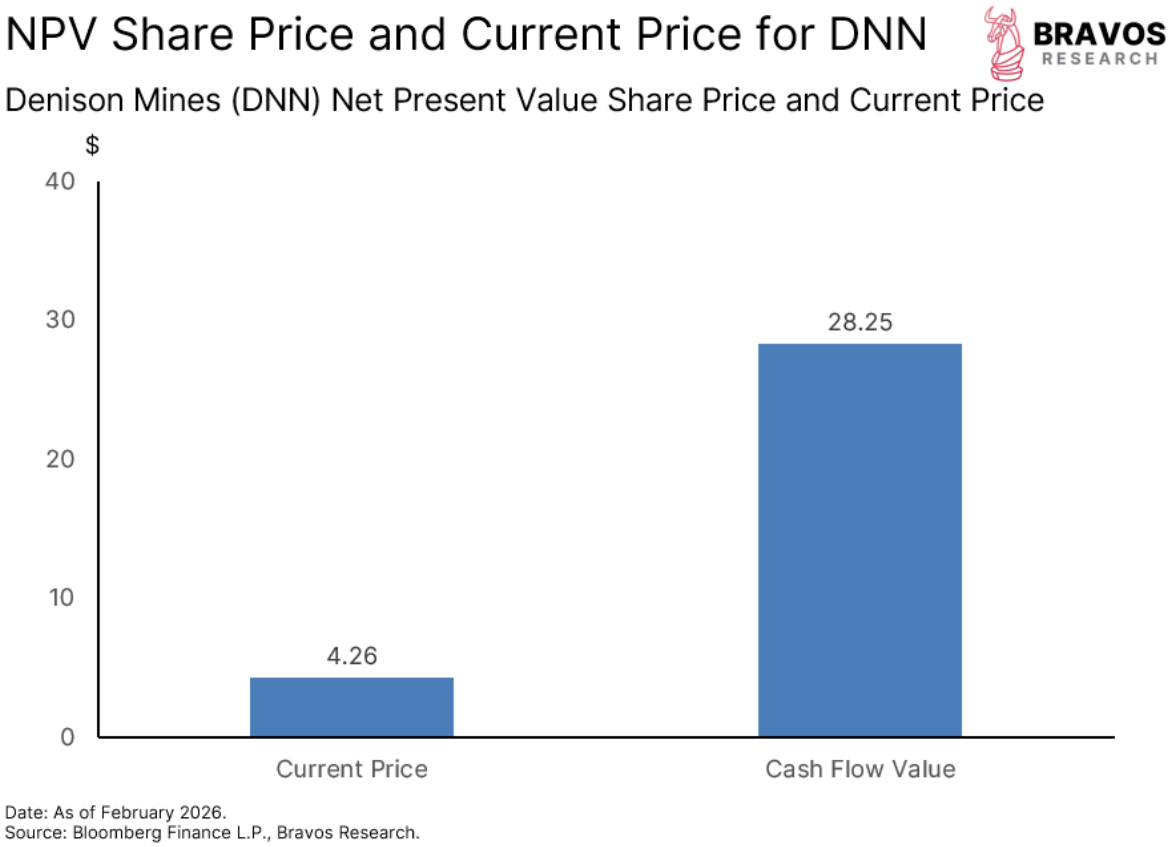
Moreover, the company has a **73% to 90% Internal Rate of Return (IRR)**. This is a financial metric used to assess the profitability of potential investments. In mining, any **IRR over 20% is considered a "good" project**, making Denison's numbers look exceptional.

Company Valuation and Price Target

Like NexGen, Denison is not yet generating meaningful production cash flow either, which means traditional earnings metrics understate the project's long-term economic potential. Instead, the market primarily evaluates Phoenix based on the future cash it is expected to generate once operations begin.

Under current feasibility assumptions, Phoenix carries an estimated **Net Present Value (NPV) of approximately $1.15 billion**. While smaller in absolute scale than NexGen, the quality of this value is notable given the project's exceptionally low projected cost structure and high-grade profile.

To translate this into a per-share framework, we look to a **future cash flow (DCF) model**, which distributes the project's expected value across Denison's fully diluted share base. With this approach, Denison's **modeled value comes out around $28.25**. With the stock currently trading around **$4.25**, this implies potential upside of over **550%** if the project advances as expected and the market begins to price in Phoenix's long-term cash generation.



Where Denison's story becomes particularly compelling is its **margin sensitivity to uranium prices**. With projected all-in sustaining costs (AISC) near **$16 per pound versus $35.70 for the average uranium miner**, Denison sits firmly at the very low end of the global cost curve. This means incremental increases in uranium prices are expected to flow disproportionately into operating margins, **to an even greater extent than at NexGen**.

If uranium prices were to rise roughly **200% in the medium-term**, consistent with our broader uranium thesis, Denison's future earnings power would expand materially. Even under a more conservative assumption where the equity merely tracks the commodity, rather than delivering the historical outperformance, this alone would support a potential re-rating toward **$12.70**.

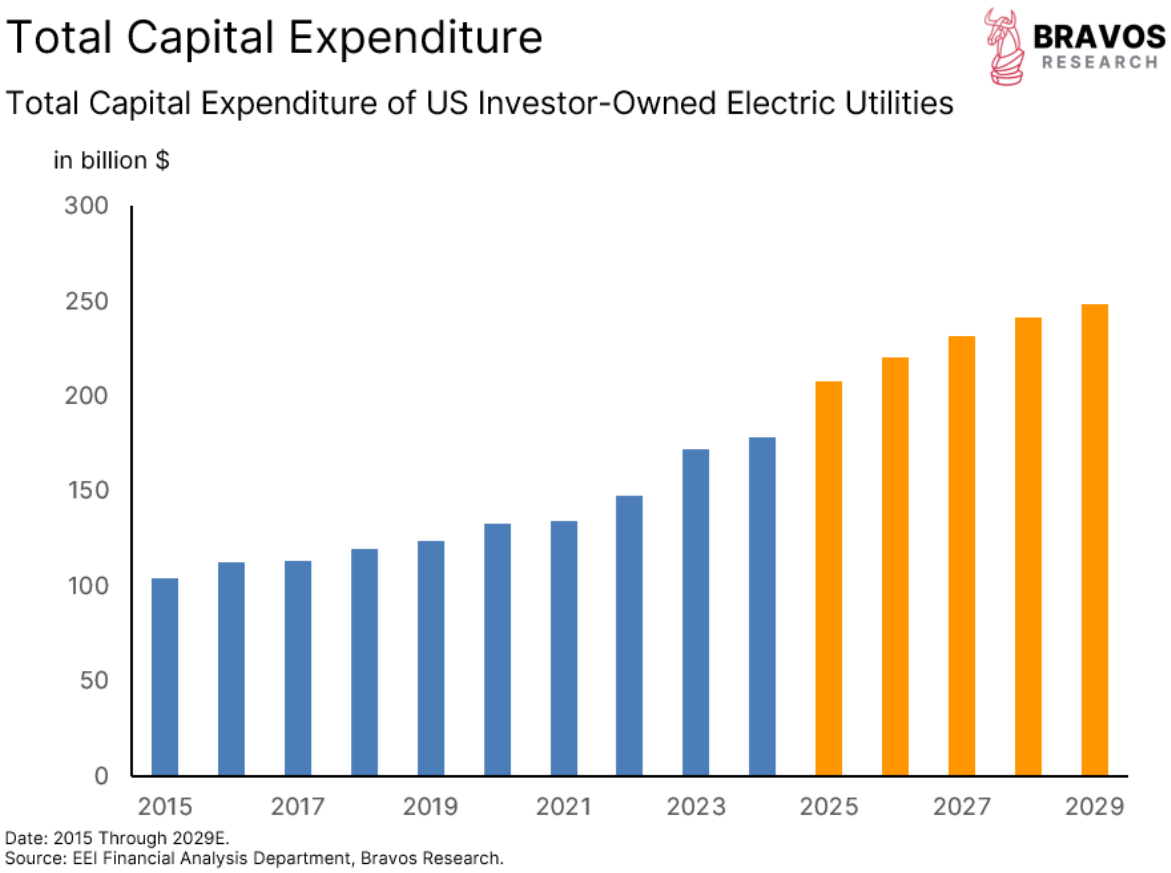
In our view, the market is still primarily valuing Denison as a pre-production developer rather than as a potential **ultra-low-cost ISR producer**, leaving meaningful room for re-rating as the Phoenix project advances to its targeted mid-2028 production window. We continue to closely monitor Denison's progress toward first production and will alert our members every time we spot an attractive trade opportunity.

Date: 2008 Through February 2026.
Source: Bloomberg Finance L.P., Bravos Research.

Utilities: The Grid Bottleneck

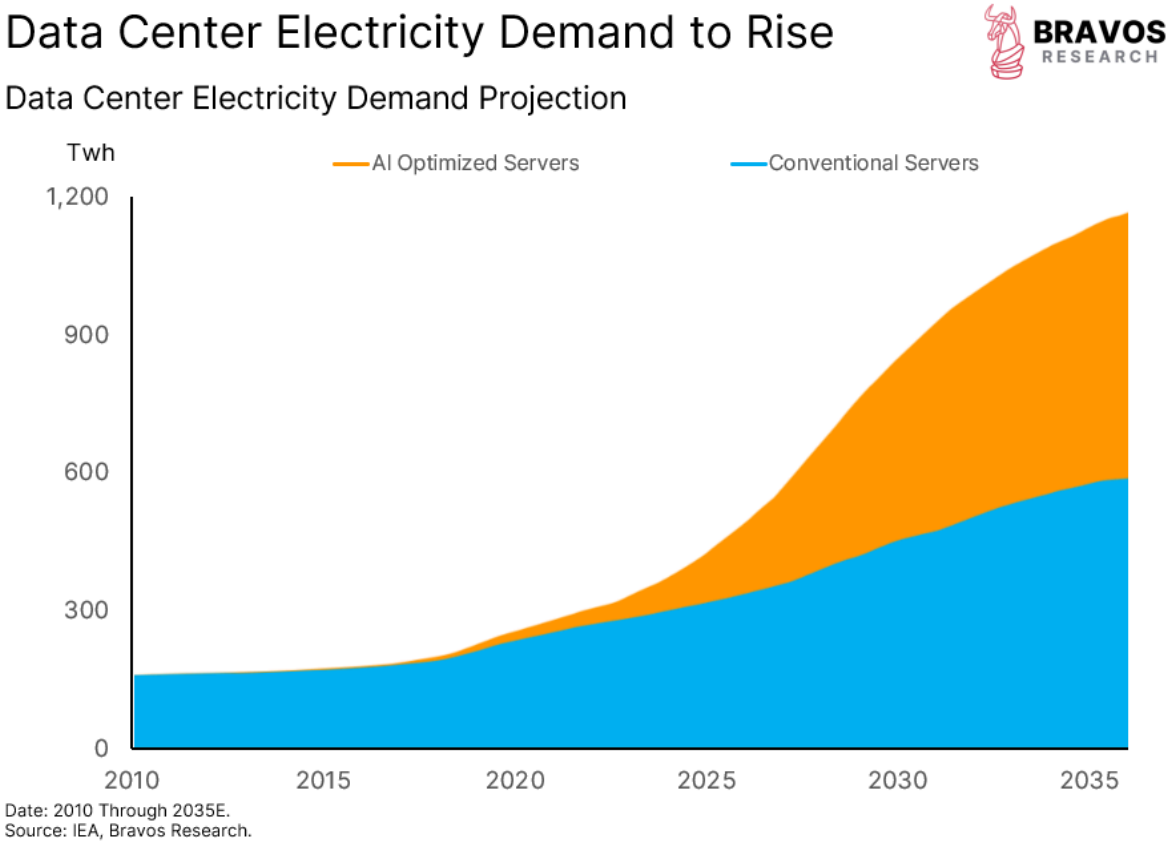
Our big thesis for the 2020s has been that we are moving from capital being allocated **from "software" to "hardware"** as a result of AI. Software has been commoditized, hardware is becoming the real scarce asset in the new economy. We have **already taken advantage of the semiconductor trade**, which was the first obvious beneficiary of the AI boom.

But we now think capital is going to start shifting in a big way to the **energy and grid infrastructure required to actually run these systems at scale**. Investor-owned utilities are projected to deploy roughly **$1.1 trillion in capital expenditures between 2025 and 2029**. To put that in perspective, this concentrated five-year buildout nearly matches the **$1.3 trillion spent during the entire prior decade**.



At the same time, electricity demand is inflecting higher. The expansion of

AI-optimized servers alone is projected to drive roughly **half of all incremental U.S. data center electricity demand by 2035**. When combined with traditional data center growth, total power consumption from this segment is expected to **more than double to nearly 1,200 terawatt-hours** over that period.

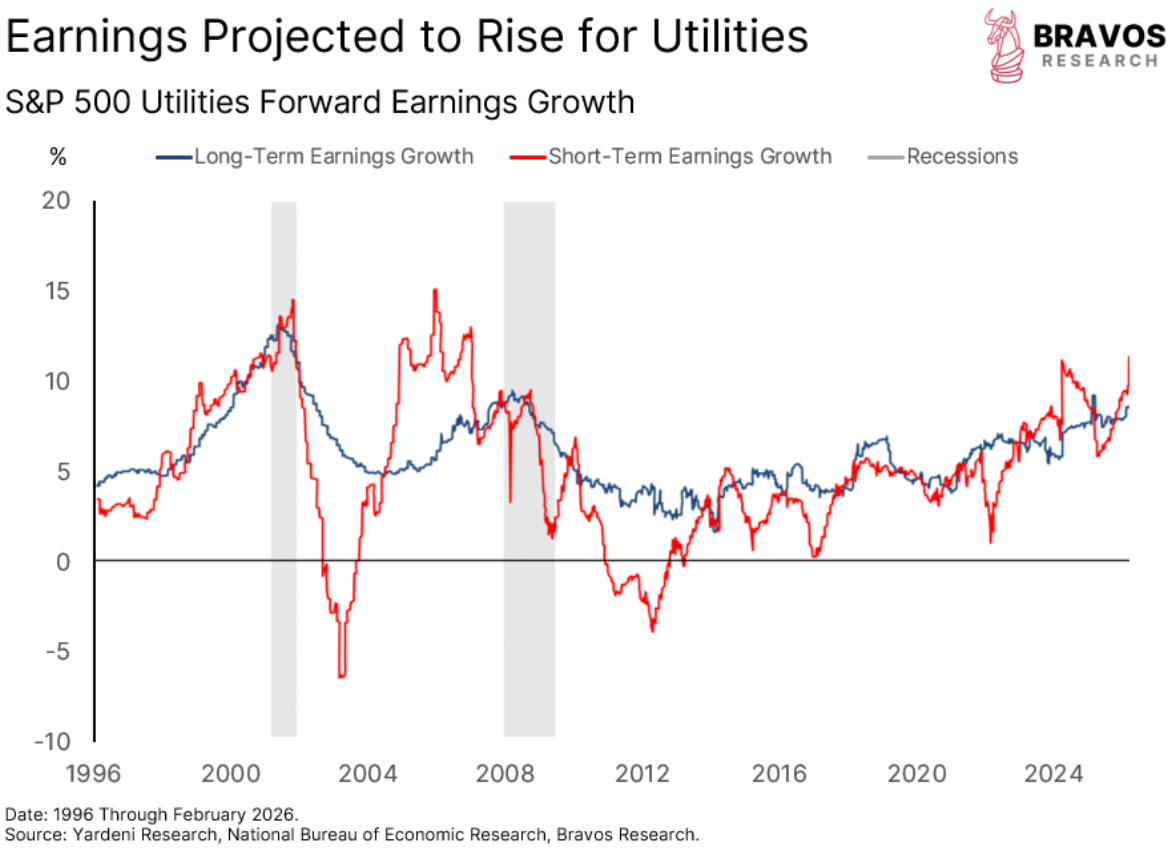


Importantly, AI is not the only demand driver. The active reshoring of U.S. manufacturing is adding a second layer of pressure to the grid. As companies bring chip factories, heavy industry, and advanced manufacturing back to the U.S., they are creating **large, localized power loads** that must be served by already-constrained regional grids. This reshoring wave alone is expected to add up to **10 gigawatts of additional manufacturing-driven demand by 2030**.

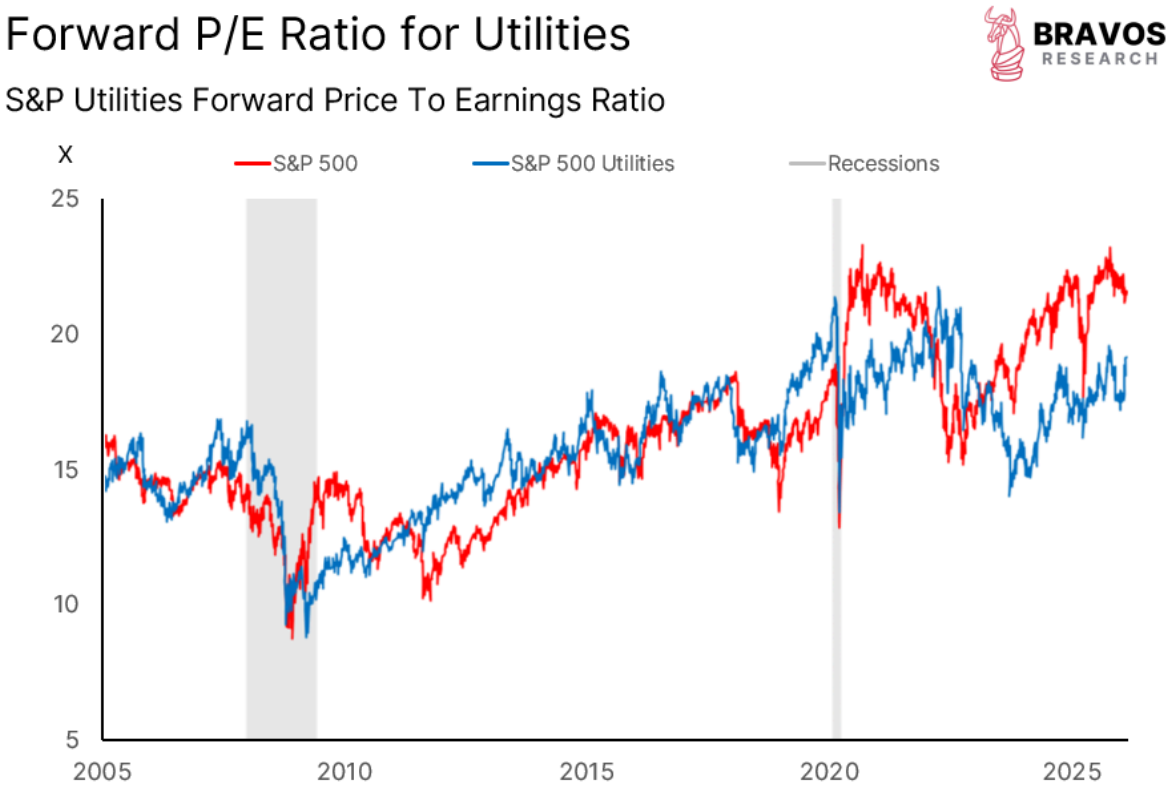
In simple terms, the U.S. grid is facing a **demand shock from multiple directions at once -** data centers and industrial reshoring. Whereas, the physical buildout of generation and transmission continue to lag. That **mismatch** is where we think the **opportunity** is today.

Utilities were actually among the strongest-performing sectors during the infrastructure boom that followed the early-2000s dot-com unwind. But from 2009 onwards, capital markets overwhelmingly rewarded digital and software-driven business models, leaving capital-intensive utility companies structurally out of favor. For much of the 2009 - 2022 period, sector earnings growth also remained **below 5% annually**, reinforcing that perception. **That backdrop now appears to be shifting again.**

Short-term earnings growth has recently accelerated to its **highest levels since the early 2000s**, the last period when utilities materially outperformed the broader market. The combination of rising capital deployment, improving load growth, and grid tightness is beginning to flow directly into the earnings outlook.



Despite this improvement, the sector still trades at a **discount to the S&P 500 on a price-to-earnings basis**, suggesting the market has not fully repriced the new growth profile. In our view, this creates a window where utilities are still being valued like defensive yield vehicles, while their underlying fundamentals are beginning to resemble **infrastructure growth assets**. In other words, there are significant overlooked opportunities right now that are going to benefit from much higher earnings growth than investors are used to in this sector.



Date: 2005 Through February 2026.
Source: Yardeni Research, National Bureau of Economic Research, Bravos Research.

Utilities have historically benefited from inflation because regulators allow them to earn returns on a growing asset base. As the cost of labor, materials, and equipment rises, utilities invest more capital and their allowed earnings rise with it.

But the story is now becoming more powerful. Electricity, natural gas, and water are essential services, which means demand tends to hold up even as costs move higher. At the same time, the amount of money required to expand and modernize the grid is rising rapidly.

In our view, utilities won't just benefit from inflation, they are increasingly becoming a **key force behind it**. As grid constraints tighten alongside AI demand and industrial reshoring, utilities are moving toward the center of the **physical bottlenecks** forming across the economy.

Stock 1: NRG Energy (NRG)

Within the utilities landscape, **NRG stands out to us because it is not a typical traditional regulated utility**. It operates as an **independent power producer (IPP) and retailer** in deregulated markets, which means its profitability is not legally capped by state the government. Instead, NRG can price power based on supply and demand and that pricing flexibility becomes more valuable as the U.S. grid tightens.

The company's strategy is built around **vertical integration**. NRG doesn't just generate electricity, but it also sells directly to end customers, serving around **8 million retail customers**. That structure is important because it changes how the business behaves during tight market conditions. Energy retailers often get squeezed when wholesale electricity prices spike because they must buy expensive power to resell.

NRG, on the other hand, has been taking steps to increasingly insulate themselves from this risk. With the LS Power acquisition in **January 2026**, NRG now controls around **25 GW** of generation capacity, effectively becoming **self-sufficient in meeting its customer demand**. Analysts expect this deal to be **materially boost free cash flow** in **2026 and 2027** because NRG no longer needs to pay third-party generators a premium during tight market conditions.

The company's advantages become even more relevant because of **where it operates**. Its footprint is concentrated in deregulated regions such as **Texas (ERCOT)** and the **Northeast (PJM)**. These are key markets for the ongoing data center and AI buildout, where **grid capacity is becoming increasingly constrained**. In this environment, owning dispatchable generation with flexible pricing power positions NRG to directly benefit from rising power prices as demand accelerates.

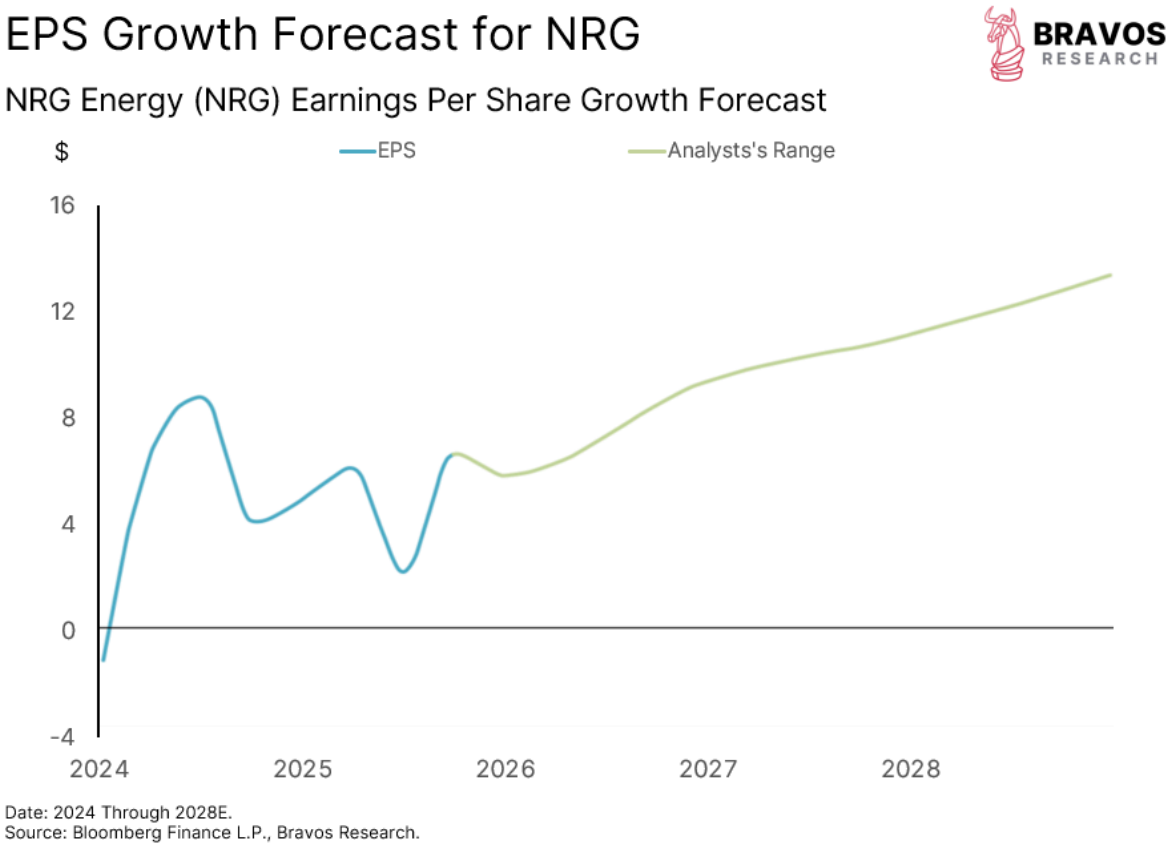
NRG also has a second layer of moat that most utilities do not: **customer stickiness**. Through **Vivint Smart Home**, the company has expanded into bundled home services, like security, energy management, and EV-related offerings. This moves NRG beyond selling electricity into a more subscription-like relationship. A customer with bundled electricity plus security is less likely to switch providers, giving NRG stronger **retention and pricing power** over time.

The Fundamental Story

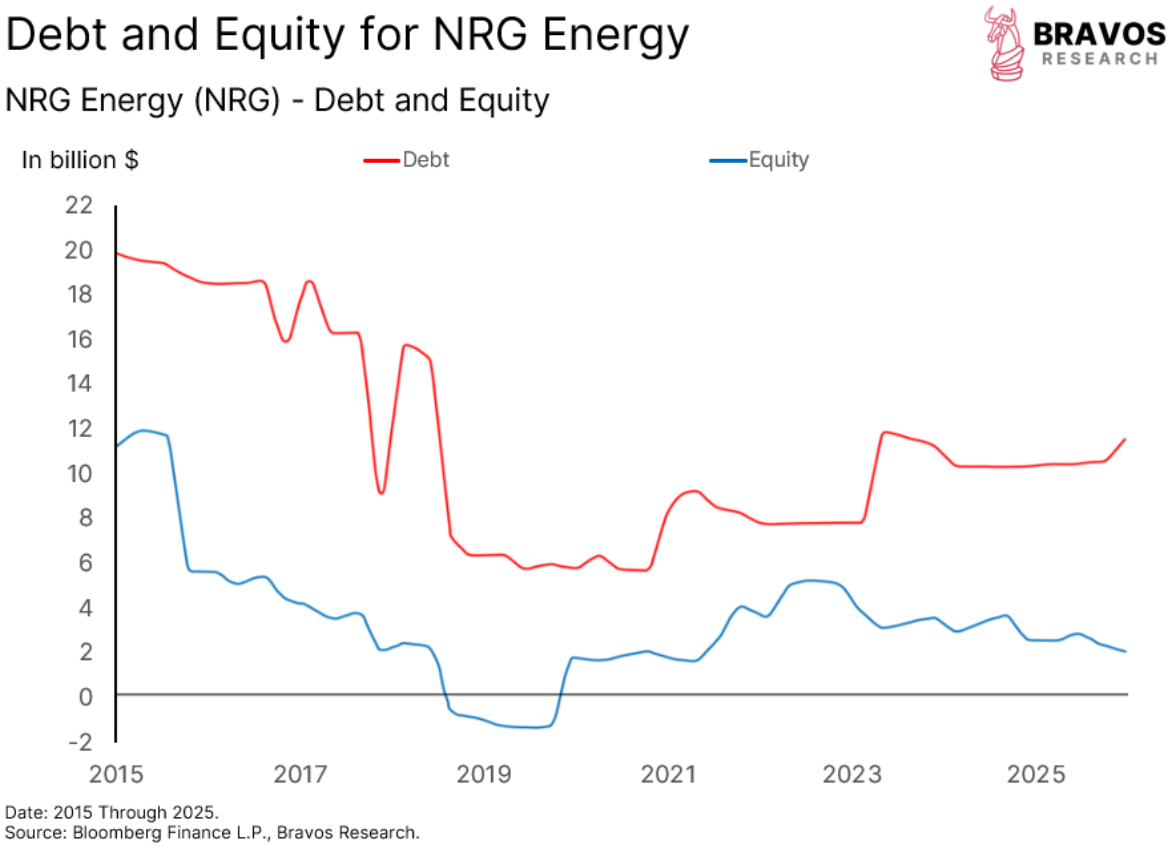
Fundamentally, NRG's integration strategy has already been showing up in its numbers. After incorporating the LS Power portfolio, NRG raised its **2026 EBITDA guidance to $5.3 billion - $5.8 billion**, a **38% increase** versus its prior outlook. Management also expects **free cash flow before Growth** of **$2.8 billion – $3.3 billion in 2026**, up roughly **40%** from 2025.

A large portion of this cash is also being used to provide additional value to the shareholders of the company. The board has authorized a **new $3 billion stock buyback program** through 2028 and expects to repurchase **$1 billion in 2026 alone**, which could retire roughly **9–10% of the outstanding share count** at current market value. Furthermore, NRG is a dividend paying stock, with its recent quarterly dividend of **$0.475** - an **8% increase** from 2025. This marks the **fifth consecutive year of dividend growth**, strictly adhering to their **7-9% annual growth target**.

NRG's integration strategy is also why earnings expectations are inflecting. NRG guided **2026 EPS to $7.90–$9.90**, with projections that EPS could reach roughly **$14 by 2028** as the company shifts from acquisition execution into cash harvesting.



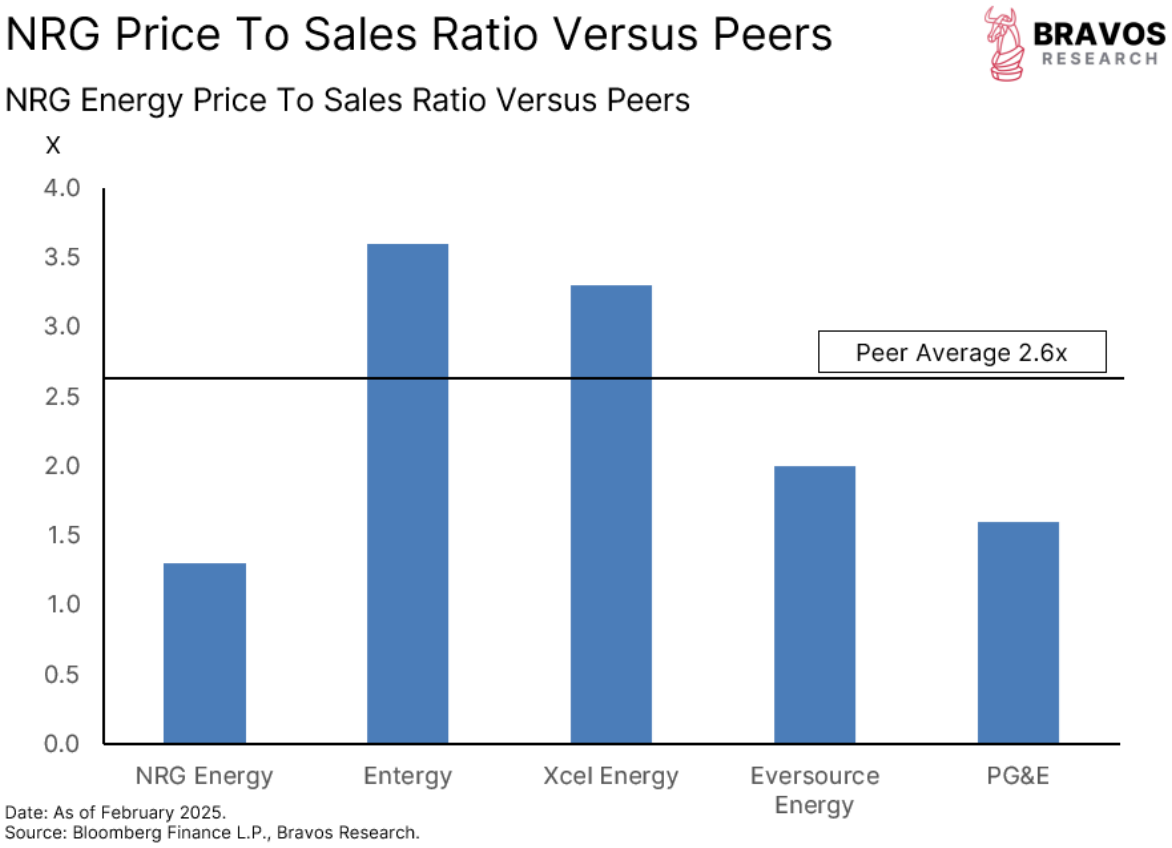
However, to fund its massive growth, NRG carries approximately **$11.9 billion in debt**, with a **debt-to-equity ratio of over 600%**. While this might seem like a red flag at first, the LS Power assets bring in more than enough cash to cover this debt, with an interest coverage ratio of 4.2x. This means the company earns enough operating profit to pay its interest expenses **4.2 times over.**



Date: 2015 Through 2025.
Source: Bloomberg Finance L.P., Bravos Research.

Company Valuation and Price Target

Unlike the uranium developers discussed earlier, **NRG is already generating substantial earnings and free cash flow today**, which allows the company to be evaluated using more traditional valuation metrics. NRG currently trades at **1.3× price-to-sales**, half the **2.6× average multiple of its peer group**. This discount persists despite the company's improving free cash flow profile and rising earnings trajectory.



There's also been a normalization on the company's earnings multiples. NRG's trailing **P/E ratio has returned to 27.3×**, a sharp compression from the elevated **70× level seen in 2025**. Importantly, this multiple contraction has not been driven by weakening fundamentals. Instead, the stock has largely consolidated over the past year while earnings continued to compound at **22.7% annually**, effectively allowing valuation to "grow into itself."

Date: 2021 Through February 2026.
Source: Bloomberg Finance L.P., Bravos Research.

As we highlighted earlier, consensus expectations point toward **EPS approaching $14 by 2028** as LS Power synergies materialize and the ongoing buyback program reduces the share count. Using a conservative framework, if NRG were to trade at a **27.3× forward earnings multiple,** that would support a long-term target of **$382** (27.3 × $14), representing a **110% upside potential.**

From a technical standpoint, the price structure also remains constructive. The stock has respected a **rising price channel since 2023**, with multiple confirmed touchpoints along both support and resistance. The upper boundary of that channel currently sits near **$275**, representing a reasonable **medium-term upside target of over 50%** if the trend structure holds. Given how quickly price and fundamentals are evolving post–LS Power integration, this remains a name where **execution milestones and cash flow delivery will matter**.

NRG Energy Price Target

NRG Energy (NRG)

Date: 2019 Through February 2026.
Source: Bloomberg Finance L.P., Bravos Research.

Stock 2: Xcel Energy (XEL)

Xcel Energy stands out to us because it's one of the few companies that's already far along the clean energy transition that many regulated utilities are still striving to achieve. Operating across eight states, the company is now roughly **70% carbon-free**, positioning it as a preferred partner for large technology firms that require scalable clean power for data centers. That positioning is beginning to translate into visible growth.

In February 2026, Xcel announced it will power a new **Google data center in Minnesota**, adding approximately **1,900 MW of clean energy** to the grid. What makes this particularly attractive is that all of the infrastructure is being funded by the customer. This allows Xcel to expand its regulated asset base, while limiting the typical capital burden placed on existing ratepayers.

At the same time, transmission is becoming one of the most valuable bottlenecks in the U.S. power system. Xcel recently won **(765 kV Transmission Award)** a **$1.5 billion high-voltage transmission project** in the SPP region, which is one of the most wind-rich corridors in North America. As renewable adoption rises, the ability to reliably move electricity across long distances becomes just as critical as generating it. This award further strengthens Xcel's role in the broader grid buildout.

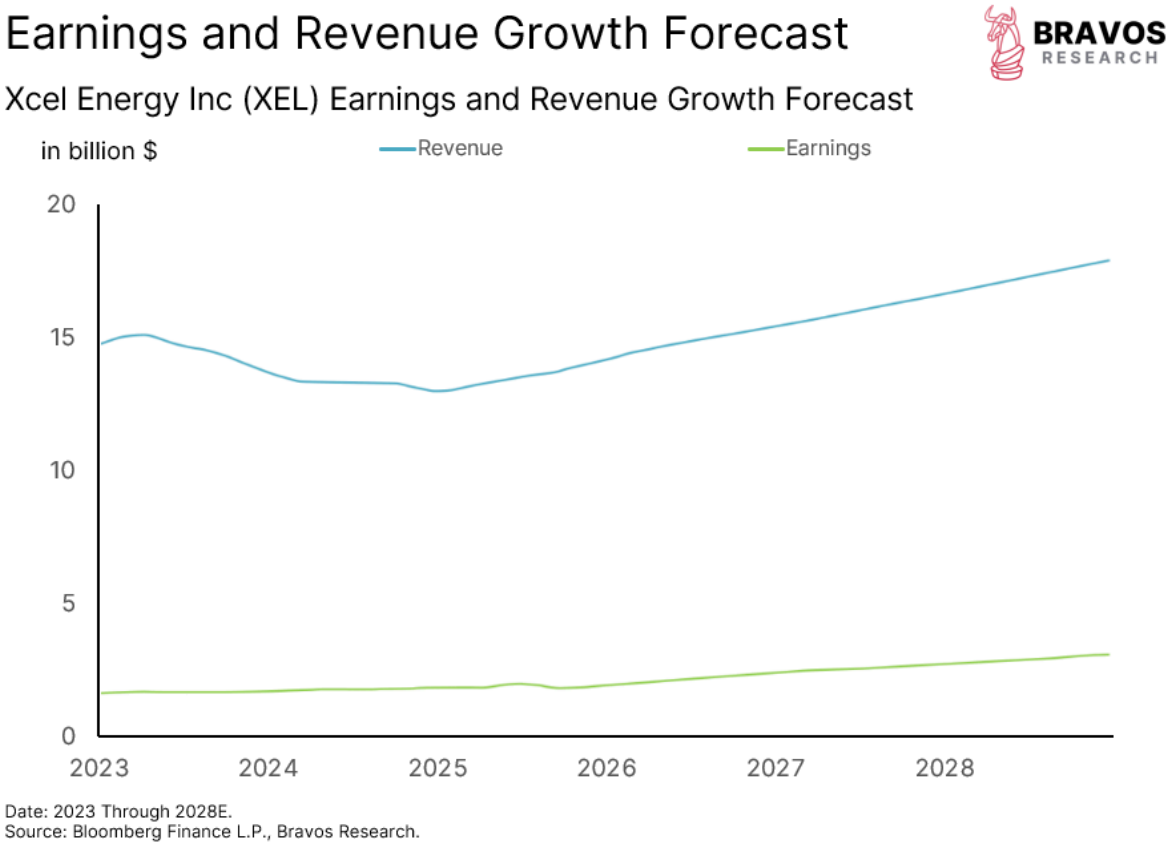
The company's operating model also benefits from its ongoing **"steel-for-fuel" strategy**. Instead of remaining exposed to volatile coal and natural gas costs, Xcel continues replacing fuel expenses with owned wind and solar assets that earn a regulated return. Over time, this converts a recurring fuel cost into a long-duration earnings stream tied directly to the regulated rate base.

Looking further ahead, the company is investing in long-duration grid stability. As of early 2026, Xcel has more than **2 GW of contracted data center capacity**, with line of sight toward roughly **6 GW by 2027, effectively tripling in just 2 years**. Xcel is also deploying **100-hour iron-air battery systems** through its partnership with Form Energy. This technology allows the utility to store low-cost wind generation and reduce reliance on expensive peak power purchases during periods of grid stress, which could help **increase margins** over time.

Execution Now Showing Up in the Numbers

Financially, Xcel continues to behave like a steady regulated compounder, but with improving growth visibility. Management is executing on an approximately **$60 billion capital investment plan** over the next five years, supported by an additional **$10 billion pipeline** of renewable and transmission opportunities.

Despite the scale of this buildout, Xcel is still forecasted to generate **11% return on equity**, comfortably above the industry median around **9.5%**. Revenue is also projected to grow about **7.3% annually through 2028**, while earnings are expected to compound closer to **12.3%**.

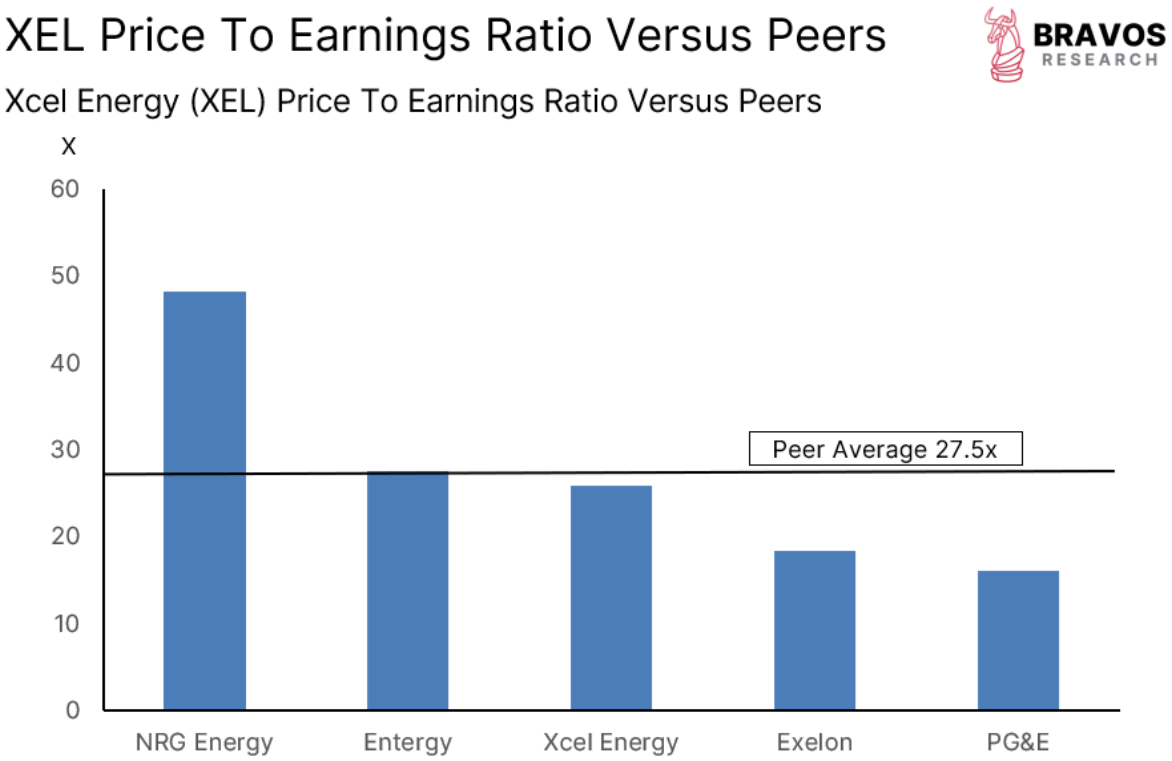


Date: 2023 Through 2028E.
Source: Bloomberg Finance L.P., Bravos Research.

From a balance sheet standpoint, leverage remains typical for a regulated utility. Xcel's **interest coverage ratio of about 2×** means the company generates roughly **$2 of operating profit for every $1 of interest expense**. In the utility sector, where cash flows are highly predictable and rate-regulated, this level of debt coverage is healthy.

Company Valuation and Price Target

Similar to NRG Energy, Xcel is also producing stable earnings and free cash flow, which allows for a more traditional earnings-based valuation framework. The company currently has a **trailing P/E ratio of 25.8x**, which is cheaper than its average competitor that sits at 27.5x.

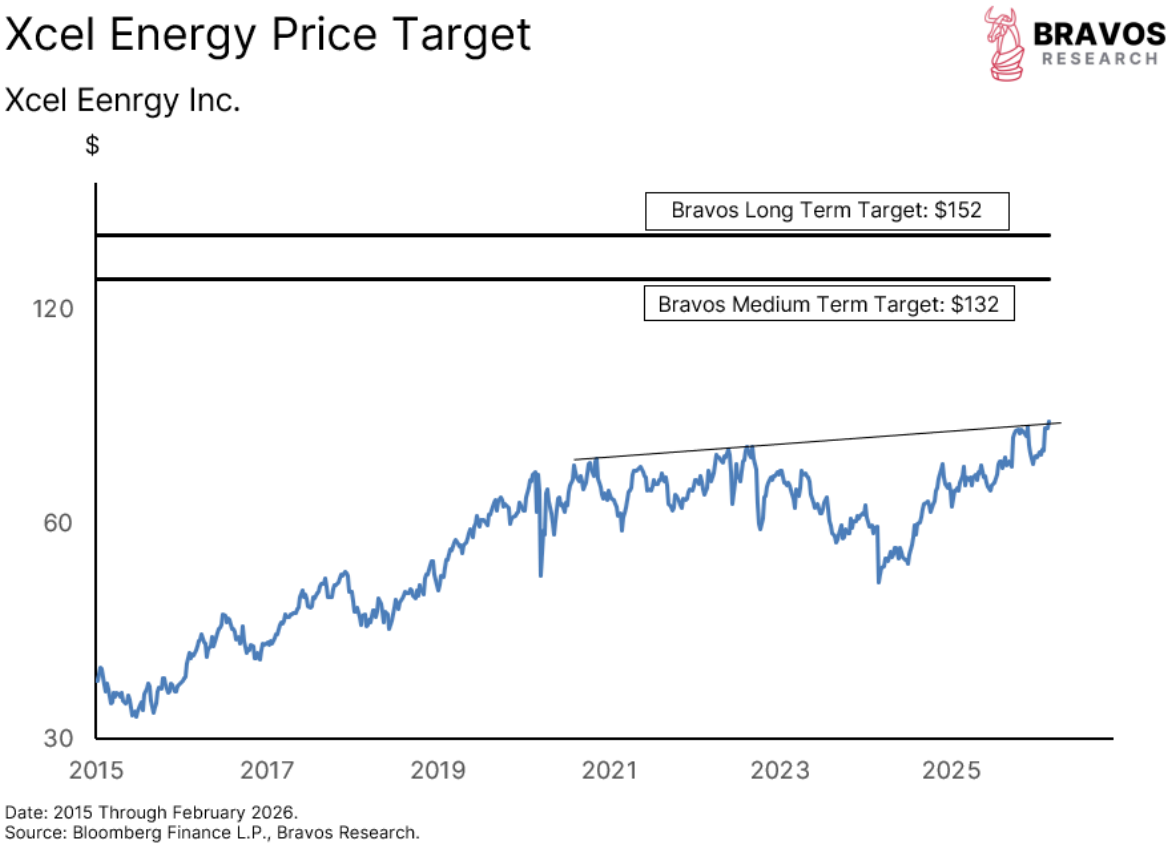


Date: As of February 2025.
Source: Bloomberg Finance L.P., Bravos Research.

Consensus expectations currently point to **EPS reaching roughly $5.08 by 2028.** Supported by the company's $60 billion capital plan and steady rate-base expansion, **EPS is forecasted to reach around $5.08 by 2028.** With contracted data center load expected to **triple by 2027**, the company is entering a period where rate-base growth, load growth, and transmission investment are all accelerating at the same time. So a reasonable premium multiple for an above-trend utility growth would be around **30x multiple**. This supports a long-term stock price of around **$152**, which suggests almost **85% upside**.

From a technical standpoint, the broader structure also remains constructive. The recent breakout from the multi-year resistance, after forming a basing pattern (inverse head and shoulders) carries an implied **medium-term target near $132**, representing roughly **60% upside.**

We continue to monitor the company's execution around data center load conversion, transmission buildout, and rate-base realization, as those will likely determine how quickly the market begins to price in the next leg higher.

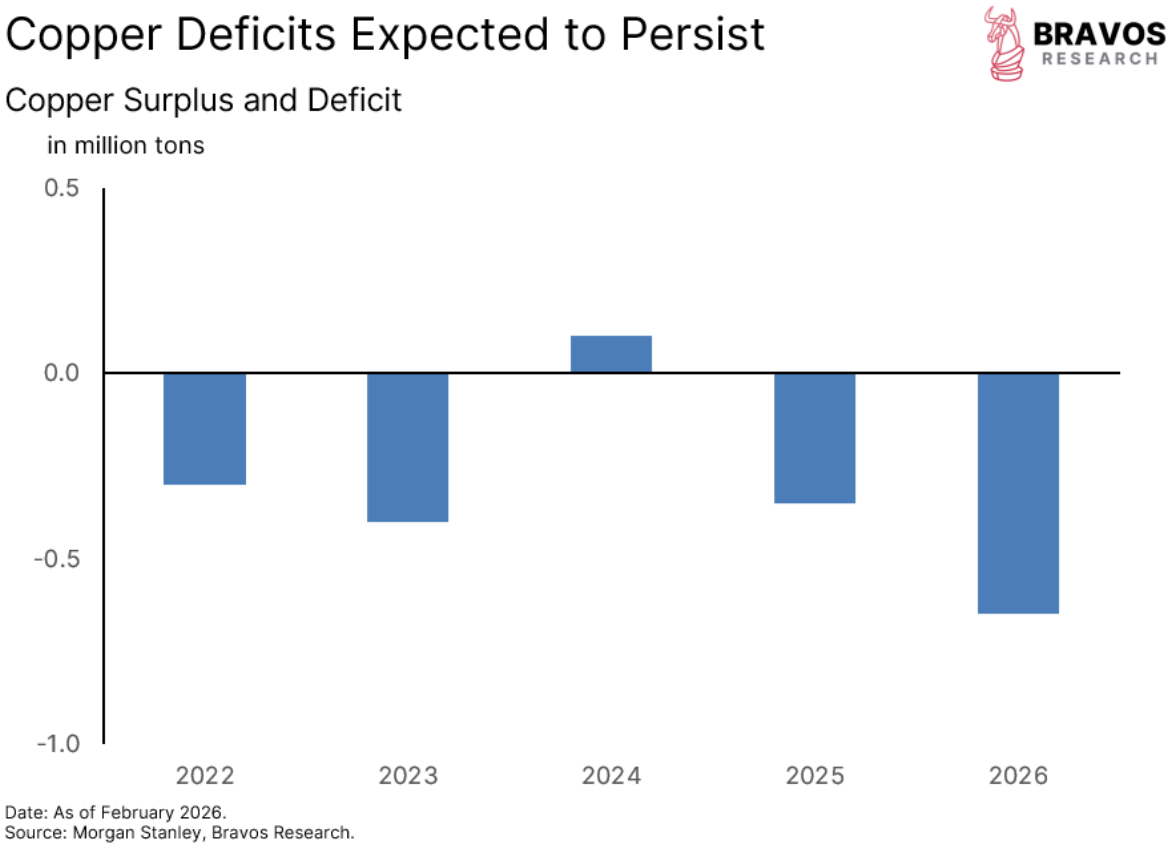


Date: 2015 Through February 2026.
Source: Bloomberg Finance L.P., Bravos Research.

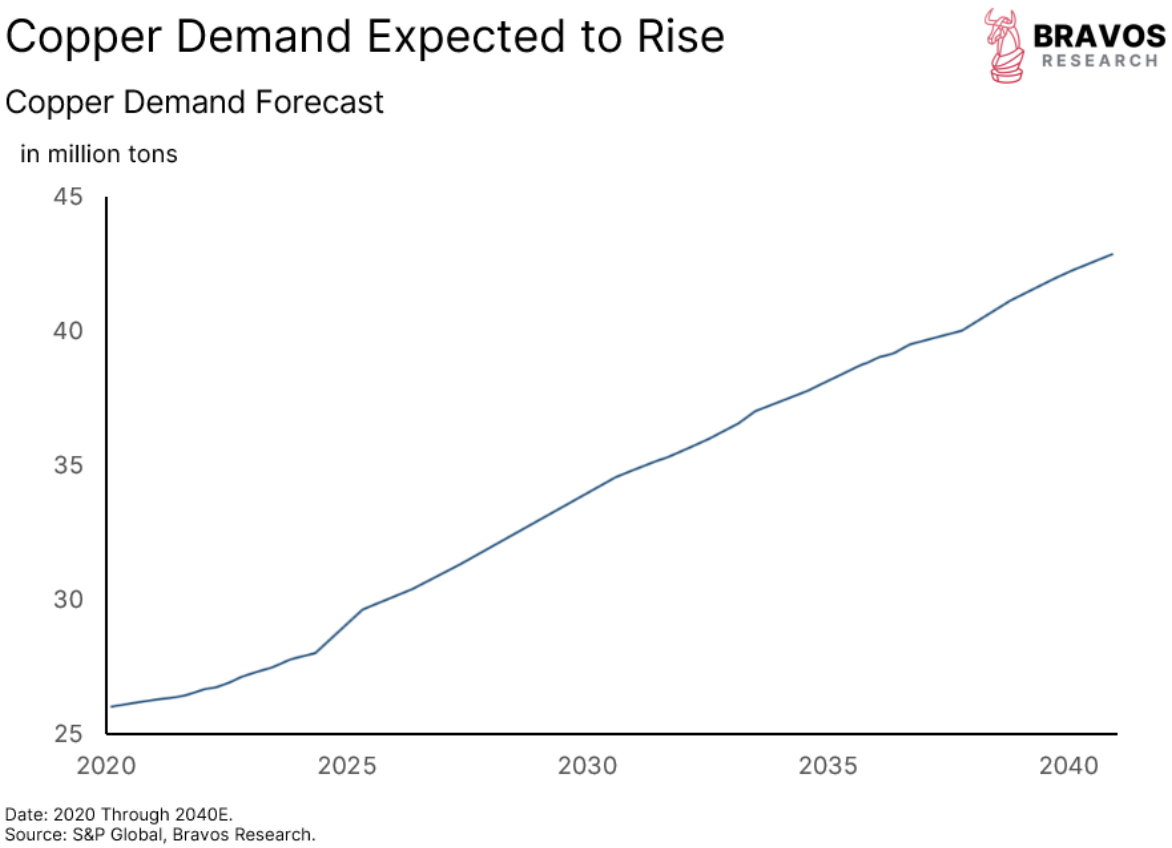
Copper: The Building Block of the New Economy

Copper is increasingly becoming one of the most critical bottlenecks in the global energy transition. If uranium is the fuel that powers baseload electricity, and utilities are the systems that distribute that power, copper is the metal that physically connects the entire network. Every transmission line, transformer, data center, electric vehicle, and charging station ultimately depends on large volumes of copper to function. Without it, the electrification buildout simply cannot scale.

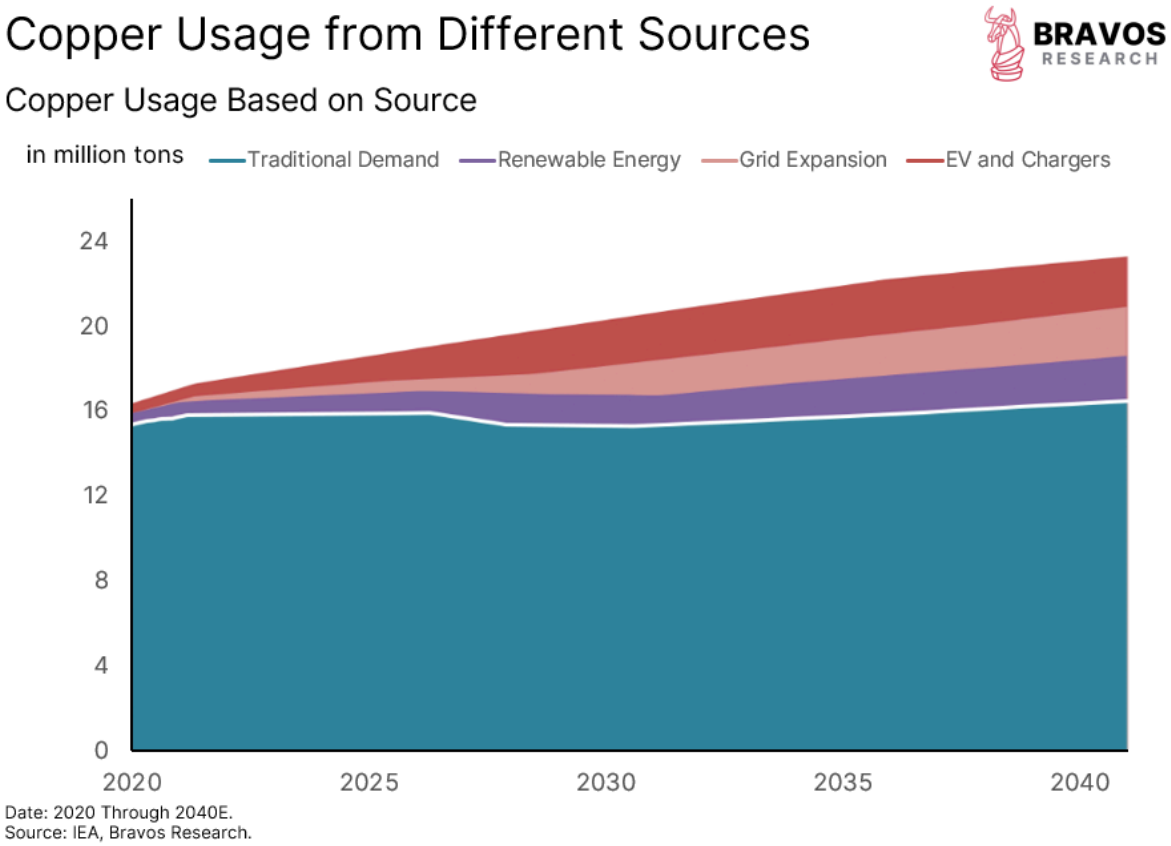
This is why we think the copper market is undergoing a structural shift. What was once viewed primarily as a cyclical industrial metal is now emerging as a **strategic infrastructure input** at the center of multiple global megatrends. We can already see the imbalance in the copper market beginning to show up. 2026 alone is projected to see a copper deficit of roughly **0.6 million tons**, equivalent to about **2.2% of global demand**. While that may sound small, it represents the **largest deficit in more than two decades** and follows three deficit years out of the past four. So, unlike a government's debt, you **can't just "print" copper to make up for the deficit**.



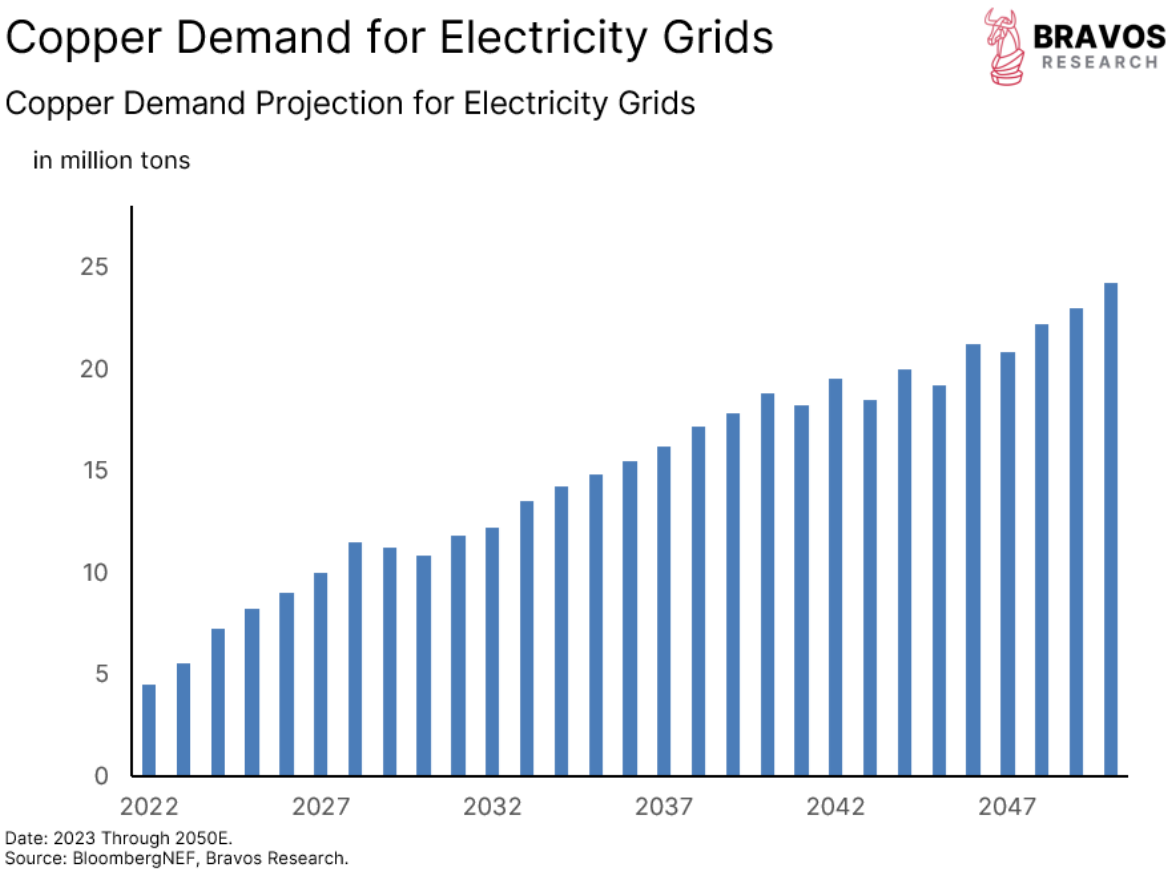
More importantly, the trajectory of the copper market is moving toward a sustained structural shortfall driven by simultaneous demand shocks across the global economy. Total copper consumption is projected to rise by roughly **50%**, climbing from about **28 million tons today to nearly 42 million tons by 2040**. This demand expansion is being powered by several independent forces all moving in the same direction.



The first is the global electrification push. Electric vehicles and renewable energy systems are far more copper-intensive than the legacy technologies they are replacing. An electric vehicle contains more than **three times the copper** of a traditional internal combustion car. Wind and solar installations can require up to **twelve times more copper per megawatt** than fossil fuel plants. Copper demand from electric vehicles and charging infrastructure is expected to increase by **11% by 2040**, while renewable energy generation technologies will drive an additional **7% increase** over the same timeframe.



But generation capacity is only half the story. Integrating renewable power requires a sizeable expansion of transmission and distribution infrastructure. Aging electrical grids must be rebuilt, and entirely new high-voltage lines must be constructed to connect remote energy sources to demand centers. This grid modernization cycle alone is expected to account for roughly **10 million tons of incremental copper demand by 2040**, equating to around **25% of copper demand.**



Layered on top of electrification is the rapid buildout of artificial intelligence infrastructure. High-density AI data centers require enormous amounts of copper for specialized power distribution, cooling systems, and internal connectivity. These facilities require around **0.03 to 0.047 million tons of copper per gigawatt** of capacity, with a single hyperscale campus capable of consuming up to **0.05 million tons** of the metal. Data center copper demand is forecasted to reach **0.74 million tons in 2026**, capturing approximately **2.6% of total global demand.**

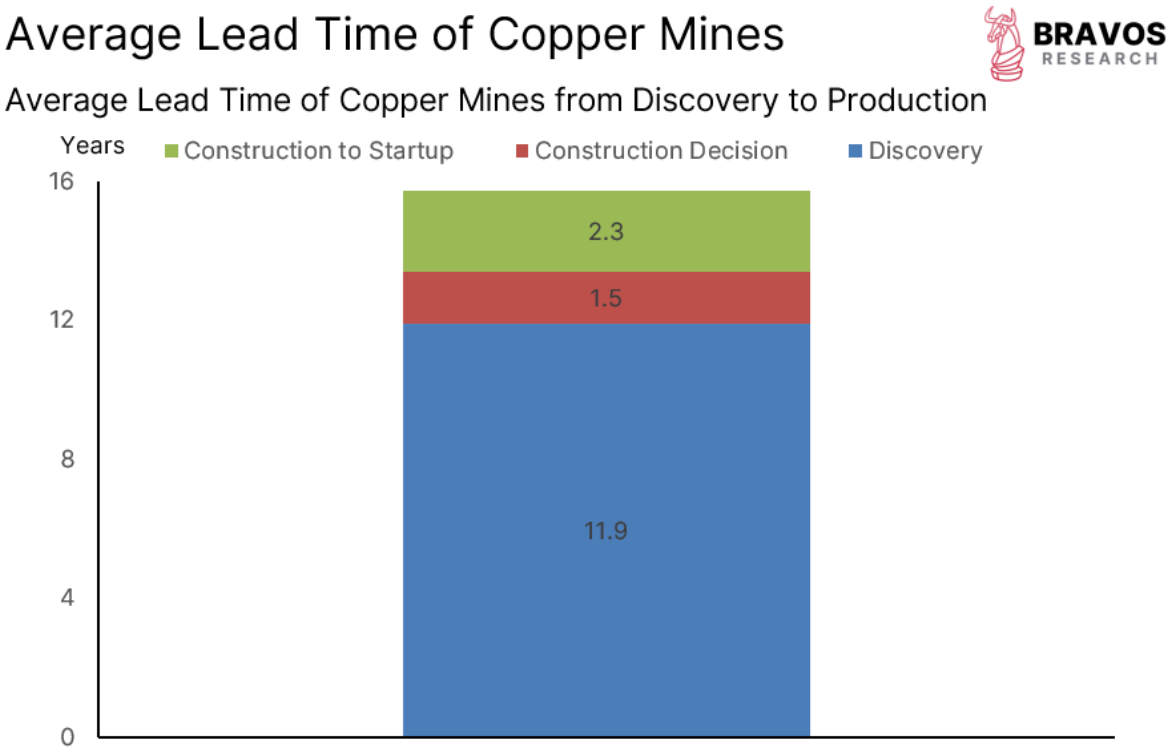
A third and often overlooked driver is the global defense cycle. As geopolitical tensions rise, nations are modernizing military hardware, communications infrastructure, and advanced weapons systems - **all of which are copper-intensive**. Defense-related copper demand is now projected to **triple by 2040**, adding another layer of largely inelastic consumption.

Taken together, electrification, grid expansion, AI infrastructure, and defense spending are creating a **demand shock** that the **current supply pipeline is not**

positioned to meet. The industry requires roughly **0.6 to 0.7 million tons of new annual supply** just to keep pace with baseline growth, yet project approvals in recent years have been running at **below 0.3 million tons annually** in recent years.

At the same time, ore quality continues to deteriorate. Average global copper grades have fallen from around **1.5% in the early 20th century** to approximately **0.62% today**, meaning miners must **process significantly more material to produce the same amount of metal**. And even when viable deposits are discovered, time remains the biggest constraint. The average copper project takes roughly **16 years** to move from discovery to commercial production. That long development cycle severely limits the market's ability to respond quickly to rising demand.

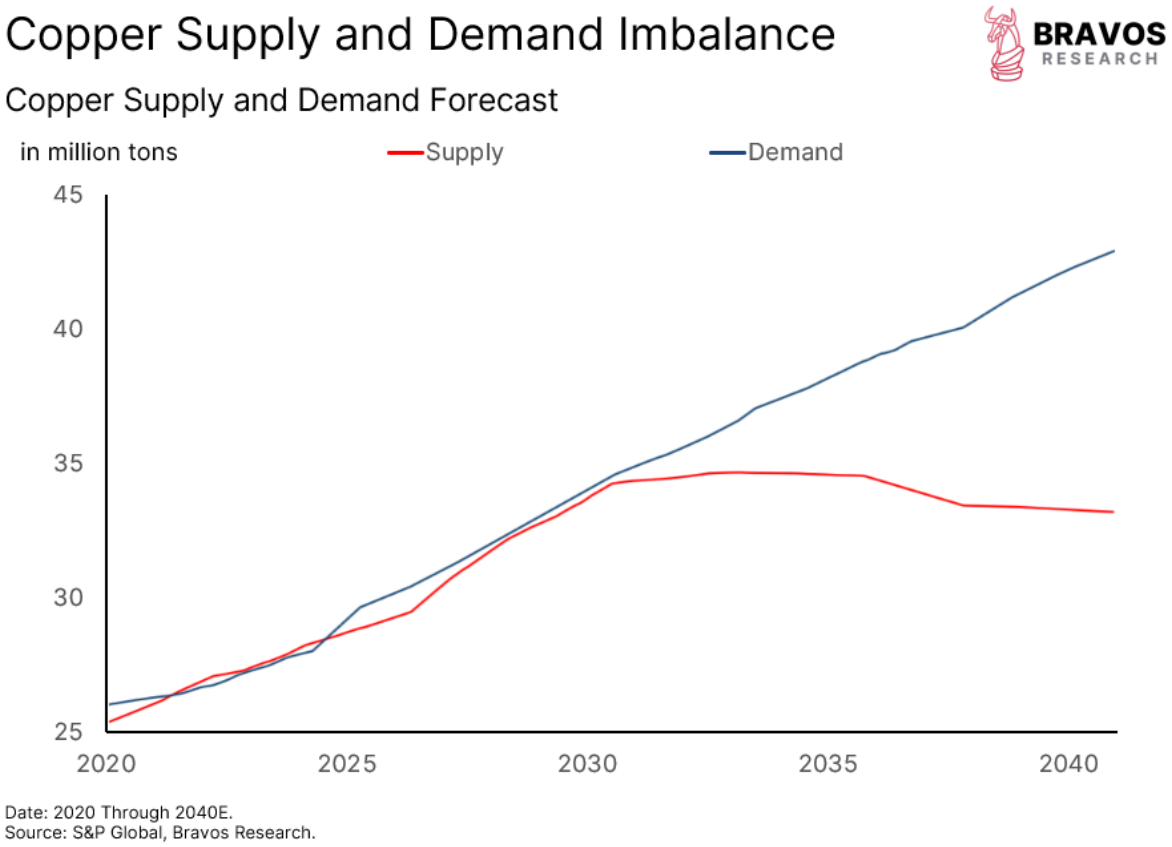
Average Lead Time of Copper Mines



Date: As of February 2026.
Source: S&P Global, Bravos Research.

Without a meaningful acceleration in new project development, current projections suggest global copper supply could plateau near **32 million tons by 2040**, while demand climbs toward **42 million tons**. The implication is a

potential **10-million-ton structural gap** — the kind of imbalance that historically forces a repricing of a commodity.

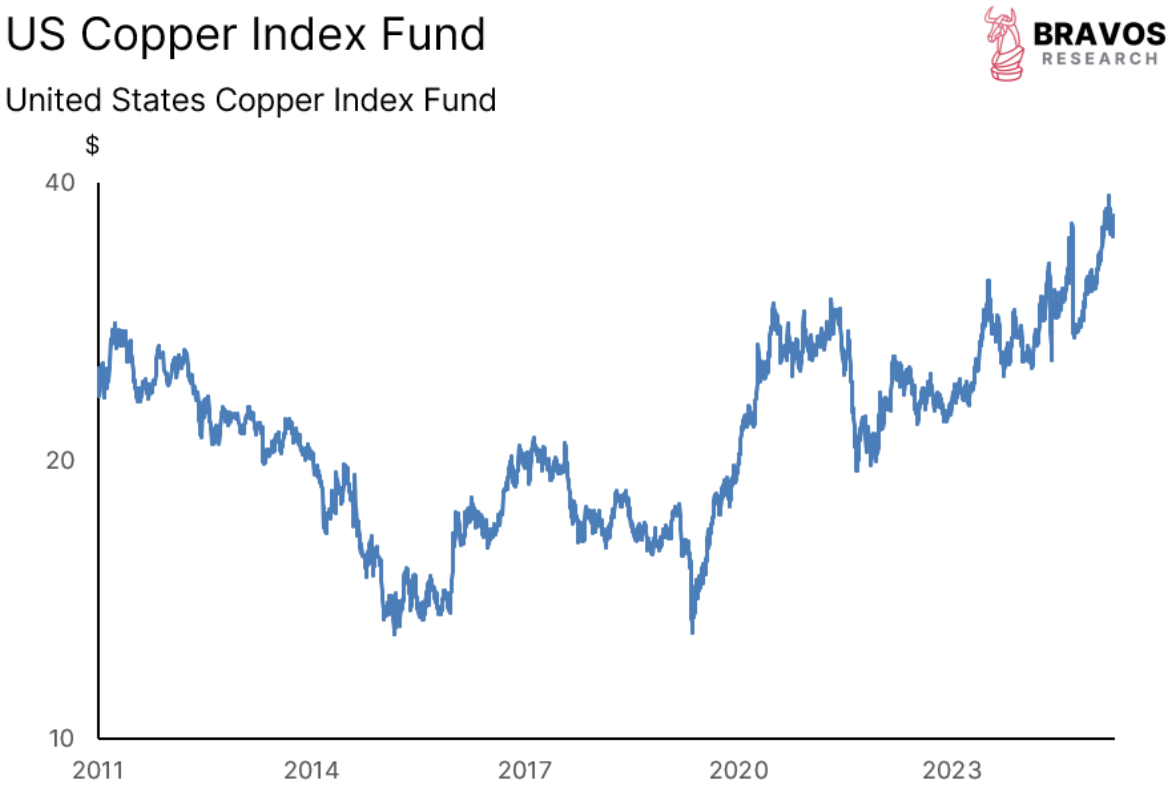


In our view, copper is at the center of the physical bottlenecks forming across the global energy system. And as these bottlenecks tighten, the strategic importance to secure copper supply is likely to become increasingly difficult for markets to overlook. To establish a realistic price target, we think it makes more sense to anchor copper to the price of gold, similar to how we approached uranium. This ratio shows that copper is trading at the **lowest relative prices since the 1980s**. We do not expect this discount to persist as the market increasingly prices in the physical deficit.

In the long-term, we think that this ratio could revisit the upper end of the range seen from the late 1980s to mid 2000s. This would represent a **200% gain for copper**, essentially **tripling its price from current levels.** But, in the medium-term, we think a more reasonable target would be a **mean-reversion back to the levels**

seen in the 2010s and early 2020s, which would imply a **125% move up** for copper.

From an execution standpoint, we will be trading the underlying uranium commodity through the **United States Copper Fund (CPER)**, which offers direct exposure to this upside potential for the metal. We're also taking positions in **high quality copper equities operating at the bottleneck of this market**. We expect to be cycling in and out of exposure to copper over the course of the next few years.



Date: 2011 Through February 2026.
Source: Bloomberg Finance L.P., Bravos Research.

Stock 1: Ero Copper Corp. (ERO)

Ero Copper stands out to us as the **growth inflection story** within the copper space. While many large-cap copper producers are struggling to deliver low-single-digit output growth, Ero is entering a phase where production is set to rise by **20%**.

The key driver behind this transition is the company's **Tucumã Operation in Brazil**, which achieved commercial production in July 2025 and is now moving toward **full ramp in 2026**. As this asset scales, Ero is shifting from a heavy investment phase into what should increasingly resemble a **free cash flow expansion story**.

The Production Step-Change

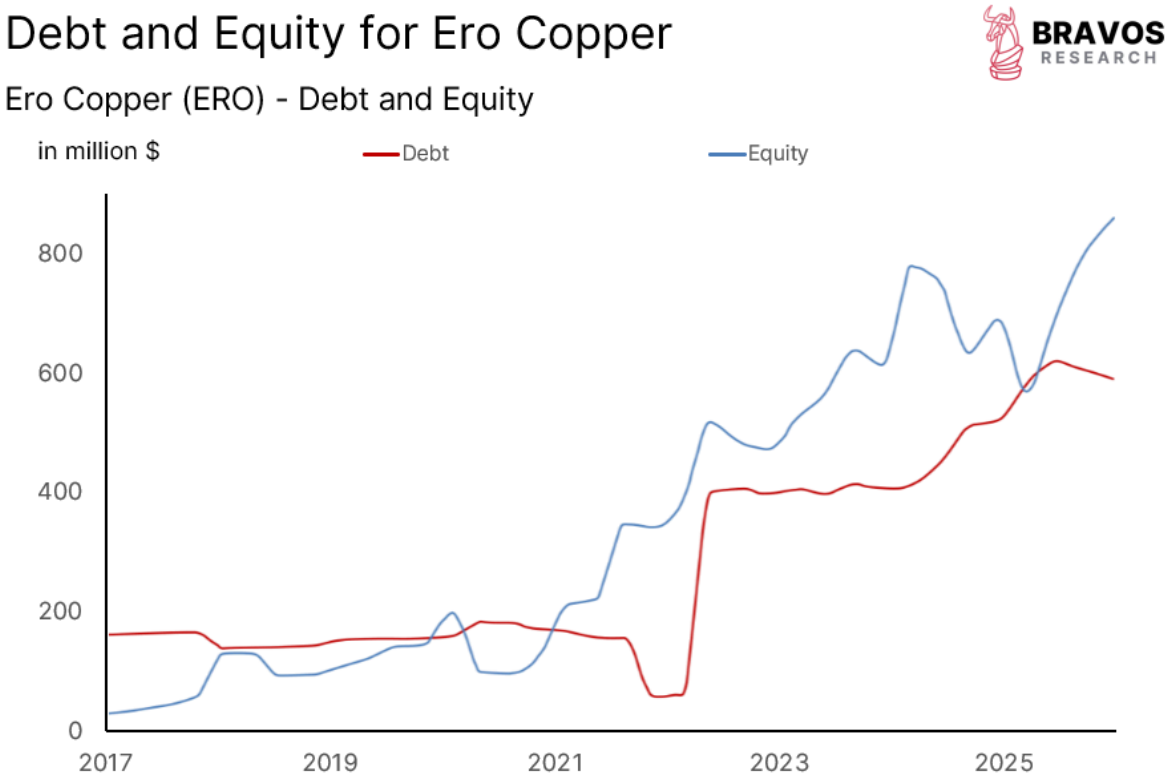
At the center of the thesis is Tucumã's contribution profile. In 2026, the operation is expected to deliver approximately **71 to 82.5 million pounds of copper**, at very competitive costs of **$1.95 to $2.15 per pound**. For context, with copper currently trading near **$6 per pound,** this is a 67% profit margin on a hard commodity. Most tech companies would kill for these numbers. So, Tucumã sits in the **lower half of the global cost curve**, which gives Ero strong operating leverage if copper prices continue moving higher.

Importantly, Tucumã is not the only growth lever for Ero. At the company's flagship **Caraíba Operations**, Ero is advancing the **Pilar Deepening project**, which includes construction of what will become the **second-deepest shaft in Latin America**. Once completed in 2027, the shaft will unlock access to deeper high-grade zones and extend the mine's productive life. Together, Tucumã ramp-up plus Caraíba deepening form the backbone of management's longer-term production target of **176 to 198 million pounds by 2028**.

One underappreciated piece of the story is Ero's **Xavantina gold operation**. While copper remains the primary driver, gold concentrate sales, which began in late 2025 and are expected through mid-2027, provide a meaningful **cash flow bridge** during this transition period for the company. This reduces financing pressure during the final phases of copper ramp-up and supports ongoing deleveraging.

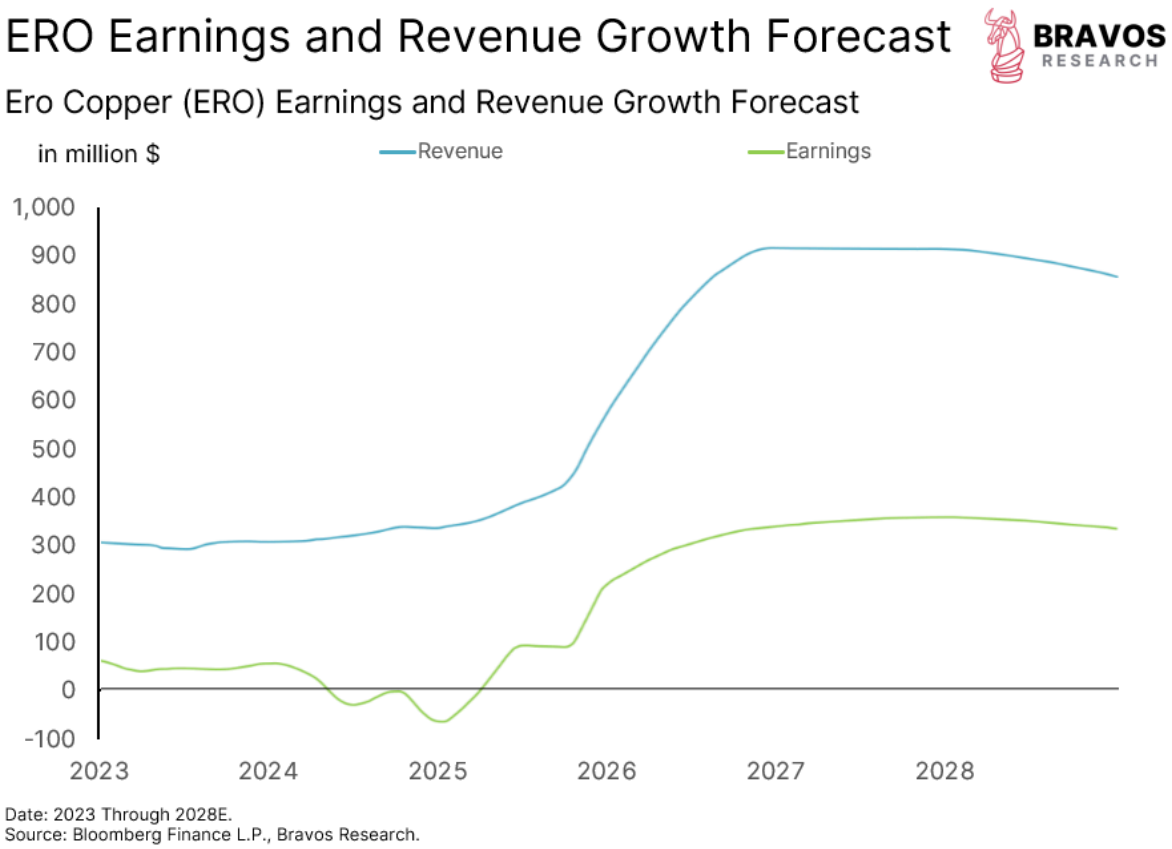
Balance Sheet Moving in the Right Direction

Despite the heavy build phase, Ero's leverage profile has improved materially. Debt-to-equity has declined from **189% to 68.6%** over the past five years, and interest coverage remains very strong at **33.3x**, indicating ample capacity to service obligations. Management has also been explicit that **further deleveraging is a priority**, with free cash flow projected to rise from **$43 million in 2025 to $390 million by 2027.**



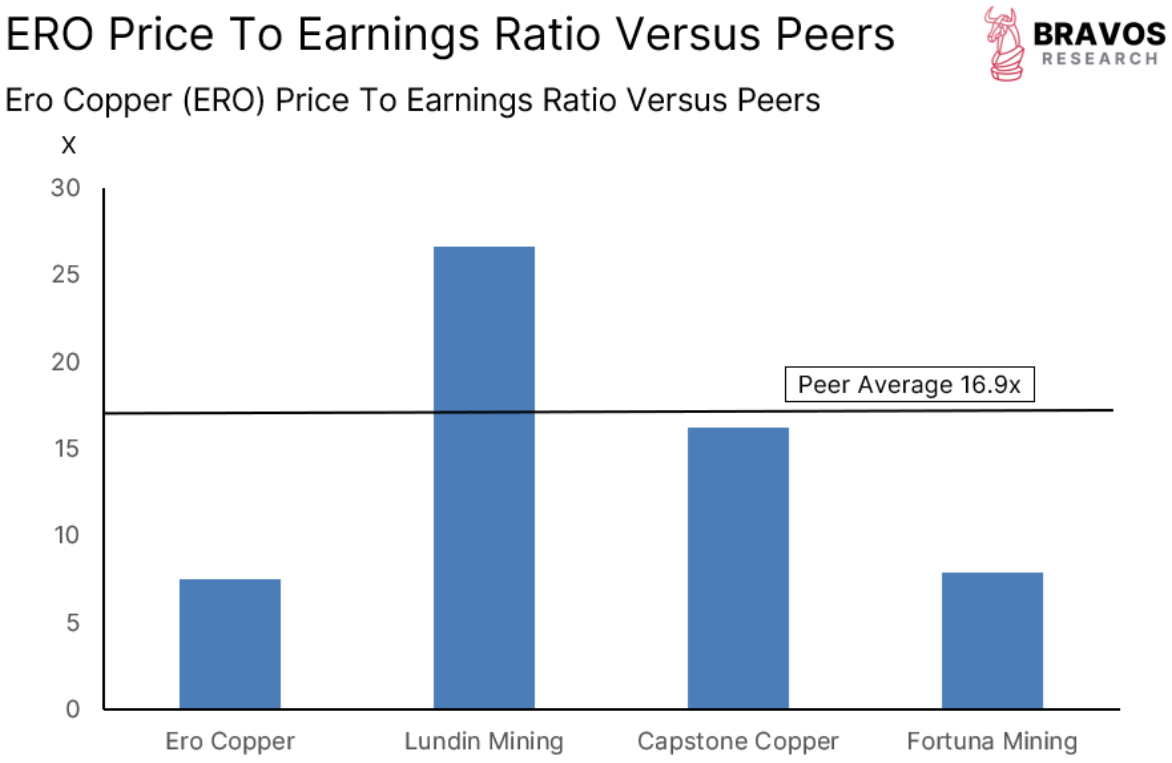
Date: 2017 Through 2025.
Source: Bloomberg Finance L.P., Bravos Research.

Revenue and earnings have also begun trending higher and is projected to continue rising for the next few years, with healthy margins at around **23.4%.** Most notably, EBITDA is projected to jump from **$467 million in 2025** to approximately **$807 million in 2026**, reflecting the first full year of Tucumã's contribution.



Valuation and Price Targets

From a valuation standpoint, the market still appears to be discounting Ero's upcoming production inflection. The stock currently trades at a modest **25.9× trailing earnings**, but more importantly, the **forward P/E sits at 7.5×**, reflecting the sharp expected earnings expansion as Tucumã ramps. This is a sizeable discount to its **competitors that are trading at a forward P/E of 16.9x.**

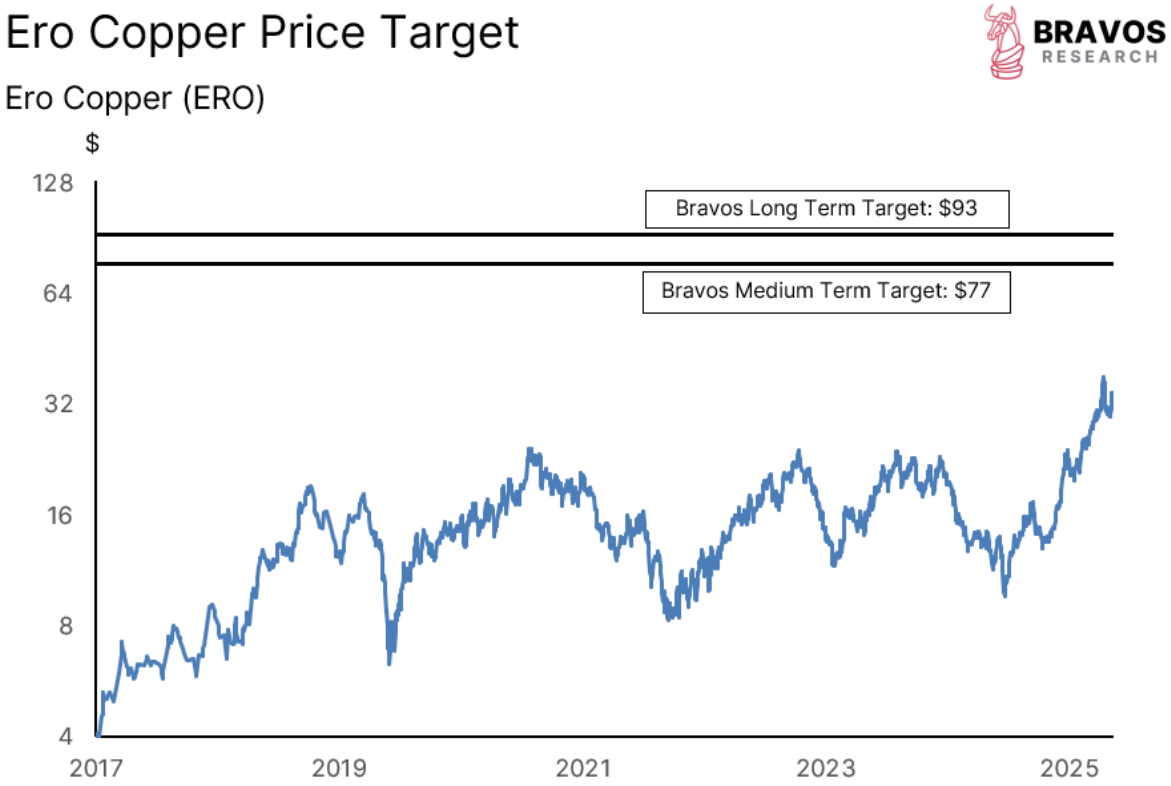


Date: As of February 2025.
Source: Bloomberg Finance L.P., Bravos Research.

To assess the company's long-term value, we can look at where earnings could reasonably land once Tucumã is fully ramped and Caraíba deepening begins contributing. If EBITDA scales toward the projected **$800M+ range** and free cash flow approaches the **$350M–$400M zone** in the next few years, it is reasonable to see Earnings-Per-Share (EPS) moving materially higher from $2.89 today to around $5.5 by 2028. Using a conservative multiple of **16.9× earnings**, equivalent to the average of its growth peers, it supports a **long-term stock value of around $93**, This would mean a **170% upside potential** from current levels.

In the medium term, the **bigger driver is likely to be copper itself**. Ero is a relatively high-beta copper name because a large portion of its cost structure is fixed once production is running. That means incremental copper price increases tend to flow disproportionately into margins. If copper prices were to rise by **125% in the medium term**, consistent with our broader copper thesis, and Ero were to simply track that move, the stock would re-rate toward **$77.**

Historically, early-stage producers have often **outperformed the underlying metal**, which suggests additional upside is possible if execution remains on track. This is something we'll be actively trading with our members at Bravos, as we continue to closely track Ero's developments and price action.



Date: 2017 Through February 2026.
Source: Bloomberg Finance L.P., Bravos Research.

Stock 2: Freeport-McMoRan (FCX)

Freeport-McMoRan occupies a very different position within the copper landscape than the production step-change narrative that Ero Copper offers. **FCX is the scale anchor of the global copper market** and increasingly the **strategic supplier to the U.S. economy**. The company's edge is built on its **sheer production volume combined with geopolitical positioning**. In a world where copper is being reclassified as a strategic metal, FCX's combination of massive output, North American exposure, and technological innovation places it at the center of the energy transition supply chain.

At the heart of the story sits the **Grasberg complex in Indonesia**, one of the most important copper-gold systems in the world. In 2025 alone, Grasberg alone produced **1 billion pounds of copper**, over **2% of global supply**. The company also got a major boost with its **1.7 million ounces of gold as a by-product alongside its copper output**. With gold prices reaching record levels in early 2026, these by-product credits have meaningfully reduced FCX's net copper costs, effectively turning Grasberg into a **self-funding cash engine** even during periods of copper volatility.

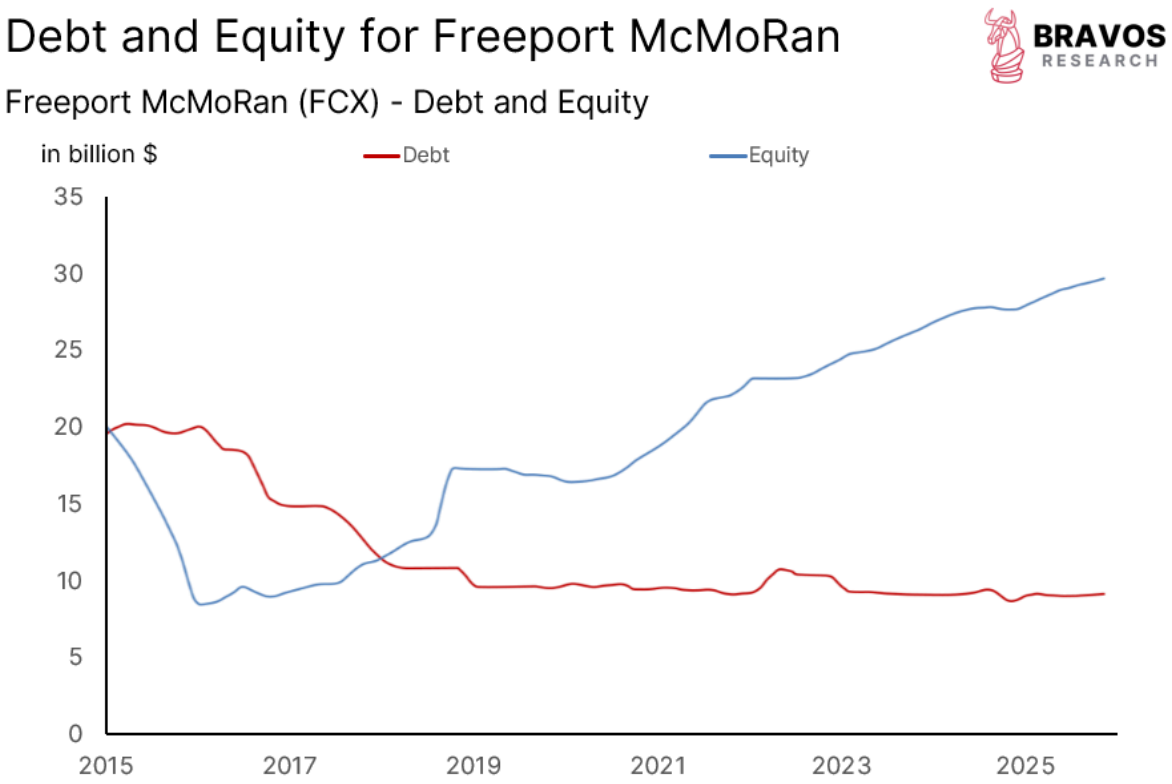
At the same time, FCX is unlocking a second layer of growth through its **proprietary leaching technology**. Rather than relying solely on new mine builds, the company has been applying advanced chemical recovery to decades of legacy stockpiles. In 2025, this process recovered approximately **200 million pounds of copper without new mining**, and management is targeting **up to 800 million pounds annually by 2027**. This is particularly attractive production because it carries **structurally higher margins** and requires **minimal incremental infrastructure**.

Equally important is FCX's domestic footprint. The company produced more than **1.2 billion pounds of copper from its North America mines alone in 2025**, giving it a unique "**home-field advantage**" at a time when U.S. policymakers are increasingly focused on supply security. As discussions around strategic copper reserves and potential tariffs on foreign refined metal continue to evolve, FCX's domestic production base is becoming a higher-value asset within the global supply chain.

The Temporary Overhang

Following the late-2025 mud rush at the Grasberg Block Cave, the company has been executing a phased restart through 2026. This ramp up towards full scale recovery remains an important near-term milestone for cash flow normalization. At the same time, FCX has been absorbing the final stages of its **$3.9 billion Indonesian smelter investment**, required under local down streaming rules.

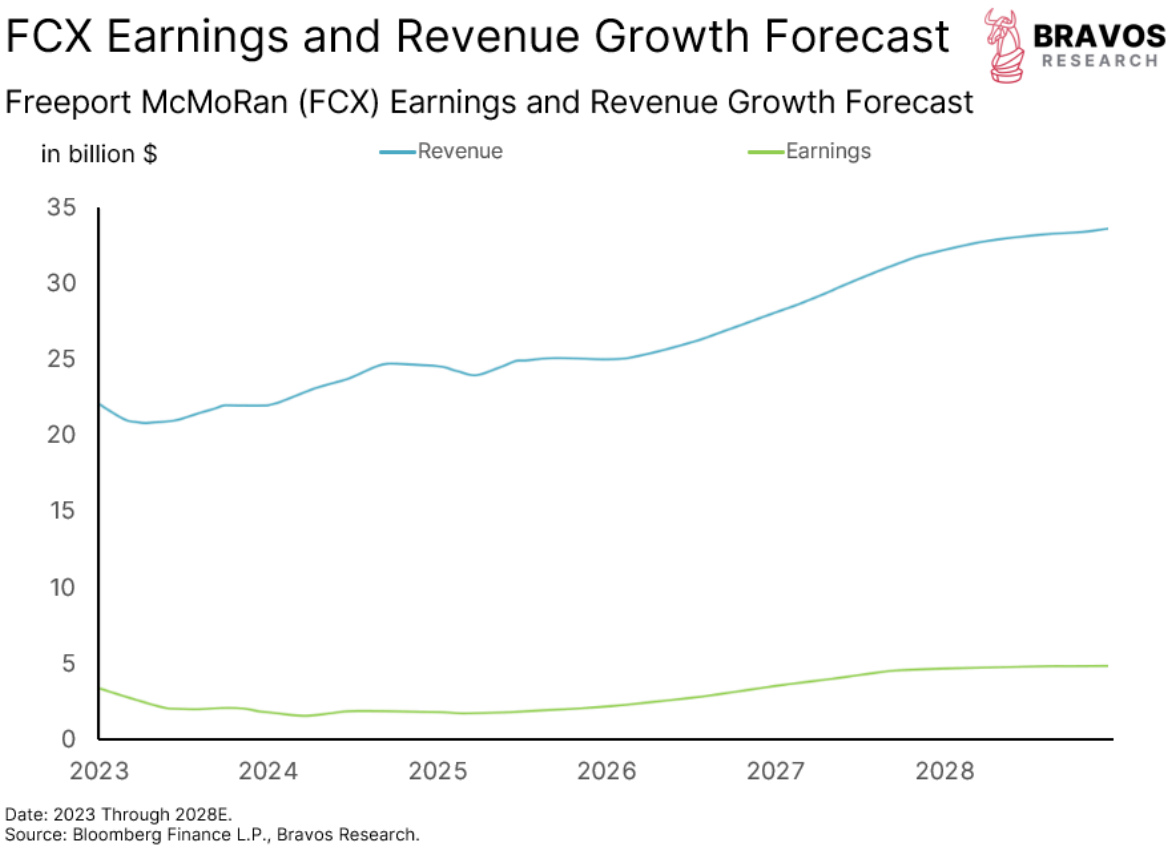
However, the company's balance sheet remains solid through this phase. FCX ended February 2026 with **$4.3 billion in cash** and an interest coverage ratio of **17.6×**. The company has a **current ratio of 2.45**, meaning they can pay off all short-term debts 2.4 times over without selling a single pound of inventory. Net debt has also remained stable, while the equity value has consistently risen. This has helped the company's **debt-to-equity ratio decline from 100% in 2018 to 30.5% today**, giving the company ample flexibility to complete its capital program without financial stress.



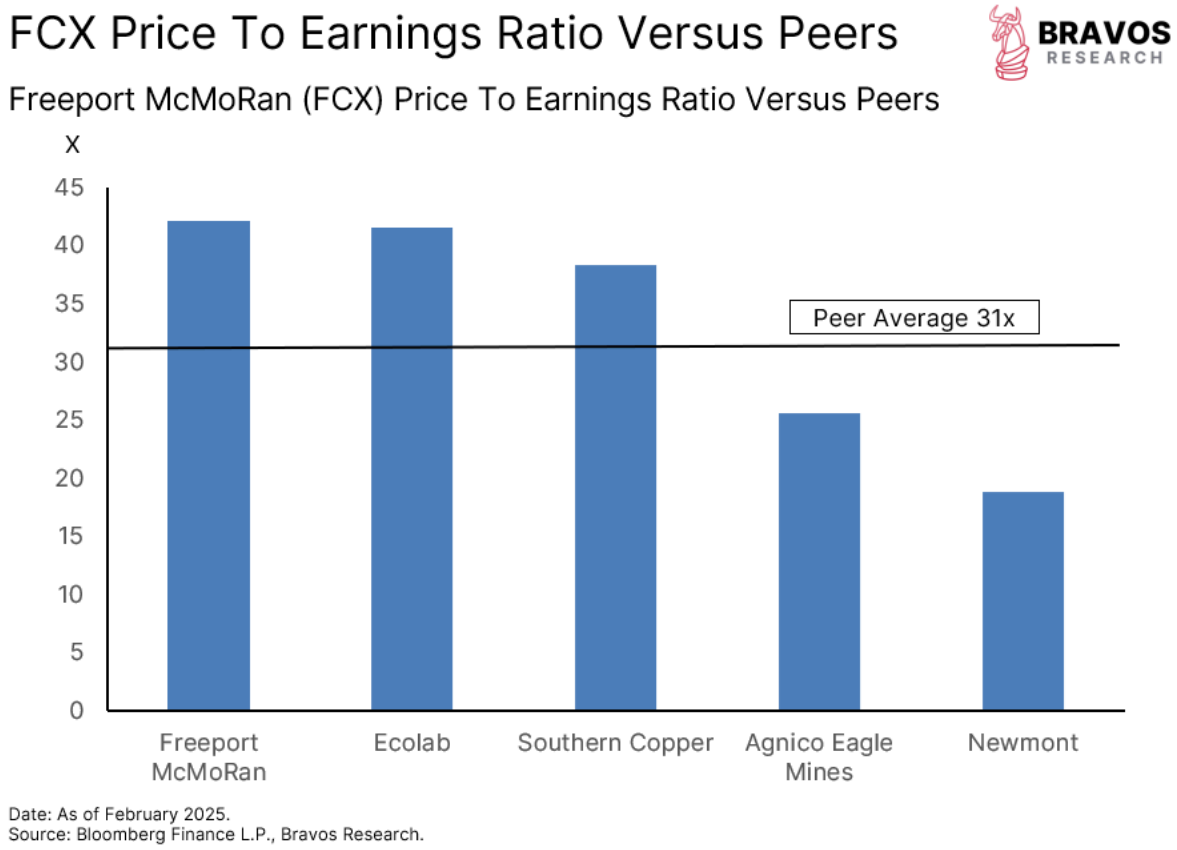
Date: 2015 Through 2025.
Source: Bloomberg Finance L.P., Bravos Research.

Financial Momentum Beneath the Surface

Even during this investment and recovery phase, the underlying business has remained resilient. FCX reported **$25.9 billion in revenue and $1.9 billion in earnings for 2025**, This is despite copper sales volumes falling **10%** due to the Grasberg disruption, which highlights the company's **pricing leverage**, with realized copper prices offsetting operational downtime.



Adjusted EBITDA reached **$9.9 billion in 2025**, exceeding Wall Street expectations by roughly 8%. More importantly, management's 2026 EBITDA guidance ranges between **$11 billion and $19 billion** as Grasberg normalizes and leaching volumes expand. This is why the current **44.7× trailing P/E** should be viewed cautiously. The elevated multiple largely reflects depressed trailing earnings during a heavy capex year. On forward estimates, the multiple compresses toward **26×**, which is far more reasonable for a global Tier-1 copper franchise entering a cash-harvest phase.

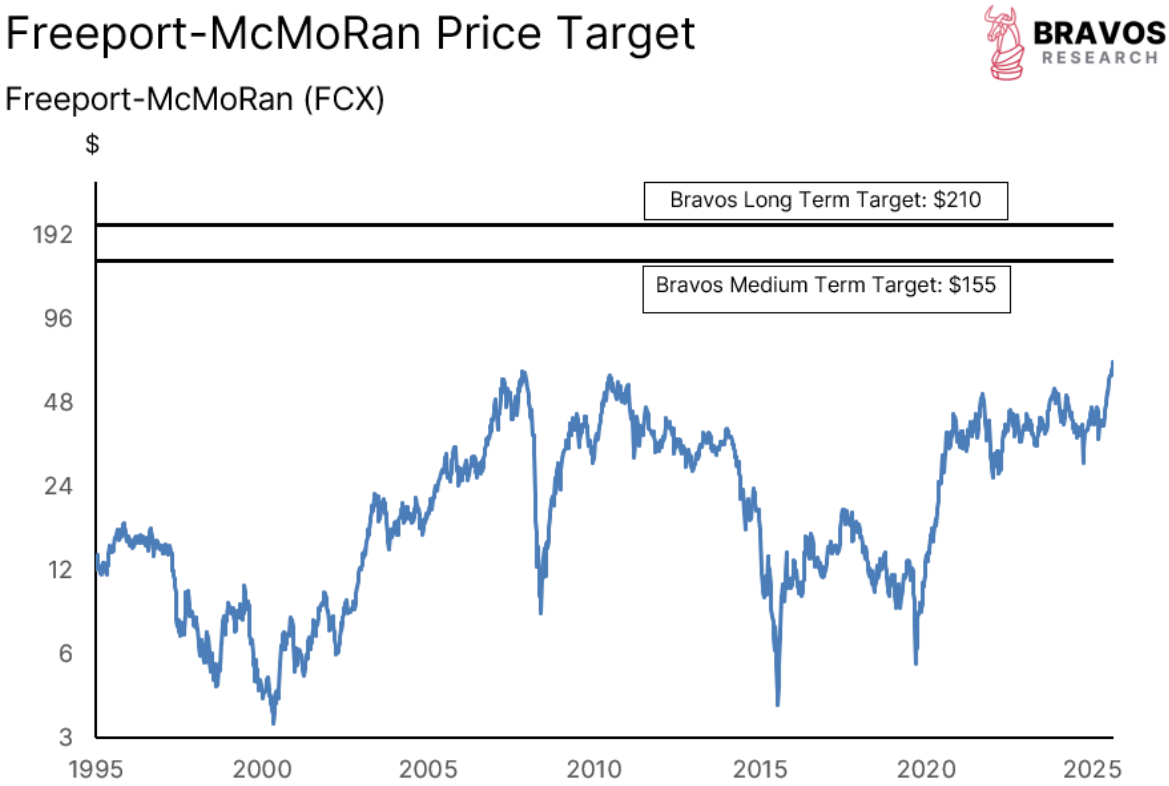


Company Valuation and Price Targets

Similar to ERO Copper, FCX also generates substantial revenue and earnings, allowing valuation to be framed through forward earnings power rather than asset optionality alone. As the Grasberg ramp completes, the company expects a **12.2% rise in earnings**. Using a similar framework to ERO Copper, if FCX ultimately reaches around **$6.5 to $7 in EPS** and the market assigns a **31× multiple,** consistent with large-cap copper peers, the stock supports a long-term price of around **$210** - over **200% upside potential** from current levels.

From a medium-term perspective, copper price sensitivity remains the more immediate driver, similar to ERO Copper. If copper were to rise approximately **125% in the medium term**, consistent with our broader copper thesis, FCX's operating leverage historically suggests the equity could re-rate towards **at least $155 even without multiple expansion**.

In our view, the market is still pricing FCX as though it is in a prolonged recovery phase. As the company transitions into what should be a materially stronger free-cash-flow period through 2027, there remains meaningful room for the valuation to catch up to the underlying earnings power. This is a copper name that we'll be actively trading with our clients.



Date: 1995 Through February 2026.
Source: Bloomberg Finance L.P., Bravos Research.

Final Thoughts

The common thread across uranium, utilities, and copper is simple but powerful. We are entering a phase where physical constraints are beginning to matter again. After more than a decade in which capital overwhelmingly rewarded asset-light business models, the global economy is now running into real-world bottlenecks, **in energy, in grid capacity, and in the raw materials required to support electrification and artificial intelligence.**

These types of transitions typically unfold over many years and tend to create sustained periods of outperformance for the assets positioned at the center of the constraint.

In our view, the market is still early in recognizing the magnitude of this shift. Investors who recognize these structural shifts early and position accordingly, stand to **benefit disproportionately** over the coming years.

The opportunities highlighted in this report represent some of our highest-conviction ideas today. However, as we have emphasized, identifying the opportunity is only **part** of the process. Markets move in phases, and **proper execution, timing, and risk management ultimately determine results.**

We appreciate the time and trust you have placed in our work.

Peter Massaut and the Bravos Research Team