

Investor Piles Pressure on E.ON

Why it matters

E.ON has struggled with its restructuring and shareholder pressure may eventually force it to consider other options.

Facts

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An asset manager wants E.ON to go even further with its far-reaching restructuring program.

One of E.ON's shareholders has called for the energy company to go even further in its restructuring, Handelsblatt has learned.

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But Eric Knight, head of asset manager Knight Vinke, said more is needed. In an annual report to his own investors, seen by Handelsblatt, he said the split does not go deep enough.

Knight Vinke itself owns not much more than 1 percent of E.ON's stock, but it is also trying to convince other investors to back its plans. The company claims to have made a concrete proposal to E.ON management in August: It wanted to take over the 47 percent share of Uniper which is initially supposed to stay with E.ON after the flotation to relieve the company of ballast.

At the same time, Knight Vinke – along with partners – is prepared to provide an injection of capital in E.ON and Uniper. Management had rejected the proposal, but Knight Vinke said in a statement that “we remain important stockholders of E.ON, and we will continue to exchange views with the board and management in a courteous and constructive way.”

Knight Vinke said it told E.ON's management back in 2014 that it should split up its grid business and establish it as an independent company, as the spin-off's stable returns from grid operations would make it much more attractive for investors than Uniper's ailing power stations.

In its current annual report Knight Vinke emphasized that the splitting up of Uniper was “not ideal,” but they had supported it as an “important first step in the vision of E.ON as a pure regulated grid company.” However, they were now convinced that E.ON could “benefit from further restructuring.”

But so far, Knight Vinke has not managed to convince Mr. Teysen.

“I see no great point in a further splitting-up of the company,” he said recently in an interview with Handelsblatt: “Keeping the local grids, the decentralized and renewable energy forms and the business with clients together makes a great deal of strategic sense to me.” Ideas to split up the company still further, were “financial acrobatics” which had “nothing to do with strategy.” An E.ON spokesperson emphasized on Tuesday that the exchange of views with stockholders like Knight Vinke was welcome. But he also confirmed “that the grids are part of the new E.ON's core business.”

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Source: Bloomberg