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Germany's E.ON Attempts to Bolster Shareholders' Confidence in Russia

By The Moscow Times

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Germany's largest utility E.ON sought to reassure shareholders about its Russian investments as it kept its profit outlook for this year unchanged.

Chief Executive Johannes Teyssen told shareholders Wednesday the firm's working relationship with its Russian partners "continues to be good", after Europe and the U.S. broadened sanctions against Moscow over its intervention in Ukraine.

Teyssen said it was a weak ruble that had impacted E.ON's earnings in the country last year.

The EU on Tuesday announced asset freezes and travel bans on 15 Russians and Ukrainians, a day after the U.S. imposed sanctions on seven Russians and 17 firms linked to President Vladimir Putin.

E.ON has spent about 6 billion euros ($8.29 billion) in Russia since 2007, making it the biggest

foreign investor in the country's electricity market.

Russia accounted for 1.5 percent of group sales and 7.4 percent of the earnings before interest, tax, depreciation and amortization, or EBITDA, last year.

E.ON supplies power in Russia through local plants operated by E.ON Rossiya OAO, in which it holds more than 80 percent. E.ON is also a partner in Yuzhno Russkoye in Siberia, one of the world's largest gas fields, which feeds into the Nord Stream pipeline which runs under the Baltic Sea into Germany.

E.ON said it still expected EBITDA of 8-8.6 billion euros this year and underlying net income of 1.5-1.9 billion.

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