

German energy giant RWE sees coal, gas business shrink

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RWE sees profits from its core coal and gas business plummet again in the first nine months of the year

Germany's second biggest energy company, RWE, saw profits from its core coal and gas business plummet again in the first nine months of the year, it said Thursday.

In Frankfurt, shares in RWE tanked over 8 percent to 11.44 euros after

it said 2015 profits would "only just" meet the company's forecast range of 1.1-1.3 billion euros.

Like other German power giants, RWE has been hit by rock-bottom wholesale prices as it competes against subsidised renewables like wind and solar power.

RWE, Germany's largest electricity producer, however saw its net profit boosted to 1.94 billion euros (\$2.08 billion), against 994 million a year ago, by the sale of oil and gas exploration division RWE Dea.

The sale allowed the RWE Group to reduce its huge debt to 25.8 billion euros on September 30.

However, data reflecting the utility's ongoing business operations again looked bleak.

Adjusted net income, without exceptional items, was down 29 percent to 545 million euros.

In the first three quarters, EBITDA was down 6 percent year-on-year to 4.4 billion euros, and its operating result fell 9 percent to 2.6 billion euros.

"The main reason for this was the price-induced shrinkage of margins in conventional electricity generation," the Essen-based company said in a statement.



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Only its renewables division RWE Innogy saw earnings rise—by 251 million euros to 280 million euros year on year—as it commissioned new [wind farms](#) off Germany and Britain.

RWE confirmed its full-year forecast from March of EBITDA of 6.1-6.4 billion euros and an operating result of 3.6-3.9 billion euros.

Germany's power giants have struggled as electricity from traditional gas, coal and nuclear plants runs up against competition from the heavily-subsidised renewables sector.

On Wednesday, E.ON announced a record net loss of nearly 7.0 billion euros for the third quarter and said it wrote down power generation assets by 8.3 billion euros for the period July to September.

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