



E.ON: "Boring" Dividend Payer - We're Buying Another Tranche!

In the LTP, purchases mainly revolve around distributing tranches among individual assets. In active trading, counter-cyclical purchases of weak stocks can be interesting, but in a long-term portfolio, it's NOT sensible to always buy stocks that are currently underperforming. When you look at your portfolio twenty years later, it's entirely normal for some stocks to have performed significantly better than others. The stock market is not planable in a way that assumes all stocks will develop equally over the short or long term. If we reliably knew which company would perform the best, we would logically focus only on that. Therefore, in a long-term portfolio with regular savings, we do not advocate for constant rebalancing. Nevertheless, we rarely buy stocks that have just broken out to a new all-time high because a bit of market technical analysis can naturally influence our decision. The E.ON stock is now in focus, and the current price trend aligns with our intentions.

Boring Element in the Portfolio:

Let's be honest, the development of the stock can be rightfully called "boring." But that's its role in the LTP because E.ON is supposed to pay us safe dividends – largely independent of the economic developments in the country. Based on the current yield, we see that this effect is not spectacular, but it is effective. Currently, the dividend yield is at 4.7 percent, and payouts are expected to increase by four to five percent annually over the next two years. This might sound unexciting, but it's more than what, for example, the dividend champion Coca-Cola promises.

The Numbers:

In the fiscal year 2022, despite turbulence in energy markets and economic challenges, E.ON showed stable performance. A notable 50 percent increase in revenue resulted from significantly higher energy prices. However, these increases also reflected in the purchase costs, meaning the adjusted profit figures are less impressive. The adjusted consolidated EBITDA stood at 8.1 billion euros, a two percent increase. Finally, a net profit of 2.7 billion euros was achieved, representing a nine percent increase compared to the previous year. For the fiscal year 2023, the company management forecasts an adjusted consolidated EBITDA between 7.8 and 8 billion euros, indicating a slight downward trend overall. A decline in the adjusted consolidated profit to 2.3 to 2.5 billion euros is also expected. Nevertheless, it's the long-term outlook and the commitment to increase dividends by five percent annually until 2027 that stand out positively.

E.ON [Investor Relations \(IR\) - E.ON SE \(eon.com\)](https://www.eon.com/investor-relations)

ISIN	DE000ENAG999
Current Price	11.49 EUR
Market Capitalization	29.81 billion EUR
Profit Growth 2022 to 2026e	+37.1%
Dividend 2023e	0.53 EUR
Dividend Yield 2023e	4.6%
Earnings Per Share 2023e	1.10 EUR
P/E Ratio 2023e	10.4

Long-Term Portfolio: E.ON

The Speculative Component:

However, E.ON is in the portfolio for another reason that ultimately decided the purchase. As the main energy grid operator in Germany, it plays an outstanding role in channeling energy to consumers due to its focus on the German market. With its 48 million customers and energy grids spanning 1.6 million kilometers, E.ON is not only at the forefront in Germany but also Europe's leading grid operator. The energy transition in Germany and Europe will bring interesting developments, and we see it as an opportunity. The increasing number of energy-hungry devices like heat pumps or electric vehicles that need to be integrated into the grid should be advantageous for the company. Whether this reflects in the stock price today, tomorrow, or in a few years is not certain, but until then, we are happy to be compensated with safe dividends.

E.ON In Our Stock Check:

Profit Growth:	Still manageable but consistent	+ -
Debt:	High debt, but healthy cash flow	+ -
P/E Ratio Evaluation:	Average	+ -
Industry Outlook:	Very good	+
Technical Analysis:	No new long-term uptrend yet	-
Market Leader:	Yes	+
Management Quality:	We fully share this vision	+
Dividend Yield:	Good, dividend expected to continue rising	+
Business Model:	Defensive and relatively crisis-resistant	+
Insider Buys/Sells:	No abnormalities	+

E.ON in EUR (10 years)



Our conclusion: Despite significant investments in the future, shareholders are not left in the lurch because E.ON's business model has proven solid even in turbulent times. Both operationally and financially, the company stays on course. In the LTP, we also stay on course and today order another tranche of E.ON stock. (Note: You can also buy the ADR on an OTC Exchange)

Buy-Order

ISIN	DE000ENAG999
Transaction	Buy
Exchange	Frankfurt / OTC
Quantity	80
Current Price	11.49EUR / \$12.45
Buy-Limit	11.60EUR / \$12.55