

About 50% of Europe's utilities face bankruptcy – report

(Montel) Almost 50% of Europe's energy firms could go bankrupt as the sector has lost touch with its customers, said Erik Saelens of Belgium's Brandhome.

Many EU energy firms, including Eon, Endesa and Engie, were overvalued by about EUR 30bn in total, because the real commercial value of their brands was on average worth only half of what was represented on their balance sheets, Saelens said, presenting a report by marketing firm Brandhome and Fridrik Larsen of Larsen Energy Branding.

About half of European energy providers were “not going to make it”, Saelens told Montel on the sidelines of the Charge Energy Branding conference in Reykjavik on Monday.

“But of course, governments are unlikely to let many companies go bankrupt,” he added.

Under pressure

EU power suppliers have been under pressure in recent years amid as lower wholesale prices hit profits and on increased customer switching.

“Thanks to liberalisation, prices have become transparent and the obligatory ‘loyalty’ of consumers has dropped sharply,” Saelens said.

“In addition, it is an open secret that big tech companies [such as Microsoft, Google, Apple et al] want to take the battle for the home into the energy market.”

However, it was not all doom and gloom.

The marketing consultant said Dutch utility Eneco was “well positioned”, as was Sweden's Vattenfall.

In the last few weeks, Brandhome has conducted research into the retail energy markets of Belgium and the Netherlands, with at least 59% of all respondents saying they would consider switching to brands such as Samsung, Apple or Google if they offered energy.

A number of the region's utilities have had to restructure after suffering losses in recent years amid low wholesale power prices and competition from growing renewables generation.



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