

19th February 2016

Insurance

Aegon

Price EUR4.49

Delivering on strategic shift, yet numbers remain unconvincing

Fair Value EUR6.4 (+43%)

BUY

Bloomberg	AGN NA
Reuters	AEGN.AS
12-month High / Low (EUR)	7.7 / 4.1
Market Cap (EURm)	9,642
Avg. 6m daily volume (000)	9,927

	1 M	3 M	6 M	31/12/15
Absolute perf.	-11.9%	-16.4%	-26.8%	-14.1%
Insurance	-6.2%	-16.7%	-15.7%	-15.7%
DJ Stoxx 600	0.1%	-13.3%	-15.3%	-10.1%

	2014	2015e	2016e	2017e
P/E	6.7x	6.4x	6.0x	5.6x
Div yield (%)	5.1%	5.6%	6.1%	6.9%

ANALYSIS

- Q4 2015 net income totalled EUR478m, above consensus (EUR259m), driven by net recoveries on previously impaired structured assets and lower fair value losses on hedges.
- Q4 operating profit stood at EUR486m, below consensus (EUR515m), down 14% yoy. Q4 operating profit is driven by the US (down 27% in USD terms on assumption changes, model updates, lower annuity and retirement plan earnings) and the NL (down 21% on a few one-off items on mortality provisions and losses on portfolio to be sold to Allianz).
- FY NBV totalled EUR149m, down 24%, impacted by low interest rates.
- Excess capital at the holding level was EUR1.4bn, above the EUR0.75bn target. Solvency 2 margin at end-2015 is 160%, in line with previous communication.
- As already communicated, the final dividend stands at EUR0.13 (EUR0.25 for FY), offering an annualised 5.6% yield. The EUR400m share buy-back program is on track.
- NAV at end-2015 stood at EUR11.3.

VALUATION

- Based on our current 2016 estimates, our SOTP valuation is EUR6.4.

NEXT CATALYSTS

- Q1 2016 numbers are due on 12th May 2016. AGM to follow on 20th May 2016.

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[Olivier Pauchaut, opauchaut@bryangarnier.com](mailto:opauchaut@bryangarnier.com)

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London	Paris	New York	Geneva	New Delhi
Beaufort House	26 Avenue des Champs Elysées	750 Lexington Avenue	rue de Grenus 7	The Imperial Hotel
15 St. Botolph Street	75008 Paris	New York, NY 10022	CP 2113	Janpath
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Genève 1, CH 1211	New Delhi 110 001
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	Tel +4122 731 3263	Tel +91 11 4132 6062
Fax: +44 (0) 207 332 2559	Regulated by the	FINRA and SIPC member	Fax+4122731 3243	+91 98 1111 5119
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