

12th May 2016

Insurance

Aegon

Price EUR4.83

Q1 numbers impacted by lower equity markets and higher volatility

Fair Value EUR6 (+24%)

NEUTRAL

Bloomberg	AGN NA
Reuters	AEGN.AS
12-month High / Low (EUR)	7.3 / 4.1
Market Cap (EUR)	10,364
Avg. 6m daily volume (000)	9,443

ANALYSIS

- Q1 2016 net income stood at EUR143m, down 50% yoy, below consensus (EUR335m), mainly driven by fair value items (loss from alternative investments and hedging programs in the US and NL), lower capital gains and higher impairment charges (energy related).
- Q1 operating profit stood at EUR462m, up 7% yoy, below consensus (EUR486m). Operating profit in the US fell 5% in dollar terms (down 2% reported), driven by lower fee income (lower average equity markets). The contribution from Europe rose 20%, driven by CEE (normalization of surrenders in Poland) and the UK (lower DAC amortisation).
- New life insurance sales fell 11% to EUR266m, driven by lower sales in Asia and Poland.
- NBV stood at EUR133m, down 5% yoy, due to lower life sales and interest rates.
- Solvency II margin at end-March stood at 155% vs. 160% at end-2015.
- -> Transformation of the company towards higher-fee business is still underway, but clearly this is taking time. Short-term catalysts remain unclear.

VALUATION

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

NEXT CATALYSTS

- AGM on 20th May. Q2 2016 numbers on 11th August.

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