



Aegon N.V. (AEG)

Updated May 27th, 2025 by Aristofanis Papadatos

Key Metrics

Current Price:	\$6.95	5 Year CAGR Estimate:	1.3%	Market Cap:	\$11.1 B
Fair Value Price:	\$4.80	5 Year Growth Estimate:	2.0%	Ex-Dividend Date¹:	6/17/2025
% Fair Value:	145%	5 Year Valuation Multiple Estimate:	-7.1%	Dividend Payment Date:	7/7/2025
Dividend Yield:	5.8%	5 Year Price Target	\$5.30	Years Of Dividend Growth:	5
Dividend Risk Score:	F	Sector:	Financials	Rating:	Hold

Overview & Current Events

Aegon NV is a financial holding company based in the Netherlands. The company provides a wide range of financial services to clients, including insurance, pensions, and asset management. Aegon has five core operating segments: Americas, Europe, Asia, Asset Management Holding and Other Activities. The firm's most widely recognized brand is Transamerica, which Aegon acquired in 1999. United States investors can initiate a position in Aegon through American Depository Receipts that trade on the New York Stock Exchange under the ticker AEG with a market cap of \$11.1 billion. On May 16th, 2025, Aegon provided a trading update for Q1-2025. Operating capital grew 4% over last year's period thanks to business growth partly offset by negative mortality experience in the U.S. The company reiterated its guidance for essentially flat operating capital of €1.2 billion in 2025. Nevertheless, we expect higher earnings this year, as we do not expect the high restructuring costs incurred last year to recur. Aegon has repeatedly stated that it is taking actions to reduce the volatility in business performance, but we believe Aegon has a long way to go to achieve this. The weak performance in 2023 and 2024 is a testament to the risk of the stock. Aegon has vastly underperformed the S&P 500 over the last decade (-9% vs. +174%) due to its poor business performance.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$0.12	\$0.19	\$0.86	\$1.02	\$0.90	\$0.03	\$0.95	\$0.95	-\$0.13	\$0.40	\$0.60	\$0.66
DPS	\$0.27	\$0.29	\$0.30	\$0.33	\$0.33	\$0.07	\$0.17	\$0.21	\$0.28	\$0.35	\$0.40	\$0.44
Shares¹	2,116	2,062	2,056	2,050	2,050	2,058	2,051	2,025	1,815	1,653	1,600	1,550

Aegon has a poor performance record, as it has not generated consistent earnings growth over full economic cycles. In addition, the company is currently facing a headwind due to volatile financial markets, which have led investors to reduce their transactions. As a result, Aegon has been receiving lower transaction fees in recent quarters. Due to unreliable business performance, we expect 2% earnings-per-share growth beyond this year.

Aegon declares a separate dividend each year depending on the firm's financial performance. The impact of this dividend policy can be seen in 2008-2010, when the company failed to declare dividends. Moreover, Aegon only pays its dividend twice per year, and its dividends are declared and paid in Euros (which introduces some foreign exchange risk). Accordingly, the firm is not an attractive security for investors looking to generate a consistent dividend income stream from their investment portfolios. The Netherlands imposes a dividend withholding tax of 15% on foreigners who choose to receive their dividends in cash but we have not included the effects of the dividend withholding tax in our analysis.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	23.2	34.8	16.4	6.2	5.2	---	4.9	5.1	---	15.4	11.6	8.0
Avg. Yld.	4.1%	6.0%	5.4%	5.2%	7.0%	2.2%	3.6%	4.3%	5.6%	5.7%	5.8%	8.3%

¹ Semiannual dividend.

1. In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Aegon's historical valuation has been volatile as its fundamental performance has fluctuated tremendously. The stock is currently trading at a price-to-earnings ratio of 11.6. We assume a fair price-to-earnings ratio of 8.0 for Aegon. If the stock trades at a price-to-earnings ratio of 8.0 in five years, it will incur a -7.1% annualized valuation drag.

Safety, Quality, Competitive Advantage, & Recession Resiliency

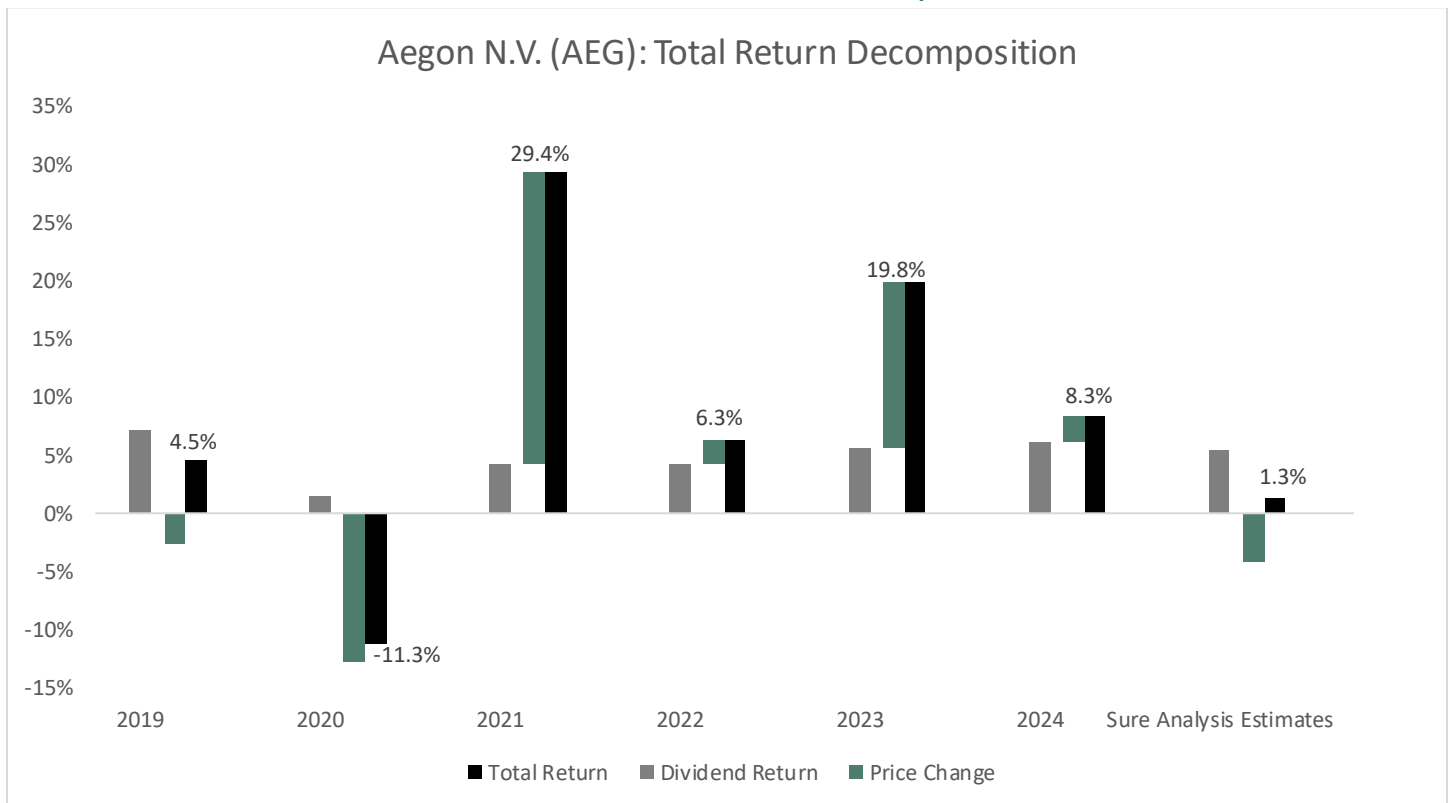
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	225%	153%	35%	32%	37%	233%	17.9%	22.1%	---	88%	67%	67%

Aegon faces intense competition and has a remarkably volatile performance record. It is thus evident that the company lacks a meaningful competitive advantage. The currency swings introduce additional volatility to the earnings and the dividends of the company for U.S. investors. Moreover, Aegon proved vulnerable to the pandemic. The dividend cut in 2020 and the absence of dividends in 2009-2010 are harsh reminders of the vulnerability of Aegon to recessions. The vast underperformance vs. the S&P 500 over the long run (-9% vs. +174%) is another proof of the risk of the stock.

Final Thoughts & Recommendation

Aegon is expected to begin to recover this year from poor business performance in each of the last two years. However, due to its rich valuation, it could offer just a 1.3% average annual return over the next five years, as its 2.0% earnings growth and its 5.8% dividend may be partly offset by a -7.1% valuation headwind. Moreover, Aegon has a volatile performance record, and its stock price is much more volatile than the broad market. It receives a hold rating. The steep rally of the stock after the bottom of the pandemic is a clear signal of the upside potential in the event of sustained global economic growth, but it also reflects the vulnerability of Aegon to downturns.

Total Return Breakdown by Year



1. In millions.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	41,978	58,838	65,742	24,752	75,360	58,343	54,590	16,711	31,985	21,126
SG&A Exp.	3,948	3,940	4,143	4,178	4,126	4,098	4,115	3,085	3,293	2,146
D&A Exp.	1,686	1,337	884	1,553	1,327	825	1,381	178	(176)	(34)
Net Profit	(479)	484	2,796	834	1,383	(167)	2,343	(1,511)	(194)	745
Net Margin	-1.1%	0.8%	4.3%	3.4%	1.8%	-0.3%	4.3%	9.0%	-0.6%	3.5%
Free Cash Flow	857	3,573	506	465	8,009	(3,396)	(2,258)	2903	810	753
Income Tax	(92)	190	74	46	243	(262)	439	(546)	(226)	(17)

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets (\$B)	454.2	449.7	475.0	449.1	493.3	545.9	530.2	430.9	333.4	340.7
Cash & Equivalents	11,825	15,116	12,917	13,735	17,410	15,440	7,800	3,654	4,503	3,609
Acc. Receivable	5,680	9,018	---	6,885	7,455	8,396	6,365	9,523	3,943	3,985
Goodwill & Int.	2,078	1,924	1,959	1,976	1,746	1,705	1,509	1,330	557	598
Total Liab. (\$B)	425.5	424.0	446.1	423.3	465.9	515.5	500.3	415.7	322.8	331.0
Accounts Payable	2,774	4,449	---	3,285	3,647	3,385	3,487	2,329	2,337	1,374
Long-Term Debt	14,744	15,017	17,434	15,631	13,115	13,292	13,565	6,932	5,208	4,973
Total Equity	28,689	25,708	28,864	25,761	27,356	30,240	29,637	15,029	10,420	9,560
LTD/E Ratio	0.51	0.58	0.60	0.61	0.48	0.44	0.46	0.46	0.50	0.52

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	-0.1%	0.1%	0.6%	0.2%	0.3%	0.0%	0.4%	-0.3%	-0.1%	0.2%
Return on Equity	-1.5%	1.8%	10.2%	3.1%	5.2%	-0.6%	7.8%	-6.8%	-1.7%	7.4%
ROIC	-1.0%	1.1%	6.4%	1.9%	3.4%	-0.4%	5.4%	-4.6%	-1.1%	4.9%
Shares Out.	2,116	2,062	2,056	2,050	2,050	2,058	2,051	2,546	2,369	2,010
Revenue/Share	15.63	22.43	25.12	9.49	28.83	22.40	20.98	(6.56)	13.50	10.51
FCF/Share	0.32	1.36	0.19	0.18	3.06	(1.30)	(0.87)	1.14	0.34	0.37

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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