

Aages (AAG)

Hold

Interim Update – 2024 preliminary results

Target price: 7,08 RON (+5,7%)

Key Points

- Aages reported financial results above our expectations for 2024. Revenue increased by 36% compared to 2023, reaching RON 61.6 million (+8% vs. estimates), driven by the increase in the value of production sold. Operating expenses grew slower (+15%), resulting in an operating profit of RON 13.3 million, up 75% y/y (+20% vs. estimates). Net profit rose by 89% to RON 11.4 million, while the significant decrease in financial expenses (-63%) contributed to higher profitability.
- At the margin level, the trend was positive, with an EBIT margin of 21.7% (vs. 19.6% estimated) and a net margin of 18.6% (vs. 16.3% estimated), representing a 5% increase from 2023. For the 2025-2030 forecast period, we expect margins to remain elevated, with an average EBIT margin of 18.6% and an average net margin of 15.6%. On the revenue side, the average estimated growth is 12.5%, above the previous estimate of 11.6%.
- In 2024, the company significantly reduced its financial debt to 995 thousand RON, registering a 79% decrease in the total long-term bank debt and eliminating all short-term bank liabilities. Trade receivables declined by 35%, reaching 5 million lei. The cash flow allocated to investments in current and non-current assets amounted to RON 7.2 million, a significant increase compared to the previous year.
- Aages proposed distributing RON 3 million in dividends from the 2024 profit, translating to a gross dividend of RON 0.3/share. The gross yield, calculated based on yesterday's closing price, stands at 4.5%. The proposed dividend is below our initial estimate.
- We value the company at a target price of RON 7.08/share, representing a 5.7% upside from the March 6, 2025 closing price and 5.5% above our previously estimated target price.
- Potential risks to our recommendation include competition in the foreign markets, fluctuations in industry demand, and economic and geopolitical uncertainties that could impact supply chains and investment decisions.

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Shares information

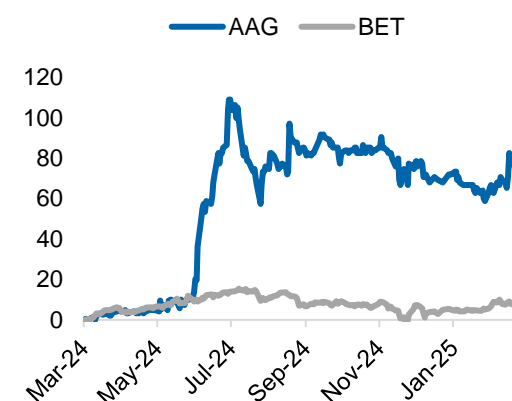
Min/max price, 52 weeks.	3.7 – 8.1
Total shares (mil.)	10
Market cap. (mil. RON)	67
52 weeks liquidity (mil. RON)	10

Shareholders

	%
AAGES HEAD INVEST SRL	53.5696
Others	46.4304

1-year performance

	%
AAG	77.25
vs. BET Index	7.44



source: Bloomberg, BVB

2024 preliminary financial results

Aages reported revenue of RON 61.6 million for 2024, reflecting a 36% increase compared to the previous year and 8% above our estimates. This growth was driven by a higher value of production sold. At the operational level, expenses grew by 15%, reaching RON 46 million, with personnel costs registering the highest growth rate, up 24% y/y.

Operating profit grew by 75% compared to 2023, with a 22% margin (exceeding the estimated 20% margin) and standing 5% above the

2023 level. Loan repayments helped reduce financial losses, leading to a 63% decrease in financial expenses. As a result, net profit reached RON 11.4 million, up 89% y/y, while the net margin increased to 19%, 5% above 2023.

('000 RON)	2023	2024P	var
Revenue	45.268	61.565	36%
COGS	-20.276	-22.223	10%
Gross Profit	24.992	39.341	57%
Salary expenses	-13.905	-17.227	24%
Amortization and depreciation	-815	-475	-42%
Other income / (expenditure)	-2.625	-8.294	216%
EBIT	7.646	13.346	75%
Financial income	575	310	-46%
Financial expenses	-1.235	-462	-63%
Gross Profit	6.986	13.194	89%
Income tax	-933	-1.755	88%
Net profit	6.053	11.438	89%

source: Aages, BRK calculation

('000 RON)	Q4 2023	Q4 2024	var
Revenue	17.570	22.230	27%
COGS	-7.913	-5.284	-33%
Gross Profit	9.657	16.946	75%
Salary expenses	-3.689	-4.264	16%
Amortization and depreciation	-483	-20	-96%
Other income / (expenditure)	-2.752	-7.747	182%
EBIT	2.734	4.916	80%
Financial income	31	11	-64%
Financial expenses	-305	-22	-93%
Gross Profit	2.460	4.905	99%
Income tax	-252	-551	119%
Net profit	2.208	4.354	97%

DCF Valuation

We value the company at 7.08 RON/share, implying a 5.7% upside from the current market price. We use a weighted average cost of capital of 15.4%, where we estimate the cost of equity at 17% and the cost of debt at 7.5%.

Other assumptions in our model include:

- BETA of 1.24, calculated as a ratio of the standard deviation of AAG and BET returns;
- Market Risk Premium of 7.7%, estimated using the long-term yield of the BET index and the yield on a 10-year Romanian government bond yield;
- Terminal value estimated using a 4% growth rate and the weighted cost of capital.

<i>RON '000</i>	Estimated 31-Dec-25	Estimated 31-Dec-26	Estimated 31-Dec-27	Estimated 31-Dec-28	Estimated 31-Dec-29	Estimated 31-Dec-30
Revenue	71.789	83.712	95.305	108.504	118.402	124.322
% growth	16,6%	16,6%	13,8%	13,8%	9,1%	5,0%
EBITDA	20.518	24.252	27.342	30.819	31.813	29.848
EBITDA M	28,6%	29,0%	28,7%	28,4%	26,9%	24,0%
EBIT	14.038	16.696	18.739	21.025	21.126	18.627
EBIT M	19,6%	19,9%	19,7%	19,4%	17,8%	15,0%
EBIT*(1- Tax Rate)	11.792	14.025	15.741	17.661	17.746	15.646
D&A	1.386	1.616	1.839	2.094	2.285	2.399
WCC	-2.513	-2.930	-3.336	-3.798	-4.144	-4.351
CAPEX	-5.426	-6.327	-4.765	-5.425	-5.920	-6.216
FCFF	5.239	6.384	9.479	10.532	9.967	7.479
discount factor	0,87	0,75	0,65	0,56	0,49	0,42
<i>NPV FCFF</i>	4.539	4.791	6.164	5.933	4.864	3.162
PV FCFF	29.452					
PV Terminal Value	28.769					
Terminal growth rate	4,0%					
Company value	58.221					
Net Debt	-12.588					
Company value	70.809					
No. Shares	10.000					
Price/share (RON)	7,08					
Market price (RON)	6,70					
Upside/Downside	5,7%					

source: BRK estimates

		Terminal Growth Rate				
		3,00%	3,50%	4,00%	4,50%	5,00%
Weighted Average Cost of Capital	14,50%	7,26	7,41	7,57	7,75	7,95
	15,43%	6,82	6,95	7,08	7,23	7,39
	16,00%	6,59	6,70	6,82	6,94	7,09
	16,50%	6,40	6,50	6,60	6,72	6,84

Financial statements and estimates

	Reported	Reported	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated
('000 RON)	2023	2024P	2025e	2026e	2027e	2028e	2029e	2030e
Revenue	45.268	61.565	71.789	83.712	95.305	108.504	118.402	124.322
COGS	-20.276	-22.223	-30.944	-36.083	-41.081	-46.770	-51.036	-53.588
Gross Profit	24.992	39.341	40.845	47.629	54.225	61.734	67.366	70.734
Salary expenses	-13.905	-17.227	-20.328	-23.377	-26.883	-30.916	-35.553	-40.886
EBITDA adj.	11.086	22.115	20.518	24.252	27.342	30.819	31.813	29.848
Amortization and depreciation	-815	-475	-1.386	-1.616	-1.839	-2.094	-2.285	-2.399
Other income / (expenditure)	-2.625	-8.294	-5.094	-5.940	-6.763	-7.699	-8.402	-8.822
EBIT	7.646	13.346	14.038	16.696	18.739	21.025	21.126	18.627
Financial income	575	310	718	837	953	1.085	1.184	1.243
Financial expenses	-1.235	-462	-718	-837	-953	-1.085	-1.184	-1.243
Gross Profit	6.986	13.194	14.038	16.696	18.739	21.025	21.126	18.627
Income tax	-933	-1.755	-2.246	-2.671	-2.998	-3.364	-3.380	-2.980
Net profit	6.053	11.438	11.792	14.025	15.741	17.661	17.746	15.646

source: Ages, BRK estimates

Key indicators	2023	2024P	2025e	2026e	2027e	2028e	2029e	2030e
GPM	55,2%	63,9%	56,9%	56,9%	56,9%	56,9%	56,9%	56,9%
EBITDA M adj.	24,5%	35,9%	28,6%	29,0%	28,7%	28,4%	26,9%	24,0%
EBIT M	16,9%	21,7%	19,6%	19,9%	19,7%	19,4%	17,8%	15,0%
NPM	13,4%	18,6%	16,4%	16,8%	16,5%	16,3%	15,0%	12,6%

source: Ages, BRK estimates

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Company	Symbol	Explanatory note No.
Aages	AAG	5, 7, 10, 11

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