

Bursa de Valori București (BVB)

HOLD

Interim Update

Price Target: 39,9 RON (-5,9%)

Key Points

- BVB reported preliminary results for 2024, showing a decline, with service revenues amounting to RON 76.47 million, down 6.2% year-over-year and 0.9% below our estimates. The outcome was in line with our expectations, with the decline fully attributable to the listing of Hidroelectrica in 2023, which generated exceptional revenues and trading volumes.
- Total trading value on the stock exchange decreased by 3.0% in 2024, from RON 38.04 billion to RON 37.01 billion, with the most significant decline recorded in the public offering segment (-80.0%, from RON 10.8 billion to RON 2.2 billion). Trading value of equities on the regulated market increased by 11% to RON 14.86 billion, though below our estimate of RON 15.7 billion, while the average daily traded value of equities, excluding public offerings, rose by 12% to RON 59.48 million.
- On the cost side, results came in slightly below our expectations, with personnel expenses increasing to RON 36 million (+4.7% vs estimates), driven by a rise in headcount and salary adjustments for inflation. Service-related expenses also increased by 66.9% compared to 2023, reaching RON 11.8 million (+31.3% vs our estimates), due to higher service procurement costs (inflation-related), increased audit and consultancy fees, as well as one-off expenses associated with office relocation.
- Overall, the negative surprise on the expense side translated into an operating result of RON 8.7 million vs our full-year estimate of RON 12.1 million. Net profit stood at RON 10.6 million, down 58.6% year-over-year and 20.5% below our estimates. Consequently, we revised our 2025 profit forecast downward, from RON 14.9 million to RON 12.9 million, due to significantly higher personnel expenses, which translates into a revised DDM-based target price of RON 36.7/share vs RON 39.7 previously.
- Following the model update, we value BVB at RON 39.4/share, slightly below the current market price, based on the average between the DDM valuation (RON 36.7, -9.3% downside) and the relative valuation (RON 42.09, +3.9% upside).
- Key risks to our estimates include significant delays in the implementation of the CCP project (expected in 2026), as well as a potential sharp decline in trading volumes on the exchange, triggered by increased volatility on international markets due to economic slowdown or trade wars.

Alex Dodoi, CFA
Head of Research

alex.dodoi@brk.ro

Sector: Stock Exchanges

Shares information

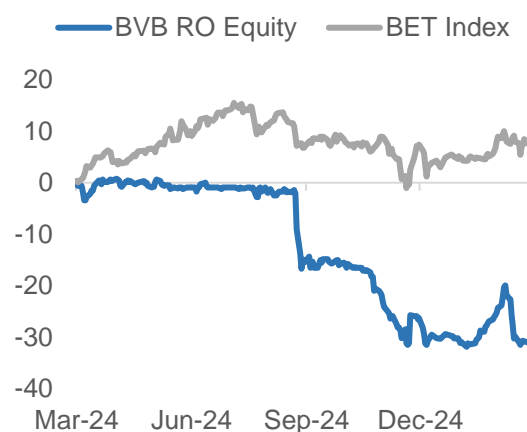
Min/max price, 52 weeks.	39,0 – 60,5
Dividend/share	1,55
Total Shares (mln.)	8,8
Capitalization (RON mln.)	356,8
52 weeks liquidity (RON mln.)	73,1

Major Shareholders

	%
Institutional	79,85
Retail	20,15

1 year performance vs BET

	%
BVB	-31,0
BET Index	+7,3



source: Bloomberg

2024 Preliminary Results Overview

The preliminary results for 2024 showed a 6.5% decline in operating revenues compared to 2023, reaching RON 77.4 million, and a net profit of RON 10.6 million, down 58.6% year-over-year. The decline in revenues was mainly due to the listing of Hidroelectrica in 2023, which generated exceptional income. On a quarterly basis, operating revenues decreased by 12.5% to RON 20.03 million, while net profit amounted to just RON 233 thousand, marking a 94.5% drop.

Revenues from the regulated market (equities, bonds, fund units, excluding public offerings) stood at RON 20.42 million, up 13% compared to 2023, while revenues from public offerings amounted to only RON 5.05 million, a 74% decrease from RON 19.59 million during the Hidroelectrica listing.

Revenues from structured products remained flat at RON 0.67 million, and revenues from the AeRO market increased by 38% to RON 1.0 million.

Admission and issuer maintenance fee revenues rose by 14.0% to RON 5.7 million, mainly driven by inflation-linked tariff indexation. Revenues from the sale of market data reached RON 4.93 million, up 12%, supported by the implementation of a new tariff plan at the beginning of 2024 and an increase in the number of data clients.

Revenues from the clearing and settlement segment (DC) grew by 11% to RON 24.67 million, supported by higher revenues from the settlement of H2O shares, an increase in the value of portfolios managed by custodian agents due to H2O share prices, and higher fees charged for retail government bonds.

Revenues from the registry segment (DC) rose by 21% to RON 12.42 million, driven by a 13% increase in transaction-related revenues and higher fees charged to issuers.

Overall, results were in line with expectations on the top line and slightly below estimates on the bottom line, mainly due to significantly higher personnel and service expenses.

RON, thsnd., consolidated	2023	2024	% chg
Revenues from services	81.558	76.470	-6,2%
Other revenues	1.228	906	-26,2%
Operating revenue	82.786	77.376	-6,5%
Personnel expenses	-31.614	-36.073	14,1%
Third parties services	-7.081	-11.815	66,9%
Other operating expenses	-20.447	-20.798	1,7%
Operating result	23.645	8.691	-63,2%
Net financial revenues	6.306	5.274	-16,4%
Other (Losses)/Gains	0	0	
Profit before tax	29.950	13.965	-53,4%
Corporate income tax expense	-4.252	-3.316	-22,0%
Profit for the period:	25.698	10.649	-58,6%
Non-controlling interest	1.005	-1.343	
Owners of the Company	24.693	11.992	-51,4%

source: BVB, own estimates

RON, thsnd., consolidated	Q4 2023	Q4 2024	% chg
Revenues from services	22.366	19.762	-11,6%
Other revenues	534	275	-48,6%
Operating revenue	22.900	20.037	-12,5%
Personnel expenses	-8.944	-10.840	21,2%
Third parties services	-2.098	-4.687	123,4%
Other operating expenses	-7.751	-5.293	-31,7%
Operating result	4.107	-783	
Net financial revenues	984	1.315	33,7%
Other (Losses)/Gains	0	0	
Profit before tax	5.090	532	-89,5%
Corporate income tax expense	-889	-299	-66,4%
Profit for the period:	4.201	233	-94,5%
Non-controlling interest	-34	-1.059	
Owners of the Company	4.235	1.292	-69,5%

source: BVB, own estimates

DDM Valuation

We evaluated BVB using a Discounted Dividend Model (DDM), which indicates a share price of RON 36.7, 9.3% below the current market level. Our 12-month target price is RON 41.65, implying an upside of 2.8%. In the model, we estimate a dividend payout ratio of 95% in the terminal valuation.

Toward the end of the forecast period, we assume an improvement in the company's profitability, with Return on Equity (ROE) reaching 29.4%, primarily driven by the CCP project turning profitable. We applied a cost of equity (COE) of 13.4% in our valuation.

Other model assumptions include:

- market risk premium of 7.6%, calculated using the historical total return of the BET index and the 10-year government bond yield of 7.4%
- beta of 0.8, estimated through linear regression against the BET index, using the entire dataset from BVB's listing to the present
- terminal value estimated using the Gordon Growth Model, with a terminal growth rate of 4.0%:

(RON '000, consolidated)	Reported	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated
DDM Model	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30	31-Dec-31
Operating revenue	77.376	80.639	95.853	114.717	131.135	143.989	158.025	173.602
% chg	-6,5%	4,2%	18,9%	19,7%	14,3%	9,8%	9,7%	9,9%
EBIT	8.691	10.969	22.106	33.925	44.507	52.181	60.694	70.296
EBIT M	11,2%	13,6%	23,1%	29,6%	33,9%	36,2%	38,4%	40,5%
Net Profit	11.992	12.946	22.815	33.422	42.895	49.812	57.474	66.103
% chg		8,0%	76,2%	46,5%	28,3%	16,1%	15,4%	15,0%
Total equity	125.187	130.203	143.588	163.194	188.359	217.581	221.002	224.936
ROE %	9,6%	9,9%	15,9%	20,5%	22,8%	22,9%	26,0%	29,4%
Payout %	50%	51%	51%	51%	51%	51%	95%	95%
Dividends	12.525	5.996	6.567	11.572	16.952	21.757	25.265	54.600
pv factor		0,88	0,78	0,69	0,60	0,53	0,47	0,41
NPV Dividends		5.287	5.106	7.936	10.251	11.602	11.881	22.642

PV Dividends	74.705
PV Terminal Value	250.507
Terminal growth	4,0%
Equity Value	325.212
No shares	8.854
Price/share	36,7
Market Price	40,50
Upside/Downside	-9,3%

12M Price Target	41,65
Upside/Downside	2,84%

source: BVB, own estimates

Multiples Valuation

The multiples-based valuation indicates a share price of RON 42.1, 3.9% below the current market price. We used a narrow peer group comprising stock exchange operators with similar business models and comparable market capitalizations—specifically, the Poland, Greece, and Croatia exchanges.

BVB is trading at a forward P/E multiple of 24.4x, above the peer group median of 16.7x. Its forward P/B multiple stands at 2.75x, also above the peer median of 1.8x; however, part of this difference can be attributed to the disparity in return on equity. On an ROE-adjusted P/B basis, BVB trades at a multiple of 3.9x, implying an upside potential of 42.3%.

Multiples	2025e	+/-
Target Price @ P/E	24,4	-39,8%
Target Price @ P/B	57,6	42,2%
Target Price @ P/S	44,3	9,4%
Target Price AVG	42,09	
Market Price BVB	40,50	
Upside/Downside	3,9%	

source: BBG, own estimates

2025e	BVB	Industrie
PE	27,70	16,68
EV/EBITDA	19,95	8,55
PB	2,75	1,78
PB ROE adj.		3,92
ROE	16,0%	7,3%
PS	4,45	4,30
PS adj.		4,86
NPM	24,0%	21,2%

source: BBG, own estimates

Financial Statements

(RON 000, consolidated)	Raportat 2023	Estimat 2024 prel	Estimat 2025e	Estimat 2026e	Estimat 2027e	Estimat 2028e	Estimat 2029e	Estimat 2030e	Estimat 2031e
Revenues from services	81.558	76.470	79.736	94.827	113.546	129.796	142.519	156.412	171.830
Other revenues	1.228	906	904	1.026	1.171	1.338	1.470	1.613	1.772
Operating revenue	82.786	77.376	80.639	95.853	114.717	131.135	143.989	158.025	173.602
Personnel expenses	-31.614	-36.073	-36.794	-37.898	-39.035	-40.206	-41.412	-42.655	-43.934
Third parties services	-7.081	-11.815	-11.910	-11.502	-13.078	-14.163	-15.551	-17.067	-18.749
Other operating expenses	-20.447	-20.798	-20.966	-24.347	-28.679	-32.259	-34.845	-37.610	-40.623
EBIT	23.645	8.691	10.969	22.106	33.925	44.507	52.181	60.694	70.296
Net financial revenues	6.306	5.274	4.838	5.751	6.883	7.868	8.639	9.481	10.416
Other (Losses)/Gains	0	0		0	0	0	0	0	0
Profit before tax	29.950	13.965	15.808	27.857	40.808	52.375	60.820	70.175	80.712
Corporate income tax expense	-4.252	-3.316	-2.529	-4.457	-6.529	-8.380	-9.731	-11.228	-12.914
Profit for the period:	25.698	10.649	13.278	23.400	34.278	43.995	51.089	58.947	67.798
Non-controlling interest	1.005	-1.343	-332	-585	-857	-1.100	-1.277	-1.474	-1.695
Owners of the Company	24.693	11.992	12.946	22.815	33.422	42.895	49.812	57.474	66.103
Total comprehensive income	28.380	10.649	13.278	23.400	34.278	43.995	51.089	58.947	67.798
Non-controlling interest	1.005	(1.343)	-332	-585	-857	-1.100	-1.277	-1.474	-1.695
Owners of the Company	27.375	11.992	12.946	22.815	33.422	42.895	49.812	57.474	66.103

(RON 000, consolidated)	Raportat 2023	Estimat 2024 prel	Estimat 2025e	Estimat 2026e	Estimat 2027e	Estimat 2028e	Estimat 2029e	Estimat 2030e	Estimat 2031e
Tangible assets	17.433	29.191	29.439	31.800	36.142	41.715	48.187	48.945	49.816
Intangible assets	6.731	8.602	7.694	8.312	9.446	10.903	12.595	12.793	13.020
Held-to-maturity assets	53.131	51.343	66.994	72.366	82.248	94.930	109.658	111.382	113.365
Other fixed assets	22.084	22.904	23.699	25.599	29.095	33.581	38.791	39.401	40.102
Total fixed assets	99.379	112.039	127.826	138.077	156.931	181.130	209.230	212.520	216.303
Trade and other receivables	13.303	9.689	8.586	9.275	10.542	12.167	14.055	14.276	14.530
Bank deposits	75.140	35.996	46.188	49.892	56.705	65.449	75.602	76.791	78.158
Cash and cash equivalents	15.637	23.373	28.783	31.091	35.337	40.786	47.113	47.854	48.706
Held-to-maturity financial assets	16.065	40.083	25.635	27.690	31.472	36.324	41.960	42.620	43.378
Other assets	18.614	19.923	19.771	21.357	24.273	28.016	32.363	32.871	33.457
Total current assets	138.759	129.064	128.964	139.306	158.328	182.742	211.092	214.411	218.229
Total assets	238.139	241.103	256.790	277.383	315.259	363.872	420.322	426.931	434.532
Share capital	88.991	94.649	94.649	94.649	94.649	94.649	94.649	94.649	94.649
Retained earnings	18.917	8.342	14.722	25.965	42.434	63.572	88.119	90.992	94.298
Other reserves	20.819	22.197	20.833	22.974	26.111	30.137	34.813	35.360	35.990
Total equity attributable to the ow	128.728	125.187	130.203	143.588	163.194	188.359	217.581	221.002	224.936
Non-controlling interests	49.114	56.669	54.685	56.128	63.792	73.629	85.051	86.389	87.927
Total shareholders' equity	177.842	181.856	184.889	199.716	226.986	261.988	302.632	307.390	312.863
Long term liabilities	18.491	18.877	19.651	21.226	24.125	27.845	32.165	32.671	33.252
Trade and other payables	31.648	32.612	41.086	44.381	50.441	58.219	67.252	68.309	69.525
Guarantee and clearing funds	3.284	1.661	3.852	4.161	4.729	5.458	6.305	6.404	6.518
Short term liabilities	2.425	2.426	2.841	3.068	3.487	4.025	4.650	4.723	4.807
Other liabilities	4.448	3.671	4.472	4.830	5.490	6.336	7.319	7.435	7.567
Total Liabilities	60.296	59.247	71.901	77.667	88.272	101.884	117.690	119.541	121.669

source: BVB, own estimates

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1. they have no financial interest in the financial instruments that include the company(ies) mentioned in this report.

BRK Financial Group Reporting:

Company	Symbol	Explanatory note No.
Bursa de Valori Bucuresti	BVB	5, 7, 10, 11

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