



**Amundi Full Year and Q4
2016 results
Conference call**

Friday 10th February 2017

List of MAIN speakers	Company	Job title
Yves Perrier	Amundi	Chief Executive Officer
Nicolas Calcoen	Amundi	Chief Financial Officer

PRESENTATION

Yves Perrier:

Chief Executive Officer

Okay. So, good afternoon to everybody. I'm very happy to be here to present this result.

So, I will present you these results with Nicolas Calcoen. I just will let the word to Nicolas, some words in introduction. I **would qualify 2016 as a 'satisfactory year' for Amundi and for three reasons.**

The first reason is linked our results of the year, which are of a good quality. We have achieved all the objectives that we have set at the time of IPO. We had an objective of €40 billion of net inflow. We have posted €62 billion. We had the objective of an increase of the net income of +5% year on year. We posted +8%. Our cost / Income ratio was to stay under 55% and we did 52%. Finally you see that the dividend will increase at the same pace as the net income.

The second reason to qualify these results as 'satisfactory' is linked to the fact that in line with what we have always done in the past, we have created during the year new engines of development which drive the future growth.

- First I want to mention the creation of a division in real assets. By real assets I mean real estate, private debt, private equity and you know that now the demand is high from investors because it provides additional yield in compare to the traditional asset classes.
- Also, I want also to mention the fast growth of our passive asset management : the ETF net inflows last year were €4 billion, we were number four in Europe. This business is growing fast. So, these future engines will fuel the development of Amundi by organic growth. I insist upon organic growth because organic growth is, you know, the corner stone of the development of Amundi. This year, it's also noticeable that comparing the net inflows to AUM, our growth was 6% and it was the highest growth of the industry. Many asset management players had an outflow, but even those who had net inflows were not at such a pace. Organic growth is the real measure of leadership. When you are a leader, that means that you are followed, but to be followed that means that you need to run faster than the others and this year we have run faster than the others.

The third reason of satisfaction for this year is of course the signing of this deal with UniCredit for the acquisition of Pioneer. We will come back on this, it has been presented, but clearly it reinforces very strongly our position as undisputable leader in Europe. It's will give us, you know, a very good presence in the key market of the Eurozone, we are number one France, we'll be number two in Italy, number two in Austria, the first foreign asset manager in Germany at a same level than BlackRock and also it provides us additional expertise with the US. So, it's a deal which fits with the industrial model of Amundi and which will enable us to accelerate our organic development. That's what I wanted to say in introduction and now I let Nicolas present our business activity and our results.

Nicolas Calcoen*Chief Financial Officer*

Okay, thank you very much. Hello to everybody. So, I will start with a very quick work about the market environment, just to remind that the year 2016 market environment has been volatile. A strong constraint between a first half of year which was very volatile on the market, especially on the equity market because of several events such as Brexit and so on. By the end of the year, that was, of course, much more favourable but in average I would say European equity market in 2016 were down close to 10%, 8.5% for the CAC 40 compared to the average of 2015. So, arguably not a favourable environment.

1. Activity

Coming now to **activity** in that context, as you can see here our inflows were €62 billion as indicated by Yves, which is a significant year, over the average target we set out at the time of IPO, which was average inflows per year of €40 billion, so we are quite above this level and you can see that as far as long term asset is concerned, we are at €45 billion of inflows, at the same level as 2015 which was a very, very good year. So, at the end of 2016, our asset under management now reach €1,083 billion, so it's an increase by 10% compared to end of 2015, explained by €62 billion of net inflows. Positive market effects along the year, especially at the end of the year of €21 billion and a scope effect of €13 billion which is due to the two acquisitions we made in the second half of 2015. First KBI, the Irish global equity firm based in Dublin, with €9 billion of assets and towards the end of the year the acquisition of the real estate fund activity of Credit Agricole Investors for €5 billion of assets. Last comment maybe on this page, just to show that especially the 4th quarter has been the strongest of the year, with positive inflows of €23 billion. So, an acceleration of growth over the end of the year.

Coming now to the source of these positive inflows, first element to be noticed is that they are quite evenly split between our two business lines. The retail business line with close to €35 billion of inflows and the institutional business line with a bit more than €27 billion inflows.

First, more detail, more colour about the **retail segment**, here with the focus on the medium to long term assets, you can see three main elements. The first thing is the overall positive inflows of €35 billion and €36 billion for medium to long term assets only. The strong performance was primarily driven by our joint ventures & international networks, €27 billion, particularly strong in China and India, that performed very well, especially in China. It was also driven by strong inflows for third party distributors. Third party distributors posted €7 billion inflows in medium to long term assets and €12 billion including money market funds. The last element, as a good news, is that for the French network, we posted positive inflows of €2 billion on medium to long term products with an acceleration in the 4th quarter, just €1.5 billion inflows on medium to long term assets in the French retail network. 2016 is the first year where we saw positive inflows in the French networks.

So, the one element that we discussed at the time of the IPOs, the expected change in the allocation of saving from French people within the life insurance space from Euro contract to Unit Links has started to materialise somewhat during the year.

As far as the **institutional investors** are concerned, you can see that in this segment we recorded significant inflows of €27.5 billion driven by successes with pension funds, with central banks, also with insurance client external to the group. This success was particularly significant in, I would say, all of Europe or in Japan. You can also notice that there are great successes with corporate with close to €12 billion inflows coming mainly from treasury products.

Now let's have a look at the activity by **asset class**. You can see once again that our net inflows were lead by a medium to long term assets, that represent close to 75% of the total new money. These inflows were up sales on all main asset classes, both in active and passive management as well as in real and alternative assets. We also saw significant inflows in treasury products, close to €17 billion over the year.

We have more precisely a **breakdown quarter by quarter**. You can see on this chart that of course we are being able to deliver a consistent growth of inflows in medium to long term assets quarter after quarter even with some acceleration towards the end of the year. As far as treasury products are concerned, as you know, the activity is more volatile and so that's where you can see some differences from one quarter to another, but the important element is consistency of inflows on the medium to long term products.

Finally, in terms of **geographies**, you can see that in 2016 again, 75% of the inflows came from outside France, showing that our broad geography presence is continuing to bear fruit. At the end of 2016, our assets managed for non-French clients represent close to 30% of our total assets. You can see that the inflows have been quite evenly split between our two main areas of development, Europe and Asia, €27 billion of inflows in Asia and close to €18 billion of inflows in Europe coming from all the main countries in Europe. Strong inflows in Italy, but also in Germany or Benelux for example.

You can also see here that we have continued at the same time to invest on developing **new engine for future growth** :

- develop an existing business (platform for real assets)
- launch a new business line for instance services, with seven new clients on board in 2016,
- the integration of KBI already mentioned
- and the continued success of the passive management platform, close to €8 billion of inflows including a bit more than €4 billion for ETF.

Last point in terms of **performance**, you can see that we have continued in 2016 to deliver satisfactory performances to clients whether retail or institutionally.

2. Results

Now we can turn to the consequences I would say of this good level of activities in terms of **financial results**. You can see on the slide that despite this rather unfavourable market conditions, we have been able to continue to deliver a very regular pace of course, +7.7% in net result in 2016, pretty much in line with an average of around 7% of increase of the net results over the past four years. The growth comes first from a bit more than +1% of revenues, so good resilience in a difficult market environment. Growth in revenues by 1.2% over the year, continued containment of cost, leading to a cost income ratio which is still one of the lowest, maybe the lowest of the industry at 52.3%. (stable compared to last year). Thanks to a lower tax rate, net income group share showed an increase by +7.7% and so net earnings at €568 million. So, these results illustrate the resilience of our business year after year.

Page 22 has a bit more detail about the P&L, with some additional comments on the **fourth quarter** :

- regarding **revenues** first with an increase by 2.7% compared to last year, bolstered particularly by a good level of net management fees which more than offset a lower level of performance fees on this quarter.

- **Operating expenses** are still under control, growing a little bit more than revenues for this quarter due to the cost associated with the acquisition of Pioneer
- we also continue to benefit from a lower **tax rate** resulting in an increase in the **net result** by 16% compared to the last quarter of 2015.

A bit more flavour maybe about the **revenues in 2016**, you can see that regarding average margins we remain resilient, almost stable compared to 2016 despite a continued environment leading to more pressure on fees coming from the low level of interest rates and the continued competition.

If you look at **revenues and margins by segment**, you can see through the years, first both the retail and the institutional business line contributed positively to the increase of revenues. The margins are almost stable, slightly increasing in **retail**, slightly decreasing for **institutional** but less than in previous years illustrating that we continued to see a switch and to have a switch to our more high-margin products.

In **performance fees**, we remain strong in a challenging market environment, there is a decrease by 17%, coming from a lower contribution from asset classes which are more sensitive to market evolutions.

We are now on **cost**, as already said, we have been able to keep a tight control on cost with a very limited increase, a bit more than 1% compared to 2015. I would say a ratio *operating expenses to average assets*, continuing to decrease, illustrating the value our scalable industrial model.

Now a few words about the **financial structure**, page 28, so you can see that our financial structure remains very solid. Net tangible asset of €3.4 billion, no financial debt, a rating which has been maintained by Fitch following the announcement of the Pioneer acquisition. Free capital of €1.5 billion, the same level as previous years, basically the capital accumulation coming from the 2016 result being compensated by distribution of dividends and by the financing of the acquisition of KBI and CAI investors. So, a very strong and solid position, bearing in mind the quite conservative assumptions that we have concerning capital allocation.

Regarding the **dividend policy**, our board of directors decided to propose a dividend of €2.20 per share, so this would represent an increase by a bit more than 7% compared to last year dividend. It would represent a 65% of the group net income, so in line with what we announced previously and it also represents a yield of 4.2% based on 8th February share price.

3. Pioneer Investments

I continue on the **Pioneer acquisition**. Basically, not much compared to what we said in December, we are still convinced that it is a very attractive industrial project, and the work that has been done to prepare the integration just confirms that this deal that will allow us to strengthen our positioning as the European leader. I would say we will reach the eight position as an asset manager in the world, with a strong position in the four important markets in the Eurozone, France of course, Italy, Austria and Germany. We reinforced our leadership in servicing the retail networks and also we added expertise, allowing us to potentially benefit from stronger cross-selling, especially from Amundi point of view, the benefits of the USDs, the emerging market or the global equities expertise of Pioneer.

In terms of **financials**, again nothing new here, the price is always still €3,545 million representing a bit more than sixteen times the 2016 estimated net earnings and eleven times the EBITDA, multiples based on the 2016 figures to be confirmed. The financing has not changed either, with the deployment of our €1.5 billion of free capital that I just mentioned, capital increase expected to be

implemented in the first half of this year of €1.4 billion and €0.6 billion of debt (senior or subordinated).

The last element is **value creation**, here we can just confirm what we announced at the time of the signature of the deal, €180 million of cost and revenues synergies, a return on investment of 10% and an expected accretion around 30%.

So, as I said, the **preparation of the integration** is well engaged. First element : all necessary authorisation from regulatory, and competition authorities have been filed and we are starting to get some authorisation. Most importantly, the preparation of the integration plan is fully on track with a process jointly managed by the CEOs, and by the senior management of the two companies. Especially with a steering committee which is co-chaired by Giordano Lombardo, the CEO of Pioneer and Yves Perrier and with the objective to be fully operational as soon as the deal closed. Fully operational means that all the action plans for the business lines are in place and the target organisation also already defined. The objective of this work is of course to identify all the different amount of potentials and to confirm and achieve the announced cost synergies. So, overall the integration timetable is in line with what we announced at the time of the IPO, we continue in order to have a closing before the end of the first half of the year.

So, to **conclude**, I could say that basically these results shows that all the objectives that we announced at the time of the IPO have been achieved in 2016 with strong business inflows, €62 billion of inflows, despite a challenging environment and a continued growth in the net income resulting from the very diversify and resilient nature of the business model. Second element, the dividend distribution policy remains attractive with a 4.2% yield and the last element that the acquisition of Pioneer will strengthen our position as a European leader and should improve our growth prospective for the future.

Yves Perrier:

Chief Executive Officer

Thank you Nicolas. So, now if you have any questions?

QUESTIONS AND ANSWERS

Yves Perrier and Nicolas Calcoen

Chief Executive Office and Chief Financial Officer

Arnaud Giblat: Hi, good afternoon. I've got three questions please. First on joint ventures, it seems to be an area of very strong growth, I was wondering if you could give us a bit more colour in terms of which joint ventures are doing well, what sort of products are selling, the clients. Is this sort of growth a sustainable in the medium term? Also, perhaps, are you looking to add any further joint ventures? Secondly on joint ventures, the contribution is about 3.5 basis points to your bottom line, back of the envelope I think it looks like you're making operating margin of 25% in those businesses, I don't know. I'm wondering if there scope to see operating leverage come through. I mean, at the minute we're seeing AUM grow faster than the contribution to the bottom line, so perhaps if you could give us a bit more colour there, that would be helpful.

Yves Perrier: Okay, just a word in your question, all the joint ventures have been doing very well, Have in mind that these joint ventures were launched or created in the year 2008, 2009, 2010 from scratch. The growth has been accelerating since three or four years and the total AUM now is €70, €75 billion.

Nicolas Calcoen: Just 100.

Yves Perrier: The reason of this in fact is linked also to the evolution of the middle class of these countries. What happens, in fact, is that we are surfing on the development of a middle class in China, India ; Korea is more developed and that's the reason why the growth is less important in Korea. It will continue in the future because there is a middle class, but there is room to increase this middle class savings and so we are confident of the future. The point that's second is on profitability: in the recent period, the growth of AUM has been more rapid than the growth of net income. We have plans, especially in India to improve the profitability of this joint venture. Probably the growth of net income will be quite less than the AUM because permanently you reinvest, but the growth will be of net income.

Arnaud Giblat: Thank you.

Yves Perrier: One day maybe, we could at the next presentation do, you know, a special focus on these JVs, which products and so on, because it's difficult, it would need a lot of time because the context of Korea is not the same as the context of China or India and so on.

Arnaud Giblat: A couple of other questions. Could you confirm the pricing on your front book, on the retail book in Q4 and the basis points, the revenue margins on your retail book coming in, in Q4 on new business?

Nicolas Calcoen: Well, especially on the fourth quarter, I don't know. Overall, with the new business, as far as the retail as concerned, is still quite in line with the back book.

Arnaud Giblat: Finally, perhaps at the last presentation you introduced some targets on business services, I think to contribute to 3% of revenues, even up to 5%. I'm wondering what sort of contribution you're seeing from the business services from the seven clients signed up? Thank you.

Yves Perrier: On this point we've mentioned 5%, it was announced as a target. It's not a commitment but it's to give you a magnitude of what we want to do. This year it was promising, seven new clients. At the same time, for the year coming, even if we want to push all the parts of this business very strongly, we will also be very occupied with the integration of Pioneer and the integration of IT from Pioneer to the IT of Amundi. Part of the service which is using our IT platform for other asset managers ; we have as a priority to concentrate on the Pioneer integration and not to take new clients.

Toni Dang: Hi, I'm Tony Dang from Barclays, I have two questions please. In your last presentation, I believe that you said that you would maintain a minimum €2.05 DPS post the Pioneer acquisition. Do you still intend to honour this and also, what are your intentions for excess capital that you will generate once more after using up your surplus €1.5?

Yves Perrier: On the second part, we have some time to think because at the present time we have used the excess of capital and so we will focus on generating a new excess of capital. It will take some time during this period of generating new excess capital, so to think about this, to be more simple, presently we are, you know, for the eighteen months concentrated on the question on Pioneer. On the question of dividend, we maintain what we have said at the presentation last year

that it will be 65% of the net consolidated income, excluding exceptional cost of restructuring related to the integration of Pioneer, which is very generous. With a 4.2% yield, with the value of the share, you haven't so many stocks like us.

Tony Dang: Can you remind us why you don't define the €300 millions of excess capital that comes with Pioneer as a true excess? Are you working towards a buffer? Can you remind us why you're not defining the €300 million of tangible equity coming with the Pioneer acquisition as excess capital?

Nicolas Calcoen: There will be no excess capital following the-, I mean, when we will have done the closing.

Tony dang: In the Pioneer acquisition presentation, you said, 'It does come with some equity.'

Nicolas Calcoen: The tangible equity should be around €500 million.

Yves Perrier: I understand, yes, because you have two distinct notions. One, in the acquisition of Pioneer, the amount of the tangible equity will be about €500 million and that's €300 million more than what is required on a regulatory point of view. Then, you have another notion which is the way we define the 'excess capital' which is, to consider that the excess capital is the capital less participation, less the regulatory requirement, less the normalised seed money, with the assumption that we finance it at 100%. This excess capital, the way we define it, is €1.5 billion. It's a very conservative way, because we take a normally between 700 and €800m seed money, presently we are at 400 to give you an indication. Just the same, we take an assumption of 100% of financing by equity, we could take less conservative assumption, but that's our assumption. So, this excess capital in this definition which could be revised one day, is used with the acquisition of Pioneer and then we will generate an excess capital each year, which will be 35% of the net income of the year.

Toni Dang: That answered my question, thank you.

Mike Werner: Thank you, this is Mike Werner from UBS. It's been about two months since you announced the acquisition of Pioneer and I was wondering if, you know, during that time working with the people at Pioneer you've got more confidence about your potential to achieve the synergies that you targeted two months ago? Both on the expense side and on the revenue side?

Yves Perrier: Yes, I was at 100% confidence before and I'm even more than 100% confidence. Why? Firstly, because, you know, we have been working now since one month and a half together because we announced the transaction at the mid of December and the first steering committee of the integration was at the very beginning of January. The general atmosphere of work is excellent. I have said that, 'We manage this not as an acquisition, but as a merge.' That's the case and, you know, I see people of Pioneer which are happy, who are happy of this transaction because they see that the project that we will build is a wonderful project. We were number one in Europe, but we will be even more number one, but not only just by size, by the profitability, but by our power to bring to our clients even more base expertise, even more reinforced commercial team, strong infrastructure and with financial means. You know, that in this kind of transaction of merge, it is very important because one of the conditions of success is that the people look at the future and not in the past. So, excellent atmosphere and I would say, 'Quite common culture,' no significant difference.

Secondly, you know, the complementarity between us is even more obvious. For example, we were questioning about overlaps between clients, there was quasi no overlaps. I mean, take something which is quite simple about institutional investors in Europe, I think that there are two or three clients where there is a question of overlaps. So, it will be, you know, a story of course of cross

synergies, we will do them, but to have in mind these cross synergies, it's 10% of the combined base, it's 450 people. An equivalent for 450 people and the natural turnover of the combined entities, 175 presently. So, it's not so simple, but in two years you have 75% of the synergies, practically speaking because you need mobility which is not possible and so on. So, very confident in the question of cost, I have no doubt on this, but more importantly, what I feel on the revenue side, that generally you don't evaluate, but which is a real point, I see that it's a really powerful industrial project.

Mike Werner: Thank you.

F2: As a reminder ladies and gentlemen, if you wish to ask a question over the telephone, please press '*1' and we'll take our first question from Mr Benoit Petrarque from Kepler, please go ahead.

Benoit Petrarque: Yes, good afternoon. Benoit Petrarque from Kepler Cheuvreux. A few questions on my side, first one will be on inflows. Obviously, you ended the year very strongly, inflows accelerated in the fourth quarter, so what type of inflow outlook do you have for 2017 across the board, so across segments? Then maybe specifically on the French retail market, I think you are running on the new money yield of 6%, whilst I should not probably extrapolate that Q4, but what type of outlook do you have for the French retail market in terms of growth will be the first question. Second one, was on the insurance network. I've seen an €8 billion outflow in the fourth quarter and maybe you could explain where it comes from. Then maybe again on the French retail, I was wondering if you could give us a bit clarity in terms of where the growth is coming from, whether it's, kind of, coming from Unit Link or it's maybe more one network bringing the growth currently. So, I was just wondering if it's a, kind of, broad-based recovery on the French retail, or maybe more focussed on one provider. Thank you very much.

Yves Perrier: So, I will answer the question about the French retail and Nicolas will take the question of insurance. On the French retail, if you remember at the time of IPO, my guidance was to say, 'I'm sure that after years and years of outflows, the French retail will become again positive due to the context of low interest and so the evolution that it implies for our life insurers.' My second point was to say, 'What I can assess is a piece of the move.' What is new, really new this year is that for the first time we've been in the green for long term assets ; including monetary fund, we are in the red, but the monetary fund's is for small and medium companies and it's not significant. I think that this strength will continue and will be better, even better in 2017 because, you know, the shift from Euro contract to unit Link will continue and a network and sometimes insurers, they are quite like elephant. They need time to change, but the direction is clear. So, we are positive in the fact that we will be in the green, but at which level, we'll see. Then you had a question about the quarterly figure ; frankly, you know, the inflows by quarter have to be taken cautiously and it's not always significant. In life insurance?

Nicholas Calcoen: Just on life insurance, outflows in Q4, it's outflow each year interest money getting out some money market funds, so, as Yves mentioned, you can't extrapolate from one quarter to another but nothing significant.

Yves Perrier: As you know, I supervise the insurance business of Credit Agricole, I was at the board of Predica company yesterday, what we see at present is a decrease in new money in Euro life contract and an increase in Unit Link. At the same time, it also dependant on the context of the market, because it's linked also to the aversion to risk of the customers.

Benoit Petrarque: Do you see comparable inflows in SG and CA networks?

Yves Perrier: No, between the networks, there can be some differences, but if you look this at the switch over to Unit Links, they are the same.

Benoit Petrarque: Great, thank you very much.

F2: We'll take our next question from Jean Sassus from Oddo, please go ahead.

Jean Sassus: Yes, good afternoon and congratulations for those results in the Q4. Just the first question on the margin, the retail side. Is there any kind of boost or contribution from the redemption of structured funds there and if any, what kind of redemption profile should we expect for the coming quarters, just to get a better view for what we should expect in terms of margin there. Second question regarding the third party networks, to what extent do we see some growth on new contracts flowing in and what are your expectations there?

Nicolas Calcoen: Sorry, on the margins on the retail space, yes in 2016 we still had some redemption of structured product, as the previous year, and we expect to have lower redemptions in the years to come. It may have a slightly negative impact in terms of guaranteed commissions, but it has a positive impact in terms of inflows, overall inflows in the retail space being positive. The second question, the growth in third party distributors, it's quite, I would say, the beauty of thing, it's quite diverse in terms of origins, whether you are thinking about countries or partners, distributors. I cannot mention one country or one specific-

Yves Perrier: Well, what has been very positive this year, Benelux was very good. Italy was good, France was good, Spain was good, also Hong Kong, Taiwan. On the contrary, the Japanese market was in the red because the Japan market is very difficult in the present time, but all in, the net inflows were €12 billion.

Nicolas Calcoen: €12 billion.

Yves Perrier: €12 billion which is quite good and especially when I compare with our competitors, it's quite good figures.

Nicola Calcoen: Maybe one element, we are starting to see some new partnerships in Asia, starting to generate inflows.

Sean: Okay, thank you very much.

F2: We'll take our next question from Alex Koagne from Natixis, please go ahead.

Alex Koagne: Yes, hello everybody. I have a few questions left from my side. The first one is on the tax rate. Can you just confirm that the tax rate going forward should be somewhere around 31%. Second question: coming back on your comment on improving the profitability of JVs, how will you achieve that? Is that a question of product or a question of cost efficiency? Third question is on the increase of the capital allocated to the participation. I thought that there was an increase of €200 million compared to Q3, can you just elaborate on this increase and then, I guess, the fourth question is about your targets. You are being able to deliver a figure that will beat in terms of inflows over the last two years, is that fair to assume that you can upgrade your target of €40 billion inflows going forward? Thank you.

Yves Perrier: I will take the question about the profitability of joint venture and on the target and Nicolas, give you the two others.

Nicolas Calcoen: So, on the tax rates the element that explains the lowering of the tax rates, first and mainly the decrease in the tax rates in France, there was an additional contribution to the

official tax rates. It has been suppressed in 2016, and secondly the amount is that as we continued to see growth outside France, we continued to see more earnings coming from outside France. So, it means that the tax rate that you see for 2016 has no exception or element and you can take it as a good prediction for the future for at least for 2017. The participation question, yes, the increase in level of participation that you can see in the table on the financial position is due first to the fact that we reinforced our partnership with companies like Tobam and Tikehau and so we, for example, raised our participation Tobam from 10% to 20% and similarly with Tikehau. The second element is that the value for participation in Resona increased compared to end of 2015.

Yves Perrier: On joint ventures, you know the way will increase the profitability. I would say it's the same as in other companies, it's using different levers. The question of product mix in some joint venture, that means setting more long term assets versus monetary funds. Then it is also a question of efficiency in terms of IT, you know, commercial organisation. All these levers remind you of how often we are speaking of a start-ups. They are start-ups and so when you have a start up growing, you know, very fast, you need after some time to adjust the organisation. For the target, we consider that it's too soon to change our targets of inflows of results. We have said that it's an average target during the plan and we know that there can be bad years in the context of the market, but at the same time it's clear that we seem better; one year is only one year running a bit faster than anticipated.

Alex Koagne: If I may add one last question, is about margins on the retail. Is it then fair to assume that given your outlook in terms of inflows and market, that we should continue to see an improvement in margins at this part redemption?

Yves Perrier: We had at the time of the IPO given a guidance of stabilisation of the global margin but which could be, you know, the consequence of different factors, more retail than institutional and on the contrary, contributing pressure on the margins. I think that this guidance is still relevant. After that, have in mind that in fact we acknowledge a margin, but we don't manage a margin. I will explain, it is very simple. We have asset management business and ETF additional investment managements. We have monetary funds, we have active asset management. The objectives that I give to each manager of each division is to try to run as fast as possible but, I don't know exactly who will run the fastest. Secondly, I don't anticipate the context of the market at that time where people like passive asset management and the other time active. So, it's, I would say, the consequence of each plan business line by business line. As there is, I consider, that there is potential of development in each business line, but, you know, the portfolio mix won't change significantly, but most important is that the revenue grows. I have no objective of average margin, I have an objective of revenues.

Alex Koagne: Okay. Leaving your confidence on your ability to generate the cost synergies with Pioneer, can we assume that you can also be in a position to upgrade this target of €150 million cost synergies?

Yves Perrier: Yes, we are confident because we consider that they've been evaluated cautiously and also because we have some experience of this kind of merge. Remember that at the time of the merge with SGAM we announced €120 million of cost synergies and we have done €150 million of cost synergies, but at the same time, we announced the transaction in December, it will be done, let's say, in June this year. We have been working since one month, it would be a bit, you know, arrogant to say now after one month "we change the cost synergies". They will be realised, you know, year by year, quarter by quarter this synergies and we maintain the present objective. It is too soon to change all the guidance.

Alex Koagne: Thank you very much.

F2: We'll take our next question from Anil Sharma from Morgan Stanley, please go ahead.

Anil Sharma: Afternoon, thank you guys for taking my question. Just wanted to check, since you announced the transaction with Pioneer, can you give us a sense as to how many Euro billion in terms of amount of assets or percentage of assets for Pioneer have been put on hold by consultants, or are, kind of, under review. Therefore is potentially at risk for the slightly longer term horizon?

Yves Perrier: I don't have the precise figure, but I would say that globally, we don't anticipate significant problem on this side. I see Domenico Aiello, is CFO of Pioneer's is in the room. Frankly speaking, it's not a problem. Most of the reaction of clients and consultants with our deal is to consider that firstly, they won't affect the investment process because we are experienced with this and secondly that it reinforces the capacity of the new company. So, I don't anticipate significant problem on this side.

Anil Sharma: Okay.

Yves Perrier: So far there is no significant problem, Domenico, you confirm?

Domenico Aiello: I think what he said is right. The story needs to be explained and positioned to the consultants, they want the clarity and once we will be able to do that (today we don't have all the information) we will be positioned properly in due course.

Yves Perrier: Have in mind that there is only upside on the point of view of the consultant because Pioneer was on hold very often due to the fact that they were in the deal with Santander and so it created this attitude. Now, they don't have a lot of this attitude because there is something that is certain, I would say, in the life, never we can say never at 100%, but the deal will be done. So, this attitude of the past will be suppressed.

Anil Sharma: Okay, thank you.

F2: We'll take our next question from Anna Adamo from Autonomous, please go ahead.

Anna Adamo: Hi, good afternoon. I have two questions from my side. If I look at the split of revenues in Q4, there was a significant contribution coming from financial income, could you tell us what was the main source of this growth year on year? That's the first question and on the second one, talking about Mifid 2, could you remind us about your view on the potential impact on the business going forward? Would you expect any changes to the current level of retrocessions which are paid to the networks? Thank you.

Nicolas Calcoen: So the first question was on the financial revenues in Q4. It's due to the capital gains on our portfolio and second question, sorry I missed it.

Yves Perrier: Mifid 2, no, for us, no impact. Okay, if there are no additional questions, thank you to be here, to participate to this presentation. Good afternoon.
