



**Transcript conference  
call  
Q4 & FY 2020 Results**

Wednesday, 10<sup>th</sup> February 2021

## **Welcome**

Anthony Mellor

*Head of Investor Relations and Finance Communication, Amundi*

Yes, hello, good morning to all of you. I would like to introduce the speakers today in the room with me: Yves Perrier, CEO; Valérie Baudson, Head of CPR Asset Management and Third Party, Distribution and Wealth; Nicolas Calcoen, Head of Finance Strategy and Public Affairs, and Domenico Aiello, CFO. Yves, the floor is yours.

## **Introduction**

Yves Perrier

*Chief Executive Officer, Amundi*

Thank you for attending this presentation. Anthony mentioned the current responsibility of Valérie; I will come back to this later.

As usual, I will make a short introduction in two parts. First, the business performance of Amundi in 2020 and then my second part is about the evolution of governance.

First point, 2020. I would say that 2020 has been a very satisfactory year for different reasons. The first reason is our results. Net income of the year is only 4.5% down compared to last year and if we neutralise the market effect, you see that we are completely in the trajectory of our multi-year plan that we had announced in 2018. That means Amundi has continued its trajectory of growth and profitability.

### *Excellent fourth quarter*

When you look at the results of the last quarter, it is the highest results that we posted since the creation of Amundi; 5% up compared to last quarter of 2019 and 22% up compared to the third quarter of the year; with a good dynamic of inflows of €45 billion for the year and €15 billion in the quarter but in reality, when we put aside a specific situation in our joint venture with ABC, it is €30 billion on the quarter.

### *Major strategic initiatives*

The second reason to qualify the results as very satisfactory is the fact that despite this very exceptional context impacted by the sanitary crisis, we have taken, in 2020, major strategic initiatives which will fuel the future growth. We renewed the agreement with Societe Generale for five years more. We signed the acquisition of Sabadell Asset Management and I can tell you that the integration is done with the transfer of operations and IT. For the creation of BOC in China, I remind that we entered into discussion with our partner in October 2019. At the beginning of last year, we signed with our partner. In September 2020, we had the authorisation of the Chinese regulator and now this joint venture is operational and has launched its first funds in this network.

Last but not least, the creation of Amundi Technology which is a new business line dedicated to the services that we provide with our IT platform to competitors or asset owners with an ambitious but realistic objective of €150 million revenue in the next five years.

### *ESG*

Third reason ESG. You know that ESG for us has never been marketing, it has been a conviction. In 2010, we put ESG, meaning being a responsible investor, in the four pillars or values of the company. In 2018, we announced our ambitious plan and I can tell you now that this plan is done and, specifically, all our open-ended funds now integrate an ESG process in addition to the traditional financial process. That means that for us, to be a responsible investor is to be 100% responsible.

### *Governance evolution*

So, things are doing well. The strategy is clear, the same since the creation of Amundi. Results are good. The engines of development are here. So, I have considered that it was the right time now to pass the responsibility – the operational responsibility – of Amundi to somebody who will be able not only to continue, but to amplify the development of Amundi on a long-term perspective. The choice has been made after a very comprehensive review by the relevant bodies of the board of Amundi, but also of Credit Agricole SA, as majority shareholder. The choice of Valérie is a choice which has three features.

The first is competence; Valérie is somebody who has strong leadership, a lot of skills, and experience in the industry. She has been working with Amundi for 14 years, like me. Actually she was here even a bit before me. It was not Amundi, in fact, it was Credit Agricole Asset Management.

She has successfully built from scratch our ETF business. Then she managed, very successfully, our subsidiary CPR AM, increasing the AUM by 50% and she has been also very instrumental in the general management of the company.

I am very happy and also, I can say this, very proud of this choice because this choice confirms the way in which we have built the company. With this motto in Amundi, there is no star but Amundi itself, with a talented management team, very unified and I would say that Valérie is the tip of the iceberg of the management of Amundi. And that is why I am saying this is a reason of pride.

Myself, I will become chairman of the board. This evolution of governance will be implemented on the 10<sup>th</sup> May after the annual General Meeting which will approve the accounts. That means that during this period, until the 10<sup>th</sup> May, we will be with Valérie in co management of the company. And then she will have the full responsibility as a CEO. She will be executive; I will not be executive. I will be a chairman, with a role to organise the board in the most efficient way. I will also try to consolidate or develop relationships that we have, especially internationally, with our main partners. I will continue to be on the debate of ideas, dealing with the question of ESG, and more globally, questions related to the company. Of course, I will be permanently available to advise, to support Valérie when, and only when, she will consider that it is useful.

That is what I wanted to say and I propose that before passing the floor to Nicolas, Valérie can say some words.

## **A Few Words**

*Valérie Baudson*

*Chief Executive Officer, CPR Asset Management*

Thank you very much, Yves. So, of course, it is an honour for me to be appointed Chief Executive Officer of Amundi and to succeed Yves Perrier who has built the European leader and a global leader in asset management. And I know I can rely on his support.

I had the opportunity to thank the board of directors of Amundi as well as the executives board of Credit Agricole Group for the confidence they have placed in me. As Yves was mentioning, I have been dedicated to the development of Amundi for 14 years now and I look forward, together with the talented management team as well as all Amundi teams around the world to continue to develop the company.

This will be done in line with the strategy that has made Amundi so successful since its creation. So, the key word will be continuity. Thank you very much.

## **Q4 and FY 2020 Results**

Nicolas Calcoen

*Head of Finance, Strategy and Public Affairs, Amundi*

### **An Improving Market Backdrop**

Thank you very much. Good morning to all. Maybe, a quick word on the context in which we are operating before I enter into the specifics of Amundi. I think, you have access to the presentation, we are on page 15 .

So, first of all, in terms of market context, it is important to remind that after the major shock in the market in March, we saw recovery during the year and this recovery continued on the fourth quarter. But also to remind that despite this recovery, the level of the markets in the fourth quarter remains lower than in the same period in 2019.

Second element of context, the industry trend. Here also the fourth quarter saw the confirmation of the recovery of the open-ended asset management market. As we measure here, on slide page 16 by the inflows on the European open-ended funds, we can see that in Q4 2020, we saw on the European market more than €230 billion of inflows, with strong inflows in long-term assets, so a confirmation of the recovery that started during the second quarter of the year.

### **AUM Of €1,729bn At The End Of 2020, Up +4.6% Year On Year And +4.0% For The Quarter**

In that context, Amundi performed well. I am on page 18. Our assets under management at the end of the year reached €1,729 billion, up by 4% compared to the end of the third quarter. This growth is linked to a positive market effect of a bit more than €50 billion but also net inflows of €14.4 billion.

### **Robust Inflows Of +€30bn Excl. JVs**

These inflows were particularly robust. If you look at the activity on page 19, excluding the joint ventures, €30 billion on the fourth quarter, with a noticeable improvement in long-term

assets inflows, a bit more than €12 billion this quarter so continued improvement during all the year.

Flows in Treasury products, remained high at a bit more €17 billion. On the JV side, we had a good momentum in long-term asset but some outflows on low-margin products.

### **Retail (excl. JVs): Inflows Continued to Recover**

Going a bit more in detail regarding the retail segment, page 20, as I indicated, inflows continued to recover, reaching a bit more than €8 billion over the quarter, €6.4 billion excluding Treasury funds. So, a very positive quarter driven by all segments. Both French and international networks show a significant recovery and are positive, especially, in France, Italy and Austria, thanks, in particular, to the development in Unit Linked products as well as discretionary portfolio management.

Third party distributors continue to show a positive momentum, €3.7 billion across most of our geographies.

### **Institutionals: MLT Asset Activity Rebounded**

On the institutional side, page 21, the significant thing to notice is the very strong rebound in inflows in long-term assets, a bit more than around €7 billion, while at the same time, we continue to see positive inflows, robust inflows in Treasury products, a bit more than €15 billion, concentrated in corporate clients.

### **JVs: Continued Robust Activity In High Margin Products, Outflows In Low Margin Products**

Finally, page 22, joint ventures; as I already indicated, robust activity in the high-margin products but outflows in low-margin products in particular in China, outflows on what is called Channel business; this is an activity that is subject to regulatory scrutiny, in which we had outflows of €16 billion in the quarter.

In India, some outflows on 2 institutional clients.

In both cases, it is at very low margin. Excluding these specific outflows, the business momentum remains strong, both in India and in China, and totalling in the quarter €6 billion.

### **Highest Quarterly Income Since Amundi Was Created**

In terms of results, page 23, in this fourth quarter, we posted an adjusted net income of €288 million which is up by a bit more than 20% compared to the previous quarter, and by 5% compared to the last quarter of 2019. Also, it is important to notice it is the highest quarterly income since Amundi was created.

So, we can see clearly on this graph, the fact that 2020 was a very particular year. We saw on the first quarter, in the midst of the crisis, the lowest result since the acquisition of Pioneer, but also in the fourth quarter, a good recovery and the highest level.

### **Net Revenues Up: Very Good Level Of Performance Fees**

There are three elements explaining this good result. First one is the revenues, page 24. They are up by close to 2% compared to last year with, in particular, a good recovery on net management fees, growing by close to 1% and a very good level of performance fees over this quarter. We posted €94 million revenue in performance fees, thanks to the market

recovery but also thanks to the good quality of our investment teams that made good choice in terms of allocation during this quarter.

### **Cost/Income Ratio Close To 50%**

So, first element, revenue. Second element, costs, page 25. They are clearly under control. You can see that if you exclude the scope effect linked to first the consolidation of Sabadell and second, the start-up cost linked to the creation of the new subsidiary in China, Amundi BOC WM, that became operational in October, in fact, they are down by 1.7% compared to the last quarter of 2019.

As a consequence, our cost/income ratio remains very close to 50% – 50.7% to be exact – which is, as before, one of the lowest in the industry.

### **Contribution from the JVs**

Third element to be noticed, the contribution of our joint ventures. I indicated we saw some outflows with the low-margin products. Activity on the higher-margin products is still positive for the fourth quarter. As a consequence, we have a good contribution of the joint ventures, €20 million on this quarter, up by 20% compared to last year.

### **Momentum Maintained In Spite Of The Crisis**

I come now to the full year, by giving a bit of perspective on these figures at the end of the year. Clearly, what we can say is that Amundi during the year continued its profitable trajectory. First of all, in terms of activity page 28, with overall €45 billion of net inflows. And what is particularly noticeable is that we had, in fact, two halves of the year with very different pattern. The first half of the year which was strongly impacted by the crisis. Despite the crisis, we had limited outflows of €4 billion. And the strong recovery in the second half of the year, with overall €49 billion inflows in the second half.

So, a good level of activity. And that is comparable with previous years, if you exclude the exceptional element that was accounted in 2019, you remember we posted more than €100 billion of inflows but including around €70 billion on specific institutional mandates in India from our JV.

### **Excluding JVs, Net Inflows Increasing, MLT Flows Resilient**

So, a good momentum maintained in spite of the crisis. And this is particularly true both for retail and institutional MLT, page 29. You can see that excluding JVs, we posted in total €40 billion. In retail, net inflows were around €11 billion so up compared to 2019, with, in particular, good momentum in third-party distributors and French networks, thanks to development of Unit Linked products.

On the slide, very strong inflows on Treasury products coming from corporate clients in the second half of the year. On the medium, long-term side, positive development despite the crisis. But negative outflows coming from the group insurance business, outflows that were completely in line with the fact that there were outflows in the French market from traditional euro-contract life insurance. In fact, you can see, if you look at this page, the counter effect of the outflows on the mandates from group insurance, compensated by positive flows in French retail, in particular, in unit linked products, with, of course, a favourable impact in terms of revenues and margins for us.

**JVs: Steady Net Inflows, With Outflows On Channel Business**

Regarding the joint ventures, page 30. Steady net inflows overall during the year, despite these outflow on Channel business. If you exclude this Channel business, close to €17 billion inflows across the year with a continued development in India ; our JV in India in 2020 became the first asset manager on the Indian market.

**Expertises : successful growth drivers and product innovations**

This growth and this good business momentum have been nurtured by the success of our growth driver and the products that meet well the need of the market, page 31. The first element was the €22 billion inflows in ETF, index and smart beta, with several innovations launched during the year, the Gold ETF, for example, or several ESG product.

Real assets, also continued to contribute positively to the net inflows with more than €4 billion inflows in real estate, but also in private equity and private debt. And last element, active equities, where we posted positive inflows, a bit more than €3 billion, thanks to the success of our thematic offering managed by CPR AM.

**Solid, Steady Investment Performance**

This growth has, of course, also been nurtured by solid, I would say, steady investment performance. They are illustrated by page 32. You can see that more than 70% of our funds are classified in the first or second quartile over a long-term period.

**2020 Net Income Very Close To the Path Announced In 2018-2020 Plan**

In terms of results now, 2020, as I said, is also a confirmation of our growth trajectory. Despite the impact of the crisis on our revenues, we posted a net result of €962 million, which is down only by 4.7% compared to last year, and which is basically stable if you exclude the direct impact of the market. So, we confirm the trajectory that was announced a few years ago with almost a doubling of our net results compared to the time of the IPO.

Also worth to notice is that in the second half, less impacted by the crisis of the year, our net result was €523 million. So, very much in line with the overall objective of €1,050 million for the full year for 2020 announced following the integration of Pioneer.

**Annual Income Statements**

This result is the consequence of opposite effects. First, on the revenue side, a decrease in revenues by around 4% due to the crisis. Management fees were down by a bit more than 2% due to the negative average market effect and a decrease in the average margin.

Financial revenues also strongly impacted by the crisis due to the negative mark-to-market impact on the value of our portfolio. But to be noticed on the revenue side, the positive evolution with €200 million of performance fees, it is up by 17% compared to 2019, which was already a good year.

This negative evolution due to the crisis on the revenue side was largely compensated by two elements. First, on costs, that remain very much under control, decreased by 2.6% compared to last year, and if you exclude the scope effect of Sabadell and Amundi BOC, a decrease by 4% at constant scope compared to last year.

**Significant Increase Of JVs' Contribution To Earnings**

And last element, as we said for Q4, a positive development from our joint ventures, which are illustrated by page 35. There is, in particular, a significant increase of the contribution from both the Indian joint-venture and the Chinese joint-venture, ABC CA.

**A Robust Financial Structure**

This good result contributed to reinforce again our financial structure. And you can see in page 36 we still continue to benefit from a very robust financial structure with €3.2 billion of tangible equity at the end of the year and a Core Equity Tier 1 ratio of 20%, so significantly above the regulatory requirement.

**Return to the Dividend Policy**

This robust position allows us to resume our dividend policy. You remember that we were not in a position last year to distribute a dividend due to the recommendation of the ECB. We now are in a position to resume this policy with a distribution of 65% of our 2020 net earnings. And we will propose, at the next General Meeting, on 10<sup>th</sup> May, a dividend of €2.90 per share. So, it represents broadly 4.5% of yield based on last day's share price.

**Major Strategic Initiatives in 2020**

So, this is for the financial elements of the year. But as Yves indicated, this year has been very remarkable in terms of the growth initiatives that have been launched during this year, or confirmed during this year. Yves already mentioned them. I will just go quickly over them.

**Partnership with Societe Generale Renewed For Five Years**

First of all, it is the renewal of the partnership with Societe Generale for five years, so until the end of 2025. This allows us to confirm our positioning in France and especially in retail in France.

**Sabadell: Integration and Partnership Well Underway, Synergies confirmed**

Second initiative, page 40, the partnership with Banco Sabadell in Spain signed for 10 years, associated with the acquisition of Sabadell AM during the second quarter. We can confirm that the partnership is starting well. We posted €300 million of net inflows with the Banco Sabadell network in the second half of the year. And the integration of Sabadell AM is also well in place since the IT migration, in particular, on our ALTO platform, already took place during the fourth quarter. So, clearly it confirms the potential for value creation.

**New Subsidiary with BOC: Agreement Signed At the Start of the Year, Operational Start-Up In Q4, A Very Promising Partnership**

Third significant initiative, the creation of the new subsidiary in China, in partnership with BOC, the fourth largest bank in China. Yves reminded us about the short period in which this project has been conducted. And in particular during the beginning of the fourth quarter, the new subsidiary became operational and it was able to launch its first product in the BOC network in December.

So, here again, an operation that is well on track and give us a unique position on the Chinese market.

**Creation of Amundi Technology**

Last initiative that we launched on which we thought it was useful to give a bit of colour today is the creation of Amundi Technology. Page 43 and the following ones.

**Creation of Amundi Technology, a new technology services business line**

You know that technology and our IT platform is one of the strong assets of Amundi since its creation. And that we would view that as an asset on which we could also leverage to create new business with external clients. It started a few years ago and now we are in a position to make this business – we call it, Amundi Technology – a fully fledged new business line with ambitious targets.

We can set ambitious targets because we think that there's a really market potential which is important.

**A Market With Great Potential**

On page 44, we assess the addressable market, mainly in Europe, and to some extent, in Asia, at €1.5 billion and we consider it should be growing because many players in the financial industry are facing structural challenges and are trying to refocus their activity on core business, and are considering outsourcing their IT technology services. This creates a potential for us considering our technology platform, page 45, which we can characterise as being very performing and at a high level, thanks to the resources we have dedicated to this platform, with, in particular, 700 IT specialists, of which most of them are internal; and with investments that are made to develop this platform. A platform which is performing, which is very efficient.

**For 10 years, Amundi has been Building A Cutting Edge Technology Platform**

You know that the cost of IT for Amundi represents roughly 1 basis point compared to assets, and between 6% and 7% of our revenues. So, at a much lower level than the average of the industry, which makes it an asset when you want to grow.

And third element, thanks in particular to the integration of many acquisitions, in particular Pioneer in the last two years, we have a very strong experience in managing projects and integrating new operations, new investment platforms on this IT platform. And that allows us to start to promote this offer for external clients. And today, we already have 24 external clients, representing last year revenues of around €25 million.

**Amundi has Distinctive Advantages**

So the time has come for new development, leveraging on the distinctive advantage of the platform. I was already mentioning a very performing technology, thanks to a high level of research and development. We benefit from a partnership culture which is very important to create an offer, which is relevant for many different clients. And this partnership structure is illustrated by our partnerships with particular major custodian such as CACEIS, or more recently, BNY Mellon, which was announced a few days ago.

Strong experience and international teams with two hubs in Paris and Dublin. And a technology platform, which is both open, connected to, for example, many custodians, many distribution platform, many partners. And also that have a high capacity to treat very high volumes.

**A Complete Offering, Covering All The Savings Value Chain, From Distribution To Asset Management**

Based on these advantages, the offer we can propose to our clients has several components covering the value chain of the savings industry. So, the first component for this and most important one is ALTO Investment, which is the portfolio management module that we can propose to asset managers or asset owners. But there is also what we call ALTO Wealth & Distribution, which is more dedicated to distributors, to wealth managers, covering, in particular, Discretionary Portfolio Management and Advisory Services.

And we can have also a more dedicated offer, for example, for employee and retirement savings platform, which is more a French market but an important one, on which we can leverage on our capability and experience in employee savings plans.

**Business Ambitions and Financial Targets**

Based on these assets, we consider that it is time to accelerate the development of business services, make it a full business line for Amundi with ambitious targets. And we consider that from €25 million of revenues in 2020, we should reach €150 million in five years' time, in 2025.

**ESG: a Leadership Position**

Last element before opening the floor for question. Here also, Yves said a word in the introduction, ESG, where Amundi has a leading position since its creation. Remember that Amundi made of ESG one of the founding pillars when it was created, with new ambitious targets set in 2018, with, in particular, the need to deploy in all the investment platforms, where it is possible, integration of ESG criteria in the process, and ambitious targets in terms of new initiatives.

**A Continued Development In The ESG Solutions**

And the good news is that today we are in a position to say that these commitments are met, on page 51, a little bit in advance with the target which was set for 2021, since from now on, 100% of our open-ended funds integrate an ESG approach and will have an average ESG score which is higher than the one of its benchmark.

And the second, I would say, big commitment, we set in 2018 was the objective to double from €10 billion to €20 billion, the AUM on the specific initiatives dedicated to the environment or social initiatives. And, in fact, at the end of 2020 we are already at €22 billion of these initiatives, thanks to the many new solutions and initiatives that were launched over the recent years.

**Numerous ESG Initiatives in 2020**

Some of them are illustrated on page 52, I would not go over all of them. But some elements are particularly noticeable. The partnership with the Asian Infrastructure Investment Bank, for example, to design a new Climate Change Investment Framework to build portfolios resistant to climate risks, or funds based on the Paris Aligned Benchmarks or dedicated to the reduction of Social inequality.

**Increased recognition of Amundi as a key player**

Thanks to the implementation of this plan, thanks to these numerous initiatives and new solutions, we can say that Amundi is at the end of day more and more recognised as a key

player in this field. It is illustrated by a few elements; for example, according to Broadridge, we are number one in Europe in terms of ESG assets under management in open-ended funds.

The last assessment of the PRI last year led Amundi to have the highest score of A+ across all categories. And maybe a last illustration, one of the brokers that cover us, selected Amundi among the 10 recommended stocks at global level that can benefit from ESG trends, and Amundi is the only one in the financial sector to have been selected.

### **Governance Evolution**

So, without coming back to the governance evolution that has been developed by Yves and Valérie, in conclusion, clearly, a very robust consolidation of the growth momentum, new initiatives that will nurture future growth and confirmation of our leadership in the ESG field.

## **Q&A**

**Jacques-Henri Gaulard (Kepler Cheuvreux):** Congratulations to the two of you for your appointments. It is an amazing story and looking forward for the next 15 years obviously, or more. Question for you, Yves. I am going to miss you. Anyway, what type of Chairman are you going to be? Are you going to be a hands-on chairman, more like an executive one? Or you are going to remain in the more traditional role? And basically tell us a little bit about the transition you were hinting at, at the very beginning. That is the first question.

And the second is more on what happened on the Channel business in China which is responsible for some outflows. If we can have a little bit more colour maybe on the type of product it is. And Yves, you assume that this is going to be a one-off outflow or something that might recur, and if that had any sort of impacts on your financial trajectory on the new BOC joint-venture. Probably not, because it is only new product there, but just to make sure.

**Yves Perrier:** Okay. So, the question about the Chairman role. Before saying again what I have said in the introduction in detail, I want to tell you my spirit in the present period. I have always steered my life with two drivers. One is to build. The second is to transmit. So this is also why I consider it is right time: the building of Amundi is done. Now is the time of transmission. That means that I will not be an executive Chairman. I will be a Chairman which has a responsibility towards all shareholders in order to validate the strategy, to follow its implementation.

Of course, in this role, I will also consolidate or develop the company's relationship with our main partners, and my influence can also be on economic or financial debates. But for the rest, Valérie will be the executive CEO with the full responsibility on the operational side.

Of course, I will be available for her every time she will consider it is necessary. But now is the time, in fact, for Valérie to be hands-on. And I will appreciate this new time to be more relaxed.

That is clear. Second point, Channel business. We have often the discussion with Nicolas and Domenico on its definition. I will simplify: these plans are the equivalent of monetary funds, which were, in a context where Chinese banks are under the constraint of capital and so on, externalised balance sheet product like off-balance sheet.

And they changed their mind to make the regulation evolve. That explain the outflows this year. It will continue next year. There remains about €20 billion? Nicolas ?

**Nicolas Calcoen:** Close to €20 billion.

**Yves Perrier:** Maybe there will be other products in substitution, but we can anticipate in 2021 additional outflows on these products, but without any significant impact on results because they are products with very low margins.

**Nicolas Calcoen:** And no impact for the new subsidiary with BOC since we, by nature, do not have these products and we are managing only new products that fit the new regulations put in place by the authorities.

**Haley Tam (Credit Suisse):** If I can just quickly add my congratulations to Mr Yves Perrier and a very warm welcome to Valérie as well. Some very quick questions for me. So, firstly just in terms of your capital on slide 36. Could you remind us, please, if your minimum CET1 ratio level is what you would like to keep? And so, therefore some idea of the surplus. And, given the change in management, coupled with perhaps the completion of integration of Sabadell, I just wondered whether M&A is still very much part of the Amundi story? And I noticed this morning there is some speculation in the press on BBVA Asset Management. So, any comments you can give there, would be great.

Second question on Amundi Technology; just to confirm, you are not expecting to incur any incremental investment costs associated with the build-out to €150 million of revenue target? And just in terms of that target, how should we think about that in terms of new clients versus the increased penetration with the existing 24 that you have, who are generating the current €25 million?

**Yves Perrier:** Nicolas, you take the question about capital and I will take the two other questions.

**Nicolas Calcoen:** So, on capital, we have a CET1 ratio at 20%, when the minimum regulatory requirement is around 7% and our managerial target is around 10%. We need to keep a buffer above the minimum requirement, which means that we have an excess capital compared to this managerial target of around €1.2 billion.

**Yves Perrier:** So, the question of consolidation. First, for Sabadell, Nicolas mentioned to you that the integration is going very well with the IT transfer done in October or November. All the operations of Sabadell have been transferred on our IT platform, ALTO. And the dynamic of flows is here. And so we confirm that we will achieve the level of synergies announced at the minimum.

Second question about Amundi Technology. Firstly, I want to add to what Nicolas has said, it is not something which is new; we have begun in 2016. The amount of revenues is limited, €25 million, but the take-off has been done. Bear in mind that thanks to what we have done, in fact, we are in a context where nearly all our software now are proprietary. Second point, 75% of our IT platform people, which are based mainly in Paris and Dublin, are internal, which is not the case in the industry. So, we are creating, in fact, we are creating a sort of IT company which, in five years, will be one of the reference players for software, not only for asset management but also for the management of all savings; for example, for discretionary portfolio management, tools to help advisors and so on.

Of course, to go from €25 million to €150 million, it will be mainly new clients, but I can tell you that yesterday –it is not yet official, it will be official in the coming months – we have signed an agreement with a major French asset manager and also an agreement with another company. Things are going well and, of course, to be able to serve more and more clients, we will have to add additional people, but the bulk of investments have been made. The investments, have been done, and you know that in the industry, except one big competitor, which has been a pioneer on this, BlackRock, nobody has the equivalent in terms of software.

**Haley Tam:** Thank you, that is very clear. Can I just quickly follow up, if I may, with the integration of Sabadell Asset Management having gone so well. Are you now comfortable with the level of your presence in Spain or is there somewhere you would still look to extend the scope of your distribution? Thank you.

**Yves Perrier:** Now we are in the top 5 in Spain. I recall you we are number one in France, number three or number two if we exclude Generali in Italy, number two in Austria and the Czech Republic, we are the second foreign asset manager in Germany. So we have a strong footprint. Firstly, we want to grow organically in each country where we are, and, frankly speaking, I consider that there is not a country where we cannot grow organically, gain market share.

Secondly, after, it is a question of possibility, but for an acquisition you need a buyer but you need also a seller; it will depend on the opportunities.

**Arnaud Giblat (Exane):** I have got three questions, please. Firstly, to come back on the technology, I was wondering if you could give us a bit more on the roadmap. How many clients do you need to achieve €150 million of revenues? Maybe, from a client's perspective, can you talk about the sales pitch you are coming up to when you see the clients? Are you selling a big savings to them or is it just with technology you will achieve a better functionality, or maybe both? Is there any competition? I am thinking about Simcorp and Charles River, they typically operate at the very large end in the asset management space, so I assume you are not competing against them. Is it just a case of you competing versus their internal systems?

I also wanted to come back on the JVs. Clearly, you have stepped up in profitability to €20 million a quarter. Are there any one-offs to think of there? For instance, I am thinking particularly are there any large performance fees I should be thinking about? As well, you have launched your BOC JV, so have the start-up costs come through in Q4? Thank you.

**Yves Perrier:** Nicolas, you take the two last questions and I will answer about technology. On the JV, the increase in the results, do they benefit from one-off or not, no one-off?

**Nicolas Calcoen:** No. No, one-off. There was a negative one last year in China due to the bond that the JV had to acquire, but most of the increase is organic, linked to the increase in revenues and profitability.

**Yves Perrier:** Very often you were asking about growth in AUM and then growth which was not at the same level of net income. In fact, it was normal. At the beginning, there was a delay between the growth of AUM and the net income. So, for the future, this joint venture will see their result in the dynamic of growth.

About technology: why do we launch this business? Firstly, because we have the tools; we have all the software that we have developed. It is ALTO Investment, which is the portfolio management system for asset management. ALTO Wealth and Distribution, which supports the advisors in Private Banks, and we have what we call NOEE which is the software for employee-saving schemes.

Who are the competitors? Effectively, not so many competitors. Aladdin of BlackRock, of course. You have SimCorp for portfolio management. For ALTO Wealth, you have some; Charles Rivers and so on. But do you know the good news? That there are not so many competitors and the market is huge because many, many asset managers have to face this technology challenge. Personally, I think that not only in asset management but in the financial services industry, there will be those who are able to manage digitalisation, the global digitalisation; they will make their IT evolve, and those who will not be able. But you see, you need to have invested a lot, to have your teams and so on. And we have a real competitive edge, because when you implement – and in my career I have managed a big project like this, and Valérie also – you have two parameters. One the functionality of the software, second the capacity to implement.

When you look at these two, firstly Pioneer was using Aladdin and we merged, we transferred all operation from Aladdin to ALTO. And the investment managers of Pioneer were able to compare and, frankly speaking, I have never heard an investment manager of Pioneer saying that it was better with Aladdin. Second, the capacity of implementation, we have done this with Pioneer, we have done this with Sabadell, we have done this with Bawag, we have done this with Amundi BOC. We have implemented in the new joint venture ALTO, and we have begun to do this with other companies. And I think that we have something which is really unique and this is the reason why we are very confident with the objective which is announced. But what I propose for you, Nicolas, Valérie, is that one day you make with Guillaume Lesage, who is the head of this division, a dedicated session to explain this.

Final point, we have, in January, signed a technology cooperation agreement with Bank of New York to combine the offer in custody of Bank of New York and the offer of Amundi and ALTO Investment to have a solution which goes from front to back.

**Nicolas Calcoen:** I think there was also a question from Arnaud on the cost of the new company in China with BOC. So, the cost in the quarter was €10 million. It was both start-up costs and some recurring costs, although the company is not fully at target yet.

**Bruce Hamilton (Morgan Stanley):** Thanks. Morning all and congratulations on the promotions. Two questions. One on distribution and then a question for Valérie. So, clearly, one of the strengths of Amundi is its combination of captive and third-party distribution. I guess, in light of the slightly more open SocGen arrangement, is it fair to say that the trends going forward may be that we see stronger growth in third party than in the other branch, international networks and French networks. And certainly that appears to be the case in the last couple of years. And do you expect any change from the regulatory push in Europe that could lead to more opening up of what is still currently quite closed or captive architecture?

And then, secondly, for Valérie, in the opening remarks that Yves made, it was a story of continuity, but he said that you might amplify some of the trends that are in place already. So, I am just interested in any areas that we should think about, particularly, perhaps, given

your responsibilities on distribution and wealth division. Is that an area where, in wealth, we should look for an acceleration in growth, or anything that we should look for there? Thank you.

**Yves Perrier:** So, I will pass the two questions to Valérie, except the question of regulatory. Of course, there are things to come, additional things to MiFID, but about the question of open architecture, I do not see a major impact for us. Have in mind that when you take SocGen, UniCredit, even Sabadell, when we have a long-term partnership with these banks, they have not only the possibility but they do, they propose to their clients, also funds, which are not manufactured by Amundi, they are in open architecture. The real asset that we have with these partners is the fact that we are not selling only funds, we are selling a global service, and for example, discretionary investment management, training, tools and so on, and in fact that is what we export also to third-party distributors. I think that the future is for those we will be able to bring these global service, which is really in the DNA of Amundi since it was born. But maybe Valérie will add more specific view on this and about the future business.

**Valérie Baudson:** Thank you, Yves. So, on the momentum on third-party distribution, I think there are two explanations. The first one, obviously, is our current organic growth. And we are present in 37 countries, so we are gaining clients every day and new opportunities for business every day, especially in Europe where, as Yves as mentioning, we can gain market share in all countries despite our strong positions already, and obviously, in Asia as well, with a number of countries, where we are very strong with third-party distribution. I can think about Taiwan for instance.

Second reason is the good momentum on the ETF and passive management around third-party distribution, which was a part of the significant growth last year.

Regarding your other question about the future, so, on this specific area, obviously, we will go on covering our clients on both active and passive management, but we are working on selling them more and more services and solutions. Of course, Yves was speaking about technology, but here I am more speaking about solutions to help them advising more efficiently their own retail clients.

So, we are speaking about advisory, we are speaking about digitalised DPM that we are already developing with our retail partners, and we want to benefit from this expertise to develop them with our third-party distributors. We can speak about fund selection, for instance, or ESG advisory. And last but not least, I could mention that Fund Channel, which we now own at 100%, will be distributed very globally now we are the only shareholder.

So, all these services will be distributed in addition, obviously, to our traditional active and passive management, and in addition to Amundi Technology to amplify the growth.

**Hubert Lam (Bank of America):** I would like to congratulate both Yves and Valérie on your new roles. Three questions for me. Firstly on fee margin; fee margin fell 1 basis point year-on-year this year. Do you expect the same type of fee margin pressure for 2021? That is my first question.

Secondly, your medium/long-term flows improved significantly in the quarter. Would you say that we have turned a corner now? Would you say that risk appetite is back after being on the side-lines for a lot of last year?

And lastly on cost/income ratio, you are getting close to a 50% cost/income ratio now. Is getting a 50% or even a lower than 50% cost/income ratio possible? And is this something you are actively targeting? Thank you.

**Yves Perrier:** Average fee margin is very difficult to predict, because it is the result of the structure of the assets – passive/active, institutional, retail and so on. But we have always considered that it is reasonable to consider that the pressure on margins will continue with the context of low interest rate. That is the reason why we have always designed a company in order to be able to adapt to these changes.

About long-term outflows, flows are depending on many factors. And one of the main factor is the risk aversion of the customers. You see that, as Nicolas said, in the first semester in Europe we had outflows, now we have inflows in H2. If you look at the long-term, I think that it will be positive for a very simple reason.

The fact that if you take France, the main product for savers has been life insurance and especially the Euro-contract. The Euro-contract, its remuneration, every year, is going down and down, and so they will need alternative investment – when I say alternative, alternative to Euro-contract. And I think that structurally, there will be a growth of the fund industry.

And the second point is Asia. It is a continent of growth of the economy, growth of GDP, and growth of the savings. That is why our unique position in this region is a real asset.

For the cost to income ratio, we had this guidance to be under 53%, and then it can be 50%, 51% or 49% and so on.

The policy of Amundi is each year to invest and to finance these investments partially by productivity gains, and the economies of scale, for example, synergies and so on. So it is not a question of being in the region of the 50s or 51 or 53, this is because also it depends on the revenues. For example, in the year 2020, you have very good performance fees. It would be better than the year where we will have lower performance fees. But the important point is that we are the leader in efficiency. We will continue to be the leader or among the leaders.

**Mike Werner (UBS):** Thank you very much and congrats to you both on the new roles. Two questions. On the dividend payment, Nicolas, I think you indicated that excess capital is €1.2 billion at the end of 2020. I assume that excludes the payment for the 2020 dividend. I am just curious as to whether there is any thoughts on paying a retroactive dividend for 2019 or do you see better use for that capital from an investment perspective?

And then on the technology business, I believe it was back in 2016, you discussed some of the opportunities available from selling this platform and this technology to third parties. There were no hard commitments like you are making today back then, but you certainly brought it up, I believe in some of the conference calls. And I was just curious as to what has driven the renewed vigour for this business now, over the past couple of years? And then ultimately, what level of AUMs or client assets are currently serviced – third party client assets are serviced by ALTO? And what level do you get to achieve that €150 million of revenues by 2025? Thank you.

**Yves Perrier:** Nicolas, you take third-party AUM; I take question of technology and capital. I will begin by capital to be simple.

Very simple, we have €1.2 billion excess capital presently. Two situations. The first, we have some potential acquisition, which fits our criteria of reinforcing the business model, creating value and we will use this excess capital for this. And in any case, what we have always said, if we do not have this kind of opportunities, we will give it back to shareholders, but frankly speaking, the job of entrepreneur, it is to find good acquisitions because we create more value.

On the technology side, a word: I think that when we are promising something generally it means that we are highly confident to do this. And if we give this figure of €150 million, it means that we are confident. Why announce this? We have begun and now, as we have made investments in order to accelerate, we can do so. This year, we have recruited about 20-25 new people on this. We have now a division Amundi Technology, which is dedicated to new clients and so on. So now, we are ready to accelerate and that is the reason why we announced this.

**Nicolas Calcoen:** And on AUM I do not have the exact numbers. We will come back to you.

**Yves Perrier:** Formally for third-party distributors.

**Nicolas Calcoen:** The question was third party AUM using ALTO

**Yves Perrier:** Using ALTO. For the time being, it is limited. It is four or five clients, something like that.

**Valérie Baudson:** W&D ALTO Clients, you mean ?

**Yves Perrier:** No, for ALTO Investments, it is 25 clients.

**Valérie Baudson:** They are not full distributor, so we will come back with exact figures on distributor.

**Mike Werner:** Thank you.

**Nicolas Calcoen:** And I confirm that when I mention €1.2 billion of excess capital, it is after the dividend to be paid in May, of course.

**Mike Werner:** Thanks a lot.

**Yves Perrier:** Okay, one or two question and then we have to close, but of course, after Anthony and Nicolas and Domenico can speak to you.

**Angeliki Bairaktari:** Good morning. Thanks for taking my question and congratulations from me as well to you both. And just two questions. First of all, at the time you had presented the previous plan for 2018-2020, if I remember correctly, you had given us an indication of retail net flows of around €60 billion cumulative, and when I look now at what you have achieved the number is closer to €20 billion. So I just wanted to hear your take with regards to what might have not gone in the direction of the target. And was it a particular network that did not perform as you would have expected or was it the market overall? Any insights on that would be useful for us. And what do you consider to be the annual run rate that you can achieve going forward when it comes to the retail channel?

And then on M&A, would you be interested in growing your passive franchise via acquisitions?  
Thank you.

**Yves Perrier:** On the question of passive, we are interested permanently to improve all the kind of expertise including passive / ETF. After, I would say it depends on the opportunities. But we will grow them also organically, by new teams and so on.

On the Retail flows question, you are right on the retail: have in mind that during this two-year plan, we had a first semester 2020 with this financial correction of the market, and we had this also on ?

**Nicolas Calcoen:** Second half of 2018 there was also a significant drop of the market.

**Yves Perrier:** Significant, and I mentioned in the introduction, it generated this risk aversion, which is probably for me the most important parameter for the net inflows in retail for long-term assets.

Okay, so ladies and gentlemen, I really thank you for your attention and life is always beautiful. Good day.

**Nicolas Calcoen:** Thank you. Bye-bye.

**Valérie Baudson:** Thank you.

**[END OF TRANSCRIPT]**