Q3 & 9M 2023
Results

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List of MAIN speakers	Company	Job title
Nicolas Calcoen	Amundi	Deputy CEO
Domenico Aiello	Amundi	CFO

Q3 & 9M 2023 RESULTS

Speaker 1

Good morning to all, and welcome to this conference call. I will very rapidly leave the floor to Nicolas Calcoen, Deputy CEO, for an introduction to these Q3 results of Amundi and then to Domenico Aiello, CFO. Nicolas, the floor is yours.

Nicolas Calcoen
Deputy CEO

Thank you and good morning to all. It's a pleasure to be with you today and thank you for attending this presentation. I'm very happy to introduce you to our results for the third quarter and for the nine months of 2023. As usual I will start with the highlights that we want to emphasise for this quarter, and then I'll hand over to Domenico Aiello to run you through the details of our performance.

As you know it is the last analyst presentation for Domenico as he will move to a new position in a few days, and I wanted to take this opportunity to thank him on my behalf, and I think on all of your behalf as well, for the outstanding work he has accomplished over the last six years as a Deputy CFO then CFO. Starting next week Aurélia Lecourtier will take over from Domenico. She is with us today and she's I'm sure very eager to meet you soon.

After this digression let me turn back to the past quarter. I would like to underline three main points from these results.

Q3 2023: HIGH PROFITABILITY MAINTAINED, CONTINUED DEVELOPMENT

The first one is our strong commercial drive, with high inflows of +14 billion euros, positive in all segments; Retail, Institutional and Joint Ventures. And in all categories: medium to long-term assets, as well as treasury products. This is particularly satisfactory in an asset management market that has suffered from low flows, and even outflows in medium-long term assets this quarter, as Domenico will show in a minute.

I would also like to highlight in particular a very good performance in active management fixed income products at +€6 billion. This is thanks to the adaptation of our product offering to the current market conditions on the client needs in particular with the Buy & Watch bond funds. And it's probably the best teaser we could think of for the upcoming fixed income workshop that our CIO, Vincent Mortier, will host in London on December 15th, and you are obviously all very welcome to attend to this event.

Finally this high level of inflows translated into asset growth over one year by +4% which again is a good performance in this uncertain market backdrop.

The second highlight for this quarter of course is the very good profitability that is maintained on a high level. Our net income is growing by +3% year-on-year to €290 million, which is again a testimony of Amundi's diversified profile, allowing a sustained level of revenues, and a strong operational efficiency resulting in a good cost income ratio of 54.4%, further improved from the same quarter last year. Despite the inflationary environment and volatile markets our revenue grew faster year over year than our costs.

Finally, as in previous quarters, we have kept the pace of our growth initiatives and enjoyed continued development in key strategic priorities. First of all passive management, which enjoyed a very good level of inflows, +11 billion on this quarter, of which close to +4 billion in ETF. Second, in Asia, our JV in India continued to record high inflows thanks to its virtuous model of very sustainable and profitable growth, and Domenico will zoom a little bit later on this JV. I would also like to underline the stabilisation of the activity in our JV in China.

And finally in responsible investment we have extended further the product offering, being more and more adapted to client expectations in three directions. First, in green infrastructures we have launched this quarter a new fund to finance the production and usage of renewable energies in cooperation with several Regional banks of the Crédit Agricole Group, which gives us access to, I would say, a unique sourcing of local projects. We have also continued to extend our range of funds aligned with the net zero trajectory. And we have also continued to extend our range of ESG ETFs, which now account for 32% of the total number of ETFs we propose. So, continuing to go in the direction of our objective which is to reach 40% or for 2025.

Domenico will now provide you with more details about our activity and results starting with the environment. Domenico, the floor is yours.

BUSINESS ACTIVITY

Domenico Aiello
CFO

Thank you very much Nicolas and thank you for your words. So good morning to all of you.

EQUITY AND BOND MARKETS VIRTUALLY STABLE Q3/Q2

So, following this introduction I will pick up from slide seven with a quick overview of market conditions to set the context.

As you can see the movements between Q2 and Q3 2023 were limited on an average basis, even if equity markets deteriorated and rates rose at the end of Q3. And compared to Q3 last year – 2022 - we find, like we did in previous quarters, an improvement in equity indices on one side, however a decrease of bond markets driven by the increase in rates on the other.

EUROPEAN ASSET MANAGEMENT MARKET IN Q3: CONTINUED MODEST INFLOWS DRIVEN BY TREASURY PRODUCTS

Moving to slide eight. To complete the illustration of the operating context it is worth reminding also the flows evolution for the whole European asset management industries, as measured by flows in open-ended funds. So the level of flows remained quite low - +€36 billion - and driven in particular by liquidity products with +€47 billion of inflows. So that means that medium to long term products, or what we refer to as MLT, products were negative for -€12 billion. And in particular we saw an acceleration of outflows in active MLT management with stronger outflows compared to Q2 -€59 billion of outflows compared to €24 billion in Q2 - only partially compensated by inflows in passive MLT for +€47 billion. So, outflows in active partially compensated by inflows in passive.

ASSETS UNDER MANAGEMENT AT 30 SEPTEMBER: €1,973BN

If we now move to slide nine, we can see how Amundi performed in this context. So very briefly on this slide, AUM as of 30th of September stood at €1,973 billion. As mentioned already this is an increase over 12 months of around +4% as well as an increase over the quarter, so from the 30th of June 2023, of +0.6%.

POSITIVE INFLOWS IN MLT ASSETS, TREASURY PRODUCTS AND JVS

If we move now to slide ten, the good level of inflows in the third quarter is achieved in MLT assets, in Treasury products, as well as Joint Ventures for a total of +€13.7 billion. The high level of net inflows in MLT for just under +€8 billion is sustained by a couple of large institutional mandates and also by strong flows in passive, but it is also sustained by over +€10 billion of inflows into fixed income across different client segments, of course, excluding the group insurance, but we'll see more details in the next few slides.

RETAIL: POSITIVE INFLOWS BUT CONTINUED RISK AVERSION

So let's now move on page 11 to comment on the flows in the Retail segment. Overall we achieved net inflows of +€2 billion. So positive inflows. The fact that this was driven by Treasury products as well as the fact that the flows in medium to long term assets are still skewed towards the yield and capital protected products gives you a sense of the prevailing risk aversion sentiment.

Now regarding Third-party Distributors, net inflows were positive, +€2 billion, with significant inflows in Treasury products but also positive flows in MLT, +€0.5 billion, and in particular a good level of inflows into ETFs and other passive products.

Regarding the Partner Networks we also saw positive flows for +€0.3 billion, again including an element of Treasury products. So if we exclude that MLT products were slightly negative at -€0.8 billion. And as I just mentioned we continued seeing a good level of inflows for structured products, fixed income products, in particular Buy & Watch funds, counterbalanced by outflows, predominantly in multi-asset solutions.

And a word on Amundi BOC Wealth Management. So we report a slightly negative quarter: -€0.5 billion. We saw again in this quarter the maturity of one term product that was launched 12 months ago, however partially offset by the net inflows in the newly launched range of open-ended funds, which are slowly but surely accelerating their inflows.

INSTITUTIONALS: HIGH MLT INFLOWS THANKS TO THE GAIN OF 2 LARGE MANDATES

Moving to page 12, the institutional segment. There we saw an important level of net inflows this quarter, over +€9 billion, the majority of which was in MLT assets but as I mentioned already the institutions & Sovereign segment was positively influenced by the contribution of the two mandates that we won during the quarter. One is in active fixed income, and one is in equity index. So in passive management. And on the other hand we saw outflows in the Group Insurance segment for around -€3 billion as we saw in previous quarters, and this is in relation to redemptions from the euro contracts.

JVS: POSITIVE INFLOWS IN ALL COUNTRIES, STABILISATION IN CHINA

Maybe to complete the quarterly activity, if we now move to slide 13 we can have a look at the commercial performance of our minority joint ventures. As I mentioned this is positive for +€2.4 billion, with the contribution of all joint ventures. The driver remained, as Nicolas mentioned, India with the inflows of around +€2 billion but even more importantly, that would have been +€3.4 billion excluding the outflows in liquidity funds. So MLT was even higher at over +€3 billion for India. Concerning the minority joint ventures in China, ABC-CA, we saw a stabilisation of flows. They were positive for around +€0.3 billion excluding the usual outflows in the Channel Business product, which is as you know of course a low margin business in run-off. So we update you quarter after quarter on this run-off. And finally also the other joint ventures contributed positively, +€0.4 billion coming from both Korea and Morocco.

#1 ASSET MANAGER IN INDIA, AN ATTRACTIVE MARKET

As we have done in recent quarters also on this occasion we would like to provide you with a focus on one of our important business drivers. So we have a specific page on slide 14 on our Indian joint venture SBI FM. So firstly why our interest in the market and the potential for the asset management business? As you can see top left of the page, India’s economy is growing and it is expected to grow faster than the global economy, we have not listed of course all the possible statistics but you also know that India is by now the most populated country in the world, and we expect it to rank very high in the list of largest economies globally. This is a huge potential for growth for the asset management industry if you consider that it represents today, if we measure it by the size of the industry as a percentage of GDP compared to other economies, only 12%, when overall the asset management industry represents 63% globally or over 100% in Europe, not to speak of the US at 120%. So here you have the potential of the industry to increase its weight as a percentage of an increasing base and this is an important growth perspective.

Secondly our local partner is a truly national champion. SBI is the largest bank in India. It enjoys a very strong franchise. To mention just a few numbers or statistics it has 22,000 branches, 480 million clients, and a 23% market share in retail. The relationship between Amundi and SBI is strong and of course we are aligned in the future strategic development of the joint venture.

Thirdly, coming to SBI MF, it is already a very strong player. It has accelerated its growth in the past few years increasing its market share of mutual funds to 17.5%, becoming the number one player in the Indian market. This is a phenomenal trajectory, as you can see from the 7% market share back in 2014. And besides its historical franchise with retail clients of SBI, this joint venture has worked to develop its own distribution network, with over 300 points of sale, and it keeps deploying its strong digital tools. So this has allowed the joint venture to enjoy today a relationship with retail clients that goes beyond the pool of SBI clients.

At the same time, and in parallel, it has also developed its franchise with institutional clients and with pension funds, resulting in a significant boost of its AUM over the past few years, as you can see. And to conclude on SBI FM itself, it’s important to note that it's really a truly a complete player in terms of asset management, having expertise in active and in passive management as well as liquidity funds so therefore covering all possible client needs in different market conditions.

And this virtuous situation is translating into growth, as you can see at the bottom right of the slide; growth in both volumes and profitability. CAGR of AuM was +44% over the last eight years and CAGR of net profit contribution to Amundi was +34% over the same period. The contribution to Amundi’s results was around €58 million in 2022 and this growth is of course continuing this year.

GOOD LEVEL OF REVENUES MAINTAINED

So, now moving to the results, we can start from slide 16 with revenues. Revenues were €780 million in the third quarter. On the one hand we saw a good resilience of net management fees compared to the recent quarterly history. Performance fees were low this quarter. As we mentioned in the past we have fewer anniversary dates during the third quarter. This is, as a reminder, the dates, when we can crystallise and earn performance fees. And in addition this low level of performance fees also reflects the prudent management of our funds given the current market conditions.

Revenues for Amundi Technology were €14 million for the quarter. This represents a +13% increase year on year if we look at the sort of long term development for Amundi Technology.

And finally net financial and other income; this shows another good quarter with a contribution of €19 million from a situation of a negative contribution a year earlier.

GOOD COST CONTROL IN AN INFLATIONARY ENVIRONMENT

I suggest we move to page 17 now, and we can comment on the cost evolution. So as you can see costs remained under control in Q3, at €424 million. This is a decrease compared to the previous quarter and an increase of just over +2% compared to the third quarter of 2022. It's an increase that is lower than the increase in revenues. So positive jaws effect. The inflationary environment was offset by the realisation of Lyxor synergies which are now as already mentioned last quarter nearly fully completed as well as of course productivity efforts. So as a result, the cost income ratio stood at 54.4% for the quarter. As I mentioned this represents an improvement compared to a year earlier.

HIGH LEVEL OF NET INCOME IN Q3

So this leads us to page 18 displaying the quarterly evolution of our adjusted net income. And as you can see this remains quite stable despite the different market backdrops quarter after quarter. The main variability, as we tried to show on this slide, is linked to the level of performance fees. Compared to the third quarter of 2022, which is more comparable in terms of performance fees, the profits increased by +3% to €290 million, as Nicolas mentioned at the beginning.

NET INCOME OF €910M OVER NINE MONTHS 2023

Finally moving to slide 19, just to provide a quick summary and overview of the performance over nine months, which also gives a good overview of our performance over a longer period of time. So adjusted net income was €910 million, which is a +4% increase compared to the same period last year. More in details how did we get there? So in a market context that is globally neutral over the nine months this is the result of management fees that remained at a strong level; they displayed a broad stability of revenue margin over the period, thanks to the overall mix of client segments; revenues from Amundi Technology, one of our levers of growth, progressed well with a +26% increase; cost income ratio improved to 53.4% over the period; and finally the contribution of Joint Ventures to Amundi's result increased by +14% over the nine months of 2022.

CONCLUSION

So in conclusion the key elements that we can retain for the third quarter, I would say, are AuM growth and good net inflows in Q3 and an asset management market that shows modest flows and risk aversion, a good level of results: €290 million thanks to strong revenues, thanks to good cost control and notwithstanding a low level of performance fees, and finally a result that confirms the good positioning of Amundi against the long term trends that represent our development priorities, passive management, Asia, Technology and services, and private assets and responsible investments that contribute to our development.

So unless Nicolas you would like to make any final remarks I guess we can open up to Q&A.

Nicolas Calcoen
Deputy CEO

Absolutely. Thank you, Domenico.

QUESTIONS AND ANSWERS

Operator: Thank you. We will now begin the question and answer session. If you would like to ask a question you'll need to press star, one and one on your telephone and wait for your name to be announced. And to withdraw your question you can press star, one and one again. Thank you. We'll now take the first question. This is from the line of Nicholas Herman from Citigroup. Please go ahead.

Nicholas Herman (Citigroup): Yes, good morning. Thank you for the presentation and for taking my questions. I have three questions please. One on net financial income; one on institutional pipeline; and finally one on real assets and alternatives.

So on NFI that was pretty strong in the quarter. Fixed income markets were down so presumably the increase is due to net interest income, but the net interest income benefit seems pretty limited in the first half. So I was just curious what drove that step change in Q3. And in the quarter the growth in capital was pretty muted; should we assume an even higher run rate in net financial interest income going forward please? So, that's question one.

On institutional mandates, good to see some large mandate wins coming through. I'm just curious with these mandates, you said that they were low margin; are they margin dilutive to the institutional margin, which is about 10 basis points, or just dilutive to the group margin? And how is the institutional mandate pipeline looking right now?

And then finally in real assets and alternatives what is it that drove the strong performance in alternatives? I guess more generally can you talk about the performance of the alternatives and real assets franchise versus peers or versus benchmarks? And can you talk about the outlook for demand for real assets? Are you getting some more interest as we approach peak rates? Thank you very much.

Domenico Aiello (Amundi): Good morning. I'll start with the first question on net financial income. I hope I'll answer your question as you got cut at some point. So basically I would say a couple of remarks. First of all this line can also be a little bit bumpy at times because it's a line that includes as you mentioned net interest income but also other effects which could be mark-to-market on some areas of our portfolios that are marked to market, but then of course, as you rightly pointed out, the improvement comes mainly from the higher interest rates environment. I wouldn't expect that to keep increasing further, I would say, given the general environment that we are facing.

The second question on the institutional. I would say generally speaking in terms of pipeline we consider it to be good. When you look at some large mandates you can assume that the profitability is generally lower than the average profitability that we have on the institutional segment.

Nicolas Calcoen (Amundi): And on the real and alternative assets, I'm not sure I completely got the question, but what we are seeing now from the beginning of the year is two different movements. We are seeing some outflows in real estate in a context where of course the asset class is less attractive because of decreasing valuations, but we continue to post positive flows in the other asset classes, in private debt, funds of private equity and in infrastructure with the example I mentioned - the new infrastructure fund launched during the quarter.

Nicholas Herman (Citi Group): Thank you very much. Very helpful.

Operator: Thank you. We'll now move to our next question. This is from the line of Hubert Lam from Bank of America. Please go ahead.

Hubert Lam (Bank of America): Hi. Good morning. Thank you for taking my questions, and I'd first like to thank Domenico for all his help over the years, and I wish you good luck in the future in your new role.

On to my questions, the first question is on structured products. You reported a +€0.2 billion of outflows in structured products after recent quarters of inflows. Can you talk about this? I thought you said earlier that structured products had continued to be good in French networks so just wondering what's driving this lower flows in structured products in the quarter?

The second question is on Italy. You reported -€1.5 billion outflows in Italy. Again can you explain the dynamics happening there? Are people switching over to BTP? And could it get worse in Q4 given the new BTP issuance that took place in October?

And lastly on Amundi Technology. You mentioned is still growing but it's still well below the run rate of the €150 million you'd like to achieve in 2025. I'm just wondering if you think this target in 2025 is still achievable. Thank you.

Domenico Aiello (Amundi): So, on the first question, on the structured products, you're right. What we mean is that it's a product that we are still selling pretty well. Of course at some point there are quarters in which depending on what we had sold in the past, there are also redemptions, therefore you cannot achieve always very significant net inflows. But this doesn't mean that it's not a product that is selling well and in particular this is in the French Networks something that is still absolutely a product of interest, let's say, for the network and the clients.

Nicolas Calcoen (Amundi): You have to keep in mind that these funds are sold through campaigns so the campaigns don't come at exactly the same time from one year to another, so sometimes you can have a period when you have some funds coming to maturity and the renewal can come a few weeks later. To explain why it can be bumpy, but really it remains really attractive in the current environment.

Regarding Italy, I just wanted also to mention that what we are seeing is absolutely not specific to Amundi; it's what we are seeing in the market. We are looking at the data from the Italian asset Management Association Assogestioni for the first eight months of the year - I think we do not have yet the figures for September - but the outflows for the first eight months were a bit more than -26 billion for the whole market, including a bit more than -7 billion just for July and August. Again we don't have yet September. So what we're seeing is not at all specific to Amundi. On the contrary Amundi is holding up well in a context where there's a strong competition from balance sheet products, from banks, as well as from the government issuance of specific BTP Valore dedicated to retail clients, with a tax advantage that unfortunately asset management products don't benefit from.

And regarding your last question on technology, maybe Domenico you want to…

Domenico Aiello (Amundi): Yes, on Amundi Technology let's say the pipeline is good. There were new wins of clients, so we are in a trajectory of growth, definitely. Then there will be obviously variations from one quarter to another in terms of the trajectory in relation to the Build, so project, let's say, invoicing, but the important element for us is that the underlying Run revenue - so license fees and basically recurrent revenues - keep increasing, which is what gives us confidence, as well as of course as I mentioned the pipeline which remains still quite good in terms of dialogue with clients or potential clients, I should say.

Hubert Lam (Bank of America): Great, thank you.

Operator: Thank you. We'll now move to the next question. This is from the line of Bruce Hamilton from Morgan Stanley. Please go ahead.

Bruce Hamilton (Morgan Stanley): Hi there. Morning. Thanks for taking my questions and thanks to Domenico as well and obviously congrats on the new role.

First question just on the UniCredit situation and how now we should sort of think about the range of outcomes. I guess these could go from a change in your fee take, along the lines of the SocGen renegotiation, to a kind of more open relationship, again like SocGen, or it could be I guess a loss of assets depending on how much UniCredit can build in-house. So, I'm keen to understand how you assess the sort of potential risks there?

Secondly and perhaps linked on M&A, what are the opportunities in the market today? And as you think about, say, distribution deals, has your view changed on some of these strategic partnerships, given the headache that this can create when you move towards the end of term? So how is that playing a role?

And then finally just on the technology business, could you give us a sense of the number of clients and the sort of assets under management or of the clients in that business just to give a sense of the scale today? Thank you.

Nicolas Calcoen (Amundi): Thank you, Bruce. I will start with the first two questions. So, first of all the questions about Unicredit: just to remind that our agreements are going until 2027 so it's a bit early to say what could be the outcomes following the end of this partnership. What I could just maybe comment and following also some comments on announcements from UniCredit recently, I just want to remind that in line with our partnership and the agreement we signed in 2017, UniCredit is totally free to organise itself as it wants for the part that is not in our distribution agreement, because again this agreement is not exclusive. There's room for open architecture or internal architecture and UniCredit is totally free to organise it. I know that very recently UniCredit mentioned an objective to internalise around 20 billion euros of assets. I think it was mentioned they distribute around 130 billion or 134 billion euros of asset management products. It means that this target represents around 15% of what they distribute, which is obviously perfectly compatible with our partnership and with the leeway they have to organise open architecture…

[the line was cut off for a few minutes – Nicolas Calcoen resumed by asking Bruce Hamilton when he wa cut off]

Bruce Hamilton (Morgan Stanley): You just explained the 20 billion of the 134 billion, which is compatible with current relationship. That's where you go to.

Nicolas Calcoen (Amundi): What I was mentioning is that Andrea Orcel mentioned an objective to internalise 20 billion euros of assets which represents around 15% of what currently UniCredit is distributing in asset management products. And I was mentioning this objective is perfectly compatible with our partnership and with the leeway that UniCredit has to organise the open architecture in addition to the partnership with Amundi. So this partnership continues. We continue to propose solutions and products and work closely with the networks to propose solutions that fit the UniCredit expectations. And for the rest, the agreement that we have is still going on for four years. There's no discussions going on, so I cannot speculate about the potential outcome or potential discussion after the end of the current agreement, but I'm very confident that we will continue to be a strong partner for UniCredit considering the quality of the services we can provide.

Then moving to the question around M&A, to say that our approach has not changed. We see the current market as being potentially a source of opportunities and we will be definitely looking at all opportunities and I think we have the track record to demonstrate that we can see the opportunities if they make sense. In terms of what we could be looking at. And going more specifically to your question, Bruce, I believe distribution will continue to be a key driver for potential M&A deals. It doesn't mean that it will be necessarily with the same kind of partners and with the same type of agreements that we have done in the past. Nevertheless there still could be a partnership that makes sense with the retail banks, and we'll definitely look at them, but we are also talking about distribution; it can be with banks, it can be with insurers, it can be also in countries where our capacity to distribute is more limited. It can be also deals that reinforce us in terms of expertise despite the fact that we already cover many expertise across the various asset classes and the various management styles, but we could also invest in some areas such as private assets where we could reinforce ourselves. And it can also be about technology and services. We discussed that. It’s a more recent business but it's one that does exist at Amundi, that has successfully taken off, so we are at a stage where we could complement and accelerate this growth through external growth, it is something we could consider if an opportunity arises.

And there was a last question of technology. Maybe Domenico, if you want to take it.

Domenico Aiello (Amundi): So, thank you very much. On technology the short answer is that we don't look at these parameters as such because, as you know, as we were explaining in the past, actually for us Alto is made of many different modules which are dedicated to somewhat different players, which can range from asset managers, distributors and insurance companies, asset servicers and so on. So the fact is that, depending on the module, sometimes the AuM may be a relevant measure, sometimes not. So as a reminder we have the portfolio management system module, we have the Distribution and wealth for wealth managers. We have an asset servicer module where the clients are typically CACEIS, SGSS, BNY Mellon or HSBC Securities Services for example. And then we have also a module finally which is more dedicated to the French market, that supports employees savings schemes, which is a specific business in France.

On the other hand what I can say is that because of these different modules and flexibility and the fact that, together with the technology we can also sell other types of services. We try to increase the revenues that are generated through clients quarter after quarter.

And finally regarding the number of clients, by now we have over 50 clients and as you know we kept increasing this number since the beginning of the year and including in the third quarter.

Bruce Hamilton (Morgan Stanley): Great, thank you very much.

Operator: Thank you. We’ll now move to the next question. This is from the line of Isabel Hetrick [ph 00:38:35] from Autonomous. Please go ahead.

Isobel Hettrick (Autonomous): Hi there. Thanks for taking my questions this morning. I just have one please. So it's on the European Commission's recently announced consultation on the SFDR. So I was just wondering what your views are if there are potentially wholesale changes to Article 8 and Article 9 classifications to make it more like a labelling regime instead of a disclosure regime; do you think this will be positive for the sector in the long term and do you think there's any short term risk of disruption and if we see more regulatory change? Thank you

Nicolas Calcoen (Amundi): Thank you. On SFDR, indeed there's this consultation that has been launched by the European Commission which I think, of course, is in the context of this comprehensive regulation framework that has been built over recent years and with several components, taxonomy, SFDR review of MIFID. All that has created a new environment to which asset managers have adapted and we have adapted, which globally goes in the right direction and being more and more demand for responsible investments. There was a need for a common framework for asset managers, for distributors and for their clients. At the same time there are obviously some flaws in the regulations that have been enacted, and I think the fact that the European Commission has launched this consultation is a consequence of the fact that they have understood that there are some flaws and in particular on one key element which is the capacity to have categories, labels, type of products that are comparable from one producer to another and that are understandable for clients. And then I think in particular on SFDR the various categories were not meant to be labels, but they have been used as labels, as categories, and that's where the misunderstanding came.

So the fact that they are looking at it and want to review it, of course it can be because we all adapted to the current regulations, new adaptations will need to be implemented, so we first need to have some discussion, but at the end of the day if the ultimate achievement is to create an environment which is more relevant and give categories that are understandable for the end client, for the retail clients, I think it would go into the right direction.

Isobel Hettrick [ph] (Autonomous): Great, thank you.

Operator: Thank you. We'll now take our next question. This is from the line of Arnaud Giblat from BNP Paribas. Please go ahead.

Arnaut Giblat (BNP Paribas): Good morning. I've got three questions, please, three follow-ups. So firstly going back to technology. Ballpark you made around €50 million of technology revenues in 2022 and it looks like you're going to make roughly around €60 million in 2023 so a €10 million step up year on year and you're talking about a €150 million target that's still achievable. Can you give me some of the drivers and building blocks to get to 150 because it looks like you either need a significant step up in number of clients or perhaps some of your clients are not generating the revenues they've been onboarded and not generating revenues. So if you could provide some building blocks to how you are going to get to €150 million.

The second question is on costs. So flat costs. Historically you talked about a cost to income ratio excluding financial income at the time when financial income was negative because that falls through to the bottom line. Are there costs today that are associated to financial income? I'm just wondering. And also obviously this quarter, the lack of performance fees probably didn't flatter that ratio but historically you've been able to flex the costs when performance fees hwere absent. So I'm just wondering how to think about cost income on those two metrics.

And finally on M&A just going back to Bruce's question, in the context of cost of capital having increased substantially, if I look at the multiples where Amundi shares are trading on risk free rates et cetera, I'm just wondering I appreciate you probably are not going to give us new guidance in terms of thresholds but isn't there a case where your target returns on any deal should be higher than they were in the past? Thank you.

Nicolas Calcoen (Amundi): First of all on Amundi Technology, and to remind you that we created the business basically almost from scratch two years ago - not exactly two years ago. It was launched with a few clients a bit more than a few years ago and created as a full business line two years ago and since then Amundi Technology experienced a good level of growth. It was +35% I think last year. This year it would be relatively close at least on the first nine months, it's +25% or +26% growth, through the onboarding of new clients and through also the creation of new product lines which started with

ALTO Investment which is basically our PMS system for asset managers and asset owners. Then we also launched Amundi Wealth & Distribution for distributors, an advisory and DPM tool. A specific offer, Domenico was mentioning it, for asset servicers and also a specific offer for employee savings schemes specific to the French market. So I think now we have a good lineup of products which of course we need to continue to develop, improve and invest in, but we have a good lineup of products to continue to grow. That said, the target we set is ambitious, let's be honest about it, in particular in the current environment where maybe some clients are taking a bit longer to decide to change their IT system which is always a strong and big decision for any company, but again now I think we are in the right direction and now we have the full lineup of products that could help to continue this strong development.

On costs, you were talking about the financial income. I think we never presented and calculated the cost income ratio excluding financial income. So it was included when it was negative. It is included when it’s positive. Of course it's mainly linked to the context of higher interest rates but considering the size of Amundi it remains small, and above all the current market environment is obviously not helping globally our activity or our results, whether you look at the impact on net revenues and looking at the capacity to generate performance fees, looking at the risk aversion and the more muted flows. So if you have one element that somehow is positive, which is a net financial income, there’s no issue in taking it into account is our cost income ratio.

And your third question was on M&A and the return on investment. So as you know, our criteria for M&A are well known. This has not changed and to strengthen our model and accelerate growth: executable management risk and indeed return on investment which must indeed exceed 10% within three years. I understand your point on the question regarding the comparison with the cost of capital and possible alternative views. What I can say is we stick to the same target but of course we expect the return on investment to increase afterwards and if we have a target of 10% within three years, it doesn't mean that the return stops at three years. I can say also that we are not changing this target with rising interest rates, but we didn't also have a different target and changed target when the interest rates were lower.

And lastly recently we have been able to deliver more than that, the return on investment on Lyxor is actually around 14% in three years; strong returns from the Pioneer and Sabadell acquisitions as well. So continuing the sort of track record I think, if again there are opportunities. M&A is still the best use of our excess capital.

Arnaut Giblat (BNP Paribas): Very clear, thank you very much.

Operator: Thank you. We'll now take our next question. Please stand by. This is from the line of Angeliki Bairaktari, from JP Morgan. Please go ahead.

Angeliki Bairaktari (JPMorgan): Good morning and thank you for taking my questions, and from my behalf as well all the best for the new role to Domenico. So, first of all you mentioned that money market flows were concentrated in the Retail channel in the third quarter. Can you please explain to us the characteristics of those products that you distribute to retail customers. Are they sold across all retail networks or specifically in France, for example? And what is the management fee margin that you earn on those retail money market funds?

The second question is on the insurance mandate. We have seen big outflows in Q3 and also in previous quarters driven by the redemptions of the traditional euro contract policies in France. Are those outflows channelled into bank deposits or could you capture some of these down the line within perhaps the structured products that you distribute in France or other life insurance policies, for example new euro contract perhaps with higher crediting rates or new unit-linked policies?

And the third question is on the technology segment. Can you remind us who are your main competitors in the technology space outside of BlackRock with the Aladdin platform that is pretty well known as a PMS system? And would you say you have gained market share over the past year or has the increase in the revenues from Amundi Technology being driven by winning clients that are now outsourcing this function? They were previously doing it in-house and they're now outsourcing it to you? Thank you.

Domenico Aiello (Amundi): Thank you very much. So regarding the money market flows in the retail segment I would say that it is just a portion of that is sold in the third party distributors and therefore it is pretty much related to the relationship that we have with those clients there that are asset managers, wealth managers, and so on, that use these as bricks to manage their client portfolios, so their own portfolios.

And when we talk about the networks I would say that there is mainly a concentration in the French networks and sometimes we talk about the retail clients that are starting to take an interest in this process because they see that they are quite liquid and protected, maybe not in the sense of guaranteed, but let's say based on a very good and solid underlying issuers, but it's also the case of certain small business clients that can come through the networks in France.

Regarding the margin we do not disclose the margin on the individual products so I will not be giving more details about that.

On the Group insurance I think the questions were related to the euro contracts but you were asking whether there would be opportunity –

Nicolas Calcoen (Amundi): The question was where the money is going.

Domenico Aiello (Amundi): So, obviously we don't have control of where all the money is going but for sure we can see that we are capturing a portion of that that is coming back in unit-linked products typically as we mentioned on the structured products or other products.

Nicolas Calcoen (Amundi): Which by the way is a positive move since the margin on the insurance mandate is three basis points, whereas margins in a unit-linked product is obviously much higher, at 30-40-50 basis points , depending on product.

Domenico Aiello (Amundi): And finally Technology, I would say our competitors could be the likes of Aladdin, Simcorp or Charles River, for example as well as of course other smaller players or more specialised in specific modules. And then of course many clients, potential clients today still use their own proprietary systems which of course is also one of the opportunities for us.

Nicolas Calcoen (Amundi): And obviously as we are a newcomer in the business and are starting from almost nothing we definitely are gaining market share.

Angeliki Bairaktari: Thank you

Operator: Thank you. As a reminder if you would like to ask a question you can press star, one and one on your keypad. We'll now take our next question. This is from the line of Sharath Kumar from Deutsche Bank. Please go ahead.

Sharath Kumar (Deutsche Bank): Good morning. Thank you for taking my question. So, from my side as well best wishes to Domenico. So I still have two questions. So the first one is on India. So, thank you for your additional colour on Slide 14. Can you give rough indications on the drivers for the net income evolution, say, in terms of management fee margins, cost to income operating leverage, et cetera, because I was surprised to see that the net income is growing at a slightly lower pace than AuM, nevertheless it still remains robust. And then on the IPO of this business I know you previously indicated that the current environment is not ideal but when I look at your closest peers in India, say the likes of HDFC Asset Management, it rates close to 40 times PE so an IPO could result in significant unlocking. So just wanted to hear your thoughts.

The second one is just a clarification on the level of your excess capital. Am I right in assuming that currently it is in the vicinity of €1.3 billion? Thank you.

Domenico Aiello (Amundi): So, thank you very much. So, on India, without going through the evolution of every single KPI for the joint venture I would say that the most, let's say evident, answer that I can give is the fact that over the years, as we developed a very significant institutional business including pension funds, against a business at the beginning that was purely retail up until around five years ago. This of course is an increased revenue source but obviously those flows come with a lower margin like anywhere else, whether it's at Amundi or globally.

Regarding the market of course and for listed companies, we do agree it's interesting and thanks for mentioning the multiples for the market. I would say that, yes, there was this project that was put on hold at the beginning of 2022 because of the changing global environment with the beginning of the conflict between Russia and Ukraine. It is around that time that we were working on that. It's obviously something that can be picked up again in the future with the agreement of shareholders. So, it's not necessarily dead forever but not currently active.

And in terms of excess capital I would say in terms of the figure, you're about right with what you mentioned.

Operator: Thank you. We'll now take our next question. This is from the line of Jacques-Henri Gaulard from Kepler Cheuvreux. Please go ahead.

Jacques-Henri Gaulard (Kepler Cheuvreux): Good morning and again Domenico, it's been a pleasure and a lot of fun during those roadshows and I remember your absolutely stellar improvement in French from the moment you joined and your ability to just be completely bilingual in your meetings with French clients. That was super impressive.

The question is on the fact that there are increased press reports about one of your partners, Société Générale, interested in selling its securities services operations of which you are - and that's public as well - quite an important client and I was wondering if the change of shareholder of that particular business would lead to cost savings on your side. Thank you.

Nicolas Calcoen (Amundi): Thank you. We usually do not comment on M&A ourselves, so we don't comment on M&A plans of other people and especially when they are partners. SG Securities Services is obviously a very important partner for us and it's one of the two main providers of asset servicing. In any case, we will be in any circumstances very vigilant about the quality of service that our providers are delivering to us and the continuation of this quality of service.

Jaques-Henri Gaulard (Kepler Cheuvreux): Thank you.

Operator: Thank you. No further questions at the moment. As a reminder it is star one and one if there are any further questions. There are no further questions coming through in which case I will hand the conference back to the speakers.

Cyril Meilland (Amundi): Okay, thank you. I don't know whether Nicolas or Domenico want to make a closing remark or otherwise we can close the call at this point, and we are obviously available if you have any further questions after this conference call.

Nicolas Calcoen (Amundi): On my side I just want to thank you for your attendance, but I will leave the last word for Domenico since, as I said, it is his last analyst presentation.

Domenico Aiello (Amundi): Just to thank you all for your warm messages which I appreciate very much, even regarding my French which is probably not so true, but I'll take that as a compliment. Thank you very much for the collaboration over the years and I'm sure that the collaboration will be continued with Nicolas and Aurélia sitting here next to me. Thank you.

Operator: Thank you. This does conclude the conference for today. Thank you for your participation and you may now disconnect.