# Amundi
# Third Quarter 2022
# Earnings

**28 October 2022**

| List of MAIN speakers | Company | Job title |
|---|---|---|
| Anthony Mellor | Amundi | Head of Investor Relations |
| Nicolas Calcoen | Amundi | Deputy CEO |
| Domenico Aiello | Amundi | CFO |

## Q3/9M 2022 Highlights

**Operator**

Good day, and thank you for standing by. Welcome to the Amundi third quarter 2022 earnings call and webcast. At this time, all participants are in listen-only mode. After the speaker's presentation, there will be a question-and-answer session. To ask a question during the session, you will need to slowly press star one and then one on your telephone. You will then hear an automated message advising your hand is raised. Please note that today's conference is being recorded.

I would now like to hand over to your speaker, Mr Anthony Mellor. Please go ahead, sir.

## Q3/9M 2022 Highlights

**Anthony Mellor**
Head of Investor Relations and Financial Communication

Yes, good morning to all of you. Welcome. The two speakers today are Nicolas Calcoen, Deputy CEO and Domenico Aiello, CFO. I give the floor to Nicolas.

## Q3/9M 2022 Highlights

**Nicolas Calcoen**
*Deputy CEO*

Thank you, Anthony, and good morning to all. Thank you for joining us today for this conference call, dedicated to our third quarter results. I am, indeed, with Domenico Aiello, our CFO, and the IR team - Anthony and Thomas. Just before leaving the floor to Domenico, I want to say a few words about this quarter and the trend.

## Amundi's resilience demonstrated in Q3

As you can see, Amundi posted a very solid performance in the third quarter against a very difficult macroeconomic and geopolitical backdrop, and I would like in particular to highlight three points.

The first one is the fact that we maintained a very high level of net income and operational efficiency. Second one is that our activity was resilient. And the third, as you can see, we have fully completed the Lyxor integration, and we are starting to see the first result of this transaction.

So, first point, regarding results, profitability, our adjusted net income came in at €282 million on this quarter, which is up by 5% compared to the second quarter of 2022, despite an unfavourable market effect, and it indeed benefited from net management fees slightly higher than in the second quarter, despite this market effect, and from continued good control of operating expenses, which are decreasing compared to the second quarter. And this obviously contributed to the cost-income ratio, which is slightly improving at 54.7% for this quarter.

Second point, regarding the activity, amid very strong outflows in the European market as a whole, Amundi is, in incomparable terms, performing well. We saw negative outflows of €12.9 billion in the second quarter, but what I think is important to underscore is that outflows in medium- to long-term assets remain very contained at minus 3.5 billion, and in particular to be noted, dynamic activity continuing in retail networks, both in France and abroad, and positive inflows in active management. At the same time, we saw that passive management registered outflows as institutional investors and third-party distributors are lowering down their exposure to risk.

As far as our JVs are concerned, they recorded positive inflows of close to 4 billion in medium- to long-term assets - excluding the channel business, which is in extinction - thanks notably to the continued good momentum in our Indian JV.

And finally, Amundi technology has continued to grow and to gain new clients in this third quarter.

In September, we achieved the last IT migrations of Lyxor operations to our own IT platform, and thanks to this last achievement, the various operational integration work-streams of the Lyxor integration are now over, I would say, nine months after the closing of the transaction. It is also important to notice that these integration works did not harm our commercial activity, which is remarkable, considering the context.

So, this situation allows us to confirm the level of synergies, which will be in line with what we have already announced, and I remind them: €60 million on a full-year basis, as of 2024, in cost synergies, and €30 million in revenue synergies as of 2025, all these figures being before tax. And as you will see as well, we are starting to see the effect of these first synergies during the third quarter.

So, overall these results clearly confirm the value-creating potential of this deal, which has obviously strengthened significantly our positioning in passive and ETF.

This is all for my introduction, and I now give the floor to Domenico, who will present more in detail these figures. Domenico, the floor is yours.

## Q3/9M 2022 Highlights

**Domenico Aiello**
*CFO*

Thank you, Nicolas, and good morning to all of you.

## Highly unfavourable market conditions

I will start my presentation from page six of the pack that you have in front of you, with a brief overview of market conditions for this third quarter of 2022. As Nicolas said, an environment that remained unfavourable and, I should also add, volatile.

In equity markets, indices were about 5% lower as of 30th of September compared to the end of June. On a cumulative basis, they were down 24% compared to the beginning of the year, if we take the

Euro Stoxx as an illustration, and consequently the average indices continued to decrease quarter after quarter – you have the evidence in the graph – and falling again nearly 5% over the last quarter.

Interest rate markets also continued to see sharp movements and volatility, with long-term rates increasing around 75 basis points in the quarter, and aggregate bond markets continuing to fall by around 5% as well in the quarter.

And worth noticing also that currency movements sharpened over the year, and particularly the depreciation of the euro versus the US dollar – around 6% in the quarter.

**European asset management market displays strong outflows in 2022**

If I continue to page 7 of the presentation to give you the full picture of the environment in which we operate, you will see that the overall asset management industry displays outflows since the beginning of the year. And if you look, in particular, at the European open-ended, cross-border funds, outflows accentuated progressively quarter after the quarter, notably in medium- and long-term flows, to show over 100 billion of outflows only in the third quarter.

**Amundi's assets under management: +5% over one year, and -1.5% over 3 months**

So, in this environment, if we move to Slide 8, Amundi's assets under management stood at €1,895 billion as of 30th of September. This represents a roughly 5% increase over 12 months, and a 1.5% decrease over the quarter with the impact of flows and market effects slightly compensated by FX impact.

**A resilient activity in MLT assets in Q3, in an asset management market seeing strong outflows**

Regarding the flows for the quarter, we can move now to page 9 of the presentation. We recorded outflows, as Nicolas said, overall in total €12.9 billion, driven, as you can see, by outflows in Treasury products, in particular in the institutional client segments. But in medium- to long-term flows, outflows were much more limited to €3.5 billion in a context of generalised market outflows, as I said a minute ago, but nonetheless, with good momentum and positive flows in medium- to long-term active management.

Regarding the joint ventures, flows were marginally negative overall. However, importantly, they remain positive in medium- to long-term flows.

**Retail (excl. JVs): solid level of activity in the networks and outflows from third-party distributors in Q3**

Moving to page 10, I will comment now in some more detail the activity with retail clients. What is important to mention is that French and international partner networks, excluding for a moment Amundi BOC – I'll come back to that – showed positive activity. In France, flows were positive overall, around €0.5 billion. This was driven by active management and real assets, as per the previous quarter, but this quarter we also had a significant slowdown of outflows from structured products. As you may remember, for a number of quarters, we had strong outflows due to the triggering of autocalls with these structured products. So, positive overall in France, 0.5 billion.

In international networks, we also had positive inflows of €1.4 billion coming from a number of countries - Italy, Germany, Spain - and I would say, the adaptation of the offer and demand to the current environment that drove the success of bond funds, for example, Buy and Watch, as well as structured products.

For third-party distributors, we saw the impact of the de-risking of the client portfolio. That drove outflows, especially in passive management.

And finally, as mentioned, I come back to Amundi BOC, with outflows that remained also in this quarter, following outflows in the second quarter. So, negative, around 1.8 billion, in connection again with the maturity of funds launched in 2021, which a volume of gross sales that was not enough to cover these maturing funds.

**Institutional clients: limited outflows of MLT assets in Q3 and good momentum in active management**

If we move now to page 11, a word also on the institutional clients that featured well during this quarter in terms of medium- to long-term flows in active management in particular, given the overall context. So, once again, I look at these, excluding the outflows from Treasury products that, as you can see, are around 8 billion.

So, overall, if we take all the segments, we were slightly negative in MLT flows, but we were in particular positive in the institutional and corporate clients segments in total. And this was driven by, in particular, strong level of flows in active management of over 3 billion, with some outflows in passive.

In the area of the group insurers - Credit Agricole Assurance and Sogecap - this segment shows some outflows, but this is in connection with an exceptional dividend that was distributed by Credit Agricole Assurance. So excluding these flows, we are generally stable in this segment.

**Resilient active management flows in Q3**

Moving on to page 12, you can see here the evolution of flows by investment style. So, in the course of the quarter, as we already mentioned, active management remained positive with over €1 billion, and this was driven by bonds and equities, and active management also remains positive year to date.

Passive management saw outflows in the quarter due to client de-risking, as I said, despite inflows in ESG ETF and index funds. But passive management maintains very positive outflows year to date, with around 7.5 billion inflows in total for the nine months.

In real and alternative assets, we saw, on one hand, continued flows in real assets, and this was offset in the quarter by outflows from a mandate in alternative management. Excluding this, inflows in real assets year to date represent around €3 billion, so still remaining at a quite good level year to date.

And as mentioned, the net flows in structured products came back to break even in the quarter, pushed in particular by robust inflows in the international network.

**JVs: positive activity in MLT assets in Q3**

I will briefly comment also on the joint venture, if we move to page 13 of the presentation. And as I mentioned at the beginning, overall, the flows were just marginally negative, but this was due to outflows in Treasury products. Excluding these and excluding also the usual outflows that Nicolas mentioned in the traditional low-margin channel business in China, medium- to long-term flows were still strong at around €4 billion, and they were driven in particular again by the Indian joint venture that presented positive flows, in particular from the pension fund client segment.

**Solid net management fees**

I think we can now move to the results, moving on to page 15, for the third quarter. Here on this page, you can find the net revenues, excluding financial income: net commissions, performance fees, and revenues from Amundi Technology.

So, let's start with the evolution of the net management fees. We recorded €747 million in the third quarter, and this represents roughly 2% increase compared to the second quarter. This is the result of improved client and product mix. It's the result also of a positive currency effect that is related to the strengthening of the US dollar, and also to some non-recurring items.

When you compare the net management fees to the third quarter 2021, they were up approximately 6.7%, thanks to the Lyxor integration, of course, on one end. But if we make the comparison on a like-for-like basis, we see just a marginal decrease, around 1%. And this is despite the negative market effect, which has been very strong over 12 months, due to [the decline of equities and bond markets. But this is offset, or nearly entirely offset, by the cumulative impact of inflows in active management throughout the 12 months, driving a favourable client and product mix, but also the realisation of some revenue synergies related to the Lyxor integration, and finally, same as for the quarter, a positive currency effect.

When we look at performance fees, we'd hinted to lower performance fees for this quarter, and we realised €13 million, down as expected. We can see some further details next page.

Last but not least, also a word on the revenues from Amundi Technology: they are around €12 million in the quarter, marginally up compared to the second quarter, although the underlying growth of the recurring revenues from clients already onboarded is stronger and has been growing steadily as usual. If you look at the comparison vs 12 months ago, over the third quarter 2021, the increase is more pronounced - rather 43% - and this confirms the positive development of this activity over 12 months.

**Performance fees affected by market conditions**

I think we can go quickly through page 16. As I mentioned, here you have the evolution of the performance fees on a quarterly basis over a longer period of time. Just to show that the level we had last year, as we always mention, was quite exceptional and that we were expecting a normalisation over time. And for this year, we started to see this already in the first half of the year, and this normalisation was even more pronounced, as expected, in the third quarter, in light of the current market conditions.

**Good control of expenses**

Let's move to page 17 to comment on the evolution of expenses. For the quarter, operating expenses stood at €415 million. This is a decrease of 1.7% compared to the second quarter. And when you look at the evolution against the published results for the third quarter, the increase is obviously only optical, explained by the Lyxor integration. On a like-for-like basis, operating expenses are down also 2% compared to the third quarter last year.

So, overall, we can say that, progressively, we start seeing the impact for the realisation of the first cost synergies that stem from the Lyxor integration. In addition, tight control of expenses has contributed to keep the level of costs under control, despite the negative pressure coming from the depreciation of the euro against the dollar. The cost income ratio for the quarter stands at 54.7%. That means an improvement by over 1 pt compared to the second quarter.

**High level of adjusted net income1: €282m**

Finally, as a result of all of this, if we look at page 18, we find the positive jaw effect between the revenue evolution, in particular, as I mentioned, in the net management fees, and good cost control that reflects on our adjusted net income. As Nicolas mentioned, a level of 282 million for the third quarter represents an increase of nearly 5% compared to the second quarter.

**Income statements for Q3 2022, Q3 2021 and Q2 2022**

Briefly, on page 19, you have the full P&L over the period. Nothing significant to add, compared to what I've already mentioned. Maybe just to note the contribution of the equity-accounted entities, mainly the JVs, that remain strong at 23 million in the third quarter, following a contribution of 21 million in the second quarter.

**High level of adjusted net income: €875m**

I think we can briefly go through the results for the nine months. Moving to page 21, just a word in summary. As you can see, we look straight at the adjusted net income. It stands at €875 million for the nine months of 2022. It's up by 3.4% compared to the first nine months of 2021 on a normalised basis, excluding the extraordinary impact of the very high level of performance fees that we registered in 2021. These results would also be slightly up, -+0.5%, if we also looked at these on a like-for-like basis, i.e. including Lyxor in 2021.

How do we get to this positive result :

- there's been a rise in net management fees, they are up 3% on a like-for-like basis, despite the adverse market conditions, demonstrating the development of the business, despite the overall industry development, the increase of revenues from Amundi Technology that are up 24% compared to last year, €34 million and 45 clients at the end of September. That means an increase in number of clients that is quite significant compared to last year, and confirming the development of this activity.
- and on the other hand, a good cost control. Costs are stable on a like-for-like basis for the first nine months of the year. And in particular, cost control and synergies over the full period of the nine months have compensated investments that have been realised over the past year and the negative currency effect.

Therefore, the decrease in reported net income is completely attributable to the exceptional level of performance fees realised in 2021.

**Lyxor: operational integration complete, confirming the expected value creation**

I suggest that we move now directly to page 23. We mentioned that the Lyxor integration has been completed. What I can add is that the various integration work streams have been finalised according to plan. I can remind in particular that teams have been working together since the first quarter of this year. Where necessary, the legal merger process of different entities, either in France or abroad, was completed around mid-year. The new organisation was put in place in June. And finally, importantly, the IT migrations were completed by the end of September.

Nicolas mentioned the synergies. We confirmed them as €60 million pre-tax for cost synergies, to be realised in thirds in 2022, 2023 and 2024 - already full impact in 2024. In terms of the revenue synergies, €30 million pre-tax, realised in fourths between 2022 and 2025.

We also confirm the estimated return on investment above 14% within three years. This is including all synergies, as we announced at the time of the acquisition.

**Conclusion**

Very quickly, to conclude on page 24. We believe that the quarter has been solid, showing a resilient business activity, especially in medium- to long-term flows, particularly considering the macro environment and the market backdrop. That means that Amundi's model remains robust, underpinned by continued operational efficiency and solid profitability. Lyxor integration is complete, and we begin to see the fruit of this.

And now we can open to questions from the audience.

## QUESTIONS AND ANSWERS

**Operator:** Thank you. As a reminder, to ask a question, you will need to slowly press *1, and then, 1, on your telephone, and wait for your name to be announced. Once again, it's *1, and then, 1, on your telephone, and wait for your name to be announced. Please stand by while we compile the Q&A roster. This will take a few moments.

We are now going to proceed with the first question. Please stand by.

The first questions come from the line of Haley Tam from Credit Suisse. Please ask a question. Your line is open.

**Haley Tam (Credit Suisse):** Good morning. Thank you for taking my questions. Can I ask two, please? First of all on costs, can you remind us, is it still your target to be less than 53% adjusted cost income ratio this year? And perhaps you can give us some colour in terms of the expected interaction of inflation and synergies from Lyxor over the next 12 months?

And then, secondly, in terms of the management fee margin, could you maybe expand a little bit more on the comment you made about some non-recurring components and the increased management fees in Q3, so we can understand the scale of that and how sustainable that might or might not be? Thank you.

**Domenico Aiello (Amundi):** On the cost income ratio and target, I think that what we hinted already back in June, during the Investor Day, that our target to be below 53% is a target to be achieved towards the end of the plan when the synergies have been realised. In the meantime, because of the immediate pressure that we got from the Lyxor integration, our cost income ratio compared to last year, with the Lyxor contribution, shows an increase by 2 points, and of course, markets are less benign. As we can see, right now cost-income ratio is above 53%, but we indicated that temporarily we could be in a situation of being above 53%, to come back to below 53% towards the end of the plan.

I think you asked also about the interaction of inflation and the Lyxor cost synergies. I would say that, first of all, we don't expect that inflation, as such, as reported when we see the sort of headline inflation levels, should reflect in the cost base automatically. In addition, we probably see inflation to impact more next year, as you can imagine. And against this, of course, we will have some realisation of synergies or additional synergies. Consider that we will have already some synergies coming this year, and then, on a marginal basis, some additional synergies coming next year.

As I mentioned out of the total of 60 million, we would expect to have around one third - it's an approximation - this year, and then another third added the next year, to be completed in 2024.

On the management fees, about the non-recurring items, just to explain these : the vast majority of our fees, our commissions, are obviously very linear, are related to the AUM, but not necessarily all of them. In relation to certain activities, for example, there could be some commissions that are not completely linear. As it happens, we had a bit of a higher level than usual in this particular quarter in these non-completely linear commissions.

In terms of the quantification, we can say that this explains approximately half of the increase in net management fees between the third and the second quarter. So, if you take the increase, approximately half of that is explained by this phenomenon. I hope that answers your question.

**Haley Tam (Credit Suisse):** That's very clear. Thank you.

**Arnaud Giblat (Exane BNP Paribas):** Good morning. I've got three questions, please. If it's OK, can we take them one by one? My first question is regards to China, BOC and Bank of China, where I think there's a bit of competition there from other asset managers establishing JVs. Notably, BNP Asset Management has just launched a JV with Bank of China. So, I'm just wondering whether the outcomes we're seeing, or the lack of flow we see in China this quarter, is in relation to this competition, and maybe you could expand a bit on the competitive dynamic?

**Nicolas Calcoen (Amundi):** OK. I will take the question. No, it is not linked to this possible competition from other wealth management JVs being created by other asset managers. The explanation from the outflows we saw in the second quarter and now in the third quarter is the following. We created the JV. It started to, let's say, be active at the very beginning of 2021, or end of 2020. The main activity is to produce maturity funds, maturity products with a maturity which is generally between 12 and 18 months. And so, since the second quarter of this year, we are seeing some of these products, the one launched a bit more than one year ago, coming to maturity. And at the same time, we see the new production of products slowing down because of the context, the lockdown in Shanghai and other areas, and the fact that, due to the economic and financial context in China, the return from this kind of client slowed, compared to what it was in the past. This had an impact on the new production.

At the same time, if you take a little longer direction, I remind you that our JV was actually created one year and half ago, less than two years ago. It already has €10 billion of assets. It's already at break even. So, it is a good achievement for a totally new business as this one. It is, I would say, it is true in general, it is also true if you compare to - coming back to your question - other similar projects that have been launched or are being launched. And these other asset managers are not competing with us within the network of BOC. And actually what we are doing is that we start expanding the distribution channels outside of BOC. It's, obviously, of course, ongoing. We opened a new distribution channel during the year, and we are about to open a third one. It has no impact yet on the inflows, but in the medium term we remain positive with the recovery of activity with BOC. Plus the opening of new distribution partnerships. It leads us to remain very positive in the medium term on the development of this activity.

**Arnaud Giblat (Exane BNP Paribas):** OK. My second question is with regards to structured products, which seem to be turning a corner in retail. Could you provide some more details there? What type of products are being sold, and what margin? I think, historically, these were very high-margin products, around the 45-basis point margin pre-Lyxor. Should we expect a big pick-up in structured products in general, with base rates going north of 3%?

**Domenico Aiello (Amundi):** I can start answering, and then Nicolas can also add. I would say that there are products that are different depending on the networks, on the demand from clients, and adapted also to different markets. These can vary from, for example, products in the form of formula funds, where you have an underlying basket of equities whose performance is swapped for a fixed rate and transformed into a fixed coupon for the clients, with a lot of protection of the downside. In some other markets and for other clients, you also have products that are more similar to fixed income issuances .

Therefore, the fees that we earn are slightly different, depending on which type of product. There is obviously a management fee that is recurring, and there are some structuring fees that are earned to structure these products. And then it depends also whether there are certain guarantees or not, which, generally speaking, are not borne by us but reflected back to back with market counterparts. So, in the vast, vast majority of cases, we don't bear any of these guarantees ourselves.

I think your underlying question is also: does it mean that we will continue to increase flows in these products? It's a type of product that, given the current market conditions - because this type of product provides a certain protection on the downside and gives quite a good yield - is selling quite well at the moment. We saw this already in the past during periods with similar market conditions, but the situation can vary, and we will keep adapting our offer, depending on market circumstances and clients' demands, discussing this also with different distribution networks.

As a reminder, products that are not within the structured products, but were also successful for the same reason that I mentioned, are fixed income funds - Buy and Watch.

**Arnaud Giblat (Exane BNP Paribas):** Thanks. And my final question's on M&A. Have you got the bandwidth today to do for M&A, now that you've integrated Lyxor? And how has your return threshold changed or not changed, given that your shares are trading at 8x?

**Domenico Aiello (Amundi):** It was a bit difficult to hear you, but I'll try to repeat and you tell me if I understood the question. I think the question is regarding M&A, if our expected return threshold has changed, given the current market returns.

**Nicolas Calcoen (Amundi):** More generally, on M&A, our approach has not changed, and we definitely consider that we can be a consolidator in the industry, and we are ready to look at new opportunities as long as they meet our criteria consistently with our strategy, helping us to accelerate, to implement our strategy, with also a manageable execution risk - we are always very careful about that - and value creation, as in particular a return on investment above 10%. This has not changed.

And I think you mentioned the Lyxor integration in your question. Indeed, as now the integration of Lyxor is over, we are definitely ready to consider, if - again, this is very important - there are opportunities that makes sense. And as regards the financial criteria, no, we are not changing our nominal target of 10%. We are doing better with Lyxor, but it's not always guaranteed,

**Arnaud Giblat (Exane BNP Paribas):** Very helpful. Thank you very much.

**Bruce Hamilton (Morgan Stanley):** Hi, thanks for taking my questions. Two questions on the outlook for flows and growth. Near term, any change in dynamics you're seeing in Q4? Obviously, September was pretty tough at an industry level. You outperformed that, but I just wanted to get a sense of whether things had stabilised. And then, perhaps more importantly, casting forward to next year, as you think about the product set and likely client demand, where are you more or less confident? One of your peers talked about pure passive probably seeing continued pressure in a low or no-beta world, perhaps more demand for real assets. But I'd be interested in how you're thinking about the likely areas of client demand, casting into '23 and beyond. Thank you.

**Nicolas Calcoen (Amundi):** In terms of short to medium-term prospects, we don't see, unfortunately, the market environment improving significantly. We are staying in very volatile markets, and so we expect, globally, risk-aversion from our clients to remain. So, we wouldn't expect strong recovery in the short term. But of course in the medium term, considering all the elements, all the strengths and the potential we mentioned and discussed deeply at our Investor Day, we remain confident in the medium term of our capacity to deliver on our target.

In terms of what we can say about what trends we are seeing and what kind of product expertise clients will be looking for, maybe one element to mention regarding Treasury funds. You saw the outflows in the third quarter. These outflows were concentrated in July. We started to see some positive flows since August. So, we will see if it continues, but obviously the changes in the ECB rate policy has probably an impact in that regard.

And coming back to medium to long-term assets, what we see and what we expect to see is more appetite for fixed-income products. Obviously, we have seen a significant decrease in the valuation over the recent quarters, increasing interest rates. We see now they are at a level where it would make sense to come back to this expertise, and by the way that was one of the themes of the recent investment outlook we gave to our clients. So, some appetite for fixed income overall, in particular, as Domenico mentioned, our Buy and Watch product for retail clients. Structured products, we just discussed that, and Domenico also explained that there can be more opportunities to build formulas that are attractive to clients. And active versus passive, overall, in the medium term, I would say our views haven't changed and there's place for both. Probably in the medium- to long-term, passive management will continue to grow faster than active management. But at the same time, we know that passive management, in particular ETF, are for investors, a tool for tactical allocations. So, moves in this space are generally faster than what we see for active management.

**Bruce Hamilton (Morgan Stanley):** Great. Thank you.

**Hubert Lam (Bank of America):** Hi, guys. Good morning. I've got three questions. Firstly, on your flows in active management, they are positive this quarter, which is impressive. Can you just give us some colour as to what kind of products have benefited from the active inflows? I saw that you have inflows into both equities and fixed income, but any more details on that would be appreciated.

Second question is on revenue synergies coming from Lyxor. Can you let us know how much revenue synergy you benefited from this quarter, and also where they are coming from? Are they mainly on the product side or the client side, to benefit?

And lastly, on the dividend, now that we are heading towards the year end and your profits are likely going to be down year on year, how should we think about the dividend? Is it fair that we expect it to be maintained, just given you still have strong excess capital to maintain it, despite a lower profit outlook for this year? Thank you.

**Domenico Aiello (Amundi):** On the active side we were positive overall with positive flows in fixed income and equities. These came with outflows in multi-assets. I would say that, on the equity side, what remains still, generally speaking, quite well sold is the thematic fund, which have been quite a good success story for us, which remains something of interest for the clients.

And regarding fixed income, if I look at retail, it's the Buy and Watch products that we have already mentioned. And then, of course, there are mandates as well, which are really driven by institutional demand and tailor-made to whatever a client may require.

On revenue synergies, for the time being , I would say that it's mainly related to renegotiations of certain elements. When you look at overall net fees, there are certain expenses related to service providers used in the structuring of our passive products. We have renegotiated with certain providers, and we've started to register some savings coming from it.

**Nicolas Calcoen (Amundi):** And regarding the question of dividend, what we can say, just to confirm what we said at our Investor Day, we intend to distribute at least 65% of year-on-year net earnings. And at the moment we cannot say more and be more specific.

**Hubert Lam (Bank of America):** OK. Thank you.

**Jacques-Henri Gaulard (Kepler Cheuvreux):** Yes. Good morning, gentlemen. Two questions. Last quarter, Nicolas and Domenico, when I asked you if you thought that Q2 would be the trough quarter of the year, you said that it would depend on performance fees to a large extent, and those are really close to zero now. So, is it fair to say that you're confident you can roughly maintain the same average level of profitability until the end of the year, which, considering where the markets are, would be quite good?

And the second question: out of curiosity, you mentioned, Nicolas, that the weight of onboarded clients at Amundi Technology had performed quite well. Could we have a bit more detail about how you can actually grow the product that can be consumed by clients of Amundi Technology, and maybe how much it represented of the growth of the business, if you can go that far? Thank you.

**Nicolas Calcoen (Amundi):** Thank you, Jacques-Henri. In terms of prospects for the quarters to come, as usual, we won't give guidance. What I just want to reiterate is that this quarter had a good result. Indeed, there is a low level of performance fees, but the level of recurring revenues is, even if there's some slight non-recurring item, as referred to by Domenico, is sustainable. I know there are some questions about what could be the margin. We don't look at margin on a quarterly basis because of this kind of elements. What I can say is, if you look at the average margins over the last nine months, I think the average is around 17.7 bps. It’s a slight increase compared to last year on a proforma basis, taking into account Lyxor. The reason for that, we already explained: the good mix, both in terms of client and expertise. And what we believe is that this level of margin is sustainable. So, coming back to your question, that being said, a lot will, of course, depend on the level of the market.

And your second question, I didn't completely understand. I understood it was about Amundi technology and the onboarding on clients. Can you repeat it?

**Jacques-Henri Gaulard (Kepler Cheuvreux):** I said if I understood well, but maybe I didn't. You said that part of the growth was due to the level of activity of onboarded clients already. Or did I misunderstand you?

**Nicolas Calcoen (Amundi):** I think what we said is that the revenues we are taking from Amundi Technology are run-rate revenues, based on the recurring fees when a client is onboarded, and you have also some specific project fees during the onboarding period, which, by nature, depend on the number, on the size of new clients being onboarded. And I think maybe that's what you are referring to. The good thing, which is logical, is that among the total Amundi Technology revenue, the share of recurring revenue services is increasing, and now it represents two thirds of total revenues. One third is project revenues, depending on new clients being onboarded.

**Jacques-Henri Gaulard (Kepler Cheuvreux):** OK. That's super. Thank you, gentlemen.

**Pierre Chédeville (CIC):** Yes, good morning. Two questions on my side. First question, regarding the good management of expenses. Could you be a little bit more precise regarding the content of this good management? For instance, did you stop recruiting people, or are you intending to freeze recruitment as long as the context is unfavourable? Did you postpone some investment, *et cetera*? Can you just give us how are you going to pilot this good management of expenses in the coming months of this difficult context.

My second question is about ESG. It seems that there are more and more constraints regarding the management of Article 9 products, particularly in the newer energetic environment. For instance, the natural gas that we are importing is much more polluted, if I can say so. And the gas we were importing from Russia, so that raises problems regarding the qualification of some investment, I guess. And how do you see these things, and could you give us the net inflows of ESG products for the quarter? Thank you very much.

**Nicolas Calcoen (Amundi):** Regarding the management of expenses, the evolution, as explained, I think, by Domenico, the good management in the quarter is due to the fact that we start to see - especially if you compare to the second quarter - the impact of the synergies associated with Lyxor. And it counter-balances, and more than a counter-balances, the negative effect due to the decrease of the euro. If we compare to last year, it's, of course, a combination of many elements. We did continue to invest around the level of investment we did this year compared to last year. If you look at recruitment, we made to support development, for example, for Amundi Technology, for areas of growth such as real assets, we did some investment. But at the same time, we, again, are starting to see the realisation of some cost synergies, and we also, of course, adapted the provisioning of variable remuneration to the evolution of the result. Going forward, considering the strong uncertainties around the market environment that we mentioned, considering also the inflation context in which we operate, and which has not impacted completely our result - as Domenico indicated, it is probably more next year that will see the full impact on inflation - we are indeed continuing to be very careful in expense management and to be very cautious, at least in the short term, and to ensure that we remain in good situation whatever the evolution of the market is. And that's the reason, for example, we have decided to make a temporary pause in our hirings. Of course, it doesn't change our development ambition in the medium term, and we, of course, won't take any decisions that could hurt our development trajectory going forward.

**Pierre Chédeville (CIC):** Very clear. Thank you.

**Nicolas Calcoen (Amundi):** And there was a question on ESG. The environment is more and more complicated, and of course there's the energy crisis you are mentioning. There's also the change in regulations and the implementation of new regulations in Europe. But it doesn't change our approach. We want to continue to innovate and to build new solutions adapted to this environment.

You were asking about flows. On long term-assets, flows have reached close to 8 billion since the beginning of the year. And during the quarter, I think we had slight outflows on the quarter - minus 1 billion in long term assets. So, you can see, if you compare this to our global business, in terms of business activity, ESG products are performing better, and they represent 100% of our flows since the beginning of the year.

**Pierre Chédeville (CIC):** Thank you.

**Michael Werner (UBS)**: Thank you very much. Just one question from me, please. You noted during the call that you're seeing, or expect to see, increasing demand for fixed income mandates, and with yields rising, do you see any opportunity, maybe not on existing products, to raise prices, maybe on new products, to increase pricing on certain fixed income products as we look out over the next couple of quarters? Thanks.

**Nicolas Calcoen (Amundi):** What we can say is, at least the change in the rate environment is alleviating partially the pressure on margins we have seen for the industry for many years. This pressure is something we would expect to continue for the reason of increased scrutiny from regulators, from distributors, potentially new distribution patterns. But that's clear that over the last ten years, the interest-rate environment was also putting a lot of pressure on margins, and this should clearly alleviate. It doesn't mean that we would change, indeed, for existing mandate, for example, the pricing, but for products such as money-market funds, it's something which is possible. It also allows us to build formula, in terms of structured products, that are attractive to clients at the same time as a good level of profitability. So, no immediate change, but clearly less pressure on margins coming from this rate environment.

**Michael Werner (UBS)**: Thank you.

**Operator:** We have no further questions at this time. I hand back the conference to you for closing remarks. Thank you.

**Anthony Mellor (Amundi):** OK. Thank you very much to all of you. Next publication will be the full-year 2022 results on the 8th of February. Thank you. Bye, bye.

**Domenico Aiello (Amundi):** Thank you.

**Operator:** This concludes today's conference call. Thank you for participating. You may now disconnect your lines. Thank you, and have a good day.

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