

Bloomberg Intelligence

Amundi Resilient in Face of Revenue Pressure

BI Investment Mgmt, Global Dashboard



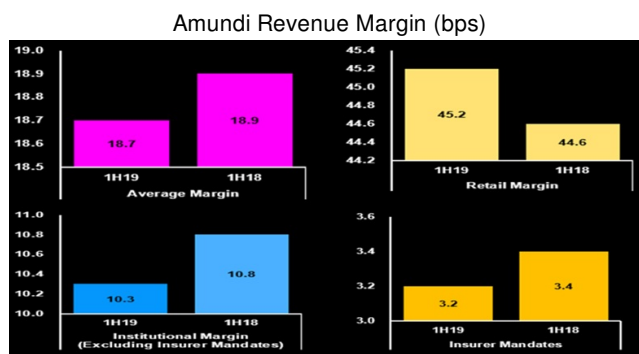
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Amundi Stays Strong in the Face of Asset-Management-Fee Pressure

(Bloomberg Intelligence) -- Amundi remains resilient amid rising fee pressure across the asset-management industry caused by market volatility, changes in investor behavior and regulatory reform. Organic growth and shifts in asset mix should protect revenue margin, which faces further risk after falling over recent years, while stringent cost control may help deliver strong earnings, in our view. (01/06/20)

1. Real Assets Trend May Ease Margin Pressure

Industrywide fee pressure continues to drag on Amundi's gross margin, yet in a challenging market environment it's been robust. We believe pressure may ease with positive changes in business mix and increased demand for higher-margin real assets. The company in 1Q-3Q had positive flows of 2.5 billion euros into its real assets business, which it will develop further in 2020. Total assets managed in this segment amount to 50 billion euros. Despite gradual margin erosion, Amundi is expected meet its 2020 adjusted net income target of 1.05 million euros, based on consensus. (01/06/20)



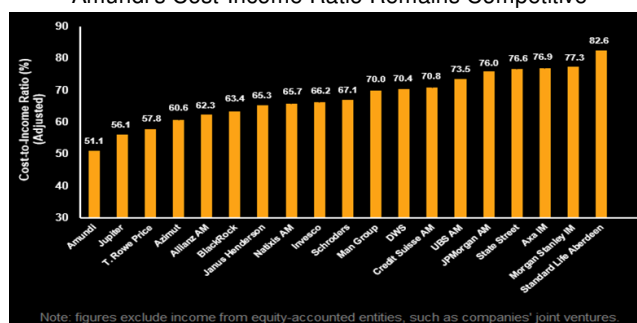
Source: Company Filings, Bloomberg Intelligence

2. Low Cost-Income Ratio Reflects Resilience

Amundi's 51.1% cost-to-income ratio is the industry's best, chiefly due to tight cost control, underpinned by an efficient business model that reflects its ability to deliver resilient earnings. At end-3Q, its ratio improved 1.8 bps year-over-year, despite market pressure and the trend for lower-margin fixed-income products. This is mainly attributable to a 5.7% rise in net revenue to 656 million euros that offset its 2.1% increase in operating expenses to 335 million euros. For further improvement, Amundi needs to bolster the cost-income ratio of its U.S. business, 65% at end-2H. (01/06/20)

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Amundi's Cost-Income Ratio Remains Competitive

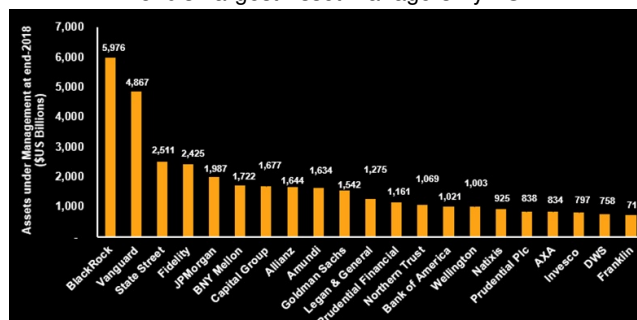


Source: Amundi Investor Report (Dec. 2019)

3. Margin Pressure Continues to Drive Consolidation

Amundi is well-placed to navigate industry consolidation caused by market and regulatory pressure on revenue and cost-to-income margins. With 1.563 trillion euros of assets under management (AUM) at end-3Q, and the support of majority shareholder Credit Agricole, it's a consolidator rather than a takeover target. Its adjusted annual net income has almost doubled to 946 million euros since its own listing in 2015, chiefly due to the Pioneer acquisition that increased AUM 32% and transformed Amundi from a captive to a global asset manager with a strong international footprint. (01/06/20)

World's Largest Asset Managers By AUM



Source: Company Filings, Bloomberg Intelligence

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