Rating

Buy

Europe
France

Diversified Financials
Asset Managers

Company

Amundi

Reuters	Bloomberg	Exchange	Ticker
AMUN.PA	AMUN FP	PARIS	AMUN

Date
10 January 2024

Company Update

Price at 10 Jan 2024 (EUR)	62.60
Price Target (EUR)	74.36
52-week range (EUR)	64.80 - 48.20

EXECUTIVE SUMMARY

We initiate coverage on Amundi with a Buy recommendation and a 12-month target price of €74.36, indicating an 18.8% premium above the recent closing price. Our valuation synthesizes a 70/30 weighted approach between the Dividend Discount Model (DDM) and relative P/E valuation, reflecting both Amundi's stable dividend outlook and its competitive market positioning.

Amundi's investment profile is marked by robust fundamentals, including resilient margins and volume growth, along with a cost efficiency that stands out from its competitors. The firm is successfully expanding its revenue diversification through initiatives such as Amundi Technology and profitable joint ventures in Asia. With a strategic plan to deploy €2 billion in excess capital for M&A by 2025, Amundi is poised for further growth and market penetration.

Financial prudence is anticipated to keep the cost-to-income ratio stable, with incremental improvements expected from cost synergies realized through the Lyxor integration. Despite the reliance on market recovery for bolstering retail flows, Amundi's diverse product offerings, such as structured and "buy and watch" products, provide it with additional avenues to attract investment. This, coupled with an attractive valuation and a dividend yield that shines when compared to its undervalued European peers paints a favorable picture for Amundi's future investment potential.

1. Market leadership & diversified expertise

Amundi secures its position as a leading European asset manager, ranking in the global top 10 with more than €1.9 trillion in Assets Under Management (AuM). The company's scale reflects its expansive expertise in active, liquidity, structured, and alternative asset management. Supported by an efficient operational model, Amundi boasts the lowest cost-to-income ratio in the sector, indicating superior cost management and profitability.

With 5,400 employees in 35 countries, Amundi serves a diverse clientele, offering tailored solutions to both retail and institutional segments. This diverse product portfolio underpins Amundi's strategic agility in addressing varied investment needs while upholding industry-best practices.

These strengths are expected to continuously fuel Amundi's ability to generate solid cash flows and maintain robust operational performance, solidifying its revenue base for the future.

2. Strategic joint ventures and strong M&A activity

Amundi's strategic joint ventures, especially in high-growth markets like India through its partnership with SBI, signal a substantial potential for underrated future income and AuM growth. These JVs, combined with an assertive M&A strategy backed by €2 billion in excess capital targeted for deployment by FY25, suggest an aggressive growth trajectory. Amundi is poised to not only expand its market share but also to integrate innovative investment strategies and technologies, enhancing its value proposition and generating new revenue streams. Amundi's deliberate foray into high-growth markets, particularly Asia, is exemplified by its joint ventures and the establishment of strategic partnerships, like the one with State Bank of India (SBI). These alliances are poised to harness the growth trajectory of emerging economies, where increased wealth and financial participation are expected to drive demand for asset management services. Furthermore, Amundi's ambitious target to deploy €2 billion in excess capital for mergers and acquisitions by FY25 is a clear indicator of its proactive stance on value creation through strategic expansions. This strategy, aimed at capturing synergistic benefits and expanding its global footprint, places Amundi in an advantageous position to tap into new markets and augment its revenue streams, potentially leading to undervalued future income growth.

3. Sustainable Investing and ESG leadership

Amundi's commitment to ESG principles and its recognition as a leader in responsible investment is a cornerstone of its value proposition. The company has not only embraced sustainable investing but has also excelled, winning accolades and launching new funds dedicated to this crucial investment paradigm. Amundi's focus on ESG is not just about meeting investor demand; it reflects a deeper strategic insight into the future of investing, where sustainability is becoming increasingly intertwined with financial performance. By prioritizing ESG, Amundi is attracting new clients, particularly those from younger demographics and institutional investors who mandate a strong ESG framework, thereby positioning itself for strong organic growth.

KEY FINANCIALS

	Historical (Statutory)						Team Forecast								
Fiscal Year Ending 31 Dec.	FY18	FY19	FY20	FY21	FY22	FY23e	BP24	BP25	BP26	BP27	BP28	BP29	BP30	BP31	BP32
AuM (in €Tn)	1,425	1,653	1,729	2,064	1,904	1,986	2,056	2,365	2,447	2,533	2,622	2,713	3,045	3,152	3,262
Revenue (in €Mn)	2,510	2,636	2,521	3,136	3,055	3,169	3,378	3,886	4,203	4,350	4,502	4,661	5,210	5,570	5,762
Cost/Income ratio	55%	52%	53%	49%	57%	54%	53%	53%	51%	51%	51%	51%	51%	50%	50%
Gross Income (in €Mn)	1,123	1,259	1,180	1,586	1,322	1,458	1,588	1,827	2,070	2,139	2,210	2,285	2,543	2,806	2,896
Growth		12%	-6%	34%	-17%	10%	9%	15%	13%	3%	3%	3%	11%	10%	3%
EBITDA (statutory)	1,218	1,310	1,237	1,674	1,466	1,516	1,631	1,877	2,121	2,192	2,265	2,342	2,607	2,872	2,964
EBT (in €Mn)	1,162	1,295	1,224	1,658	1,402	1,551	1,668	1,919	2,165	2,238	2,313	2,391	2,662	2,929	3,024
Net Income (in €Mn)	855	959	910	1 369	1,073	1,194	1,278	1,470	1,659	1,714	1,772	1,832	2,039	2,244	2,316
EPS (in €)	4.24	4.76	4.48	6.74	5.26	5.86	6.27	7.21	8.14	8.41	8.69	8.98	10.00	11.01	11.36
DPS (in €)	2.90	0.00	2.90	4.10	4.10	4.10	4.37	5.00	5.61	5.77	5.94	6.11	6.77	7.41	7.62

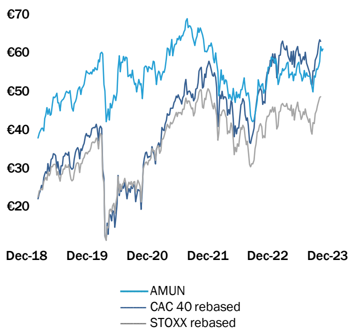
Exhibit 1: AMUN Overview

First Trading Date	12 Nov. 2015
Target Price	€74.36
Current Price*	€62.60
Upside	18.8%
Dividend yield	6.53%
Market capitalisation* (€m)	12 504
Shares outstanding* (m)	203.9
Average Volume	128 100
52 Week High	€64.75
52 Week Low	€48.22

*All prices as of close 10 Jan 2024

Source: Capital IQ, Company data, Yahoo Finance

Exhibit 2: 5-Year Share Price Rebased



Source: FactSet, Yahoo Finance, Capital IQ

Exhibit 3: Financial KPIs

KPIs	FY23e
AuM (in €Bn)	1 986
Cost-to-income Ratio	54%
Gross Margin	46%
Net Income Margin	38%
Excess capital vs. 10% CET1 (in €Mn)	1 499

Source: Capital IQ, Team Analysis

Exhibit 4: Share Price Catalysts

Date	Event	Catalyst
Q4-2022	Positive net inflows of €15bn	Attraction to treasury products showing renewed investor interest. Adjusted net income up by 7.5% from Q3.
Q1-2023	Q1 adjusted net income report	The stability of adjusted net income at €300 million despite market fluctuations suggests robust operational efficiency.
Q2-2023	Increase in net income	A 19% increase in net income compared to Q2 2022, indicating improved margins and cost control.

Source: Team Analysis

BUSINESS DESCRIPTION

Overview

Amundi, Europe's largest asset manager by assets under management and a globally recognized entity in the financial sector, continues to demonstrate its adaptability and forward-thinking approach in the industry. The company, known for its extensive range of investment solutions, including mutual funds, ETFs, and institutional investments, has recently made significant strides in expanding its financial services and committing to sustainable investment practices.

One of the latest developments from Amundi is the declaration of monthly distributions for several Pioneer closed-end funds as of December 2023, a move that underlines its dedication to delivering consistent value to investors. Furthermore, Amundi has launched an ambitious private debt investment strategy, the Amundi Ambition Agri-Agro Direct Lending Europe (AAAA), focusing on the European agricultural and agri-food sector. This initiative, with a target of €750 million, aims to support the transition to a more sustainable and low-carbon model in agriculture, demonstrating Amundi's commitment to responsible investing and the integration of environmental, social, and governance (ESG) criteria into its investment strategies. These efforts not only reflect Amundi's expertise in asset management but also its role as a pioneer in aligning financial goals with broader societal and environmental objectives.

Business Model

Segments: Amundi is a multi-faceted asset management firm that caters to a broad spectrum of clients through its distinct business segments. In the realm of Retail Asset Management, Amundi presents individual investors with a diverse suite of options including mutual funds, ETFs, and bespoke investment products tailored to personal financial goals. The Institutional Asset Management segment is dedicated to devising investment strategies for larger entities such as pension funds, insurance companies, and sovereign wealth funds, addressing their unique needs with precision. Further diversifying its portfolio, Amundi delves into Real and Alternative Assets, engaging in the investment and management of assets like real estate and private debt, which present alternatives to traditional stock and bond markets. Complementing these investment services, Amundi's Operations and Services segment provides essential infrastructure with offerings that include fund administration, custodial services, and a variety of other back-office functions. These segments collectively underpin Amundi's position as a comprehensive provider of asset management services.

Revenue Drivers: Amundi, a comprehensive asset management powerhouse, operates through four primary segments, each contributing to its revenue stream. Retail Asset Management provides individual investors with a plethora of investment vehicles such as mutual funds and ETFs, while Institutional Asset Management crafts bespoke solutions for entities with hefty portfolios, such as pension funds and insurers. Real and Alternative Assets is another revenue-rich segment where Amundi invests in tangible properties and unconventional financial instruments like private debt. Lastly, the Operations and Services wing backs up the investment arms with critical fund administration and custodial services.

Revenue for Amundi flows in through a well-established trio of streams. Management fees are the cornerstone, proportionally tied to the breadth of assets under management, providing a stable income reflective of Amundi's vast scale. Performance fees add a variable component, rewarding the firm for its expertise in surpassing benchmark returns and thus aligning its success with that of its clients. Service fees fill out the revenue picture, accrued for the additional layers of service provision, including the administrative and custodial tasks that are vital to smooth operations and client satisfaction. This triad of revenue drivers underscores Amundi's robust business model, which is designed to leverage scale, performance, and service diversity to fuel its financial engine.

Latest Developments: In recent developments, Amundi has actively showcased its commitment to delivering consistent value to its investors through the announcement of monthly distributions for its range of Pioneer Closed-End Funds. Additionally, Amundi has taken a strategic leap forward with the launch of the Amundi Ambition Agri-Agro Direct Lending Europe (AAAA). This innovative private debt investment strategy is dedicated to fostering the transition towards sustainable practices within the European agricultural and agri-food sectors, setting an ambitious target of €750 million to fund this initiative. These steps reflect Amundi's ongoing pursuit to expand its investment offerings while emphasizing sustainability and consistent investor returns.

INDUSTRY OVERVIEW & COMPETITIVE LANDSCAPE

Market Dynamics

Amundi Asset Management has navigated through 2023 with resilience amidst a challenging financial climate characterized by unwavering interest rate hikes from the Federal Reserve. This rigorous monetary policy has led to a punishing bond market, forcing investors to reassess their strategies. Particularly, the ESG investing approach came under fire due to a growing legislative backlash, notably in the US, compelling firms like Amundi to adapt their investment strategies. In the face of these trials, Amundi has adeptly managed to attract new fund flows by pivoting towards passive investments, mirroring the successful paths of industry behemoths such as BlackRock.

The asset management industry, while grappling with the need for scale and efficiency, saw Amundi not only survive but thrive by expanding its ETF portfolio. Regulatory adaptations were met with strategic foresight, as seen with Amundi's increase in sustainable investment minimums in its ETFs, aligning with clearer EU sustainability disclosure rules. These decisive actions have enabled Amundi to capitalize on its extensive banking relationships for product distribution and to venture into new revenue streams, including technology services, showcasing a keen agility in an industry facing significant consolidation and shifting investor preferences.

Asset Management Industry Dynamics

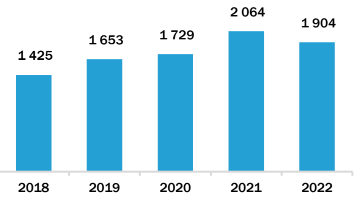
The asset management industry faced a challenging 2022, with market conditions causing one of the largest AUM declines since the 2008 financial crisis. Survey data revealed a growing pessimism regarding future revenue. Active mutual funds in the US experienced significant outflows, especially from fixed-income funds, due to steep interest rate hikes. Some active funds managed to outperform their benchmarks, although overall performance lagged.

Alternative investments like hedge funds and private capital held steady in AUM, despite negative returns and outflows, suggesting resilience in this sector. The year's difficulties highlighted the need for the asset management industry to adapt its traditional business models. Strategies for moving forward include focusing on profitability, exploiting private market growth, and enhancing client experiences through technology, aiming to recover growth and cut costs amidst a shifting economic landscape.

Exhibit 5: Amundi Global Presence

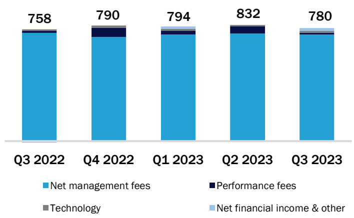
Source: Company filings

Exhibit 6: AUM Evolution (in €m)



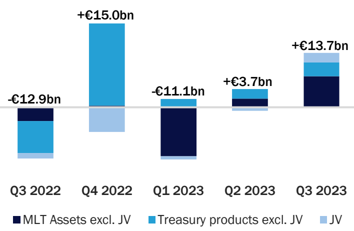
Source: Company filings

Exhibit 7: Global Revenues



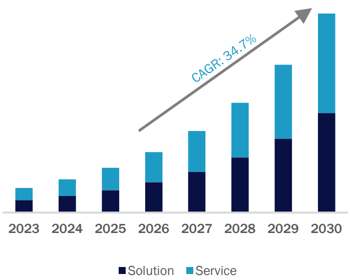
Source: Company filings

Exhibit 8: Positive Inflows in MLT assets, Treasury Products and JVs



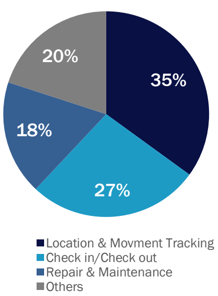
Source: Company filings

Exhibit 9: AuM CAGR - Global Asset Management Industry



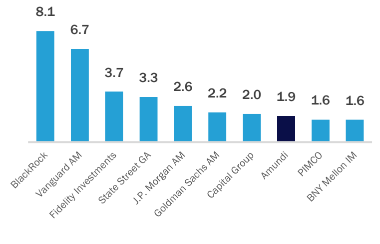
Source: Company filings

Exhibit 10: Global Asset Management Market share by function



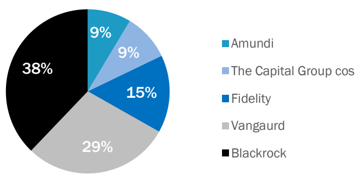
Source: Company filings

Exhibit 11: Amundi ranking among the top 10 Asset Management global players (in €Tn)



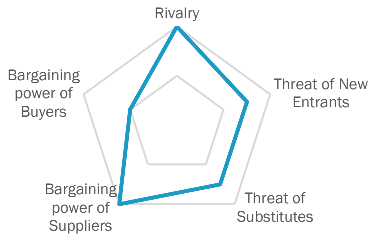
Source: ACCC

Exhibit 12: Competitor by AUM



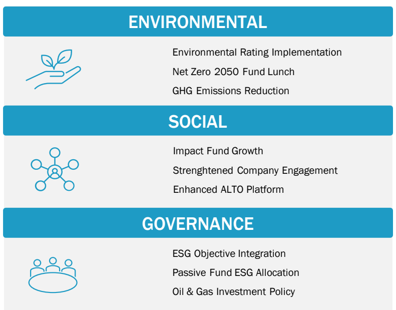
Source: IBIS World

Exhibit 13: Porter's Five Forces



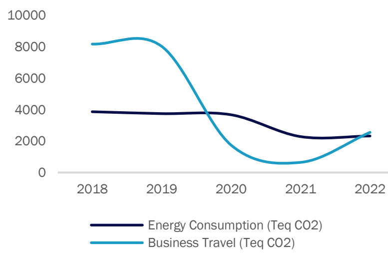
Source: Team Analysis

Exhibit 14: ESG Ambitions 2025



Source: Company filings

Exhibit 15: Energy Consumption & Business Travel



Source: Bloomberg, Company filings

Exhibit 16 : ESG Peer Comparison

Provider	Relative
ESG Percentile Score	HIGHER
Env. Percentile Score	HIGHER
Social Percentile Score	HIGHER
Gov. Percentile Score	HIGHER
MSCI ESG Rating	HIGHER
Sustainalytics ESG Risk Score	LOWER
S&P ESG Global Rank	MEDIUM
ISS Quality Score	LOWER
ESG Disclosure Score	HIGHER

Source: Bloomberg

Competitive Positioning | Scaling New Heights in Asset Management with Innovation and Efficiency

Strategic position: Amundi's positioning in the asset management sector is underscored by its strong performance and expansive reach across various asset classes. With a 12% annual growth rate in the market, Amundi has demonstrated superior operational effectiveness, with a cost-income ratio that outperforms its peers with 54.4% cost income ratio for Q3 FY23 (vs 64.3% for BlackRock and 70% for JPMorgan AM for the same period). This financial prudence may provide Amundi with the flexibility to invest in growth areas and innovate its product offerings, potentially allowing it to capture more market share from cost-sensitive clients.

However, this performance must be viewed in the context of the broader competitive landscape, where giants like BlackRock continue to lead, capturing nearly 58 billion euros in net new assets over the same period. Amundi's comprehensive expertise in active management, particularly in bonds where it ranks third in Europe, and in multi-asset solutions where it stands at second place, indicates a diversified investment approach that appeals to a range of investors. In contrast, BlackRock and Vanguard have cemented their positions primarily through scale and the breadth of their index fund offerings. BlackRock, with its iShares ETF platform, dominates the passive investment space, while Vanguard's low-cost index funds have attracted cost-conscious investors globally.

Competitive edge: Amundi is ranked first in responsible investment (SRI) in Europe in 2023, with an AUM of 830 billion euros. This segment is particularly important as ESG considerations become increasingly central to investment decisions. This prioritization of responsible investment could serve as a significant differentiator for Amundi, particularly as investors and regulatory bodies are demanding more sustainable and ethical investment options.

Analyzing the institutional and corporate segment, Amundi's leadership is evident with a substantial AUM of 1,076 billion euros. It serves a diversified clientele, including central banks, pension funds, and corporates. This breadth of service provides stability and a foundation for growth in both buoyant and turbulent market conditions.

Comparatively, BlackRock and Vanguard have also established strongholds in these segments but with different strategies. BlackRock's Aladdin platform provides risk analytics and asset management tools that have made it indispensable to institutional clients, while Vanguard's focus on low fees has attracted a cost-conscious demographic.

While Amundi has made significant strides and boasts strategic advantages, particularly in responsible investment and cost efficiency, it still faces stiff competition from industry titans like BlackRock and Vanguard. The challenge for Amundi will be to leverage its strengths to further penetrate areas of growth, such as ETFs and digital distribution, while continuing to innovate and adapt to the evolving demands of the global investment community. The asset management sector is a testament to the importance of scale, innovation, and adaptability in sustaining long-term growth and competitiveness.

ENVIRONMENTAL, SOCIAL & GOVERNANCE

Amundi, as a leading asset manager, has solidified its commitment to sustainable development and responsible investment with its comprehensive ESG Ambition 2025.

The ambition outlines a suite of goals that Amundi aims to achieve by 2025, marking a significant step in the firm's journey towards integrating Environmental, Social, and Governance considerations into every facet of its operations. Their ESG Ambition 2025 plan focuses on strengthening the ESG savings product offering, deepening commitment to investee companies, and defining objectives aligned with their ESG ambitions (cf. exhibit 14).

Environmental | Comprehensive Environmental Strategy and Net Zero Ambition

Amundi's environmental commitment is evident in its substantial growth in responsible investment assets, with a remarkable influx of €9bn in 2022, bringing the total to €800bn (cf. Exhibit 18). This growth is underpinned by the launch of "Ambition Net Zero" funds, marking a strategic move towards achieving a Net Zero economy across four asset classes. The doubling of assets under management in Real Assets to €67bn since 2016 is a testament to Amundi's dedication to sustainable investments, particularly in green real estate and environmental private equity.

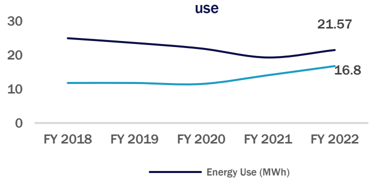
The firm's leadership is further highlighted by the numerous accolades it has received, such as the Best Sustainability Firm and Best ESG Investment Fund Specialist. These awards reflect the industry's recognition of Amundi's proactive approach to environmental stewardship.

As Amundi marches toward its ESG Ambition 2025, the firm's environmental stewardship is underpinned by a meticulous, data-oriented strategy aimed at fostering a more sustainable future. Amundi's plan to pioneer an environmental transition rating system is poised to reshape the investment landscape, channeling a substantial €400 billion into companies that are at the forefront of the energy transition. While the methodology was still in the refinement stages by the end of 2022, it stands as a cornerstone of Amundi's dedication to environmental integrity and a signal of its leadership in sustainable investment practices.

The firm's commitment to combatting climate change is evident in the launch of its Net Zero 2050 targeted funds. As of the close of 2022, Amundi had broadened its investment offerings to include Net Zero 2050 products across four distinct asset classes. This proactive approach not only aligns Amundi with the global climate mitigation agenda but also offers investors avenues to contribute directly to the net-zero transition.

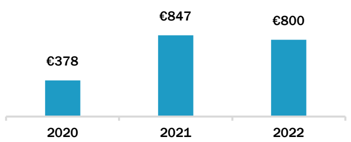
In operational terms, Amundi's commitment to carbon footprint reduction is marked by a significant decrease in CO2 emissions. Between 2018 and 2022, the firm saw a 39.9% reduction in emissions from energy consumption and a remarkable 68.7% reduction in emissions from business travel (cf. Exhibit 15). These figures are a testament to Amundi's rigorous climate action plan, which has effectively translated into a lower emissions profile for the company.

Exhibit 17: Renewable Energy use and Energy use



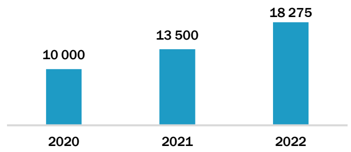
Source: Bloomberg, Company filings

Exhibit 18: Responsible investment assets under management (€bn)



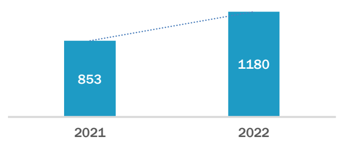
Source: Bloomberg, Company filings

Exhibit 19: Number of issuers covered by Amundi's proprietary rating



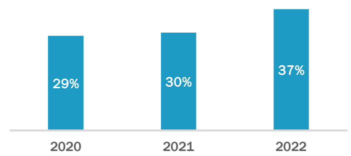
Source: Bloomberg, Company filings

Exhibit 20: Number of financial products classified under articles 8 and 9 of the SFDR regulation



Source: Bloomberg, Company filings

Exhibit 21: Percentage of women on the Executive Committee (%)



Source: Bloomberg, Company filings

Exhibit 22: Top institutional owners

Institutionals Owners	FY22
Credit Agricole Group	69,58%
Vanguard Group Inc/The	1,23%
BlackRock Inc	1,02%
BNP Paribas SA	0,92%
Olive Street Investment Advisers	0,59%
Norges Bank	0,58%
SEI Investments Co	0,50%
Swedbank AB	0,41%
Janus Henderson Group PLC	0,38%
Pzena Investment Management LLC	0,32%

Source: Bloomberg

Exhibit 23: ESG Awards

Best Sustainability Firm 2021

Fixed Income Manager of the year 2021

Investor of the Year 2022

Best ESG Investment Fund 2022

Source: Company filings

Furthermore, the escalation in the number of financial products adhering to the stringent criteria of the SFDR regulation has been significant. Specifically, products aligned with Article 8, which are funds that promote environmental or social characteristics, and Article 9, which are funds that aim for sustainable investment, saw a surge by 38.2% from 853 in 2021 to 1,180 in 2022 (cf. Exhibit 20). This increase reflects Amundi's resolve to expand its offering of sustainable investment products that meet these high standards. Moreover, this rise mirrors the market's growing appetite for investments that not only generate financial returns but also contribute to positive environmental and social impacts.

Social | Strategic Path to Societal Impact and Diversity in ESG Investing

In the sphere of social responsibility, Amundi's ESG Ambition 2025 presents a strategic and human-centric framework that aligns investment growth with societal impact. Anchored by the goal to enhance impact funds to €20 billion, Amundi is on a trajectory to invest in companies that not only exhibit positive environmental stewardship but also contribute to social betterment. As of the end of 2022, Amundi has made considerable progress, with impact funds reaching €8.17 billion. This represents a significant step towards the 2025 target, highlighting Amundi's focused approach to selecting investments that deliver both financial and social returns.

Amundi's engagement with companies is pivotal to driving environmental and social change. With the ambitious aim to engage with 1,000 companies to promote credible greenhouse gas reduction strategies, Amundi has already expanded its engagement to 418 new issuers by the end of 2022. This expansion showcases the firm's commitment to not only influence corporate strategies but also to integrate these initiatives with executive remuneration, thereby ensuring that corporate leadership is directly accountable for delivering on sustainability commitments.

Furthermore, the firm's dedication to advancing the ALTO Sustainability platform underscores its commitment to providing investors with the tools necessary to make informed decisions that consider the social impact of their investments. The definition of the first ALTO Sustainability module's content represents a milestone in offering sophisticated and actionable insights, thereby empowering investors to steer their investments towards socially responsible outcomes.

The employee satisfaction rates within Amundi reflect a robust internal social structure, with 81% of employees endorsing the company as a good employer. This endorsement is indicative of a workplace where personal fulfillment and strategic business alignment coalesce, creating an environment that not only fosters professional growth but also nurtures personal satisfaction.

Amundi's initiative to enhance the proportion of ESG funds within its ETF range from 22% to 27% in 2022, with a goal to reach 40% by 2025, reflects a clear directive towards responsible investment offerings. This increase mirrors the firm's larger commitment to responsible investing, as demonstrated by the growth in responsible investment assets from €378 billion in 2020 to €800 billion in 2022. Although there was a marginal decrease from the 2021 peak, the overall trend signals a robust and growing commitment to responsible investment principles.

The strides made in gender diversity initiatives are also commendable, with an increasing presence of women on the executive committee (cf. Exhibit 21). This is a testament to Amundi's broader commitment to fostering a diverse and inclusive workforce, and it plays a crucial role in enriching the firm's decision-making processes with a wider array of perspectives and experiences.

Governance | Commitment to ESG Excellence and Inclusive Leadership

Governance remains a cornerstone of Amundi's ESG Ambition 2025, with a clear focus on integrating ESG objectives into the core fabric of its corporate structure. By the end of 2022, Amundi had taken significant steps to operationalize this ambition, ensuring that ESG principles are not just peripheral considerations but are central to the firm's decision-making and performance evaluation.

One of the key governance objectives for Amundi is to effectively weave ESG criteria into the performance metrics of its senior executives. By incorporating these criteria into the KPI calculations of performance shares, Amundi has aligned the interests of its leadership with its ESG goals. By 2022, ESG objectives had been integrated into the annual objectives of an impressive 99% of portfolio managers and sales representatives. This integration highlights a broad organizational commitment to ESG principles, with 20% of the criteria for the performance share plan now directly supporting the "ESG Ambitions 2025" plan.

Furthermore, Amundi has taken a firm stance on the exclusion of companies with significant activities in unconventional oil and gas from its investment portfolios. Starting in 2022, these companies have been systematically excluded from Amundi's investments, reflecting the firm's dedication to supporting energy sources that align with a sustainable future.

The governance landscape of Amundi is also characterized by a strong emphasis on diversity and inclusion, as evidenced by the number of women executives and the average tenure of its board members compared to peers. Amundi has demonstrated a commitment to fostering a diverse leadership that challenges the status quo and enriches the firm with a wide range of perspectives and experiences.

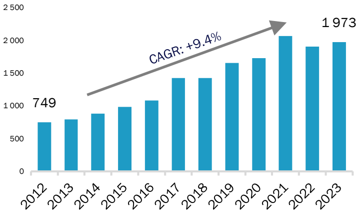
INVESTMENT SUMMARY

Amundi's investment landscape is shaped by three key pillars. First is its status as a leading asset manager in Europe, with an AUM of nearly €2 trillion, reflecting strong market coverage and a diverse portfolio. This foundation provides stability and scope for growth.

Secondly, Amundi's €2 billion earmarked for M&A from 2025 signals an aggressive growth strategy, expected to enhance revenues and improve operational efficiency. The company's history of successful integrations like Lyxor and Pioneer underscores its potential for future performance.

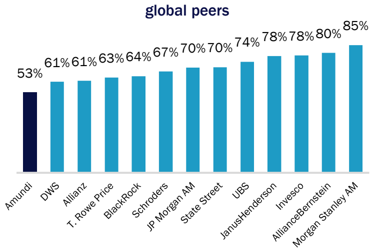
Finally, Amundi's JV in Asia, particularly with the State Bank of India, underscores its commitment to expanding its global footprint and leveraging growth in emerging markets. This JV, with its significant market share and growth rate, represents a strategic avenue for Amundi's future expansion and income diversification.Together, these elements frame Amundi as a robust, growth-focused investment option within the asset management industry.

Exhibit 24: A very strong growth in AuM (in €bn)



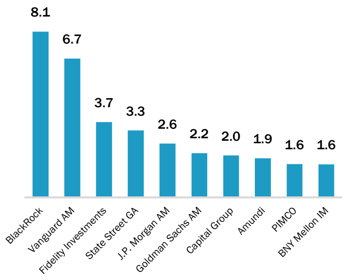
Source: Company data

Exhibit 25: Best in class cost efficiency among global peers



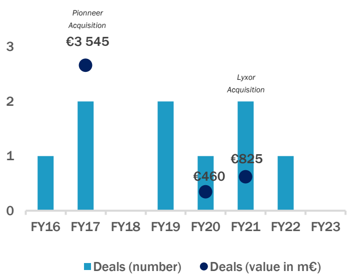
Source: Company data

Exhibit 26: Amundi AuM ranking among the top 10 global players (in €Tn)



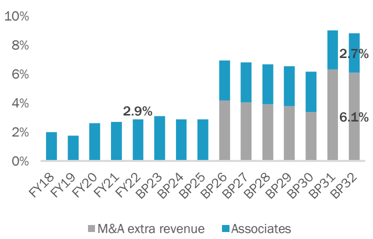
Source: Company data

Exhibit 27: M&A Historical Activity



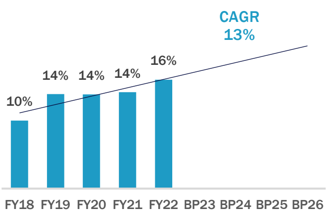
Source: FactSet, Team Analysis

Exhibit 28: Associates and M&A's income - share in total revenues continuously expected to rise



Source: FactSet, Team Analysis

Exhibit 29: JV's share of Amundi AuM increases since FY16



Source: FactSet, Team Analysis

Thesis 1 | European Market Leadership and Expansion

1.1 A European leader:

Amundi, recognized as the foremost asset manager in Europe and a top 10 global contender, commands an impressive €1,973 billion in assets under management (AUM) as of September 2023. The firm's growth trajectory is notable, with AUM swelling from €950 billion in Q4 2015 to over €1,650 billion in Q2 2020. Amundi's strength lies in its tailored client solutions, actively serving diverse segments—retail, institutional, sovereign, corporate, and real estate—with a comprehensive offering that spans active and passive management, traditional assets, and real assets. This versatility reflects in its asset base, diversified across client types and regions, with the largest shares in retail (47%) and France (29%).

The company's efficient industrial model is underscored by a competitive cost/income ratio, marked at 54.4% in Q3 2023, the lowest among its peers. This is complemented by a resilient business strategy aiming for around 5% average annual net income growth, a cost/income target of less than 53%, a generous payout ratio of over 65%, and an M&A strategy to further organic growth. Amundi's commitment to responsible investment is clear, holding the number one position in Europe with €830 billion in AUM.

Amundi's sensitivity to market variations is managed prudently, with a 10% shift in equities potentially altering revenues by €125 million, and a 100 bps change in fixed income affecting revenues by €50 million. This illustrates a strong correlation between market fluctuations and the firm's financial performance, emphasizing the importance of their risk management strategies.

Furthermore, the firm's asset management prowess is exemplified by its rankings: second in active management, third in bonds, and fifth in equity in Europe. Its presence in liquidity and structured solutions is robust, being second in Europe in both money market funds and guaranteed products. Amundi's growth in real and alternative assets, including real estate and private equity, positions it as a leader in liquid alternative management and the second-largest Alternative UCITS Platform.

In passive and smart beta management, Amundi is rapidly advancing, particularly in ETFs, where it ranks second in Europe. This segment alone accounts for €319 billion in AUM. Such multifaceted expertise illustrates Amundi's adaptability and commitment to delivering value across various investment spectrums, aligning with investor interests for both growth and security. The overarching narrative is one of strategic foresight, operational efficiency, and resilient expansion, marking Amundi as a secure and growth-oriented investment choice.

Thesis 2 | Strategic M&A, JVs Dynamics and Market Penetration

2.1. M&A activity growth:

Amundi's M&A strategy is a testament to its commitment to sustained growth and market penetration. The earmarked €2 billion for M&A from 2025 is poised to inject vitality into the company's expansion efforts, targeting acquisitions that not only promise revenue augmentation but also synergies that streamline operational processes and bolster fiscal efficiency. The strategy aligns with Amundi's long-term objectives to continuously improve its cost-to-income ratio, thus enhancing shareholder value. The acquisition strategy, exemplified by the successful integration of entities such as Lyxor and Pioneer, is indicative of Amundi's capability to assimilate new ventures effectively, heralding the potential for substantive growth and bolstered income streams (Appendix 15).

Amundi's management's foresight in targeting a 10% ROI from these initiatives underscores the strategic and prudent nature of its investment decisions. The company's history of judiciously selected, growth-inducing acquisitions has not only contributed to revenue expansion but also to earnings accretion. The anticipated increase in contributions from associates and JVs underscores the potential for a favorable shift in Amundi's financial landscape, indicating an upward trajectory that could significantly enhance Amundi's market stature and operational performance.

Thus, Amundi's M&A pursuits encapsulate a compelling narrative of prospective growth, underscored by shrewd strategic planning and financial rigor. This holistic strategy is expected to culminate in substantial dividends for the company, cementing its status as an industry vanguard.

2.2. JVs impact on AuM and its performance:

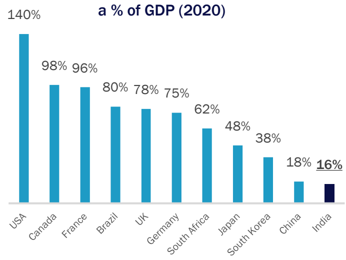
The strategic utility of Joint Ventures in Amundi's growth blueprint is irrefutable. These alliances have been pivotal in scaling Amundi's Assets Under Management (AuM), marking a steady climb in their contribution to the company's financial portfolio. The upward trajectory since FY16, with a CAGR of 13%, symbolizes the strategic and synergistic value derived from such collaborations.

In particular, Amundi's JV initiatives within Asia's dynamic markets illustrate the company's intent to broaden its geographical footprint and diversify its market reach. The increased JV contributions, from 10% of Amundi's total AuM in FY18 to 16% in FY23, are not merely indicative of growth; they reflect an integration of Amundi's global strategy into its core business operations. These strategic partnerships have been significant in bolstering both the CAGR and the proportion of JV-related AuM, thus underscoring the strategic importance of global alliances in Amundi's corporate narrative.

This growth is further accentuated by Amundi's strategic forays into key Asian markets, where it has made considerable inroads. The JVs in these regions are a clear reflection of Amundi's capacity to use global partnerships to drive market growth and secure a foothold in emerging market segments. This proactive approach to international collaboration is a cornerstone of Amundi's strategy, fostering a robust trajectory for growth and market penetration.

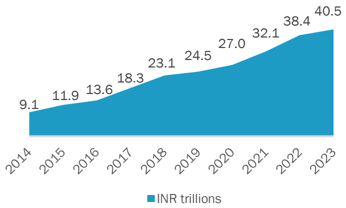
Collectively, these facets of Amundi's strategy—its astute M&A investments and strategic JVs—construct a multifaceted approach to growth, integrating global market dynamics with the company's expansive vision. This approach, marked by a blend of ambition and precision, is set to propel Amundi to new heights in the asset management industry.

Exhibit 30: Mutual Fund AuM as a % of GDP (2020)



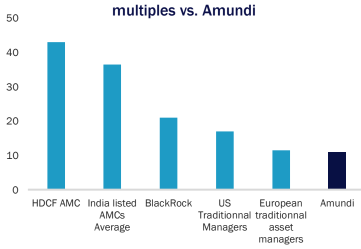
Source: WorldBank, Team Analysis

Exhibit 31: Aggregate AuM of the Indian mutual fund industry



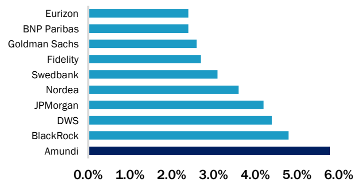
Source: Company data (HDFC AMC and Aditya Birla Sunlife AMC), Team Analysis

Exhibit 32: Indian listed AMCs P/E multiples vs. Amundi



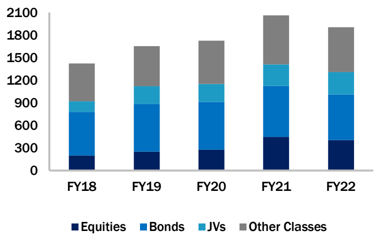
Source: Companies data

Exhibit 33: Top 10 managers by share of Article 8 AuM



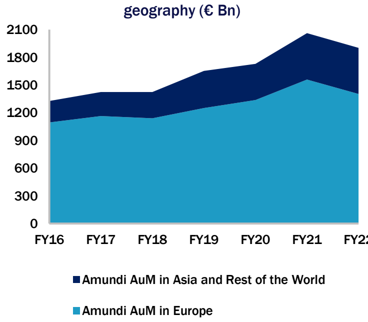
Source: Company fillings

Exhibit 34: Historical Amundi AuM by asset class (€ Bn)



Source: Company fillings

Exhibit 35: Historical Amundi AuM by geography (€ Bn)



Source: Company fillings

2.3. State Bank of India:

Amundi's Joint Venture with the State Bank of India (SBI) is a testament to the strategic utilization of partnerships for market expansion and income growth. Established in 1987, State Bank of India Funds Management (SBI FM) became a pivotal player in India's asset management space upon Amundi acquiring a 37% stake in 2011. The synergy between SBI's extensive domestic reach and Amundi's global asset management expertise has propelled SBI FM to the top position in India, with a dominant market share and an AuM exceeding $87 billion.

This collaboration is not merely a channel for growth but a foundational strategy for Amundi to tap into new markets, especially in a high-potential region like India where the mutual fund industry continues to flourish. With a CAGR of 16% in the sector and SBI's remarkable 27% CAGR in AuM, outpacing the industry, the JV's growth trajectory is clear. The potential listing of this JV stands as a key catalyst for Amundi's valuation, with the possibility of an IPO being a significant opportunity to realize the JV's value, particularly in light of its current undervaluation compared to European peers.

While plans for an IPO are on hold pending favorable market conditions, the prospect remains a strategic opportunity. Amundi's broader M&A strategy, with a planned €2 billion capital deployment for M&A activities from 2025, underscores its commitment to growth through strategic acquisitions and partnerships, promising further income diversification and potential cost synergies.

The JV's significant role in Amundi's portfolio represents a compelling growth avenue and a strong investment proposition, with the potential to enhance Amundi's valuation and market presence upon a future IPO.

Thesis 3 | Sustainability and Innovation: Leading the ESG Revolution

3.1. Leaders in European ESG Adoption:

Amundi's strategic emphasis on ESG is highlighted by their significant assets under management (AuM) dedicated to responsible investments, with an upward trend reaching €822 billion. This dedication reflects a growing investor preference for sustainable investments. Amundi's analytical capabilities, with a proprietary rating model and over 45 ESG experts, give them a unique edge in ESG integration. Their technology platform, ALTO, suggests potential for new revenue streams by offering ESG and climate data services. These factors, combined with their goal of expanding ESG within their ETF offerings, align Amundi's growth with global sustainability trends, making it an attractive proposition for ESG-minded investors.

Amundi's ESG integration is a significant portion of their overall AuM (cf. exhibit 33), marking the firm as a leading entity in the sustainable investment space. Their position in the market is strong, particularly in the Article 8 funds segment, which is a testament to their successful strategy and investor trust in their ESG products. The push towards increasing their ETF offerings to incorporate more ESG-focused options aligns with the global shift towards sustainable investing, appealing to a broader investor base seeking responsible investment opportunities. This strategic focus not only boosts Amundi's reputation but also places them at the forefront of a growing trend, potentially leading to enhanced long-term financial performance and stability in an increasingly ESG-conscious market.

FINANCIAL ANALYSIS

Profitability | Strong AuM growth and best in class cost to income ratio

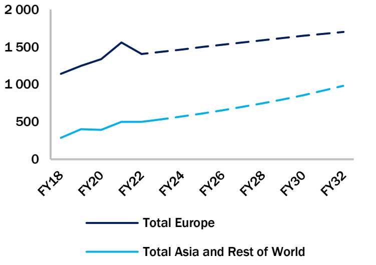
Historical analysis :

Total AUM and growth for last couple of years : Over the fiscal years spanning from FY18 to FY22, Amundi's total Assets Under Management (AUM) demonstrated a noteworthy trajectory, advancing from 1425 billion to 1904 billion. The growth trend, characterized by stability leading up to FY21, witnessed a pinnacle at 2063 billion before experiencing a marginal contraction in FY22. The dip in FY22 is attributable to an unfavourable market environment encountered by European Asset Management firms during that period, thereby impacting AUM dynamics. A granular examination of the AUM distribution by product reveals strategic shifts within Amundi's portfolio composition during the timeframe. Within the asset class spectrum, Equities, as the second-largest asset class, saw a discernible rise from 14.1% to 21.3%. Conversely, the largest asset class, Bonds, displayed a consistent decline, decreasing from 40.5% to 31.8% over the specified period. While the absolute value of bonds continued to ascend, excluding the bearish market conditions in 2022, the prevailing trend suggests an overall reduction in the prominence of bonds within Amundi's product mix. Real, alternative, and structured assets exhibited a stable trajectory with a modest uptick from 5.1% to 6.6%. Multi-assets, maintaining a range between 15% and 16.5%, demonstrated resilience in their distribution. In contrast, treasury products underwent a negative trend, experiencing a decline from 13.8% to 9.7%. Notably, the incorporation of Joint Ventures (JVs) significantly bolstered the prominence of treasury products within the portfolio, registering a substantial increase from 10% to 15.5% during the FY18-FY22 period. It is imperative to note that, despite the proportional adjustments witnessed in the product mix, Amundi's overarching strategy of organic growth and M&A initiatives has propelled a continuous augmentation in the absolute ownership of each product category. This strategic approach has not only mitigated the impact of reduced proportions but has also fostered an overall expansion in the AUM, underscoring the efficacy of Amundi's comprehensive growth strategy.

Projection :

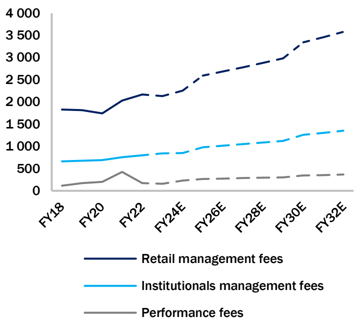
AUM Growth Projections and Composition: Our analysis indicating a total projected Assets Under Management (AUM) surpassing 3 trillion Euros by 2030. This growth trajectory is underpinned by a strategic blend of organic and inorganic expansions. The organic growth component is anticipated to contribute 350 basis points (bps), while inorganic growth, facilitated by opportunistic acquisitions, is projected to account for approximately 340 bps. The resulting Compound Annual Growth Rate (CAGR) for blended AUM during this period is forecasted to be a solid 6.9%.

Exhibit 36: Forecasted Amundi AuM by Geography (€ Bn) (excluding M&A activity)



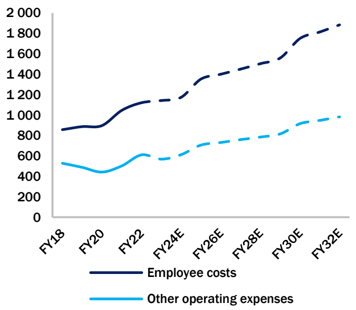
Source: Company fillings

Exhibit 37: Forecasted Amundi's Revenues (€ M)



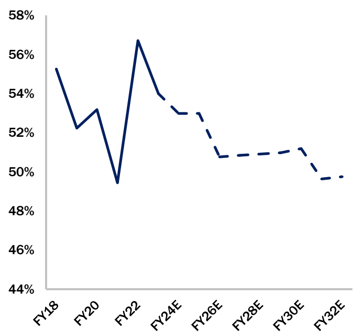
Source: Company fillings

Exhibit 38: Forecasted Amundi Costs (€ M)



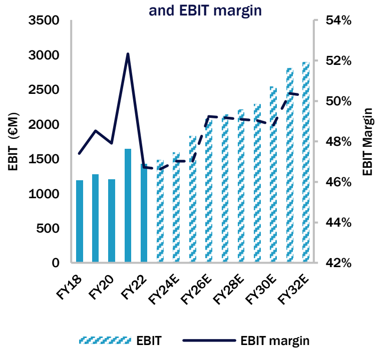
Source: Capital IQ, company fillings

Exhibit 39: Forecasted Amundi Costs to Income Ratio



Source: Capital IQ, company fillings

Exhibit 40: Forecasted Amundi EBIT (€ M) and EBIT margin



Source: Capital IQ, company fillings

(2) Geographic Breakdown of Organic AUM Growth: In our base case scenario, the organic AUM growth of 3.5% is further dissected by geography. Europe is anticipated to witness a growth rate of 1.95%, reflecting the mature yet stable nature of the market. In contrast, the Asian market is expected to exhibit a more dynamic growth of 7.0%. The regional weightings for AUM distribution stand at 69% for Europe and 31% for Asia, underscoring Amundi's strategic focus on both established and emerging markets.

(3) Inorganic Growth Strategy and Capital Deployment: 2025 roadmap centers on leveraging mergers and acquisitions (M&A) as a key growth strategy, utilizing a $2 billion excess capital pool. This strategic move aims to enhance Assets Under Management (AUM) and strengthen market position. Drawing insights from past M&A endeavours, such as Pioneer and Lyxor, we establish benchmarks for acquisition costs and AUM increase. Projecting a significant AUM surge of $237 billion post-integration, based on historical performance metrics, underscores the potential impact of future M&A. This calculated approach aligns with Amundi's commitment to strategic growth, surpassing organic expansion rates. M&A, as a proactive measure, reflects a deliberate effort to maximize shareholder value, ensuring sustained growth and market prominence in the asset management sector.

(4) AUM Stability through Distribution Contracts and Partnerships: proactive approach to stabilizing its AUM and managing net inflow/outflow dynamics. This is achieved through the establishment of distribution contracts and strategic partnerships with institutional, retail, and joint venture partners. The recently formed distribution partnership with Sabadell, following an acquisition, exemplifies Amundi's commitment to expanding its distribution network. Importantly, many of these contracts have several years remaining, and the management is actively renewing contracts reaching maturity, ensuring a sustained and predictable revenue stream.

Analysis of Revenues

Historical (FY18-FY22):

(1) Revenue Structure and Business Dynamics: Amundi's revenue streams are diversified across three key sources: (a) Management Fees: Predominantly tied to AUM growth, management fees form the primary revenue driver for Amundi. The passive asset management business, with fees at 0.11% of AUM, significantly contributes to this segment, constituting approximately 66% of total revenues as of 2023. (b) Performance Fees: Supplementing its income, Amundi earns performance fees when investment results exceed predetermined hurdle rates, aligning client and company interests. This segment accounts for roughly 7% of total revenues (c) Amundi Technology Business: A recent venture into technology solutions, the Amundi Technology Business, competes with industry leaders like BlackRock's Aladdin software. It exhibits robust year-on-year growth at a rate of 32% growing from 25 million in 2018 to 57 million in 2023. (2) In terms of revenue growth: Amundi recorded a 5.2% growth in total revenue, reaching approximately 3.2 billion Euros in 2023. This strong performance is a result of strategic efforts, notably increased involvement in the passive management sector through targeted M&A activities. These initiatives serve as a countermeasure to global fee pressures and concurrently contribute to the expansion of AUM (Appendix 15).

Projection (FY23-FY32):

(1) Projections of revenue per source and final revenue projection for 2030: Revenue consists predominantly of management and performance fees. In the period of 2023 – 2032, management fees are expected to increase historical 2966 million in FY22 to 4931 million in FY32. We believe that the major portion of the management fees will come from retail, and institutional management fees will comprise roughly 27% of total management fees. Performance fees are expected to slowly rise to 367 million in FY32. Amundi Technology is also expected to increase the revenue with time and climb to 134 million in FY32. Thus, the total revenue is expected to be 5409 million in FY32.

Cost to income ratio

Historical (FY18-FY22):

(1) Employee Costs: Amundi's financial strategy and cost management over the past few years have been significantly influenced by its employee costs. From FY18 to FY22, there was a discernible upward trend in these costs, rising from 857 million to 1121 million. The bulk of these employee costs was dedicated to salaries, which made up 72% of the total employee expenses. This highlights the firm's commitment to maintaining a skilled and well-compensated workforce, crucial in the asset management industry. Social charges and taxes formed another notable part of these costs, accounting for 17.4%. Retirement fund contributions, an essential aspect of employee welfare, represented 4.6% of the total employee costs.

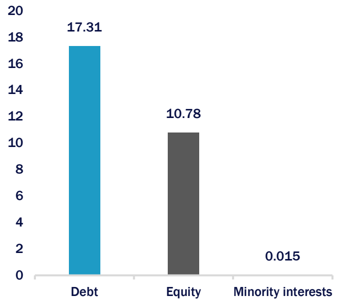
(2) Other Operating Expenses: Differing from employee costs, other operating expenses, which encompass a variety of overheads including technology, rent, marketing, and administrative costs, demonstrated a more variable trend. These expenses accounted for 35-40% of Amundi's overall costs. Initially, there was a decrease in these costs from FY18 to FY20. However, a reversal of this trend was observed post-FY20, culminating in a rise to 612 million by FY22. This increase may reflect strategic investments in technology and market expansion, essential for staying competitive in the global asset management market.

Projection (FY23-FY32):

(1) Employee Costs and Other Operating Expenses: Based on the trends and strategies observed in the past, it is projected that employee costs will continue to be a significant portion of Amundi's expenditure, potentially growing to 1882 million by FY32. This projection is based on the assumption of continued investment in human capital, a key driver in the asset management sector. Other operating expenses are also expected to rise steadily, reaching an estimated 984 million by FY32. This increase could be attributed to expanded operations, technological upgrades, and inflationary pressures.

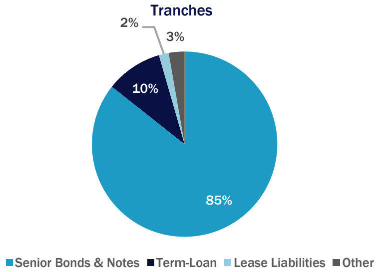
(2) Cost to Income Ratio and Competitive Advantage: Amundi's management has consistently demonstrated an ability to maintain an exceptional cost-to-income ratio, keeping it below 53%. This financial discipline has been a cornerstone of Amundi's business model, enabling the firm to translate increased Assets Under Management (AUM) into significant profit margins. This is particularly commendable in an environment where fee pressures are prevalent. Amundi's strategic approach to cost management and revenue generation provides a substantial competitive edge. It is expected that the company will not only increase its market share but also continue to invest in growth and innovation, all while ensuring healthy shareholder returns. This balance between cost efficiency and revenue maximization is pivotal for Amundi's long-term financial stability and success in the dynamic and competitive world of asset management.

Exhibit 41: Amundi's Capital Structure in September 2023 (in €Bn)



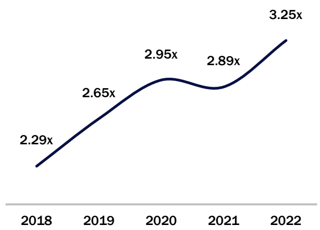
Source: Company's data

Exhibit 42: Debt Structure & Debt Tranches



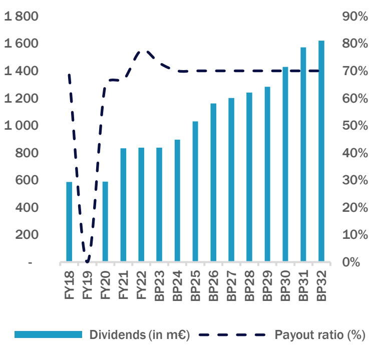
Source: Capital IQ, Company's data

Exhibit 43: Historical Amundi Current Ratio



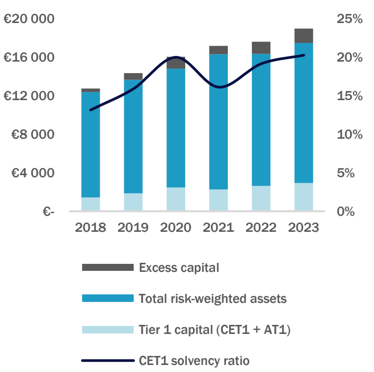
Source: Capital IQ, Company's data

Exhibit 44: Amundi's historical and future dividends with its payout ratio



Source: Company's data

Exhibit 45: Amundi's CET1 solvency ratio evolution since FY18



Source: Company's data

Capital management

Management have proven to be exemplary stewards of capital:

(1) **Amundi's Capital Structure:** Amundi's robust capital structure, totalling 28.14 billion Euros, is meticulously segmented, comprising 17.31 billion Euros in debt, 10.78 billion Euros in equity, and 57 million Euros in minority interests. Notably, the debt component has experienced a substantial increase, surging from 12.81 billion to 17.31 billion Euros between 2021 and 2023, marking a 42% growth in total leverage. This evolution underscores Amundi's strategic approach to funding and optimizing its capital structure to support its growth initiatives. (2) **Debt Financing Sources and Terms:** Amundi's debt profile is diversified, featuring a revolving credit facility contributing 16.7 million Euros, a term loan accounting for 1.711 billion Euros, senior bonds and notes totalling 14.829 billion Euros, and lease liabilities amounting to 297 million Euros. Each component plays a strategic role in financing Amundi's operations, offering flexibility and varied terms. This balanced mix reflects the company's prudent approach to debt management, aligning financing strategies with its overarching financial objectives. (3) **Strong balance sheet :** Total debt to EBITDA is hovering around 10.1x with the breakdown per tranche of debt as follows : total senior debt/EBITDA at 9.6x, total senior secured debt/EBITDA at 0.2x, total sub. debt/EBITDA at 0.2x, and finally the subordinated debt/EBITDA at 0.2x. (4) **Low credit risk profile :** Amundi maintains an 'A+' long-term issuer default rating from Fitch Ratings since December 2016, reaffirmed on September 19, 2023, reflecting seven years of consistent stability. The short-term rating ('F1') was also confirmed on the same date, indicating negligible default risk. The shareholder report rating remained at 'a+' on September 19, 2023, highlighting Amundi's strong commitment to honouring financial obligations, with a slight susceptibility to economic fluctuations compared to higher-rated peers. Fitch attributes Amundi's credit standing to its stable relationship with majority shareholder Credit Agricole (CA), ensuring unwavering support. This partnership, alongside Amundi's strong credit profile and liquidity, positions the company well to meet financial commitments amidst variable economic conditions.

Liquidity and Solvency :

(1) **Debt to Equity:** The Debt-to-Equity ratio has seen a progressive decrease from 2018 (0.35x) to 2019 (0.32x), indicating a more conservative capital structure. However, there is a notable spike in 2020 (1.09x), suggesting a temporary shift towards higher leverage, which is then partially mitigated in 2021 (1.02x). The delta from 2018 to 2021 is a decrease of 0.33x, showcasing a move towards reduced reliance on debt relative to equity. (2) **% LT Debt to Total Capital:** The percentage of Long-Term Debt to Total Capital has exhibited fluctuations, with a substantial increase in 2020 (41.6%) followed by a moderate decline in 2021 (38.0%). The delta from 2018 to 2021 is an increase of 21.4%, suggesting a notable shift towards a higher proportion of long-term debt within the total capital structure.
(Total Debt - Cash)/EBITDA: The metric (Total Debt - Cash)/EBITDA has shown a substantial increase from 2018 (0.07x) to 2021 (3.87x). This significant progression implies an escalating financial leverage and highlights the necessity for careful scrutiny of the company's ability to service its debt obligations with operational earnings. The delta from 2018 to 2021 is an increase of 3.80x, indicating a substantial rise in financial leverage over the period. (3) **Quick Ratio:** The Quick Ratio, measuring short-term liquidity, displays a declining trend from 2018 (1.54x) to 2021 (0.81x). This decreasing trend suggests potential challenges in meeting short-term obligations using only the most liquid assets. The delta from 2018 to 2021 is a decrease of 0.73x, highlighting a significant decline in short-term liquidity. (4) **Current Ratio:** The Current Ratio demonstrates a generally stable trend, remaining above 1 throughout the period. However, there is a slight decline from 2018 (2.17x) to 2021 (1.35x), indicating a potential decrease in the company's ability to cover short-term liabilities with current assets. The delta from 2018 to 2021 is a decrease of 0.82x, suggesting a reduction in short-term liquidity.

Solvency Ratios	2018	2019	2020	2021	2022
Debt to Equity	0.32x	1.09x	1.02x	0.90x	1.58x
(Total Debt - Cash)/EBITDA	0.37x	1.57x	3.87x	1.90x	1.45x
CET1 solvency ratio	*13.2%*	*15.9%*	*20.0%*	*16.1%*	*19.1%*
Liquidity Ratios	**2018**	**2019**	**2020**	**2021**	**2022**
Current ratio	2.29x	2.65x	2.95x	2.89x	3.25x

Dividends and payout:

(1) **Amundi's Dividend Strategy and Financial Strength:** Amundi is strategically positioned to sustain a payout ratio of ≥65%, translating into a cumulative ordinary cash dividend expectation of 3 billion euros by 2025. Additionally, an estimated ~€2 billion in excess capital by 2025 underscores the potential for extraordinary distributions to shareholders, especially if suitable M&A opportunities are not identified.

Over the last four years, Amundi has consistently delivered substantial returns, with an average dividend payout exceeding 773 million euros, aligning closely with the management's targeted minimum payout ratio of 65%. This track record, coupled with a commitment to future growth, leads us to anticipate a 7.7% increase in dividends, reaching 1.42 billion euros by 2023. Importantly, this projection maintains a robust 1.5x dividend coverage ratio, emphasizing Amundi's dedication to sustainable dividend policies.

Amundi's financial strength is evident in its CET1 ratio of 17.9%, indicative of a well-capitalized position that provides ample room for strategic initiatives and shareholder returns. The tangible equity standing at over 3.3 billion euros further solidifies the company's financial resilience and capacity for value creation. As Amundi continues its trajectory of sound financial management, investors can anticipate sustained dividend growth and a fortified position in the competitive landscape.

VALUATION

Our target price for Amundi is meticulously crafted at €74.36, representing an 18.8% premium over the previous closing price (€62.60). This valuation is the culmination of a carefully weighted average approach, applying 70% to intrinsic valuation via the Dividend Discount Model (DDM) and 30% to relative valuation grounded in the Price-to-Earnings (P/E) ratio methodology. Within the DDM framework, we utilized two distinct methods: the Perpetuity Growth method, which assumes a 2% Baseline Terminal Net Income growth, and the Multiples method, implementing a 12x P/E multiple—each method bearing an equal weight of 35%.

This target is further contextualized by broker estimates, which exhibit a wide valuation range from €61.0 to €81.0, illustrating the breadth of market perceptions regarding Amundi's fair value. Such disparity underscores the diverse viewpoints among market participants and the inherent uncertainties within the valuation process.

Moreover, an examination of Amundi's 52-week price trajectory reveals a notable fluctuation between €49.2 and €64.8, encapsulating the significant volatility and potential trading opportunities present within this period. This volatility not only reflects the dynamic nature of the asset management industry but also highlights the necessity for investors to be cognizant of timing and market sentiment when engaging with Amundi's stock.

Our weighting strategy is designed to mediate between the broader consensus expectations, which are already embedded within the asset management industry's sector valuations, and the unique, intrinsic aspects of Amundi's financial profile. By incorporating these diverse elements into our valuation model, we aim to provide an equitable and substantiated price target that aligns with both industry benchmarks and Amundi's individual value propositions.

This balanced approach allows us to capture the nuanced interplay of Amundi's operational efficiencies, growth prospects, and strategic initiatives against the backdrop of market conditions and investor expectations, ensuring that our price target is both grounded in fundamental analysis and attuned to market dynamics.

1. Dividend Discount Model

Our Dividend Discount Model valuation of Amundi employs two distinct methodologies to arrive at a comprehensive and objective target price: the Gordon Shapiro method and the P/E Multiples method, both discounted with the Cost of Equity.

1.1. DDM Gordon Shapiro: The Perpetuity Growth Method, which forms 35% of our valuation approach, leads us to a price of €70.42. This valuation is anchored in the present value of expected future dividends, discounted by a cost of equity of 11.82%. Our chosen baseline terminal net income growth rate is set at a prudent 2%, slightly under the mean global GDP growth rate of 2.31% as reported by the International Monetary Fund. This global rate is a composite, taking into account a 4.00% growth expectation for emerging markets and developing economies and a more modest 1.40% for advanced economies, weighted at 35% and 65% respectively. Our 2% growth assumption for Amundi is grounded in this global economic context, reflecting the company's strategic market exposures, particularly in Europe and Asia. It captures Amundi's potential to leverage growth in emergent markets while maintaining stability in more developed regions.

The Implied Terminal P/E Multiple of 10.4x is substantiated by the forecasted FY32 net income of €2,316.4 million, alongside an anticipated payout ratio of 70% over the next nine years (FY24–FY32). This payout ratio is assertively above Amundi's own target policy of 65%, mirroring our confidence in Amundi's strategic capabilities to exploit market opportunities and drive sustained organic growth. These factors contribute to a present value of the terminal value at €7,873.4 million and a present value of dividends at €6,538.6 million (Appendix 12).

1.2. DDM Multiples Method: Complementing our analysis, the Multiples Method contributes another 35% to the valuation, with an implied share price of €76.40. By applying a 12x P/E ratio, we recognize Amundi's strong earnings quality and industry standing. This ratio closely aligns with the median P/E multiples of comparable firms, which stood at 12.6x as of the valuation date, indicating a valuation consistent with market standards. Additionally, this multiple corresponds to an implied terminal net income growth rate of 3.2%, which, after discounting by our cost of equity of 11.8%, yields a present value of Terminal Value of €9,095.5 million and a Present Value of Dividends of €6,538.6 million. The chosen multiple duly reflects Amundi's earnings robustness relative to its peers, and it is suggestive of a continuous trend of profit retention and reinvestment at a rate that supports a higher growth premium (Appendix 12).

1.3. Cost of Equity: The cost of equity, calculated at 11.82%, is detailed in Exhibit 52. It factors in a risk-free rate of 3.42%, indicative of the return on benchmark government securities, and a beta of 1.49, which implies Amundi's shares are projected to be 49% more volatile than the market. An equity market risk premium of 5.83% is incorporated to account for the added risk that equity investors undertake over risk-free assets. These components collectively provide a solid foundation for our cost of equity estimation, as further elaborated in (Appendix 10).

1.4. Net Income & Dividends Assumptions: Our Dividend Discount Model (DDM) for Amundi incorporates several key assumptions (related with those in Financial Analysis Part) that underpin the forecast of the company's financial trajectory. These assumptions are essential for understanding the potential growth and revenue streams of Amundi over the coming years:

(1) AuM Growth Rate: We project a steady Assets Under Management (AuM) growth rate of 3.5% annually from 2024 to 2030, reflecting Amundi's strategic initiatives and market expansion plans.

(2) M&A Revenue Boost: Post-2025, we anticipate additional revenue streams as a result of deploying €2 billion of excess capital earmarked for mergers and acquisitions. This is expected to contribute significantly to Amundi's top-line growth.

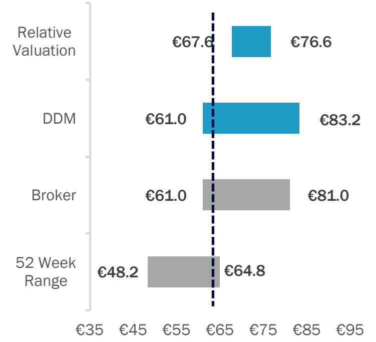
(3) Amundi Technology: A forecasted growth rate of 10% in revenues for Amundi Technology is factored in, aligning with the division's historical performance and future market opportunities.

(4) Fee Structure: We expect the fees rate for both performance fees and management fees to remain consistent with historical averages, ensuring stability in revenue generation.

(5) Cost to Income Ratio: The cost-to-income ratio is projected to align with historical figures. A slight improvement is anticipated due to increased revenues and controlled operational and labor expenses. Future acquisitions are expected to bring potential cost synergies, enhancing overall efficiency.

(6) Payout Ratio: A maintained payout ratio above the historical 65% is assumed, reflecting Amundi's commitment to shareholder returns. We chose, on a base case scenario, a 70% payout ratio (Appendix 4).

Exhibit 46: Valuation Football Field



Source: Team M Analysis

Exhibit 47: Valuation Matrix

Methodology	Weight	Price
Relative Valuation	30%	€76.59
DDM (Gordon Shapiro Method)	35%	€70.42
DDM (Multiples Method)	35%	€76.40
Target Price	€74.36	
*Premium**	*18.8%*	

*As of close January 10, 2024

Source: Team M Analysis

Exhibit 48: Cost of Equity Assumptions

Input	Weight
Risk Free Rate	3.42%
Beta	1.49
Equity Market Risk Premium	5.63%
Cost of Equity	11.82%

Source: Team M Analysis

Exhibit 49: DDM Output

Base Case - Multiples Method	
Baseline Terminal P / E Multiple	12.0 x
Baseline Terminal Value	€27 796.78
Implied Terminal NI Growth Rate	3.2%
(+) PV of Terminal Value	€9 095.50
(+) PV of Dividends	€6 538.59
Implied Equity Value	€15 634.09
% of Implied Eq. Val. from TV	58.2%
Diluted Shares Outstanding (in Mn)	204.65
Implied Share Price from DDM	€76.40
Premium / (Discount) to Current	24.6%
Base Case - Perpetuity Growth Method	
Baseline Terminal Net Income Growth	2.0%
Baseline Terminal Value	€24 062.05
Implied Terminal P / E Multiple	10.4 x
(+) PV of Terminal Value	€7 873.44
(+) PV of Dividends	€6 538.59
Implied Equity Value	€14 412.04
% of Implied Eq. Val. from TV	54.6%
Diluted Shares Outstanding (in Mn)	204.65
Implied Share Price from DDM	€70.42
Premium / (Discount) to Current	14.9%

Source: Team M Analysis

Exhibit 50: P/E Multiples from Peer Group

Company	P/E
DWS Group GmbH & Co.	11.05 x
Schroders plc	12.93 x
3i Group plc	6.11 x
Abrdn plc	15.4 x
Man Group Plc	10.85 x
Amundi S.A.	10.04 x
Partners Group Holding AG	26.69 x
Julius Bär Gruppe AG	9.65 x
EQT AB	23.94 x
Ashmore Group Plc	18.89 x
Intermediate Capital Group plc	12.31 x
Median	12.62 x

Source: Capital IQ, Team Analysis

Exhibit 51: Implied Share Price calculation with Relative Valuation (P/E)

Implied Share Price	
Median	12.62 x
Implied Equity Value	€15 575.3
/ Shares Outstanding	*203.35*
Implied Share Price	€76.59

Source: Capital IQ, Team Analysis

Exhibit 52: Risks Matrix

Impact

		F4		F3
		M1 & M3		
		F1	F5 & M2	M4
	F2			

Probability

Source: Team Analysis

Exhibit 53: Activity by Investor t Type

Investor Type	%OS	Pos Chg (000) [6M]	Mkt Val Chg (MM) [6M]
Investment Advisor	11.36	-669	-59
Mutual Fund Manager	1.76	-48	-3
Sovereign Wealth Manager	0.59	0	0
Hedge Fund Manager	0.32	-7	-1
Private Banking/Wealth Management	0.24	-35	-2
Pension Fund Manager	0.21	0	0
Total	14.48	-759	-65

Source: FactSet

Exhibit 54: Activity by Investment Manager

Top 15 Instititions	Total	%OS	Pos CHG (000) [Recent]	Activism
	Institutions	7.4	1652	-
1	BNP Paribas Asset Management	1	1583	Very Low
2	The Vangaurd Group, Inc	0.99	-311	Very Low
3	Barrings UK	0.88	16	Very Low
4	BlackRock Investment Management LLC	0.59	1793	Very Low
5	Norges Bank Investment Management	0.58	5	Medium

Source: FactSet

2. Relative Valuation

(1) Extended Selection of Comparable Companies Rationale: Our criteria for selecting comparable businesses for Amundi, the leading asset manager in Europe, are grounded in a series of meticulous considerations that reflect the company's stature. Firstly, we have chosen firms with a substantial market presence that echoes Amundi's expansive scale and broad operational reach. These firms not only share a similar size but also reflect the diversity of services and products that Amundi offers. In doing so, we ensure that our comparative analysis is grounded in a realistic reflection of the industry landscape.

Secondly, the choice of European asset managers as comparables is deliberate, designed to match Amundi's geographic focus. Most of Amundi's assets are centralized within the European Union, which presents a unique set of regulatory frameworks, market dynamics, and investment climates. This strategic alignment allows us to draw parallels that are sensitive to the nuances of the regional market and to accurately gauge Amundi's performance against its most direct competitors.

Lastly, we have mirrored the diversification of Amundi's asset classes within our selection, with particular emphasis on fixed income and equity, reflecting the core of Amundi's portfolio, and a burgeoning segment of private investments. This composition enables us to encapsulate the full spectrum of Amundi's activities and to understand how each segment contributes to its overall market position. By replicating the breadth of Amundi's asset class presence, we establish a comprehensive baseline for comparison that acknowledges the multifaceted nature of asset management in today's financial landscape (Appendix 8).

(2) Enhanced Rationale for Pricing Multiples Selection: the rationale behind adopting Price to diluted Earnings Per Share (EPS) and Price to tangible book value as benchmark multiples is deeply rooted in their analytical potency. These multiples are not random choices; they are carefully selected for their relevance and sensitivity to the key financial aspects of asset management firms within our carefully curated cohort.

Price to diluted EPS is particularly telling of a firm's profitability and growth potential, factoring in the dilutive effects of options and convertible securities, which is critical in industries like asset management where equity compensation is prevalent. This multiple allows us to assess the true earning power of a business as perceived by the market, beyond just the raw earnings figures.

Similarly, the Price to tangible book value provides a clear picture of a company's net asset value, stripping away the intangible assets that can often obscure the true financial health of a firm. This is particularly relevant for Amundi, whose operations are intricately tied to the value of their tangible assets. By focusing on these multiples, we gain access to a more distilled understanding of the intrinsic value of a business, enhancing our ability to discern the market's valuation of a company's tangible worth relative to its price.

This methodical selection of multiples dovetails with the operational intricacies of Amundi's business model. It facilitates a nuanced analysis that respects the company's unique blend of income streams and asset management strategies. In doing so, it lays down a solid foundation for a comparative analysis that is not only rigorous but also reflective of the specific contours of Amundi's financial framework.---Feel free to further customize this extended argument based on specific aspects of Amundi's operations or financials you wish to highlight.

The aggregate of these 3 weighted methods results in a target price of €74.36, representing an 18.5% premium over the last closing price, which underscores the growth potential & the value we see in Amundi.

RISKS

[F1] Firm Risk | Ownership & Structure

Amundi's organizational structure is multifaceted, encompassing a diverse array of subsidiaries, leadership roles, and management teams under its broad corporate umbrella. Notably, a significant shift in stock ownership patterns has been observed (Appendix 18) Key financial entities, including investment advisors, mutual funds, and private banking institutions, which traditionally pursue growth opportunities, have notably reduced their holdings in Amundi stock. This trend is evidenced by a substantial decrease in positions: investment advisors have reduced their holdings by approximately 870,000 positions, mutual fund managers by 50,000 positions, and private wealth managers by 35,000 positions, all within the past six months. This shift in ownership toward ETFs and index funds, rather than individual fund managers selecting Amundi stock, raises questions about the stock's current market perception. It might indicate either a general oversight of the stock or a strategic repositioning by investors. At the executive level, the collective experience of key figures such as the CEO, CFO, and Head of Marketing totals nine years, with each individual contributing three years at Amundi. This relatively brief tenure in a volatile market highlights potential challenges in strategic decision-making and market adaptability, especially in the context of fund managers' growing interest in alternative investment strategies and product innovation. The strategic direction and marketing efforts of Amundi, crucial for the company's success, will require adept leadership and experience to navigate these dynamic market conditions. However, there are positive aspects to consider. The Head of Risk and the Head of Compliance collectively boast over 30 years of experience at Amundi, providing a strong foundation in critical areas of risk management and regulatory compliance. Moreover, the shareholder profile of Amundi is characterized by low levels of activism. Notable exceptions include Norges Bank Investment Management and BlackRock Fund Advisors, both of which exhibit medium activism profiles in Amundi stock. This observation, along with the fact that the majority of Amundi's approximately 15 significant shareholders do not advocate for drastic price changes, suggests a stable investment environment. This stability is likely a factor in Amundi's appeal for dividend-focused portfolios, rather than attracting investors seeking aggressive growth opportunities.

[F2] Firm Risk | Credit & Liquidity Risks

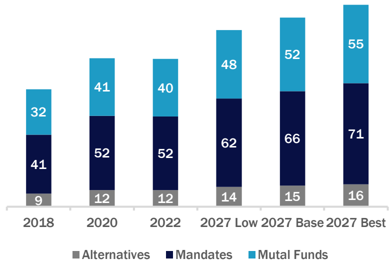
Amundi has consistently sustained an 'A+' long-term issuer default rating from Fitch Ratings since December 2016, with the latest ratification occurring on September 19, 2023 (Exhibit 55) . This unbroken streak over nearly seven years reflects a dependable and unwavering credit landscape for the company, marked by an absence of downgrades or adverse actions by the rating agency. Additionally, Amundi's short-term issuer default rating has been steadfastly rated at 'F1', with the latest confirmation on the same date in 2023. The 'F1' designation represents the pinnacle of short-term credit quality, signaling a negligible risk of default. This ongoing affirmation reinforces the perception of Amundi's robust capability in meeting its imminent financial obligations. On September 19, 2023, the rating of Amundi's shareholder report was also persistently affirmed at 'a+'. *next page*

Exhibit 55: Amundi Fitch Ratings

Rating	Action	Date	Type
A+	Affirmed	19-Sep-2023	Long Term Issuer Default Rating
F1	Affirmed	19-Sep-2023	Short Term Issuer Default Rating
A+	Affirmed	19-Sep-2023	Shareholder Support Rating

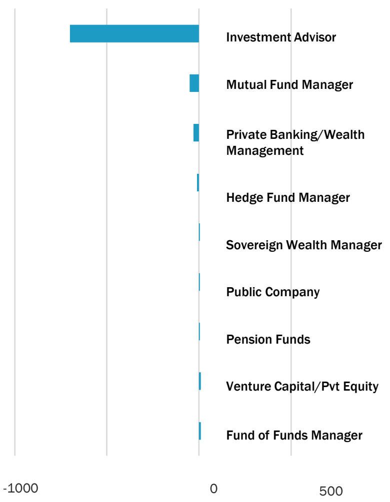
Source: Fitch

Exhibit 56: Global AUM growth for AM Industry (in $Bn)



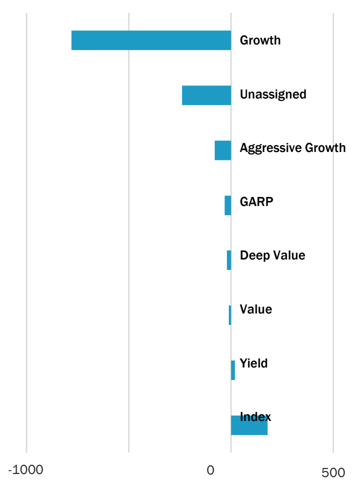
Source: Grand View Research

Exhibit 57: Activity by Holder Style ($M)



Source: FactSet

Exhibit 58: Activity by Investment Strategy Type ($M)



Source: FactSet

[...] The 'A+' rating indicates a formidable ability to honor financial commitments, albeit with a slight susceptibility to fluctuating circumstances or economic conditions compared to its higher-rated peers. The maintenance of this rating highlights a consistent evaluation of Amundi's credit standing by Fitch Ratings. Amundi's Long-Term Issuer Default Rating is significantly influenced by its relationship with Credit Agricole (CA), its majority shareholder. The rating is supported by Fitch's expectation of CA's continued backing, given CA's stable 'A+/Stable/a+' rating. This support is crucial, as Amundi is considered a core component of CA, playing a central role as its primary investment manager and complementing other group activities. CA's substantial 69% stake in Amundi, along with the low likelihood of a stake reduction or complete sale in the medium term, further solidifies this support. This relationship underscores the strategic importance of Amundi within the CA group, ensuring a strong backing and guarantee for nearly all of Amundi's structured product offerings. Amundi's robust credit profile and liquidity are significantly bolstered by its strategic alliance with Credit Agricole (CA), which holds a majority stake and offers unwavering support. This partnership, along with Amundi's consistent 'A+' long-term and 'F1' short-term ratings from Fitch, underscore the company's strong liquidity and minimal default risk, ensuring it remains well-positioned to meet its financial commitments even amidst variable economic conditions.

[F3] Firm Risk | Operational risk in the overall Industry

Risk Management in Market Volatility: Given the 10% reduction in global assets under management in 2022 and the significant market downturns, Amundi should enhance its risk management frameworks. This involves not only identifying and mitigating market risks but also diversifying investment portfolios to protect against future market volatilities.

Revenue Diversification: With North American asset managers experiencing an 11% revenue decline, Amundi should focus on diversifying its revenue streams. This can be achieved by expanding into high-growth areas like private markets and real estate, which represent a potential $5 trillion opportunity over the next five years. Offering a wider range of products, including those that are technology-driven or cater to specific demographic shifts, could help balance out traditional revenue sources. Adapting to Interest Rate Changes: The 'higher-for-longer' interest rate environment requires a reassessment of investment strategies. Amundi should analyze its current asset allocation and debt structures to ensure they are optimized for a scenario where interest rates remain high for an extended period. Technology and Innovation: Embracing disruptive technologies such as AI, blockchain, and robo-advisory services is crucial. These technologies can not only improve investment outcomes but also enhance operational efficiency and client engagement. For example, individualized indexing and direct investment platforms could be areas of growth, considering the expected management of $5.9 trillion by robo-advisers by 2027.

Cost Management and Operational Efficiency: In response to the challenges of fee compression and increased operational costs, Amundi should focus on streamlining operations to enhance efficiency. This could involve automating routine tasks, outsourcing non-core functions, and optimizing the organizational structure. ESG Compliance and Reporting: With increasing scrutiny in areas like ESG, Amundi should continue to strengthen its commitment to sustainable investing. This includes not only integrating ESG factors into investment decisions but also enhancing transparency and reporting around ESG initiatives. Client-Centric Approach: Aligning with shifting investor expectations, a client-centric approach in product offerings and services is key. This involves understanding the evolving needs of different investor segments, especially with the generational wealth transfer from baby boomers to millennials, and tailoring products to meet these needs. Regulatory Compliance and Risk Management: Keeping up with evolving regulatory standards and enhancing internal controls will be vital to mitigate legal and compliance risks. Regular audits and compliance training can help in staying abreast of regulatory changes.

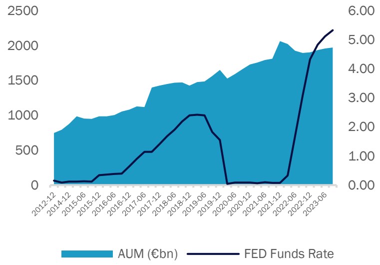
[F4] Firm Risk | Regulatory & Legal/Compliance Risks

In the wake of the Basel III and IV reforms, designed to fortify the banking sector by enhancing capital and liquidity requirements and imposing stricter leverage constraints, Amundi, a leading asset management firm, faces an evolving regulatory landscape with indirect yet significant implications. These reforms, particularly the increase in minimum capital requirements from 2% to 4.5% of common equity under Basel III and the introduction of an output floor under Basel IV, which ensures banks' capital does not fall below 72.5% of the amount required by the standardized approach, are reshaping the banking sector's risk profile and investment strategies. This transformation extends to the asset management industry, affecting market liquidity and transaction costs, and necessitating a strategic reassessment of investment portfolios, particularly in fixed-income and bank equity sectors. The introduction of non-risk-based leverage ratios, with a minimum of 3%, alongside the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), significantly alters banks' balance sheet management, impacting the availability and pricing of short-term fixed income products, a domain in which Amundi is actively engaged. Consequently, Amundi is compelled to enhance its risk management frameworks, particularly in counterparty and liquidity risk, diversify investments to mitigate potential risks from the banking sector's adjustments, and leverage technology and data analytics to adapt to new market opportunities created by these regulatory changes. This landscape demands continuous monitoring of regulatory developments across jurisdictions and effective communication with stakeholders, ensuring transparency and confidence in Amundi's strategic adaptations. In this context, Basel III and IV, though primarily banking-centric, act as catalysts for broad market changes, and Amundi's proactive response is crucial for maintaining its competitive edge and exploiting emerging opportunities in this dynamic financial ecosystem.

[F5] Firm Risk | Human Resource risks

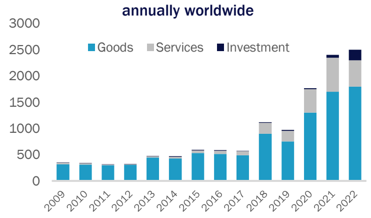
In the increasingly complex landscape of the global asset and wealth management (AWM) sector, firms face acute human resource challenges, marked by a pressing need for talent adept in digital transformation, ESG expertise, and adaptable to economic and geopolitical fluctuations. Particularly in Europe and beyond, the industry anticipates a significant consolidation, with projections indicating that 16% of current AWM organizations might either merge or cease to exist by 2027, doubling the historical rate. Concurrently, the demand for ESG proficiency is intensifying, acknowledged by 60% of asset managers as essential for effective portfolio management in an environment burdened by uncertainty, high interest rates, labor shortages, and geopolitical instability. This evolving scenario necessitates a strategic recalibration of talent acquisition and retention, emphasizing skillsets that are diverse, digitally proficient, and aligned with emerging social values, ensuring firms like Amundi remain competitive and responsive to the shifting paradigms in both European and global markets.

Exhibit 59: AuM and Fed Funds Rates evolution



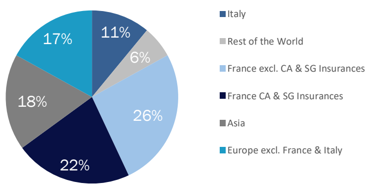
Source: Team analysis, Company filings

Exhibit 60: Evolution of trade restrictions imposed annually worldwide



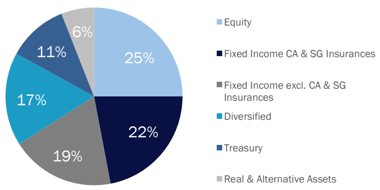
Source: IMF, Global Trade Alert

Exhibit 61: Amundi's geographic repartition of AUM including Lyxor (2022)



Source: Company filings

Exhibit 62: Amundi's breakdown of AUM including Lyxor (2022)



Source: Company filings

Exhibit 63: Amundi Technology client's evolution since September 2020

Source: Company filings

Exhibit 64: European Commission's regulatory initiatives

Source: Company filings

[M1] Market RIsk | Macroeconomy

The current macroeconomic landscape for Amundi Asset Management is defined by a complex interaction of rising interest rates in developed markets and diverging growth and inflation rates globally. As the Federal Reserve may be approaching the end of its cycle of rate hikes, and the European Central Bank (ECB) contemplates a temporary halt before potentially easing rates, the outlook for interest rates appears to be stabilizing, albeit at a higher level than in the past. This shift away from the historically low rates poses a significant challenge for asset managers like Amundi.

With interest rates at elevated levels (5,33% for Fed Funds rate in December 2023), Amundi faces the risk of increased competition from traditional safe-haven assets such as deposits, money market funds, and government bonds.

However, the graph indicates that Amundi's Assets Under Management (AUM) have remained relatively robust despite these challenges. This resilience suggests that Amundi's offerings might be appealing to investors who are willing to accept higher risks for potentially higher returns, as indicated by Amundi's high beta of 1.24.

[M2] Market Risk | Geopolitcs

Amundi Asset Management's portfolio diversification strategy, while generally sound, faces several critical challenges in the context of recent geopolitical conflicts, such as the ongoing tensions in Ukraine and the Israel-Palestine region. The escalation of trade restrictions depicted in the provided graph and the geopolitical tensions underscore a risk landscape that is increasingly complex and potentially volatile for global investors.

Asset Class Vulnerability: The equity portion of Amundi's assets, which constitutes a quarter of its portfolio, could be subject to significant volatility due to geopolitical strife. Equities are typically reactive to market sentiment, which can deteriorate swiftly in the face of international conflicts. Moreover, the graph showing the breakdown of asset classes suggests that the firm's exposure to fixed income securities and diversified assets might not be sufficient to offset the risks associated with its equity investments, especially if geopolitical tensions escalate further.

Geopolitical Exposure by Geography: Amundi's geographical allocation, as demonstrated in the pie chart, reveals a concentrated European investment which could be directly affected by the Ukrainian conflict, leading to market instability in the region. Additionally, with investments in Asia and the rest of the world, Amundi cannot ignore the potential fallout from the Israel-Palestine conflict, which can disrupt Middle Eastern markets and have broader implications for global energy prices and economic stability.

Impact of Trade Policies: The rising trend in trade restrictions since 2017, as shown in the first graph, is an area of concern. Increased protectionism and the potential for a decoupling of major economies could adversely affect Amundi's cross-border investments. The firm's exposure to goods and services is at risk of becoming collateral damage in a world where economic nationalism and retaliatory tariffs are becoming more common.

[M3] Market Risk | Disruptive Technology

Amundi's foray into the burgeoning field of disruptive technologies, particularly its proprietary platform ALTO, has demonstrated a commendable attempt to harness innovation and artificial intelligence. However, the sector's inherent volatility and the gap between market expectations and practical applications present considerable risks. Amundi's engagement with foundational technology sectors like semiconductors and practical AI applications in healthcare and cybersecurity shows strategic alignment with high-growth areas.

ALTO's Market Penetration and Profitability: While ALTO's revenues have shown a steady increase, reaching €58m in the 12 months to September 2023, this figure falls short of the earlier ambitious revenue target of €150m by 2025. This scaling back may raise concerns about the platform's market traction and long-term profitability, especially in light of the intense competition from established players like BlackRock, which targets a $10bn total addressable market (TAM) predominantly in the US.

Competitive Landscape and Market Positioning: Amundi's decision to commercialize its technology and target Europe and Asia indicates a strategic move to exploit opportunities outside of BlackRock's core US market. Yet, this positioning also exposes Amundi to the risk of regional economic fluctuations and the need to adapt to diverse regulatory environments. Additionally, the IT cost being a mere 1 basis point compared to AUM, or 6-7% of revenues, suggests a lean approach, but it could also point to underinvestment in R&D relative to the sector's rapid innovation cycle.

Revenue Diversification and R&D Expense Management: While ALTO contributes to revenue diversification, the scale of its financial impact compared to the traditional asset management business is still limited. The platform operates at an approximate 50% profit margin, which is impressive, yet the degree to which further R&D expenses will be required to maintain this margin in a in a highly competitive tech landscape remains an open question.

[M4] Market Risk | Regulation

SFDR Compliance: As of 2021, Amundi has been obliged to categorize its funds under the Sustainable Finance Disclosure Regulation (SFDR) Articles 8 and 9, which may influence fund inflows due to varying investor appetites for ESG-compliant products.

EU Taxonomy Alignment: The alignment of €600 billion of Amundi's AUM with the EU Taxonomy for sustainable activities may require portfolio rebalancing, impacting sector allocations and potentially altering performance benchmarks.

Distribution Model Risks: Amundi's partnership-based distribution model, though lucrative, faces risks from regulatory changes favoring open architecture, which could disrupt around 50% of its revenue stream from captive distribution channels

Fee Pressure and Cost Efficiency: With industry-wide fee compression, Amundi's net revenue margin, which stood at approximately 18.5 basis points in 2020, may face further pressures, necessitating cost optimization beyond the current operational expense ratio of 53%.

M&A Risks: Amundi's growth through acquisitions, like the €825 million Lyxor deal, presents integration risks, amplified by regulatory pressures on fee structures and client retention post-M&A.

ESG Integration: Amendments to MiFID II and IDD require a reevaluation of Amundi's advisory approach, impacting over €300 billion in advised assets and potentially affecting advisory fee structures.

APPENDICES

APPENDIX 1: GLOSSARY

Acronym	Definition	Acronym	Definition
AUM	Asset Under Management	JVs	Joint-Ventures
AMUN	Amundi S.A. Ticker	MiFID	Markets in Financial Instruments Directive
CET1	Common Equity Tier 1	Teq CO2	Tonnes Carbon Dioxyde Equivalent
EBIT	Earnings Before Interest and Tax	SBI	State Bank of India
EBITDA	Earnings Before Interest, Tax, Depreciation & Amortization	SFDR	Sustainable Finance Disclosure Regulation
IDD	Insurance Distribution Directive	SRI	Socially Responsible Investments

APPENDIX 2: INCOME STATEMENT

	HISTORICAL					TEAM FORECAST									
In € millions	FY18	FY19	FY20	FY21	FY22	BP23	BP24	BP25	BP26	BP27	BP28	BP29	BP30	BP31	BP32
Retail	*1 832*	*1 813*	*1 744*	*2 029*	*2 164*	*2 134*	*2 256*	*2 595*	*2 686*	*2 780*	*2 877*	*2 978*	*3 343*	*3 460*	*3 581*
Institutionals	*659*	*679*	*690*	*756*	*802*	*843*	*851*	*979*	*1 013*	*1 049*	*1 086*	*1 124*	*1 261*	*1 305*	*1 351*
Net fee and commission income	**2 491**	**2 492**	**2 434**	**2 785**	**2 966**	**2 977**	**3 107**	**3 574**	**3 699**	**3 829**	**3 963**	**4 102**	**4 604**	**4 765**	**4 931**
Performance fees	*115*	*171*	*200*	*427*	*171*	*158*	*231*	*266*	*275*	*285*	*295*	*305*	*343*	*355*	*367*
Total net asset management revenues	**2 606**	**2 663**	**2 634**	**3 212**	**3 137**	**3 135**	**3 338**	**3 840**	**3 975**	**4 114**	**4 258**	**4 407**	**4 946**	**5 119**	**5 299**
Amundi Technology and related revenue	*0*	*0*	*25*	*36*	*48*	*57*	*63*	*69*	*76*	*83*	*92*	*101*	*111*	*122*	*134*
M&A extra revenue	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*176*	*176*	*176*	*176*	*176*	*352*	*352*
Total revenue from asset management and related activities	**2 606**	**2 663**	**2 659**	**3 248**	**3 185**	**3 192**	**3 401**	**3 909**	**4 227**	**4 373**	**4 526**	**4 684**	**5 233**	**5 594**	**5 785**
Net financial income	*(25)*	*43*	*(36)*	*1*	*(32)*	*71*	*71*	*71*	*71*	*71*	*71*	*71*	*71*	*71*	*71*
Other net income	*(71)*	*(70)*	*(76)*	*(76)*	*(97)*	*(94)*	*(94)*	*(94)*	*(94)*	*(94)*	*(94)*	*(94)*	*(94)*	*(94)*	*(94)*
Total net revenues	**2 510**	**2 636**	**2 521**	**3 136**	**3 055**	**3 169**	**3 378**	**3 886**	**4 203**	**4 350**	**4 502**	**4 661**	**5 210**	**5 570**	**5 762**
YoY Growth		***5%***	***-4%***	***24%***	***-3%***	***3.7%***	***6.6%***	***15.0%***	***8.2%***	***3.5%***	***3.5%***	***3.5%***	***11.8%***	***6.9%***	***3.4%***
Employee costs	(857)	(887)	(897)	(1 046)	(1 121)	(1 143)	(1 175)	(1 352)	(1 401)	(1 452)	(1 505)	(1 560)	(1 751)	(1 815)	(1 882)
Other operating expenses	(530)	(490)	(444)	(504)	(612)	(569)	(614)	(707)	(733)	(759)	(787)	(816)	(916)	(949)	(984)
o/w D&A	(28)	(31)	(29)	(33)	(39)	(40)	(43)	(49)	(51)	(53)	(55)	(57)	(64)	(66)	(69)
Operating expenses	**(1 387)**	**(1 377)**	**(1 341)**	**(1 550)**	**(1 733)**	**(1 711)**	**(1 789)**	**(2 059)**	**(2 134)**	**(2 211)**	**(2 292)**	**(2 376)**	**(2 667)**	**(2 764)**	**(2 866)**
YoY Growth		*-1%*	*-3%*	*16%*	*12%*	*-1%*	*5%*	*15%*	*4%*	*4%*	*4%*	*4%*	*12%*	*4%*	*4%*
Gross operating income	**1 123**	**1 259**	**1 180**	**1 586**	**1 322**	**1 458**	**1 588**	**1 827**	**2 070**	**2 139**	**2 210**	**2 285**	**2 543**	**2 806**	**2 896**
Provision on loan losses	(11)	(11)	(23)	(12)	(12)	(16)	(17)	(20)	(20)	(21)	(22)	(23)	(25)	(26)	(27)
Associates	50	46	66	84	88	98	97	112	116	120	124	129	145	150	155
Net gains and losses on other assets	(0)	(0)	0	(0)	4	0	0	0	0	0	0	0	0	0	0
EBT	1 162	1 295	1 224	1 658	1 402	1 551	1 668	1 919	2 165	2 238	2 313	2 391	2 662	2 929	3 024
Corporate tax	**(307)**	**(336)**	**(317)**	**(292)**	**(329)**	**(356)**	**(390)**	**(449)**	**(507)**	**(524)**	**(541)**	**(560)**	**(623)**	**(685)**	**(708)**
Net income	**855**	**959**	**910**	**1 369**	**1 073**	**1 194**	**1 278**	**1 470**	**1 659**	**1 714**	**1 772**	**1 832**	**2 039**	**2 244**	**2 316**
Adjusted Net income*	**926**	**1 029**	**986**	**1 446**	**1 171**	**1 288**	**1 372**	**1 564**	**1 753**	**1 808**	**1 866**	**1 926**	**2 133**	**2 338**	**2 410**
YoY growth of adjusted net income (%)		11.2%	-4.2%	46.6%	-19.0%	10.0%	6.5%	14.0%	12.0%	3.2%	3.2%	3.2%	10.8%	9.6%	3.1%

Adjusted Net income doesn't take in account the « other net income » - we assumed that it is not directly related with the activity of Amundi.

APPENDIX 3: KPI'S

	HISTORICAL					TEAM FORECAST									
KPIS	FY18	FY19	FY20	FY21	FY22	BP23	BP24	BP25	BP26	BP27	BP28	BP29	BP30	BP31	BP32
EBITDA	1,218	1,310	1,237	1,674	1,466	1,516	1,631	1,877	2,121	2,192	2,265	2,342	2,607	2,872	2,964
EBIT	1,190	1,279	1,208	1,641	1,428	1,478	1,588	1,827	2,070	2,139	2,210	2,285	2,543	2,806	2,896
Depreciation	*15*	*17*	*17*	*17*	*20*	*20*	*23*	*27*	*28*	*29*	*30*	*31*	*35*	*36*	*37*
Amortization	*13*	*13*	*12*	*16*	*18*	*18*	*19*	*22*	*23*	*24*	*25*	*26*	*29*	*30*	*31*
D&A	28	31	29	33	39	39	43	49	51	53	55	57	64	66	69
EPS (Euro)	4.24	4.76	4.48	6.74	5.26	5.86	6.27	7.21	8.14	8.41	8.69	8.98	10.00	11.01	11.36
EPS adj (Euro)	4.59	5.10	4.85	7.12	5.74	6.32	6.73	7.67	8.60	8.87	9.15	9.45	10.47	11.47	11.82
Dividends (in k€)	585	-	589	833	836	836	895	1,029	1,161	1,200	1,240	1,282	1,428	1,571	1,621
Shares (in k units)	201.7	201.7	203.1	203.1	203.8	203.8	204.8	205.7	206.8	207.8	208.8	209.8	210.9	211.9	212.9
DPS (Euro)	2.90	0.00	2.90	4.10	4.10	4.10	4.37	5.00	5.61	5.77	5.94	6.11	6.77	7.41	7.62
Payout ratio (%)	*68.5%*	*0.0%*	*64.8%*	*66.5%*	*77.5%*	*72.9%*	*70.0%*	*70.0%*	*70.0%*	*70.0%*	*70.0%*	*70.0%*	*70.0%*	*70.0%*	*70.0%*
Excess capital (Euro Bn) (vs. 10% CET1)	345	695	1 231	857	1 252	1 499	1 739	42	442	842	1 242	1 642	42	542	1 042
Cost/ income ratio(%)	*55%*	*52%*	*53%*	*49%*	*57%*	*54%*	*53%*	*53%*	*51%*	*51%*	*51%*	*51%*	*51%*	*50%*	*50%*
Effective Tax rate (%)	*26%*	*26%*	*26%*	*18%*	*23%*	*23%*	*23%*	*23%*	*23%*	*23%*	*23%*	*23%*	*23%*	*23%*	*23%*
AUM (Euro Bn)	1,425	1,653	1,729	2,064	1,904	1,986	2,056	2,365	2,447	2,533	2,622	2,713	3,045	3,152	3,262

APPENDIX 4: PRO-FORMA ASSUMPTIONS

1. Assets under Management (AuM) Growth Rate

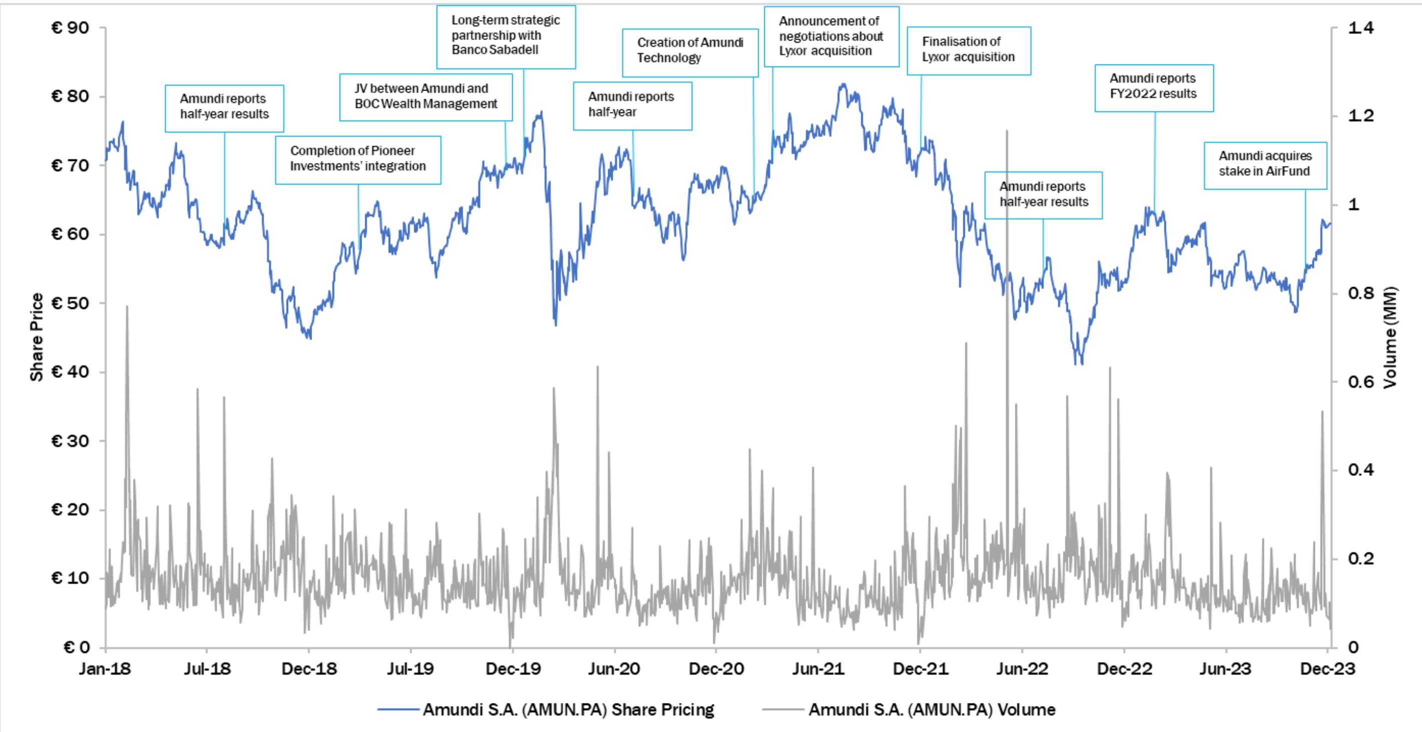
Geographical segment	Europe: Amundi anticipates a measured growth rate slightly surpassing 2% in the European portfolio for the fiscal year 2023. However, this growth trajectory is strategically designed to taper off gradually over the next decade. This calculated approach aligns with the overarching strategic vision as Amundi allocates more focus to emerging markets. Asia and Rest of the World: A contrasting narrative unfolds in Asia and the Rest of the World, where an aggressive organic growth rate of 7% is projected. This robust expansion underscores Amundi's commitment to capitalizing on opportunities in burgeoning markets. In the ever-evolving landscape of asset management, these projections exclusively consider organic growth for assets under management, deliberately excluding the impact of acquisition-related jumps.
Client Segment and Asset Class	We forecast asset class growth based on the historical five-year FY18-22 weighted average of each of the classes and relevant historical growth rates. The major growth in AuM is expected due to Equities increase which has a historical growth rate of 21.9%. Similar approach is practiced with client segment.
M&A	Our assumptions about Amundi's M&A activities and the deployment of €2 billion in excess capital by 2025 are rooted in the company's historical performance, particularly focusing on its significant acquisitions of Pioneer and Lyxor. These acquisitions have historically contributed an average increase of €237,116 million in Assets Under Management (AuM), as detailed in Appendix 4.For our forecast period, we've projected that upon deploying the €2 billion in 2025, Amundi is likely to see a similar increase in AuM, approximately €237,116 million, by 2026 following the successful completion of the deal. This forecast is based on the premise that Amundi's future M&A strategy will mirror the success of its past acquisitions in terms of scale and impact on AuM.Overall, our analysis suggests that the planned excess capital deployment for M&A will significantly contribute to Amundi's growth, allowing for a substantial increase in its AuM. This strategy is not just a reflection of Amundi's growth ambitions but also an indication of its ability to effectively utilize capital for expansion and value creation (see Appendix 17)

2. Revenues

Management & Performance Fees	For the Management & Performance Fees, we maintained the recent historical commission rate (FY18-FY23), which is 0.04% of the AuM for institutional management fees and 0.11% of the AuM for retail management fees. This amounts to a total of 0.15% of the AuM for the "Management Fees" revenue segment. For the Performance Fees, we have forecasted the same commission rate as the historical average from FY18 to FY23, which is approximately 0.01%.
Amundi Technology	Amundi Technology is poised for significant growth, driven by an expanding fintech and AI solutions market. With a year-over-year (YoY) revenue increase of 35% since its launch, reaching 48 million euros in 2022, we expect this upward trend to continue. We project a steady 10% annual revenue growth, drawing parallels with BlackRock's successful Aladdin platform. Despite increasing competition in the portfolio management and risk analysis software market, Amundi Technology's broad client base positions it well for capturing new users and revenue streams. This growth outlook underlines Amundi's strategic push in technology and financial innovation.

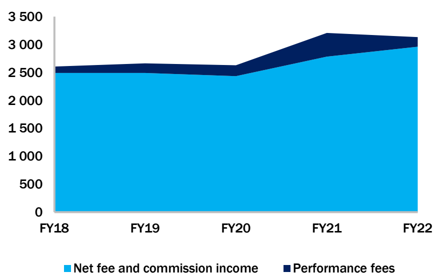
M&A Extra Revenue and Associates	For the Associates segment and its forecast, we have used the historical average of 3% of total revenues. Considering the anticipated growth in the Asian market and Joint Ventures, we adopted a conservative approach due to identified risks.Regarding the extra revenue from M&As, our assumptions are based on the premise that these future acquisitions will be funded through excess capital. Initially, we forecasted this excess capital, which led us to outline our acquisition plans and the hypothetical deployment dates of the funds (€2 billion in 2025 and another €2 billion in 2030). Based on this, we aligned with Amundi management's assumptions of a 10% ROI on the €2 billion investment, resulting in a gain of €200 million. For each acquisition and fund deployment, we have anticipated costs related to synergies (10%) and transaction expenses (approximately 2%). Regarding the Associates revenue stream, we decided to keep the same historical % of global revenues for the forecasted period.
3. Costs	
Operating Expenses & Employee Costs	Main operating expenses can be broken down into 2 categories, employee linked expenses (which represents the bulk of Amundi's OPEX) and other operating expenses (which include S&M costs, IT costs, as well as general and administrative costs). Next we projected each cost as a function of revenue : for the headcount using a historical review of Amundi's operations we assumed 34,8% of revenue would be costs linked to employees and 18,6% would be linked to other operating expenses.
4. Other Assumptions	
Capital Expenditures	We have also decided to use a percentage of revenues methodology as a proxy for understanding the evolution of capital expenditures in Amundi's business. From a historical perspective Amundi has averaged its capex investments at roughly around 1,6% of revenues. We have decided to use this indicator as a benchmark for forecasting future Amundi investments and capital expenditures as it is representative of our view of the future of the business.
D&A	In term of depreciation and amortization charges (most of which are linked to past Amundi acquisitions) we have used a percentage of sales method to forecast future D&A expenditures. Depreciation was projected using 0,69% of revenues and amortization was projected using 0,58% of sales. These figures y'a been determined once again by reviewing Amundi's historical operating results.
Provisions on loan losses	Similar to the above by looking at Amundi's historical figures we forecasted Amundi's provisions on loan losses as a percentage of Amundi's total net revenues. The assumption made based on the historical analysis was at 0,51% of revenues during the period.

APPENDIX 5: ANNOTATED SHARE PRICE HISTORY

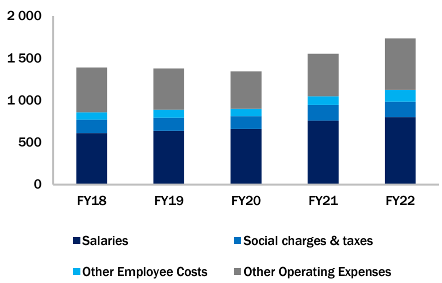


APPENDIX 6: HISTORICAL REVENUE ANALYSIS

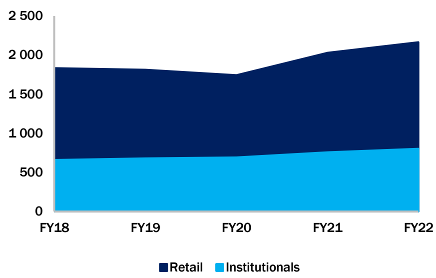
Historical Amundi Revenues (€M)



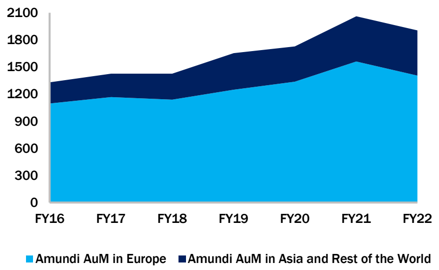
Historical Amundi Expenses (€M)



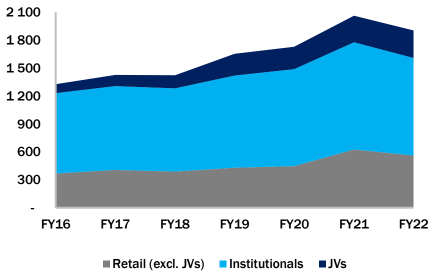
Historical Management Fees (€M)



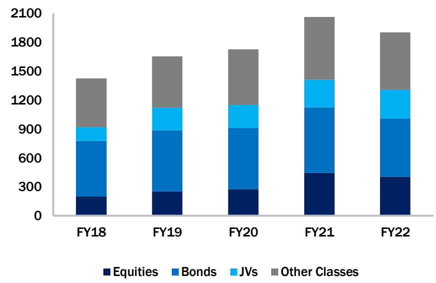
Historical Amundi AuM by geography (€Bn)



Historical Amundi AuM by client segment (€Bn)



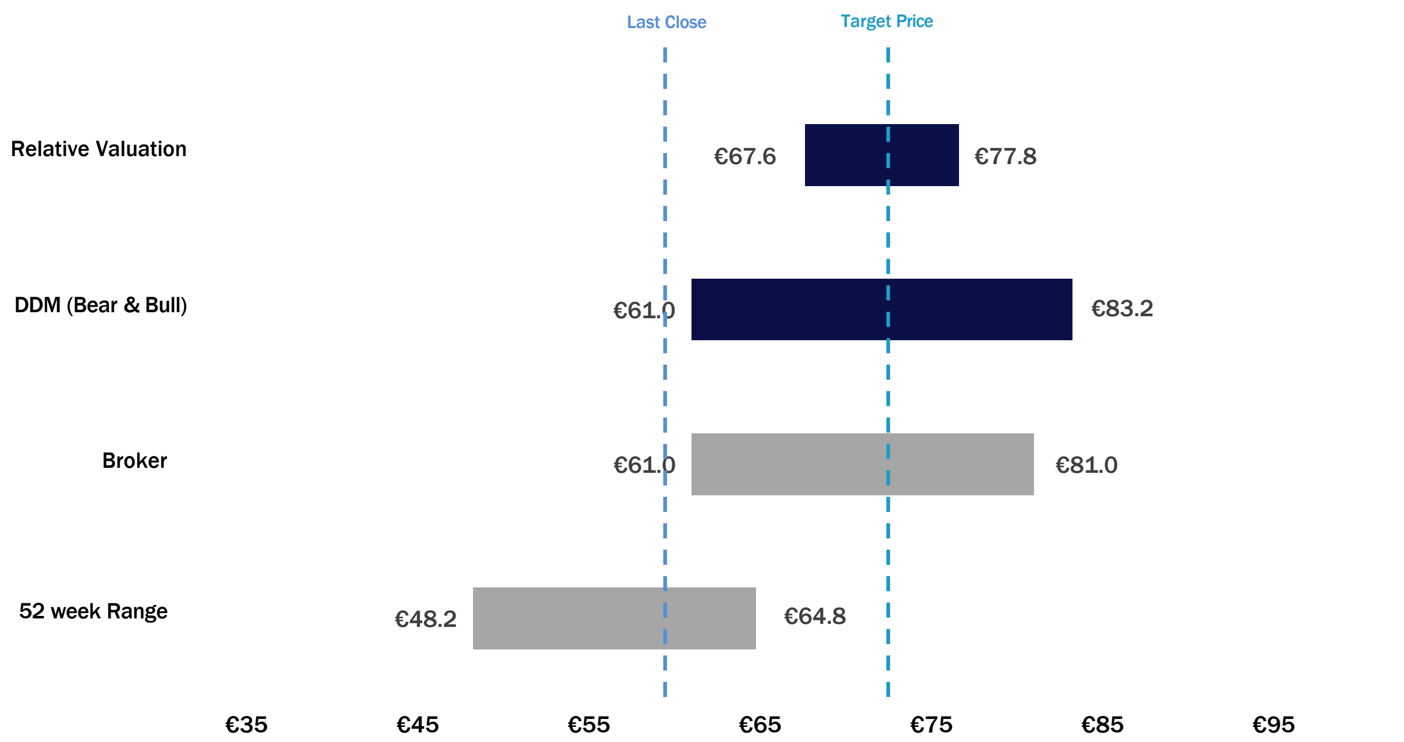
Historical Amundi AuM by asset class (€Bn)



APPENDIX 7: VALUATION SUMMARY

		DDM	Relative Valuation (P/E Multiple)	52 Week Range	Broker Range
Blended Valuation € 74.36	High	€83.20 (Bull case)	€ 76.60	€ 64.80	€ 81.00
	Base	€ 73.41	€ 76.60	$5.30	€71.00 (mean)
	Weighting	*70%*	*30%*	*0%*	*0%*

Valuation Football Field



APPENDIX 8: AMUNDI RELATIVE VALUATION

Comparable Set: European companies in Asset Management industry

XTRA:DWS	DWS Group GmbH & Co. KGaA (XTRA:DWS)
LSE:SDR	Schroders plc (LSE:SDR)
LSE:III	3i Group plc (LSE:III)
LSE:ABDN	abrdn plc (LSE:ABDN)
LSE:EMG	Man Group Plc (LSE:EMG)
SWX:PGHN	Partners Group Holding AG (SWX:PGHN)
SWX:BAER	Julius Bär Gruppe AG (SWX:BAER)
OM:EQT	EQT AB (publ) (OM:EQT)
LSE:ASHM	Ashmore Group Plc (LSE:ASHM)
LSE:ICP	Intermediate Capital Group plc (LSE:ICP)

Pricing Multiples	
Median P/E Multiple	12.62x
Median P/Diluted EPS Multiple	12.40x

Total Enterprise Value Multiples	
Median LTM TEV / Total Revenues	3.2x
Median LTM TEV / EBITDA	6.9x
Median LTM TEV / EBIT	7.7x

Relative Valuation	
Median P/E Multiple	12.62x
Median Implied Equity Value	€ 15 575.29
/ Shares Outstanding	*203.35*
(=) Implied Price per Share	
High	€ 161.99
Low	€ 37.10
Mean	€ 89.72
Median Implied Share Price	€ 76.59

**Capital IQ, companies data, Amundi's financial data*

APPENDIX 9: AMUNDI RELATIVE VALUATION REGRESSION

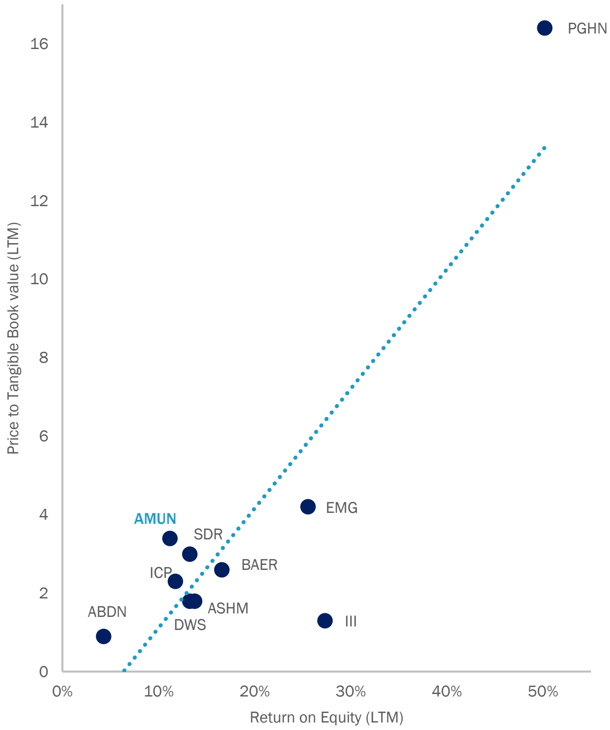
The regression analysis below examines the relationship between ROE and P/TangBV multiples of AMUN and peers for the last twelve months. Although not a directly linear relationship, a positive beta coefficient of 30,45 and a 75,4% R^2 provide sufficient evidence that generally, higher trading multiples are assigned to companies with strong return on equity.

Company Name	Symbol	ROE	P/TangBV
DWS Group GmbH & Co. KGaA (XTRA:DWS)	DWS	13,28%	1,8
Schroders plc (LSE:SDR)	SDR	13,28%	3,0
3i Group plc (LSE:III)	III	27,33%	1,3
abrdn plc (LSE:ABDN)	ABDN	4,29%	0,9
Man Group Plc (LSE:EMG)	EMG	25,59%	4,2
Amundi S.A. (ENXTPA:AMUN)	AMUN	11,21%	3,4
Partners Group Holding AG (SWX:PGHN)	PGHN	50,20%	16,4
Julius Bär Gruppe AG (SWX:BAER)	BAER	16,60%	2,6
Ashmore Group Plc (LSE:ASHM)	ASHM	13,76%	1,8
Intermediate Capital Group plc (LSE:ICP)	ICP	11,78%	2,3

Regression Statistics	
Multiple R	0,868
R Square	0,754
Adjusted R Square	0,723
Standard Error	2,391
Observations	10

ANOVA	Regression	Residual	Total
Df	1	8	9
SS	140,325	45,736	186,061
MS	140,325	5,717	
F	24,545		
Significance F	0,001		

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-1,93	1,38	-1,40	0,20	-5,11	1,24
ROE	30,45	6,15	4,95	0,00	16,28	44,62



APPENDIX 10: COST OF EQUITY

In calculating the cost of equity for Amundi, we employed the Capital Asset Pricing Model (CAPM), integrating several key inputs to ensure a comprehensive evaluation.

We obtained, after the detailed assumptions and calculations below, a Cost of Equity of 11.82% which was used for the Dividend Discount Method.

$$CoE = R_f + \beta\left(E\left(R_m\right) - R_f\right)$$

Cost of Equity

Risk free rate (1)	Rate	Weighting
10 year governement bond 10Y average	2.31%	15%
10 year governement bond 5Y average	2.38%	15%
10 year French governement bond spot	3.88%	70%
RFR	**3.42%**	**100%**

Equity Market Risk Premium (2)	Rate	Weighting
Historical Risk Premium (20Y)	5.07%	25%
EMRP 2023*	5.94%	25%
French EMRP	5.75%	50%
Linear Regression (10Y)		0%
EMRP	**5.63%**	**100%**

Levered Beta (3)		Weighting
Relevered Beta from comparables companies	2.83	5%
Comparable companies	1.49	65%
AM Industry Average FY20-FY24*	0.95	0%
Yahoo Finance	1.24	10%
FactSet	1.41	10%
Refinitiv	1.21	10%
Average Beta	**1.49**	**100%**

*from Amadoran NYU

Comparable Companies Unlevered Beta

Company	Predicted Levered Beta (4)	Total Capitalization	Weight of Equity	Weight of Debt	Marginal Tax Rate	Unlevered Beta
BlackRock (USA)	1.37	126 878.0	93.8%	6.2%	25.0%	1.31
Apollo Global Management (USA)	1.66	67 964.0	83.0%	17.0%	25.0%	1.44
Legal & General Group (UK)	1.44	19 857.7	72.9%	27.1%	19.0%	1.11
Invesco Ltd.(USA)	1.95	13 477.5	89.0%	11.0%	25.0%	1.78
Schroders (UK)	1.51	7 127.3	98.6%	1.4%	19.0%	1.49
DWS Group GmbH & Co (GER)	1.02	6 832.0	97.8%	2.2%	30.0%	1.00
M&G Plc (UK)	1.57	13 259.8	41.2%	58.8%	19.0%	0.73
St James's Place (UK)	1.36	3 783.4	95.0%	5.0%	19.0%	1.30
Mean	**1.49**				**22.6%**	**1.27**
Median	**1.48**				**22.6%**	**1.30**

Amundi Levered Beta

	Mean Unlevered Beta	Target Debt/ Equity	Target Marginal Tax Rate	Relevered Beta
Relevered Beta	1.27	1.60	23.4%	**2.83**

1. Risk Free Rate

The risk-free rate, a cornerstone of the CAPM, is derived from a weighted average of government bond yields, with a 15% weight given to the 1-year government bond at 2.31%, a 10% weight to the 5-year average at 2.38%, and a substantial 75% weight to the 10-year French government bond spot rate at 3.42%. This blend reflects both current and historical perspectives, providing a balanced view of the risk-free environment over time.

2. Equity Market Risk Premium.

The EMRP was crucial in capturing the additional returns expected by investors over the risk-free rate. Our EMRP assumption is a weighted composite, factoring in a historical risk premium (25% weight at 5.07%), the EMRP 2023 of Asset Management industry, which comes from Amadoran NYU Research house (25% weight at 5.75%), and the French EMRP (50% weight at 5.75%), culminating in an aggregate EMRP of 5.63%. This multi-faceted approach ensures that the premium reflects both long-term market expectations and more immediate, regression-based estimates.

3. Beta

To establish AMUNDI's beta, we analyzed comparable companies and consulted research from financial institutions. We selected peers such as BlackRock (USA), DWS Group (GER), and Legal & General Group (UK) due to their operational similarities and leading positions in the same market. However, directly applying Hamada's formula to adjust for Amundi's capital structure rendered a levered beta not fully reflective of Amundi's intrinsic risk. Specifically, with Amundi's debt-to-equity ratio of 1.6, the beta escalated from an unlevered average of 1.27 to a levered 2.83. Considering this, we assigned only a 5% weight to this levered beta. Instead, we favored the mean levered beta of 1.49 from our selected comparables, attributing a 65% weight to it for a more representative risk profile.

Research houses FactSet, Refinitiv, and Yahoo Finance reported betas of 1.41, 1.21 and 1.24 respectively, and these were weighted at 10% each due to their credibility but lack of input breakdown. The same beta was used for the forecast and terminal periods as they used the same time periods and thus the beta would not tend towards any in particular in the long run.

APPENDIX 11: COST OF DEBT

Amundi's cost of debt, a critical component of its capital structure, has been rigorously calculated to reflect the company's strong credit standing and market conditions. The interest-bearing liabilities for FY23 suggest an impressively low implied cost of debt at 0.45%, weighted at 50%.

However, when considering the index spread, which is influenced by Amundi's A+ credit rating from Moody's and Fitch, we incorporate a moderate spread of 1.5%. This figure is carefully chosen to align with the market norms for entities with similar credit profiles and represents a realistic cost of debt for Amundi.

The 1.5% index spread, which is applied to the entire debt structure, dovetails with the current EURIBOR rates and the 10-year French bond rate to give us a comprehensive view of Amundi's borrowing costs in the prevailing economic climate. By integrating this index spread, we acknowledge the broader market's perception of risk and the premium investors require for Amundi's debt instruments. This method was weighted at 50%.

Our prudent approach to estimating Amundi's cost of debt, by leveraging both the actual interest expenses and the market-based index spread, ensures a robust and market-reflective analysis. Looking forward, as Amundi strategically aims to utilize its €2 billion in excess capital for M&A activities by FY25, this cost of debt will be an integral factor in assessing the affordability and accretiveness of such investments, ultimately driving shareholder value.

Cost of Debt

Cost of Debt	Rate	Weighting
(1) Interest-bearing liabilities	0.45%	50%
(2) Index Spread	4.38%	50%
Cost of Debt	**2.41%**	**100%**

(1) Interest-bearing liabilities	FY23	FY22	FY21
Interest expense	76.9	54.7	51.1
ST Debt	1 400	736	1 247
LT Debt	15 615	11 090	10 564
Implied cost of debt	0.45%	0.46%	0.43%
Cost of debt			**0.45%**

source: FactSet, Amundi data

(2) Index Spread	Rate	Weighting
EURIBOR 1 week	3.14%	10%
EURIBOR 1 month	3.15%	40%
10Y French bonds rate	2.61%	50%
Average	***2.88%***	***100%***
Index Spread	1.50%	
Pre-Tax Cost of Debt	**4.38%**	

APPENDIX 12: DDM SENSITIVITY ANALYSIS

Our comprehensive DDM analysis for Amundi employs two approaches to ascertain the impact on the implied share price: one utilizes a range of terminal P/E multiples and the other uses terminal net income growth rates, with both models sensitive to the cost of equity.

P/E Multiple Method: Using terminal P/E multiples ranging from 10.0x to 14.0x and adjusting the cost of equity from 11.32% to 12.32%, we have determined the following: A higher P/E multiple suggests a more optimistic outlook, with the implied share price increasing as the multiple expands. At a P/E multiple of 14.0x and the lowest cost of equity (11.32%), the implied share price reaches €86.9, capturing the most bullish scenario. Conversely, with a P/E multiple of 10.0x and the highest cost of equity (12.32%), the share price is forecasted at €66.6, reflecting a more conservative market sentiment. The sensitivity of the share price to the cost of equity is evident, indicating that even small changes in investor expectations can have a significant impact on valuation.

DDM Sensitivity Analysis - Implied Share Price v Cost of Equity and Terminal P/E multiple

		Discount Rate (Cost of Equity):				
		11.32%	11.57%	11.82%	12.07%	12.32%
Terminal P / E Multiple:	14.0 x	€86.9	€85.3	€83.8	€82.3	€80.8
	13.0 x	€83.1	€81.6	€80.1	€78.7	€77.3
	12.0 x	€79.2	€77.8	€76.4	€75.0	€73.7
	11.0 x	€75.3	€74.0	€72.7	€71.4	€70.2
	10.0 x	€71.4	€70.2	€69.0	€67.8	€66.6

Growth Rate Method: Turning to the growth rate method, the analysis sensitizes the terminal net income growth rate from 0.7% to 3.3%, alongside the same cost of equity range. A higher growth rate combined with a lower cost of equity conveys strong confidence in Amundi's future earnings potential, with a top share price of €82.8 at a 3.3% growth rate and an 11.32% cost of equity. On the other end, a 0.7% growth rate with a 12.32% cost of equity suggests a more cautious perspective, resulting in a lower implied share price of €61.8.

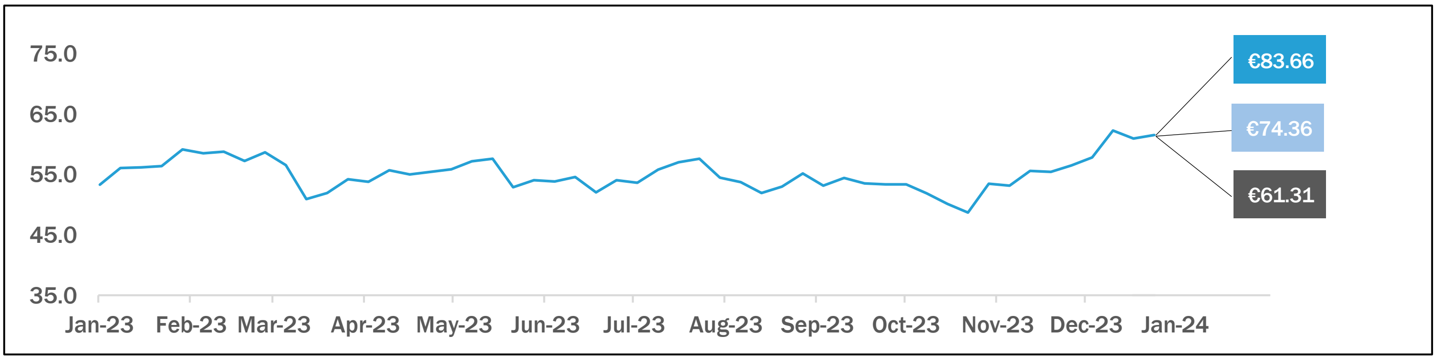
DDM Sensitivity Analysis - Implied Share Price v Cost of Equity and Terminal Net Income Growth Rate

		Discount Rate (Cost of Equity):				
		11.3%	11.6%	11.8%	12.1%	12.3%
Terminal Net Income Growth Rate:	3.3%	€82.8	€79.8	€77.0	€74.4	€71.9
	2.7%	€78.7	€76.0	€73.5	€71.1	€68.9
	2.0%	€75.1	€72.7	€70.4	€68.3	€66.2
	1.3%	€72.0	€69.8	€67.7	€65.8	€63.9
	0.7%	€69.3	€67.3	€65.4	€63.6	€61.8

Cross-Method Insights: Both methods reveal a material sensitivity to the cost of equity. The cross-analysis indicates that within the observed ranges, Amundi's share price could vary significantly, demonstrating the importance of accurate cost of equity estimation. Despite the variances, the majority of scenarios analyzed present a strong case for investment, with a substantial number of outcomes aligning with a buy/strong buy recommendation.

Market Implications: The findings underscore the pivotal role of market perceptions of risk and growth in shaping Amundi's valuation. The intersection of these models provides investors with a spectrum of potential outcomes, enabling informed decision-making grounded in rigorous sensitivity testing.
This narrative interprets the data from the tables to describe the relationship between Amundi's share price, cost of equity, terminal P/E multiple, and terminal net income growth rate. It provides a clear picture of how different assumptions can affect the valuation according to the DDM.

APPENDIX 13: SCENARIO ANALYSIS



Bear Case – €61.31:

In our bear case scenario for Amundi, we project a stock price of €61.31, reflecting a series of adverse conditions that are expected to impede the company's financial performance. Under this scenario, we assume a lower AUM growth rate of 2.75% compared to the base case rate of 3.50%. This diminished growth is attributed to a lackluster market growth and challenges in the integration of M&A acquisitions, which fail to deliver the expected synergies.

Retail management fees rate, a critical source of revenue for Amundi, is projected to decrease to 0.10%, down from the base case of 0.11%. Institutional management fees rate also sees pressure, but remains stable at 0.04%. This stability, however, does not offset the overall decline in fee revenue, as Amundi faces heightened competition and market pressure that erodes the fee margins.

The performance fees rate is expected to hold at 0.01%, indicative of a challenging environment where performance-linked incentives are harder to achieve. Furthermore, the growth rate for Amundi Technology is forecasted to slow down to 9%, a decrease from the 10% growth rate seen in the base case. This deceleration signals a contraction in the technological innovation pace, perhaps due to a combination of reduced investments and a tepid reception of new tech-driven financial products.

Amundi's management fees, generally a percentage of its AUM, are impacted by this scenario. Given that in 2022, the revenue generated by fees and other income from customer activities amounted to €3.004 billion (excluding performance fees), the bear case suggests that Amundi may not be able to replicate this performance in the face of increased competitive and market pressures.

Overall, the bear case scenario paints a picture of Amundi navigating through a turbulent market with significant headwinds. Low market growth, high competitiveness, and less favorable management fee rates all converge to create a challenging environment for the company, leading to a projected stock price of €61.31. This scenario serves as a cautionary tale, highlighting the importance of robust strategic planning and the agility to adapt to market adversities.

Bull Case – €83.66:

In our bull case scenario, we envision Amundi thriving in a highly optimistic economic environment, driving its growth to new heights. The scenario anticipates a strong market recovery, where we foresee Assets Under Management (AUM) growing at an accelerated rate of 4.25%. This growth is fueled by a swift economic upturn and robust market performance, reflecting a significant boost in investor confidence and market dynamics.

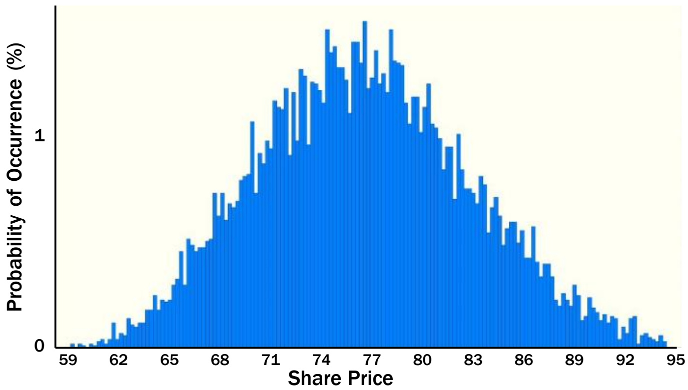
Amundi is expected to see a notable increase in fee revenue, with investor confidence reaching its peak. Retail and institutional management fee rates are projected to outpace our base estimates, reaching 0.12% and 0.05% respectively. This increase is attributed to the rising demand for premium services, as investors seek more sophisticated financial solutions. A key driver in this scenario is the technological advancement within the Amundi Technology segment. Growing at an impressive rate of 11%, this segment is set to attract a new demographic of tech-savvy investors, drawn to innovative financial products. This growth is not just a testament to technological prowess but also to the company's ability to adapt and innovate in a rapidly evolving financial landscape.

Moreover, tax efficiency plays a crucial role in this optimistic outlook. We expect corporate tax rates to remain stable at 23.40%, a benefit stemming from fiscal incentives and efficient tax planning. This stability in tax rates enhances Amundi's financial health and contributes to a more predictable and robust bottom line.Dividend growth remains a cornerstone of Amundi's strategy in this scenario. The company is expected to maintain its payout ratio, showcasing strong earnings and a steadfast commitment to shareholder returns. This approach not only strengthens investor trust but also underlines the company's financial stability and profitability.

External tailwinds further bolster Amundi's position in this bull case scenario. Favorable regulatory developments, a competitive edge over peers, and successful penetration into emerging markets are anticipated to contribute significantly to the company's success. These factors, combined with successful M&A operations and improved market conditions, are key to achieving the projected stock price of €83.66.In conclusion, under this best case scenario, Amundi's valuation is projected to experience a substantial uplift, significantly surpassing the base case. This reflects the potential for outsized returns in an ideal market condition, underlining the company's resilience and strategic prowess in capitalizing on favorable market trends and internal strengths

APPENDIX 14: DDM MONTE CARLO SIMULATION

MONTE CARLO SIMULATION (DDM – MULTIPLES METHOD)

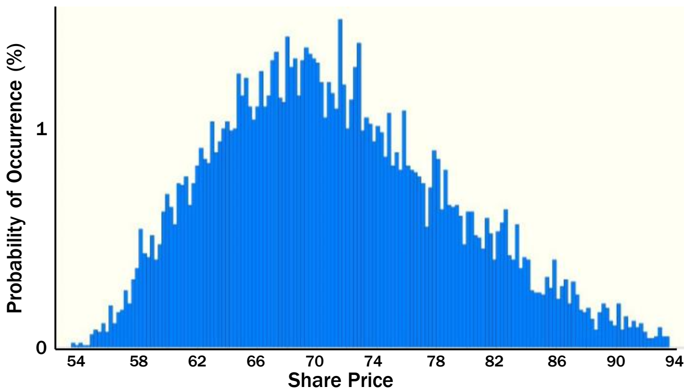


Variable	Distribution
Terminal P/E Multiple	Normal
Discount Rate	Normal

Summary	Statistics
Minimum	59.07
Maximum	97.56
Mean	76.51
Median	76.26
Std Dev	6.37
Variance	40.55
Skewness	0.204
Kurtosis	2.74
Iterations	10,000

Percentile	Output Price ($)
0.0%	59.07
10.0%	68.31
20.0%	70.92
30.0%	72.86
40.0%	74.64
50.0%	76.26
60.0%	77.92
70.0%	79.74
80.0%	81.94
90.0%	85.09
100.0%	97.56

MONTE CARLO SIMULATION (DDM – PERPETUITY GROWTH METHOD)



Variable	Distribution
Terminal Net Income Growth	Normal
Discount Rate	Normal

Summary	Statistics
Minimum	54.22
Maximum	103.92
Mean	71.19
Median	70.38
Std Dev	7.9
Variance	62.37
Skewness	0.5074
Kurtosis	2.97
Iterations	10,000

Percentile	Output Price ($)
0.0%	54.22
10.0%	61.33
20.0%	64.19
30.0%	66.41
40.0%	68.42
50.0%	70.37
60.0%	72.52
70.0%	74.89
80.0%	77.68
90.0%	82.12
100.0%	103.92

APPENDIX 15: M&A ACTIVITY SINCE 2016

Announce Date	Close Date	Target	Acquirer	Deal Type	Transaction Value	Role	Target Industry
14/11/2023	Pending	OneWealthPlace SAS	Airfund /Private Group/	Acquisition / Merger	-	Buyer	Investment Managers
31/10/2023	08/12/2023	Lyxor Asset Management, Inc.	Wilshire Advisors LLC	Acquisition / Merger	-	Seller	Investment Managers
28/06/2022	28/06/2022	Finventum GmbH	Amundi Austria GmbH	Acquisition / Merger	-	Buyer	Internet Software/Services
07/04/2021	**31/12/2021**	**Lyxor Asset Management SAS**	**Amundi SA**	**Acquisition / Merger**	**825.0**	**Buyer**	**Investment Managers**
05/10/2020	01/01/2021	Fund Channel SA	Amundi SA	Acquisition / Merger	-	Buyer	Investment Managers
21/01/2020	30/06/2020	Sabadell Asset Management SA	Amundi SA	Acquisition / Merger	460.0	Buyer	Investment Managers
18/01/2019	18/01/2019	Anatec SAS	Amundi SA	Acquisition / Merger	-	Buyer	Investment Managers
11/01/2019	11/01/2019	Amundi RE Amlak Development Fund	Immorente Invest SA	Acquisition / Merger	-	Seller	Real Estate Investment Trusts
26/11/2018	01/02/2019	Mirae Asset Global Investments (Taiwan)	Amundi Asset Management SA	Majority Stake	-	Buyer	Investment Managers
05/10/2017	05/10/2017	RCF Group SpA	Amundi Private Equity Funds SA	Acquisition / Merger	-	Buyer	Electronics/Appliances
05/12/2016	**03/07/2017**	**Pioneer Global Asset Management SpA**	**Amundi SA**	**Acquisition / Merger**	**3 545.0**	**Buyer**	**Investment Managers**
14/11/2016	14/11/2016	TOBAM SAS	Amundi SA	Minority Stake	-	Buyer	Investment Managers

Source: FacSet, Amundi's data

APPENDIX 16: PIONNEER & LYXOR QUICK DEAL ANALYSIS

LYXOR Acquisition	
Lyxor AuM (at the acquisition date)	€140,000 M
Amundi AuM (at the acquisition date)	€1,729,000 M
Deal Value (in m€)	€825 M
AuM / Deal Value	**170**

PIONNEER Acquisition	
Pionneer AuM (at the acquisition date)	€239,000 M
Amundi AuM (at the acquisition date)	€1,083,000 M
Deal Value (in m€)	€3,545 M
AuM / Deal Value	**67.42**

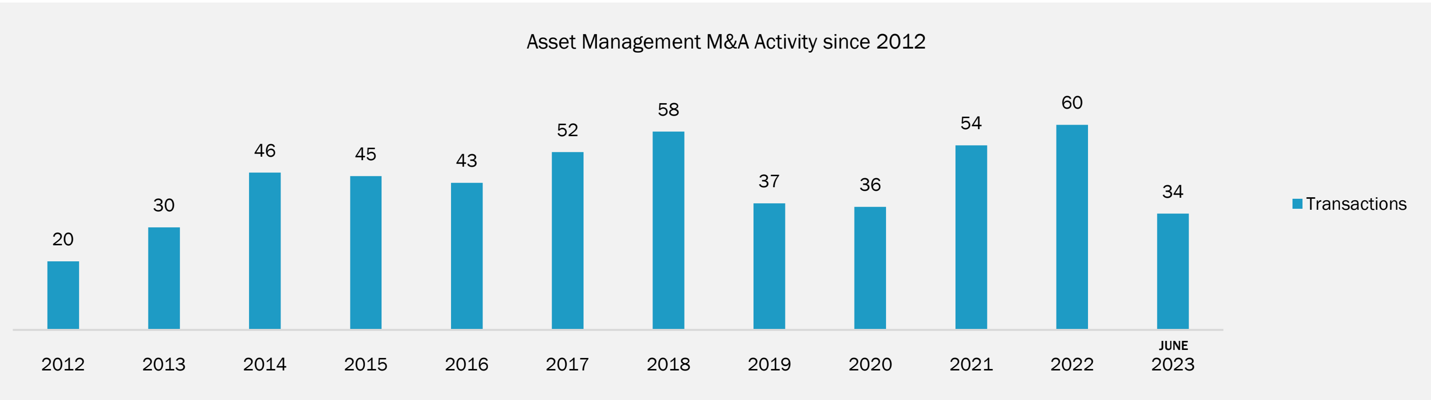
Excess Capital*	**€2,000,000 M**
Pionneer AuM/ Deal Value/ Excess Capital	€134,838 M
Lyxor AuM/ Deal Value/ Excess Capital	€339,394 M
Average increase in AuM	**€237,116 M**

**Amundi's management aims to deploy €2Bn for M&A operations from 2025*

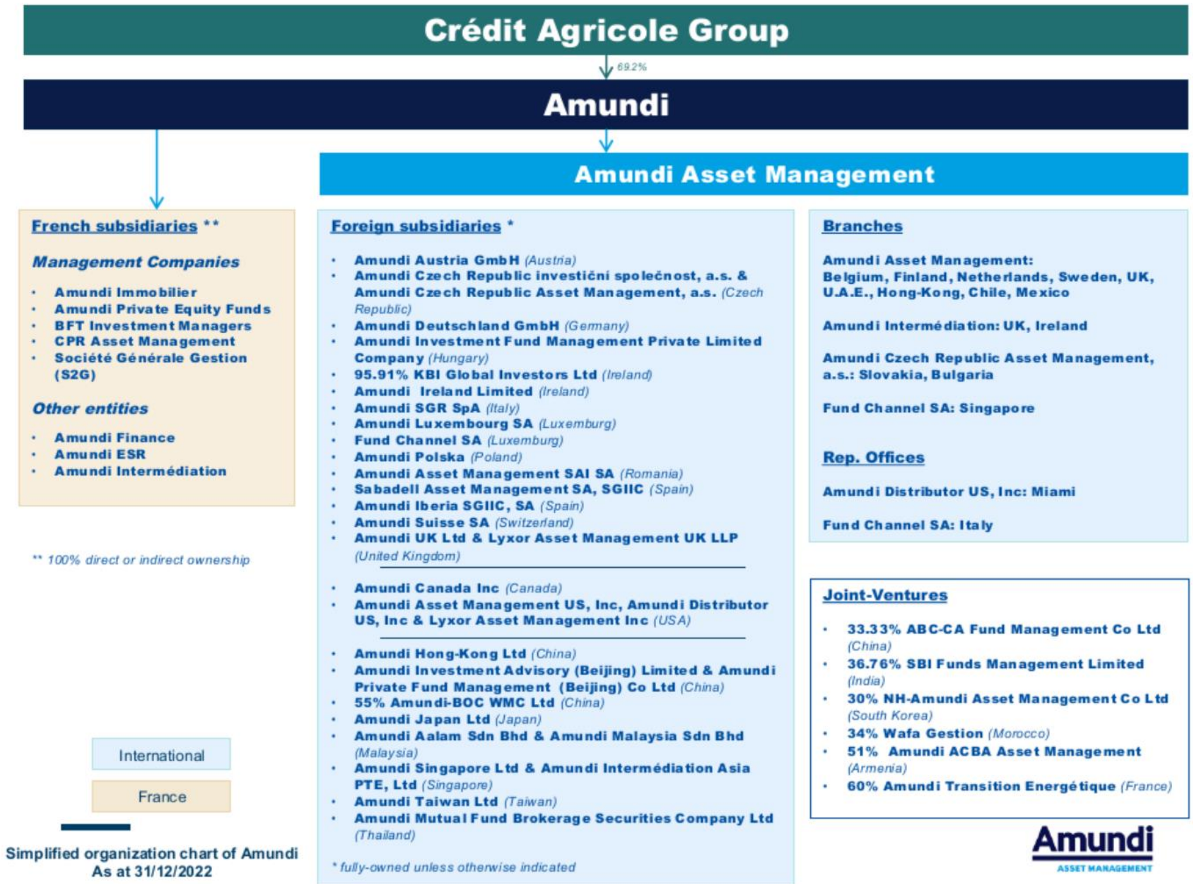
APPENDIX 17: RECENT AND LISTED ASSET MANAGEMENT SECTOR BIDS AND ACQUISITIONS

Date	Statuts	Target	Acquirer	EV (in $ Bn)
June-23	Closed	Credit Suisse	UBS	3.3
May-23	Announced	Putnam Investments	Franklin Templeton	0.9
May-23	Announced	Angelo Gordon	TPG	2.7
March-23	Closed	Cowen	TD Bank	1.3
February-23	Closed	Laurel Wealth Advisors	Integrated Partners	2.3
April-22	Closed	Lexington Partners	Franklin Templeton	1.8
April-22	Announced	Oakbridge Partners	Homrich Berg	1.5
March-22	Closed	BPEA	EQT	7.5
March-22	Closed	CBAM Partners	The Carlyle Group	0.8
October-21	Closed	OAK Hill Advisors	T. Rowe Price	4.2

Source: PitchBook data as of June 2023. Includes Transactions more than $100 million; company press releases.

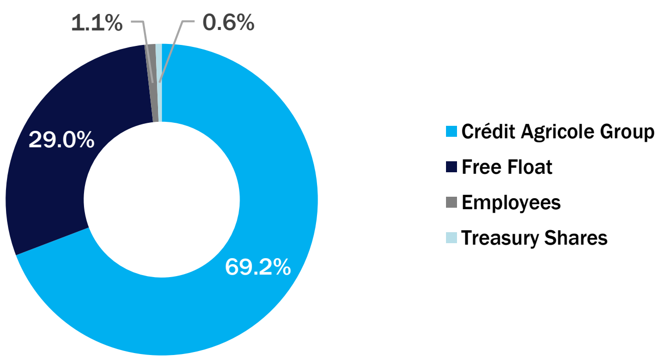


APPENDIX 18: AMUNDI CORPORATE STRUCTURE



Simplified organization chart of Amundi
As at 31/12/2022

APPENDIX 19: AMUNDI SHAREHOLDING STRUCTURE AND GOVERNANCE

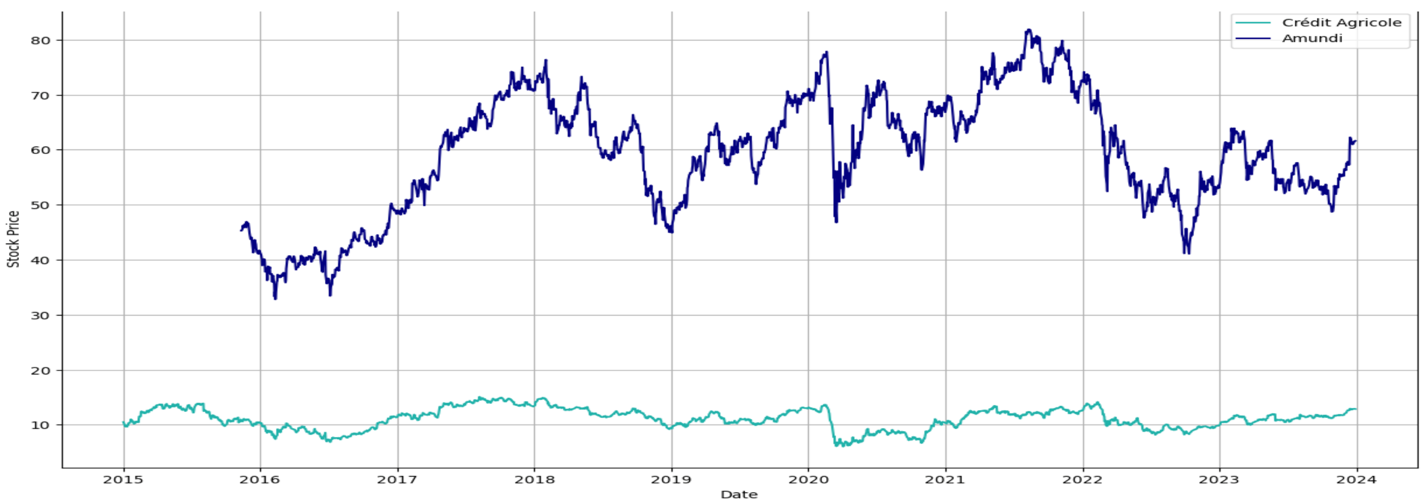


203 860 131 shares at 06/30/2023

Board of Directors

Phillipe Brassac, *Chairman*
Virginie Cayatte
Bénédicte Chrétien
Laurence Danon-Arnaud
Patrice Gentié
Michèle Guibert
Christine Grillet
Robert Leblanc
Michel Mathieu
Hélène Molinari
Christian Rouchon
Nathalie Wright
Joseph Ouedraogo
Nicolas Mauré, censor

APPENDIX 20: AMUNDI VS CREDIT AGRICOLE STOCK PERFORMANCE



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