

Press release

Baar-Zug, Switzerland; 19 March 2024 | *Ad hoc announcement pursuant to Art. 53 Listing Rules (LR)*

Partners Group's USD AuM growth of 8% translated into stable profit of CHF 1 billion, impacted by foreign exchange effects; performance fees up 37%

- Revenues increased by 4% to CHF 1'945 million
- Management fees amounted to CHF 1'575 million, down 2%, mainly due to foreign exchange effects and lower late management fees¹
- Performance fees increased by 37% to CHF 369 million (19% of total revenues); guidance of 20-30% of total revenues confirmed for next 1-2 years; increases to 25-40% for years thereafter
- EBIT margin increased to 61.3%; EBIT stands at CHF 1'193 million while profit stable at CHF 1'003 million
- Dividend proposed to increase by 5% to CHF 39.00 per share
- Reconfirmed guidance of expected gross client demand of USD 20-25 billion in 2024

Summary of key financials 2023 (in CHF million)

	<u>2023</u>	<u>2022</u>	
Revenues²	1'945	1'872	+4%
<i>Management fees³</i>	<i>1'575</i>	<i>1'603</i>	<i>-2%</i>
<i>Performance fees</i>	<i>369</i>	<i>269</i>	<i>+37%</i>
Personnel expenses	-603	-596	+1%
Other operating expenses/D&A ⁴	-149	-144	+3%
EBIT	1'193	1'132	+5%
EBIT margin	61.3%	60.5%	
Net finance income and expenses	16	-2	
Income taxes	-205	-124	
Profit	1'003	1'005	-0%

¹ Late management fees typically arise when clients join a commingled closed-ended investment program at a later stage of the fundraising period and are required to pay retrospectively for previously delivered management services to this respective program. Any such payments in relation to prior accounting years are called late management fees.

² Revenues include management fees and performance fees.

³ Management fees and other revenues, net, and other operating income.

⁴ Stands for: depreciation and amortization.

David Layton, Partner and Chief Executive Officer, says: *“We are pleased that our portfolio of businesses and assets continues to perform robustly, and our financial results are solid. 2023 was a difficult year for our industry, with distributions at the lowest levels seen since the Great Financial Crisis. We are proud to have some of the most diversified performance fees across our industry, nevertheless we felt the impact of a more cautious exit environment. Looking into 2024, our growing pipeline of high-quality assets and normalizing market conditions give us confidence for improving exit activity. On the client side, our ability to tailor bespoke solutions for both institutional and individual investors will remain a key growth driver.”*

2023 financials

Total revenues increased by 4% to CHF 1'945 million (2022: CHF 1'872 million) at a revenue margin⁵ of 1.56% (2022: 1.51%). Foreign exchange effects, in particular the continued strengthening of the CHF against the USD and the EUR, negatively impacted revenue growth by 5%.

- **Management fees** decreased by 2% to CHF 1'575 million (2022: CHF 1'603 million) and developed in line with average assets under management⁶ (AuM) in CHF. Late management fees were slightly lower as the firm did not hold material closings of closed-ended programs during the period.
- **Performance fees** increased by 37% to CHF 369 million (2022: CHF 269 million), representing 19% of total revenues (2022: 14%). H1 performance fees accounted for 72% of total performance fees and were mainly driven by the firm's infrastructure program performance. H2 performance fees, which accounted for 28%, were impacted by the slower-than-anticipated recovery of the transaction environment leading the firm to postpone several asset divestitures across private equity and infrastructure originally planned for H2.

Joris Gröflin, Partner and Chief Financial Officer, adds: *“Our transformational investing strategy resulted in another year of strong double-digit EBITDA growth across our direct private equity and infrastructure portfolios, building the foundation for future performance fees. We remain confident in our ability to generate performance fees accounting for 20-30% of revenues in the next 1-2 years in a normalizing market environment and see further upside in the range of 25-40% for the years thereafter.”*

Total operating costs increased by 2% to CHF 752 million (2022: CHF 740 million), mainly driven by higher variable performance fee-related personnel expenses.

⁵ Revenue margin is an Alternative Performance Metrics (APM). A description of the APM can be found in Partners Group's 2023 Annual Report on pages 32 and 33, available for download at www.partnersgroup.com/en/shareholders/reports-and-presentations.

⁶ Assets under Management is an Alternative Performance Metrics (APM). A description of the APM can be found in Partners Group's 2023 Annual Report on pages 32 and 33, available for download at www.partnersgroup.com/en/shareholders/reports-and-presentations.

- Total **personnel expenses** (80% of total operating costs) increased by 1% to CHF 603 million (2022: CHF 596 million). Non-performance fee-related personnel expenses decreased 5% year-on-year to CHF 470 million (2022: CHF 496 million), below average FTE growth of 12%. They were positively impacted by foreign exchange changes and included lower bonus accruals relative to 2022. Performance fee-related personnel expenses increased by 33% to CHF 133 million (2022: CHF 100 million), in-line with performance fees.
- **Other operating expenses** increased by 3% to CHF 108 million (2022: CHF 104 million), in line with revenues. Depreciation & amortization remained largely stable at CHF 41 million (2022: CHF 40 million).

EBIT increased by 5% to CHF 1'193 million (2022: CHF 1'132 million) at an **EBIT margin** of 61.3% (2022: 60.5%).

Net finance income and expenses amounted to CHF 16 million (2022: CHF -2 million). The firm's transformational investing approach translated into positive underlying asset and portfolio performance, resulting in a contribution of CHF 67 million (2022: CHF 14 million) from Partners Group's investments alongside its clients. At the same time, negative foreign exchange effects, hedging, and other costs resulted in a negative contribution of CHF -51 million (2022: CHF -16 million). **Income taxes** totaled CHF 205 million (2022: CHF 124 million) at a tax rate of 17% (2022: 11%).

In summary, the firm's **profit** was stable at CHF 1'003 million (2022: CHF 1'005 million). Partners Group's Board of Directors proposes a **dividend** of CHF 39.00 per share (2022: CHF 37.00 per share) based on the solid development of the business and its confidence in the sustainability of the firm's growth. The proposal represents an increase of 5% year-on-year.

Outlook

Steffen Meister, Partner and Executive Chairman of the Board, concludes: *"Our hypothesis that the roles of public and private markets are switching has been confirmed in 2023, as our industry is increasingly becoming the main funding engine of the rapidly changing real economy. Looking forward, we expect technology to accelerate the pace of change in the economy, ushering in an unprecedented age of transformation and disproportional productivity, facilitated in a large part by private markets managers. During this next economic transformation we believe our industry will consolidate and business builders, who like Partners Group take a transformational approach to investing, will access a massive growth opportunity in the next 10 years."*

For the full-year 2024, Partners Group confirms its guidance on **expected gross client demand** of USD 20 to 25 billion, based on an expected normalization of the investment environment and continued strong interest in its bespoke solutions and flagship offerings. The firm further guides for USD -8 to -9 billion in tail-down effects stemming from the more mature closed-ended investment programs. From now on, Partners Group no longer includes redemptions from evergreen programs in its guidance as

they are often netted out by performance effects in a normalized environment.⁷ In its AuM announcement on 11 January 2024, Partners Group provided guidance for redemptions implicitly amounting to USD -3 to -4 billion for the full-year 2024.

Building on the success of its existing platform, Partners Group will expand its investment universe to include private markets royalties as a fifth asset class in 2024. The firm will take a multi-sector approach to private markets royalties, which will cover intellectual property assets across the pharmaceuticals and select consumer industries, as well as opportunities within the energy transition space.

With regard to financials, Partners Group expects **performance fees** to account for 20-30% of total revenues in the next 1-2 years in a normalizing market environment and increases the range to 25-40% for the years thereafter. The firm bases this additional upside on the increasing proportion of the firm's maturing portfolio that consists of direct investments, which entail a higher performance fee. Partners Group will continue to target a ~60% **EBIT margin** on newly generated management fees as well as on all performance fees as it builds out its resources in preparation for future growth.

Conference call today & publication of 2023 Annual Report

Partners Group's senior management will hold a conference call today at 9:00am CET at the Widder Hotel in Zürich, Switzerland. To register for the call, please click [here](#) or use the contact details at the end of this press release.

The Annual Report as of 31 December 2023 is available for download at <https://www.partnersgroup.com/en/shareholders/reports-and-presentations>.

Key dates 2024

22 May 2024	Annual General Meeting of shareholders
11 July 2024	Announcement of AuM as of 30 June 2024
3 September 2024	Announcement of Interim Financial Results and Interim Report as of 30 June 2024

About Partners Group

Partners Group is a leading global private markets firm. Since 1996, the firm has invested USD 210 billion in private equity, private real estate, private debt and private infrastructure on behalf of its clients globally. Partners Group seeks to generate superior returns through capitalizing on thematic growth trends and transforming attractive businesses and assets into market leaders. The firm is a committed, responsible investor and aims to create sustainable returns with lasting, positive impact for all its stakeholders. With USD 147 billion in assets under management as of 31 December 2023, Partners

⁷ Net AuM impact of performance effects and redemptions over the last five years in USD billion: +0.5 in 2019, +0.2 in 2020, +3.8 in 2021, -2.3 in 2022 and -1.4 in 2023 (average over five years: +0.2).

Group provides an innovative range of bespoke client solutions to institutional investors, sovereign wealth funds, family offices and private individuals globally. The firm employs more than 1'900 diverse professionals across 20 offices worldwide and has regional headquarters in Baar-Zug, Switzerland; Denver, USA; and Singapore. Partners Group Holding AG has been listed on the SIX Swiss Exchange since 2006 (symbol: PGHN). For more information, please visit www.partnersgroup.com or follow us on [LinkedIn](#).

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