



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

Press release

Baar-Zug, Switzerland; 30 August 2022 | *Ad hoc announcement pursuant to Art. 53 Listing Rules (LR)*

Partners Group reports strong H1 management fee growth driven by robust client demand; lower performance fees in line with guidance

- Management fees grew 18% year-on-year to CHF 809 million, in line with average assets under management (AuM)¹ growth
- Performance fees accounted for 8% of total revenues, within the 5% to 10% guidance range for H1; full-year 2022 performance fees are expected to be below the mid- to long-term guidance of 20% to 30%
- Revenues decreased by 22% year-on-year to CHF 881 million due to lower performance fees
- EBIT stands at CHF 570 million; profit developed in line with revenues to CHF 464 million
- Full year 2022 expected gross client demand of USD 22 to 26 billion reconfirmed

Summary of key financials H1 2022 (in CHF million)

	<u>H1 2022</u>	<u>H1 2021</u>	
Revenues ¹	881	1'130	-22%
<i>Management fees</i> ²	809	688	+18%
<i>Performance fees</i>	72	442	-84%
Personnel expenses	-247	-382	-35%
EBIT	570	702	-19%
EBIT margin	64.7%	62.1%	+2.6%-pt
Financial result	-20	51	
Taxes	-85	-123	
Profit	464	629	-26%

¹ Revenues include management fees and performance fees.

² Management fees and other revenues, net, and other operating income.

¹ AuM is an Alternative Performance Metric (APM). A description of the APMs can be found in Partners Group's 2021 Annual Report on pages 30 and 31, available for download at www.partnersgroup.com/financialreports.

David Layton, Partner and Chief Executive Officer, says: *"We are pleased to report a solid set of financials for the first half of the year, despite the more difficult market environment. Clients continue to place trust in our transformational investment strategies, which emphasize business building through entrepreneurial ownership. As a result, we enter the second half confident in our sustained AuM and management fee growth, and confirm our full-year 2022 gross client demand guidance of USD 22 to 26 billion."*

H1 2022 financials

Total revenues decreased by 22% to CHF 881 million (H1 2021: CHF 1'130 million) at a revenue margin of 1.44% (H1 2021: 2.19%) on average AuM. Strong management fee growth was offset by lower performance fees.

- **Management fees** grew by 18% to CHF 809 million (H1 2021: CHF 688 million), supported by growth in average AuM of 19%. Partners Group continued to benefit from higher late management fees² received following the final close of its latest direct private infrastructure flagship fund in February.
- **Performance fees** amounted to 8% of total revenues, or CHF 72 million (H1 2021: CHF 442 million), in line with the guidance provided of 5% to 10% of total revenues. Following last year's exceptional H1 performance fees of 39% of total revenues, H1 performance fees this year were mainly influenced by two factors. First, Partners Group brought forward select realizations originally planned for 2022 to 2021 because the firm had already met its value creation targets and exit conditions were particularly favorable. Second, the firm decided to postpone the planned realization of select other mature businesses and assets in H1 2022 in view of the changing market environment.

Hans Ploos van Amstel, Partner and Chief Financial Officer, adds: *"Considering the current market environment and taking into account our prudent approach to performance fee recognition,³ we expect performance fees to remain below 20% of total revenues for the full year 2022. We are confident though that performance fees will return to our mid- to long-term guidance of 20% to 30%, reinforced by the continued strong operational performance of our portfolio of assets."*

² Late management fees typically arise when clients join a comingled 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 relating to prior accounting years are called late management fees.

³ Partners Group follows a prudent approach in recognizing performance fees. In closed-ended investment programs and mandates, performance fees are recognized only once investments have been realized and a pre-defined return hurdle has been exceeded, after stress-testing unrealized investments. Partners Group stress-tests unrealized investments by applying significant write-downs to NAV to assess whether the hurdle rate will still be reached despite these hypothetical mark-downs. These stress-tests are driven by a number of factors, including macroeconomic as well as bottom-up asset and portfolio-level data. For more information, please see "Performance fee recognition", 2021 Annual Report, page 28 and 29.

Total operating costs decreased by 27% to CHF 311 million (H1 2021: CHF 428 million), mainly driven by the decrease in performance fee-related personnel expenses.

- Total **personnel expenses** (80% of total operating costs), decreased by 35% in H1 2022. Performance fee-related personnel expenses decreased in-line with performance fees to CHF 27 million (H1 2021: CHF 170 million). Non-performance fee-related personnel expenses grew in-line with FTE growth and further included higher bonus accruals due to the more competitive environment for talent. However, they were offset by a release of provisions related to the firm's equity incentive plans, which resulted from the decrease in the firm's share price in H1, leading to overall growth of 4% and total expenses of CHF 220 million (H1 2021: CHF 212 million). The total number of FTEs stood at 1'657 as of 30 June 2022 (30 June 2021: 1'494 FTEs), up 11% year-on-year.
- **Other operating expenses** increased by CHF 16 million during the period and amounted to CHF 43 million (H1 2021: CHF 27 million). This was driven by increased travel post-pandemic and investments in technology to continue supporting the firm's growth. Partners Group expects those expenses to move in line with management fees going forward. Depreciation & amortization remained stable at CHF 20 million (H1 2021: CHF 19 million).

EBIT amounted to CHF 570 million (H1 2021: CHF 702 million) at an **EBIT margin** of 64.7% (H1 2021: 62.1%), an increase of 2.6%-points. The EBIT margin was positively impacted by the release of provisions related to the firm's equity incentive plans. **Net finance income and expenses** amounted to CHF -20 million (H1 2021: CHF +51 million). This was driven by higher public market volatility which more than offset the value created by the portfolio's strong operational performance. **Corporate taxes** totaled CHF 85 million (H1 2021: CHF 123 million) at a tax rate of 15.5% (H1 2021: 16.4%), in line with the expected tax rate of 14% to 17%. In summary, the firm's profit developed broadly in line with revenues to CHF 464 million (H1 2021: CHF 629 million).

Outlook

Partners Group confirms its full-year 2022 guidance on **expected gross client demand** of USD 22 to 26 billion, together with USD -10 to -12 billion in tail-down effects stemming from the more mature closed-ended investment programs and redemptions from evergreen programs. The firm expects client demand to be diversified across its traditional programs and bespoke client solutions. It further expects **performance fees** for full-year 2022 to be below 20% of total revenues. The firm reiterates its mid- to long-term guidance for performance fees to be in the range of 20% to 30% of total revenues, supported by the portfolio's strong operational performance. Partners Group will continue to target a ~60% **EBIT margin** on new business as it continues to build out its resources in preparation for the future growth of the firm.

Conference call today & publication of interim report 2022

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

The interim Report as of 30 June 2022 will be published on 6 September at 7.00am CET and will be available for download at www.partnersgroup.com/financialreports.

Key dates 2023

12 January 2023	Announcement of AuM as of 31 December 2022
21 March 2023	Annual results and Annual Report as of 31 December 2022
24 May 2023	Annual General Meeting of shareholders
13 July 2023	Announcement of AuM as of 30 June 2023

About Partners Group

Partners Group is a leading global private markets firm. Since 1996, the firm has invested over USD 185 billion in private equity, private real estate, private debt, and private infrastructure on behalf of its clients globally. Partners Group seeks to generate strong 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 131 billion in assets under management as of 30 June 2022, Partners 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 1,600 diverse professionals across 20 offices worldwide and has regional headquarters in Baar-Zug, Switzerland; Denver, USA; and Singapore. It 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](#) or [Twitter](#).

Shareholder relations contact

Philip Sauer
Phone: +41 41 784 66 60
Email: philip.sauer@partnersgroup.com

Media relations contact

Jenny Blinch
Phone: +44 207 575 2571
Email: jenny.blinch@partnersgroup.com