



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

Press release

Baar-Zug, Switzerland; 22 March 2022 | *Ad hoc announcement pursuant to Art. 53 Listing Rules (LR)*

Partners Group reports strong 2021 financials driven by exceptionally high performance fees and continued AuM growth

- AuM growth of 17% to USD 127 billion
- Management fees grew by 25%, ahead of AuM, supported by higher late management fees
- Performance fees increased to an exceptional 46% of total revenues driven by record exit activity and strong portfolio performance post COVID-19
- Stable EBIT margin of 62.8% (+0.8%-points)
- Dividend proposed to increase by 20% to CHF 33.00 per share, in line with AuM growth
- Reconfirmed guidance of expected gross client demand of USD 22-26 billion in 2022
- Insignificant investment exposure to Russia and Ukraine (<0.2% of AuM)

Summary of key financials 2021 (in CHF million)

	<u>2021</u>	<u>2020</u>	
Revenues ¹	2'629	1'412	+86%
<i>Management fees</i> ²	1'432	1'146	
<i>Performance fees</i>	1'197	266	
Personnel expenses	-861	-430	
EBIT	1'650	875	+89%
EBIT margin	62.8%	62.0%	
Financial result	76	53	
Taxes	-263	-124	
Profit	1'464	805	+82%

¹ Revenues include management fees and performance fees.

² Management fees include recurring management fees and other revenues, net, and other operating income.

Steffen Meister, Executive Chairman of the Board, Partners Group, states: *"In 2021, we have shown the true potential of our firm and the results that our platform, which we have been building for more than two decades, can deliver. We are confident in the long-term outlook for private markets, which we believe will grow to USD 30 trillion assets under management in the next decade. Private markets are, in our view, becoming the new 'traditional' asset class, offering tremendous investment opportunities for firms like ours. It will, however, be a market characterized by increased competition, growing regulatory scrutiny, and increasingly specialized market participants. In this environment, firms like Partners Group – well-resourced active managers that focus on thematic sourcing, value creation capabilities, and an entrepreneurial governance approach – will be greatly positioned to navigate these challenges and continue to deliver sustained outperformance to their clients, at scale."*

David Layton, Partner and Chief Executive Officer, adds: *"2021 was an outstanding year for Partners Group and we are proud of all our professionals around the world that have contributed to our results. The structural demand for private markets continues and we are confident in our outlook, despite the current uncertainty. However, while the early stages of 2022 have followed the successful path of the previous year, a period of market volatility and instability caused by the geopolitical crisis in Eastern Europe, inflationary pressures, and supply chain disruptions may lead to a weakening of economic growth. This could possibly, depending on developments, result in a temporary slow-down in our own investment activity in the months ahead. To continue capturing the opportunities represented by the growth of the private markets industry, we are following a clear strategic roadmap and will continue executing on our proven transformational investment approach."*

2021 financials

Total revenues increased by 86% to CHF 2'629 million (2020: CHF 1'412 million), driven by a significant increase in performance fees and sustained strong management fee growth.

- **Management fees:** management fees grew by 25%, amounting to CHF 1'432 million (2020: CHF 1'146 million), ahead of average assets under management in CHF growth of 17% as the firm benefitted from higher late management fees¹ received following the final close of several traditional programs such as the latest Private Equity Direct IV flagship fund. Management fees represented 54% of total revenues (2020: 81%).
- **Performance fees:** 2021 was a market environment characterized by record exit activity for Partners Group and strong demand for its market-leading companies and real assets. This,

¹ 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.

combined with a catch-up in exit activity from the previous year as well as selected exits brought forward from 2022, enabled Partners Group to divest several mature assets on behalf of its clients. As a result, performance fees substantially increased to CHF 1'197 million (2020: CHF 266 million), representing 46% of revenues (2020: 19%), slightly ahead of the firm's full-year guidance of 40-45%.

Hans Ploos van Amstel, Partner and Chief Financial Officer, notes: *"Following the record amount of performance fees realized in 2021, we foresee a return to our mid-term guidance of performance fees consisting of 20-30% of total revenues, assuming market conditions and the exit environment remain broadly supportive. Therefore, we continue to expect performance fee potential to grow in line with AuM over time."*

Total operating costs increased by 82% to CHF 978 million (2020: CHF 537 million), in line with revenues. Personnel expenses represent the majority of total operating costs.

- Total **personnel expenses** grew by 100% in 2021. Performance-fee related expenses are linked to the performance fees earned and grew in line with performance fees to CHF 441 million (2020: CHF 101 million), up 335% year-on-year. Non-performance fee-related personnel expenses increased by 28% to CHF 420 million (2020: CHF 329 million) and included higher bonus payments in line with management fee growth. In this period, the number of full-time equivalent (FTE) employees increased by 4% to 1'573 as of 31 December 2021 (31 December 2020: 1'519 FTEs), as Partners Group continued to benefit from capacity built up during the intensified hiring in 2019. The firm will continue to invest in its platform and professionals to expand its investment capacity in 2022.
- Other **operating expenses** increased by 14% during the period and amounted to CHF 78 million (2020: CHF 68 million). **Depreciation & amortization** remained largely stable at CHF 40 million (2020: CHF 38 million).

EBIT increased by 89% in line with revenues, amounting to CHF 1'650 million (2020: CHF 875 million). The **EBIT margin** remained stable at 62.8% (2020: 62.0%). The **financial result** amounted to CHF 76 million (2020: CHF 53 million) and was driven by the positive valuation adjustments of Partners Group's own investments on the balance sheet alongside its clients. The firm's transformational investing strategy facilitated growth in these investment programs and resulted in an average return across asset classes of 16%. **Corporate taxes** amounted to CHF 263 million (2020: CHF 124 million), on an increased tax rate of 15.2% (2020: 13.3%) due to withholding taxes on US dividend distributions and changes to the country mix in 2021. In summary, the firm's profit increased in line with revenues by 82% year-on-year to CHF 1'464 million (2020: CHF 805 million).

Partners Group's Board of Directors continues to align the firm's progressive dividend strategy to its AuM growth and therefore proposes a dividend of CHF 33.00 per share (2020: CHF 27.50 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 20% year-on-year and a payout ratio of 60% (2020: 91%).

War in Ukraine

David Layton, Partner and Chief Executive Officer, adds: *"We wholeheartedly condemn the unwarranted invasion of Ukraine and stand with all the people who are suffering as a result. Partners Group and its teams are supporting initiatives to bring medicine, food, and other essential supplies to Ukrainians in need. Partners Group has no direct investments in Ukraine, Russia, or Belarus. Indirect investments amount to less than 0.2% of AuM and comprise a handful of real estate and private equity interests. The firm has no Russian or Belarussian clients in its closed-ended programs."*

Outlook

Partners Group confirms its full-year 2022 guidance on **expected gross client demand** of USD 22 to 26 billion despite the current geopolitical uncertainty, 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. Fundraising is expected to be balanced across all program types, from customized mandates and the firm's extensive range of evergreen fund solutions to traditional closed-ended programs.

Conference call today

Partners Group's senior management will hold a conference call today at 9:00am CET. 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 2021 was published today at 7.00am CET and is available for download at www.partnersgroup.com/financialreports.

Key dates 2022

28 April 2022	Publication of Corporate Sustainability Report 2021
25 May 2022	Annual General Meeting of shareholders
30 May 2022	Ex-dividend date
31 May 2022	Dividend record date
1 June 2022	Dividend payment date
14 July 2022	Announcement of AuM as of 30 June 2022
30 August 2022	Interim financial result as of 30 June 2022
6 September 2022	Interim Report as of 30 June 2022

About Partners Group

Partners Group is a leading global private markets firm. Since 1996, the firm has invested over USD 170 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 127 billion in assets under management as of 31 December 2021, 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 1,500 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](#).

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