



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

Press release

Baar-Zug, Switzerland, 12 September 2017

Partners Group reports strong H1 2017 results, attributable to both a sustained increase in revenues from management fees and continued solid performance fee development

Summary H1 2017

- **USD 5.6 billion invested** across all private markets asset classes (H1 2016: USD 4.9 billion) on behalf of the firm's clients
- **Gross inflows of EUR 6.9 billion** (H1 2016: EUR 4.6 billion) across regions and size and type of client; anticipated bandwidth of EUR 10-12 billion in gross client commitments for the full-year 2017 confirmed
- **Revenues** increased by 25% year on year to CHF 565 million (H1 2016: CHF 453 million) attributable to an increase in revenues from management fees and solid performance fee development; **EBITDA** increased by 37% to CHF 374 million (H1 2016: CHF 272 million) as revenues grew at a higher rate than costs
- **EBITDA margin** at 66% (H1 2016: 60%), lifted above the target EBITDA margin of ~60% during the period mainly due to higher late management fees and other income; target EBITDA margin of ~60% reconfirmed
- **Financial result** of CHF 30 million (H1 2016: CHF 23 million) mainly due to the continued positive performance of investments made alongside clients
- **IFRS profit** increased by 42% year on year to CHF 359 million (H1 2016: CHF 254 million) and by 18% compared to the previous period (H2 2016: CHF 304 million)

Partners Group recorded strong growth across all metrics due to solid client demand, as well as successful investment activities and realizations in H1 2017. In particular, the firm saw increased demand for its latest series of direct flagship programs in private equity, private debt and private infrastructure, which together represented around 40% of total client demand during the period. The firm's global client demand was well-diversified across regions and size and type of client and was driven by structural growth in institutional AuM, rising allocations to private markets and the firm's strong investment track record. Around half of all client commitments stemmed from corporate and public pension funds, with significant demand from other institutional investors

such as insurance companies, sovereign wealth funds and endowments, as well as from Partners Group's distribution partners.

Summary of key financial figures (in CHF million)

	<u>H1 2016</u>	<u>H1 2017</u>	
Revenues¹	453	565	+ 25%
Management fees ²	322	418	
Performance fees	131	147	
EBITDA	272	374	+ 37%
Financial result	23	30	
IFRS profit	254	359	+ 42%

¹ Revenues from management services, net, including other operating income and share of results of associates.

² Management fees include recurring management fees and other income, including late management fees.

Financials: fundraising and realizations drive H1 2017 financials

Revenues increased by 25% year on year to CHF 565 million (H1 2016: CHF 453 million), while total average AuM increased by 20%. The combination of higher-margin management fees and higher late management fees and other income¹ during the period lifted the revenue margin, which stands at 1.84% (H1 2016: 1.74%).

Management fees increased by 30% year on year and amounted to CHF 418 million (H1 2016: CHF 322 million). This increase is mainly attributable to AuM growth and higher late management fees and other income resulting from successful fundraising for some of the firm's latest flagship programs. The majority of the firm's revenue base continues to be recurring and based on long-term contracts with its clients, providing highly visible cash flows. Management fees will therefore remain at the core of the firm's business model, with an expected revenue share of 70-80% in the longer term.

Performance fees remained at a solid level as the firm continued to make active use of the supportive exit environment to realize a number of mature private markets assets on behalf of its clients. Performance fees stemmed from dozens of investment programs and mandates and amounted to CHF 147 million (H1 2016: CHF 131 million), representing 26% of total revenues

¹ Late management fees and other income amounted to CHF 56 million (H1 2016: CHF 25 million), an increase of +124%.

(H1 2016: 29%). The expected bandwidth for performance fees as a proportion of total revenues is around 20-30% in the longer term, assuming that markets remain favorable to exits.

EBITDA increased by 37% year on year, amounting to CHF 374 million (H1 2016: CHF 272 million). The **EBITDA margin** increased to 66% (H1 2016: 60%), temporarily above the firm's long-term target EBITDA margin of ~60%. The temporary margin expansion was mainly due to the strong increase in revenues, which outpaced the firm's hiring activities during the period. The firm's **IFRS profit** increased by 42% year on year to stand at CHF 359 million (H1 2016: CHF 254 million), an increase of 18% compared to the previous period (H2 2016: CHF 304 million).

André Frei, Partner and Co-Chief Executive Officer, Partners Group, comments: *"We are pleased to report a strong set of results for the first half of 2017. We firmly believe that there is still significant potential ahead of us and will therefore continue to invest substantially in the build-out of the infrastructure of our global private markets platform for the benefit of our client base. These investments in the future of our firm will bring our EBITDA margin in line with our longer-term target."*

Outlook

Based on robust client demand for programs and mandates and driven by a steady increase in investment capacity, we confirm our full-year 2017 guidance of EUR 10-12 billion for the anticipated bandwidth of gross client commitments, with client demand expected to be skewed towards the first half of the year. Our full-year estimates for tail-down effects from the more mature Partners Group programs and potential redemptions from liquid and semi-liquid programs have not changed and amount to EUR -3 to -4 billion.

Christoph Rubeli, Partner and Co-Chief Executive Officer, Partners Group, states: *"While we are thankful for our solid interim results, we remain a cautious investor and maintain high levels of selectivity in this challenging market environment. Our ambitious goals to proactively source and pursue a larger set of investment opportunities around the globe will require continued investment in personnel resources."*

Conference call and interim report H1 2017

Partners Group's senior management will hold a conference call today at 9am London time (10am CET) out of Partners Group's London office. Dial-in details for the conference can be obtained using the contact details below.

The firm's interim report as of 30 June 2017 was published today at 7am CET and is available for download at www.partnersgroup.com/financialreports.

Key dates 2018

11 January 2018	Announcement of AuM as of 31 December 2017
20 March 2018	Annual results and report as of 31 December 2017
9 May 2018	Shareholder AGM
12 July 2018	Announcement of AuM as of 30 June 2018
11 September 2018	Interim results and report as of 30 June 2018

About Partners Group

Partners Group is a global private markets investment management firm with over EUR 57 billion (USD 66 billion) in investment programs under management in private equity, private real estate, private infrastructure and private debt. The firm manages a broad range of customized portfolios for an international clientele of institutional investors. Partners Group is headquartered in Zug, Switzerland and has offices in Denver, Houston, New York, São Paulo, London, Guernsey, Paris, Luxembourg, Milan, Munich, Dubai, Mumbai, Singapore, Manila, Shanghai, Seoul, Tokyo and Sydney. The firm employs over 1'000 people and is listed on the SIX Swiss Exchange (symbol: PGHN) with a major ownership by its partners and employees.

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