



# Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

## Press release

Baar-Zug, Switzerland, 20 March 2018

Partners Group reports strong 2017 financial results, supported by high late management and performance fees; proposes an increased dividend of CHF 19.00 per share

### *Summary*

- **USD 13.3 billion invested** across all private markets asset classes (2016: USD 11.7 billion) on behalf of the firm's clients
- **Gross client inflows of EUR 13.3 billion** (2016: EUR 9.2 billion) across regions and size and type of client; expected range of EUR 11-14 billion in gross client demand for 2018
- **Revenues** increased by 28% to CHF 1,245 million (2016: CHF 973 million) attributable to an increase in revenues from management fees and high late management fees and other income; due to favorable exit activities, performance fees reached the upper end of the expected long-term bandwidth of around 20-30% as a proportion of revenues
- **EBITDA** increased by 37% to CHF 825 million (2016: CHF 601 million)
- **EBITDA margin** at 66% (2016: 62%), temporarily lifted above the target EBITDA margin of ~60% mainly due to the strong increase in revenues deriving from management fees, which outpaced the firm's hiring activities during the period
- **Financial result** of CHF 36 million (2016: CHF 38 million)
- **IFRS profit** increased by 35% to CHF 752 million (2016: CHF 558 million)
- Partners Group's Board of Directors will propose a **dividend** of CHF 19.00 per share (2017: CHF 15.00 per share) to shareholders on 9 May 2018

2017 was another successful year for Partners Group, which recorded growth across all metrics due to solid client demand, as well as successful investment activities and realizations. The firm's EUR 61.9 billion in assets under management (AuM) and 1,036 employees in 19 offices worldwide as of 31 December 2017, combined with its stable margins and a balance sheet-light business approach, also translated into attractive financial returns for shareholders.

### *Summary of key financial figures (in CHF m)*

	<u>2016</u>	<u>2017</u>	
<b>Revenues<sup>1</sup></b>	<b>973</b>	<b>1,245</b>	<b>+ 28%</b>
Management fees <sup>2</sup>	679	873	
Performance fees	294	372	
<b>EBITDA</b>	<b>601</b>	<b>825</b>	<b>+ 37%</b>
Financial result	38	36	
<b>IFRS profit</b>	<b>558</b>	<b>752</b>	<b>+ 35%</b>

<sup>1</sup> Revenues include management fees and performance fees.

<sup>2</sup> Management fees include recurring management fees and other revenues, net, other operating income and share of results of associates.

### *Financials: revenue growth outpaces AuM growth*

**Revenues** increased by 28% to CHF 1,245 million (2016: CHF 973 million) for the full year 2017. The combination of higher late management fees and other income<sup>1</sup> and higher performance fees during the period lifted the total revenue margin, which stands at 1.89% (2016: 1.74%).

**Management fees** increased by 29%, amounting to CHF 873 million (2016: CHF 679 million), growing disproportionately to average AuM. This increase is mainly attributable to higher late management fees and other income resulting from successful fundraising for some of the firm's latest flagship programs in all private markets asset classes. Management fees will continue to be the main source of revenue for Partners Group and are based on long-term contracts with our clients, providing highly visible cash flows. They will therefore remain at the core of the firm's business model, with an expected revenue share of 70-80% in the longer term (2017: 70%).

**Performance fees** amounted to CHF 372 million (2016: CHF 294 million) and constituted 30% of total revenues, which is at the upper end of the expected long-term bandwidth of around 20-30%, assuming that markets remain favorable to exits.

**EBITDA** increased by 37% year on year and amounted to CHF 825 million (2016: CHF 601 million). The **EBITDA margin** temporarily increased above the target EBITDA margin of ~60%, standing at 66% (2016: 62%). This temporary margin expansion was mainly due to the strong increase in revenues deriving from management fees as well as late management fees and other income; additionally, the firm's hiring activities during the period did not keep pace with the growth in management fees. However, Partners Group maintains its target EBITDA margin of

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<sup>1</sup> Late management fees and other income amounted to CHF 105 million in 2017 (2016: CHF 57 million), an increase of +85%.

~60%. Partners Group's **IFRS profit** reached a record of CHF 752 million (2016: CHF 558 million), increasing by 35% year on year.

André Frei, Partner and Co-Chief Executive Officer, Partners Group, comments: *"We are pleased to report a strong set of 2017 financial results, clearly supported by high late management fees and performance fees, which came in at the upper end of our expectations. We started 2018 with a sustained pipeline of demand from clients and are also about to launch a number of successor programs focused on our established investment strategies. As these are new program launches, they are expected to result in lower late management fees than in the previous year. Based on our long-term future growth potential, we continue to significantly build out our investment platform, and should slowly revert to our target EBITDA margin in the mid term."*

Based on the strong development of the business in all asset classes and regions, the operating result and continued confidence in the sustainability of the firm's growth, Partners Group's Board of Directors will propose a **dividend** of CHF 19.00 per share (2017: CHF 15.00 per share) to shareholders at the Annual General Meeting to be held on 9 May 2018. This represents a dividend increase of 27% year on year.

### *Outlook*

For the full year 2018, Partners Group reconfirms its expectation that client demand for its investment programs and customized mandates will be spread across all asset classes, regions and types of investors. The firm expects gross client demand of EUR 11-14 billion in 2018 as well as EUR -4.5 to -5.5 billion in tail-down effects from the more mature Partners Group programs, including potential redemptions from liquid and semi-liquid programs.

Christoph Rubeli, Partner and Co-Chief Executive Officer, Partners Group, states: *"Despite the challenging market conditions, we were able to deploy a significant amount of capital into attractive investments on behalf of our clients in 2017 due to our proactive and systematic sourcing approach and the breadth of our global private markets platform. In this high-price environment, the only way to generate returns for clients is through active, hands-on value creation, enabled by the entrepreneurial focus and long-term orientation of our private markets corporate governance framework."*

### *Press conference and Annual Report 2017*

Partners Group's senior management will hold a press conference to discuss the annual results today at 9.00am CET at the SIX ConventionPoint in Zurich. Dial-in details for the conference can be obtained using the contact details below.

The Annual Report as of 31 December 2017 was published today at 7.00am CET and is available for download at [www.partnersgroup.com/financialreports](http://www.partnersgroup.com/financialreports).

### *Key dates 2018*

9 May 2018	Annual General Meeting of shareholders
14 May 2018	Ex-dividend date
15 May 2018	Dividend record date
16 May 2018	Dividend payment date
12 July 2018	Announcement of AuM as of 30 June 2018
11 September 2018	Interim results and interim report as of 30 June 2018

### **About Partners Group**

Partners Group is a global private markets investment management firm with EUR 62 billion (USD 74 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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