



Press release

Baar-Zug, Switzerland; 16 March 2021

Partners Group reports robust 2020 financial results with performance fees recovering strongly in H2; announces upcoming rotations in its Executive Committee

- USD AuM growth of 16% in 2020 translated into average AuM growth of 6% in CHF
- Recurring management fees grew by 4%, in line with average AuM growth
- Strong portfolio performance in H2 led to CHF 266 million in performance fees for the full year (19% of total revenues)
- EBIT margin remained stable at 62%
- Dividend increased by 8% to CHF 27.50 per share based on positive business outlook
- Confident outlook for 2021; expected gross client demand of USD 16-20 billion confirmed
- Rotations in the Executive Committee, effective from 1 July 2021, will ensure continuity in the strategic build-out of the firm's private markets platform

Summary of key financials 2020 (in CHF million)

	<u>2019</u>	<u>2020</u>	
Revenues ¹	1,610	1,412	-12%
<i>Management fees</i> ²	1,138	1,146	+1%
<i>Performance fees</i>	473	266	-44%
Personnel expenses	-490	-430	-12%
EBIT	1,008	875	-13%
EBIT margin	62.6%	62.0%	
Net financial result	30	53	+80%
Taxes	-137	-124	-10%
Profit	900	805	-11%
Average FTEs	1,337	1,504	+12%

¹ Revenues include management fees and performance fees.

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

Messages from the Co-CEO and the Chairman

David Layton, Partner and Co-Chief Executive Officer, comments: *"While total revenues were affected by lower performance fees in the first half of 2020, we quickly recovered momentum in the second half of the year and today present a robust set of financial results. As in previous crises, the breadth and clear strategic direction of our private markets platform has enabled us to successfully navigate through these challenging times. Though COVID is not entirely behind us, we look confidently ahead with the conviction that our transformational approach to investment will equip us to continue generating superior returns for our clients."*

Steffen Meister, Executive Chairman of the Board of Directors, adds: *"Alongside our approaches to long-term transformational investing, bespoke client solutions and stakeholder impact, which account for our positive performance in 2020, careful succession planning has also been a key success factor for Partners Group since its foundation. Periodic adjustments to our senior leadership team are a recurring feature of our corporate development, ensuring continuity in pursuing the strategic build-out of our private markets platform, and therefore our long-term growth objectives. In line with this, we also announce changes to the composition of our Executive Committee today."*

2020 financials

Partners Group **invested USD 8.6 billion** (2019: USD 14.8 billion) across all private markets asset classes on behalf of the firm's clients and saw **gross client inflows of USD 16.0 billion** (2019: USD 16.5 billion) across regions, size and type of client. **Assets under management (AuM)** grew by 16% to USD 109.1 billion as of 31 December 2020 (31 December 2019: USD 94.1 billion), translating into average AuM growth of 6% in CHF as the Swiss franc strengthened against all major currencies.

Partners Group's entrepreneurial governance and transformational investing approach provided strong support to its portfolio across asset classes in H1 and facilitated a rapid return to growth in H2. For example, the firm's **direct private equity portfolio** recorded strong revenue growth and double-digit EBITDA growth in 2020, laying the foundations for future investment outperformance. The positive portfolio performance in 2020 also translated into a marked recovery in performance fees in H2.

Total revenues decreased by 12% to CHF 1,412 million (2019: CHF 1,610 million), driven by lower revenues from performance fees in H1.

- **Management fees:** 95% of management fees generated in 2020 are recurring in nature. These recurring management fees increased by 4%, with the difference to average AuM growth in CHF (+6%) accounted for by the timing of fees levied on some new commitments, which will only contribute their full management fee potential from 2021 onwards. This, in combination with lower other operating income caused by reduced investment activity in Q2 and Q3, resulted in total revenues from management fees increasing by only 1% to CHF 1,146 million (2019: CHF

1,138 million). Management fees represented 81% of total revenues in 2020 (2019: 71%) and will continue to be the main source of the firm's revenues.

- **Performance fees:** in H2, more favorable exit markets enabled the firm to realize several assets and performance fees recovered strongly to 27% of total revenues, up from 9% in H1. In H1, the firm had to postpone several divestments due to the weak exit environment caused by COVID-19. As a result, total revenues from performance fees decreased by 44% to CHF 266 million (2019: CHF 473 million), representing 19% of total revenues (2019: 29%). Partners Group's expected mid- to long-term range of performance fees in relation to total revenues remains at 20-30%.

Total **personnel expenses** – the main contributor to the firm's costs – decreased by 12% to CHF 430 million (2019: CHF 490 million) in line with revenues. This development was attributable to lower performance fee-related personnel expenses during the year; as up to 40% of performance fees are paid out to employees, these costs vary with revenues from performance fees. The **average number of FTEs** grew by 12% to 1,504 (2019: 1,337) following a period of intensified hiring in 2019 to support the strong growth trajectory of AuM. Throughout 2020, the firm's **hiring** activities slowed in line with average AuM growth in CHF (+6%) and the number of FTEs grew by 5%.

Other **operating expenses** decreased by 13% in line with revenues and amounted to CHF 69 million (2019: CHF 79 million). During the year, restricted travel activity due to COVID-19 reduced travel and representation expenses by around CHF 15 million. This saving was offset by a total CHF 10 million commitment for COVID-19-related expenses, which included the firm's contribution to a newly created Portfolio Employee Support Fund as well as the contribution by the Executive Committee, the members of the Board of Directors and by many Partners Group employees, who, in turn, forfeited part of their compensation in 2020. The fund addressed the specific needs of more than 12,000 portfolio company employees and their families, in particular for medical expenses, healthcare, childcare and loss of income.

EBIT decreased by 13% mainly as a result of lower performance fees in the first half of the year, amounting to CHF 875 million (2019: CHF 1,008 million). The **EBIT margin** was stable at 62.0% (2019: 62.6%), confirming the firm's balanced approach between disciplined cost management and sufficient investment to support future growth.

The **financial result** amounted to CHF 53 million (2019: CHF 30 million) and was driven by the positive (unrealized) valuation adjustments of Partners Group's private market investments alongside its clients. The firm's transformational investing strategy facilitated growth in these investment programs and resulted in an average return across all stages and asset classes of 8%.

Profit decreased by 11% to CHF 805 million (2019: CHF 900 million), in line with revenues. The tax rate amounted to 13.3% (2019: 13.2%).

Partners Group's Board of Directors proposes a **dividend** of CHF 27.50 per share (previous year: CHF 25.50 per share) based on the solid development of the business and its confidence in the sustainability of the firm's growth. This represents an increase of 8% and a payout ratio of 91% (2019: 76%).

Outlook on gross client demand 2021

Partners Group confirms its full-year 2021 guidance on **expected gross client demand** of USD 16 to 20 billion, together with around USD -9.5 billion in tail-down effects from the more mature closed-ended investment programs and redemptions from evergreen programs. The 2021 fundraising outlook is based on the expectation that the ongoing uncertainty around COVID-19 will improve as the year progresses.

Updates to the Executive Committee and senior leadership team effective from 1 July 2021

After eight years in his current position, **André Frei** will step back from his roles as Co-CEO and Executive Committee member. André will assume the new responsibility of Chairman of Sustainability, overseeing Partners Group's ESG and stakeholder impact initiatives. He will remain a Partner of the firm. **David Layton**, who has been a Co-CEO since 2019, will become Partners Group's sole CEO.

Steffen Meister, Executive Chairman of the Board of Directors, states: *"On behalf of the entire Board, I would like to express sincere gratitude to André for his significant contribution to the firm as Co-CEO since 2013 – a period during which AuM has almost tripled. André has been instrumental in strengthening Partners Group's position as a market leader. He materially shaped our bespoke client solutions strategy and has also laid strong operational foundations for Partners Group's future growth. I am excited that André will now bring his extensive experience to stakeholder impact, a concept that is deeply embedded in the foundations of our business."*

André Frei, Partner and Co-CEO, comments: *"It has been an honor and a pleasure to serve as Co-CEO of Partners Group, working in close partnership with my colleagues in the Executive Committee and the Board, together with our outstanding team of employees across the globe. Today, I feel the time is right to move on to a different challenge, in a position that combines a personal passion of mine with Partners Group's mission to create sustainable returns for all our stakeholders. I have full confidence in handing over my current responsibilities to David and my colleagues in the Executive Committee."*

Michael Studer, currently Chief Risk Officer and Co-Head of Portfolio Solutions, will also leave the Executive Committee and step back from his role as Co-Head of Portfolio Solutions. He will remain Chief Risk Officer and will devote more time to relationships with key clients on strategic portfolio management-related activities, as well as to continuing his duties on the firm's Global Investment Committee and Global Portfolio Committee. **Roberto Cagnati**, currently Co-Head of Portfolio Solutions, will become the sole Head of Portfolio Solutions and will join the Executive Committee.

David Layton, Partner and Co-CEO, adds: *"It has been a privilege and a joy to work alongside André and Michael for the past 16 years in a variety of capacities – as colleagues, Partners, and Executive Committee members. I am very pleased that our partnership will continue with these more focused roles into the future."*

On the client side, **Sarah Brewer** and **Guido Koch**, today Co-Heads of Client Solutions Europe, will be appointed Co-Heads of the Client Solutions business department globally. Sarah Brewer will represent the Client Solutions business department in the Executive Committee. **Stefan Näf**, current Head of Client Solutions, will devote more time to oversight of key client relationships in the function of Chairman of Clients.

Also joining the Executive Committee will be **Kirsta Anderson**, current Global Head of Human Resources, in the new role of Chief People Officer. Partners Group is an employer of choice with a global headcount of more than 1,500 diverse professionals and Kirsta's appointment reflects the importance the firm places on the personal and professional development of its employees.

Steffen Meister continues: *"Michael has been a core member of the Executive Committee since 2013, with a track record of major contributions to our portfolio management- and client-related activities. As with André, the Board appreciates Michael as a highly respected senior leader and is delighted that he will continue in a significant role at the firm. Looking ahead, the Board welcomes Kirsta, Sarah and Roberto to the Executive Committee and looks forward to working with them successfully in the years to come. The Board has full confidence in the Executive Committee to drive forward our transformational investing and bespoke client solutions growth strategies."*

David Layton concludes: *"We have an ambitious corporate agenda ahead of us, and an experienced and global leadership team that will help the firm continue to realize its potential. Speaking on behalf of the new and existing Executive Committee members, it is humbling to lead an organization with such a remarkable track record of success. We look forward to our continued collaboration with the Board, the Partnership and the entire organization as we work to fulfill our agenda for growth."*

Executive Committee members as of 1 July 2021:

- David Layton, Partner, CEO and Head Private Equity (American)
- Kirsta Anderson, Managing Director, Chief People Officer (American) **(new)**
- Sarah Brewer, Partner, Co-Head Client Solutions (British) **(new)**
- Roberto Cagnati, Partner, Head Portfolio Solutions (Italian) **(new)**
- Juri Jenkner, Partner, Head Private Infrastructure (German)
- Andreas Knecht, Partner, Chief Operating Officer and General Counsel (Swiss)
- Marlis Morin, Partner, Head Client Services (Italian/Swiss)
- Hans Ploos van Amstel, Partner, Chief Financial Officer (Dutch)

Conference call today

Partners Group's senior management will hold a conference call today at 8:30am 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 2020 was published today at 7.00am CET and is available for download at www.partnersgroup.com/financialreports.

Key dates 2021

25 March 2021	Publication of Corporate Sustainability Report 2020
12 May 2021	Annual General Meeting of shareholders
17 May 2021	Ex-dividend date
18 May 2021	Dividend record date
19 May 2021	Dividend payment date
15 July 2021	Announcement of AuM as of 30 June 2021
7 September 2021	Interim results and Interim Report as of 30 June 2021

About Partners Group

Partners Group is a leading global private markets firm. Since 1996, the firm has invested over USD 145 billion in private equity, private real estate, private debt and private infrastructure on behalf of its clients globally. Partners Group is a committed, responsible investor and aims to create broad stakeholder impact through its active ownership and development of growing businesses, attractive real estate and essential infrastructure. With over USD 109 billion in assets under management as of 31 December 2020, Partners Group serves a broad range of 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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