



# Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

## Interim results 2022

David Layton Chief Executive Officer | Hans Ploos van Amstel Chief Financial Officer



## How we deliver sustainable growth



Market with uncertain dynamics; focus remains on thematic investing and entrepreneurship at scale



Thought leadership in bespoke solutions continues to drive client demand



Underlying business growth translates into H1 mgmt. fees of +18% year-on-year



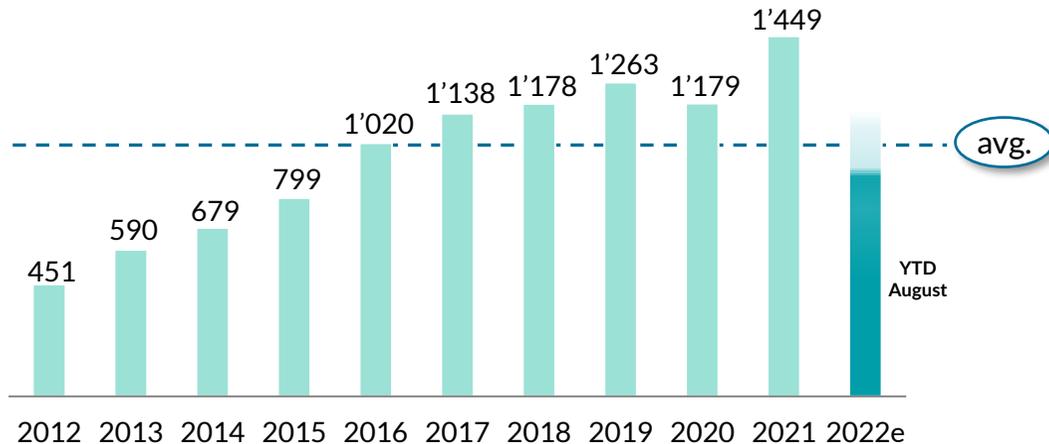
# Private markets investment and fundraising activity continues amid higher uncertainty

Private markets investments<sup>1</sup> (USD bn)



- After an exceptional 2021, and amidst economic uncertainty, investment volumes are returning to mean levels
- Despite more challenging financing markets, quality assets are still garnering attention and receiving attractive bids

Private markets fundraising<sup>1</sup> (USD bn)



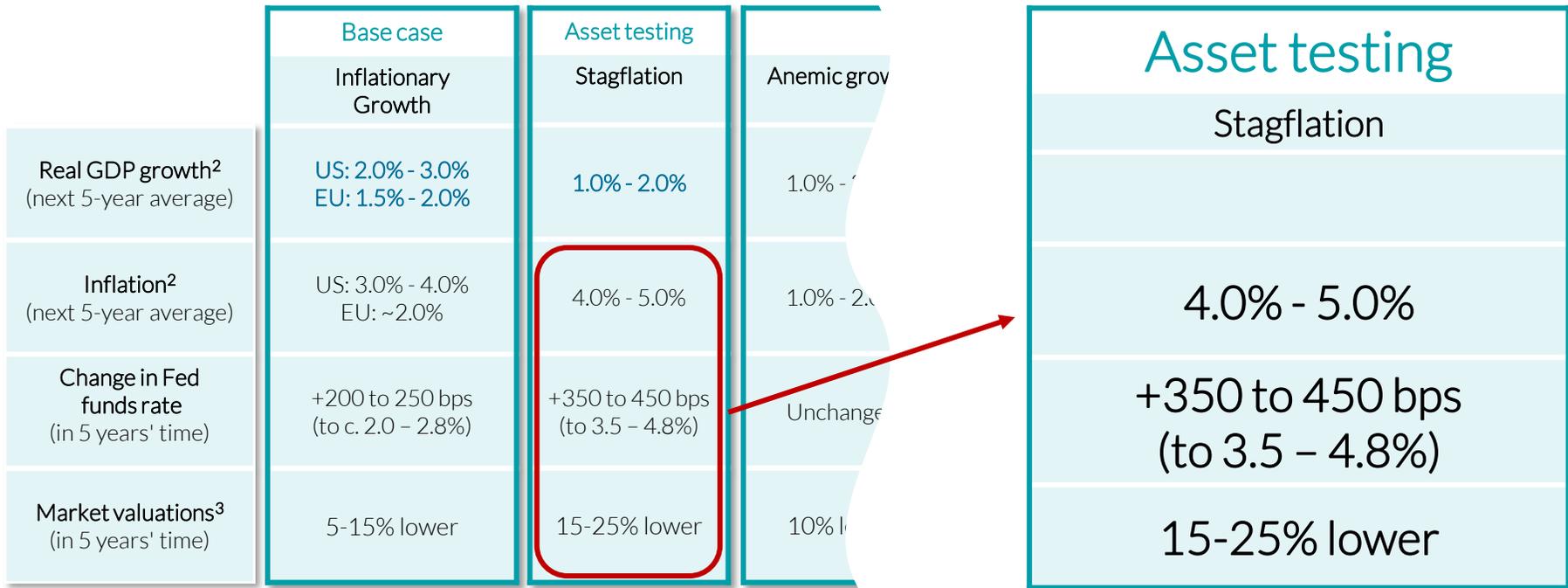
- The industry's future growth is supported by its increasing reach serving a larger part of the economy with diversified offerings
- Fundraising activity continues for quality managers despite a more crowded universe

<sup>1</sup> Source: Preqin (2022). Private equity, private real estate, private debt and private infrastructure data 2012-2022 YTD August. As of YTD August 2022, USD 373 billion was invested and USD 840 billion was raised). **Note:** For illustrative purposes only. **Source:** Partners Group (2022).

# Thoughtful investment approach

Partners Group's base case and asset testing scenarios<sup>1</sup>; we began building higher inflation into our valuations several years ago

Conservative scenario applied



<sup>1</sup> Source: Private Markets Navigator for 2022 available for download at: <https://www.partnersgroup.com/en/news-views/perspectives/current/>

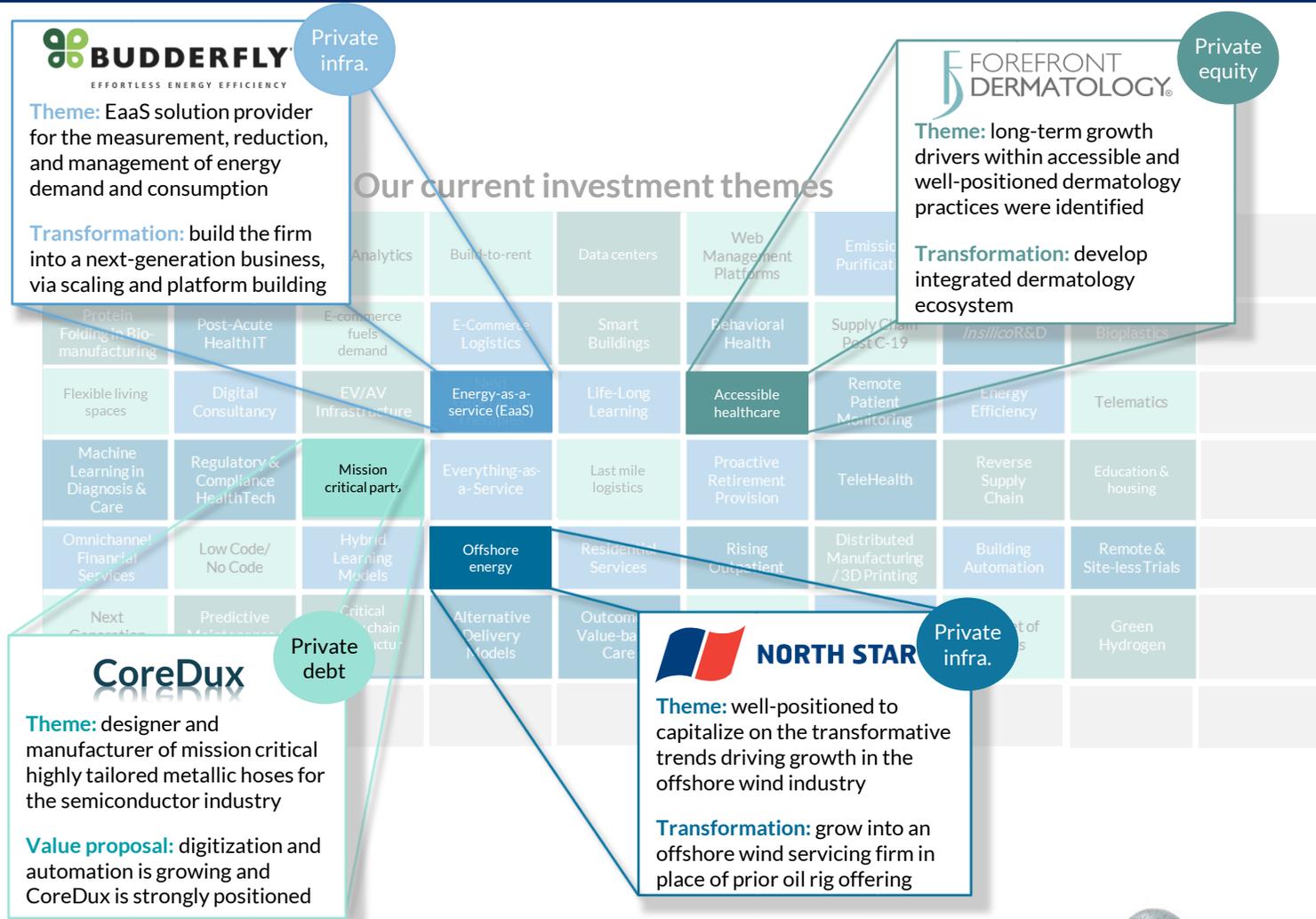
<sup>2</sup> Global aggregate is NAV-weighted as per Partners Group's asset split across US, Europe, other advanced and emerging markets.

<sup>3</sup> Market valuations refer to price-to-earnings ratios for public equities, enterprise value to earnings before interest, tax, depreciation and amortization for private equity, capitalization rates for private real estate and underwriting internal rate of return for private infrastructure.

Source: Partners Group (2022). Note: For illustrative purposes only.



# Thematic investing allows us to identify the right assets throughout market cycles



**Note:** For illustrative purposes only. There is no assurance that similar investments will be made. There is no guarantee that the investment will be successful.  
**Source:** Partners Group (2022).

# Entrepreneurship at scale drives our private equity direct lead portfolio



## Thematic investing

Identifying the most attractive **growth trends** across sectors and investing into businesses with the **strongest development potential**



## Entrepreneurial governance

Systematic strategy setting and **value creation planning** with the **board placed at the center** of vision, strategy, and accountability

## Asset transformation

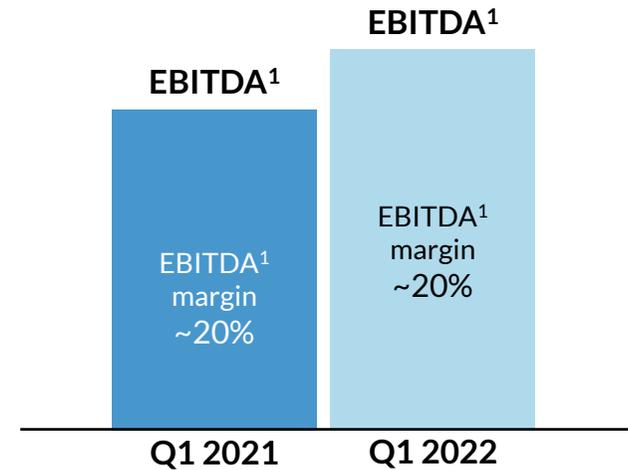
**Enhancing business models & operational performance** to increase cash flows & margins

## Platform building

**Add fundamental value** through targeted add-ons to grow market share and **build greater resilience**

## Continued profitable growth across Partners Group's private equity direct portfolio (Q1 last 3 months)

**+15%**



<sup>1</sup> Quarterly (last three months) adjusted EBITDA growth rate calculated for Q1 2022 and adjusted EBITDA margins for Q1 2021 & Q1 2022 on a NAV-weighted basis (unaudited). Adjusted EBITDA reflects normalized earnings (recurring and operational, including inorganic growth). **Note:** For illustrative purposes only. Past performance is not indicative of future results. There is no assurance that similar investments will be made. There is no guarantee that the investment will be successful. **Source:** Partners Group portfolio companies and Partners Group (2022).

# Profitable growth of underlying portfolio mitigated adverse mark-to-market movements

## Net direct portfolio performance overview

		Partners Group portfolio <sup>1</sup>	
		H1 2022 YTD	Last 10 years as of 30 June 2022
	<b>Private equity</b>	<b>-5.2%</b>	<b>17.6%</b>
	<b>Private debt</b>	<b>-0.3%</b>	<b>6.2%</b>
	<b>Private infrastructure</b>	<b>1.7%</b>	<b>12.5%</b>
	<b>Private real estate</b>	<b>0.9%</b>	<b>8.9%</b>

<sup>1</sup> Partners Group shows performance as model net returns, which are based on gross investment performance and standard fee parameters for the six-month period ended on 30 June 2022 and annualized for the 10-year period ended on 30 June 2022, respectively. All cash flows and valuations are converted to USD using fixed FX rates as of 30 June 2022. Return figures denote annualized pooled internal rates of returns (IRR) of direct investments in private equity, private debt and private infrastructure. Private real estate includes all investments underlying Partners Group's Real Estate Opportunity (REO) strategies, representing private real estate direct investments and (direct) secondary investments. Model net figures do not include the impact of factors such as any taxes incurred by investors, organizational and administration expenses or ongoing operating expenses incurred by the investment program (e.g. audit, hedging etc.). The performance presented reflects model performance an investor may have obtained had they invested in the manner and the time period shown and does not represent performance that any investor actually attained. **Note:** Past performance is not indicative of future returns. For illustrative purposes only. **Source:** Partners Group (2022).

# ESG is deeply embedded in our corporate culture

## Partners Group Sustainability Vision

Become an impact leader in corporate responsibility to the benefit of our employees and other stakeholders

### Corporate Vision

Creating positive and lasting impact for all our stakeholders

#### Corporate Sustainability Ambition



##### CARBON REDUCTION PROGRAM

Achieve net-zero emissions for our Scope 1, Scope 2 and Scope 3<sup>1</sup> greenhouse gas (GHG) emissions.



##### REALIZING EMPLOYEES' POTENTIAL

Become an impact leader in corporate responsibility to the benefit of our employees and societies worldwide.



##### OWNERSHIP EXCELLENCE

Become a role model in entrepreneurial ownership and governance for our peers and portfolio assets.

### Portfolio Vision (Controlled Assets)

Building better and more sustainable assets and companies

#### Portfolio Sustainability Ambition



##### CLIMATE CHANGE STRATEGY

Create long-term value by both investing in the low carbon economy and leading assets on their path to net zero.



##### STAKEHOLDER BENEFITS PROGRAM

Build companies that employees desire to work for; re-invest substantially into development, financial or wellbeing initiatives for staff.



##### SUSTAINABILITY AT SCALE

Develop our assets with an entrepreneur's mindset; advance sustainability and focus on positive impact for all stakeholders.

<sup>1</sup> Corporate Level Scope 3 emissions exclude Scope 3 emissions from "category 15: investments" (GHG Protocol), which are addressed at the Portfolio Level.  
**Note:** For illustrative purposes. **Source:** Partners Group (2022).



# How we deliver sustainable growth



**Investments**

Market with uncertain dynamics; focus remains on thematic investing and entrepreneurship at scale



**Clients**

Thought leadership in bespoke solutions continues to drive client demand



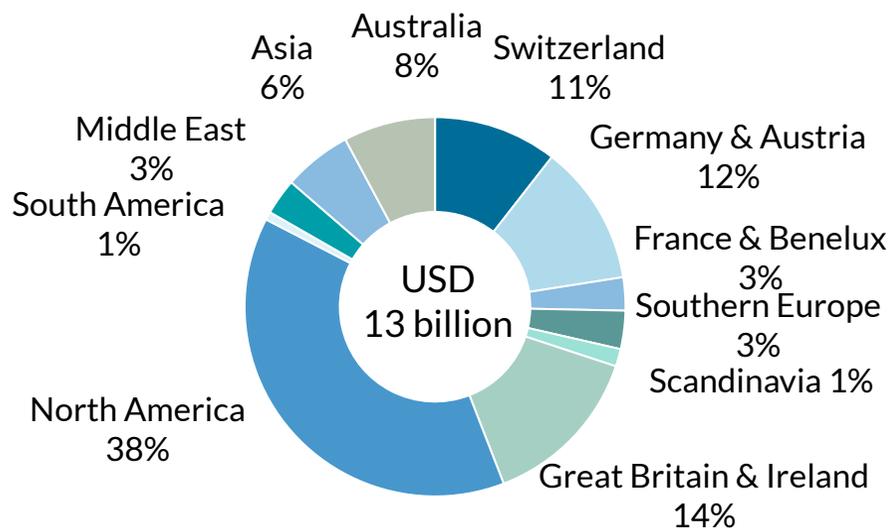
**Financials**

Underlying business growth translates into H1 mgmt. fees of +18% year-on-year

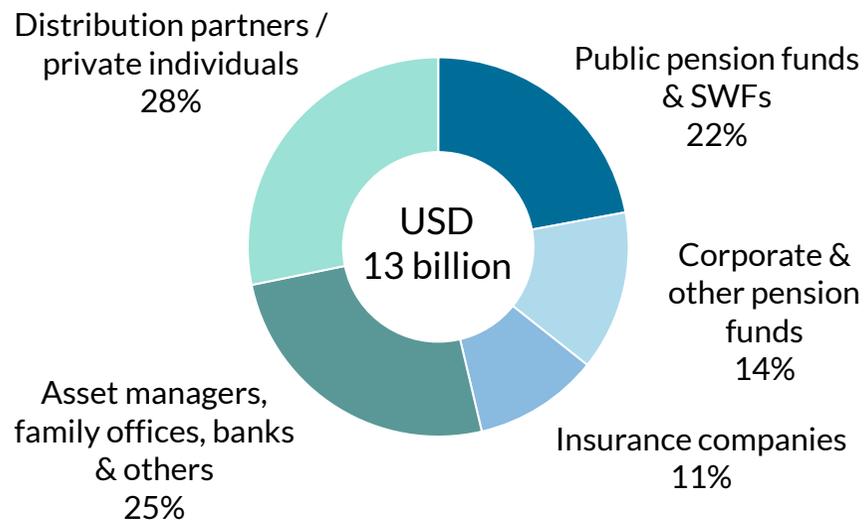


# Continued diversified fundraising by region and type of client

Assets raised by region<sup>1</sup>



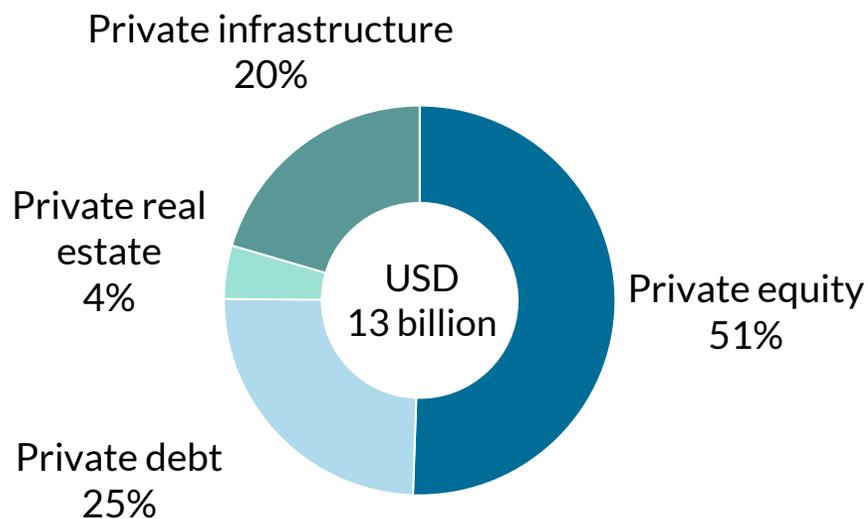
Assets raised by client type<sup>1</sup>



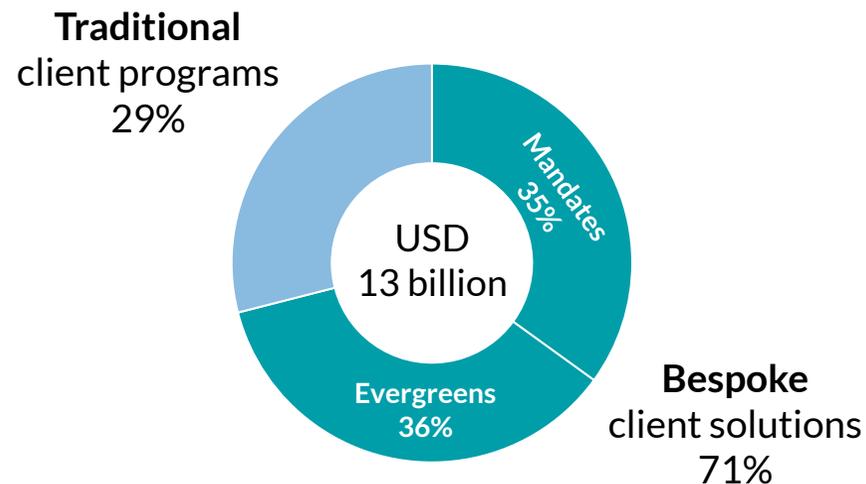
<sup>1</sup> YTD as of 30 June 2022. **Note:** Due to rounding, some totals may not correspond with the sum of the separate figures. Past performance is not indicative of future results. **Source:** Partners Group (2022).

# Assets raised diversified across platform

Assets raised by asset class<sup>1</sup>



Breakdown by program structure<sup>2</sup>



<sup>1</sup> YTD as of 30 June 2022. <sup>2</sup> YTD as of 30 June 2022, "mandates" AuM also include commitments by select mandate clients into traditional programs; therefore, the corresponding amount is not included within the AuM category "traditional" but within "mandates".

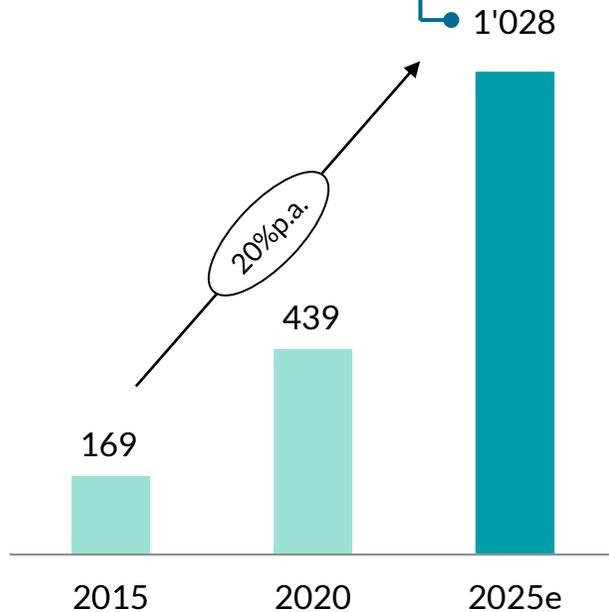
**Note:** Past performance is not indicative of future results. **Source:** Partners Group (2022).



# Opening private markets for private wealth investors

## HNW capital allocations to private equity<sup>1</sup> (USD bn)

HNW individuals (net worth of USD 1m – 20m) expected to account for **40%** of individual investor commitment



We have been at the forefront of providing tailored private markets investment solutions for private clients with today USD 40bn of total AuM<sup>2</sup> (selection of evergreen funds by strategy, initiation and size)



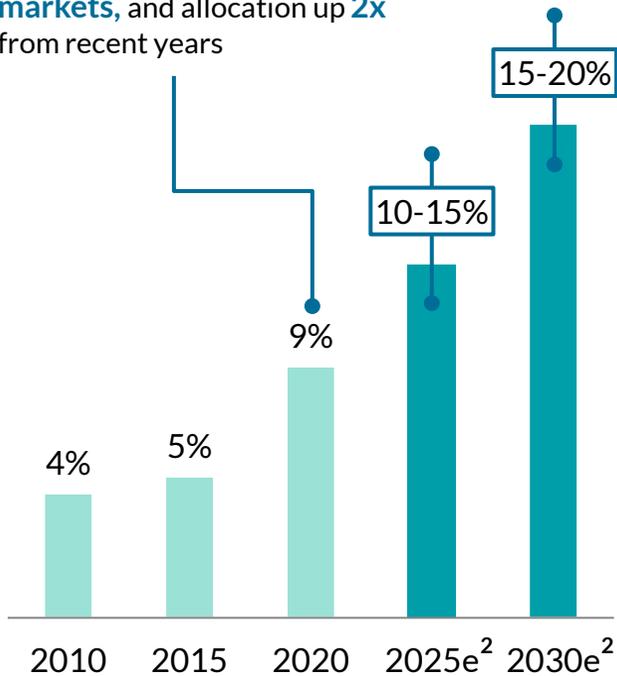
<sup>1</sup> Source: BCG Global Wealth Market Sizing 2021, The Art of Private Equity in Wealth Management, iCapital. Includes adult individuals with financial wealth > USD 1m. <sup>2</sup> Figures are as of 30 June 2022. Figures show AuM of the respective funds. Figures may be rounded up or down.

**Note:** For illustrative purposes only. Past performance is not indicative of future results. **Source:** Partners Group (2022).

# Managing complexity for large clients with our comprehensive mandate solutions

## Average private markets allocation of top 25 institutional investors<sup>1</sup>

With **9%** of their assets in **private markets**, and allocation up **2x** from recent years



We manage >140 mandates, representing USD 45 billion of AuM<sup>3</sup>, which cater to the desired risk/return and diversification profiles of our clients (selection of mandates by vintage, size and investment strategy)



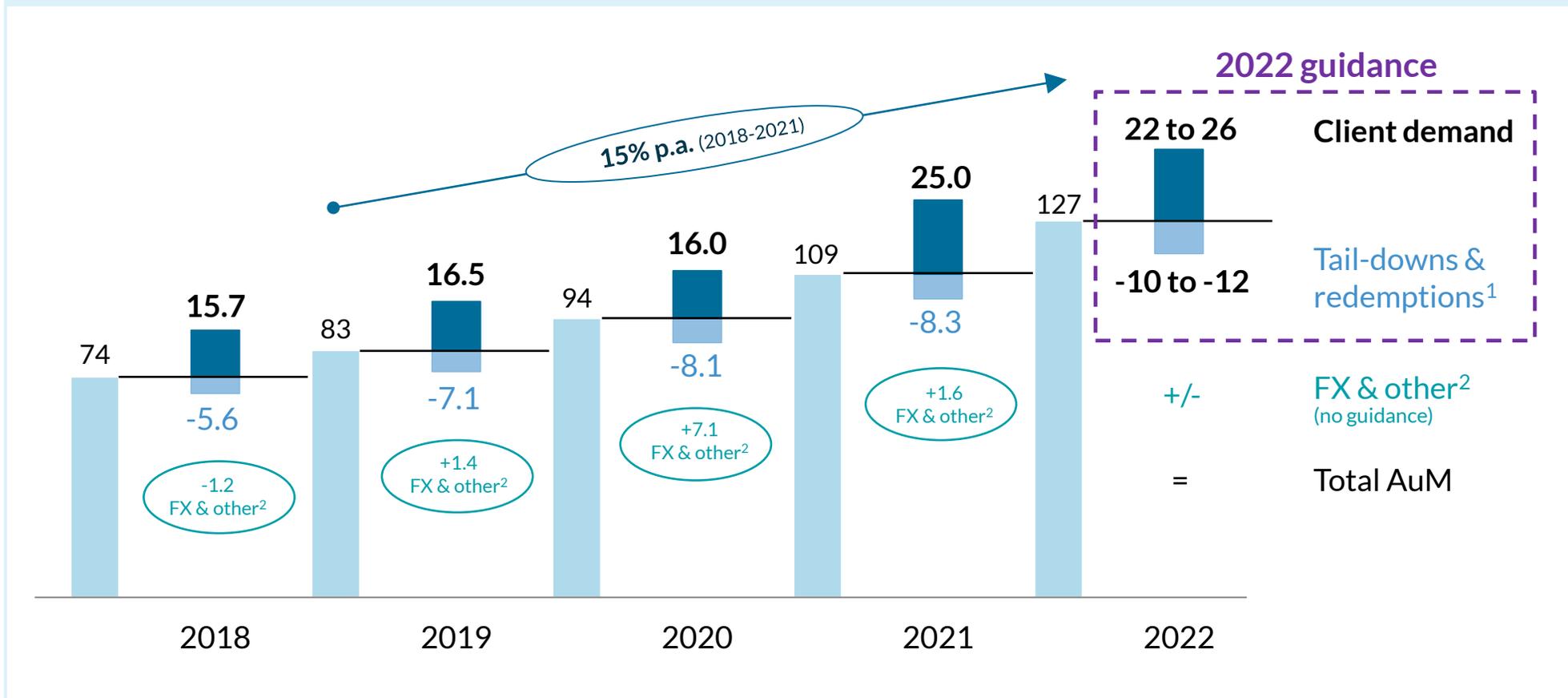
<sup>1</sup> Top 25 institutional investors by assets under management. Sources: Preqin (2021), The Economist (2021). <sup>2</sup> Partners Group's estimates, 2022.

<sup>3</sup> Figures shown are investor committed capital as of 30 June 2022.

**Note:** Past performance is not indicative of future results. For illustrative purposes only. **Source:** Partners Group (2022).

# Full-year 2022 guidance confirmed

AuM, client demand, and other effects (in USD billion)



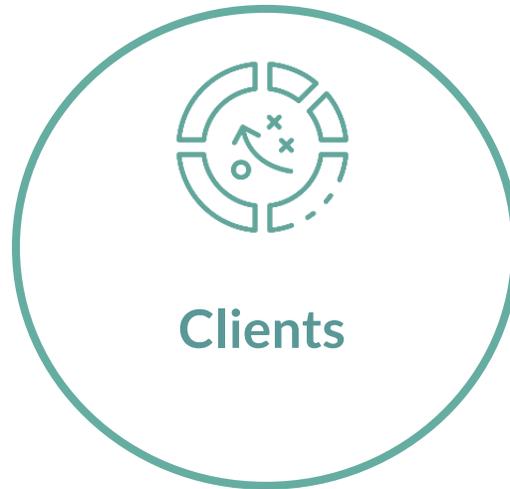
<sup>1</sup> Tail-downs & redemptions: tail-downs consist of maturing investment programs (typically closed-ended structures); redemptions stem from evergreen programs.  
<sup>2</sup> Other consists of performance and investment program changes from select programs. **Note:** Due to rounding, some totals may not correspond with the sum of the separate figures. For illustrative purposes only. Past performance is not indicative of future results. **Source:** Partners Group (2022).

## How we deliver sustainable growth



### Investments

Market with uncertain dynamics; focus remains on thematic investing and entrepreneurship at scale



### Clients

Thought leadership in bespoke solutions continues to drive client demand



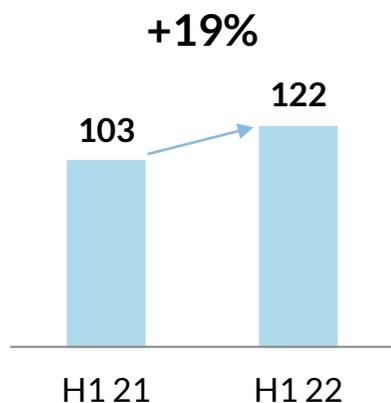
### Financials

Underlying business growth translates into H1 mgmt. fees of +18% year-on-year

# Continued strong underlying growth and profitability

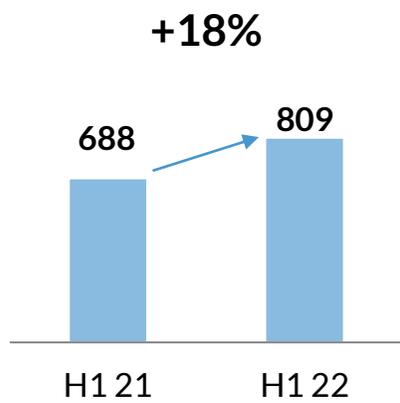
## H1 2022 financial highlights

### Average AuM (in CHF billion)



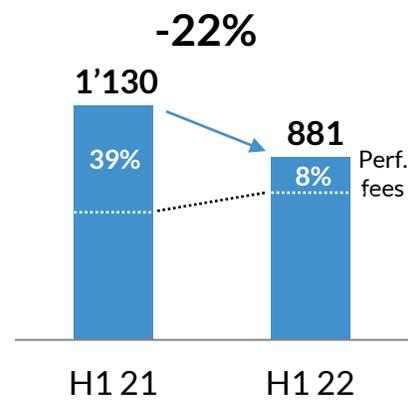
Robust underlying client demand

### Management fees<sup>1</sup> (in CHF million)



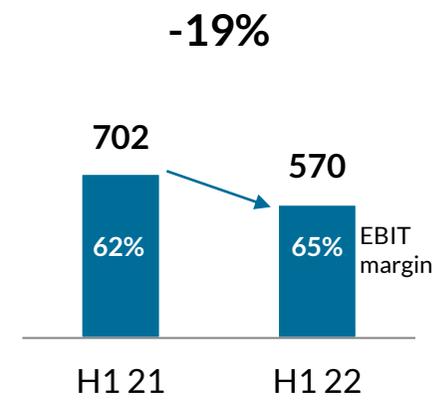
Supported by solid AuM growth and pricing discipline

### Revenues<sup>2</sup> (in CHF million)



Lower performance fees following exceptional 2021

### EBIT (in CHF million)



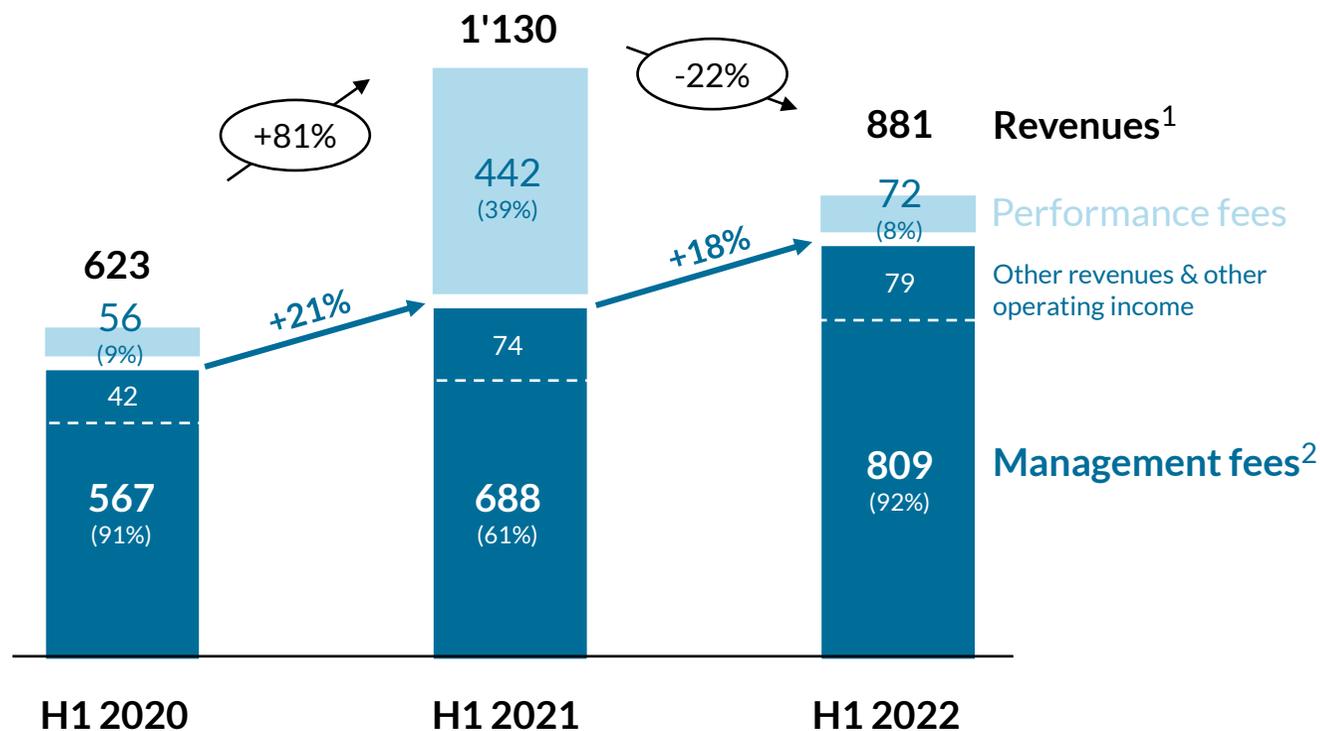
Continued focus on profitable growth at ~60% margin<sup>3</sup>

<sup>1</sup> Management fees and other revenues, net, and other operating income. <sup>2</sup> Revenues from management fees and other revenues, net, performance fees, net, including other operating income. <sup>3</sup> Partners Group has a 60% EBIT margin target for newly generated management fees and all performance fees.

Source: Partners Group (2022).

# AuM growth and disciplined pricing drive solid management fee growth

Revenues (in CHF million)

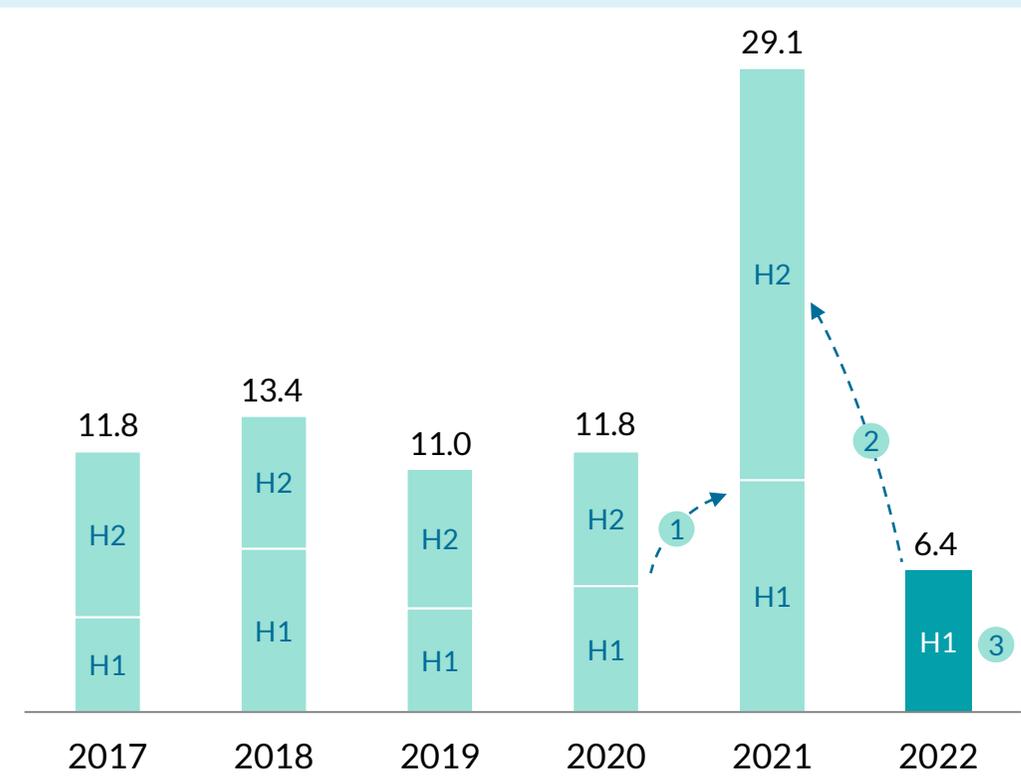


- H1 mgmt. fee growth of 18% year-on-year, supported by strong AuM growth & pricing discipline
- H1 performance fees at 8% of revenues following an exceptional 2021 with record activity
- H1 performance fees within guidance of 5-10% provided earlier this year

<sup>1</sup> Revenues from management fees and other revenues, net, performance fees, net, including other operating income. <sup>2</sup> Management fees and other revenues, net, and other operating income. **Note:** Due to rounding, some totals may not correspond with the sum of the separate figures. **Source:** Partners Group (2022).

# Market volatility has led to the postponement of exit activities originally planned for H1

Partners Group's underlying portfolio realizations (in USD billion)



- 1 2021 included a catching up in exit activities from 2020
- 2 In late 2021 several sizeable exits were accelerated from 2022
- 3 In H1 2022 portfolio assets and credits accounted for 72% of realizations<sup>1</sup>

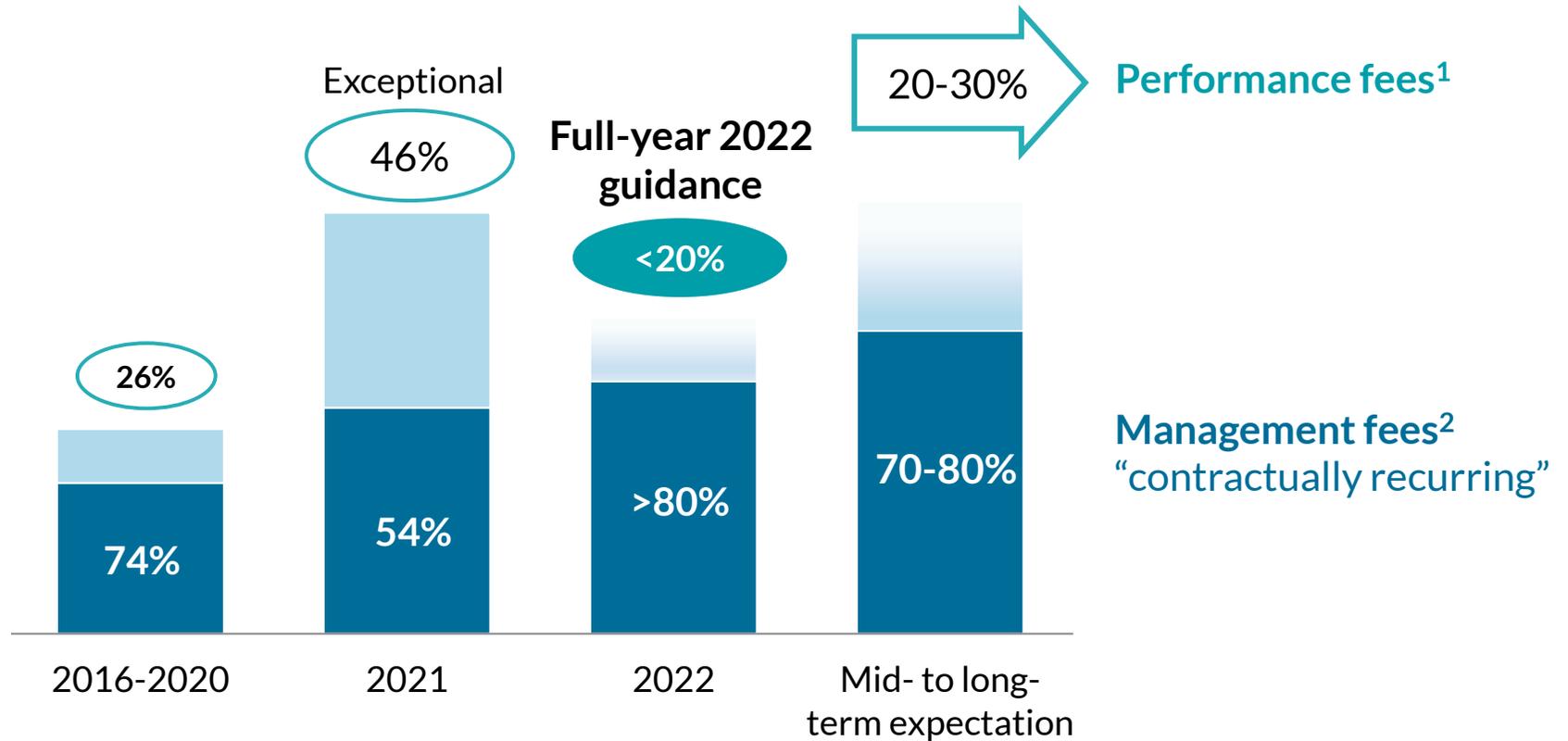
**Our focus remains on business building and value creation with several exits postponed until markets are more benign**

**Postponed realizations brought H1 performance fees to 8% of total H1 revenues**

<sup>1</sup> Direct equity realizations accounted for the remaining 28% of H1 2022 portfolio realizations. **Note:** For illustrative purposes only. Past performance is not indicative of future results. There is no assurance that similar investments will be made. **Source:** Partners Group (2022).

# Outlook on 2022 performance fees: temporarily below mid- to long-term guidance

Performance fee as a proportion of total revenues



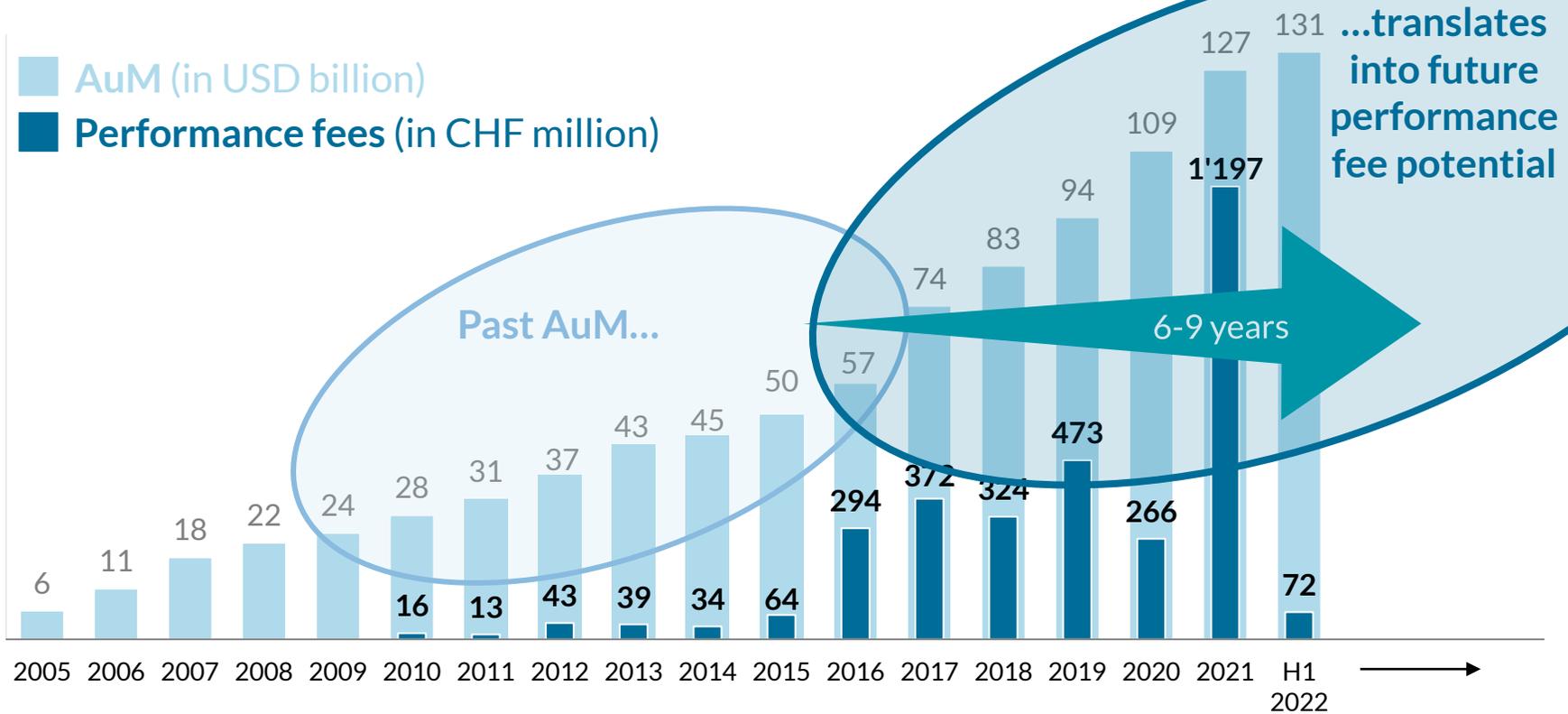
<sup>1</sup> Assuming that the market is favorable to exits, Partners Group expects to continue to generate significant performance fees from the underlying client portfolios due to the visibility that it has on the life cycles of its programs. <sup>2</sup> Management fees and other revenues, net, and other operating income.

Source: Partners Group (2022).



# Performance fee potential is expected to follow AuM growth over time

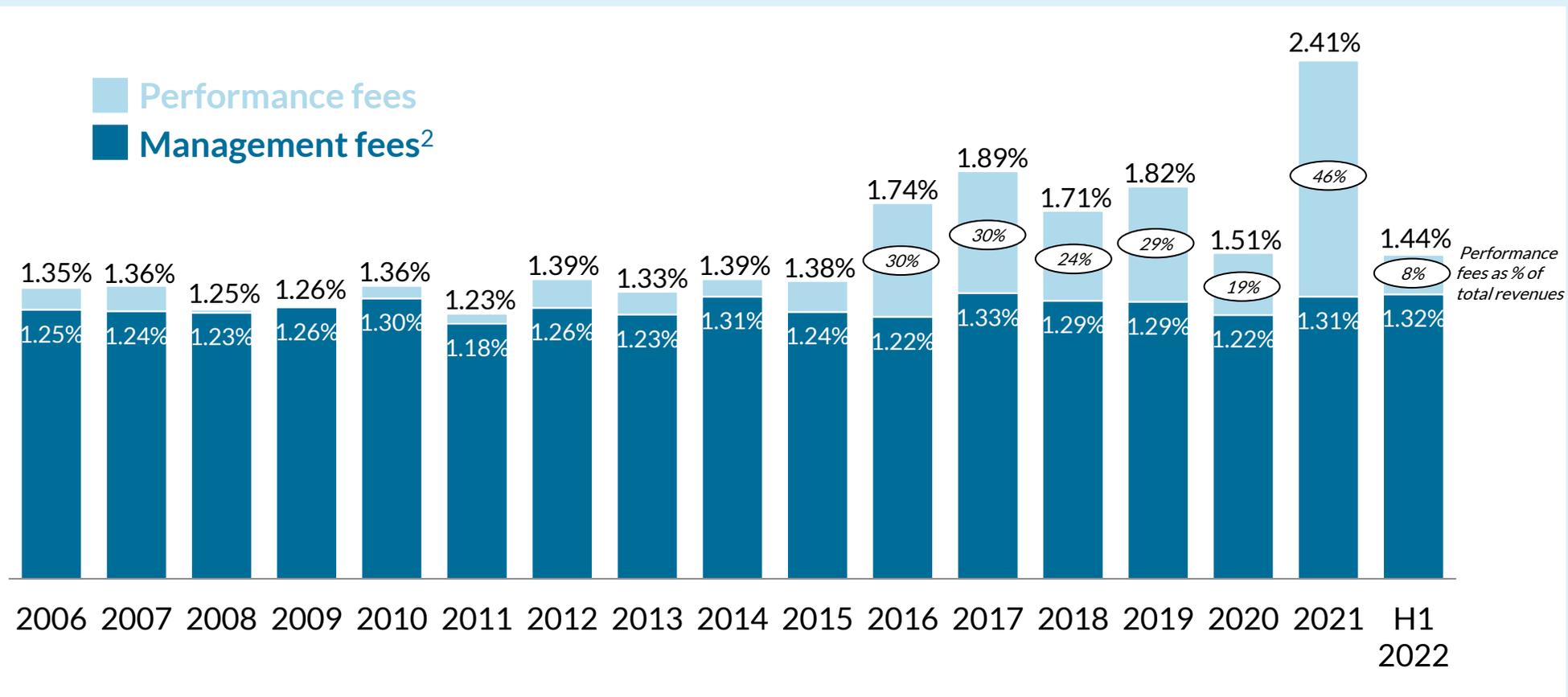
## AuM and performance fee development



**Note:** Assuming that the market is favorable to exits, Partners Group expects to continue to generate significant performance fees from the underlying client portfolios due to the visibility that it has on the life cycles of its programs. Past performance is not indicative of future returns. **Source:** Partners Group (2022).

# Continued stability of management fees

## Revenue margin<sup>1</sup>



<sup>1</sup> Calculated as revenues divided by average assets under management, calculated on a daily basis. <sup>2</sup> Management fees and other revenues, net, and other operating income. **Source:** Partners Group (2022).

## Strong EBIT margin; continued investments at ~60% target margin to support growth

### Revenues, costs and EBIT development (in CHF million)

	H1 2022		H1 2021
<b>Revenues<sup>1</sup></b>	<b>881</b>	<b>-22%</b>	<b>1'130</b>
Total operating costs, of which	-311	-27%	-428
Personnel expenses <sup>2</sup>	-247	-35%	-382
Personnel expenses (regular)	-220	+4%	-212
Personnel expenses (perf. fee-related)	-27	-84%	-170
Other operating expenses	-43	+61%	-27
Depreciation & amortization	-20	+6%	-19
<b>EBIT</b>	<b>570</b>	<b>-19%</b>	<b>702</b>
EBIT margin	64.7%	+2.6%-points	62.1%
Average FTEs	1'626	+9%	1'487
FTEs as of 30 June	1'657	+11%	1'494

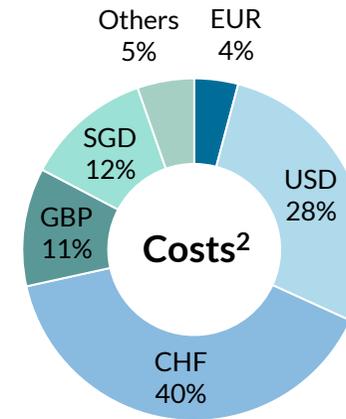
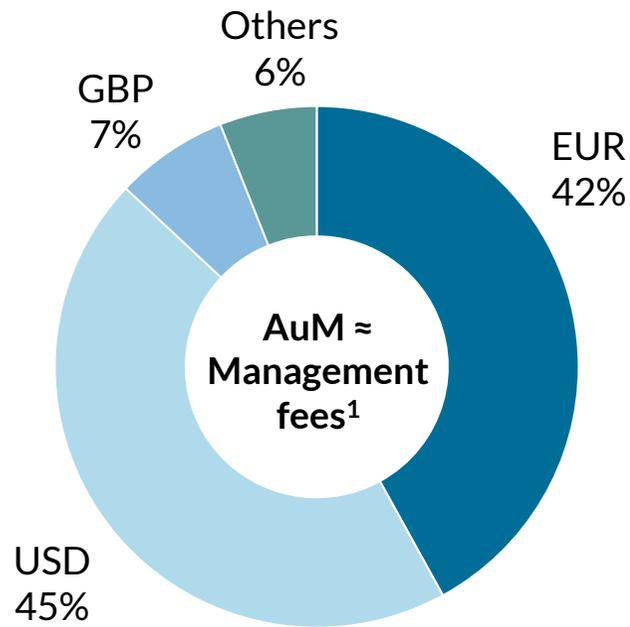
<sup>1</sup> Revenues include management fees and other revenues, net, performance fees, net, and other operating income. <sup>2</sup> Regular personnel expenses exclude performance fee-related expenses. Performance fee-related personnel expenses are calculated on an up to 40% operating cost-income ratio on revenues stemming from performance fees. For further information please refer to the 2021 Annual Report, "Key definitions and alternative performance metrics (APM)", on page 30, available for download at [www.partnersgroup.com/financialreports](http://www.partnersgroup.com/financialreports).

**Note:** Due to rounding, some totals may not correspond with the sum of separate figures. **Source:** Partners Group (2022).



# EUR and USD exchange rate fluctuations impact revenues and costs as we report in CHF

## Currency exposure in H1 2022



<sup>1</sup> Includes management fees and other revenues, net, and other operating income. Currency exposure of AuM is approximately equal to that of management fees.

<sup>2</sup> Includes regular personnel expenses (excluding performance fee-related expenses), other operating expenses as well as depreciation and amortization.

**Note:** All figures are based on estimates and the currency denomination of underlying programs. **Source:** Partners Group (2022).

## Strong financials, balance sheet and liquidity

### Key financials (in CHF million, except for per share data in CHF)

	H1 2022		H1 2021
Revenues <sup>1</sup> , of which	881	-22%	1'130
Management fees <sup>2</sup>	809	+18%	688
Performance fees	72	-84%	442
Total operating costs <sup>3</sup>	-311	-27%	-428
EBIT	570	-19%	702
EBIT margin	64.7%	+2.6%-points	62.1%
Financial result, net	-20		51
Income tax expenses	-85		-123
Tax rate	15.5%		16.4%
<b>Profit</b>	<b>464</b>	<b>-26%</b>	<b>629</b>
Diluted EPS	17.53	-25%	23.50

### Balance sheet (as of 30 June 2022)

**0.7**  
CHF billion  
net cash<sup>4</sup>

**37%**  
return on  
equity

**0.8**  
CHF billion  
in own investments<sup>5</sup>

**2.1**  
CHF billion  
equity

<sup>1</sup> Revenues include management fees and other revenues, net, performance fees, net, and other operating income.

<sup>2</sup> Management fees and other revenues, net, and other operating income. <sup>3</sup> Total operating costs include personnel expenses, other operating costs as well as depreciation and amortization. <sup>4</sup> Cash and cash equivalents (CHF 307 million) and short-term loans (CHF 1'506 million), net of long-term debt (CHF 799 million) and credit facilities drawn (CHF 270) as of 30 June 2022. <sup>5</sup> Financial investments (CHF 741 million), investments in associates (CHF 12 million) and net assets/liabilities held for sale (CHF 35 million) as of 30 June 2022. **Note:** Due to rounding, some totals may not correspond with the sum of the separate figures. Abbreviations: EPS = earnings per share. **Source:** Partners Group (2022).



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REALIZING POTENTIAL IN PRIVATE MARKETS

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