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ASX Market Announcements

ASX Limited

Exchange Centre

20 Bridge Street

Sydney NSW 2000

BY ELECTRONIC LODGEMENT

1H21 Results for the Half Year Ended 30 June 2021

VGI Partners Limited (“VGI Partners” or the “Company”, ASX:VGI) today released its results for the six months ended 30 June 2021 (1H21).

As previously announced to the ASX on 21 July 2021, Funds Under Management (FUM) was \$3.2 billion at 30 June 2021. This represents an increase of 10% on \$2.9 billion of FUM at the end of the prior corresponding period (pcp), whilst average FUM over the periods remained largely unchanged.

Statutory Net Profit After Tax (NPAT) for 1H21 was \$43.0 million and normalised NPAT was \$42.9 million. Normalised NPAT is calculated by deducting unrealised fair value gains on VGI Partners’ investments and adding back contra-revenue relating to amortisation of VG8 and VG1 IPO costs¹. Profits have increased on pcp, boosted by performance fees earned during the half as a result of strong investment performance.

Net management fees were \$22.2 million¹ for the 1H21 period and broadly steady on 1H20. This reflected both average FUM and the revenue margin being similar in both periods.

1H21 performance fees were \$50.4 million, consistent with VGI Partners’ announcement on 21 July 2021. This reflects strong portfolio performance during the year and compares with \$0.1 million in 1H20.

Normalised operating costs of \$11.1 million (excluding depreciation and amortisation) were up \$3.2 million on 1H20, though the prior period was tightly constrained due to the uncertainty surrounding the initial stages of the COVID-19 pandemic and market volatility. 1H21 costs were similar to the half-years in 2019 and 2H20.

The Board has declared an interim dividend of 31.0 cents per share (fully franked at 30%). This will be paid on 10 September 2021 to all shareholders who are on the register at the record date of 31 August 2021.

The dividend implies a 50% payout ratio on normalised Net Profit After Tax (NPAT) for 1H21. This is consistent with VGI Partners’ intention to target a dividend payout ratio of between 50% and 75% of normalised NPAT, as well as its prior commentary that the payout ratio may be lower when performance fees are higher than average.

¹ More details on the calculation of normalised earnings can be found on slide 10 and in Appendix C of VGI Partners’ 1H21 Investor Briefing presentation (released to the ASX on 24 August 2021). Management fees have been normalised for the amortisation of VG1/VG8 IPO costs and the operating costs of VGI Partners’ funds. All normalisation adjustments have been tax-effected at 30% except for amortisation of VG8 Initial Public Offer alignment share costs (which are not tax deductible and hence no tax impact is applied). The method that was used to normalise earnings in 1H21 has also been used to normalise the pcp.

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The balance sheet of the VGI Partners Group remains strong with \$34.6 million of cash and no debt as at 30 June 2021.

Key metrics for the six months ended 30 June 2021¹

Statutory NPAT	\$43.0 million
Post-tax normalisation adjustments	(\$0.2 million)
Normalised NPAT (after adding back post-tax adjustments)	\$42.9 million
Cash at 30 June 2021	\$34.6 million
Cash, investments and other liquid assets at 30 June 2021	\$85.7 million

Dividend

Interim dividend per share (fully franked at 30%)	31.0¢
<ul style="list-style-type: none">• Ex-date: 30 August 2021• Record date: 31 August 2021• Payment date: 10 September 2021	

Please see VGI Partners' 1H21 Results Briefing presentation and Financial Report for more details.

CEO commentary

Commenting on the 1H21 result, Chief Executive Officer, Jonathan Howie said:

"VGI's first half results reflects the firm's very strong global investment capability. In a market environment that has been significantly distorted by the global response to COVID, VGI Partners has continued to deliver strong performance across both its global and Asian strategies, while maintaining a focus on disciplined risk management. With short term volatility likely to continue, market conditions remain conducive to finding new long-term investments.

The first half of 2021 has also represented a turning point for VGI Partners as we ramp up our efforts to support and engage with clients across the board. The foundations of this effort is supported by our people, both in terms of expanding the team and building internal capability. Over the half we made a number of key hires in our investor relations and distribution teams and plan to make additional hires in this area as we continue to drive initiatives to support our clients.

Complementing these marketing initiatives and new hires, we have continued to enhance our client-facing infrastructure. The project includes upgrading our CRM (Customer Relationship Management) system, developing our content creation capabilities and appointing new service providers to accelerate our efforts to improve client engagement.

In addition to ramping up our client-facing platform, significant investment continues to be made to strengthen our already robust operating platform and risk management framework. During the half, we finalised the implementation of a new accounting system, as well as an exception management system.

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VGI has also partnered with Hazeltree to implement Hazeltree's cash and treasury management solution. This will further strengthen VGI's control framework and drive efficiencies in cash management.

We continue to invest heavily in our IT systems and infrastructure by partnering with best-in-class service providers. Recent projects include migration to cloud-based systems across the firm (Azure Cloud) as well as continued cyber security enhancements.

Our investment and trading capability was also strengthened by the implementation of Enfusion. This software will facilitate full end-to-end capture of the trade cycle combined with future scalability.

Collectively, the improvements we have made, and continue to make, complement our already highly capable investments platform, and put VGI in a strong position to serve its valued clients well into the future."

Briefing details

There will be a live webinar and listen-only conference call at 11.00am (AEST) today, 24 August 2021, for investors and analysts. Please use the webinar or pre-register for the call to avoid delays. A link to the recorded webinar will also be archived on VGI Partners' website (www.vgipartners.com).

Webinar link: <https://services.choruscall.com.au/webcast/VGI-1H21.html>

Pre-register for the listen-only conference call:

<https://s1.c-conf.com/diamondpass/10015795-s83jmp.html>

Alternatively, Australian dial-in numbers are 1800 809 971 (Toll Free) or +61 2 9007 3187 (Local) for those who do not pre-register. For additional briefing information, please refer to VGI Partners' ASX announcement on 16 August.

Authorised for release by:

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