



DWS GROUP – Q2 2019 RESULTS

July 24, 2019



Q2 2019: CONTINUED POSITIVE FLOW MOMENTUM - ADJUSTED CIR ON TRACK FOR FULL-YEAR TARGET



Continued positive flow momentum

- H1 2019 net inflows of €6.7bn supported by growth areas
- Ongoing innovative fund launches
- Strong fund performance supported additional flows into flagship products

Ongoing sustainable cost efficiency




- On track to deliver top-end of medium-term savings guidance by YE 2019
- Revenues improved, driven by market, flow development and performance fees
- Adjusted Cost-Income Ratio for H1 2019 close to full-year target of 70%

Investing in our future addressing identified mega-trends

- Successful launches and asset gathering into innovative ESG-focused products
- Acquisition of stake in Arabesque's S-Ray to strengthen and broaden DWS's existing ESG solutions capabilities; additional exclusive talks to acquire stake in Arabesque's AI Engine

Q2 2019 KEY FINANCIAL HIGHLIGHTS

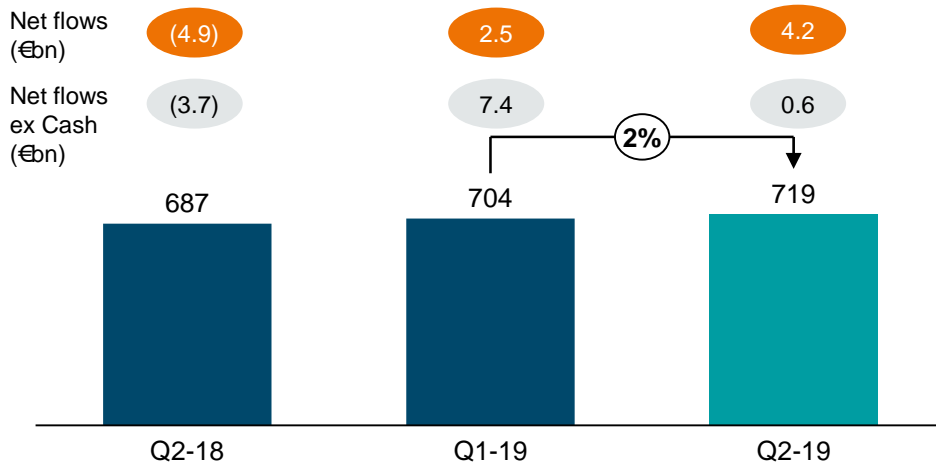


-  Adjusted profit before tax was €185m, 21% increase vs Q1 driven by higher performance and management fees
-  Adjusted cost income ratio decreased further to 69.5%
-  Net flows were €4.2bn in Q2 driven by net inflows in targeted growth areas of Passive and Alternatives

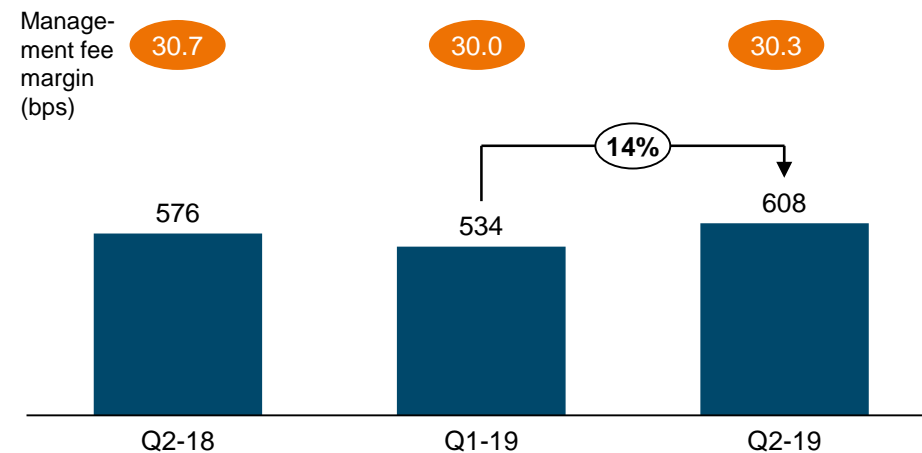
FINANCIAL PERFORMANCE SNAPSHOT – Q2 2019



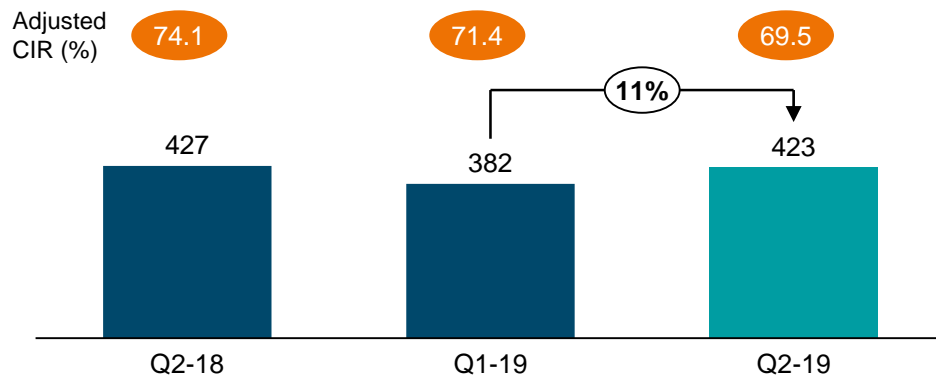
AUM (€BN)



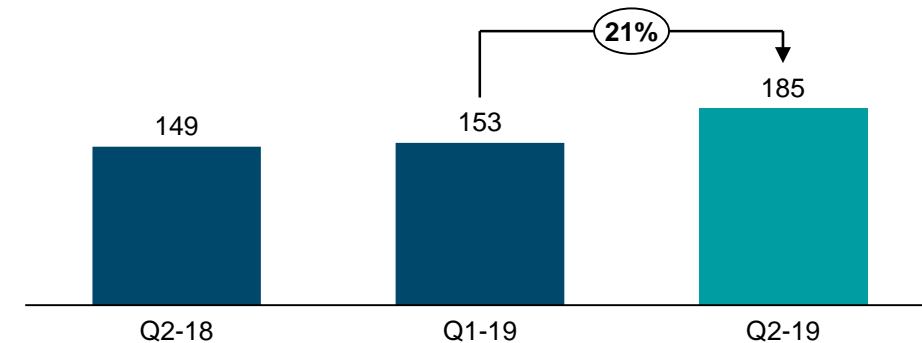
ADJUSTED REVENUES (€M)



ADJUSTED COSTS (€M)



ADJUSTED PROFIT BEFORE TAX (€M)



Note: Throughout this presentation totals may not sum due to rounding differences

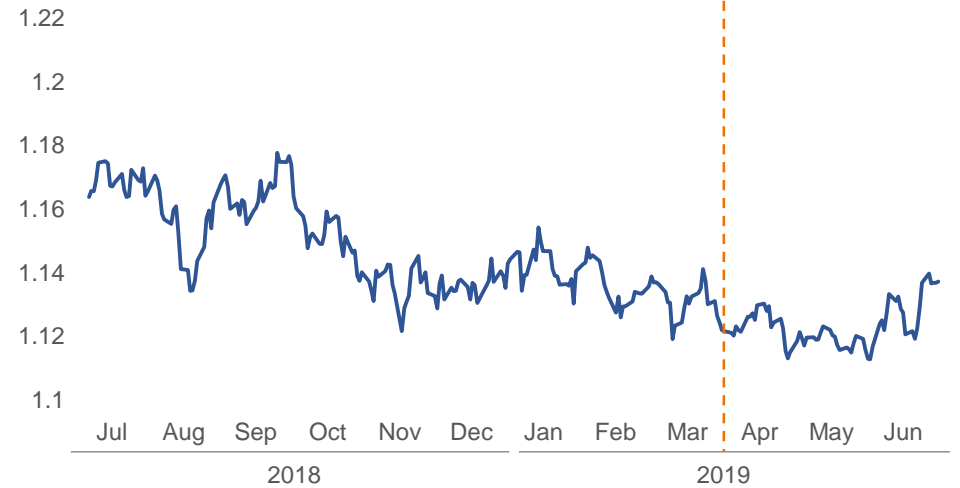
MARKET ENVIRONMENT



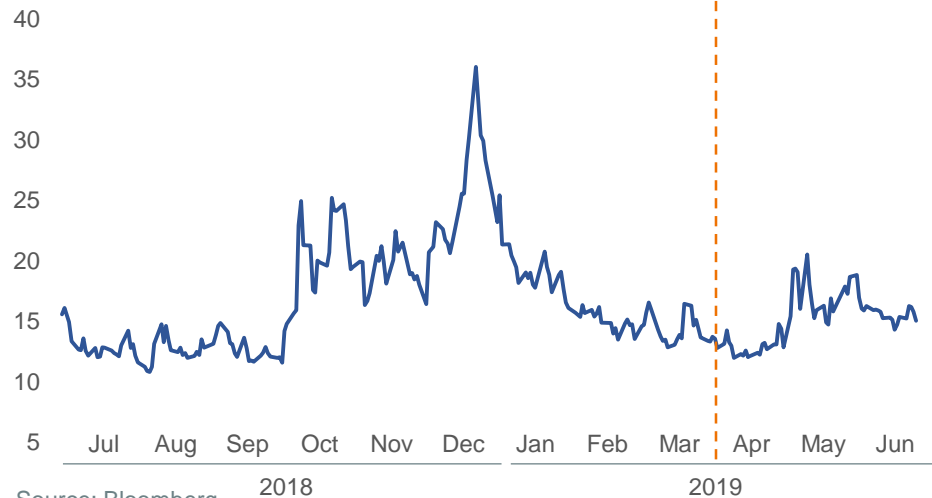
EQUITIES (%)



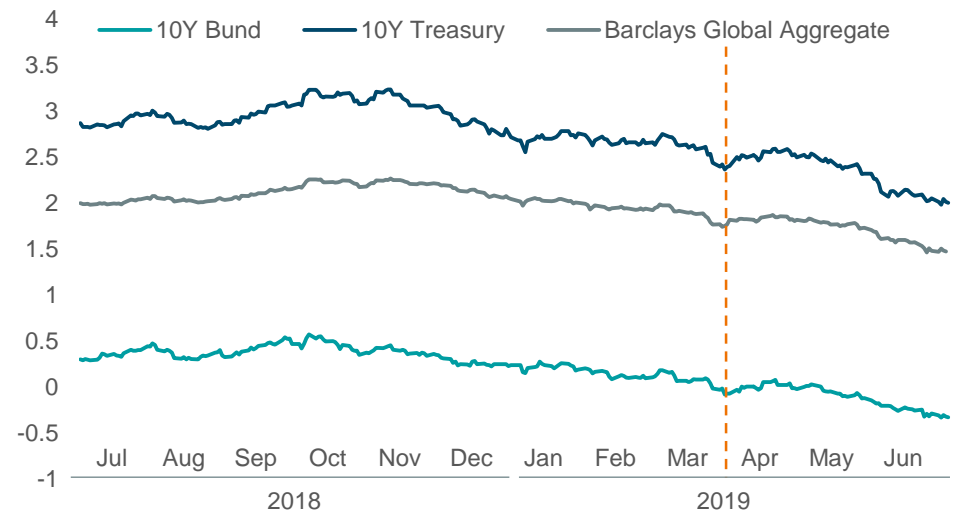
FX (EUR/USD)



VOLATILITY (VIX INDEX)



INTEREST RATES, YIELD (%)

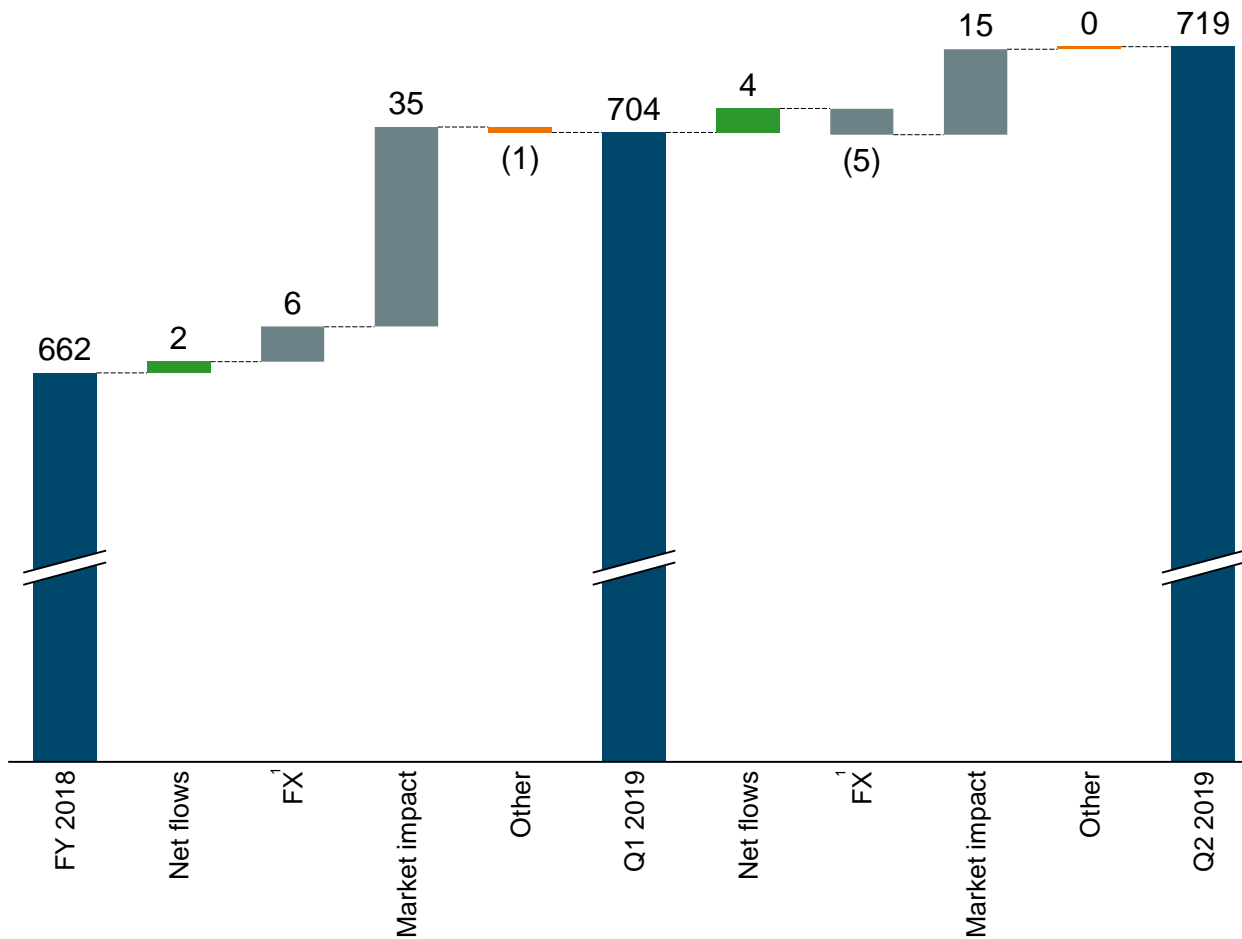


Source: Bloomberg

AUM DEVELOPMENT



AUM DEVELOPMENT DETAIL (€BN)



Q2 HIGHLIGHTS

AuM increased by €15bn to €719bn in Q2

- Q2 net inflows reached €4.2bn driven by targeted growth areas of Passive and Alternatives
- Strong market performance contributed €15bn in AuM partly offset by FX of €(5)bn

¹ Represents FX impact from non-Euro denominated products; excludes performance impact from FX

Q2 2019 NET FLOWS



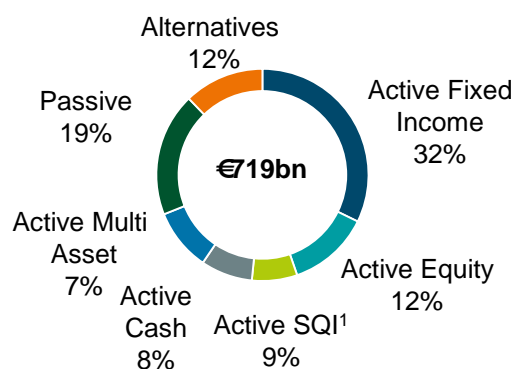
NET FLOWS BREAKDOWN

By asset class (€bn)	Q2-18	Q1-19	Q2-19
Active Equity	(2.0)	(0.2)	(0.7)
Active Multi Asset	(0.4)	0.5	0.0
Active SQI ¹	1.2	(0.1)	(0.8)
Active Fixed Income	(5.4)	(1.6)	(3.7)
Passive	2.5	6.2	3.5
Alternatives	0.5	2.6	2.2
Total ex Cash	(3.7)	7.4	0.6
Cash	(1.2)	(4.9)	3.6
Total	(4.9)	2.5	4.2

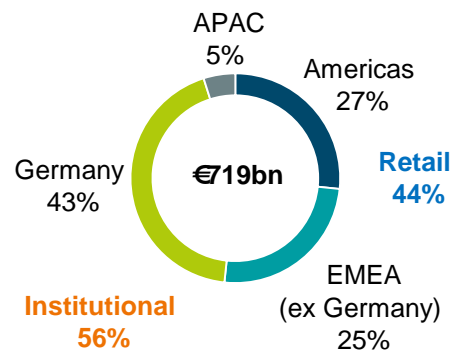
Q2 HIGHLIGHTS

- Net flows improved q-o-q achieving €4.2bn inflows
- ETPs contributed strongly to the overall Passive business and achieved 17%² market share in European flows in Q2
- Alternatives reflecting continued strong inflows in Real Estate products and Liquid Real Assets
- Outflows in Equities reflecting lower investor risk appetite
- Specific Fixed Income institutional redemptions primarily driven by corporate activities and lower yield environment
- Cash outflows from Q1 have partly returned in Q2

AUM BY ASSET CLASS



AUM BY REGION & CLIENT TYPE



1 Systematic and Quantitative Investments 2 Source: ETFGI

PRODUCT INNOVATIONS & Q3 2019 PIPELINE



Q2 2019 FUND LAUNCHES

EXAMPLES

- DWS Invest ESG Multi Asset Defensive
Multi Asset
- DWS Invest ESG Floating Rate Notes
Fixed Income
- DWS Invest ESG Global Emerging Markets Equities
Equity
- DWS Invest CROCI Global Intellectual Capital
Equity
- Xtrackers S&P 500 ESG Index ETF
(sustainable alternative to U.S equity benchmark S&P 500)
ETFs
- One Real Estate and one Infrastructure debt fund
Alternative

Q3 2019 FUND LAUNCHES PIPELINE¹

EXAMPLES

- DWS Invest Conservative Opportunities
Multi Asset
- DWS Invest ESG Euro Corporate Bonds
Fixed Income
- DWS Qi Global AC Equity
Equity
- Xtrackers ESG MSCI Emerging Markets UCITS ETF
ETFs
- Infrastructure equity fund
Alternative

Note: Not all DWS products and services are offered in all jurisdictions and availability is subject to local regulatory restrictions and requirements

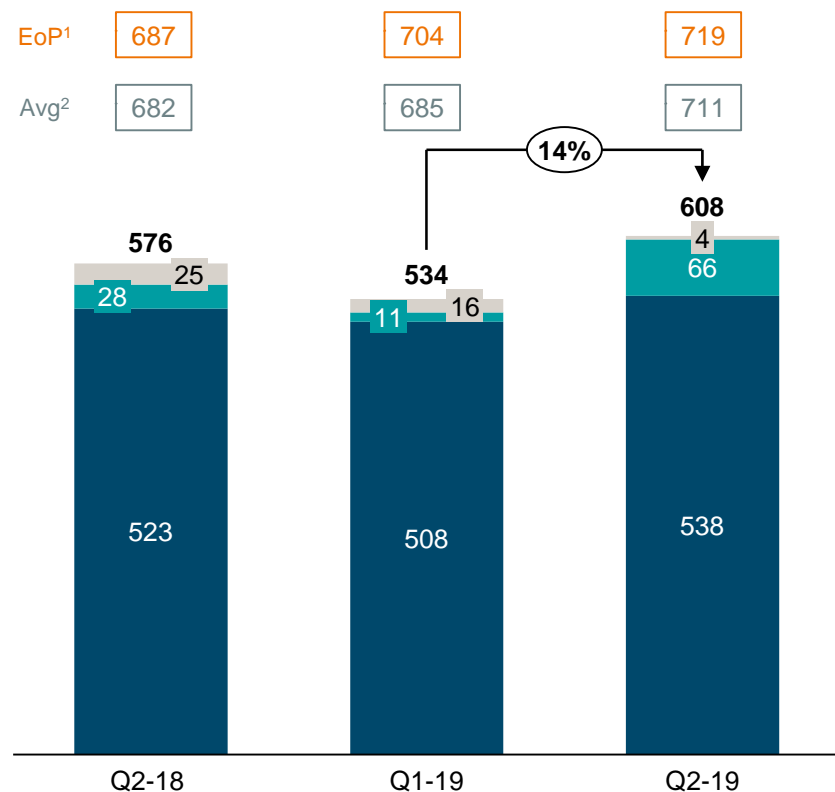
¹ Subject to demand assessments, approvals and successful transaction execution

REVENUE DEVELOPMENT

ADJUSTED REVENUES (€M)

- Other revenues
- Performance, transaction fees & other non-recurring revenues
- Management fees and other recurring revenues

xx AuM (€bn)



1 End of period 2 Monthly average

Q2 HIGHLIGHTS

- Total adjusted revenues were €608m in Q2 up by 14% versus Q1
- Increase in management fees and other recurring revenues driven by favorable markets and positive flow development
- Performance and transaction fees increased significantly due to the recognition of a non-recurring Alternatives fund performance fee
- Unfavorable change in fair value of guarantees as a consequence of declining interest rates impacted other revenues

MANAGEMENT FEES AND MARGIN DEVELOPMENT



xx Management fee margin¹ (bps)

Overall margin (bps)

30.7

30.0

30.3

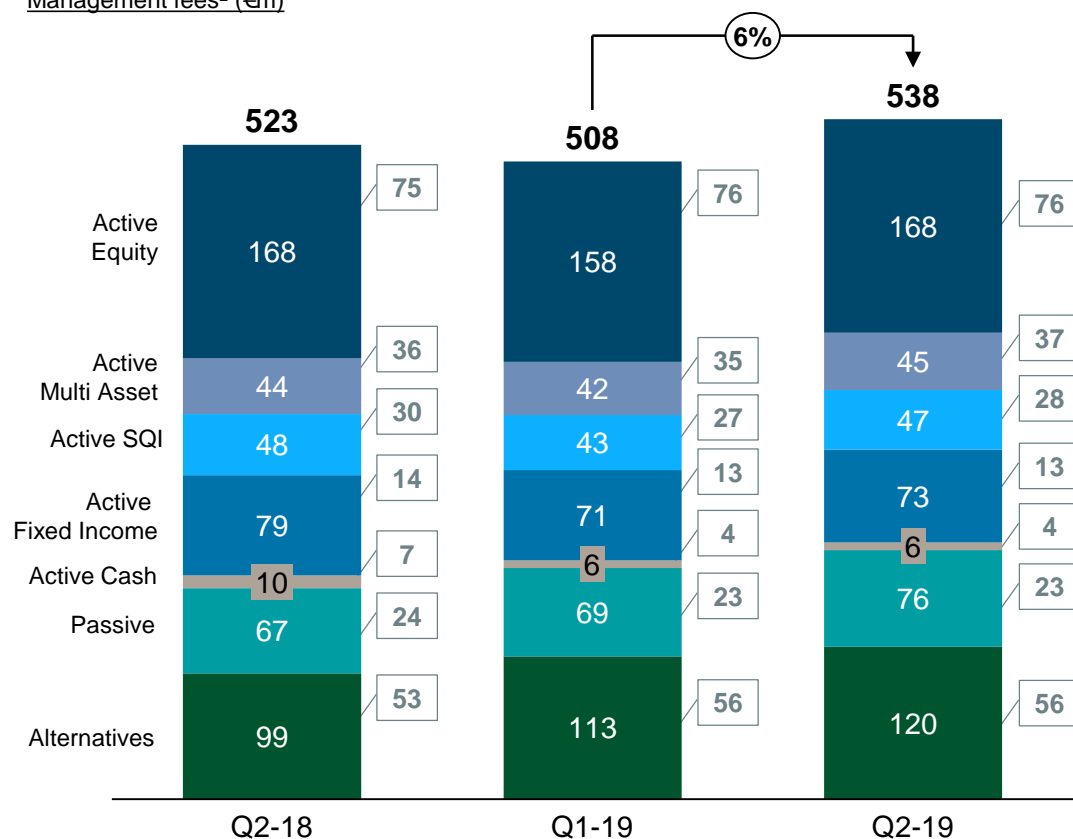
Overall margin ex Cash (bps)

33.0

32.4

32.6

Management fees² (€m)



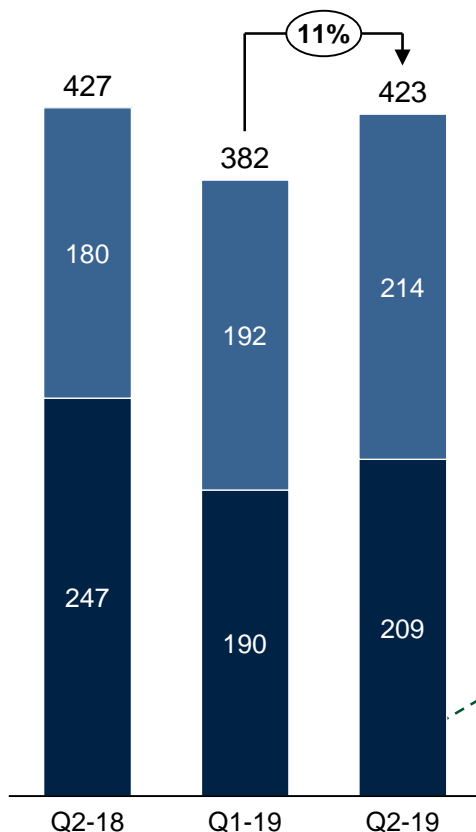
Q2 HIGHLIGHTS

- Overall management fee margin increased to 30.3 bps in Q2 largely driven by strong market recovery in Q1 and further improvements in Q2
- Increase in management fees and other recurring revenues across all major asset classes
- Passive and Alternatives increase in management fees benefiting from continued strong inflows in 2019

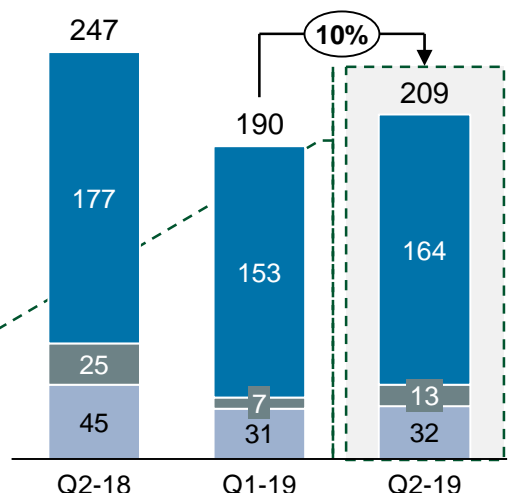
¹ Calculated by dividing the annualized management fees (considering the number of days in a specific quarter) for a period by average AuM for the same period ² Management fees and other recurring revenues, non-product related management fees of €7m in Q2-18, €6m in Q1-19, €4m in Q2-19 excluded in asset class breakdown.

COST DEVELOPMENT

ADJUSTED COSTS (€M)¹



ADJUSTED GENERAL AND ADMINISTRATIVE EXPENSES (€M)¹



Q2 HIGHLIGHTS

- Total adjusted costs of €423m impacted by carried interest related to non-recurring Alternatives performance fees recognized in Q2, reflected in compensation & benefits costs
- Excluding carried interest, compensation & benefits costs were below Q1
- Adjusted general and administrative expenses normalized in Q2 compared to Q1
- We are on track to achieve our targeted cost savings of €150m by the end of 2019

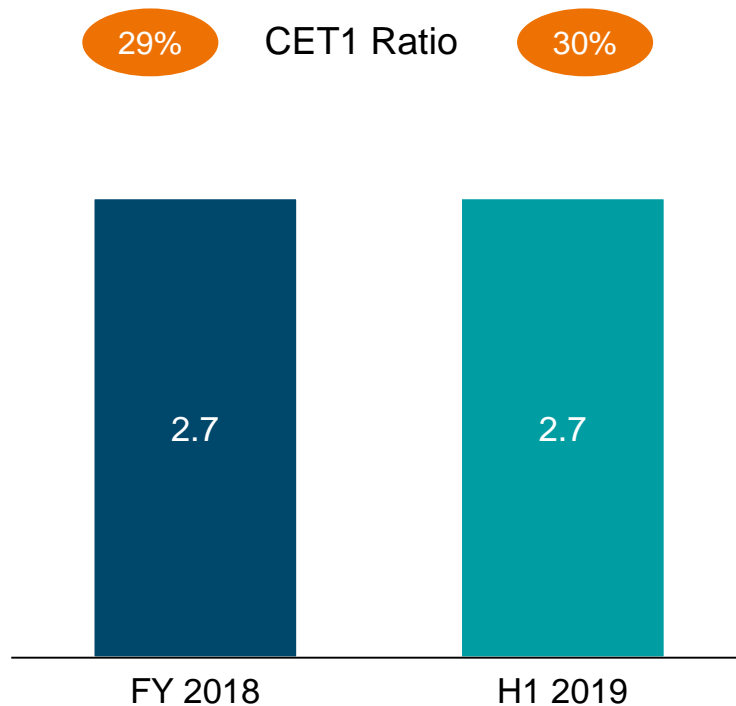
■ Compensation & Benefits
 ■ General & Administrative Expenses

■ Non-compensation direct costs
 ■ Charges for DWS functions in DB entities
 ■ DB Group charges

¹ Compensation & benefits and charges for DWS functions adjusted for severance payments; non-compensation direct costs adjusted for litigation

CAPITAL POSITION

DWS CET1 CAPITAL (IN €BN)




HIGHLIGHTS

- IFRS capital of €6.5bn less regulatory adjustments of €3.7bn, mainly goodwill and intangible assets, resulted in CET1 capital of €2.7bn
- H1 2019 CET1 capital largely unchanged compared to year end 2018
- Capital generation from 2019 year to date profits not yet recognized in CET1
- Based on RWA of €9.2bn, CET1 ratio stands at 30% remaining comfortably above requirements

Q2 CONCLUSIONS



-  Continued momentum in net flows support our ambition to outperform industry flows in 2019
-  DWS on track to achieve accelerated cost initiatives of €150m and adjusted CIR target of 70% (assuming stable revenues) in 2019
-  Overall strong fund performance and product innovations support further growth prospects



Appendix






OUTLOOK AND TARGETS

OUTLOOK 2019

- Market environment is expected to remain challenging despite equity market recovery
- DWS' ambition to outperform industry flows in 2019 which are expected to be 2-3%
- Accelerated cost initiatives expected to deliver a ~70% CIR in 2019 assuming flat revenues

REFINED TARGETS

	2019	Medium-term
 Adjusted CIR	~70% (assuming yoy flat revenues)	<65%
 Net flows (% of BoP AuM)		3-5% (on average ¹)
 Dividend payout ratio	65% to 75%	

¹ Annual flows could be volatile depending on market circumstances

DWS DETAILED FINANCIALS



PROFIT & LOSS STATEMENT AND KEY PERFORMANCE INDICATORS (€M, UNLESS STATED OTHERWISE)

		Q2 2019	Q1 2019	Q2 2018	H1 2019	H1 2018	Q2 2019 vs Q1 2019	Q2 2019 vs Q2 2018	H1 2019 vs H1 2018
Profit & Loss	Management fees and other recurring revenues	538	508	523	1,046	1,041	6%	3%	0%
	Performance and transaction fees and other non-recurring revenues	66	11	28	76	45	N/M	131%	69%
	Other revenues	4	16	25	20	49	(75)%	(84)%	(59)%
	Net revenues	608	534	576	1,142	1,135	14%	6%	1%
	<i>Revenue adjustments</i>								
	Adjusted revenues	608	534	576	1,142	1,135	14%	6%	1%
	Compensation & Benefits	(215)	(195)	(182)	(411)	(353)	10%	19%	16%
	General & administrative expenses	(209)	(189)	(245)	(398)	(494)	10%	(15)%	(20)%
	Restructuring activities	(27)	(2)	(7)	(29)	(9)	N/M	N/M	N/M
	Total noninterest expenses	(451)	(387)	(434)	(838)	(856)	17%	4%	(2)%
	<i>Cost adjustments</i>	28	5	7	33	10			
	Adjusted cost base	(423)	(382)	(427)	(804)	(846)	11%	(1)%	(5)%
	Profit before tax	157	148	142	305	279	7%	10%	9%
Adjusted profit before tax	185	153	149	338	289	21%	24%	17%	
Net income	112	102	92	214.2	189	10%	22%	13%	
Other Key Performance Measures	Reported CIR	74.2%	72.4%	75.3%	73.3%	75.4%	1.8 ppt	(1.1)ppt	(2.1)ppt
	Adjusted CIR	69.5%	71.4%	74.1%	70.4%	74.6%	(1.9)ppt	(4.6)ppt	(4.2)ppt
	FTE (#)	3,452	3,471	3,296	3,452	3,296	(1)%	5%	5%
	AuM (in €bn)	719	704	687	719	687	2%	5%	5%
	Net flows (in €bn)	4.2	2.5	(4.9)	6.7	(12.7)			
	Net flows ex Cash (in €bn)	0.6	7.4	(3.7)	8.0	(9.9)			
	Net flows (% of BoP AuM – annualized)	2.4%	1.5%	(3.0)%	2.0%	(3.7)%			
	Net flows ex Cash (% of BoP AuM – annualized)	0.4%	5.0%	(2.4)%	2.7%	(3.1)%			
	Management fee margin (bps - annualized)	30.3	30.0	30.7	30.2	30.8			

RECONCILIATION FROM IFRS TO ECONOMIC BALANCE SHEET



Q2 2019 (€BN)	IFRS consolidated	Consolidated Funds	DB Vita and pending	Economic View
Assets				
Cash and bank balances	1.8			1.8
Financial assets at FVPL	3.3	1 (1.3)	2 (0.6)	1.4
Other investments	0.3			0.3
Property and equipment	0.2			0.2
Tax assets	0.1			0.1
Intangible assets	3.8			3.8
Other assets	1.2		3 (0.4)	0.8
Total assets	10.6	(1.3)	(1.0)	8.3
Liabilities				
Other short-term borrowings	0.1			0.1
Tax liabilities	0.3			0.3
Financial liabilities at FVPL	0.7		2 (0.6)	0.1
Other liabilities	3.1	1 (1.3)	3 (0.4)	1.4
Total liabilities	4.2	(1.3)	(1.0)	1.9
Equity	6.5			6.5
Total liabilities and equity	10.6	(1.3)	(1.0)	8.3

HIGHLIGHTS

€2.3bn adjustments comprise:

- 1 Consolidated Funds (€1.3bn)
 - DWS reports individual assets and liabilities of mainly guaranteed funds that it controls under IFRS
 - Fund assets and P&L still belong solely to the investors, not DWS
 - DWS does not consolidate where third party investors hold > 50% of units
- 2 DB Vita (€0.6bn)
 - Investment contract related financial assets held to back unit linked contracts offered by DB Vita S.A. (which is our specialist entity for unit-linked insurance products)
 - Offset with financial liabilities due to investors holding the unit linked insurance contracts
- 3 Pending Items (€0.4bn)
 - Settlement balances driven by investments for institutional clients in DWS Investment S.A.

HISTORICAL NET FLOWS AND AUM DEVELOPMENT



in €bn

Net flows by asset class									AuM by asset class								
	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019		FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019
Active Equity	(1.7)	(1.7)	(2.0)	(2.5)	(1.0)	(7.3)	(0.2)	(0.7)	Active Equity	94	88	90	91	77	77	88	90
Active Multi Asset	10.7	(1.9)	(0.4)	(0.6)	(0.9)	(3.8)	0.5	0.0	Active Multi Asset	54	49	50	49	46	46	49	50
Active SQI ¹	(4.1)	0.2	1.2	(0.3)	(0.9)	0.2	(0.1)	(0.8)	Active SQI ¹	67	58	68	68	63	63	67	68
Active Fixed Income	(1.8)	(4.0)	(5.4)	(0.1)	(7.1)	(16.5)	(1.6)	(3.7)	Active Fixed Income	239	231	231	231	227	227	233	232
Active Cash	0.5	(1.6)	(1.2)	0.5	(0.9)	(3.2)	(4.9)	3.6	Active Cash	59	57	57	58	58	58	54	57
Passive	11.6	1.1	2.5	(0.2)	4.0	7.5	6.2	3.5	Passive	112	110	115	118	112	112	130	136
Alternatives	0.8	0.1	0.5	0.5	(0.2)	0.8	2.6	2.2	Alternatives	74	73	76	76	79	79	85	88
DWS Group	15.8	(7.8)	(4.9)	(2.7)	(7.0)	(22.3)	2.5	4.2	DWS Group	700	665	687	692	662	662	704	719
Net flows by region									AuM by region								
Americas	0.1	(6.4)	(3.2)	(3.9)	(7.9)	(21.3)	(0.1)	3.2	Americas	193	181	187	186	177	177	188	192
EMEA excl. GY	(0.1)	(2.4)	(0.8)	2.0	(0.3)	(1.5)	1.9	1.7	EMEA excl. GY	173	165	168	172	164	164	175	180
Germany (GY)	13.5	1.9	1.1	(0.9)	0.9	3.0	1.2	1.1	Germany (GY)	296	284	297	298	286	286	305	313
Asia Pacific	2.3	(0.9)	(2.0)	0.1	0.2	(2.6)	(0.4)	(1.9)	Asia Pacific	38	36	35	35	35	35	37	35
DWS Group	15.8	(7.8)	(4.9)	(2.7)	(7.0)	(22.3)	2.5	4.2	DWS Group	700	665	687	692	662	662	704	719
Net flows by client channel									AuM by client channel								
Retail	8.8	(1.4)	(4.2)	(2.3)	(1.6)	(9.5)	(0.8)	0.9	Retail	319	306	310	312	291	291	311	317
Institutional	7.0	(6.3)	(0.7)	(0.4)	(5.5)	(12.8)	3.3	3.3	Institutional	381	358	378	379	372	372	394	402
DWS Group	15.8	(7.8)	(4.9)	(2.7)	(7.0)	(22.3)	2.5	4.2	DWS Group	700	665	687	692	662	662	704	719
Total net flows	15.8	(7.8)	(4.9)	(2.7)	(7.0)	(22.3)	2.5	4.2									
FX impact	(35.9)	(5.7)	13.1	1.1	4.1	12.6	6.1	(4.6)									
Performance	29.4	(11.1)	6.3	5.7	(28.9)	(28.0)	34.8	14.9									
Other	1.1	(10.4)	8.0	0.2	2.5	0.2	(1.0)	0.4									
Total change in AuM	10.4	(35.1)	22.5	4.4	(29.4)	(37.5)	42.3	14.9									

Note 2017 & 2018 financials have been restated according to the annual product restatement process reflecting some minor changes in product classification
1 Systematic and Quantitative Investments

Q2 2019 DETAILED INVESTMENT PERFORMANCE



<i>All figures in %¹</i>		1Y	3Y	5Y
Active Retail	Equity	49%	83%	90%
	Multi Asset	5%	39%	39%
	SQI	42%	21%	24%
	Fixed Income	82%	95%	96%
	Cash	100%	100%	100%
	Total	60%	84%	89%
Active Institutional	Equity	43%	49%	55%
	Multi Asset	29%	41%	38%
	SQI	46%	78%	87%
	Fixed Income	63%	79%	74%
	Cash	88%	96%	95%
	Total	59%	76%	73%
Active Total	Equity	48%	79%	86%
	Multi Asset	23%	41%	38%
	SQI	45%	69%	78%
	Fixed Income	66%	82%	79%
	Cash	92%	99%	99%
	Total	59%	79%	80%
Alternatives	Direct Real Estate	84%	97%	100%
	Liquid Real Assets	63%	44%	82%
	Other Alternatives	100%	100%	100%
	Total	79%	80%	95%
Total DWS	62%	79%	82%	

¹ Aggregate asset-weighted gross outperformance of Active and Alternatives products that have benchmark spreads (gross and net) available over respective periods (Active and Liquid Real Assets as of Jun 30, 2019 and Direct Real Estate and Other Alternatives as of Mar 31, 2019)

CONTACT DETAILS



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CAUTIONARY STATEMENTS



This presentation contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of DWS Group GmbH & Co. KGaA. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

By their very nature, forward-looking statements involve risks and uncertainties. A number of important factors could therefore cause actual results to differ materially from those contained in any forward-looking statement. Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks. This document contains alternative performance measures (APMs). For a reconciliation to directly comparable figures under IFRS, to the extent not provided herein, please refer to the Q2 2019 Financial Data Supplement, which is accompanying this presentation and available at <https://group.dws.com/ir/reports-and-events/financial-results>.

Copies of the financial report are readily available upon request or can be downloaded from <https://group.dws.com/ir/reports-and-events>.