



DWS GROUP – Q3 2019 RESULTS

October 30, 2019







ON TRACK TO DELIVER 2019 TARGETS



Flow turnaround	<ul style="list-style-type: none">➤ 2019 inflows of €12.9bn driven by targeted growth areas➤ All our regions achieved positive net flows in Q3 and YTD 2019➤ Continued strong fund performance attracts inflows into flagship products
Efficiency improvement	<ul style="list-style-type: none">➤ We are confident of delivering our medium-term savings guidance by YE 2019➤ On track to achieve our FY 2019 adjusted CIR target of ~70%
Strategic priorities	<ul style="list-style-type: none">➤ Introduction of a Group Sustainability Office➤ Successful launches into innovative ESG-focused products

Q3 2019 KEY FINANCIAL HIGHLIGHTS

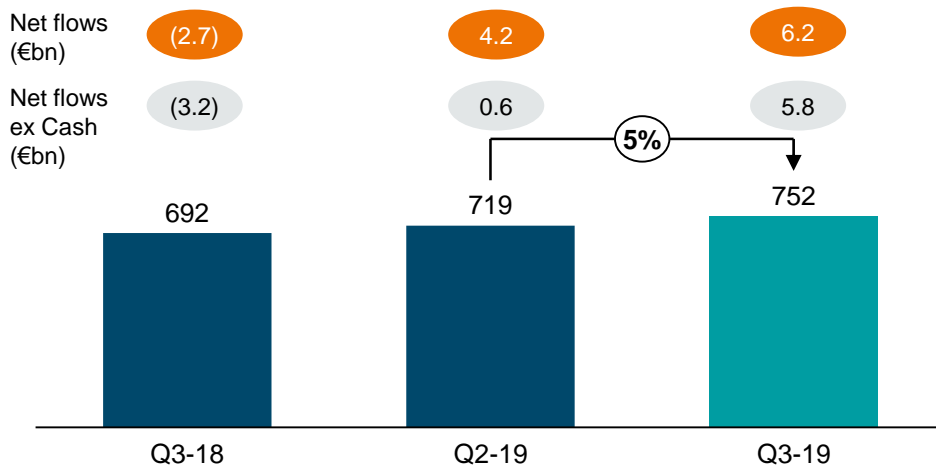


-  Adjusted profit before tax stands at €170m, down 8% q-o-q due to the absence of a non-recurring performance fee reflected in Q2
-  Adjusted cost income ratio is stable quarter-over-quarter at 69.6% and in line with our FY 2019 target
-  Net flows were €6.2bn in Q3 driven by strong inflows in targeted growth areas of Multi Asset, Passive and Alternatives
-  AuM increased by €33bn benefiting from inflows, favourable market performance and FX

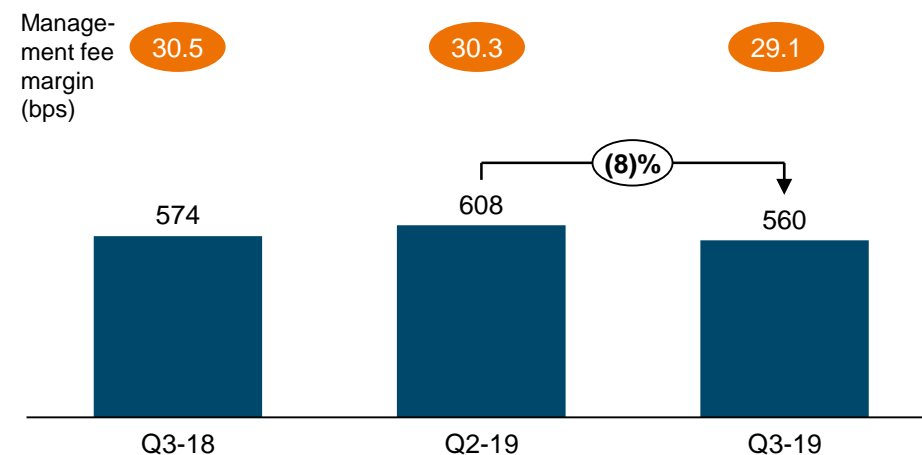
FINANCIAL PERFORMANCE SNAPSHOT – Q3 2019



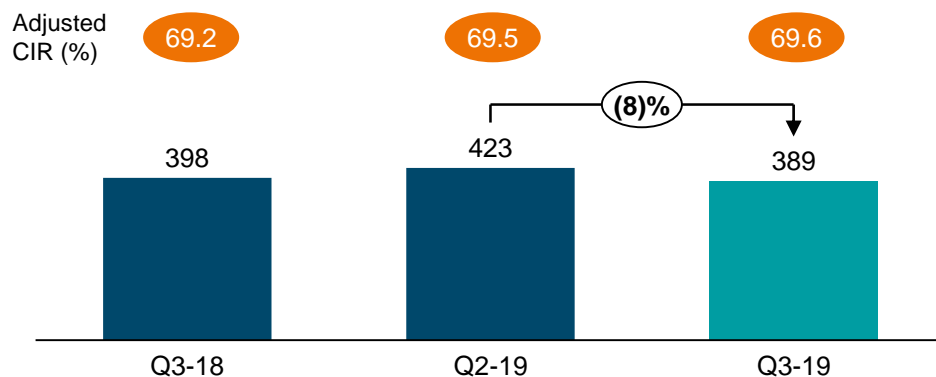
AUM (€BN)



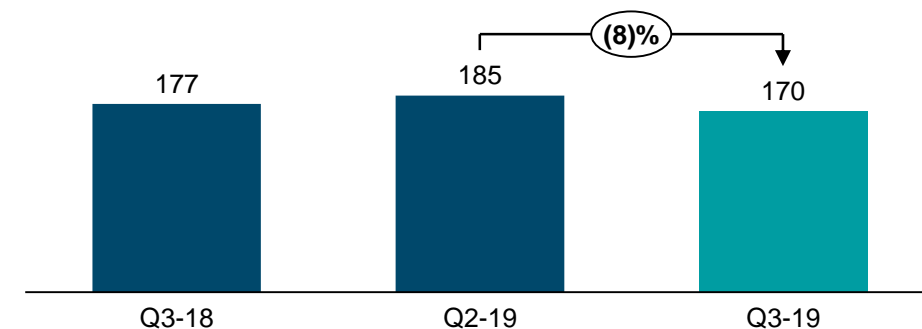
ADJUSTED REVENUES (€M)



ADJUSTED COSTS (€M)



ADJUSTED PROFIT BEFORE TAX (€M)



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

MARKET ENVIRONMENT



EQUITIES (%)



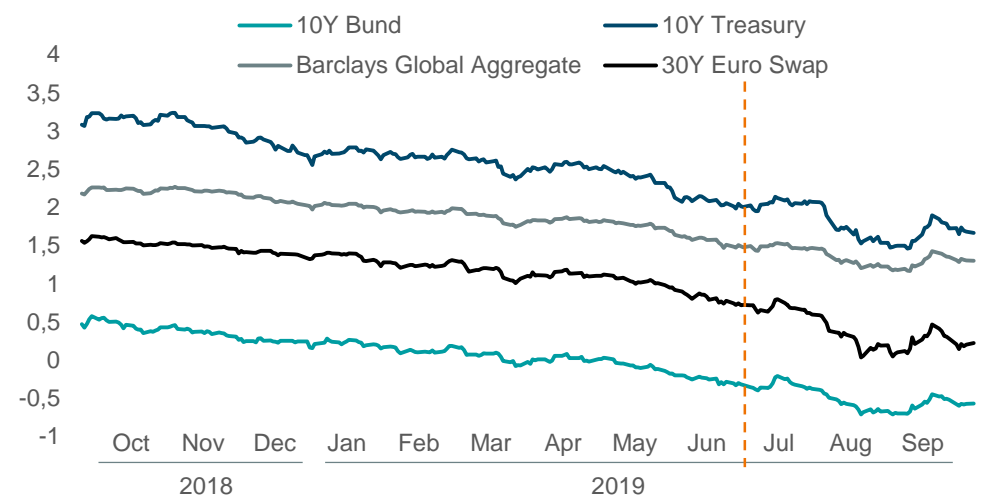
FX (€/\$)



VOLATILITY (VIX INDEX)



INTEREST RATES, YIELD (%)

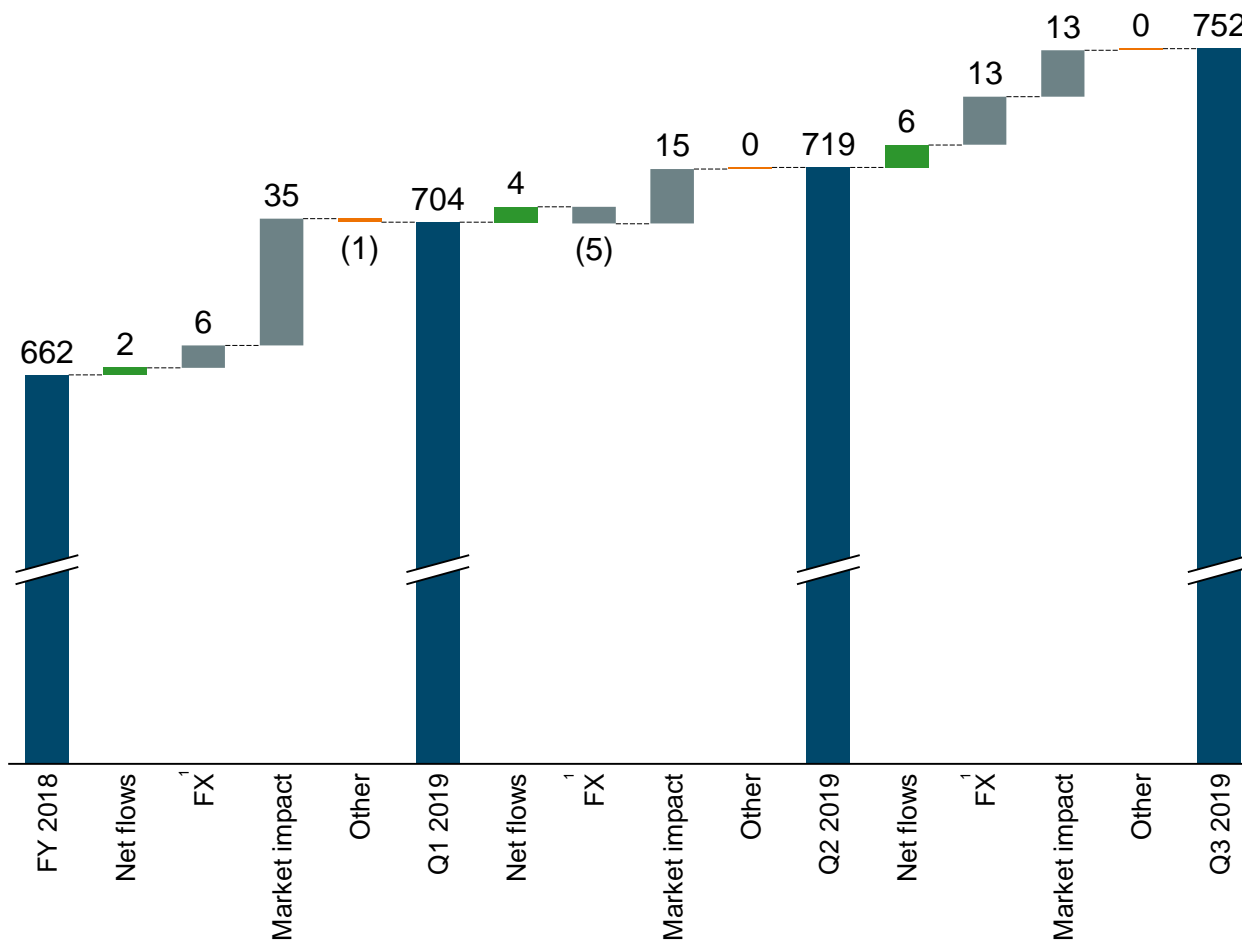


Source: Bloomberg

AUM DEVELOPMENT



AUM DEVELOPMENT DETAIL (€BN)



Q3 HIGHLIGHTS

AuM increased by €33bn to €752bn in Q3

- Q3 net inflows reached €6.2bn driven by targeted growth areas of Multi Asset, Passive and Alternatives
- Strong market performance and favorable FX development both individually contributed €13bn AuM growth

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

Q3 2019 NET FLOWS



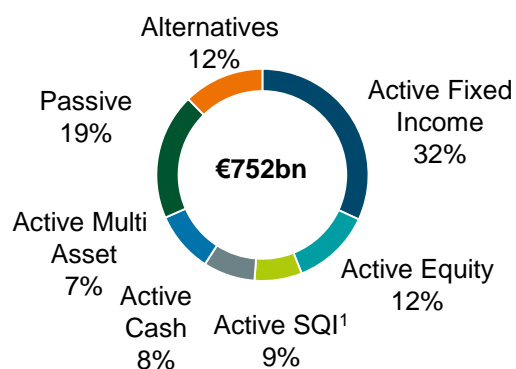
NET FLOWS BREAKDOWN

By asset class (€bn)	Q3-18	Q2-19	Q3-19
Active Equity	(2.5)	(0.7)	(1.1)
Active Multi Asset	(0.6)	0.0	3.4
Active SQI ¹	(0.3)	(0.8)	(0.1)
Active Fixed Income	(0.1)	(3.7)	(1.3)
Passive	(0.2)	3.5	3.2
Alternatives	0.5	2.2	1.6
Total ex Cash	(3.2)	0.6	5.8
Cash	0.5	3.6	0.4
Total	(2.7)	4.2	6.2

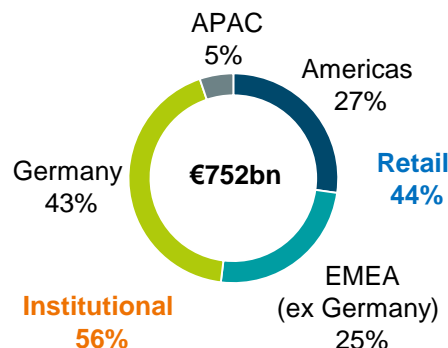
Q3 HIGHLIGHTS

- Net flows improved further from Q2 reaching €6.2bn with positive flows in all regions
- Multi Asset contributed the highest inflow driven by institutional mandates and strong flows into Concept Kaldemorgen of €0.7bn
- Institutional mandates and continued momentum in ETPs drove overall Passive inflows to €3.2bn
- Alternatives benefited from further inflows in Real Estate and other illiquid asset classes
- The low yield environment and corporate activities caused redemptions from some specific institutional clients in Fixed Income
- Outflows in Equities reflecting lower investor risk appetite as a consequence of recent equity market volatility

AUM BY ASSET CLASS



AUM BY REGION & CLIENT TYPE



¹ Systematic and Quantitative Investments

PRODUCT INNOVATIONS & Q4 2019 PIPELINE



Q3 2019 FUND LAUNCHES

EXAMPLES

- DWS Invest Conservative Opportunities
 - DWS ESG Convertibles²
- Multi Asset**
-

- DWS Invest ESG Euro Corporate Bonds
- Fixed Income**
-

- DWS ESG Core Equity Fund²
- Equity**
-

Q4 2019 FUND LAUNCHES PIPELINE¹

EXAMPLES

- DWS Fixed Maturity Multi Bonds Euro 2026
 - DWS Institutional ESG Euro Money Market Fund²
- Fixed Income**
-

- Xtrackers ESG MSCI Emerging Markets UCITS ETF
- ETFs**
-

- DWS Qi Global AC Equity Fund
 - DWS ESG International Core Equity Fund²
 - DWS ESG Investa²
- Equity**
-

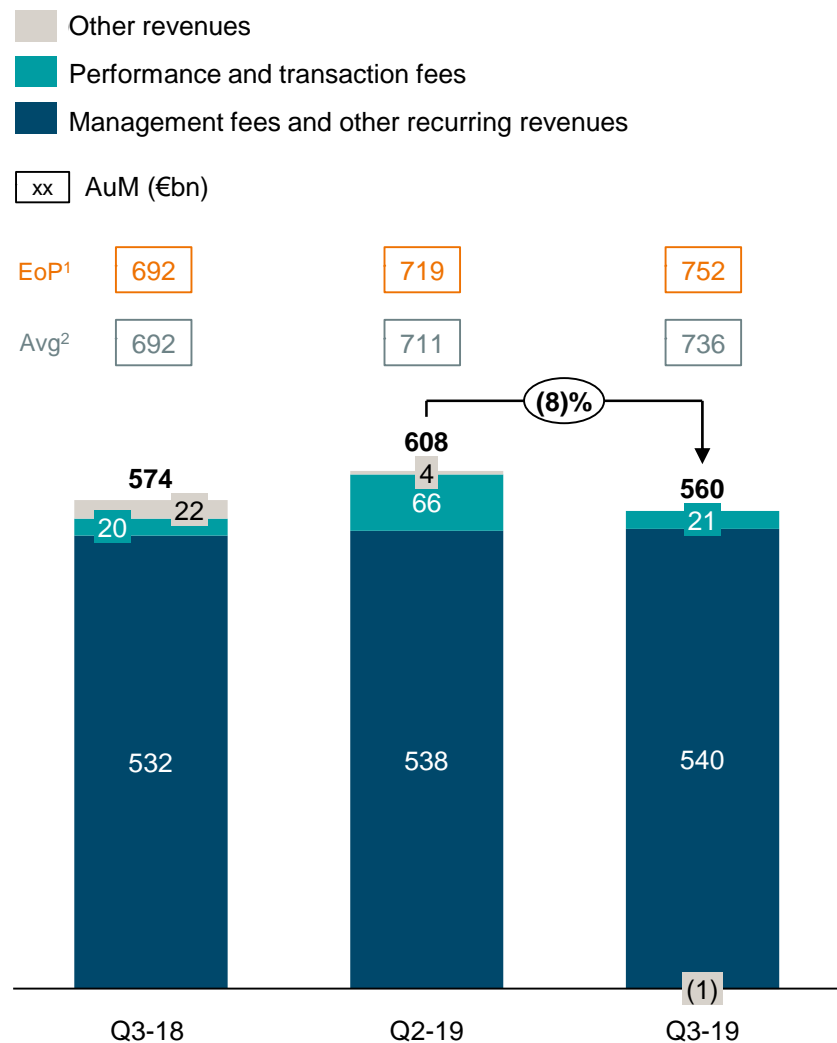
- Infrastructure equity fund
- Alternatives**
-

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 2 Product change

REVENUE DEVELOPMENT

ADJUSTED REVENUES (€M)



1 End of period 2 Monthly average

Q3 HIGHLIGHTS

- Total adjusted revenues were €560m, down by 8% q-o-q due to a non-recurring performance fee in Q2
- Stable management fees and other recurring revenues versus Q2
- Performance and transaction fees excluding the non-recurring Alternatives fund performance fee are broadly stable versus Q2
- Unfavorable change in fair value of guarantees as a consequence of declining interest rates impacted other revenues in Q3

MANAGEMENT FEES AND MARGIN DEVELOPMENT



xx Management fee margin¹ (bps)

Overall margin (bps)

30.5

30.3

29.1

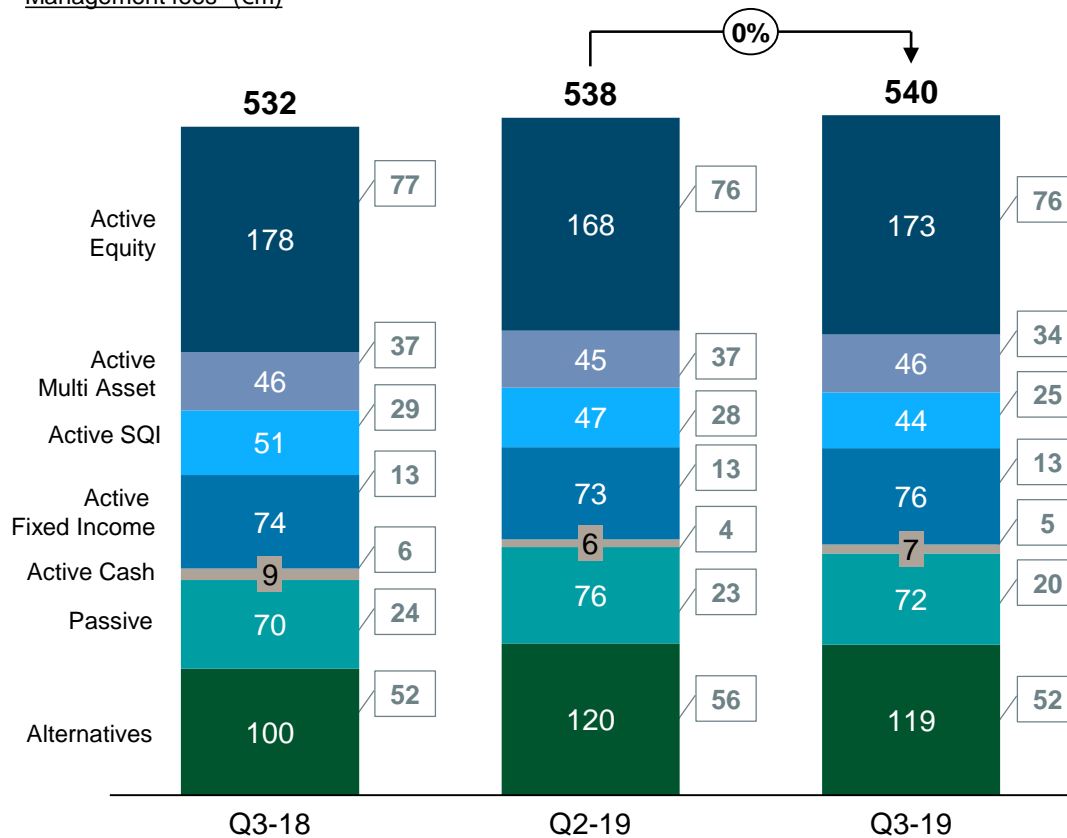
Overall margin ex Cash (bps)

32.7

32.6

31.1

Management fees² (€m)



Q3 HIGHLIGHTS

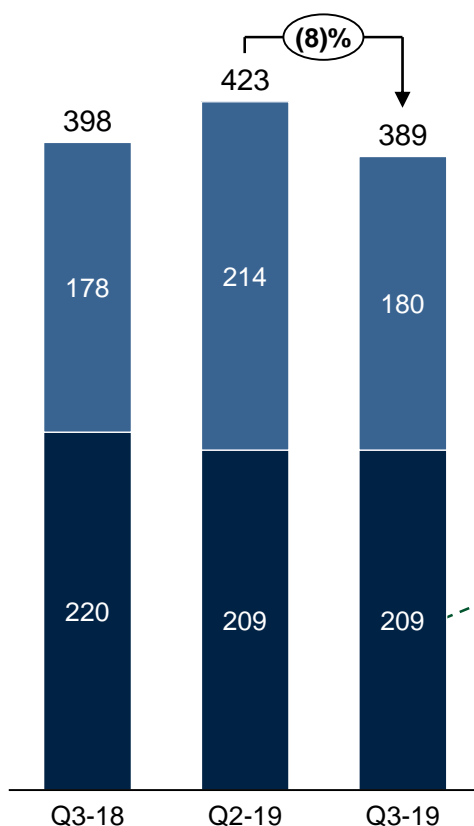
- Stable management fees despite margin decline due to strong increase in AuM
- The change in the overall margin is mainly driven by three factors
 - Product effects: price reductions in guaranteed funds earmarked for termination and a Q2 one-off item in Passive
 - Flow effects: strong inflows into lower margin products within Multi Asset, Alternatives & Passive
 - Market effects: lower margin asset classes appreciated more in value than high margin assets

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 €3m in Q3-18, €4m in Q2-19, €3m in Q3-19 excluded in asset class breakdown

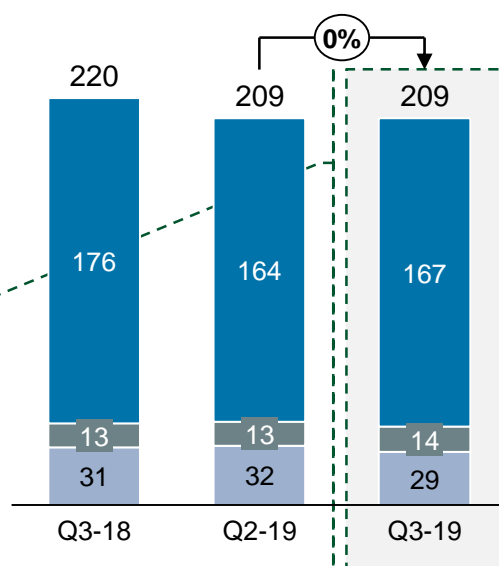
COST DEVELOPMENT

ADJUSTED COSTS (€M)¹



■ Compensation & Benefits
 ■ General & Administrative Expenses

ADJUSTED GENERAL AND ADMINISTRATIVE EXPENSES (€M)¹







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

Q3 HIGHLIGHTS

- Total adjusted costs of €389m reflecting further cost efficiency improvements
- Compensation & benefits declined due to the non-recurring carried interest reflected in Q2
- Stable adjusted CIR of 69.6% already below our FY 2019 target of ~70%
- We are well on track to achieve our accelerated cost savings target of €150m by the end of 2019

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

Q3 CONCLUSIONS

-  Strong fund performance and product innovations support our net flow ambition
-  We remain on track to outperform industry flows in 2019
-  We have identified further cost measures for 2020 in anticipation of a more challenging revenue environment, to ensure we remain on our glide path towards an adjusted cost-income ratio of <65% in 2021
-  “Investor Update” on December 10th, 2019 in Frankfurt am Main



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
- 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

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

	Q3 2019	Q2 2019	Q3 2018	9M 2019	9M 2018	Q3 2019 vs Q2 2019	Q3 2019 vs Q3 2018	9M 2019 vs 9M 2018	
Profit & Loss	Management fees and other recurring revenues	540	538	532	1,585	1,573	0%	2%	1%
	Performance and transaction fees	21	66	20	97	66	(69)%	2%	48%
	Other revenues	(1)	4	22	19	72	N/M	N/M	(73)%
	Net revenues	560	608	574	1,702	1,710	(8)%	(3)%	(0)%
	<i>Revenue adjustments</i>								
	Adjusted revenues	560	608	574	1,702	1,710	(8)%	(3)%	(0)%
	Compensation & Benefits	(185)	(215)	(179)	(596)	(532)	(14)%	3%	12%
	Non-compensation direct costs	(167)	(164)	(179)	(483)	(522)	2%	(6)%	(7)%
	Other general & admin expenses	(42)	(44)	(44)	(124)	(195)	(5)%	(5)%	(36)%
	General & administrative expenses	(210)	(209)	(223)	(607)	(717)	0%	(6)%	(15)%
	Restructuring activities	(2)	(27)	(1)	(31)	(10)	N/M	N/M	N/M
	Total noninterest expenses	(396.2)	(451)	(403)	(1,234)	(1,259)	(12)%	(2)%	(2)%
	<i>Cost adjustments</i>	7	28	5	40	15			
	Adjusted cost base	(389)	(423)	(398)	(1,194)	(1,244)	(8)%	(2)%	(4)%
Profit before tax	163	157	172	468	451	4%	(5)%	4%	
Adjusted profit before tax	170	185	177	508	465	(8)%	(4)%	9%	
Net income	116	112	121	330	311	3%	(5)%	6%	
Other Key Performance Measures	Reported CIR	70.8%	74.2%	70.1%	72.5%	73.6%	(3.3)ppt	0.7 ppt	(1.1)ppt
	Adjusted CIR	69.6%	69.5%	69.2%	70.1%	72.8%	0.1 ppt	0.3 ppt	(2.6)ppt
	FTE (#)	3,415	3,452	3,422	3,415	3,422	(1)%	(0)%	(0)%
	AuM (in €bn)	752	719	692	752	692	5%	9%	9%
	Net flows (in €bn)	6.2	4.2	(2.7)	12.9	(15.4)			
	Net flows ex Cash (in €bn)	5.8	0.6	(3.2)	13.7	(13.1)			
	Net flows (% of BoP AuM – annualized)	3.4%	2.4%	(1.6)%	2.6%	(2.9)%			
	Net flows ex Cash (% of BoP AuM – annualized)	3.4%	0.4%	(2.0)%	3.0%	(2.7)%			
	Management fee margin (bps - annualized)	29.1	30.3	30.5	29.8	30.7			

RECONCILIATION FROM IFRS TO ECONOMIC BALANCE SHEET



Q3 2019 (€BN)	IFRS consolidated	Consolidated Funds	DB Vita and pending	Economic View
Assets				
Cash and bank balances	1.9			1.9
Financial assets at FVPL	3.3	1 (1.3)	2 (0.6)	1.5
Other investments	0.3			0.3
Property and equipment	0.2			0.2
Tax assets	0.1			0.1
Intangible assets	3.9			3.9
Other assets	1.1		3 (0.5)	0.7
Total assets	10.8	(1.3)	(1.0)	8.5
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	3.0	1 (1.3)	3 (0.5)	1.3
Total liabilities	4.1	(1.3)	(1.0)	1.8
Equity	6.7			6.7
Total liabilities and equity	10.8	(1.3)	(1.0)	8.5

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 (€0.5bn)
 - 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	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019	AuM by asset class	FY 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019	Q3 2019
Active Equity	(1.7)	(1.7)	(2.0)	(2.5)	(1.0)	(7.3)	(0.2)	(0.7)	(1.1)	Active Equity	94	88	90	91	77	77	88	90	91
Active Multi Asset	10.7	(1.9)	(0.4)	(0.6)	(0.9)	(3.8)	0.5	0.0	3.4	Active Multi Asset	54	49	50	49	46	46	49	50	54
Active SQI ¹	(4.1)	0.2	1.2	(0.3)	(0.9)	0.2	(0.1)	(0.8)	(0.1)	Active SQI ¹	67	58	68	68	63	63	67	68	70
Active Fixed Income	(1.8)	(4.0)	(5.4)	(0.1)	(7.1)	(16.5)	(1.6)	(3.7)	(1.3)	Active Fixed Income	239	231	231	231	227	227	233	232	240
Active Cash	0.5	(1.6)	(1.2)	0.5	(0.9)	(3.2)	(4.9)	3.6	0.4	Active Cash	59	57	57	58	58	58	54	57	59
Passive	11.6	1.1	2.5	(0.2)	4.0	7.5	6.2	3.5	3.2	Passive	112	110	115	118	112	112	130	136	145
Alternatives	0.8	0.1	0.5	0.5	(0.2)	0.8	2.6	2.2	1.6	Alternatives	74	73	76	76	79	79	85	88	93
DWS Group	15.8	(7.8)	(4.9)	(2.7)	(7.0)	(22.3)	2.5	4.2	6.2	DWS Group	700	665	687	692	662	662	704	719	752

Net flows by region

Americas	0.1	(6.4)	(3.2)	(3.9)	(7.9)	(21.3)	(0.1)	3.2	2.0
EMEA excl. GY	(0.1)	(2.4)	(0.8)	2.0	(0.3)	(1.5)	1.9	1.7	(0.7)
Germany (GY)	13.5	1.9	1.1	(0.9)	0.9	3.0	1.2	1.1	2.4
Asia Pacific	2.3	(0.9)	(2.0)	0.1	0.2	(2.6)	(0.4)	(1.9)	2.5
DWS Group	15.8	(7.8)	(4.9)	(2.7)	(7.0)	(22.3)	2.5	4.2	6.2

AuM by region

Americas	193	181	187	186	177	177	188	192	205
EMEA excl. GY	173	165	168	172	164	164	175	180	185
Germany (GY)	296	284	297	298	286	286	305	312	323
Asia Pacific	38	36	35	35	35	35	37	35	39
DWS Group	700	665	687	692	662	662	704	719	752

Net flows by client channel

Retail	8.8	(1.4)	(4.2)	(2.3)	(1.6)	(9.5)	(0.8)	0.9	0.4
Institutional	7.0	(6.3)	(0.7)	(0.4)	(5.5)	(12.8)	3.3	3.3	5.8
DWS Group	15.8	(7.8)	(4.9)	(2.7)	(7.0)	(22.3)	2.5	4.2	6.2

AuM by client channel

Retail	319	306	310	312	291	291	311	317	328
Institutional	381	358	378	379	372	372	394	402	424
DWS Group	700	665	687	692	662	662	704	719	752

Total net flows	15.8	(7.8)	(4.9)	(2.7)	(7.0)	(22.3)	2.5	4.2	6.2
FX impact	(35.9)	(5.7)	13.1	1.1	4.1	12.6	6.1	(4.6)	13.2
Performance	29.4	(11.1)	6.3	5.7	(28.9)	(28.0)	34.8	14.9	13.2
Other	1.1	(10.4)	8.0	0.2	2.5	0.2	(1.0)	0.4	0.1
Total change in AuM	10.4	(35.1)	22.5	4.4	(29.4)	(37.5)	42.3	14.9	32.7

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

Q3 2019 DETAILED INVESTMENT PERFORMANCE



<i>All figures in %¹</i>		1Y	3Y	5Y
Active Retail	Equity	51%	82%	92%
	Multi Asset	5%	40%	40%
	SQI	34%	36%	23%
	Fixed Income	82%	95%	97%
	Cash	99%	99%	100%
	Total	60%	83%	90%
Active Institutional	Equity	47%	51%	54%
	Multi Asset	21%	25%	33%
	SQI	49%	75%	84%
	Fixed Income	66%	85%	74%
	Cash	94%	100%	100%
	Total	62%	80%	73%
Active Total	Equity	51%	78%	88%
	Multi Asset	17%	28%	35%
	SQI	45%	69%	75%
	Fixed Income	68%	86%	78%
	Cash	96%	100%	100%
	Total	61%	81%	79%
Alternatives	Direct Real Estate	83%	82%	85%
	Liquid Real Assets	71%	65%	81%
	Other Alternatives	100%	100%	100%
	Total	83%	82%	87%
Total DWS	64%	81%	80%	

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 Sep 30, 2019 and Direct Real Estate and Other Alternatives as of Jun 30, 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 Q3 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>.