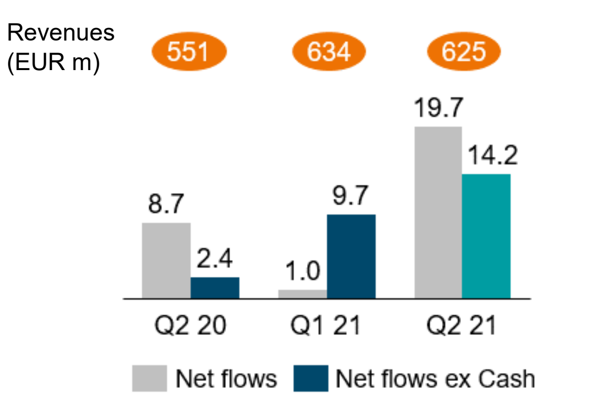
Frankfurt/Main

July 28, 2021

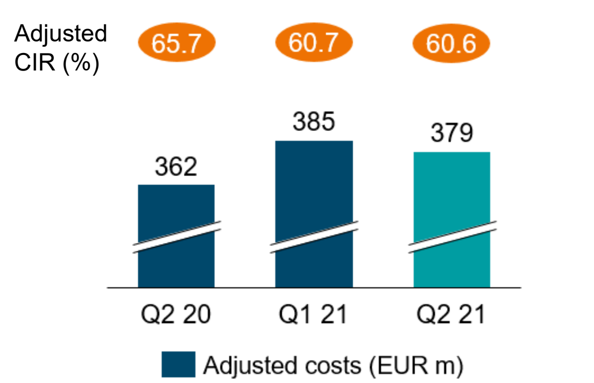
Q2 2021: DWS with Sustained Business Momentum and Record High Net Flows

- **Net flows of EUR 19.7bn in Q2** resulting in EUR 20.7bn in the first half of 2021 (ex Cash EUR 14.2bn in Q2 2021, EUR 9.7bn in Q1 2021)
- **Adjusted costs decreased by 2% to EUR 379m in Q2** (Q1 2021: EUR 385m); EUR 764m in H1 2021, up 8% y-o-y mainly due to higher deferred compensation relating to DWS' share price development since Q2 2020
- **Adjusted Cost-Income Ratio (CIR) at strong level of 60.6% in Q2** (Q1 2021: 60.7) and 60.6% in H1 2021 (H1 2020: 65.8%)
- **Adjusted profit before tax practically stable at EUR 247m in Q2** (Q1 2021: EUR 249m); EUR 496m in H1 2021, up 35% y-o-y
- **Total revenues at virtually unchanged level of EUR 625m in Q2** (Q1 2021: EUR 634m), in H1 2021 EUR 1,259m, up 17% y-o-y
- **AuM** further up by EUR 39bn to **EUR 859bn** in Q2 (Q1 2021: EUR 820bn)

Net Flows (EUR bn) & Revenues



Adjusted CIR & Adjusted Costs



"Our strong business momentum validates our strategic direction we took with a globally integrated structure a year ago. With strong contributions from our targeted growth areas of ESG, Passive and high margin strategies, our growth plan has resulted in record net inflows of almost EUR 20 billion in the second quarter. This enabled us to further increase shareholder value. Moreover, we are fully committed to deliver on all our aspirations for Phase 2."

Asoka Woehrmann, CEO

"Thanks to higher revenues in the first six months, we improved our adjusted Cost-Income Ratio to 61 percent well ahead of plan. In addition, we increased our adjusted profit before tax by 35 percent and our net income by 40 percent in the first half of 2021. Given our strong results in H1 and assuming benign markets, we expect higher revenues and a slight increase of adjusted costs this year compared to last year, leading to a significantly higher profit before tax expectation."

Claire Peel, CFO

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Business Development

DWS sustained its strong business momentum in the second quarter of 2021 a year after refining its organizational structure and consolidating its Executive Board into globally aligned and integrated business and infrastructure divisions. With Active, Passive and Alternative Investments contributing significantly and all regions – Americas, EMEA and APAC – with positive net new assets, we attracted record high net inflows of EUR 19.7 billion in the quarter and EUR 20.7 billion in the first half of the year. The first six months of the year have also been marked by affirmative execution of the growth plan for Phase 2 of our corporate journey, with targeted growth coming from ESG products and solutions, which contributed almost two-fifths of net new assets in the first half of the year, from Passive (EUR 15.3 billion) and from high-margin strategies (EUR 5.8 billion). Adjusted profit before tax surged in the first half year by 35 percent year-on-year and in the second quarter reached basically the same high level as the prior quarter. Assets under Management also increased by EUR 39 billion to a new record of EUR 859 billion. Revenues were up in the first six months of 2021 by 17 percent year-on-year and at a virtually unchanged level in the second quarter compared to the first. Our adjusted cost base declined by 2 percent quarter-on-quarter in the second quarter of 2021, and our adjusted Cost-Income Ratio of 60.6 percent remains at a very low level outperforming our expectation due to strong markets.

Total revenues decreased quarter-on-quarter slightly by 1 percent to EUR 625 million in Q2 2021 (Q1 2021: EUR 634 million; Q2 2020: EUR 551 million), mainly driven by an unfavourable change in the fair value of guarantees and lower performance fees while management fees rose by 7 percent, primarily as a result of higher average Assets under Management during the quarter. In the first half of 2021, total revenues increased year-on-year by 17 percent to EUR 1,259 million (H1 2020: EUR 1,074 million). This was mainly driven by higher average Assets under Management during the first six months of the year, positive developments of market values, a higher contribution from our stake in Harvest and increased performance fees.

Adjusted profit before tax decreased quarter-on-quarter slightly by 1 percent to EUR 247 million in the second quarter (Q1 2021: EUR 249 million; Q2 2020: EUR 189 million). After tax, DWS posted a 2 percent higher **net income** of EUR 172 million for the second quarter 2021 (Q1 2021: EUR 169 million; Q2 2020: EUR 122 million). Adjusted profit before tax for the first half of 2021 improved strongly by 35 percent year-on-year to EUR 496 million (H1 2020: EUR 368 million). Net income surged in the first half year of 2021 year-on-year by 40 percent to EUR 340 million (H1 2020: EUR 243 million).

Assets under Management (AuM) further rose by EUR 39 billion to EUR 859 billion in the second quarter of 2021 (Q1 2021: EUR 820 billion; Q2 2020: EUR 745 billion). This was mainly driven by strong net inflows and positive market developments, while exchange rate movements had a negative impact on the AuM.

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We recorded positive **net flows** of EUR 19.7 billion in the second quarter of 2021, achieving total net inflows of EUR 20.7 billion in the first six months of 2021. This corresponds to a net flow rate of 5.3 percent compared with 1.6 percent over the same period in 2020. In the second quarter, Passive remained a key driver of quarterly inflows (EUR 7.9 billion), further supported by Active (ex Cash) (EUR 4.5 billion), Alternatives (EUR 1.8 billion) and Cash products (EUR 5.4 billion). Excluding Cash, net inflows improved from an already high level to EUR 14.2 billion quarter-on-quarter. ESG dedicated funds attracted net flows of EUR 4 billion in Q2.

Active Asset Management ex Cash again increased its net flows substantially to EUR 4.5 billion in the second quarter (Q1 2021: EUR 1.2 billion). All sub-asset classes except Active Equity (minus EUR 0.3 billion), which, however, experienced high demand for ESG products, contributed to this increase. Multi Asset attracted net inflows of EUR 2.0 billion with strong demand from institutional investors and inflows into flagship fund DWS Concept Kaldemorgen. In addition, Active Fixed Income was able to generate net new assets of EUR 1.7 billion driven by great demand from institutional investors. Moreover, Active SQI recorded net inflows of EUR 1.1 billion. Cash products saw net inflows of EUR 5.4 billion.

Passive Asset Management was able to increase net new assets from the already high level reached in Q1 to EUR 7.9 billion in the second quarter (Q1 2021: EUR 7.4 billion). The very strong flow momentum was driven by net flows into ETPs (exchange-traded funds and commodities) and was supported by positive net inflows from institutional mandates. We are gaining market share in Europe in the second quarter as well as in the first half of the year as we are growing faster than the ETP market overall. For the first half of the year, we ranked second in European ETP net flows with a flow market share of 13 percent (source: ETFGI).

Alternatives generated higher net flows of EUR 1.8 billion in the second quarter (Q1 2021: EUR 1.0 billion) driven by Liquid Alternatives with net new assets of EUR 1.2 billion. Illiquid Alternatives added another EUR 0.6 billion with inflows mainly into Infrastructure funds supported by demand for Real Estate funds.

Adjusted costs, which also exclude transformation charges of EUR 7 million, decreased quarter-on-quarter by 2 percent to EUR 379 million in Q2 2021 (Q1 2021: EUR 385 million; Q2 2020: EUR 362 million). This decline was due to 7 percent lower compensation and benefits costs. In the first half of the year, adjusted costs rose by 8 percent year-on-year to EUR 764 million (H1 2020: EUR 707 million), mainly driven by higher compensation and benefits costs primarily due to higher deferred compensation relating to DWS' share price increase since end of Q2 2020.

The **adjusted Cost-Income Ratio** (CIR) decreased slightly by 0.1 percentage points to 60.6 percent in the second quarter 2021 (Q1 2021: 60.7 percent; Q2 2020: 65.7 percent), remaining at a very low level. The adjusted CIR improved year-on-year by 5.1 percentage points to 60.6 percent in the first half of the year (H1 2020: 65.8 percent).

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Growth Initiatives and Strategic Progress

DWS advanced forward in transformation and on its growth path in the second quarter. Intensifying our collaboration with strategic partners, we launched an innovative fund for pension funds in cooperation with **Tikehau Capital**. This offers defined contribution pension plans diversified, stable and long-term returns from collateralized investments such as infrastructure and real estate loans or direct loans. Capitalizing on strong institutional demand for infrastructure assets, we achieved a final close of the total EUR 3 billion for our **third Pan European Infrastructure Fund (PEIF III)**, exceeding our EUR 2.5 billion target. This is the third fund in the successful flagship PEIF series. In addition, we successfully launched a **new ESG Infrastructure Debt Fund** targeting institutional investors in response to growing demand for such solutions. Continually improving our business structure, we have continued our organizational changes across divisions and regions in order to strengthen our distribution power, efficiency and expertise as a firm. Besides, we wanted to act responsibly as a corporate citizen: Given the severe coronavirus situation in India, we have **donated a further EUR 250,000** to the humanitarian aid organization **Give India**. They help people who have contracted COVID-19, for example, by providing urgently needed items such as oxygen cylinders and ventilators for hospitals.

In the second quarter, we also campaigned for climate positive action and received external recognition for our efforts in this regard. DWS is one of 6 global firms that advise and help drive forward the global **Net Zero Asset Managers Initiative (NZAMI)**, reflecting our firm's growing external reputation as a **leading expert in ESG** and sustainable investing. The objective of the **Advisory Group** is to serve as both champions spearheading this initiative as well as provide recommendations to the more than 70 participating global asset managers. As part of a project to meet NZAMI targets, we also sent an **engagement letter** to more than 220 companies across different sectors, urging them **to become net-zero by 2050 or sooner**.

Outlook

For the full year 2021, revenues are expected to be higher than in 2020, driven by high net inflows and the current market environment. We expect the adjusted Cost-Income Ratio to remain in the low 60s (percent), assuming benign markets. Net flows are on track to reach more than 4 percent in 2021, driven by our targeted growth areas ESG, Passive and high-margin strategies. In the medium term, DWS' Management is fully committed to deliver on all our aspirations for Phase 2 of our corporate journey as a listed firm.

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Appendix

Profit & Loss Statement (in EUR m) and Key Performance Indicators

	Q2 2021	Q1 2021	H1 2021	H1 2020	Q2 2021 vs. Q1 2021	H1 2021 vs. H1 2020
Management Fees and other recurring revenues	584	548	1,132	1,061	7%	7%
Performance & Transaction Fees	19	40	58	37	-53%	57%
Other Revenues	23	46	69	-23	-51%	N/M
Total net revenues	**625**	**634**	**1,259**	**1,074**	-1%	17%
Revenue adjustments	-	-	-	-	-	-
Adjusted revenues	***625***	***634***	***1,259***	***1,074***	-1%	17%
Compensation and benefits	195	211	406	365	-7%	11%
General and administrative expenses	191	185	376	355	3%	6%
Restructuring activities	1	1	2	10	-19%	-84%
Total noninterest expenses	**387**	**397**	**783**	**731**	-2%	7%
Cost adjustments	*8*	*12*	*20*	*24*	*N/M*	*N/M*
of which transformation charges	*7*	*6*	*13*	*0*		
Adjusted cost base (excl. transformation charges)	***379***	***385***	***764***	***707***	-2%	8%
Profit before tax	**239**	**237**	**476**	**343**	1%	39%
Adjusted Profit before tax (excl. transformation charges)	***247***	***249***	***496***	***368***	-1%	35%
Net income	***172***	***169***	***340***	***243***	2%	40%
Cost-Income Ratio	61.9%	62.6%	62.2%	68.0%	-0.7ppt	-5.8ppt
Adjusted Cost-Income Ratio (excl. transformation charges)	*60.6%*	*60.7%*	*60.6%*	*65.8%*	-0.1ppt	-5.1ppt
Employees (full-time equivalent)	3,342	3,332	3,342	3,333	0%	0%
Assets under management (in EUR bn)	859	820	859	745	5%	15%
Net flows (in EUR bn)	19.7	1.0	20.7	6.2		
Net flows (% of BoP AuM - annualized)	9.6	0.5	5.3	1.6		
Management fee margin (bps annualized)	28.1	27.9	28.0	28.6		

N/M – Not meaningful

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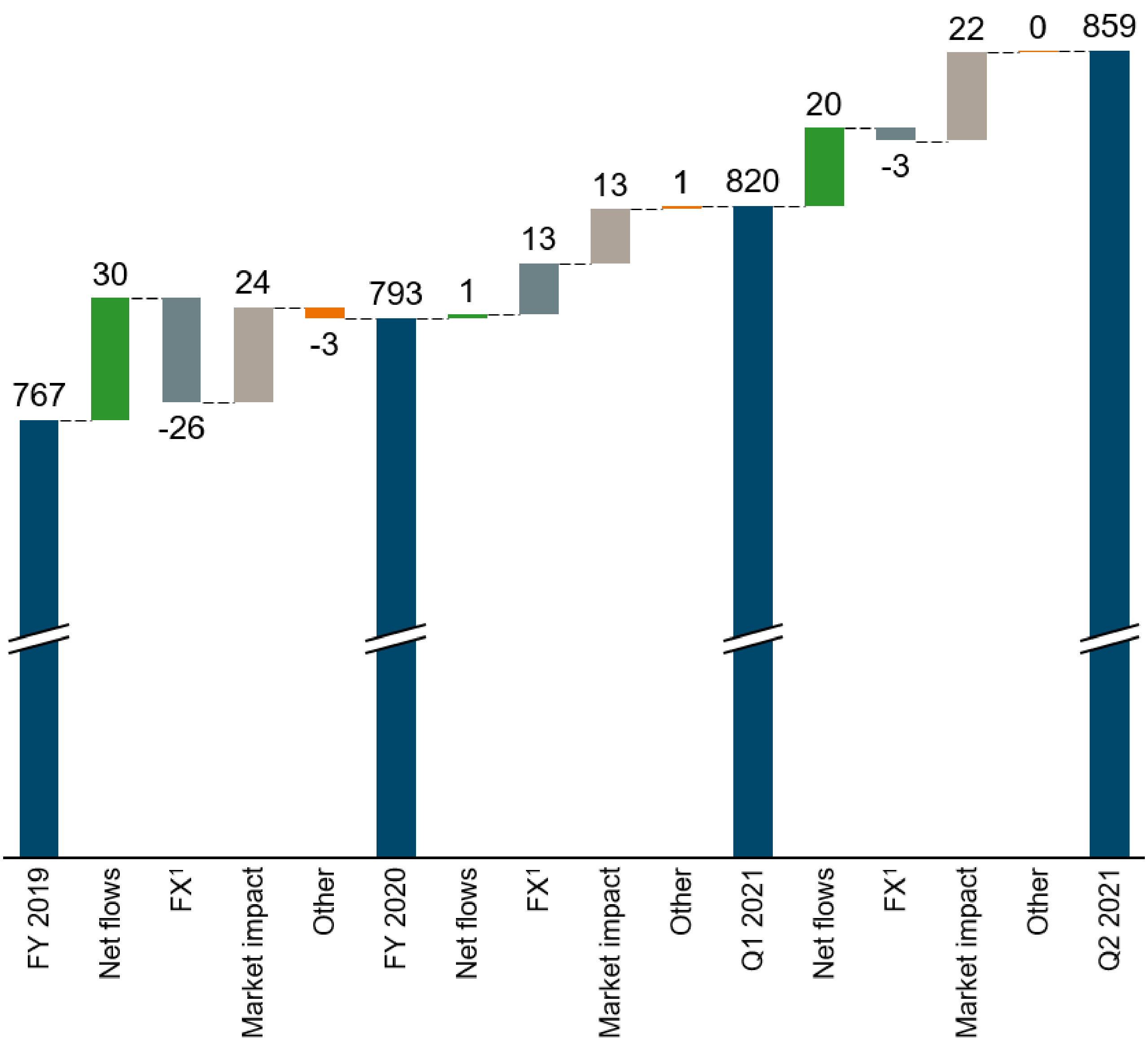
AuM development in detail (in EUR bn)



[1] Represents FX impact from non-euro denominated products; excludes performance impact from FX

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Webcast/Call

Asoka Woehrmann, Chief Executive Officer, and Claire Peel, Chief Financial Officer, will elaborate on the results in an investor and analyst call on 28 July 2021 at 10 am CEST. The analyst webcast/call will be held in English and broadcasted on https://group.dws.com/ir/reports-and-events/financial-results/. It will also be available for replay. Further details will be provided under https://group.dws.com/ir/.

About DWS Group

DWS Group (DWS) is one of the world's leading asset managers with EUR 859bn of assets under management (as of 30 June 2021). Building on more than 60 years of experience, it has a reputation for excellence in Germany, Europe, the Americas and Asia. DWS is recognized by clients globally as a trusted source for integrated investment solutions, stability and innovation across a full spectrum of investment disciplines.

We offer individuals and institutions access to our strong investment capabilities across all major asset classes and solutions aligned to growth trends. Our diverse expertise in Active, Passive and Alternatives asset management – as well as our deep environmental, social and governance focus – complement each other when creating targeted solutions for our clients. Our expertise and on-the-ground-knowledge of our economists, research analysts and investment professionals are brought together in one consistent global CIO View, which guides our investment approach strategically.

DWS wants to innovate and shape the future of investing: with approximately 3,500 employees in offices all over the world, we are local while being one global team. We are investors – entrusted to build the best foundation for our clients' future.

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Important Note
This release 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.

SFDR came into effect on March 10, 2021. It creates a comprehensive reporting framework for financial products and entities. It introduces specific disclosure requirements for products that promote social or environmental characteristics (Article 8) or have sustainable investment as their objective (Article 9), as well as a general disclosure requirement in relation to the integration of sustainability risks with other products (Article 6). The SFDR together with the Taxonomy Regulation, the proposed Corporate Sustainability Reporting Directive and the amended MiFiD II and Insurance Distribution Directive, are expected to create a coherent sustainable finance framework that will translate the EU climate and environmental objectives into transparent criteria for specific economic activities for investment purposes. We have therefore introduced an ESG Product Classification Framework that is designed to comply with SFDR for products within its scope. We have classified such products accordingly as Article 6, 8 and 9 and we consider all Article 8 and 9 products as ESG. For products outside the scope of SFDR (principally originating in the US and Asia Pacific), the ESG Product Classification Framework applies the Global Sustainable Investment Alliance (GSIA) General Industry Standards and Guidelines to institutional products, while retail products are classified in line with the SFDR-based DWS ESG Conversion Framework. Products that comply with these GSIA standards are also classified as ESG. We will continue to develop and refine our ESG Product Classification Framework in accordance with evolving regulation and industry standards. The aforementioned definitions apply to the entire release.

This document contains alternative performance measures (APMs). For a description of these APMs, please refer to the Interim Report, which is available at
https://group.dws.com/ir/reports-and-events/financial-results/.

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