Deutsche Telekom AG (DTEGY)

Updated November 14th, 2025 by Aristofanis Papadatos

Key Metrics

Current Price:	$32	**5 Year CAGR Estimate:**	11.9%	**Market Cap:**	$151 B
Fair Value Price:	$35	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	4/10/2026[1]
% Fair Value:	93%	**5 Year Valuation Multiple Estimate:**	1.5%	**Dividend Payment Date:**	4/20/2026
Dividend Yield:	3.1%	**5 Year Price Target**	$51	**Years Of Dividend Growth:**	3
Dividend Risk Score:	D	**Sector:** Communication Services		**Rating:**	Hold

Overview & Current Events

Deutsche Telekom is the largest telecommunications company in Europe and the second-largest telecommunications company in the world. The company operates through the following segments: Germany, United States, Europe, and System Solutions. The German segment provides fixed-network and mobile solutions as well as wholesale telecommunications services. The United States segment includes T-Mobile (Deutsche Telekom owns ~52% of T-Mobile), while Europe encompasses all fixed-network and mobile operations outside Germany. The Systems Solution segment provides information and communication technology systems. Deutsche Telekom has ~259 million mobile customers, 25 million fixed-network lines, and ~22 million broadband lines. U.S. investors can initiate a stake in Deutsche Telekom through American Depository Receipts that trade under the ticker DTEGY with a market cap of $151 billion.

On September 6th, 2021, Deutsche Telekom agreed to acquire 45.4 million shares of T-Mobile from SoftBank and thus grew its stake in T-Mobile from 43.2% to 46.8%. SoftBank received 225 million shares from Deutsche Telekom. Deutsche Telekom and SoftBank also agreed to position the former as a major partner in the business of the latter.

In mid-November, Deutsche Telekom reported (11/13/25) results for the third quarter of fiscal 2025. Revenue and adjusted EBITDA grew 2% and 6%, respectively, over the prior year's period, and adjusted earnings-per-share grew 9.5%, primarily thanks to strong performance in the U.S and strong results in Europe. Management provided guidance for adjusted EBITDA of €45.3 billion, free cash flow of €20.1 billion in 2025 and an 11% dividend raise in 2026.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$0.77	$0.61	$0.89	$1.13	$1.14	$1.06	$1.44	$1.93	$1.73	$1.99	***$2.30***	***$3.38***
DPS	$0.56	$0.63	$0.65	$0.77	$0.78	$0.68	$0.72	$0.69	$0.77	$0.79	***$0.99***	***$1.20***
Shares[2]	4,587	4,677	4,762	4,761	4,743	4,743	4,954	4,972	4,976	4,908	***4,900***	***4,900***

Deutsche Telekom's earnings growth has been somewhat volatile. The company has grown its earnings-per-share by 11.1% per year over the last decade. Management has provided a strong guidance for 2025-2027. Assisted by the extensive use of data and artificial intelligence, the company expects to grow revenue and earnings-per-share at an average annual rate of 4% and 11%, respectively, through 2027. We have assumed a 5-year annual earnings-per-share growth rate of 8.0% to reflect the guidance of management while also maintaining a margin of safety, given the somewhat choppy performance record of the telecommunications giant.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	23.1	27.7	20.2	14.6	14.7	15.4	13.7	9.8	12.9	15.6	***13.9***	***15.0***
Avg. Yld.	3.2%	3.7%	3.6%	4.7%	4.6%	4.2%	3.7%	3.6%	3.4%	2.5%	***3.1%***	***2.4%***

[1] Estimated date for annual dividend.

[2] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Deutsche Telekom's price-to-earnings ratio has been volatile over the last decade, ranging from as high as 27.7 to as low as 9.8, with an average value of 17.8. We believe this historical valuation multiple is far too rich for a company like Deutsche Telekom. Given comparable valuations in the domestic telecommunications industry, our target for Deutsche Telekom's fair value is a price-to-earnings ratio of 15. The stock is now trading at an earnings multiple of 13.9. If it trades at our fair value estimate in five years, it will enjoy a 1.5% annualized gain in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

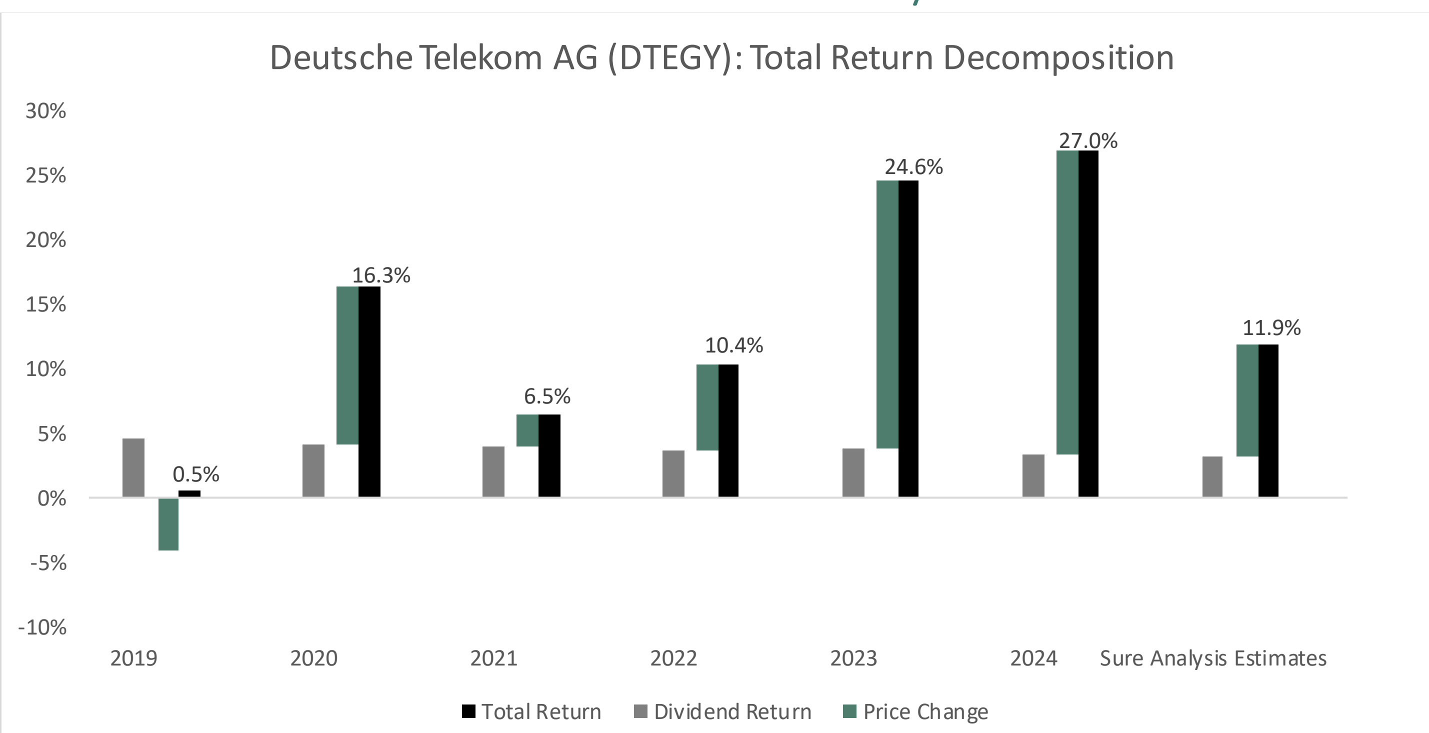
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	72.7%	103%	73.0%	68.1%	68.2%	64.2%	50.0%	35.8%	44.5%	39.7%	***43.0%***	***35.6%***

Deutsche Telekom has undisputed leadership within the European telecommunications market and is investing aggressively to maintain this position. Deutsche Telekom also has an investment-grade BBB credit rating from Standard & Poor's, which allows it to raise capital at attractive rates to continue investing in its future. It has also proved fairly resilient to recessions thanks to the defensive nature of its business. During the pandemic, it incurred just a -7% decrease in its earnings-per-share.

Final Thoughts & Recommendation

Deutsche Telekom provides exactly what most investors in the telecommunications sector are looking for: stability, cash flow, and a high dividend payout. Moreover, the company's global business model combined with its ~ 52% ownership of T-Mobile gives it exposure to telecommunications markets worldwide. In addition, the stock traded in a narrow range, between $14 and $21, most of the time in the last decade, but it has decisively broken above this range since last year thanks to improved growth prospects. Moreover, the company has proved resilient to economic downturns. This feature makes it easier to hold the stock for the long term, without emotional pressure to sell during market sell-offs. The stock can offer an 11.9% average annual return over the next five years thanks to 8.0% earnings growth, its 3.1% dividend and a 1.5% valuation tailwind. The stock appears attractive and maintains its hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	76822	80899	84878	88975	89,767	115,026	128,396	119,810	120,503	124,590
Gross Profit	39452	42180	44280	46772	51,133	67,158	72,999	67,031	72,342	76,165
Gross Margin	51.4%	52.1%	52.2%	52.6%	57.0%	58.4%	56.9%	55.9%	60.0%	61.1%
SG&A Exp.	353	336	399	509	477	716	892	1,005	693	680
D&A Exp.	12606	14809	16519	16338	19,774	29,497	32,516	29,346	25,956	26,006
Operating Profit	6591	7225	8204	9059	10,925	15,019	16,199	14,832	22,915	26,202
Op. Margin	8.6%	8.9%	9.7%	10.2%	12.2%	13.1%	12.6%	12.4%	19.0%	21.0%
Net Profit	3611	2961	3920	2558	4,329	4,749	4,941	8,438	19,257	12,132
Net Margin	4.7%	3.7%	4.6%	2.9%	4.8%	4.1%	3.8%	7.0%	16.0%	9.7%
Free Cash Flow	426	2095	-2603	6443	9759	5,766	6,870	12,344	21,037	22,408

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets ($B)	157	157	170	166	191	326	319	320	321	317
Cash & Equivalents	7540	8190	3973	4208	6,041	15,914	6,794	6,017	7,998	8,702
Acc. Receivable	9573	9704	11461	11425	12,149	16,633	14,110	17,980	17,860	17,077
Inventories	2019	1722	2381	2048	1,756	3,315	3,232	2,829	2,674	2,550
Goodwill & Int.	62345	64063	75419	74296	76,400	145,218	150,188	163,966	163,438	167,782
Total Liab. ($B)	116	116	119	117	139	236	227	227	220	215
Accounts Payable	12067	10982	13118	12239	10541	11,920	11,771	12,848	11,914	9,744
Long-Term Debt	63080	61847	64721	67178	72480	125,896	123,335	116,845	111,444	109,154
Total Equity	32143	30980	36872	35355	35517	44,183	48,322	52,074	62,925	65,864
LTD/E Ratio	1.96	2.00	1.76	1.90	2.04	2.85	2.55	2.24	1.77	1.66

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	2.3%	1.9%	2.4%	1.5%	2.4%	1.8%	1.5%	2.6%	6.0%	3.8%
Return on Equity	11.4%	9.4%	11.6%	7.1%	12.2%	11.9%	10.7%	16.8%	19.8%	11.9%
ROIC	3.4%	2.9%	3.6%	2.2%	3.6%	2.8%	2.3%	4.0%	9.1%	5.8%
Shares Out.	4,587	4,677	4,762	4,761	4,743	4,763	4,954	4,972	4,976	4,938
Revenue/Share	16.87	17.49	18.05	18.76	18.93	24.25	26.68	24.10	24.22	25.23
FCF/Share	0.09	0.45	-0.55	1.36	2.06	1.22	1.43	2.48	4.23	4.54

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.