Deutsche Telekom AG (DTEGY)

Updated May 15th, 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	$32	**5 Year CAGR Estimate:**	15.0%	**Market Cap:**	$158 B
Fair Value Price:	$41	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	4/7/2027[1]
% Fair Value:	78%	**5 Year Valuation Multiple Estimate:**	5.2%	**Dividend Payment Date:**	4/15/2027
Dividend Yield:	3.6%	**5 Year Price Target**	$58	**Years Of Dividend Growth:**	4
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 $158 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-May, Deutsche Telekom reported (5/13/26) results for the first quarter of fiscal 2026. Revenue and adjusted EBITDA grew 0.5% and 2%, respectively, over last year's quarter, primarily thanks to strong performance in the U.S. Management slightly raised its guidance for adjusted EBITDA in 2026, from €47.4 billion to €47.5 billion, and still expects free cash flow of €19.8 billion and double-digit growth of earnings in 2026.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$0.61	$0.89	$1.13	$1.14	$1.06	$1.44	$1.93	$1.73	$1.99	$2.51	***$2.75***	***$3.86***
DPS	$0.63	$0.65	$0.77	$0.78	$0.68	$0.72	$0.69	$0.77	$0.79	$0.99	***$1.14***	***$1.39***
Shares[2]	4,677	4,762	4,761	4,743	4,743	4,954	4,972	4,976	4,908	4,847	***4,800***	***4,750***

Deutsche Telekom's earnings growth has been somewhat volatile. The company has grown its earnings-per-share by 17.0% per year over the last decade. Management has provided a strong guidance for 2026-2027. 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 7.0% 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	27.7	20.2	14.6	14.7	15.4	13.7	9.8	12.9	15.6	13.9	***11.6***	***15.0***
Avg. Yld.	3.7%	3.6%	4.7%	4.6%	4.2%	3.7%	3.6%	3.4%	2.5%	2.8%	***3.6%***	***2.4%***

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[1] 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 17.2. 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 11.6. If it trades at our fair value estimate in five years, it will enjoy a 5.2% annualized gain in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

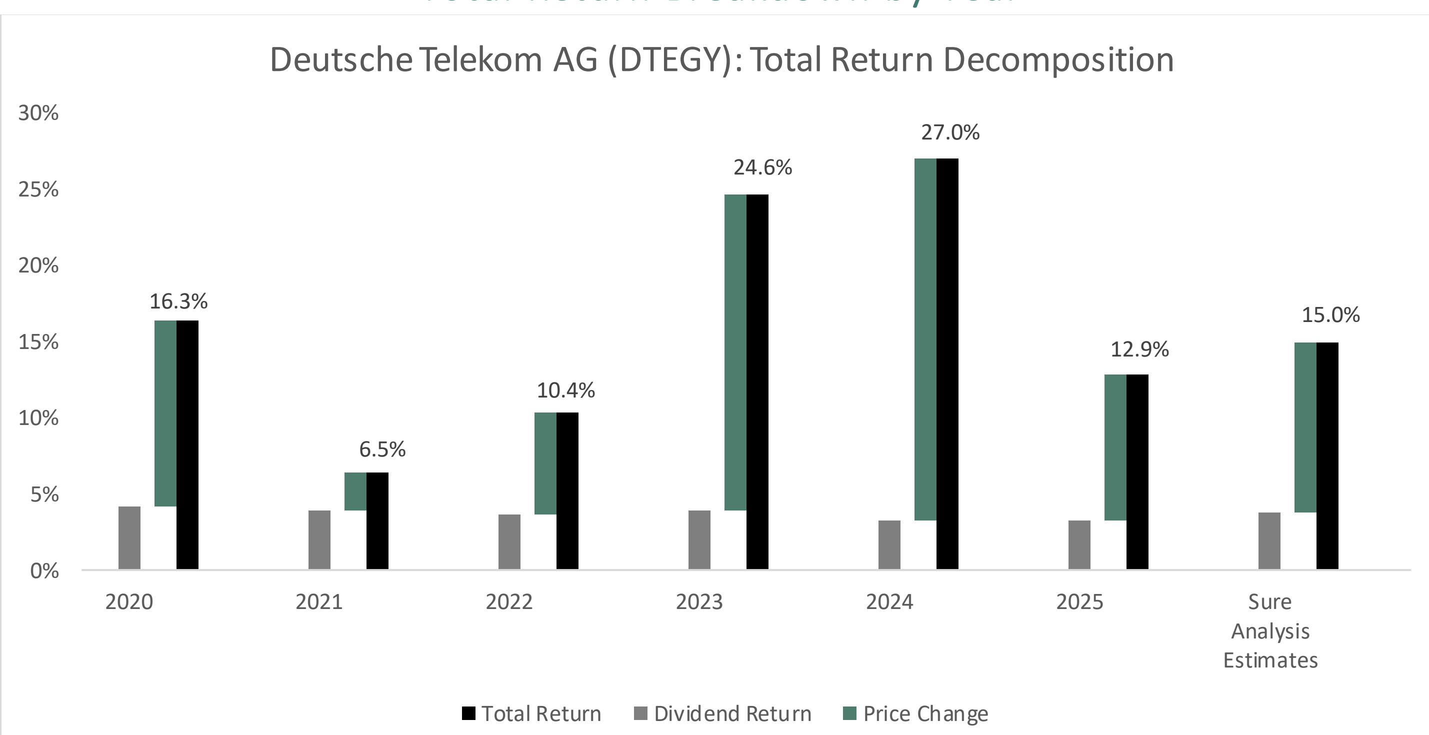
Year	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2031**
Payout	103%	73.0%	68.1%	68.2%	64.2%	50.0%	35.8%	44.5%	39.7%	39.4%	***41.5%***	***36.0%***

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 2024 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 could offer a 15.0% average annual return over the next five years thanks to 7.0% earnings growth, its 3.6% dividend and a 5.2% valuation tailwind. The stock appears attractive and maintains its hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	80899	84878	88975	89,767	115,026	128,396	119,810	120,503	124,590	134,392
Gross Profit	42180	44280	46772	51,133	67,158	72,999	67,031	72,342	76,165	33,064
Gross Margin	52.1%	52.2%	52.6%	57.0%	58.4%	56.9%	55.9%	60.0%	61.1%	24.6%
SG&A Exp.	336	399	509	477	716	892	1,005	693	680	---
D&A Exp.	14809	16519	16338	19,774	29,497	32,516	29,346	25,956	26,006	27,017
Operating Profit	7225	8204	9059	10,925	15,019	16,199	14,832	22,915	26,202	30,266
Op. Margin	8.9%	9.7%	10.2%	12.2%	13.1%	12.6%	12.4%	19.0%	21.0%	22.5%
Net Profit	2961	3920	2558	4,329	4,749	4,941	8,438	19,257	12,132	16,845
Net Margin	3.7%	4.6%	2.9%	4.8%	4.1%	3.8%	7.0%	16.0%	9.7%	12.5%
Free Cash Flow	2095	-2603	6443	9759	5,766	6,870	12,344	21,037	22,408	24,119

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets ($B)	157	170	166	191	326	319	320	321	317	365
Cash & Equivalents	8190	3973	4208	6,041	15,914	6,794	6,017	7,998	8,702	9,194
Acc. Receivable	9704	11461	11425	12,149	16,633	14,110	17,980	17,860	17,077	23,466
Inventories	1722	2381	2048	1,756	3,315	3,232	2,829	2,674	2,550	3,366
Goodwill & Int.	64063	75419	74296	76,400	145,218	150,188	163,966	163,438	167,782	156,965
Total Liab. ($B)	116	119	117	139	236	227	227	220	215	257
Accounts Payable	10982	13118	12239	10541	11,920	11,771	12,848	11,914	9,744	11,154
Long-Term Debt	61847	64721	67178	72480	125,896	123,335	116,845	111,444	109,154	156,000
Total Equity	30980	36872	35355	35517	44,183	48,322	52,074	62,925	65,864	73,017
LTD/E Ratio	2.00	1.76	1.90	2.04	2.85	2.55	2.24	1.77	1.66	2.27

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	1.9%	2.4%	1.5%	2.4%	1.8%	1.5%	2.6%	6.0%	3.8%	4.8%
Return on Equity	9.4%	11.6%	7.1%	12.2%	11.9%	10.7%	16.8%	19.8%	11.9%	16.0%
ROIC	2.9%	3.6%	2.2%	3.6%	2.8%	2.3%	4.0%	9.1%	5.8%	6.4%
Shares Out.	4,677	4,762	4,761	4,743	4,763	4,954	4,972	4,976	4,938	4,871
Revenue/Share	17.49	18.05	18.76	18.93	24.25	26.68	24.10	24.22	25.23	27.59
FCF/Share	0.45	-0.55	1.36	2.06	1.22	1.43	2.48	4.23	4.54	4.95

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