Deutsche Telekom AG

Deutsche Telekom AG offers telecommunication services. The company provides a comprehensive range of fixed-line telephony, mobile communications, internet access, and combined IT and telecommunications services for residential and business customers worldwide.

Initial Situation

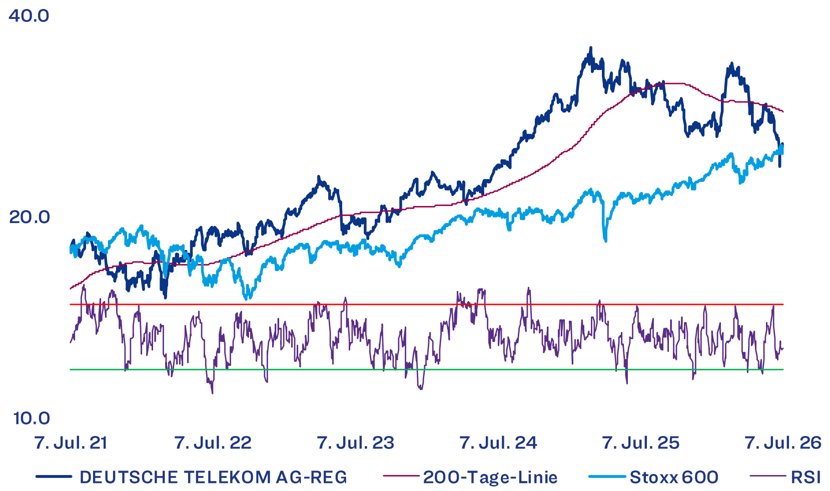
Deutsche Telekom AG, headquartered in Bonn, is one of the world's leading integrated telecommunications companies and a prime example of modern network and data infrastructure. Founded in its current form in 1995, the company has since evolved from a traditional fixed-line provider into a comprehensive provider of telecommunications, internet, and IT services for residential and business customers, and now boasts a global presence. Today, Deutsche Telekom serves approximately 260 million mobile customers, around 25 million fixed-line connections, and roughly 22 million broadband connections. In the USA and several European countries, the group operates under the T-Mobile brand. The company's business activities are divided into five operating segments: USA (approx. 65 % of revenue), Germany (approx. 20 % of revenue), Europe with operations in Greece, Hungary, Poland, Czech Republic, Croatia, Slovakia, Austria, North Macedonia, and Montenegro (approx. 10 % of revenue), and the System Solutions & Corporate Development segment (approx. 5 % of revenue). While the USA, Germany, and Europe segments cover the traditional telecommunications business, the System Solutions segment consolidates IT and communication services for corporate clients.

Investment Suggestion

In 2026, Deutsche Telekom AG's stock is under pressure. At the end of June, the share price stood at EUR 23.78, its lowest level since 2024; over the past twelve months, the performance has been negative, with approximately -18%. The main reason is the heavy reliance on T-Mobile US, which is expected to generate around 65% of operating profit in 2026. Intense competition and disruption from new providers like Starlink (SpaceX) as well as discussions surrounding artificial intelligence have weakened the share price over the past 12 months. In our view the telecommunications business cannot be structurally displaced. Therefore, the current valuation is attractive: The group's market capitalization is approximately EUR 125 billion, with the majority stake in T-Mobile US alone accounting for over EUR 100 billion. The entire European business, including Germany, is valued at only around €25 billion. As a major shareholder, the German government provides additional stability. In addition, Deutsche Telekom is attractive with a dividend yield of approximately 4 %. Given its solid, recession-resistant business model, attractive valuation, and strong market position, we, like the analysts, see share price potential. The price target is EUR 37.15, which corresponds to an upside potential of over 45 %. We recommend buying Deutsche Telekom shares at the current price level.

Deutsche Telekom AG

ISIN	DE0005557508
Sektor	Telekommunication
Currency	EUR
Market Cap	EUR 123 Mrd.
12 Mt. Return	- 14.39 %
Price	EUR 25.34
Price Target	EUR 37.15 (+ 46.32 %)
Price/Book	1.94
Price/Earnings	13.96
Dividend Yield	3.95 %
ESG-Rating	BBB



Quelle: Bloomberg, Neue Bank AG

Markus Alefelder
Investment Advisor
Tel. +423 236 07 85

Fabian Bürzle
Private Banking
Tel. +423 236 07 69

Neue Bank

Disclaimer

Markus Alefelder
Investment Advisor
Tel. +423 236 07 85

Fabian Bürzle
Private Banking
Tel. +423 236 07 69