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## Deutsche Telekom expects earnings growth to slow in 2019



BONN, Germany (Reuters) - Deutsche Telekom forecast that its earnings would continue to grow in 2019 but by less than expected as Chief Executive Tim Hoettges looks to close a key U.S. merger, acquire spectrum and roll out 5G services.

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AKZEPTIEREN

After a 5 percent rise in 2018 core profit, Europe's leading mobile operator expects 2019 adjusted earnings before interest, taxation, depreciation and amortization (EBITDA) after leases to grow by 3 percent to 23.9 billion euros (\$27.1 billion).

Although in line with its own projections given in 2018, it compares to analysts' expectations for 2019 core earnings of 24.7 billion euros.

French peer Orange also said that it expected earnings to grow at a slower pace as stronger competition in France weighs.

Deutsche Telekom is habitually conservative with its annual outlook. In 2018, it lifted it three times.

#### ADVERTISEMENT

Deutsche Telekom said on Thursday that it planned to hike the dividend to 70 from 65 cents per share, in line with expectations. Its shares slipped 1.75 percent by 0835 GMT.

"Guidance looks slightly soft to consensus on a comparable basis," analysts from Jefferies said in a note to clients.

Deutsche Telekom's adjusted EBITDA in the fourth quarter rose 12.6 percent to 5.65 billion euros - roughly in line with expectations of 5.588 billion euros.

Results were lifted by another strong showing at Deutsche Telekom's U.S. unit T-Mobile, which accounts for nearly half of the group revenue, and is seeking regulator approval for its \$26 billion takeover of Sprint Corp.

In its German home market, Deutsche Telekom saw mobile service revenues rise 2 percent in the quarter with 12.2 million customers now using fiber-optic lines, a quarter more than last year. Overall sales fell 1.1 percent.

Deutsche Telekom is targeting massive spending in the March 5G spectrum auction, as well as continued investment in broad band infrastructure. Globally, it is planning roughly stable capital expenditure of 12.7 billion euros.

Its European business benefited from the takeover of UPC in Austria, driving sales 2.6 percent higher.

Despite stable revenues at its IT services arm T-Systems, core earnings of the unit fell 16 percent as investments in growth areas such as cloud computing, health and Internet of Things weighed.

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