

**Deutsche Telekom AG**

Deutsche Telekom (DT) is an international telecommunications and information technology services provider. The company offers communication, information, network-centric information and communication technology (ICT), and entertainment solutions to residential and corporate customers in Europe and the US. In addition, it provides a full range of mobile, fixed-line, internet, and data transmission services. DT reported results for Q3 2022, which were in line with analyst expectations. The company raised its full-year 2022 adjusted EBITDA after lease (AL) guidance for the third time this year and increased the 2022 dividend by ca 10%. Analyst estimates however were already at these levels and slightly higher for the dividend. Revenues grew 8.8% y/y to EUR29.0bn. After adjusting for the positive impact of stronger foreign currencies, Q3 2022 revenue was up 0.5% y/y, marginally below analyst expectations. By geography, revenues increased 15.9% y/y in the US and 5.5% y/y (organically) in Europe. German revenues were solid, increasing 2.8% y/y, confirming last quarter's inflection after several quarters with weaker trends. Adj. EBITDA AL was up 8.5% y/y (excluding the US: +3.9% y/y organically) to EUR10.5bn. Excluding the favourable currency impact, adj. EBITDA AL grew a mere 0.7% y/y, marginally ahead of consensus. Adj. net profits rose 83.6% y/y to EUR2.4bn, resulting in adj. EPS growth of 77.8% y/y to EUR 0.48. For the third time this year, the company raised its 2022 guidance (organic). It now expects adj. EBITDA AL to come in at more than EUR37bn (ca EUR37bn previously) and adj. EPS the more than EUR 1.50 (vs more than EUR 1.25 previously). On the other hand, the FCF outlook of over EUR10bn remained unchanged.

Corporate Ratings		Periodicity	Fiscal Quarterly	Currency	Default	Parent/Consolidated			C	Data	Adjusted (if Available)			
S&P	BBB													
Outlook	Stable													
Moody's	Baa1													
Outlook	Stable													
Fitch	BBB+													
Outlook	Stable													
CDS Data														
5 YR CDS	58.00													
% 3 Months	8.98													
% 6 Months	-2.58													
% 1 Year	56.58													
52 Week Low	36.58													
52 Week High	74.28													
Profitability		Balance Sheet Summary		03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
EBIT	20,131	Total Current Assets		42,540.0	42,540.0	33,630.0	36,507.0	38,799.0	34,586.0	32,729.0	33,798.0	37,293.0	37,293.0	37,293.0
Operating Margin	17.65	Total Long-Term Assets		278,817.0	278,817.0	268,056.0	255,915.0	242,828.0	238,769.0	237,775.0	240,103.0	227,624.0	227,624.0	227,624.0
Pretax Margin	14.11	Total Assets		321,357.0	321,357.0	301,686.0	292,422.0	281,627.0	273,355.0	270,504.0	273,901.0	264,917.0	264,917.0	264,917.0
Return on Assets	3.86	Total Current Liabilities		48,649.0	48,649.0	39,647.0	36,495.0	38,803.0	35,035.0	35,225.0	35,295.0	37,135.0	37,135.0	37,135.0
Return on Common Equity	24.81	Total Long-Term Liabilities		178,232.0	178,232.0	173,547.0	168,272.0	161,355.0	159,460.0	158,279.0	161,122.0	155,232.0	155,232.0	155,232.0
Return on Capital	7.04	Total Liabilities		226,881.0	226,881.0	213,194.0	204,767.0	200,158.0	194,495.0	193,504.0	196,417.0	192,367.0	192,367.0	192,367.0
Asset turnover	0.38	Total Shareholders' Equity		94,476.0	94,476.0	88,492.0	87,655.0	81,469.0	78,860.0	77,000.0	77,484.0	72,550.0	72,550.0	72,550.0
		Shares Outstanding		4,986.5	4,986.5	4,986.5	4,986.5	4,971.9	4,986.5	4,761.5	4,761.5	4,743.5	4,743.5	4,743.5
		Book Value per Share		--	--	10.3	10.3	9.6	9.7	8.6	8.2	8.1	8.1	7.6
		Tangible Book Value / Sh		-20.2	-20.2	-19.4	-17.9	-18.1	-18.0	-18.9	-19.2	-17.3	-17.3	-17.3
		Shareholder Equity/Total Liab		29.4	29.4	29.3	30.0	28.9	28.8	28.5	28.3	27.4	27.4	27.4
Structure		Cash Flow Summary		03/23 E	12/22 E	LTM	09/22 Q	06/22 Q	03/22 Q	12/21 Q	09/21 Q	06/21 Q	03/21 Q	12/20 Q
Current Ratio	0.87	Net Income		1,503.0	580.0	7,459.0	1,578.0	1,460.0	3,949.0	472.0	889.0	1,879.0	936.0	1,671.0
Quick Ratio	0.63	Depreciation and Amortization		--	--	--	--	--	--	--	--	--	--	--
Total Debt to Total Assets	50.78	Change in Working Capital		--	--	-5,660.0	-92.0	-6,029.0	16.0	445.0	2,047.0	-999.0	-1,655.0	2,542.0
Total Debt to Com Equity	317.26	Cash - Operating Activities		--	--	33,850.0	9,323.0	8,621.0	9,356.0	6,550.0	9,233.0	8,080.0	8,307.0	7,298.0
Acct Receivable Turnover	7.31	Capital Expenditures		-4,361.3	-5,732.7	-15,879.0	-4,425.0	-3,958.0	-3,621.0	-3,875.0	-3,236.0	-3,306.0	-3,199.0	-4,211.0
Inventory Turnover	20.17	Cash - Investing Activities		--	--	-20,225.0	-5,364.0	-5,635.0	-4,511.0	-4,715.0	-6,380.0	-3,934.0	-12,373.0	-7,345.0
Gross Margin	--	Cash - Financing Activities		--	--	-11,466.0	-743.0	-7,580.0	-2,587.0	-556.0	-5,377.0	-5,160.0	1,002.0	2,344.0
EBIT / Total Inter	3.67	Net Changes in Cash		--	--	2,159.0	3,216.0	-4,594.0	2,258.0	1,279.0	-2,524.0	-1,014.0	-3,064.0	2,297.0
		Free Cash Flow		4,256.6	2,323.6	17,971.0	4,898.0	4,663.0	5,735.0	2,675.0	5,997.0	4,774.0	5,108.0	3,087.0
Growth Potential														
Sales 1yr Growth	7.72													
Asset 1yr Growth	6.31													
Capital 1yr Growth	6.55													

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