

# Deutsche Telekom profit down 37 pct to \$696 mln

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(AP) -- German telecommunications company Deutsche Telekom AG saw net profits fall 37 percent in the first quarter as it lost mobile phone customers in the U.S. and its business suffered in crisis-stricken Greece.

Friday's earnings statement showed [net profit](#) of euro480 million (\$696 million), down from euro767 million a year ago. Revenue was down 7 percent to euro14.597.

The company said its business remained relatively strong in its home country, Germany. But it faced a variety of difficulties elsewhere. Those include an ongoing struggle against bigger competitors in the United States; slow economies in Greece and Romania; a new tax in Hungary, and expensive efforts to attract and keep customers in Netherland and Poland.

The company saw its customer base and revenue slip at T-Mobile USA, which it is in the process of selling to AT&T for \$39 billion. A high churn rate among contract customers of 2.4 percent was a weak point, only partly offset by growth in prepaid customers.

As a result, the overall customer base in the U.S. declined by 99,000 during the quarter to 33.6 million.

"Notwithstanding the announced sale of T-Mobile USA, the company will continue to pursue its strategy as an aggressive competitor on the market until the transaction has been closed," the company said in a

statement.

The sale to AT&T would reduce the number of U.S. [mobile phone](#) companies with national coverage from four to three, and must pass scrutiny from anti-trust regulators. The Justice Department and the Federal Communications Commission could take a year or longer to review the proposed transaction.

[Deutsche Telekom](#) earnings were also reduced because the company also no longer includes earnings from [T-Mobile](#) UK, now part of a joint venture with France Telecom's Orange.

The company's performance of 9 euro cents per share fell short of analyst estimates of 15 euro cents. The shares were down 1 percent at 11.05 in morning trading in Germany.

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