

Investments weigh on Deutsche Telekom bottom line

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Investments, including into 5G networks, pushed down Deutsche Telekom's profits

German network operator Deutsche Telekom said Thursday it was confident of hitting its financial targets for 2019, although it reported falling profits in the first quarter as costly infrastructure investments hit.

Net [profit](#) at the Bonn-based group fell 9.3 percent year-on-year between January and March, to 900 million euros (\$1 billion).

Operating, or underlying profit (EBIT) grew 4.0 percent to 2.3 billion euros, on revenues up 8.7 percent at 19.5 billion.

While revenues beat expectations from analysts surveyed by Factset, operating and [net profit](#) both fell short.

Telekom said its investment outlays swelled 20 percent over the quarter, with 3.7 billion euros pumped into building up its American mobile network and preparing to launch high-speed 5G connectivity in Germany.

Overshadowing operators' bidding for the [radio spectrum](#) needed to provide the ultra-fast technology has been US pressure on Berlin to shut out Chinese equipment maker Huawei, citing [security concerns](#).

So far ministers have refused to bow to Washington's demands.

On the operational side, chief executive Tim Hoettges hailed a "successful start to the year", saying Telekom also shone outside its traditionally high-performing US arm T-Mobile.

Package mobile and landline deals sold well in Europe, helping it add 17 percent more customers in Germany compared with early 2018.

But the US division continued its breakneck growth, adding 1.6 million new customers over the quarter.

T-Mobile is also waiting on competition authorities' green light for a merger with competitor Sprint.

Looking ahead to the full year, Deutsche Telekom aims for an operating profit of 23.9 billion euros as measured by EBITDA, 2.5 percent higher than in 2018.

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