

MAGYAR TELEKOM GROUP RESULTS PRESENTATION

May 13, 2020



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DISCLAIMER

This investor presentation contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore should not have undue reliance placed upon them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors are described in, among other things, our Annual Reports for the year ended December 31, 2019 available on our website at <http://www.telekom.hu>.

In addition to figures prepared in accordance with IFRS, Magyar Telekom also presents non-GAAP financial performance measures, including, among others, EBITDA, EBITDA margin, and net debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways. For further information relevant to the interpretation of these terms, please refer to the chapter “Reconciliation of pro forma figures”, which is posted on Magyar Telekom’s Investor Relations webpage at www.telekom.hu/investor_relations.

MEASURES IN RESPONSE TO COVID-19

Offers

- Promotional mobile data offers
- Zero rated educational content
- Additional TV content free of charge
- Promotional voice offers for 65+
- Donations to socially disadvantaged groups

Operation

- Optimization of sales channels
- Increasing online sales and customer care
- Majority of employees working remotely
- Growing importance of digitalization

Network

- Monitoring capacity levels
- Servicing to facilitate increased demand in the public and corporate segments



#DigitalCooperation



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Q1 2020 HIGHLIGHTS

Network

- Accelerated fiber rollout
- Acquisition of 5G licenses and launch of commercial 5G service



48%

gigabit capable network



Service launch

Services

- Continuous shift to higher bandwidth fixed broadband subscriptions
- Strong increase in mobile data usage



+56%

fixed broadband customers sign up for >100 Mbps package

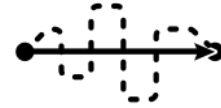


~5GB

Average monthly mobile data usage

Optimization

- Continued agile transformation process
- Reduction in total headcount



Agile

cross functional working practices



9%

Cut in Group headcount

North Macedonia

- Sustained positive trends in customer developments
- Increased focus on cost control measures

#1

Fixed line operator



35%

of home customers have integrated package



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Q1 2020 RESULTS AND FINANCIAL TARGETS

		3M 2020 Results (change y-o-y)	Target 2020
REVENUE	<ul style="list-style-type: none"> Continued growth in telecommunication service revenues SI/IT revenue contraction reflects further decline in public sector demand Marginal negative effect of Covid-19 	HUF 159.3 bn (+0.2%)	Broadly stable
EBITDA AL	<ul style="list-style-type: none"> Higher interconnect costs and telecom tax due to growing usage Elevated bad debt levels Savings in indirect costs mitigate higher severance expenses 	HUF 40.9 bn (+1.1%)	Increase of 1%-2%
CAPEX¹	<ul style="list-style-type: none"> Strong increase in investments related to fiber rollout and installations in Hungary Higher TV content capitalization in Macedonia More even quarterly distribution vs 2019 	HUF 21.4 bn (+50.4%)	Broadly stable
FCF²	<ul style="list-style-type: none"> Lower level of decline in working capital offset by higher capex and absence of real-estate income First quarter typically seasonally weak due to higher supplier outpayments 	HUF -18.3 bn (-23.3%)	Ca. 5% growth

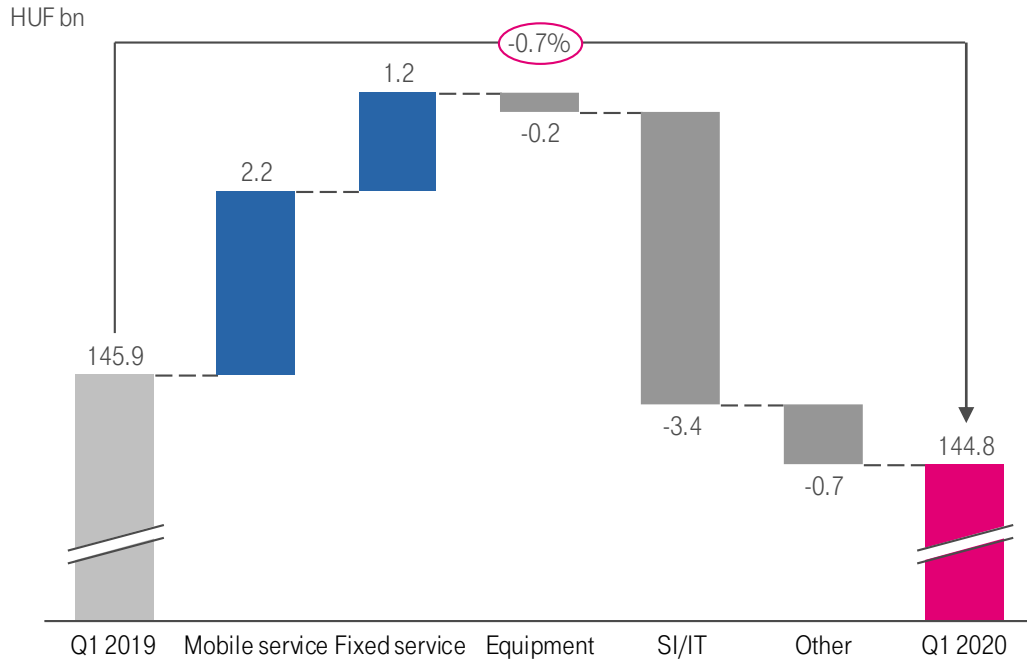
¹ EXCLUDING SPECTRUM LICENSE FEES AND CAPEX RELATED TO RIGHT OF USE ASSETS

² EXCLUDING SPECTRUM LICENSE FEES

HUNGARIAN FINANCIAL DEVELOPMENTS

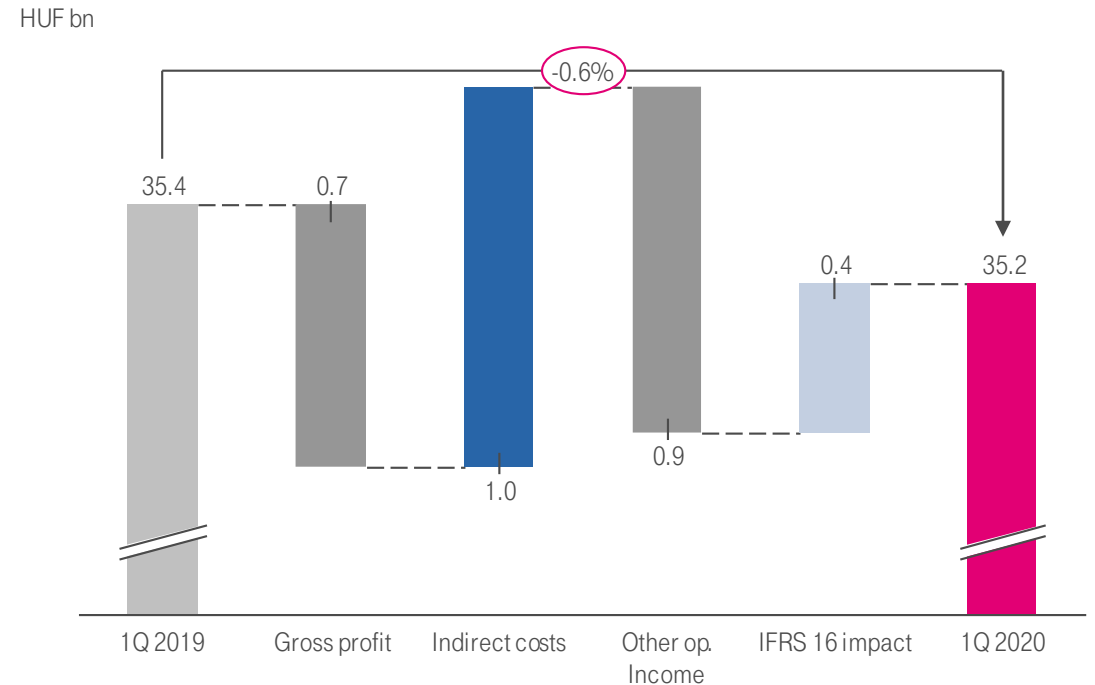
REVENUES

- Telecommunication service revenue growth continues
- Decline in equipment sales revenues due to initial impacts of Covid-19
- SI/IT revenue decline driven by lower level of project deliveries to the public sector



EBITDAAL

- Gross profit decline as a result of:
 - Lower SI/IT contribution
 - Higher bad debt
 - Negative FX and telecom tax impact
- Cost optimization mostly offset by absence of real-estate income

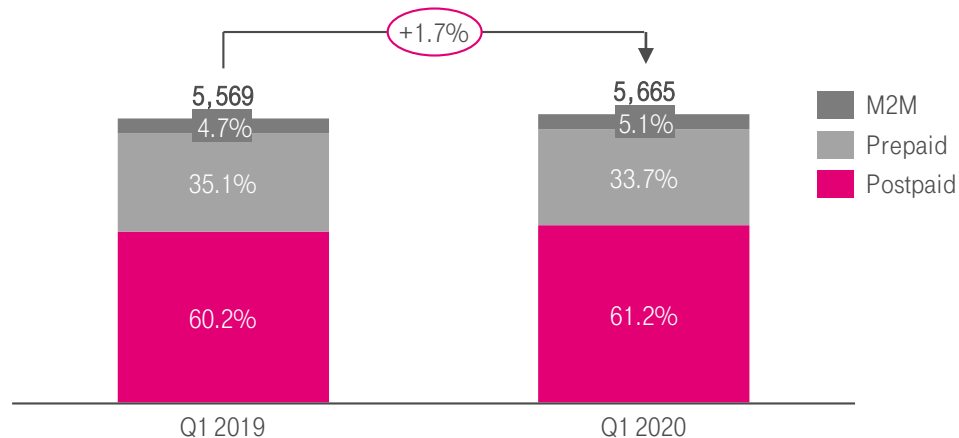


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HUNGARY – CUSTOMER DEVELOPMENTS

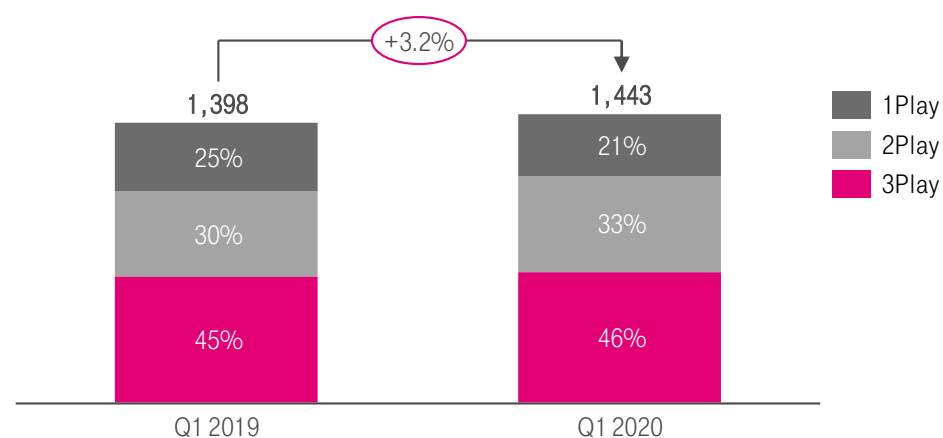
Mobile SIMs

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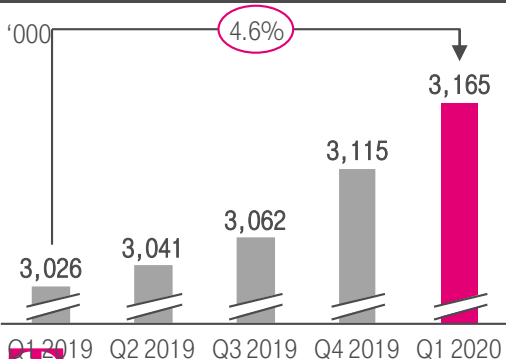
Fixed line multiplay residential subscribers

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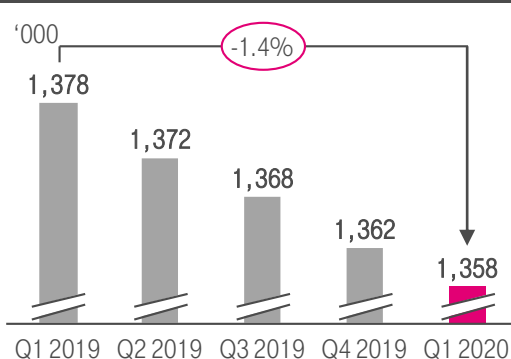
Mobile data SIMs

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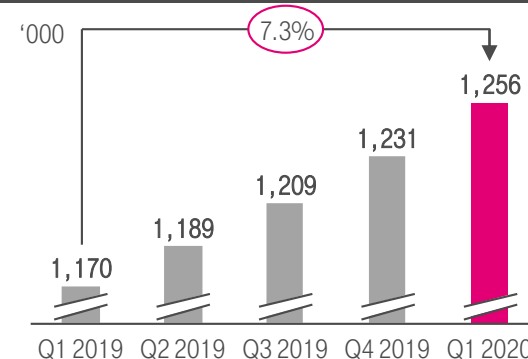
Fixed voice customers

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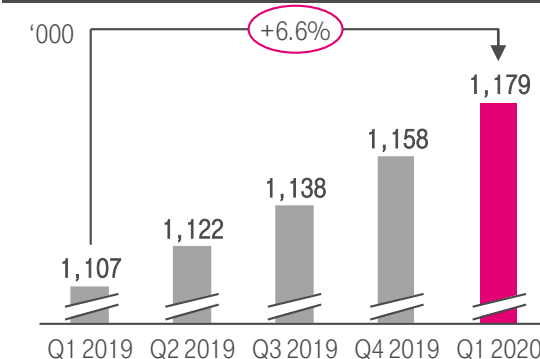
Fixed broadband customers

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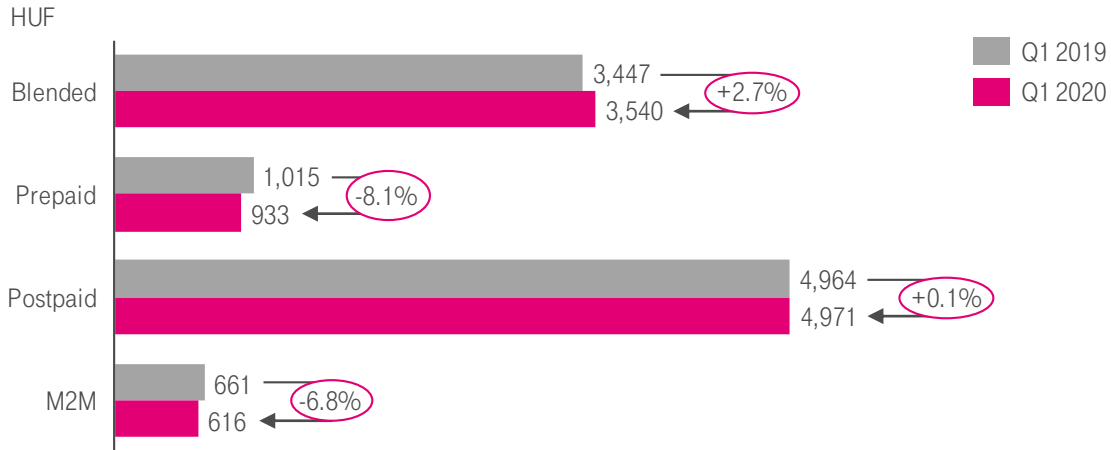
Pay TV customers

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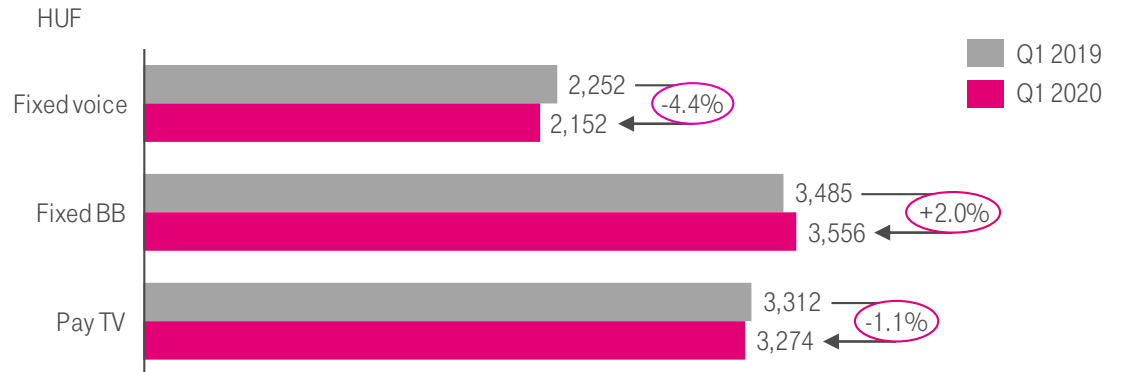


HUNGARY – AVERAGE USAGE & ARPU DEVELOPMENTS

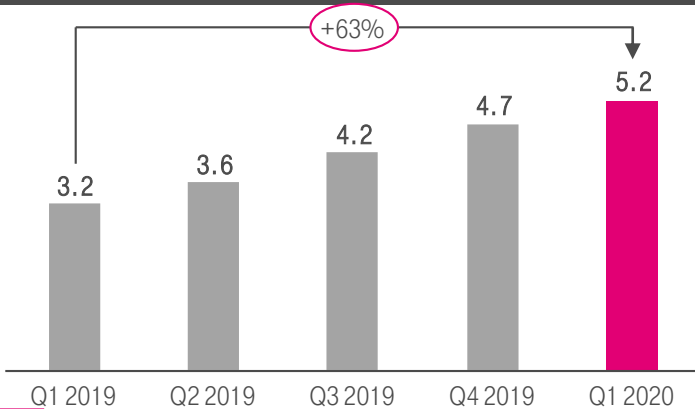
Mobile ARPU



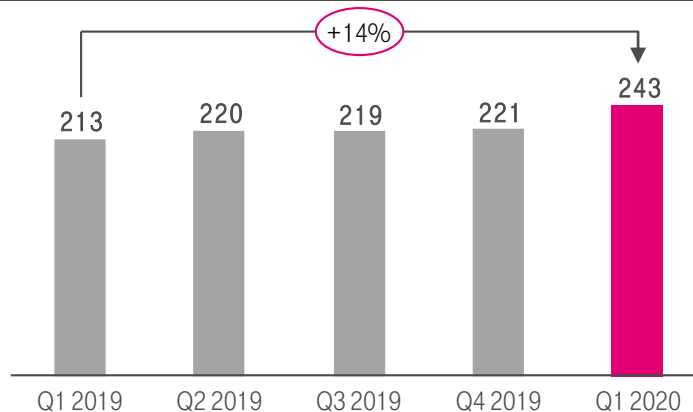
Fixed Voice, BB and TV ARPU



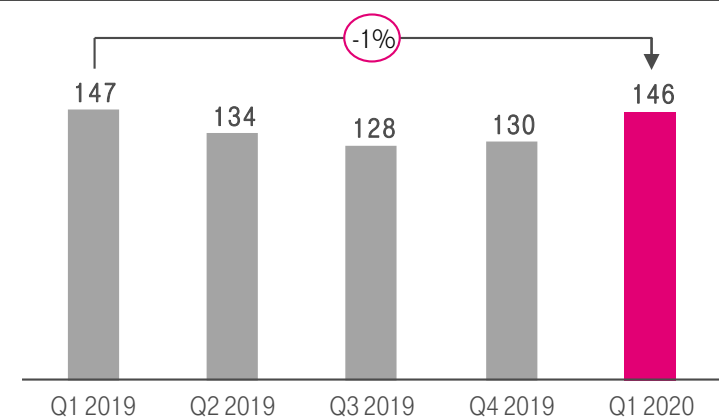
Mobile broadband usage (GB/month)



Mobile voice usage (minutes/month)



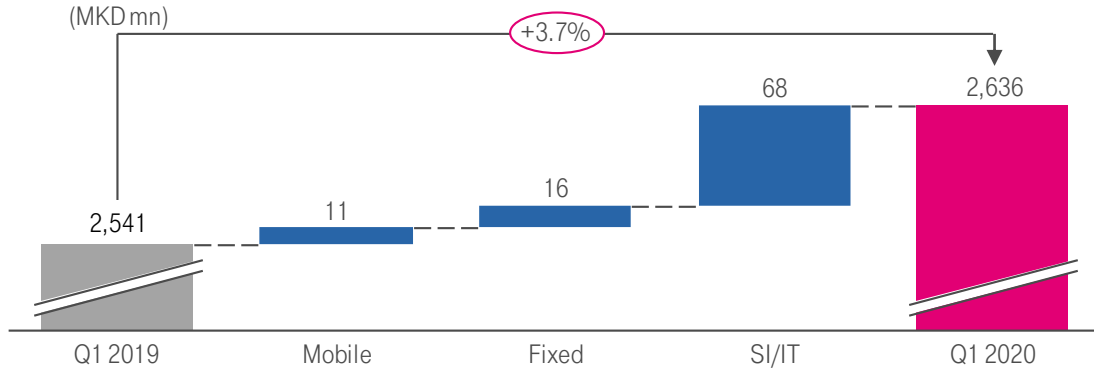
Fixed voice usage (minutes/month)



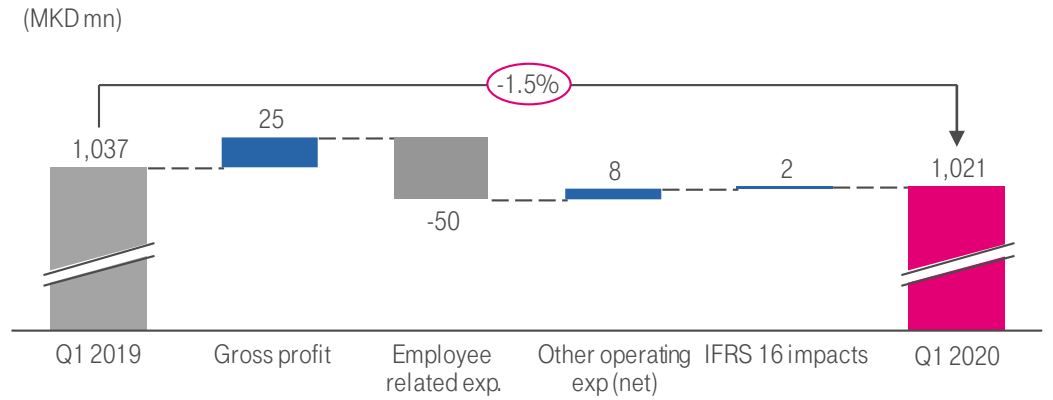
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NORTH MACEDONIA

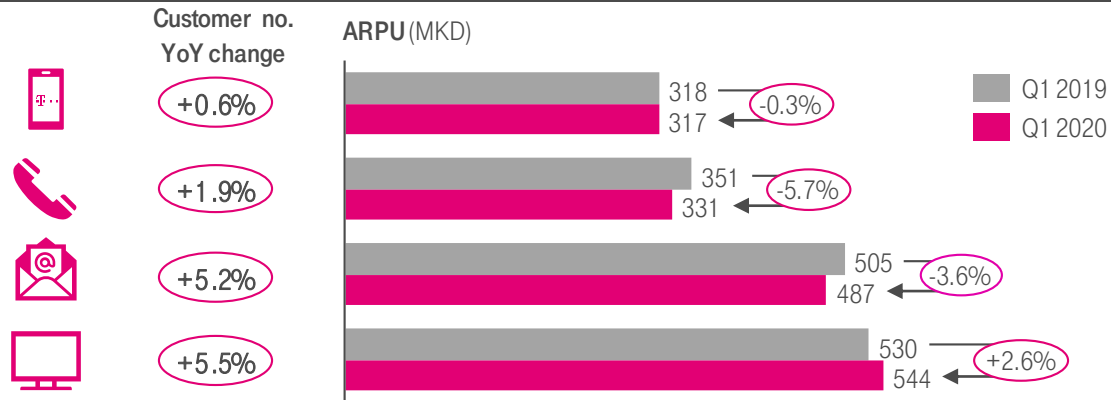
Revenues



EBITDA AL



KPIs (mobile/fixed voice/fixed BB/TV)



- Telecommunication service revenue growth continues
- Strong SI/IT growth stemming from public sector project deliveries
- Profitability impacted by severance expenses related to voluntary leave program
- Positive customer developments maintained
- Price levels under competitive pressure
- Initial negative effects of Covid-19 on visitor revenues and bad debt expenses

For further questions please contact the IR department:

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