

MAGYAR TELEKOM GROUP RESULTS PRESENTATION

August 7, 2019



LIFE IS FOR SHARING.

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, 2018 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.

Q2 2019 STRATEGIC HIGHLIGHTS

Network



- Accelerated fiber rollout to increase competitiveness
- Highest quality mobile network

Services



- New prepaid FMC offer
- Renewed postpaid portfolio

Simplification



- Reduction in total headcount leading to lower employee costs
- Due diligence on the sale of T-Systems Hungary started

North Macedonia



- Continued subscriber growth across all segments supported by bundling
- Reshaped Magenta offer



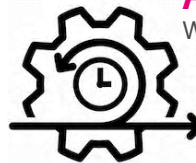
+130k

Access points covered with fiber in H1 2019



+34% y-o-y

FMC households



Agile, cross-functional
working practices



~50%

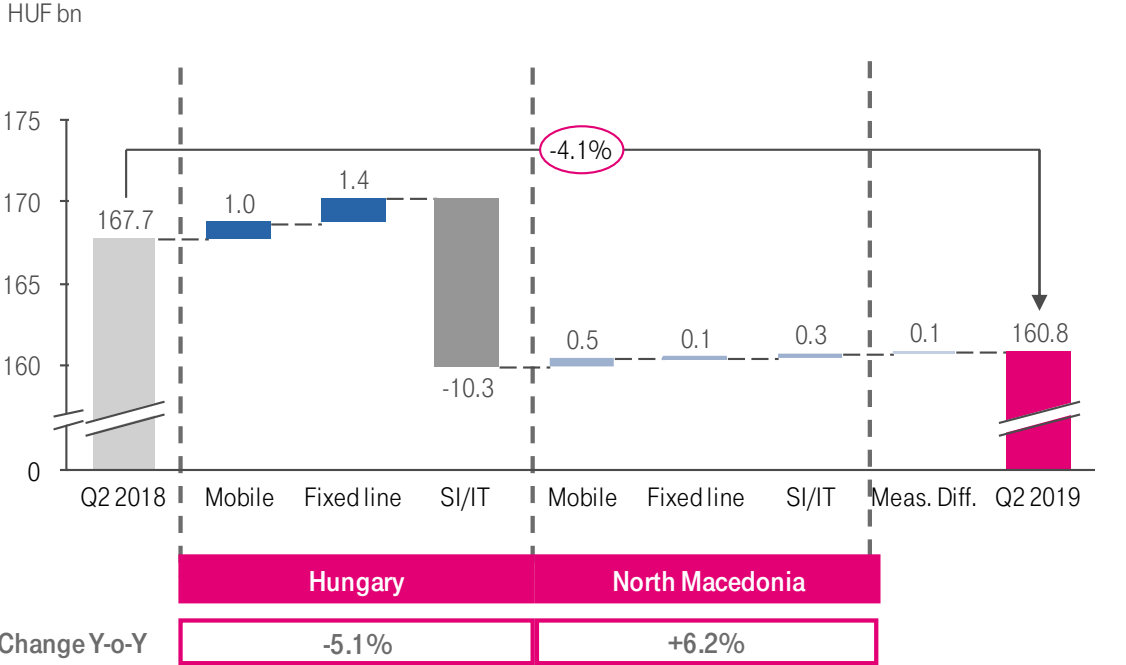
Of fixed households served are FMC subscribers



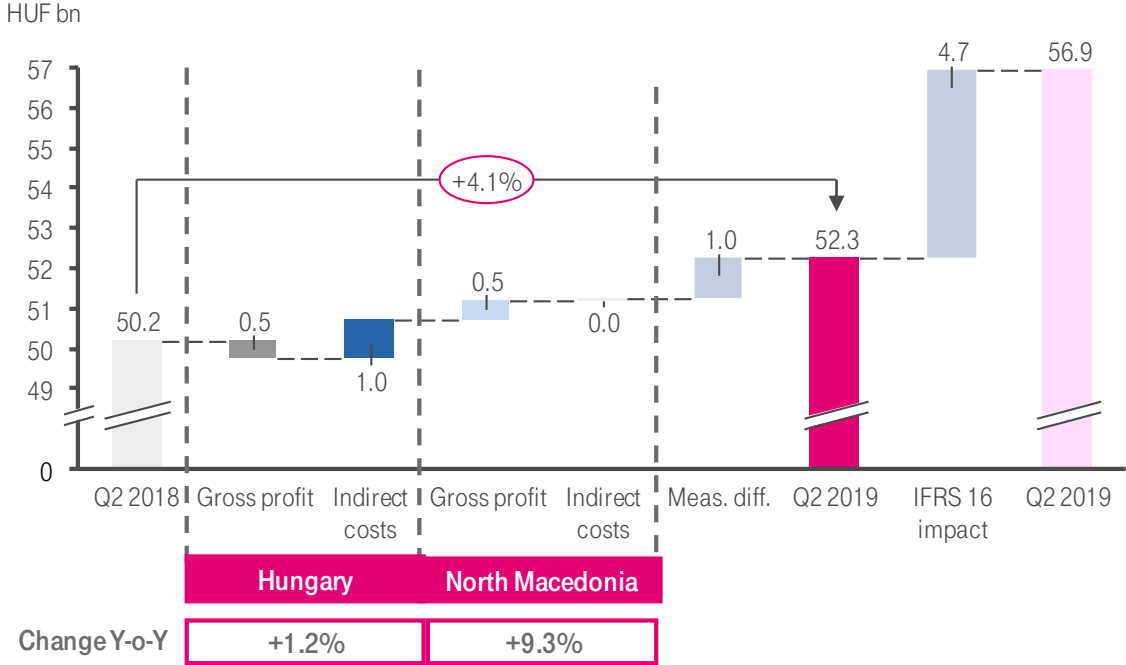
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Q2 2019 GROUP SEGMENTAL REVENUE AND EBITDA

Group segmental revenues



Group segmental EBITDA



H1 2019 RESULTS AND 2019 FINANCIAL TARGETS¹

		H1 2019 Results (change y-o-y)	Target 2019
REVENUE	<ul style="list-style-type: none"> ▪ Significant decline in SI/IT revenues driven by one-off items and different seasonality vs 2018 ▪ Growth in fixed broadband and mobile data usage 	HUF 319.7 bn (+0.4%)	Slight decline
EBITDA	<ul style="list-style-type: none"> ▪ Higher gross profit attributable to continued improvement in telecommunication service revenues ▪ General cost saving measures 	HUF 93.6 bn (+0.9%)	Increase of 1% - 2%
CAPEX²	<ul style="list-style-type: none"> ▪ Higher investments related to fiber rollout ▪ Reduced spending on 4G 	HUF 33.8 bn (+9.6%)	Broadly stable
FCF²	<ul style="list-style-type: none"> ▪ Negative changes in working capital due to higher payments to handset suppliers and IT subcontractors ▪ Improvement in instalment receivables coupled with higher real estate income 	HUF 4.1bn (n.m)	Ca. 5% growth

¹ excluding the impact of IFRS 16 adoption

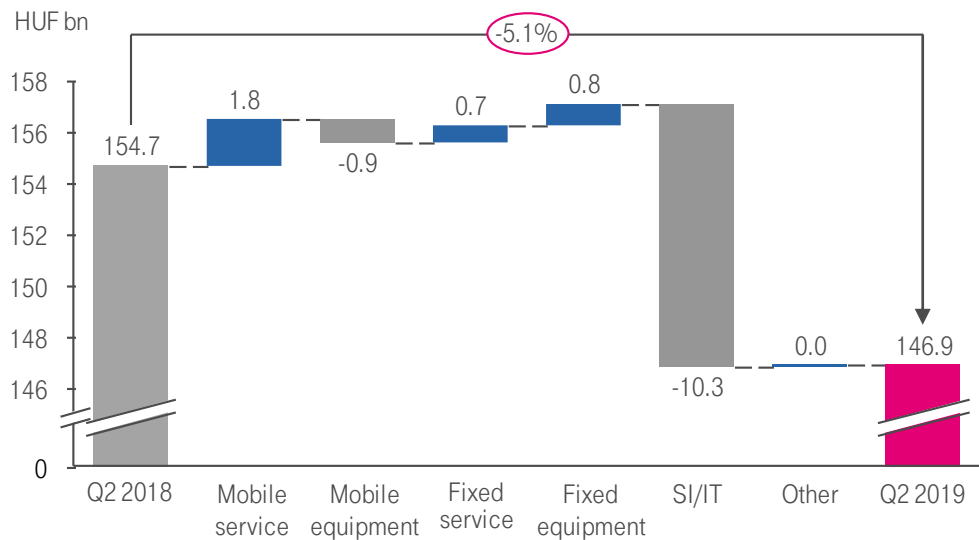
² excluding spectrum license fees



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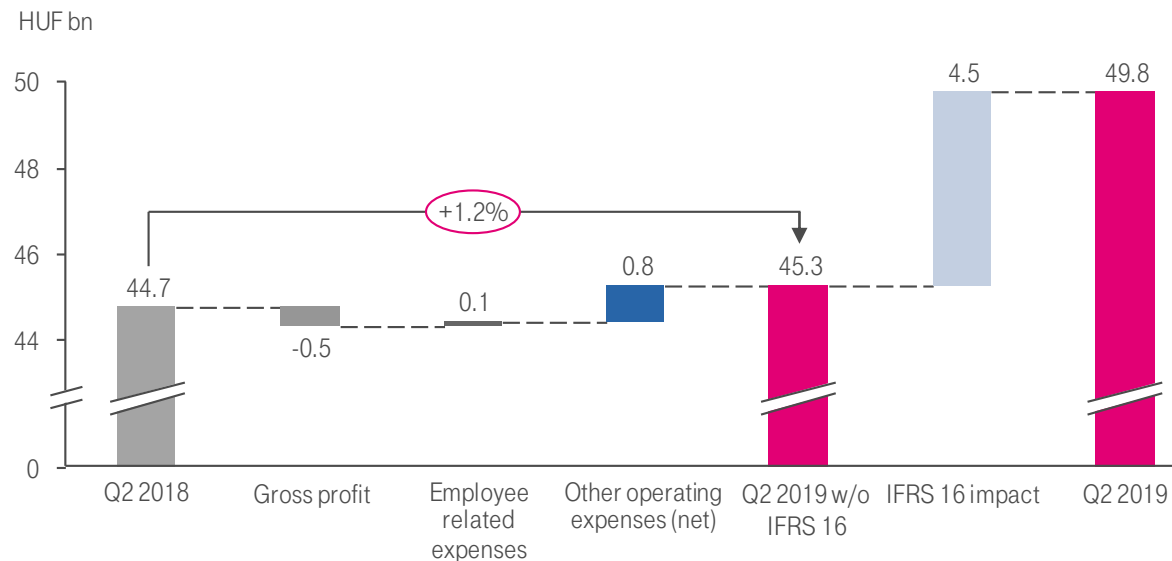
HUNGARY - TOTAL

Revenue



- Mobile service revenue growth due to rising data demand for mobile data
- Fixed service revenue improvement attributable to growth in fixed broadband
- Lower equipment sales reflecting a temporary decline in Huawei smartphone sales
- Declining SI/IT revenue owing to high prior year base period and seasonality trends in public sector projects

EBITDA

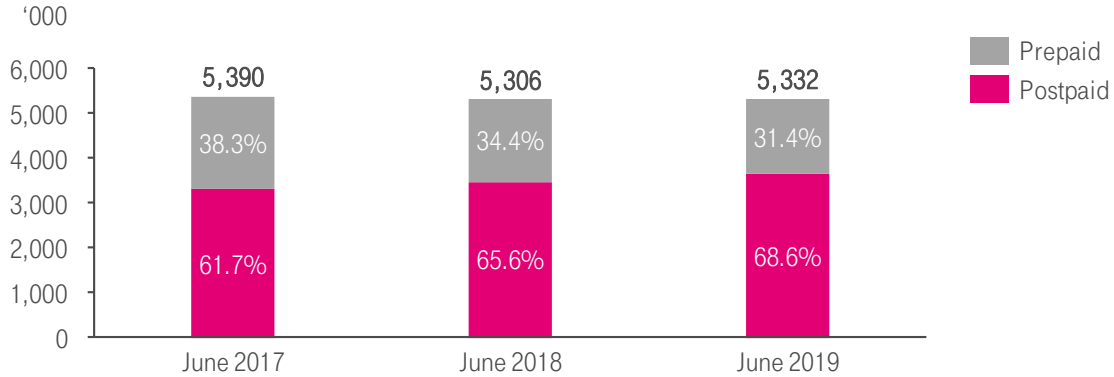


- Gross profit decline driven by lower SI/IT margin, mitigated by higher contribution from telecommunication services
- Lower net operating expense attributable to one-off items

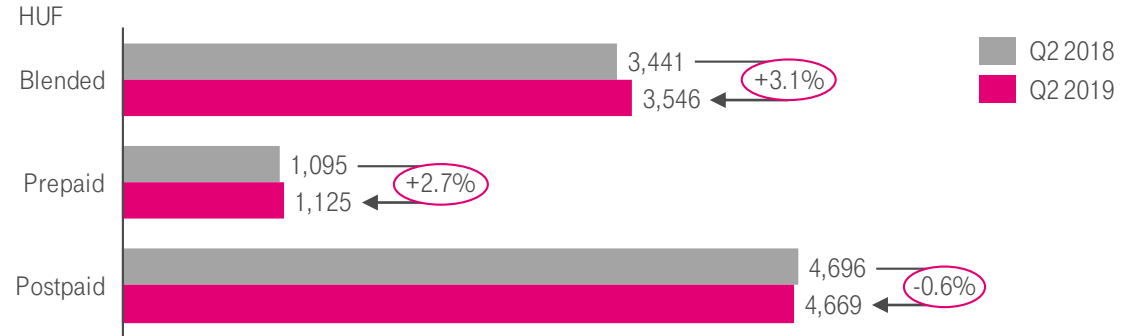
HUNGARY - MOBILE



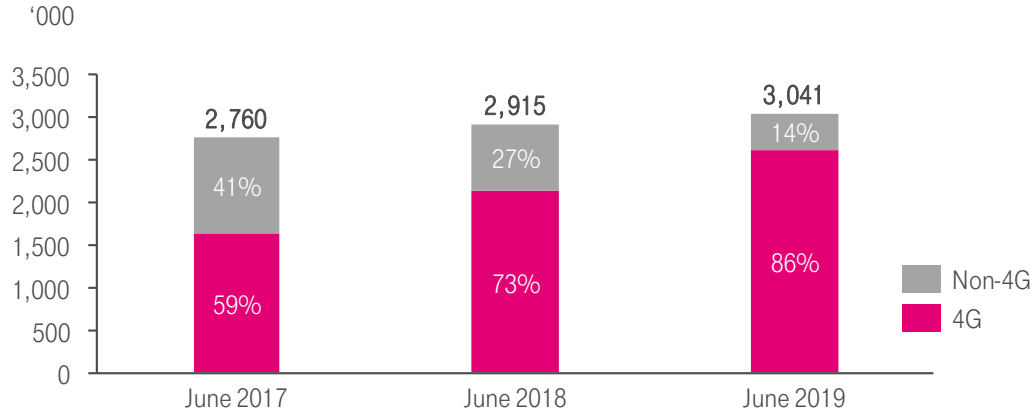
Mobile SIMs



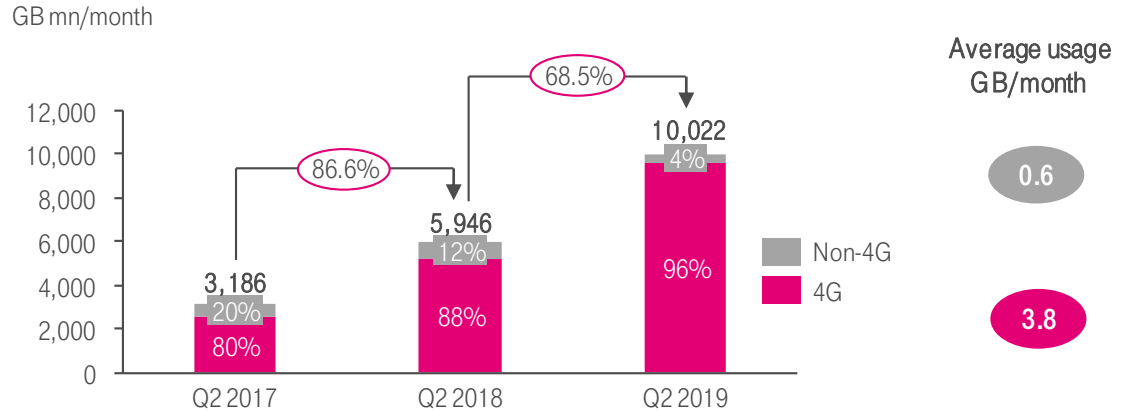
Mobile ARPU



Total mobile data subscribers



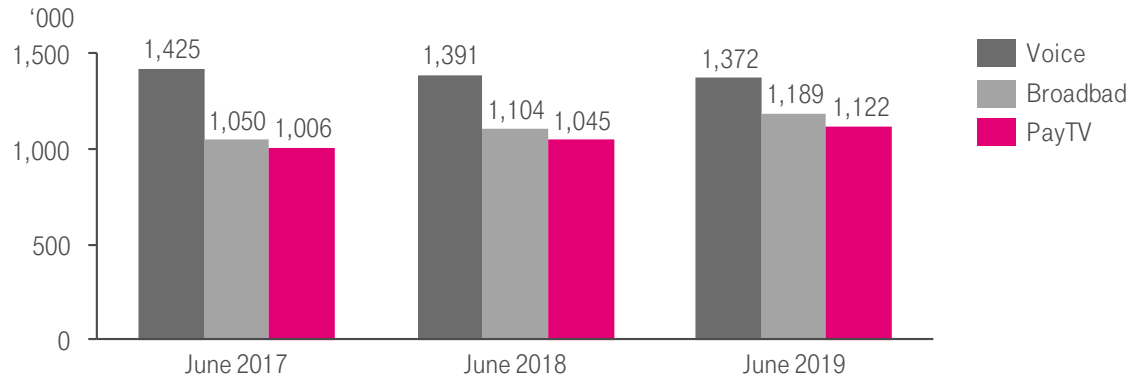
Mobile broadband usage



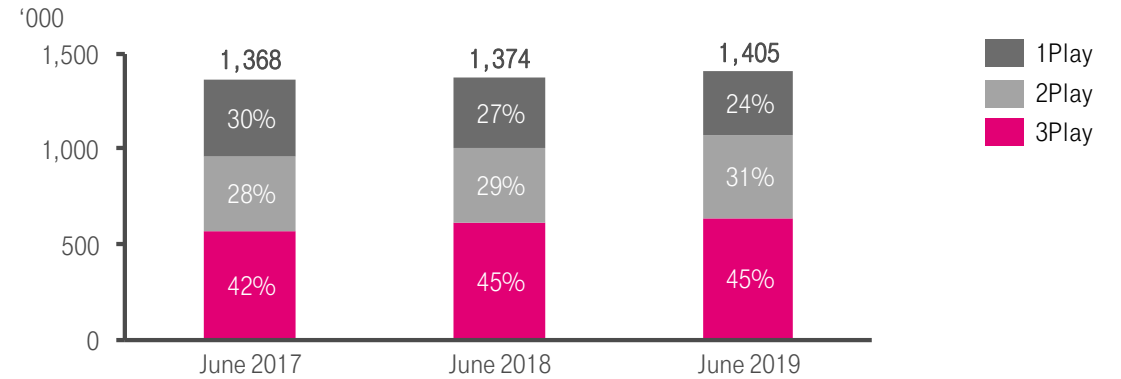
HUNGARY – FIXED VOICE, BROADBAND AND TV



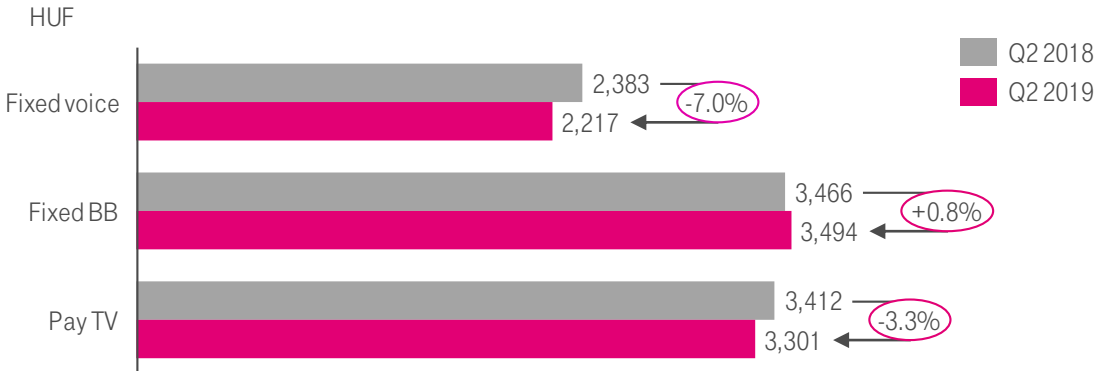
Fixed line customer base



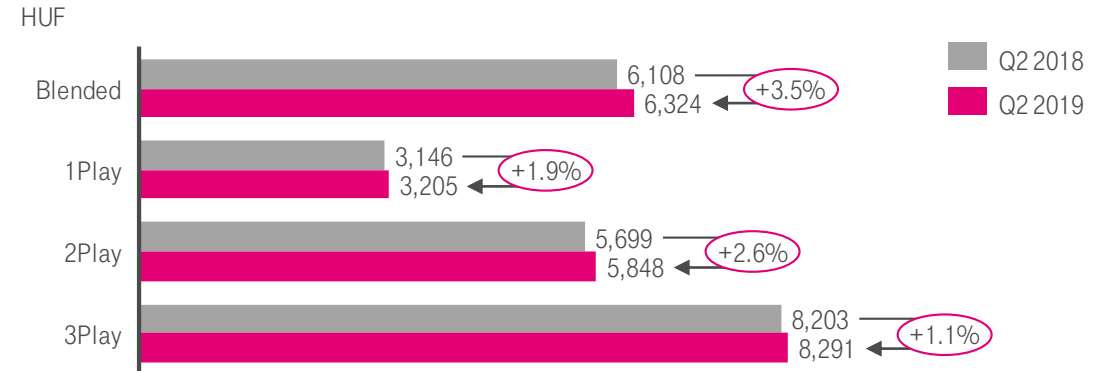
Fixed line multiplay residential subscribers



Fixed Voice, BB and TV ARPU



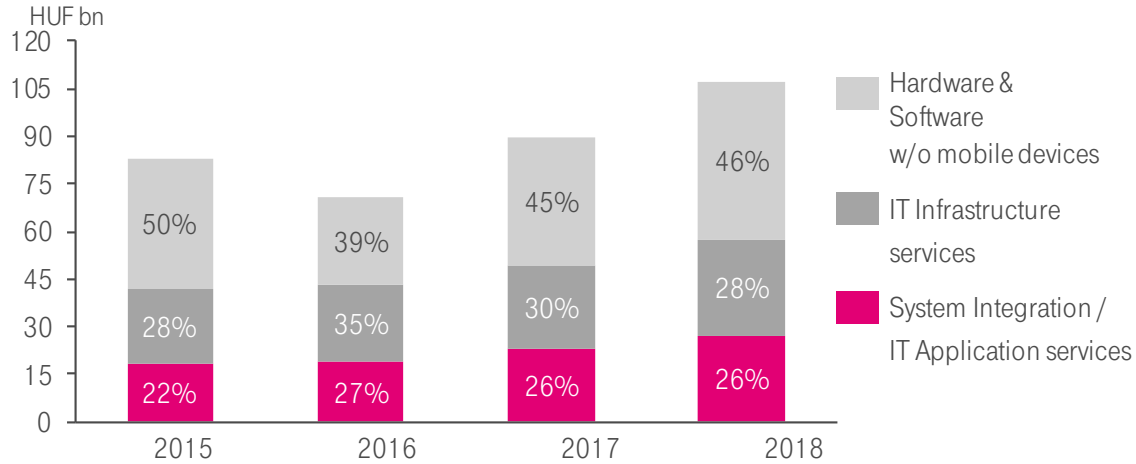
Fixed line multiplay revenues per households



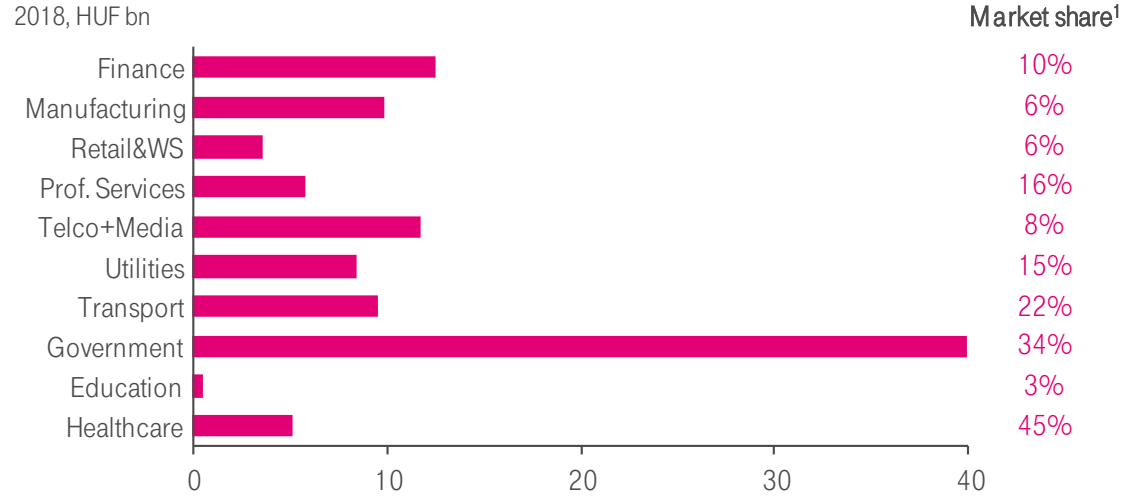
HUNGARY – SI/IT



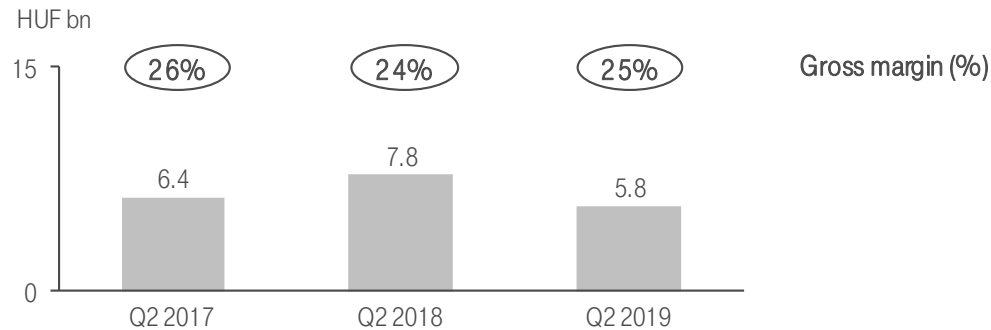
SI/IT revenue trends



SI/IT revenue breakdown by vertical segments¹



SI/IT gross profit of MT-Hungary



Highlights

- Temporary year-on-year decline in revenues and gross profit due to:
 - unusually strong prior year base period (Q2 2018)
 - change in seasonality of public sector demand for SI/IT services vs 2018
- Stable gross profit margin

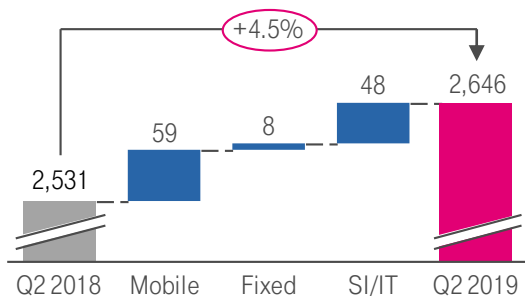


¹ Based on IDC Research 2018, market shares calculated based on 2018 revenues

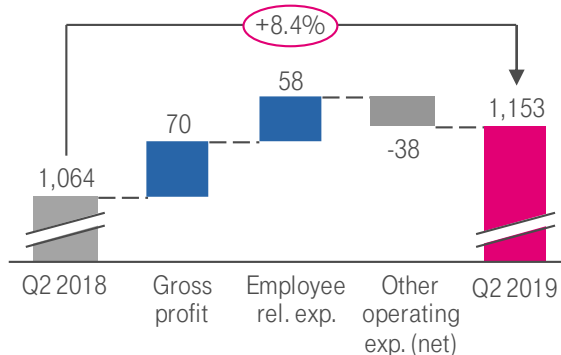
NORTH MACEDONIA

Financials

Revenues (MKD mn)

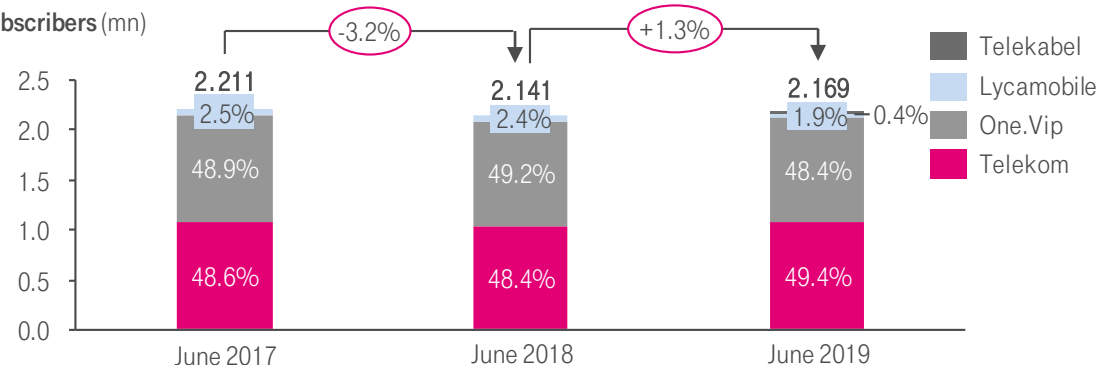


EBITDA excl. IFRS 16 effects (MKD mn)

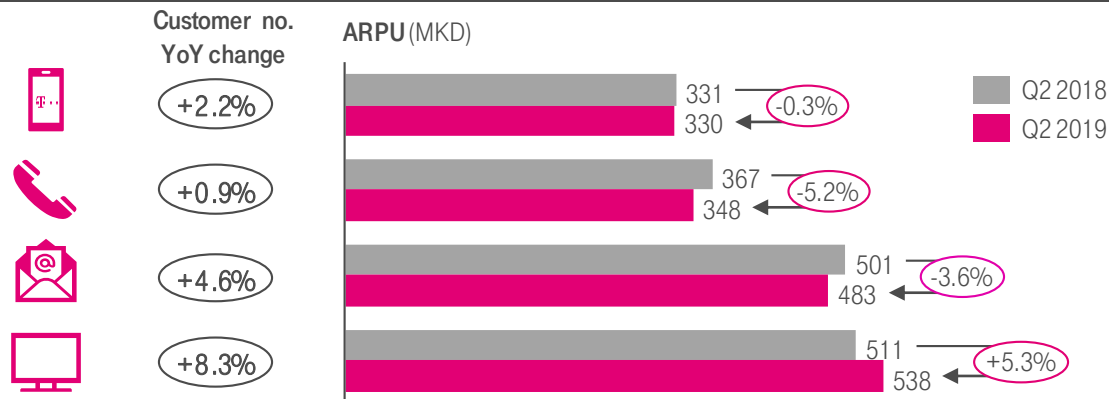


Mobile market

Subscribers (mn)



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



Highlights

- Continued growth in customer numbers
- Maintained leading market position
- Improving financial performance attributable to:
 - mobile data revenue growth
 - significant increase in SI/IT revenues
 - employee-related expense savings

For further questions please contact the IR department:

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