

MAGYAR TELEKOM GROUP RESULTS PRESENTATION

November 6, 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.

Q3 2019 STRATEGIC HIGHLIGHTS

Network



- Accelerated fiber rollout to increase competitiveness
- Upgraded cable network to gigabit capacity

Services



- Restructuring of both fixed and mobile portfolio
- Continuing „more-for-more” strategy

Simplification



- Introduced OneBill for new Magenta 1 customers
- Simplified portfolio

North Macedonia



- Sustained growth amidst intensifying competition
- Growth in customer numbers
- Continued revenue and EBITDA growth



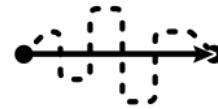
1.7 million

gigabit internet connectivity



+10.6%

fixed broadband revenues



Agile, cross-functional
working practices



45%

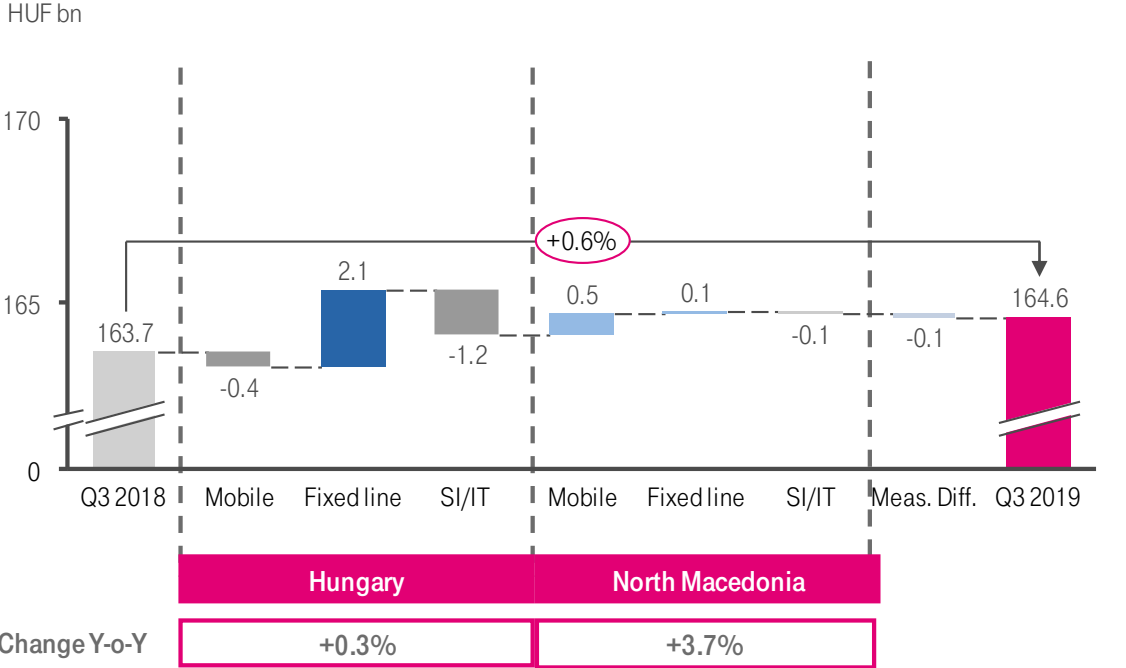
of home customers have integrated package



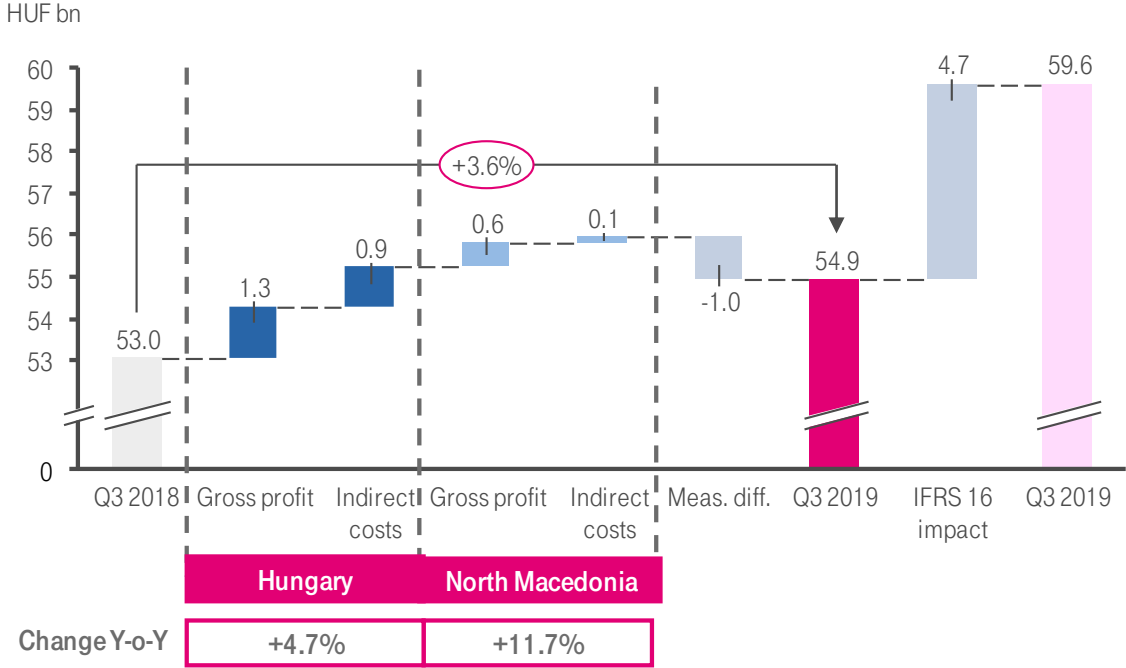
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Q3 2019 GROUP SEGMENTAL REVENUE AND EBITDA

Group segmental revenues



Group segmental EBITDA



9M 2019 RESULTS AND 2019 FINANCIAL TARGETS ¹

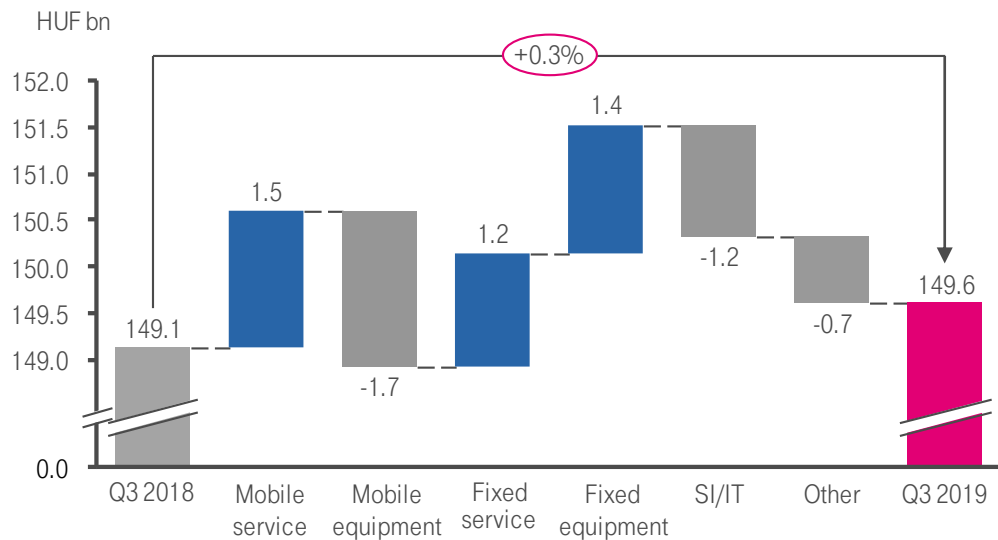
		9M 2019 Results (change y-o-y)	Target 2019
REVENUE	<ul style="list-style-type: none"> Decline in SI/IT revenues driven by one-off items and lower public sector demand Growth in fixed broadband and mobile data usage more than offsets decline in voice revenues 	HUF 484.3 bn (+0.5%)	Slight decline
EBITDA	<ul style="list-style-type: none"> Higher gross profit attributable to continued improvement in telecommunication service revenues coupled with one-off bad debt improvement Savings in employee expenses 	HUF 148.5 bn (1.9%)	Increase of 1% - 2%
CAPEX²	<ul style="list-style-type: none"> Higher investments related to fiber rollout and different timing of investments Reduced spending on 4G 	HUF 57.2 bn (10.5%)	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 27.9bn (-2.4%)	Ca. 5% growth

¹ excluding the impact of IFRS 16 adoption

² excluding spectrum license fees

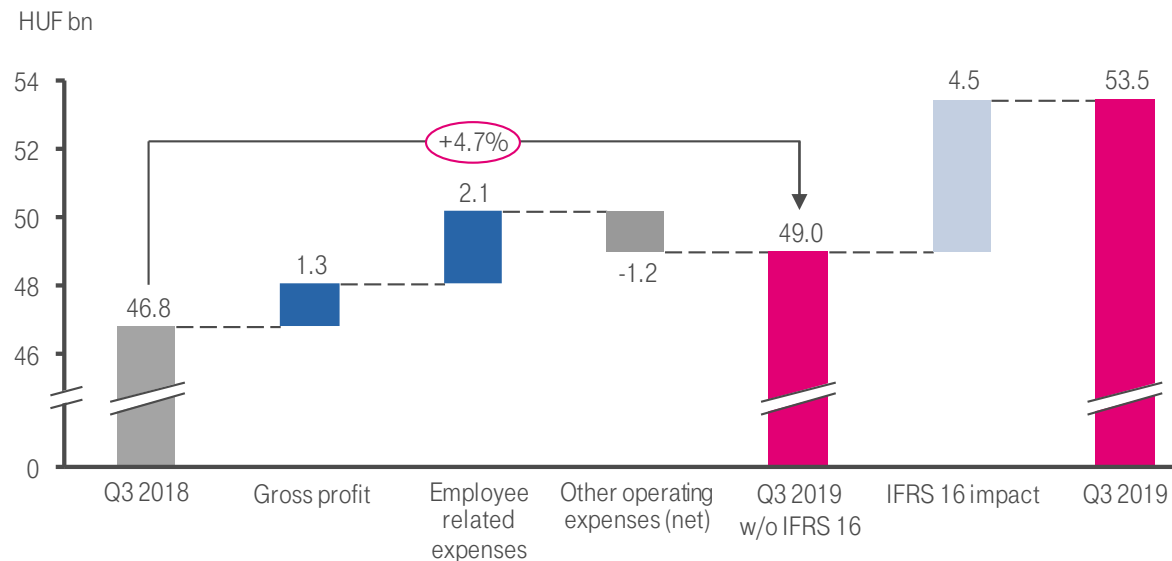
HUNGARY - TOTAL

Revenue



- Mobile service revenue growth driven by rising demand for mobile data
- Fixed service revenue improvement attributable to growth in fixed broadband
- Decline in SI/IT revenue owing to lower volume of public sector projects
- Other revenue decrease reflects lower wholesale revenues

EBITDA

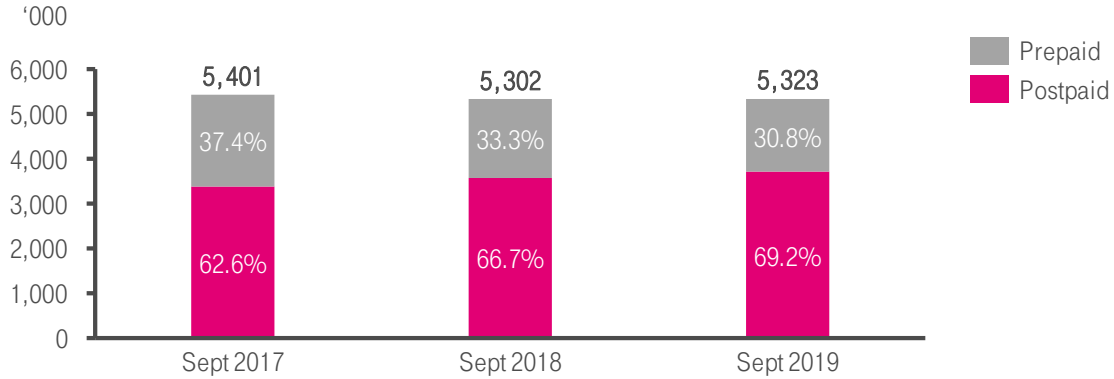


- Gross profit increase reflect one-off positive effect of impairment rate reduction
- Savings in employee-related expenses thanks to lower headcount
- Higher operating expense attributable to absence of one-off item present in the base period

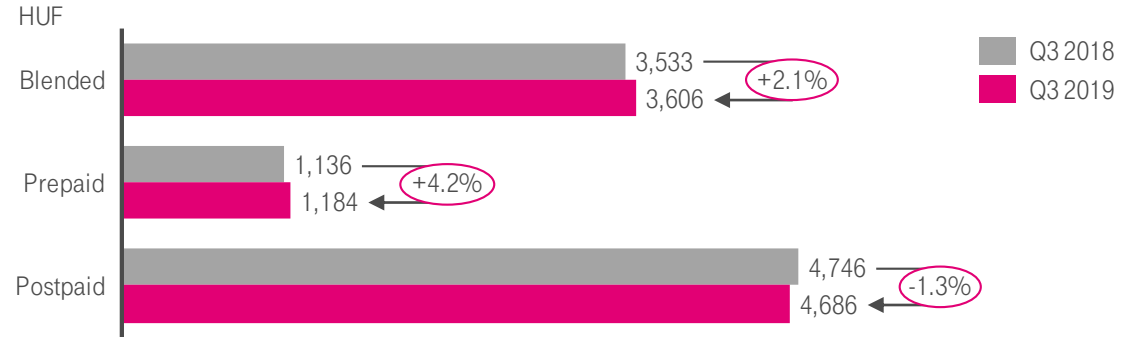
HUNGARY - MOBILE



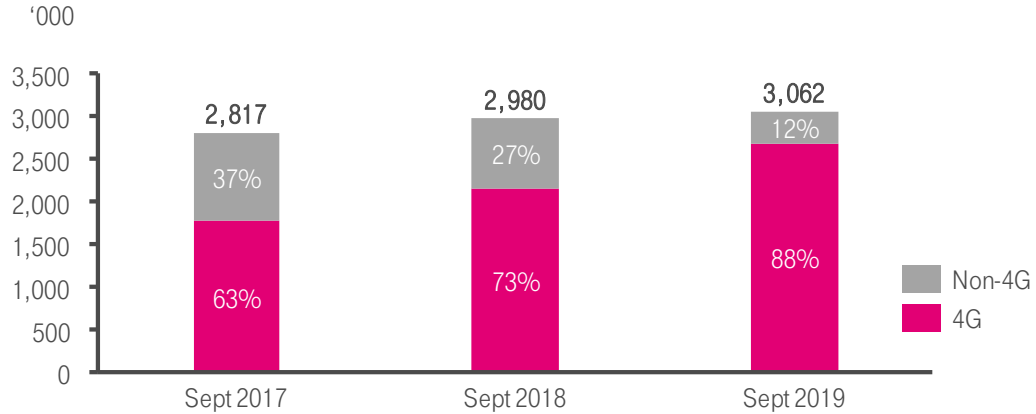
Mobile SIMs



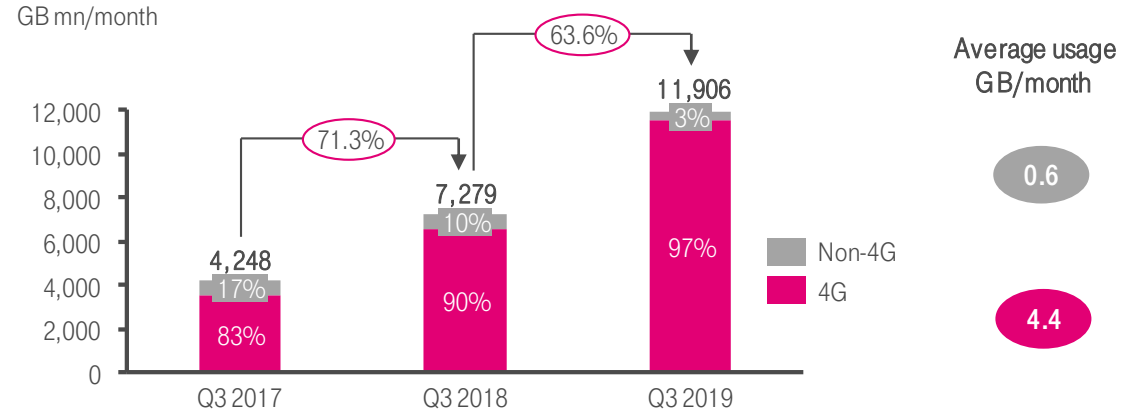
Mobile ARPU



Total mobile data subscribers



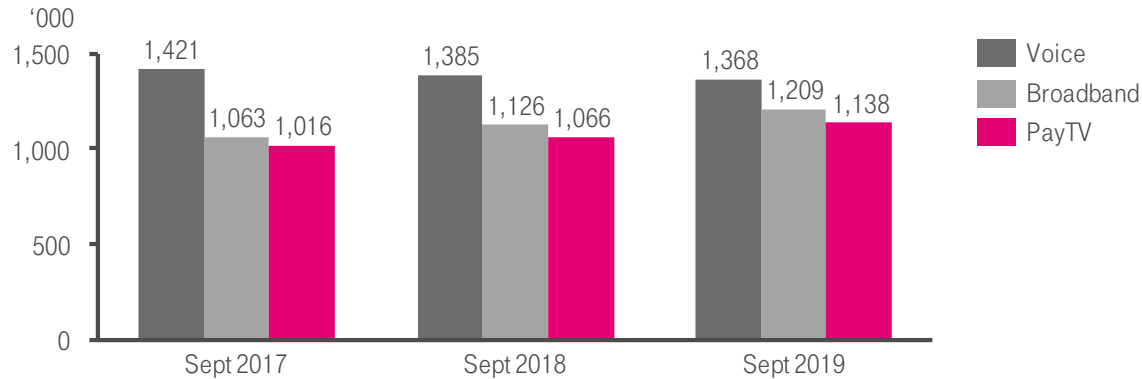
Mobile broadband usage



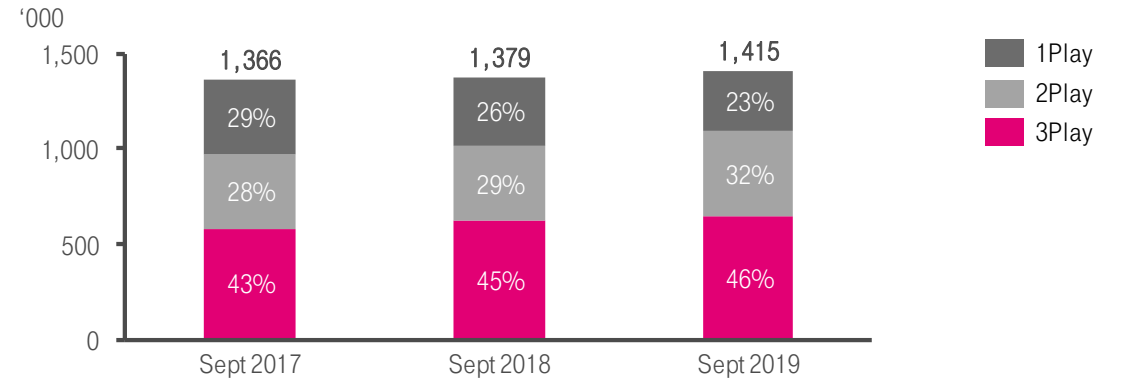
HUNGARY – FIXED VOICE, BROADBAND AND TV



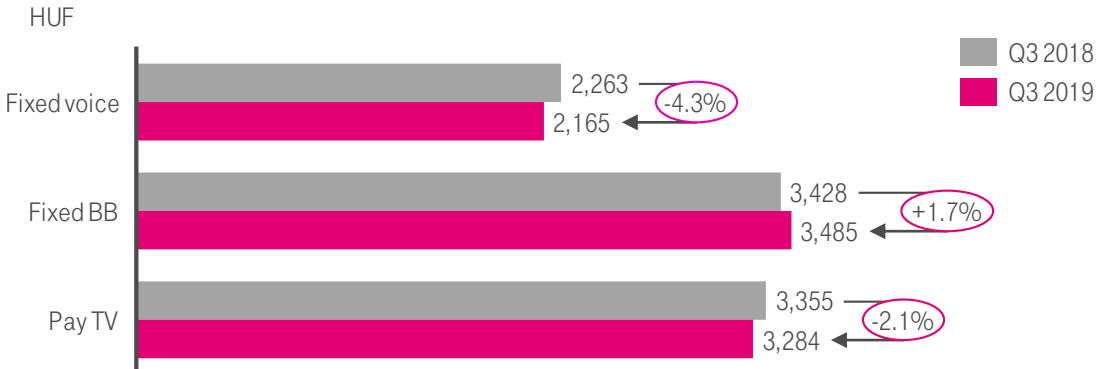
Fixed line customer base



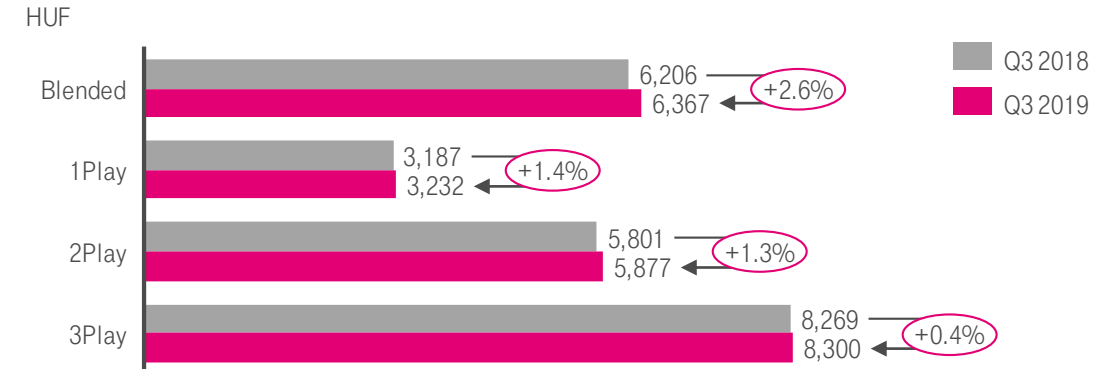
Fixed line multiplay residential subscribers



Fixed Voice, BB and TV ARPU



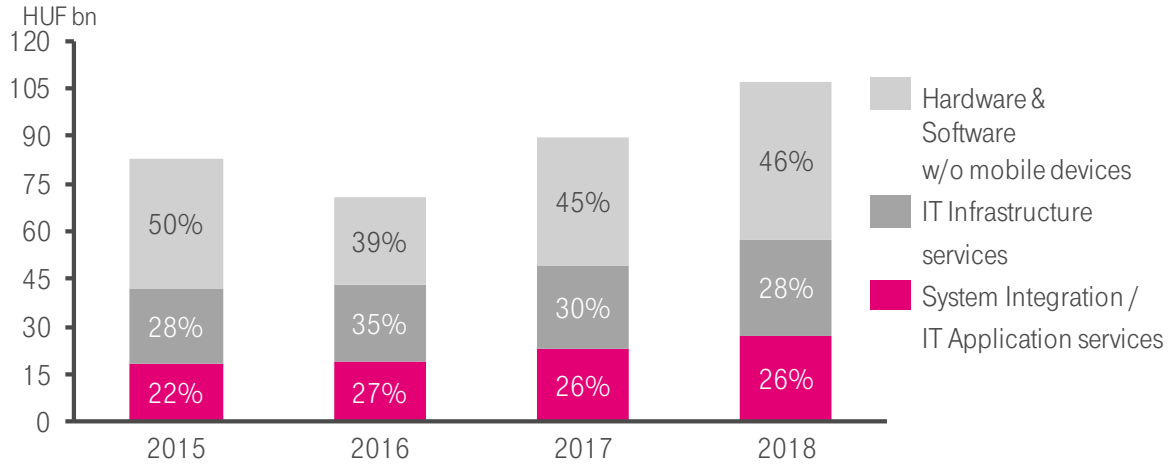
Fixed line multiplay revenues per households



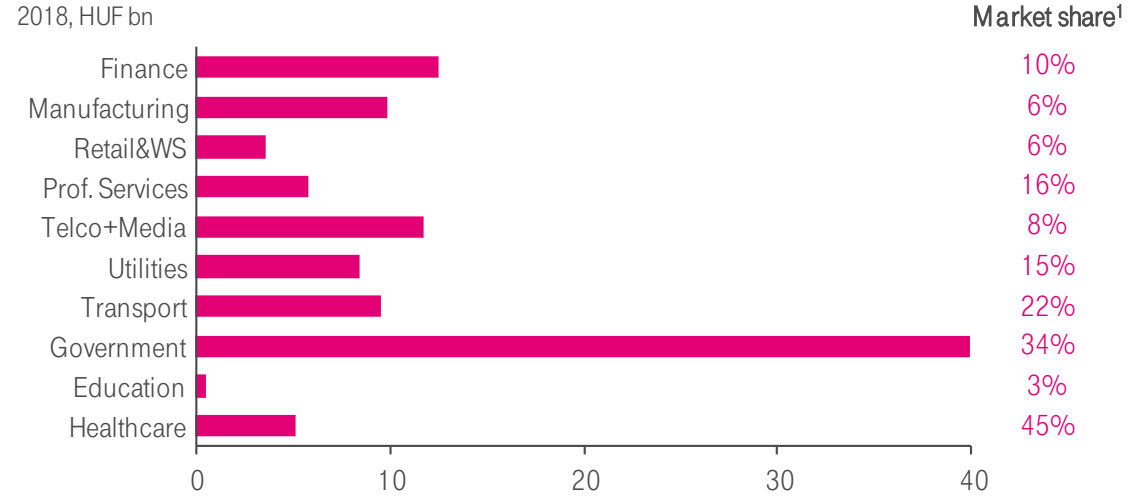
HUNGARY – SI/IT



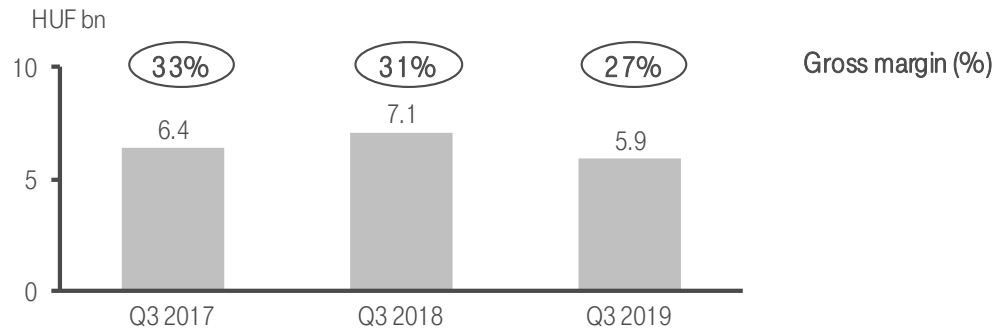
SI/IT revenue trends



SI/IT revenue breakdown by vertical segments¹



SI/IT gross profit of MT-Hungary



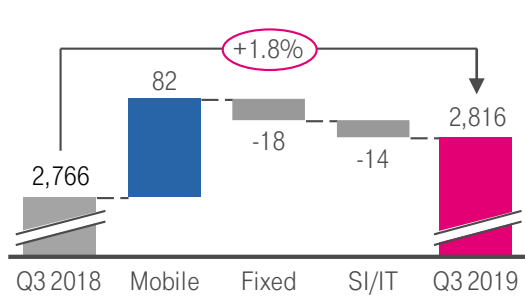
Highlights

- Year-on-year decline in revenues due to reduced public sector demand for SI/IT services vs 2018
- Gross profit margin deterioration reflects change in sales mix

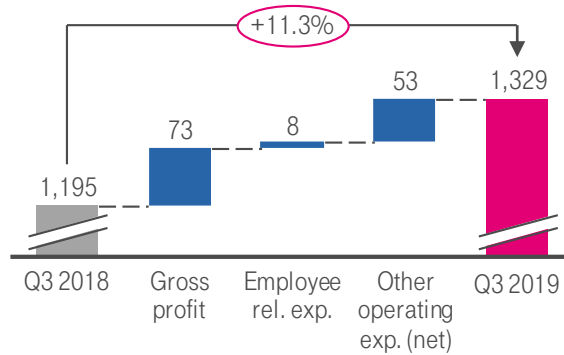
NORTH MACEDONIA

Financials

Revenues (MKD mn)

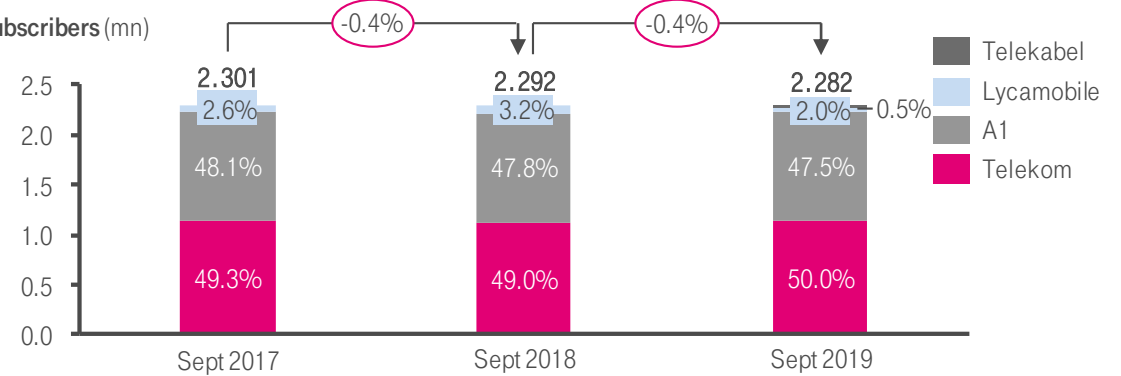


EBITDA excl. IFRS 16 effects (MKD mn)

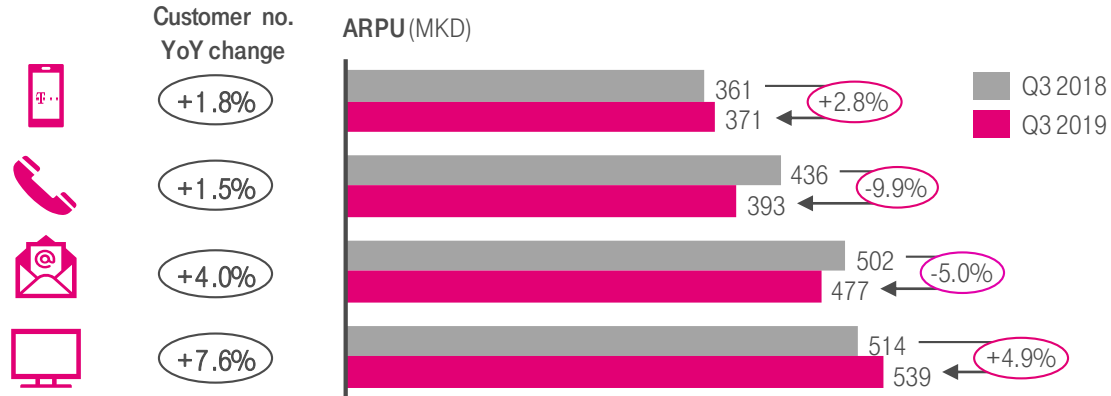


Mobile market

Subscribers (mn)



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



Highlights

- Continued growth in customer numbers
- Positive trends in financial performance sustained due to:
 - mobile data revenue growth
 - higher mobile equipment sales
 - savings in operating expenses

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