Presentation
Full year 2006 results

Magyar Telekom

Solid performance, public targets met

Agenda

Overview and regulatory snapshot

Public targets for 2006 and 2007

Full year 2006 summary and segment analysis

Key strategic priorities

Dividend policy

Abbreviations:

IC: interconnection, NRA: National Regulatory Authority, CPI: consumer price index, WS: wholesale, SMP: significant market power, MakTel: Makedonski Telekomunikacii, CGT: Crna Gora Telekom, SI: system integration, IT: information technology, LAN: local area network, Tetra: Terrestrial Trunked Radio , 3G: third generation, HSDPA: high-speed downlink packet access, RPC: revenue producing customer, MOU: minutes of use, ARPU: average revenue per user, VAS: value added services, SIM: subscriber identity module, NGN: next generation network, IP: internet protocol, NPV: net present value, POP: point of presence

HUF/EUR 245.2 (11 March 2007)

As previously disclosed, the Company is still investigating certain contracts to determine whether they were entered into in violation of Company policy or applicable law or regulation. The investigation is being carried out by an independent international law firm, under the supervision of the Company's Audit Committee. The total amount of the four contracts under investigation is around HUF 2 billion. The investigators have delivered an Initial Report of Investigation. Based on the documentation and other evidence obtained by it, the investigation has preliminarily concluded that it was unable to determine a proper business purpose for the four consulting contracts entered into by the Company and two of its subsidiaries in 2005, and further found that certain employees had destroyed evidence that was relevant to the investigation. The Company have taken and are taking remedial measures to address weaknesses in its control environment that were revealed by the investigation. The investigation delayed the finalization of the Company's 2005 financial statements, and as a result the Company and some of its subsidiaries have failed and may fail to meet certain deadlines prescribed by applicable laws and regulations for preparing and filing audited annual results and holding annual general meetings. The Company has to date been fined HUF 13 million as a consequence of these delays and additional fines could be imposed in the future. The Company has notified the Hungarian Financial Supervisory Authority, the U.S. Securities and Exchange Commission and the U.S. Department of Justice of the investigation and is in contact with these authorities regarding the investigation. The Company cannot predict when the investigation will be concluded or what the final findings will be.

Magyar Telekom Group at a glance

Market leader in all core businesses

Integrated operations in Hungary, Macedonia and Montenegro

- alternative/wholesale operations in Romania, Bulgaria and Ukraine

Fixed – mobile integration

- merger of Magyar Telekom and T-Mobile Hungary
- exploiting synergies and financial benefits further

Rebranding extended to Macedonia and Montenegro

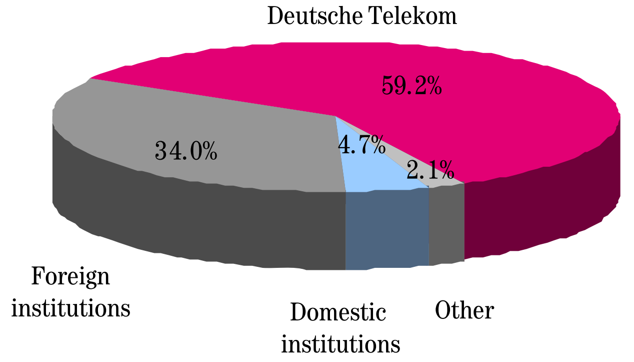
Stock information

EUR 4bn market capitalization

Stock exchange listing

- listed on NYSE and Budapest Stock Exchange
- traded in London

Ownership structure*



*approximate figures

Regulatory snapshot
Hungarian regulation in line with new EU regulatory framework

Fixed-line

- geographic number portability since January 2004
- WS naked ADSL offered to ISPs since end-March 2007

Mobile

- mobile number portability since May 2004

IC fees close to EU average

- approx 14% cut in average traffic fees announced in March 2006
- significant cut in the price of related services of reference offers

- NRA resolution aims to eliminate asymmetry among the 3 players in three steps and further decrease prices
- first cut in effect from February 1, 2007 – new prices: TMH 23.2; Pannon 24.4; Vodafone 26.2 HUF/minute
- 16.84 HUF/minute average voice termination fee from 2009

Macedonia – fixed line competition emerging in 2006

- reference interconnection and unbundling offers approved
- RIO signed with On.net and Akton

- 3rd mobile license granted to Mobilkom (TA)

2006 targets comfortably met

Magyar Telekom

	2006 Targets	2006 Results
Revenue reflecting change in Tetra accounting	at least 3% CAGR in 2006 - 2007	+9.1% ✓
EBITDA	maintain 2005 level	+2.2bn ✓
Capex / Sales	below 15%	13.5% ✓
Broadband connections Hungarian fixed line operations incl. ADSL, cable broadband, leased line & wireless LAN	~600,000	572,228
Lines/employee (parent co.) *end-2006 public target reached at end-February, 2006	over 500	501* ✓

Non-operational effects on 2006 results and 2007 public targets

Non-operational effects in 2006

TETRA investments accounting

- due to finance lease treatment investments accounted as sale and cost of equipment
- impact in 2006: higher revenues (c. +3ppts)
  lower EBITDA margin (c. -1ppt)

Positive impact of FX movements

Investigation cost of HUF 4.1bn

Local tax reclassified

- moved to the income tax line instead of other operating expenses
- impact: higher EBITDA (HUF 8.4bn in 2005 and HUF 8.5bn in 2006)

Net disclosure of enhanced services

- in case of certain mediated services
- impact: lower revenues (HUF 5.6bn in 2005 and HUF 6.1bn in 2006)

Headcount related expenses

- Headcount reduction in the fixed line businesses
- HUF 5.1bn in 2005 and HUF 6.5bn in 2006

2007 public targets

Stable revenue compared to 2006

4.5% compound average growth rate over 2005

Flat over 2006 due to:

- c. HUF 12bn lower TETRA revenues than in 2006
- favorable FX movements in 2006 which may have a negative impact in 2007
- austerity package limits disposable income

Stable EBITDA compared to 2006

HUF 2bn growth over 2005 level

Flat over 2006 due to:

- c. HUF 3bn lower TETRA EBITDA than planned
- favorable FX movements in 2006 which may have a negative impact in 2007
- higher costs as a result of austerity package
- further investigation costs
- FMC benefit mainly a CF factor

Capex / sales ratio below 14%

Full year 2006 summary

	Revenues		EBITDA		EBITDA margin
Group	**HUF 671,195m**	+9.1%	**HUF 258,639m**	+0.9%	**38.5%**
Hungarian*	HUF 563,516m	+7.2%	HUF 206,560m	-4.2%	36.7%
Fixed line ▪ SI/IT consolidation effects ▪ growth in broadband connections ▪ continuous fall in traffic revenues	HUF 292,193m	+2.5%	HUF 94,525m	-11.3%	32.4%
Mobile ▪ strong market position ▪ accounting impact of Tetra	HUF 297,209m	+11.6%	HUF 112,036m	+2.7%	37.7%
International*	HUF 107,679m	+20.8%	HUF 52,079m	+27.8%	48.4%
Fixed line ▪ focus on efficiency and cost control ▪ favorable FX movements	HUF 68,953m	+18.9%	HUF 24,169m	+23.5%	35.1%
Mobile ▪ impressive growth in Montenegro ▪ robust margin in Macedonia	HUF 52,399m	+22.7%	HUF 27,911m	+31.7%	53.3%
International contribution	16.0%		20.1%		

* external revenues

Hungarian fixed line operations

Growth driven by SI/IT and broadband revenues

Focus on stabilizing revenues

Voice revenues under threat from competition

- mobile substitution as price premium diminishes
- alternative operators taking advantage of CBC, CPS and unbundling
- cable operators offering VoCaTV & 3Play

Successful retention measures introduced

- access type packages
- increasing ratio of customers on fixed term contracts (~40%)
- entrance to LTOs via CBC and CPS services
- scope of offers extended at T-Kábel

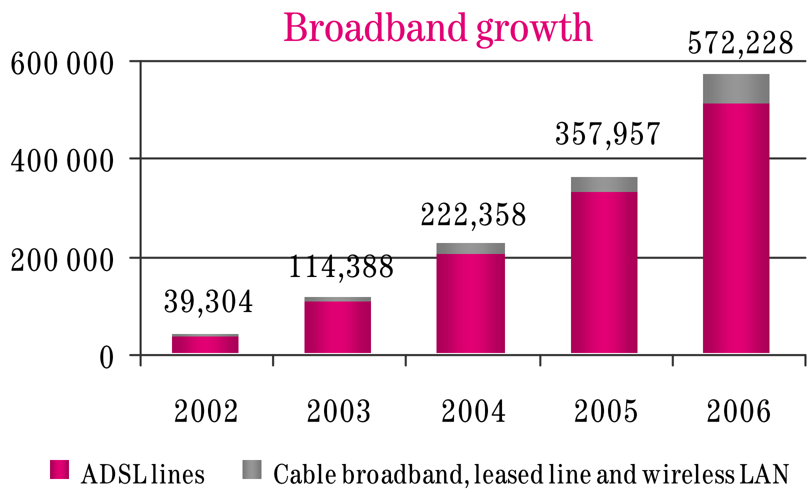
Growing importance of SI/IT services

- integrated IT/telecommunication outsourcing services (e.g. Allianz, E.ON, ING)
- governmental system integration project
- consolidation of IT companies (KFKI, Dataplex)

Successful broadband operations

Continued focus on broadband rollout program

- number of broadband customers exceeds 570,000



Incentives to increase customer base and usage

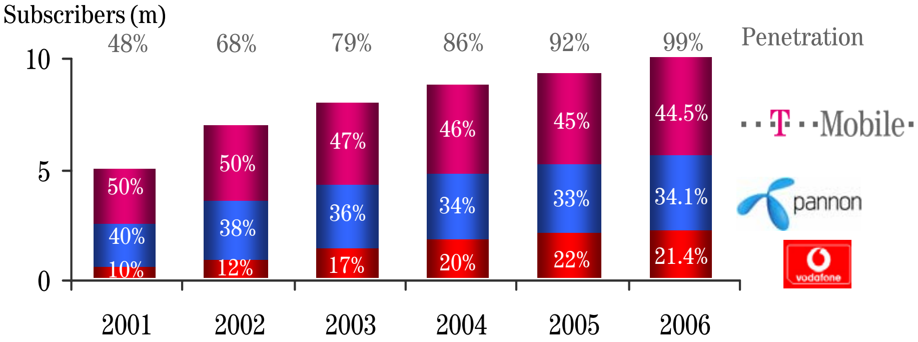
- IPTV launched in November
- new broadband offerings (e.g. time-based package, increasing bandwidth)
- WS naked DSL introduced

Hungarian mobile operations

Clear market leadership maintained, Tetra-impact

Competitive environment

Subscribers, market shares and penetration



Shift in focus from acquisition to retention

- continued growth in RPC base (up 6%), though market close to saturation
- clear market leadership position maintained
- acquisition cost/new RPC down by 12% y/y to HUF 6,234

Tetra (Unified Digital Radio Network)

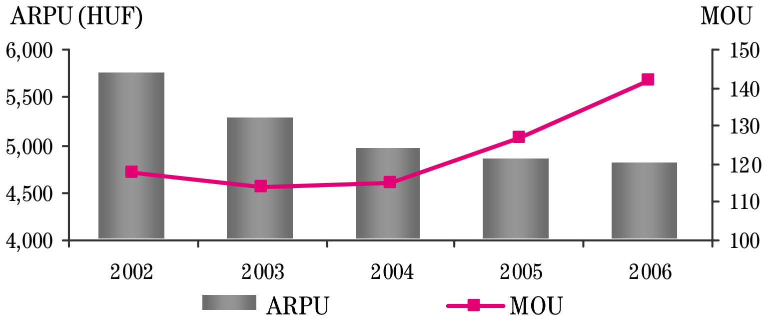
- network rollout completed
- HUF 2.2bn accounted as service revenue in 2006
- Tetra investments classified as finance lease ⇒ HUF 18bn accounted as sale and cost of equipment sales

Solid operational performance

Usage growth helped by price elasticity

- MOU increased by 12% y/y to 142
- ARPU broadly flat at HUF 4,800 (~EUR 19)
- continuously improving customer mix (postpaid share rose 3ppts in 2006)
- growing importance of VAS (14% of ARPU)

Usage increase stabilizing ARPU level



Tariff erosion

- widening use of closed-user-group services
- more conscious package selection

3G/HSDPA network development

- covering 28% of population; ~50% targeted by end-2007
- up to 3Mbps bandwidth
- new value-added services available

Merger of T-Mobile Hungary and Magyar Telekom

Magyar Telekom

Synergies

Front office / sales / communication

- unified shop network
- integrated call-center
- unified business client relationship management

Enhanced product and client offerings

- targeted cross- and up-sell opportunities
- strengthened retention potential
- bundled packages

Back office and support systems

- integrated client database, joint CRM and SAP systems
- integrated real estate and car fleet management, procurement activities

Shared IP platform

- synergies from joint planning and coordinated operations
- development of an integrated NGN

Financial benefits

Following full implementation, we expect significant financial benefits from:

- increased revenue
- improved cost efficiency
- CAPEX savings
- utilization of tax credit and tax losses

NPV of benefits expected to be around HUF 60 bn in 2007-2009

- savings roughly evenly distributed over the 3-year period
- 2007 to be dominated by CF savings due to utilization of tax benefits
- importance of cost synergies - both opex and capex - to increase during the period

International fixed line operations

Solid profitability at MakTel; improving efficiency in Montenegro

Macedonia

Limited top line opportunities
- decreasing number of RPCs
- strong mobile substitution, traffic decline
- slow economic growth
- competition from altnets and cables to increase
- growing internet revenues

Focus on efficiency
- 24% headcount reduction in Q4 2005
- continuing strict cost control
- EBITDA margin in 2006 was 45%

POP and alternative operations

FY 2006 revenues of HUF 4.8bn
- POP in Bulgaria, Romania and Ukraine
- alternative services in Bulgaria and Romania

Montenegro

Saturated fixed line market
- stable customer numbers, higher voice usage
- increasing role of mobile substitution

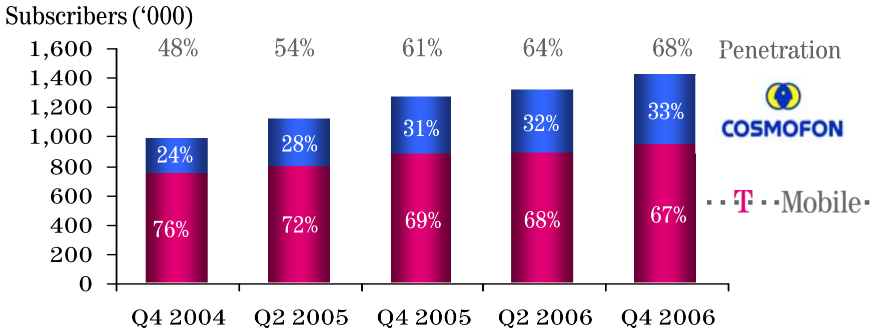
Improved efficiency
- seasonality heavily influences revenue and EBITDA performance
- headcount reduction related expenses of HUF 2.5bn in Q4 2006 to decrease company headcount by ~20%
- EBITDA margin w/o HC reduction related expenses was 39%
- further cost cutting initiatives increased efficiency

Integration of fixed and mobile operations
- strengthens position ahead of liberalization
- rebranding of both fixed and mobile operations

International mobile operations
Strong revenue and EBITDA growth

Macedonia

Subscribers, market shares and penetration



Solid revenue growth

- 8% growth in customer base
- improving customer mix supported by rebranding
- eroding tariff levels offset by higher usage
- ARPU stable at HUF 3,206 (~EUR 13)

High profitability maintained

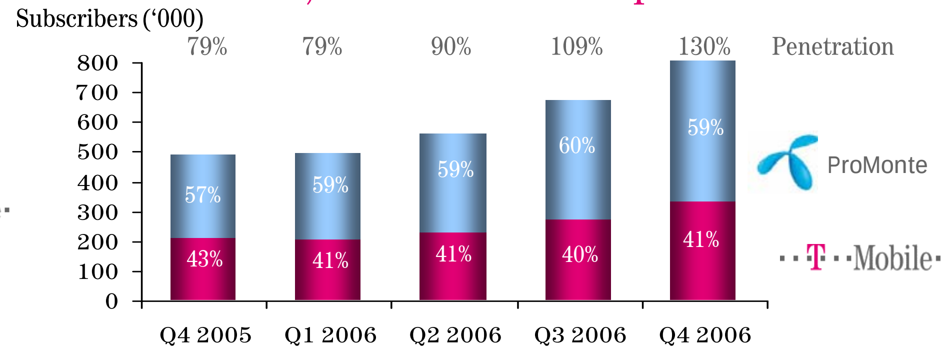
- high portion of SIM-only sales
- EBITDA margin over 56 %

Entrance of third operator in 2007

- Mobilkom (TA) won the third mobile license for EUR 10mn
- Operations to commence by mid-2007 (license condition)

Montenegro

Subscribers, market shares and penetration



Intense competition

- relatively saturated market
- rebranding launched at end-September 2006
- licenses for two 3G and one 2G/3G were tendered, results expected at end Q1 2007

Highly seasonal mobile market

- Q2 and Q3 stronger due to tourism
- MOU 127; ARPU HUF 3,858 (~EUR 15)
- EBITDA margin in 2006 was 45%

Churn policy change

- availability of SIM cards extended to 11 months

Key strategic priorities

Current direction maintained, strengthened focus on 3 key areas

Excellence

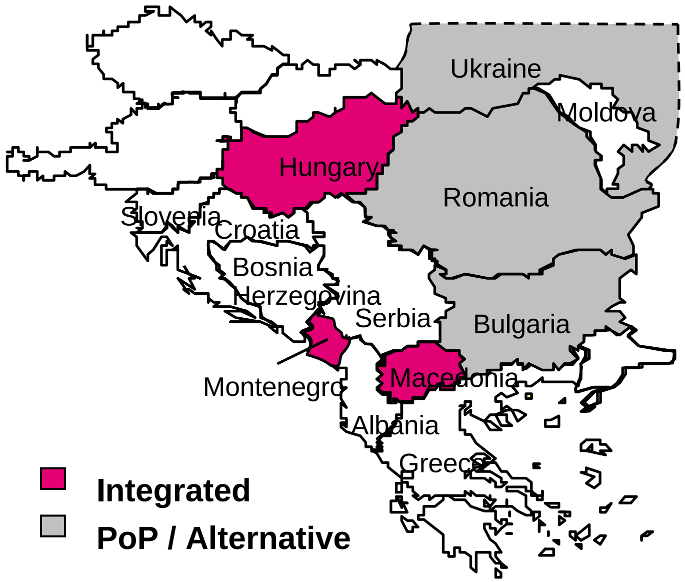
- stronger customer focus
- improved service quality
- integrated sales and call-center services
- unified relationship management towards business clients
- special, tailor-made offers
- strong impetus to broadband

Efficiency

- improvements in operational cost structure
- increased headcount productivity
- leveraging opportunities from integrated operations
- eliminating parallel operational functions
- exploiting savings opportunities from technological developments

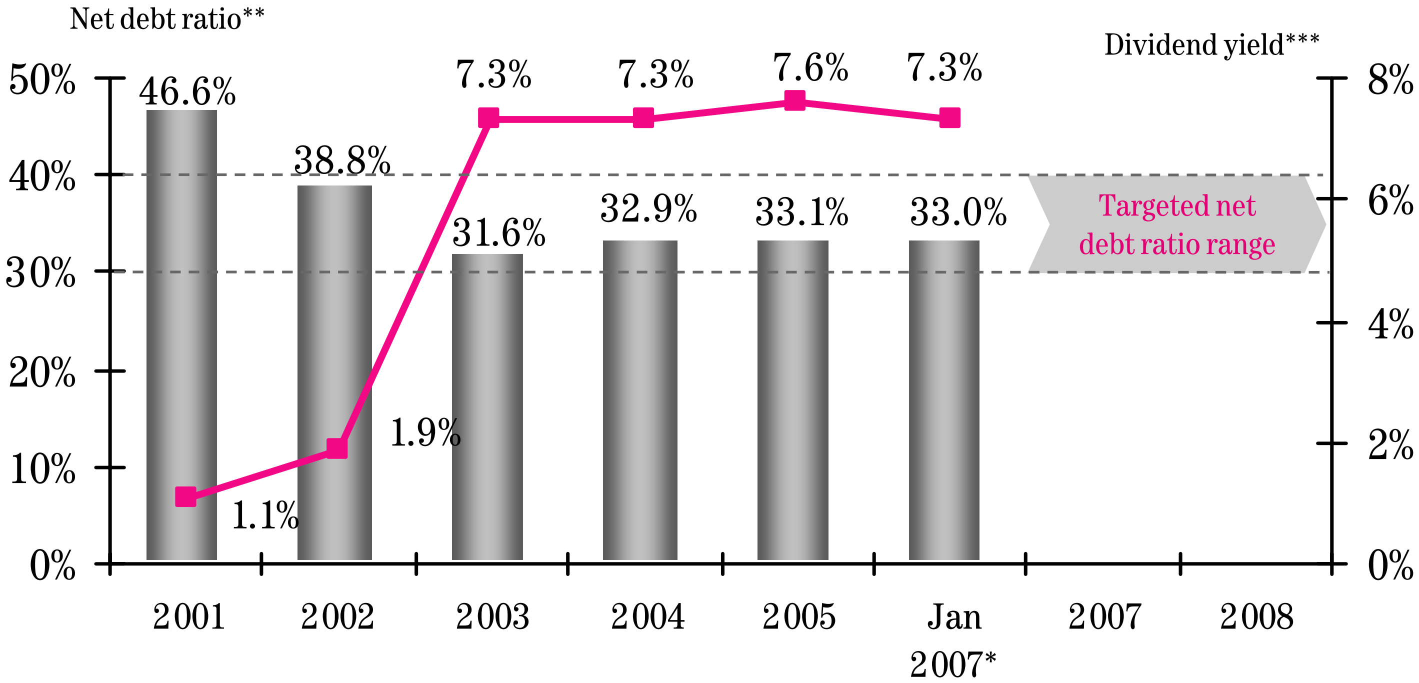
Expansion

- seeking value-accretive acquisitions both in Hungary and the region
- integrated operations in Macedonia and Montenegro
- alternative service provider in Romania and Bulgaria, point of presence in the Ukraine
- strengthening position in the IT market – acquisition of KFKI, Dataplex and TSH in Hungary
- expansion into new business opportunities (e.g. content services)



Dividend policy

Net debt ratio and dividend yield



* dividends for 2005 financials were paid in January 2007

** net debt / (net debt + total equity)

***dividend yield calculation based on HUF 960 share price (21 March 2007)

Board of Directors proposed HUF 70 per share dividend payment for the financial year 2006 for approval to the Annual General Meeting to be held on 26 April 2007