Presentation
Magyar Telekom 2009 Interim Results

Continued focus on cost cutting and customer retention, revised 2009 guidance

Abbreviations:

3G: third generation, ARPU: average revenue per user, BB: broadband, CBC: call-by-call, CPS: carrier pre-selection, HQ: headquarters, HSDPA: high-speed downlink packet access, IC: interconnection, IP: internet protocol, IT: information technology, LTO: local telecommunication operator, MOU: minutes of use, NGN: next generation network, NRA: National Regulatory Authority, POP: point of presence, RIO: reference interconnection offer, RPC: revenue producing customer, SI: system integration, SIM: subscriber identity module, SMP: significant market power, Special influences: investigation- and headcount reduction-related expenses, Tetra: Terrestrial Trunked Radio, UMTS: Universal Mobile Telecommunication System, VAS: value added services, VoCaTV: Voice over Cable TV, WiMax: Worldwide Interoperability for Microwave Access, WS: wholesale

HUF/EUR exchange rate: 291.28 (average H1 2009)

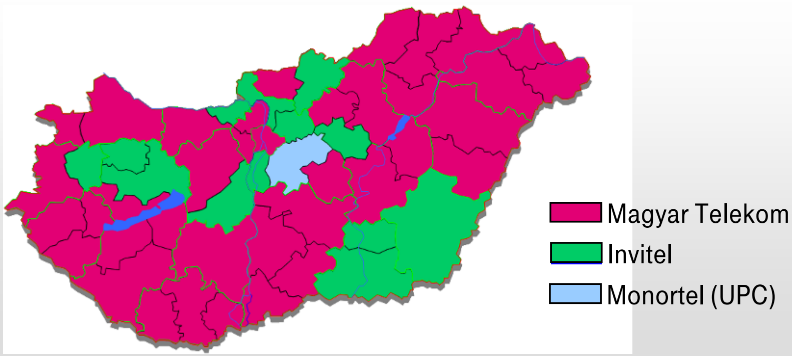
Magyar Telekom incurred HUF 3.6 bn expenses relating to the investigation in the first half of 2009, which are included in other operating expenses of Group Headquarters.

As previously disclosed, in the course of conducting their audit of Magyar Telekom's 2005 financial statements, PwC identified two contracts the nature and business purposes of which were not readily apparent to them. In February 2006, the Company's Audit Committee retained White & Case (the "independent investigators"), as its independent legal counsel, to conduct an internal investigation into whether the Company had made payments under those, or other contracts, potentially prohibited by U.S. laws or regulations, including Foreign Corrupt Practices Act ("FCPA") or internal Company policy. The Company's Audit Committee also informed the U.S. Department of Justice ("DOJ"), the U.S. Securities and Exchange Commission ("SEC") and the Hungarian Supervisory Financial Authority ("HSFA") of the internal investigation. Based on the documentation and other evidence obtained by it, White & Case preliminarily concluded that there was reason to believe four consulting contracts entered into in 2005 were entered into to serve improper objectives, and further found that during 2006 certain employees had destroyed evidence that was relevant to the investigation. White & Case also identified several contracts at our Macedonian subsidiary that could warrant further review. In February 2007, our Board of Directors determined that those contracts should be reviewed and expanded the scope of the internal investigation to cover these additional contracts and any related or similarly questionable contracts or payments. In May 2008, the independent investigators provided us with a "Status Report on the Macedonian Phase of the Independent Investigation." In the Status Report, White & Case stated, among other things, that "there is affirmative evidence of illegitimacy in the formation and/or performance" of six contracts for advisory, marketing, acquisition due-diligence and/or lobbying services in Macedonia, entered into between 2004 and 2006 between us and/or various of our affiliates on the one hand, and a Cyprus-based consulting company and/or its affiliates on the other hand, under which we and/or our affiliates paid a total of over EUR 6.7 million. The internal investigation is continuing into these and other contracts and certain related issues identified by the independent investigators. In 2007, the Supreme State Prosecutor of the Republic of Montenegro informed the Board of Directors of Crnogorski Telekom, our Montenegrin subsidiary, of her conclusion that the contracts subject to the internal investigation in Montenegro included no elements of any type of criminal act for which prosecution would be initiated in Montenegro. Hungarian authorities also commenced their own investigations into the Company's activities in Montenegro. The Hungarian National Bureau of Investigation ("NBI") has informed us that it closed its investigation of the Montenegrin contracts as of May 20, 2008 without identifying any criminal activity. On March 28, 2009, the NBI informed the Company that, based on a report received by it, it had begun a criminal investigation into alleged misappropriation of funds relating to payments made in connection with the Company's ongoing internal investigation into certain contracts entered into by members of the Magyar Telekom group and related matters. The NBI has requested from the Company materials and information relating to such payments. On September 21, 2009, the NBI informed the Company that it had extended the scope of its investigation to examine possible misuse of personal data of employees in the context of the internal investigation. The Company is cooperating with the ongoing NBI investigation.

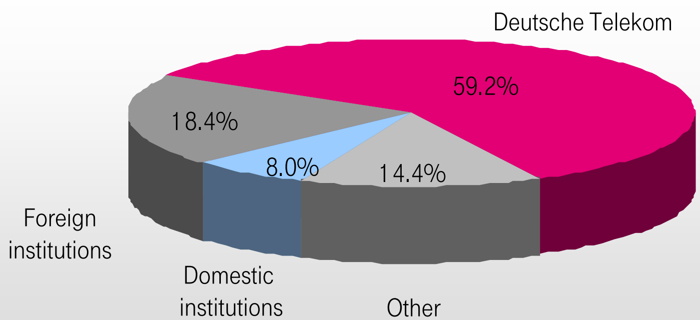
United States authorities commenced their own investigations concerning the transactions which are the subject of our internal investigation, to determine whether there have been violations of U.S. law. The Ministry of Interior of the Republic of Macedonia has also issued requests to our Macedonian subsidiaries, requesting information and documents concerning certain of our subsidiaries' procurement and dividend payment activities in that country (together with U.S. investigations, and the ongoing NBI investigation, the "Government investigations"). During 2007, the U.S. authorities expanded the scope of their investigations to include an inquiry into our actions taken in connection with the internal investigation and our public disclosures regarding the internal investigation. By letter dated February 27, 2009 addressed to counsel to the Audit Committee, the DOJ requested that the Audit Committee pursue all reasonable avenues of investigation prior to completing and issuing a final report of the internal investigation, including investigation into matters recently identified to counsel for the Audit Committee by the DOJ. The DOJ recognized that a delay in the completion of the report may result from investigation into these matters. The DOJ also requested that the Audit Committee refrain from disseminating any such final report until further notice from the DOJ because of the DOJ's concern that such dissemination could interfere with the DOJ's investigation. The Company, its Board of Directors, and its Audit Committee continue to support the internal investigation and the continuing cooperation with and assistance to the Governmental investigations, as being in the best interests of the Company and its shareholders. In its February 27 letter, the DOJ stated that the internal investigation has been of assistance to the DOJ and that such assistance will be taken into account in determining the appropriate disposition of this matter by the DOJ, if any. According to an extract of a press conference published on the official web site of the Macedonian Ministry of Interior on December 10, 2008, the Organized Crime Department of the Ministry submitted files to the Basic Public Prosecution Office of Organized Crime and Corruption in Macedonia, with a proposal to bring criminal charges against four individuals, including three former Magyar Telekom Group employees. According to that public information, these individuals are alleged to have committed an act of "abuse of office and authorizations" in their position in Makedonski Telekom by concluding five consultancy contracts with Chaptex Holdings Ltd in the period 2005-2006 for which there was allegedly no intention nor need for any services in return. We cannot predict when the internal investigation or the ongoing Government investigations will be concluded, what the final outcome of those investigations may be, or the impact, if any, they may have on our financial statements or results of operations. We cannot predict what impact, if any, these investigations will have on each other. Government authorities could seek criminal or civil sanctions, including monetary penalties, against us or our affiliates, as well as additional changes to our business practices and compliance programs. Magyar Telekom incurred HUF 3.6 bn expenses relating to the investigation in the first half of 2009, which are included in other operating expenses of Group Headquarters.

Overview
Magyar Telekom Group at a glance

Local concession areas in Hungary



Ownership structure*



*approximate figures as of 30 June, 2009

Integrated operations in Hungary, Macedonia and Montenegro

- 39 of 54 local concession areas in Hungary
- leading telecommunications service provider in all three countries
- leading SI/IT service provider in Hungary

Strategic priorities

- service excellence: stronger customer focus with improved service quality and processes
- efficiency: leveraging opportunities from integrated operations
- selective expansion: execute value-accretive acquisitions in the region and in Hungary

EUR 2.8bn market capitalization

Stock exchange listings

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

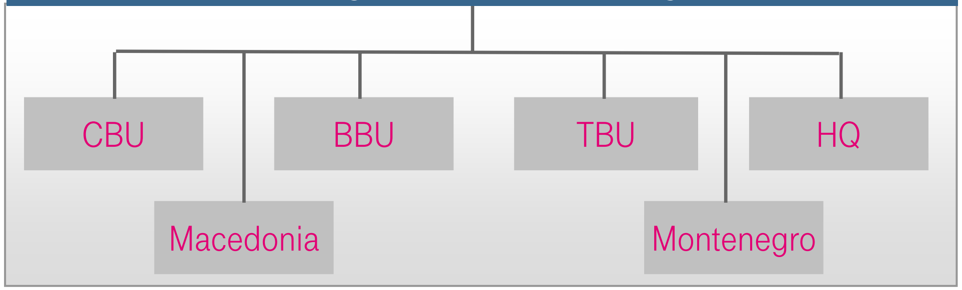
Tickers

- Reuters: NYSE: MTA.N, BSE: MTEL.BU
- Bloomberg: NYSE: MTA US, BSE: MTELEKOM HB

Service excellence

Leaner organization, simpler brand structure

Customer segment-focused organization



New organization since January 1, 2008

- Consumer Services (CBU): mobile and wireline consumer services under the T-Home and T-Mobile brands
- Business Services (BBU): mobile and wireline corporate services including SI/IT under the T-Systems brand
- Technology (TBU): mobile and wireline network and IT management and development
- Macedonia and Montenegro: country-based reporting, fixed-mobile integration is ongoing

Clear brand structure

T

- "T" as our corporate brand identifies the Magyar Telekom Group

Consumer Services

T-Home

- "in the Home" wireline home communications and entertainment services

T-Mobile

- "on the Move" wireless communication and entertainment services

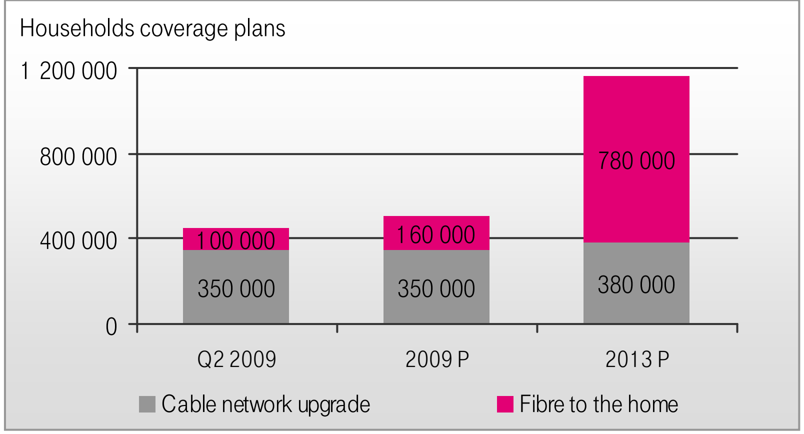
Business Services

T-Systems

- business and corporate solutions, ICT services

Improving service quality and portfolio
Reinforcing technological leadership

New generation access roll-out



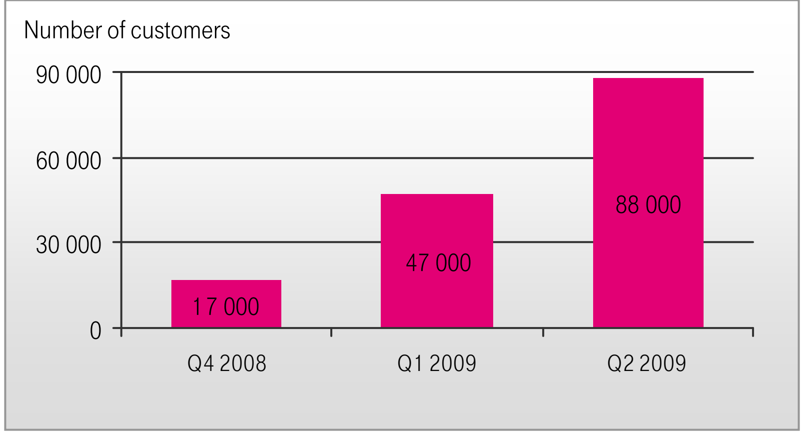
5-year plan to cover ~30% of Hungarian households with bandwidth of up to 100 Mbps

- fibre roll-out using mainly FTTH G-PON technology
- cable network upgrade with Docsis 3.0 technology

Total investment need of HUF 40 billion

- 2009 CAPEX of around HUF 8bn (cut by HUF 2bn)

Launch of satellite TV service

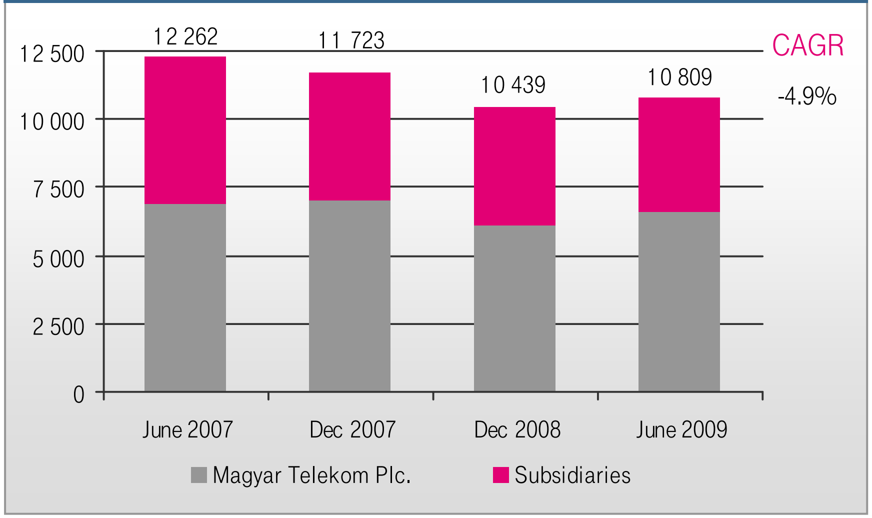


T-Home Sat TV

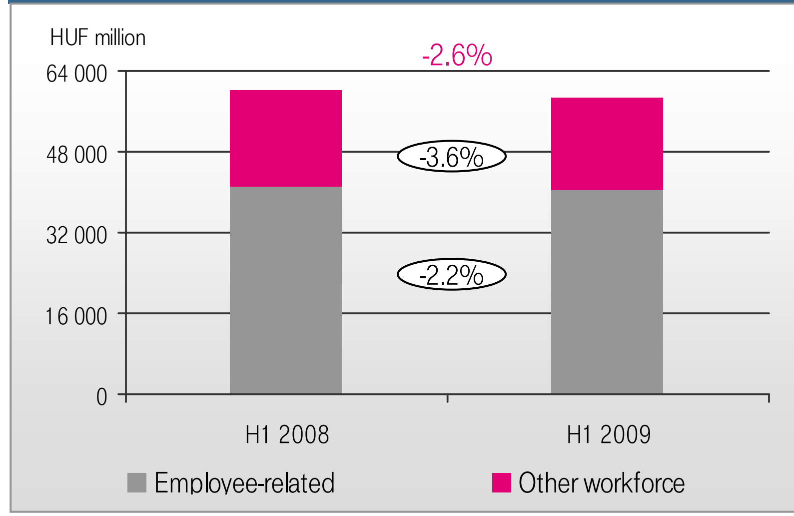
- recessionary environment has a positive impact on demand for TV services, better than expected sales results
- significant retention benefit: more than two-thirds of satellite TV customers are part of a 2Play or 3Play package

Focus on efficiency
Headcount rationalization

Headcount reduction



Total Workforce expense in Hungary



Headcount reduction in 2010

- agreement with trade unions reached in September 2009
- 400+ employee redundancies at the parent company by end-2010
- severance-related expenses will amount HUF 7bn, majority accounted in Q4 2009, rest in 2010
- goal is to reduce underlying total workforce management related expenses by HUF 6.5bn or by 5% in two years despite wage increases*

*2008 underlying level was HUF 121bn in Hungary

Total Workforce Management launched in 2009

- focus shifted from headcount reduction to managing total workforce expenses – including contracted employees as well as outsourcing and entrepreneurial contracts
- goal is maintain or even reduce total personnel expenses despite wage increase

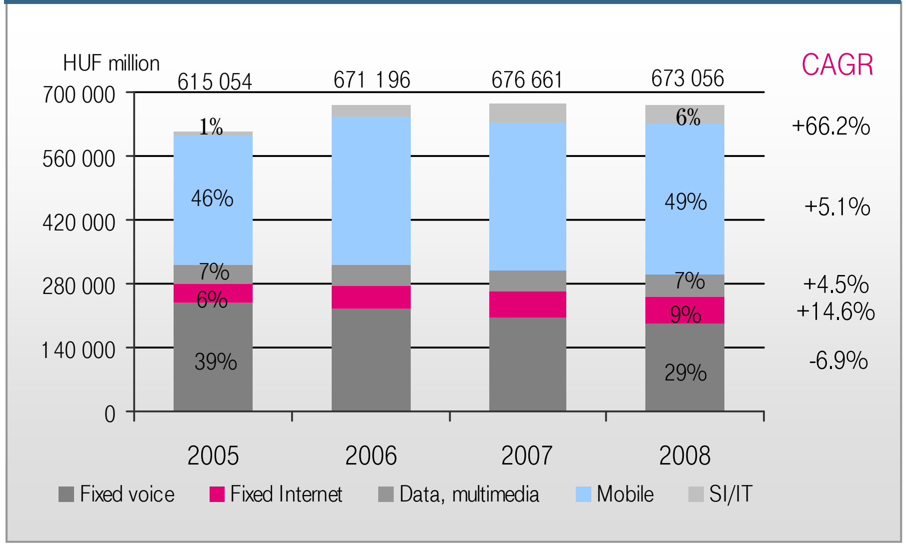
Wage increase for parent company employees

- 5.6% from April 2009
- 1.5% from January 2010 (as bonus budget)

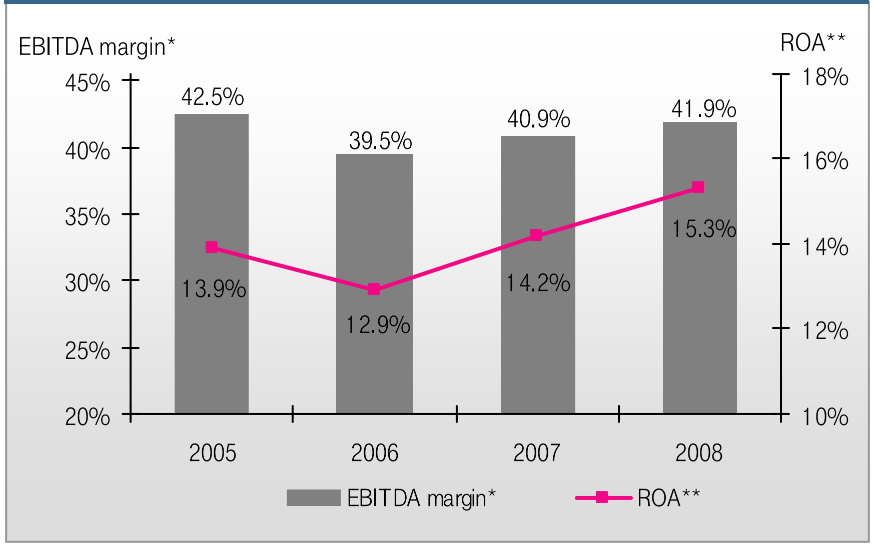
Addressing market challenges

Changing trends require continued efficiency improvement

Change in revenue mix



Strong focus on profitability



Stable top line, but dynamic change in revenue mix

- continuous decline of fixed voice revenues
- ratio of SI/IT revenues exceeded 6% of Group revenues in 2008
- new revenue sources have lower EBITDA margin putting pressure on group profitability

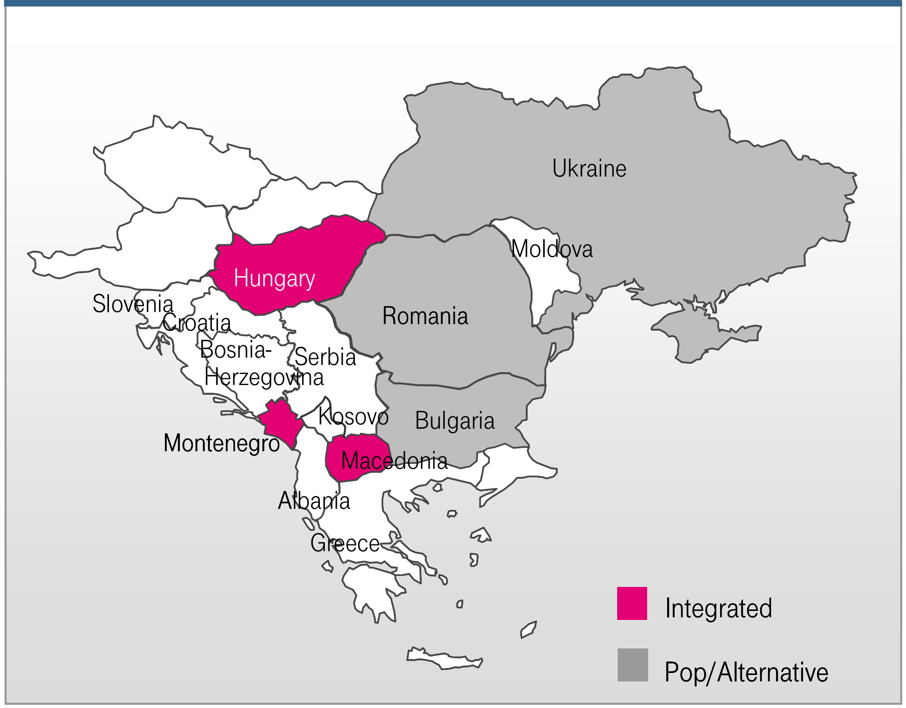
Growing EBITDA margin and returns

- ongoing headcount reduction and cost cutting reflected in margin
- visible signs of efficiency improvements in the growing EBITDA margin and returns

*Excluding special influences
**EBIT (excluding special influences) / Average total assets

Expansion strategy
Selective further acquisitions in the SEE region and Hungary

International presence



Seeking additional value-creating acquisitions both in Hungary and South-Eastern Europe

- 2001 – Makedonski Telekom
- 2005 – Crna Gora Telekom
- 2006 – entry into the Bulgarian and Romanian retail markets

Hungary

Leading position in the SI/IT market through acquisitions; further consolidation underway

- 2005 – Dataplex
- 2006 – KFKI
- 2007 – T-Systems Hungary
- 2009 – KFKI Direkt
- 2009 – ISH

Increasing presence in the content and advertising market

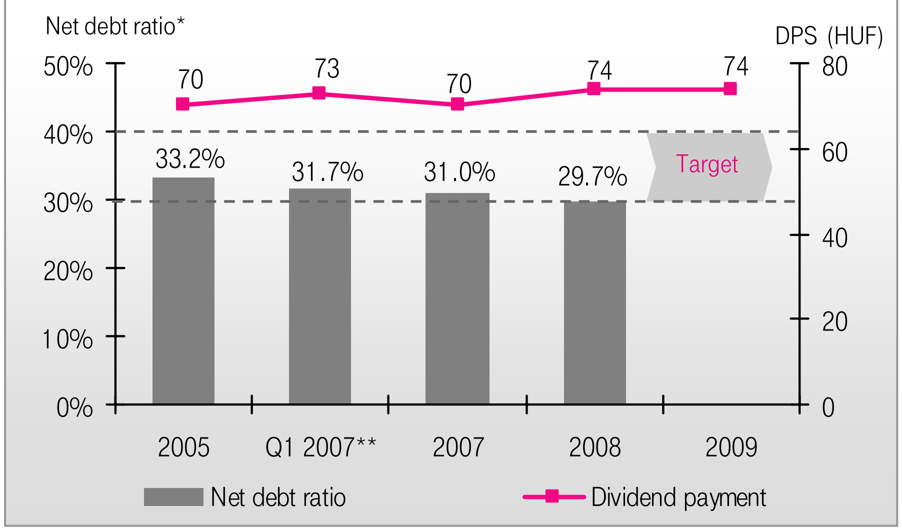
- 2006 – Mobilpress, MFactory
- 2006 – iWiW
- 2008 – IKO New Media

Further consolidation in the cable market

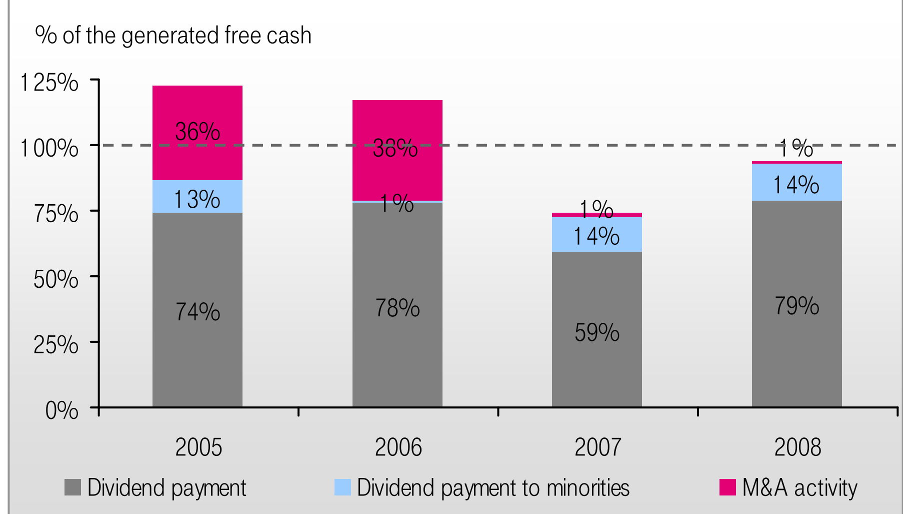
- 2008 – Délvonal

Dividend policy
Delivering value to shareholders

Balance sheet structure



Usage of free cash flow



Dividend policy driven by targeted balance sheet structure

- keep net debt within 30-40% range
- maintain a flexible balance sheet in case value-creating acquisition opportunities arise

Net debt ratio increased to 35.4% by June 2009 following the dividend payment

Current dividend yield is 13%*

- cash flow per share after dividend payment to minorities was HUF 80 in 2008

* net debt / (net debt + total equity)

** 2006 dividend payment (for 2005 financials) was delayed to January 2007

*yield calculation is based on the share price of HUF 549 (27 February 2009)

Economic downturn
Impact on Magyar Telekom

2008	2009	2010 and beyond

Persistently weaker currency, higher interest rates

Economic recession

Impacts

- higher financing costs
- impact of the weaker Forint:
  - net EBITDA effect (consolidation impact vs. OPEX pressure) is slightly positive
  - net cash flow impact is negative (EBITDA impact is offset by the pressure on CAPEX)
- higher churn rates and lower usage mainly in the residential segment
- SMB started to rationalize telecommunication spending (both fixed line and mobile voice)
- decreased equipment sales

Opportunities

- acquisition opportunities (low asset prices, companies facing financial difficulties)
- new orders through increased ICT (information and communication technology) and outsourcing activities in the corporate sector
- increased demand for competitive bundled offers (2Play/3Play)

Strengths

- conservative capital structure
- average maturity of debt is 2.5 years
- financing through Deutsche Telekom
- no FX exposure (FX denominated loans are hedged via swaps)
- demand for telecommunication services is less sensitive to economic downturn
- well diversified IT and telecommunication services portfolio

Regulatory snapshot

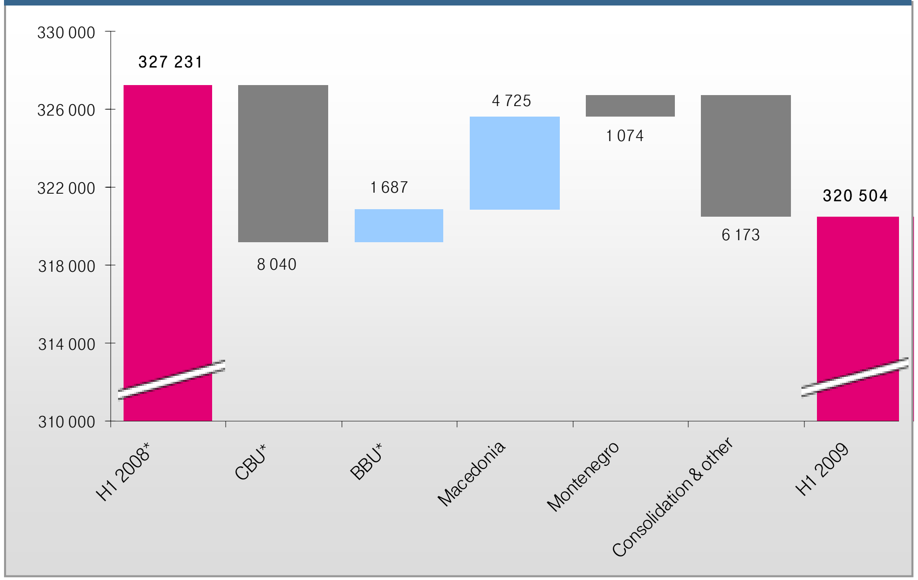
Regulation in line with EU recommendations in all three countries

- Hungary: fully in line with the EU Regulatory Framework
- Macedonia: liberalization of fixed line market in progress, regulated mobile termination rates
- Montenegro: new telecommunication law adopted in 2008 – full liberalization expected in 2009 and 2010

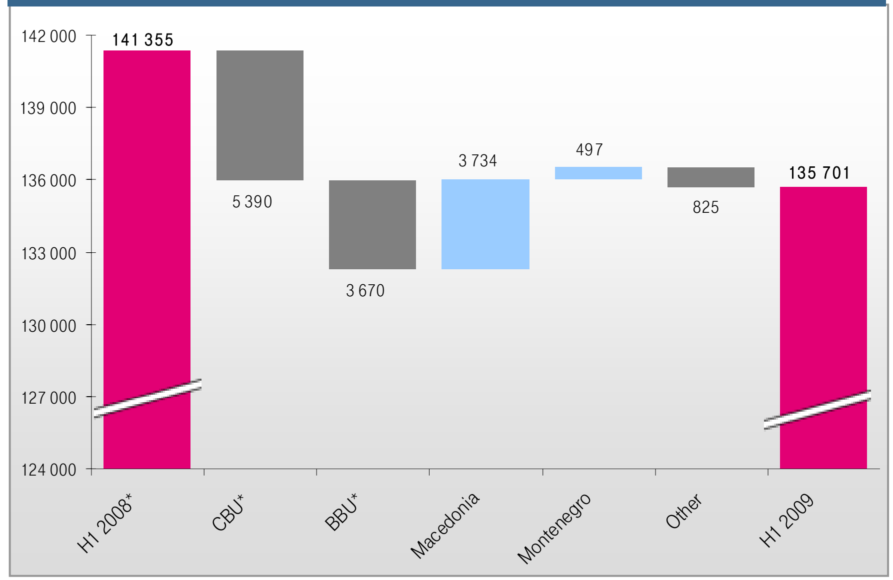
	Hungary	Macedonia	Montenegro
Reference interconnection offer	✓	✓	✓
Reference unbundling offer	✓	✓	✗
Wholesale line rental	✗	✓	✗
Bitstream access	✓	✓	✗
Number portability (fixed and mobile)	✓	✓	✗
Regulated mobile termination rates	✓	✓	✓
EU mobile voice roaming regulation	✓	✗	✗

First half 2009 results
Business Unit analysis

Revenue development



Underlying EBITDA development



** excluding special influences and HUF 8.5bn IC traffic related reversal of provisions accounted in 2008 (HUF 3.1bn at CBU and HUF 5.4bn at BBU)*

2.1% revenue decline driven by recession, competition and regulation

- CBU declined primarily due to the worsening economic environment, cable competition and mobile termination rate regulation
- BBU showed growth thanks to higher SI/IT revenues
- international revenue increase mainly driven by the foreign exchange impact, strong Macedonian results

4.0% underlying EBITDA decline due to change in revenue mix and recessionary impact

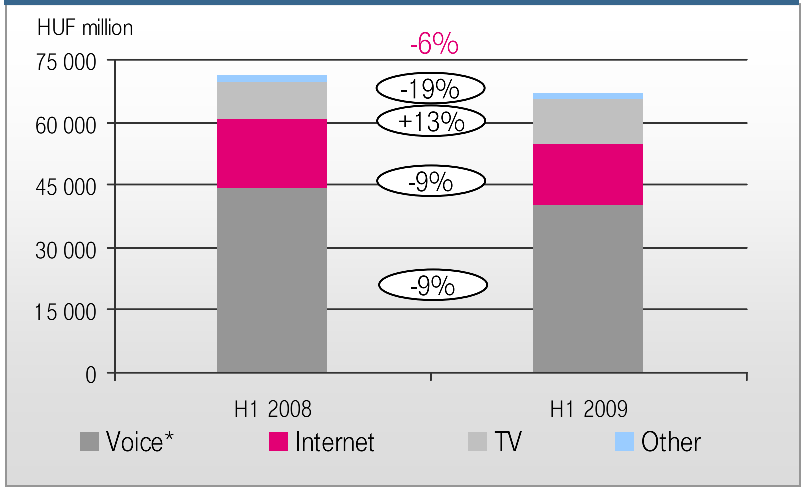
- further erosion of traditional voice revenues put pressure on EBITDA margin, partly offset by cost cutting
- wage increase for parent company employees in April 2009
- positive FX impact on result of international subsidiaries

Public targets for 2009 revised

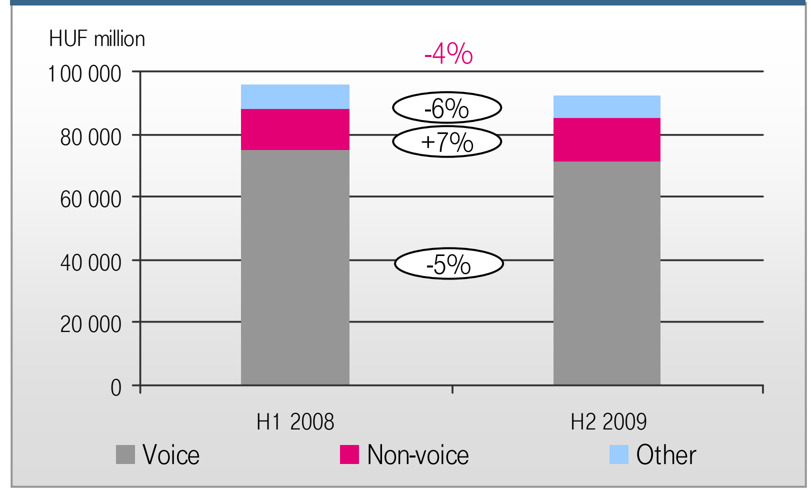
	Revised 2009 public targets	2009 H1 results
Revenue	Around 2% decline compared to 2008	2.1% decline
▪ excluding IC fees related reversal of provisions in 2008 ▪ comparable 2008 figure is HUF 664.5 bn	▪ revised from 1% decline ▪ recessionary impacts: lower usage and tariffs, higher churn levels ▪ regulatory impacts	▪ strong decline in traditional voice revenues partly offset by new revenue sources (such as SI/IT and TV services)
Underlying EBITDA	Up to 5% decline compared to 2008	4.0% decline
▪ excluding special influences and IC fees related reversal of provisions in 2008 ▪ comparable 2008 figure is HUF 273.7 bn	▪ revised from 2% decline ▪ difficult macroeconomic environment ▪ margin pressure due to faster than expected change in revenue mix ▪ regulatory impacts	▪ strong decline in high-margin voice revenues ▪ cost cutting measures launched
Capex	Capex: maintain 2008 level	27% increase
▪ excluding the 3G license fee in Macedonia and non-cash items totaling HUF 4.3bn in 2008 ▪ comparable 2008 figure is HUF 103.6 bn	▪ Capex target confirmed ▪ strong infrastructure based competition in Hungary ▪ pressure from weaker HUF ▪ cut in business-as-usual CAPEX, increased spending on new initiatives	▪ higher H1 spending due to high demand for satellite TV services ▪ fibre-to-the-home roll-out Capex cut by HUF 2bn this year

Consumer Services Business Unit (CBU) - Financials

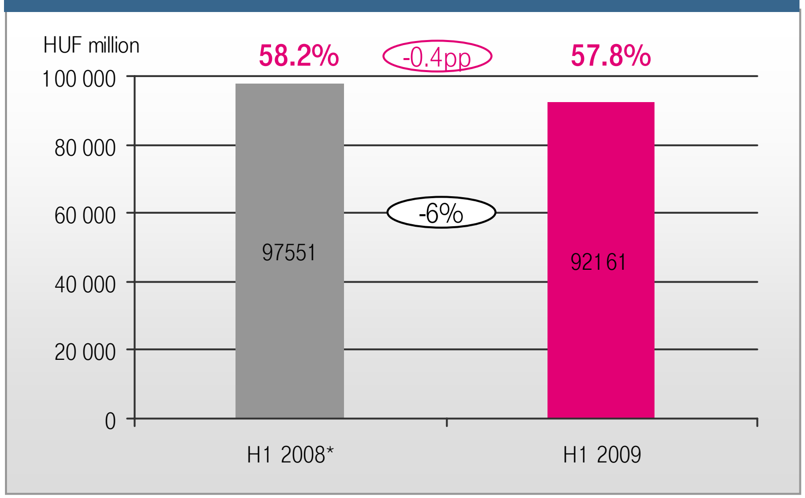
CBU Fixed line revenues



CBU Mobile revenues



CBU EBITDA and margin



** excluding HUF 3.1 bn IC fees related reversal of provisions accounted for in H1 2008*

Revenue decline driven by recession, competition and regulation

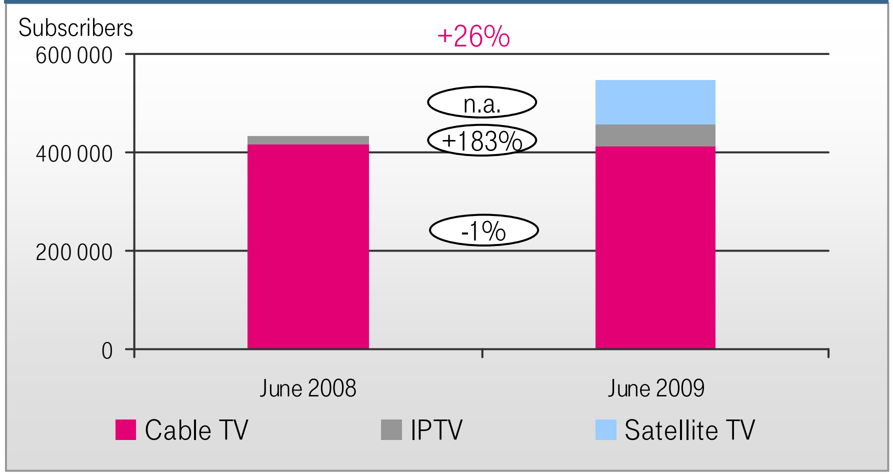
- usage declined and churn accelerated both in fixed line and mobile due to lower disposable income of households
- additional pressure on mobile revenues from regulation (cut in mobile termination rates and roaming tariffs)

EBITDA margin declined despite cost cutting

- changing revenue mix
- increased mobile acquisition costs
- fixed cost related to satellite TV service
- higher employee-related costs driven by wage increase

CBU – focus on triple play services

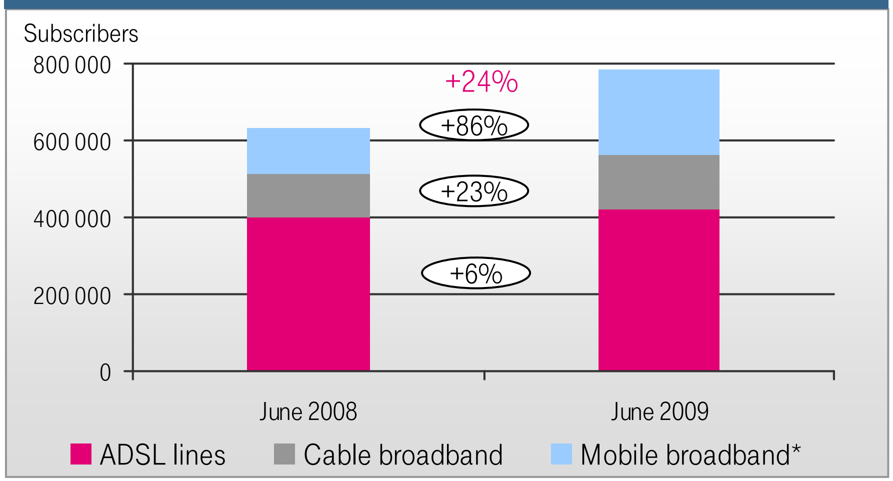
TV customer growth



Strong focus on triple play on all networks (fixed line, cable and mobile)

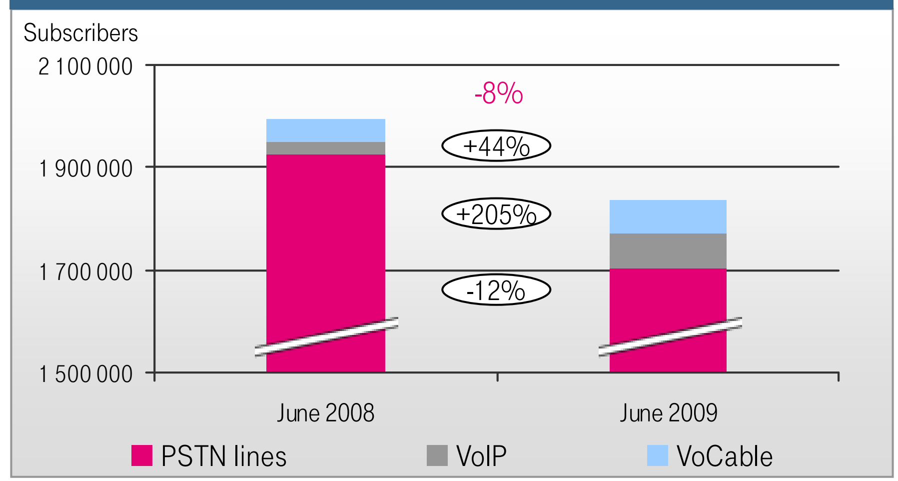
- new, simple and competitive offers launched under the T-Home brand in September 2008
- new packages include more favorable VoIP solutions
- satellite TV service introduced last November enabling a country-wide TV offering
- triple play offers start from HUF 5,040/month (~EUR 17)

Broadband customer growth



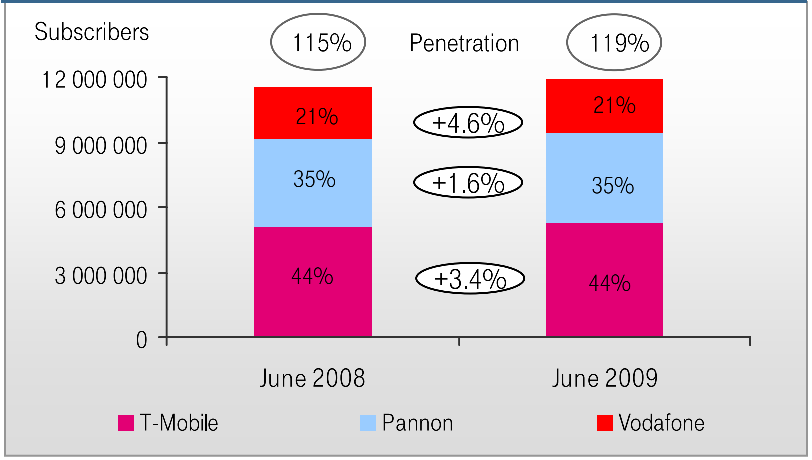
*June 2008 data estimated only

Fixed voice access

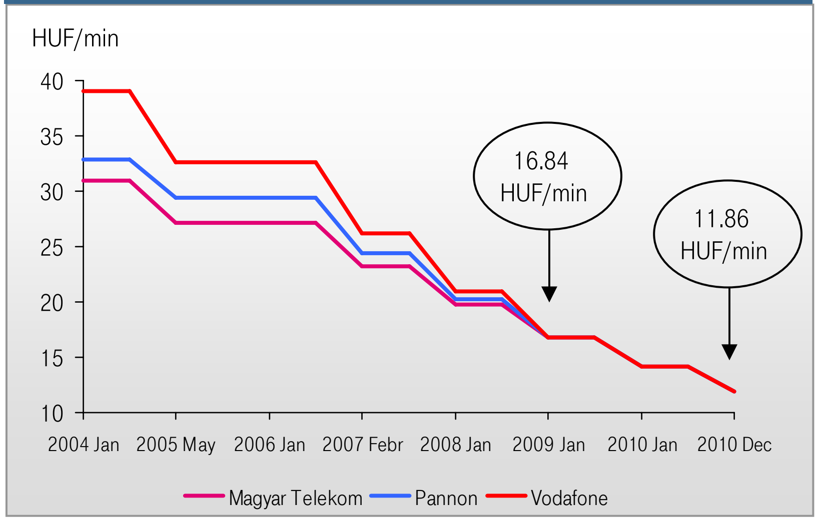


CBU - mobile operations

Mobile market shares



Mobile termination rate cuts



Recessionary impact can also be felt in the mobile market

- due to lower disposable income customers became more cost sensitive, increased churn levels
- usage and tariff levels are also under pressure
- although penetration grew year-on-year, in the last two quarters both penetration and customer numbers declined

Tariff erosion

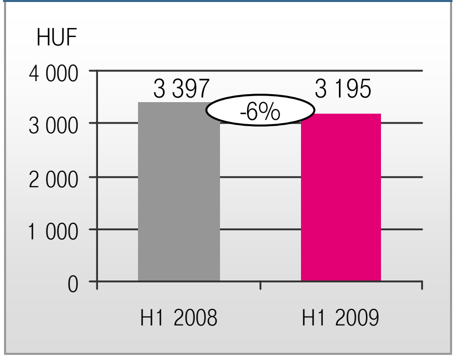
- more conscious package selection and higher migration
- broad use of closed-user-group services
- further pressure from regulation: annual cut in mobile termination rates and roaming tariffs
- average voice revenue per minute decreased by 7% yoy

Mobile termination fee regulation

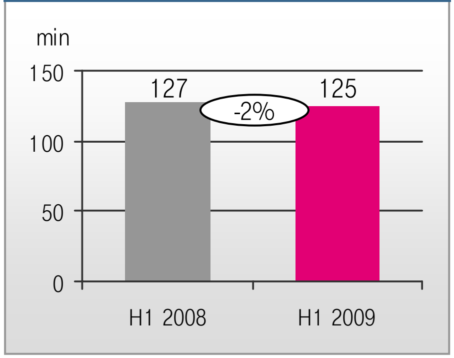
- asymmetry eliminated from beginning of this year, current rates are 17 HUF/min (EUR 0.06)
- further 16% cut in Jan-2010 and Dec-2010 for all operators

CBU - mobile KPIs

ARPU



MOU



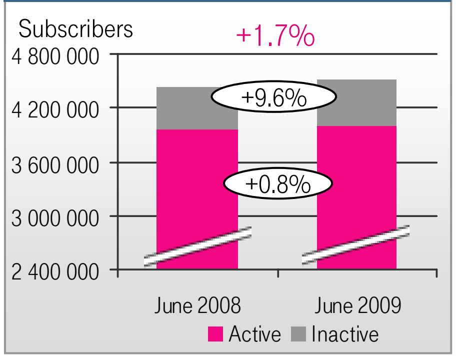
Continuing tariff decline

- average tariff levels declining
- recession negatively influencing price elasticity, MOU declines
- mobile termination rate cuts also negatively affect ARPU

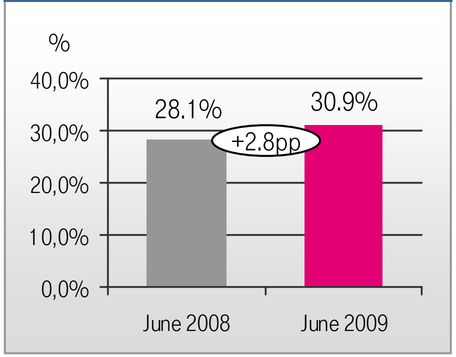
Mobile internet development

- strong demand for mobile broadband service, number of subscribers exceeded 310,000 at end of June 2009
- 3G/HSDPA network covering ~71% of population

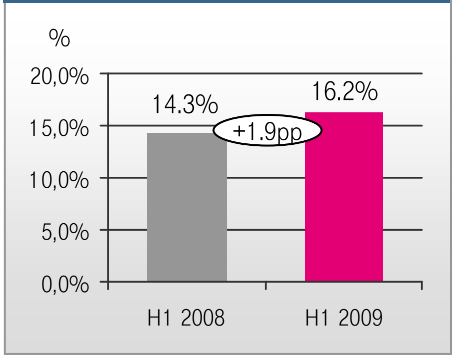
Total RPC



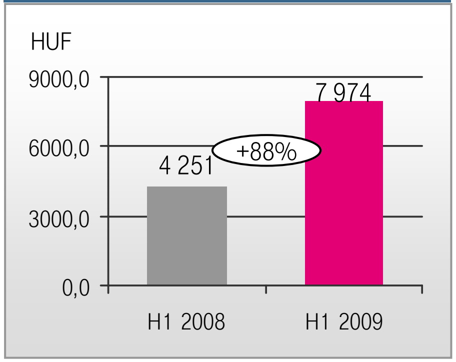
Postpaid share within RPC



Non-voice revenue per ARPU

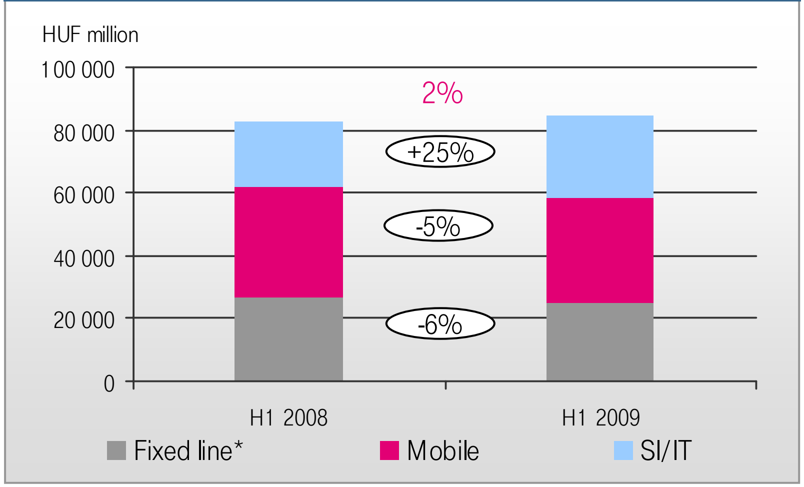


Acquisition cost per gross add

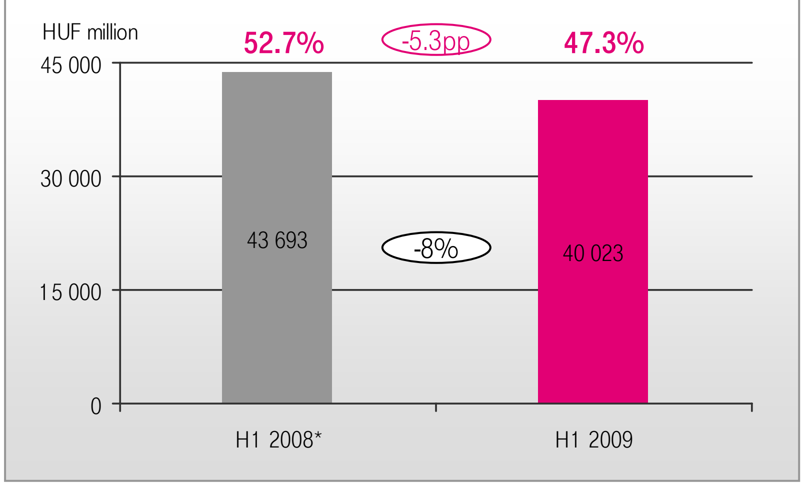


Business Services Business Unit (BBU) - Financials

BBU revenues



BBU EBITDA and margin



** excluding HUF 5.4 bn IC fees related reversal of provisions accounted for in H12008*

Falling voice revenues counterbalanced by increasing SI/IT service revenues

- decline in voice revenues accelerated by recession
- strong competition causes decline in mobile tariffs
- increasing contribution of SI/IT revenues

Further strengthening of position in the Hungarian SI/IT market

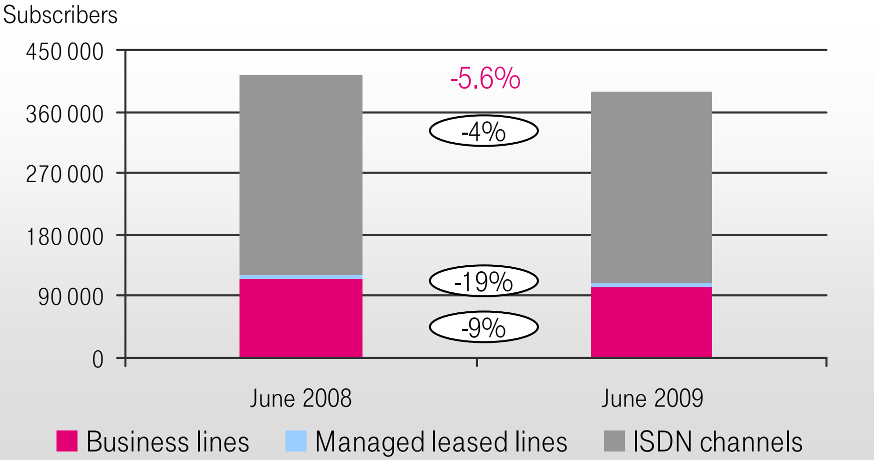
- acquisition of KFKI Direkt and ISH, consolidation expected from Q3 and Q4, respectively
- launch of new virtual service portfolio (software-as-a-service)

Change in revenue mix puts pressure on EBITDA margin

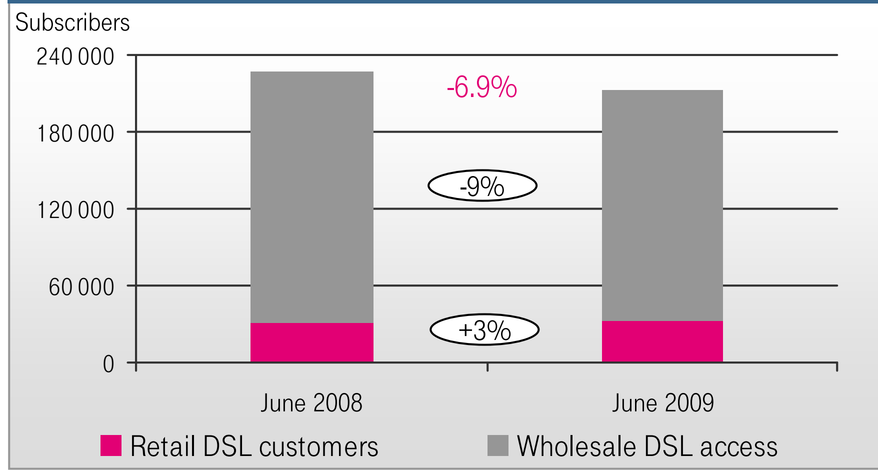
- ratio of lower-margin SI/IT revenues is continuously increasing, while high-margin voice revenues are declining (although due to their lower Capex-intensity SI/IT services have similar return characteristics)

BBU KPIs

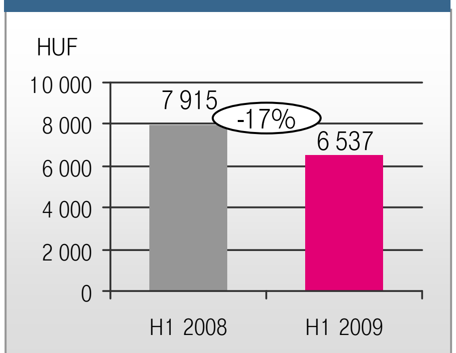
Fixed voice access



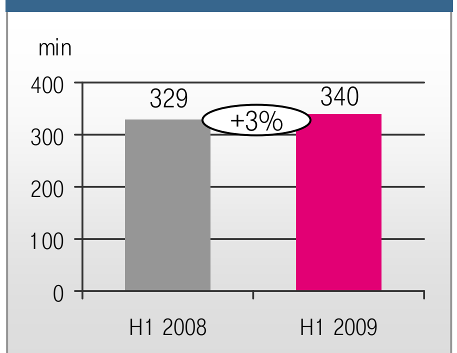
DSL customers



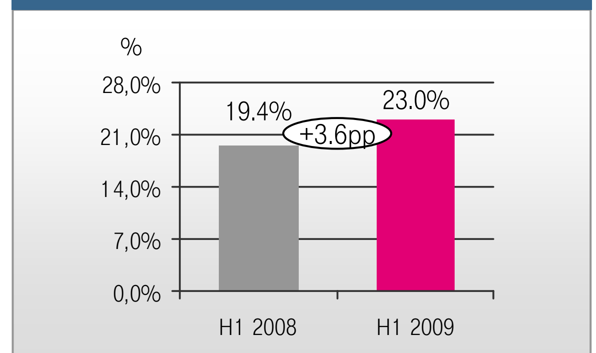
Mobile ARPU



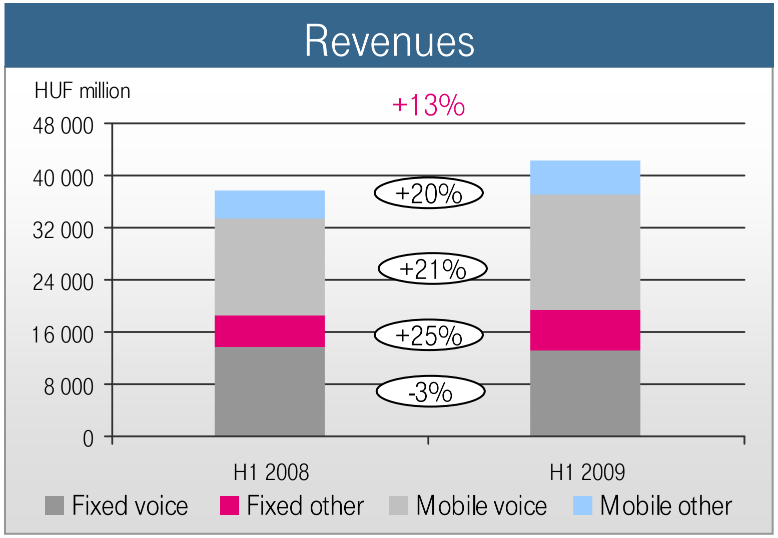
Mobile MOU

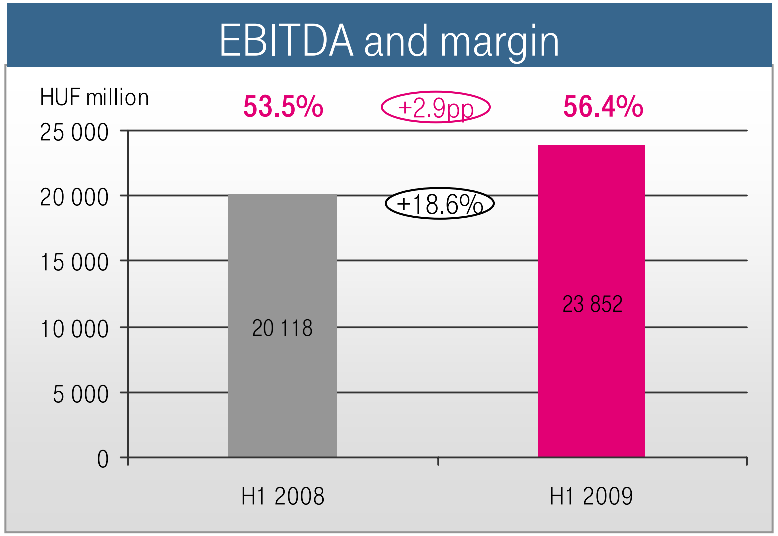


Non-voice revenue per ARPU



Macedonia





Results supported by significant FX impact

- HUF weakened on average by 14.0% to the Macedonian Denar yoy in the first half of 2009

Declining traditional fixed line voice revenues

- strong mobile substitution, competition from altnets, cables and one mobile operator offering fixed line service
- decreasing fixed tariff levels

Increasing internet revenues

- number of ADSL lines at 113,000 (up 58%)
- successful launch of IPTV and 2Play/3Play offers

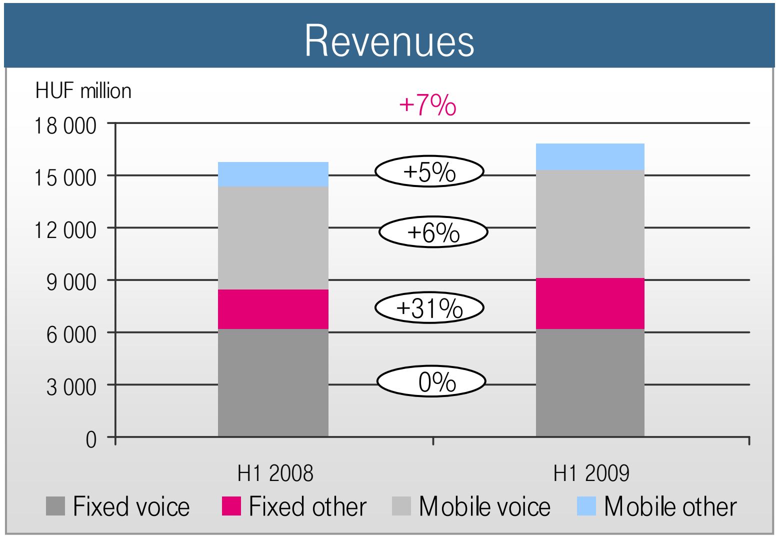
Growth in mobile revenues

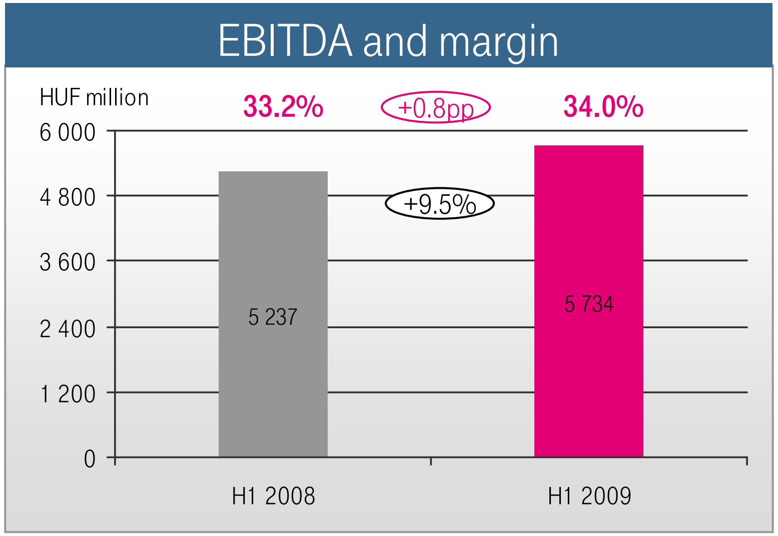
- focus on customer acquisition, 11% growth in customers
- MOU at 93 (up by 3%)
- ARPU of HUF 2,688 (~EUR 9)

EBITDA margin increased

- severance payment of HUF 1.7bn accounted in H1 2008 the key driver behind margin improvement
- excluding severance payment EBITDA margin declined by 1.7pp

Montenegro





Results supported by significant FX impact

- HUF weakened on average by 14.3% to the Euro in the first half yoy

Fixed voice revenues remained flat due to FX impact

- high mobile substitution puts significant pressure on voice retail revenues
- drop in wholesale revenues driven by Promonte's traffic rerouting through Serbia

Rapid growth in broadband market

- ADSL customers up 67% to close to 46,000

Mobile revenues under pressure

- very intense tariff competition since the entrance of 3rd mobile operator
- recession negatively affecting tourism
- MOU declined by 16% to 88
- ARPU of HUF 2,494 (~EUR 9)

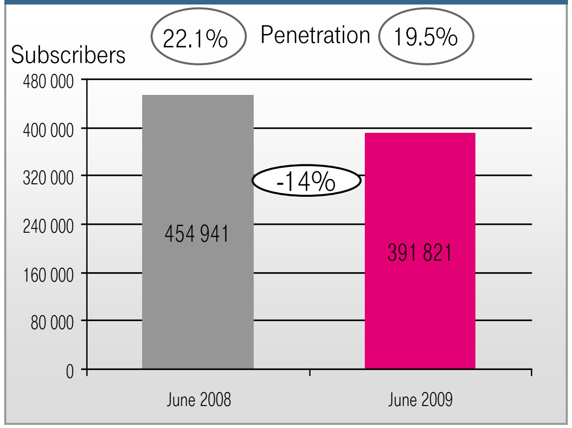
EBITDA margin remained broadly flat

- decrease in tourism revenues due to unfavorable economic environment
- wage increase since June 2008 counterbalanced by lower equipment and marketing costs

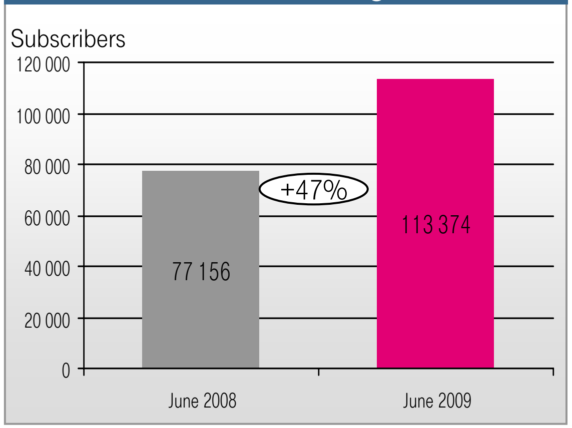
International KPIs

Macedonia

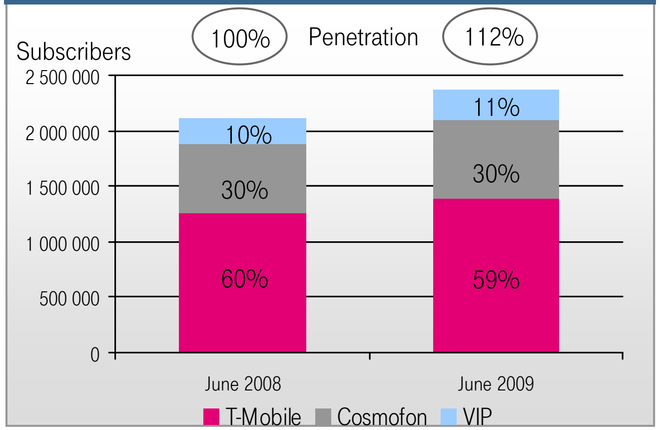
Fixed voice access



ADSL customer growth

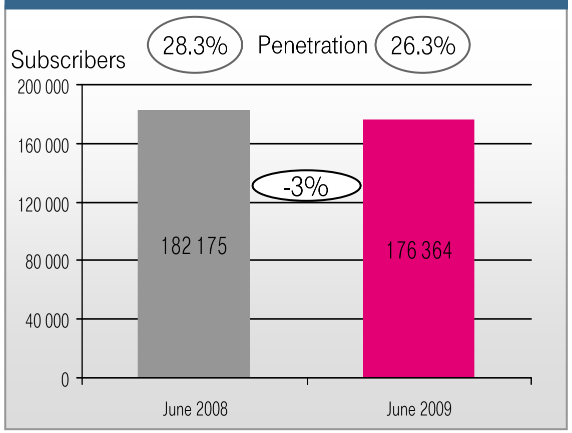


Mobile subscribers

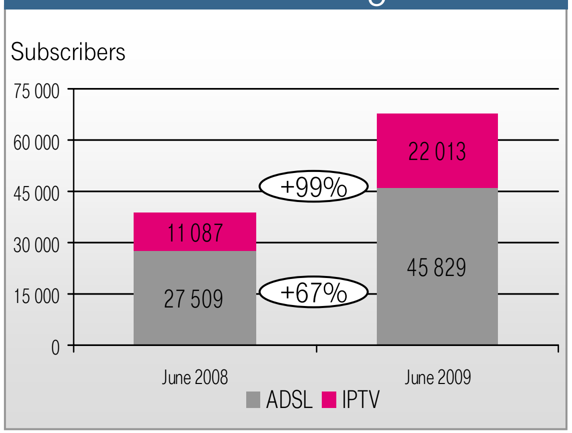


Montenegro

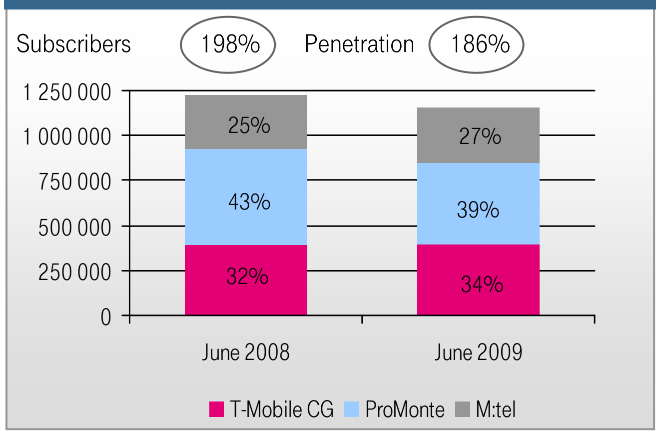
Fixed voice access



ADSL customer growth



Mobile subscribers



Data based on the active SIM cards published by the Montenegrin Telecom Agency

For further questions please contact the IR department:

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