

Presentation

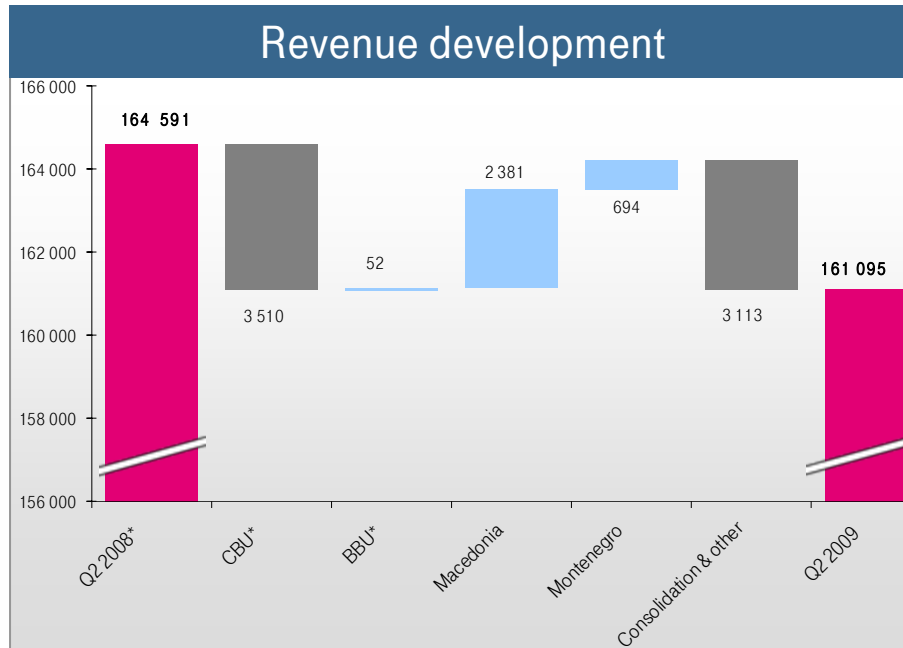
Magyar Telekom Q2 2009 Results

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

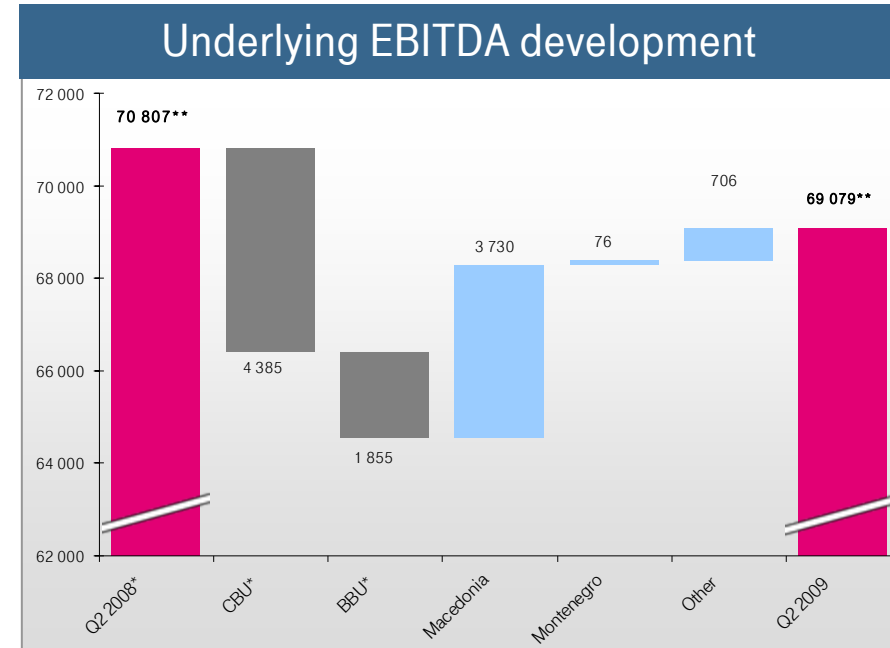


Second quarter 2009 results

Business Unit analysis



* excluding HUF 8.5bn F2M related reversal of provisions (HUF 3.1bn at CBU and HUF 5.4bn at BBU), **excluding investigation, headcount-reduction related costs



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 flat revenues thanks to higher SI/IT revenues
- international revenue increase mainly driven by the foreign exchange impact, strong Macedonian results

2.4% underlying EBITDA decline due to change in revenue mix and recessionary impact

- further erosion of traditional voice revenues put pressure on EBITDA margin, which cost cutting could only partly offset
- wage increase for parent company employees in April 2009
- positive FX impact on result of international subsidiaries
- one-time HUF 1.4bn gain on the IKO Telekom Media transaction

Public targets for 2009 revised

Revised 2009 public targets

2009 H1 results

Revenue

Around 2% decline compared to 2008

2.1% decline

- significant drop in disposable income of households due to recession (resulting in lower usage and tariffs, higher churn levels)
- intensifying competition
- regulatory impacts

- strong decline in traditional voice revenues partly offset by new revenue sources (like SI/IT and TV services)

Underlying* EBITDA

Up to 5% decline compared to 2008

4.0% 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

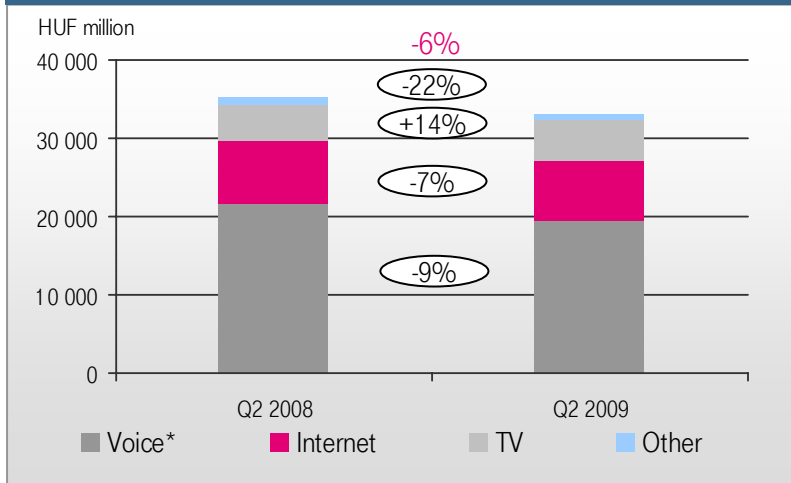
- strong infrastructure based competition in Hungary
- pressure from weaker HUF
- cut in business-as-usual CAPEX, increased spending on new initiatives (satellite TV, fibre optic network)

- higher H1 spending due to high demand for satellite TV services
- due to higher CAPEX on satellite TV, fibre-to-the-home roll-out Capex cut by HUF 2bn this year

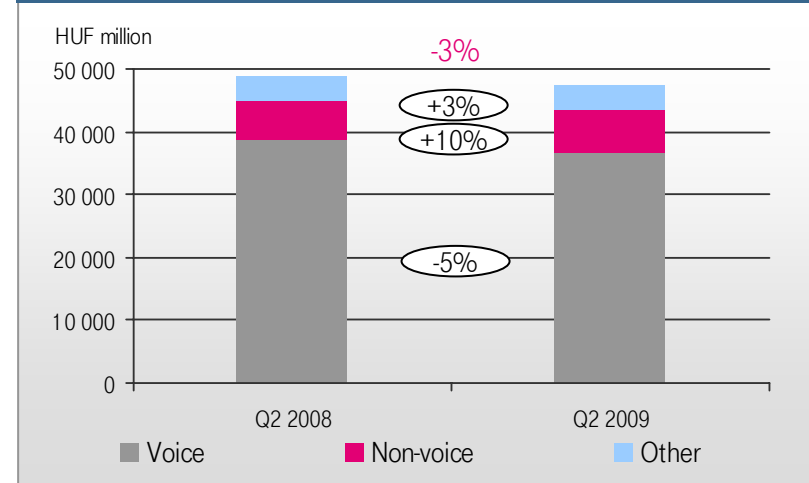
**Excluding special influences and HUF 8.5bn F2M related reversal of provisions booked in Q2 2008*

***Excluding the Macedonian 3G license fee of HUF 2.5bn and non-cash items totaling HUF 1.8bn in Q4 2008*

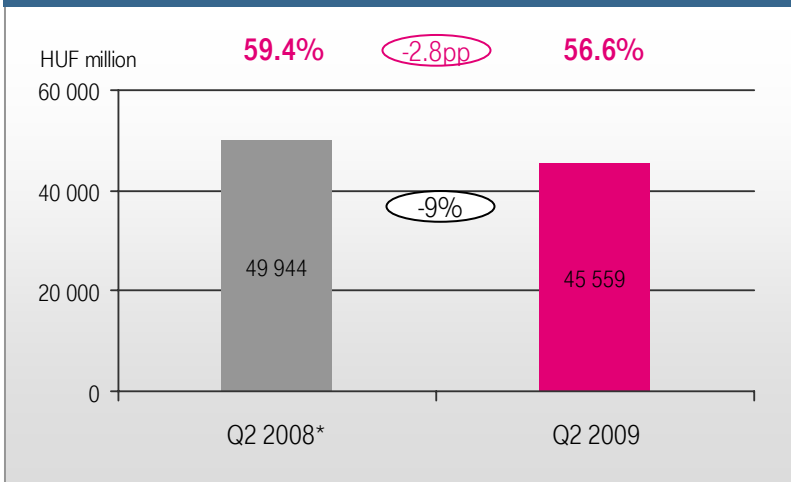
CBU Fixed line revenues



CBU Mobile revenues



CBU EBITDA and margin



Revenue decline driven by recession, competition and regulation

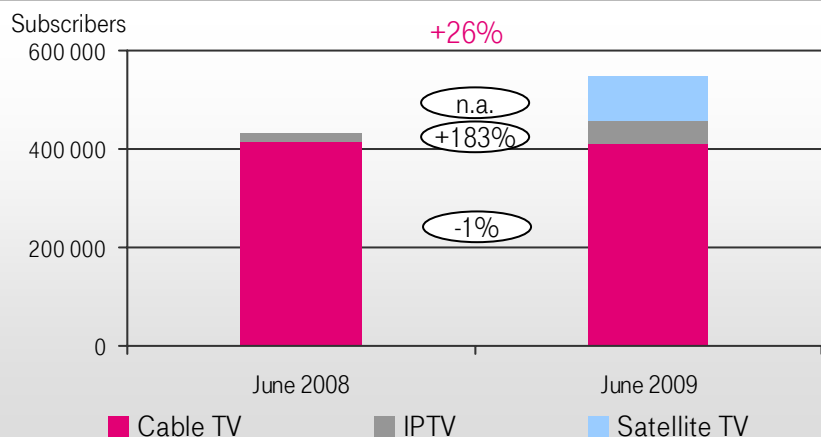
- usage declined and churn accelerated both in fixed line and mobile due to lower disposable income of households
- additional pressure on mobile revenues from regulation (cut in mobile termination rates and roaming tariffs)

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

* excluding HUF 3.1bn F2M related reversal of provisions accounted in Q2 2008

TV customer growth

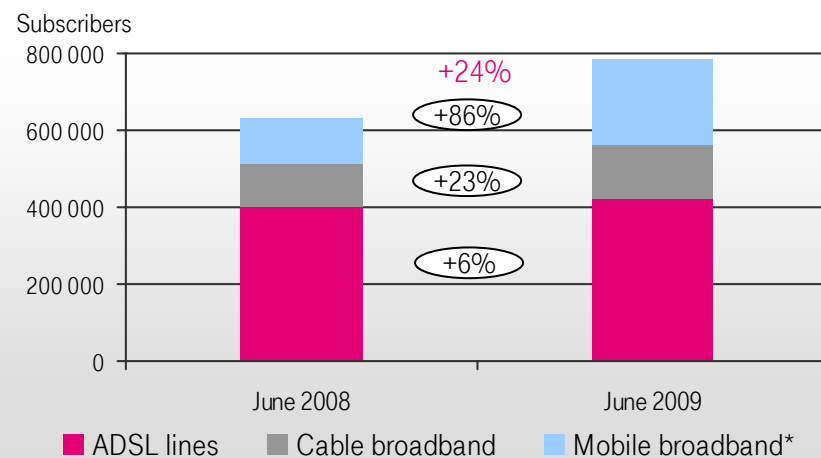


Strong focus on Triple play on all networks (fixed line, cable and mobile)

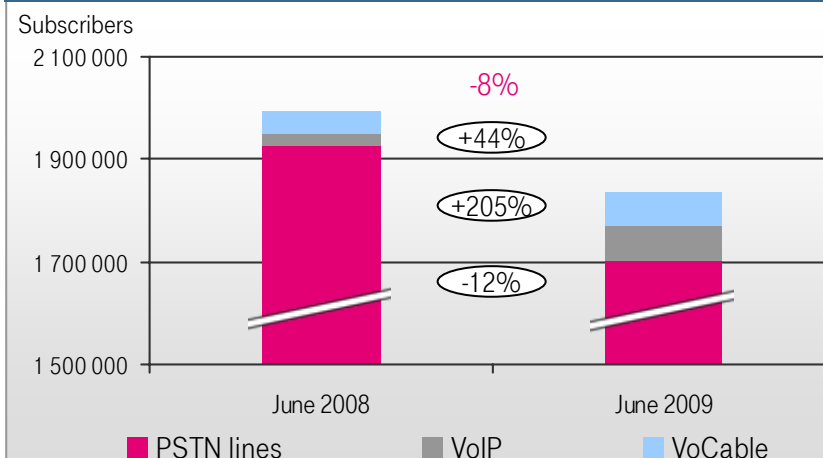


- new, simple and competitive offers launched under the T-Home brand last September
- new packages include more favorable VoIP solutions
- satellite TV service introduced last November enabling a country-wide TV offering
- triple play offers start from HUF 5,040/month (~EUR 17)

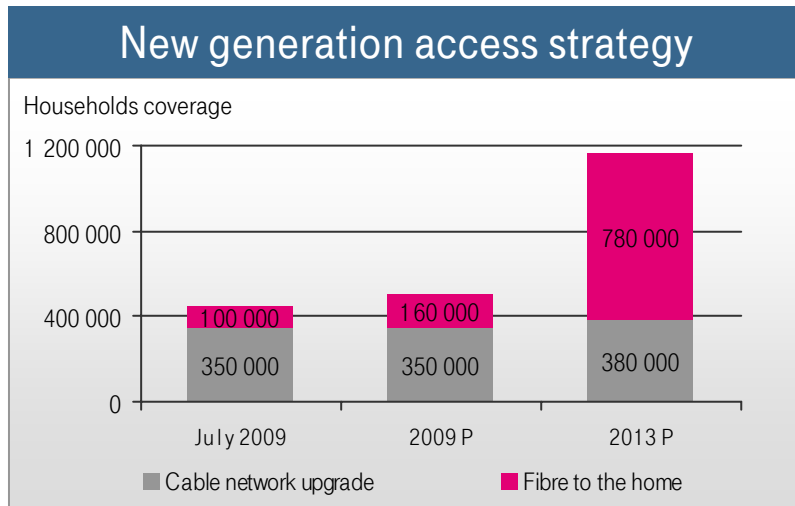
Broadband customer growth



Fixed voice access



*Q2 2008 data estimated only

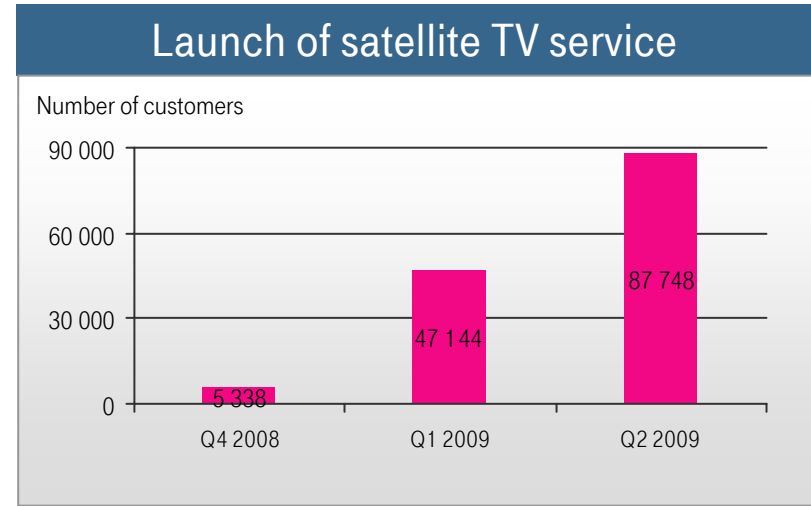


5-year plan to cover ~30% of Hungarian households with bandwidth of up to 100 Mbps

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

Total investment need of HUF 40 billion

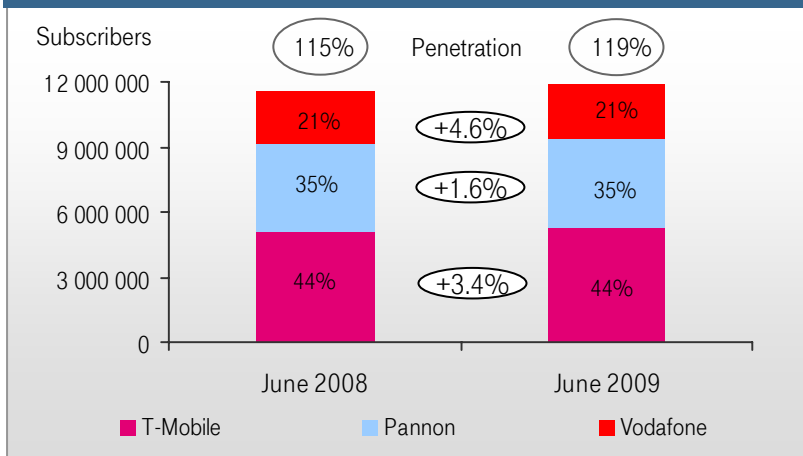
- 2009 CAPEX of around HUF 8bn (cut by HUF 2bn)



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

Mobile market shares



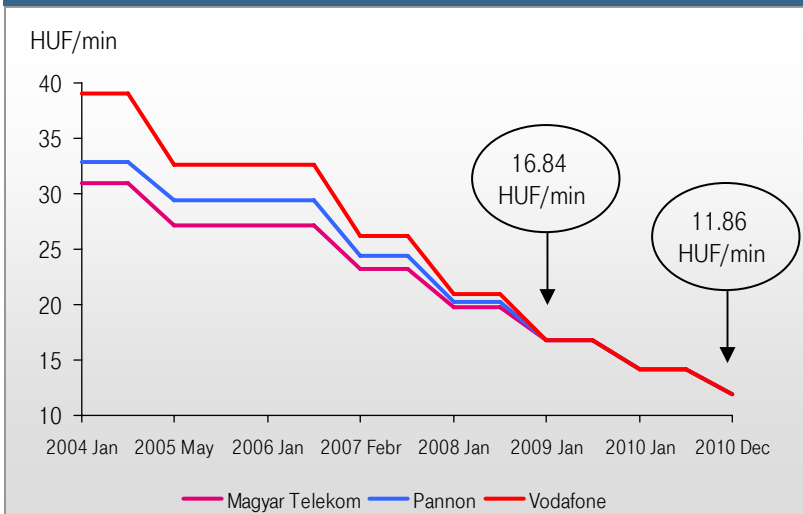
Recessionary impact can also be felt in the mobile market

- 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

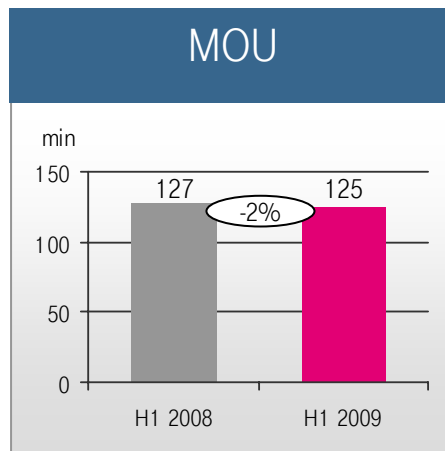
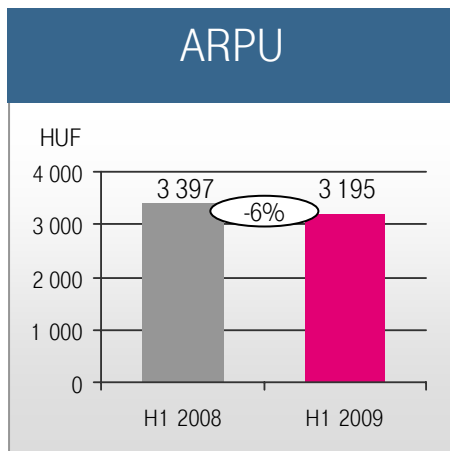
- more conscious package selection and higher migration
- broad use of closed-user-group services
- further pressure from regulation: annual cut in mobile termination rates and roaming tariffs
- average voice revenue per minute decreased by 20% yoy

Mobile termination rate cuts



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

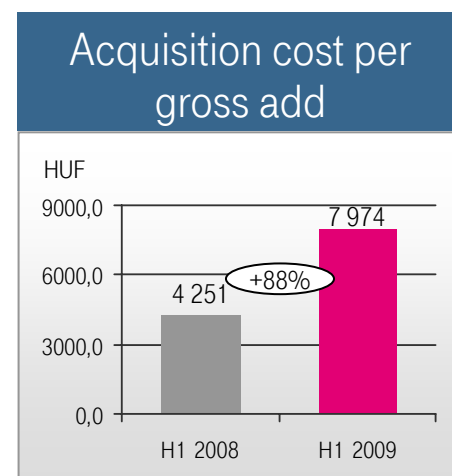
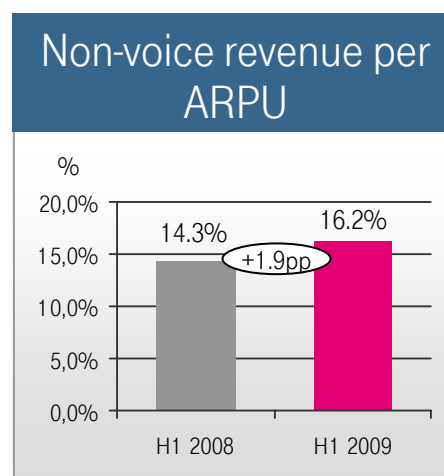
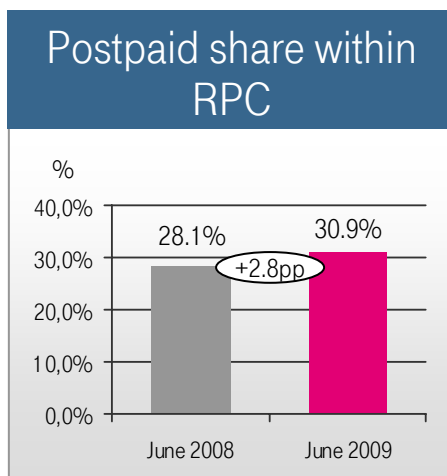
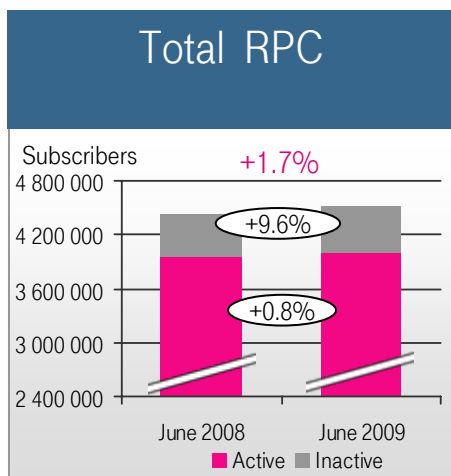


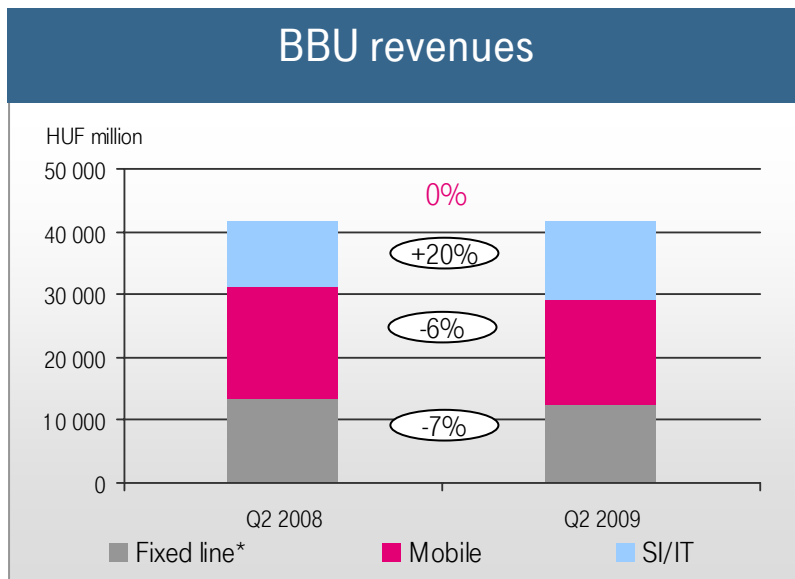
Continuing tariff decline

- 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



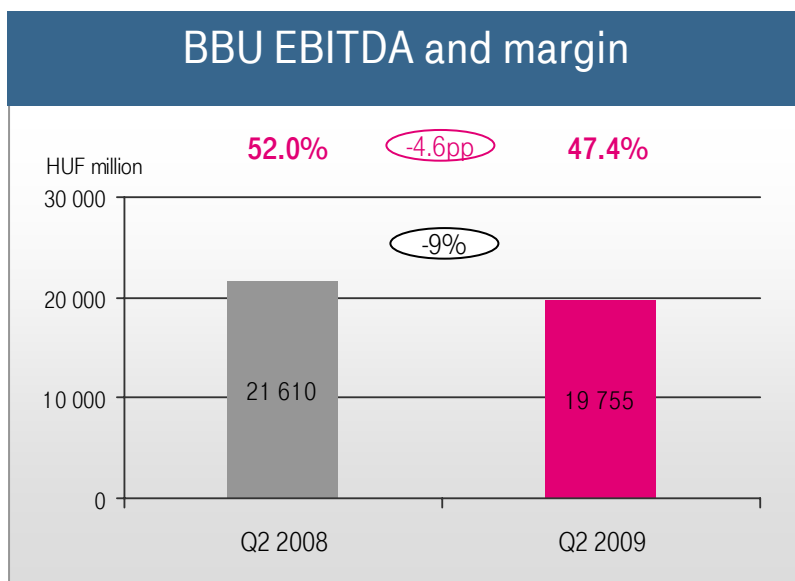


Falling voice revenues counterbalanced by increasing SI/IT service revenues

- 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)

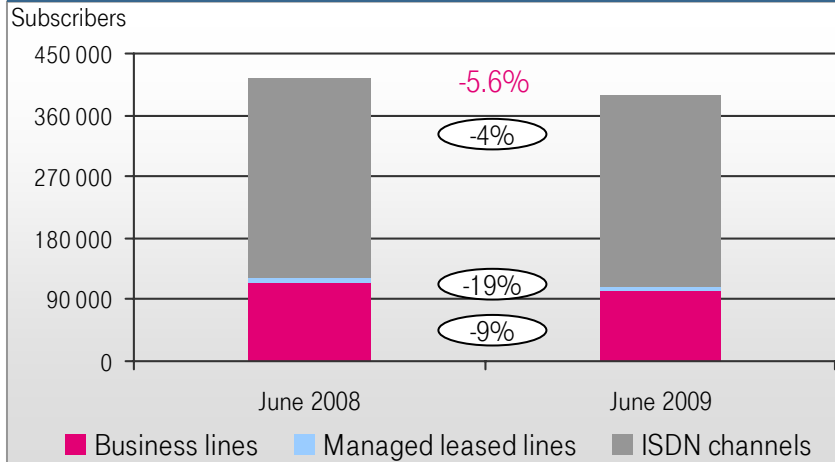


Change in revenue mix puts pressure on EBITDA margin

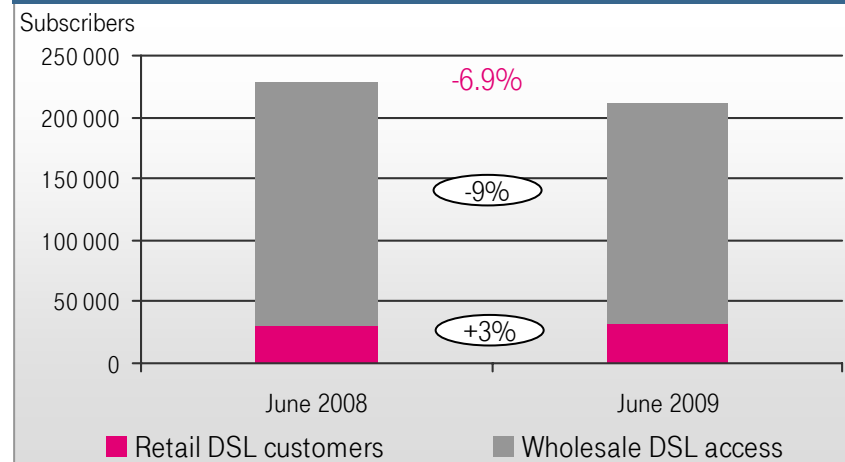
- ratio of lower-margin SI/IT revenues is continuously increasing while high-margin voice revenues are declining (although due to their lower Capex-intensity, SI/IT services have similar return characteristics)

* excluding HUF 5.4bn F2M related reversal of provisions accounted in Q2 2008

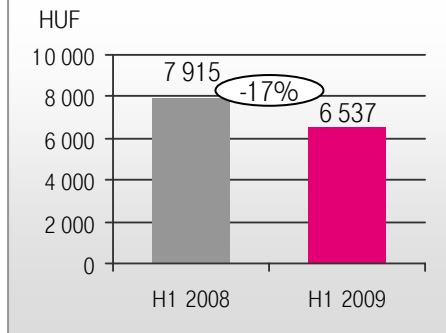
Fixed voice access



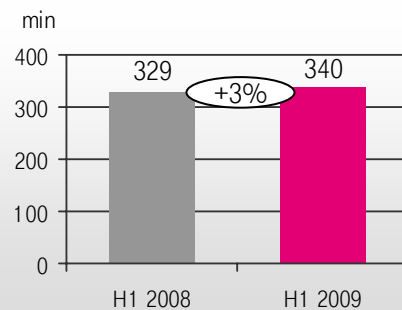
DSL customers



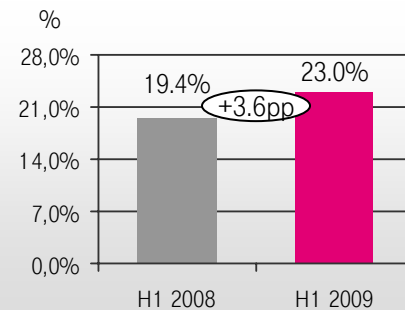
Mobile ARPU

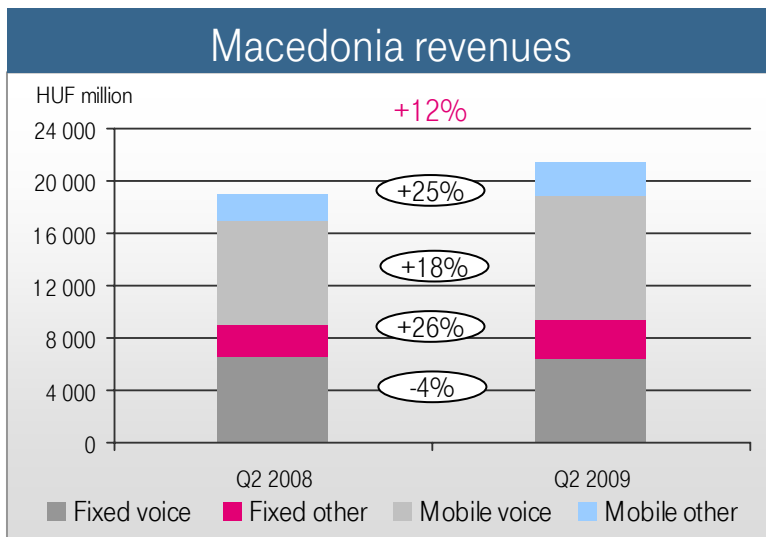


Mobile MOU



Non-voice revenue per ARPU





Results supported by significant FX impact

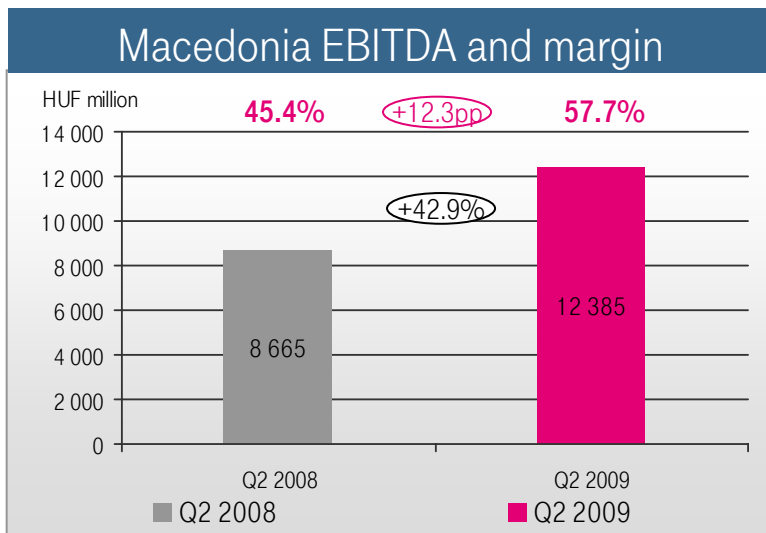
- HUF weakened on average by 15.6% to the Macedonian Denar in the second quarter

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

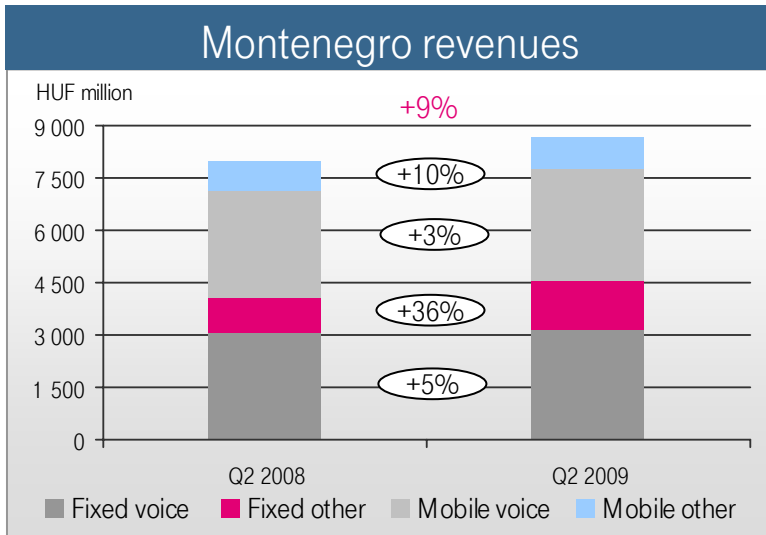


Growth in mobile revenues

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

EBITDA margin increased

- in addition to severance payment of HUF 1.7bn accounted in Q2 2008, higher margin also driven by cost cutting
- excluding severance payment EBITDA margin increased by 3.4pp



Results supported by significant FX impact

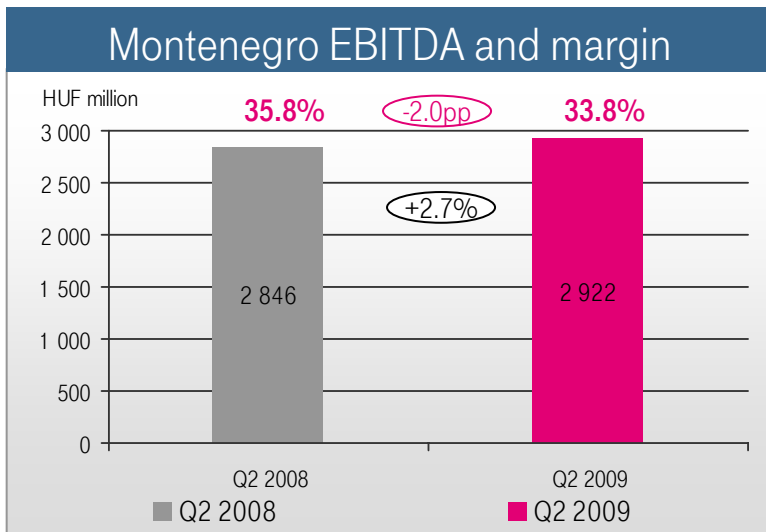
- HUF weakened on average by 15.8% to the Euro in the second quarter

Fixed voice revenue decline

- decrease in voice retail revenues driven by high mobile substitution
- 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

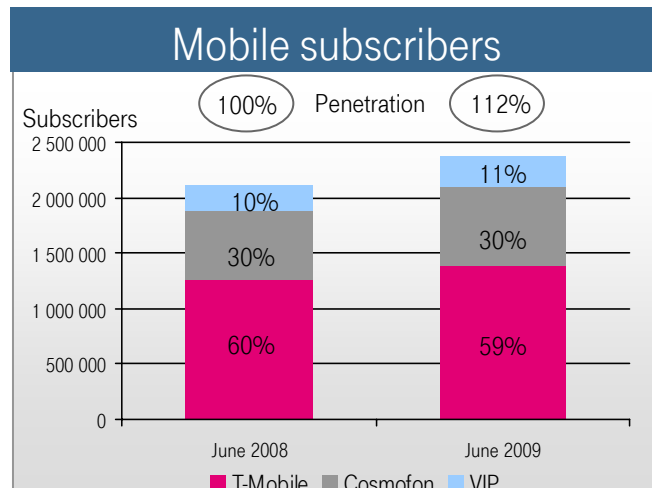
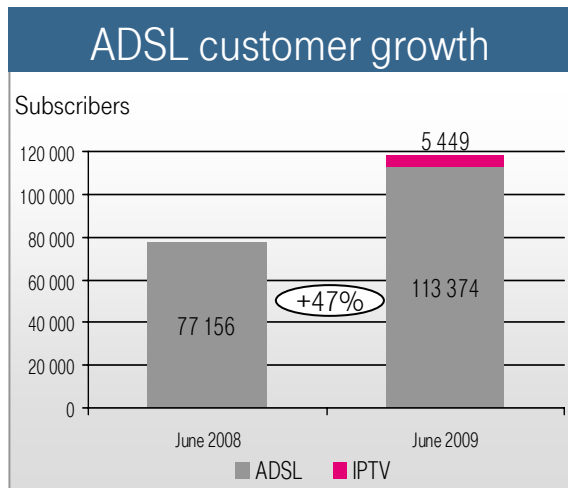
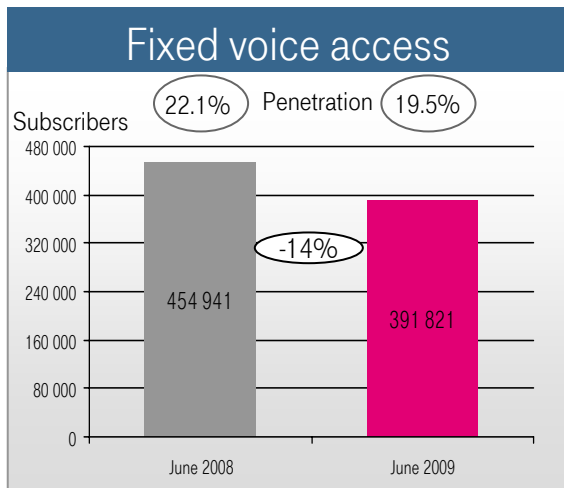
- very intense tariff competition since the entrance of 3rd mobile operator
- recession negatively affecting tourism
- MOU declined by 16% to 88
- ARPU of HUF 2,494 (~EUR 9)

Lower EBITDA margin

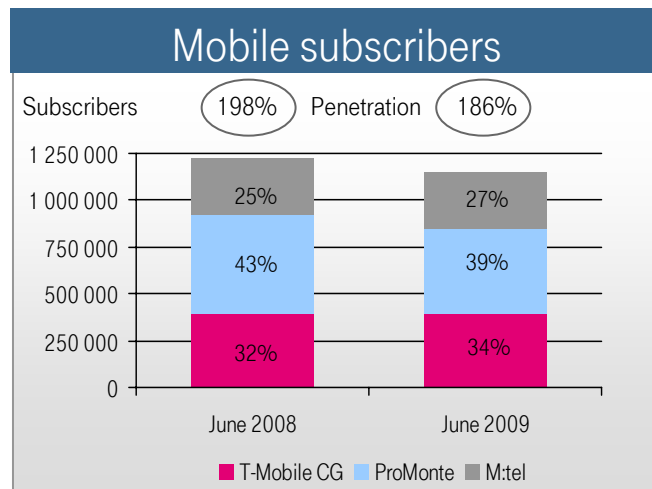
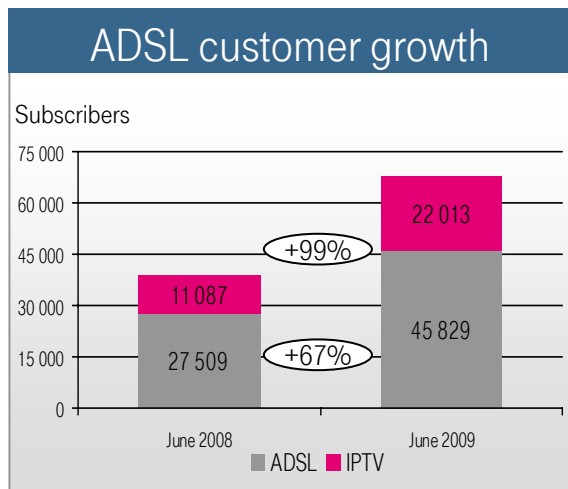
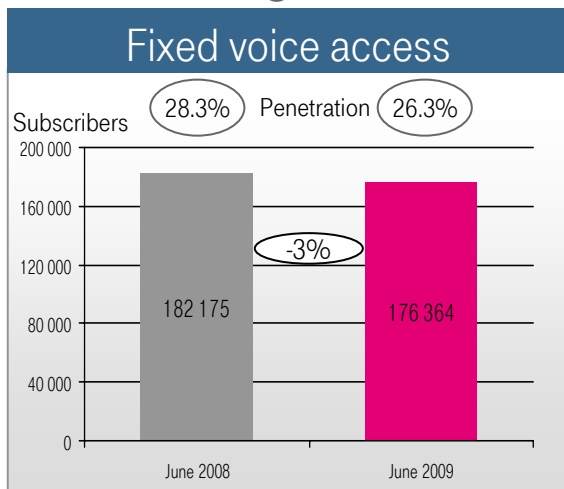
- decrease in tourism revenues due to unfavorable economic environment
- wage increase since June 2008

International KPIs

Macedonia



Montenegro



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