First quarter 2006 results

Impressive top line growth, solid cash-flow generation

Magyar Telekom

Agenda

Magyar Telekom

Overview and public targets

Regulatory snapshot

Segment analysis

Acquisition strategy and dividend policy

As disclosed on April 26, 2006 and March 30, 2006, as well as in the full-year 2005 results announcement made on February 13, 2006, the Company is still inquiring into certain consultancy contracts, totalling approximately HUF 700 million, to determine whether they have been entered into in violation of company policy or applicable law or regulation. This inquiry, which is being conducted by an independent law firm and supervised by the Audit Committee, is still ongoing and it is at this point still too early to determine its outcome. Pending the outcome of the investigation, the Board of Directors of Magyar Telekom has decided to suspend certain employees. 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 is committed to complying fully with the requirements and requests of these and other authorities with jurisdiction over it. No assurance can be given that, as a result of the investigation, the audited financial statements for 2005 and financial statements for any other period will not vary from those published prior to the completion of the investigation.

This 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 you should not place undue reliance on 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 Report on Form 20-F for the year ended December 31, 2004 filed with the U.S. Securities and Exchange Commission.

Magyar Telekom Group at a glance

Magyar Telekom

Market leader in all core businesses

Integrated operations in Hungary, Macedonia and Montenegro

- and alternative/wholesale operations in Romania, Bulgaria, and Ukraine

Fixed – mobile integration

- Merger of Magyar Telekom and T-Mobile Hungary
- Further exploiting synergies and financial benefits

Rebranding from Matáv to Magyar Telekom in May 2005

T··Com· T··Online· T··Mobile· T··Systems· T··Kábel·

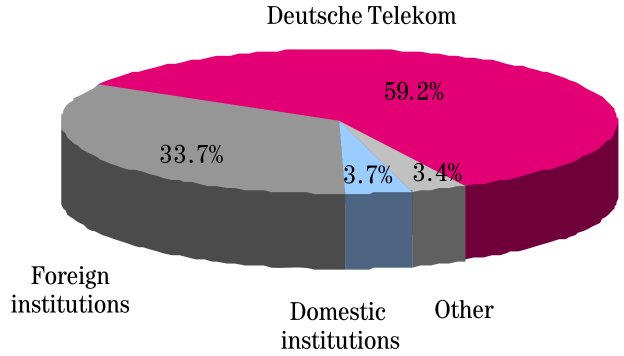
Stock information

Nearly EUR 4bn market capitalisation

Stock exchange listing

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

Ownership structure, approximate figures



First quarter 2006 summary

	Revenues		EBITDA		EBITDA margin
Group	HUF 153,280m	+6.7%	HUF 62,025m	+4.9%	40.5%
Fixed-line*	HUF 82,041m	+3.7%	HUF 30,282m	-2.1%	36.9%
Hungarian ▪ increased competitor activity ▪ growth in broadband connections	69,792	-2.5%	23,581	-11.1%	33.8%
International ▪ includes MakTel and TCG ▪ focus on efficiency and cost control	15,792	+50.1%	6,701	+51.4%	42.4%
Mobile*	HUF 71,239m	+10.5%	HUF 31,741m	+12.6%	44.6%
Hungarian ▪ impressive financials ▪ stable market leading position	65,384	+4.1%	26,103	+7.9%	39.9%
International ▪ includes MobiMak and Monet ▪ Competition-driven price erosion	10,866	+42.7%	5,638	+41.3%	51.9%

* segment figures based on external segment revenues

Public targets for 2006-2007

	2006	2007
Revenue	above 3% growth	
EBITDA recent investments and initiatives to show tangible contribution from 2007	maintain 2005 level	growth in HUF terms
Capex / Sales excl. EDR investment of max. HUF 22bn in 2006	below 15%	below 14%
Broadband connections Hungarian fixed line operations incl. ADSL, cable broadband, leased line & wireless	~ 600,000	
Lines / employee (parent co.) end-2006 public target reached at end-February, 2006	over 500 ✓	

Regulatory snapshot
Hungarian regulation in line with new EU regulatory framework

Fixed-line	Mobile

New Electronic Communications Act in effect since January 2004

Fixed-line:
- geographic number portability since January 2004

Mobile:
- mobile number portability since May 2004

IC fees close to EU average

Fixed-line:
- Approx 14% cut in average traffic fees announced in March 2006

Mobile:
- average termination fee of T-Mobile Hungary cut by 10% by NRA in July 2005
- reduced asymmetry among the 3 players

Market analysis based on EU recommendation

Fixed-line:
- aggregate CPI price cap on voice access fees from 2005
- "retail minus" price regulation for WS national bitstream access

Mobile:
- all three mobile operators identified as SMPs in mobile call termination market

Macedonia – fixed line competition emerging in 2006

- reference interconnection offer approved, unbundling offer filed
- number portability from 2007

Hungarian fixed line operations
Lines per employee ratio target met; growth in broadband

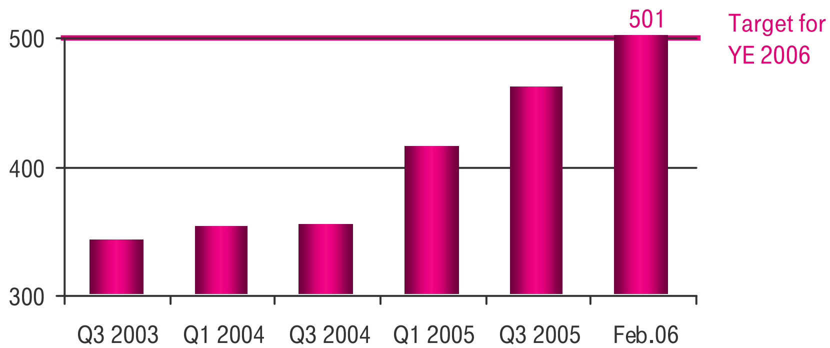
Focus on access revenues

Aim to migrate traffic revenues to access revenues
- line and usage erosion due to mobile substitution, alternative and cable operators
- flat-rate packages (e.g. Favorite) and integrated offers to slow erosion

Increased presence in other LTO areas
- call-by-call and preselection services
- offers through T-Kábel

Restructuring increases efficiency

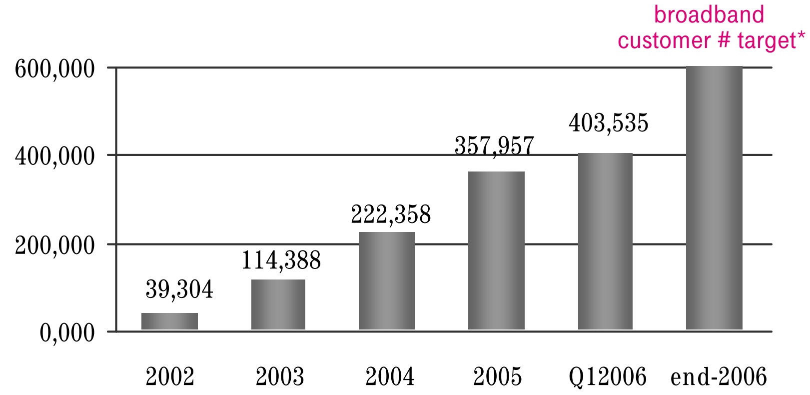
Fixed-line per employee ratio at parent co.



Successful broadband operations

Accelerated broadband rollout to bring new impetus to fixed-line business
- number of broadband customers* exceeded 400,000

Broadband growth: ADSL rollout



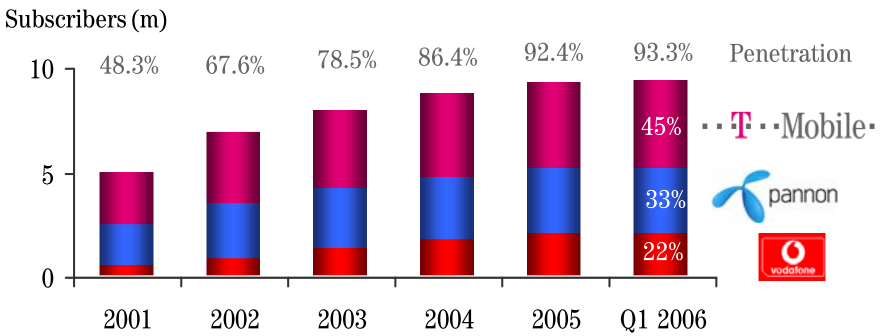
* including cable broadband, leased line and wireless LAN customers

Incentives to encourage usage
- additional broadband offerings launched (e.g. minute based offers)
- IPTV commercial launch planned for year-end

Hungarian mobile operations
Clear market leadership preserved, EBITDA growth

Highly competitive environment

Subscribers, market shares and penetration



Tariff erosion

- Widening use of closed-user-group services
- more conscious package selection puts pressure on average tariff levels

UMTS commercial service launched

- Gradual roll-out of HSDPA from H2

Unified Digital Radio Network

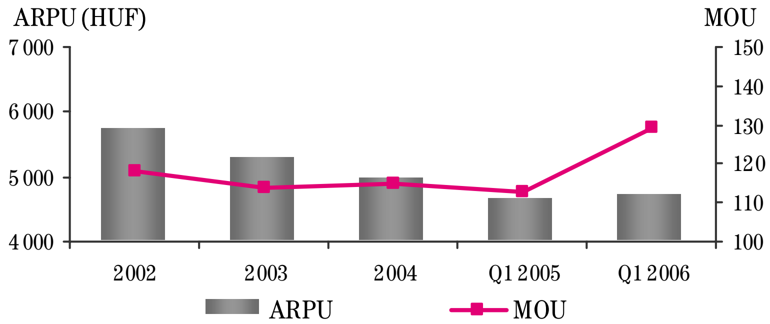
- Rollout of the network in 2006, maximum investment of HUF 22bn required
- Government to pay annual service fee of HUF 9bn between 2007 and 2015

Solid operational performance

Price elasticity boosts usage

- MOU increased by 14% y/y to 129
- continuously improving customer mix
- growing importance of VAS (16% of ARPU)
- ARPU was broadly flat at HUF 4,690 (~EUR 18)

Usage increase stabilizing ARPU level



Focus shifts from acquisition to retention

- acquisition cost/new RPC fell by 22% y/y to HUF 6,176

EBITDA margin at 40%

Merger of Magyar Telekom and T-Mobile Hungary

Magyar Telekom

Synergies

Enhanced product and client offerings
- bundled fixed-mobile packages
- broadband-based value-added services

Front office / sales / communication
- unified retail shop network & call-center
- unified marketing and communication

Back office and support systems
- joint CRM & SAP systems, shared data centers
- integrated real estate and car fleet management
- common billing system

Shared IP platform
- development of an integrated NGN

Benefits

Financial impact
After full implementation, we expect significant financial benefits from the following factors:
- Increased revenue
- Improved cost efficiency
- CAPEX savings
- Utilization of tax credit and tax losses

Timetable

6 October 2005	7 November 2005	19/20 December 2005	Febr 28, 2006	March 1, 2006
Board proposal	EGMs approved the merger	EGMs approved balance sheets	Merger registered	Magyar Telekom is the legal successor of T-Mobile Hungary

International fixed line operations
Strong EBITDA margin, consolidation impact of TCG

Magyar Telekom

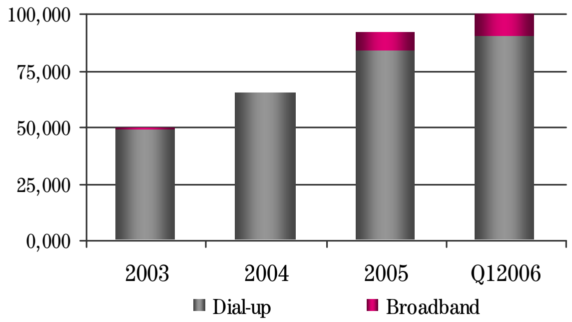
Macedonia

Main drivers of revenue increase
- growing internet revenues
- favourable FX movement

Results affected by
- strong mobile substitution
- weak macro economy limiting top-line growth
- decreasing number of RPCs

Major restructuring driving improvement in efficiency
- 24% headcount reduction year-on-year
- continuing strict cost control
- EBITDA margin reached 49%

Strong increase in internet subscribers



Montenegro

Saturated fixed line market
- fixed line penetration rate at 31%, minor line erosion
- expanding internet business

Integration of fixed and mobile operations
- stronger position ahead of liberalization

EBITDA margin was 34 %
- margin improvement thanks to our cost cutting initiatives to increase efficiency

Further headcount rationalisation

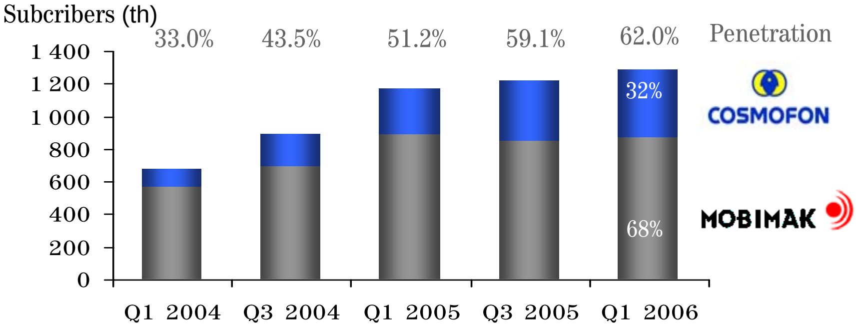
POP and alternative operations

Q1 2006 revenues close to HUF 1bn
- POP in Bulgaria, Romania and Ukraine
- Alternative services in Bulgaria and Romania

International mobile operations
Robust EBITDA margin at Mobimak; improving profitability at Monet

Macedonia

Subscribers, market shares and penetration



Competition-driven price erosion

- relatively low price elasticity limits usage growth (MOU: 61)
- postpaid share in the RPC base grew
- ARPU: HUF 2,754 (~EUR 11)

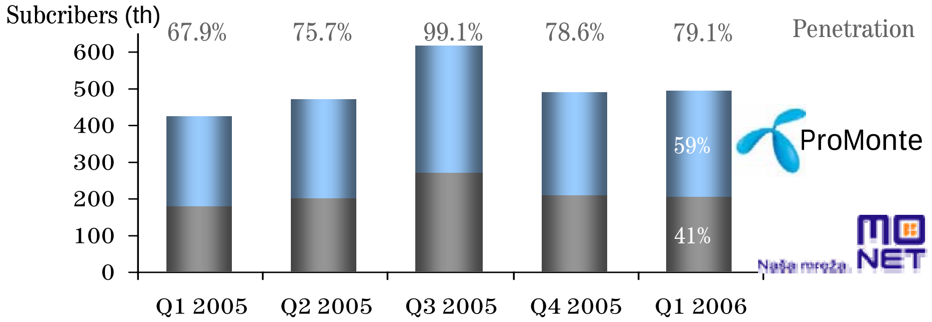
Rebranding to commence this year

Profitability maintained at high level

- EBITDA margin at nearly 54 %

Montenegro

Subscribers, market shares and penetration



Intense competition in a relatively saturated market

Strong seasonality in the mobile market

- MOU 124 and ARPU 3,766 (~EUR 15) in Q1 2006
- RPC: 203 thousand

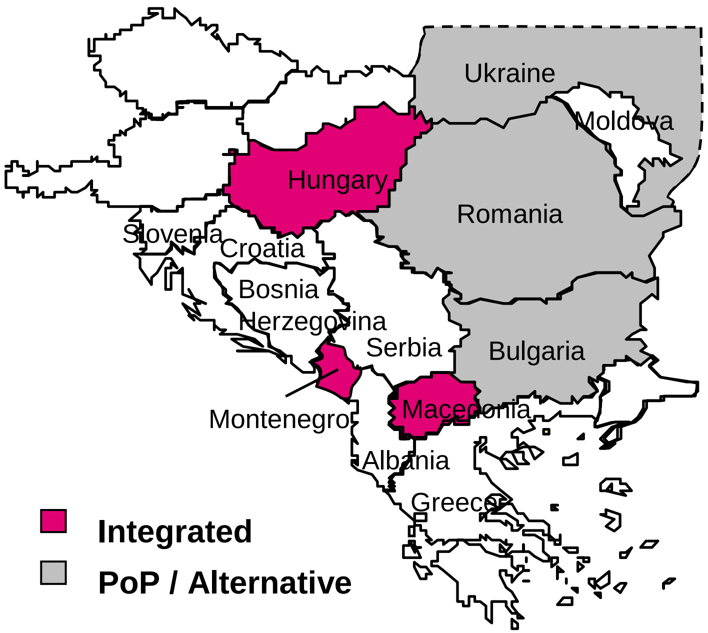
EBITDA margin at 46%

Acquisition-driven growth and dividend policy

Acquisition-driven growth

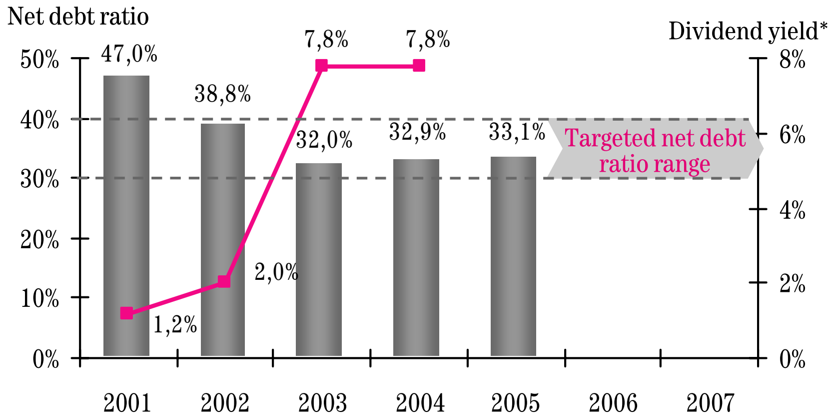
Growth through value-accretive acquisitions remains a priority

- 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 Dataplex in Hungary



Dividend policy

Net debt ratio and dividend yield



*dividend yield calculation based on HUF 900 share price (22 March 2005)

Despite the delay to the AGM, the BoD considers a dividend for 2005 in line with last year's level to be reasonable, based on a review of the unaudited 2005 financials.