Presentation
Full year 2007 results

Strong cash generation, public guidance met

Agenda

Overview

Public targets for 2007 and 2008

2007 summary and segment analysis

Regulatory snapshot

Key strategic priorities

Organizational changes and integration

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 251.3 (average 2007)

As previously disclosed, in the course of conducting their audit of our 2005 financial statements, PricewaterhouseCoopers Könyvvizsgáló és Gazdasági Tanácsadó Kft. identified two contracts the nature and business purposes of which were not readily apparent. In February 2006, our Audit Committee initiated an independent investigation into this matter. In the course of the investigation, two further contracts entered into by Magyar Telekom Plc. were raising concerns. To date, the independent investigators have been unable to find sufficient evidence to show that any of the four contracts under investigation resulted in the provision of services to us or to our subsidiaries under those contracts of a value commensurate with the payments we made under those contracts. The independent investigators have been unable to determine definitively the purpose of the contracts, and it is possible that the purpose may have been improper. The independent investigators further identified several contracts at our Macedonian subsidiaries 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 independent investigation to cover these additional contracts and related transactions. We have approved and have been implementing certain remedial measures designed to enhance our internal controls to ensure compliance with Hungarian and U.S. legal requirements and NYSE listing requirements. As previously reported, the investigation delayed the finalization of our 2005 financial statements, and as a result we and some of our subsidiaries have failed and may fail to meet certain deadlines prescribed by U.S., Hungarian and other applicable laws and regulations for preparing and filing audited annual results and holding annual general meetings. To date, we have been fined HUF 13 million as a consequence of these delays. The Hungarian Financial Supervisory Authority, the Hungarian National Bureau of Investigation, the U.S. Securities and Exchange Commission and the U.S. Department of Justice have been informed of the investigation. The Company is in regular contact with these authorities regarding the investigation and are also responding to inquiries raised by and the investigations being conducted by these authorities under U.S. and Hungarian law. The U.S. Department of Justice has recently expanded the scope of its investigation to include the actions taken by the Company in response to the findings of and issues raised by the Company's internal investigation and a related subpoena and further document requests have been issued. Magyar Telekom incurred HUF 5.7 bn expenses relating to the investigation in 2007, which are included in other operating expenses in the Headquarters ("HQ") and shared services segment.

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

Integration within the Group

- merger of T-Mobile Hungary, Emitel and the access business of T-Online into Magyar Telekom Plc.
- streamlining the organizational structure of T-Systems segment

Segment reporting structure

- T-Com: fixed line operations in Hungary, Macedonia and Montenegro; PoP and alternative operations
- T-Mobile: mobile operations in Hungary, Macedonia and Montenegro; TETRA services
- T-Systems: traditional and SI/IT services for corporate clients in Hungary
- HQ and Shared services: strategic and cross-divisional management, real estate, marketing, security, procurement, human resources and accounting services

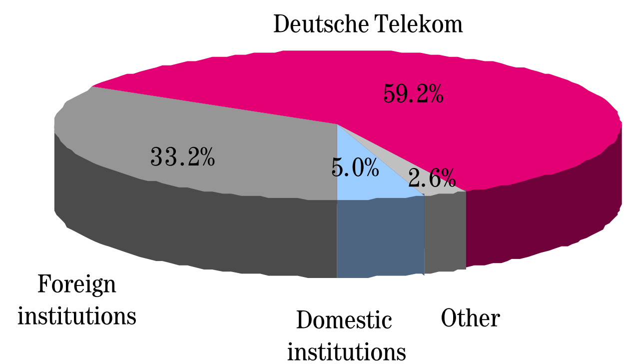
Stock information

EUR 3.4bn market capitalization

Stock exchange listing

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

Ownership structure*



*approximate figures as of 31 December, 2007

Public targets for 2007 and 2008

	2007 public targets and results		2008 public targets
Revenue	Flat over 2006	+0.8% ✓	Flat over 2007
Underlying EBITDA	Flat over 2006	+2.9%* ✓	Slight decline over 2007
Capex / sales	Below 14%	13.9%** ✓	Around 15%

*Excluding investigation- (HUF 5.7bn) and headcount reduction-related expenses (HUF 27.5bn)

**Excluding the GSM license fee (HUF 10bn) paid in Q4 2007

Revenue 2008 – Flat over 2007:

- competitive landscape
- sluggish economic growth limits disposable income

Underlying EBITDA 2008 – Slight decline over 2007:

- improvement compared to the previous guidance published in October 2007 (slight decline over 2006)
- increased competition in the international mobile markets
- difficult Hungarian macroeconomic environment
- regulatory impacts

Capex / sales 2008 – Around 15%:

- increase BB coverage (fixed and mobile)
- develop new products and services
- Group-wide consolidation of our IT platforms
- expand capacity at our server hosting subsidiary

Full year 2007 summary

	Revenues		EBITDA		EBITDA margin
Group	**HUF 676.7bn**	+0.8%	**HUF 243.9bn**	-5.7%	**36.0%**
Underlying**			HUF 277.1bn	+2.9%	40.9%
Segments*: T-Com	HUF 307.7bn	-2.4%	HUF 111.6bn	-9.9%	36.3%
underlying			HUF 127.7bn	0%	41.5%
Segments*: T-Mobile	HUF 346.9bn	-0.8%	HUF 149.3bn	+6.7%	43.0%
underlying			HUF 151.2bn	+7.7%	43.6%
Segments*: T-Systems	HUF 78.9bn	+20.7%	HUF 11.8bn	-24.8%	15.0%
underlying			HUF 13.6bn	-14.9%	17.3%
Segments*: HQ & shared services	HUF 23.7bn	-10.1%	HUF -28.8bn	-38.4%	n.a.
underlying			HUF -15.5bn	-3.4%	n.a.
International contribution	16.5%		22.6%		

*Before intersegment eliminations

** Excluding investigation- and headcount reduction-related expenses

T-Com: Hungarian operations

Focus on customer retention

Voice revenues under threat from competition

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

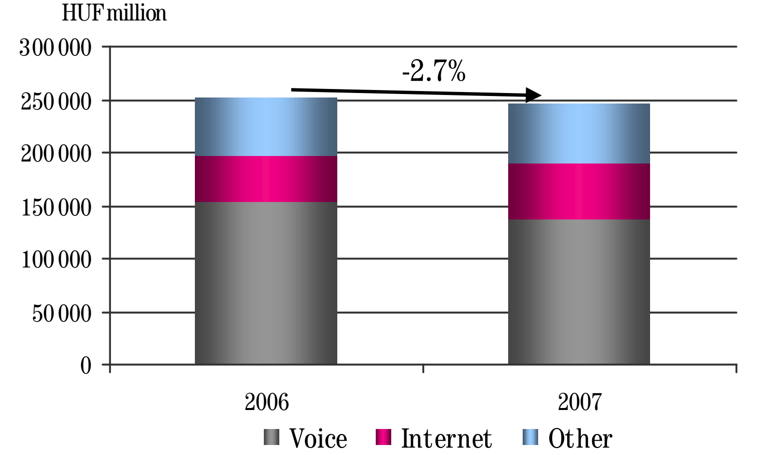
Successful retention measures introduced

- access type packages resulting in stable residential usage (around ~31% of lines)
- focus on migrating residential customers to fixed term contracts
- presence in LTOs via CBC and CPS services

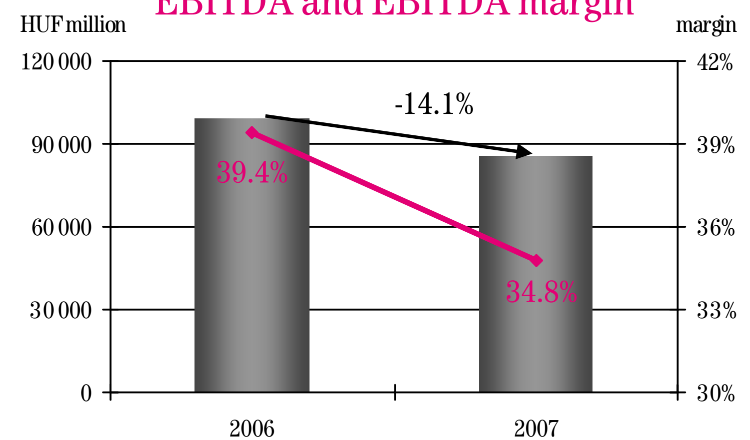
Headcount reduction related expenses

- excluding HUF 15bn restructuring expenses, EBITDA margin was 41.0% in 2007

Revenue breakdown



EBITDA and EBITDA margin



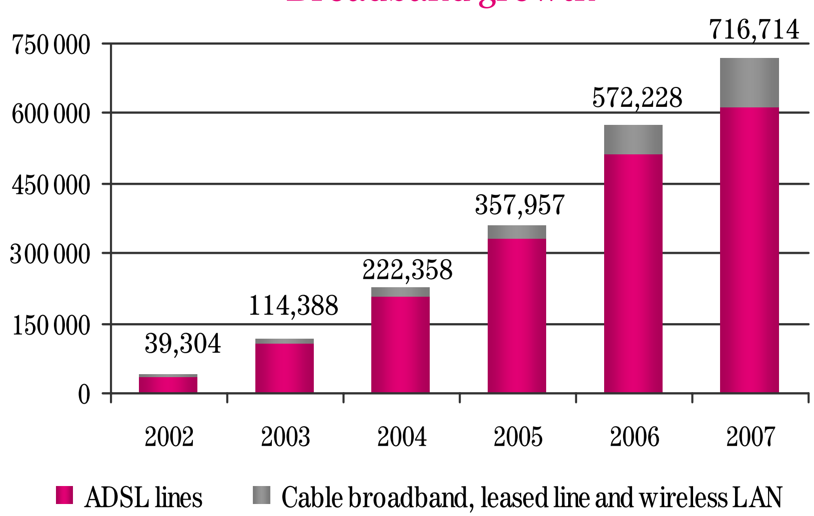
T-Com: Hungarian operations

Continued focus on broadband

Incentives to increase customer base

- low-end offer from HUF 3,900 (~EUR 16)
- bundled 2Play and 3Play offers
- decline in broadband retail ARPU to HUF 6,044 (from 7,233 in 2006)
- general deceleration of the BB market growth
- ~14,000 naked DSL customers at year-end

Broadband growth



Cable services

Second player on the cable market

- T-Kábel market share c. 19% based on cableTV customers (~419,000)
- cable broadband customer base close to 90,000
- CaTV ARPU around HUF 3,300 (~EUR 13)
- 38,000 VoCaTV customers - c. HUF 2,600 voice ARPU

2007 revenue around HUF 22bn with an EBITDA margin of above 41%

Triple play offers

Offering Triple play both on fixed line and cable network

- fixed line: IPTV, ADSL, VoIP
- cable: CaTV, Cablenet, VoCable
- offers starting from HUF 6,000 monthly fee
- number of IPTV customers reached 9,200 by end-2007
- number of 3Play customers on the cable network was ~19,200

T-Mobile: Hungarian operations

Competitive environment

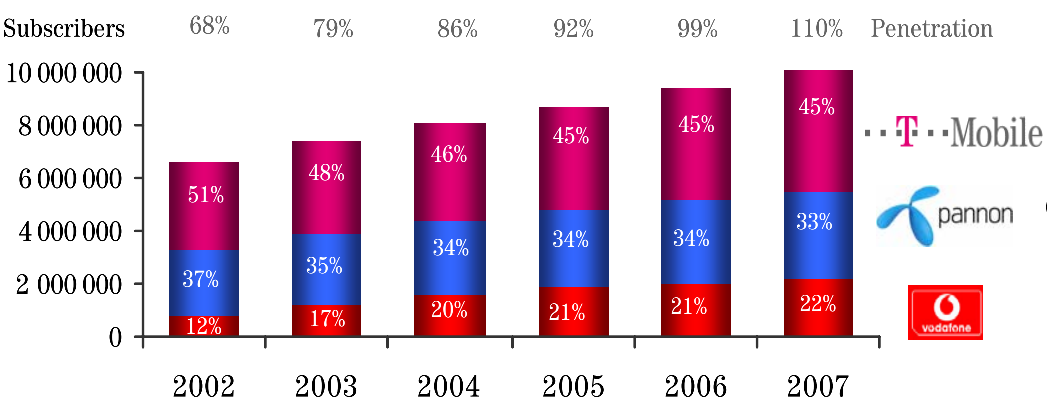
Increasing focus on retention

- clear market leadership position maintained
- continued growth in RPC base (up 9.5%)
- acquisition cost/new RPC grew by 5% to HUF 6,554 as focus shifted to postpaid customers and 3G/HSDPA devices

Tariff erosion

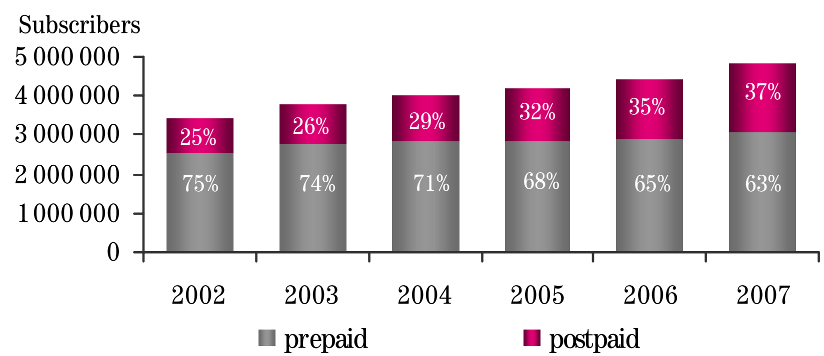
- more conscious package selection and broader use of closed-user-group services
- annual cut in mobile termination rates
- average tariff level decrease of 13% in 2007

Subscribers, market shares and penetration*



*Subscribers and market shares are based on active SIM cards reported by NRA

Breakdown of T-Mobile customer base



Mobile internet development

- HSDPA network covering ~53% of population
- up to 7Mbps bandwidth
- number of internet subscribers reached 152,000
- number of data cards sold in 2007 was 33,000

GSM license extension

- HUF 10bn license fee for 7.5 year extension paid in 2007
- HUF 20bn mobile broadband investment obligation for 2008-2009 period

T-Mobile: Hungarian operations & TETRA

Solid operational performance

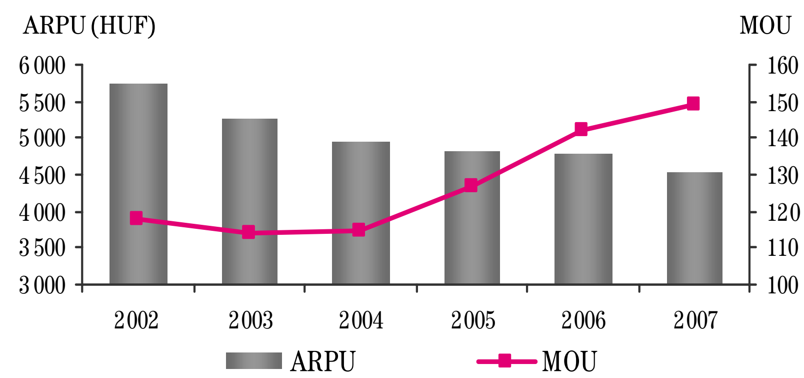
Usage increase supports ARPU

- MOU increased by 5% y-o-y to 149
- ARPU down by 5% to HUF 4,542 (~EUR 18)
- growing importance of VAS (15% of ARPU)

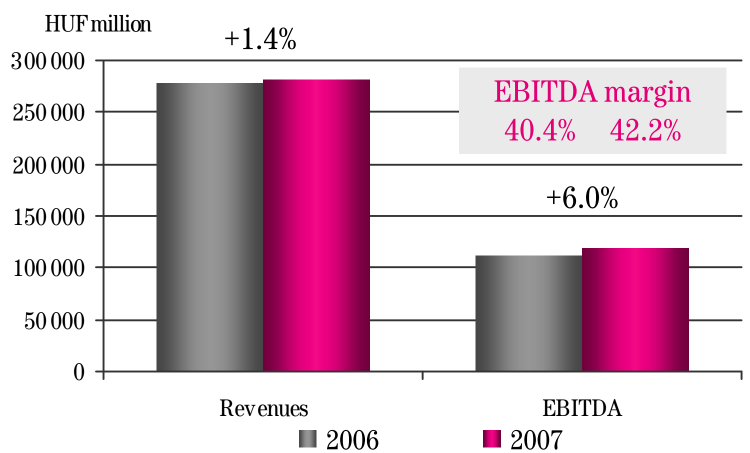
Mobile termination fee cut

- successive 15% cuts from Feb-2007 and Jan-2008, current rate is HUF 20 per minute
- decreasing asymmetry among operators helps EBITDA margin

Usage and ARPU trends



T-Mobile Hungary financial performance



TETRA (Unified Digital Radio Network)

- network built for emergency services in 2006
- investments classified as finance lease
- 2007: HUF 5.8bn service revenue
  HUF 1.3bn sale and cost of equipment sales
  HUF 1.6bn EBITDA
- 2006: HUF 2.2bn service revenue
  HUF 18bn sale and cost of equipment sales
  HUF -0.2bn EBITDA

T-Systems

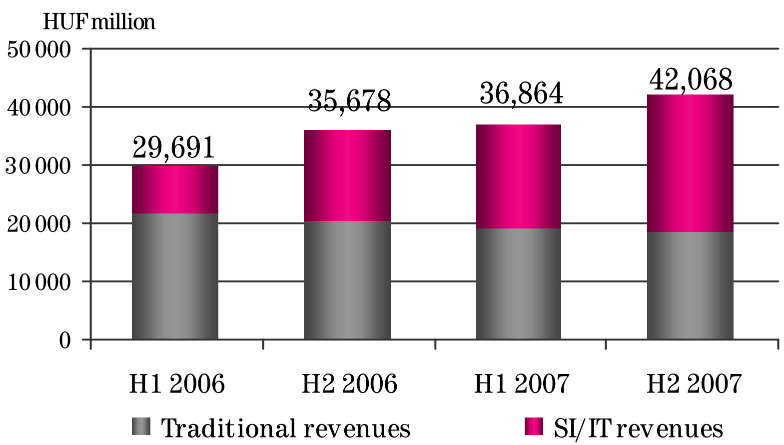
Magyar Telekom

Growing importance of SI/IT services

Leading position in the Hungarian SI / IT market

- full scale IT service portfolio offered
- consolidation of IT companies (KFKI, TSH) with HUF 27.6bn revenue and HUF 1.6bn EBITDA contribution in 2007
- cross-selling opportunities through sales channels integrated with T-Mobile
- SI / IT revenues contribute 6.1% to Group revenues

T-Systems semi-annual revenue breakdown

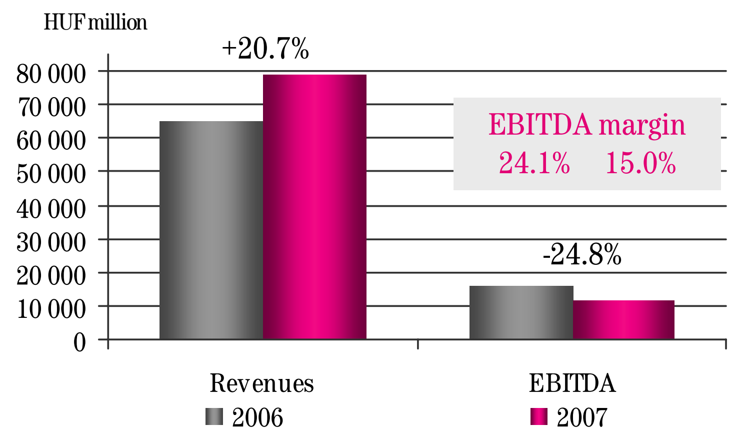


Declining traditional revenues

- intense competition from alternative service providers
- strong mobile substitution with closed-user-group offers

- significant traffic and tariff erosion
- traditional fixed line revenues decreased by 10%
- increasing contribution of low-margin SI/IT revenues
- EBITDA margin excluding the one-off items was 19.7% in 2007

Financial performance



T-Com: international operations

Macedonia

Limited top line opportunities

- strong mobile substitution
- competition from altnets and cables
- fixed line penetration was 22.4% (down 1.5ppt)
- number of lines ~492,000 (down 4.8%)
- unfavorable FX impact of 4.9%

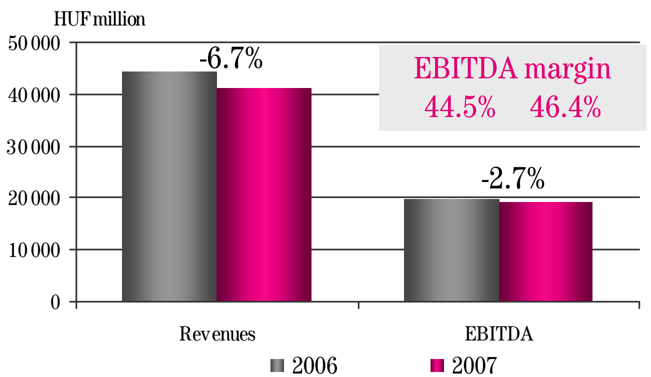
New impetus to internet revenues

- number of ADSL lines was 48,000 (up 193%)

Focus on maintaining efficiency

- cost cutting
- rebranding planned for Q2 2008

Financial performance



Montenegro

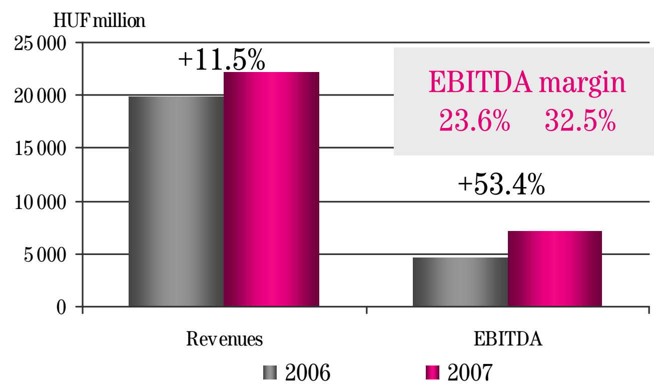
Saturated fixed line market

- increasing role of mobile substitution
- fixed line penetration at 30.6% (down 0.8ppt)
- number of lines ~190,000 (down 2.3%)
- over 14,400 ADSL customers
- Serbian traffic classified as international
- tariff rebalancing launched in September 2007

Improving efficiency and increasing competition

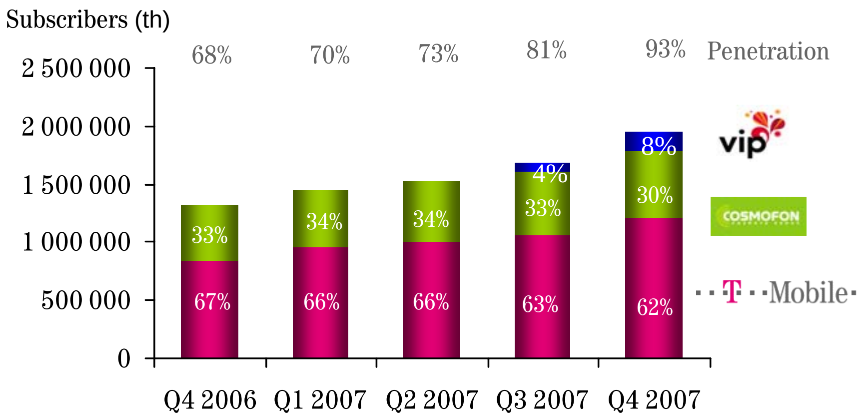
- HUF 0.8 bn severance expense in 2007
- EBITDA margin excluding special influences was 36.5% in 2007

Financial performance

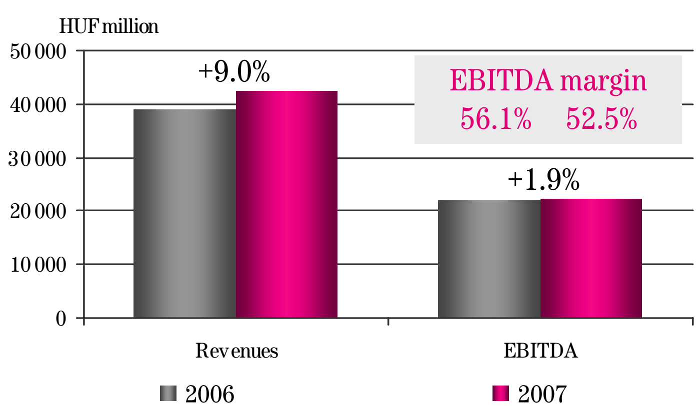


T-Mobile: international operations

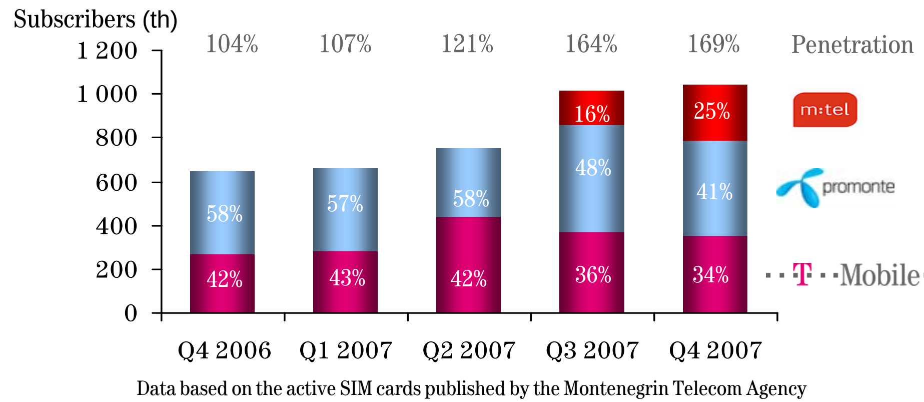
Macedonia



- focus on acquisitions, 28% growth in customer base
- MOU 90 (up 25%); ARPU HUF 3,054 (~EUR 12)
- improving customer mix, postpaid ratio increased to 23% in 2007 from 19% in 2006
- 3rd operator VIP (TA) entered in September 2007

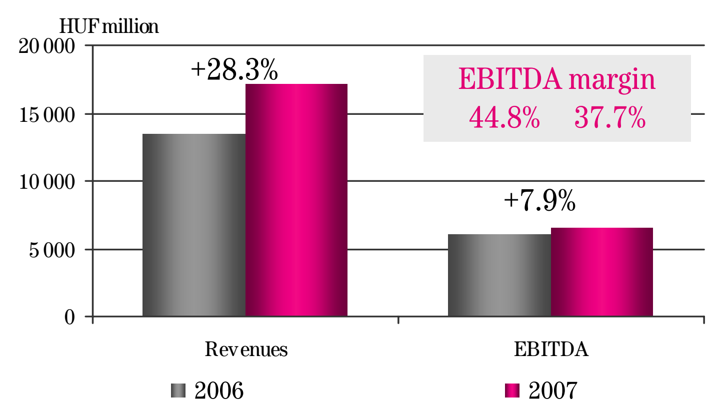


Montenegro



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

- high penetration is driven by tourism and 3rd entrant
- due to new operator (M:tel – Telekom Serbia, entered in July) competition increased significantly
- MOU 120; ARPU HUF 3,252 (~EUR 13)
- EBITDA margin excluding special influences was 39.6% in 2007



Regulatory snapshot

Fixed-line	Mobile

Hungary – in line with EU regulatory framework

Fixed-line

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

- 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

Mobile

- mobile number portability since May 2004
- EU roaming regulation adopted

- NRA resolution aims to further decrease prices and eliminate asymmetry among the 3 players in three steps
- first cut in effect from February 1, 2007, second from January 1, 2008 – new prices:
  TMH 19.8; Pannon 20.3; Vodafone 21.0 HUF/minute
- 16.84 HUF/minute average voice termination fee with effect from January 2009

Macedonia – full liberalization of the fixed market launched

Fixed-line

- reference interconnection and unbundling offers approved
- RIO signed with 5 competitors
- 2 national and 18 regional WiMax licenses awarded

Mobile

- 3rd mobile license granted to Mobilkom (TA)
- 3G license granted to Cosmofon in January 2008

Montenegro – fixed line competition to emerge

Fixed-line

- ProMonte obtained license for international termination
- 3 national WiMax licenses awarded, further 3 tendered

Mobile

- 3rd mobile license granted to Telekom Serbia for EUR 16mn
- T-Mobile and ProMonte awarded UMTS licenses

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 broadband impetus

Efficiency

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

Expansion

- seeking value-accretive acquisitions both in Hungary and the region
- strengthening position in the IT market
  – acquisition of KFKI, Dataplex and TSH in Hungary
- expansion into new business opportunities (e.g. content services)

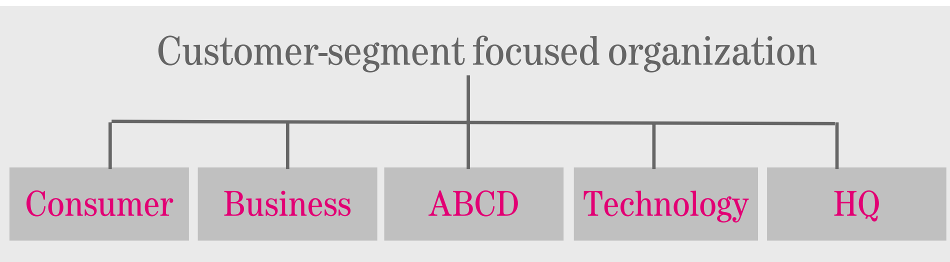
Changes in organization, headcount reduction

New organizational structure

Structural changes in the telecom industry:

- technological development and innovation
- convergence throughout the industry
- changes in customer demand

New organization from January 1, 2008



- Consumer Services: mobile and wireline consumer services under the T-Mobile, T-Com and T-Online brands
- Business Services: mobile and wireline corporate services including IT / SI under the T-Systems brand
- Alternative Businesses and Corporate Development (ABCD): content, media and other non-access services, new business development
- Technology and IT Management: mobile and wireline network and IT management and development

Headcount rationalization

Agreement with trade unions reached on October 1, 2007

Group-level headcount reduction

- 15% decrease (c.a. 1,800 employees) by end of 2008 compared to the end of June 2007 level of 12,262
- majority to be implemented in Q1 2008

Financial impact

- severance related expenses of HUF 19bn in Q4 2007 (additional HUF 8.5bn accounted in Q1-Q3 2007)
- wage increase of 5.5% from March 2008

Underlying Group-level employee related expenses to decrease by 5% next year

50% of the planned headcount reduction has been completed by end-January 2008

Integration steps within the Magyar Telekom Group

Magyar Telekom

Integration within T-Systems segment

- integration into three divisions: Infocom, IT Infrastructure and IT Applications
- number of subsidiaries decreased from six to two
- legal procedures completed by January 2008

T-Systems Business Unit

- Infocom division — Magyar Telekom
- IT Applications — IQSYS
  - Integris, TSH
- IT Infrastructure — KFKI
  - BCN, ICON

Integration of T-Online and Emitel

Decision made in June 2007, integrated since October 2007

T-Online

- internet access area integrated into T-Com
- service quality improved through integrated customer service and customer relationship management

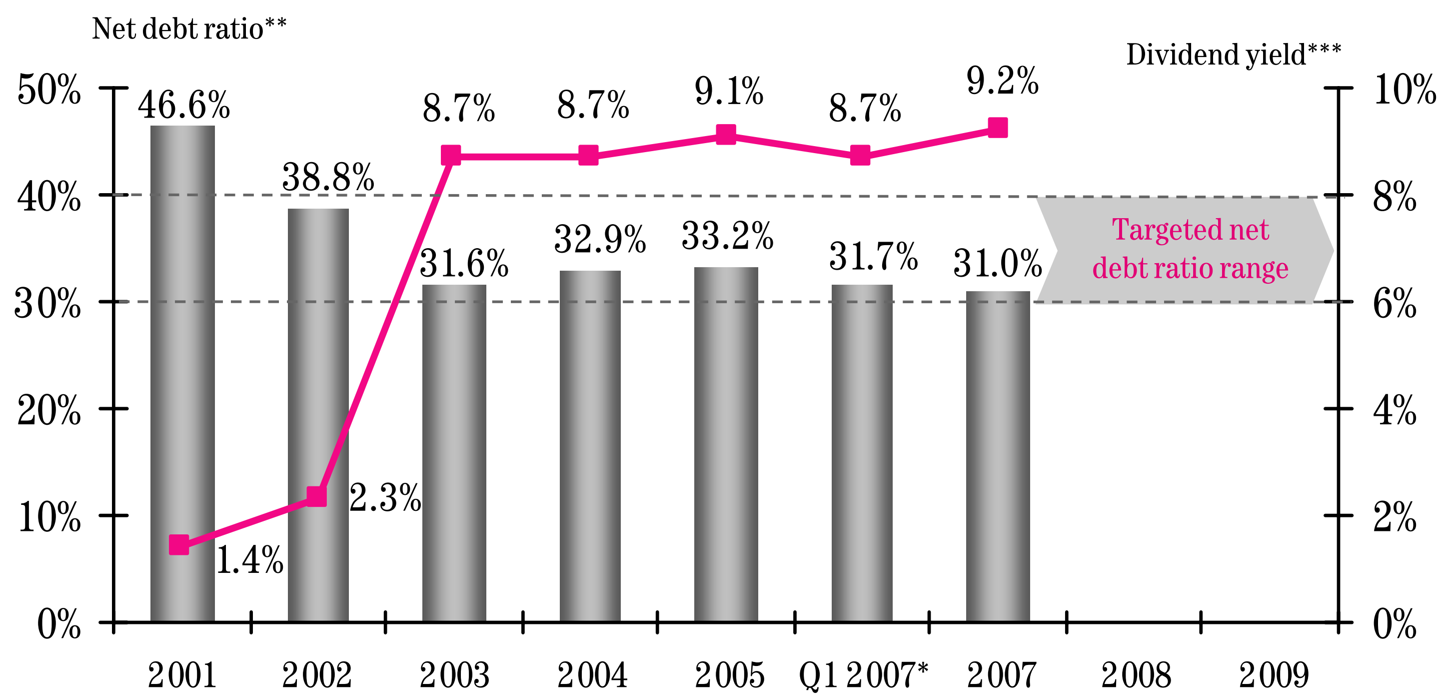
emitel

- LTO in three regional service areas of South-Hungary
- operating structure simplified through eliminating overlapping activities

Dividend policy

Magyar Telekom

Net debt ratio and dividend yield



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

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

***dividend yield calculation based on HUF 801 share price (17 March 2008)

Board of Directors proposed HUF 74 dividend per share after 2007 earnings for approval to the Annual General Meeting. AGM will be held on April 25, 2008.