Presentation
Magyar Telekom first nine months 2009 results

Difficult economic environment continues to put pressure on revenues; cost efficiency remains the key priority

Abbreviations:

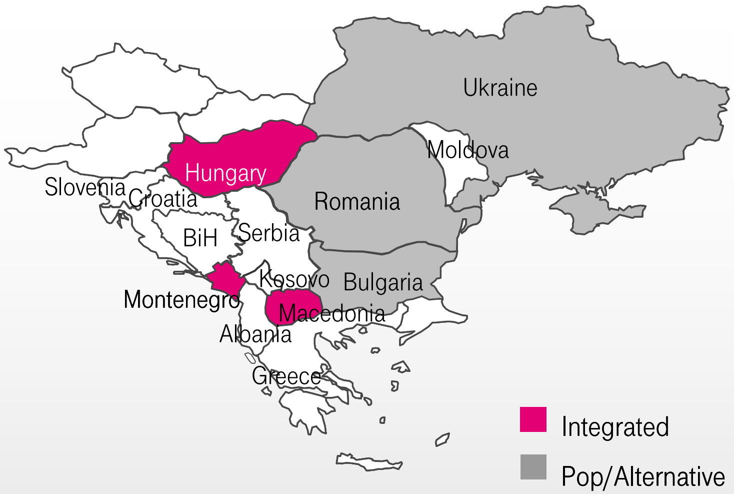
3G: third generation, ARPU: average revenue per user, BB: broadband, CBC: call-by-call, CPS: carrier pre-selection, HQ: headquarters, HSDPA: high-speed downlink packet access, IC: interconnection, IP: internet protocol, IT: information technology, LTO: local telecommunication operator, MOU: minutes of 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, TWM: Total Workforce Management, UMTS: Universal Mobile Telecommunication System, VAS: value added services, VoCaTV: Voice over Cable TV, WiMax: Worldwide Interoperability for Microwave Access, WS: wholesale

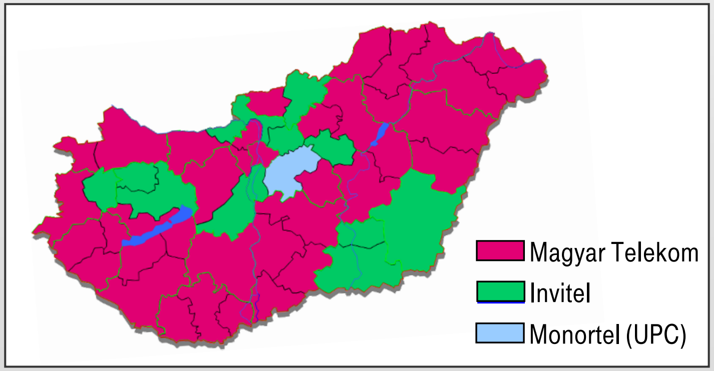
HUF/EUR exchange rate: 283.82 (average Q1-3 2009)

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. On December 2, 2009, the Audit Committee provided the Company's Board of Directors with a "Report of Investigation to the Audit Committee of Magyar Telekom Nyrt." dated November 30, 2009 (the "Final Report"). The Audit Committee indicated that it considers that, with the preparation of the Final Report based on currently available facts, White & Case has completed its independent internal investigation. The Final Report includes the following findings and conclusions, based upon the evidence available to the Audit Committee and its counsel: As previously disclosed, with respect to Montenegrin contracts, there is "insufficient evidence to establish that the approximately EUR 7 million in expenditures made pursuant to four consultancy contracts ... were made for legitimate business purposes", and there is "affirmative evidence that these expenditures served improper purposes." These contracts were not appropriately recorded in the books and records of the Company and its relevant subsidiaries. As previously disclosed, the Company has already reclassified, in the Company's financial statements, the accounting treatment relating to certain of these contracts to more accurately account for these expenditures. As previously disclosed, there is evidence that certain former employees intentionally destroyed documents relating to activities undertaken in Macedonia by the Company and its affiliates. Between 2000 and 2006 a small group of former senior executives at the Company and the Company's Macedonian affiliates, authorized the expenditure of approximately EUR 24 million through over twenty suspect consultancy, lobbying, and other contracts (including certain contracts between the Company and its subsidiaries on one hand, and affiliates of a Cyprus-based consulting company on the other hand). The Final Report concludes that "the available evidence does not establish that the contracts under which these expenditures were made were legitimate." Nothing in the Final Report implicates any current senior executive or Board member of the Company in connection with any wrongdoing. The Company continues to consider the findings and conclusions of the Final Report. The Company is considering the impact, if any, of the findings and conclusions of the internal investigation on the Company's current and past financial statements and other disclosures. As previously disclosed, the Company has taken remedial steps to address issues previously identified by the independent investigation, including steps designed to revise and enhance the Company's internal controls. In connection with the issuance of the Final Report, the Audit Committee has not made recommendations relating to the Company's compliance program or internal controls. The Company is considering whether and to what extent the Final Report warrants additional remedial actions and, pursuant to the Audit Committee's request, the Company will present to the Audit Committee for its consideration any personnel actions and/or changes in internal control policies and procedures at the Company or its subsidiaries that have been or will be implemented to address the findings of the Final Report. The Company is continuing to assess the nature and scope of potential legal remedies available to the Company against individuals or entities that may have caused harm to the Company. 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. 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 NBI has requested from the Company materials and information relating to such payments. 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 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 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 5.1 bn expenses relating to the investigation in the first three quarters of 2009, which are included in other operating expenses of Group Headquarters. Neither the Audit Committee nor its counsel has been able to provide sufficient information to the Company's independent auditors relating to the matters under independent internal investigation, or concerning the impact, if any, of such issues on the financial statements of Magyar Telekom. In the absence of such information, the independent auditors have not been in the position to perform their quarterly review (in accordance with International Standard on Review Engagements 2410). In addition, the Audit Committee has indicated that it cannot evaluate the Company's financial statements for the Third Quarter. If the underlying issues are not resolved, the publication and timing of the Company's future financial statements could be affected.

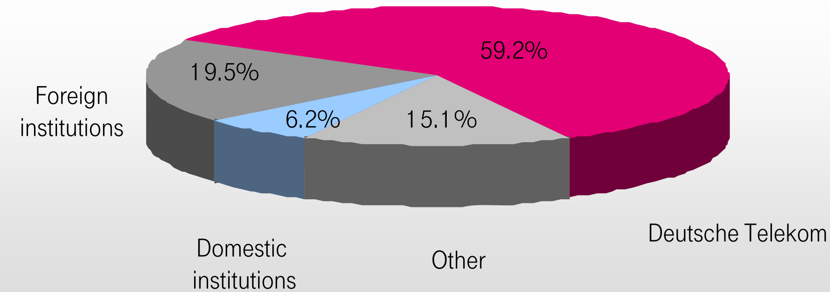
Overview – Magyar Telekom Group at a glance

International presence





Ownership structure*



*approximate figures as of 30 September, 2009

Integrated operations in Hungary, Macedonia and Montenegro

- leading telecommunications service provider in all three countries
- leading SI/IT service provider in Hungary

EUR 3bn market capitalization

Stock exchange listings

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

Strategic priorities

Service excellence

- Stronger customer focus
- Improved service quality and portfolio – triple play, Sat TV
- Reinforcing technological leadership – fiber roll-out, cable upgrade
- Leaner organization and simpler brand structure

Efficiency

- Headcount rationalization – focus on Total Workforce Management
- Leveraging opportunities from integrated operations
- Subsidiary mergers – T-Online, T-Kábel, Dél-Vonal
- Strict cost control – e.g. marketing, consultancy, travel

Selective expansion

- Further prospects in the Hungarian SI/IT market underway
- Further consolidation in the cable market
- Increasing presence in the content and advertising market
- Seeking value-creating international acquisitions

Organizational & brand structure

Customer segment-focused organization

- CBU
  - Macedonia
- BBU
- TBU
  - Montenegro
- HQ

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

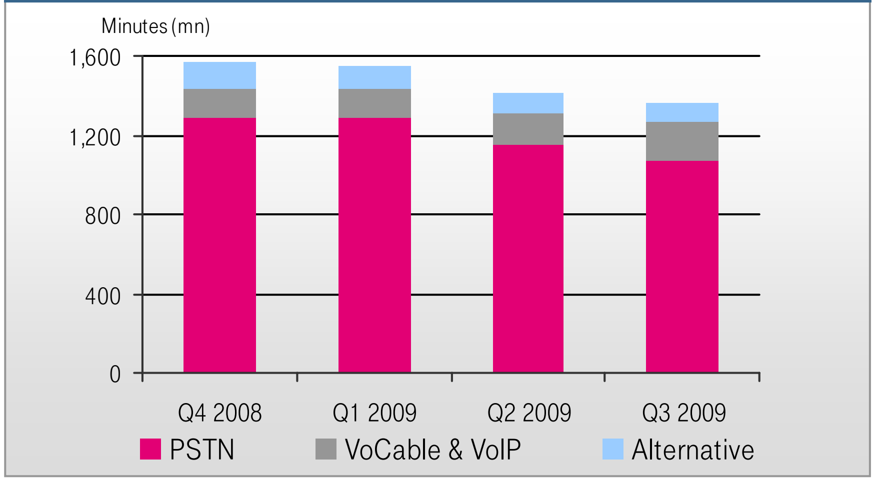
Business Services

T-Systems

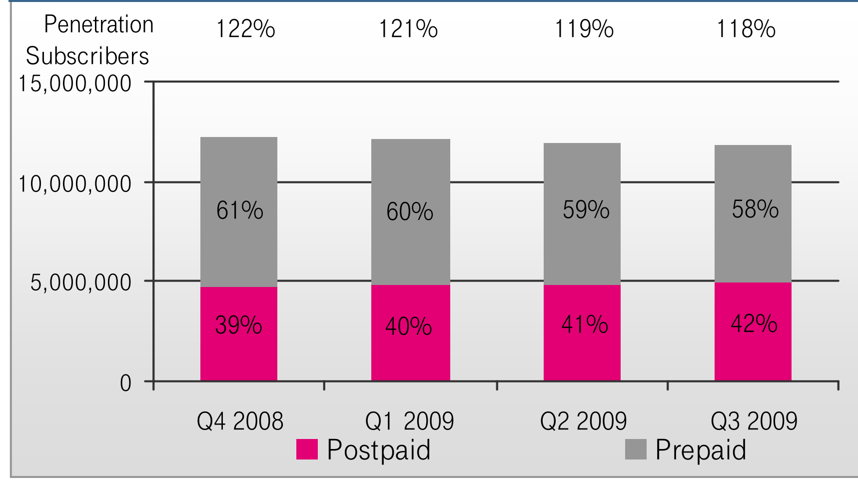
- business and corporate solutions, ICT services

Hungarian market – infrastructure based competition

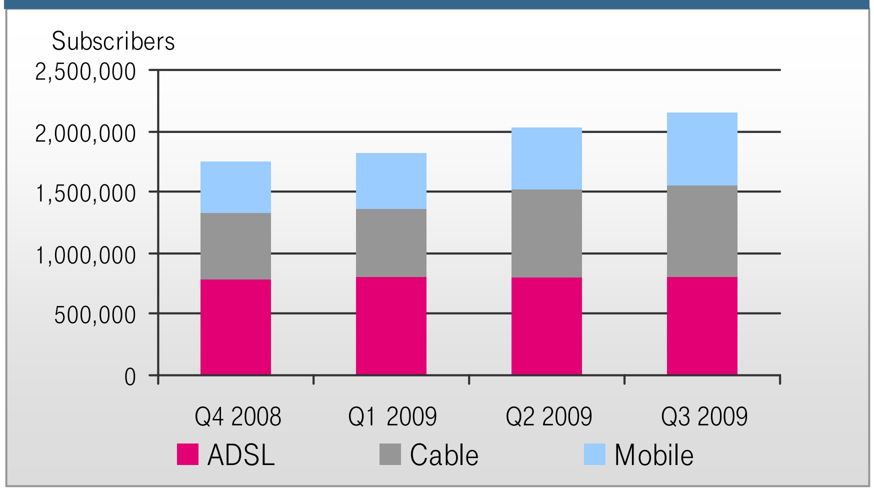
Wireline voice market trends



Mobile market trends



Broadband market trends

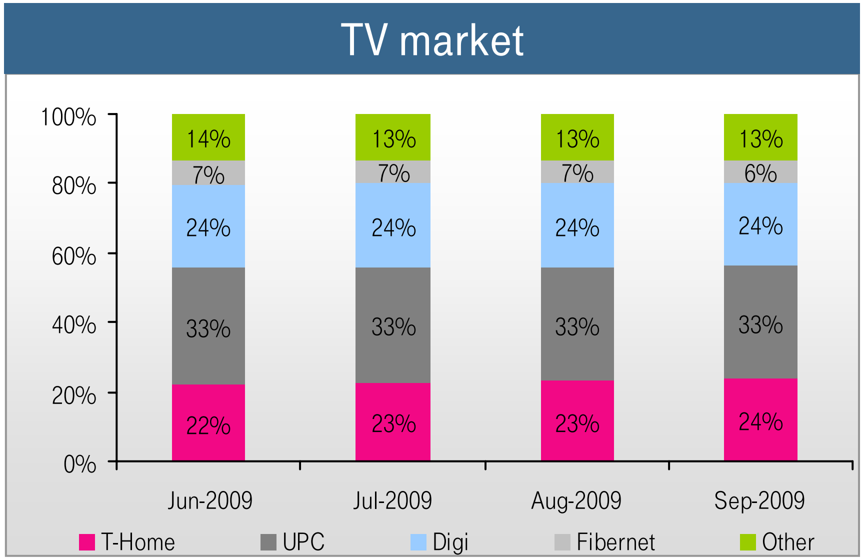


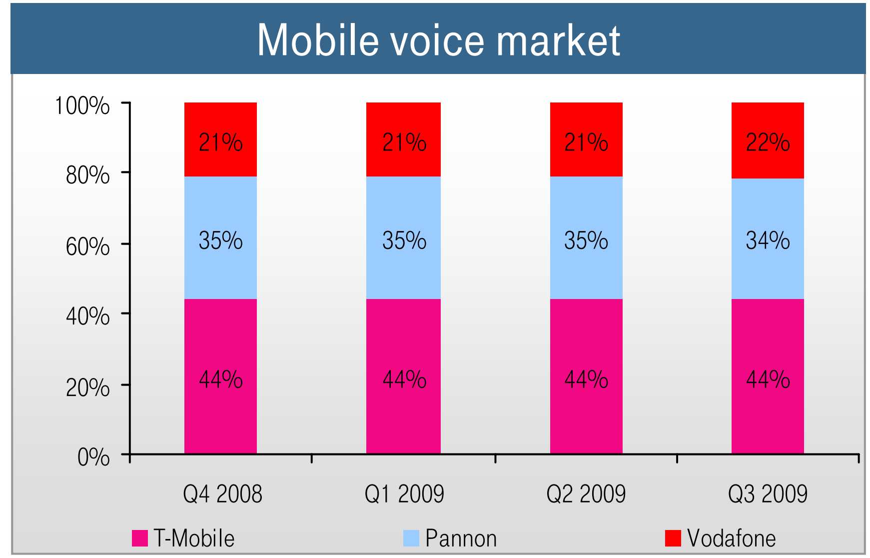
Competing infrastructures

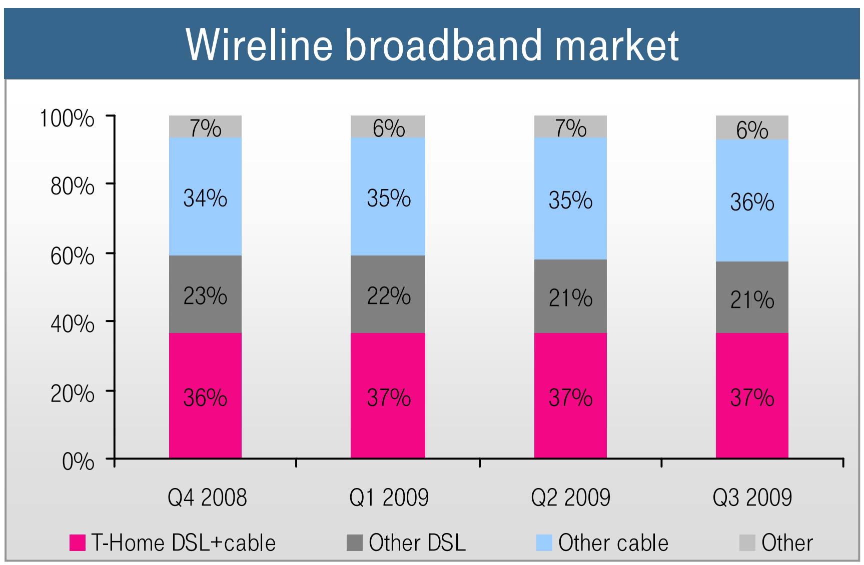
- Copper network: LTO structure, 80% of HHs served by Magyar Telekom
- Cable network: above 70% HH coverage, mostly upgraded for high-speed broadband service
- Mobile network: three quality networks with UMTS capability
- Fiber roll-out: not just LTOs but other start-up/cable companies also rolling out fiber network

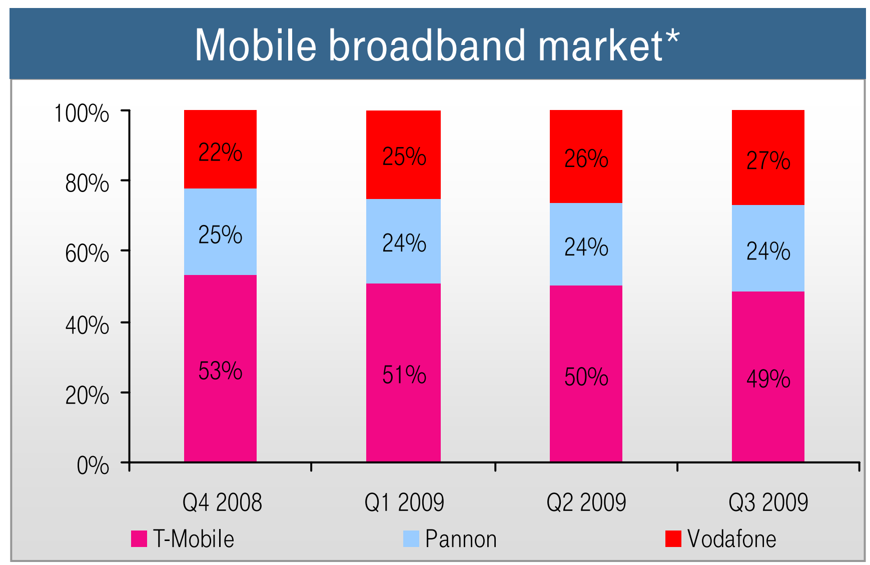
Strong infrastructure based competition with triple play services offered on copper, fiber, cable and mobile networks

Strong positions on the Hungarian market in all segments





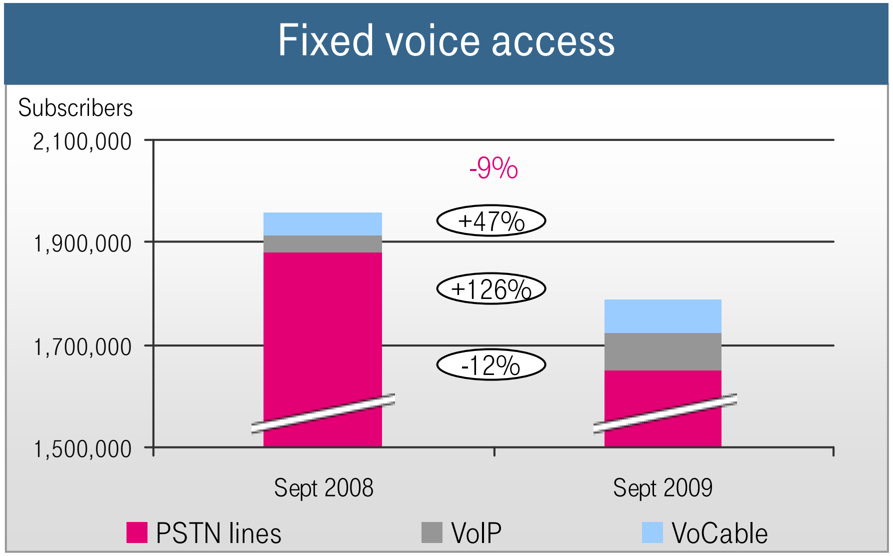


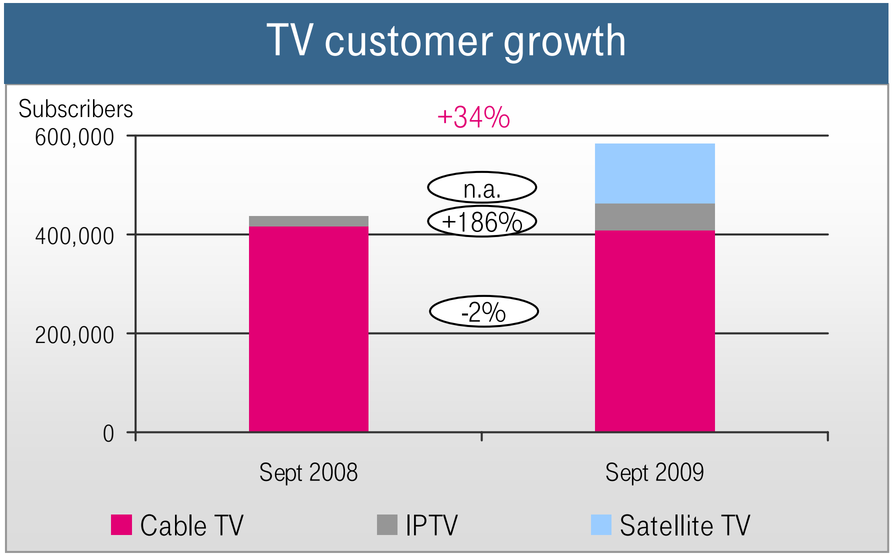


Source: NRA

*based on traffic generating subs.

3Play as growth engine & retention tool in the residential segment





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
- the launch of Sat TV enabled country-wide offerings
- new packages include more favorable VoIP solutions
- triple play offers start from HUF 5,040/month (~EUR 18)
- ratio of xPlay customers ~33%

T-Home Sat TV launch

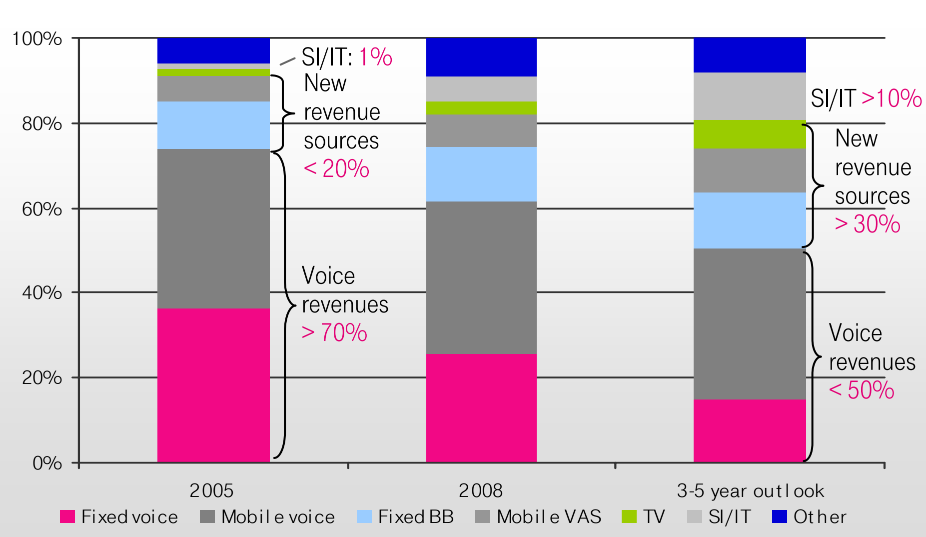
- service initiated in November 2008
- demand exceeding expectations – number of customers over 120k
- retention benefit: two-thirds of satellite TV customers are part of a 2Play or 3Play package

New generation access roll-out

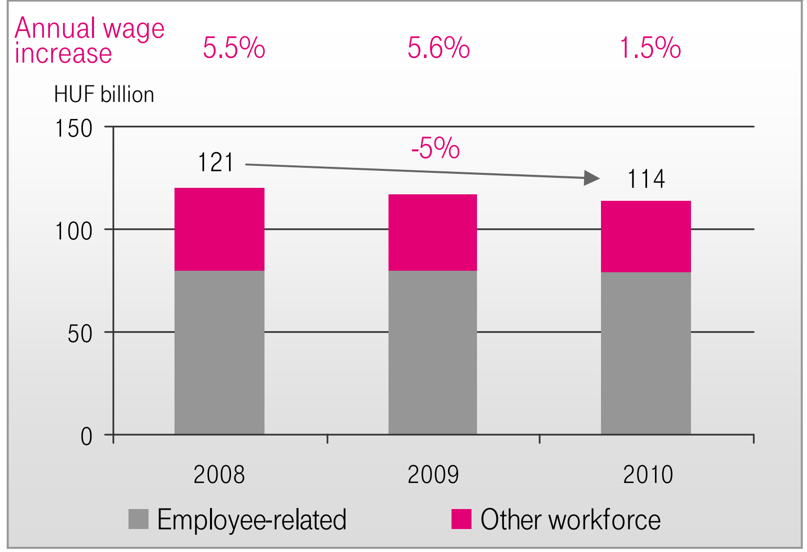
- 5-year plan to cover ~30% of Hungarian households with bandwidth of up to 100 Mbps
- fiber to ca. 780k & cable Docsis 3.0 to 380k households
- planned household coverage by end-2009: 160k fiber and 350k Docsis 3.0
- total investment requirement of HUF 40 billion (from that HUF 8 billion will be spent in 2009)

Changing trends require continued efficiency improvements

Change in revenue mix



Underlying TWM expense in Hungary



Dynamic change in revenue mix

- continuous decline of voice revenues
- pronounced growth in revenues from non-traditional services such as SI/IT and TV services
- SI/IT revenue share exceeded 6% in 2008

New revenue sources have lower EBITDA margin

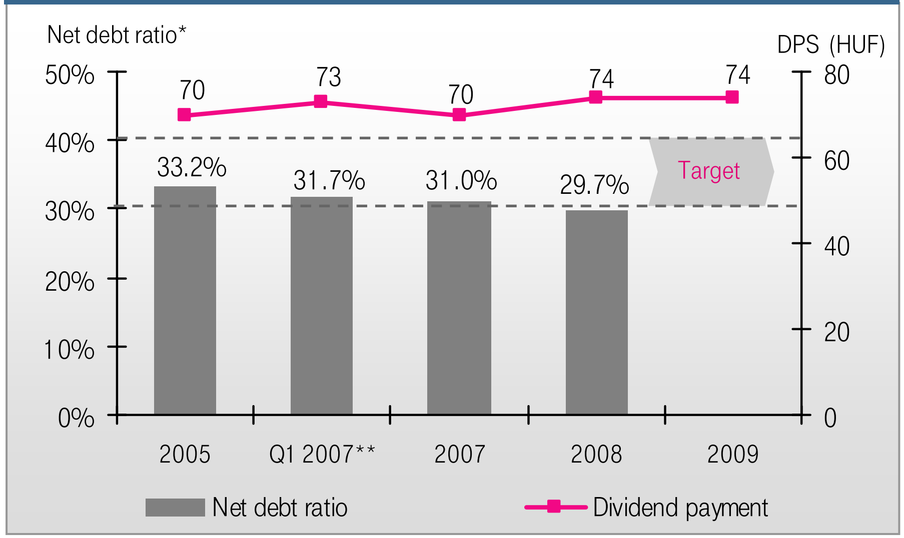
- pressure on profitability eased by cost cutting measures

Headcount reduction in 2010

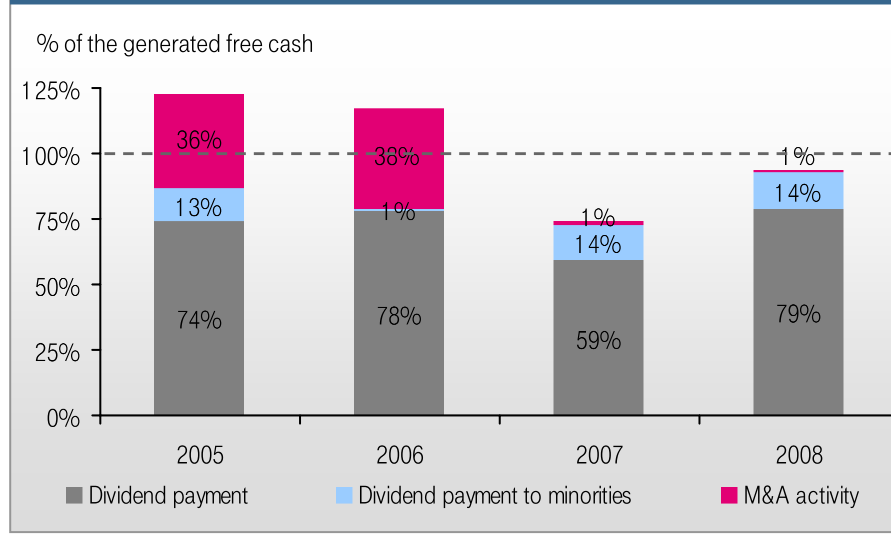
- agreement with trade unions reached in September 2009
- 400+ employee redundancies at the parent company by end-2010
- goal is to reduce underlying TWM related expenses by HUF 6.5bn in two years despite wage increases
- severance-related expenses will amount to HUF7bn (majority to be accounted for in Q4 2009)

Dividend policy

Historical dividend payments



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 was 32.3% at the end of September 2009

Current dividend yield is 13%*

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

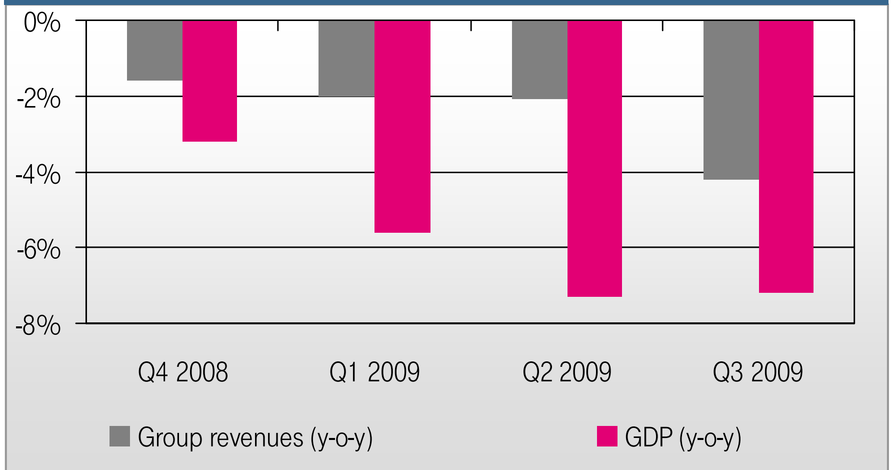
* net debt / (net debt + total equity)

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

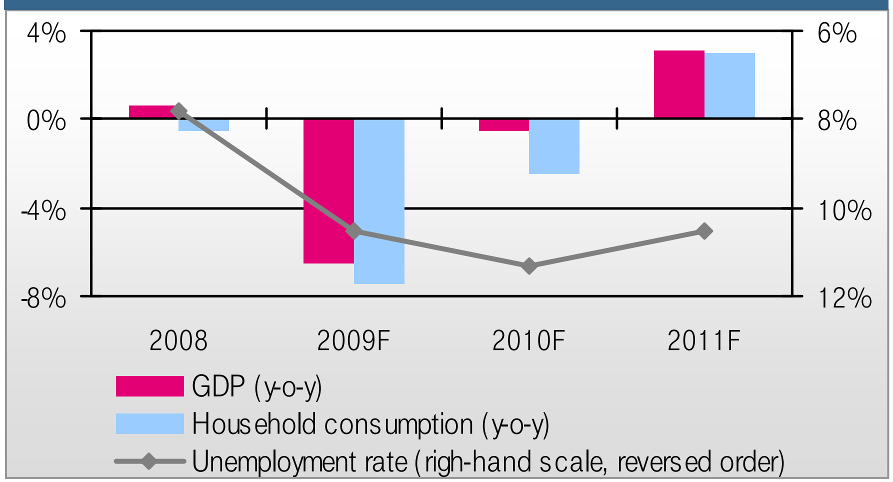
*yield calculation is based on the share price of HUF 549 (27 February 2009)

Economic environment – still a drag on Magyar Telekom

Group revenues and Hungarian GDP



Hungarian macroeconomic indicators



Source: European Commission Oct-2009 forecasts

Economic indicators influence telecommunication spending differently

- in 2009 all components of economic activity are suffering a meaningful decline in Hungary
- telecommunication spending lags GDP trend
- the demand for telecommunication services more closely correlates with employment, disposable income and household consumption developments

Recession is putting significant pressure on business performance

- customers in all sectors are heavily rationalizing their telecommunication spending
- churn rates have increased and usage has decreased both in the residential and business segment
- bad debt to revenues ratio is still at moderate level (1.1% at end-Q3 2009)

Pressure on telecommunication spending to remain in 2010

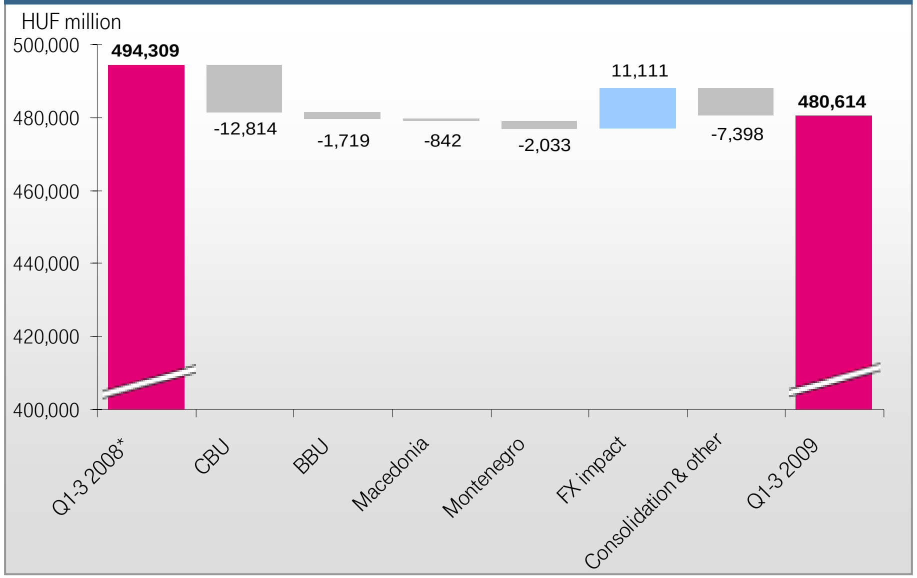
- despite stabilizing GDP, other lagging indicators to remain weak in 2010
- unemployment likely to peak in H2 2010
- contained wage development
- still relatively tight credit conditions

Public targets for 2009 confirmed

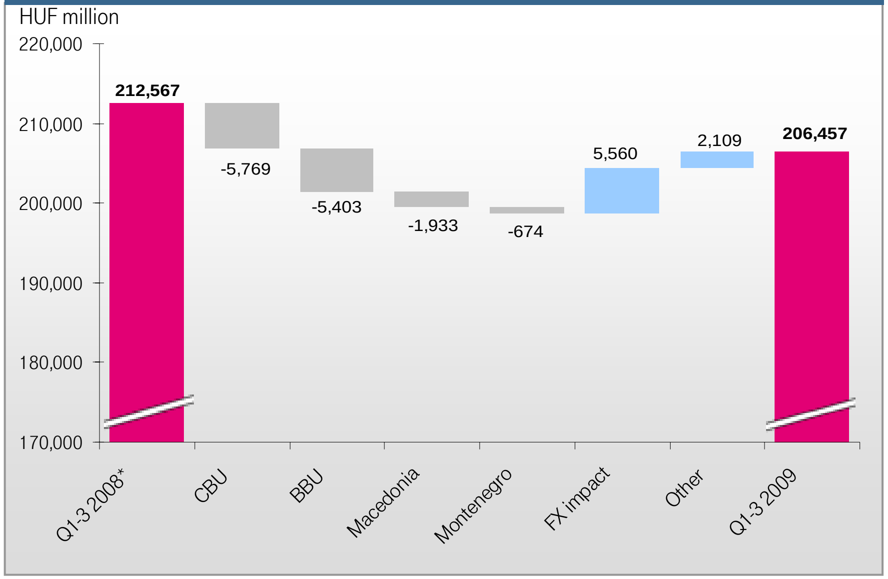
	2009 public targets	2009 nine month results
Revenue ▪ excluding IC fees related reversal of provisions in 2008 ▪ comparable 2008 figure is HUF 664.5bn	**Around 2% decline compared to 2008** ▪ significant drop in disposable income of households due to recession (resulting in lower usage and tariffs, higher churn levels) ▪ intensifying competition ▪ regulatory impacts	**2.8% decline** ▪ significant pressure on private consumption and heavily scaled back spending by business clients ▪ stronger than expected forint in the second half of the year
Underlying EBITDA ▪ excluding special influences and IC fees related reversal of provisions in 2008 ▪ comparable 2008 figure is HUF 273.7bn	**Up to 5% decline compared to 2008** ▪ difficult economic environment ▪ margin pressure due to faster than expected change in revenue mix ▪ regulatory impacts	**2.9% decline** ▪ cost cutting measures launched in the beginning of the year show promising results
Capex ▪ excluding the 3G license fee in Macedonia and non-cash items totaling HUF 4.3bn in 2008 ▪ comparable 2008 figure is HUF 103.6bn	**Maintain 2008 level** ▪ strong infrastructure based competition in Hungary ▪ cut in business-as-usual CAPEX ▪ increased spending on new initiatives (satellite TV, fibre optic network)	**23% increase** ▪ higher spending in the first half of the year due to strong satellite TV sales ▪ fibre-to-the-home roll-out Capex cut by HUF 2bn

First nine months 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)*

2.8% revenue decline driven by recession, competition and regulation

- CBU revenues declined primarily due to the worsening economic environment with the austerity measures launched in July contracting private consumption further
- BBU revenues down as public sector spend now also under pressure, not just corporate and SMB spend
- international revenues increased due to favorable FX translation impact

2.9% underlying EBITDA decline due to change in revenue mix and recessionary impact

- further erosion of traditional voice revenues put pressure on business units' results
- 5.6% wage increase for parent company employees in April 2009
- positive FX impact on result of international subsidiaries
- cost cutting measures to mitigate margin pressure

Regulatory snapshot

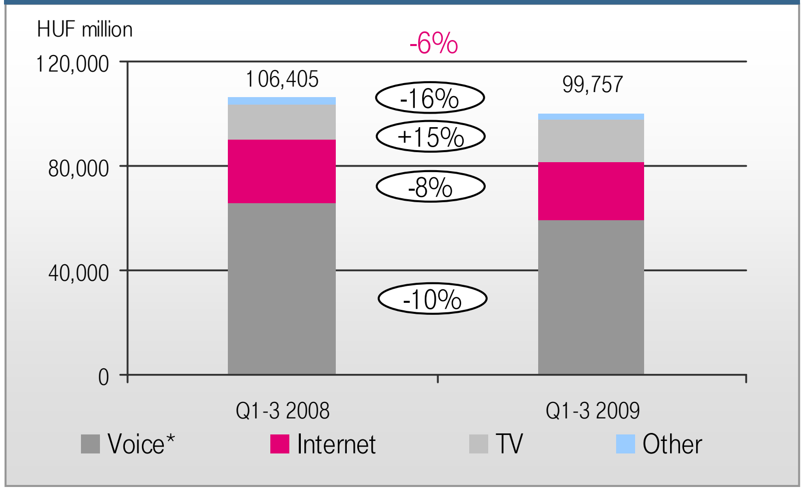
Regulation in line with EU recommendations in all three countries

- 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

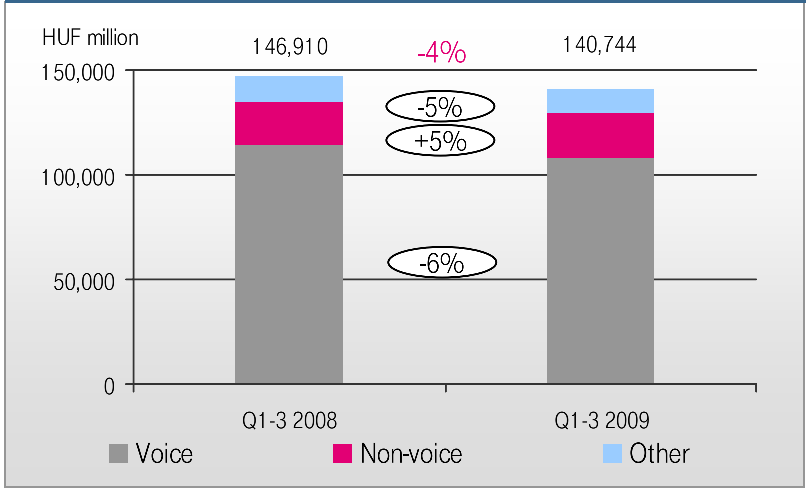
	Hungary	Macedonia	Montenegro
Reference interconnection offer	✓	✓	✓
Reference unbundling offer	✓	✓	✗
Wholesale line rental	✗	✓	✗
Bitstream access	✓	✓	✗
Number portability (fixed and mobile)	✓	✓	✗
Regulated mobile termination rates	✓	✓	✓
EU mobile voice roaming regulation	✓	✗	✗

Consumer Services Business Unit (CBU) - Financials

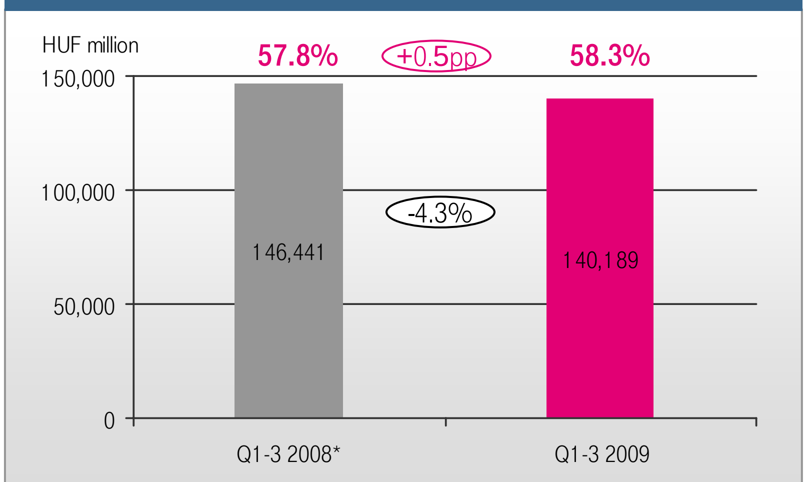
CBU Fixed line revenues



CBU Mobile revenues



CBU EBITDA and margin



** excluding HUF 3.1bn IC fees related reversal of provisions accounted for in Q1-3 2008*

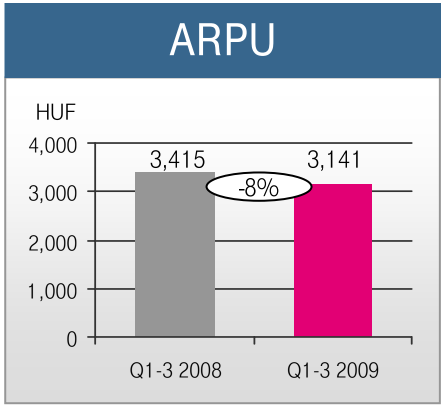
Revenue decline mostly driven by recession

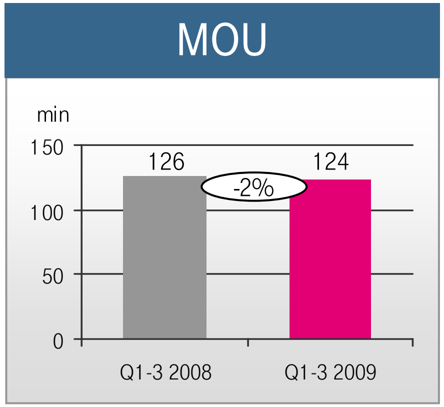
- depressed consumer spending remains the most significant negative driver
- usage declined and churn accelerated both in fixed line and mobile
- voice migration towards IP based solutions
- Internet revenues down due to price reductions
- regulatory impacts on mobile revenues (cut in mobile termination rates and roaming tariffs)

EBITDA margin improved thanks to cost cutting

- strong savings in other opex driven mainly by cuts in marketing expenses

CBU – mobile operations



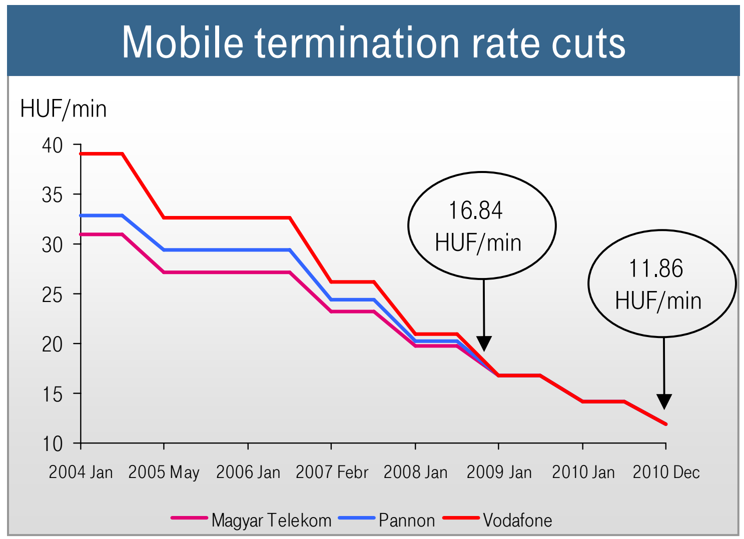


Mobile internet development

- leading market position with 49% market share
- number of subscribers exceeded 360,000 at end of September 2009
- 3G/HSDPA network covering ~73% of population

Mobile termination fee regulation

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



Recessionary impacts felt in the mobile market

- in the last three quarters customer numbers declined
- lower disposable income led to increased churn levels
- customers became more cost sensitive
- MOU declined as price elasticity was also negatively impacted
- lower ARPU driven by lower usage, declining average tariff levels and MTR cuts

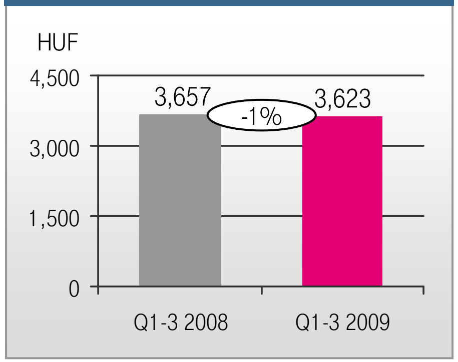
Tariff erosion

- average voice revenue per minute decline of 9% yoy
- more conscious package selection
- broad use of closed-user-group services
- annual cuts in mobile termination rates
- EU regulated roaming tariffs

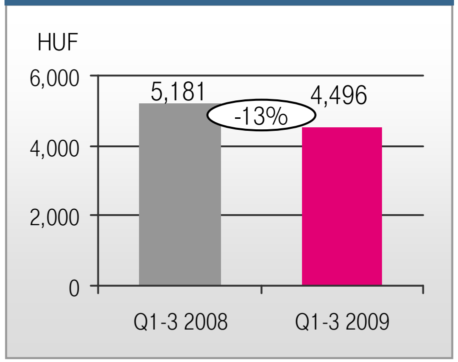
CBU KPIs

Fixed

Voice ARPA

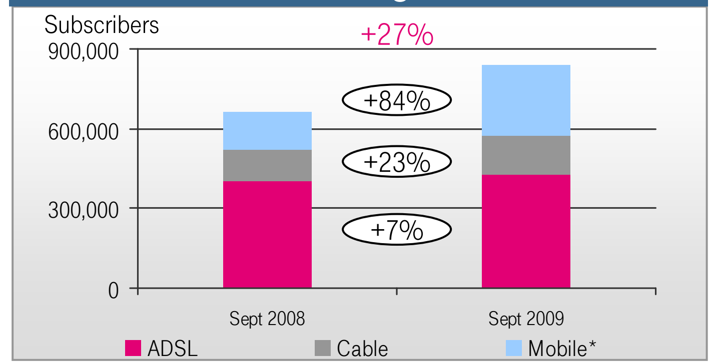


Broadband ARPU



Fixed & mobile broadband

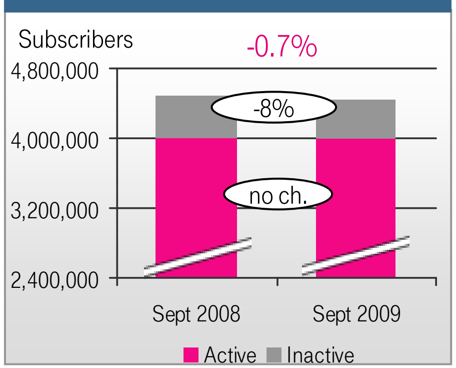
Customer growth



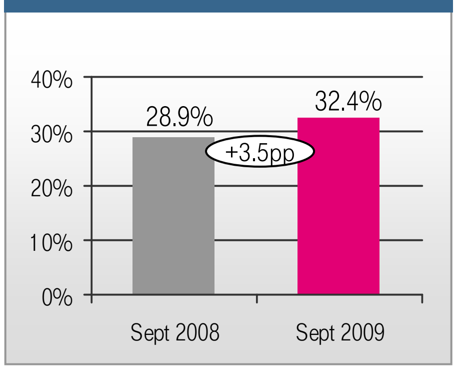
*September 2008 data estimated only

Mobile

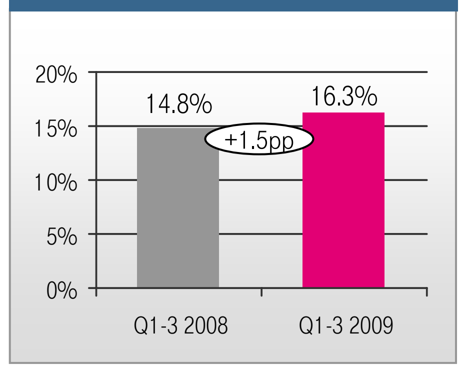
Total RPC



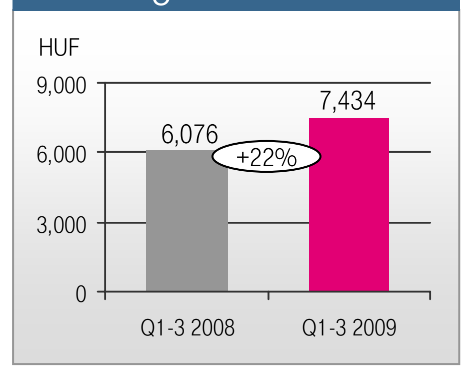
Postpaid share within RPC



Non-voice revenue per ARPU

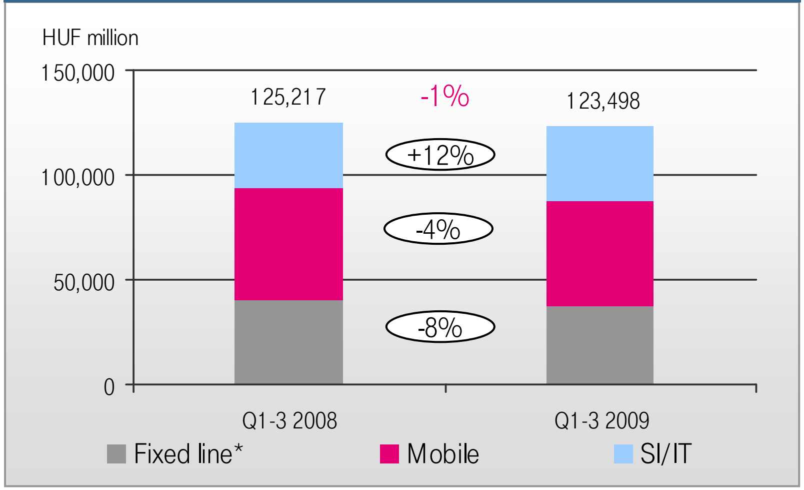


Acquisition cost per gross add

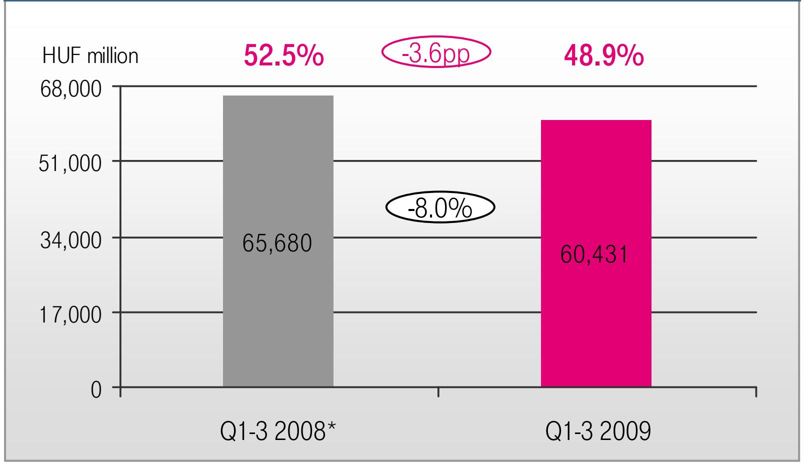


Business Services Business Unit (BBU) - Financials

BBU revenues



BBU EBITDA and margin



** excluding HUF 5.4bn IC fees related reversal of provisions accounted for in Q1-3 2008*

Falling voice revenues now coupled with pressure on SI/IT services

- rationalization and cost cutting initiatives at our key corporate clients lead to reduction in their telecom spending
- not just private but public sector also impacted
- number of voice customers decreasing
- strong pressure on mobile tariffs

SI/IT revenues also under pressure

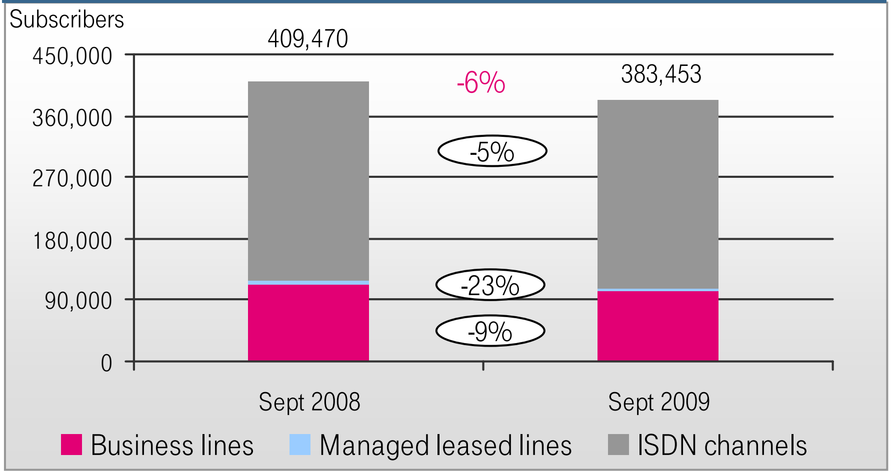
- several projects delayed/cancelled both at the private and the public sector due to cost restrictions
- strengthening market position through acquisition of KFKI Direkt and ISH, consolidation expected from Q3 and Q4, respectively

Change in revenue mix puts pressure on EBITDA margin

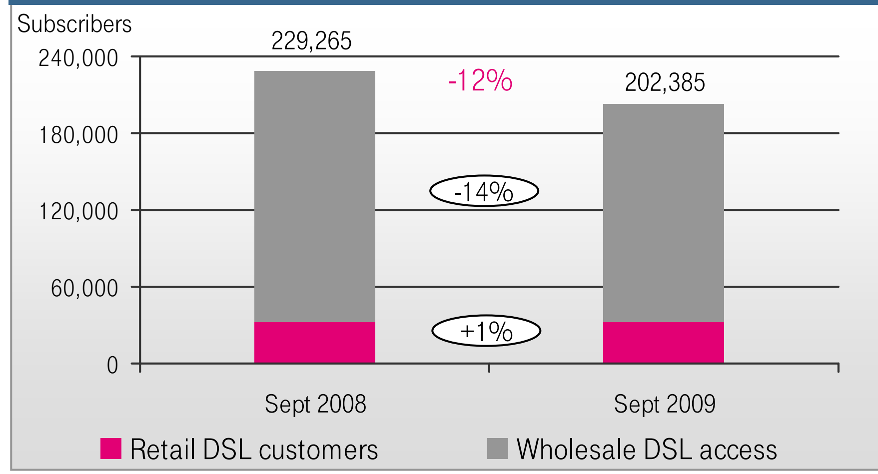
- ratio of lower-margin SI/IT revenues is continuously increasing, while high-margin voice revenues are declining
- however, due to their lower Capex-intensity SI/IT services have similar return characteristics

BBU KPIs

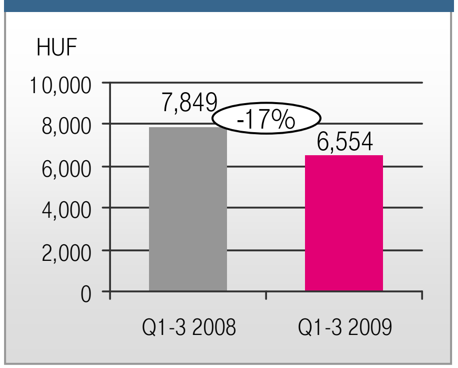
Fixed voice access



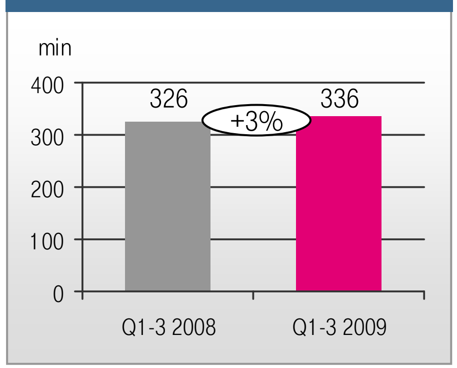
DSL connections



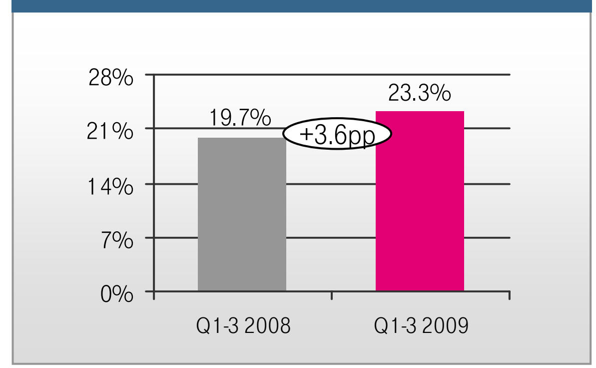
Mobile ARPU



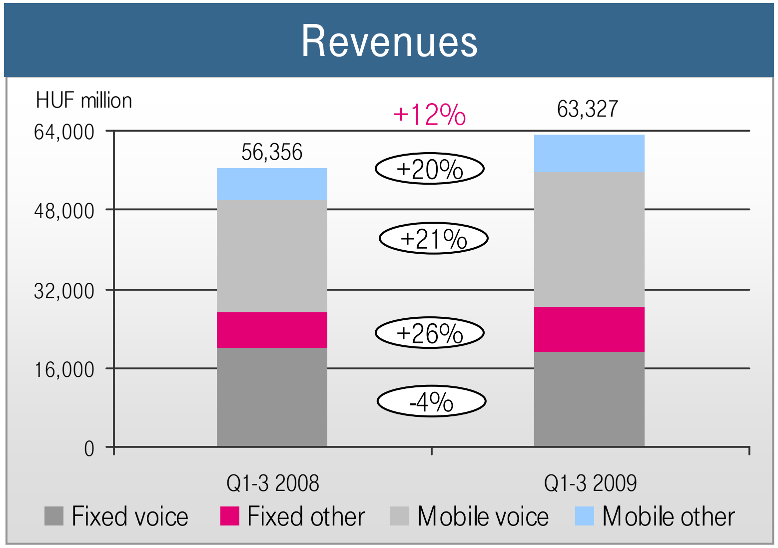
Mobile MOU

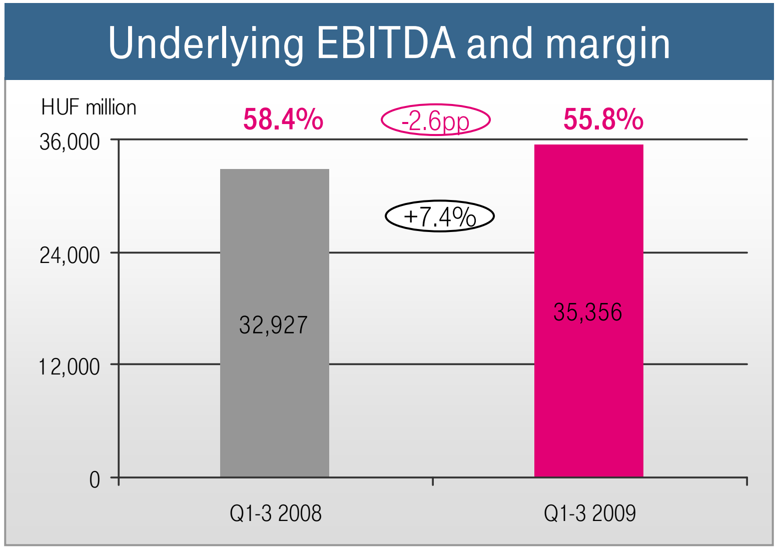


Non-voice revenue per ARPU



Macedonia





Results supported by significant FX impact

- HUF weakened on average by 14.1% to the Macedonian Denar in Q1-3 2009
- excluding FX impact revenues are down by 1%, underlying EBITDA down by 6%

Declining traditional fixed line voice revenues

- competition from altnets, cables and strong mobile substitution resulted in elevated churn rates and a further decline in outgoing traffic volumes
- decreasing fixed tariff levels

Strengthening focus on internet services

- number of ADSL lines at 119,000 (up 40%)
- successful launch of IPTV and 2Play/3Play offers

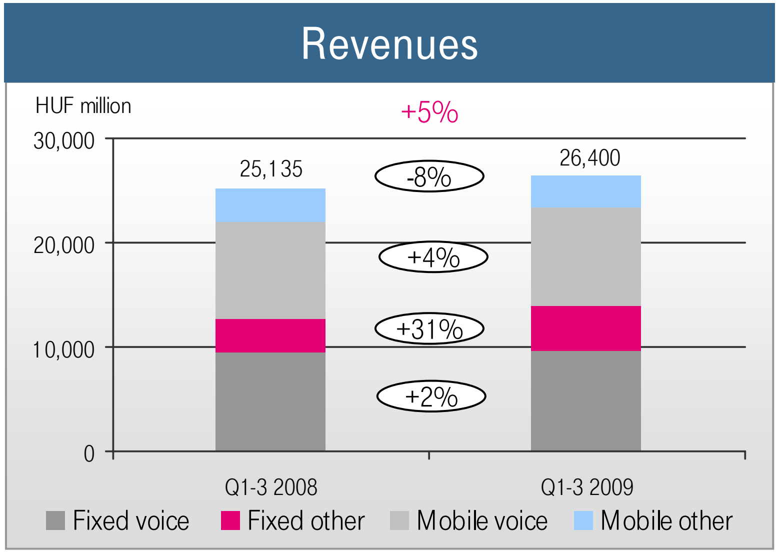
Growth in mobile revenues

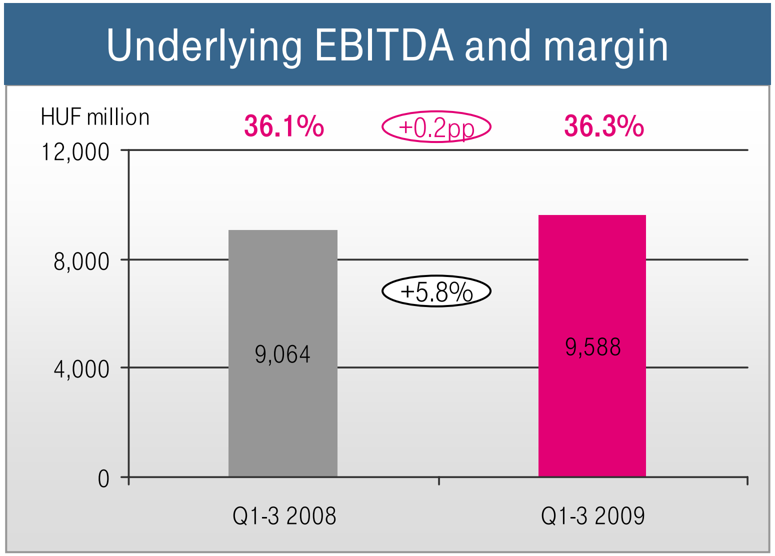
- focus on customer acquisition, 7% growth in customer base
- improving customer mix (postpaid share within RPC up 3.8ppt YTD to 29.3%)
- MOU at 100 (up by 5%)
- ARPU of HUF 2,732 (~EUR 10)
- 3G services launched in June this year

Underlying EBITDA margin decreased

- severance payment of HUF 1.9bn accounted in Q1-3 2008

Montenegro





Results supported by significant FX impact

- HUF weakened on average by 14.3% to the Euro in Q3
- excluding FX impact revenues are down by 8%, underlying EBITDA down by 7%

Fixed voice revenues under pressure

- deterioration in voice retail revenues driven by high mobile substitution
- growing internet and TV revenues thanks to the strong increases in the number of ADSL and IPTV customers

Mobile revenue erosion driven by strong competition

- very intense competition since the entrance of the 3rd mobile operator, lower tariff levels, higher subsidies
- fallout in visitor revenues as economic recession negatively affected tourism
- MOU at 94 (down by 12%)
- ARPU of HUF 2,528 (~EUR 9)

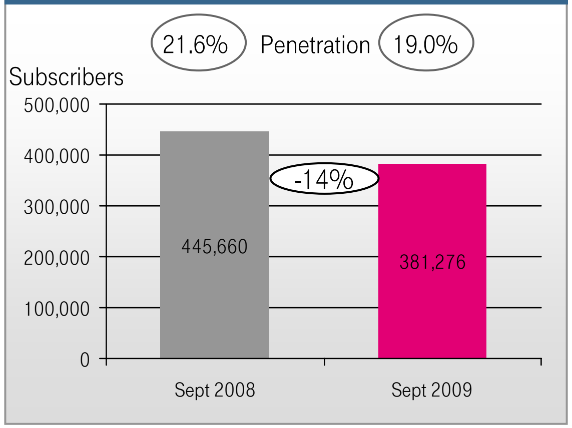
Special influences

- HUF 0.9bn headcount-reduction related severance expense in Q1-3 2008
- HUF 1.0bn provision (created in Q1 2007) related to litigation in connection with a voluntary redundancy program was reversed in Q3 2009

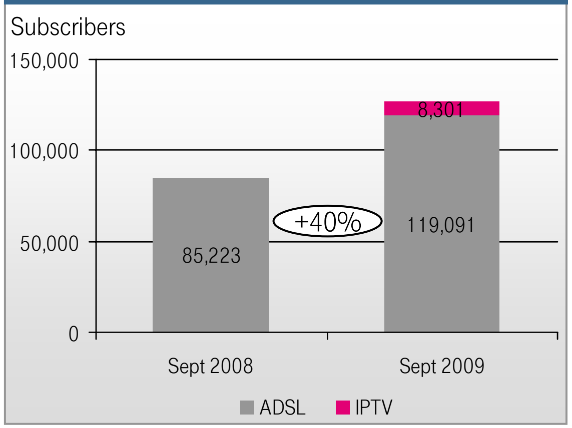
International KPIs

Macedonia

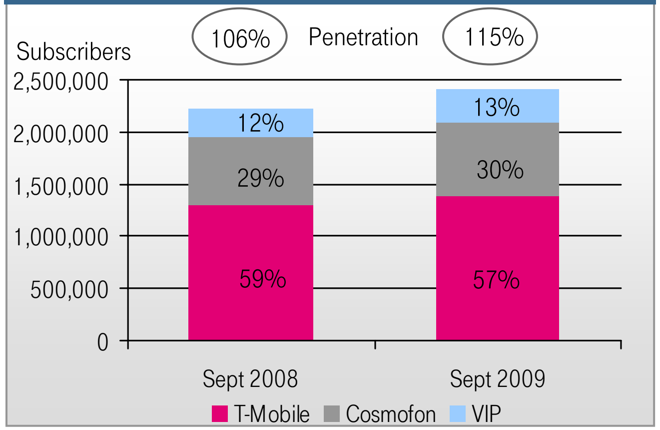
Fixed voice access



ADSL/IPTV customer growth

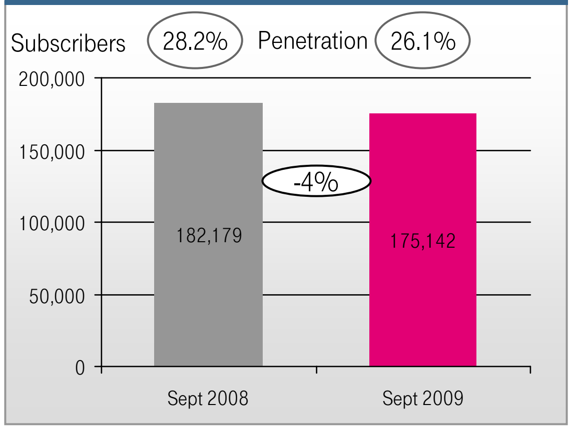


Mobile subscribers

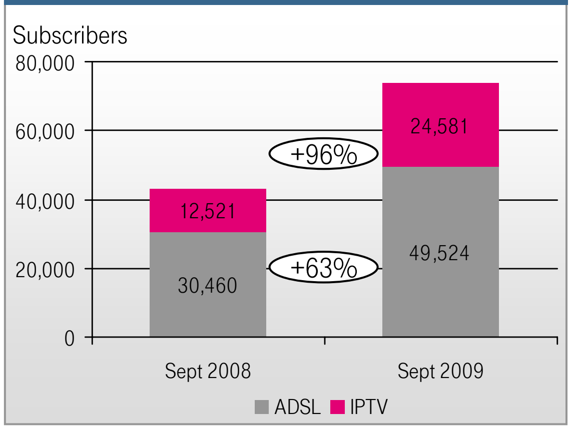


Montenegro

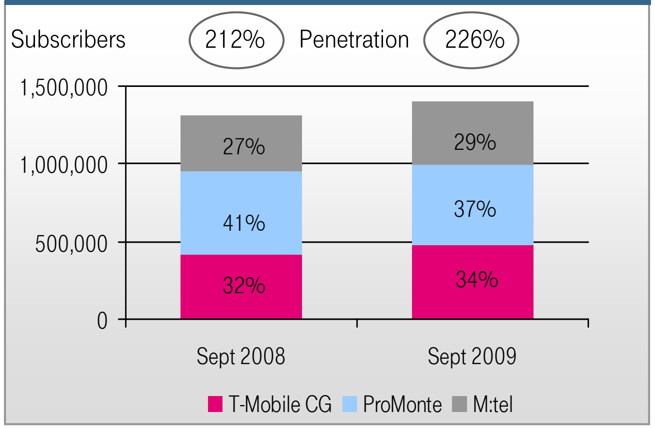
Fixed voice access



ADSL/IPTV 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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