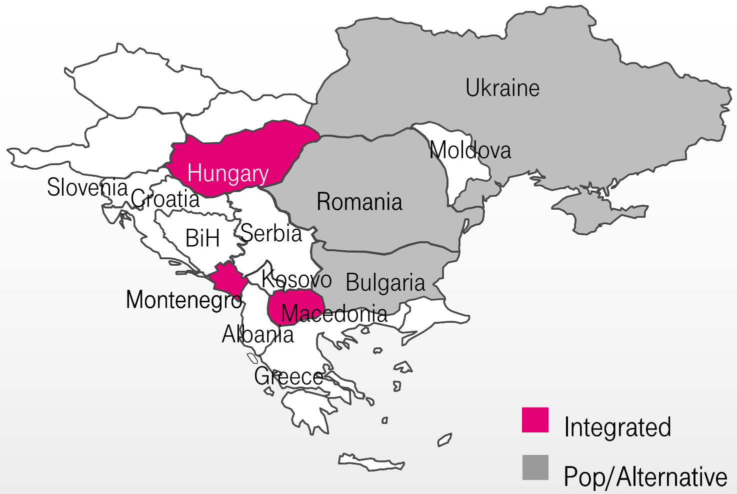
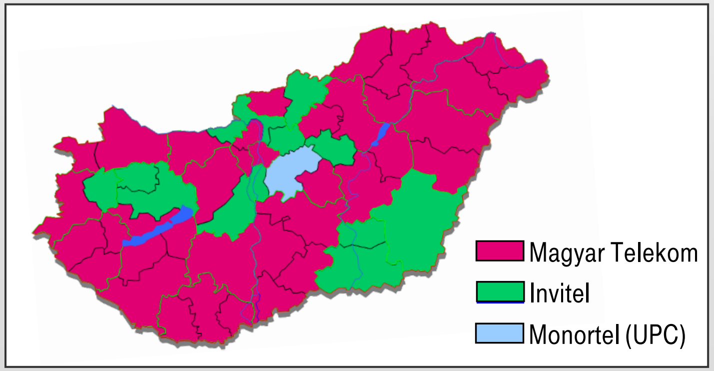
Presentation
Magyar Telekom Full Year 2009 results

Economic environment continues to affect top-line performance; strong market positions maintained amidst intense competition

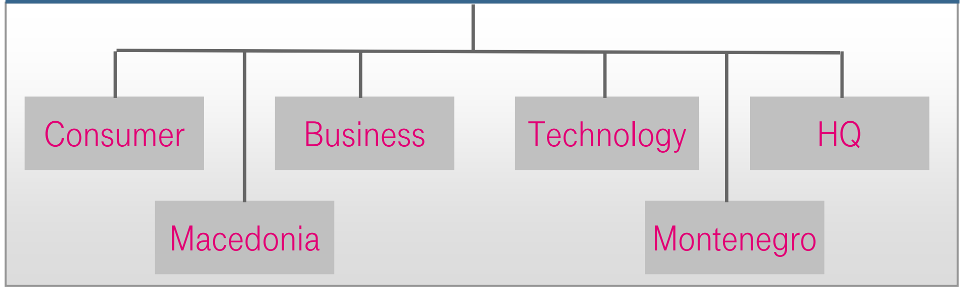
Overview – Magyar Telekom Group at a glance

International presence





Customer segment-focused organization



Integrated operations in Hungary, Macedonia and Montenegro

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

EUR 2.7bn market capitalization

Stock exchange listings

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

Majority owned by Deutsche Telekom (59.2%)

Our strategy

3SCREEN COMPANY

- TV, PC, and mobile screens
- Technological leadership – superior 3G mobile network, fiber roll-out, cable upgrade
- Integrated fixed and mobile offers

ICT LEADER

- Integrated IT-telecommunication offerings
- Application Service Provider (ASP) and IT outsourcing
- Further selective acquisitions in the Hungarian SI/IT market

SERVICE INNOVATION

- Improved service quality and portfolio
- Attractive 3Screen content /service offering and media
- Entrance to the retail energy market

REGIONAL PRESENCE

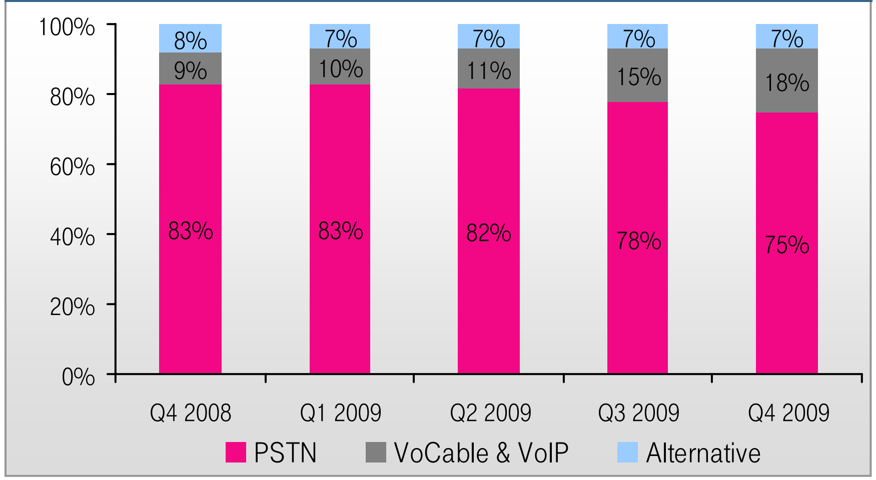
- Utilize synergies within DT group
- Seeking value-creating international acquisitions

• ONE COMPANY

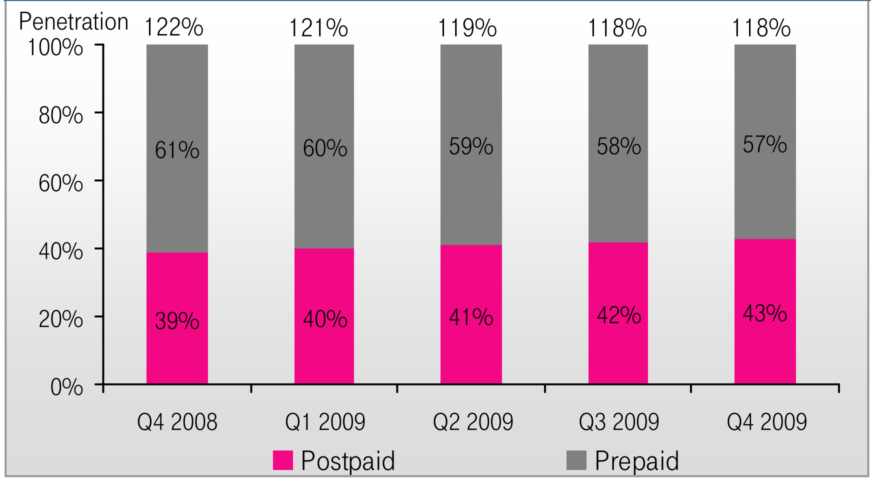
- Leaner organization
- Subsidiary mergers
- Simpler brand structure
- Focus on efficiency enhancement
- Building a unified CRM/billing platform

Hungarian market – infrastructure based-competition

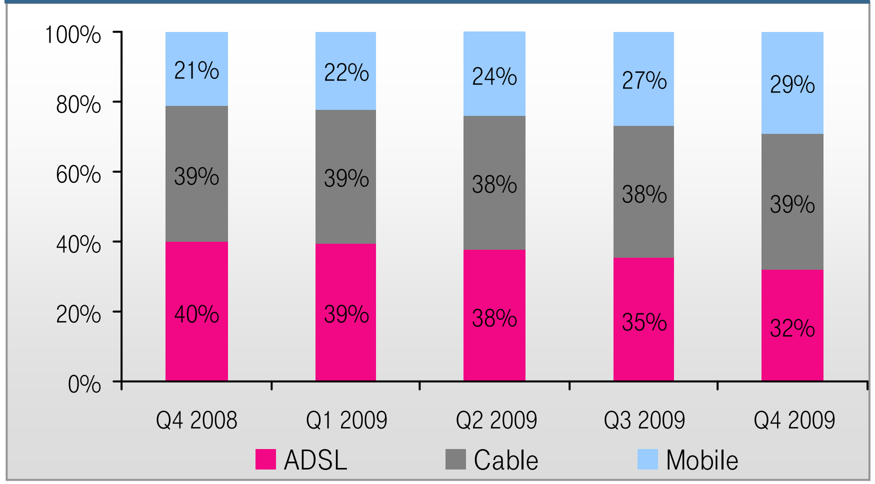
Wireline voice traffic trends



Mobile subscriber trends



Broadband subscriber trends



Source: NRA

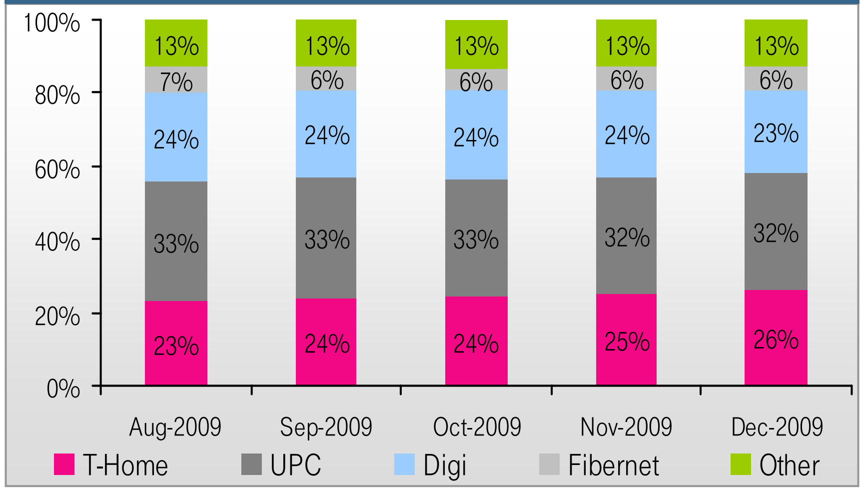
Competing infrastructures

- Copper network: LTO structure, 80% of households served by Magyar Telekom
- Cable network: over 70% household coverage, most upgraded to high-speed broadband service
- Mobile network: three quality networks with UMTS capability
- Fiber rollout: not just LTOs but other start-up/cable companies also rolling out fiber network

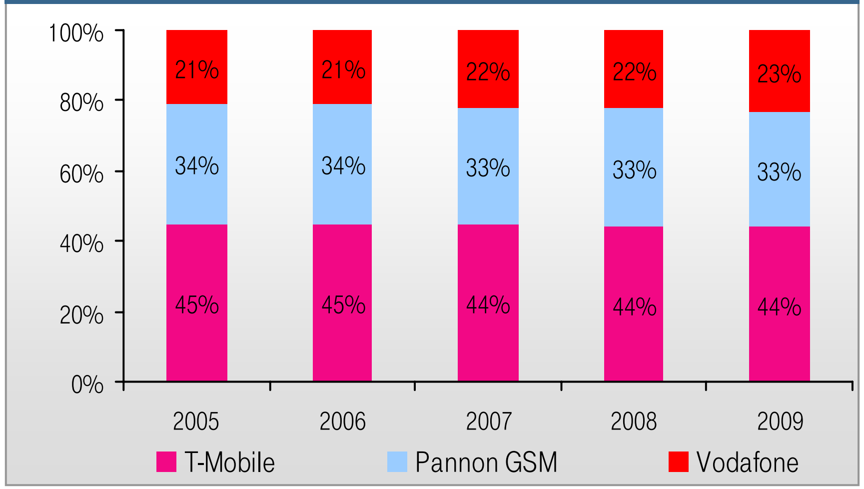
Strong infrastructure based competition with triple play services offered on copper, fiber, cable and mobile networks

Strong positions across all segments of the Hungarian market

TV market shares

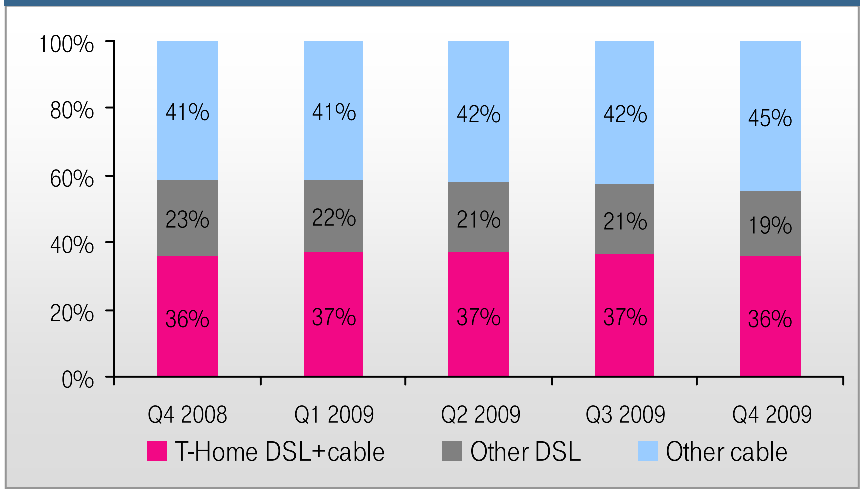


Mobile voice market shares*

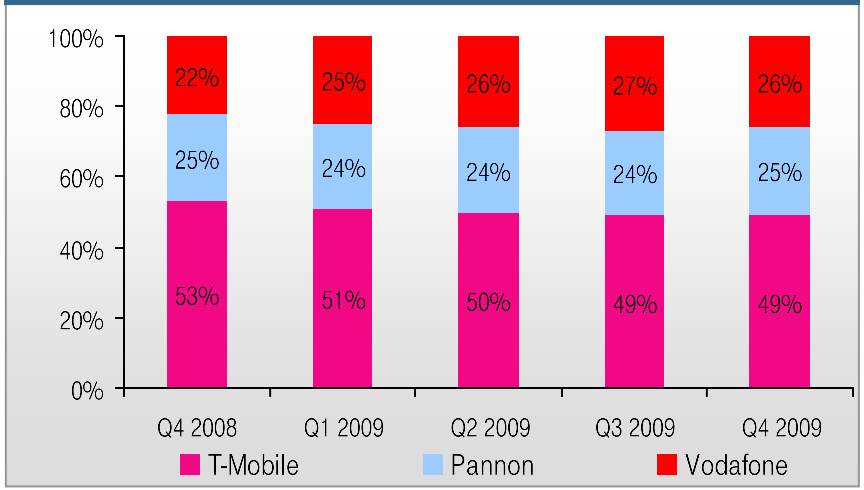


*based on active SIM cards

Wireline broadband market shares



Mobile broadband market shares**

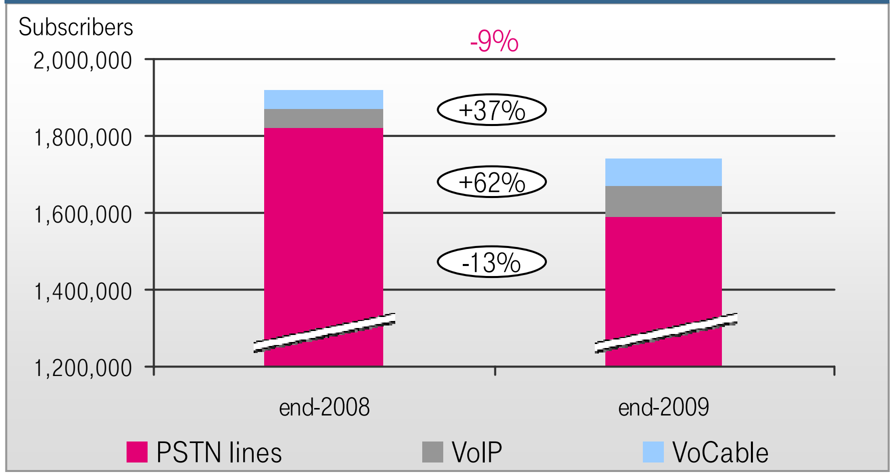


Source: NRA

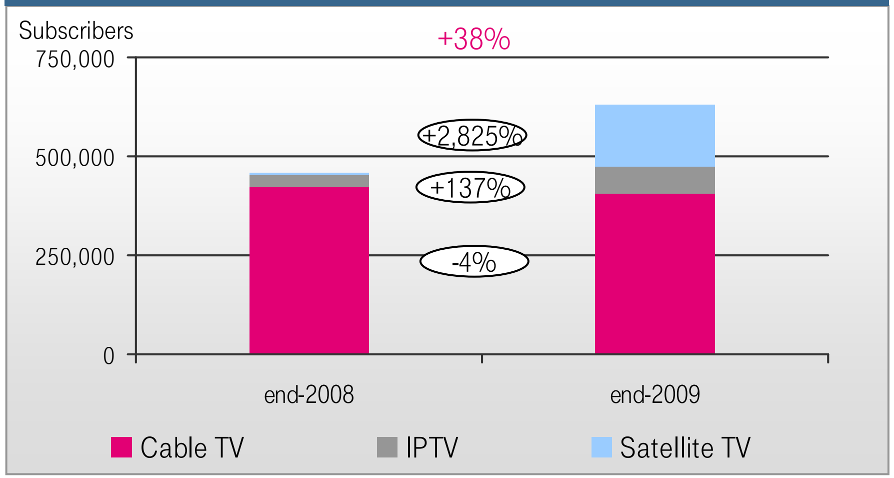
**based on traffic generating subs.

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

Fixed voice access



TV customer growth



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

@ + TV +

- 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 ~35%

T-Home Sat TV launch

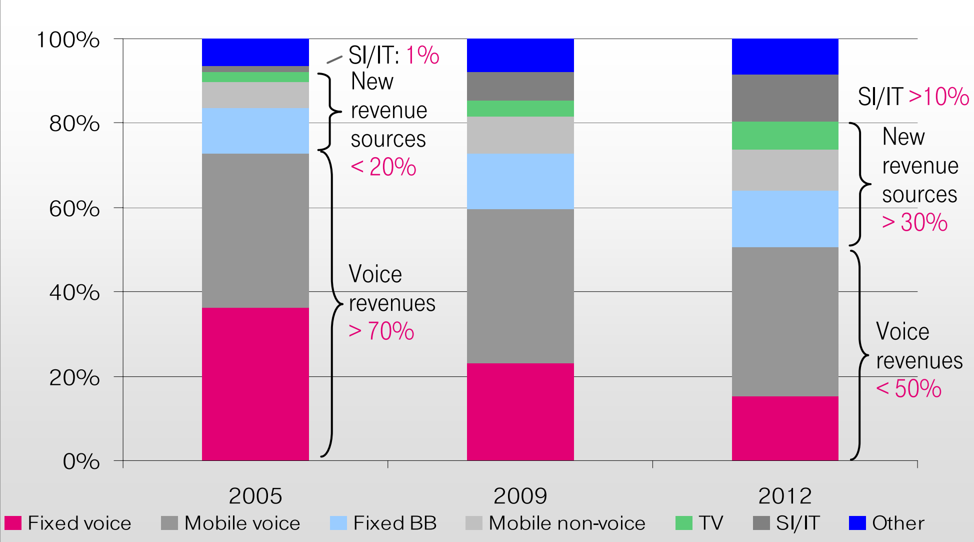
- service launched in November 2008
- demand exceeding expectations – number of customers over 156,000
- retention benefit: two-thirds of satellite TV customers are part of a 2Play or 3Play package

New generation access rollout

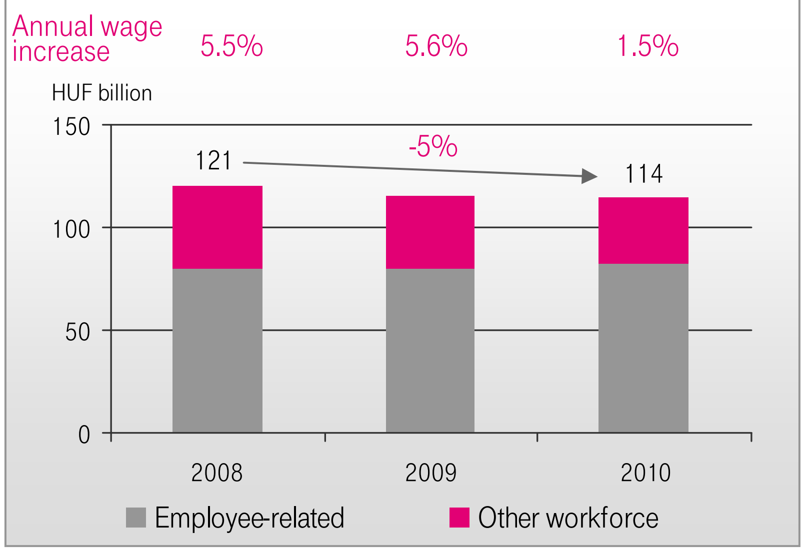
- 5-year plan to cover ~30% or 1.2mn of Hungarian households with bandwidth of up to 100 Mbps
- household coverage by end-2009: 170k fiber and 380k Docsis 3.0
- total investment requirement of HUF 40 billion (of which HUF 8 billion spent in 2009)

Changing trends require continued efficiency improvements

Change in revenue mix



Underlying TWM expense in Hungary



Dynamic change in revenue mix

- continued decline of voice revenues
- pronounced growth in revenues from non-traditional services such as SI/IT and TV services

New revenue sources have lower EBITDA margin

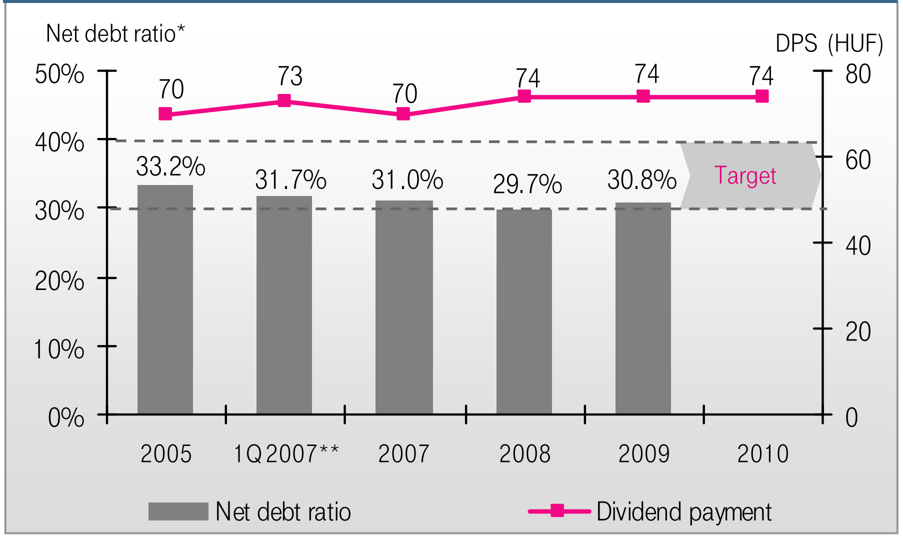
- pressure on profitability eased by efficiency improvement measures

Headcount reduction in 2010

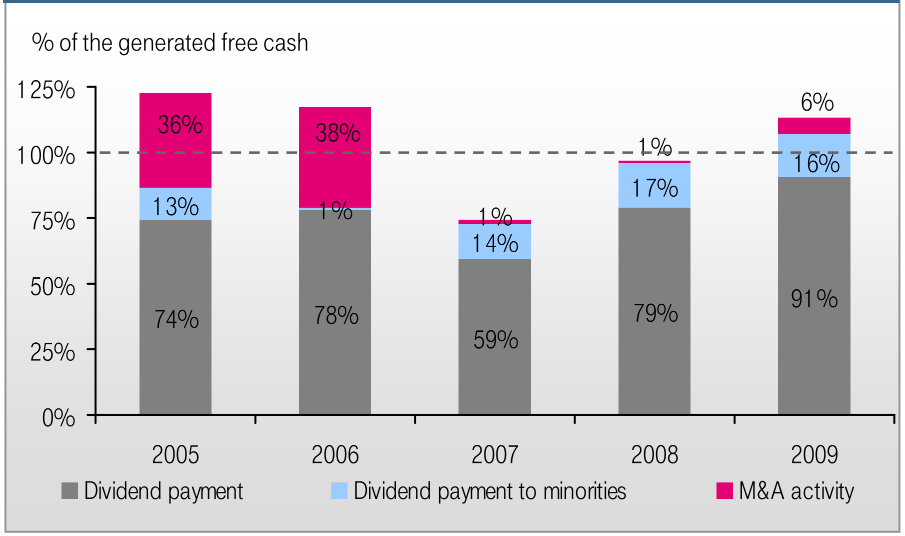
- agreement with trade unions reached in September 2009
- 400+ employee redundancies at the parent company by end-2010
- goal is to reduce underlying TWM-related expenses by HUF 6.5bn by 2010 despite wage increases
- severance-related expenses amounted to HUF7bn (accounted for in Q4 2009)

Dividend policy

Historical dividend payments



Usage of free cash flow



Net debt ratio was 30.8% at the end of 2009

The Annual General Meeting approved the payment of HUF 74 dividend per share after 2009 earnings

Dividend payment date is May 7, 2010

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

Current dividend yield is 11%*

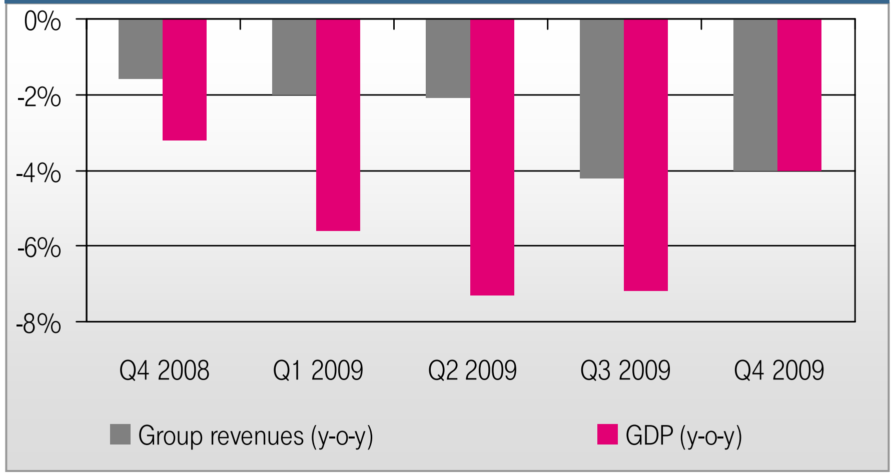
* net debt / (net debt + total equity)

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

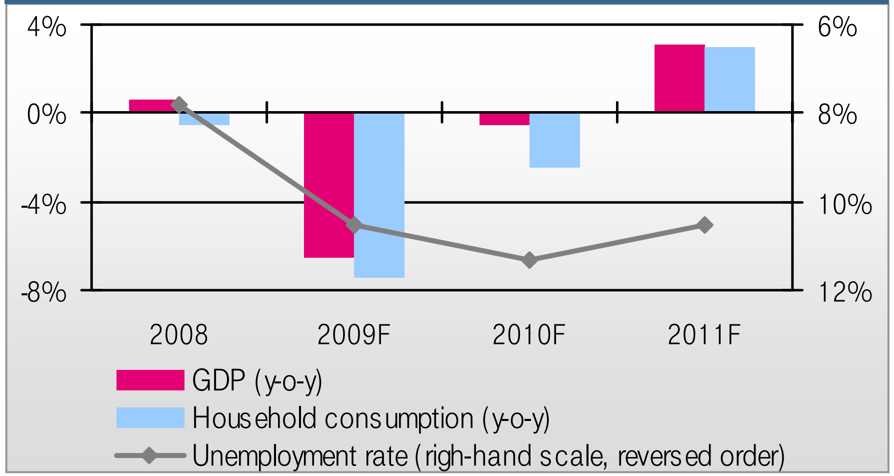
*yield calculation is based on the share price of HUF 695 (February 26, 2010)

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 in different ways

- in 2009 all components of economic activity suffered a meaningful decline in Hungary
- telecommunication spending lags GDP trend
- the demand for telecommunication services is more closely correlated with employment, disposable income and household consumption development

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 ratio moderately increased to 1.2% by end-2009 (from 0.8% a year earlier)

Continued pressure on telecommunication spending expected in 2010

- despite stabilizing GDP, other lagging indicators set to remain weak in 2010
- unemployment likely to peak in H2 2010
- contained wage and disposable income developments
- continued relatively tight credit conditions

Public targets for 2009 and 2010

	2009 public targets and results			2010 public targets
Revenue	~2% decline compared to 2008	-3.1%	✗	5-7% decline
Underlying EBITDA*	Up to 5% decline compared to 2008	-4.0%	✓	5-7% decline
Capex	Maintain 2008 level (HUF 103.6bn)	HUF 101.9bn	✓	approximately 5% decline

Revenue

2009:
- decreasing consumer spending
- rationalization in the business sector
- usage and churn levels negatively impacted

2010:
- continued recessionary impacts
- stronger HUF compared to average 2009 FX rates

Underlying EBITDA*

2009:
- intense competition and adverse economic environment negatively impacting margins
- cost control measures implemented throughout the Group to mitigate margin pressure

2010:
- difficult economic environment
- margin pressure due to higher portion of SI/IT revenues

Capex

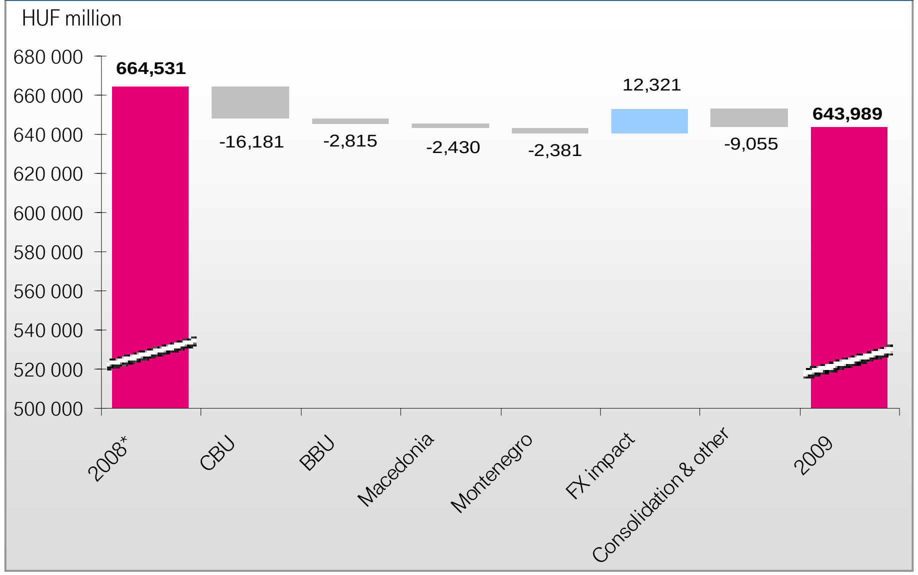
2009:
- focusing on cost discipline

2010:
- higher portion of less Capex intensive SI/IT revenues

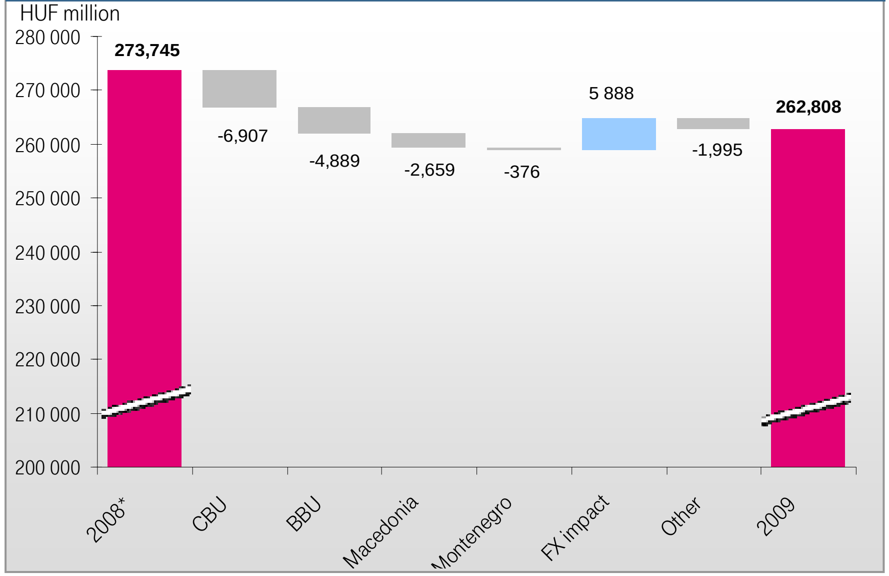
*excluding special influences

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)

3.1% revenue decline driven by recession, competition and regulation

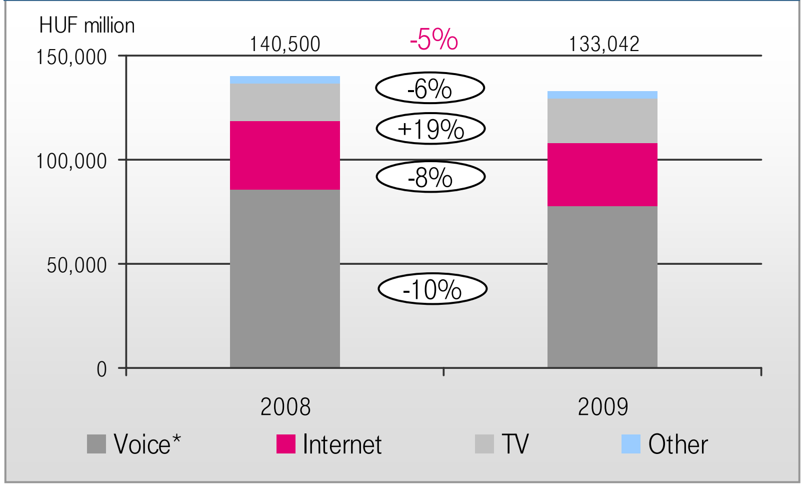
- CBU revenues declined primarily due to the worsening economic environment with the austerity measures launched in July contracting private consumption further
- BBU revenues down driven by decline in both private and public sector spending
- international revenues increased due to favorable FX translation impact

4.0% underlying EBITDA decline driven by changing revenue mix and economic recession

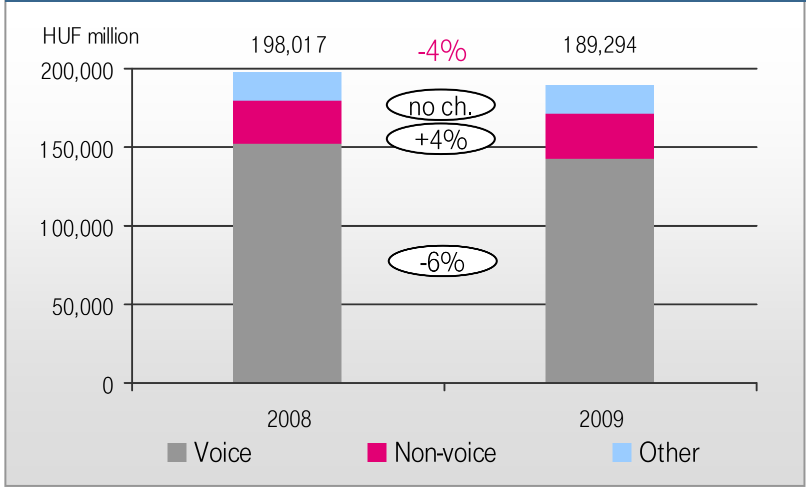
- business unit results under pressure due to further erosion of traditional voice revenues
- 5.6% wage increase for parent company employees in April 2009
- positive FX impact on result of international subsidiaries
- cost cutting measures to mitigate margin pressure

Consumer Services Business Unit (CBU) - Financials

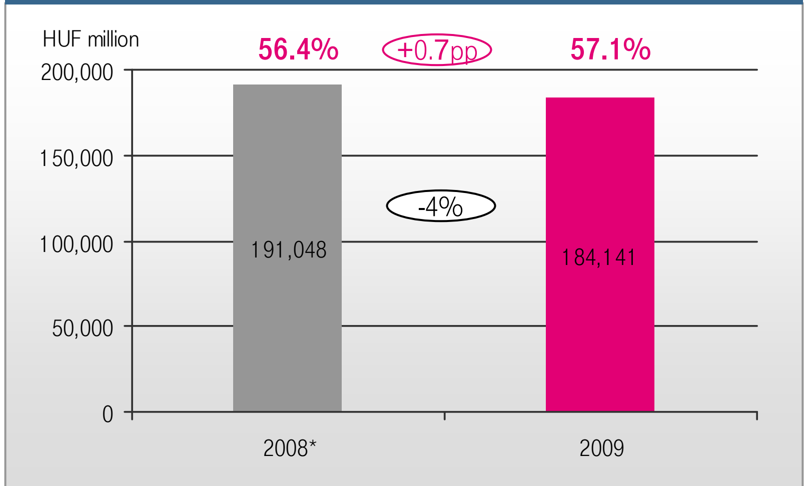
Fixed line revenues



Mobile revenues



Underlying EBITDA and margin



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

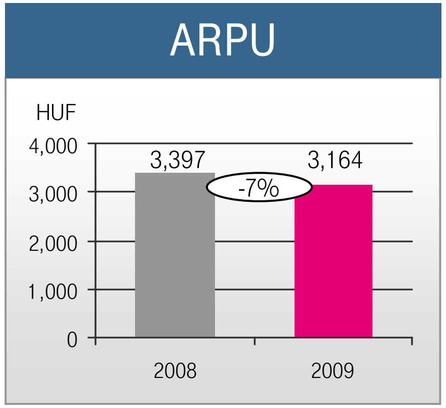
Revenue decline principally driven by recession

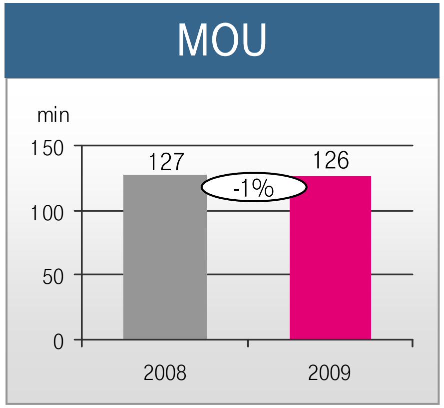
- depressed consumer spending remains the most significant negative driver
- usage declined and churn accelerated both in fixed line and mobile
- voice migration towards IP based solutions
- Internet revenues down due to price reductions
- regulatory impacts on mobile revenues (cut in mobile termination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





Recessionary impacts felt in the mobile market

- in 2009 customer numbers declined and penetration decreased
- customers became more cost sensitive
- lower disposable income led to increased churn levels

Tariff erosion

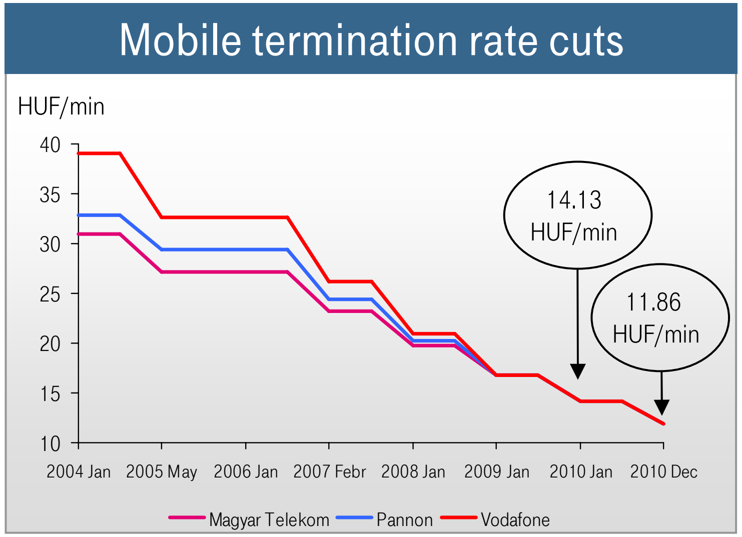
- average voice revenue per minute decline of 9%
- more conscious package selection
- wide use of closed-user-group services
- annual cuts in mobile termination rates
- EU-regulated roaming tariffs
- lower ARPU driven by lower usage, declining average tariff levels and MTR cuts

Mobile internet development

- leading market position with 49% market share
- number of subscribers exceeded 428,000 at end of 2009
- 3G/HSDPA network covering ~74% of population

Mobile termination fee regulation

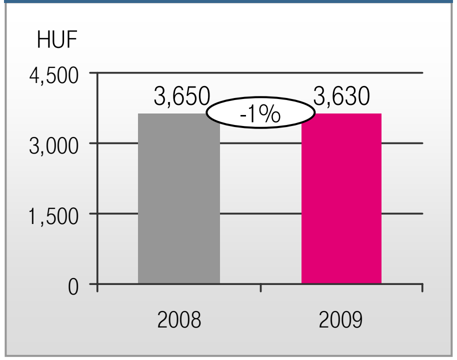
- asymmetry eliminated from beginning of 2009
- further 16% cuts in Jan-2010 and Dec-2010
- current rates are 14 HUF/min (EUR 0.05)



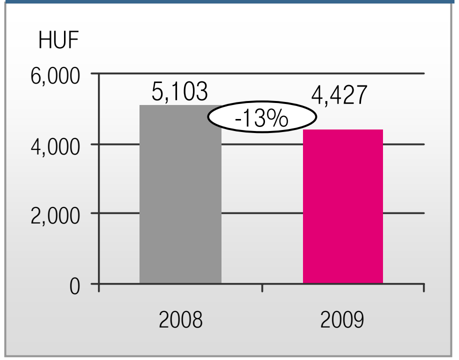
CBU KPIs

Fixed

Voice ARPA

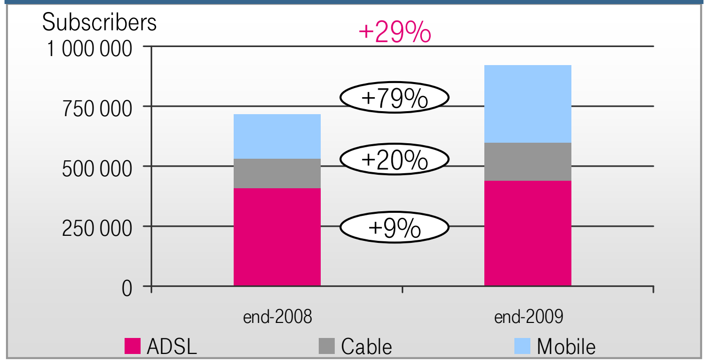


Broadband ARPU



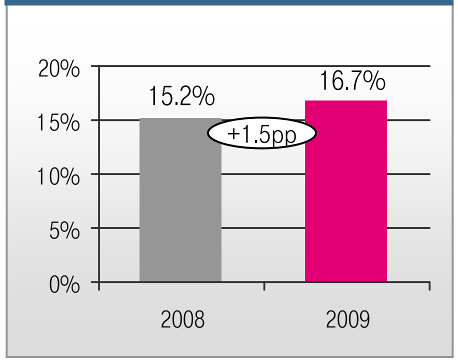
Fixed & mobile broadband

Customer growth

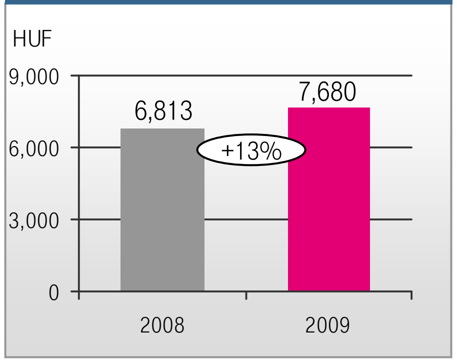


Mobile

Non-voice revenue per ARPU

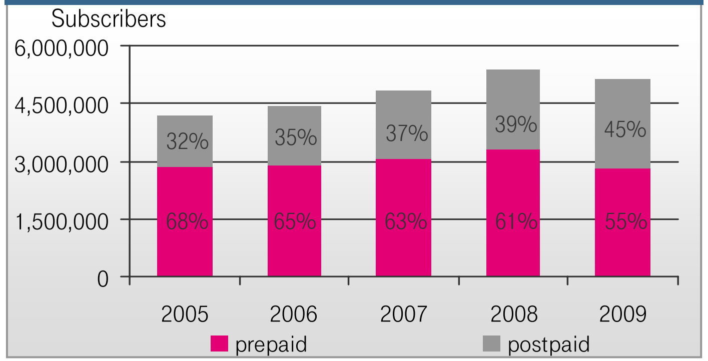


Acquisition cost per gross add



T-Mobile Hungary

Breakdown of customer base



Regulatory snapshot

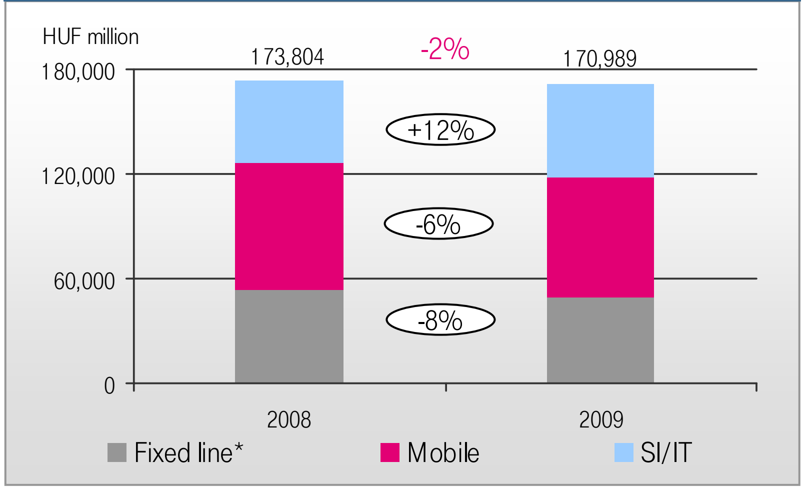
Regulation in line with EU recommendations in all three countries

- 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 2010

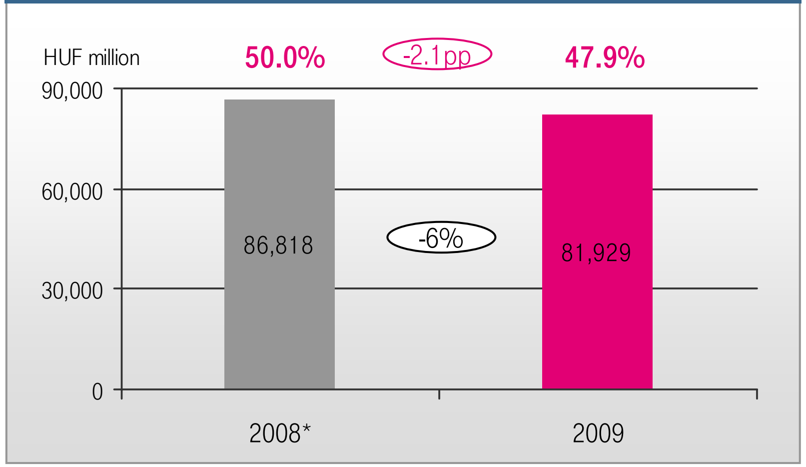
	Hungary	Macedonia	Montenegro
Reference interconnection offer	✓	✓	✓
Reference unbundling offer	✓	✓	✗
Wholesale line rental	✗	✓	✗
Bitstream access	✓	✓	✗
Number portability (fixed and mobile)	✓	✓	✗
Regulated mobile termination rates	✓	✓	✓
EU mobile voice roaming regulation	✓	✗	✗

Business Services Business Unit (BBU) - Financials

Revenues



Underlying EBITDA and margin



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

Falling voice revenues

- rationalization and cost cutting initiatives at our key corporate clients lead to reduction in their telecom spending
- both private and public sector affected by economic recession
- number of fixed voice customers decreasing
- strong pressure on mobile tariffs resulting in lower ARPU level

SI/IT revenue growth

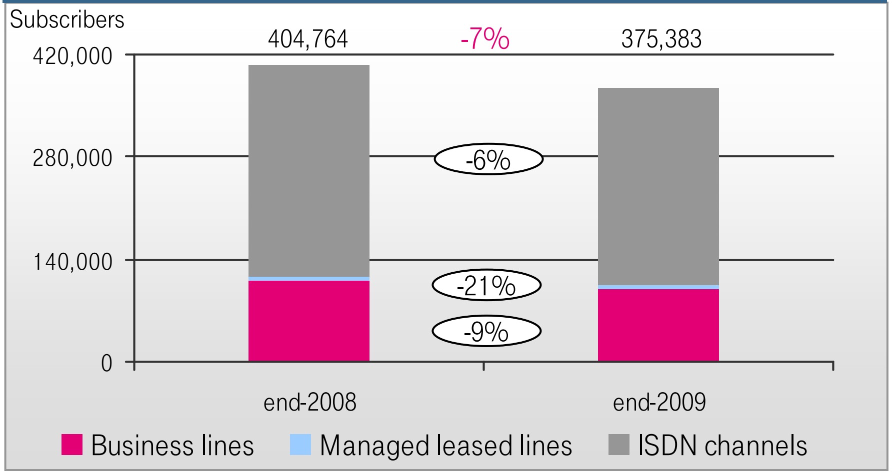
- growth in revenues despite the difficult environment
- leading market position strengthened
- acquisition of KFKI Direkt and ISH
- some private and public sector projects delayed/cancelled due to cost restrictions

Change in revenue mix puts pressure on EBITDA margin

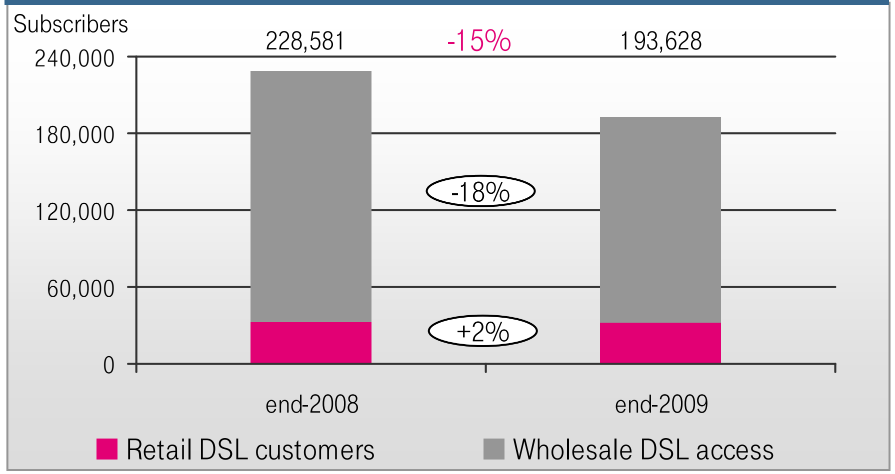
- ratio of lower-margin SI/IT revenues is continuously increasing, while high-margin voice revenues are declining
- however, due to their lower Capex-intensity SI/IT services have similar return characteristics

BBU KPIs

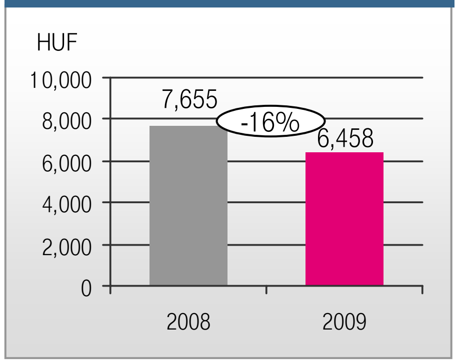
Fixed voice access



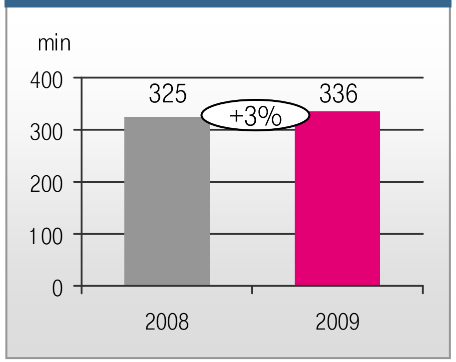
DSL connections



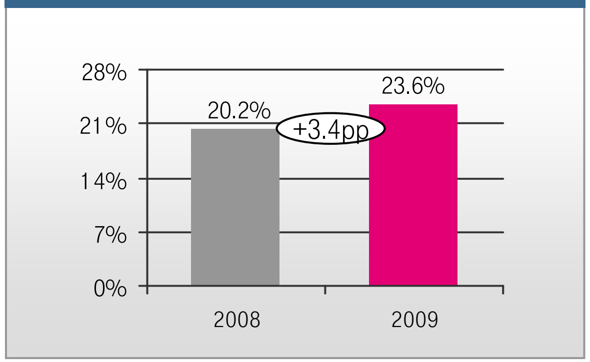
Mobile ARPU



Mobile MOU

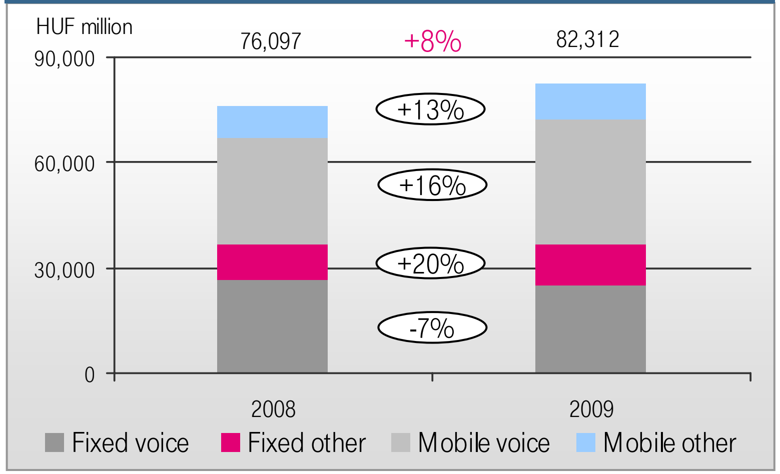


Non-voice revenue per ARPU

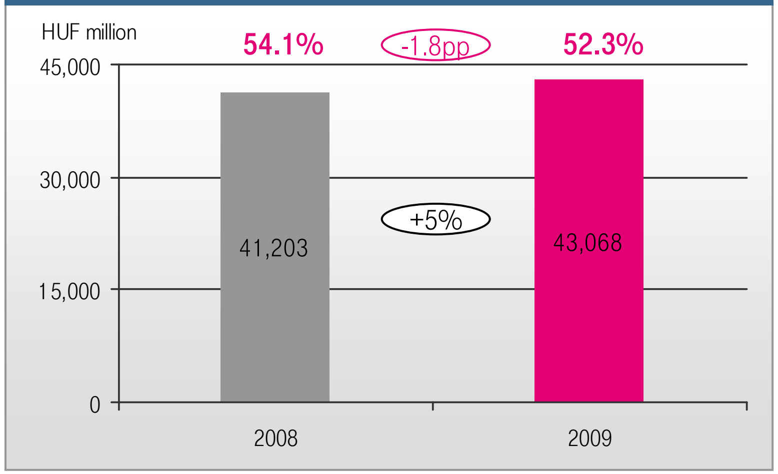


Macedonia

Revenues



Underlying EBITDA and margin



Results supported by significant FX impact

- HUF weakened on average by 11.7% to the Macedonian Denar in 2009
- excluding FX impact, revenues were down by 3%; underlying EBITDA down by 6%

Declining traditional fixed line voice revenues

- competition from altnets, cables and strong mobile substitution
- consequently, churn rates rose and outgoing traffic volumes declined further
- fixed tariff levels decreased

Strengthening focus on internet services

- positive contribution from revenues related to broadband services
- number of ADSL lines at 128,000 (up 30%)
- successful launch of IPTV and 2Play/3Play offers

Growth in mobile revenues

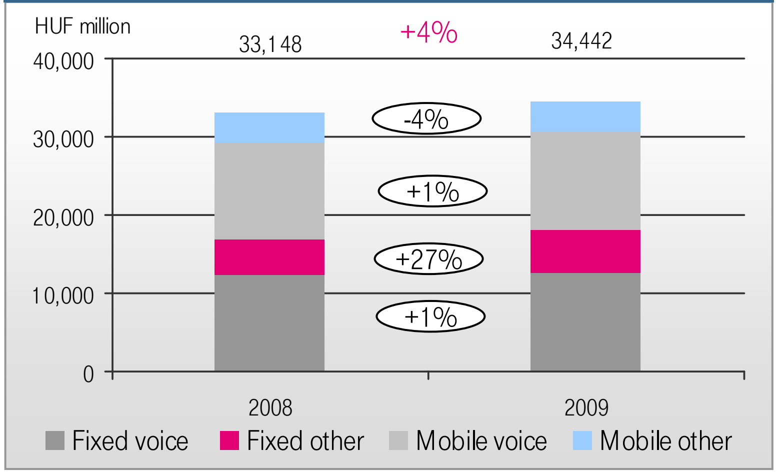
- improving customer mix (postpaid share within RPC up 4.1ppt YTD to 30.3%)
- MOU at 104 (up by 8%)
- ARPU of HUF 2,678 (~EUR 10)
- 3G services launched in June 2009

Special influences

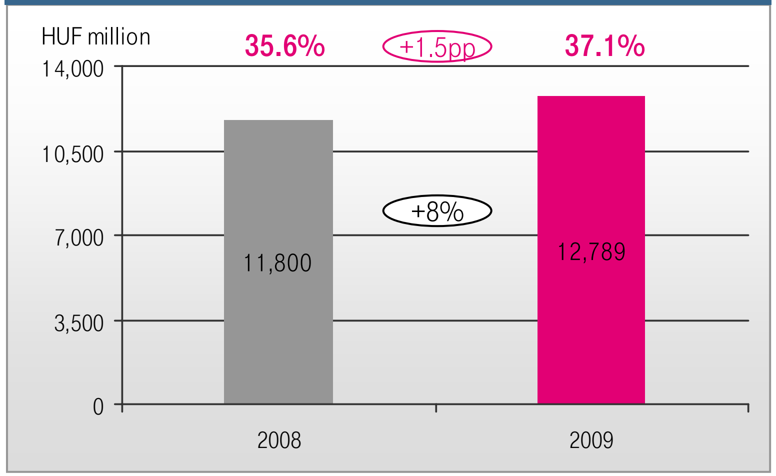
- severance payment of HUF 2.1bn accounted for in 2008

Montenegro

Revenues



Underlying EBITDA and margin



Results supported by significant FX impact

- HUF weakened on average by 11.9% to the Euro in 2009
- excluding FX impact, revenues were down by 7%; underlying EBITDA down by 3%

Fixed voice revenues under pressure

- deterioration in voice retail revenues driven by high mobile substitution
- growing internet and TV revenues thanks to 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 96 (down by 9%)
- ARPU of HUF 2,459 (~EUR 9)

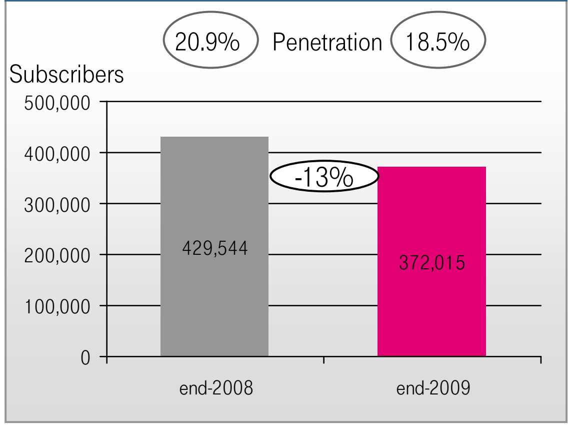
Special influences

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

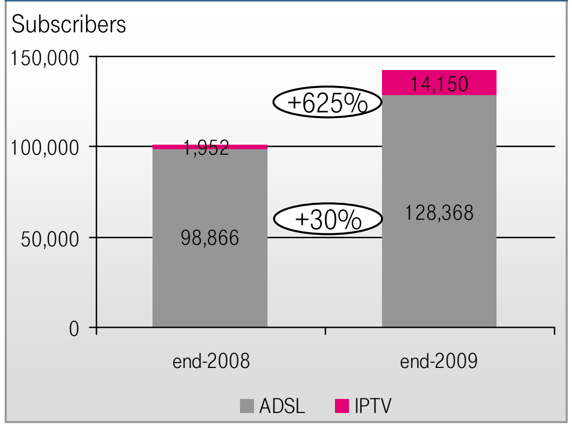
International KPIs

Macedonia

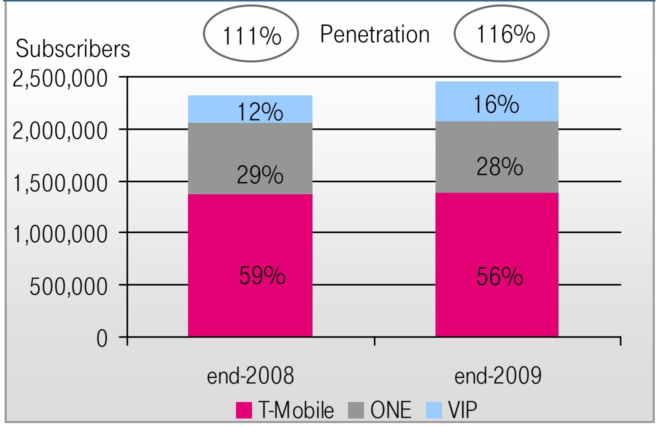
Fixed voice access



ADSL/IPTV customer growth

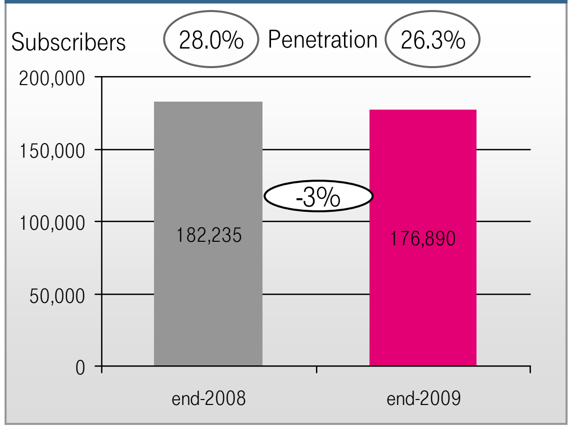


Mobile subscribers

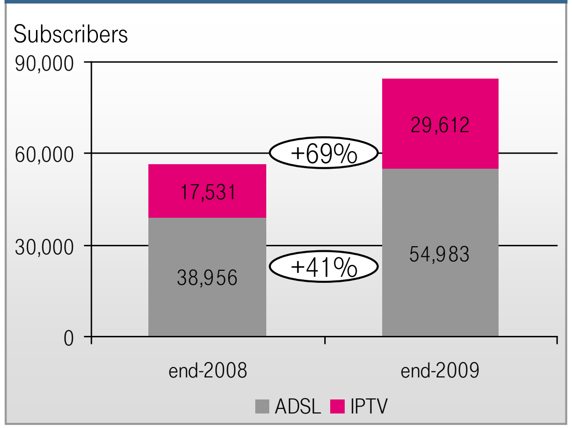


Montenegro

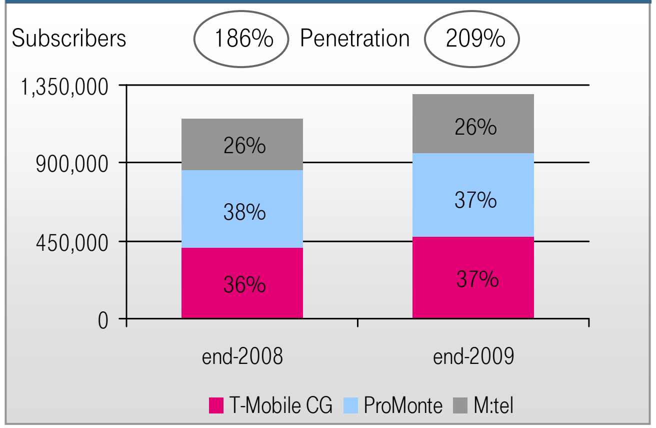
Fixed voice access



ADSL/IPTV customer growth



Mobile subscribers*



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

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: 280.58 (average 2009)

In the course of conducting their audit of the Company's 2005 financial statements, PricewaterhouseCoopers, the Company's auditors, 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, 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 the U.S. Foreign Corrupt Practices Act ("FCPA") or internal Company policy. The Company's Audit Committee also informed the United States Department of Justice ("DOJ"), the United States Securities and Exchange Commission ("SEC") and the Hungarian Financial Supervisory Authority of the internal investigation.

Based on the documentation and other evidence obtained by it, White & Case preliminarily concluded that there was reason to believe that 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 warranted 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.

For further information about the internal and governmental investigations, please refer to the Company's quarterly reports for the first, second and third quarters of 2009 and the Company's annual reports on Form 20-F for the year ended December 31, 2008 filed with the SEC.

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 Plc." 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."
- "The evidence shows that, contrary to their terms, a number of these contracts were undertaken to obtain specific regulatory and other benefits from the government of Macedonia. The Companies generally received the benefits sought and then made expenditures under one or more of the suspect contracts. There is evidence that the remaining contracts were also illegitimate and created a pool of funds available for purposes other than those stated on the face of the agreements." However, the Audit Committee's counsel did not have access to evidence that would allow it to identify the ultimate beneficiaries of these expenditures.
- In entering into these contracts and approving expenditures under them, the former senior executives knowingly caused, structured, or approved transactions that shared most or all of the following characteristics: intentional circumvention of internal controls; false and misleading Company documents and records; lack of due diligence concerning, and failure to monitor performance of, contractors and agents in circumstances carrying a high risk of corruption; lack of evidence of performance; and expenditures that were not for the purposes stated in the contracts under which they were made, but rather were intended to obtain benefits for the Companies that could only be conferred by government action.

The Final Report states that "the Investigation did not uncover evidence showing receipt of payments by any Macedonian government officials or political party officials." Nothing in the Final Report implicates any current senior executive or Board member of the Company in connection with any wrongdoing.

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. Following its presentation to the Audit Committee regarding remedial actions in light of the Final Report, the Company is considering, in consultation with the Audit Committee, whether and to what extent the Final Report warrants additional remedial actions, including any personnel actions and/or changes in internal control policies and procedures at the Company or its subsidiaries 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.

As previously announced, the DOJ, the SEC and the Ministry of Interior of the Republic of Macedonia have commenced investigations into certain of the Company's activities that were the subject of the internal investigation. Also, as previously announced, the Hungarian National Bureau of Investigation ("NBI") has begun a criminal investigation into alleged misappropriation of funds relating to payments made in connection with the Company's ongoing internal investigation and the possible misuse of personal data of employees in the context of the internal investigation. These governmental investigations are continuing, and the Company continues to cooperate with those investigations. The Company cannot predict what the final outcome of those investigations may be or the impact, if any, they may have on its financial statements or results of operations. Furthermore, government authorities could seek criminal or civil sanctions, including monetary penalties, against the Company or its affiliates as well as additional changes to its business practices and compliance programs. Magyar Telekom incurred HUF 6.4 bn in expenses relating to the investigations in 2009, which are included in other operating expenses of the Company's Headquarters business segment for financial reporting purposes.

For further questions please contact the IR department:

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