



Q1 2026 Results Conference Call

May 12, 2026

Diana Várkonyi

Good morning, everyone. I'm Diana Várkonyi, Head of Investor Relations at Magyar Telekom, and it's my pleasure to welcome you to our Q1 2026 results conference call. As usual, I am joined today by Tibor Rékasi, our CEO, and André Lenz, our CFO, who will run through key developments during the first quarter and then answer any questions you may have.

Just so you're aware, we're recording this session for internal use. By taking part, you consent to being recorded.

Throughout the presentation your lines will remain muted. Once we commence the Q&A session, you will be able to ask a question using the "raise hand" function.

Before we get started, just a quick note about the disclaimer on page two. This presentation includes forward-looking statements about future events and financial results, which naturally come with some risks and uncertainties.

I'll now hand over to Tibor to start the presentation.

Tibor Rékasi

Thank you, Dia. Good morning, everyone.

The first quarter of 2026 represents a meaningful inflection point for our business. For the first time in a long while, our performance was not materially impacted by extraordinary external factors, allowing the underlying strength of the business to come through.



In that context, we delivered a robust set of results. EBITDA AL margin reached 42.6%, the highest level in more than a decade, reflecting improved operating discipline and the benefits of actions we've taken over recent periods.

While I'll leave the detailed financials to André, let me briefly highlight some of the key drivers of this performance.

Disciplined execution across both our infrastructure and commercial strategy continues to translate into sustainable growth.

We are making strong progress on fiber. In Q1, we expanded our footprint both organically and through acquisition, by circa 45 and 30 thousand access points respectively, providing gigabit capability at 86% of our fixed network endpoints by the end of the quarter. This ensures we are well positioned to meet the growing demand for high-speed, reliable connectivity across our fixed infrastructure.

In parallel, rising data usage remains a key trend in mobile as well. The successful renewal of our 2100 MHz spectrum license for the next 20 years is therefore a critical milestone in securing the optimal spectrum portfolio to ensure the capacity and quality needed to support this demand over the long term.

At the same time, demand for data center services continues to accelerate, driven by cloud adoption and enterprise digitalization. While our flagship facility is already the largest and most advanced in Hungary, available capacity is tightening. To capture this opportunity, we have launched a 2-year expansion project to increase capacity by a further 20%, further strengthening our position in the B2B market.

On the commercial side, we continue to build on the portfolio transformation introduced last year. By decoupling add-ons - such as messaging, multiSIM and streaming - from core services, we allow customers to more flexibly align their subscription with their needs. This increases their willingness to pay more for these



offerings, which is already reflected in higher ARPU among customers who have migrated to the new structure.

To reinforce this approach, we introduced a redesigned discount framework in March this year. The new model is simpler, more transparent and is more aligned with this portfolio structure as discounts are directly linked to customer spend. In addition to supporting upsell and cross-sell efforts, it also enables a more seamless digital customer journey, thanks to its easy-to-understand structure. While adoption is still at an early stage, initial results are encouraging across all key metrics.

Beyond financial performance, our progress is also reflected in our ESG achievements. Our commitment to sustainability has been recognized by CDP, where we achieved a 'B' rating, highlighting our transparency and structured approach to climate-related actions. In addition, our Supplier Engagement Assessment score of 'A' underscores our leadership in managing emissions across our entire value chain, reinforcing our position as a leader in corporate sustainability.

Overall, targeted infrastructure investments and a disciplined commercial strategy have enabled us to deliver strong operational and financial results in Q1. This performance, combined with our confidence in continued execution, supports the upgrades to our 2026 guidance across several metrics.

But before I hand over to André to walk you through the guidance upgrade and financials, let me briefly cover operational performance, starting with mobile on **slide 4**. Looking at the total base, we recorded an increase of 1.8%, or 120 thousand SIMs, over the past 12 months. This growth was primarily driven by a strong expansion in our M2M SIM base, which more than offset the decline in prepaid, while postpaid subscriber numbers remained broadly stable.

Focusing on the first quarter, M2M SIM growth slowed compared to previous periods, as demand for elderly care devices has now peaked. At the same, while we continued to see steady growth in residential subscribers, we lost a major public sector client



during Q1, thus overall postpaid customer base declined by 16 thousand. Combined with the downward trend in prepaid SIMs, this led to temporary negative net adds in mobile for the quarter. Going forward, we expect public sector customer losses to remain limited, thus postpaid subscriber numbers to return to a growth trajectory.

On the revenue side, we delivered robust ARPU growth across all customer segments, supporting overall service revenue expansion. This reflects both increasing data usage and the positive impact of the new portfolio structure.

Data consumption continues to grow at over 20% year-on-year across both prepaid and postpaid segments, reinforcing the importance of our ongoing network investments. At the same time, the modular portfolio approach - where services are unbundled – continues to resonate well with customers. With more than one third of our postpaid retail base already migrated, we are seeing a clear uplift in customer spend. Overall, these trends support our strategy and underpin positive momentum in our mobile business going forward.

Turning to fixed services on **slide 5**, there are several developments we are particularly pleased with. Both broadband and TV net adds remained on a positive trajectory, with fiber broadband showing even stronger momentum as customers continue to migrate from copper to fiber. Importantly, the decline in the fixed voice base remains stable and is not accelerating.

Looking at ARPU trends, we are seeing improvements across all three service categories. The decline in voice ARPU is moderating, pay TV ARPU has returned to growth, and broadband ARPU growth has even accelerated compared to previous quarters. These trends are largely driven by the continued expansion of our fiber network, as well as the success of the new portfolio structure. In just six months, more than one fifth of our residential customer base has already migrated to these new tariff plans, supporting both value growth and customer engagement.



With that, I will hand over to André to provide a more detailed analysis of our performance, and present our upgraded guidance for 2026.

André Lenz

Thank you, Tibor. Good morning from me too.

Let's start with revenue development on **slide 6**. As you've seen, total revenue was down 1.5% year-on-year but this reflects a mix of different drivers. On the positive, our telco service revenue continued to grow. Mobile service revenue increased to 3.9 billion forint, representing a 3.7% year-on-year uplift. Fixed service revenues also showed a moderate increase, despite being still impacted by the deconsolidation impact of ViDaNet, which had an effect of approximately 1.5 billion forint. Adjusting for this, fixed service growth would have been close to 3% as well.

These positive developments were, however, offset by a considerable decline in handset export sales and IT revenues. The reduction in export sales is in line with our strategic decision to gradually phase out this activity. As for IT revenues, the decline is primarily related to some timing effects versus 2025. We are seeing a shift in project seasonality this year, with lower activity at the start of the year, and a gradual improvement expected as the year progresses. Importantly, despite lower revenues, gross profit from this segment increased, driven by a higher share of high-margin services.

Turning now to EBITDA performance on **slide 7**. Gross profit increased by over 5 billion forint, supported by service revenue growth, stronger IT margins, lower bad debt expenses, and improved equipment sales margins. Employee costs were up 4.6%, reflecting the wage increases implemented in Hungary, namely the 6% increase in March 2025 and 4.5% implemented in March 2026. Beyond that, we maintained strong cost discipline - other indirect costs were broadly flat, with energy savings and



efficiency measures offsetting higher subcontractor fees. As a result, EBITDA After Leases grew by 4%, with margins reaching a robust 42.6%.

Now if we move on to **slide 8**, net income. The strong EBITDA After Leases performance was supported by several additional favorable factors below the line. Most notably, improved cash flow generation over recent periods has significantly strengthened our liquidity position, resulting in 2.4 billion forint of interest income - almost 0.7 billion forint higher year-on-year. In addition, the absence of forint weakening seen in the base period led to a 0.7 billion forint year-on-year improvement in FX results. That said, this effect is largely neutralized at the adjusted net income level, as reflected by the 0.4 and 0.3 billion forint adjustments in Q1 2025 and Q1 2026, respectively. Overall, these positive factors more than offset the increase in income taxes driven by higher profit before tax, resulting in a 7.5% increase in adjusted net income for the period.

Improved profitability also translated into higher free cash flow, as shown on **slide 9**. At the same time, there were a few temporary effects to note. Year-on-year lower capex-related creditor outflows resulted in a 6.9 billion improvement in this line, despite higher investment intensity. Similarly, the lower level of lease payments is expected to normalize going forward. These positive impacts were partly offset by an increase in inventory, reflecting our deliberate decision to mitigate the ongoing memory chip shortages by building higher stock levels. In addition, the fixed network acquisition we referenced on our last call, was completed in the first quarter, with the related cash outflow now reflected in our numbers.

Turning to the chart on the right, quarterly capex increased significantly. This was primarily driven by acceleration of our fiber rollout, in line with our target of 20% higher annual development. We also stepped up investments in mobile to maintain service quality amid rising capacity demand, and initiated a new data center expansion project, as previously outlined by Tibor.



Last but not least, we have recognized the liability related to the renewal of our 2100 Megahertz spectrum license. Cash outflows though – apart from the 550 million forint paid in April – will only begin from next year onwards.

On the back of our strong operational and financial performance, we have upgraded certain elements of our guidance, as shown on **slide 10**.

Starting with revenues, we are maintaining our full-year guidance of low-single-digit growth. While we saw 1.5% decline in Q1, we still expect to deliver modest growth for the full year. The first quarter was disproportionately impacted by headwinds, including the reduction in handset export sales, lower IT revenues and deconsolidation of ViDaNet. Looking ahead, we expect these factors to either fade or have a more moderate impact. At the same time, the inflation-based fee adjustment, which will be implemented from the third quarter, is expected to further support organic growth in telecommunication service revenues.

Turning to EBITDA After Leases, we are upgrading our guidance to mid-single digit growth, reflecting the stronger than expected service margin performance, as well as the recent favorable developments in the forint exchange rates.

The improved EBITDA outlook is also expected to translate into higher adjusted net income, for which we now anticipate approximately 10% year-on-year growth. In addition, we expect free cash flow to reach at least 200 billion forint in 2026.

I hope this provides a clear view on our Q1 performance and outlook for the year. We are now happy to take any questions you may have.

Dia Várkonyi

Thank you very much, André.

Please use the “raise hand” function to ask a question. Once you reach your turn, your microphone will be enabled, and you will be able to unmute yourself to ask a question.



(Take questions)

If there are no further questions, let me thank you again for joining us today. Please note that a transcript of this call will be available on our website shortly. If you have any follow-up questions, please don't hesitate to contact us.