



Q4 2025 Results Conference Call

February 26, 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 Q4 2025 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 fourth 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.

Last year marked an important year for Magyar Telekom. Our disciplined execution of strategic priorities, particularly in network expansion and digital transformation, combined with a strong customer-centric focus and operational resilience, delivered robust financial performance in 2025. In this context, let me highlight the key operational milestones achieved in Hungary during the year, as outlined on **slide 3**. Our



continued investment in fixed network infrastructure expanded our footprint to over 4.0 million gigabit-capable access points, enabling 1.6 million customers to connect to our gigabit network. In parallel, we advanced the development of our mobile network infrastructure. In addition to achieving 86% population-based outdoor 5G coverage, we successfully separated our passive mobile infrastructure into a wholly-owned subsidiary, MTMI. This strategic initiative was executed with a clear focus on enhancing operational efficiency and strengthening the performance of our mobile operations.

With our strong customer-centric approach, we effectively responded to the accelerating demand for data and connectivity. During the year, we refreshed both our fixed and mobile propositions to better align with evolving customer needs. Our customers now benefit from greater flexibility, with the ability to seamlessly combine core products with a broad range of streaming and non-core services. This marks an important step forward offering a compelling, fully integrated proposition that extends beyond traditional telecom services. I am pleased to report that 1.6 million customers are already benefiting from our Magenta Moments loyalty program, reflecting the strength of our value proposition and customer engagement strategy.

Finally, we remained fully focused on further strengthening our resilience. Following the successful completion of our CRM migration in 2024, in 2025 we started a multi-year transformation of the Operational Support System, or OSS for short, with the aim of establishing fast, fault-tolerant, automated IT infrastructure. In addition, we advanced our efforts to harness the opportunities presented by AI, delivering innovative solutions that empower our colleagues and enhance customer experience through Magenta AI and CoMind.

Our strategy has proven effective in 2025, and we remain firmly committed to building on this momentum in 2026 under the strength of our powerful T brand.



The initiatives implemented throughout the year enabled us to deliver on our 2025 guidance, as shown on **slide 4**. Revenue growth of 1.7% reflects several factors. The continued solid increase in service revenue remained supported by a partial tailwind from the inflation-based fee adjustment implemented in March 2024. At the same time, the deconsolidation of ViDaNet and the scaling down of equipment export sales offset more than one-third of the service revenue growth.

With regards to EBITDA After Leases, the over 16% increase was equally attributable to strong operational results and the positive impact from the elimination of the supplementary telecommunication tax.

I am pleased to report that we exceeded both our adjusted net income and free cashflow targets, driven by stronger than expected EBITDA performance and lower financial charges. This strong financial foundation has enabled the Board of Magyar Telekom to propose another record level of shareholder remuneration following our 2025 results.

With that, I will hand over to André, who will provide a more detailed analysis of our performance, outline the proposed shareholder remuneration, and present our outlook for 2026.

André Lenz

Thank you, Tibor. Good morning from me too.

Before turning to the financials, let me briefly highlight the operational performance of our fixed and mobile segments. On **slide 5**, we present the key mobile KPIs. The total number of SIM cards increased by 2.4% in 2025, with the majority of the growth driven by machine-to-machine connections and expansion in the residential postpaid base. At the same time, we experienced continued churn in public sector contracts during the year, resulting in the loss of approximately 35 thousand SIMs. This offset a



significant portion of the organic growth in the postpaid base, as illustrated in the chart on the left.

ARPU trends continued to reflect the strong growth in mobile data usage across both pre- and postpaid customers, while blended ARPU development was impacted by the increasing share of the lower-ARPU M2M segment. Overall, data usage per SIM card continued to rise significantly, reaching 18 GB per month, an increase of 18% compared to the prior year. This growth, evident across both customer segments, remains a key driver of service revenue expansion.

Turning to the fixed segment, as shown on **slide 6**, positive momentum continued, supported by the strong demand for our fiber offering. As illustrated in the customer development charts, both the broadband and TV subscriber bases expanded further in the final quarter of 2025, underscoring the strategic importance of our network rollout. The vast majority of this growth was driven by new connections to our fiber infrastructure.

With respect to ARPU trends, broadband ARPU increased, reflecting the growing share of customers subscribing to higher bandwidth packages. TV ARPU declined during the year, primarily due to the repricing initiatives aimed at better aligning the offering with customer needs while maintaining competitiveness in the segment. Finally, the structural decline in fixed voice KPIs remained well managed, with the rate of erosion broadly stable over the past several quarters.

Turning to the revenue trend on **slide 7**, the upper chart shows the full-year trajectory while the lower chart presents the fourth-quarter performance.

As Tibor mentioned earlier, we maintained service revenue growth throughout 2025. The annual 22 billion forint, or 5.5%, growth in mobile service revenue was primarily driven by the continued increase in data consumption across both postpaid and prepaid customers. As previously mentioned, growth also benefitted from a residual impact of the fee adjustment implemented in the prior year. Turning to fixed service,



the picture is somewhat more mixed, as underlying improvements were partially offset by the deconsolidation impact of ViDaNet. Excluding this effect, fixed service revenue would have grown at a rate broadly similar to mobile, with the structural decline in voice revenues largely mitigated by strong broadband growth.

The picture is similarly complex in other revenue categories. In equipment sales, the scaling down of export activity resulted in 6 billion forint lower revenues year-on-year, which is reflected in our full-year performance. As the reduction was unevenly distributed throughout the year, its impact on the fourth quarter was largely offset by a very strong sales performance in the final months of 2025.

Similarly, IT revenues were impacted by the strategic repositioning of this portfolio. We are shifting towards a more profitable, recurring service-based model, while reducing our exposure to lower-margin projects. While this has had a negative impact on revenues in both periods, importantly, margin contribution from this business remained stable throughout the year.

Turning to EBITDA performance on **slide 8**. Gross profit for the full year rose by over 3% primarily due to service revenue growth. In the fourth quarter, we saw a modest decline in gross profit mostly due to a temporary increase in bad debt. As illustrated on both charts, the elimination of the supplementary telecommunication tax from the beginning of 2025 contributed strongly to the year-on-year EBITDA after lease improvement. Other indirect costs were negatively impacted by wage inflation, as well as the general inflationary pressure across the economy. However, the simplification and efficiency measures we implemented helped offset most of these increases.

As you can see on **slide 9**, the strong overall EBITDA After Leases growth led to a robust net income and adjusted net income performance in 2025. Depreciation and amortization expenses rose moderately throughout the year, driven mostly by higher software-related amortization, whilst our tax expense increased in line with growing profitability. At the same time, savings achieved in financial costs largely offset these



impacts, resulting in adjusted net income increasing by just over 45 billion forints compared to the previous year.

This improvement in profitability also translated into a strong uplift in free cash flow, which reached an exceptional level of 220.9 billion forint in 2025, as shown on **slide 10**. In addition to higher EBITDA, we benefitted from positive working capital effects, driven by favorable developments in receivable and payable balances. These changes primarily reflected a more balanced dynamic in equipment instalment sales, resulting in a lower increase in receivables compared to 2024, as well as a different intra-year timing of vendor payments, which also supported cash flows.

The higher level of capex payment partially offset this growth, as increased investment intensity in both fixed and mobile networks across our markets led to higher capital expenditure. This is illustrated in the chart on the right, which shows the changes across the main components of capital expenditure. Higher fixed network investments were primarily related to accelerated fiber roll-out: in Hungary we increased our fiber footprint by 250 thousand access points in 2025 whereas in North Macedonia we expanded our network by 60 thousand access points. When it comes to the mobile network, we expanded our 5G population based outdoor coverage to 86% in Hungary and as much as 97% in North Macedonia. As Tibor mentioned, these investments are critical to our ability to meet customers' evolving needs and preserve our strong competitive positions across our markets.

On the back of our strong operational and financial position, and supported by a solid outlook, the Board of Directors has decided to propose shareholder remuneration for the 2025 results at a record level in the Company's history. This reflects both robust net income growth and an increase in the payout level to 90%. As a result, the proposed dividend is set to increase by 50% year-on-year, while the targeted maximum share buyback allocation will rise by 25% compared to the prior year. I am particularly proud to conclude my first year as Magyar Telekom's CFO with such strong results.



Turning to **slide 12**, as we look to the year ahead. While a number of uncertainties remain, we have carefully incorporated these factors into our projections and reflected them in our guidance. As you are aware, certain tailwinds that supported our 2025 performance, such as the benefit from the elimination of the supplementary tax and asset sale gains, will no longer contribute to our financials. At the same time, other non-recurring or non-organic factors will continue to influence our results. Let me address these one by one.

For revenues, we target low single digit growth which takes into account a number of performance drivers. We expect steady growth in telecommunication service revenues, driven by continued strong demand for our fiber offering and mobile data. To leverage these positive trends, we plan to continue our fiber roll-out. Our goal in 2026 is to expand our fiber network by a further 300 thousand access points and to further increase our mobile network capacity. As recently announced, we are migrating 2G traffic away from our network, freeing up frequencies for 4G and 5G. We are also further expanding the coverage and capacity of our 5G network in Hungary. These initiatives will allow us to meet evolving customer needs and ensure continued growth in service revenues.

However, this growth will be partly offset by the scaling down of the equipment export activity, with roughly 10-billion-forint lower revenues generated from this business year-on-year, as well as the remaining 4-month deconsolidation impact of the ViDaNet disposal.

Turning to EBITDA After Leases, the growth in service revenues is expected to translate into further improvements in gross profit. On indirect costs, we expect continued pressure from relatively high wage inflation on the one hand and persistently elevated service inflation on the other. To mitigate these effects, we remain focused on driving further efficiency improvements across the Group.



Simplification and reorganization of the way we operate, leveraging AI solutions and increased digitization and automatization, will play a key role in this context. One of the areas that we feel is particularly interesting is the opportunity to reduce network incidents through system upgrades, and monitoring and repair service automatization. This not only allows for operational cost savings but can play a key role in reducing user frustration, and thereby enhancing customer satisfaction. With all this in mind, we target low single digit EBITDA AL growth for 2026 while our adjusted net income is expected to reach mid-single-digit growth, with higher income taxes offsetting some of the increase achieved.

Regarding free cash flow, the variance compared to 2025 is primarily driven by higher capex, reflecting the step-up in network investments, as well as the absence of one-off income from asset sales. In addition to these, income tax payments are expected to increase significantly. As tax payments are made with a one-year lag, the strong profit growth recorded in 2025 will translate into higher tax outflows in 2026. As a result, we project annual free cash flow of approximately 200 billion forint for 2026.

I appreciate this is a lot of detail, given the various moving parts, but I hope the additional granularity around our assumptions proves helpful for your forecasting.

With that, I will hand back to Dia to start the Q&A session.

Dia Várkonyi

Thank you very much, André.

We're now happy to take any questions you may have. 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.