



# CAPTURING NEW REVENUE STREAMS THROUGH INNOVATION

RÓBERT PATAKI

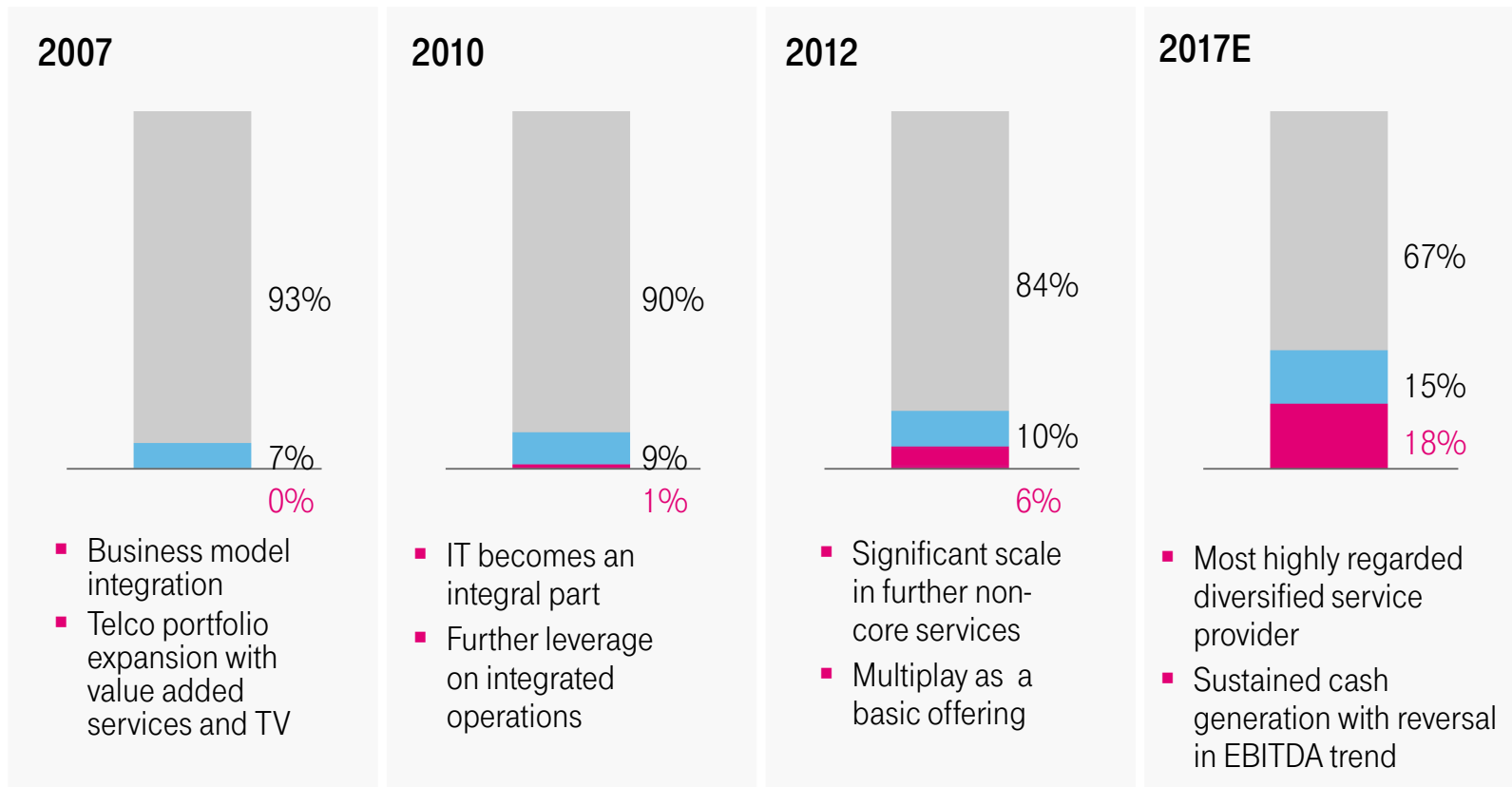
Chief Business Development Officer



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# A SHIFT TOWARD A MORE DIVERSIFIED SERVICE PORTFOLIO

## REVENUE STRUCTURE\*



\*Hungarian revenues only



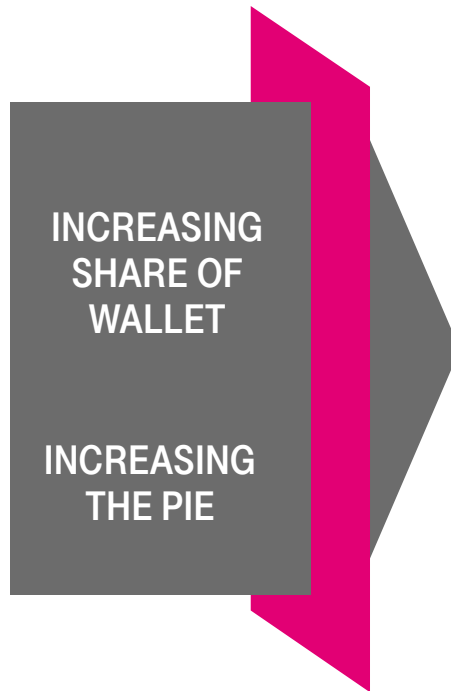
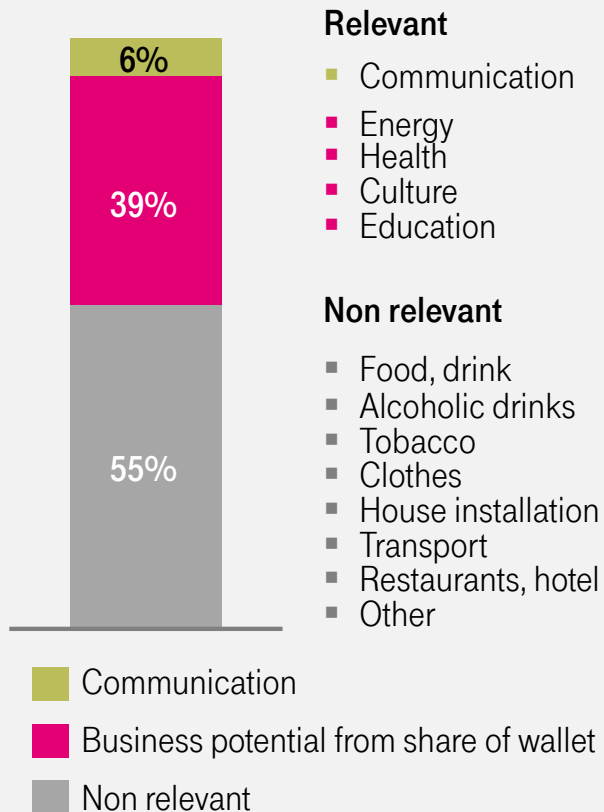
■ Core / Near core   ■ SI / IT   ■ Beyond core

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# CONSIDERABLE BUSINESS POTENTIALS

## CUSTOMERS SHARE OF WALLET & STRUCTURE OF WALLET

Hungarian household average consumption structure in 2012\*



## WAY WE DO

### Business model innovation

- Energy retail
- Insurance resale
- E-commerce ClickShop
- Telemedicine solutions

### Technology innovation

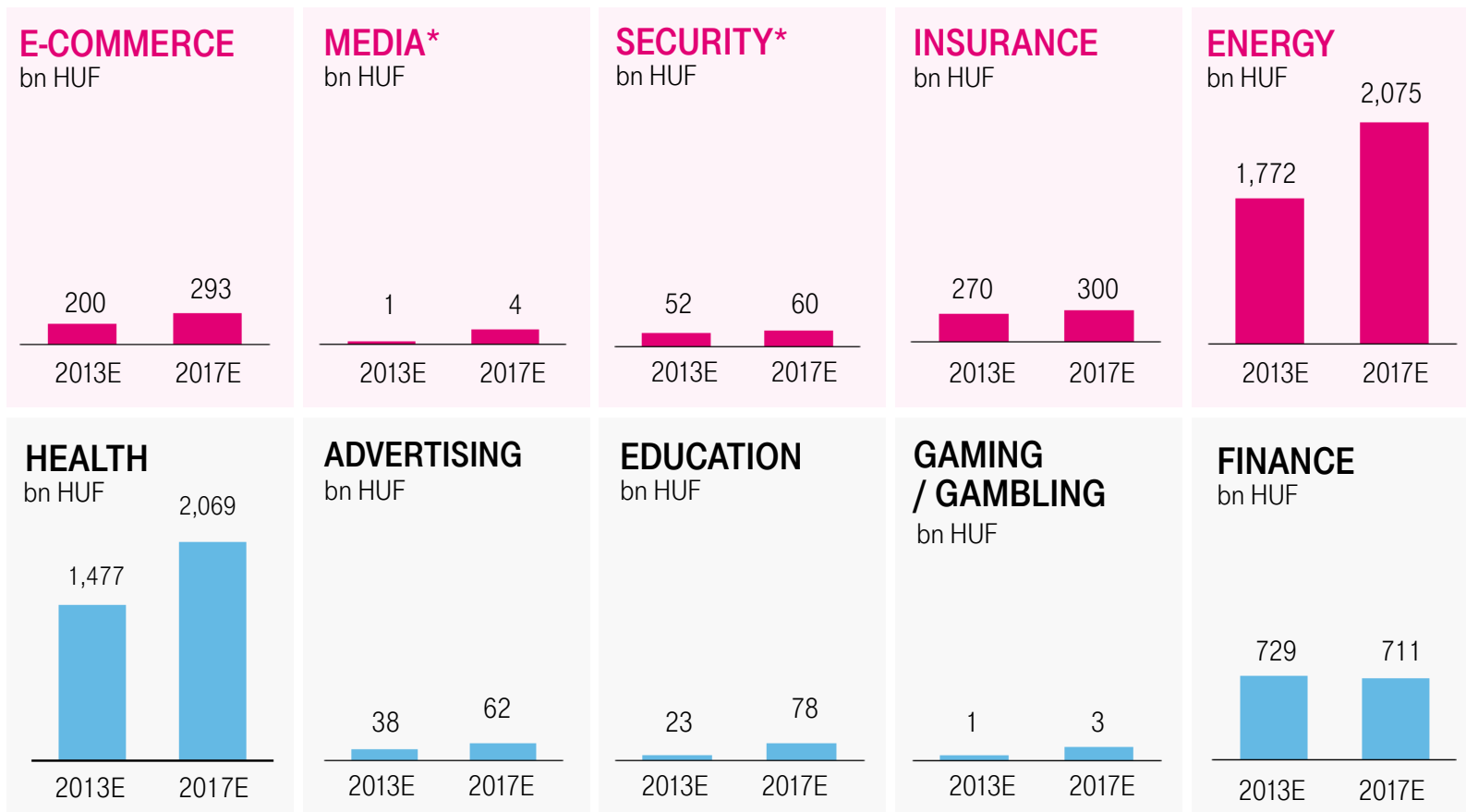
- MyWallet
- Home control and energy monitoring




\*Household consumption after loan repayment

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# SCOPE OF POTENTIAL BUSINESSES – RELEVANT MARKET SIZES



 Main focus areas in the short term

\*As part of a Digital Home ecosystem



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# KEY INVESTMENT CRITERIA

## STRATEGIC FIT FACTORS

- Significant customer base/reach
- IT infrastructure: billing
- Sales and communication: mass, cost-effective, and wide-range and channels
- Brand and trust: well known T-brand

## RISK OPPORTUNITY ANALYSIS

- Potentially "as-a-service" based
- Risk sharing methods (partnering, etc.)
- Future benefit distribution
- Option relevance

## 2017 FINANCIAL TARGETS

- EBITDA margin: 10%-20%
- CAPEX/Sales: 2%-5%
- Cash Contribution/Sales: 8%-12%



This presentation contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore should not have undue reliance placed upon them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors are described in, among other things, our annual financial statements for the year ended December 31, 2012, available on our website at <http://www.telekom.hu> which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and adopted by the European Union.

**Abbreviations:** #: Number, 2G: Second Generation, 3G: Third Generation, 4G: Fourth Generation, ADSL: Asymmetric Digital Subscriber Line, App.: Application, ARPU: Average Revenue Per User, AVG: Average, B2B2C: Business to Business to Consumer, BB: Broadband, Bn: Billion, CAGR: Compound Annual Growth Rate, CAPEX: Capital Expenditures, COAX: Coaxial Cable, CRM: Customer Relationship Management, DL: Downlink, DPS: Dividend per Share, DT: Deutsche Telekom, E2E: End-to-End, EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization, EDGE: Enhanced Data for Global Evolution, ERP: Enterprise Resource Planning FCF: Free Cash Flow, FDD: Frequency-Division Duplexing, FTTB: Fiber to the Building, FTTC: Fiber to the Cabinet, FTTH: Fiber to the Home, GDP: Gross Domestic Product, GSM: Global System for Mobile communication, GPRS: General Pocket Radio Service, H1: First half, HH: Household, HSPA: High-Speed Packet Access, HUF: Hungarian Forint, HW: Hardware, ICT: Info-Communication Technology, IMS: IP Multimedia Subsystem, IP: Internet protocol, IT: Information technology, K: Thousand, KPI: Key Performance Indicator, LTE: Long Term Evolution, Min: minute, M2M: Machine-to-Machine, M-: Mobile-, Mbps: Mega Bit Per Second, MHz: Mega Hertz, Mn: Million, OPEX: Operating Expenses, OS: Operating System, OTT: Over The Top, PSTN: Public Switched Telephone Network, SAT: Satellite, SI: System Integration, SIM: Subscriber Identity Module, SMB: Small Medium Enterprises, SOHO: Small office home office, SW: Software, T2M: Time to Market, TDD: Time-Division Duplexing, TV: Television, TWM: Total Workforce Management, UL: Uplink, UMTS: Universal Mobile Telecommunication System, USP: Universal Service Provider, VDSL: Very high bit rate Digital Subscriber Line, yr: year

