

MAGYAR TELEKOM GROUP INVESTOR PRESENTATION

June 2022



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DISCLAIMER

This investor 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 Reports for the year ended December 31, 2021 available on our website at <http://www.telekom.hu>.

In addition to figures prepared in accordance with IFRS, Magyar Telekom also presents non-GAAP financial performance measures, including, among others, EBITDA, EBITDA AL, EBITDA margin, and net debt. These non-GAAP measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles. Other companies may define these terms in different ways. For further information relevant to the interpretation of these terms, please refer to the chapter “Financial and operational data set”, which is posted on Magyar Telekom’s Investor Relations webpage at www.telekom.hu/investor_relations.



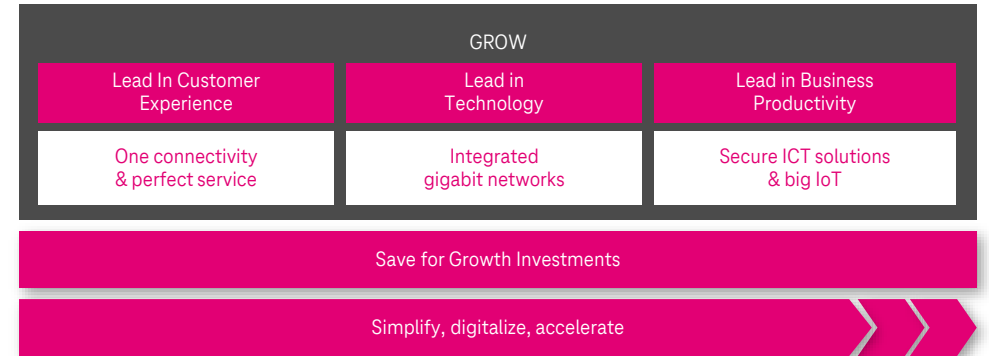
STRATEGY AND MARKET POSITION

OVERVIEW – MAGYAR TELEKOM AT A GLANCE

Overview

- Integrated operations in Hungary and North Macedonia
 - Leading telecommunications service provider in both countries
 - Leading SI/IT service provider in Hungary
- Majority owned by Deutsche Telekom (59.2%)
- EUR 0.9bn market capitalization¹
- Stock exchange listings
 - Primary listing on Budapest Stock Exchange
 - Level I ADR program, ADSs traded on the OTC Market

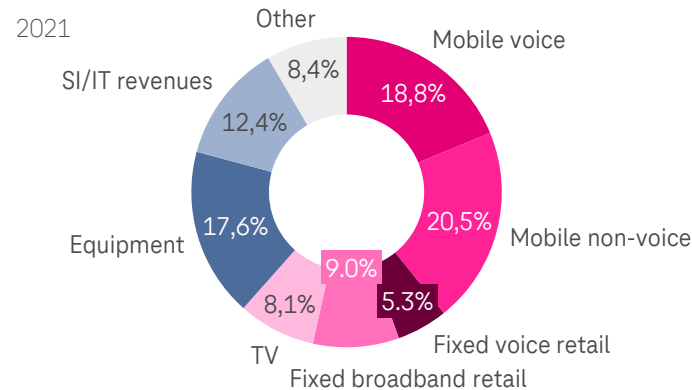
Pillars of transformation



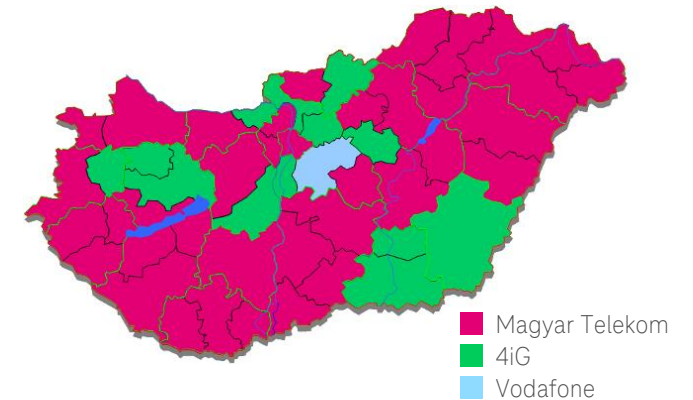
Main services offered

	Mobile	Copper	Coax	Fiber
	✓	✓	✓	✓
	✓	✓	✓	✓
	✓	✓	✓	✓

Revenue composition



Incumbents in Hungary



¹ As of June 10, 2022

FIRM FOCUS ON STRATEGIC PRIORITIES

Network

- Continued fiber rollout to provide seamless connectivity to expanding base
- RAN modernization continues, supporting accelerated demand for increased capacity



71%

gigabit capable network



1325

base stations modernized (RAN program)

Customers

- Customers choosing to sign up for an increasing number of our services
- Continued strong momentum in mobile data and gigabit broadband demand



8.7 GB

average monthly mobile data usage in Q1 2022 (up 30% YoY)



43%

Of residential customers on gigabit capable network signed up for Gigabit speed broadband package

Resilience

- Tackle challenges from the fast-changing macro-economical environment
- Focus on smart control and conservative approach on our operating expenses



Other operating expenses kept under control



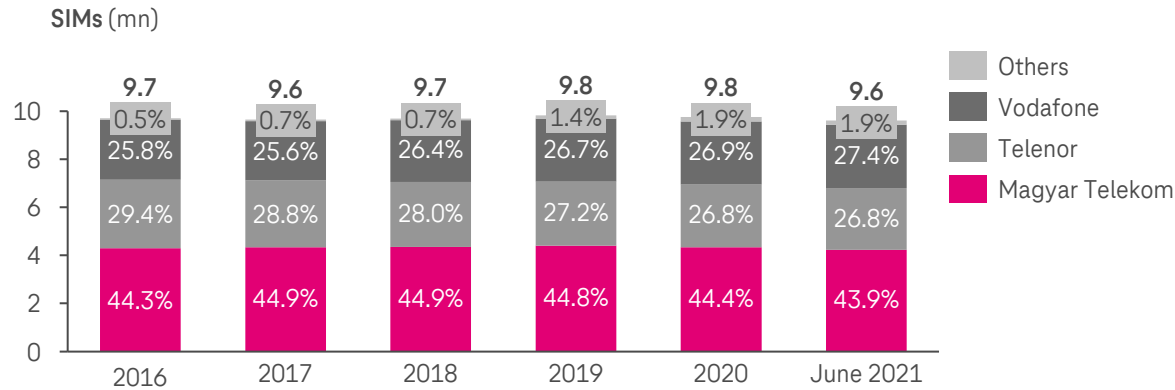
Intention and plan to shift towards greener energy sources



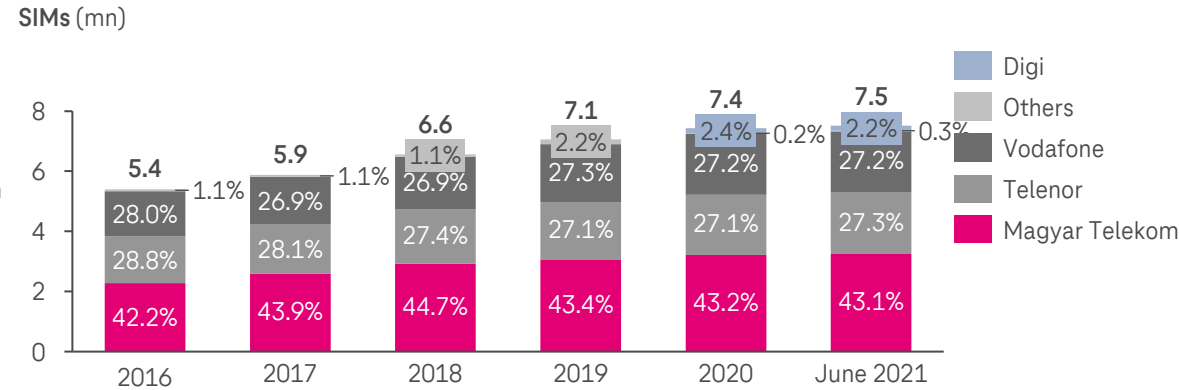
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HUNGARIAN TELCO MARKET POSITIONS

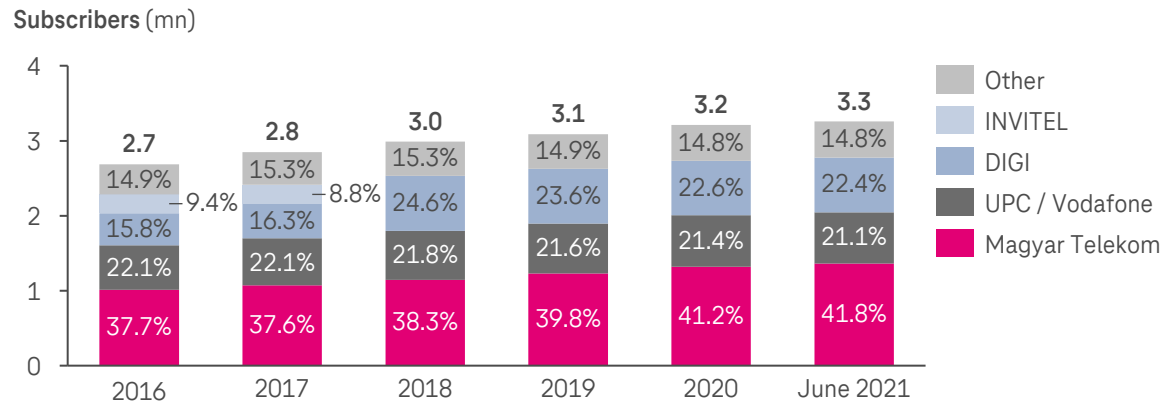
Mobile voice market¹



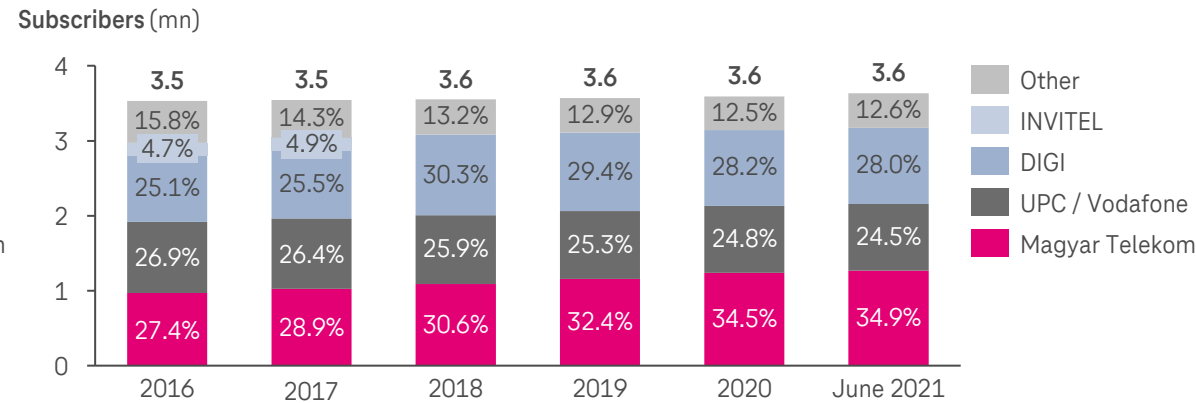
Mobile data market¹



Fixed broadband market¹



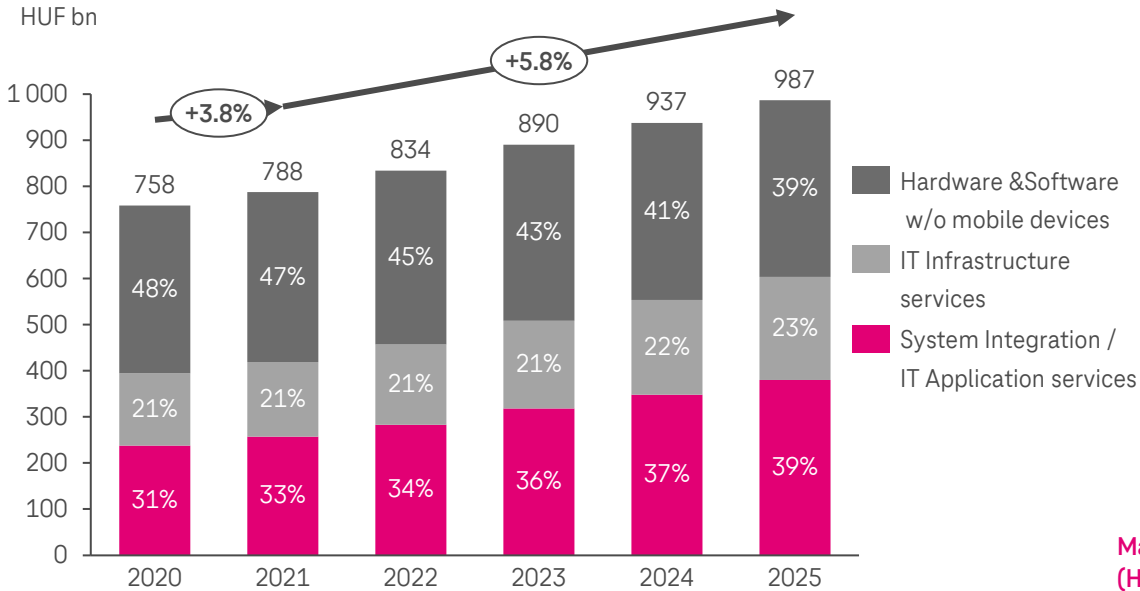
TV market¹



¹ Based on the total voice/internet traffic generating SIM cards/ BB access/ pay TV access market estimated by the National Media and Infocommunications Authority (NMA)

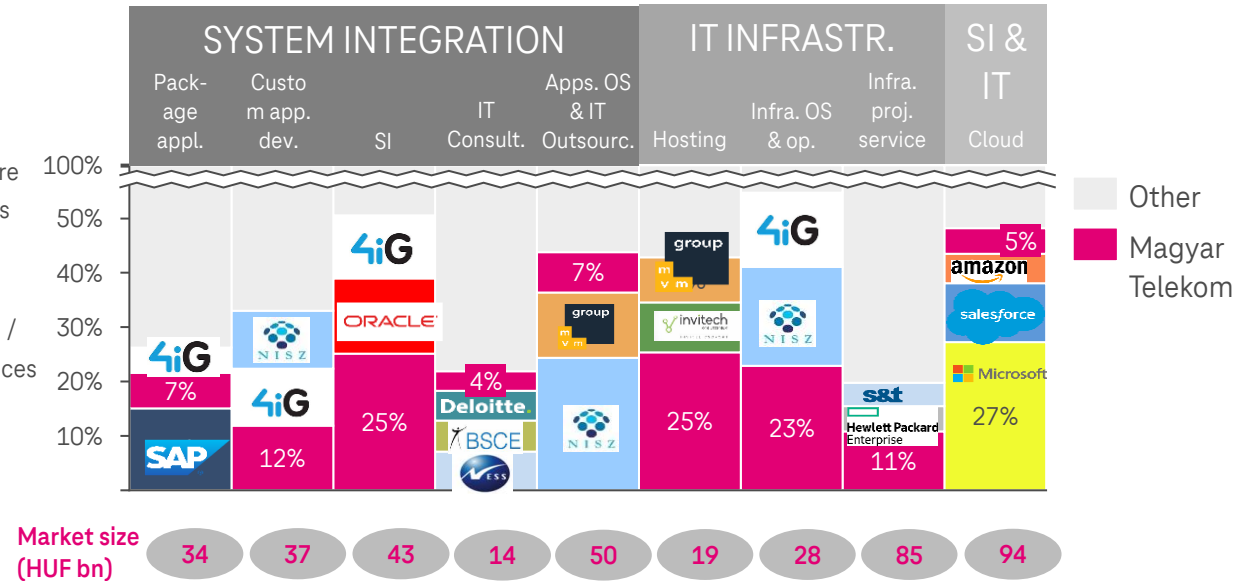
IT MARKET IN HUNGARY: 2020-2025

Total B2B IT market (HW&SW and IT services)¹



- Magyar Telekom was the only fully integrated ICT company in Hungary but now this has been challenged by 4iG
- Total IT market expected to grow by 6% over the next 3-4 years
- Digital transformation, process automation will play a key role in IT investments
- Magyar Telekom's total revenue-based IT market share is ca. 10%²

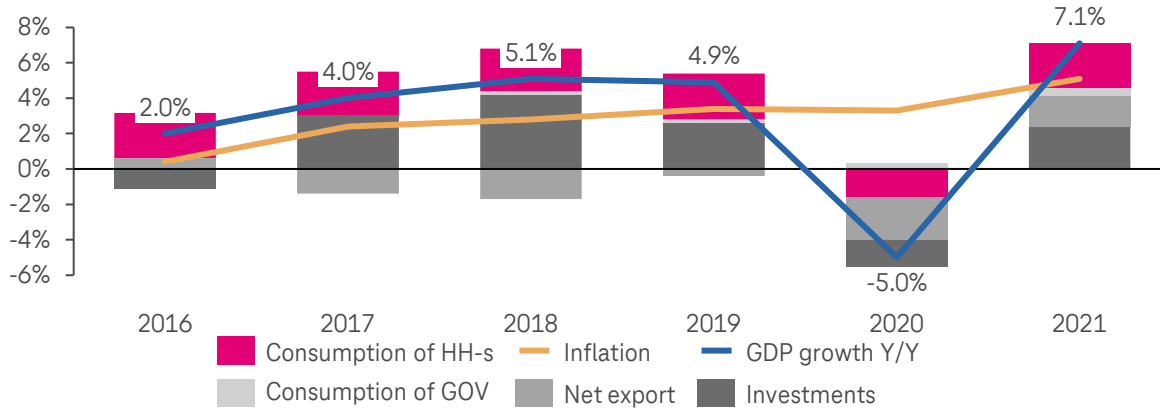
IT Services market shares (by revenue)³



- IT Services market represents ca. 52% of the total IT market
- IT Services market in Hungary is very fragmented
- Presence of government owned players (NISZ, MVMI) and major international players, such as Microsoft, SAP, Oracle, HPE, DXC, IBM, S&T
- Magyar Telekom is the market leader with 12.5% market share in the IT Services market

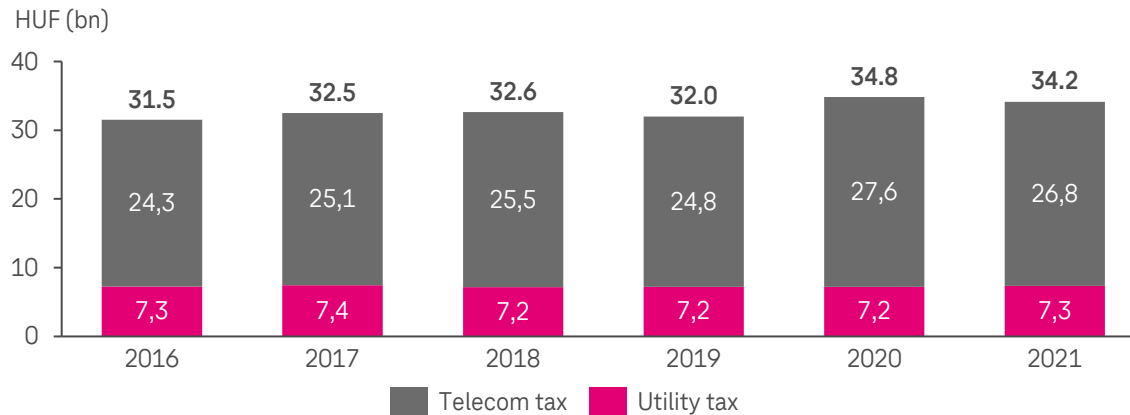
HUNGARIAN ECONOMIC ENVIRONMENT

Growth structure & Domestic demand



- Magyar Telekom leveraged positive trends of domestic demand
- Investment levels show volatility due to EU fund cycles
- 2021 GDP showed a 7.1% year-on-year growth, mostly on the back of strong household consumption

Taxes levied on Magyar Telekom



- Temporary special revenue-based sector tax levied between 2010-2012
- Permanent traffic-based telecom tax introduced in July 2012 and increased in August 2013
- Temporary supplementary telecommunication tax introduced in June 2022, payable for the years 2022 and 2023
- Supplementary telecommunication tax payable by Magyar Telekom Group for the year 2022 is approximately HUF 25 billion

GUIDANCE, OUTLOOK AND SHAREHOLDER REMUNERATION 2022-2024

2022 PUBLIC TARGETS AND 2023-2024 OUTLOOK REFLECTS STRONG COMMERCIAL MOMENTUM

	2021 results	2022 guidance	2023 – 2024 outlook
REVENUE	HUF 700.1 bn	1%-3% growth	moderate annual growth
EBITDA AL	HUF 216.3 bn	moderate decline ²	moderate annual growth
CAPEX AL ¹	HUF 109.3 bn	broadly stable	
FCF ¹	HUF 56.2 bn	moderate decline ²	moderate annual growth

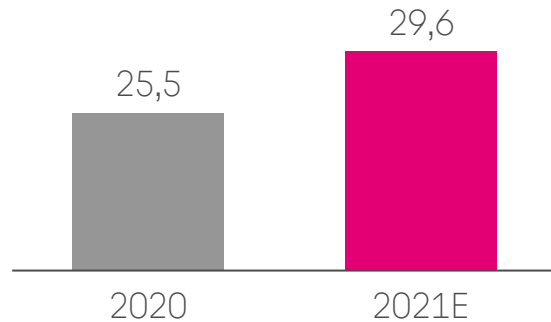
¹ EXCLUDING SPECTRUM LICENSES

² MODIFIED FOLLOWING ANNOUNCEMENT ON TEMPORARY SUPPLEMENTARY TELECOMMUNICATION TAX

SHAREHOLDER REMUNERATION AFTER 2021 RESULTS AND POLICY FOR 2022-2024

Shareholder remuneration

HUF bn



- Increase in total shareholder remuneration to up to HUF 29.6 bn reflecting the Company's achievements
- Board of Directors proposes for approval to the AGM a total dividend payment of HUF 15.0 billion for 2021 financial year
- The Board envisages buyback program of up to HUF 14.6 billion, subject to the necessary authorization of the Annual General Meeting

Shareholder remuneration policy for 2022-2024

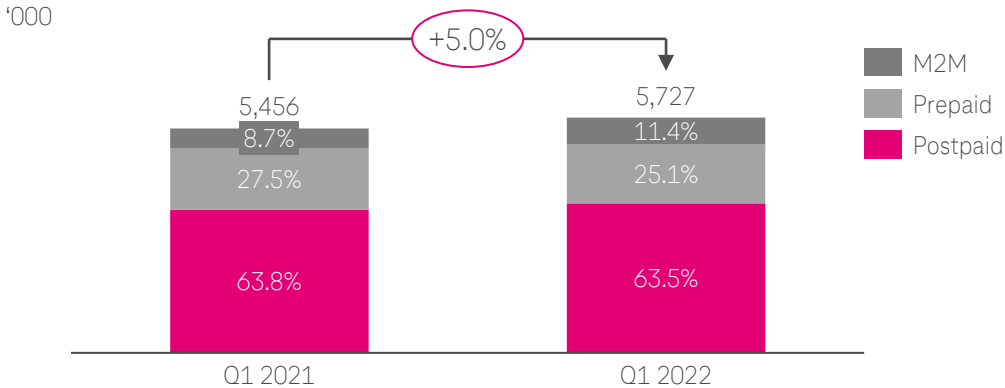
- The Board of Directors approved the shareholder remuneration policy for 2022-2024
- Goal is to increase transparency, visibility and reliability of shareholder remuneration
- The policy envisages growth in annual shareholder remuneration as a combination of dividend payments and share buybacks in line with improvements in the Company's financial performance
- Total value of annual shareholder remuneration is expected to be between 60% and 80% of the Company's annual adjusted "profit attributable to the owners of the parent" (adjusted net income)* generated during the preceding financial year



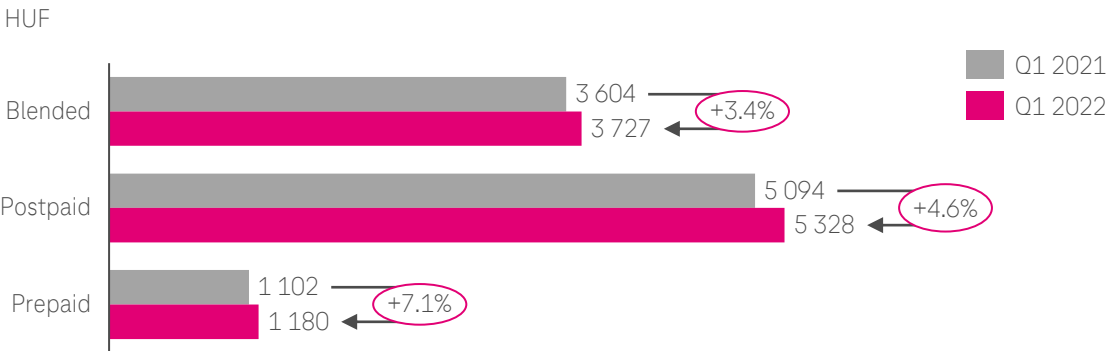
Q1 2022 RESULTS

ARPU GROWTH IN HUNGARY DRIVEN BY FAVORABLE SUBSCRIBER BASE TRENDS AND STRONG DATA USAGE

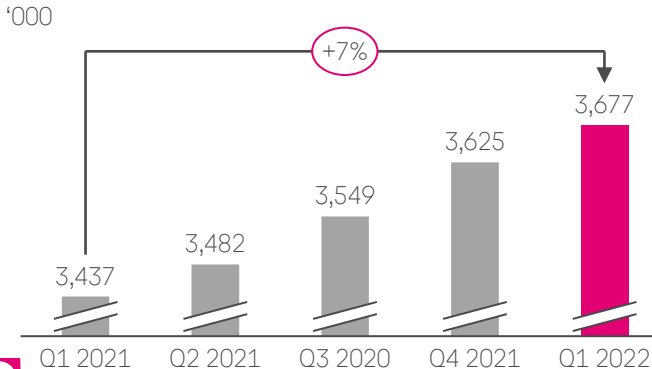
Mobile SIMs



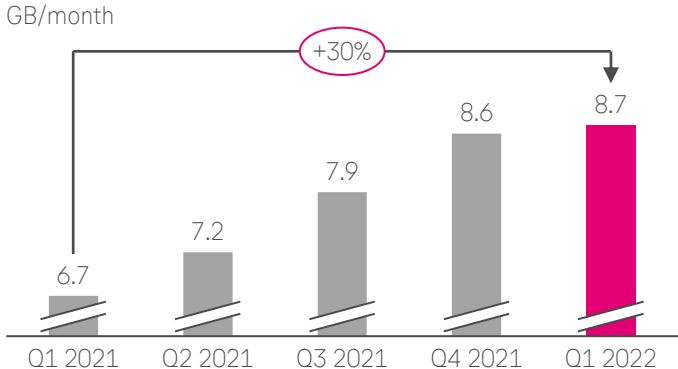
Mobile ARPU



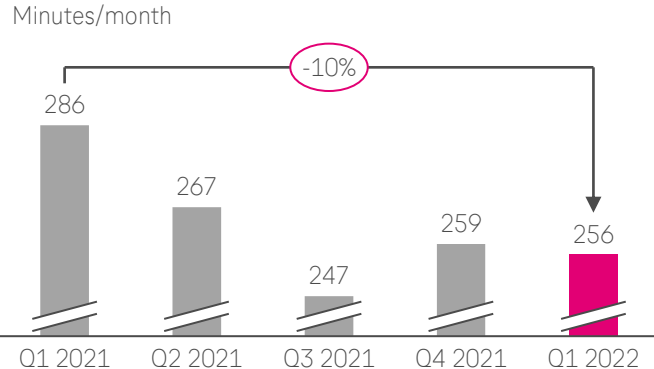
Mobile data SIMs



Mobile broadband usage

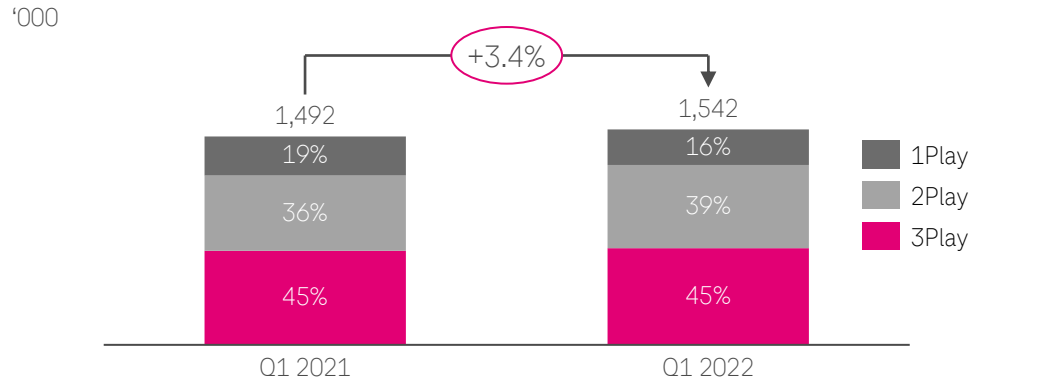


Mobile voice usage

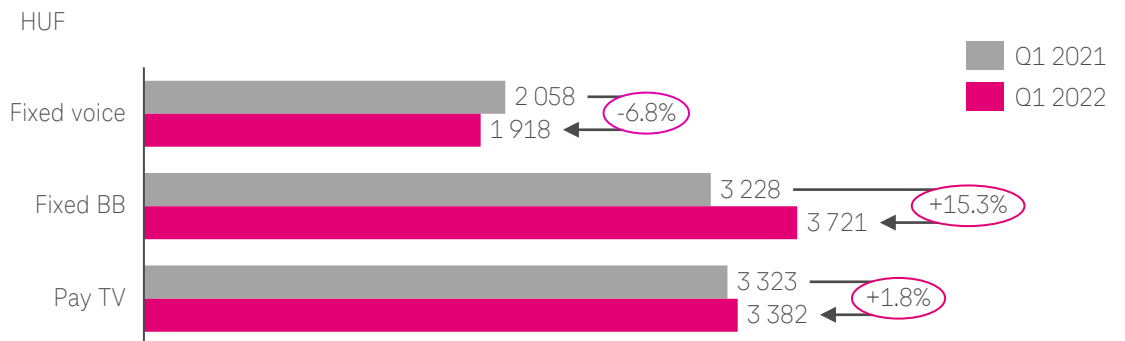


GROWING CUSTOMER BASE COUPLED WITH BB AND TV ARPU TRENDS DRIVING GROWTH IN HUNGARY

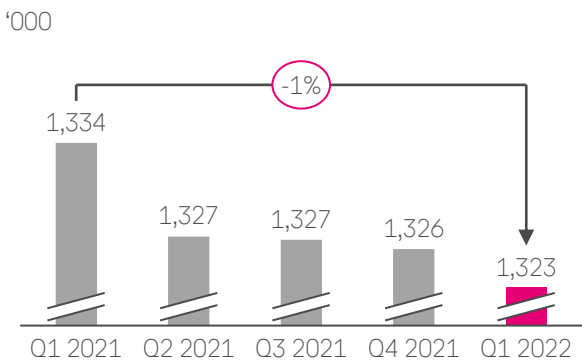
Fixed line multiplay residential subscribers



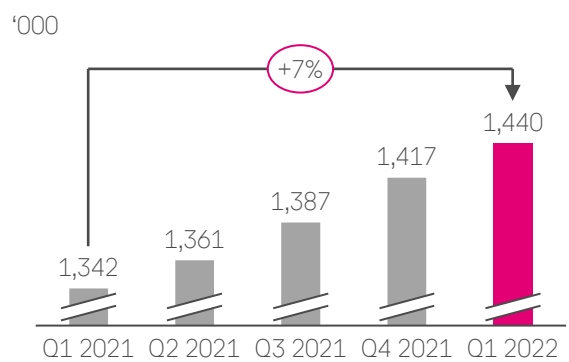
Fixed Voice, BB and TV ARPU



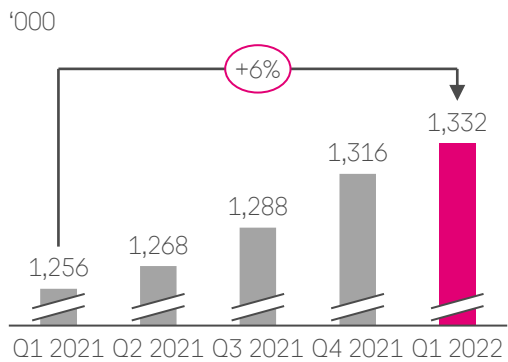
Fixed voice customers



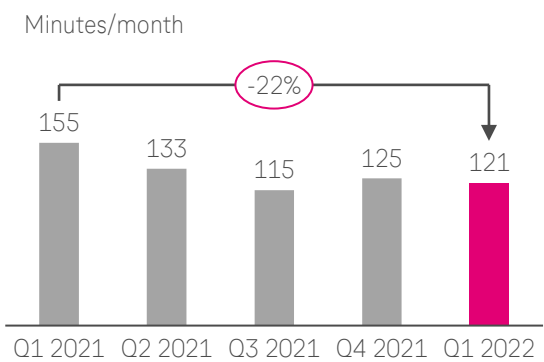
Fixed broadband customers



Pay TV customers

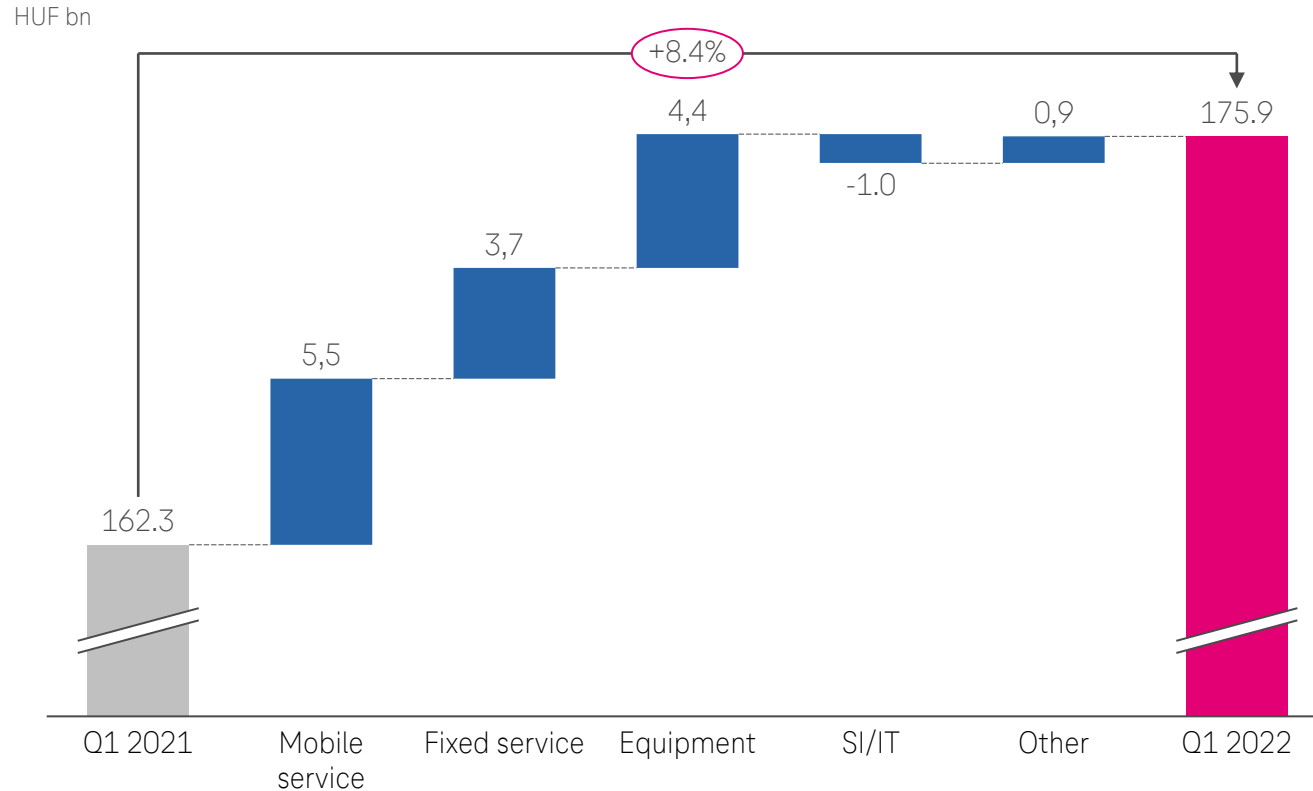


Fixed voice usage



REVENUE GROWTH DRIVEN BY SUSTAINED COMMERCIAL MOMENTUM

Revenue, Q1 2022 vs Q1 2021



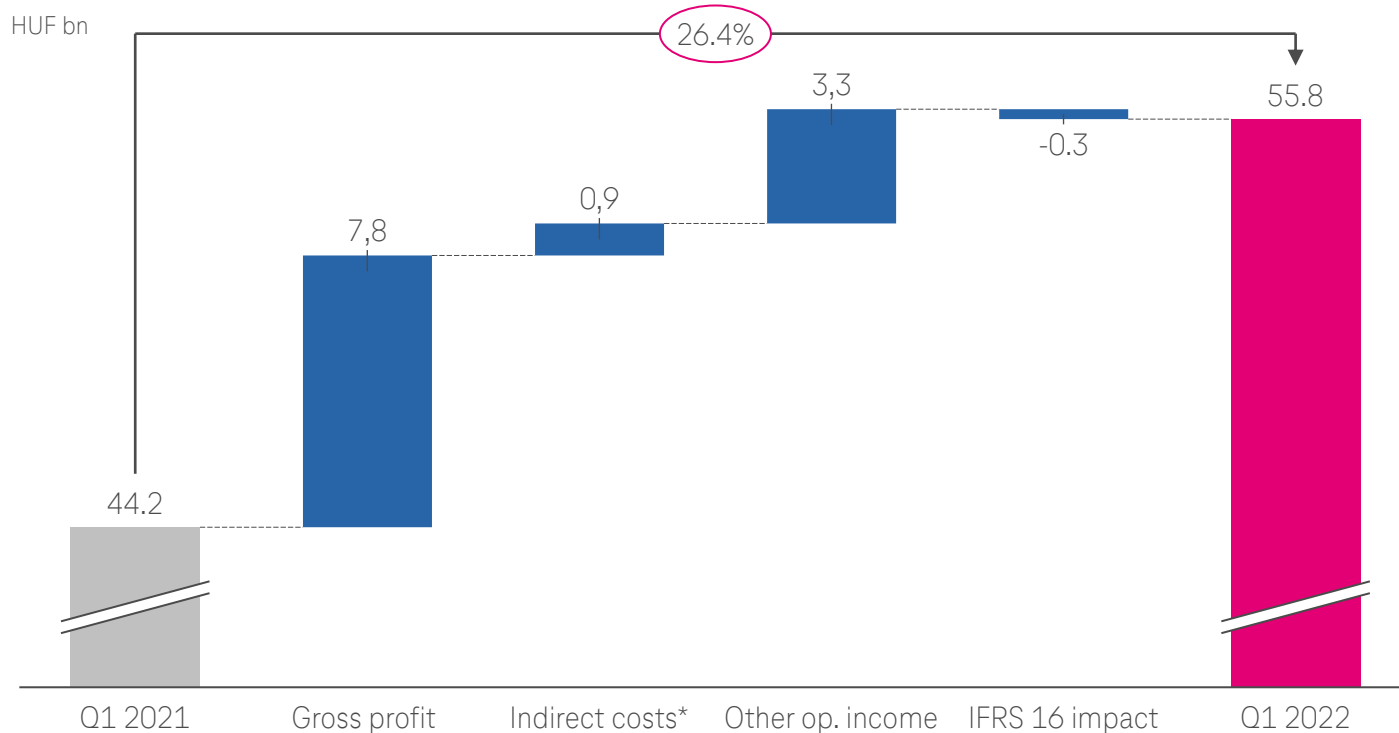
- Growth in mobile service revenues driven by strong data demand that offset lower voice revenue contribution
- Fixed service growth driven by broadband and TV services
- Increase in equipment sales mostly driven by higher average handset prices
- SI/IT decline attributable to absence of revenues from Pan-Inform LLC. following its disposal by the Group and lower revenues from the public sector



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FAVORABLE BUSINESS TRENDS AND ONE-OFF GAIN LEADING TO OUTSTANDING EBITDA GROWTH

EBITDA AL, Q1 2022 vs Q1 2021



- Strong increase in gross profit attributable to positive underlying telecommunication service developments
- Decrease in indirect costs primarily driven by lower employee-related expenses
- Higher other operating income attributable to one-off gain on IT subsidiary sale

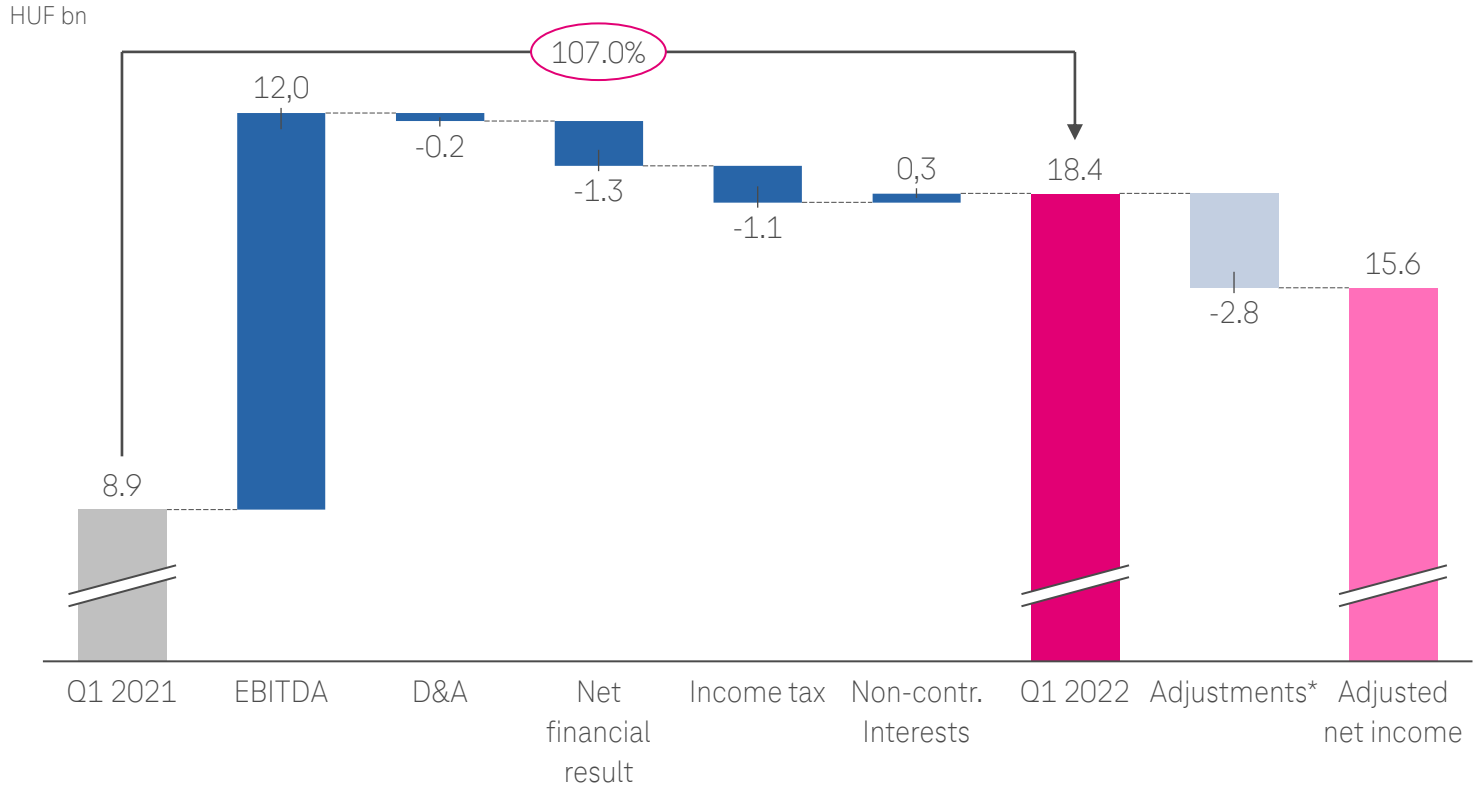


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*without other operating income

POSITIVE NET INCOME TREND DRIVEN BY STRONG EBITDA GROWTH

Net income (and adjusted net income), Q1 2022 vs Q1 2021



- Increase in D&A related to RAN modernization in North Macedonia
- Net financial result down YoY due to lower derivative-related gains
- Decline in non-controlling interests reflects lower profit in North Macedonia, due to elevated D&A
- Net income adjustments mostly relate to non-realized gains on measuring derivatives at fair value



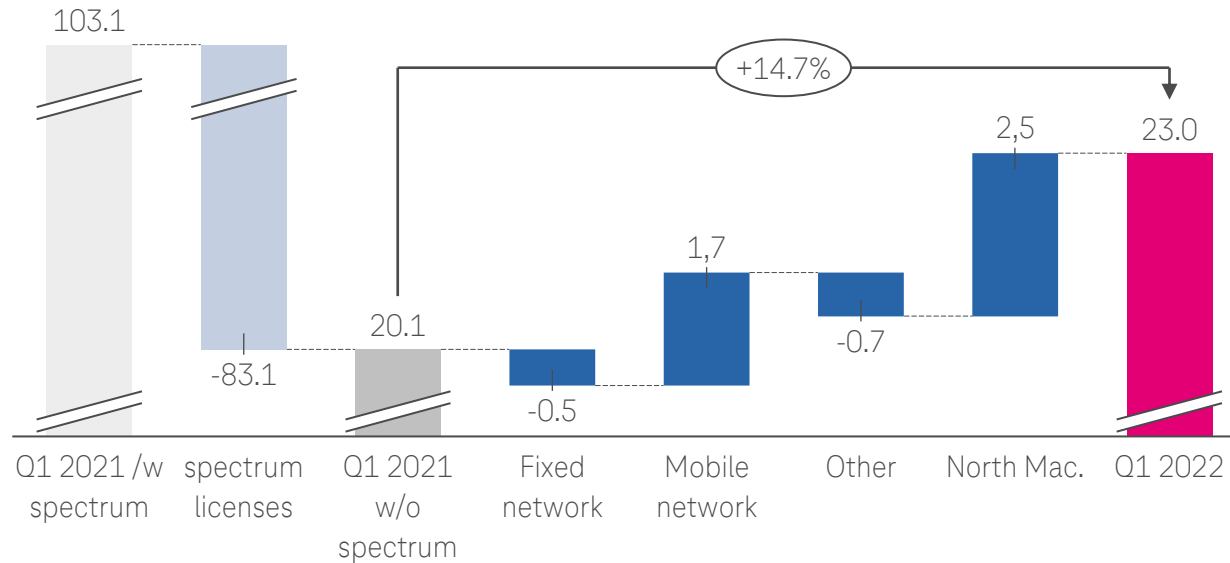
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*Unaudited

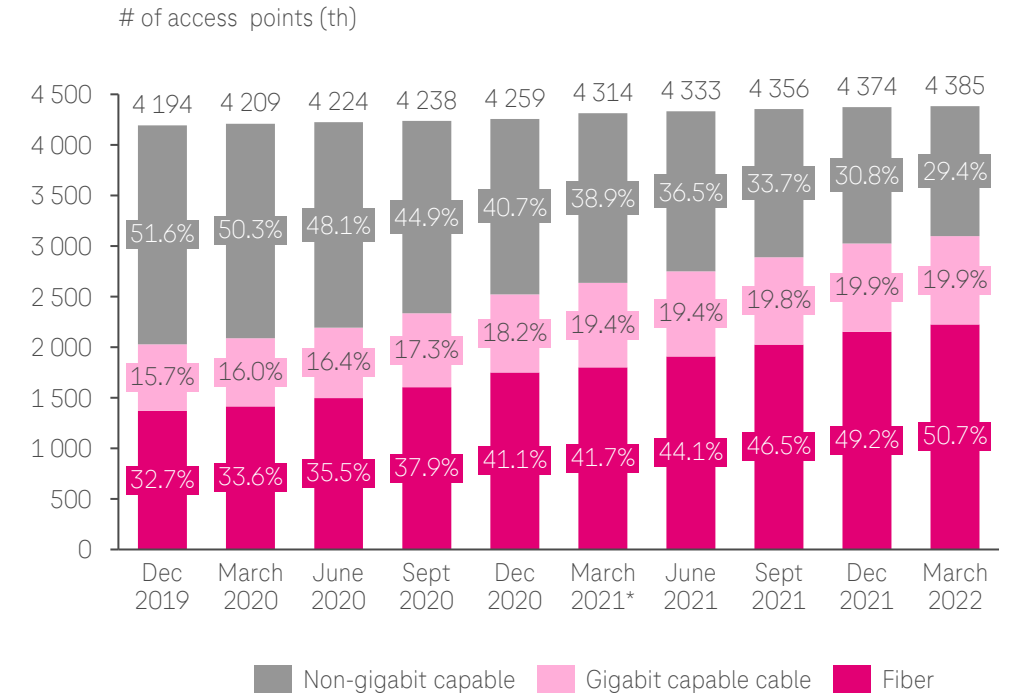
CONTINUED FOCUS ON NETWORK DEVELOPMENT

CAPEX AL, Q1 2022 vs Q1 2021

HUF bn



Gigabit capable fixed network development

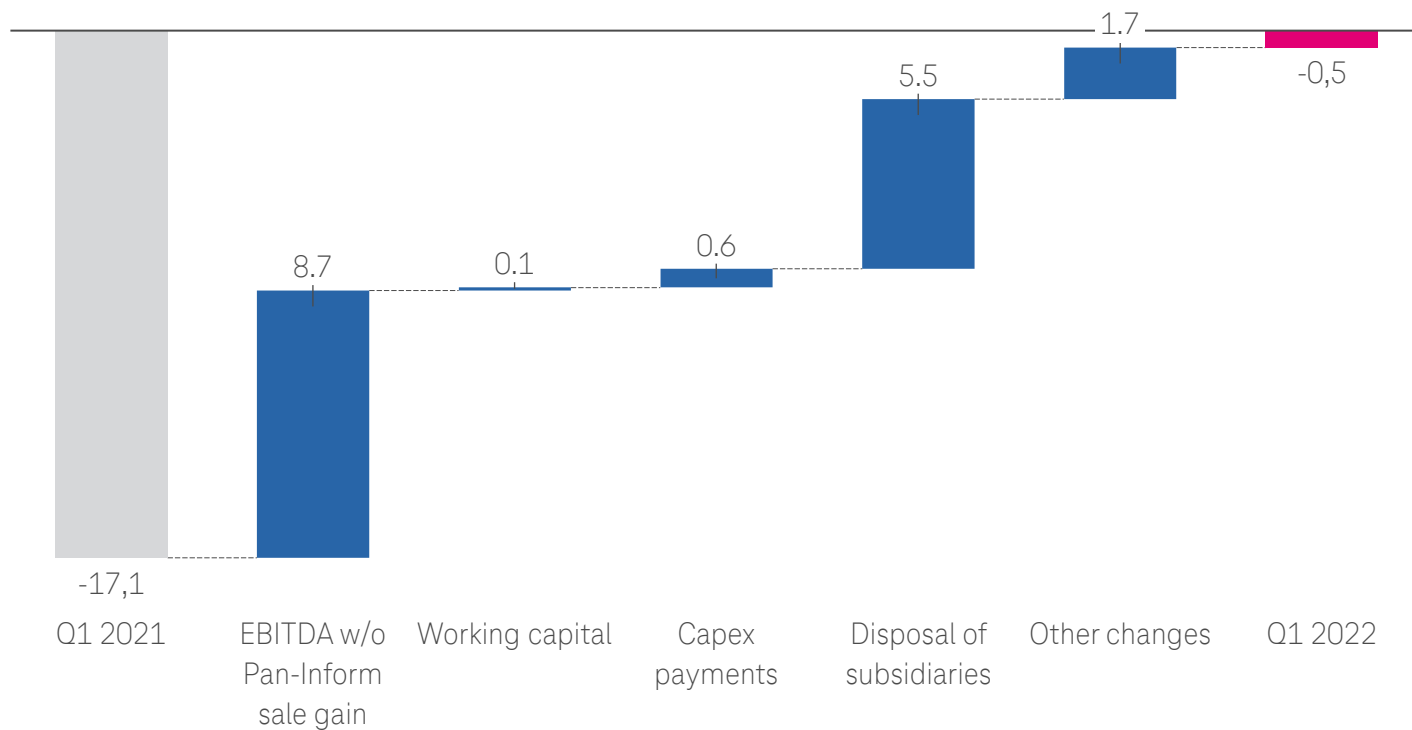


- Lower investment in fixed network upgrade and replacement, while fiber rollout continued at pace
- Continued RAN modernization in Hungary with different timing of investments vs Q1 2021
- Increased investment in North Macedonia, driven by RAN modernization and year-on-year higher TV content capitalization

FREE CASHFLOW SUPPORTED BY STRONG EBITDA AND SUBSIDIARY DISPOSAL

Free cashflow, Q1 2022 vs Q1 2021

HUF bn



- Improvements attributable to
 - Favorable business performance
 - Lower interest payments due to reduced debt and some temporary timing differences
 - Proceeds from disposal of subsidiary
 - Lower Capex outpayments reflects different in-year seasonality

BACK-UP

For further questions please contact the IR department:

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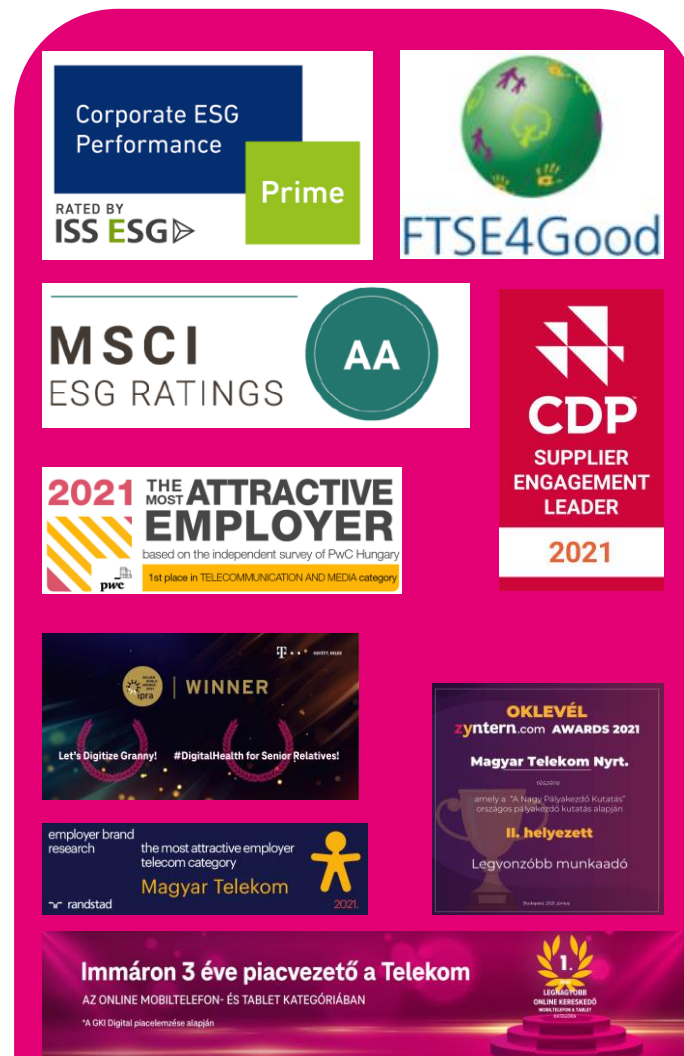
Phone: +36 1 457-6084

e-mail: walfisch.rita@telekom.hu



AWARDS AND RECOGNITIONS IN 2021

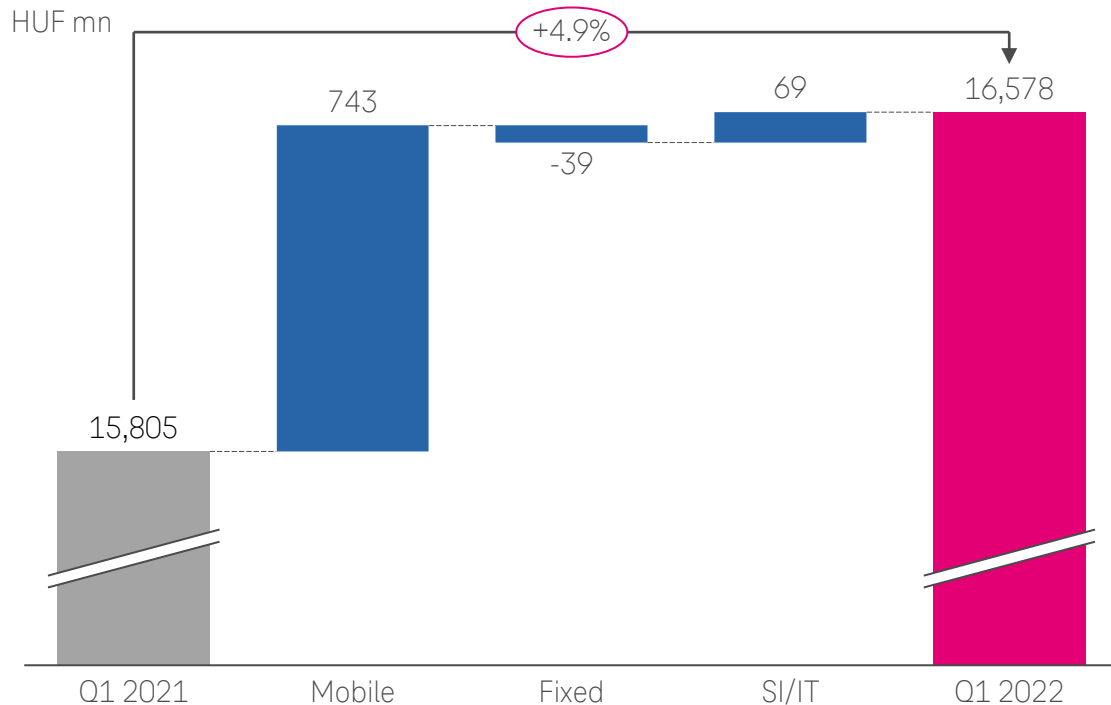
- B, PRIME ESG rating from ISS
- Constituent of FTSE4Good Index Series
- AA ESG rating from MSCI
- Zyntern.com #2 most attractive employer
- PwC Hungary – Most Attractive Workplace (Telecommunication category)
- Randstad Most Attractive Workplace (Telecommunication sector)
- IPRA Golden World Award
- GKI Digital - the biggest turnover online in the mobile phone and tablet segment
- CDP: “B” rating for climate change “A” rating for supply chain (Supplier Engagement Leader)
- Responsibility, sustainability, responsible corporate governance Award – „BÉT LEGEK”



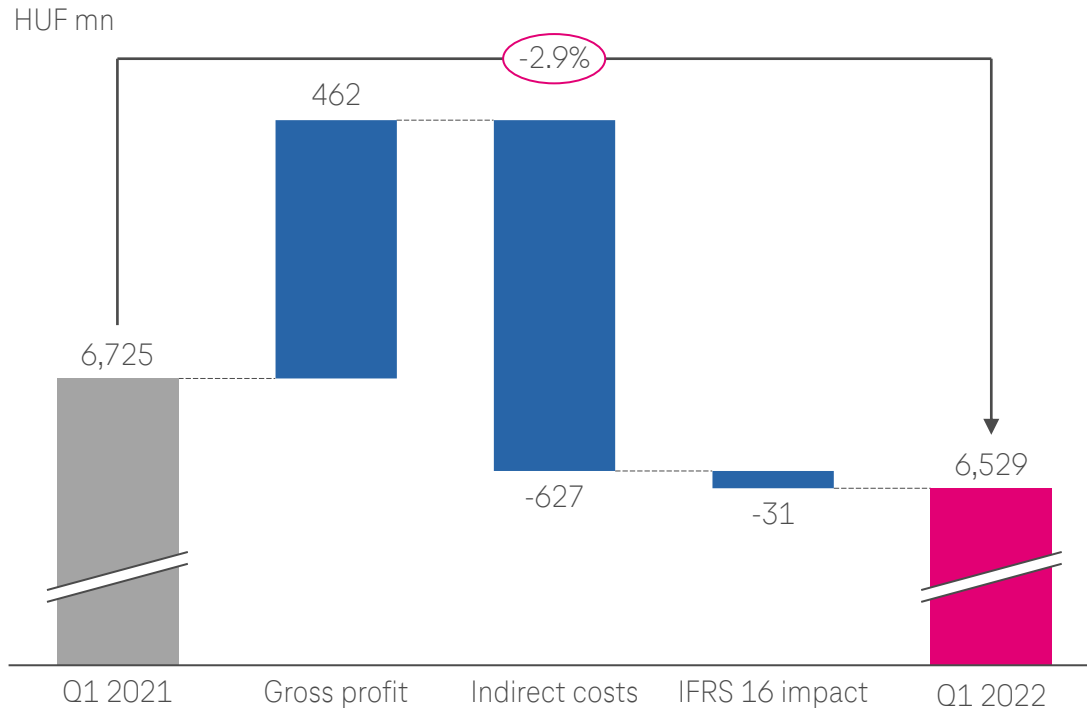
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NORTH MACEDONIA: Q1 2022 RESULTS

Revenues, Q1 2022 vs Q1 2021



EBITDA AL, Q1 2022 vs Q1 2021



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FURTHER DETAILS ON ADJUSTMENTS ON NET INCOME

'Adjusted Net Income'* is to be adjusted for major non-cash below EBITDA one-off items that are not part of the underlying performance

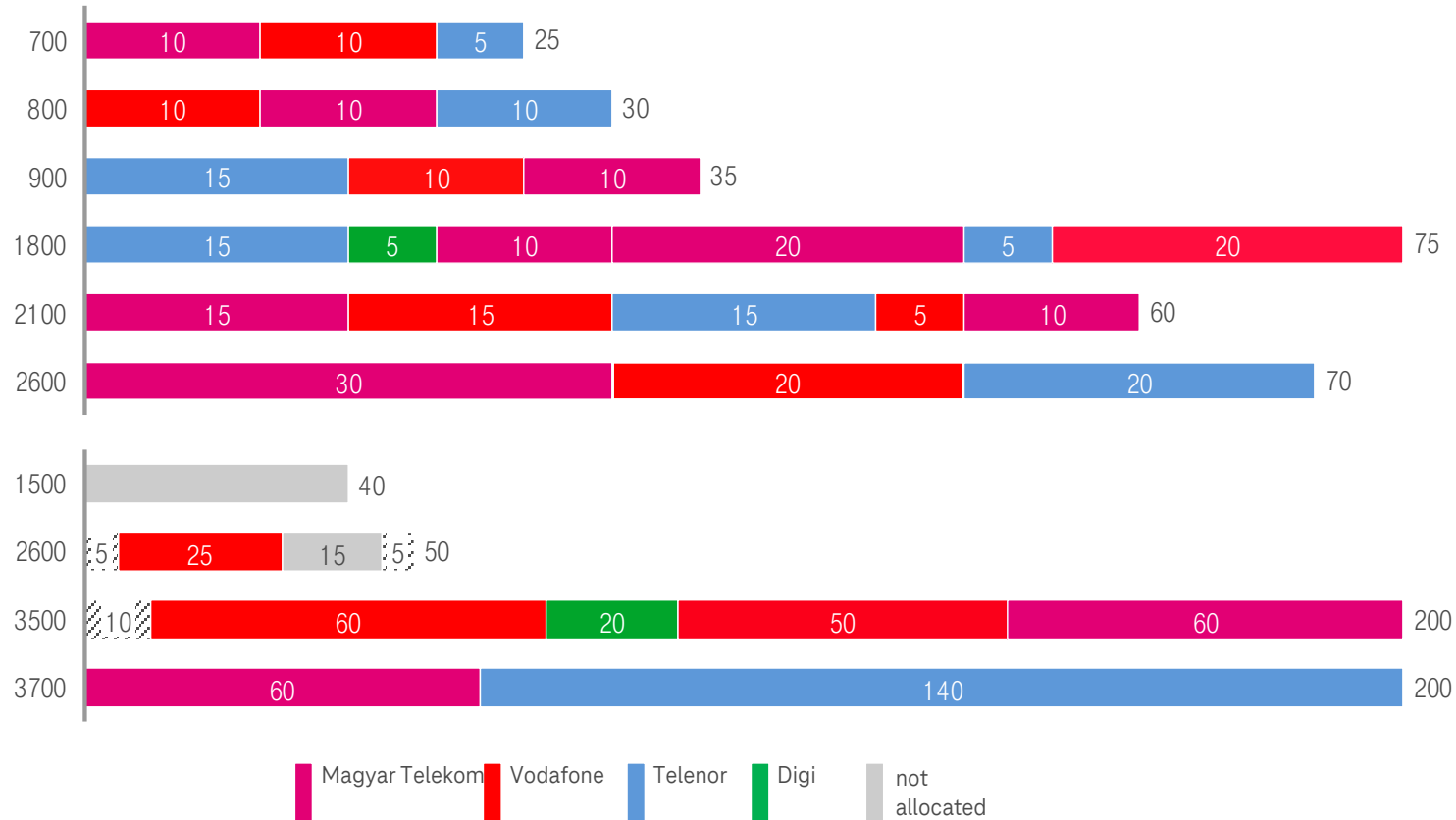
Such as:

- Change in fair value of derivatives
- FX result realized on principal of the CCIR (cross currency interest rate) swap
- Realized result on loan related FX forwards
- Lease non-realized FX result
- Any one-off item in D&A (depreciation & amortization)
- Any tax expense one-off due to external changes in tax calculation

In 2021, such adjustments would have amounted to HUF 7.6 billion leading to Adjusted Net Income of HUF 51.4 billion for 2021

HUNGARIAN MOBILE SPECTRUM

Spectrum allocation (MHz)



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