

# **MAGYAR TELEKOM GROUP INVESTOR PRESENTATION**

**MARCH, 2016**

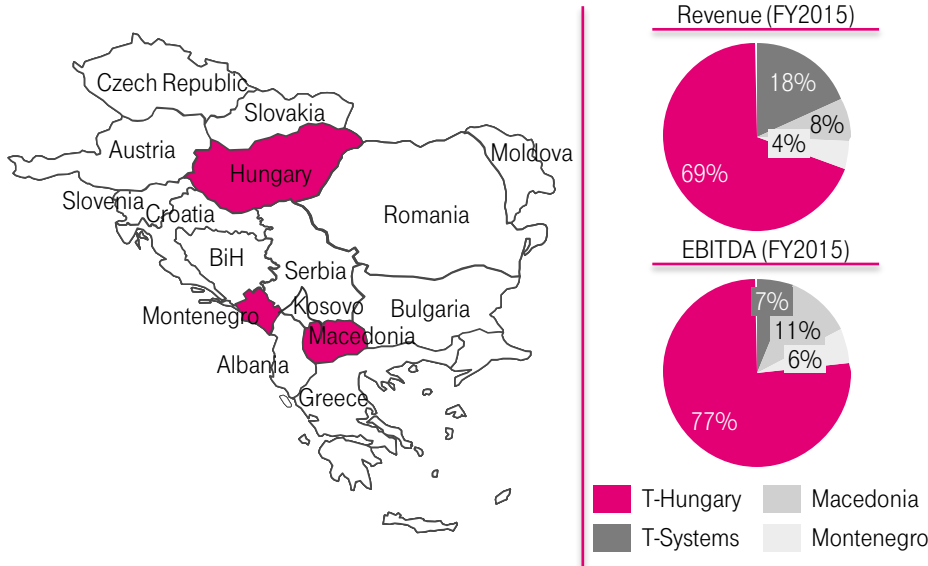


**LIFE IS FOR SHARING.**

# STRATEGY AND MARKET POSITION

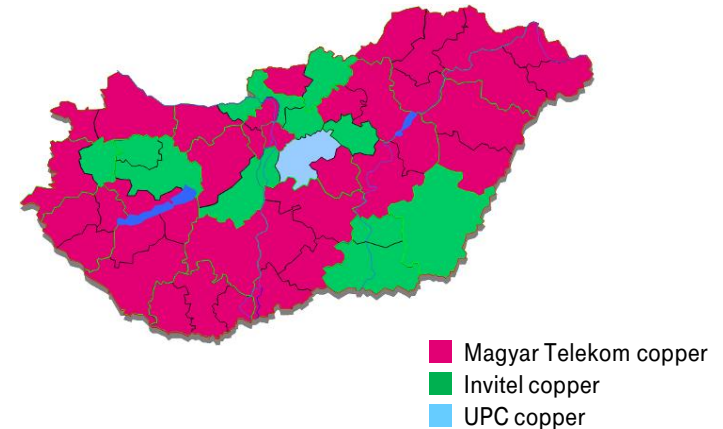
# OVERVIEW – MAGYAR TELEKOM AT A GLANCE

## International presence



- Leading telecommunications operator in Hungary, Macedonia and Montenegro
- Majority owned by Deutsche Telekom (59.2%)
- EUR 1.5bn market capitalization
- Stock exchange listings
  - Primary listing on Budapest Stock Exchange
  - Level I ADR program, ADSs traded on the OTC Market

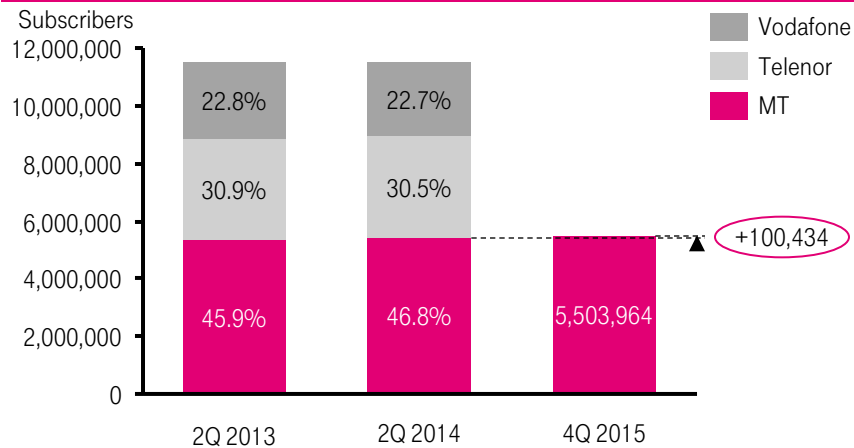
## Hungary



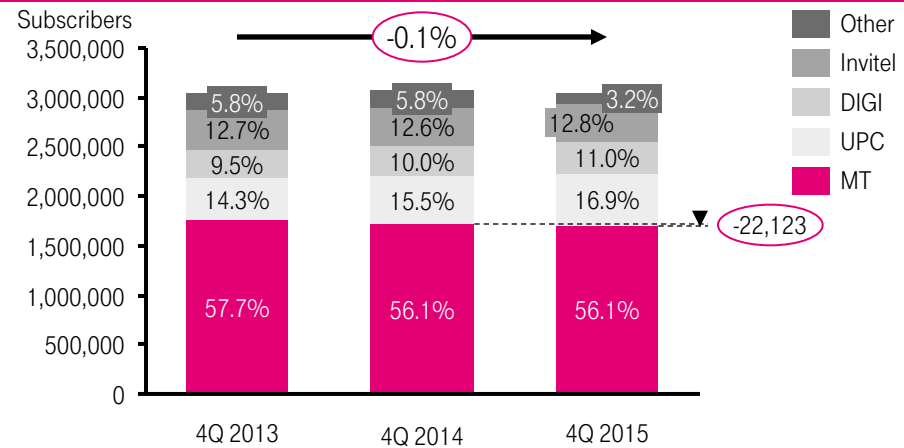
- MT is the incumbent fixed telco provider on ca. 75% of primary copper areas of Hungary
- 2.3 million households covered with High Speed Internet (HSI) access across country
  - FTTx (501k HHs) – ongoing countrywide roll-out
  - ED3 (736k HHs) – participating in market consolidation
  - VDSL (1,060k HHs) – revitalizing copper
- 83% population coverage of 3G
- 97% population coverage of 4G

# MARKET POSITION IN HUNGARY

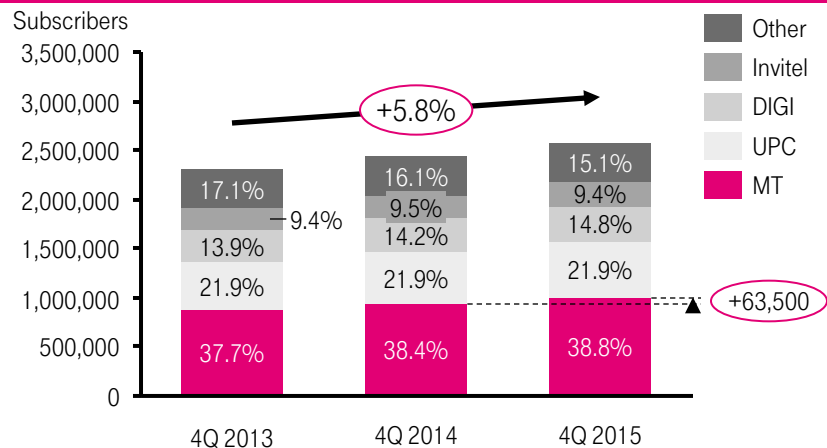
## Total mobile market\*



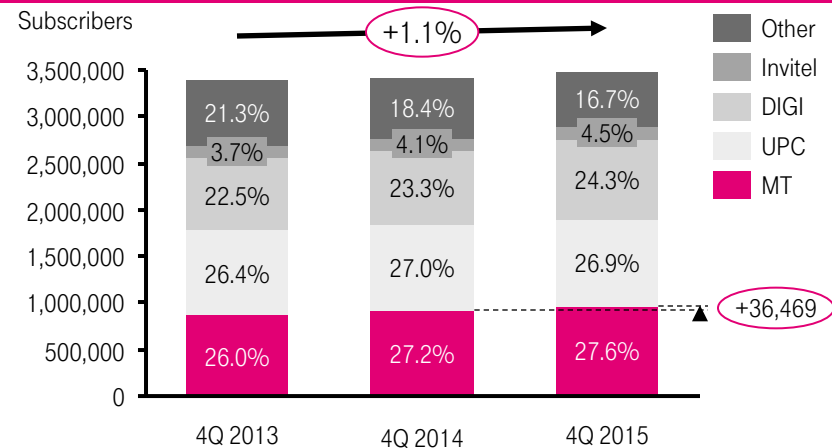
## Fixed voice market\*\*



## Fixed broadband market\*\*



## TV market\*\*



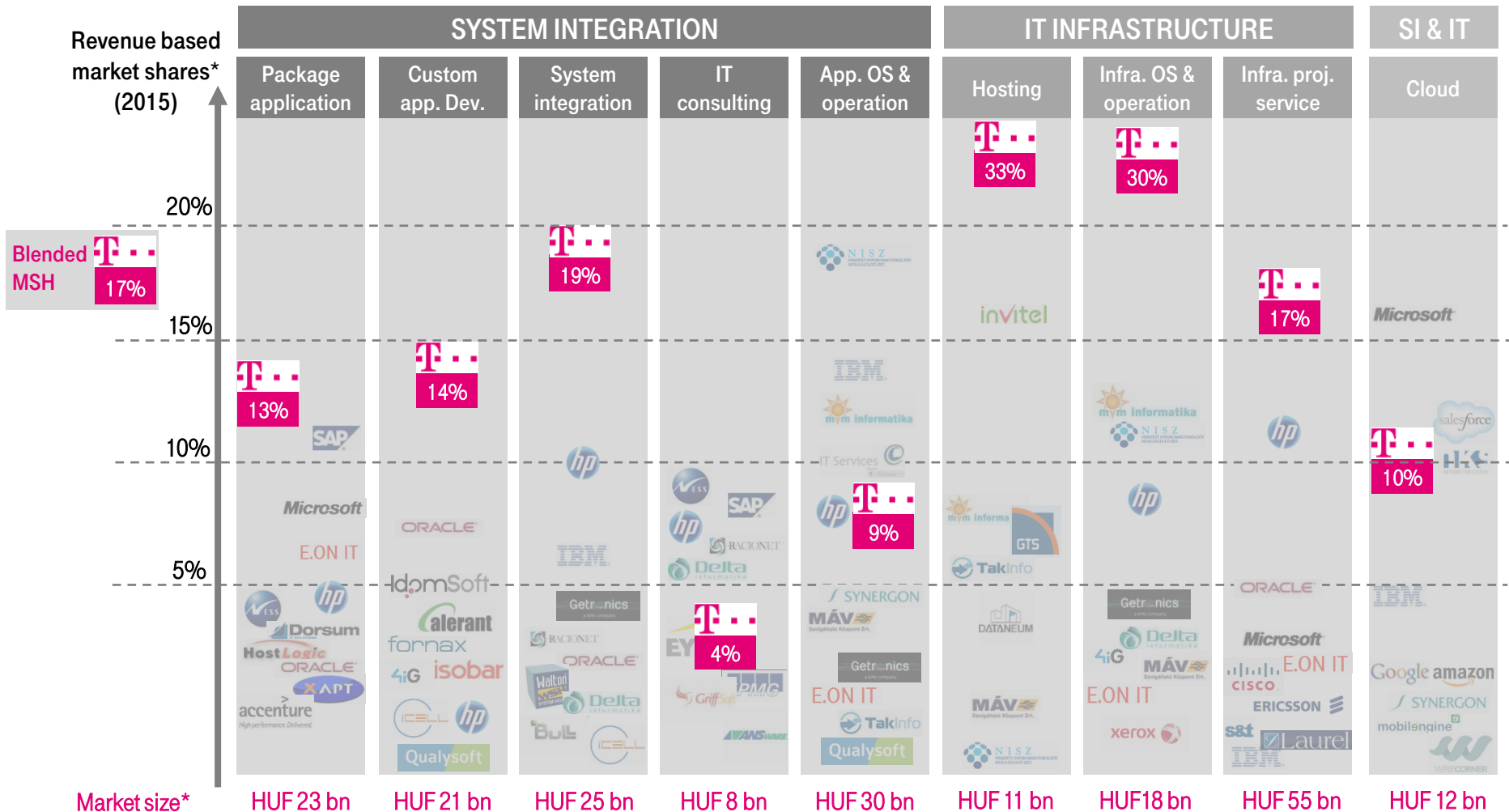
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\* based on the total SIMs, data available only until June 2014 by National Media and Infocommunications Authority (NMIAH) due to definition debate

\*\* based on the total fixed voice channels / BB access / pay TV access market estimated by the NMIAH

# MARKET LEADER IN IT SERVICES IN HUNGARY DUE TO WIDE RANGE OF IT SOLUTIONS BOTH IN IT PROJECTS AND IT OUTSOURCING

## Total SI/IT market



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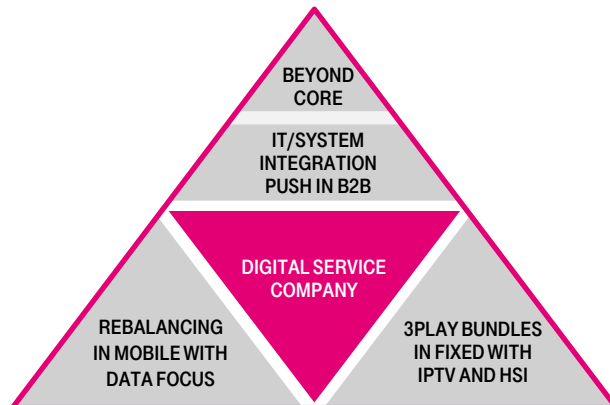
\* Source: IDC 2014; Market size by demand side, while market shares by supply side data

# STRATEGY OVERVIEW

## Telekom 2017 strategy and EoY 2015 targets, results

BEST CUSTOMER EXPERIENCE	1	LEADING INTEGRATED QUALITY BRAND	1	▪ Increase the awareness of the Telekom brand to the level of our previous brands	52%
	2	EFFORTLESS PRODUCTS & SIMPLIFIED PROCESSES	2	▪ Cut billable / sellable products by 50%	51%
	3	ONLINE CUSTOMER SERVICING	3	▪ Cut # of non-selling transactions by 50%	40%
	4	INTEGRATED ALL-IP NETWORK	4	▪ Increase # of IP voice customers to 1 million ▪ Roll out 440k additional HSI households ▪ Increase LTE coverage (pop. outdoor) to at least 97% ▪ Increase # of 4G users to 1 million	1,037k 464k 97% 950k
	5	WINNING CULTURE	5	▪ Maintain employee satisfaction	63%

## Bundling strategy



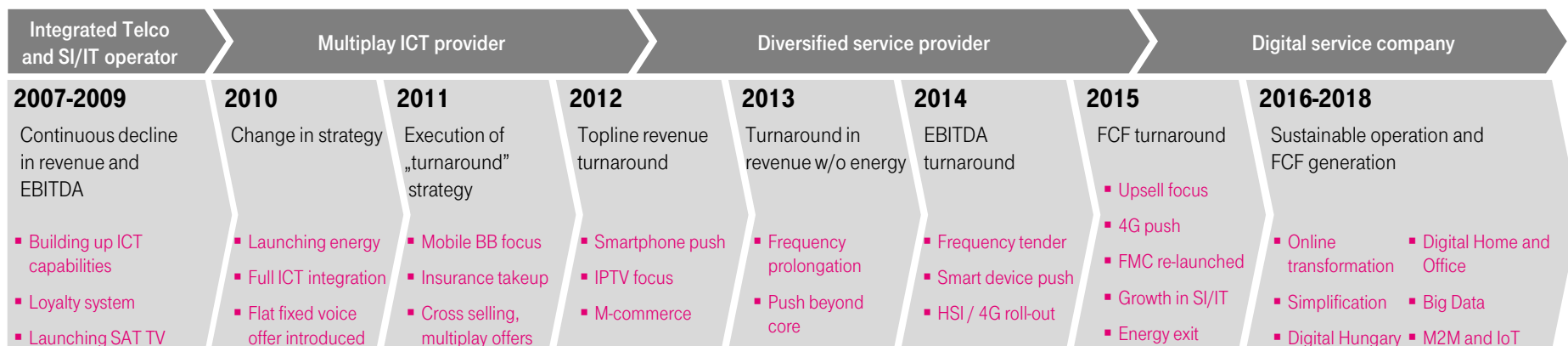
- Restructuring revenues: shift from traditional (voice, data) to near-core (IT, TV) and beyond-core (energy, insurance)
- Strategy of bundling fixed line, mobile, IT and beyond core services since 2007
- Customer loyalty improved through bundling
- Turnaround of financial performance has commenced

# STRATEGIC HIGHLIGHTS - FULL YEAR

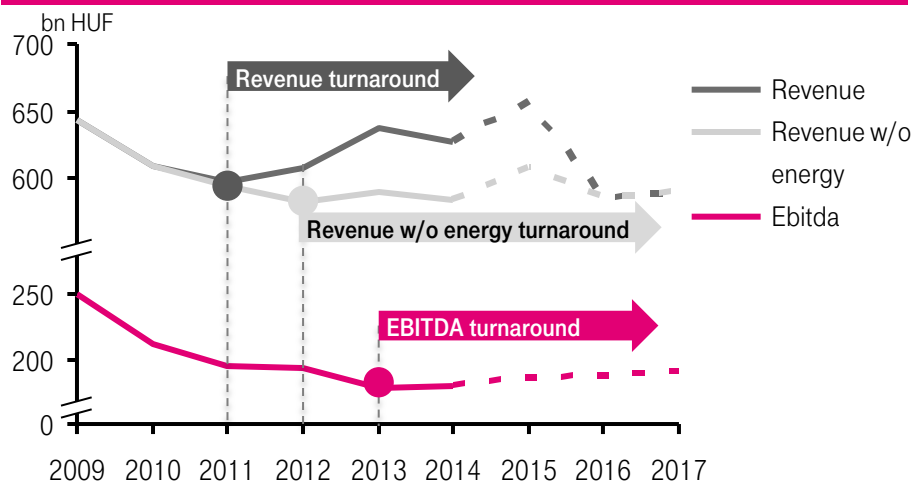
GROUP	TURNAROUND	<ul style="list-style-type: none"> <li>Increased revenue, EBITDA and Free Cashflow</li> <li>HUF 15 dividend per share</li> </ul>
	OPERATION	<ul style="list-style-type: none"> <li>Stable market positions</li> <li>Sustained focus on cost efficiency through process/product simplification and online</li> </ul>
HUNGARY	TELCO	<ul style="list-style-type: none"> <li>Underlying growth in mobile, fixed line BB and TV</li> <li>Success of our quad-play offer, called Magenta1</li> <li>Over 97% 4G population coverage</li> <li>Over 464,000 households HSI* access netadds</li> </ul>
	ENERGY	<ul style="list-style-type: none"> <li>Energy revenue growth in B2B segment</li> </ul>
	SI/IT	<ul style="list-style-type: none"> <li>Significant SI/IT revenue increase</li> <li>EBITDA turnaround at T-Systems</li> </ul>
INT'L	MACEDONIA	<ul style="list-style-type: none"> <li>Rebranding to Telekom, success of Magenta1</li> <li>VIP.One as integrated competitor</li> </ul>
	MONTENEGRO	<ul style="list-style-type: none"> <li>Intense competition in mobile</li> <li>Regulatory pressures on fixed line</li> </ul>

# TURNAROUND STORY OF MAGYAR TELEKOM

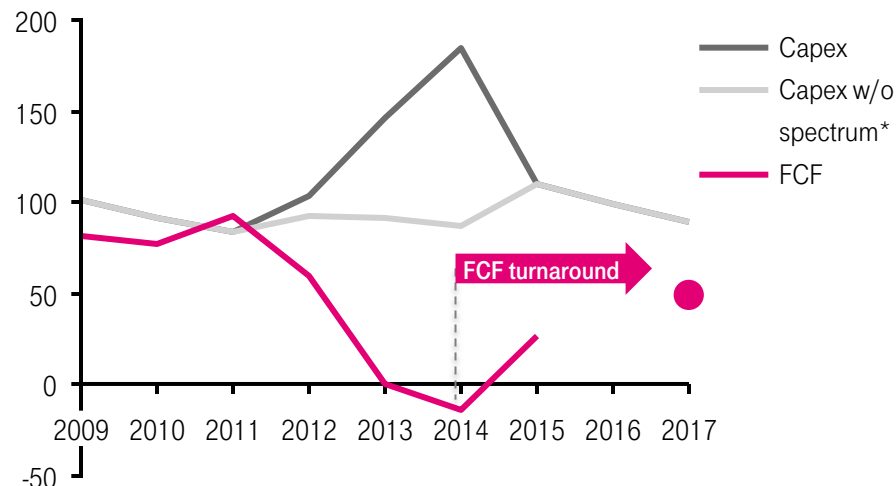
## Major financial and strategic milestones



## Revenue and Ebitda turnaround



## Capex and free cash-flow development



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\* Excluding spectrum license fees and annual frequency fee capitalization



# TELEKOM AS THE LEADING OPERATOR AND BRAND IN HUNGARY

## Our vision

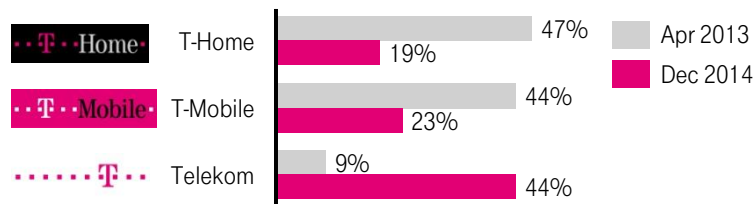
FIRST NOW FIRST FOREVER

## Our mission

OUR MISSION IS TO MAKE THE DIGITAL WORLD MORE UNDERSTANDABLE AND ACCESSIBLE FOR EVERYONE.

WE ENABLE PEOPLE TO HAVE A MORE EFFORTLESS, COLOURFUL AND SUCCESSFUL LIFE.

## Brand awareness\* and brand values



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INNOVATION  
SIMPLICITY  
COMPETENCE

**T** ■ ■ ■ LIFE IS FOR SHARING.

\* Source: Brand tracking research, TNS, Dec 2014  
(Brands identified by the logos)

## Our major awards



EXCELLENCE IN  
CUSTOMER SERVICE  
AWARD



FAMILY-FRIENDLY  
WORKPLACE  
AWARD



SUSTAINABILITY  
AWARDS  
(OEKOM, CEERIUS,  
DELOITTE)



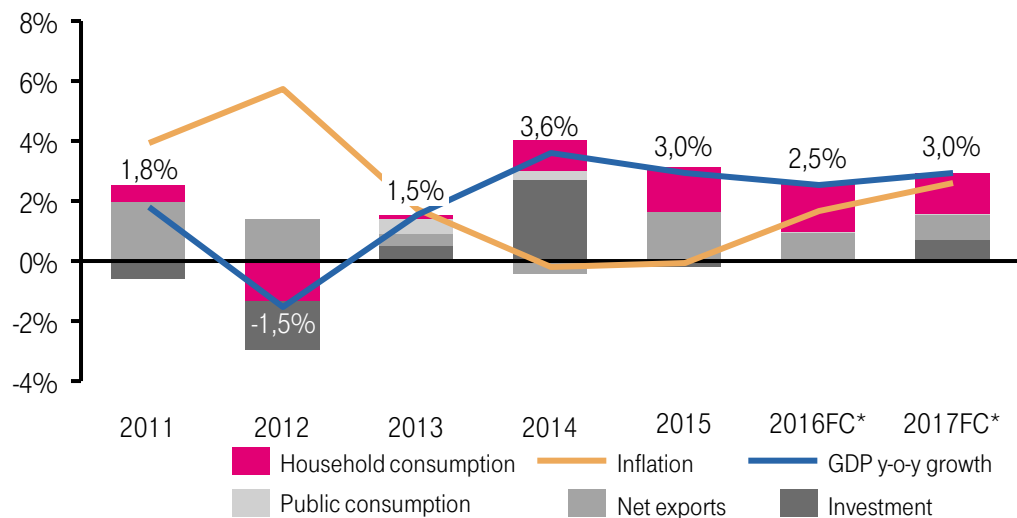
BICYCLE-FRIENDLY  
WORKPLACE  
AWARD



DIVERSE  
ORGANIZATION  
AWARD

# HUNGARIAN ECONOMIC ENVIRONMENT

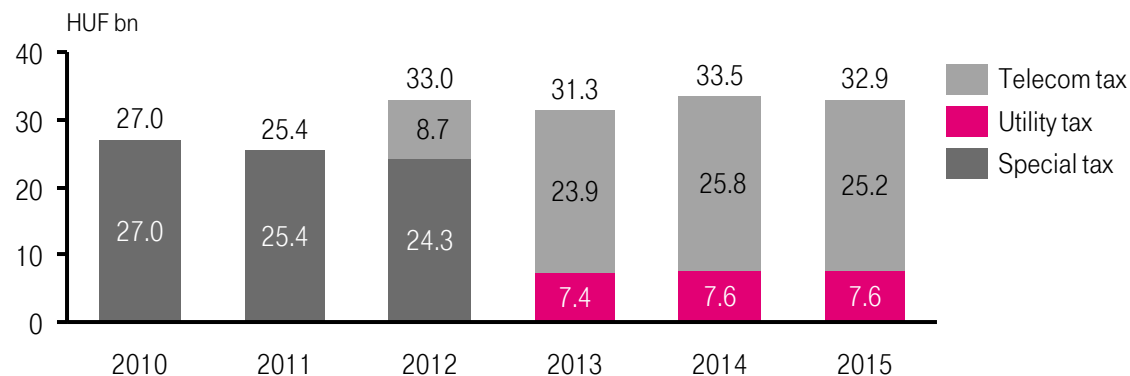
## Growth structure



## Domestic demand

- Domestic demand improved as economy recovers
- Governmental measures support consumer spending
- Investment levels show strong volatility due to EU fund cycles
- MT is expected to benefit from positive trends of domestic demand

## Taxes levied on Magyar Telekom



## Tax burdens to reduce budget deficit

- Temporary special revenue-based sector tax levied between 2010-2012
- Permanent traffic-based telecom tax introduced in July 2012 and increased in August 2013
- Permanent tax on utility and telecom networks levied between 2013-2015, but slight decrease is expected from 2016

# HUNGARIAN MOBILE SPECTRUM SITUATION

## Current spectrum situation

FDD (2x1 MHz)

BAND

800 MHz

10

10

10

900 MHz

2

10

1

10

2

10

1800 MHz

15

5

5

5

15

30

2100 MHz

15

15

15

15

2600 MHz

30

20

20




- Magyar Telekom
- Telenor
- Vodafone
- Digi
- Available



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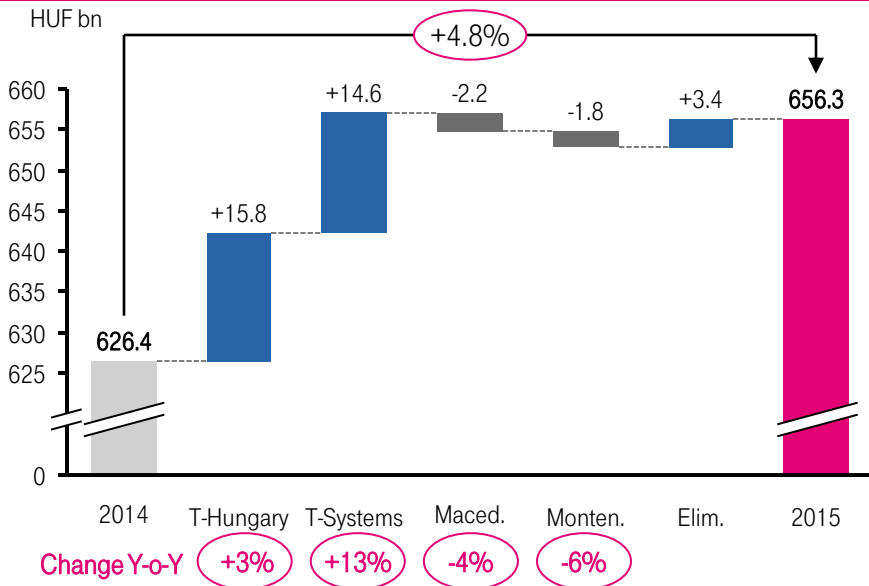
# **FULL YEAR RESULTS AND GUIDANCE**

# FINANCIAL HIGHLIGHTS AND 2015 TARGETS

	FY 2015 RESULTS	2015 TARGETS
REVENUE	+4.8%	roughly stable vs. 2014
	<ul style="list-style-type: none"> <li>Group wide mobile data growth due to 4G push offset by Hungarian MTR cuts</li> <li>Revenue growth in fixed line</li> <li>Increased SI/IT revenues across all segments</li> <li>Higher energy sales in Hungarian B2B segment</li> </ul>	
EBITDA	+3.4%	roughly stable vs. 2014
	<ul style="list-style-type: none"> <li>Improved fixed and mobile broadband performance driven by higher ARPUs and larger customer base</li> <li>Higher SI/IT margin but lower overall margin</li> <li>Lower bad debts</li> <li>HUF 3 bn higher one-off severance payment</li> </ul>	
CAPEX	HUF 109.8 bn	around HUF 105 bn
	<ul style="list-style-type: none"> <li>Acceleration of Fixed High Speed Internet roll-out program in Hungary</li> <li>Continuing PSTN replacement and process simplifications</li> <li>Lower spending on Hungarian mobile networks than initially expected due to NW sharing agreement</li> </ul>	

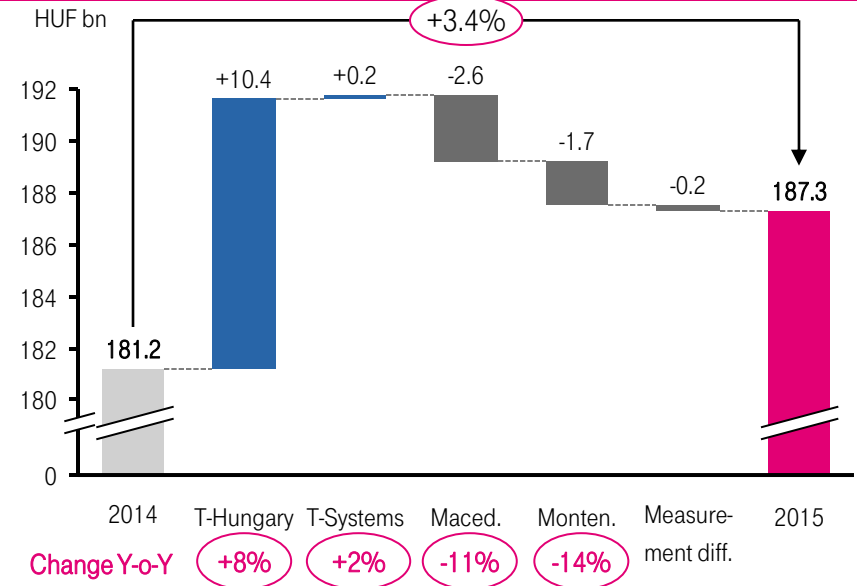
# 2015 GROUP RESULTS – REVENUES AND EBITDA BY SEGMENTS

## Group segmental revenues



- **Telekom Hungary:** revenue increase thanks to total fixed line business (incl. GTS acquisition) and energy
- **T-Systems:** boosted by outstanding SI/IT performance
- **Macedonia:** slight decrease due to lower voice revenues
- **Montenegro:** decline mostly due to regulatory pressures

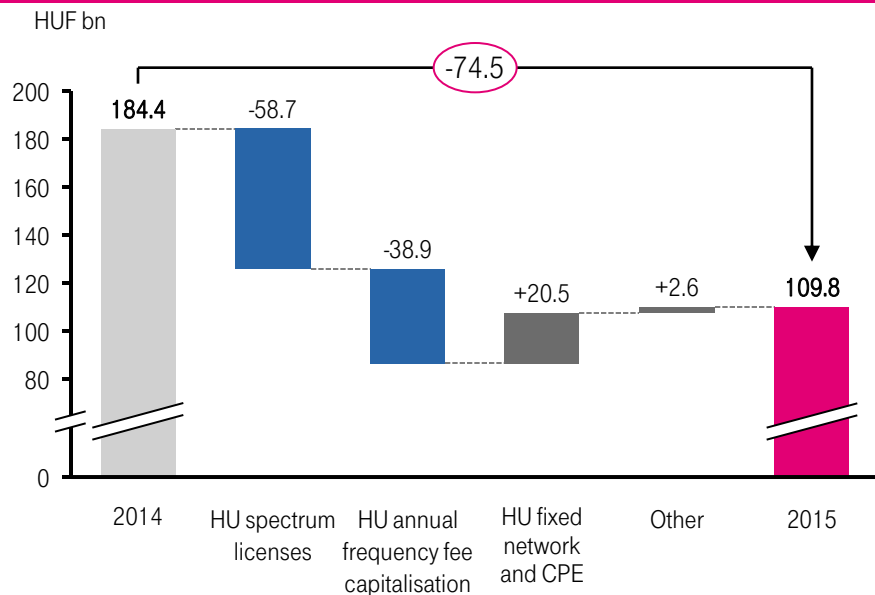
## Group segmental EBITDA



- **Telekom Hungary:** gross margin expansion drove group EBITDA
- **T-Systems:** EBITDA turnaround achieved thanks to SI/IT growth
- **Macedonia:** deceleration in rate of decline
- **Montenegro:** sharp fall due to lower ARPU levels

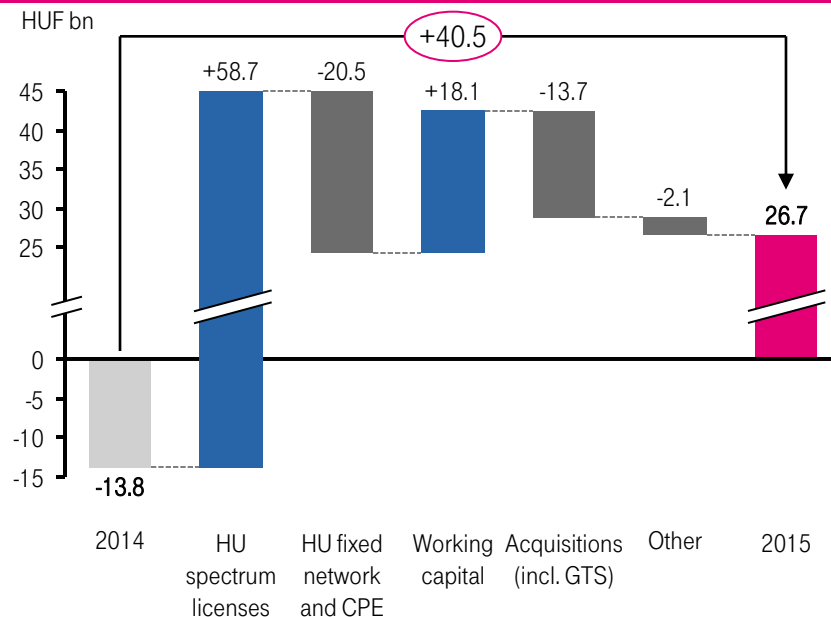
# 2015 GROUP RESULTS – CAPEX AND FCF BREAKDOWN

## Group CAPEX



- No spectrum license payments in 2015 (HUF 59 bn in 2014)
- Annual frequency fees capitalized (HUF 39 bn), relating to the purchased licenses in Q4 2014
- Increased investments in fixed HSI: access, core network and TV platform development, PSTN replacement, CPE installation
- HUF 0.6 bn Capex related to GTS acquisition, with Macedonian capex HUF 1.7 bn higher

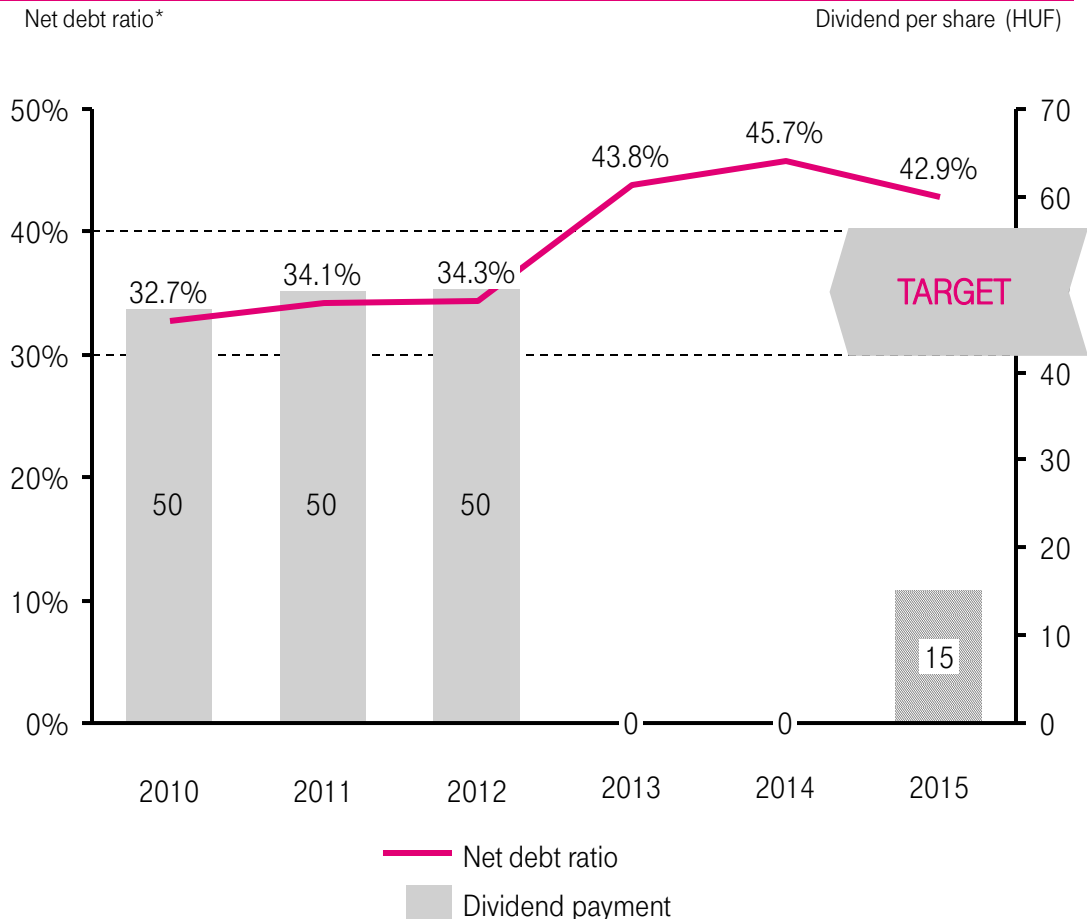
## Group FCF



- Return to free cash flow generation in 2015
- No spectrum license payments in 2015; however, higher cash capex related to the fixed line network development
- HUF 18 bn improvement in working capital mainly due to successful payment management with vendors, lower inventories, higher balance of trade creditors and higher payments of severance provisions
- Acquisition of GTS Hungary lowered or FCF by HUF 13 bn

# DIVIDEND POLICY

## Dividend payment and net debt ratio developments



## Highlights

- Aiming to maintain net debt ratio (net debt/total capital) target of 30% - 40%
- Board of Directors proposed HUF 15 dividend payment on 2015 earnings for approval to the AGM
- Based on the current operating, regulatory and taxation environment and outlook coupled with the anticipated significant improvement in the free cash flow generation, the management of the Company targets to pay HUF 25 dividend per share on 2016 results\*\*



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\* Defined as net debt / total capital

\*\* Subject to the Board of Directors' future proposal to the General Meeting, which will be made in due course, when all necessary information is available and all prerequisites to making such proposal are met



# PUBLIC GUIDANCE

	2015 RESULTS	2016 TARGETS	2017 TARGETS
REVENUE	HUF 656bn (+4.8%)	HUF 580 - 590bn	HUF 585 - 595bn
EBITDA	HUF 187bn (+3.4%)	HUF 187 - 191bn	HUF 189 - 193bn
CAPEX*	HUF 110bn	ca. 10% yoy decline	ca. 10% yoy decline
FCF	HUF 27bn		Surpassing HUF 50bn**
DIVIDEND	HUF 15 per share	Target HUF 25 per share	



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\* Excluding spectrum license fees and annual frequency fee capitalization

\*\* After minority dividend payments

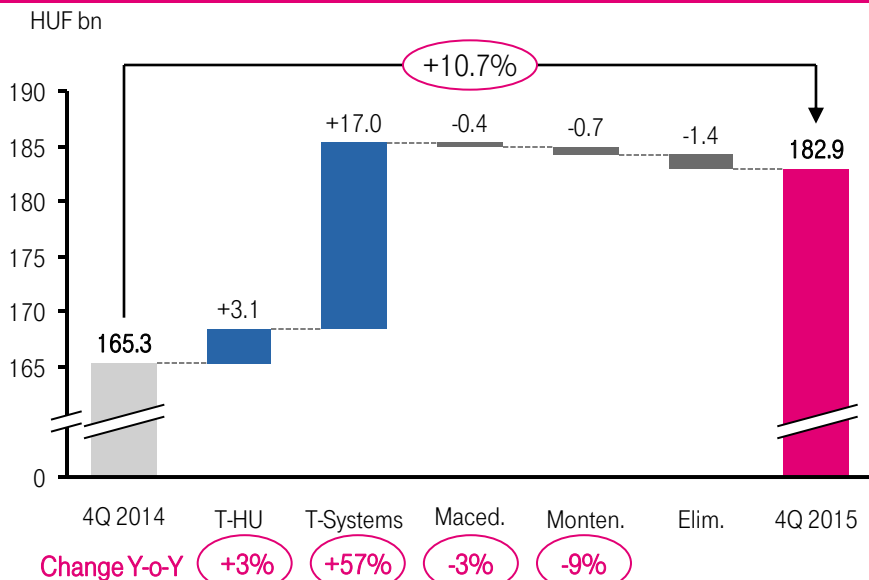
# **Q4 2015 RESULTS**

# FINANCIAL SUMMARY

	FY15 vs. FY14		4Q15 vs. 4Q14	
	Revenue	EBITDA	Revenue	EBITDA
Group	+5%	+3%	+11%	+4%
T-HU	+3%	+8%	+3%	+10%
T-Systems	+13%	+2%	+57%	+2%
Macedonia	-4%	-11%	-3%	-15%
Montenegro	-6%	-14%	-9%	-14%

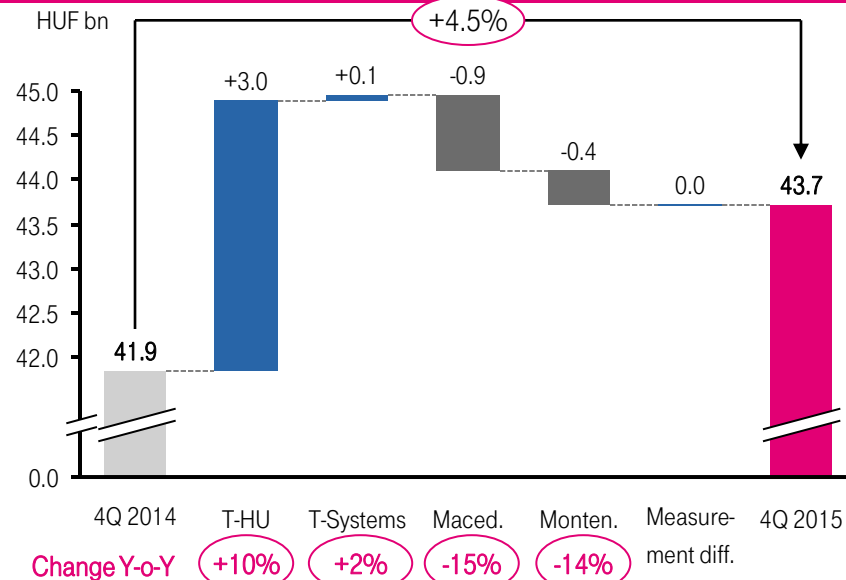
# GROUP SEGMENTAL REVENUE AND EBITDA

## Group segmental revenues



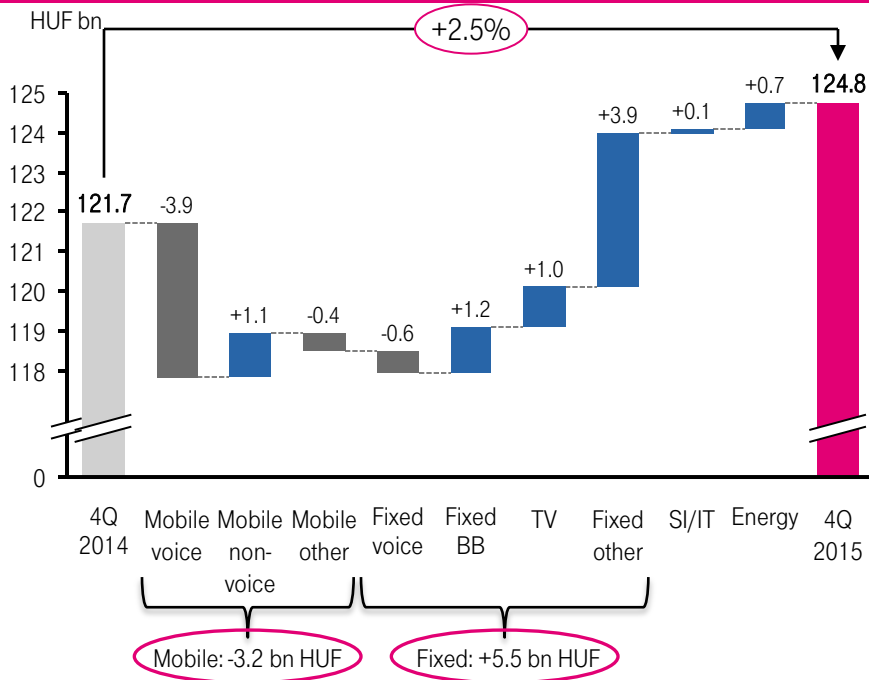
- **Telekom Hungary:** revenue growth due to strong fixed and energy performance, despite regulatory pressures on mobile IC
- **T-Systems:** boosted by doubled SI/IT performance despite decline in mobile and fixed revenues
- **Macedonia:** slight decline in revenues due to lower mobile and fixed voice revenues, partly offset by strong SI/IT
- **Montenegro:** revenue decline due to intense competition and OTTs in mobile, and regulatory pressures on fixed line revenue

## Group segmental EBITDA



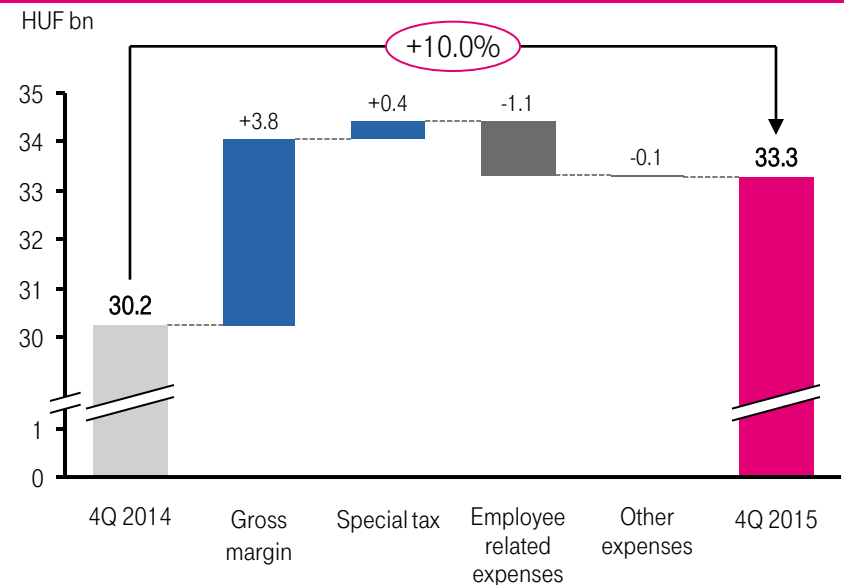
- **Telekom Hungary :** higher gross margins in fixed line partly offset by higher employee related expenses due to severance
- **T-Systems:** improved SI/IT gross margin (lower margin level) but higher employee related expenses in IT projects
- **Macedonia:** material EBITDA decrease driven by significantly lower gross margin coupled with higher marketing costs
- **Montenegro:** sharp decline due to lower gross margin, partly offset by better operating efficiency

## T-Hungary revenue\*



- Strong mobile broadband growth due to 4G push
- MTR cut by 76% resulting in a HUF 4bn loss in revenues
- Significant growth in both fixed broadband and TV thanks to ever larger customer bases and higher ARPUs
- Higher fixed WS, data and SI/IT revenues due to GTS acquisition
- Higher energy revenues in B2B sub-segment partly offset by residential gas market exit

## T-Hungary EBITDA

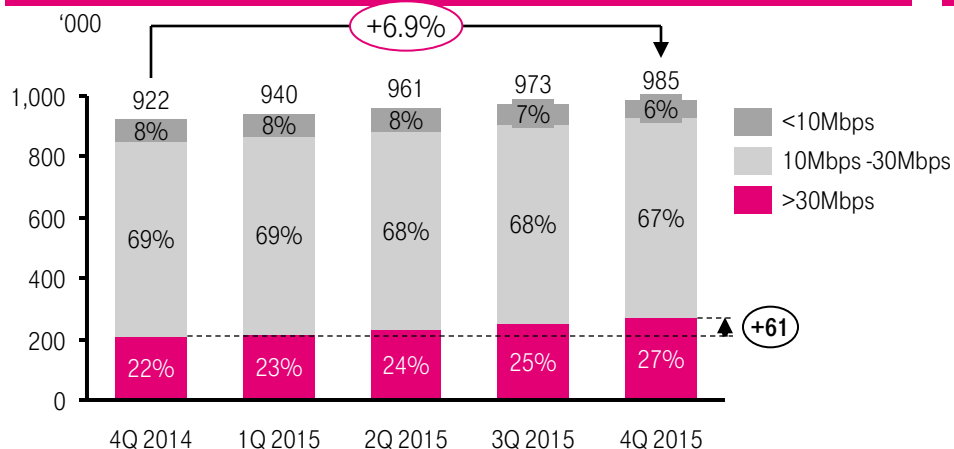


- Improvement in gross margin driven mostly by ARPU increases both in mobile (excl. MTR effect), fixed broadband and TV due to successful fixed line cross-sell and upgrade campaigns
- Higher employee-related expenses due to HUF 1.7 bn higher severance payment partly offset by savings deriving from the headcount reduction program

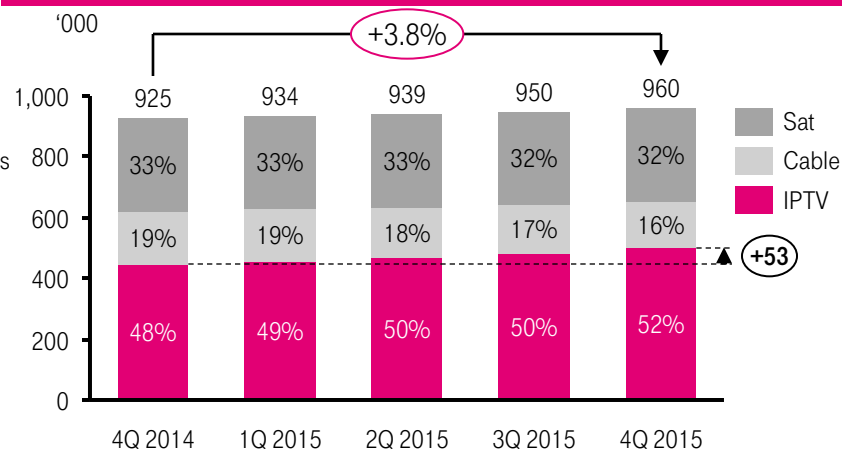
# T-HUNGARY – FIXED BROADBAND AND TV



## Fixed BB RPC

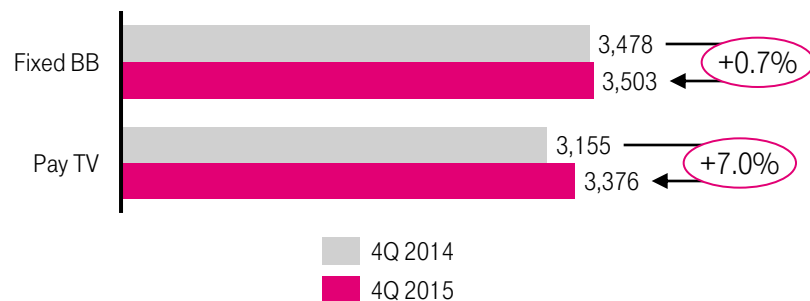


## Pay TV RPC



## Fixed BB and TV ARPU

HUF



## Highlights

- High Speed Internet access (>30Mbps) extended to a further 464,000 households in 2015, approx. 300k in Q4 alone
- Ca. 63,000 broadband and 35,000 TV net adds, leading market positions maintained
- Increasing ratio of higher bandwidth packages due to upselling activities driven by network upgrades
- Focusing on IPTV to offer more value to our customers
- Higher ARPUs driven by upselling and price increases

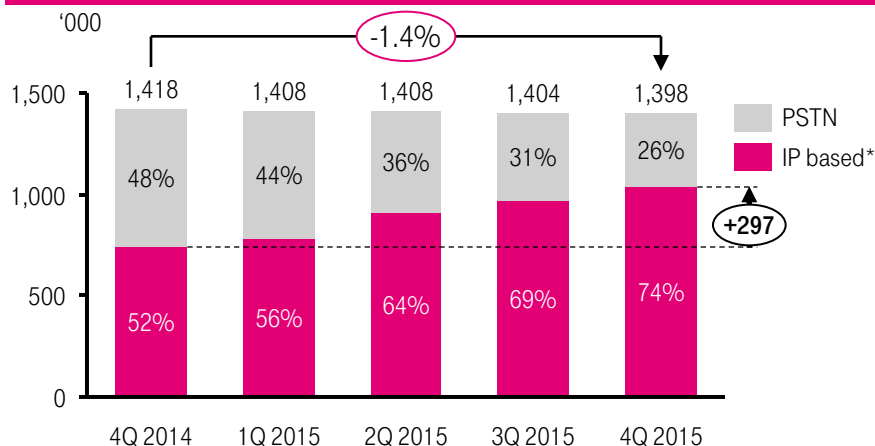


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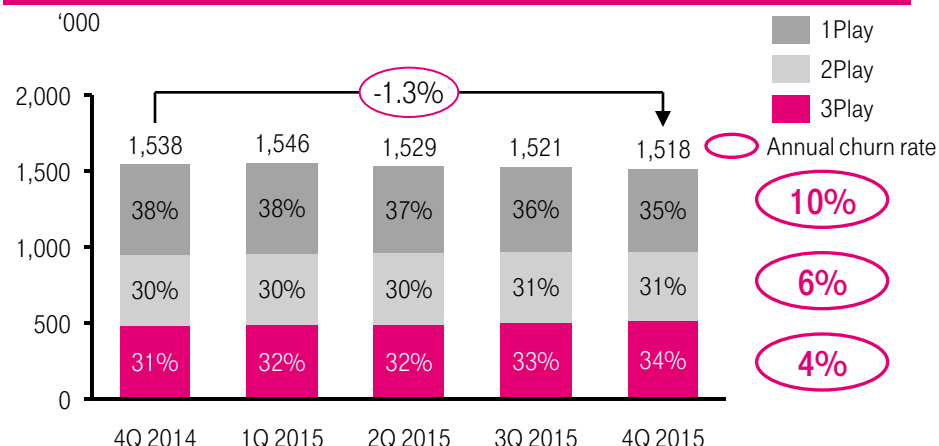
# T-HUNGARY – FIXED VOICE, MULTIPLAY AND ENERGY



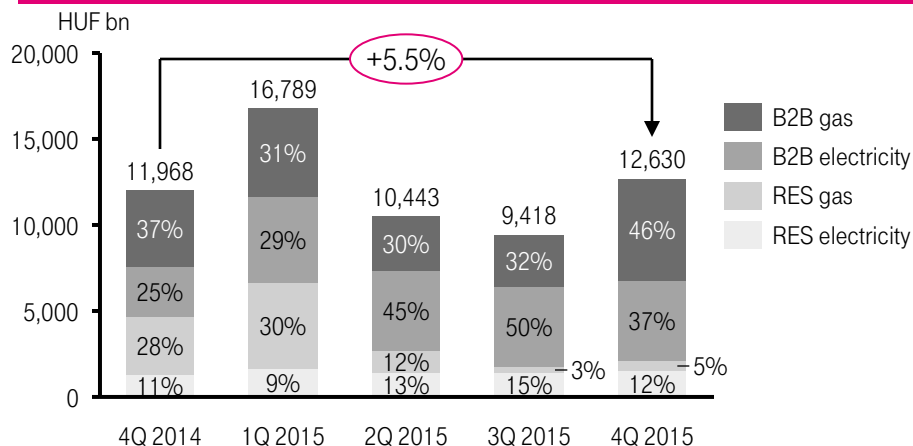
## Fixed voice RPC



## Multiplay development among residential customers



## Energy revenues



## Highlights

- Fixed voice churn at 1% due to smart bundling strategy
- Strategic goal of having one million IP based voice customers achieved, as part of overall efficiency drive
- Fixed voice MOU is down by 4%, ARPU rate of decline at 3%
- Lower churn among 2/3 Play customers
- Over 30 thousand quad-play Magenta1 customers to maximize the telecommunication share of wallet in household spending
- Energy revenue growth driven by B2B sub-segment
- Exited from residential gas market with effect from July 31



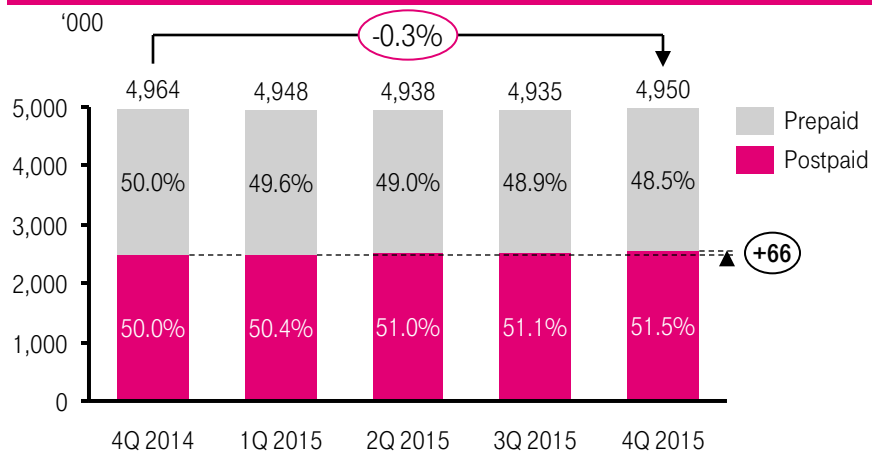
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\* IP based RPC equals to VoIP and VoCa RPC

# T-HUNGARY - MOBILE

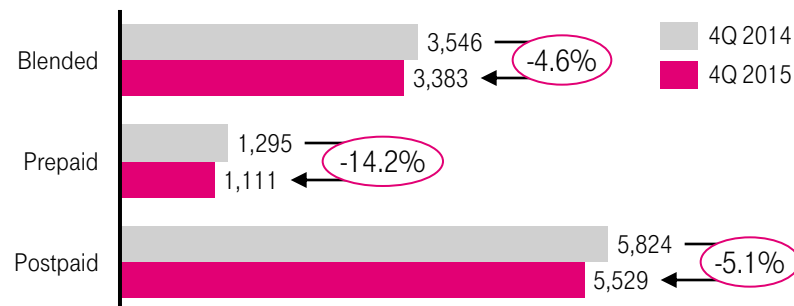


## Mobile RPC

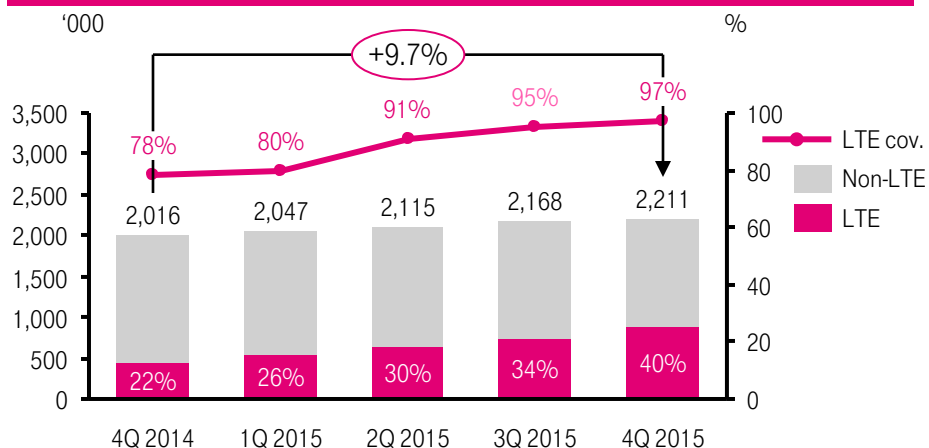


## Mobile ARPU (HUF)

HUF



## Mobile broadband development

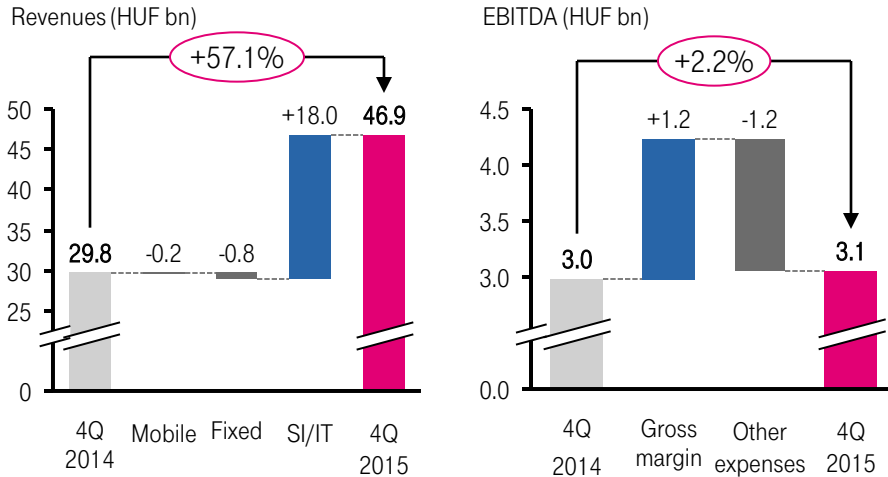


## Highlights

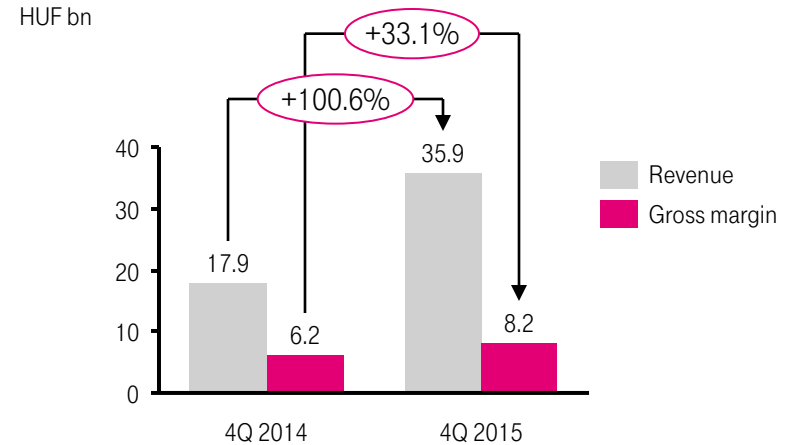
- 3% (+66k net adds) increase in postpaid RPC driven by strong data demand
- MOU increased by 7%, consistent with the growth in flat tariff subscriber base
- Decreasing ARPU due to sharp MTR cut (outgoing voice ARPU slightly increased)
- 4G outdoor population coverage above 97%
- Smartphone sales account for over 90% of postpaid handsets, total SP penetration is already at 57%
- Average 4G usage of 1.5 GB/month



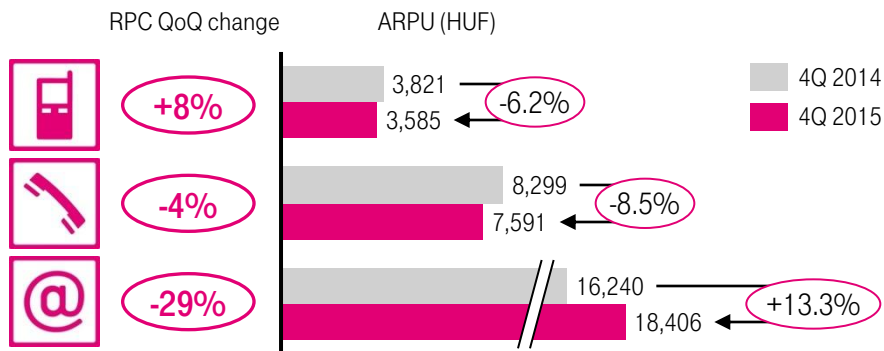
## Financials



## SI/IT revenue and margin



## KPIs (mobile/fixed voice/fixed BB)

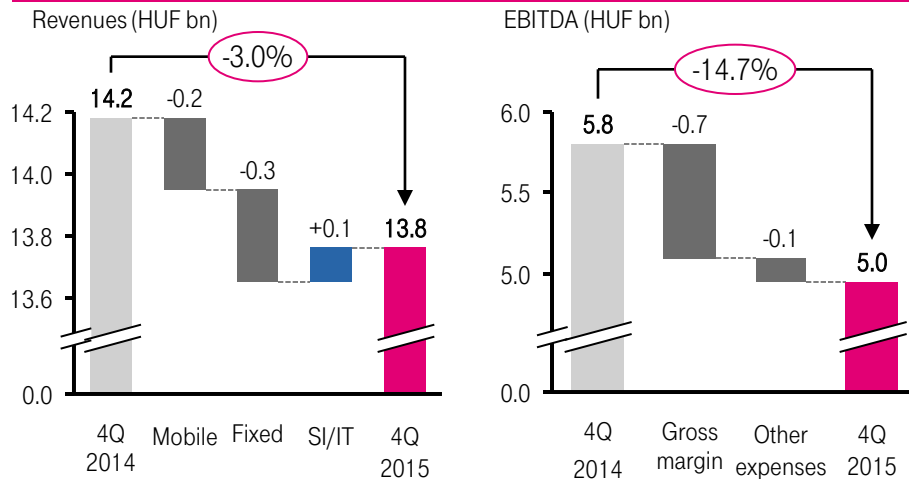


## Highlights

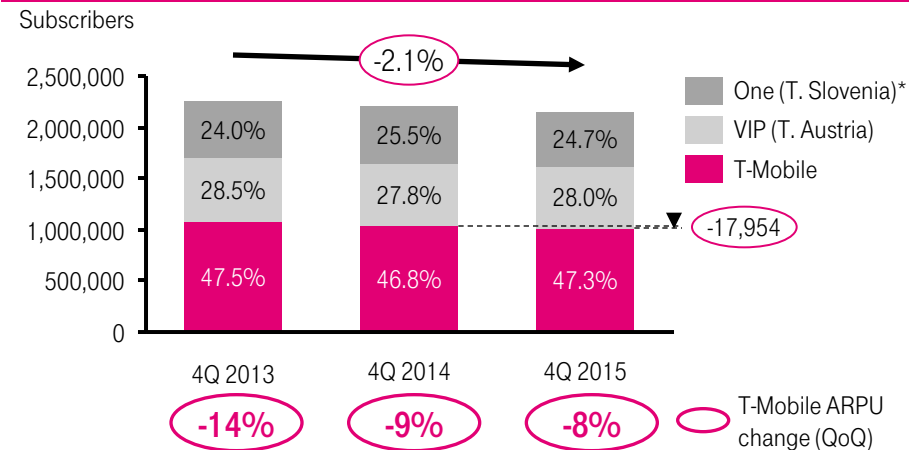
- Total revenue increase boosted by outstanding IT performance compensating for decline in mobile and fixed revenues
- SI/IT revenues doubled and gross profit improved; however, gross margin percentage shrank due to shift within the sales mix to IT infrastructure projects mainly supported by EU funds
- EBITDA growth of 2.2% in Q4 contributed to achieving the strategic goal of full year EBITDA turnaround in 2015
- Fierce competition led to mobile APRU erosion
- State-owned operator behind significant churn among government related fixed data and broadband customers (fixed BB ARPU improved as lower ARPU customers churned)

# MACEDONIA

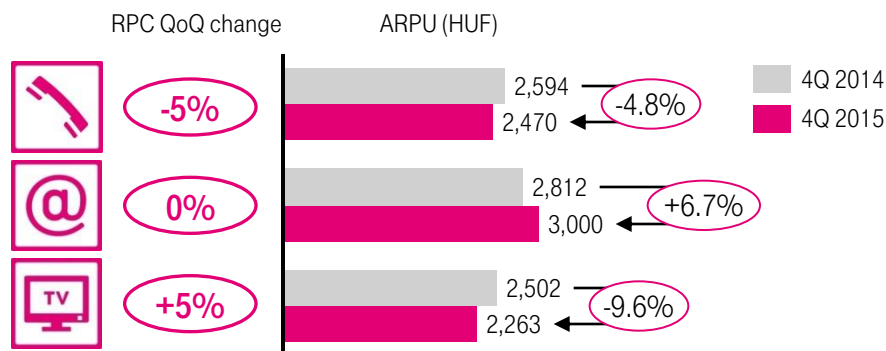
## Financials



## Mobile KPIs



## Fixed KPIs (voice/BB/TV)



## Highlights

- Successful rebranding campaign to integrated "T" and 4play Magenta1 sales helped to increase mobile market share
- Mobile revenues declined by only 3% due to market stabilization
- VIP/One merger has created a strong integrated competitor
- Robust growth in TV RPC but further churn in fixed voice
- Continuing strong SI/IT performance
- Lower employee related expenses offset by higher marketing costs



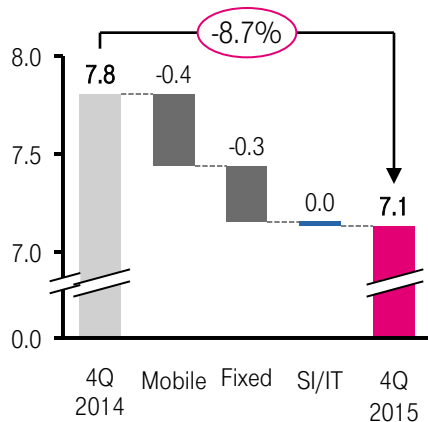
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\* including Albafone before June, 2015

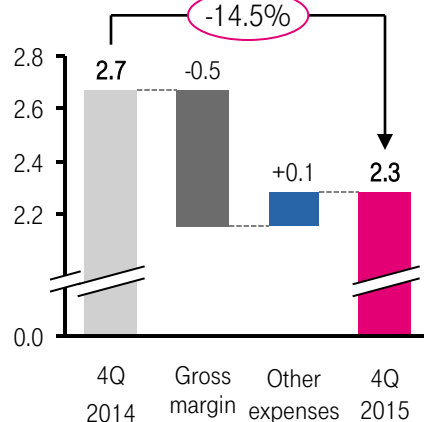
# MONTENEGRO

## Financials

Revenues (HUF bn)

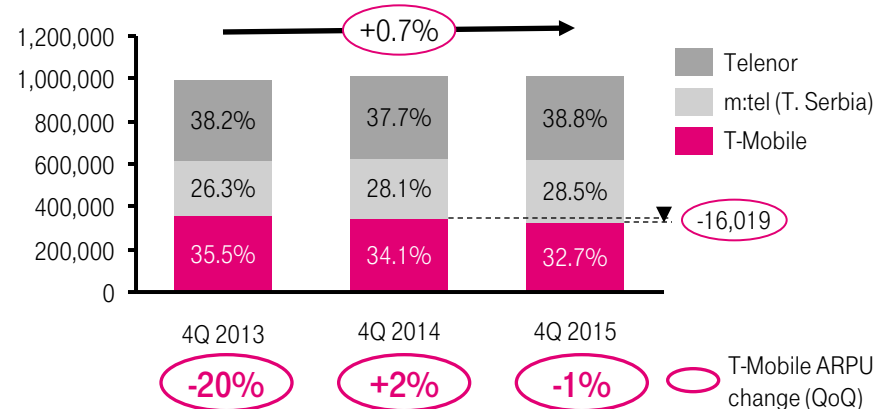


EBITDA (HUF bn)



## Mobile KPIs

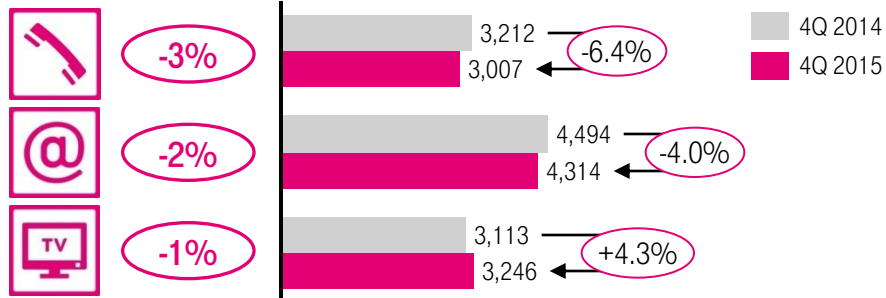
Subscribers



## Fixed KPIs (voice/BB/TV)

RPC QoQ change

ARPU (HUF)



## Highlights

- Revenue decline driven by lower mobile prepaid RPC, regulatory pressure on fixed voice and broadband businesses, as well as declining SMS revenues due to OTT push
- Stable MoU and blended mobile ARPU due to sharp increase in higher ARPU postpaid share in the RPC base offsetting continued churn in lower ARPU prepaid customers
- Slight decrease in fixed line RPCs coupled with decreasing ARPU in fixed voice and BB, but improvement in TV
- Steep EBITDA decline due to lower gross margin

# APPENDIX

# MAGYAR TELEKOM – CONSOLIDATED INCOME STATEMENT

HUF million	Q4 2014	Q4 2015	Change
Mobile revenues	84 622	81 117	-4.1%
Fixed line revenues	51 846	56 036	8.1%
System Integration/Information Technology revenues	16 828	33 101	96.7%
Revenue from energy services	11 968	12 630	5.5%
<b>Revenues</b>	<b>165 264</b>	<b>182 884</b>	<b>10.7%</b>
Direct costs	(67 841)	(81 757)	-20.5%
Employee-related expenses	(23 186)	(25 635)	-10.6%
Depreciation and amortization	(26 694)	(31 746)	-18.9%
Hungarian telecommunications and other crisis taxes	(6 664)	(6 113)	8.3%
Other operating expenses	(26 861)	(28 669)	-6.7%
<b>Total operating expenses</b>	<b>(151 246)</b>	<b>(173 920)</b>	<b>15.0%</b>
Other operating income	1 150	3 020	162.6%
<b>Operating profit</b>	<b>15 168</b>	<b>11 984</b>	<b>-21.0%</b>
Net financial results	(7 944)	(5 601)	29.5%
Share of associates' profits	0	0	n.a.
<b>Profit before income tax</b>	<b>7 224</b>	<b>6 383</b>	<b>-11.6%</b>
Income tax expense	(4 574)	(2 280)	50.2%
<b>Profit for the period</b>	<b>2 650</b>	<b>4 103</b>	<b>54.8%</b>
Non-controlling interests	1 110	750	-32.4%
<b>Equity holders of the Company (Net income)</b>	<b>1 540</b>	<b>3 353</b>	<b>117.7%</b>

# MAGYAR TELEKOM – CONSOLIDATED BALANCE SHEET

HUF million	Dec 31, 2014	Dec 31, 2015	Change
<b>Current assets</b>	<b>197 897</b>	<b>210 178</b>	<b>6.2%</b>
Cash and cash equivalents	14 625	17 558	20.1%
Other current financial assets	23 690	11 052	-53.3%
<b>Non current assets</b>	<b>992 879</b>	<b>996 846</b>	<b>0.4%</b>
Property, plant and equipment - net	487 778	493 204	1.1%
Intangible assets	259 984	260 909	0.4%
<b>Total assets</b>	<b>1 190 776</b>	<b>1 207 024</b>	<b>1.4%</b>
<b>Equity</b>	<b>524 398</b>	<b>544 931</b>	<b>3.9%</b>
<b>Current liabilities</b>	<b>329 836</b>	<b>352 183</b>	<b>6.8%</b>
Financial liabilities to related parties	110 858	136 906	23.5%
Other financial liabilities	65 131	26 152	-59.8%
<b>Non current liabilities</b>	<b>336 542</b>	<b>309 910</b>	<b>-7.9%</b>
Financial liabilities to related parties	245 071	220 088	-10.2%
Other financial liabilities	59 422	54 857	-7.7%
<b>Total equity and liabilities</b>	<b>1 190 776</b>	<b>1 207 024</b>	<b>1.4%</b>

# MAGYAR TELEKOM – CONSOLIDATED CASH FLOW STATEMENT

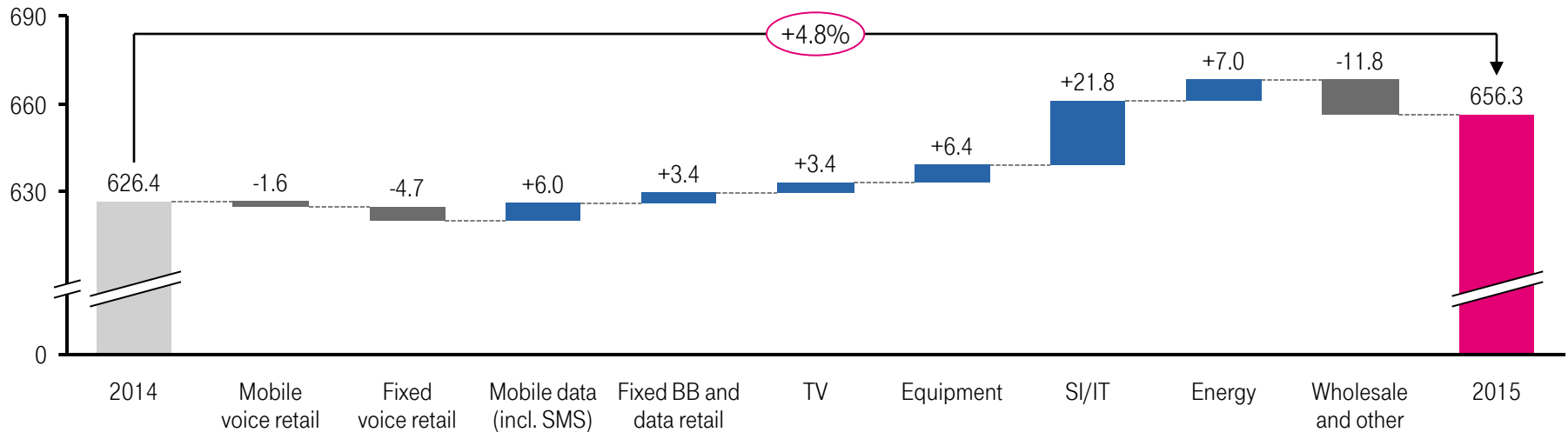
HUF million	Dec 31, 2014	Dec 31, 2015	Change
<b>Net cash generated from operating activities</b>	<b>145 495</b>	<b>156 298</b>	<b>7.4%</b>
Investments in tangible and intangible assets	(184 364)	(109 847)	40.4%
Adjustments to cash purchases	42 211	12 992	-69.2%
Purchase of subsidiaries and business units	(1 210)	(16 737)	n.a.
Cash acquired through business combinations	0	1 815	n.a.
Payments for / proceeds from other financial assets - net	10 227	13 137	28.5%
Proceeds from disposal of subsidiaries	0	0	n.a.
Proceeds from disposal of PPE and intangible assets	2 635	2 127	-19.3%
Payments for interests in associates and joint ventures	0	(1 000)	n.a.
<b>Net cash used in investing activities</b>	<b>(130 501)</b>	<b>(97 513)</b>	<b>25.3%</b>
Dividends paid to shareholders and minority interest	(8 008)	(6 691)	16.4%
Net payments of loans and other borrowings	10 998	(30 160)	n.a.
Repayment of other financial liabilities	(18 541)	(18 923)	-2.1%
<b>Net cash used in financing activities</b>	<b>(15 551)</b>	<b>(55 774)</b>	<b>-258.7%</b>
<b>Free cash flow*</b>	<b>(13 774)</b>	<b>26 725</b>	<b>n.a.</b>

\*Free cash flow defined as Net cash generated from operating activities plus Net cash used in investing activities, adjusted with Proceeds from / Payments for other financial assets and Repayment of other financial liabilities

# 2015 GROUP RESULTS – REVENUES BY PRODUCT LINES

## Group revenues

HUF bn



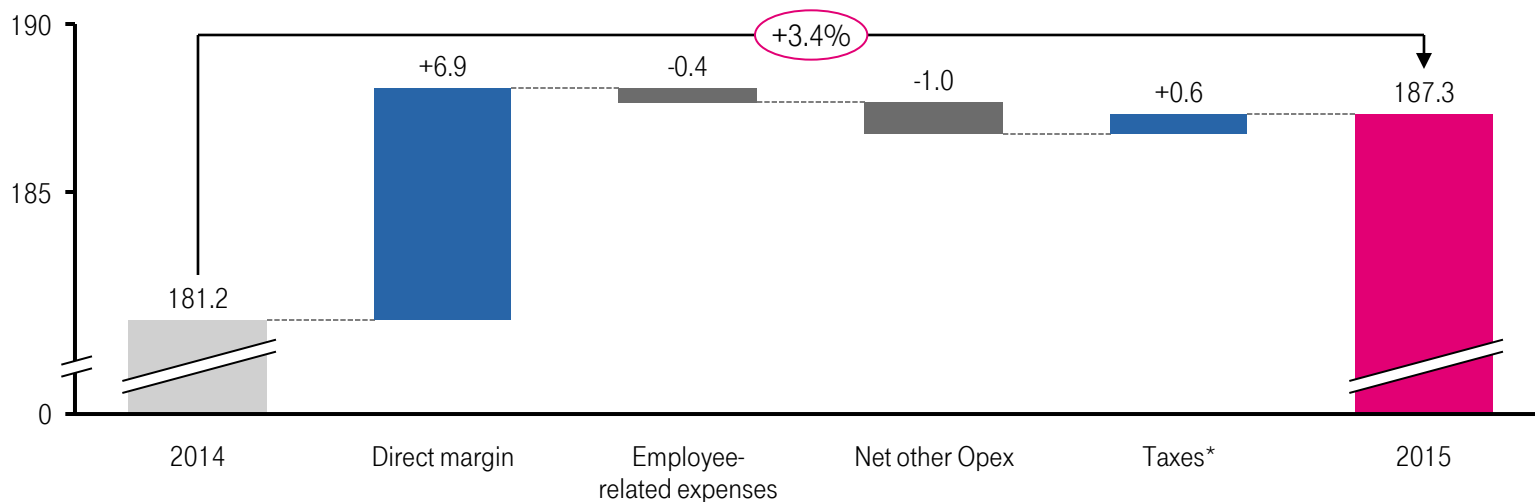
- Retail revenue restructuring sustained: decline in voice counterbalanced by strong growth in data and TV
- Group wide mobile data revenue growth due to 4G push coupled with improved fixed broadband and TV performance driven by higher ARPUs and larger customer base after GTS acquisition
- Continued increase in sales of smartphones, tablets and TV sets
- Significantly increased SI/IT revenues across all segments due to increased number of projects
- Higher total energy sales due to increased revenues in the Hungarian B2B segment despite residential gas market exit from August 1, 2015
- Significant drop in wholesale revenues due to sharp cut in Mobile Termination Rates (MTR down by 76%)



# 2015 GROUP RESULTS – EBITDA

## Group EBITDA

HUF bn



- Significant improvement in direct margin driven by higher revenues (incl. GTS acquisition), lower interconnect costs (due to MTR cut) and net debt expenses
- Total employee related expenses increased slightly year-on-year, despite underlying efficiency improvements resulting from the earlier headcount reduction program, due to the exceptional HUF 3bn higher severance costs in 2015
- Higher operating expenses mostly driven by higher marketing, maintenance and business transformation costs
- Lower operating taxes\* due to decline in minutes of usage resulting in lower telecom tax

# For further questions please contact the IR department:

## Investor Relations

Phone: +36 1 458-0424  
Fax: +36 1 458-0443  
e-mail: [investor.relations@telekom.hu](mailto:investor.relations@telekom.hu)

### 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, 2014 available on our website at <http://www.telekom.hu>.

Abbreviations: 3G: third generation, 4G: fourth generation, ARPU: average revenue per user, BB: broadband, IP: internet protocol, IT: information technology, LTE: long term evolution, MOU: minutes of use, MTR: mobile termination rate, NRA: National Regulatory Authority, POD: points of delivery, R/E: real estate, RPC: revenue producing customer, SAC: subscriber acquisition cost, SRC: subscriber retention cost, SI: system integration, SIM: subscriber identity module, SMB: small and medium businesses, TWM: Total Workforce Management, VAS: value added services, VoCaTV: Voice over Cable TV, WS: wholesale

In addition to figures prepared in accordance with IFRS, Magyar Telekom also presents non-GAAP financial performance measures, including, among others, EBITDA, 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 "Reconciliation of pro forma figures", which is posted on Magyar Telekom's Investor Relations webpage at [www.telekom.hu/investor\\_relations](http://www.telekom.hu/investor_relations).



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