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, 2018 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 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.
## 2019 STRATEGIC HIGHLIGHTS

<table>
<thead>
<tr>
<th>Network</th>
<th>Services</th>
<th>Simplification</th>
<th>North Macedonia</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Accelerated rollout of fiber network increase competitiveness</td>
<td>▪ Restructured fixed and mobile portfolios</td>
<td>▪ Introduced OneBill for new Magenta1 customers</td>
<td>▪ Further expanded customer despite growing competition</td>
</tr>
<tr>
<td>▪ Upgraded cable network to gigabit capacity</td>
<td>▪ Continuing &quot;more-for-more&quot; strategy</td>
<td>▪ Simplified portfolio</td>
<td>▪ Further increased the number of households with integrated packages</td>
</tr>
</tbody>
</table>

**1.9 million**

gigabit internet connectivity

**35%**

of home customers have integrated package

Agile, cross-functional working practices

#1 Fixed line operator
2019 GROUP SEGMENTAL REVENUE AND EBITDA

Group revenue by segment

Group EBITDA by segment

<table>
<thead>
<tr>
<th></th>
<th>Mobile</th>
<th>Fixed line</th>
<th>SI/IT</th>
<th>Mobile</th>
<th>Fixed line</th>
<th>SI/IT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>657.1</td>
<td>9.2</td>
<td>5.4</td>
<td>-8.2</td>
<td>2.0</td>
<td>0.4</td>
</tr>
<tr>
<td>2019</td>
<td>666.7</td>
<td>230</td>
<td>5.4</td>
<td>220.6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Change Y-o-Y

- Hungary: +1.1%
- North Macedonia: +5.7%

<table>
<thead>
<tr>
<th></th>
<th>Gross profit</th>
<th>Indirect costs</th>
<th>Gross profit</th>
<th>Indirect costs</th>
<th>Measur. diff.</th>
<th>2019 w/o IFRS16 impact</th>
<th>IFRS 16 impact</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>192.5</td>
<td>2.4</td>
<td>5.2</td>
<td>1.6</td>
<td>0.0</td>
<td>201.0</td>
<td>19.6</td>
<td>220.6</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-0.7</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Change Y-o-Y

- Hungary: +4.5%
- North Macedonia: +7.5%
## 2019 Results and Financial Targets

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>2019 Results (change y-o-y)</th>
<th>Target 2019</th>
</tr>
</thead>
</table>
| **Revenue** | - Growth in fixed broadband and mobile data usage  
- Increased mobile equipment export sales  
- Decline in SI/IT revenues driven by one-off items and lower public sector demand | HUF 666.7 bn (+1.5%) | Slight decline |
| **EBITDA** | - Higher gross profit attributable to continued improvement in telecommunication service revenues and one-off bad debt improvement  
- Savings in employee and other expenses | HUF 201.0 bn (+4.4%) | Increase of 1% - 2% |
| **CAPEX** | - Increased investments related to fiber rollout  
- Reduced spending on 4G | HUF 89.6 bn (-2.9%) | Broadly stable |
| **FCF** | - Negative changes in working capital due to higher payments to handset suppliers and IT subcontractors combined with lower real estate income  
- Lower real estate sale income | HUF 65.1 bn (-4.2%) | Ca. 5% growth |

---

1 excluding the impact of IFRS 16 adoption  
2 excluding spectrum license fees
# PUBLIC TARGETS FOR 2020-2021

<table>
<thead>
<tr>
<th>Metric</th>
<th>2019 Results</th>
<th>2020 Targets***</th>
<th>2021 Targets***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>HUF 666.7 bn</td>
<td>BROADLY STABLE</td>
<td></td>
</tr>
<tr>
<td>EBITDA After Lease</td>
<td>HUF 197.6 bn</td>
<td>INCREASING AT A 1%-2% PER ANNUM</td>
<td></td>
</tr>
<tr>
<td>CAPEX*</td>
<td>HUF 89.6 bn</td>
<td>BROADLY STABLE</td>
<td></td>
</tr>
<tr>
<td>Free Cashflow**</td>
<td>HUF 65.1 bn</td>
<td>INCREASING CA. 5%</td>
<td>BROADLY STABLE</td>
</tr>
</tbody>
</table>

* EXCLUDING SPECTRUM LICENSE FEES AND CAPEX RELATED TO RIGHT OF USE ASSETS
** EXCLUDING SPECTRUM LICENSE FEES
*** FORWARD-LOOKING STATEMENTS INVOLVING INHERENT RISKS AND UNCERTAINTIES, NO UNDUE RELIANCE TO BE PLACED UPON THEM
- Mobile service revenue growth driven by rising demand for mobile data
- Fixed service revenue improvement attributable to growth in fixed broadband
- Growth in SI/IT revenue owing to a lower volume of public sector projects
- Other revenue decrease reflects lower wholesale revenues

- Increase in gross profit reflects higher revenue performance
- Savings in employee-related expenses due to lower headcount and revised remuneration system
- Lower operating expenses attributable to savings in marketing, HR-related, materials and maintenance costs
### Mobile SIMs

<table>
<thead>
<tr>
<th>Year</th>
<th>Total SIMs</th>
<th>Prepaid (%)</th>
<th>Postpaid (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 2017</td>
<td>5,293</td>
<td>35.5%</td>
<td>64.5%</td>
</tr>
<tr>
<td>Dec 2018</td>
<td>5,330</td>
<td>32.8%</td>
<td>67.2%</td>
</tr>
<tr>
<td>Dec 2019</td>
<td>5,369</td>
<td>30.5%</td>
<td>69.5%</td>
</tr>
</tbody>
</table>

### Mobile ARPU

<table>
<thead>
<tr>
<th>Year</th>
<th>Blended ARPU (HUF)</th>
<th>Prepaid ARPU (HUF)</th>
<th>Postpaid ARPU (HUF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2018</td>
<td>3,478</td>
<td>1,085</td>
<td>4,663</td>
</tr>
<tr>
<td>Q4 2019</td>
<td>3,549</td>
<td>1,093</td>
<td>4,629</td>
</tr>
</tbody>
</table>

### Total mobile data subscribers

<table>
<thead>
<tr>
<th>Year</th>
<th>Total subscribers (000)</th>
<th>Non-4G (%)</th>
<th>4G (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 2017</td>
<td>2,845</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>Dec 2018</td>
<td>3,012</td>
<td>76%</td>
<td>24%</td>
</tr>
<tr>
<td>Dec 2019</td>
<td>3,115</td>
<td>89%</td>
<td>11%</td>
</tr>
</tbody>
</table>

### Mobile data usage

<table>
<thead>
<tr>
<th>Quarter</th>
<th>GB mn/month</th>
<th>Average usage GB/month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2017</td>
<td>3,904</td>
<td>2.1</td>
</tr>
<tr>
<td>Q4 2018</td>
<td>7,734</td>
<td>3.3</td>
</tr>
<tr>
<td>Q4 2019</td>
<td>13,463</td>
<td>5.0</td>
</tr>
</tbody>
</table>
HUNGARY – FIXED VOICE, BROADBAND AND TV

**Fixed line customer base**

- Dec 2017: 1,412, 1,074, 1,027
- Dec 2018: 1,383, 1,148, 1,088
- Dec 2019: 1,362, 1,231, 1,158

**Fixed line multiplay residential subscribers**

- Dec 2017: 1,373
  - 1Play: 28%
  - 2Play: 44%
  - 3Play: 28%
- Dec 2018: 1,392
  - 1Play: 25%
  - 2Play: 45%
  - 3Play: 29%
- Dec 2019: 1,428
  - 1Play: 22%
  - 2Play: 45%
  - 3Play: 32%

**Fixed Voice, Broadband and TV ARPU**

- Fixed voice: 2,040
  - Q4 2018: 2132
  - Q4 2019: +4.5%
- Fixed BB: 3,478
  - Q4 2018: 3,496
  - Q4 2019: +0.5%
- Pay TV: 3,370
  - Q4 2018: 3,283
  - Q4 2019: -2.6%

**Fixed line multiplay revenues per household**

- Blended: 6,232
  - Q4 2018: 6,355
  - Q4 2019: +2.0%
- 1Play: 3,196
  - Q4 2018: 3,214
  - Q4 2019: +0.6%
- 2Play: 5,815
  - Q4 2018: 5,853
  - Q4 2019: +0.7%
- 3Play: 8,255
  - Q4 2018: 8,250
  - Q4 2019: -0.1%
SI/IT revenue trends

SI/IT revenue breakdown by vertical segments

SI/IT gross profit of MT-Hungary

Highlights

- Year-on-year decline in SI/IT revenues due to reduced public sector demand vs 2018
- Share of IT Application services - most important element of our portfolio to support customers’ digitalization

Based on IDC Research 2019, market shares calculated based on 2019 revenues
Revenue

Revenue KPIs (mobile/fixed voice/fixed BB/TV)

EBITDA (excl IFRS 16 effects)

Mobile market

KPIs (mobile/fixed voice/fixed BB/TV)
For further questions please contact the IR department:

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