



Investor Release

Magyar Telekom

IR contacts:	Position:	Telephone:	E-mail address:
Márton Lennert	Head of Investor Relations	+36-1-457-6084	lennert.marton@telekom.hu
Linda László	IR consultant	+36-1-458-7676	laszlo.linda@telekom.hu
Gerda Gáti	IR manager	+36-1-457-6036	gati.gerda@telekom.hu

Magyar Telekom disposes of its majority stake in Crnogorski Telekom

Budapest – January 10, 2017 – Magyar Telekom (Reuters: MTEL.BU and Bloomberg: MTELEKOM HB), the leading Hungarian telecommunications service provider, hereby announces that it has signed a Share Purchase Agreement with Hrvatski Telekom d.d. As a result of the transaction, Magyar Telekom's majority (76.53%) stake in Crnogorski Telekom A.D. Podgorica will be transferred to Hrvatski Telekom d.d for a total consideration of EUR 123.5 million (approximately HUF 38.1 billion at the January 9, 2017 HUF/EUR exchange rate of 308.7).

The disposal of this stake is in line with Magyar Telekom's renewed focus on its Hungarian operations where efforts are underway to further strengthen the Company's position in the mobile market and its ICT capabilities, alongside maintaining investment in our fixed networks and raising penetration levels in those areas already served by high speed internet access.

In addition, Magyar Telekom expects today's transaction to accelerate the recent downward trend in its net debt ratio (net debt/total capital) such that by the end of March 2017, it will be within the targeted range of 30-40% as set out in its dividend policy. As of September 30, 2016, the Company's net debt ratio stood at 41.6%.

Following the closing of the transaction, expected by the end of January 2017, the Montenegrin operation will no longer be consolidated into Magyar Telekom Group's financials.

As a result of the transaction the guidance for 2017 has been modified as follows:

	Public guidance		
	2016	2017 original	2017 modified
Revenue	around HUF 595 billion	HUF 585-595 billion	HUF 560-570 billion
EBITDA	around HUF 193 billion	HUF 189-193 billion	HUF 181-185 billion
Capex ¹	ca. 10% y-o-y decline	ca. 10% y-o-y decline	ca. 15% y-o-y decline
FCF		surpassing HUF 50 billion ²	surpassing HUF 50 billion ²
Dividend	target HUF 25 per share		

¹ excluding spectrum acquisitions and annual frequency fee capitalization

² after minority dividend payments

This investor news may contain 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,



LIFE IS FOR SHARING.

among other things, our Annual Reports for the year ended December 31, 2015 available on our website at <http://www.telekom.hu>.