Presentation
Magyar Telekom Q1 2011

Slow macro-economic recovery reflected in the underlying business trends

Agenda

Q1 2011 Results

Strategy, Outlook and Guidance

Back-up

Q1 2011 Results

New reporting structure from January 1, 2011

New structure

Hungary

- residential, Soho, SMB customers
- wholesale partners
- media subsidiaries (Internet and other content)
- non-core retail revenues
- relevant parts of HQ and TU

T-Systems

- mid-size business and enterprise clients (SMB moved to Hungary)
- key local and public governments
- ICT potential customers
- relevant parts of HQ and TU

Macedonia

Montenegro

Former segments

CBU

SMB

BBU

Macedonia

Montenegro

Headquarters

Technology

Q1 highlights

Revenues under pressure, down by 3.3%

- slow economic recovery (GDP up by 2% in Q1 2011, unemployment still flat at 11%)
- fixed voice and internet revenues declined driven by falling price levels
- increasing TV and mobile internet revenues

Strong operational performance, underlying EBITDA up by 3.8%

- savings in employee-related and other operating expenses
- supported by a HUF 1.4bn gain on real estate sales
- underlying EBITDA margin was 43%

Full year target maintained

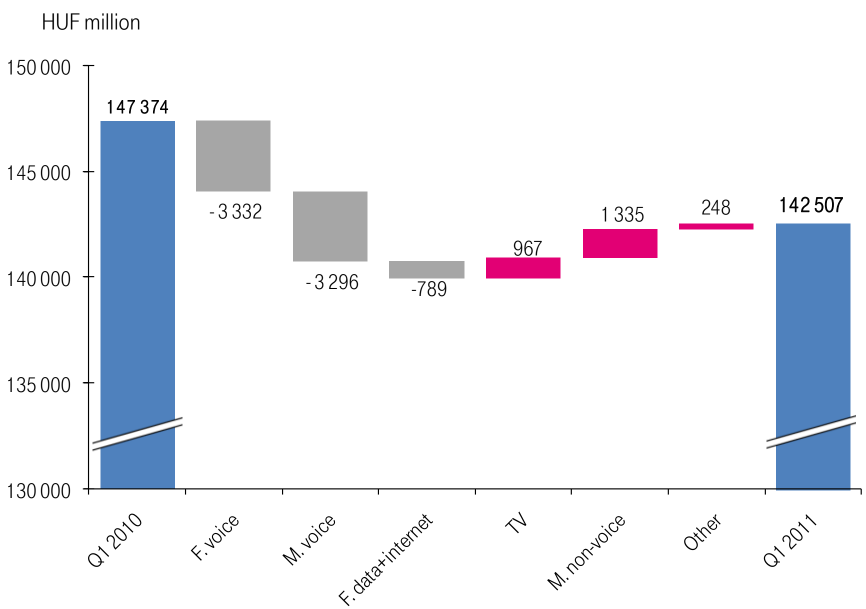
- strong results compared to an extremely weak Q1 2010 when the recession peaked
- guidance unchanged at 3-5% revenue decline, 4-6% underlying EBITDA decline

AGM held in April

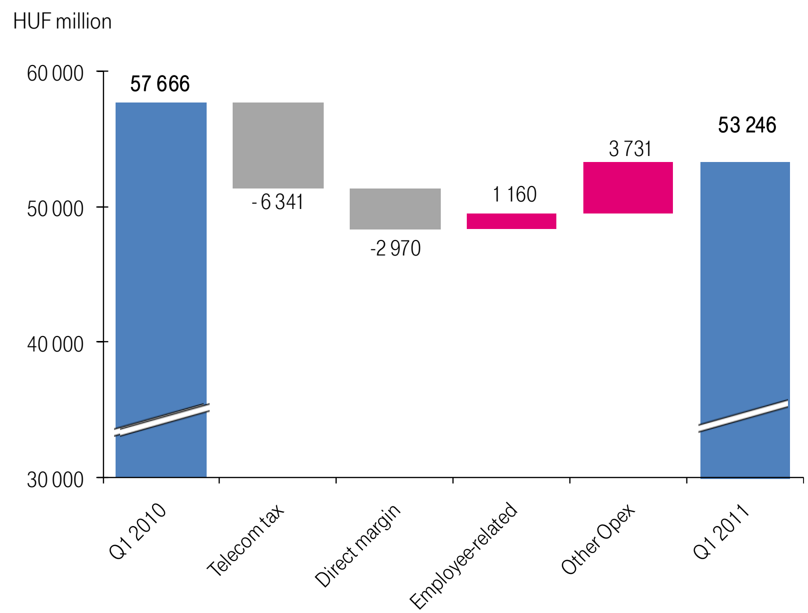
- approval of HUF 50 DPS for the financial year of 2010
- dividend payment on May 12, 2011

Q1 2011 Group results

Group revenues



Group reported EBITDA



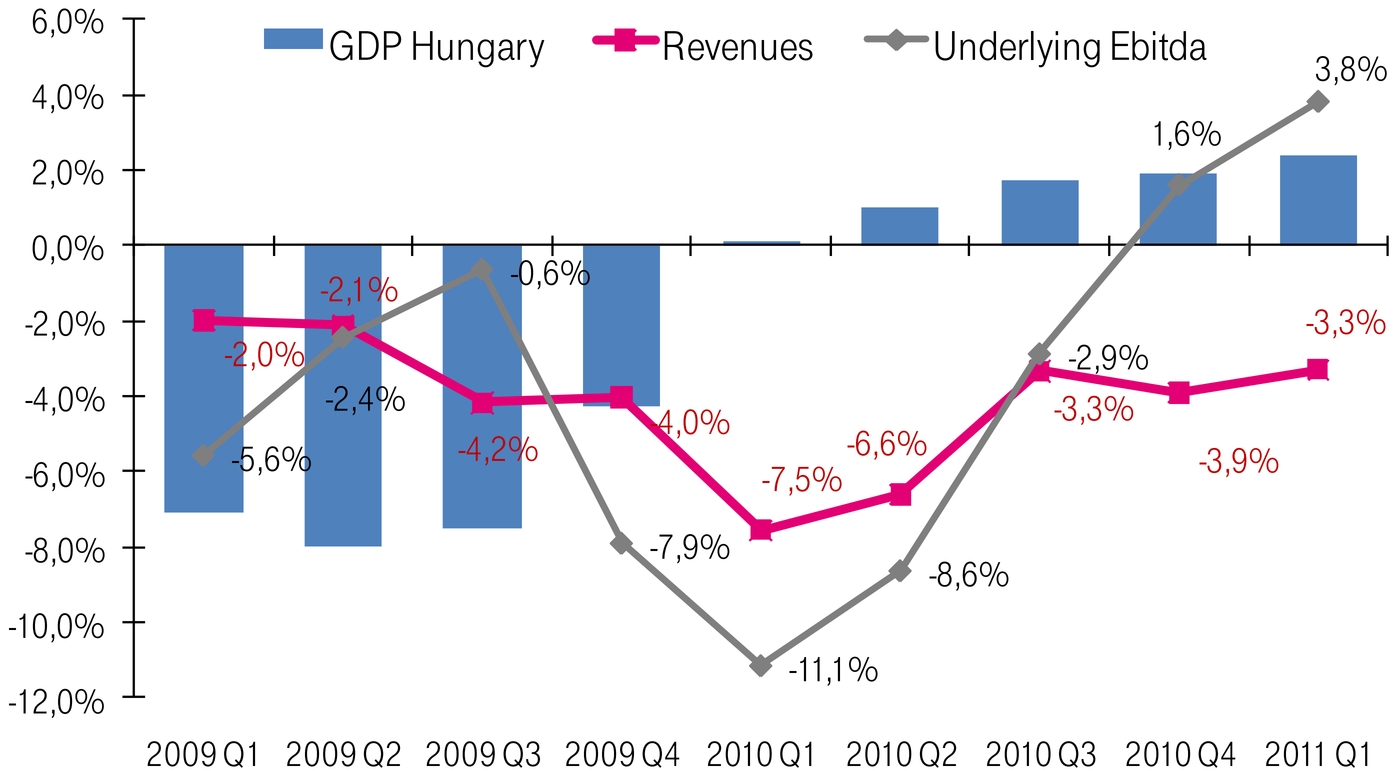
3.3% revenue decline

- fixed voice revenues down primarily due to continuing intense competition and depressed household consumption
- mobile voice revenues decreased due to MTR cuts and intense competition in the Macedonian mobile market
- increasing TV and mobile internet revenues thanks to growing subscriber base

7.7% EBITDA decline due to the telecom tax

- underlying EBITDA (excluding investigation, severance expenses and telecom tax) up by 3.8%, margin 43.1%
- cost savings in employee-related and other operating expenses
- helped by a HUF 1.4bn real estate sales gain
- segment results under pressure due to further erosion of traditional voice revenues

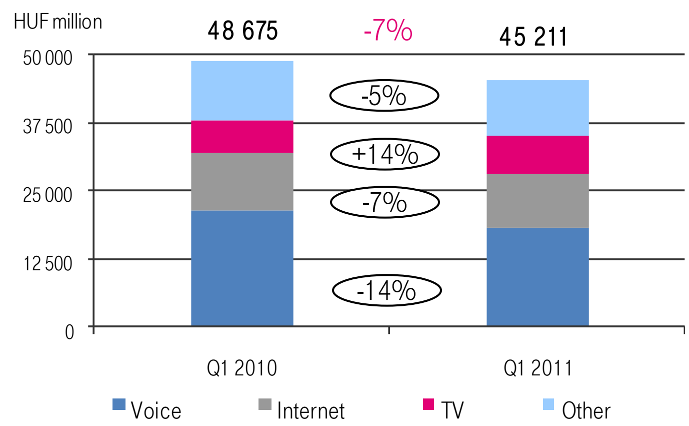
Magyar Telekom Group and Hungarian macro-economy trends 2009-2011



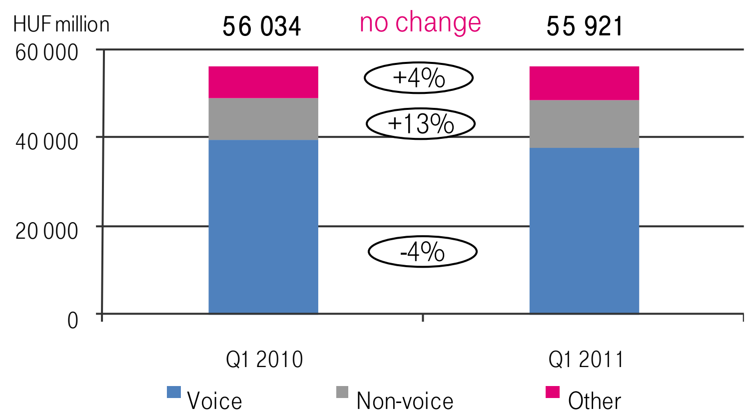
Underlying EBITDA margin	41.8%	42.9%	44.2%	34.5%	40.2%	42.0%	44.4%	36.5%	43.1%

Hungary – Q1 2011 Financial performance

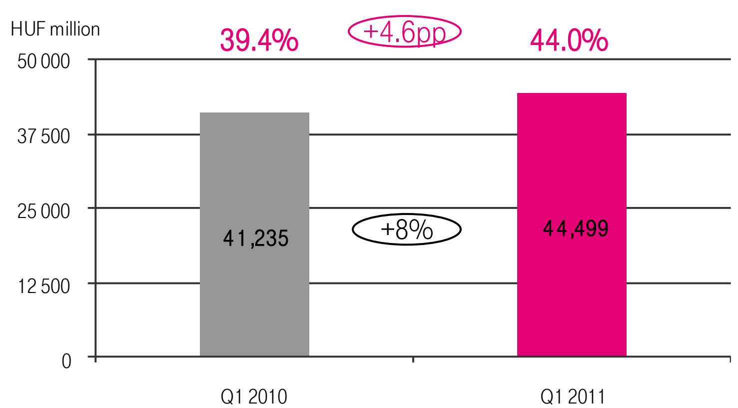
Fixed line revenues



Mobile revenues



Underlying EBITDA and margin



Hungary

Revenues down by 3%

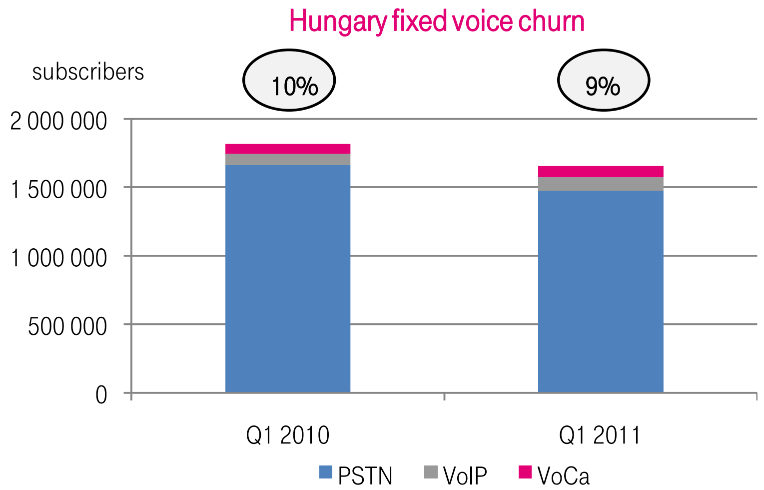
- declining fixed voice revenues and lower fixed internet revenues, partly offset by higher TV and mobile non-voice revenues
- regulatory impacts on mobile revenues (cut in mobile termination rates and roaming tariffs)

Improvement in EBITDA margin

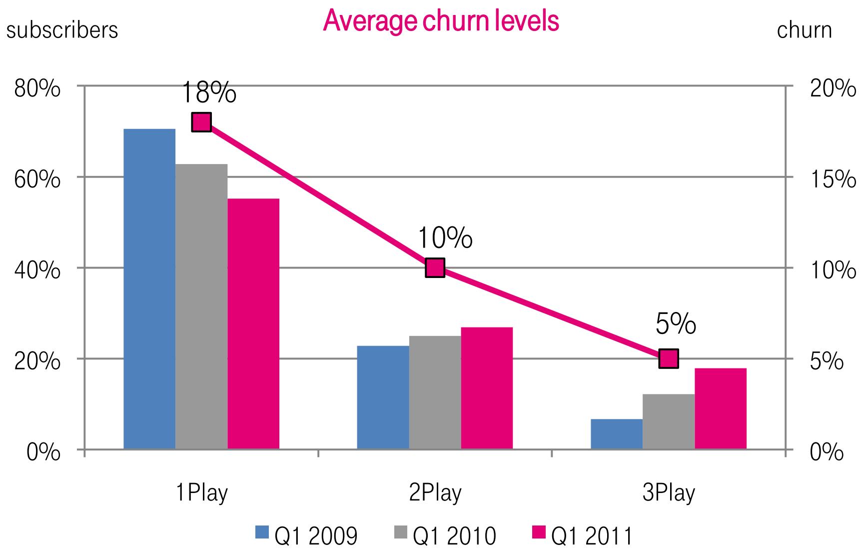
- significant cost reductions helped to offset the negative revenue trend
- HUF 1.4bn gain from real estate sales

Fixed voice market – focus on retention

Hungary fixed voice subscribers



Multi-Play developments



Fixed voice

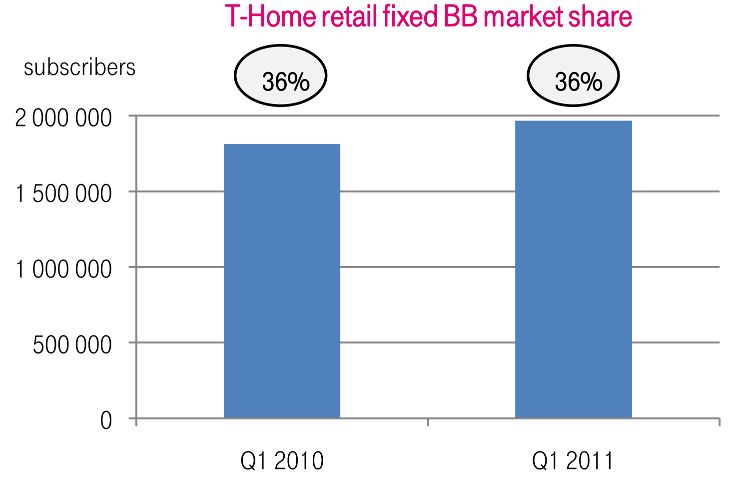
- slight decline in fixed voice churn thanks to retention and bundling offers
- growing importance of VoIP and VoCa solutions
- HOPPÁ: flat package with unlimited calls to Hungarian fixed numbers and T-Mobile, customer numbers have exceeded 250k since launch in January 2011 with signing 2-year contract
- churn levels significantly decrease with higher number of services
- 4Play offer launched in 2010

KPIs

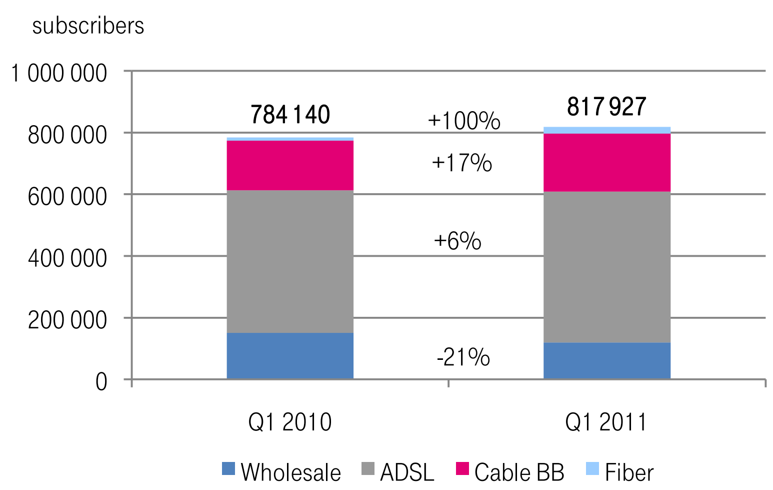
- ARPA: HUF 3,200 (-9% y-o-y)
- MOU: 158 (+5% y-o-y)

Fixed broadband market – stable market position

Fixed broadband market developments in Hungary



T-Home fixed broadband subscriber breakdown



Fixed broadband

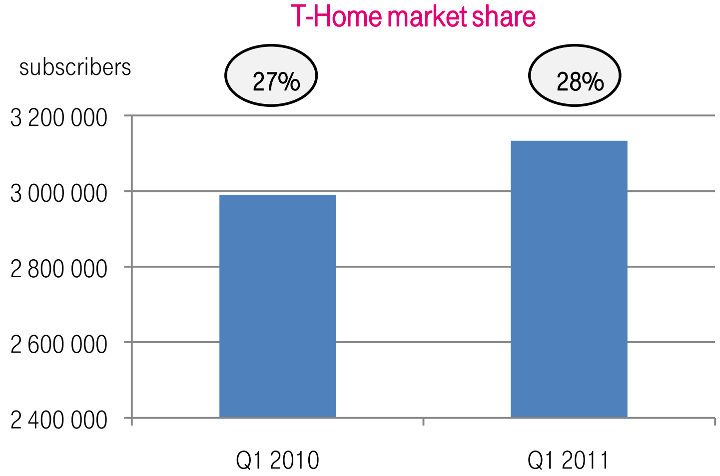
- market growth driven by cable and fiber, while ADSL market growth has slowed down
- stable fixed BB market share at 36%
- due to migration to multi-play packages and more favorable offers, ARPU decreased
- residential fixed broadband prices:
  - 5Mbps speed: HUF 5,600/month (EUR 21)
  - 80Mbps speed: HUF 11,600/month (EUR 43)

KPIs

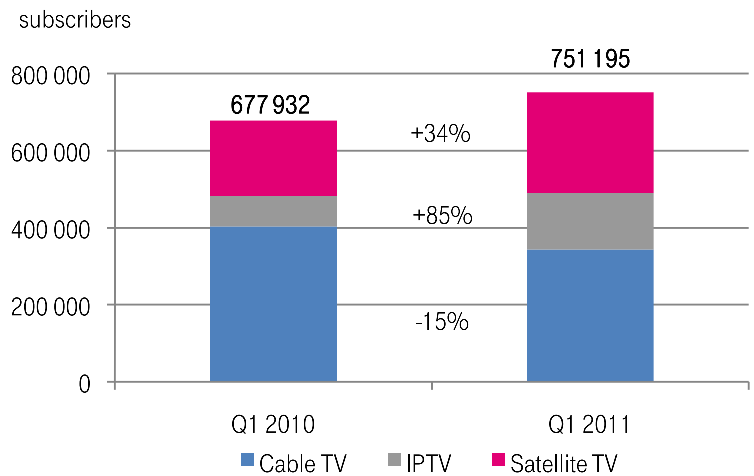
- ARPU: HUF 3,950 (-11% y-o-y)

TV market – significant growth achieved

TV market growth in Hungary



T-Home TV subscriber growth



TV customer growth

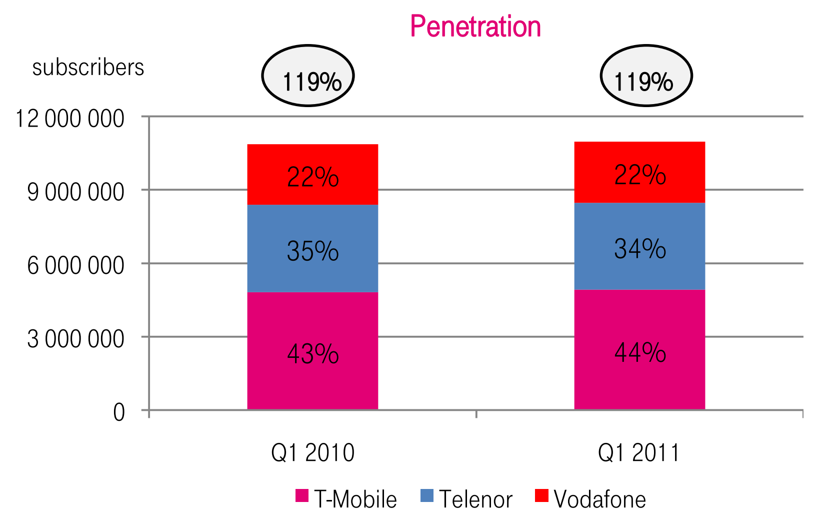
- TV is the most valuable service for Hungarian households
- number of TV customers exceeded 750k, stable market position with 28% market share
- retention benefit: 80% of TV customers are 2Play or 3Play package subscribers
- IPTV service offered on EuroDocsis 3.0 driving higher IPTV sales, positive effect on TV ARPU (+20% compared to cable)
- 3Play offers from HUF 5,600/month (EUR 21)

KPIs

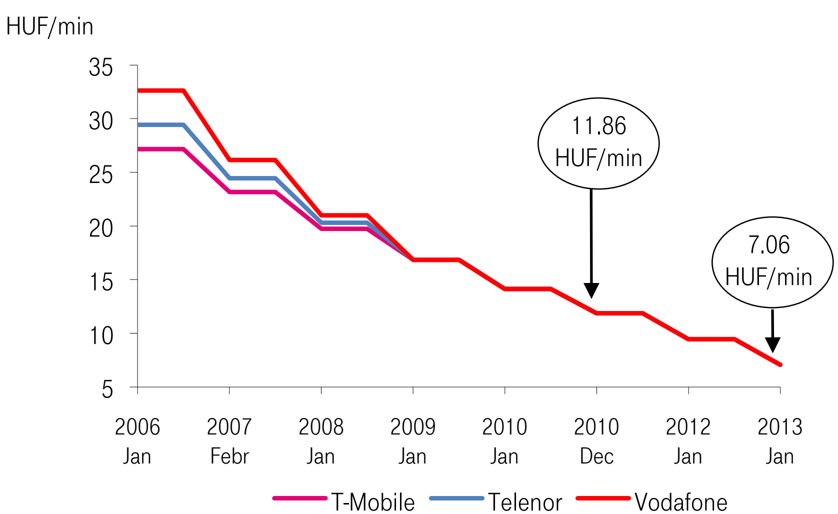
- ARPU: HUF 3,000 (+2% y-o-y)

Mobile voice market – Stable market share

Mobile voice market shares (based on total SIM cards)



Mobile termination rate cuts



Mobile voice

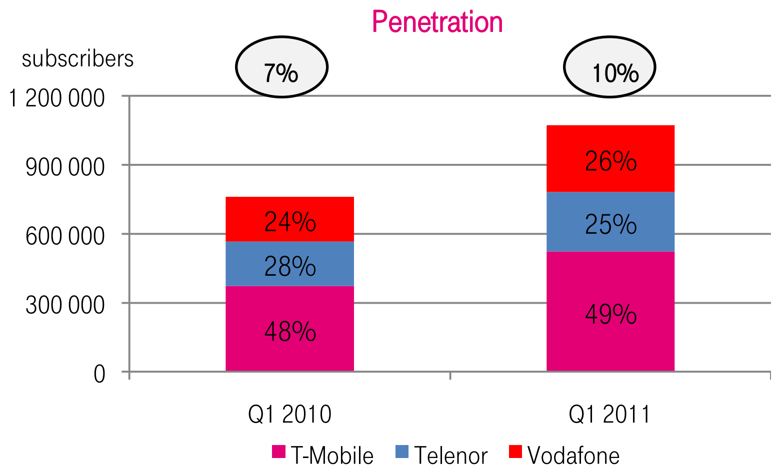
- stable market share, slight increase in customer numbers
- improving customer mix: postpaid ratio increased from 41% to 44% y-o-y
- mobile termination rate regulation:
  - current rates are 12 HUF/min (4.4 €c) from December 2010
  - further cuts: 20% from Jan 2012, 25% from Jan 2013 to 2.6 €c

KPIs

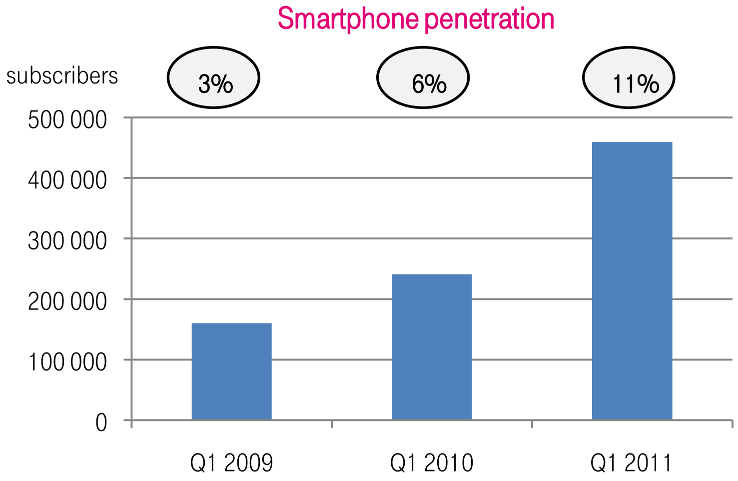
- ARPU: HUF 3,250 (-1.4% y-o-y)
- MOU: 149 (+4% y-o-y)
- Churn: 19% (-1 ppt)
- SAC: HUF 4,900 (-36% y-o-y)

Mobile broadband market – major growth driver

Mobile broadband market developments (based on total SIM cards)



T-Mobile smartphone users



Mobile broadband

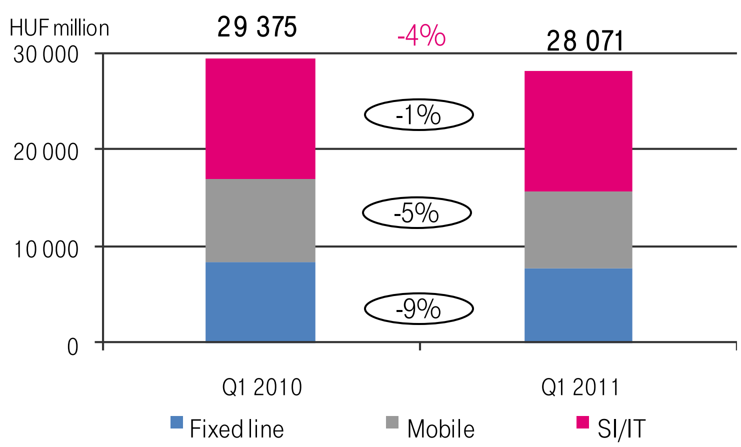
- 3G/HSDPA network covering ca.75% of population
- majority of mobile broadband usage through dongles, great potential in smartphones
- significantly increasing smartphone sales
  - the ratio of smartphone sales/total equipment sales reached 40% in Q1 2011 vs 10% in Q1 2010
- the most widely used operating system is Symbian, but Android is gaining market share

KPIs

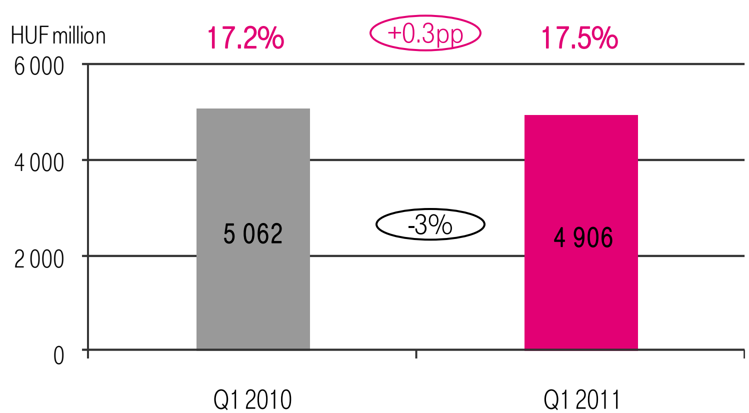
- VAS within ARPU (%): 21% (+3 ppt y-o-y)
- VAS within ARPU (HUF): HUF 680 (+15% y-o-y)

T-Systems – Financial performance

Revenues



Underlying EBITDA and margin



T-Systems

Falling voice and data revenues

- private clients remain very cautious, while public sector clients are still facing budget cuts
- high churn among fixed voice, data and internet customers
- continued pressure on mobile tariffs resulting in lower ARPU level
- governmental measures negatively affecting revenues and EBITDA

Decrease in SI/IT revenues

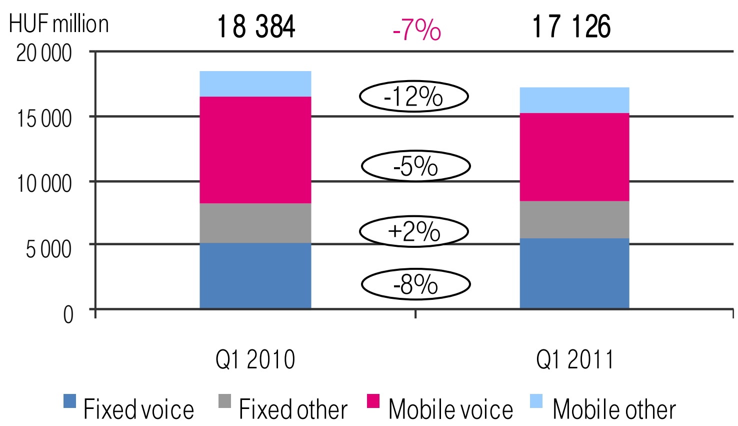
- leading market position maintained with 15% market share
- selected private sector projects delayed/cancelled due to cost restrictions

Stable EBITDA margin

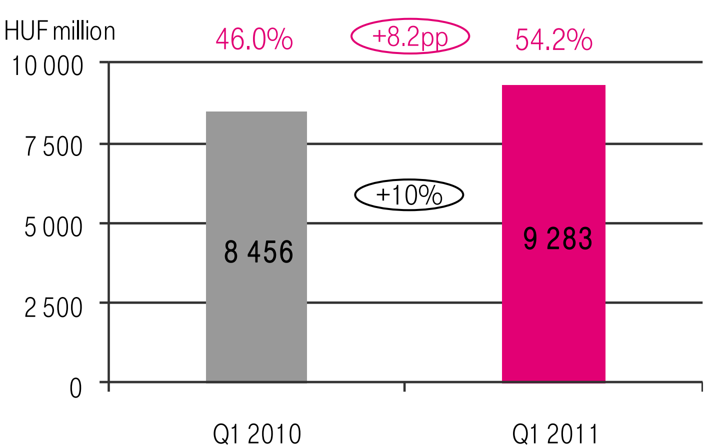
- EBITDA margin remained flat due to cost efficiency measures

Macedonia – Financial performance

Revenues



Underlying EBITDA and margin



Macedonia

Increasing fixed line revenues

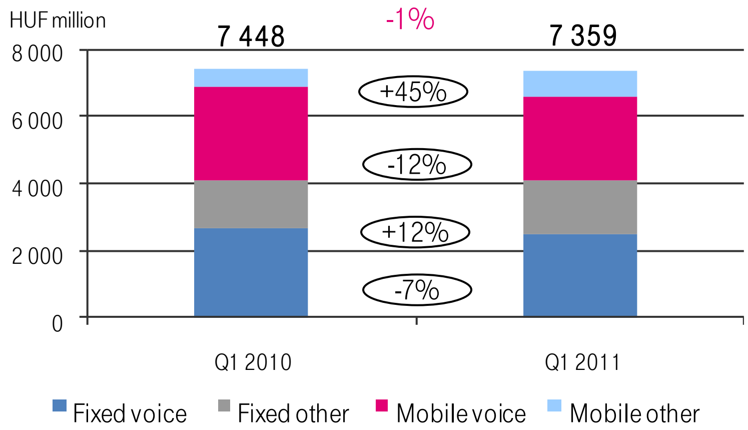
- decreasing fixed retail voice revenues due to cable competition and strong mobile substitution
- higher wholesale voice revenues driven by higher incoming traffic and higher prices for international traffic termination
- positive contribution from broadband and TV revenues

Mobile competition intensified further

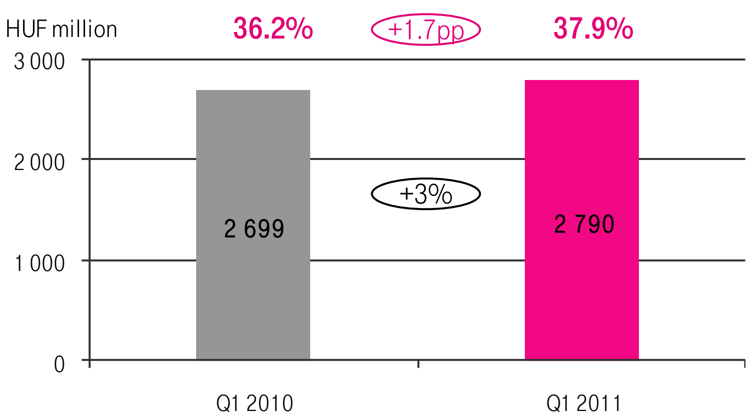
- lower number of subscribers and competition-driven tariff reductions
- market share of 50%
- MOU at 130 in Q1 2011 (up by 3%)
- ARPU of HUF 2,360 in Q1 2011 (EUR 9)

Montenegro – Financial performance

Revenues



Underlying EBITDA and margin



Montenegro

Fixed voice revenues under pressure

- deterioration in retail voice revenues driven by strong mobile substitution
- lower international incoming traffic volume affecting wholesale voice revenues
- growing internet and TV revenues thanks to strong increases in the number of ADSL and IPTV customers
- #1 position in the pay-TV market with a 38% market share

Mobile revenue erosion driven by strong competition

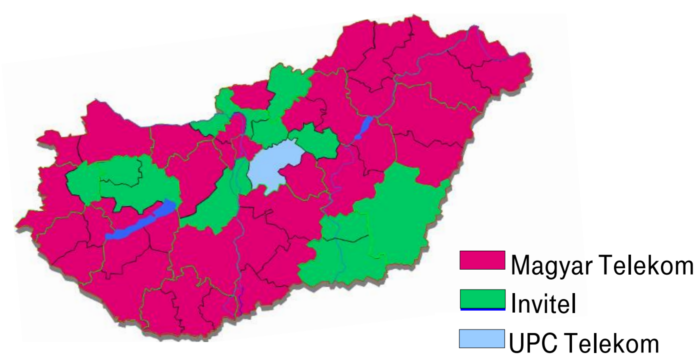
- intense competition resulting in lower tariff levels
- market share of 36%
- MOU at 108 in Q1 2011 (up by 6%)
- ARPU of HUF 2,300 in Q1 2011 (EUR 8)

Strategy, Outlook and Guidance

Overview – Magyar Telekom Group at a glance

International presence

Incumbents in Hungary



Overview

Integrated operations in Hungary, Macedonia and Montenegro

- leading telecommunications service provider in all three countries
- leading SI/IT service provider in Hungary

EUR 2.2bn market capitalization

Stock exchange listings

- primary listing on the Budapest Stock Exchange
- Level I ADR program, ADRs traded on the OTC Market

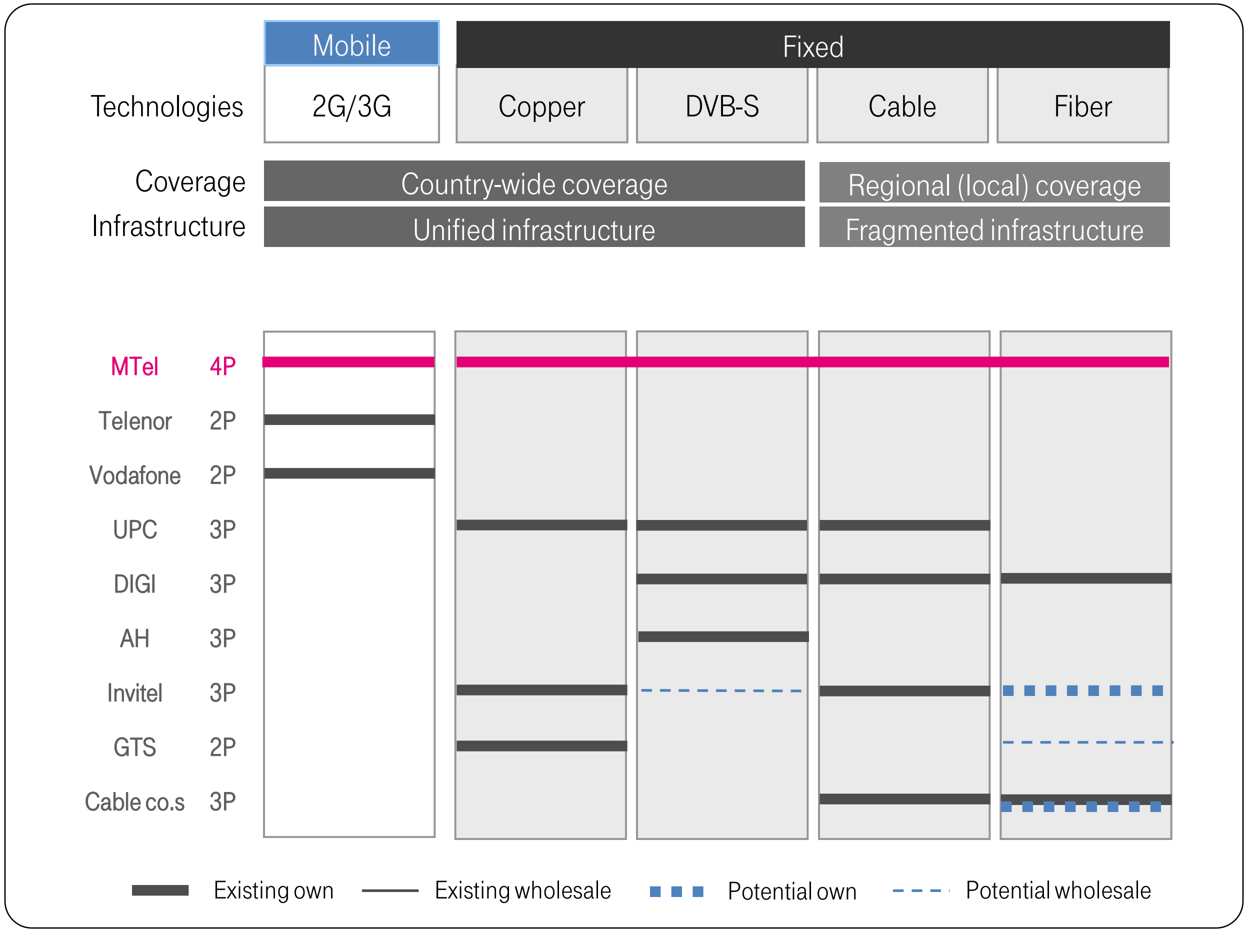
Majority owned by Deutsche Telekom (59.2%)

Strategic priorities

- Save 4 Service (simplified and focused lean operation)
- maintain market leadership (maintain or increase market shares)
- focused innovation (add new services to increase share of wallet)

Strong infrastructure based competition

Competition is characterized by diverse players, technologies and competitive situations

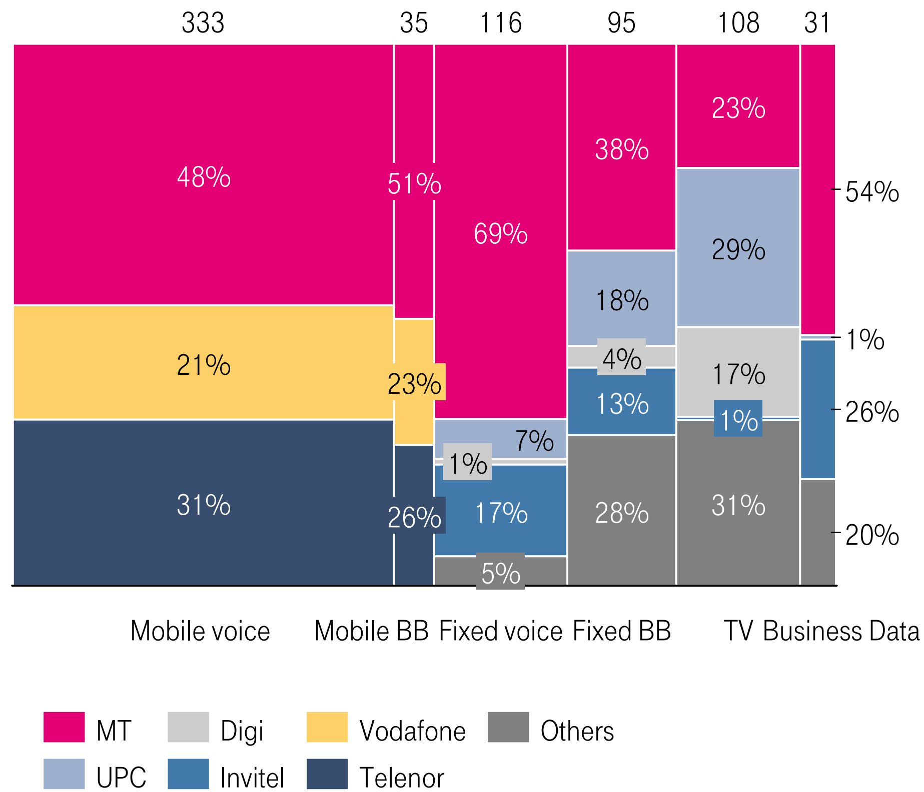


Conclusions

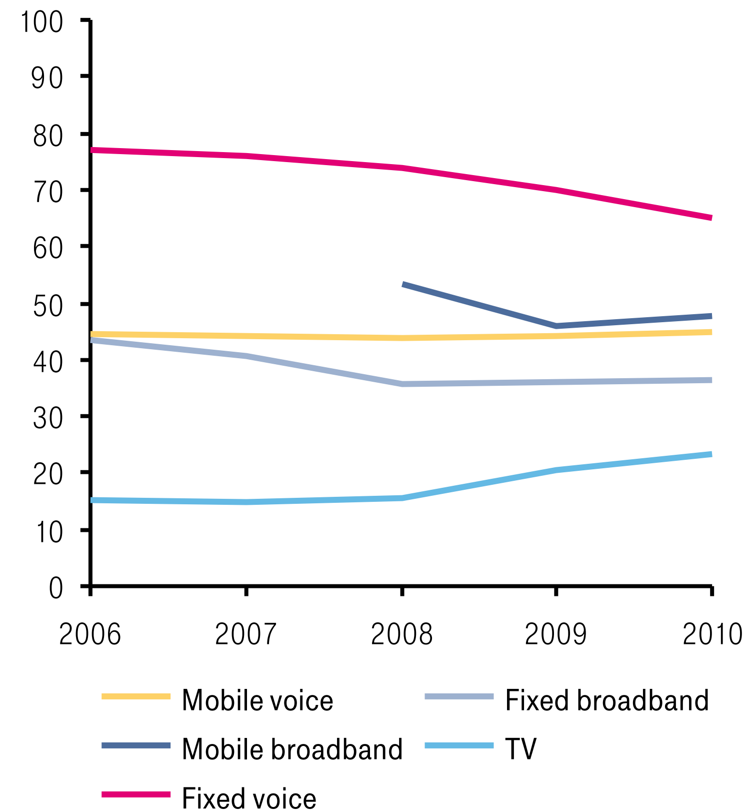
- no nationwide fixed-line operator, parallel networks
- infrastructures and competitive environments differ by region
- growth potential concentrated to high-speed internet and mobile broadband technologies
- customers have been shown to migrate to new infrastructures even if there is no warranted need
- new networks are being built by several players

Market trends

Revenue based market shares in Hungary in 2010 (HUF bn)



Magyar Telekom's market share development (%)



Magyar Telekom's revenue market share

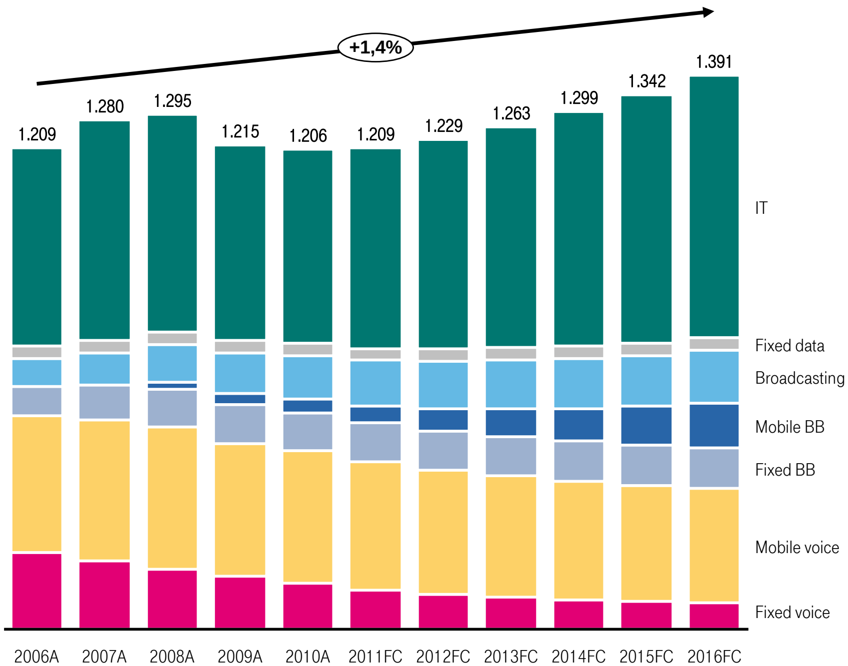
- Magyar Telekom has a blended market share of 47% in the retail telco market in Hungary
- additional 15% market share in the IT market

Market share development

- increasing market share in the TV market
- stable market shares in the broadband markets
- further potential in the IT market

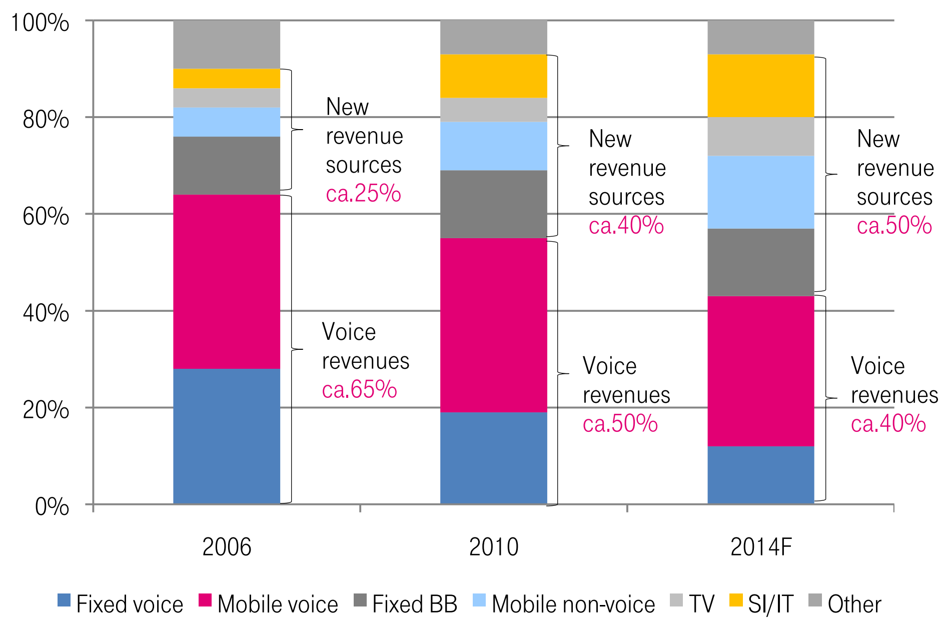
Change in revenue trends

Hungarian ICT market development (HUF bn)



Source: Bell Research-Ariosz

Change in Magyar Telekom's Hungarian revenue mix



Hungarian ICT market expected to recover

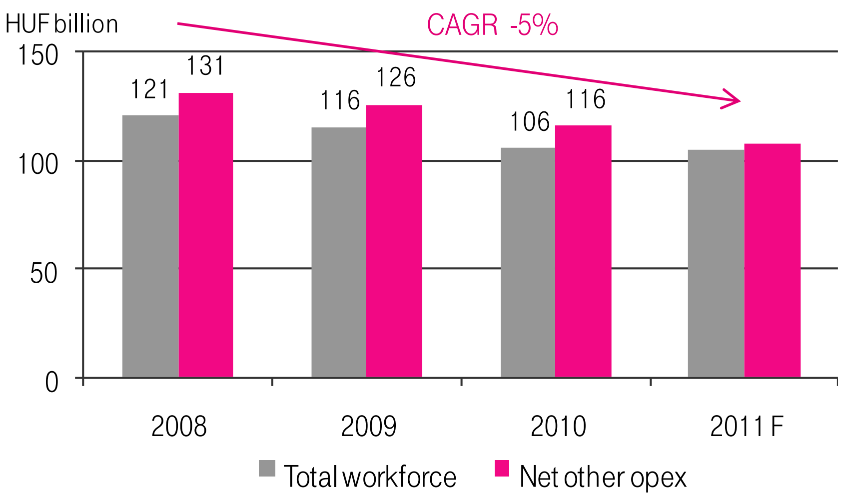
- following the contraction of the market in 2009, economic recovery is expected to expand the total market size mainly driven by mobile broadband and IT services
- CAGR of ca. 2% between 2010 and 2016 projected

Change in revenue mix

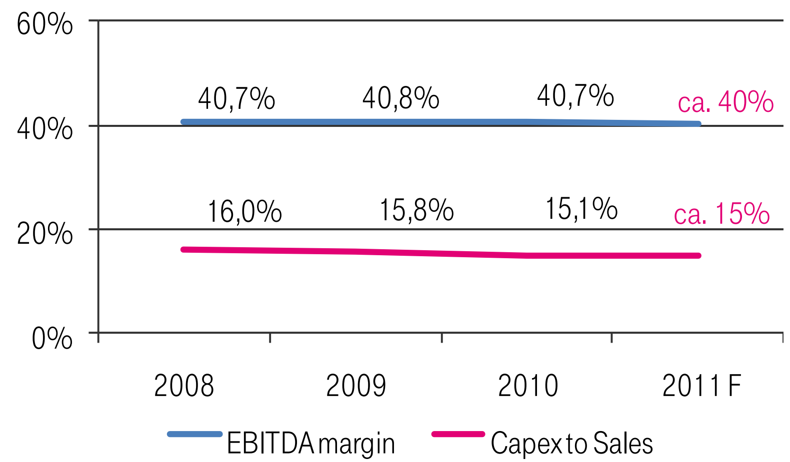
- the revenues from new services will surpass traditional voice revenues in a few years
- further revenue potential in non-core revenues (insurance, energy, etc)

Continued efficiency improvements in core operations

Cost saving



Stable margin and CAPEX spending



Headcount reduction in 2011

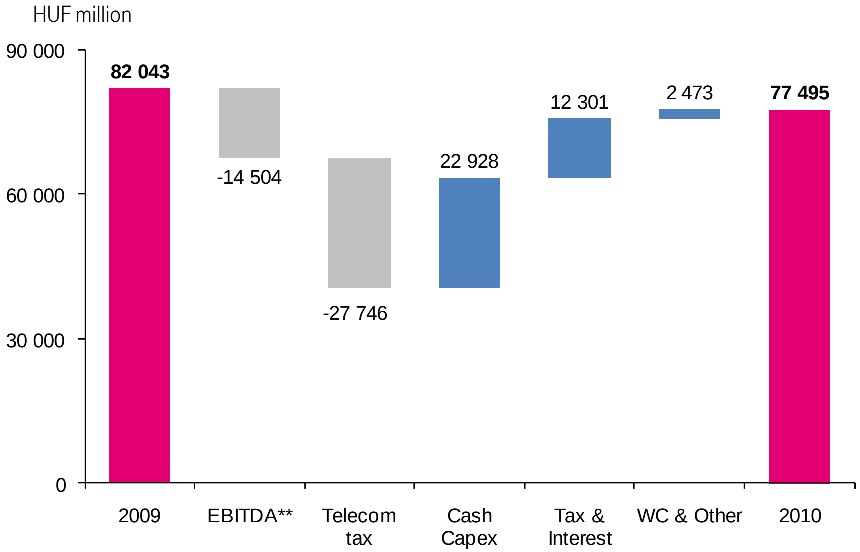
- target: TWM expenses to decrease by 9.5bn at the parent company between 2009 and 2011
- headcount reduction of 300 in 2011, severance-related expenses of HUF 3.5bn accounted for in Q4 2010
- cost efficiency improvements reflected in declining other operating expenses

Stable profitability

- despite declining revenues and changing revenue mix, stable underlying margin maintained at above 40%
- Capex spending cuts in line with the revenue decline
- Capex cut by 10% in 2010 and by a further 5% in 2011

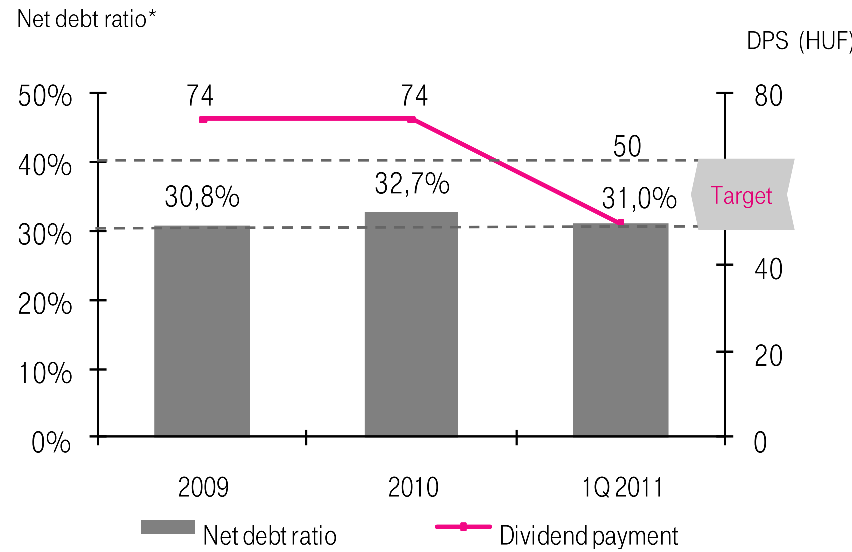
Free cash flow generation and dividend policy

Free cash flow* generation



*defined as Operating CF + Investing CF adjusted for proceeds from/payments for other financial assets
**excluding special influences and the telecom tax

Dividend payment



* net debt to total capital

Strong cash flow generation in 2010

- despite the advance payment of special telecoms tax, FCF was down by only HUF 5bn
- FCF was helped by:
  - lower interest payments, due to lower interest rates
  - cut in CAPEX (-10% y-o-y)
  - significant decrease in adjustments to cash purchases

Dividend policy

- keep net debt ratio within 30-40% range
- maintain a flexible balance sheet in case value-creating acquisition opportunities arise
- 9% dividend yield (based on the share price of HUF 554 at February 24, 2011)

Public targets for 2011

	2010 Results	2011 Public targets
Revenue	**-5.3%** ▪ recessionary impacts, pressure on consumer spending ▪ intense competition ▪ saturated core markets	**3-5% decline** ▪ intense competition, slow recovery of economy ▪ further decrease in governmental revenues ▪ 2010 comparable figure: HUF 609 579 million
Underlying EBITDA *Excluding investigation and severance expenses, as well as telecom tax*	**-5.5%** ▪ negative trends in high margin voice revenues ▪ partly offset by cost cutting initiatives ▪ EBITDA margin kept almost flat at 40.7%	**4-6% decline** ▪ new revenue streams with lower EBITDA margin ▪ governmental cost saving measures ▪ 2010 comparable figure: HUF 248 304 million
CAPEX	**-9.9%** ▪ a further cut in CAPEX was necessary to protect cash flow generation	**5% decline** ▪ 2010 comparable figure: HUF 91 762 million

Back-up

Magyar Telekom - Consolidated Income Statement

HUF million	Mar 31, 2010	Mar 31, 2011	Change
Fixed line revenues	62 352	59 113	-5,2%
Mobile revenues	74 193	72 449	-2,4%
System Integration/Information Technology revenues	10 829	10 945	1,1%
Revenues	**147 374**	**142 507**	**-3,3%**
Direct costs	(36 668)	(34 771)	-5,2%
Employee-related expenses	(23 337)	(22 177)	-5,0%
Depreciation and amortization	(24 140)	(23 994)	-0,6%
Hungarian telecommunications and other crisis taxes	0	(6 341)	n.a.
Other operating expenses	(29 911)	(28 099)	-6,1%
Total operating expenses	**(114 056)**	**(115 382)**	**1,2%**
Other operating income	**208**	**2 127**	
Operating profit	**33 526**	**29 252**	**-12,7%**
Net financial expenses	(8 503)	(8 440)	-0,7%
Share of associates' profits	(9)	(1)	-88,9%
Profit before income tax	**25 014**	**20 811**	**-16,8%**
Income tax	(5 750)	(2 944)	-48,8%
Profit for the period	**19 264**	**17 867**	**-7,3%**
Non-controlling interests	2 818	2 700	-4,2%
Equity holders of the Company (Net income)	**16 446**	**15 167**	**-7,8%**

Magyar Telekom - Consolidated Balance Sheet

HUF million	Dec 31, 2010	Mar 31, 2011	Change
Current assets	**200 574**	**211 673**	**5.5%**
Cash and cash equivalents	15 841	25 968	63.9%
Other current financial assets	56 560	59 210	4.7%
Non current assets	**908 432**	**888 730**	**-2.2%**
Property, plant and equipment - net	549 752	535 983	-2.5%
Intangible assets - net	332 993	328 386	-1.4%
Total assets	**1 109 006**	**1 100 403**	**-0.8%**
Equity	**594 712**	**594 712**	**0.0%**
Current liabilites	**246 817**	**229 178**	**-7.1%**
Financial liabilities to related parties	72 208	76 180	5.5%
Other financial liabilities	46 587	34 318	-26.3%
Non current liabilites	**267 477**	**268 395**	**0.3%**
Financial liabilities to related parties	234 164	235 923	0.8%
Other financial liabilities	8 828	9 208	4.3%
Total equity and liabilites	**1 109 006**	**1 092 285**	**-1.5%**

Magyar Telekom - Consolidated Cashflow Statement

HUF million	Mar 31, 2010	Mar 31, 2011	Change
Net cash generated from operating activities	**39 817**	**44 620**	**12,1%**
Investments in tangible and intangible assets	(15 669)	(12 314)	-21,4%
Adjustments to cash purchases	(6 103)	(8 097)	32,7%
Purchase of subsidiaries and business units	(9)	(941)	10355,6%
Cash acquired through business combinations	0	455	-
Proceeds from / (Payments for) other financial assets - net	39 174	(8 160)	-
Proceeds from disposal of subsidiaries	780	0	-
Proceeds from disposal of PPE and intangible assets	197	3 282	1566,0%
Net cash used in investing activities	**18 370**	**(25 775)**	**-240,3%**
Dividends paid to shareholders and minority interest	(13)	(10)	-23,1%
Net payments of loans and other borrowings	(46 191)	(8 198)	-82,3%
Other	0	0	-
Net cash used in financing activities	**(46 204)**	**(8 208)**	**-82,2%**
Free cash flow	**19 013**	**27 005**	**42,0%**

In the course of conducting their audit of the Company's 2005 financial statements, PricewaterhouseCoopers, the Company's auditors, identified two contracts the nature and business purposes of which were not readily apparent to them. In February 2006, the Company's Audit Committee retained White & Case, as its independent legal counsel, to conduct an internal investigation into whether the Company had made payments under those, or other contracts, potentially prohibited by U.S. laws or regulations, including the U.S. Foreign Corrupt Practices Act ("FCPA") or internal Company policy. The Company's Audit Committee also informed the United States Department of Justice ("DOJ"), the United States Securities and Exchange Commission ("SEC") and the Hungarian Financial Supervisory Authority of the internal investigation.

Based on the documentation and other evidence obtained by it, White & Case preliminarily concluded that there was reason to believe that four consulting contracts entered into in 2005 were entered into to serve improper objectives, and further found that during 2006 certain employees had destroyed evidence that was relevant to the investigation. White & Case also identified several contracts at our Macedonian subsidiary that warranted further review. In February 2007, our Board of Directors determined that those contracts should be reviewed and expanded the scope of the internal investigation to cover these additional contracts and any related or similarly questionable contracts or payments.

On December 2, 2009, the Audit Committee provided the Company's Board of Directors with a "Report of Investigation to the Audit Committee of Magyar Telekom Plc." dated November 30, 2009 (the "Final Report"). The Audit Committee indicated that it considers that, with the delivery of the Final Report based on currently available facts, White & Case has completed its independent internal investigation.

The Final Report includes the following findings and conclusions, based upon the evidence available to the Audit Committee and its counsel:

- The information obtained by the Audit Committee and its counsel in the course of the investigation "demonstrates intentional misconduct and a lack of commitment to compliance at the most senior levels of Magyar Telekom, TCG, and Makedonski Telekom during the period under investigation."
- As previously disclosed, with respect to Montenegrin contracts, there is "insufficient evidence to establish that the approximately EUR 7 million in expenditures made pursuant to four consultancy contracts ... were made for legitimate business purposes", and there is "affirmative evidence that these expenditures served improper purposes." These contracts were not appropriately recorded in the books and records of the Company and its relevant subsidiaries. As previously disclosed, the Company has already reclassified, in the Company's financial statements, the accounting treatment relating to certain of these contracts to more accurately account for these expenditures.
- As previously disclosed, there is evidence that certain former employees intentionally destroyed documents relating to activities undertaken in Macedonia by the Company and its affiliates.
- Between 2000 and 2006 a small group of former senior executives at the Company and the Company's Macedonian affiliates, authorized the expenditure of approximately EUR 24 million through over twenty suspect consultancy, lobbying, and other contracts (including certain contracts between the Company and its subsidiaries on one hand, and affiliates of a Cyprus-based consulting company on the other hand). The Final Report concludes that "the available evidence does not establish that the contracts under which these expenditures were made were legitimate."
- "The evidence shows that, contrary to their terms, a number of these contracts were undertaken to obtain specific regulatory and other benefits from the government of Macedonia. The Companies generally received the benefits sought and then made expenditures under one or more of the suspect contracts. There is evidence that the remaining contracts were also illegitimate and created a pool of funds available for purposes other than those stated on the face of the agreements."
- In entering into these contracts and approving expenditures under them, the former senior executives knowingly caused, structured, or approved transactions that shared most or all of the following characteristics:
- intentional circumvention of internal controls;
- false and misleading Company documents and records;
- lack of due diligence concerning, and failure to monitor performance of, contractors and agents in circumstances carrying a high risk of corruption;
- lack of evidence of performance; and
- expenditures that were not for the purposes stated in the contracts under which they were made, but rather were intended to obtain benefits for the Companies that could only be conferred by government action.

The Final Report states that "the Investigation did not uncover evidence showing receipt of payments by any Macedonian government officials or political party officials." However, the Audit Committee's counsel did not have access to evidence that would allow it to identify the ultimate beneficiaries of these expenditures.

Nothing in the Final Report implicates any current senior executive or Board member of the Company in connection with any wrongdoing.

As previously disclosed, the Company has taken remedial measures to address issues previously identified by the independent investigation. These measures included steps designed to revise and enhance the Company's internal controls as well as the establishment of the Corporate Compliance Program.

Due to these measures, no modifications to the Corporate Compliance Program were viewed as necessary in response to the Final Report. This conclusion has been discussed with the Audit Committee and the Audit Committee has not made recommendations either relating to the Company's compliance program or internal controls.

The Company is continuing to assess the nature and scope of potential legal remedies available to the Company against individuals or entities that may have caused harm to the Company.

As previously announced, the DOJ, the SEC and the Ministry of Interior of the Republic of Macedonia have commenced investigations into certain of the Company's activities that were the subject of the internal investigation. Further, in relation to certain activities that were the subject of the internal investigation, the Hungarian Central Investigating Chief Prosecutor's Office has commenced a criminal investigation into alleged corruption with the intention of violating obligations in international relations and other alleged criminal offenses. In addition, the Montenegrin Supreme State Prosecutor is also investigating the activities of the Company that were the subject of the internal investigation and has requested information from the Company in relation to the relevant contracts. These governmental investigations are continuing, and the Company continues to cooperate with these investigations.

As previously disclosed, the Company, through its external legal counsel, is engaged in discussions with the DOJ and the SEC regarding the possibility of resolving their respective investigations as to the Company through negotiated settlements. The Company has not reached any agreement with either the DOJ or the SEC regarding resolution of their respective investigations, and discussions with both agencies are continuing. We may be unable to reach a negotiated settlement with either agency. Any resolution of the investigations could result in criminal or civil sanctions, including monetary penalties and/or disgorgement, against the Company or its affiliates, which could have a material effect on the Company's financial position, results of operations or cash flows, as well as require additional changes to its business practices and compliance programs. The Company cannot predict or estimate whether or when a resolution of the DOJ or SEC investigations will occur, or the terms, conditions, or other parameters of any such resolution, including the size of any monetary penalties or disgorgement, the final outcome of these investigations, or any impact such resolution may have on its financial statements or results of operations. Consequently, the Company has not made any provisions in its financial statements as of March 31, 2011 with respect to the investigations.

Magyar Telekom incurred HUF 0.4 bn expenses relating to the investigations in the first quarter of 2011, which are included in other operating expenses of the Hungary segment.

For further questions please contact the IR department:

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Abbreviations: 3G: third generation, ARPU: average revenue per user, BB: broadband, CBC: call-by-call, CPS: carrier pre-selection, HQ: headquarters, HSDPA: high-speed downlink packet access, IC: interconnection, IP: internet protocol, IT: information technology, LTO: local telecommunication operator, MOU: minutes of use, NGN: next generation network, NRA: National Regulatory Authority, POP: point of presence, RIO: reference interconnection offer, RPC: revenue producing customer, SI: system integration, SIM: subscriber identity module, SMP: significant market power, Special influences: investigation- and headcount reduction-related expenses, Tetra: Terrestrial Trunked Radio, TWM: Total Workforce Management, UMTS: Universal Mobile Telecommunication System, VAS: value added services, VoCaTV: Voice over Cable TV, WiMax: Worldwide Interoperability for Microwave Access, WS: wholesale
HUF/EUR exchange rate: 268.6 (average Q1 2011)

In addition to figures prepared in accordance with IFRS, Magyar Telekom also presents non-GAAP financial performance measures, including, among others, EBITDA, EBITDA margin, underlying EBITDA, underlying 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.